Tennessee Comptroller of the Treasury

Jason E. Mumpower
Comptroller

TENNESSEE STATE FUNDING BOARD
JULY 22, 2021
AGENDA

1. Call meeting to order

2. Consideration for approval of minutes from the June 15 and June 28, 2021, meeting

3. Report from the Department of Economic and Community Development for approval of funding for the following FastTrack projects:

   - **Barrette Outdoor Living, Inc. – Bulls Gap (Hawkins County)**
     FastTrack Economic Development Grant $ 874,800

   - **PUREGraphite LLC, Chattanooga, TN – Chattanooga (Hamilton County)**
     FastTrack Economic Development Grant $3,000,000

   - **Helen of Troy Nevada and Steel Technology, LLC – Gallaway (Fayette County)**
     FastTrack Economic Development Grant $3,000,000

   - **TBA**
     FastTrack Economic Development Grant $2,100,000

4. Consideration and approval of a "Resolution Allocating from the Debt Service Fund to the Capital Projects Fund $468,726 and Canceling Authorized Bonds"

5. Consideration and approval of a "Resolution Certifying and Authorizing the Allocation of Funds to the Sinking Fund for the 2021-2022 Fiscal Year"

6. Consideration and approval of "A Resolution Authorizing the Issuance of General Obligation Bonds of the State of Tennessee"

7. Consideration and approval of a "Resolution Allocating Funds to Defray a Portion of the Cost of Highway Construction Projects and Canceling Authorized Bonds"

8. Public hearing on and approval of the Tennessee State Funding Board's Debt Management Policy

9. Report on State of Tennessee General Obligation Commercial Paper and Bond Indebtedness

10. Report on the results of the sale of State of Tennessee, General Obligation Bonds, 2021 Series A and 2021 Refunding Series B (Taxable)

11. Submission of the “Report on Debt Obligation” (CT-0253) for the 2021 bond sale

12. Report on Notice of Default by Economic Development Growth Engine Industrial Development Board of the City of Memphis and Shelby County, Tennessee

13. Adjourn

TENNESSEE STATE FUNDING BOARD
June 15, 2021

The Tennessee State Funding Board (the "Board") met on Tuesday, June 15, 2021, at 3:10 p.m., in the Tennessee State Capitol, Executive Conference Room, Ground Floor, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also physically present:

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

Having established that a physical quorum was present, Mr. Mumpower called the meeting to order and presented the minutes from the meeting held on May 24, 2021, for consideration and approval. Mr. Hargett made a motion to approve the minutes, and Mr. Lillard seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. Trent Ridley, Chief Financial Office of the Tennessee Housing Development Authority ("THDA"), to present the THDA's Schedule of Financing (the "Schedule") for Fiscal Year 2021-2022 for consideration for approval. Mr. Ridley stated that THDA was contemplating $535 million in financing over fiscal year 2022, of which would consist of new production funds and some refunding opportunities, due to the low interest rates. Mr. Ridley then stated that there was approximately $50-$70 million of outstanding debt left under the 1985 General Resolution ("Resolution") which carried the state moral obligation. Mr. Ridley further stated that he thought by the end of the calendar year, or early calendar year 2022, that all the bonds under the Resolution would be refunded leaving the state with no moral obligation on THDA bonds. Mr. Lillard made a motion to approve the Schedule, 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 May 24, 2021, Board meeting, the FastTrack balance was $311,673,443.86. Since that time $6,360,100 in new grants and loans had been approved, and $75,142.88 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of $305,238,200.98 as of the date of the Report. Mr. VanderMeer reported that commitments had been made in the amount of $220,778,607.86, resulting in an uncommitted FastTrack balance of $84,459,593.12. Mr. VanderMeer reported that the projects to be considered at this meeting totaled $65,750,000.00, and if these projects were approved, the uncommitted balance would be $18,709,593.12 and the total committed balance would be $286,528,607.86, which represented 93.9% of the FastTrack balance.

Commissioner Rolfe then presented the following FastTrack projects:

- **Ultium Cells LLC – Spring Hill (Maury Co.)**
  FastTrack Economic Development Grant $60,000,000
- **Hardwood Products Company LP (Puritan Medical Products LLC) – Orlinda (Robertson Co.)**
  FastTrack Economic Development Grant $ 4,750,000
- **Advanex Americas, Inc. – White House (Robertson Co.)**
  FastTrack Economic Development Grant $ 1,000,000

The Board member packets included letters and FastTrack checklists signed by Commissioner Rolfe, and incentive acceptance forms signed by company representatives. Mr. Mumpower inquired if the companies that had signed the incentive acceptance forms fully understood the agreements, and Commissioner Rolfe responded affirmatively. Mr. Mumpower then inquired if the checklists had been completed for each project and Commissioner Rolfe responded affirmatively. Mr. Mumpower then inquired if all the projects included accountability agreements which would provide protections for the state in the event the entity could not fulfill the agreement, and Mr. Rolfe responded affirmatively.

Mr. Hargett then asked how time sensitive was the approval of the presented projects. Mr. Rolfe responded that the Ultium project was time sensitive due to the electric vehicle market. Mr. Rolfe further responded that the primary driver of the success of the electric vehicle was the batteries. Mr. Rolfe further responded that there was a shortage in batteries for electric vehicles. Mr. Rolfe then responded that the Puritan Medical Products project was well under construction and that they were one of only two companies in the world that produce specialized swabs used in COVID-19 tests. Mr. Rolfe further responded that based on the short supply of swabs, that project was one ECD was most interested in getting an expeditious approval. Mr. Hargett made a motion to approve the FastTrack projects that were presented, and Mr. Lillard 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 state had covenanted with bond holders 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 shall certify 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 2021-2022. 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 a letter from the Chief Investment Officer of the Tennessee Consolidated Retirement System ("TCRS") addressed to the Secretary of the Board affirming that TCRS does not plan to terminate its contract prior to July 1, 2022, to serve as a standby purchaser under the State's commercial paper program. Ms. Thompson 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,

2022. Ms. Thompson requested approval to submit the letter to TCRS on behalf of the Board. Mr. Mumpower 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. Lillard seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present for consideration and approval a "Resolution Allocating Funds to Defray a Portion of the Cost of Highway Bridge Construction Projects and to Cancel Authorized Bonds". Ms. Thompson stated that resolution would cancel the remaining bond authorization for bridge construction. Ms. Thompson then stated that the resolution canceled bonds for bridge construction in the amount of $600,000.00 and would be effective as of June 15, 2021. Mr. Lillard made a motion to approve the resolution. Mr. Hargett 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 the Tennessee Budget Manual (the "Budget Manual") and the Debt Manual for Local Governments (the "Debt Manual") for consideration and approval. Ms. Knotts stated that both manuals had been drafted in response to legislation that had been passed in that legislative session. Ms. Knotts then stated that all interested parties had been emailed on May 21, 2021, soliciting comments on the manuals by June 11, 2021. Ms. Knotts stated that a grid for each manual, detailing all public comments and LGF's proposed resolution of the matter, was included in the Board members' packets for both manuals. Ms. Knotts then stated that the majority of the comments were helpful and integrated as much as possible. Ms. Knotts further stated that there were additional comments that would have required additional sections added to the manuals, and that those comments had been filed away for possible later revisions to the manuals. Mr. Mumpower clarified that both manuals were open to revision in the future based on real world experience and comments from local governments or other interested parties.

Mr. Eley then inquired if any of the comments received led to material changes in the Budget Manual or the Debt Manual from LGF's original intent. Ms. Knotts responded that there were no material changes made to the Debt Manual and that the comments were primarily for clarification. Ms. Knotts then responded that comments were received from the County Technical Assistance Service ("CTAS") and the Municipal Technical Assistance Service ("MTAS") of the University of Tennessee Institute of Public Service, among others. Ms. Knotts further responded that LGF had a good dialogue with MTAS regarding clarifications to the balanced budget requirement for local governments in the state. Ms. Knotts further detailed some comments for clarification and error corrections. Ms. Knotts then responded that there were no comments on the Budget Manual that were material. Mr. Lillard made a motion to approve the Budget and Debt Manuals. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Knotts to present a Report from the Comptroller's Office on requests for approval of plans of balloon indebtedness. Ms. Knotts reported that there were fifteen requests for the approval of a plan of balloon indebtedness from local governments in fiscal year 2021. Ms. Knotts further reported that the majority of the requests were for refundings, of which ten were for cost savings and one was to reduce interest rate risk by moving from variable rate to fixed rate debt. Ms. Knotts then reported that four of the requests were for new money issuances. Ms. Knotts further reported that two of the four new money requests were to achieve level aggregate debt service. Ms. Knotts then stated that she did not think it was unreasonable to have fifteen requests in a fiscal year. No further action was necessary.

Mr. Mumpower then recognized Ms. Knotts to present a Report from the Comptroller's Office on emergency financial aid to local governments pursuant to TCA 9-13-210. Ms. Knotts stated that a brief summary page was included in the Board members' packets that cited the statute for what was termed emergency or Federal Emergency Management Agency ("FEMA") notes. Ms. Knotts said that LGF believed it was the first year in which these notes had been issued. Ms. Knotts further explained that the four local governments that issued the notes were allowed to borrowe money and repay it after the close of the fiscal year in which they borrowed the funds. Ms. Knotts reported that Blount County was approved to issue $5,000,000 but only issued $2,000,000 and planned to have the amount repaid prior to the end of the fiscal year. Ms. Knotts then reported that Henry County took out a line credit as the county worried about their hospital's revenue when all non-essential treatments were suspended. Ms. Knotts further reported that Henry County never utilized the line of credit and would be terminating it soon. Ms. Knotts then reported that Knox County issued a two-year FEMA note and only had $247,000 remaining to repay . Ms. Knotts then reported that Metropolitan Nashville Davidson County also issued a FEMA note that has since been repaid. No further action was necessary.

Approved on this ___________ day of ____________________ 2021.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

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 ___________ day of ____________________ 2021.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

FastTrack Report to State Funding Board

7/19/2021

1.	Previous FastTrack Balance, as of Last Report	305,238,200.98	
2.	+ New Appropriations:	92,008,568.94	
3.	+ Newly Deobligated Funds:	1,732,900.85	
4.	+ Funds Transferred to FastTrack:	0.00	
5.	- Funds Transferred from FastTrack:	0.00	
6.	- FastTrack Grants or Loans Approved Greater Than $750,000:	(3,000,000.00)	
7.	- FastTrack Grants or Loans Approved Less Than $750,000:	(2,131,500.00)	
8.	- FastTrack Administration	(355,302.18)	
9.	Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans:		393,492,868.59
10.	Total Amount of Commitments:	321,726,155.68	
11.	Uncommitted FastTrack:		71,766,712.91
12.	Percentage Committed:		81.8%
13.	Amount of Proposed Grants or Loans:	8,974,800.00	
14.	Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:		62,791,912.91
15.	Percentage Committed:		84.0%

See next page for explanations of the above questions.

I have reviewed the above and believe it to be correct:

Robert Rolfe

Commissioner of Economic and Community Development

Date: 7/19/21

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

July 22, 2021

Comptroller Jason Mumpower
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Mumpower:

The Department of Economic & Community Development (the "Department") seeks approval by the State Funding Board (the "Board") pursuant to T.C.A. § 4-3-717(a) authorizing FastTrack infrastructure, training, and economic development grants where there is a commitment by an eligible business to create or retain private sector jobs or engage in private investment or where the Commissioner of Economic and Community Development determines that such investment will have a direct impact on employment and investment opportunities in the future. The following projects meet the statutory requirements and the Department presents these projects to the Board pursuant to the mandates of T.C.A. § 4-3-717(e), which requires approval of grants and loans under the FastTrack Infrastructure Development Program, the FastTrack Job Training Assistance Program, and the FastTrack Economic Development Program that exceed $750,000 per eligible business within a three (3) year period.

1. Barrette Outdoor Living, Inc. – Bulls Gap (Hawkins County)

Barrette was founded nearly 100 years ago in Canada and employs approximately 2,000 people today across North America. As the leading North American supplier of exterior home products to the residential market, Barrette Outdoor Living manufactures and distributes vinyl, aluminum, steel and composite fencing and railing, composite decking, and other outdoor products.

The company will expand their Bulls Gap operation, where it has operated since 2001. Barrette will add 40,000 square feet of manufacturing space, including four new extruders, co-extruders, and cooling tanks as well as additional fabrication and packaging equipment.

Barrette Outdoor Living, Inc. has committed to create 162 net new jobs and make a $33,000,000 capital investment within five (5) years. The company will have an average hourly wage of $15.67 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as building expansion, building retrofit, building improvements, and new construction. **($874,800)**

Total FastTrack funds for this project - $874,800

2. PUREGraphite LLC., Chattanooga, TN – Chattanooga (Hamilton County)

NOVONIX established its anode materials business, PUREgraphite, in March 2017 to develop and commercialize ultra-long-life, high performance anode material for the lithium-ion battery market, specifically for electric vehicles and similar storage applications.

To address the need for a US-based lithium-ion battery supply chain, NOVONIX will expand its operations in Chattanooga to produce the high purity and high consistency anode material required for long-life batteries.

NOVONIX plans to purchase and retrofit the former Alstom building, which will be the company's second facility in Chattanooga. The 400,000+-square-foot plant will accommodate a planned 8,000+-ton per year production operation and will join the existing operations where the company has been since 2019.

PUREGraphite LLC., Chattanooga, TN has committed to create 290 net new jobs and make a $159,573,295 capital investment within five (5) years. The company will have an average hourly wage of $20.29 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as building retrofit, building expansion, building improvements, and acquisition of real property. **($3,000,000)**

Total FastTrack funds for this project - $3,000,000

3. Helen of Troy Nevada and Steel Technology, LLC – Gallaway (Fayette County)

Helen of Troy, designer, developer and worldwide marketer of consumer brand-name housewares, health and home, and beauty products, intends to develop a two million-square-foot facility with state-of-the-art automation and direct-to-consumer fulfillment capabilities in Gallaway. The new facility is being designed and built specifically to house the company's Housewares segment operations, which includes both its OXO and Hydro Flask brands. Construction is expected to commence this month, with anticipated completion by the end of calendar 2022.

Helen of Troy Nevada and Steel Technology, LLC has committed to create 350 net new jobs and make a $160,000,000 capital investment within five (5) years. The company will have an average hourly wage of $19.40 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as building improvements, building retrofit, building expansion, roof improvements, and new construction. **($3,000,000)**

Total FastTrack funds for this project - $3,000,000

4. Chewy, Inc. – Mount Juliet (Wilson County)

Chewy, Inc., founded in 2011 and dually headquartered in Dania Beach, Florida and Boston, Massachusetts, is a leading innovator in pet e-commerce, offering pet parents a broad selection of more than 2,000 of the best and most trusted brands, including pet products, supplies and prescriptions.

Chewy, Inc., a trusted destination for pet parents and partners, will establish a new regional e-commerce fulfillment center, which is projected to open in fall 2022.

Chewy, Inc. has committed to create 1,200 net new jobs and make a capital investment totaling $47,000,000 and inducing an additional $53,000,000 through a build to suite lease commitment for a total of a $100,000,000 capital investment within five (5) years. The company will have an average hourly wage of $15.29 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as new construction, building retrofit, building expansion, and building improvement. **($2,100,000)**

Total FastTrack funds for this project - $2,100,000

Sincerely,

Robert D. Rolfe

Bob Rolfe

BR/js

State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars ($750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING		RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
	INFRASTRUCTURE			
	TRAINING*			
	ECONOMIC DEVELOPMENT	**Hawkins County Industrial Development Board**	**$874,800**	
TOTAL			**$874,800**	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

***ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity):** **Barrette Outdoor Living, Inc.**

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed *T.C.A. § 4-3-716(g)*? If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants). ☐ Yes ☒ No

2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs *T.C.A. § 4-3-716(g)*? ☐ Yes ☒ No

3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable *T.C.A. § 4-3-716(f)*? ☒ Yes ☐ No

4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund *T.C.A. § 4-3-716(h)*? ☒ Yes ☐ No

Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee *T.C.A. § 4-3-717(h)(1)(A)*? ☒

   b. Do more than half of the business' products or services enter into the production of exported products *T.C.A. § 4-3-717(h)(1)(B)*? ☐

   c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state *T.C.A. § 4-3-717(h)(1)(C)*? ☐

   d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state *T.C.A. § 4-3-717(h)(1)(D)*? If "yes," attach the commissioner's rationale. ☐

Applicant must answer "Yes" to a or b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment *T.C.A. § 4-3-717(a)*? If "yes," attach documentation. ☒

   b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future *T.C.A. § 4-3-717(a)*? If "yes," attach the commissioner's rationale. ☐

TRAINING

7.	Will the grant support the training of new employees for locating or expanding industries *T.C.A. § 4-3-717(c)(1)*?	☐ Yes	☐ No
8.	Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes *T.C.A. § 4-3-717(c)(2)*?	☐ Yes	☐ No

INFRASTRUCTURE

9.	Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? *T.C.A. § 4-3-717(b)(2-3)*?	☐ Yes	☐ No
10.	Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*?	☐ Yes	☐ No
11.	In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates *T.C.A. § 4-3-717(f)*?	☐ Yes	☐ No

Applicant must answer "Yes" to a <u>or</u> b.

12. a.	Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry *T.C.A. § 4-3-717(h)(2)*?	☐
b.	Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state *T.C.A. § 4-3-717(h)(2)*? If "yes," attach the commissioner's rationale.	☐

ECONOMIC DEVELOPMENT

13.	Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*?	☒ Yes	☐ No
14.	Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds *T.C.A. § 4-3-717(d)(1)*?	☐ Yes	☒ No
15.	Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business *T.C.A. § 4-3-717(d)(1)*?	☒ Yes	☐ No
16.	Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community *T.C.A. § 4-3-717(d)(1)*? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact.	☒ Yes	☐ No
17.	The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used *T.C.A. § 4-3-717(d)(2)*. Attach documentation.	☒ Yes	☐ No

I have reviewed this document and believe it to be correct.

Robert D. Rolfe
Commissioner of Economic and Community Development

7/19/21
Date

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

June 16, 2021

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Barrette Outdoor Living, Inc. intends, in good faith, to create 162 private sector jobs in Bulls Gap, Hawkins County and make a capital investment of $33,000,000 in exchange for incentives that will be memorialized in a grant agreement between Barrette Outdoor Living, Inc. and the State of Tennessee. New jobs must be in addition to the company's baseline of 455 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Job Economic Development Grant:	$ 874,800
Total ECD Commitment:	**$ 874,800**

Please sign your name in the space below to signify Barrette Outdoor Living, Inc.'s acceptance of ECD's offer set forth above and return it by September 14, 2021 to:

Tennessee Department of Economic and Community Development
Attn: Joey Viola
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Joey.Viola@tn.gov

Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to: number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.

Signature: ______________ (Authorized Representative of Company)

Date: 7-1-21

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

July 22, 2021

Comptroller Jason Mumpower
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Hawkins County Industrial Development Board for the benefit of Barrette Outdoor Living, Inc. in the amount of $874,800 to offset the costs Barrette Outdoor Living, Inc. will incur in building expansion, building retrofit, building improvements, and new construction. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this community due to the number of jobs in this At-Risk county. Barrette Outdoor Living, Inc. has committed to create 162 net new jobs and make a $33,000,000 capital investment within five (5) years. The company will have an average hourly wage of $15.67 for the new positions. This project will have an exceptional impact.

Sincerely,

Robert D. Rolfe

Bob Rolfe

BR/js

State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars ($750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING		RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
	INFRASTRUCTURE			
	TRAINING*			
	ECONOMIC DEVELOPMENT	Hamilton County, Tennessee	$3,000,000	
TOTAL			$3,000,000	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

***ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity):** PUREGraphite LLC., Chattanooga, TN

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed *T.C.A. § 4-3-716(g)*? If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants). ☐ Yes ☒ No

2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs *T.C.A. § 4-3-716(g)*? ☐ Yes ☒ No

3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable *T.C.A. § 4-3-716(f)*? ☒ Yes ☐ No

4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund *T.C.A. § 4-3-716(h)*? ☒ Yes ☐ No

Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee *T.C.A. § 4-3-717(h)(1)(A)*? ☒

   b. Do more than half of the business' products or services enter into the production of exported products *T.C.A. § 4-3-717(h)(1)(B)*? ☐

   c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state *T.C.A. § 4-3-717(h)(1)(C)*? ☐

   d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state *T.C.A. § 4-3-717(h)(1)(D)*? If "yes," attach the commissioner's rationale. ☐

Applicant must answer "Yes" to a <u>or</u> b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment *T.C.A. § 4-3-717(a)*? If "yes," attach documentation. ☒

   b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future *T.C.A. § 4-3-717(a)*? If "yes," attach the commissioner's rationale. ☐

TRAINING

7. Will the grant support the training of new employees for locating or expanding industries *T.C.A. § 4-3-717(c)(1)*? ☐ Yes ☐ No

8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes *T.C.A. § 4-3-717(c)(2)*? ☐ Yes ☐ No

INFRASTRUCTURE

9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? *T.C.A. § 4-3-717(b)(2-3)*? ☐ Yes ☐ No

10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? ☐ Yes ☐ No

11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates *T.C.A. § 4-3-717(f)*? ☐ Yes ☐ No

Applicant must answer "Yes" to a <u>or</u> b.

12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry *T.C.A. § 4-3-717(h)(2)*? ☐

b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state *T.C.A. § 4-3-717(h)(2)*? If "yes," attach the commissioner's rationale. ☐

ECONOMIC DEVELOPMENT

13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? ☒ Yes ☐ No

14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds *T.C.A. § 4-3-717(d)(1)*? ☐ Yes ☒ No

15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business *T.C.A. § 4-3-717(d)(1)*? ☒ Yes ☐ No

16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community *T.C.A. § 4-3-717(d)(1)*? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact. ☒ Yes ☐ No

17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used *T.C.A. § 4-3-717(d)(2)*. Attach documentation. ☒ Yes ☐ No

I have reviewed this document and believe it to be correct.

Robert Rolfe
Commissioner of Economic and Community Development

7/19/21
Date

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

April 21, 2021

INCENTIVE ACCEPTANCE FORM

This form serves as notice that PUREGraphite LLC., Chattanooga, TN intends, in good faith, to create 290 private sector jobs in Chattanooga, Hamilton County and make a capital investment of $159,573,295 in exchange for incentives that will be memorialized in a grant agreement between PUREGraphite LLC., Chattanooga, TN and the State of Tennessee. New jobs must be in addition to the company's baseline of 17 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	$ 3,000,000
Total ECD Commitment:	**$ 3,000,000**

Please sign your name in the space below to signify PUREGraphite LLC., Chattanooga, TN's acceptance of ECD's offer set forth above and return it by July 20, 2021 to:

Tennessee Department of Economic and Community Development
Attn: Joey Viola
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Joey.Viola@tn.gov

Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to, number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.

Signature: ____________________ Date: 6/17/2021
(Authorized Representative of Company)

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

July 22, 2021

Comptroller Jason Mumpower
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to Hamilton County, Tennessee for the benefit of PUREGraphite LLC., Chattanooga, TN in the amount of $3,000,000 to offset the costs PUREGraphite LLC., Chattanooga, TN will incur in building expansion, building retrofit, building improvements, and acquisition of real property. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this community due to the number of high wage manufacturing jobs. PUREGraphite LLC., Chattanooga, TN has committed to create 290 net new jobs and make a $159,573,295 capital investment within five (5) years. The company will have an average hourly wage of $20.29 for the new positions. This project will have an exceptional impact.

Sincerely,

Robert D. Rolfe

Bob Rolfe

BR/js

State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars ($750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

	TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
	INFRASTRUCTURE			
	TRAINING*			
	ECONOMIC DEVELOPMENT	**Fayette County Government**	**$3,000,000**	
	TOTAL		**$3,000,000**	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

***ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity):** **Helen of Troy Nevada and Steel Technology, LLC**

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed *T.C.A. § 4-3-716(g)*? If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants). ☐ Yes ☒ No

2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs *T.C.A. § 4-3-716(g)*? ☐ Yes ☒ No

3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable *T.C.A. § 4-3-716(f)*? ☒ Yes ☐ No

4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund *T.C.A. § 4-3-716(h)*? ☒ Yes ☐ No

Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee *T.C.A. § 4-3-717(h)(1)(A)*? ☒

   b. Do more than half of the business' products or services enter into the production of exported products *T.C.A. § 4-3-717(h)(1)(B)*? ☐

   c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state *T.C.A. § 4-3-717(h)(1)(C)*? ☐

   d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state *T.C.A. § 4-3-717(h)(1)(D)*? If "yes," attach the commissioner's rationale. ☐

Applicant must answer "Yes" to a or b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment *T.C.A. § 4-3-717(a)*? If "yes," attach documentation. ☒

   b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future *T.C.A. § 4-3-717(a)*? If "yes," attach the commissioner's rationale. ☐

TRAINING

7. Will the grant support the training of new employees for locating or expanding industries *T.C.A. § 4-3-717(c)(1)*? ☐ Yes ☐ No

8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes *T.C.A. § 4-3-717(c)(2)*? ☐ Yes ☐ No

INFRASTRUCTURE

9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? *T.C.A. § 4-3-717(b)(2-3)*? ☐ Yes ☐ No

10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? ☐ Yes ☐ No

11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates *T.C.A. § 4-3-717(f)*? ☐ Yes ☐ No

Applicant must answer "Yes" to a or b.

12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry *T.C.A. § 4-3-717(h)(2)*? ☐

b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state *T.C.A. § 4-3-717(h)(2)*? If "yes," attach the commissioner's rationale. ☐

ECONOMIC DEVELOPMENT

13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? ☒ Yes ☐ No

14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds *T.C.A. § 4-3-717(d)(1)*? ☐ Yes ☒ No

15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business *T.C.A. § 4-3-717(d)(1)*? ☒ Yes ☐ No

16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community *T.C.A. § 4-3-717(d)(1)*? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact. ☒ Yes ☐ No

17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used *T.C.A. § 4-3-717(d)(2)*. Attach documentation. ☒ Yes ☐ No

I have reviewed this document and believe it to be correct.

Robert D. Rolfe
Commissioner of Economic and Community Development

7/19/21
Date

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

January 5, 2021

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Steel Technology, LLC intends, in good faith, to create 350 private sector jobs in Gallaway, Fayette County and make a capital investment of $160,000,000 in exchange for incentives that will be memorialized in a grant agreement between Steel Technology, LLC and the State of Tennessee. New jobs must be in addition to the company's baseline of 0 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	$ 3,000,000
Total ECD Commitment:	**$ 3,000,000**

Please sign your name in the space below to signify Steel Technology, LLC's acceptance of ECD's offer set forth above and return it by April 5, 2021 to:

Tennessee Department of Economic and Community Development
Attn: Joey Viola
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Joey.Viola@tn.gov

Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to: number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.

Signature: Jesse Addee
(Authorized Representative of Company)

Date: Jan 10, 2021

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

July 22, 2021

Comptroller Jason Mumpower
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Fayette County Government for the benefit of Helen of Troy Nevada and Steel Technology, LLC in the amount of $3,000,000 to offset the costs Helen of Troy Nevada and Steel Technology, LLC will incur in new construction, building retrofit, building expansion, roof improvements, and building improvements. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this rural community due to the number of jobs. Helen of Troy Nevada and Steel Technology, LLC has committed to create 350 net new jobs and make a $160,000,000 capital investment within five (5) years. The company will have an average hourly wage of $19.40 for the new positions. This project will have an exceptional impact.

Sincerely,

Robert W. Rolfe

Bob Rolfe

BR/js

State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars ($750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING		RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
	INFRASTRUCTURE			
	TRAINING*			
	ECONOMIC DEVELOPMENT	**Industrial Development Board of Wilson County, TN**	**$2,100,000**	
TOTAL			**$2,100,000**	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

***ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity):** Chewy, Inc.

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed *T.C.A. § 4-3-716(g)*? If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants). ☐ Yes ☒ No

2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs *T.C.A. § 4-3-716(g)*? ☐ Yes ☒ No

3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable *T.C.A. § 4-3-716(f)*? ☒ Yes ☐ No

4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund *T.C.A. § 4-3-716(h)*? ☒ Yes ☐ No

Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee *T.C.A. § 4-3-717(h)(1)(A)*? ☒

   b. Do more than half of the business' products or services enter into the production of exported products *T.C.A. § 4-3-717(h)(1)(B)*? ☐

   c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state *T.C.A. § 4-3-717(h)(1)(C)*? ☐

   d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state *T.C.A. § 4-3-717(h)(1)(D)*? If "yes," attach the commissioner's rationale. ☐

Applicant must answer "Yes" to a <u>or</u> b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment *T.C.A. § 4-3-717(a)*? If "yes," attach documentation. ☒

   b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future *T.C.A. § 4-3-717(a)*? If "yes," attach the commissioner's rationale. ☐

TRAINING

7. Will the grant support the training of new employees for locating or expanding industries *T.C.A. § 4-3-717(c)(1)*?	☐ Yes ☐ No
8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes *T.C.A. § 4-3-717(c)(2)*?	☐ Yes ☐ No

INFRASTRUCTURE

9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? *T.C.A. § 4-3-717(b)(2-3)*?	☐ Yes ☐ No
10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*?	☐ Yes ☐ No
11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates *T.C.A. § 4-3-717(f)*?	☐ Yes ☐ No

Applicant must answer "Yes" to a or b.

12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry *T.C.A. § 4-3-717(h)(2)*?	☐
b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state *T.C.A. § 4-3-717(h)(2)*? If "yes," attach the commissioner's rationale.	☐

ECONOMIC DEVELOPMENT

13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*?	☒ Yes ☐ No
14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds *T.C.A. § 4-3-717(d)(1)*?	☐ Yes ☒ No
15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business *T.C.A. § 4-3-717(d)(1)*?	☒ Yes ☐ No
16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community *T.C.A. § 4-3-717(d)(1)*? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact.	☒ Yes ☐ No
17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used *T.C.A. § 4-3-717(d)(2)*. Attach documentation.	☒ Yes ☐ No

I have reviewed this document and believe it to be correct.

Robert Rolfe

Commissioner of Economic and Community Development

7/19/21

Date

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

June 7, 2021

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Chewy, Inc. intends, in good faith, to create 1,200 private sector jobs in Mount Juliet, Wilson County and make a capital investment totaling $47,000,000 and inducing an additional $53,000,000 through a build to suit lease commitment for a total investment of $100,000,000 in exchange for incentives that will be memorialized in a grant agreement between Chewy, Inc. and the State of Tennessee. New jobs must be in addition to the company's baseline of 0 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	$ 2,100,000
Total ECD Commitment:	**$ 2,100,000**

Please sign your name in the space below to signify Chewy, Inc.'s acceptance of ECD's offer set forth above and return it by September 5, 2021 to:

Tennessee Department of Economic and Community Development
Attn: Joey Viola
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Joey.Viola@tn.gov

Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to, number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.

Signature: ____________________ Date: 6/10/2021
(Authorized Representative of Company)

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

July 22, 2021

Comptroller Jason Mumpower
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Industrial Development Board of Wilson County, TN for the benefit of Chewy, Inc. in the amount of $2,100,000 to offset the costs Chewy, Inc. will incur in new construction, building retrofit, building expansion, and building improvements. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this community due to the number jobs and capital investment. Chewy, Inc. has committed to create 1,200 net new jobs and make a $100,000,000 capital investment within five (5) years. The company will have an average hourly wage of $15.29 for the new positions. This project will have an exceptional impact.

Sincerely,

Robert D. Rolfe

Bob Rolfe

BR/js

RESOLUTION ALLOCATING FROM THE DEBT SERVICE FUND TO THE CAPITAL PROJECTS FUND $468,726 AND CANCELING AUTHORIZED BONDS

Recitals

The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 591, Public Acts of Tennessee, 2007 (the "2007 Act"), to issue and sell its general obligation bonds in an amount not to exceed Two Hundred Ninety-Five Million Dollars and no cents ($295,000,000.00) of which Seven Million Dollars and no cents ($7,000,000.00) is allocated pursuant to Section 4(3) of the 2007 Act (the "Item 3 Bonds") to the Department of Finance and Administration, to provide funds for acquisition of sites and existing structures for expansion purposes for the Tennessee Board of Regents on behalf of the University of Memphis ("UofM").

The State Funding Board has previously canceled Four Million, Five Hundred Forty-Three Thousand, Six Hundred Twenty Dollars and Sixty-Two Cents ($4,543,620.62) of the Item 3 Bonds. None of the remaining Two Million, Four Hundred Fifty-Six Thousand, Three Hundred Seventy-Nine Dollars and Thirty-Eight Cents ($2,456,379.38) principal amount of the Item 3 Bonds has been issued as 2007 Act Bonds but cash has been expended from the Capital Projects Fund.

By memorandum dated July 7, 2021, the Commissioner of Finance and Administration notified the State Funding Board that UofM has paid Four Hundred Sixty-Eight Thousand, Seven Hundred Twenty-Six Dollars and no cents ($468,726.00) into the Debt Service Fund in accordance with an agreement between UofM and the State Funding Board and recommended that: (1) a like amount should be allocated to the Capital Projects Fund and (2) a like amount of general obligation bonds effective in the fiscal year ending June 30, 2021 be canceled.

Be It Resolved By the Funding Board of the State of Tennessee:

1. The project authorized to be financed by the 2007 Act, Item 3 Bonds has been financed in part with current funds and Four Hundred Sixty-Eight Thousand, Seven Hundred Twenty-Six Dollars and no cents ($468,726.00) is no longer needed to fund such authorized project.

2. Four Hundred Sixty-Eight Thousand, Seven Hundred Twenty-Six Dollars no cents ($468,726.00) in accordance with the authority provided by Tennessee Code Annotated Section 9-9-205, is allocated from the Debt Service Fund to the Capital Projects Fund to defray the cost of a portion of the Item 3 Bonds.

3. In accordance with the authority provided by Tennessee Code Annotated Section 9-9-208, and the memorandum from the Commissioner of Finance and Administration dated July 7, 2021, the State Funding Board hereby cancels Four Hundred Sixty-Eight Thousand, Seven Hundred Twenty-Six Dollars and no cents ($468,726.00) of the principal amount authorized by the 2007 Act for the Item 3 Bonds.

4. This resolution shall be retroactively effective as of June 30, 2021, and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on July 22, 2021.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE FUNDING BOARD

RESOLUTION CERTIFYING AND AUTHORIZING THE ALLOCATION OF FUNDS TO THE SINKING FUND FOR THE 2021-2022 FISCAL YEAR

Recitals

Pursuant to Chapter 176, Public Acts of Tennessee, 2013 (the "Act"), effective July 1, 2013, the State of Tennessee has pledged in T.C.A. Section 9-9-104 for the payment of debt service on a pro rata basis on its general obligation bonds issued on or before June 30, 2013, the following:

Annual proceeds of a tax to five cents ($.05) per gallon upon gasoline;
Annual proceeds of the special tax on petroleum products imposed by T.C.A. Section 67-3-203 (formerly T.C.A. Section 67-3-1303);
One half (1/2) of the annual proceeds of motor vehicle registration fees; and
Entire annual proceeds of franchise taxes imposed by the franchise tax law in Title 67, Chapter 4, Part 21 (formerly Title 67, Chapter 4, Part 9).

Pursuant to the Act, the State Funding Board is authorized by T.C.A. Section 9-9-106 to certify the amount necessary to provide for the payment of debt service from the fees, taxes and other revenues and funds available for such purpose.

Section 1, Title III-32 of Chapter 454, Public Acts of Tennessee, 2021, (the "2021 Appropriations Act") appropriates the aggregate sum of Three Hundred Thirty-Six Million, Nine Hundred Twenty-Seven Thousand Dollars ($336,927,000) for debt service expenses and amortization of authorized and unissued bonds for the 2021-2022 fiscal year. Section 1, Title III-31 of the 2021 Appropriations Act, appropriates to the Sinking Fund such amount of the excise tax receipts as determined by the State Funding Board.

The Commissioner of Finance and Administration recommended by memorandum dated July 7, 2021, that the State Funding Board allocate Three Hundred Forty-Four Million, Two Hundred Thousand Dollars ($344,200,000) in pledged tax revenues. Further, he recommended the following specific dollar allocation of taxes for the payment of debt service on general obligation debt of the State of Tennessee:

TAX OR FEE	AMOUNT	BASIS OF ALLOCATION
Franchise Tax	$ 18,000,000	Equal monthly
Excise Tax	174,700,000	Equal monthly
Gasoline Tax	76,000,000	Equal monthly
Motor Vehicle Title Fees	2,700,000	Equal monthly

Further, he recommended a monthly allocation totaling Seventy-Two Million, Eight Hundred Thousand Dollars ($72,800,000) of Sales Tax revenues [which is the estimated allocation of the net receipts of State Sales Tax pursuant to T.C.A. Section 67-6-103]. These recommendations assume (i) utilization of Sports Authority Revenue in the amount of Three Million, Seven Hundred Eleven Thousand Dollars ($3,711,000) and Other Revenues (College and Universities and State Veterans' Homes) in the amount of Four Million, Seven Hundred Forty-Three Thousand Dollars ($4,743,000), and (ii) an adjusted balance at June 30, 2021 of negative Fifteen Million, Seven Hundred Twenty-Seven Thousand Dollars ($-15,727,000), for an aggregate sum of Three Hundred Thirty-Six Million, Nine Hundred Twenty-Seven Thousand Dollars ($336,927,000) .

Be It Resolved By The Funding Board Of The State Of Tennessee:

1. It is hereby certified to the Commissioner of Finance and Administration that the following sums shall be allocated to the Sinking Fund for debt retirement for the 2021-2022 fiscal year:

SOURCE, TAX OR FEE	**AMOUNT**	**BASIS OF ALLOCATION**
Franchise Tax	$ 18,000,000	Equal monthly
Excise Tax	174,700,000	Equal monthly
Gasoline Tax	76,000,000	Equal monthly
Motor Vehicle Title Fees	2,700,000	Equal monthly
Sales Tax (estimated TCA allocation)	72,800,000	Monthly

2. This resolution shall be retroactively effective as of July 1, 2021, and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on July 22, 2021.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE FUNDING BOARD

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE OF TENNESSEE

Be It Resolved By The Funding Board Of The State Of Tennessee:

1. The Funding Board of the State of Tennessee (the “Funding Board”) hereby finds and determines that the Funding Board is authorized to provide for the issuance of general obligation bonds of the State of Tennessee (the “State”) under the provisions of Sections 1 and 4 of Chapter 455, Public Acts of Tennessee, 2021, to be allocated as follows:

> Item 1. One Hundred Twenty-Six Million Dollars ($126,000,000) to the Department of Transportation to be expended for construction of highways and for the purpose of acquisition of equipment and sites, and erection, construction, and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvements, betterments, and extraordinary repairs to existing structures, and repair, replacement, or rehabilitation of bridges.

Further, the Funding Board is authorized to sell bonds in amounts not to exceed 2.5% of all the amounts stated above, the proceeds of which are to be allocated to the Funding Board and expended for the purpose of funding discounts and the costs of issuance.

2. The Funding Board hereby finds and determines that no bonds or bond anticipation notes have been issued pursuant to the Public Acts referred to in Section 1 hereof, and that such authorization has not been cancelled or rescinded.

3. The Funding Board hereby authorizes the issuance of general obligation bonds of the State in the respective maximum principal amounts and for the respective purposes set forth in Section 1 hereof (the “Bonds”). The sale and issuance of the Bonds shall be provided for by subsequent resolution of the Funding Board. Pending the issuance of Bonds, bond anticipation notes may be issued from time to time under and pursuant to the resolution adopted by the Funding Board on March 6, 2000, entitled “RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF COMMERCIAL PAPER; AUTHORIZING AND PROVIDING FOR A STANDBY COMMERCIAL PAPER PURCHASE AGREEMENT; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO”, as amended or restated, or under and pursuant to other resolutions hereafter adopted by the Funding Board.

4. The Funding Board reserves the right to rescind the authorization of any Bonds authorized hereunder to the extent (i) general obligation bonds have not been issued against such Bond authorization or (ii) general obligation bond anticipation notes have not been issued in anticipation of the issuance of Bonds to be issued against such Bond authorization.

5. Available State funds may be expended for any or all the purposes specified in Section 1 hereof, in anticipation of reimbursement from the proceeds of Bonds or bond anticipation notes issued under and pursuant to the respective authorizations specified in Section 1 hereof. The Funding Board hereby authorizes the Commissioner of Finance and Administration or the Secretary or Assistant Secretary of the Board to evidence an official intent to this effect, and otherwise execute, file and publish such documents or take such other action, as may be necessary to permit reimbursement from the proceeds of Bonds or bond anticipation notes, the interest on which shall be excluded from gross income for federal income tax purposes.

6. If any provisions of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to that end the provisions of this resolution are declared to be severable.

7. This resolution shall be retroactively effective as of July 1, 2021, and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on July 22, 2021.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE FUNDING BOARD

RESOLUTION ALLOCATING FUNDS TO DEFRAY A PORTION OF THE COST OF HIGHWAY CONSTRUCTION PROJECTS AND CANCELING AUTHORIZED BONDS

Recitals

The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 452, Public Acts of Tennessee, 2013 (the "2013 Act"), to issue and sell its general obligation bonds in an amount not to exceed Two Hundred Sixty-Six Million Dollars ($266,000,000) of which Eighty-One Million Dollars ($81,000,000) is allocated pursuant to Section 4(2) of the 2013 Act (the "2013 DOT Bonds") for the Department of Transportation for the purpose of providing funds to be spent for the construction of highways and highway projects.

The Funding Board has previously canceled Five Million Dollars ($5,000,000) of the 2013 DOT Bonds. None of the remaining Seventy-Six Million Dollars ($76,000,000) of the 2013 DOT Bond's principal amount authorized has been issued.

Section 6, Item 1 of Chapter 454, Public Acts of Tennessee, 2021, (the "2021 Appropriations Act") appropriates to the Funding Board the sum of Seventy-Six Million Dollars ($76,000,000) to cancel a like amount of unissued 2013 DOT Bonds.

The Commissioner of Finance and Administration by memorandum dated July 7, 2021, recommended that the Funding Board proceed with canceling Seventy-Six Million Dollars ($76,000,000) of the unissued 2013 DOT Bonds.

Be It Resolved By The Funding Board Of The State Of Tennessee:

1. The projects authorized to be financed by the 2013 DOT have been financed in whole or in part with current funds and a total of Seventy-Six Million Dollars ($76,000,000) is no longer needed to fund such authorized projects.

2. Seventy-Six Million Dollars ($76,000,000) of the unissued 2013 DOT Bonds are hereby canceled.

3. This resolution shall be retroactively effective as of July 1, 2021, and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on July 22, 2021.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE FUNDING BOARD

Tennessee State Funding Board

Debt Management Policy

Prepared by

Division of State Government Finance

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Debt Management Policy

Introduction

Debt management policies provide written guidance about the amount and type of debt issued by governments, the debt issuance process, and the management of the debt portfolio. A debt management policy tailored to the needs of the State of Tennessee (the “State”) and the Tennessee State Funding Board (the “Board”): (1) identifies policy goals and demonstrates a commitment to long-term financial planning, including a multi-year capital plan; (2) improves the quality of decisions concerning debt issuance; and (3) provides justification for the structure of debt issuance. Adherence to its debt management policy signals to rating agencies and the capital markets that the State is well-managed and able to meet its obligations in a timely manner.

Debt levels and their related annual costs are important financial considerations that impact the use of current resources. An effective debt management policy provides guidelines for the State to manage its debt program in line with those resources.

The debt program for the State includes general obligation debt issued by the State for which the State has pledged its full faith and credit for the payment of both principal and interest. The Board is the entity authorized to issue general obligation debt of the State and issues all general obligation debt in the name of the State pursuant to authorization by the General Assembly. The Board is comprised of the Governor, the State Comptroller of the Treasury, the Secretary of the State, the State Treasurer and the Commissioner of Finance and Administration.

The Division of State Government Finance (~~the “~~SGF~~”~~) serves as staff to the Board. ~~Both~~ T~~t~~he Director of ~~the~~ SGF ~~and the Assistant to the Comptroller for Public Finance~~ serves as the Assistant Secretary to the Board.

Goals and Objectives

The Board is establishing this Debt Management Policy (the “Policy”) as a tool to ensure that financial resources are sufficient to fulfill the State’s long-term capital plan. In addition, this Policy helps to ensure that financings undertaken by the Board satisfy certain clear objective standards designed to protect the State’s financial resources and to meet its long-term capital needs.

A. The goals of this Policy

- To document responsibility for the oversight and management of debt-related transactions;
- To define the criteria for the issuance of debt;
- To define the types of debt approved for use within the constraints established by the General Assembly;
- To define the appropriate uses of debt;
- To define the criteria for the refunding of debt or the use of alternative debt structures; and
- To minimize the cost of issuing and servicing debt.

B. The objectives of this Policy

- To establish clear criteria and promote prudent financial management for the issuance of all debt obligations;
- To identify legal and administrative limitations on the issuance of debt;
- To ensure the legal use of the Board's debt issuance authority;
- To maintain appropriate resources and funding capacity for present and future capital needs;
- To protect and enhance the State's credit rating;
- To evaluate debt issuance options;
- To promote cooperation and coordination with other stakeholders in the financing and delivery of services;
- To manage interest rate exposure and other risks; and
- To comply with Federal Regulations, laws of the state of Tennessee, and generally accepted accounting principles ("GAAP").

Debt Management/General

A. Purpose and Use of Debt Issuance

- Debt is to be issued pursuant to the authority of and in full compliance with provisions, restrictions and limitations of the Constitution and laws of the State (including Title 9, Chapter 9, of the TCA and various bond authorizations enacted by the General Assembly of the State), pursuant to resolutions adopted by the Board.
- Debt may be issued for public purposes of respective State departments and institutions, among others, including without limitation to make grants to counties, metropolitan governments, incorporated towns, cities, special districts of the State, or government agencies or instrumentalities of any of them.
- Debt may be used to finance capital projects authorized by the General Assembly through Bond Acts, included in the Capital Budget and/or approved by the State Building Commission and to fund discount and costs of issuance, limited to 2.5% of the amount allocated in the bond authorizations.
- Debt may be authorized to fund highway improvements. Such authorization is used as a cash management tool and gives budget authority to enter into various contracts for highway capital improvements. The projects are not constructed until the current revenue is available to pay the State's share of the projects. Highway bond authorization is canceled once projects have been funded with current funds.
- Debt may only be used to fund operating expenditures when such debt is repaid in the fiscal year issued.
- Prior to the issuance of bonds, bond anticipation notes may be issued for the payment of costs of projects as authorized by the bond authorization and a resolution of the Board.
- Bonds may be issued to refund~~refinance~~ outstanding debt.

B. Debt Capacity Assessment

- The "debt service coverage" test (the "Test") shall be used to compute the maximum principal amount of bonds that the Board can issue after July 1, 2013. The first step of the Test is to calculate the amount necessary to pay the maximum annual debt service in the then current or any future fiscal year on all outstanding bonds and bonds proposed to be issued (the "Debt Service Amount"). The second and final step of the Test is to compare the Debt Service Amount with the amount of total state tax revenue (as defined in Section 9- 9-104, of the TCA) that was allocated to the general fund, debt service fund and highway fund for the immediately preceding fiscal year (the "Total Tax Revenue Amount"). If the Debt Service Amount is not greater than ten percent (10%) of the Total Tax Revenue Amount, then the bonds may be issued.
- If the Debt Service Amount is six percent (6%) or more of the Total Tax Revenue Amount, the Board shall cause a debt capacity study to be conducted on an annual basis until the Debt Service Amount drops below six percent (6%) of the Total Tax Revenue Amount.

C. Federal Tax Status

- **Tax-Exempt Debt** – The Board will use its best efforts to maximize the amount of debt sold under this Policy using tax-exempt financing based on the assumptions that tax- exempt interest rates are lower than taxable rates and that the interest savings outweigh the administrative costs, restrictions on use of financed projects, and investment constraints.~~;~~
- **Taxable Debt –** The Board will sell taxable debt when necessary to finance projects not eligible to be financed with tax-exempt debt. However, the Board may finance taxable projects within the permitted limits of tax-exempt financings whenever possible.

D. Legal Limitations on the Use of Debt

- No debt obligation, except as shall be repaid within the fiscal year of issuance, shall be sold to fund the current operation of any state service or program.
- The proceeds of any debt obligation shall be expended only for the purpose for which it was authorized.
- Debt may only be issued under a bond authorization for which the General Assembly has appropriated sufficient funds to pay the first year's obligation of principal and interest, and when the Board has determined that such funds are available.
- No debt may be issued for a period longer than the useful life of the capital project it is funding.

Types of Debt

A. Bonds

Security – Pursuant to Section 9-9-105, of the TCA, the Board may issue general obligation bonds, which are direct general obligations of the State payable as to both principal and interest from any funds or monies of the State from whatever source derived. The full faith and credit of the State is pledged to the payment of principal of and interest on all general obligation bonds. Subject only to Section 9-9-104(a), of the TCA, all general obligation debt constitutes a charge and lien upon the entire fees, taxes and other revenues and funds allocated to the general fund, the debt service fund, and the highway fund.

These bonds may be structured as:

- **Fixed Interest Rate Bonds** – Bonds that have an interest rate that remains constant throughout the life of the bond.
    - Serial Bonds
    - Term Bonds
- **Variable Interest Rate Bonds –** Bonds which bear a variable interest rate but do not include any bond which, during the remainder of the term thereof to maturity, bears interest at a fixed rate. Provision as to the calculation or change of variable interest rates shall be included in the authorizing resolution.
- **Capital Appreciation Bonds** – A municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded interest rate until maturity, at which time the investor receives a single payment representing both the initial principal amount and the total investment return.

B. Short-Term Debt

Pending the issuance of the definite bonds authorized by the bond authorizations, the Board may issue short-term debt from time to time as needed to fund projects during the construction phase. Such debt shall be authorized by resolution of the Board. Short-term debt may be used for the following reasons:

- To fund projects with an average useful life of ten years or less. The Board may provide that the short-term debt issued may mature more than five years from the date of issue of the original short-term debt; provided, that an amortization schedule of principal repayment is established for the project funded by the short-term debt and provisions are made such that any short-term debt or renewal of short-term debt or bond refunding such short-term debt attributed to the financing of such project shall be redeemed or retired no later than the useful life of the project and no later than either twenty-five years from the date of such original short-term debt or twenty years from the date the project is completed and placed into full service, whichever is earlier.
- To fund projects during the construction phase of the projects.
- To fund cash flow deficits when repaid in the fiscal year in which the debt was issued.

Short-term debt is typically issued during the construction period to take advantage of the lower short-term interest rates. Short-term debt will be subsequently repaid with ~~by~~ proceeds from the sale of ~~subsequent~~ long-term ~~bond~~ debt~~issue~~. ~~and then refunded with bonds once projects are completed. The short-term debt may be structured as Bond Anticipation Notes ("BANs) or short-term obligations that will be repaid by proceeds of a subsequent long-term bond issue. The~~ Sshort-term debt may include:

- **Bond Anticipation Notes ("BANs") –** BANs are short-term interest-bearing securities generally issued to finance a capital project during construction~~BANs are short term obligations that will be repaid by proceeds of a subsequent long-term bond issue~~.
- **Commercial Paper ("CP")** – CP is a form of BANs that has a maturity up to 270 days, may be rolled to a subsequent maturity date. It can be issued incrementally as funds are needed.
- **Fixed Rate Notes –** Notes issued for a period less than three years at a fixed interest rate.

- **Variable Rate Notes –** Notes issued for a period less than three years which bear variable interest rates until redeemed. Provisions as to the calculation or change of variable interest rates shall be included in the authorizing resolution.
- **Revolving Credit Facility –** A form of BANs involving the extension of a line of credit from a bank. The bank agrees that the revolving credit facility can be drawn upon incrementally as funds are needed. The draws upon the line of credit may bear variable interest rates until redeemed. Provisions as to the calculation or change of variable interest rate shall be included in the authorizing credit agreement.
- **Tax and Revenue Anticipation Notes ("TRANs")** - TRANs are short term notes secured by a pledge of taxes and other general fund revenues in the current fiscal year of the State. TRANs, if issued, will constitute direct obligations of the State backed by the full faith and credit of the State. All TRANs will be redeemed in the same fiscal year in which they are issued.

Debt Management Structure

The Board shall establish by resolution all terms and conditions relating to the issuance of debt and will invest all proceeds pursuant to the terms of the Board's authorizing resolution and the State's investment policy.

A. Term

The term of any debt (including refunding debt) used to purchase or otherwise obtain or construct any equipment, goods, or structures shall have a reasonably anticipated lifetime of use equal to or less than the average useful life of the project. The final maturity of the bond debt should be limited to twenty (20) years after the date of issuance or the date the project is deemed complete or placed in service, whichever is earlier unless otherwise permitted by the Bond Act and approved by the Board in the Bond Resolution.

B. Debt Service Structure

Debt issuance shall be planned to achieve level principal over a twenty-year period unless otherwise specified in the ~~bond~~ Bond ~~act~~Act. The Board shall avoid use of bullet or balloon maturities; this does not include term bonds with mandatory sinking fund requirements or capital appreciation bonds.

No debt shall be structured with other than at least equal principal repayment unless such structure is specifically approved by unanimous vote of the members of the Board.

C. Call Provisions

When issuing new debt, the structure may include a call provision that occurs no later than ten years from the date of delivery of the bonds. Call provisions~~features~~ should be structured to provide the maximum flexibility relative to cost. The State~~Board~~ will avoid the sale of long-term non-callable bonds absent careful evaluation by ~~the~~SGF in consultation with the Financial Advisor~~Board~~ with respect to the value of the call option.

D. Original Issuance Discount/Premium

Bonds sold with original issuance discount/premium are permitted with the approval of the Board. The Board is authorized to sell bonds in amounts not to exceed 2.5% of the amount stated in the bond act for funding discounts.

Refunding Outstanding Debt

The Board may refund~~refinance~~ outstanding bonds by issuing new bonds. The ~~Board and the~~ Board's staff with assistance from the Board's financial advisor (the "Financial Advisor") shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The Financial Advisor will conduct an analysis of all refunding candidates at least semiannually to identify potential refunding candidates from the outstanding bond maturities. ~~The Board will consider the following issues when analyzing possible refunding opportunities:~~

A. Refunding Opportunities

The bonds may~~will~~ be considered for refunding when:

Advance Refunding: ~~**In the case of an advance refunding:**~~

- ~~(1)~~ The refunding results in ~~aggregate~~ present value savings of at least 4% per series of ~~refunding~~ refunded bonds~~, as certified to the Board by the Financial Advisor to the~~ . Consideration will be given to escrow efficiency when reviewing refunding candidates. ~~Board,~~

~~Tor the option value per maturity of refunded bonds exceeds 70% as certified to the Board by the Financial Advisor to the Board,~~

~~The efficiency of the escrow as determined by dividing the present value savings by the negative arbitrage on the escrow should be over 50%; and; and~~

~~T(2) the aggregate present value savings must be equal to or greater than twice the cost of issuance allocable to the refunding series.~~

~~**In the case of a current refunding**~~**Current Refunding:**

- The refunding results in aggregate present value savings of at least [~~4~~2%] per series of ~~refunding~~ refunded bonds; or ~~as certified to the Board by the Financial Advisor to the Board; or the aggregate present value savings per series of refunding bonds is no less than [$1,000,000]; and~~
- ~~the~~ The ~~aggregate~~ present value savings per series must be equal to or greater than twice the cost of issuance allocable to the refunding series.

Refunding for Other Purposes:

- The refunding of the bonds is necessary due to a change in the use of a project that would require a change to the tax status of the bonds; or
- The project is sold or no longer in service while still in its amortization period; or
- Restrictive covenants prevent the issuance of other debt or create other restrictions on the financial management of the project and revenue producing activities.

~~The refunding of the bonds is necessary due to a change in the use of a project that would require a change to the tax status of the Bonds; or~~

~~A project is sold while still in its amortization period.~~

~~Any of the forgoing requirements for a current refunding can be waived by the Board after consultation with the Financial Advisor.~~

After consultation with the Financial Advisor, the Comptroller may waive the foregoing refunding considerations given that the sale of refunding bonds will still accomplish cost savings to the public. Such waiver shall be reported in writing to the Board at its next meeting.

~~At the direction of the Board, bonds may be refunded or restructured to meet organizational and/or strategic needs when it is advantageous to do so, after consultation with the Financial Advisor. If a decision to refund is based on savings, then the Board will issue the refunding debt only after receipt of a certified analysis from the Financial Advisor that the market conditions at the time of the sale will still accomplish cost savings to the public.~~

Present Value Savings Calculation

Unless otherwise agreed upon by the SGF and the Financial Advisor, the present value savings shall be calculated for each series of refunding bonds (whether or not issued at the same time) by ~~(i)~~ comparing the debt service on the refunding bonds to the remaining debt service on the bonds to be refunded thereby, present valued to the issue date of such refunding bonds at a discount rate equal to the arbitrage yield on such refunding bonds calculated (whether for tax-exempt bonds or taxable bonds) in the same manner as arbitrage yield is calculated for Federally tax-exempt bonds; provided, however, if a series of bonds is being issued for the purpose of refunding bonds to be refunded and for other purposes the discount rate is equal to the arbitrage yield of the series of bonds.~~, only the portion of such bonds issued for the purpose of refunding bonds to be refunded (and related allocable costs of issuance) shall be included in such calculations~~. Percentage present value savings shall be expressed as a percentage of the par amount of such bonds to be refunded.

~~**Option Value Calculation**~~

~~The Option Value analysis quantifies the projected value of the call option (ability to refund the bonds) in the future, based upon implied forward rates in the present-day yield curve. The "efficiency" of a proposed refunding is determined by comparing the present value savings associated with refunding the bonds in the current market relative to the option (future) value associated with the refunded bonds.~~

Escrow Efficiency

Escrow efficiency is determined by dividing the present value savings by the perfect escrow cost. The perfect escrow cost is the sum of the present value savings plus the absolute value of the negative arbitrage in the escrow.

B. Term of Refunding Issues

The bonds will have a term not extending beyond the fiscal year of the latest outstanding maturity of the originally issued debt. No backloading of debt will be permitted.

~~C. Bond Structuring~~

~~The bonds will be structured to create proportional or level debt service savings.~~

~~D.~~C. Escrow Structuring

The Board shall structure refunding escrows using legally permitted securities deemed to be prudent under the circumstances and will endeavor to utilize the least costly securities unless considerations of risk, reliability and convenience dictate otherwise. The Board will take competitive bids on any selected portfolio of securities and will award to the lowest cost provider giving due regard to considerations of risk and reliability or unless State and Local Government Series securities ("SLGS") are purchased directly from the Federal Government. The provider must guarantee the delivery of securities except for SLGs. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Board from its own account.

~~E.~~D. Arbitrage

The Board shall take all reasonable steps to optimize escrows and to avoid negative arbitrage in its refunding subject to 9-4-602 and 9-4-603, of the TCA. Any positive arbitrage will be rebated as necessary according to f~~F~~ederal guidelines (see also "Federal Regulatory Compliance and Continuing Disclosure – A. Arbitrage").

E. Cost of Issuance

Costs of issuance includes fees paid for professional services provided to the Board in the debt issuance process, including underwriting fees.

Methods of Sale

Pursuant to Section 9-9-205 and 9-9-207, of the TCA, general obligation bonds issued by the Board shall be sold in such manner as may be determined and approved by the Board. Following each sale, the SGF with the assistance of the Financial Advisor shall provide a report to the Board on the results of the sale.

A. Competitive Sale

In a competitive sale, the Board's bonds are posted for auction sale and awarded to the bidder providing the lowest true interest cost as long as the bid conforms to the requirements set forth in the official notice of sale. The competitive sale is the Board's preferred method of sale.

B. Negotiated Sale

While the Board prefers the use of a competitive process, the Board recognizes some bonds are best sold through negotiation. The underwriting team will be chosen, and the underwriter's fees negotiated prior to the sale. See section below titled "Selection of Underwriting Team (Negotiated Transaction)." In its consideration of a negotiated sale, the Board will assess the following factors:

- A structure which may require a strong pre-marketing effort such as a complex transaction;
- Volatility of market conditions and whether the Board would be better served by flexibility in timing a sale;
- Size of the bond sale which may limit the number of potential bidders;
- If legal or disclosure issues make it advisable in marketing the bonds;
- Credit strength;
- Whether or not the bonds are issued as variable rate demand obligations;
- Whether the bonds include market sensitive refunding(s); and ~~;, and~~
- Tax status of the bond(s).

C. Private Placement

From time to time the Board may have a need to consider privately placing its debt. Such placement shall be considered where the size is too small, the structure is too complicated for public debt issuance, the market of purchasers is limited, and/or will result in a cost savings to the Board relative to other methods of debt issuance.

Selection of Underwriting Team (Negotiated Transaction)

If there is an underwriter, the Board shall require the underwriter to clearly identify itself in writing, whether in ~~a~~ response to a request for proposals ("RFP") or in promotional materials provided to the Board or otherwise, as an underwriter and not as a financial advisor from the earliest stages of its relationship with the Board with respect to that issue. The underwriter must clarify its primary role as a purchaser of securities in an arm's-length commercial transaction and that it has financial and other interests that differ from those of the Board. The underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the Board or its designated official in advance of the pricing of the debt.

A. Senior Manager

The Board with assistance from its staff and financial advisor shall select the senior manager(s) for a proposed negotiated sale. The selection criteria shall include but not be limited to the following:

- Experience in selling Tennessee debt;
- Ability and experience in managing complex transactions;
- Prior knowledge and experience with the Board;
- Willingness to risk capital and demonstration of such risk;
- Quality and experience of personnel assigned to the Board's engagement;
- Financing ideas presented; and
- Underwriting fees.

B. Co-Managers

Co-managers will be selected on the same basis as the senior manager. The number of co-managers appointed to specific transactions will be a function of transaction size and the necessity to ensure maximum distribution of the Board's bonds. The Secretary or Assistant Secretary to the Board will, at his or her discretion, affirmatively determine the designation policy for each bond issue.

C. Selling Groups

The Board may use selling groups in certain transactions to maximize the distribution of bonds to retail investors. Firms eligible to be a member of the selling group, should either have a public finance department or pricing desk located within the boundaries of the State. To the extent that selling groups are used, the Secretary or Assistant Secretary of the Board at his or her discretion may make appointments to selling groups as the transaction dictates.

D. Underwriter's Counsel

In any negotiated sale of the Board's debt in which legal counsel is required to represent the underwriter, the appointment will be made by the Senior Manager.

~~E. Underwriter's Discount~~

~~The Board will evaluate the proposed underwriter's discount in comparison to other issues in the market. If there are multiple underwriters in the transaction, the Board will determine the allocation of fees with respect to the management fee, if any. The determination will be based upon participation in the structuring phase of the transaction. All fees and allocation of the management fee will be determined prior to the sale date. A cap on management fee, expenses and underwriter's counsel fee will be established and communicated to all parties by the Board. The senior manager shall submit an itemized list of expenses charged to members of the underwriting group. Any additional expenses must be substantiated.~~

~~F.~~A. ~~Evaluation of Underwriter Performance~~

~~The Board's staff, with assistance of the Financial Advisor, will evaluate each bond sale after completion to assess the following: costs of issuance including the underwriter's compensation, pricing of the bonds in terms of the overall interest cost and on a maturity-by-maturity basis, and the distribution of bonds and sales credit.~~

~~Following each sale, the Board's staff shall provide a report to the Board (including the information contained in the paragraph above) on the results of the sale.~~

Credit Quality

The Board's debt management activities will be conducted to receive the highest credit ratings possible, consistent with Board's financing objectives. If the State's credit ratings are downgraded below the AAA rating, the capital funding and debt strategy will immediately be reviewed and necessary steps within the Board's authority taken to avoid additional downgrades and to restore the AAA rating.

The Office of the Comptroller of the Treasury through the SGF will be responsible for the communication of information to the rating agencies and keeping them informed of significant developments throughout the year. The SGF will schedule rating agency calls and/or visits prior to the issuance of General Obligation bonds.

The Board through the SGF will engage the relevant rating agencies in advance, if the Board decides to move forward with a plan of finance that includes variable rate debt, new CP~~commercial paper~~ programs or the use of derivatives.

The Board shall apply for ratings from at least two of the ~~three~~ four credit rating agencies~~Statistical Rating Organizations (the "SRO")~~. The Board shall fully review the contract with the ~~SRO~~ rating agencies and receive an engagement letter prior to submitting documentation for the rating.

Credit Enhancements

The Board will consider the use of credit enhancements on a case-by-case basis, evaluating the economic benefit versus the cost. Only when clearly demonstrable savings can be shown shall an enhancement be utilized. The Board may consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancements:

A. Bond Insurance

The Board may purchase bond insurance when such purchase by the Board is deemed prudent and advantageous. The primary consideration shall be based on whether such insurance is less costly than the present value of the difference in the interest on insured bonds versus uninsured bonds. For competitive sales, the purchaser of the bonds may be allowed to determine whether bond insurance will be used and will be included in the bid for the bonds and will be paid for by the purchaser of the bonds. If the Board decides to purchase insurance, it shall do so on a competitive bid basis whenever practicable. In a negotiated sale, the Board will select a provider whose bid is most cost effective and will consider the credit quality of the insurer and that the terms and conditions governing the guarantee are satisfactory to the Board.

B. Letters of Credit

The Board may enter into a letter-of-credit ("LOC") agreement when such an agreement is deemed prudent and advantageous. The Board will prepare and distribute an RFP to qualified banks or other qualified financial institutions which includes terms and conditions that are acceptable to the Board. The LOC will be awarded to the bank or financial institution providing the lowest cost bid with the highest credit quality that meets the criteria established by the State.

C. Liquidity

For variable rate debt requiring liquidity facilities to protect against remarketing risk, the Board will evaluate:

- Alternative forms of liquidity, including direct pay letters of credit, standby letters of credit, and lines of credit, in order to balance the protection offered against the economic costs associated with each alternative;
- Diversification among liquidity providers, thereby limiting exposure to any individual liquidity provider;
- All cost components attendant to the liquidity facility, including commitment fees, standby fees, draw fees, and interest rates charged against liquidity draws; and
- A comparative analysis and evaluation of the cost of external liquidity providers compared to the requirements for self-liquidity.

The winning bid will be awarded to the bank or financial institution providing the lowest cost with the highest credit quality that meets the criteria established by the State.

D. Use of Structured Products

No interest rate agreements or forward purchase agreements will be considered unless the Board has established a policy defining the use of such products before the transaction is considered.

Risk Assessment

The SGF will evaluate each transaction to assess the types and amounts of risk associated with that transaction, considering all available means to mitigate those risks. The SGF will evaluate all proposed transactions for consistency with the objectives and constraints defined in this Policy. The following risks should be assessed before issuing debt:

A. Change in Public/Private Use

The change in the public/private use of a project that is funded by tax-exempt funds could potentially cause a bond issue to become taxable.

B. Default Risk

The risk that debt service payments cannot be made by the due date.

C. Liquidity Risk

The risk of having to pay a higher rate to the liquidity provider in the event of a failed remarketing of short-term debt.

D. Interest Rate Risk

The risk that interest rates will rise, on a sustained basis, above levels that would have been set if the issue had been fixed.

E. Rollover Risk

The risk of the inability to obtain a suitable liquidity facility at an acceptable price to replace a facility upon termination or expiration of a contract period.

F. Market Risk

The risk that in the event of failed remarketing of short-term debt, the liquidity provider fails.

Transparency

The Board shall comply with the Tennessee Open Meetings Act, providing adequate public notice of meetings and specifying on the agenda when matters related to debt issuance will be considered. All costs (including interest, issuance, continuing, and one-time) shall be disclosed to the citizens in a timely manner. Additionally, the Board will provide certain financial information and operating data by specified dates and provide notice of certain enumerated events with respect to the bonds continuing disclosure requirements as required by the U.S. Securities and Exchange Commission ("SEC") Rule 15c2-12. The Board intends to maintain transparency by:

- Posting the Official Statement of a bond sale to the Board's website within two weeks of the closing of such sale;

- Preparing and filing with the Division of Local Government Finance (LGF)~~SGF~~ a copy of the costs related to the issuance of a bond and other information as required by Section 9-21-151, of the TCA, within 45 days of the closing of such

- sale, and presenting the original of such document~~-~~ to the Board at its next meeting (see also “Debt Administration – B. Post Sale”); and
- Electronically submitting through the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) website the information necessary to satisfy the Board’s continuing disclosure requirements for the bonds in a timely matter (see also “Federal Regulatory Compliance and Continuing Disclosure”).

Professional Services

The Board requires all professionals engaged to assist in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by the Board. This includes “soft” costs or compensations in lieu of direct payments.

A. Issuer’s Counsel

The Board will enter into an engagement letter agreement with each lawyer or law firm representing the Board in a debt transaction. No engagement letter is required for any lawyer who is an employee of the Office of Attorney General and Reporter for the State of Tennessee who serves as counsel to the Board or of the Office of General Counsel, Office of the Comptroller of the Treasury, which serves as counsel to the SGF regarding Board matters.

B. Bond Counsel

Bond counsel shall be engaged through the SGF and serves to assist the Board in all its general obligation debt issues under a written agreement.

C. Financial Advisor

The Financial Advisor shall be engaged through the SGF and serves and assists the Board on financial matters under a written agreement. However, the Financial Advisor shall not be permitted to bid on, privately place or underwrite an issue for which it is or has been providing advisory services. The Financial Advisor has a fiduciary duty including a duty of loyalty and a duty of care.

D. Dealer

The Board will enter into a Dealer Agreement with the appointed CP dealer. The Dealer agrees to offer and sell the CP, on behalf of the Board, to investors and other entities and individuals who would normally purchase CP~~commercial paper~~.

E. Issuing and Paying Agent

The Board covenants to maintain and provide an Issuing and Paying Agent at all times while the CP is outstanding. The Board will enter into an Issuing and Paying Agency Agreement with an appointed firm. The Issuing and Paying Agent will be a bank, trust company, or national banking association that has trust powers.

F. Credit/Liquidity Provider

The Board shall enter into a Credit/Liquidity Agreement with an appointed provider if deemed necessary or advisable for the CP. The provider shall be a bank, lending institution or the Tennessee Consolidated Retirement System (“TCRS”) that extends credit to the Board in the form of a revolving credit facility, a line of credit, a loan or a similar credit product or as a liquidity facility for CP.

G. Refunding Trustee

The Refunding Trustee shall be appointed by resolution of the Board adopted prior to the issuance of any refunding bonds. The Refunding Trustee will be a bank, trust company or national banking association that provides Paying Agent or Registrar services.

H. Verification Agent

The Verification Agent will be selected through a request for proposal process prior to the issuance of refunding bonds. The Verification Agent primarily verifies- the cash flow sufficiency to the call date of the escrowed securities to pay the principal and interest due on the refunded bonds.

I. Escrow Bidding Agent

The Escrow Bidding Agent will be selected through a request for proposal process prior to the issuance of refunding bonds. With regards to structuring the refunding escrow with investment securities, the Escrow Bidding Agent will prepare bidding specifications, solicit bids for investment securities, review and evaluate responses to the bids, accept and award bids, and provide final certification as to completion of requirements.

Potential Conflicts of Interest

Professionals involved in a debt transaction hired or compensated by the Board shall be required to disclose to the Board existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators and other issuers whom they may serve. This disclosure shall include such information that is reasonably sufficient to allow the Board to appreciate the significance of the relationships.

Professionals who become involved in a debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure provision. No disclosure is required if such disclosure would violate any rule or regulation of professional conduct.

Debt Administration

A. Planning for Sale

In planning for the sale of bonds, the procedures outlined below will be followed:

- Prior to submitting a bond resolution for approval, the Director of the SGF (the "Director"), with the assistance of the Financial Advisor, will present to staff of the members of the Board information concerning the purpose of the financing, the estimated amount of financing, the proposed structure of the financing, the proposed method of sale for the financing, members of the proposed financing team, and an estimate of all the costs associated with the financing, and;
- In addition, in the case of a proposed refunding, proposed use of credit enhancement, or proposed use of variable rate debt, the Director will present the rationale for using the proposed debt structure, an estimate of the expected savings associated with the transaction and a discussion of the potential risks associated with the proposed structure.
- The Director (with the assistance of staff in the SGF), Bond Counsel, Financial Advisor, along

with other members of the financing team will prepare a Preliminary Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.

B. ~~Post Sale~~Preparing for Bond Closing

In preparation for the bond closing, the procedures outlined below will be followed:

- The Director (with the assistance of staff in the SGF), Bond Counsel, and Financial Advisor, along with other members of the financing team will prepare an Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.
- The Financial Advisor will provide a closing memorandum with written instructions on transfer and flow of funds.
- The Board's staff, with assistance from~~of~~ the Financial Advisor, will evaluate each bond sale after completion to assess the following: costs of issuance including the underwriter's compensation, pricing of the bonds in terms of the overall interest cost and on a maturity-by-maturity basis, and the distribution of bonds and sales credit, if applicable.
- The Director will present a post-sale report to the members of the Board describing the transaction and setting forth all the costs associated with the transaction.
- Within 45 days from closing, the Director will prepare a Form CT-0253 - "Report on Debt Obligation" outlining costs related to the issuance and other information set forth in Section 9-21-151, of the TCA, and also present the original at the next meeting of the Board~~,~~ and file a copy with the LGF~~SGF~~.
- The Director will establish guidelines and procedures for tracking the flow of all bond proceeds, as defined by the Internal Revenue Code, over the life of bonds reporting to the Internal Revenue Service (IRS) all arbitrage earnings associated with the financing and any tax liability that may be owed.
- The Post-Issuance Compliance ("PIC") team will meet annually to review matters related to compliance and complete the PIC checklist.
- As a part of the PIC procedures, the Director (with the assistance of staff in the SGF) will, no less than annually, request confirmation from the responsible departments that there has been no change in use of tax-exempt financed facilities.

Federal Regulatory Compliance and Continuing Disclosure

A. Arbitrage

The SGF will comply with arbitrage requirements on invested tax-exempt bond funds. Proceeds that are to be used to finance construction expenditures are exempted from the filing requirements, provided that the proceeds are spent in accordance with requirements established by the IRS. The Board will comply with all of its tax certificates for tax-exempt financings by monitoring the arbitrage earnings on bond proceeds on an interim basis and by rebating all positive arbitrage when due, pursuant to Internal Revenue Code, Section 148. The Board currently contracts with an arbitrage consultant to prepare these calculations, when needed. The Board will also retain all records relating to debt transactions for as long as the debt is outstanding, plus three years after the final redemption date of the transaction.

B. Investment of Proceeds

Any proceeds or other funds available for investment by the Board must be invested per Section 9- 9-

110 of the TCA, subject to any restrictions required pursuant to any applicable bond issuance authorization. Compliance with f~~F~~ederal tax code arbitrage requirements relating to invested tax-exempt bond funds will be maintained.

Proceeds used to refund~~refinance~~ outstanding long-term debt shall be placed in an irrevocable refunding trust fund with a Refunding Trustee. The investments (i) shall not include mutual funds or unit investments trusts holding such obligations, (ii) are rated not lower than the second highest rating category of both Moody's Investors Service, Inc. and Standard and Poor's Global rating services and (iii) shall mature and bear interest at such times and such amounts as will be sufficient without reinvestment, together with

any cash on deposit, to redeem the bonds to be refunded and to pay all interest coming due on the bonds to be refunded.

C. Disclosure

The Board will disclose on EMMA the State's audited Comprehensive Annual Financial Report as well as certain financial information and operating data required by the continuing disclosure undertakings for the outstanding bonds no later than January 31st of each year. The Board will timely disclose any failure to provide required annual financial information by January 31st. The Board will also, in accordance with the continuing disclosure undertakings, disclose on EMMA within ten business days after the occurrence of any of the following events relating to the bonds to which the continuing disclosure undertakings apply:

- Principal and interest payment delinquencies
- Nonpayment-related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers or their failure to perform
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of such bonds or other material events affecting the tax status of such bonds
- Modifications to rights of bond holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing the repayment of the bonds, if material
- Rating changes
- Bankruptcy, insolvency, receivership, or similar event of the State
- Consummation of a merger, consolidation, or acquisition of the issuer or sale of all or substantially all of the assets of the Board, other than in the course of ordinary business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of successor trustee or the change of name of a trustee~~,~~ if material
- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

Generally Accepted Accounting Principles (GAAP)

The Board will comply and prepare its financial reports in accordance with the standard accounting practices adopted by the Governmental Accounting Standards Board and with the accounting policies established by the D~~d~~epartment of F~~f~~inance and A~~a~~dministration when applicable.

Review of the Policy

The debt policy guidelines outlined herein are only intended to provide general direction regarding the future use and execution of debt. The Board maintains the right to modify these guidelines and may make exceptions to any of them at any time to the extent that the execution of such debt achieves the Board's goals.

This policy will be reviewed by the Board no less frequently than annually. At that time, the Director will present any recommendations for any amendments, deletions, additions, improvement, or clarification.

Adoption of the Policy

1. After a public hearing on August 24, 2011, the Board adopted the Policy on September 8, 2011, effective September 8, 2011.
2. After a public hearing on September 16, 2013, the Board adopted the amended Policy on September 16, 2013, effective September 16, 2013.
3. After a public hearing on May 11, 2017, the Board adopted the amended Policy on May 11, 2017, effective May 1 1, 2017.
4. After a public hearing on March 2, 2018, the Board adopted the amended Policy on March 2, 2018, effective March 2, 2018.
5. After a public hearing on June 27, 2019, the Board adopted the amended Policy on June 27, 2019,~~.~~ e~~E~~ffective June 27, 2019.

~~5.~~6. After a public hearing on July 22, 2021, the Board adopted the amended Policy on July 22, 2021, effective July 22, 2021.

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Secretary
Tennessee State Funding Board

APPENDIX A

Annual Review

The Board has reviewed and accepted the Debt Management Policy on:

October 8, 2014

November 19, 2015

July 20, 2020

Tennessee State Funding Board

Debt Management Policy

Prepared by

Division of State Government Finance

Table of Contents

Debt Management Policy

Introduction

Debt management policies provide written guidance about the amount and type of debt issued by governments, the debt issuance process, and the management of the debt portfolio. A debt management policy tailored to the needs of the State of Tennessee (the "State") and the Tennessee State Funding Board (the "Board"): (1) identifies policy goals and demonstrates a commitment to long-term financial planning, including a multi-year capital plan; (2) improves the quality of decisions concerning debt issuance; and (3) provides justification for the structure of debt issuance. Adherence to its debt management policy signals to rating agencies and the capital markets that the State is well-managed and able to meet its obligations in a timely manner.

Debt levels and their related annual costs are important financial considerations that impact the use of current resources. An effective debt management policy provides guidelines for the State to manage its debt program in line with those resources.

The debt program for the State includes general obligation debt issued by the State for which the State has pledged its full faith and credit for the payment of both principal and interest. The Board is the entity authorized to issue general obligation debt of the State and issues all general obligation debt in the name of the State pursuant to authorization by the General Assembly. The Board is comprised of the Governor, the State Comptroller of the Treasury, the Secretary of the State, the State Treasurer and the Commissioner of Finance and Administration.

The Division of State Government Finance (SGF) serves as staff to the Board. The Director of SGF serves as the Assistant Secretary to the Board.

Goals and Objectives

The Board is establishing this Debt Management Policy (the "Policy") as a tool to ensure that financial resources are sufficient to fulfill the State's long-term capital plan. In addition, this Policy helps to ensure that financings undertaken by the Board satisfy certain clear objective standards designed to protect the State's financial resources and to meet its long-term capital needs.

A. The goals of this Policy

- To document responsibility for the oversight and management of debt-related transactions;
- To define the criteria for the issuance of debt;
- To define the types of debt approved for use within the constraints established by the General Assembly;
- To define the appropriate uses of debt;
- To define the criteria for the refunding of debt or the use of alternative debt structures; and
- To minimize the cost of issuing and servicing debt.

B. The objectives of this Policy

- To establish clear criteria and promote prudent financial management for the issuance of all debt obligations;
- To identify legal and administrative limitations on the issuance of debt;
- To ensure the legal use of the Board's debt issuance authority;
- To maintain appropriate resources and funding capacity for present and future capital needs;
- To protect and enhance the State's credit rating;
- To evaluate debt issuance options;
- To promote cooperation and coordination with other stakeholders in the financing and delivery of services;
- To manage interest rate exposure and other risks; and
- To comply with Federal Regulations, laws of the state of Tennessee, and generally accepted accounting principles ("GAAP").

Debt Management/General

A. Purpose and Use of Debt Issuance

- Debt is to be issued pursuant to the authority of and in full compliance with provisions, restrictions and limitations of the Constitution and laws of the State (including Title 9, Chapter 9, of the TCA and various bond authorizations enacted by the General Assembly of the State), pursuant to resolutions adopted by the Board.
- Debt may be issued for public purposes of respective State departments and institutions, among others, including without limitation to make grants to counties, metropolitan governments, incorporated towns, cities, special districts of the State, or government agencies or instrumentalities of any of them.
- Debt may be used to finance capital projects authorized by the General Assembly through Bond Acts, included in the Capital Budget and/or approved by the State Building Commission and to fund discount and costs of issuance, limited to 2.5% of the amount allocated in the bond authorizations.
- Debt may be authorized to fund highway improvements. Such authorization is used as a cash management tool and gives budget authority to enter into various contracts for highway capital improvements. The projects are not constructed until the current revenue is available to pay the State's share of the projects. Highway bond authorization is canceled once projects have been funded with current funds.
- Debt may only be used to fund operating expenditures when such debt is repaid in the fiscal year issued.
- Prior to the issuance of bonds, bond anticipation notes may be issued for the payment of costs of projects as authorized by the bond authorization and a resolution of the Board.
- Bonds may be issued to refund outstanding debt.

B. Debt Capacity Assessment

- The "debt service coverage" test (the "Test") shall be used to compute the maximum principal amount of bonds that the Board can issue after July 1, 2013. The first step of the Test is to calculate the amount necessary to pay the maximum annual debt service in the then current or any future fiscal year on all outstanding bonds and bonds proposed to be issued (the "Debt Service Amount"). The second and final step of the Test is to compare the Debt Service Amount with the amount of total state tax revenue (as defined in Section 9- 9-104, of the TCA) that was allocated to the general fund, debt service fund and highway fund for the immediately preceding fiscal year (the "Total Tax Revenue Amount"). If the Debt Service Amount is not greater than ten percent (10%) of the Total Tax Revenue Amount, then the bonds may be issued.
- If the Debt Service Amount is six percent (6%) or more of the Total Tax Revenue Amount, the Board shall cause a debt capacity study to be conducted on an annual basis until the Debt Service Amount drops below six percent (6%) of the Total Tax Revenue Amount.

C. Federal Tax Status

- **Tax-Exempt Debt** – The Board will use its best efforts to maximize the amount of debt sold under this Policy using tax-exempt financing based on the assumptions that tax- exempt interest rates are lower than taxable rates and that the interest savings outweigh the administrative costs, restrictions on use of financed projects, and investment constraints.
- **Taxable Debt –** The Board will sell taxable debt when necessary to finance projects not eligible to be financed with tax-exempt debt. However, the Board may finance taxable projects within the permitted limits of tax-exempt financings whenever possible.

D. Legal Limitations on the Use of Debt

- No debt obligation, except as shall be repaid within the fiscal year of issuance, shall be sold to fund the current operation of any state service or program.
- The proceeds of any debt obligation shall be expended only for the purpose for which it was authorized.
- Debt may only be issued under a bond authorization for which the General Assembly has appropriated sufficient funds to pay the first year's obligation of principal and interest, and when the Board has determined that such funds are available.
- No debt may be issued for a period longer than the useful life of the capital project it is funding.

Types of Debt

A. Bonds

Security – Pursuant to Section 9-9-105, of the TCA, the Board may issue general obligation bonds, which are direct general obligations of the State payable as to both principal and interest from any funds or monies of the State from whatever source derived. The full faith and credit of the State is pledged to the payment of principal of and interest on all general obligation bonds. Subject only to Section 9-9-104(a), of the TCA, all general obligation debt constitutes a charge and lien upon the entire fees, taxes and other revenues and funds allocated to the general fund, the debt service fund, and the highway fund.

These bonds may be structured as:

- **Fixed Interest Rate Bonds** – Bonds that have an interest rate that remains constant throughout the life of the bond.
  - Serial Bonds
  - Term Bonds
- **Variable Interest Rate Bonds –** Bonds which bear a variable interest rate but do not include any bond which, during the remainder of the term thereof to maturity, bears interest at a fixed rate. Provision as to the calculation or change of variable interest rates shall be included in the authorizing resolution.
- **Capital Appreciation Bonds** – A municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded interest rate until maturity, at which time the investor receives a single payment representing both the initial principal amount and the total investment return.

B. Short-Term Debt

Pending the issuance of the definite bonds authorized by the bond authorizations, the Board may issue short-term debt from time to time as needed to fund projects during the construction phase. Such debt shall be authorized by resolution of the Board. Short-term debt may be used for the following reasons:

- To fund projects with an average useful life of ten years or less. The Board may provide that the short-term debt issued may mature more than five years from the date of issue of the original short-term debt; provided, that an amortization schedule of principal repayment is established for the project funded by the short-term debt and provisions are made such that any short-term debt or renewal of short-term debt or bond refunding such short-term debt attributed to the financing of such project shall be redeemed or retired no later than the useful life of the project and no later than either twenty-five years from the date of such original short-term debt or twenty years from the date the project is completed and placed into full service, whichever is earlier.
- To fund projects during the construction phase of the projects.
- To fund cash flow deficits when repaid in the fiscal year in which the debt was issued.

Short-term debt is typically issued during the construction period to take advantage of the lower short-term interest rates. Short-term debt will be subsequently repaid with proceeds from the sale of long-term debt. Short-term debt may include:

- **Bond Anticipation Notes ("BANs") –** BANs are short-term interest-bearing securities generally issued to finance a capital project during construction.
- **Commercial Paper ("CP")** – CP is a form of BANs that has a maturity up to 270 days, may be rolled to a subsequent maturity date. It can be issued incrementally as funds are needed.
- **Fixed Rate Notes –** Notes issued for a period less than three years at a fixed interest rate.

- **Variable Rate Notes –** Notes issued for a period less than three years which bear variable interest rates until redeemed. Provisions as to the calculation or change of variable interest rates shall be included in the authorizing resolution.
- **Revolving Credit Facility –** A form of BANs involving the extension of a line of credit from a bank. The bank agrees that the revolving credit facility can be drawn upon incrementally as funds are needed. The draws upon the line of credit may bear variable interest rates until redeemed. Provisions as to the calculation or change of variable interest rate shall be included in the authorizing credit agreement.
- **Tax and Revenue Anticipation Notes ("TRANs")** - TRANs are short term notes secured by a pledge of taxes and other general fund revenues in the current fiscal year of the State. TRANs, if issued, will constitute direct obligations of the State backed by the full faith and credit of the State. All TRANs will be redeemed in the same fiscal year in which they are issued.

Debt Management Structure

The Board shall establish by resolution all terms and conditions relating to the issuance of debt and will invest all proceeds pursuant to the terms of the Board's authorizing resolution and the State's investment policy.

A. Term

The term of any debt (including refunding debt) used to purchase or otherwise obtain or construct any equipment, goods, or structures shall have a reasonably anticipated lifetime of use equal to or less than the average useful life of the project. The final maturity of the bond debt should be limited to twenty (20) years after the date of issuance or the date the project is deemed complete or placed in service, whichever is earlier unless otherwise permitted by the Bond Act and approved by the Board in the Bond Resolution.

B. Debt Service Structure

Debt issuance shall be planned to achieve level principal over a twenty-year period unless otherwise specified in the Bond Act. The Board shall avoid use of bullet or balloon maturities; this does not include term bonds with mandatory sinking fund requirements or capital appreciation bonds.

No debt shall be structured with other than at least equal principal repayment unless such structure is specifically approved by unanimous vote of the members of the Board.

C. Call Provisions

When issuing new debt, the structure may include a call provision that occurs no later than ten years from the date of delivery of the bonds. Call provisions should be structured to provide the maximum flexibility relative to cost. The State will avoid the sale of long-term non-callable bonds absent careful evaluation by SGF in consultation with the Financial Advisor with respect to the value of the call option.

D. Original Issuance Discount/Premium

Bonds sold with original issuance discount/premium are permitted with the approval of the Board. The Board is authorized to sell bonds in amounts not to exceed 2.5% of the amount stated in the bond act for funding discounts.

Refunding Outstanding Debt

The Board may refund outstanding bonds by issuing new bonds. The Board's staff with assistance from the Board's financial advisor (the "Financial Advisor") shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The Financial Advisor will conduct an analysis of all refunding candidates at least semiannually to identify potential refunding candidates from the outstanding bond maturities.

A. Refunding Opportunities

The bonds may be considered for refunding when:

Advance Refunding:

- The refunding results in present value savings of at least 4% per series of refunded bonds. Consideration will be given to escrow efficiency when reviewing refunding candidates.

Current Refunding:

- The refunding results in aggregate present value savings of at least 2% per series of refunded bonds; or
- The present value savings per series must be equal to or greater than twice the cost of issuance allocable to the refunding series.

Refunding for Other Purposes:

- The refunding of the bonds is necessary due to a change in the use of a project that would require a change to the tax status of the bonds; or
- The project is sold or no longer in service while still in its amortization period; or
- Restrictive covenants prevent the issuance of other debt or create other restrictions on the financial management of the project and revenue producing activities.

After consultation with the Financial Advisor, the Comptroller may waive the foregoing refunding considerations given that the sale of refunding bonds will still accomplish cost savings to the public. Such waiver shall be reported in writing to the Board at its next meeting.

Present Value Savings Calculation

Unless otherwise agreed upon by the SGF and the Financial Advisor, the present value savings shall be calculated for each series of refunding bonds (whether or not issued at the same time) by comparing the debt service on the refunding bonds to the remaining debt service on the bonds to be refunded thereby, present valued to the issue date of such refunding bonds at a discount rate equal to the arbitrage yield on such refunding bonds calculated (whether for tax-exempt bonds or taxable bonds) in the same manner as arbitrage yield is calculated for Federally tax-exempt bonds; provided, however, if a series of bonds is being issued for the purpose of refunding bonds to be refunded and for other purposes the discount rate is equal to the arbitrage yield of the series of bonds.. Percentage present value savings shall be expressed as a percentage of the par amount of such bonds to be refunded.

Escrow Efficiency

Escrow efficiency is determined by dividing the present value savings by the perfect escrow cost. The perfect escrow cost is the sum of the present value savings plus the absolute value of the negative arbitrage in the escrow.

B. Term of Refunding Issues

The bonds will have a term not extending beyond the fiscal year of the latest outstanding maturity of the originally issued debt. No backloading of debt will be permitted.

C. Escrow Structuring

The Board shall structure refunding escrows using legally permitted securities deemed to be prudent under the circumstances and will endeavor to utilize the least costly securities unless considerations of risk, reliability and convenience dictate otherwise. The Board will take competitive bids on any selected portfolio of securities and will award to the lowest cost provider giving due regard to considerations of risk and reliability or unless State and Local Government Series securities ("SLGS") are purchased directly from the Federal Government. The provider must guarantee the delivery of securities except for SLGs. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Board from its own account.

D. Arbitrage

The Board shall take all reasonable steps to optimize escrows and to avoid negative arbitrage in its refunding subject to 9-4-602 and 9-4-603, of the TCA. Any positive arbitrage will be rebated as necessary according to federal guidelines (see also "Federal Regulatory Compliance and Continuing Disclosure – A. Arbitrage").

E. Cost of Issuance

Costs of issuance includes fees paid for professional services provided to the Board in the debt issuance process, including underwriting fees.

Methods of Sale

Pursuant to Section 9-9-205 and 9-9-207, of the TCA, general obligation bonds issued by the Board shall be sold in such manner as may be determined and approved by the Board. Following each sale, the SGF with the assistance of the Financial Advisor shall provide a report to the Board on the results of the sale.

A. Competitive Sale

In a competitive sale, the Board's bonds are posted for auction sale and awarded to the bidder providing the lowest true interest cost as long as the bid conforms to the requirements set forth in the official notice of sale. The competitive sale is the Board's preferred method of sale.

B. Negotiated Sale

While the Board prefers the use of a competitive process, the Board recognizes some bonds are best sold through negotiation. The underwriting team will be chosen, and the underwriter's fees negotiated prior to the sale. See section below titled "Selection of Underwriting Team (Negotiated Transaction)." In its consideration of a negotiated sale, the Board will assess the following factors:

- A structure which may require a strong pre-marketing effort such as a complex transaction;
- Volatility of market conditions and whether the Board would be better served by flexibility in timing a sale;
- Size of the bond sale which may limit the number of potential bidders;
- If legal or disclosure issues make it advisable in marketing the bonds;

- Credit strength;
- Whether or not the bonds are issued as variable rate demand obligations;
- Whether the bonds include market sensitive refunding(s); and
- Tax status of the bond(s).

C. Private Placement

From time to time the Board may have a need to consider privately placing its debt. Such placement shall be considered where the size is too small, the structure is too complicated for public debt issuance, the market of purchasers is limited, and/or will result in a cost savings to the Board relative to other methods of debt issuance.

Selection of Underwriting Team (Negotiated Transaction)

If there is an underwriter, the Board shall require the underwriter to clearly identify itself in writing, whether in response to a request for proposals ("RFP") or in promotional materials provided to the Board or otherwise, as an underwriter and not as a financial advisor from the earliest stages of its relationship with the Board with respect to that issue. The underwriter must clarify its primary role as a purchaser of securities in an arm's-length commercial transaction and that it has financial and other interests that differ from those of the Board. The underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the Board or its designated official in advance of the pricing of the debt.

A. Senior Manager

The Board with assistance from its staff and financial advisor shall select the senior manager(s) for a proposed negotiated sale. The selection criteria shall include but not be limited to the following:

- Experience in selling Tennessee debt;
- Ability and experience in managing complex transactions;
- Prior knowledge and experience with the Board;
- Willingness to risk capital and demonstration of such risk;
- Quality and experience of personnel assigned to the Board's engagement;
- Financing ideas presented; and
- Underwriting fees.

B. Co-Managers

Co-managers will be selected on the same basis as the senior manager. The number of co-managers appointed to specific transactions will be a function of transaction size and the necessity to ensure maximum distribution of the Board's bonds. The Secretary or Assistant Secretary to the Board will, at his or her discretion, affirmatively determine the designation policy for each bond issue.

C. Selling Groups

The Board may use selling groups in certain transactions to maximize the distribution of bonds to retail investors. Firms eligible to be a member of the selling group, should either have a public finance department or pricing desk located within the boundaries of the State. To the extent that selling groups are used, the Secretary or Assistant Secretary of the Board at his or her discretion may make appointments to selling groups as the transaction dictates.

D. Underwriter's Counsel

In any negotiated sale of the Board's debt in which legal counsel is required to represent the underwriter, the appointment will be made by the Senior Manager.

Credit Quality

The Board's debt management activities will be conducted to receive the highest credit ratings possible, consistent with Board's financing objectives. If the State's credit ratings are downgraded below the AAA rating, the capital funding and debt strategy will immediately be reviewed and necessary steps within the Board's authority taken to avoid additional downgrades and to restore the AAA rating.

The Office of the Comptroller of the Treasury through the SGF will be responsible for the communication of information to the rating agencies and keeping them informed of significant developments throughout the year. The SGF will schedule rating agency calls and/or visits prior to the issuance of General Obligation bonds.

The Board through the SGF will engage the relevant rating agencies in advance, if the Board decides to move forward with a plan of finance that includes variable rate debt, new CP programs or the use of derivatives.

The Board shall apply for ratings from at least two of the four credit rating agencies. The Board shall fully review the contract with the rating agencies and receive an engagement letter prior to submitting documentation for the rating.

Credit Enhancements

The Board will consider the use of credit enhancements on a case-by-case basis, evaluating the economic benefit versus the cost. Only when clearly demonstrable savings can be shown shall an enhancement be utilized. The Board may consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancements:

A. Bond Insurance

The Board may purchase bond insurance when such purchase by the Board is deemed prudent and advantageous. The primary consideration shall be based on whether such insurance is less costly than the present value of the difference in the interest on insured bonds versus uninsured bonds. For competitive sales, the purchaser of the bonds may be allowed to determine whether bond insurance will be used and will be included in the bid for the bonds and will be paid for by the purchaser of the bonds. If the Board decides to purchase insurance, it shall do so on a competitive bid basis whenever practicable. In a negotiated sale, the Board will select a provider whose bid is most cost effective and will consider the credit quality of the insurer and that the terms and conditions governing the guarantee are satisfactory to the Board.

B. Letters of Credit

The Board may enter into a letter-of-credit ("LOC") agreement when such an agreement is deemed prudent and advantageous. The Board will prepare and distribute an RFP to qualified banks or other qualified financial institutions which includes terms and conditions that are acceptable to the Board. The LOC will be awarded to the bank or financial institution providing the lowest cost bid with the highest credit quality that meets the criteria established by the State.

C. Liquidity

For variable rate debt requiring liquidity facilities to protect against remarketing risk, the Board will evaluate:

- Alternative forms of liquidity, including direct pay letters of credit, standby letters of credit, and lines of credit, in order to balance the protection offered against the economic costs associated with each alternative;
- Diversification among liquidity providers, thereby limiting exposure to any individual liquidity provider;
- All cost components attendant to the liquidity facility, including commitment fees, standby fees, draw fees, and interest rates charged against liquidity draws; and
- A comparative analysis and evaluation of the cost of external liquidity providers compared to the requirements for self-liquidity.

The winning bid will be awarded to the bank or financial institution providing the lowest cost with the highest credit quality that meets the criteria established by the State.

D. Use of Structured Products

No interest rate agreements or forward purchase agreements will be considered unless the Board has established a policy defining the use of such products before the transaction is considered.

Risk Assessment

The SGF will evaluate each transaction to assess the types and amounts of risk associated with that transaction, considering all available means to mitigate those risks. The SGF will evaluate all proposed transactions for consistency with the objectives and constraints defined in this Policy. The following risks should be assessed before issuing debt:

A. Change in Public/Private Use

The change in the public/private use of a project that is funded by tax-exempt funds could potentially cause a bond issue to become taxable.

B. Default Risk

The risk that debt service payments cannot be made by the due date.

C. Liquidity Risk

The risk of having to pay a higher rate to the liquidity provider in the event of a failed remarketing of short-term debt.

D. Interest Rate Risk

The risk that interest rates will rise, on a sustained basis, above levels that would have been set if the issue had been fixed.

E. Rollover Risk

The risk of the inability to obtain a suitable liquidity facility at an acceptable price to replace a facility upon termination or expiration of a contract period.

F. Market Risk

The risk that in the event of failed remarketing of short-term debt, the liquidity provider fails.

Transparency

The Board shall comply with the Tennessee Open Meetings Act, providing adequate public notice of meetings and specifying on the agenda when matters related to debt issuance will be considered. All costs (including interest, issuance, continuing, and one-time) shall be disclosed to the citizens in a timely manner. Additionally, the Board will provide certain financial information and operating data by specified dates and provide notice of certain enumerated events with respect to the bonds continuing disclosure requirements as required by the U.S. Securities and Exchange Commission ("SEC") Rule 15c2-12. The Board intends to maintain transparency by:

- Posting the Official Statement of a bond sale to the Board's website within two weeks of the closing of such sale;
- Preparing and filing with the Division of Local Government Finance (LGF) a copy of the costs related to the issuance of a bond and other information as required by Section 9-21-151, of the TCA, within 45 days of the closing of such sale, and presenting the original of such document to the Board at its next meeting (see also "Debt Administration – B. Post Sale"); and
- Electronically submitting through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") website the information necessary to satisfy the Board's continuing disclosure requirements for the bonds in a timely matter (see also "Federal Regulatory Compliance and Continuing Disclosure").

Professional Services

The Board requires all professionals engaged to assist in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by the Board. This includes "soft" costs or compensations in lieu of direct payments.

A. Issuer's Counsel

The Board will enter into an engagement letter agreement with each lawyer or law firm representing the Board in a debt transaction. No engagement letter is required for any lawyer who is an employee of the Office of Attorney General and Reporter for the State of Tennessee who serves as counsel to the Board or of the Office of General Counsel, Office of the Comptroller of the Treasury, which serves as counsel to the SGF regarding Board matters.

B. Bond Counsel

Bond counsel shall be engaged through the SGF and serves to assist the Board in all its general obligation debt issues under a written agreement.

C. Financial Advisor

The Financial Advisor shall be engaged through the SGF and serves and assists the Board on financial matters under a written agreement. However, the Financial Advisor shall not be permitted to bid on, privately place or underwrite an issue for which it is or has been providing advisory services. The Financial Advisor has a fiduciary duty including a duty of loyalty and a duty of care.

D. Dealer

The Board will enter into a Dealer Agreement with the appointed CP dealer. The Dealer agrees to offer and sell the CP, on behalf of the Board, to investors and other entities and individuals who would normally purchase CP.

E. Issuing and Paying Agent

The Board covenants to maintain and provide an Issuing and Paying Agent at all times while the CP is outstanding. The Board will enter into an Issuing and Paying Agency Agreement with an appointed firm. The Issuing and Paying Agent will be a bank, trust company, or national banking association that has trust powers.

F. Credit/Liquidity Provider

The Board shall enter into a Credit/Liquidity Agreement with an appointed provider if deemed necessary or advisable for the CP. The provider shall be a bank, lending institution or the Tennessee Consolidated Retirement System ("TCRS") that extends credit to the Board in the form of a revolving credit facility, a line of credit, a loan or a similar credit product or as a liquidity facility for CP.

G. Refunding Trustee

The Refunding Trustee shall be appointed by resolution of the Board adopted prior to the issuance of any refunding bonds. The Refunding Trustee will be a bank, trust company or national banking association that provides Paying Agent or Registrar services.

H. Verification Agent

The Verification Agent will be selected through a request for proposal process prior to the issuance of refunding bonds. The Verification Agent primarily verifies the cash flow sufficiency to the call date of the escrowed securities to pay the principal and interest due on the refunded bonds.

I. Escrow Bidding Agent

The Escrow Bidding Agent will be selected through a request for proposal process prior to the issuance of refunding bonds. With regards to structuring the refunding escrow with investment securities, the Escrow Bidding Agent will prepare bidding specifications, solicit bids for investment securities, review and evaluate responses to the bids, accept and award bids, and provide final certification as to completion of requirements.

Potential Conflicts of Interest

Professionals involved in a debt transaction hired or compensated by the Board shall be required to disclose to the Board existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators and other issuers whom they may serve. This disclosure shall include such information that is reasonably sufficient to allow the Board to appreciate the significance of the relationships.

Professionals who become involved in a debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure provision. No disclosure is required if such disclosure would violate any rule or regulation of professional conduct.

Debt Administration

A. Planning for Sale

In planning for the sale of bonds, the procedures outlined below will be followed:

- Prior to submitting a bond resolution for approval, the Director of the SGF (the "Director"), with the assistance of the Financial Advisor, will present to staff of the members of the Board information concerning the purpose of the financing, the estimated amount of financing, the proposed structure of the financing, the proposed method of sale for the financing, members of the proposed financing team, and an estimate of all the costs associated with the financing, and;
- In addition, in the case of a proposed refunding, proposed use of credit enhancement, or proposed use of variable rate debt, the Director will present the rationale for using the proposed debt structure, an estimate of the expected savings associated with the transaction and a discussion of the potential risks associated with the proposed structure.
- The Director (with the assistance of staff in the SGF), Bond Counsel, Financial Advisor, along with other members of the financing team will prepare a Preliminary Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.

B. Preparing for Bond Closing

In preparation for the bond closing, the procedures outlined below will be followed:

- The Director (with the assistance of staff in the SGF), Bond Counsel, and Financial Advisor, along with other members of the financing team will prepare an Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.
- The Financial Advisor will provide a closing memorandum with written instructions on transfer and flow of funds.
- The Board's staff, with assistance from the Financial Advisor, will evaluate each bond sale after completion to assess the following: costs of issuance including the underwriter's compensation, pricing of the bonds in terms of the overall interest cost and on a maturity-by-maturity basis, and the distribution of bonds and sales credit, if applicable.
- The Director will present a post-sale report to the members of the Board describing the transaction and setting forth all the costs associated with the transaction.
- Within 45 days from closing, the Director will prepare a Form CT-0253 - "Report on Debt

Obligation" outlining costs related to the issuance and other information set forth in Section 9-21-151, of the TCA, and also present the original at the next meeting of the Board and file a copy with the LGF.

- The Director will establish guidelines and procedures for tracking the flow of all bond proceeds, as defined by the Internal Revenue Code, over the life of bonds reporting to the Internal Revenue Service (IRS) all arbitrage earnings associated with the financing and any tax liability that may be owed.
- The Post-Issuance Compliance ("PIC") team will meet annually to review matters related to compliance and complete the PIC checklist.
- As a part of the PIC procedures, the Director (with the assistance of staff in the SGF) will, no less than annually, request confirmation from the responsible departments that there has been no change in use of tax-exempt financed facilities.

Federal Regulatory Compliance and Continuing Disclosure

A. Arbitrage

The SGF will comply with arbitrage requirements on invested tax-exempt bond funds. Proceeds that are to be used to finance construction expenditures are exempted from the filing requirements, provided that the proceeds are spent in accordance with requirements established by the IRS. The Board will comply with all of its tax certificates for tax-exempt financings by monitoring the arbitrage earnings on bond proceeds on an interim basis and by rebating all positive arbitrage when due, pursuant to Internal Revenue Code, Section 148. The Board currently contracts with an arbitrage consultant to prepare these calculations, when needed. The Board will also retain all records relating to debt transactions for as long as the debt is outstanding, plus three years after the final redemption date of the transaction.

B. Investment of Proceeds

Any proceeds or other funds available for investment by the Board must be invested per Section 9-9-110 of the TCA, subject to any restrictions required pursuant to any applicable bond issuance authorization. Compliance with federal tax code arbitrage requirements relating to invested tax-exempt bond funds will be maintained.

Proceeds used to refund outstanding long-term debt shall be placed in an irrevocable refunding trust fund with a Refunding Trustee. The investments (i) shall not include mutual funds or unit investments trusts holding such obligations, (ii) are rated not lower than the second highest rating category of both Moody's Investors Service, Inc. and Standard and Poor's Global rating services and (iii) shall mature and bear interest at such times and such amounts as will be sufficient without reinvestment, together with

any cash on deposit, to redeem the bonds to be refunded and to pay all interest coming due on the bonds to be refunded.

C. Disclosure

The Board will disclose on EMMA the State's audited Comprehensive Annual Financial Report as well as certain financial information and operating data required by the continuing disclosure undertakings for the outstanding bonds no later than January 31st of each year. The Board will timely disclose any failure to provide required annual financial information by January 31st. The Board will also, in accordance with the continuing disclosure undertakings, disclose on EMMA within ten business days after the occurrence of any of the following events relating to the bonds to which the continuing disclosure undertakings apply:

- Principal and interest payment delinquencies
- Nonpayment-related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers or their failure to perform
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of such bonds or other material events affecting the tax status of such bonds
- Modifications to rights of bond holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing the repayment of the bonds, if material
- Rating changes
- Bankruptcy, insolvency, receivership, or similar event of the State
- Consummation of a merger, consolidation, or acquisition of the issuer or sale of all or substantially all of the assets of the Board, other than in the course of ordinary business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of successor trustee or the change of name of a trustee if material
- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

Generally Accepted Accounting Principles (GAAP)

The Board will comply and prepare its financial reports in accordance with the standard accounting practices adopted by the Governmental Accounting Standards Board and with the accounting policies established by the Department of Finance and Administration when applicable.

Review of the Policy

The debt policy guidelines outlined herein are only intended to provide general direction regarding the future use and execution of debt. The Board maintains the right to modify these guidelines and may make exceptions to any of them at any time to the extent that the execution of such debt achieves the Board's goals.

This policy will be reviewed by the Board no less frequently than annually. At that time, the Director will present any recommendations for any amendments, deletions, additions, improvement, or clarification.

Adoption of the Policy

1. After a public hearing on August 24, 2011, the Board adopted the Policy on September 8, 2011, effective September 8, 2011.
2. After a public hearing on September 16, 2013, the Board adopted the amended Policy on September 16, 2013, effective September 16, 2013.
3. After a public hearing on May 11, 2017, the Board adopted the amended Policy on May 11, 2017, effective May 1 1, 2017.
4. After a public hearing on March 2, 2018, the Board adopted the amended Policy on March 2, 2018, effective March 2, 2018.
5. After a public hearing on June 27, 2019, the Board adopted the amended Policy on June 27, 2019, effective June 27, 2019.
6. After a public hearing on July 22, 2021, the Board adopted the amended Policy on July 22, 2021, effective July 22, 2021.

Secretary
Tennessee State Funding Board

APPENDIX A

Annual Review

The Board has reviewed and accepted the Debt Management Policy on:

October 8, 2014

November 19, 2015

July 20, 2020

State of Tennessee
General Obligation Debt Program

As of June 30, 2021
(unaudited)

	Taxable	**Tax-Exempt**	**Total**
Commercial Paper Outstanding	$39,463,000	$167,880,000	$207,343,000

	Taxable	**Tax-Exempt**	**Total**
Bonds Outstanding	$180,660,000	$1,374,885,000	$1,555,545,000

State of Tennessee

General Obligation Commercial Paper Program

Analysis for the period July 1, 2020, to June 30, 2021

(unaudited)

	Taxable	Tax -Exempt
Average Daily Balance	$39,677,795	$130,280,460
Interest Rate	0.10 – 0.78%	0.13 – 0.70%
Weighted Average Yield	0.32%	0.30%

Expenses for FY21

Commercial Paper Interest	$ 602,245
Standby Purchase Agreement Fee	$1,225,000
Dealer Services Fee	$ 69,348
Issuing & Paying Agent Fee	$ 3,000
Rating Fees	$ 10,000

STATE OF TENNESSEE

RESULTS OF 2021 SERIES A and REFUNDING SERIES B BOND SALE

For Bonds Sold June 23, 2021

	2021 Series A Tax-Exempt New Money & Refunding	2021 Series B Taxable Refunding	Total 2021 Series A & B
Bond Proceeds:			
Par Amount	$ 167,755,000.00	$ 490,910,000.00	$ 658,665,000.00
Bond Premium	43,374,134.40	-	43,374,134.40
Total Proceeds	$ 211,129,134.40	$ 490,910,000.00	$ 702,039,134.40
Statistics:			
Final Maturity	November 1, 2041	November 1, 2035	
Range of Yields	0.120% - 1.470%	0.116% - 1.975%	
True Interest Cost	1.4950%	1.3616%	1.4100%
Underwriter's Discount:	**$ 132,839.79**	**$ 328,695.95**	**$ 461,535.74**
Average Underwriter Discount per Bond (inc. fees)	$0.79 per bond	$0.67 per bond	

Net Present Value Savings

	2021 Series A Tax-Exempt Refunding	2021 Series B Taxable Refunding
Net PV Savings	$ 8,783,838.57	$ 41,253,491.12
PV Savings as a % of Refunded Bonds	10.39%	9.44%

State Form No. CT-0253
Revised Effective 12/23/2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

1. Public Entity:

Name: State of Tennessee

Address: 425 Rep John Lewis Way North, Cordell Hull Bldg., 4th FL
Nashville, TN 37243

Debt Issue Name: General Obligation Bonds 2021 Series A

If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount:

$ 167,755,000.00

Premium/Discount: $ 43,374,134.40

3. Interest Cost:

1.4950 %

☑ Tax-exempt ☐ Taxable

☑ TIC ☐ NIC

☐ Variable: Index ____ plus ____ basis points; or

☐ Variable: Remarketing Agent ____

☐ Other: ____

4. Debt Obligation:

☐ TRAN ☐ RAN ☐ CON

☐ BAN ☐ CRAN ☐ GAN

☑ Bond ☐ Loan Agreement ☐ Capital Lease

If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Division of Local Government Finance ("LGF").

5. Ratings:

☐ Unrated

Moody's Aaa Standard & Poor's AAA Fitch AAA

6. Purpose:

		BRIEF DESCRIPTION
☑ General Government	60.00 %	Finance certain capital projects of the State
☐ Education	%	
☐ Utilities	%	
☐ Other	%	
☑ Refunding/Renewal	40.00 %	Refund certain of the State's outstanding GO Bonds

7. Security:

☑ General Obligation ☐ General Obligation + Revenue/Tax

☐ Revenue ☐ Tax Increment Financing (TIF)

☐ Annual Appropriation (Capital Lease Only) ☐ Other (Describe): ____

8. Type of Sale:

☐ Competitive Public Sale ☐ Interfund Loan ____

☑ Negotiated Sale ☐ Loan Program ____

☐ Informal Bid

9. Date:

Dated Date: 07/13/2021 Issue/Closing Date: 07/13/2021

State Form No. CT-0253
Revised Effective 12/23/2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

10. Maturity Dates, Amounts and Interest Rates *: *see inside cover of attached official statement

Year	Amount	Interest Rate	Year	Amount	Interest Rate
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:

☐ No costs or professionals

	AMOUNT (Round to nearest $)	FIRM NAME
Financial Advisor Fees	$ 23,750	Public Financial Advisors LLC
Legal Fees	$ 0	
Bond Counsel	$ 137,575	Hawkins, Delafield & Wood LLC
Issuer's Counsel	$ 0	
Trustee's Counsel	$ 0	
Bank Counsel	$ 0	
Disclosure Counsel	$ 0	
________________	$ 0	
Paying Agent Fees	$ 0	
Registrar Fees	$ 0	
Trustee Fees	$ 500	US Bank
Remarketing Agent Fees	$ 0	
Liquidity Fees	$ 0	
Rating Agency Fees	$ 62,611	Fitch, Moody's and S&P
Credit Enhancement Fees	$ 0	
Bank Closing Costs	$ 0	
Underwriter's Discount ________%		
Take Down	$ 83,878	
Management Fee	$ 0	
Risk Premium	$ 0	
Underwriter's Counsel	$ 30,000	
Other expenses	$ 18,962	
Printing and Advertising Fees	$ 750	Imagemaster
Issuer/Administrator Program Fees	$ 0	
Real Estate Fees	$ 0	
Sponsorship/Referral Fee	$ 0	
Other Costs verification agent	$ 563	Samuel Klein and Company
TOTAL COSTS	$ **358,588**	

State Form No. CT-0253
Revised Effective 12/23/2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

12. Recurring Costs:

☑ No Recurring Costs

	AMOUNT (Basis points/$)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar		
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other ________________________		

13. Disclosure Document / Official Statement:

☐ None Prepared

☐ EMMA link ______________________________ or

☑ Copy attached

14. Continuing Disclosure Obligations:

Is there an existing continuing disclosure obligation related to the security for this debt? ☑ Yes ☐ No

Is there a continuing disclosure obligation agreement related to this debt? ☑ Yes ☐ No

If yes to either question, date that disclosure is due January 31, 2022

Name and title of person responsible for compliance Sandi Thompson, Director SGF

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 06/27/2019

Is the debt obligation in compliance with and clearly authorized under the policy? ☑ Yes ☐ No

16. Written Derivative Management Policy:

☑ No derivative

Governing Body's approval date of the current version of the written derivative management policy ____________

Date of Letter of Compliance for derivative ____________

Is the derivative in compliance with and clearly authorized under the policy? ☐ Yes ☐ No

17. Submission of Report:

To the Governing Body: on 07/22/2021 and presented at public meeting held on 07/22/2021

Copy to Director, Division of Local Govt Finance: on 07/22/2021 either by:

☐ Mail to:
Cordell Hull Building
425 Rep. John Lewis Parkway N., 4th Floor
Nashville, TN 37243-3400

OR

☑ Email to:
LGF@cot.tn.gov

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	Sandra Thompson	Cindy Liddell
Title	Comptroller - State Government Finance	Program Accountant
Firm	Comptroller - State Government Finance	Comptroller - State Governmetn Finance
Email	sandi.thompson@cot.tn.gov	cindy.liddell@cot.tn.gov
Date	07/22/2021	07/22/2021

State Form No. CT-0253
Revised Effective 12/23/2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

1. Public Entity:

Name: State of Tennessee

Address: 425 Rep John Lewis Way North, Cordell Hull Bldg., 4th FL
Nashville, TN 37243

Debt Issue Name: General Obligation Bonds 2021 Refunding Series B (Taxable)

If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount: $ 490,910,000.00

Premium/Discount: $

3. Interest Cost: 1.3616 %

☐ Tax-exempt ☑ Taxable

☑ TIC ☐ NIC

☐ Variable: Index ______ plus ______ basis points; or

☐ Variable: Remarketing Agent

☐ Other:

4. Debt Obligation:

☐ TRAN ☐ RAN ☐ CON

☐ BAN ☐ CRAN ☐ GAN

☑ Bond ☐ Loan Agreement ☐ Capital Lease

If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Division of Local Government Finance ("LGF").

5. Ratings:

☐ Unrated

Moody's Aaa Standard & Poor's AAA Fitch AAA

6. Purpose:

		BRIEF DESCRIPTION
☑ General Government	%	
☐ Education	%	
☐ Utilities	%	
☐ Other	%	
☑ Refunding/Renewal	100.00 %	Refund certain of the State's outstanding GO Bonds

7. Security:

☑ General Obligation ☐ General Obligation + Revenue/Tax

☐ Revenue ☐ Tax Increment Financing (TIF)

☐ Annual Appropriation (Capital Lease Only) ☐ Other (Describe):

8. Type of Sale:

☐ Competitive Public Sale ☐ Interfund Loan

☑ Negotiated Sale ☐ Loan Program

☐ Informal Bid

9. Date:

Dated Date: 07/13/2021 Issue/Closing Date: 07/13/2021

State Form No. CT-0253
Revised Effective 12/23/2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

10. Maturity Dates, Amounts and Interest Rates *:

*see inside cover of attached official statement

Year	Amount	Interest Rate	Year	Amount	Interest Rate
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%
	$	%		$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:

☐ No costs or professionals

	AMOUNT (Round to nearest $)	FIRM NAME
Financial Advisor Fees	$ 71,250	Public Financial Advisors LLC
Legal Fees	$ 0	
Bond Counsel	$ 115,000	Hawkins, Delafield & Wood LLC
Issuer's Counsel	$ 0	
Trustee's Counsel	$ 0	
Bank Counsel	$ 0	
Disclosure Counsel	$ 0	
______	$ 0	
Paying Agent Fees	$ 0	
Registrar Fees	$ 0	
Trustee Fees	$ 3,500	US Bank
Remarketing Agent Fees	$ 0	
Liquidity Fees	$ 0	
Rating Agency Fees	$ 186,102	Fitch, Moody's and S&P
Credit Enhancement Fees	$ 0	
Bank Closing Costs	$ 0	
Underwriter's Discount 0.07 %		
Take Down	$ 240,546	
Management Fee	$ 0	
Risk Premium	$ 0	
Underwriter's Counsel	$ 30,000	
Other expenses	$ 58,150	
Printing and Advertising Fees	$	
Issuer/Administrator Program Fees	$ 0	
Real Estate Fees	$ 0	
Sponsorship/Referral Fee	$ 0	
Other Costs ______	$ 43,687	Samuel Klein and Company & PFM Asset Mgt
TOTAL COSTS	$ **748,235**	

State Form No. CT-0253
Revised Effective 12/23/2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

12. Recurring Costs:

☐ No Recurring Costs

	AMOUNT (Basis points/$)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar		
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent	3250	US Bank
Sponsorship / Program / Admin		
Other ________________________		

13. Disclosure Document / Official Statement:

☐ None Prepared

☐ EMMA link ______________________________ or

☑ Copy attached

14. Continuing Disclosure Obligations:

Is there an existing continuing disclosure obligation related to the security for this debt? ☑ Yes ☐ No

Is there a continuing disclosure obligation agreement related to this debt? ☑ Yes ☐ No

If yes to either question, date that disclosure is due January 31, 2022

Name and title of person responsible for compliance Sandi Thompson, Director SGF

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 06/27/2019

Is the debt obligation in compliance with and clearly authorized under the policy? ☑ Yes ☐ No

16. Written Derivative Management Policy:

☑ No derivative

Governing Body's approval date of the current version of the written derivative management policy ____________

Date of Letter of Compliance for derivative ____________

Is the derivative in compliance with and clearly authorized under the policy? ☐ Yes ☐ No

17. Submission of Report:

To the Governing Body: on 07/22/2021 and presented at public meeting held on 07/22/2021

Copy to Director, Division of Local Govt Finance: on 07/22/2021 either by:

☐ Mail to:
Cordell Hull Building
425 Rep. John Lewis Parkway N., 4th Floor
Nashville, TN 37243-3400

OR

☑ Email to:
LGF@cot.tn.gov

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	Sandra Thompson	Cindy Liddell
Title	Comptroller - State Government Finance	Program Accountant
Firm	Comptroller - State Government Finance	Comptroller - State Governmetn Finance
Email	sandi.thompson@cot.tn.gov	cindy.liddell@cot.tn.gov
Date	07/22/2021	07/22/2021

Notice of Default Form
Industrial Development Board

A. Name of IDB Economic Development Growth Engine (EDGE) for Memphis and Shelby County

B. Contact Information:

	Name	Title	Company Name	Phone Number	Email Address
IDB President	Reid Dulberger	President	EDGE	(901) 341-2100	RDulberger@Growth-Engine.org
IDB Counsel	Mark Beutelschies	General Counsel	Farris Bobango Branan	(901) 259-7100	MarkB@Farris-Law.com
Financial Advisor					
Obligor					
Authorized Representative	Reid Dulberger	President	EDGE	(901) 341-2100	RDulberger@Growth-Engine.org

C. Name of Defaulted Debt Issue Subordinate Tax Increment Revenue Bonds (Graceland Project), Series 2017C

D. Description of Debt The Series 2017C Bonds were issued, along with the Series 2017A Bonds, to finance the prepayment of a portion of the Issuer's outstanding Series 2015A Direct Obligation Notes, fund the respective Debt Service Funds and Debt Service Reserve Funds per the Indenture, and to pay costs associated with the Series 2017A and Series 2017C Bonds.

E. Type of Default Monetary

F. Date of Default July 1, 2021

G. Date Default Reported on EMMA July 6, 2021

H. Reason for Default and Plans to Cure Lack of sufficient funds to make payments on Series 2017C Bonds. Visitation at Graceland continues to be substantially lower than pre-COVID levels, revenues from the 5% Surcharge on the Graceland campus have been substantially lower over the past 18 months and the TDZ payment received in September 2020 was down substantially.

I. Additional Comments

*Please provide a copy of the Official Statement, Offering Memorandum, or Loan Documents, whichever is applicable.

J. Signatures

	Authorized Representative:	*Preparer:*
Signature	Reid Dulberger	Patrick Kennedy
Name	Reid Dulberger	Patrick Kennedy
Title	President & CEO, EDGE	Senior Associate, MuniCap, Inc.
Phone	(901) 341-2101	(412) 536-1872
Email	Rdulberger@Growth-Engine.org	patrick.kennedy@municap.com
Date	July 8, 2021	July 6, 2021

K. Date Notice of Default Filed with Comptroller of the Treasury July 8, 2021

Notice of Default Form
Industrial Development Board

A.	**Name of IDB**	Economic Development Growth Engine (EDGE) for Memphis and Shelby County

B. Contact Information:

	Name	Title	Company Name	Phone Number	Email Address
IDB President	Reid Dulberger	President	EDGE	(901) 341-2100	RDulberger@Growth-Engine.org
IDB Counsel	Mark Beutelschies	General Counsel	Farris Bobango Branan	(901) 259-7100	MarkB@Farris-Law.com
Financial Advisor					
Obligor					
Authorized Representative	Reid Dulberger	President	EDGE	(901) 341-2100	RDulberger@Growth-Engine.org

C.	**Name of Defaulted Debt Issue**	Subordinate Tax Increment Revenue Bonds (Graceland Project), Series 2017D
D.	**Description of Debt**	The Series 2017D Bonds were issued to fund a portion of the prepayment of the Prior Loans of the Issuer, to fund the Series 2017D Debt Service Reserve Requirement for the Series 2017D Subordinate Taxable Bonds, and to pay the costs of issuing the Series 2017D Subordinate Taxable Bonds.
E.	**Type of Default**	Monetary
F.	**Date of Default**	July 1, 2021
G.	**Date Default Reported on EMMA**	July 6, 2021
H.	**Reason for Default and Plans to Cure**	Lack of sufficient funds to make payments on Series 2017D Bonds. Visitation at Graceland continues to be substantially lower than pre-COVID levels, revenues from the 5% Surcharge on the Graceland campus have been substantially lower over the past 18 months and the TDZ payment received in September 2020 was down substantially.
I.	**Additional Comments**	The Series 2017D Bonds are privately placed and are subordinate to the Series 2017A, Series 2017B, and Series 2017C Bonds. Section 1701(c) of the Trust Indenture states that a failure to pay the Series D Bonds when due is not a default.

*Please provide a copy of the Official Statement, Offering Memorandum, or Loan Documents, whichever is applicabl

J. Signatures

	Authorized Representative:	*Preparer:*
Signature	Reid Dulberger	Patrick Kennedy
Name	Reid Dulberger	Patrick Kennedy
Title	President & CEO, EDGE	Senior Associate, MuniCap, Inc.
Phone	(901) 341-2101	(412) 536-1872
Email	Rdulberger@Growth-Engine.org	patrick.kennedy@municap.com
Date	July 8, 2021	July 6, 2021

K. Date Notice of Default Filed with Comptroller of the Treasury July 8, 2021