

TENNESSEE STATE FUNDING BOARD

April 26, 2023

The Tennessee State Funding Board (the "Board") met on Wednesday, April 26, 2023, at 3:21 p.m., in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

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

The following members were absent:

The Honorable Bill Lee, Governor
The Honorable David H. Lillard, Jr., State Treasurer

Mr. Mumpower established that a quorum was present and called the meeting to order. Mr. Mumpower then presented the minutes from the meeting held on March 27, 2023, for consideration and approval. Mr. Bryson made a motion to approve the minutes, and Mr. Hargett seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. Stuart McWhorter, Commissioner of the Tennessee Department of Economic and Community Development ("ECD"), to present FastTrack projects for consideration, and Mr. Allen Borden, Deputy Commissioner of Business, Community, and Rural Development, ECD, 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 March 27, 2023, Board meeting, the FastTrack balance was \$243,354,429.58. Since that time, \$1,618,249.93 in new appropriations had been added from interest earned from the month of February; \$228,151.50 in funds had been deobligated; \$3,000,000 in new grants or loans greater than \$750,000 had been approved, \$367,500.00 in new grants or loans less than \$750,000 had been approved ; and \$120,673.67 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$241,712,657.34 as of the date of the Report. Mr. VanderMeer reported that total commitments had been made in the amount of \$235,259,749.53, resulting in an uncommitted FastTrack balance of \$6,452,907.81. Mr. VanderMeer reported that the amount of proposed grants for projects to be considered at this meeting totaled \$9,249,653.00, and if these projects were approved, the uncommitted balance would be \$(2,796,745.19), for a total committed balance of \$244,509,402.53, which represented 101.2% of the FastTrack balance.

Mr. McWhorter then presented the following FastTrack projects:

- **6K Energy Tennessee, LLC – Jackson (Madison County)**
FastTrack Economic Development Grant \$ 1,750,000.00
- **Sinova Silicon LLC – Tiptonville (Lake County)**
FastTrack Infrastructure Development Grant \$ 6,499,653.00

- **Kordsa Inc. – Chattanooga (Hamilton County)**
FastTrack Economic Development Grant

\$ 1,000,000.00

Mr. Hargett made a motion to approve the projects, and Mr. Bryson seconded the motion. Mr. Mumpower then stated that Lake County at one time was the most economically distressed county in the state. Mr. Mumpower further stated that the Sinova Silicon LLC project had the potential to transform life in Lake County and requested that ECD talk about the opportunity that was identified while pursuing the project. Mr. McWhorter responded that he believed that Lake County was still the most distressed of the ninety-five counties in the state. Mr. McWhorter further responded that the product that will be produced in Lake County is essential to the battery ecosystem that is being built around the state. Mr. McWhorter then stated that the company had a great management team and were committed to the community. McWhorter further stated that he believed that Sinova Silicon LLC and this project would spur additional investment within the industrial park in the long run. Mr. Mumpower then asked if Mr. McWhorter thought there were potential workers available considering the 140 new jobs created by the project and if there was a chance for expansion with success. Mr. McWhorter replied that ECD was working very closely with the community, higher education, and the Department of Labor and Workforce Development to determine strategies that would attract, retain, and build skills for the talent that was needed for the development. Mr. McWhorter further replied that the good news was that they had time, and that part of the reason Sinova Silicon LLC chose the area was they believed there was an opportunity to accomplish those strategies.

Mr. Bryson then asked for an explanation of the unimelt plasma cathode process that was briefly mentioned in the 6K Energy Tennessee, LLC presentation. Mr. McWhorter responded that it was a unique process that was not globally recognized. Mr. McWhorter further responded that the cathode was a critical component of the battery. Mr. Borden then responded that the unimelt process was an entirely new technology for the manufacturing of cathodes. Mr. Borden further responded that there are many parts to the lithium-ion battery and the cathode was probably the most important part. Mr. Borden then stated that, according to the company, this process and technology would save a lot of money and would provide greater efficiency.

The Board member packets included letters and FastTrack checklists signed by Commissioner McWhorter, 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 Mr. McWhorter responded affirmatively. Mr. Mumpower then inquired if the checklists had been completed for each project, and Mr. McWhorter responded affirmatively. Mr. Mumpower then inquired if all the projects included accountability agreements which would provide protection for the state in the event the entity could not fulfill the agreement, and Mr. McWhorter responded affirmatively. Hearing no further discussion, Mr. Mumpower took the vote, and the motion was unanimously approved.

Mr. Mumpower then recognized Ms. Sandra Thompson, Director of the Division of State Government Finance and Assistant Secretary to the Board, to present for consideration and approval “A Resolution Authorizing and Providing for the Issuance and Sale of General Obligation Bonds of the State of Tennessee” (the “Resolution”) and delegation of authority to the Comptroller to sell and fix the details of the bonds. Mr. Mumpower noted that the resolution was related to the new Nashville stadium approved by the Metropolitan Council of Nashville and Davidson County. Ms. Thompson stated that the Resolution authorized the issuance of bonds in a principal amount not to exceed \$510,000,000 which included a \$500,000,000 grant to the Sports Authority of the Metropolitan Government of Nashville and Davidson County as well as approximately five to ten million in principal amount of bonds. The proceeds of these bonds would be used to redeem commercial paper for completed state projects that had been initially

financed with the state's commercial paper program. Ms. Thompson then stated that the Board's Debt Management Policy required her, prior to the sale, to review the details of the bond sale with the Board's staff.

Ms. Thompson further stated that the Resolution provided for the following information regarding the transaction:

- The bonds shall bear interest at the rates not to exceed 5.50% for tax-exempt bonds and 6.50% for taxable bonds.
- The bonds shall be issued pursuant to Title 9, Chapter 9, Tennessee Code Annotated and shall constitute direct general obligations of the State for the payment of the principal of and premium, if any and interest on which there is pledged the full faith and credit of the State;
- The proposed structure is 20-year level principal and may be issued Tax-Exempt or Taxable, with the preference as Tax-Exempt pending bond counsel review and approval;

Ms. Thompson then pointed out that:

- Bonds may be sold through competitive or negotiated sale, with the preferred method being competitive sale; and,
- A recommendation letter was provided to the Board by the Board's financial advisor, PFM Financial Advisors, LLC ("PFM"), which stated that it would be in the best interest of the Board to sell its bonds through a competitive sale;

Ms. Thompson then stated that the following documents were provided in conjunction with the proposed bond transaction and were referenced in the Resolution:

- Draft Preliminary Official Statement for the 2023 Series A bonds, updated from the state's last General Obligation ("GO") bond sale dated June 2021;
- A Form of the Notice of Sale from the most recent competitive sale in September 2019;
- A Form of Bond Purchase Agreement from the most recent negotiated sale in June 2021;
- Continuing Disclosure Undertaking in substantive form from the 2021 bond sale, to be executed solely to assist the bond purchaser/underwriter on the bonds in complying with the Securities and Exchange Commission Rule 15c2-12;

Ms. Thompson then stated that staff was requesting the approval of the resolution to authorize the issuance of the debt. Mr. Mumpower then made a motion to approve the resolution that authorized and provided for the issuance and sale of the state's general obligation bonds, and delegated the authority to the Comptroller to fix the details, and carry out the sale, of the bonds; and to sell the bonds through competitive sale based on the recommendation of PFM, the Board's financial advisor. Mr. Bryson seconded the motion, and it was unanimously approved.

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

Approved on this 27th day of June 2023.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sandra Thompson". The signature is written in a cursive style with a large initial 'S'.

Sandra Thompson
Assistant Secretary