

TENNESSEE STATE SCHOOL BOND AUTHORITY
September 22, 2017
AGENDA

1. Call meeting to order
2. Approval of Minutes from the TSSBA meeting of September 8, 2017
3. Report on the results of the 2017 Bond Sale
4. Submission of the Report on Debt Obligation for the 2017 Bond Sale
5. Approval of amendment to the Public Financial Management Contract
6. Adjourn

TENNESSEE STATE SCHOOL BOND AUTHORITY
September 8, 2017

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Friday, September 8, 2017, at 2:10 p.m. CST, in Executive Conference Room, State Capitol, Nashville, Tennessee. The Honorable Justin Wilson, Comptroller, was present and presided over the meeting.

The following members were also present:

Honorable Tre Hargett, Secretary of State of Tennessee
Honorable David Lillard, State Treasurer
Angela Scott, proxy for Larry Martin, Commissioner of Finance and Administration
Ron Maples, proxy for Dr. Joe DiPietro, President, University of Tennessee
Danny Gibbs, proxy for Chancellor Flora Tydings, Tennessee Board of Regents

The following members were absent:

Honorable Bill Haslam, Governor

Recognizing a physical quorum present, Mr. Wilson called the meeting to order and asked for a motion to approve the minutes of the meeting held on July 21, 2017. Mr. Hargett moved approval of the minutes. Mr. Lillard seconded the motion and it was unanimously approved.

Mr. Wilson then recognized Mr. Dick Tracy, Executive Director, Facilities Development, to present the projects for consideration for the Board of Regents. Mr. Wilson stated the Board would consider all three projects together:

- Tennessee State University – New Student Housing; Cost: \$75,300,000 of which \$75,200,000 will be funded by TSSBA; Term of Financing: 30 years as long-term financing at an assumed taxable rate
- University of Memphis – Indoor Football Practice Facility; Cost: \$10,600,000 of which \$10,000,000 will be funded by TSSBA; Term of Financing: 10 years as long-term financing at an assumed tax-exempt rate
- Columbia State Community College – Parking Garage (Williamson County Center Relocation); Cost: \$48,980,000 of which \$3,650,000 will be funded by TSSBA; Term of Financing: 25 years as long-term financing at an assumed tax-exempt rate

Mr. Wilson asked if the Office of State and Local Finance (“OSLF”) had conducted a review of each of the projects for feasibility. Ms. Sandra Thompson, Director of OSLF stated that the reviews had been conducted and that the pledged revenues were sufficient to cover the projected debt service on each project.

Mr. Wilson stated that Office of State and Local Finance is currently in the process of reviewing the Authority’s procedures for approving loan requests. Mr. Wilson stated that he had also asked for the Tennessee Higher Education Commission to provide comments on the procedure as well. Mr. Wilson added that he would be meeting with the six universities this fall to discuss the procedures.

Mr. Wilson stated the projects are being approved subject to approval by the State Building Commission. Mr. Wilson stated that the University of Memphis – Indoor Football Practice Facility and the Columbia State Community College – Parking Garage are both to be included in the 2017 Bond sale, which is set to price on September 12, 2017, prior to the SBC meeting on September 14, 2017. Mr. Wilson stated that in the event one or both projects should not be approved, the bond proceeds would be allocated to another project. Mr. Hargett moved approval of the projects. Mr. Wilson seconded the motion and it was unanimously approved.

Mr. Wilson then recognized Ms. Michelle Crowder, Interim Executive Director, to present the projects for consideration for the University of Tennessee:

- University of Tennessee Knoxville –Neyland Stadium South Renovations; Cost: \$106,000,000 of which \$71,000,000 will be financed by TSSBA; Term of Financing: 20 years as long-term financing at an assumed taxable rate

Mr. Wilson asked if the OSLF had conducted a review of the project for feasibility. Ms. Thompson stated that the review had been conducted and that the pledged revenues were sufficient to cover the projected debt service. Mr. Hargett moved approval of the project. Mr. Lillard seconded the motion and it was unanimously approved.

Mr. Hargett moved to adjourn. Mr. Lillard seconded the motion and it was unanimously approved.

Approved on this ____ day of _____, 2017

Respectfully submitted,

Sandra Thompson
Assistant Secretary



TENNESSEE STATE SCHOOL BOND AUTHORITY

RESULTS OF BOND SALE

\$247,570,000 2017 SERIES A BONDS

\$139,740,000 2017 SERIES B BONDS

\$15,150,000 2017 SERIES C BONDS

For Bonds Sold on September 12, 2017 and Closed on September 21, 2017

	2017 Series A Tax-Exempt New Money	2017 Series B Tax-Exempt Refunding	2017 Series C Taxable Refunding	Total 2017 Series A, B & C
Bond Proceeds:				
Par Amount:				
New Money	\$ 247,570,000.00	\$ -	\$ -	\$ 247,570,000.00
Refunding	-	\$ 139,740,000.00	\$ 15,150,000.00	154,890,000.00
Bond Premium	50,270,901.28	30,387,310.51	-	80,658,211.79
DSRF Release	-	14,700,131.92	1,178,928.00	15,879,059.92
Total Proceeds	<u>\$ 297,840,901.28</u>	<u>\$ 184,827,442.43</u>	<u>\$ 16,328,928.00</u>	<u>\$ 498,997,271.71</u>

Statistics:

Final Maturity	November 1, 2047	November 1, 2039	November 1, 2039
Range of Yields	0.810% - 2.880%	0.650% - 2.750%	1.287% - 3.623%
True Interest Cost	3.35%	2.44%	3.23%

Underwriter's Discount:	\$ 181,325.47	\$ 102,918.51	\$ 12,217.07	\$ 296,461.05
Average Underwriter Discount per Bond (excluding fees)	\$0.49 per bond	\$0.49 per bond	\$0.49 per bond	
Average Underwriter Discount per Bond (inc. fees)	\$0.73 per bond	\$0.74 per bond	\$0.81 per bond	

Summary of Refunding Results

	Refunding 2017 Series B	Refunding 2017 Series C	Total
Net Present Value Savings	\$ 20,421,710.20	\$ 1,040,488.42	\$ 21,462,198.62
Present Value Savings as a % of Par Amount of refunded bonds	11.92%	7.01%	

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:
 Name: Tennessee State School Bond Authority
 Address: 505 Deaderick Street, Suite 1600
Nashville, TN 37243
 Debt Issue Name: Higher Education Facilities Second Program Bonds 2017 Series A
 If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount: \$ 247,570,000.00
 Premium/Discount: \$ 50,270,901.28

3. Interest Cost: 3.3522 % 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 Office of State and Local Finance ("OSLF").

5. Ratings:
 Unrated
 Moody's Aa1 Standard & Poor's AA+ Fitch AA+

6. Purpose:

		BRIEF DESCRIPTION
<input type="checkbox"/> General Government	_____ %	_____
<input checked="" type="checkbox"/> Education	<u>100.00</u> %	<u>\$247,570,000 New Money Portion</u>
<input type="checkbox"/> Utilities	_____ %	_____
<input type="checkbox"/> Other	_____ %	_____
<input type="checkbox"/> Refunding/Renewal	_____ %	_____

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: 09/21/2017 Issue/Closing Date: 09/21/2017

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *: See Attached

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

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 <small>(Round to nearest \$)</small>	FIRM NAME
Financial Advisor Fees	\$ 46,136	Public Financial Management (PFM)
Legal Fees	\$ 0	
Bond Counsel	\$ 73,817	Hawkins Delafield & Wood
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 0	
Trustee Fees	\$ 0	
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 220,836	Moody's, S&P, Fitch
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount <u>0.49</u> %		
Take Down	\$ 121,309	Citigroup
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 24,606	
Other expenses	\$ 35,410	
Printing and Advertising Fees	\$ 923	State Print Shop
Issuer/Administrator Program Fees	\$ 0	Investment Advisor (PFM Asset Management)
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs _____	\$ 6,151	Miscellaneous
TOTAL COSTS	\$ 529,188	

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:

No Recurring Costs

	AMOUNT <small>(Basis points/\$)</small>	FIRM NAME <small>(if different from #11)</small>
Remarketing Agent	_____	_____
Paying Agent / Registrar	_____	_____
Trustee	<u>.048/1,000</u>	_____
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 No later than January 31

Name and title of person responsible for compliance Jacqueline Felland, Bond Accountant

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 05/11/2017

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 09/22/2017 and presented at public meeting held on 09/22/2017

Copy to Director to OSLF: on 09/22/2017 either by:

Mail to: 505 Deaderick Street, Suite 1600
James K. Polk State Office Building
Nashville, TN 37243-1402

OR

Email to: StateAndLocalFinance.PublicDebtForm@cot.tn.gov

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u>Sandra Thompson</u>	<u>Jacqueline Felland</u>
Title	<u>Assistant Secretary to the Authority</u>	<u>Bond Accountant</u>
Firm	_____	_____
Email	<u>Sandi.Thompson@cot.tn.gov</u>	<u>Jacqueline.Felland@cot.tn.gov</u>
Date	<u>09/19/2017</u>	<u>09/19/2017</u>

\$247,570,000 2017 Series A Bonds

Due		Interest		CUSIP[†]
Nov. 1st	Amount	Rate	Yield	880558
2018	\$ 4,980,000	5.000%	0.810%	HX2
2019	5,235,000	5.000	0.870	HY0
2020	5,505,000	5.000	0.980	HZ7
2021	5,785,000	5.000	1.080	JA0
2022	6,085,000	5.000	1.230	JB8
2023	6,395,000	5.000	1.370	JC6
2024	6,725,000	5.000	1.550	JD4
2025	7,070,000	5.000	1.730	JE2
2026	7,430,000	5.000	1.870	JF9
2027	7,810,000	5.000	2.000	JG7
2028	7,120,000	5.000	2.100*	JH5
2029	7,485,000	5.000	2.200*	JJ1
2030	7,865,000	5.000	2.290*	JK8
2031	8,270,000	5.000	2.350*	JL6
2032	8,695,000	5.000	2.410*	JM4
2033	9,140,000	5.000	2.470*	JN2
2034	9,610,000	5.000	2.550*	JP7
2035	10,100,000	5.000	2.610*	JQ5
2036	10,620,000	5.000	2.660*	JR3
2037	11,165,000	5.000	2.690*	JS1

\$52,530,000 5.000% Term Bonds due Nov. 1, 2042, Yield 2.820%*, CUSIP[†] 880558JT9

\$41,950,000 5.000% Term Bonds due Nov. 1, 2047, Yield 2.880%*, CUSIP[†] 880558JU6

*Yield to first optional redemption of November 1, 2027.

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:	
Name:	<u>Tennessee State School Bond Authority</u>
Address:	<u>505 Deaderick Street, Suite 1600</u> <u>Nashville, TN 37243</u>
Debt Issue Name:	<u>Higher Education Facilities Second Program Bonds 2017 Refunding Series B</u>
If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.	
2. Face Amount: \$ <u>139,740,000.00</u>	
Premium/Discount:	\$ <u>30,387,310.51</u>
3. Interest Cost: <u>2.4421</u> %	
<input checked="" type="checkbox"/> Tax-exempt <input type="checkbox"/> Taxable <input checked="" type="checkbox"/> TIC <input type="checkbox"/> NIC <input type="checkbox"/> Variable: Index _____ plus _____ basis points; or <input type="checkbox"/> Variable: Remarketing Agent _____ <input type="checkbox"/> Other: _____	
4. Debt Obligation:	
<input type="checkbox"/> TRAN <input type="checkbox"/> RAN <input type="checkbox"/> CON <input type="checkbox"/> BAN <input type="checkbox"/> CRAN <input type="checkbox"/> GAN <input checked="" type="checkbox"/> Bond <input type="checkbox"/> Loan Agreement <input type="checkbox"/> 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 Office of State and Local Finance ("OSLF").	
5. Ratings:	
<input type="checkbox"/> Unrated Moody's <u>Aa1</u> Standard & Poor's <u>AA+</u> Fitch <u>AA+</u>	
6. Purpose:	
	BRIEF DESCRIPTION
<input type="checkbox"/> General Government _____ %	_____
<input type="checkbox"/> Education _____ %	_____
<input type="checkbox"/> Utilities _____ %	_____
<input type="checkbox"/> Other _____ %	_____
<input checked="" type="checkbox"/> Refunding/Renewal <u>100.00</u> %	<u>Refunding</u>
7. Security:	
<input type="checkbox"/> General Obligation <input type="checkbox"/> General Obligation + Revenue/Tax <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Tax Increment Financing (TIF) <input type="checkbox"/> Annual Appropriation (Capital Lease Only) <input type="checkbox"/> Other (Describe): _____	
8. Type of Sale:	
<input type="checkbox"/> Competitive Public Sale <input type="checkbox"/> Interfund Loan _____ <input checked="" type="checkbox"/> Negotiated Sale <input type="checkbox"/> Loan Program _____ <input type="checkbox"/> Informal Bid	
9. Date:	
Dated Date: <u>09/21/2017</u>	Issue/Closing Date: <u>09/21/2017</u>

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *: See Attached

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

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 <small>(Round to nearest \$)</small>	FIRM NAME
Financial Advisor Fees	\$ 26,041	Public Financial Management (PFM)
Legal Fees	\$ 0	
Bond Counsel	\$ 41,666	Hawkins Delafield & Wood
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 0	
Trustee Fees	\$ 18,429	Regions Bank
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 124,650	Moody's, S&P, Fitch
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount <u>0.49</u> %		
Take Down	\$ 68,473	Citigroup
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 13,889	
Other expenses	\$ 20,557	
Printing and Advertising Fees	\$ 521	State Print Shop
Issuer/Administrator Program Fees	\$ 54,131	Investment Advisor (PFM Asset Management)
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs	\$ 5,863	Robert Thomas CPA, LLC, Miscellaneous
TOTAL COSTS	\$ 374,219	

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:

No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar		
Trustee	.048/\$1,000	
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 No later than January 31

Name and title of person responsible for compliance Jacqueline Felland, Bond Accountant

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 05/11/2017

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 09/22/2017 and presented at public meeting held on 09/22/2017

Copy to Director to OSLF: on 09/22/2017 either by:

Mail to: _____ OR Email to: StateAndLocalFinance.PublicDebtForm@cot.tn.gov

505 Deaderick Street, Suite 1600
James K. Polk State Office Building
Nashville, TN 37243-1402

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u>Sandra Thompson</u>	<u>Jacqueline Felland</u>
Title	<u>Assistant Secretary to the Authority</u>	<u>Bond Accountant</u>
Firm		
Email	<u>Sandi.Thompson@cot.tn.gov</u>	<u>Jacqueline.Felland@cot.tn.gov</u>
Date	<u>09/19/2017</u>	<u>09/19/2017</u>

\$139,740,000 2017 Refunding Series B

<u>Due</u>		<u>Interest</u>		<u>CUSIP'</u>
<u>Nov. 1st</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>880558</u>
2017	\$ 8,880,000	2.000%	0.650%	JV4
2018	6,635,000	5.000	0.810	JW2
2019	0	0.000	0.000	
2020	0	0.000	0.000	
2021	0	0.000	0.000	
2022	5,525,000	5.000	1.230	JX0
2023	11,430,000	5.000	1.370	JY8
2024	6,110,000	5.000	1.550	JZ5
2025	11,045,000	5.000	1.730	KA8
2026	15,755,000	5.000	1.870	KB6
2027	22,205,000	5.000	2.000	KC4
2028	15,175,000	5.000	2.110	KD2
2029	3,835,000	5.000	2.100*	KE0
2030	5,855,000	5.000	2.200*	KF7
2031	6,495,000	5.000	2.290*	KG5
2032	2,355,000	5.000	2.350*	KH3
2033	2,475,000	5.000	2.410*	KJ9
2034	2,605,000	5.000	2.470*	KK6
2035	2,740,000	5.000	2.550*	KL4
2036	2,460,000	5.000	2.610*	KM2
2037	2,585,000	5.000	2.660*	KN0
2038	2,720,000	5.000	2.690*	KP5
2039	2,855,000	5.000	2.750*	KQ3

*Yield to first optional redemption of November 1, 2027.

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:
 Name: Tennessee State School Bond Authority
 Address: 505 Deaderick Street, Suite 1600
Nashville, TN 37243
 Debt Issue Name: Higher Education Facilities Second Program Bonds 2017 Refunding Series C
 If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount: \$ 15,150,000.00
 Premium/Discount: \$ _____

3. Interest Cost: 3.2284 % 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 Office of State and Local Finance ("OSLF").

5. Ratings:
 Unrated
 Moody's Aa1 Standard & Poor's AA+ Fitch AA+

6. Purpose:

		BRIEF DESCRIPTION
<input type="checkbox"/> General Government	_____ %	_____
<input type="checkbox"/> Education	_____ %	_____
<input type="checkbox"/> Utilities	_____ %	_____
<input type="checkbox"/> Other	_____ %	_____
<input checked="" type="checkbox"/> Refunding/Renewal	<u>100.00</u> %	<u>Refunding</u>

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: 09/21/2017 Issue/Closing Date: 09/21/2017

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:

No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (if different from #11)
Remarketing Agent		
Paying Agent / Registrar		
Trustee	.048/\$1,000	
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 No later than January 31

Name and title of person responsible for compliance Jacqueline Felland, Bond Accountant

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 05/11/2017

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 09/22/2017 and presented at public meeting held on 09/22/2017

Copy to Director to OSFL: on 09/22/2017 either by:

Mail to: 505 Deaderick Street, Suite 1600
James K. Polk State Office Building
Nashville, TN 37243-1402

OR Email to: StateAndLocalFinance.PublicDebtForm@cot.tn.gov

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u>Sandra Thompson</u>	<u>Jacqueline Felland</u>
Title	<u>Assistant Secretary to the Authority</u>	<u>Bond Accountant</u>
Firm		
Email	<u>Sandi.Thompson@cot.tn.gov</u>	<u>Jacqueline.Felland@cot.tn.gov</u>
Date	<u>09/19/2017</u>	<u>09/19/2017</u>

\$15,150,000 2017 Refunding Series C (Federally Taxable)

<u>Due</u> <u>Nov. 1st</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u> <u>880558</u>
2017	\$ 785,000	1.287%	1.287%	KR1
2018	630,000	1.433	1.433	KS9
2019	635,000	1.593	1.593	KT7
2020	650,000	1.777	1.777	KU4
2021	660,000	2.054	2.054	KV2
2022	670,000	2.154	2.154	KW0
2023	690,000	2.401	2.401	KX8
2024	710,000	2.601	2.601	KY6
2025	725,000	2.724	2.724	KZ3
2026	745,000	2.824	2.824	LA7
2027	770,000	2.924	2.924	LB5
2028	790,000	3.024	3.024	LC3
2029	815,000	3.124	3.124	LD1
2030	500,000	3.274	3.274	LE9
2031	515,000	3.374	3.374	LF6
2032	535,000	3.424	3.424	LG4

\$4,325,000 3.623% Term Bonds due Nov. 1, 2039, Yield 3.623%, CUSIP[†] 880558LH2

AMENDMENT ONE
to
CONTRACT BETWEEN
THE STATE OF TENNESSEE,
OFFICE OF THE COMPTROLLER OF THE TREASURY, AND
PUBLIC FINANCIAL MANAGEMENT, INC.

The contract dated December 30, 2014, by and between the State of Tennessee, Office of the Comptroller of the Treasury (“Comptroller” or “State”) and Public Financial Management, Inc. (“Contractor”), for the purpose of retaining Contractor as Financial Advisor to the Comptroller on financial issues of the State of Tennessee (“State”) and the Tennessee State Funding Board, Tennessee Local Development Authority, and Tennessee State School Bond Authority (collectively, the “Issuers”) to assist the Comptroller in the capacity as Secretary to the Issuers (the “Contract”), is hereby amended as follows:

1. Section A.1. is amended by deleting the current section A.1. in its entirety and inserting the following in its place:

The Contractor agrees to serve the State as financial advisor to the State and to the Issuers. The Contractor will assign the following individuals to provide the services described in this Contract:

Lisa Daniel, Managing Director
Lauren Lowe, Director
David Eichenthal, Managing Director
Joshua McCoy, Senior Managing Consultant
Kyle Wright, Senior Analyst
Ricardo Callender, Analyst
Maria Figueroa, Analyst
Nick Yatsula, Senior Analyst
Daniel Kozloff, Managing Director
Daniel Berger, Senior Managing Consultant
Todd Fraizer, Managing Director
Jeff Pinciak, Analyst
John Cochran, Analyst
Mike Harris, Managing Director
Matthew Eisel, Director
Chris Harris, Senior Managing Consultant
Jeff Pearsall, Managing Director
June Matte, Managing Director
Joan DiMarco, Managing Director
Alfred Mukunya, Director
Virginia Rutledge, Director
George Hu, Senior Managing Consultant
Cyrus Yuan, Senior Analyst
Jim Link, Managing Director
Michael Nadol, Managing Director
David Miller, Managing Director

In applying the appropriate hourly rate stated in Section B.3 of this Contract, the title of “Director” will be equal to “Senior Managing Consultant” and the titles of “Senior Analyst” and “Analyst” will be equal to “Consultant.”

These individuals will be assisted from time to time by other members of the Contractor’s staff. The State has the right to approve or disapprove any proposed changes in the staff of the Contractor providing services under this Contract from the above listed individuals.

2. Section B.1. is amended by deleting the current section B.1. in its entirety and inserting the following in its place:

For the three-year contract term commencing on January 1, 2015 and ending on December 31, 2017, and for the two-year extension contract term commencing on January 1, 2018 and ending on December 31, 2019, the maximum contract amount shall not exceed \$2,150,000.

The total contract term budget as referenced above is derived from a set of assumptions provided by the State in the Outline for Proposal for Financial Advisor for State of Tennessee Funding Board, Tennessee State School Bond Authority and Tennessee Local Development Authority, dated October 23, 2014 (the “RFP”). The assumptions and expected related costs are attached to this Contract as Exhibit A. As the RFP stated, the assumptions are subject to change and/or negotiation. However, the total maximum contract amount as noted above is fixed in aggregate as adopted by the State and related parties.

3. Section B.2. is amended by deleting the current section B.2. in its entirety and inserting the following in its place:

It is expected that the Maximum Contact Amount will be allocated as follows:

Transactional advisory fees (including special project)	\$1,896,667.00
Retainer fee	\$180,000.00
Reimbursement of expenses	<u>\$73,333.00</u>
TOTAL	\$2,150,000.00-

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have signed this Amendment One to the Contract by their duly authorized representatives on the dates indicated below.

PUBLIC FINANCIAL MANAGEMENT, INC.

By: _____
Lisa Daniel, Managing Director

Date: _____

STATE OF TENNESSEE, OFFICE OF THE COMPTROLLER OF THE TREASURY

By: _____
Justin P. Wilson, Comptroller of the Treasury

Date: _____

APPROVAL AS TO FUNDING:

Larry Martin, Commissioner of Finance and Administration

Date: _____

DRAFT

**CONTRACT BETWEEN
THE STATE OF TENNESSEE,
OFFICE OF THE COMPTROLLER OF THE TREASURY, AND
PUBLIC FINANCIAL MANAGEMENT, INC.**

This Contract, by and between the State of Tennessee, Office of the Comptroller of the Treasury (“Comptroller” or “State”) and Public Financial Management, Inc. (“Contractor”), for the purpose of retaining Contractor as Financial Advisor to the Comptroller on financial issues of the State of Tennessee (“State”) and the Tennessee State Funding Board, Tennessee Local Development Authority, and Tennessee State School Bond Authority (“Issuers”) to assist the Comptroller in the capacity as Secretary to the Issuers.

WITNESSETH: In consideration of the mutual promises herein contained, the parties have agreed and do hereby enter into this Contract according to the following provisions:

A. The Contractor agrees to perform the following services:

GENERAL

1. The Contractor agrees to serve the State as financial advisor to the State and to the Issuers. The Contractor will assign the following individuals to provide the services described in this Contract:

Lisa Daniel, Managing Director
Lauren Lowe, Director
David Eichenthal, Managing Director
Joshua McCoy, Senior Managing Consultant
Kyle Wright, Senior Analyst
Ricardo Callender, Analyst
Maria Figueroa, Analyst
Nick Yatsula, Senior Analyst
Daniel Kozloff, Managing Director
Daniel Berger, Senior Managing Consultant
Todd Fraizer, Managing Director
Jeff Pinciak, Analyst
John Cochran, Analyst
Mike Harris, Managing Director
Matthew Eisel, Director
Chris Harris, Senior Managing Consultant
Jeff Pearsall, Managing Director
June Matte, Managing Director
Joan DiMarco, Managing Director
Alfred Mukunya, Director
Virginia Rutledge, Director
George Hu, Senior Managing Consultant
Cyrus Yuan, Senior Analyst
Jim Link, Managing Director
Michael Nadol, Managing Director
David Miller, Managing Director

These individuals will be assisted from time to time by other members of the Contractor’s staff. The State has the right to approve or disapprove any proposed changes in the staff of the Contractor providing services under this Contract from the above listed individuals.

2. The Contractor agrees that during the term of this Contract that it will not underwrite, or assist in the underwriting, of the debt of the State or the Issuers.
3. All computer applications, not subject to licensing agreements, developed by the Contractor for the provision of services under this Contract shall be made available for reimbursement by the State, and the State shall have the option of reimbursement.
4. No reports, information, or data given to or prepared by the Contractor under this Contract shall be made available by the Contractor to any individual or organization other than the State or the Issuers or their members without the prior written approval of the Comptroller, except pursuant to legal process, regulatory requirement, or State open records laws.

PLANNING SERVICES

5. In connection with general debt management and planning, unless otherwise requested, the Contractor agrees to perform the following services:
 - (a) Review outstanding debt of the Issuers and advise as to restructuring and refunding opportunities and evaluate future debt options.
 - (b) Assist with the capital budget process relative to timing and source of funds for capital improvements purposes.
 - (c) Identify financing alternatives/debt structures available to the Issuers and monitor market activity and debt transactions as related to financing needs of the Issuers.
 - (d) Advise and assist in rating maintenance and/or upgrade and assist in communications with rating agencies.
 - (e) Provide general data and analysis of data concerning municipal debt.
 - (f) Advise as to the method of sale (utilization of competitive, negotiated, or private placement) for particular debt transactions.
 - (g) Prepare regular cash flow analyses, credit analyses, market analyses, secondary market information, and modifications to the marketing program for bond issues.
 - (h) Subject to licensing requirements, provide the State, upon request, access to the Contractor's computer software (1) used to prepare cash flow analyses for bonds and (2) used to perform other financial analyses. Assist in establishing electronic document transfer capability between the Contractor and the State. The Contractor will be reimbursed for any time sharing costs incurred by the State's use of these programs outside normal debt issuance.
 - (i) Assist with the development of strategies for the investor program.
 - (j) Assist in establishing accounting systems and procedures to comply with applicable state and federal laws or regulations as they apply to the State's or the Issuers' debt or with the requirements of the State's or the Issuers' bond resolutions or program documents and assist in the training of the Issuers' staff in the implementation of such systems and procedures.

- (k) Participate in the Office of State and Local Finance's strategic planning process and commit to the Office's strategic plan.
- (l) Provide such other reasonably related services as may be requested by the State as it relates to the existing debt programs.

NEGOTIATED SALES

- 6. In connection with the negotiated sales of debt of the State or the Issuers, unless otherwise requested, the Contractor agrees to perform the following services:
 - (a) Review the current status of resolutions, cash flow projections, balance sheet, and contingent obligations.
 - (b) Discuss future program goals and specific requirements of the State or the Issuer relative to administrative costs and program size.
 - (c) Recommend long-term plans for investment strategy, financial exposure, cost projections, prepayment trends and use of unencumbered reserves of the Issuer.
 - (d) Assist in developing a specific financing plan and structure for the State's or the Issuers' programs.
 - (e) Assist in the development of a financing timetable which takes into account market trends, supply of competing issues, and investor purchasing patterns.
 - (f) Assist in preparation of bond resolutions, modifications to existing resolutions, and other financing documents related to the financing.
 - (g) Assist in developing rating agency presentations and follow-up, including agendas and required cash flow analyses.
 - (h) Assist in the preparation of the preliminary and final official statements.
 - (i) Upon request, develop an investment strategy for the various bond funds including, if appropriate, contracting, negotiating with, and taking bids from investment agreement providers.
 - (j) Prepare final cash flows and assist in analyses and preparing yield memorandum for arbitrage certification.
 - (k) Advise on the need for and selection of national and local underwriters.
 - (l) Prepare or assist in the preparation of a final report on the results of each negotiated bond sale including, but not limited to, the performance of each member of the underwriting syndicate (requests and allocations), distribution of bonds by geographical region and type of investor, pricing and expense characteristics of comparable sales by other issuers, etc.
 - (m) Prepare amortization schedules by project and balance the individual schedules to the final amount of the bond sale.
 - (n) Perform any other services, which, in the judgment of the State and the Contractor, are necessary for successful financings on behalf of the Issuer.

COMPETITIVE SALES

7. As financial advisor on bond issues sold through competitive offerings, the Contractor agrees to perform all the services set forth in Paragraph A.6.(a) through (n) inclusive, except the services set forth in item (k). The Contractor also agrees to assist in the preparation of all documents, including but not limited to the notice of sale and bid form, necessary for a successful competitive bond issue, verify all bids submitted, and advise the State of the results of bidding.

SPECIAL PROJECTS

8. During the term of this Contract, the State and Contractor may agree to the performance by the Contractor of certain special studies and analyses not associated with the State’s existing programs or not contemplated by Paragraphs A.5 through A.7 above. Charges for such special projects and analyses will be billed at the hourly rates specified in Paragraph B.1 with mutually agreed upon maximum charges and expenses prior to the commencement of work on the project.

B. The State agrees to compensate the Contractor as follows:

MAXIMUM CONTRACT AMOUNT

1. For the three-year contract term commencing on January 1, 2015 and ending on December 31, 2017 the maximum contract amount shall not exceed \$1,290,000.

The total contract term budget as referenced above is derived from a set of assumptions provided by the State in the Outline for Proposal for Financial Advisor for State of Tennessee Funding Board, Tennessee State School Bond Authority and Tennessee Local Development Authority, dated October 23, 2014 (the “RFP”). The assumptions and expected related costs are attached to this Contract as Exhibit A. As the RFP stated, the assumptions are subject to change and/or negotiation. However, the total maximum contract amount as noted above is fixed in aggregate as adopted by the State and related parties.

2. It is expected that the Maximum Contract Amount will be allocated as follows:

Transactional advisory fees (including special project)	\$1,138,000
Retainer fee	\$ 108,000
Reimbursement of expenses	<u>\$ 44,000</u>
TOTAL	<u>\$1,290,000</u>

PROFESSIONAL SERVICES RELATING TO DEBT

3. For planning and transactional professional services rendered pursuant to debt issuance under this Contract, the State shall pay the Contractor at the following hourly rates:

Managing Director & Director	\$300
Senior Managing Consultant	\$250
Senior Analyst & Analyst	\$190

PROFESSIONAL SERVICES RELATED TO STRUCTURED PRODUCTS AND INVESTMENT MANAGEMENT

4. Professional services related to transactions involving investment advisory services, including structured products and investment management, will be provided for under a separate Engagement Letter between PFM Asset Management LLC (“PFMAM”) and the State pursuant to

terms agreed to by the respective parties. PFMAM, like Public Financial Management, Inc., is a subsidiary of PFM I, LLC, and is a registered investment advisor under the Investment Advisers Act of 1940.

RETAINER FEES

5. In addition, the State will pay a retainer of \$3,000 per month for consultation and special projects. Monthly, the contractor will provide the contract administrator an advice notice of the number of hours expended by project under the retainer. Assuming 60 hours to assist in establishing a new debt issuance program, the State will pay a maximum of \$18,000. The assumptions and expected related costs are attached to this Contract as Exhibit A.

EXPENSES

6. The State shall reimburse the Contractor for the reasonably required, direct out-of-pocket expenses incurred in connection with providing services pursuant to this Contract and for which proper documentation is received. Such expenses shall include Contractor's counsel (except that the Comptroller retains the right to review and approve in advance the compensation of such counsel), travel, and communications. Maximum out-of-pocket expenses for the three-year contract term commencing January 1, 2015 and ending December 31, 2017 shall not exceed \$44,000.

BILLINGS

7. Prior to beginning work on a debt transaction or a specific planning service, the Contractor and the Comptroller will mutually agree upon a maximum amount for fees (and for out-of-pocket expenses if anticipated to be significant) for that particular transaction or planning service. The Contractor agrees that it will not be compensated for services or reimbursed for any expenses above the maximum amount agreed upon for the particular project without the prior approval of the Comptroller.
8. Amounts for reimbursements for computer applications included in Paragraph A.3 have not been included in the total compensation amount. This Contract will have to be amended to authorize payment of a specific amount in compensation for such computer programs.
9. Billings will be submitted **at least quarterly**. The Contractor agrees, when requesting payment pursuant to Paragraph B.1 above, to submit to the Comptroller invoices or other documentation clearly indicating the number of hours worked, the individual providing the service, the Issuer and project for which the service was rendered, and a brief description of the service provided. The Contractor further agrees, when requesting reimbursement for expenses pursuant to Paragraph B.2 above, to submit to the Comptroller invoices or other documentation clearly indicating the type of expenses, and, where appropriate, the individual incurring the expense.
10. Reimbursement for travel expenses (including but not limited to transportation, meals, and lodging) shall be in the amount of actual cost to the Contractor, subject to maximum amounts and limitations specified in the State Comprehensive Travel Regulations, as they may be from time to time amended, except as specifically approved in writing by the Comptroller.

C. The parties further agree that the following shall be essential terms and conditions of this Contract.

ESSENTIAL TERMS AND CONDITIONS

1. The Contractor warrants that no part of the compensation provided herein shall be paid directly or indirectly to any officer or employee of the State of Tennessee as wages, compensation, or gifts in

exchange for acting as officer, agent, employee, sub-contractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

2. No person on the ground of handicap, disability, race, color, religion, sex, age, or national origin, will be excluded from participation in, or be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract, or in the employment practices of the Contractor. The Contractor shall upon request show proof of such non-discrimination, and shall post in conspicuous places, available to all employees and applicants, notices of non-discrimination.
3. The Contractor, being an independent contractor and not an employee of the State of Tennessee, agrees to carry adequate public liability and other appropriate forms of insurance and to pay all taxes incident hereunto. The State shall have no liability except as specifically provided in this Contract.
4. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
 - a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment Reference, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.
 - b. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - c. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
 - d. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
5. The Contract is subject in part to the appropriation and availability of State funds. In the event that such funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract, in whole or in part, upon written notice to the Contractor. The State's exercise of its right to terminate this Contract, in whole or in part, shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the portion of the Contract that has been terminated (if the Contract has been partially terminated) or of the whole Contract (if the whole Contract has been terminated). If the State terminates this Contract, in whole or in part, due to lack of funds availability, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract, in whole or in part, due to unavailability of funds, the Contractor shall have no right to recover from the State any

actual, general, special, incidental, consequential, or any other damages of any description or amount.

6. The term of this Contract shall be from January 1, 2015 to December 31, 2017. To the extent permitted by applicable law and policies then in effect, this contract may be extended in writing by both parties upon such terms and conditions upon which mutual agreement is reached. The termination date of any such contract extension shall be no later than December 31, 2019.
7. This Contract may be terminated by the State by giving written notice to the Contractor, at least thirty (30) days before the effective date of termination. In the event of early termination, the Contractor shall be entitled to receive just and equitable compensation for any satisfactory authorized work completed as of the termination date. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract. The Contractor may terminate the Contract by giving written notice to the State at least ninety (90) days before the effective date of termination.
8. If the Contractor fails to fulfill in a timely and proper manner its obligations under this Contract, or if the Contractor shall violate any of their terms of this Contract, the State shall have the right to immediately terminate this Contract and withhold payments in excess of fair compensation for work completed. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor and the State may seek other remedies allowed at law or in equity for breach of this Contract.
9. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.
10. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless for any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.
11. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.
12. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of negligent or intentionally wrongful acts or omissions on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.

13. In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.
14. The Contractor certifies, to the best of its knowledge and belief, that it and its current and future principals:
 - a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
 - d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.
15. The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances its principals are excluded or disqualified.
16. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workarounds plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.

17. This Contract may be modified only by written amendment executed by all parties hereto.
18. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from date of the final payment, and shall be subject to audit, at any reasonable time and upon reasonable notice, by the Comptroller or its duly appointed representative. The records shall be maintained in accordance with generally accepted accounting principles and at no less than those recommended in the Accounting Manual for Recipients of Grant Funds in Tennessee, published by the Comptroller of the Treasury, State of Tennessee.
19. The Contractor shall not assign this Contract or enter into subcontracts for any of the work described herein.
20. The Contractor shall comply with all applicable federal and State laws and regulations in the performance of its duties under this Contract.
21. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 407.
22. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.
23. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
24. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:
 - a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
 - b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below);
 - c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
 - d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
 - e. any technical specifications provided to proposers during the procurement process to award this Contract; and,
 - f. the Contractor's response seeking this Contract.

25. While the Contractor may provide advice and recommendations to the State regarding investment and long term financial planning issues, it is acknowledged that the State makes all investment and long term financial planning decisions at its own discretion.

NOTICE AND AUTHORIZED REPRESENTATIVES

26. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

For the State:

Justin P. Wilson, Comptroller of the Treasury
State of Tennessee
600 Charlotte Avenue, First Floor, Capitol
Nashville, Tennessee 37243
615-741-2501
FAX: 615-741-741-7328

Sandra Thompson, Director of the Office of State and Local Finance
Comptroller of the Treasury,
State of Tennessee
505 Deaderick Street, James K. Polk Building
Suite 1600
Nashville, Tennessee 37243-1402
615-747-5380
FAX: 615-741-5986

For the Contractor:

Lauren Lowe, Director

Lisa Daniel, Managing Director

Public Financial Management, Inc.
530 Oak Court Drive, Suite 160
Memphis, Tennessee 38117
901-682-8356
FAX: 901-682-8386

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

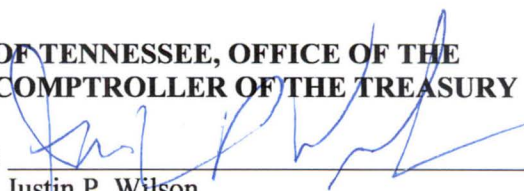
IN WITNESS WHEREOF, the parties have signed this Contract by their duly authorized representatives on the dates indicated below.

PUBLIC FINANCIAL MANAGEMENT, INC.

By: _____
Lisa Daniel
Managing Director

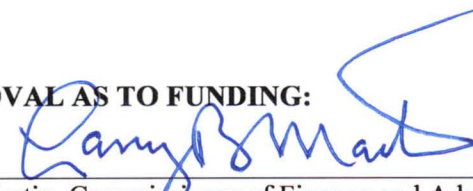
Date: _____

**STATE OF TENNESSEE, OFFICE OF THE
COMPTROLLER OF THE TREASURY**

By:  _____
Justin P. Wilson
Comptroller of the Treasury

Date: 12/30/2014

APPROVAL AS TO FUNDING:



Larry Martin, Commissioner of Finance and Administration

Date: 12/30/2014

IN WITNESS WHEREOF, the parties have signed this Contract by their duly authorized representatives on the dates indicated below.

PUBLIC FINANCIAL MANAGEMENT, INC.

By: Lisa L. Daniel
Lisa Daniel
Managing Director

Date: 12/30/2014

**STATE OF TENNESSEE, OFFICE OF THE
COMPTROLLER OF THE TREASURY**

By: _____
Justin P. Wilson
Comptroller of the Treasury

Date: _____

APPROVAL AS TO FUNDING:

Larry Martin, Commissioner of Finance and Administration

Date: _____

**EXHIBIT A
ASSUMPTIONS FOR CALCULATING ADVISORY FEE**

	FY 2015 6 mos	FY 2015-2016	FY 2016-2017	FY 2018 6 mos	Total
I. Advisory Fees					
Issuance of Debt					
General Obligation Bond Issue - Competitive	0	0	1 57,000	1 57,000	114,000
General Obligation Bond Issue - Negotiated	1 55,000	1 55,000	1 55,000	0	165,000
General Obligation Refunding Bond Issue - Negotiated	1 59,500	1 59,500	1 59,500	0	178,500
TSSBA Bond Issue	1 80,000	1 80,000	1 80,000	1 80,000	320,000
TSSBA Refunding Bond Issue	0	1 120,000	1 120,000	0	240,000
Qualified Zone Academy Bond Issue	0	0	0	0	
TLDA Bond Issue - Competitive	0	0	0	1 57,500	57,500
TLDA New Issue (1 Year Note) - Competitive	0	1 45,000	0	0	45,000
Total for Issuance of Debt	194,500	359,500	371,500	194,500	1,120,000
Special Project (Hourly Rate \$300 * 60 hours)		18,000			18,000
Total Advisory Fee	194,500	377,500	371,500	194,500	1,138,000
II. Retainer Fee (\$3,000 per month)	18,000	36,000	36,000	18,000	108,000
III. Expenses	9,000	13,000	13,000	9,000	44,000
I - III. Total Contract Amount					1,290,000