

TENNESSEE STATE FUNDING BOARD
November 26, 2019
(Reconvened from November 15, 2019)
8:30 a.m./Cordell Hull Building – (Senate Hearing Room I – 1st Floor)

AGENDA

1. Reconvene Meeting from November 15, 2019
2. Approval of minutes from the October 30, 2019, Funding Board meeting
3. Consideration and approval of staff recommendation of Financial Advisor for the Tennessee State Funding Board
4. Report from the Department of Economic and Community Development (ECD) for approval of funding for the following projects:
 - **Mitsubishi Motors North America, Inc – Franklin (Williamson County)**
FastTrack Job Economic Development Grant \$3,315,000
 - **AutoZone, Inc. – Memphis (Shelby County)**
FastTrack Job Economic Development Grant \$2,275,000
 - **Mueller Water Products, Inc. – Kimball (Marion County)**
FastTrack Job Economic Development Grant \$5,000,000
 - **McKesson Corporation – Memphis (Shelby County)**
FastTrack Job Economic Development Grant \$ 830,000
5. Consideration and approval of request to the Board for consideration for program funding for the fiscal year 2020-2021 from Net Lottery Proceeds pursuant to Tennessee Code Annotated Section 4-51-111(c)(2)(B)
6. Consideration and approval of staff recommendation of state revenue projections
7. Consideration and approval of staff recommendation of lottery revenue projections
8. Acknowledge receipt of notification from the Tennessee Education Lottery Corporation pursuant to Tennessee Code Annotated Section 4-51-111(a)(3)
9. Report from Tennessee Central Economic Authority
Mr. Charly Lyons, President & CEO
Ms. Kelsey Dansby, Executive Administrator
10. Report on State Pooled Investment Fund (SPIF) and Intermediate Term Investment Fund (ITIF):
Mr. Tim McClure, Assistant CIO/Director of Cash Management
State of Tennessee Department of Treasury
11. Adjourn

Note: The meeting will be live video streamed on the General Assembly's website.

Link: http://tnga.granicus.com/MediaPlayer.php?publish_id=ad267cb1-590a-4634-b539-5b7d939537d3

TENNESSEE STATE FUNDING BOARD
October 30, 2019

The Tennessee State Funding Board (the “Board”) met on Wednesday, October 30, 2019, at 10:30 a.m., in the Tennessee State Capitol, Executive Conference Room, Nashville, Tennessee. The Honorable David Lillard, Treasurer, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of the State of Tennessee
Commissioner Stuart McWhorter, Department of Finance and Administration

The following members were absent:

The Honorable Bill Lee, Governor
The Honorable Justin Wilson, Comptroller

Seeing a physical quorum present, Mr. Lillard called the meeting to order and asked for approval of the minutes from the August 9, 2019 meeting. Mr. Hargett made a motion to approve the minutes. Mr. McWhorter seconded the motion, and it was unanimously approved.

Mr. Lillard 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 last Board meeting on August 9, 2019, the FastTrack balance was \$199,757,283.65. Since that time, \$96,978,939.65 in new funds were appropriated; \$5,460,423.72 in funds were deobligated and returned to the FastTrack program; \$2,000,000.00 in earmarked funds were transferred from the FastTrack program to ECD’s business development fund for the purpose of funding a capital outlay project for elementary schools in Sevier County; \$24,918,700.00 in new grants had been approved and \$1,070,392.96 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$247,207,554.06 as of the date of the Report. Mr. VanderMeer reported that commitments had been made in the amount of \$168,139,471.21, resulting in an uncommitted FastTrack balance of \$106,068,082.85. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$4,715,000.00, and if these projects were approved, the uncommitted balance would be \$101,353,082.85, and the total commitments would be \$172,854,471.21, which represented 63.0% of the FastTrack balance.

Mr. Hargett then inquired about the origins of the \$2,000,000.00 of funds earmarked for the Sevier County capital outlay project. Mr. VanderMeer responded that the earmark was an amendment to the appropriations bill of which ECD was initially unaware and whose source was indeterminate. Mr. Rolfe stated that amendments are sometimes done after ECD’s budget has been submitted to the Department of Finance and Administration, which was the case in this instance. Mr. Hargett further inquired how ECD determined what the funds were to be used for and who the funds should go to. Mr. VanderMeer responded that ECD legislative staff conversed with legislative staff of the Sevier County legislative delegation who referred ECD to Sevier County Schools to determine the purpose of the capital outlay project. Mr. Lillard then asked if ECD had received a journal voucher to charge the fund for the \$2,000,000.00. Mr. VanderMeer responded in the negative. Mr. Lillard then asked if a grant agreement had been executed. Mr. VanderMeer responded in the negative. Mr. McWhorter asked where the money from FastTrack was going to be transferred. Mr. VanderMeer stated that ECD was requesting the funds be transferred from ECD’s FastTrack allotment code

to their business development allotment code. Ms. Jamie Stitt, Assistant Commissioner of Business and Workforce Development, ECD, further explained that the activities that the \$2,000,000 was being requested for were not eligible activities for use of FastTrack funds.

Mr. Lillard then asked over what period of time the Report's administrative expenses were incurred. Mr. VanderMeer responded that approximately \$700,800 related to closing last fiscal year and \$369,600 were administrative expenses from the current year. Mr. VanderMeer further responded that administrative expenses for the FastTrack program totaled \$1,961,000 for fiscal year 2019; 1.86% of the FastTrack budget. Mr. Lillard inquired if all the administrative expenses were related to administration of the FastTrack program. Mr. VanderMeer responded in the affirmative.

Mr. Rolfe then presented the following FastTrack projects:

- **Electric Research and Manufacturing Cooperative, Inc. – Dyersburg (Dyer County)**
FastTrack Job Training Assistance \$ 790,000.00
- **Crown Laboratories, Inc. – Johnson City (Washington County)**
FastTrack Economic Development Grant \$1,800,000.00
- **Hubner Component Solutions LLC – Dunlap (Sequatchie County)**
FastTrack Economic Development Grant \$1,000,000.00
- **Nippon Paint Automotive Services – Chattanooga (Hamilton County)**
FastTrack Economic Development Grant \$1,125,000.00

The Board received in their packets signed letters, FastTrack checklists, and incentive acceptance forms signed by Mr. Rolfe. Mr. Lillard inquired if the information provided in the ECD packets was true and correct. Mr. Rolfe responded affirmatively. Mr. Lillard also inquired if the companies that had signed the incentive acceptance forms fully understood the agreements. Mr. Rolfe responded affirmatively.

Mr. Lillard made a motion to approve the FastTrack projects that were presented. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Lillard then recognized Ms. Sandra Thompson, Director of the Office of State and Local Finance and Assistant Secretary of the Board, to report on the results of the sale of General Obligation Bonds, 2019 Series A and 2019 Series B (Federally Taxable). Ms. Thompson stated that the bonds were sold on September 17, 2019 and issued on October 3, 2019. Ms. Thompson further stated that the 2019 Series A Bonds were sold at a par amount of \$100,105,000.00 and generated a bond premium of \$20,210,207.25 for total proceeds of \$120,315,207.25. Ms. Thompson reported that the 2019 Series B Bonds were sold at a par amount of \$28,000,000.00. Ms. Thompson then stated that the bond sale resulted in total proceeds of \$148,315,207.25 for both series, of which \$20,210,207.25 was bond premium. Ms. Thompson further reported that the final maturity of both series was September 1, 2039. Ms. Thompson then stated that the yield ranged from 1.29% to 2.03% for the 2019 Series A Bonds with a true interest cost of 2.6592%. Ms. Thompson also stated that the yield ranged from 1.79% to 2.87% on the 2019 Series B Bonds with a true interest cost of 2.5297%. Ms. Thompson further reported that the underwriter's discount was \$118,123.90 for the 2019 Series A Bonds and \$12,600.00 for the 2019 Series B Bonds. No further action was necessary.

Mr. Lillard then recognized Ms. Thompson to report on the submission of the "Report on Debt Obligation" (the "Report") for the 2019 bond sale. Ms. Thompson stated that the Report was required by Tennessee Code Annotated §9-21-151, which requires the entity to submit a Report to the ruling board of the issuing

authority of the debt. Ms. Thompson further stated that there was a Report form for each series of bonds. No further action was necessary.

Mr. Lillard then brought forth a discussion regarding a Request for Proposal for Financial Advisor (the "RFP") and recognized Ms. Thompson. Ms. Thompson stated that the current financial advisor contract for the Tennessee State School Bond Authority, Tennessee Local Development Authority, and the Board would expire at the end of the calendar year. Ms. Thompson further stated that the contract ran for an initial three years with two separate one-year extensions, for a total of five years. Ms. Thompson then stated that the Office of State and Local Finance ("OSLF") prepared and sent out the RFP on October 21, 2019 to 14 candidates, receiving a response from one candidate that they did not intend to respond to the request. Ms. Thompson further stated that all technical and cost proposals were due by November 12, 2019. Ms. Thompson then stated that OSLF planned to report back to all of the boards with regards to what responses were received. Mr. Lillard then inquired as to how many responses were expected. Ms. Thompson responded that only one response was received from the current financial advisor during the last RFP process in 2014. No further action was necessary.

After requesting other business and hearing none, Mr. Lillard adjourned the meeting.

Approved on this _____ day of _____ 2019.

Respectfully submitted,

Sandra Thompson
Assistant Secretary



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

MEMORANDUM

Date: November 26, 2019

To: Members of the Tennessee State Funding Board

From: Sandi Thompson, Director, Office of State and Local Finance

Re: Staff Recommendation to the Tennessee State Funding Board
on Selection of Financial Advisor

On Monday, October 21, 2019, the Office of State and Local Finance distributed a request for proposal (RFP) seeking a financial advisor for the State to serve the State Funding Board (for general obligation debt) and the two State-level revenue debt issuers: Tennessee Local Development Authority (TLDA) and Tennessee State School Bond Authority (TSSBA) (together “the Issuers”) for the period from January 1, 2020, through December 31, 2022. The RFP and draft contract were distributed to the board members and staff in late October.

The RFP was electronically sent to the following 14 independent financial advisory firms. The list of firms was compiled by the Office of State and Local Finance from the list of top financial advisors from The Bond Buyer’s 2019 in Statistics Annual Review and included other financial advisory firms doing business in the state of Tennessee.

Acacia Financial Group
BLX Group
CSG Advisors, Inc
Cumberland Securities
Frasca & Associates, LLC
Hilltop Securities
Kaufman, Hall & Assoc.

KNN Public Finance
Lamont Financial
Kidwell & Company
Piper Jaffray
Ponder & Co.
Public Financial Management, Inc. (PFM)
Public Resources Advisory Group (PRAG)

Proposal questions were due by email on Monday, October 28, 2019. There was only (1) one question submitted during the period. The question and answer are listed below.

- **Question:** Will the Office of State and Local Finance be open Monday, November 11th (Veteran's Day) to receive packages?
- **Answer:** Our office will be closed on the 11th in observance of Veteran's Day.

In addition, our office received an email from Ponder & Co. thanking us for including them in the RFP process. They stated that they would need to pass on the opportunity because the focus of their firm is on not-for-profit health systems.

Our office also received a phone call from a representative with Piper Jaffray. He wanted to speak with someone that would address his concerns with the RFP requirement that the potential financial advisor be an independent financial advisory firm. It was his view that the requirement was discriminatory to larger firms that provide multiple services, including underwriting. We responded to the representative that this requirement was a top priority of the Comptroller, and that he specifically instructed our office to include it in the RFP for financial advisory services.

The Technical and Cost proposals were due by 12:00PM, noon CST, Tuesday, November 12, 2019. One proposal was received from Public Financial Management, Inc., (on Friday, November 8, 2019). A copy of the Technical proposal was distributed to the board members and staff last week. The Cost proposal was opened on Tuesday afternoon, November 19, 2019, for the purpose of preparing an analysis of the costs for the staff meeting to be held on Wednesday, November 20, 2019.

The staff to the boards met on Wednesday, November 20, 2019, to review and discuss the proposal. It was communicated and understood that due to one proposal being received, there would be no in-person interviews. Staff concluded that PFM: i) is the current financial advisor; ii) was the only firm to respond to the RFP; iii) is the largest financial advisory firm in the country; iv) has the greatest resources and v) is the most qualified to serve the Issuers.

The pricing proposal, attached to this memo, was distributed and evaluated by staff representing the board members. An analysis was performed of the current pricing proposal, and it was noted that the cost of the current contract in the amount of \$714,960 for a three-year contract period was \$575,040 less than the three-year contract amount of \$1,290,000 proposed by PFM in 2014. It was determined that most of the variance in cost was a combination of an increase in retainer fees in the amount of \$77,460, and a decrease in the advisory fees (transactional fees) in the amount of \$634,000. The decrease in advisory fees reflected the impact of the Tax Reform Act of 2018 with the elimination of tax-exempt advance refundings.

A copy of the pricing proposal and the analysis was presented to the Comptroller for his review. Based on a preliminary review of the proposal, it appeared that the pricing was reasonable.

Based on the foregoing discussion, staff concluded that it would make its recommendation for PFM to serve as financial advisor for the period of January 1, 2020 through December 31, 2022. This recommendation is to be presented to the State Funding Board at its reconvened meeting on November 26, 2019, as well as the Tennessee State School Bond Authority and Tennessee Local Development Authority at their scheduled meetings on that date as well.

COST PROPOSAL

(Note, all fees and expenses must be disclosed on this form)

Proposer: PFM Financial Advisors, LLC
(Firm name)

By: Lauren Lowe

ANNUAL BUDGETED BILLINGS*

	Fiscal Year 2020 (6 mos.)	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023 (6 mos.)
Advisory Fees	(no transactions)	\$75,000	\$85,000	\$320,000
Advisory Fee Expenses		\$3,000	\$3,000	\$9,000
Debt Service Schedule – new money (per schedule)**		No charge	No charge	No charge
Debt Service Schedule – refunding issues (per schedule)***		No charge	No charge	No charge
Special Project – establishing a new program	\$24,000			
Retainer Fees	\$30,000	\$61,200	\$62,424	\$31,836
Retainer Fee Expenses	\$1,750	\$3,500	\$3,500	\$1,750
TOTAL	\$55,750	\$142,700	\$153,924	\$362,586

* Any subcontracted financial advisory services must be included in the maximum contract cap.

** Assume 100 projects.

*** Assume 300 projects.

COST PROPOSAL (cont'd)

HOURLY RATES

Hourly Rate(s) per contract year for each employee listed in IX.A Names	Fiscal Year 2020 (6 mos.)	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023 (6 mos.)
Managing Directors	\$350	\$357	\$364	\$371
Lauren Lowe	\$350	\$357	\$364	\$371
Lisa Daniel	\$350	\$357	\$364	\$371
Todd Fraizer, CFA	\$350	\$357	\$364	\$371
Bjorn Reigle	\$350	\$357	\$364	\$371
Daniel Kozloff	\$350	\$357	\$364	\$371
Nelson Bush*	N/A*	N/A*	N/A*	N/A*
Directors	\$300	\$306	\$312	\$318
Katia Frock*	N/A*	N/A*	N/A*	N/A*
Christopher Harris, CFA, CAIA*	N/A*	N/A*	N/A*	N/A*
Randall Bauer	\$300	\$306	\$312	\$318
Senior Managing Consultants	\$255	\$260	\$265	\$271
Nick Yatsula	\$255	\$260	\$265	\$271
Marcie Lewis, CIMA	\$255	\$260	\$265	\$271
Seth Williams	\$255	\$260	\$265	\$271
Senior Analysts/Analysts	\$225	\$229	\$234	\$239

*Services provided by PFM Financial Advisors LLC's affiliate, PFM Asset Management LLC, would be provided as needed under separate agreement and fee schedule.

- Are the hourly rates listed above applicable for special projects?

The hourly rates for special projects is \$350/hour

- Would the financial advisory fee vary based on the identity of the Issuer, the size or structure of the issue and whether the sale is competitive or negotiated?

Yes, our budget assumes a minimum fee of:

\$50,000 for State of TN General Obligation transactions

\$65,000 for TN State School Bond Authority transactions

MAXIMUM CONTRACT CAP

State procurement policy requires that every contract have a maximum cap for the period of the contract. Please provide your not-to-exceed cap for services and for expenses for the contract period Jan. 1, 2020 through Dec. 31, 2022.

Advisory Fee	\$ 504,000
Retainer Fee	\$ 185,460
New Money Debt Service Schedules	\$ 0
Refunding Debt Service Schedules	\$ 0

Expenses
Total

\$ 25,500
\$ 714,960

1. As a service provider do you believe there is a more efficient way to price your services? If so, please describe this pricing and quantify the savings benefit to the Issuers.

Our contracts are generally structured with three fee components: (1) a retainer for general advisory services that are not related to a debt transaction, (2) for debt transactions, a per bond fee structure with a minimum fee and a maximum cap and (3) the ability to budget special projects or assignments based upon a budget of time and hourly rates. We believe this structure offers clients the most flexibility to draw on our resources as needed. In some cases, contracts are tailored to meet the specific needs of our clients. We are open to exploring different structure ideas with the State.

FINANCIAL ADVISOR REQUEST FOR PROPOSAL			
COST PROPOSAL - MAXIMUM CONTRACT CAP			
	2010	2014	2019
Not-to-Exceed Cap for Services and Expenses for the Contract Period January 1, 2010 through December 31, 2012 in comparison to Contract Period January 1, 2015 through December 31, 2017 and Contract Period January 1, 2020 through December 31, 2022	Public Financial Management	Public Financial Management	Public Financial Management
Advisory Fee (includes special project)	\$ 803,000	\$ 1,138,000	\$ 504,000
Retainer Fee	108,000	108,000	185,460
Debt Service Schedules - New Money	156,000	No Charge	No Charge
Debt Service Schedules - Refunding	141,000	No Charge	No Charge
Expenses	57,000	44,000	25,500
Failed to include special projects as proposed			
Total as Proposed	\$ 1,265,000	\$ 1,290,000	\$ 714,960
Number of Proposed Issuances	19	16	5

FINANCIAL ADVISOR REQUEST FOR PROPOSAL																
COST PROPOSAL - ANNUAL BUDGETED BILLINGS																
Proposer:		Marlin Mosby, Managing Director					Lisa Daniels, Managing Director									
Public Financial Management					Public Financial Management					Public Financial Management						
	FY 2010 (1/2 year--assume 4 issuances)	FY 2011 (full year--assume 8-9 issuances)	FY 2012 (full year--assume 4 issuances)	FY 2013 (1/2 year--assume 2 issuances)		FY 2015 (1/2 year--assume 3 issuances)	FY 2016 (full year--assume 5 issuances)	FY 2017 (full year--assume 5 issuances)	FY 2018 (1/2 year--assume 3 issuances)		FY 2020 (1/2 year--assume no issuances)	FY 2021 (full year--assume 1 issuance)	FY 2022 (full year--assume 1 issuance)	FY 2023 (1/2 year--assume 3 issuances)		
Advisory Fees	\$				\$					\$						
Each issuance	2)	40,000	42,222	40,000	42,500	2)	64,833	71,900	74,300	64,833	2)	-	75,000	85,000	106,667	
Total for the period (based on 9 issuances for consistency)		160,000	380,000	160,000	85,000		194,500	359,500	371,500	194,500		-	75,000	85,000	320,000	
Advisory Fee Expenses		12,000	27,000	12,000	6,000		6,000	10,000	10,000	6,000		-	3,000	3,000	9,000	
Debt Service Schedule--new money (per schedule) assume 130/year (100/year FY2020-FY2023)																
Each schedule		300	300	300	300	3)	-	-	-	-	3)	-	-	-	-	
Total for the issue	1)	19,500	39,000	39,000	19,500		-	-	-	-		-	-	-	-	
Debt Service Schedule--refunding issues (per schedule) assume 300 in two of the years																
Each schedule		300	300	300	300	3)	-	-	-	-	3)	-	-	-	-	
Total for the issue		90,000	90,000	90,000	90,000		-	-	-	-		-	-	-	-	
Special Project--establishing a new program (propose 60 hrs for entire contract)		18,000				4)	18,000	0	0	0		24,000				
Retainer Fees		18,000	36,000	36,000	18,000		18,000	36,000	36,000	18,000		30,000	61,200	62,424	31,836	
Retainer Fee Expenses		0	0	0	0		3,000	3,000	3,000	3,000		1,750	3,500	3,500	1,750	
Column Totals with Assumptions		227,500	572,000	337,000	128,500		239,500	408,500	420,500	221,500		55,750	142,700	153,924	362,586	
Column Totals as proposed		247,000	572,000	337,000	148,000		230,200	408,500	420,500	221,500		55,750	142,700	153,924	362,586	
Total All Columns with Assumptions		1,265,000					1,290,000					714,960				
Total All Columns as proposed		1,304,000					1,280,700					714,960				
Difference	\$	(39,000)					9,300					-				
Assumptions:	1)	Proposer calculated a full year in this amount and it was changed to reflect one-half year.														
	2)	Calculated by Cost Proposal Coordinator														
	3)	Calculated by Cost Proposal Coordinator. Unit price was required per RFP.														
	4)	Proposer misunderstood requirement. Special project														

FastTrack Report to State Funding Board

11/18/2019

1. Previous FastTrack Balance, as of Last Report	274,207,554.06
2. + New Appropriations:	0.00
3. + Newly Deobligated Funds:	0.00
4. + Funds Transferred to FastTrack:	0.00
5. - Funds Transferred from FastTrack:	0.00
6. - FastTrack Grants or Loans Approved Greater Than \$750,000:	0.00
7. - FastTrack Grants or Loans Approved Less Than \$750,000:	(1,572,729.00)
8. - FastTrack Administration	(58,905.12)
9. Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans:	272,575,919.94
<hr/>	
10. Total Amount of Commitments:	186,636,807.09
<hr/>	
11. Uncommitted FastTrack:	85,939,112.85
12. Percentage Committed:	68.5%
<hr/>	
13. Amount of Proposed Grants or Loans:	11,420,000.00
14. Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:	74,519,112.85
15. Percentage Committed:	72.7%

See next page for explanations of the above questions.

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

Robert D. Polfe / SR

Commissioner of Economic and Community Development

Date: 11/21/19



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

October 30, 2019

Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

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. Mitsubishi Motors North America, Inc – Franklin (Williamson County)

Since 1988, Mitsubishi Motors North America has been rooted in California. The relocation to Franklin will begin in August and be completed by the end of 2019. All departments will be relocating, including sales, marketing, IT, human resources, communications, parts and services, product planning, dealer operations, finance and legal.

Mitsubishi Motors' move highlights efforts taken across the Renault-Nissan-Mitsubishi Alliance to bring the companies closer together in key areas, including procurement, development and cost efficiencies. The choice of Franklin brings Mitsubishi Motors closer to its sister company, Nissan.

Mitsubishi Motors North America, Inc has committed to create 202 net new jobs, representing an \$18.25 million investment within five years. The company will have an average hourly wage of \$49.52 for the new positions. Approximately 30% of the positions will be filled by employees relocating from California.

FastTrack Job Economic Development Grant Funds will help offset expenses such as lease payments, building improvements, fixture improvements, and site improvements. **(\$3,315,000)**

Total FastTrack funds for this project - \$3,315,000

2. AutoZone, Inc. – Memphis (Shelby County)

AutoZone, headquartered in Memphis, TN, is a growing Fortune 300 company. AutoZone is the nation's leading retailer and a leading distributor of automotive replacement parts and accessories with more than 6,000 stores in



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

the US, Mexico, Brazil and Puerto Rico. Each store carries an extensive line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured hard parts, maintenance items and accessories.

AutoZone, Inc. is expanding to align with significant enhancement to its commercial business-to-business operations and to address key customer needs within its current operating model. This strategy is anchored by substantial improvements and growth in technology and customer support operation.

AutoZone, Inc. has committed to create 130 net new jobs and make a capital investment of \$191,353,960 within five years. The company will have an average hourly wage of \$44.10 for the new positions.

FastTrack Job Economic Development Grant Funds will help offset expenses such as building retrofit, building improvements, relocation of equipment, and fixture improvements. **(\$2,275,000)**

Total FastTrack funds for this project - \$2,275,000

3. Mueller Water Products, Inc. – Kimball (Marion County)

Mueller Water Products, Inc. (Mueller) is a leading manufacturer and marketer of products and services used in the transmission, distribution and measurement of water in North America. The company's broad product and service portfolio includes engineered valves, fire hydrants, pipe connection and repair products, metering products, leak detection and pipe condition assessment.

Mueller plans to establish manufacturing operations in an existing 233,000-square-foot facility in Marion County. The facility will enable Mueller to drive additional efficiencies by insourcing certain activities and further leveraging the company's large casting foundry located in Chattanooga.

Mueller Water Products, Inc. has committed to create 325 net new jobs and make a capital investment of \$41,010,000 within five years. The company will have an average hourly wage of \$24.29 for the new positions.

FastTrack Job Economic Development Grant Funds will help offset expenses such as building retrofit, property acquisition, and building acquisition. **(\$5,000,000)**

Total FastTrack funds for this project - \$5,000,000

4. McKesson Corporation – Memphis (Shelby County)

McKesson is one of the top pharmaceuticals distributors in North America. The company delivers prescription and generic drugs, as well as health and beauty care products, to more than 40,000 retail and institutional pharmacies throughout the US. The company is also a major medical supplies wholesaler, providing medical and surgical equipment to alternate health care sites, such as doctors' offices, surgery centers, and long-term care facilities. In addition to distribution services, McKesson offers software and technical services that help pharmacies, health care providers, and insurers manage supply chain, clinical, administrative, and financial



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

operations.

McKesson will open a new prescription fulfillment center to meet growing market demands and new partnerships.

McKesson Corporation has committed to create 83 net new jobs and make a capital investment of \$18,500,000 within five years. The company will have an average hourly wage of \$25.96 for the new positions.

FastTrack Job Economic Development Grant Funds will help offset expenses such as building retrofit, building improvements, and fixture improvements. **(\$830,000)**

Total FastTrack funds for this project - \$830,000

Sincerely,

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 Williamson County, Tennessee	\$3,315,000	
	TOTAL		\$3,315,000	

(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): Mitsubishi Motors North America, 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

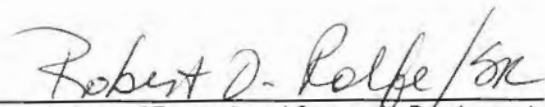
Applicant must answer "Yes" to a or b.

- 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.

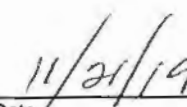
ECONOMIC DEVELOPMENT

- 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.



Commissioner of Economic and Community Development



Date



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

October 1, 2019

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Mitsubishi Motors North America, Inc. intends, in good faith, to create 202 private sector jobs in Franklin, Williamson County and make a capital investment of \$4,000,000 in exchange for incentives that will be memorialized in a grant agreement between Mitsubishi Motors North America, 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:	\$ 3,315,000
Total ECD Commitment:	\$ 3,315,000

Please sign your name in the space below to signify Mitsubishi Motors North America, Inc.'s acceptance of ECD's offer set forth above and return it by December 29, 2019 to:

Tennessee Department of Economic and Community Development
Attn: Scottie McCormick
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Scottie.McCormick@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: 11-1-19



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

November 26, 2019

Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

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 Williamson County, Tennessee for the benefit of Mitsubishi Motors North America, Inc. in the amount of \$3,315,000 to offset the costs Mitsubishi Motors North America, Inc. will incur in lease payments, building improvements, fixture improvements, and site improvements. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of high wage jobs. Mitsubishi Motors North America, Inc has committed to create 202 net new jobs, representing an \$18.25 million investment within five years. The company will have an average wage of \$49.52 per hour for the new positions. This project will have an exceptional impact.

Sincerely,

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	Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee	\$2,275,000	
TOTAL		\$2,275,000	

(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): AutoZone, 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 or b.

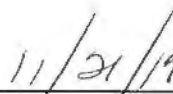
- 12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?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


Commissioner of Economic and Community Development


Date



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

August 19, 2019

INCENTIVE ACCEPTANCE FORM

This form serves as notice that AutoZone Parts, Inc. intends, in good faith, to create 130 private sector jobs in Memphis, Shelby County and make a capital investment of \$191,353,960 in exchange for incentives that will be memorialized in a grant agreement between AutoZone Parts, Inc. and the State of Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	\$ 2,275,000
Total ECD Commitment:	\$ 2,275,000

Please sign your name in the space below to signify AutoZone Parts, Inc.'s acceptance of ECD's offer set forth above and return it by November 16, 2019 to:

Tennessee Department of Economic and Community Development
Attn: Scottie McCormick
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Scottie.McCormick@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.

Signature: Thomas A. Klemm
(Authorized Representative of Company)

Date: 8/23/19



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

November 26, 2019

Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

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 Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee for the benefit of AutoZone, Inc. in the amount of \$2,275,000 to offset the costs AutoZone, Inc. will incur in building retrofit, building improvements, relocation of equipment, and fixture improvements. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of high wage jobs and significant capital investment. AutoZone, Inc. has committed to create 130 net new jobs and to make a \$191,353,960 capital investment within five years. The company will have an average wage of \$44.10 per hour for the new positions. This project will have an exceptional impact.

Sincerely,

A handwritten signature in black ink that reads "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	The Marion County Industrial & Environmental Development Board	\$5,000,000	
TOTAL		\$5,000,000	

(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): Mueller Water Products, 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

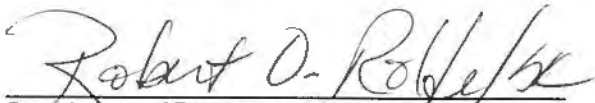
Applicant must answer "Yes" to a or b.

- 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.

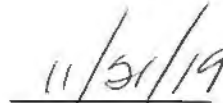
ECONOMIC DEVELOPMENT

- 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.



Commissioner of Economic and Community Development



Date



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

October 31, 2019

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Mueller Water Products intends, in good faith, to create 325 private sector jobs in Kimball-Marion County and make a capital investment of \$41,010,000 in exchange for incentives that will be memorialized in a grant agreement between Mueller Water Products 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.

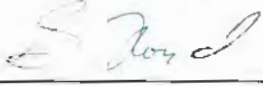
ECD OFFER SUMMARY

FastTrack Economic Development Grant:	\$ 5,000,000
Total ECD Commitment:	\$ 5,000,000

Please sign your name in the space below to signify Mueller Water Products' acceptance of ECD's offer set forth above and return it by January 28, 2020 to:

Tennessee Department of Economic and Community Development
Attn: Scottie McCormick
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Scottie.McCormick@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: 11/21/2019



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

November 26, 2019

Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

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 Marion County Industrial & Environmental Development Board for the benefit of Mueller Water Products, Inc. in the amount of \$5,000,000 to offset the costs Mueller Water Products, Inc. will incur in building retrofit, property acquisition, and building acquisition. 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 high wage jobs and significant capital investment. Mueller Water Products, Inc. has committed to create 325 net new jobs and to make a \$41,010,000 capital investment within five years. The company will have an average wage of \$24.29 per hour for the new positions. This project will have an exceptional impact.

Sincerely,

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	Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee	\$830,000	
TOTAL		\$830,000	

(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): McKesson Corporation

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)? Yes No
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).
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

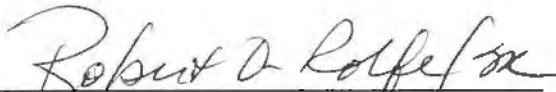
Applicant must answer "Yes" to a or b.

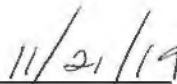
- 12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?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


Commissioner of Economic and Community Development


Date



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

November 26, 2019

Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

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 Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee for the benefit of McKesson Corporation in the amount of \$830,000 to offset the costs McKesson Corporation will incur in building retrofit, building improvements, and fixture improvements. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of high wage jobs. McKesson Corporation has committed to create 83 net new jobs and to make a \$18,500,000 capital investment within five years. The company will have an average wage of \$25.96 per hour for the new positions. This project will have an exceptional impact.

Sincerely,

A handwritten signature in black ink that reads "Robert O. Rolfe" followed by a stylized flourish.

Bob Rolfe

BR/js



BILL LEE
GOVERNOR

STATE OF TENNESSEE
DEPARTMENT OF EDUCATION
NINTH FLOOR, ANDREW JOHNSON TOWER
710 JAMES ROBERTSON PARKWAY
NASHVILLE, TN 37243-0375

PENNY SCHWINN
COMMISSIONER

TO: Members of the Tennessee State Funding Board
FROM: Dr. Penny Schwinn *PS*
DATE: November 15, 2019
SUBJECT: Request for \$23,000 from Net Lottery Proceeds for Lottery Scholarship Day for FY 2020-2021

Pursuant to Tenn. Code Ann. 4-51-111(c)(2)(B) which states prior to December 15, "appropriate state agencies shall submit to the funding board and to the governor their recommendations for other education programs and purposes consistent with article XI, § 5 of the Tennessee Constitution", the Department of Education requests the allotment of \$23,000 from net lottery proceeds in FY 2020-2021 for Lottery Scholarship Day.

These funds will support improvements and enhancements for educational programs and purposes and such net proceeds shall be used to supplement, not supplant, non-lottery educational resources for educational programs and purposes.

Your consideration and approval of this request is appreciated.

cc: David Thurman

COMPARISON OF ESTIMATED STATE TAX REVENUE FOR FISCAL YEAR 2019 - 2020

(Accrual - Basis Estimates)

DEPARTMENT OF REVENUE TAXES	2019-2020											
	2018-2019		% Change	Dr. Fox		% Change	Fiscal Review		% Change	Dept. of Revenue		% Change
	Actual Year	July 1, 2019 Budget Estimate	Over Actual	Estimate	Actual	Over Actual	Estimate	Actual	Over Actual	Estimate	Actual	Over Actual
Sales and Use Tax ¹	\$ 9,337,817,700	\$ 9,500,600,000	1.74%	\$ 9,711,300,000	4.00%	\$ 9,853,000,000	5.52%	\$ 9,711,300,000	4.00%	\$ 9,636,850,000	3.20%	
Gasoline Tax	843,361,000	872,700,000	3.48%	877,100,000	4.00%	885,000,000	4.94%	885,600,000	5.01%	863,630,000	2.40%	
Motor Fuel Tax	257,667,600	289,200,000	12.24%	289,900,000	12.51%	315,000,000	22.25%	309,500,000	20.12%	267,305,000	3.74%	
Gasoline Inspection Tax	69,800,800	70,400,000	0.86%	70,500,000	1.00%	71,000,000	1.72%	70,500,000	1.00%	70,437,000	0.91%	
Motor Vehicle Registration Tax	337,862,900	339,300,000	0.43%	341,300,000	1.02%	348,000,000	3.00%	344,000,000	1.82%	343,245,000	1.59%	
Income Tax	203,817,800	103,200,000	-49.37%	141,300,000	-30.67%	150,000,000	-26.40%	134,500,000	-34.01%	150,000,000	-26.40%	
Privilege Tax - Less Earmarked Portion ¹	376,758,200	367,800,000	-2.38%	376,800,000	0.01%	390,300,000	3.59%	374,900,000	-0.49%	399,363,692	6.00%	
Gross Receipts Tax - TVA	361,934,700	360,000,000	-0.53%	365,500,000	0.99%	368,400,000	1.79%	378,200,000	4.49%	364,520,000	0.71%	
Gross Receipts Tax - Other	31,298,200	26,300,000	-15.97%	32,600,000	4.16%	29,000,000	-7.34%	32,000,000	2.24%	33,900,000	8.31%	
Beer Tax	16,954,100	16,900,000	-0.32%	17,000,000	0.27%	18,000,000	6.17%	17,200,000	1.45%	17,600,000	3.81%	
Alcoholic Beverage Tax	70,246,200	74,900,000	6.62%	74,400,000	5.91%	75,700,000	7.76%	73,200,000	4.20%	74,275,000	5.74%	
Franchise & Excise Tax	2,752,023,800	2,616,600,000	-4.92%	2,944,600,000	7.00%	2,900,000,000	5.38%	2,892,400,000	5.10%	2,892,000,000	5.09%	
Inheritance and Estate Tax	2,221,300	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A	
Tobacco Tax	241,773,000	240,800,000	-0.40%	237,000,000	-1.97%	236,500,000	-2.18%	238,200,000	-1.48%	236,150,000	-2.33%	
Motor Vehicle Title Fees	23,600,900	26,200,000	11.01%	24,100,000	2.11%	24,000,000	1.69%	24,000,000	1.69%	24,250,000	2.75%	
Mixed Drink Tax	136,145,200	138,000,000	1.36%	148,300,000	8.93%	153,000,000	12.38%	152,700,000	12.16%	150,465,000	10.52%	
Business Tax	203,359,900	211,700,000	4.10%	215,600,000	6.02%	213,000,000	4.74%	216,600,000	6.51%	211,000,000	3.76%	
Severance Tax	1,012,400	800,000	-20.98%	1,000,000	-1.22%	1,000,000	-1.22%	1,000,000	-1.22%	1,100,000	8.65%	
Coin-operated Amusement Tax	261,100	200,000	-23.40%	300,000	14.90%	280,000	7.24%	300,000	14.90%	270,000	3.41%	
Unauthorized Substance Tax	6,000	-	N/A	-	N/A	-	N/A	-	N/A	1,000	-83.33%	
TOTAL DEPARTMENT OF REVENUE	\$ 15,267,922,800	\$ 15,255,600,000	-0.08%	\$ 15,868,600,000	3.93%	\$ 16,031,180,000	5.00%	\$ 15,856,100,000	3.85%	15,736,361,692	3.07%	
TOTAL - RECURRING³	\$ 15,265,701,500	\$ 15,255,600,000	-0.07%	\$ 15,868,600,000	3.95%	\$ 16,031,180,000	5.01%	\$ 15,856,100,000	3.87%	15,736,361,692	3.08%	
GENERAL FUND ONLY²	\$ 12,693,873,200	\$ 12,668,100,000	-0.20%	\$ 13,223,800,000	4.17%	\$ 13,334,580,000	5.05%	\$ 13,174,900,000	3.79%	13,124,361,692	3.39%	
GENERAL FUND - RECURRING³	\$ 12,695,051,900	\$ 12,671,500,000	-0.19%	\$ 13,227,200,000	4.19%	\$ 13,337,980,000	5.06%	\$ 13,178,300,000	3.81%	13,127,761,692	3.41%	
Recurring Budget Est. Compared to New Estimate - Total				\$ 613,000,000		\$ 775,580,000		\$ 600,500,000		\$ 480,761,692		
Recurring Budget Est. Compared to New Estimate - Gen. Fund				\$ 555,700,000		\$ 666,480,000		\$ 506,800,000		\$ 456,261,692		
SELECTED TAXES	Actual Year	Budgeted	%	Dr. Fox	%	Fiscal Review	%	Revenue Dept.	%	Dr. Smith	%	
SALES AND USE TAX	\$ 9,337,817,700	\$ 9,500,600,000	1.74%	\$ 9,711,300,000	4.00%	\$ 9,853,000,000	5.52%	\$ 9,711,300,000	4.00%	\$ 9,636,850,000	3.20%	
FRANCHISE AND EXCISE TAXES	2,752,023,800	2,616,600,000	-4.92%	2,944,600,000	7.00%	2,900,000,000	5.38%	2,892,400,000	5.10%	2,892,000,000	5.09%	
INCOME TAX	203,817,800	103,200,000	-49.37%	141,300,000	-30.67%	150,000,000	-26.40%	134,500,000	-34.01%	150,000,000	-26.40%	
ROAD USER TAXES	1,532,293,200	1,597,800,000	4.28%	1,602,900,000	4.61%	1,643,000,000	7.22%	1,633,600,000	6.61%	1,568,867,000	2.39%	
ALL OTHER TAXES	1,441,970,300	1,437,400,000	-0.32%	1,468,500,000	1.84%	1,485,180,000	3.00%	1,484,300,000	2.94%	1,488,644,692	3.24%	

¹ Estimated Sales and Use Taxes are reduced by \$112.0 million and estimated Privilege Tax estimates are reduced by \$52.0 million for designated earmarked funds.

² F&A calculated the General Fund distribution for all presenters.

³ FY 2018 -2019 actual collections include negative \$2.2 M in non-recurring inheritance tax collections and \$3.4 M non-recurring general fund reduction to accommodate for 2017 PC 390.

FY 2019-2020 and FY 2020-2021 also include a \$3.4 M non-recurring general fund reduction to accommodate for 2017 PC 390

**COMPARISON OF ESTIMATED STATE TAX REVENUE FOR
FISCAL YEAR 2020 - 2021**

(Accrual - Basis Estimates)

2020-2021								
DEPARTMENT OF REVENUE TAXES	Dr. Fox	% Change Over	Fiscal Review	% Change Over	Dept. of Revenue	% Change Over	Dr. Smith	% Change Over
SOURCE OF REVENUE	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Sales and Use Tax ¹	\$ 10,099,800,000	4.00%	\$ 10,298,000,000	4.52%	\$ 10,085,200,000	3.85%	\$ 9,974,139,750	3.50%
Gasoline Tax	885,900,000	1.00%	906,000,000	2.37%	892,700,000	0.80%	897,250,000	3.89%
Motor Fuel Tax	297,200,000	2.52%	316,500,000	0.48%	300,200,000	-3.00%	284,230,000	6.33%
Gasoline Inspection Tax	71,200,000	0.99%	72,000,000	1.41%	71,200,000	0.99%	71,625,000	1.69%
Motor Vehicle Registration Tax	348,100,000	1.99%	356,000,000	2.30%	350,200,000	1.80%	346,885,000	1.06%
Income Tax	74,900,000	-46.99%	78,000,000	-48.00%	75,300,000	-44.01%	80,000,000	-46.67%
Privilege Tax - Less Earmarked Portion ¹	391,900,000	4.01%	413,000,000	5.82%	388,000,000	3.49%	419,331,877	5.00%
Gross Receipts Tax - TVA	371,000,000	1.50%	375,000,000	1.79%	397,100,000	5.00%	369,430,000	1.35%
Gross Receipts Tax - Other	33,900,000	3.99%	30,000,000	3.45%	32,500,000	1.56%	33,250,000	-1.92%
Beer Tax	17,200,000	1.18%	18,200,000	1.11%	17,400,000	1.16%	17,600,000	0.00%
Alcoholic Beverage Tax	78,100,000	4.97%	79,000,000	4.36%	76,200,000	4.10%	77,510,000	4.36%
Franchise & Excise Tax	3,062,400,000	4.00%	3,035,000,000	4.66%	2,999,400,000	3.70%	3,019,560,000	4.41%
Inheritance and Estate Tax	-	N/A	-	N/A	-	N/A	-	N/A
Tobacco Tax	234,600,000	-1.01%	232,200,000	-1.82%	235,800,000	-1.01%	235,000,000	-0.49%
Motor Vehicle Title Fees	24,600,000	2.07%	24,400,000	1.67%	24,300,000	1.25%	25,400,000	4.74%
Mixed Drink Tax	161,700,000	9.04%	169,000,000	10.46%	169,500,000	11.00%	171,300,000	13.85%
Business Tax	228,500,000	5.98%	221,000,000	3.76%	230,000,000	6.19%	218,000,000	3.32%
Severance Tax	1,100,000	10.00%	1,000,000	0.00%	1,000,000	0.00%	1,104,000	0.36%
Coin-operated Amusement Tax	200,000	N/A	280,000	0.00%	300,000	0.00%	274,000	1.48%
Unauthorized Substance Tax	-	N/A	-	N/A	-	N/A	1,000	0.00%
TOTAL DEPARTMENT OF REVENUE	\$ 16,382,300,000	3.24%	\$ 16,624,580,000	3.70%	\$ 16,346,300,000	3.09%	16,241,890,627	3.21%
TOTAL - RECURRING³	\$ 16,382,300,000	3.24%	\$ 16,624,580,000	3.70%	\$ 16,346,300,000	3.09%	\$ 16,241,890,627	3.21%
GENERAL FUND ONLY²	\$ 13,712,000,000	3.69%	\$ 13,892,880,000	4.19%	\$ 13,648,200,000	3.59%	13,573,490,627	3.42%
GENERAL FUND - RECURRING³	\$ 13,715,400,000	3.69%	\$ 13,896,280,000	4.19%	\$ 13,651,600,000	3.59%	\$ 13,576,890,627	3.42%
Revised Est. Compared to New Estimate - Total	\$ 513,700,000		\$ 593,400,000		\$ 490,200,000		\$ 505,528,935	
Revised Est. Compared to New Estimate - Gen. Fund	\$ 488,200,000		\$ 558,300,000		\$ 473,300,000		\$ 449,128,935	
SELECTED TAXES	Dr. Fox	%	Fiscal Review	%	Revenue Dept.	%	Dr. Smith	%
SALES AND USE TAX	\$ 10,099,800,000	4.00%	\$ 10,298,000,000	4.52%	\$ 10,085,200,000	3.85%	\$ 9,974,139,750	3.50%
FRANCHISE AND EXCISE TAXES	3,062,400,000	4.00%	3,035,000,000	4.66%	2,999,400,000	3.70%	3,019,560,000	4.41%
INCOME TAX	74,900,000	-46.99%	78,000,000	-48.00%	75,300,000	-44.01%	80,000,000	-46.67%
ROAD USER TAXES	1,627,000,000	1.50%	1,674,900,000	1.94%	1,638,600,000	0.31%	1,625,390,000	3.60%
ALL OTHER TAXES	1,518,200,000	3.38%	1,538,680,000	3.60%	1,547,800,000	4.28%	1,542,800,877	3.64%

¹ Estimated Sales and Use Taxes are reduced by \$112.0 million and estimated Privilege Tax estimates are reduced by \$52.0 million for designated earmarked funds.

² F&A calculated the General Fund distribution for all presenters.

³ FY 2017 -2018 actual collections include negative \$731,900 in non-recurring inheritance tax collections, \$55.7 M in one-time F&E collections, and a negative \$3,282,000 non-recurring general fund reduction to accommodate for 2017 PC 390. FY 2018-2019 and FY 2019-2020 also include a \$3.4 M non-recurring general fund reduction to accommodate for 2017 PC 390

Estimated Revenues Based on Recurring Growth Rates

November 2019

	Recurring Actual FY 2018-2019	FY 2019-2020	Growth Rate	FY 2020-2021	Growth Rate
Total Taxes				\$ 16,116,600,000	2.40%
		\$ 15,738,900,000	3.10%		
				\$ 16,179,600,000	2.80%
	\$ 15,265,701,500			\$ 16,194,900,000	2.40%
		\$ 15,815,300,000	3.60%		
			\$ 16,258,100,000	2.80%	
		Spread	0.50%		0.40%
General Fund				\$ 13,455,000,000	2.70%
		\$ 13,101,300,000	3.20%		
				\$ 13,507,400,000	3.10%
	\$ 12,695,051,900			\$ 13,526,700,000	2.70%
		\$ 13,171,100,000	3.75%		
			\$ 13,579,400,000	3.10%	
		Spread	0.55%		0.40%

Net Lottery Proceeds Estimates
Actual 2018-2019 and Estimated 2019-2020 Through 2023-2024
November 2019

	2018-2019	2019-2020		2020-2021		2021-2022		2022-2023		2023-2024	
	Actual	Revised	%	Estimated	%	Estimated	%	Estimated	%	Estimated	%
Lottery Corporation											
Low	429,185,000	411,151,000	-4.20%	418,000,000	1.67%	426,000,000	1.91%	433,000,000	1.64%	441,000,000	1.85%
High	429,185,000	424,218,000	-1.16%	434,000,000	2.31%	444,000,000	2.30%	454,000,000	2.25%	464,000,000	2.20%
Fiscal Review Staff											
Low											
Median	429,185,000	426,853,300	-0.54%	435,968,950	2.14%						
High	429,185,000	432,932,000	0.87%	443,534,500	2.45%	454,622,900	2.50%	465,988,400	2.50%	477,638,100	2.50%
	429,185,000	439,011,700	2.29%	451,100,050	2.75%						
Recommended Range											
Low											
High	429,185,000	427,000,000	-0.50%	433,400,000	1.50%	439,900,000	1.50%	446,500,000	1.50%	453,200,000	1.50%
	429,185,000	435,600,000	1.50%	446,500,000	2.50%	457,700,000	2.50%	469,100,000	2.50%	480,800,000	2.50%



November 15, 2019

Honorable Bill Lee, Governor of the State of Tennessee
Justin P. Wilson, Comptroller
Tre Hargett, Secretary of State
David H. Lillard, Jr., Treasurer
Stuart C. McWhorter, Commissioner of Finance & Administration

Re: Net Lottery Proceeds for Fiscal Year 2020

Dear State Funding Board Members:

The Tennessee Education Lottery Corporation (“TEL”) has as its statutory mission the responsibility to maximize the dollars available for the education programs funded by the corporation. The Tennessee Education Lottery Implementation Law at TCA §4-51-111(a)(3) provides the corporation with the ability to make a determination that returning a specific percentage of sales as net proceeds (35%) would not result in the maximum dollars of net proceeds being achieved.

The TEL is hereby providing notification of its determination that an amount that maximizes net lottery proceeds to the State of Tennessee Lottery for Education Account is less than thirty-five percent (35%) of lottery proceeds for fiscal year 2020. The amount currently projected for the fiscal year ranges from \$411 million to \$424 million.

The reasons for this determination are as follows:

1. The TEL offers two types of lottery products—instant tickets (games in which players can instantly view the symbols printed and determine if they won a prize) and terminal based drawing-style games (games in which a player must wait until a drawing is held to determine if the ticket is a winner). Instant tickets are more popular with Tennessee players and as of October 31, 2019 represents 83.6% of the TEL’s product mix in fiscal year 2020 thus far. In fact, throughout the lottery industry, instant ticket sales have steadily grown over the most recent fiscal years, while drawing-style games have remained stagnant.

One of the reasons for the growth in instant ticket sales is the product offers players more price point options, from \$1 to \$30 in Tennessee (and as much as \$75 in other jurisdictions), compared to drawing-style games which offer price points of generally \$.50 to \$2 per play. With the variable instant game price points, players are able to choose the entertainment value based on the price point of the ticket. A higher price point game generally offers higher entertainment value through the increased amount, and dollar value, of the prizes within a game. In Tennessee, the players are choosing to purchase higher price point games, as evidenced by the growth in the \$5, \$10, \$20,

\$25 and \$30 game sales experienced over the last fiscal years. Sales at these price points increased by \$62 million from fiscal year 2018 to fiscal year 2019. Overall, instant ticket sales in Tennessee grew from \$1.407 billion in fiscal year 2018 to \$1.449 billion in fiscal year 2019, which represents approximately 3% growth year over year. We are projecting continued growth in this product category in fiscal year 2020.

As players have migrated to the higher price point instant games, the overall prize payout has increased from 62.1% in fiscal year 2005 to 67.7% in fiscal year 2019. TEL management is projecting it will be approximately 67.8% for fiscal year 2020. As a result of the current instant games payout percentage, the percentage of net lottery proceeds compared to total lottery proceeds for all games is projected to be approximately 24.7% for fiscal year 2020.

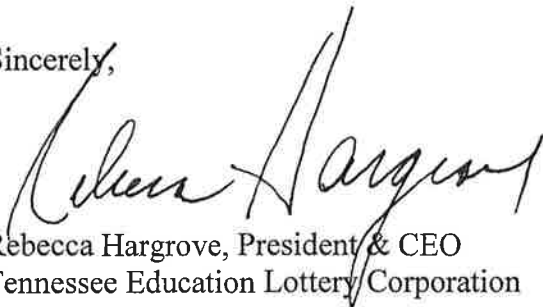
Actual gross profits from instant games have increased year over year, nearly doubling by increasing from \$153.8 million in fiscal year 2005 to \$306.3 million in fiscal year 2019. Since fiscal year 2005, instant game gross sales have increased an average of 5.6% annually, with a corresponding increase in actual gross profits of an average of 4.9% annually. Gross profit is based on net ticket sales, less direct costs of cash prizes, retailer commissions and major gaming vendor fees.

2. In reviewing the industry wide instant games prize payouts as part of our budgetary process, all empirical evidence indicates that a reduction in payout will result in a reduction in sales and a corresponding reduction in net proceeds. To the contrary, the experience of other states, as well as Tennessee, indicates that increasing the percentage of the prize payout over time has resulted in increased sales and more importantly, increased net proceeds.
3. In reviewing the practices of other jurisdictions, the results of a survey conducted by the North America Association of State and Provincial Lotteries reveals that of the 46 U.S. jurisdictional lotteries, Tennessee is among the few that has not eliminated the outdated statutory annual minimum percentage of sales return requirement.

If after reviewing our analysis you have any questions, please do not hesitate to contact us for further discussion.

We continue to take very seriously our statutory charge to maximize the net proceeds of the Tennessee Education Lottery Corporation. We believe this determination is consistent with that charge.

Sincerely,

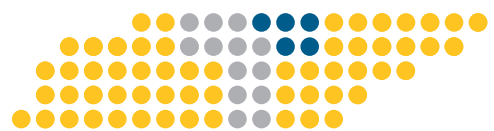


Rebecca Hargrove, President & CEO
Tennessee Education Lottery Corporation

cc: Susan Leigh Lanigan, Chair of Board of Directors, Tennessee Education Lottery Corporation

Executing Expectations

2018/2019 ANNUAL REPORT



TENNESSEE CENTRAL
ECONOMIC AUTHORITY

ELEVATING OUR EXPECTATIONS



This past year we have been awarded several grants and the funds have initiated the improvement of industrial products across the region. Our region has more physical site options with these grants and we have enhanced our ability to attract new jobs. Our partnerships in this process have included: State Legislators; Dept. of ECD; TVA; MTIDA; TCAT; UCDD; & GNRC.

Together we have "Elevated Our Expectations" during the 2018-19 fiscal year and now it is time to "Execute Expectations!"

With our funding secured over the next five years, we are focused on refining our industrial sites and marketing our available properties. The activity has increased and most reflect foreign direct investments (FDI) as the primary inquiries. We conducted a regional tour that included the Department of ECD's recruiters and TVA's market specialists that are assigned to pursue new jobs with companies and consultants.

We have a new challenge with Nestle Waters ceasing operations in Red Boiling Springs. This will be a priority for Tennessee Central to bring jobs back to Macon County in an outstanding facility. We will strive to answer this quest with positive results for the community.

Congratulations to Forward Sumner in landing two companies in Westmoreland. This is a significant accomplishment for a rural community.

We have landed new tenants in PowerCom that have a promising future as start up operations looking to grow. We have improved the buildings in an effort to assist their production.

In Watertown, we have cleared a five-acre tract in their industrial park for a better presentation to potential companies.

Additionally, in PowerCom, Dan is working with the USDA for a grant to provide an LSD lighting sign and we are exploring a potential solar site to partner with Tri County Electric Cooperative.

Our appreciation must be given to our Board of Directors and Attorney in their support and willingness to break new ground. The Directors serve as mentors and advisors during the process and continue challenging us to seek new accomplishments. Their leadership and the support of our numerous partnerships is the foundation for any success for Tennessee Central.

It is an honor to represent Tennessee Central Economic Authority and I truly appreciate your confidence and conviction that allows me and the staff the blessings of working in your communities and serving your citizens. May we always cultivate a hearty way of life and future of new opportunities.

May God Bless,
Charly

THOUGHTS FROM THE STAFF

Our leadership starts at the top and is reinforced by stakeholders as they mentor us on a journey towards success. We sincerely appreciate the Board of Directors and our numerous partners that continue to assist us to be passionate in developing our region.

Our new Board members have joined in with enthusiasm and we are grateful for their involvement and impact.

The staff continues to enhance their skills and experience with accredited IEDC training. Kelsey graduated from the Tennessee Basic Economic Development Course with the UTCIS which "focuses on the fundamental concepts, tools, and practices needed to be successful in today's complex economic environment." Dan completed TVA's Rural Leadership Program, enrolled in Smith County Leadership, attended several workshops produced by ECD, TVA, and GNRC, and is looking forward to continuing education with TECD to grow and learn in this intricate economic atmosphere.



Kelsey, Charly, Dan

We have two new entrepreneurs in PowerCom as tenants and we look forward to our partnership with them and wish both the best in their growth. In the rural communities, we have exciting industrial park developments emerging in Smith & Macon Counties. Both projects are direct results from the Department of ECD and TVA programs to increase industrial product in rural communities. We have also been blessed to work with the Wilson County JECDB in Watertown and congratulate Forward Sumner on two new Westmoreland projects.

Most importantly, we continue to be appreciative that we are part of the endeavors of the ongoing process to improve Tennessee Central. Our hope is that we bring value to the communities and stakeholders they have entrusted us with this important task. We always want to be accountable for a vision today that will enhance tomorrow's generations. May our actions and deeds continue to strengthen your confidence and exceed your expectations as we seek higher standards for our children. Thank You!

BOARD OF DIRECTORS



Chairman
Steve Jones
Macon County Mayor



Vice Chairman
Randall Hutto
Wilson County Mayor



Secretary/Treasurer
Anthony Holt
Sumner County Executive



Smith County Mayor
Jeff Mason



Trousdale County Mayor
Stephen Chambers



Senate Appointee
Mae Wright
President, TCAT-Hartsville



House Appointee
Betty Sue Hibdon
Former President/CEO
Citizens Bank-Hartsville



TCEA Attorney
Bob Rochelle

Frank McKee, Ron Fults and Bob Rochelle

have been a key part of TCEA since the organization was started. They were all in attendance for the very first Tennessee Central Economic Authority (formerly Four Lake) organizational meeting held on August 21, 1987 and continue to attend meetings, give support, and contribute to the growth and success of Tennessee Central.



Ron Fults, Frank McKee, Bob Rochelle

KEY EVENTS

Governor's Conference
TVA's Economic Developers' Forum
MTIDA Annual Meeting
SEDC Annual Meeting Mobile 2018
Macon, Smith, Sumner, Trousdale, & Wilson
Chamber Meetings
Bradley Economic Forum, Nashville
Tennessee State Funding Board
Tennessee Joint Government Operations Committee
Legislator Meetings on The Hill
Tennessee Central FAM Tour, ECD & TVA Recruiters
TVA Showcase 2019
Tennessee Economic Development Council, Fall Meeting
Congressman Rose's Rep. Ray Render
Tennessee Economic Partnership, New York City
TEP Quarterly Board Meetings
TCEA Annual Department of ECD Luncheon, Nashville
Tennessee Basic Economic Development, Kelsey
Leadership Smith, 2018-19, Dan
TVA Rural Leadership Institute, Dan

Association of Tennessee Valley Governments
IEDC Managing Economic Development Organizations,
Salt Lake City
Tennessee Chamber of Commerce & Industry 106th
Annual Meeting
TCAT Annual Student Competition Funding Event
Watertown Industrial Park Site Clearing
TVA's QUZ: Deal Workshop
UCDD 2018 Economic Development Strategy Sessions
GNRC Infrastructure Assessment Meeting
Macon, Smith Sumner, Trousdale, & Wilson County
JECDB/IDB Meetings
TCAT General Advisory Board
P-16 Volunteer State Community College
WTNK Radio Show with Ms. Eleanora
Three Star Community Forum
Boy Scouts Meeting, Farrell Haile
RPO Meetings
TCEA Annual Industry Appreciation Lunch



2018 Annual Meeting



Christmas Meeting and Luncheon



ECD Appreciation



Christmas Meeting and Luncheon



ECD Appreciation



Mayor Stephen Chambers & Kelsey Dansby complete Tennessee Basic Economic Development Course



SEDC Council



Sumner County State of Address



ECD Appreciation



Industry Appreciation



OVERVIEW OF THE TENNESSEE CENTRAL ECONOMIC AUTHORITY



POPULATION GROWTH

2024 Projected: **415,593**

2019 Estimate: **386,290**

POPULATION GROWTH

2019-2024 Projected: **7.59%**

2010-2019 Growth: **19.25%**

2000-2010 Growth: **22.42%**

		MACON	SMITH	SUMNER	TROUSDALE	WILSON	TN CENTRAL
POPULATION	2000	20,386	17,712	130,438	7,259	88,806	264,601
	2010	22,248	19,166	160,645	7,870	113,993	323,922
	2019	24,661	19,848	189,155	10,767	141,859	386,290
	2024	26,174	20,566	203,098	11,883	153,872	415,593
PERCENTAGE GROWTH	2000-2010	8.16%	8.21%	23.16%	8.42%	28.36%	22.42%
	2010-2019	10.47%	3.56%	17.75%	36.81%	24.45%	19.25%
	2019-2024	6.05%	3.62%	7.37%	10.37%	8.47%	7.59%

		DAVIDSON	RUTHERFORD	WILLIAMSON	TENNESSEE	UNITED STATES
POPULATION	2000	569,913	182,019	126,638	5,689,277	281,421,942
	2010	626,681	262,604	183,182	6,346,105	308,745,538
	2019	701,702	330,409	236,435	6,802,074	329,236,175
	2024	738,804	359,045	257,545	7,082,931	340,950,101
PERCENTAGE GROWTH	2000-2010	9.96%	44.27%	44.65%	11.54%	9.71%
	2010-2019	11.97%	25.82%	29.07%	7.18%	6.64%
	2019-2024	5.29%	8.67%	8.93%	4.13%	3.56%

Source: Environics & Claritas 2019

EDUCATION OVERVIEW

AREA/SCHOOL	2018 ACT AVERAGE
Macon County	19.7
Smith County	19.5
Sumner County	21.3
Trousdale County	21.3
Wilson County	21.0
TN Central Region	20.56
Davidson County	19.0
Rutherford County	20.8
Williamson County	25.2
United States	21.0
State of Tennessee	20.1



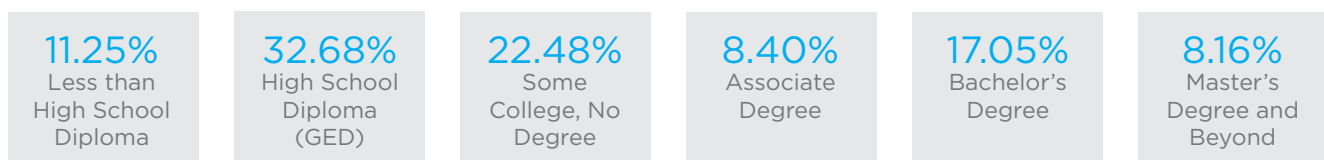
UNIVERSITIES AND COLLEGES

- Belmont University
- Cumberland University
- Fisk University
- Lipscomb University
- Meharry Medical College
- Middle Tennessee State University
- Tennessee State University
- Tennessee Technological University
- TN College of Applied Technology in Gallatin
- TN College of Applied Technology in Hartsville
- TN College of Applied Technology in Lebanon
- TN College of Applied Technology in Portland
- TN College of Applied Technology in Red Boiling Springs
- Trevecca Nazarene University
- Vanderbilt University
- Volunteer State Community College
- Welch College
- Union University

AREA/SCHOOL	2018 GRADUATION RATE
Macon County	87.8%
Smith County	92.3%
Sumner County	94.7%
Trousdale County	97.9%
Wilson County	96.2%
TN Central Region	93.78%
Davidson County	80.3%
Rutherford County	95.3%
Williamson County	95.6%
State of Tennessee	89.1%

Source: TN Department of Education and ACT College & Career Readiness

EDUCATION



Source: Environics & Claritas 2019

2017-2018 PERFORMANCE INDEX

ECD Site Improvement Grant \$50,000.00
ECD/TVA Marketing Recruiters Regional Tour
Nestle Building Marketing & Aerials By Mtida
State Funding Board
Dan Tidcomb & Kelsey Dansby Attended Tennessee
Basic Economic Development
Watertown Industrial Site Clearing
Two New Entrepreneurial Tenants In Powercom
19 RFP/RFI Responses To ECD & TVA
Strategic Development Group: Powercom Tenant Study
Paving Completed On Macon, Smith, And Sumner Way



Thanks to the Legislators for your service to the State of Tennessee and for supporting Tennessee Central Economic Authority. The Tennessee Legislators created this organization in 1986 and for thirty-three years you have had a leading role in our growth and evolution to serving your citizens and communities. We sincerely appreciate your encouragement, leadership, and assistance to enhancing our region to becoming economically stronger. Our continued improvement and growth for new jobs in your districts depends on your involvement with Tennessee Central. Please plan to visit us soon.

SENATORS:



Mark Pody



Ferrell Haile

REPRESENTATIVES:



Clark Boyd



Susan Lynn



Johnny Garrett



Terri Lynn Weaver



Kelly Keisling



William Lamberth

2018-2019 FISCAL OVERVIEWS

General Fund (Staff & Office Operations)

REVENUES

\$187,200.08

Rent

\$168,370.15

Other

TOTAL REVENUES:

\$355,570.23

EXPENDITURES

\$222,780.00

Salaries & Benefits

\$23,200.45

Office Expenses

\$10,714.50

Meeting/Event Expenses

\$1,980.16

Miscellaneous

\$29,238.87

Contract Services

\$18,125.30

Advertising/Marketing

\$19,334.34

Travel

\$4,352.67

Dues and Fees

TOTAL EXPENDITURES:

\$329,726.29

Capital Improvements Fund (PowerCom Industrial Center & Off-Site Development)

REVENUES

\$910,398.50

TVA In-Lieu-of-Tax
Funding

\$135,387.83

Property Sales &
Loan Receipts

\$145,238.09

Other
(Grants & Interest)

TOTAL REVENUES:

\$1,191,024.42

EXPENDITURES

\$182,969.91

Engineering/Admin/
Insurance Fees

\$73,697.62

Roads & Fencing

\$110,645.65

Grant Programs

\$600.00

Projects
(Infrastructure & Site Development)

\$30.00

Misc. Expenses

\$92,729.22

Repairs & Maintenance

TOTAL EXPENDITURES:

\$460,672.40

POWERCOM INDUSTRIAL CENTER IMPROVEMENTS



PowerCom



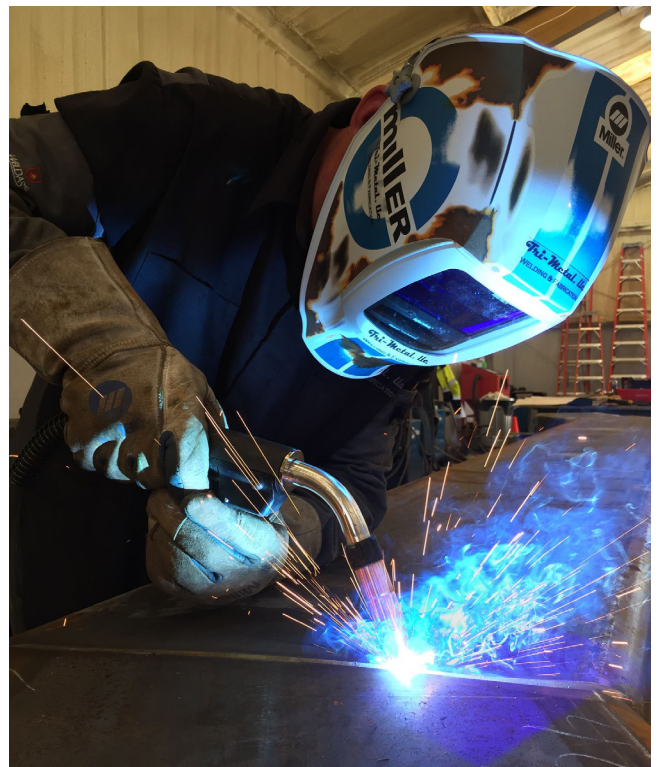
Tri-Metal Truck



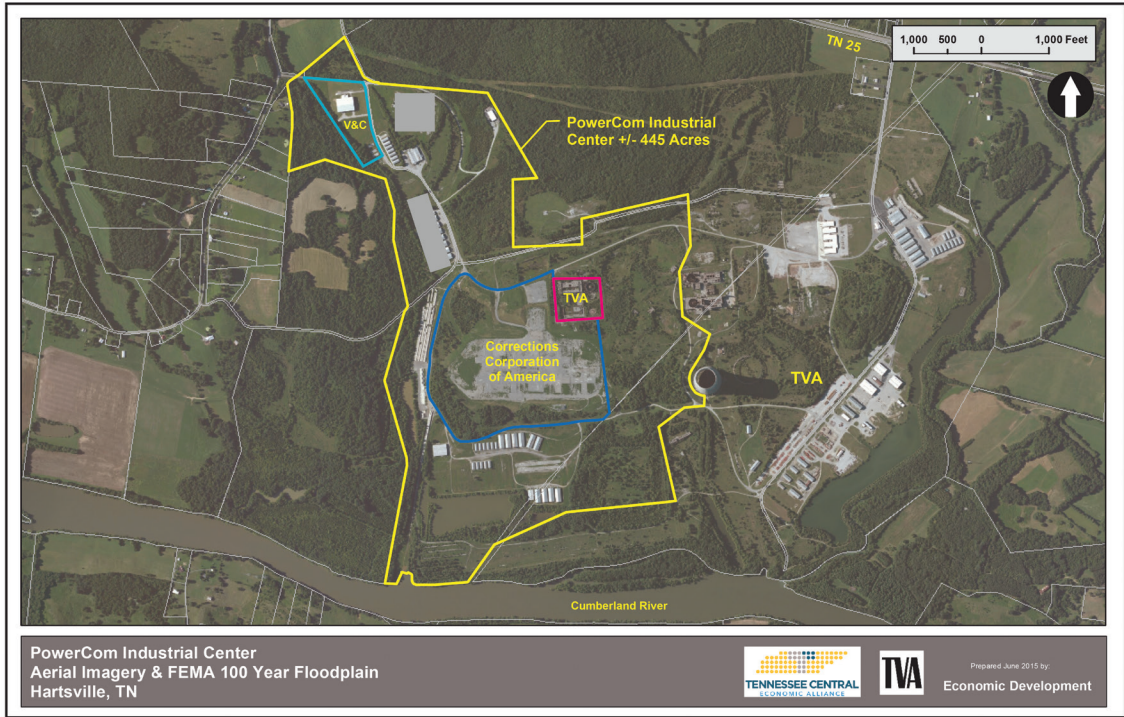
TCEA President Charly Lyons



Charly Lyons & Kelsey Dansby



Tri-Metal 3



PowerCom Aerial Boundaries



3D Building Exhibits

BUSINESS & WORKFORCE DEVELOPMENT



The Tennessee College of Applied Technology Hartsville fully supports the ongoing efforts of the TN Central Economic Authority and serves as the premier supplier of workforce development for Trousdale, Sumner, Wilson, Smith and Macon Counties. With adult campuses located in both Wilson and Trousdale counties we work closely with companies such as Beretta Industries, ABC Fuel Group, NIC Global, CIP, Fabricated Tube Products, Taiho-Mfg, Destaco, Tacle Seating, Teknia Group and many others to develop training programs and provide qualified employees. The College fulfills its mission by:

- Providing competency-based training through superior quality traditional and distance learning instruction methods that qualify completers for employment and job advancement.
- Contributing to the economic and community development of the communities served by training and retraining employed workers
- Ensuring that programs and services are economical and accessible to all residents of Tennessee
- Building relationships of trust with community, business, and industry leaders to supply highly skilled workers in areas of need.

At TCAT Hartsville, the focus is on your success in today's ever-changing, state-of-the-market economy. Our faculty and staff believe in providing the highest quality services and instruction to ensure an exciting learning experience. Our Instructors are qualified and dedicated to the responsive changes needed by business and industry, students, and the community. We are proud to train citizens for the skilled careers of today's workforce. Education is about creating new possibilities for career and personal growth. As the economy becomes increasingly global and competitive, the facilities and curriculum at TCAT Hartsville will provide the education and training that are required to compete in the global market.



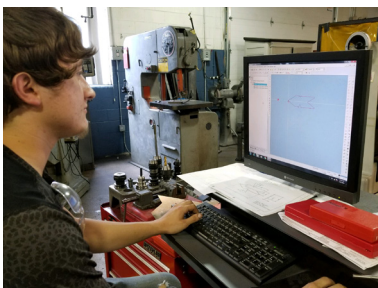
The TN Central office assists and houses a satellite location of the Volunteer State Community College TN Small Business Development Center (TSBDC). The Center provides group sessions and one-on-one counseling & training for small business owners and entrepreneurs needing assistance in the TN Central region. Charles Alexander, the Center's Director, as well as Dave Jose, Counselor, provide private counseling at the following locations in the TN Central region during the third full week of each month:

Tuesday 9-12 pm
[Mt. Juliet Chamber](#)
(615-758-3478 for appointment)

Thurs. 9-11am, & 1-3pm
[Lebanon Chamber](#)
(615-444-5503 for appointment)



Charles Alexander, SBDC Director



2018/2019 WORK STRATEGIES

Economic Development Program

- Improve existing industrial acreage in the five-county region by assisting each county with project processes & property opportunities.
- Respond to Request for Proposals for the region or individual counties.
- Apply and process grants to improve economic development standards.
- Market & promote the Tennessee Central as a five county region.
- Utilize the master plan for PCIC to develop building sites and infrastructure.
- Provide networking assistance to incubator clients as required (financing, marketing, etc.).
- Facilitate partnership & cooperation with elected officials, EDOs, and all stakeholders in the region.
- Management our industrial property in PowerCom Industrial Center & the Hartsville Industrial Park.
- Research PCIC South Campus with development plans for a Cumberland River dock/barge access and partnership with the Corps of Engineers.
- Participate with RPO and TDOT for regional highway infrastructure.

Business & Workforce Development Assistance

- Sustain communications with all companies to enhance growth: ARC, Zwirner Eq., Mueller, etc.
- Support the SBA's TN Small Business Development Centers partnership to create entrepreneurs and start-up companies, plus assist small business seminars throughout the five-county region.
- Expand communications with existing businesses (Create a CEO Roundtable).
- Serve on the Tennessee College (TCAT)/Hartsville's Advisory Board.
- Market the training services of TCAT and VSCC to industries in the region.
- Be a working member of the North Central P-16 Council (VSCC).
- Assist with job fairs in the region.
- Assist Workforce Development programs in the Tennessee Central Region

Program Administration

- Comply with reporting requirements of the State of Tennessee (Sunset Review & State Funding Board), Board of Directors, funding agencies, and others as an operating standard.
- Maintain financial reporting, audits, and budget management.
- Provide an informative web site and news updates.
- Manage the daily operations of the office and admin processes.
- Search & pursue grants and funding applications.
- Management of the PowerCom Industrial Center and tenant relationships.
- Maintain professional affiliations with governments entities, funding agencies, TN Dept. of ECD, Chambers of Commerce, UT/CTAS, the Greater Nashville Regional Council, MTIDA, the Upper Cumberland Development District, TN Economic Development Council, TVA, TEP, ATVG, USDA, and the region's electric, and utility districts.

Additional Responsibilities

- Increase public awareness & regional vision of the Tennessee Central Economic Authority.
- Promote Tennessee Central internally for our region as an active partner for economic development.
- Pursue the Board of Director's request for other regional opportunities.
- Aggressively pursue new projects and tenants.
- Partner & support MTIDA's programs for our communities within the Middle Tennessee region.



ACROSS THE REGION



TCEA welcomes Emily Mitchell and Meryl Harris with ECD



TCAT Event



Jimmy Johnston, Forward Sumner



Dan Tidcomb with Leadership Smith County



TVA Forum



Education Commission



NCTC Community Center Open House



Rep. Clark Boyd



TDOT Meets with Legislatures in Smith County



Rep. Terri Lynn Weaver



Macon County Receives 3 Star Award



Senator Haile Speaks to Trousdale Rotary Club



Smith County Receives 3 Star Award



Trousdale County Receives 3 Star Award



Serving the Middle Tennessee Counties of
Macon, Smith, Sumner, Trousdale, & Wilson

This institution is an equal opportunity provider and employer.



TENNESSEE CENTRAL
ECONOMIC AUTHORITY

tennesseecentral.org

Charly Lyons, President/CEO

615-374-4607 615-426-2520 615-374-4608

702 McMurry Blvd E · Hartsville, TN 37074

clyons@tennesseecentral.org

**TENNESSEE CENTRAL ECONOMIC AUTHORITY
CAPITAL IMPROVEMENTS FUND
2019/2020 Fiscal Year-End Budget**

10/31/19

REVENUES	BUDGETED	RECEIVED	BALANCE
43300-In Lieu of Tax Funds	\$850,000.00		\$850,000.00
46430-Interest	\$40,000.00	\$44,472.32	-\$4,472.32
TOTALS:	\$890,000.00	\$44,472.32	\$845,527.68

EXPENSE ITEMS	BUDGETED	EXPENDED	BALANCE
60300-Regional Development:			
60310-Select TN Grant Program:			
60311-Macon County	\$0.00		\$0.00
60312-Smith County	\$11,130.00		\$11,130.00
60313-Sumner County	\$0.00		\$0.00
60314-Trousdale County	\$7,749.55		\$7,749.55
60315-Wilson County	\$20,000.00		\$20,000.00
60320-4L ED Grant Program:			
60321-Macon County	\$112,172.43	\$11,950.00	\$100,222.43
60322-Smith County	\$33,200.47		\$33,200.47
60323-Sumner County	\$160,000.00		\$160,000.00
60324-Trousdale County	\$76,907.99	\$2,000.00	\$74,907.99
60325-Wilson County	\$110,748.07	\$6,461.71	\$104,286.36
62100-Contract Services:			
62140-Legal Fees	\$6,000.00		\$6,000.00
62150-Prof & Eng Services	\$85,000.00	\$19,589.15	\$65,410.85
62300-PowerCom Expenses:			
62810-Property Insurance	\$5,000.00	\$4,486.00	\$514.00
62820-Existing Bldg Upgrades/R&M	\$300,000.00	\$47,572.00	\$252,428.00
62821-Clift Bldg Project	\$200,000.00	\$204,089.55	-\$4,089.55
62822 Site Development	\$200,000.00		\$200,000.00
62831-Waterline Ext/Inst/R&M	\$150,000.00		\$150,000.00
62835-Sewerline Ext/Inst/R&M	\$250,000.00		\$250,000.00
62840-Road Upgrades & Maint.	\$125,000.00	\$40,500.00	\$84,500.00
62850-Dock/Port Development	\$100,000.00		\$100,000.00
62860-Signs/Gate/Fence Adds/R&M	\$55,000.00	\$46,864.73	\$8,135.27
62870-Utility Expenses	\$6,500.00	\$788.88	\$5,711.12
62880-Contract Labor:			
62881-Site R&M/Security (D. Nollner)	\$18,500.00	\$3,063.74	\$15,436.26
62882-Dozer & Bush Hogging	\$60,000.00		\$60,000.00
62890-Supplies & Equip R&M	\$40,000.00	\$301.98	\$39,698.02
65100-Other Expenses	\$18,000.00		\$18,000.00
75000-Other/Admin Services Fee	\$170,000.00		\$170,000.00
TOTALS:	\$2,320,908.51	\$387,667.74	\$1,933,240.77

Capital Improvements

BUDGET VS. ACTUALS: FY_2019_2020 - FY20 P&L

July - October, 2019

		TOTAL		
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
43300 In-Lieu-of-Tax Funds		850,000.00	-850,000.00	
46400 Other Types of Income				
46430 Interest	44,472.32	40,000.00	4,472.32	111.18 %
Total 46400 Other Types of Income	44,472.32	40,000.00	4,472.32	111.18 %
Total Income	\$44,472.32	\$890,000.00	\$ -845,527.68	5.00 %
GROSS PROFIT	\$44,472.32	\$890,000.00	\$ -845,527.68	5.00 %
Expenses				
60300 Regional Development				
60310 Select TN Grant Program				
60312 Smith County		11,130.00	-11,130.00	
60314 Trousdale County		7,749.55	-7,749.55	
60315 Wilson County		20,000.00	-20,000.00	
Total 60310 Select TN Grant Program		38,879.55	-38,879.55	
60320 4L ED Grant Program				
60321 Macon County	11,950.00	112,172.43	-100,222.43	10.65 %
60322 Smith County		33,200.47	-33,200.47	
60323 Sumner County		160,000.00	-160,000.00	
60324 Trousdale County	2,000.00	76,907.99	-74,907.99	2.60 %
60325 Wilson County	6,461.71	110,748.07	-104,286.36	5.83 %
Total 60320 4L ED Grant Program	20,411.71	493,028.96	-472,617.25	4.14 %
Total 60300 Regional Development	20,411.71	531,908.51	-511,496.80	3.84 %
62100 Contract Services				
62140 Legal Fees				
62150 Prof. & Eng. Services	19,589.15	85,000.00	-65,410.85	23.05 %
Total 62100 Contract Services	19,589.15	91,000.00	-71,410.85	21.53 %
62800 PowerCom Expenses				
62810 Property Insurance				
62820 Existing Bldg Upgrades/R&M	4,486.00	5,000.00	-514.00	89.72 %
62821 Clift Bldg Project	47,572.00	300,000.00	-252,428.00	15.86 %
62822 Site Development	204,089.55	200,000.00	4,089.55	102.04 %
62831 Waterline Exts/Inst/R&M		200,000.00	-200,000.00	
62835 Sewerline Exts/Inst/R&M		150,000.00	-150,000.00	
62840 Road Upgrades & Maint.	40,500.00	250,000.00	-250,000.00	
62850 Dock/Port Development		125,000.00	-84,500.00	32.40 %
62860 Signs/Gate/Fence Adds/R&M		100,000.00	-100,000.00	
62860 Signs/Gate/Fence Adds/R&M	46,864.73	55,000.00	-8,135.27	85.21 %
62870 Utility Expenses (w/s/g/e)	788.88	6,500.00	-5,711.12	12.14 %
62880 Contract Labor				
62881 Site R&M, Security	3,063.74	18,500.00	-15,436.26	16.56 %
62882 Dozer & Bush Hogging		60,000.00	-60,000.00	
Total 62880 Contract Labor	3,063.74	78,500.00	-75,436.26	3.90 %

		TOTAL		
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
62890 Supplies/Equip R&M	301.98	40,000.00	-39,698.02	0.75 %
Total 62800 PowerCom Expenses	347,666.88	1,510,000.00	-1,162,333.12	23.02 %
65100 Other Expenses		18,000.00	-18,000.00	
75000 Admin. Services Fee		170,000.00	-170,000.00	
Total 65100 Other Expenses		188,000.00	-188,000.00	
Total Expenses	\$387,667.74	\$2,320,908.51	\$ -1,933,240.77	16.70 %
NET OPERATING INCOME	\$ -343,195.42	\$ -1,430,908.51	\$1,087,713.09	23.98 %
NET INCOME	\$ -343,195.42	\$ -1,430,908.51	\$1,087,713.09	23.98 %

Capital Improvements

BALANCE SHEET

As of October 31, 2019

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
6806 25M CD	516,890.49
6888 13M CD	611,893.77
7533 24M CD	3,078,837.47
Money Market Acct	646,231.21
NOW Checking Acct	52,824.77
Total Bank Accounts	\$4,906,677.71
Other Current Assets	
12000 Undeposited Funds	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$4,906,677.71
TOTAL ASSETS	\$4,906,677.71
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable	0.00
Total Accounts Payable	\$0.00
Credit Cards	
24100 VISA	25.98
Total Credit Cards	\$25.98
Total Current Liabilities	\$25.98
Long-Term Liabilities	
27200 USDA/RD Loan	0.00
Total Long-Term Liabilities	\$0.00
Total Liabilities	\$25.98
Equity	
30000 Opening Balance Equity	3,045,305.18
32000 Retained Earnings	2,181,215.41
Net Income	-319,868.86
Total Equity	\$4,906,651.73
TOTAL LIABILITIES AND EQUITY	\$4,906,677.71

**TENNESSEE CENTRAL ECONOMIC AUTHORITY
GENERAL FUND
2019/2020 Fiscal Year-End Budget**

10/31/19

REVENUES	BUDGETED	RECEIVED	BALANCE
44500-Government Grants (TVA-cr #60930)	\$1,500.00	\$2,500.00	-\$1,000.00
46410-Interest	\$11,500.00	\$8,817.57	\$2,682.43
46420-Admin. Services Fee	\$170,000.00		\$170,000.00
46430-Misc/Other			\$0.00
46431-Misc/Mtg Lunch Fees (cr #60910)	\$800.00	\$300.00	\$500.00
46432-Misc/Event Sponsors (cr #60930)	\$1,000.00	\$1,500.00	-\$500.00
47500-Rent	\$193,500.00	\$76,893.36	\$116,606.64
Unapplied Cash Payment Income		\$703.00	
TOTALS:	\$378,300.00	\$90,713.93	\$288,289.07

EXPENSE ITEMS	BUDGETED	EXPENDED	BALANCE
60900-Business Expenses:			
60910-Meeting Related Expenses	\$9,800.00	\$3,769.81	\$6,030.19
60920-Dues/Fees/Renewals	\$8,300.00	\$640.52	\$7,659.48
60930- Events	\$4,500.00	\$1,890.00	\$2,610.00
62100-Contract Services:			
62110-Accounting Fees	\$3,000.00		\$3,000.00
62140-Legal Fees	\$19,845.00	\$6,615.00	\$13,230.00
62150-Other Contract Services	\$6,500.00	\$1,500.00	\$5,000.00
65000-Office Operations:			
65010-Rent	\$9,000.00	\$3,000.00	\$6,000.00
65020-Postage/Printing	\$500.00		\$500.00
65030-Utilities	\$4,200.00	\$1,009.16	\$3,190.84
65040-Supplies & Equipment	\$5,300.00	\$719.98	\$4,580.02
65050-Communications	\$5,500.00	\$2,011.31	\$3,488.69
65120-Insurance (Ofc, D&O, WC)	\$6,600.00	\$3,713.00	\$2,887.00
65100-Misc.	\$3,000.00	\$205.00	\$2,795.00
65110-Marketing	\$19,000.00	\$6,662.76	\$12,337.24
66000-Payroll Expenses:			
66010-President/CEO	\$88,200.00	\$29,400.00	\$58,800.00
66020-Project Manager	\$53,100.00	\$17,700.00	\$35,400.00
66030-Executive Administrative Assistant	\$39,000.00	\$13,344.66	\$25,655.34
66050-Benefits	\$65,400.00	\$21,619.22	\$43,780.78
68300-Travel	\$24,500.00	\$5,045.19	\$19,454.81
TOTALS:	\$375,245.00	\$118,845.61	\$256,399.39

Tennessee Central Economic Authority

BUDGET VS. ACTUALS: FY_2019_2020 - FY20 P&L

July - October, 2019

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
44500 Government Grants				
44510 TVA Grants (CR to #60930)	2,500.00	1,500.00	1,000.00	166.67 %
Total 44500 Government Grants	2,500.00	1,500.00	1,000.00	166.67 %
46400 Other Types of Income				
46410 Interest	8,817.57	11,500.00	-2,682.43	76.67 %
46420 Administrative Services Fee		170,000.00	-170,000.00	
46430 Miscellaneous				
46431 Mtg Lunch Fees (CR to #60910)	300.00	800.00	-500.00	37.50 %
46432 Event Sponsors (CR to #60930)	1,500.00	1,000.00	500.00	150.00 %
Total 46430 Miscellaneous	1,800.00	1,800.00	0.00	100.00 %
Total 46400 Other Types of Income	10,617.57	183,300.00	-172,682.43	5.79 %
47500 Rentals	76,893.36	193,500.00	-116,606.64	39.74 %
Unapplied Cash Payment Income	703.00		703.00	
Total Income	\$90,713.93	\$378,300.00	\$ -287,586.07	23.98 %
GROSS PROFIT	\$90,713.93	\$378,300.00	\$ -287,586.07	23.98 %
Expenses				
60900 Business Expenses				
60910 Meeting Related Expenses	3,769.81	9,800.00	-6,030.19	38.47 %
60920 Dues/Fees/Renewals	640.52	8,300.00	-7,659.48	7.72 %
60930 Events	1,890.00	4,500.00	-2,610.00	42.00 %
Total 60900 Business Expenses	6,300.33	22,600.00	-16,299.67	27.88 %
62100 Contract Services				
62110 Accounting Fees		3,000.00	-3,000.00	
62140 Legal Fees	6,615.00	19,845.00	-13,230.00	33.33 %
62150 Other Contract Services	1,500.00	6,500.00	-5,000.00	23.08 %
Total 62100 Contract Services	8,115.00	29,345.00	-21,230.00	27.65 %
65000 Office Operations				
65010 Rent	3,000.00	9,000.00	-6,000.00	33.33 %
65020 Postage/Printing		500.00	-500.00	
65030 Utilities	1,009.16	4,200.00	-3,190.84	24.03 %
65040 Supplies & Equip.	719.98	5,300.00	-4,580.02	13.58 %
65050 Communications	2,011.31	5,500.00	-3,488.69	36.57 %
65120 Insurance - Office, D&O, WC	3,713.00	6,600.00	-2,887.00	56.26 %
Total 65000 Office Operations	10,453.45	31,100.00	-20,646.55	33.61 %
65100 Misc.	205.00	3,000.00	-2,795.00	6.83 %
65110 Marketing	6,662.76	19,000.00	-12,337.24	35.07 %
66000 Payroll Expenses				
66010 President/CEO	29,400.00	88,200.00	-58,800.00	33.33 %
66020 Project Manager	17,700.00	53,100.00	-35,400.00	33.33 %
66030 Executive Admin Assistant	13,344.66	39,000.00	-25,655.34	34.22 %

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
66050 Benefits	21,619.22	65,400.00	-43,780.78	33.06 %
Total 66000 Payroll Expenses	82,063.88	245,700.00	-163,636.12	33.40 %
68300 Travel	5,045.19	24,500.00	-19,454.81	20.59 %
Total Expenses	\$118,845.61	\$375,245.00	\$ -256,399.39	31.67 %
NET OPERATING INCOME	\$ -28,131.68	\$3,055.00	\$ -31,186.68	-920.84 %
NET INCOME	\$ -28,131.68	\$3,055.00	\$ -31,186.68	-920.84 %

Tennessee Central Economic Authority

BALANCE SHEET

As of October 31, 2019

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
6804 25M CD	155,067.15
7535 24M CD	615,767.49
Checking	7,775.37
Savings	249,231.46
Total Bank Accounts	\$1,027,841.47
Accounts Receivable	
11001 allowance for doubtful accounts	0.00
Total Accounts Receivable	\$0.00
Other Current Assets	
12000 Undeposited Funds	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$1,027,841.47
TOTAL ASSETS	\$1,027,841.47
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
24110 MASTERCARD	-6,810.18
Total Credit Cards	\$ -6,810.18
Other Current Liabilities	
24000 Payroll Liabilities	1,528.51
Total Other Current Liabilities	\$1,528.51
Total Current Liabilities	\$ -5,281.67
Total Liabilities	\$ -5,281.67
Equity	
30000 Opening Balance Equity	554,517.95
32000 Retained Earnings	506,736.87
Net Income	-28,131.68
Total Equity	\$1,033,123.14
TOTAL LIABILITIES AND EQUITY	\$1,027,841.47

**REPORT ON THE
STATE POOLED INVESTMENT FUND**
For The Fiscal Year Ended June 30, 2019



PREPARED FOR THE
STATE FUNDING BOARD

November 26, 2019

PREPARED BY
TREASURY DEPARTMENT
CASH MANAGEMENT DIVISION

Tim McClure, CTP

TABLE OF CONTENTS

I.	Investment Policy	3
II.	Portfolio Composition	3
III.	Average Daily Balances	4
IV.	Performance	4
V.	Weighted Average Maturity	5
VI.	Weighted Average Life	6
VII.	Daily Liquid Assets	7
VIII.	Weekly Liquid Assets	8
IX.	Credit Quality and Diversification	9
X.	Shadow Pricing	9
XI.	Stress Testing	10
XII.	Investment Policy Review	10
XIII.	Investment Strategy	10
XIV.	Cost of Administration	11
	Stress Test Results June 30, 2019	Attachment

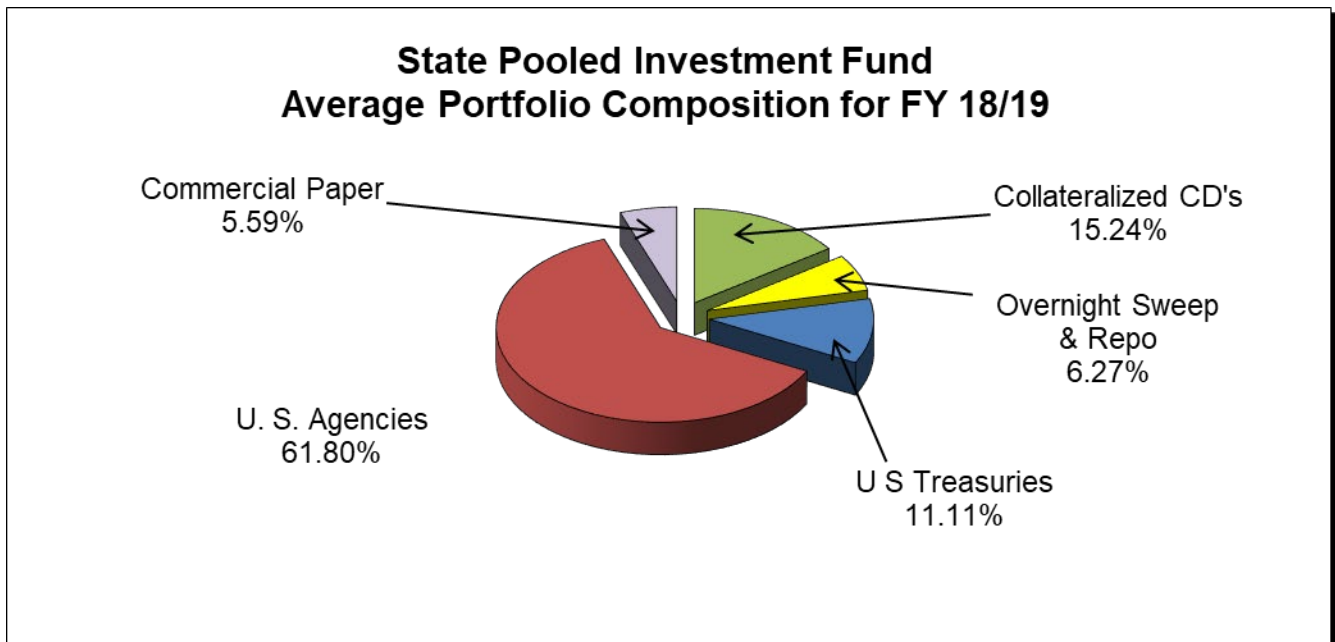
TENNESSEE TREASURY DEPARTMENT
State Pooled Investment Fund Report
For the fiscal year ended June 30, 2019

I. INVESTMENT POLICY

The investment policy for the State Pooled Investment Fund is set by the State Funding Board. The board is composed of the Governor, Commissioner of Finance and Administration, Comptroller, Secretary of State, and Treasurer. The investment objective for the state pooled investment fund is to obtain the highest available return on investments consistent with the preservation of principal, while maintaining sufficient liquidity for state expenditures and other withdrawals from the state pooled investment fund. On April 7, 2016, the State Funding Board voted to adopt an Investment Policy that is in compliance with GASB Statement 79 in order to maintain a fund that could operate at a stable dollar.

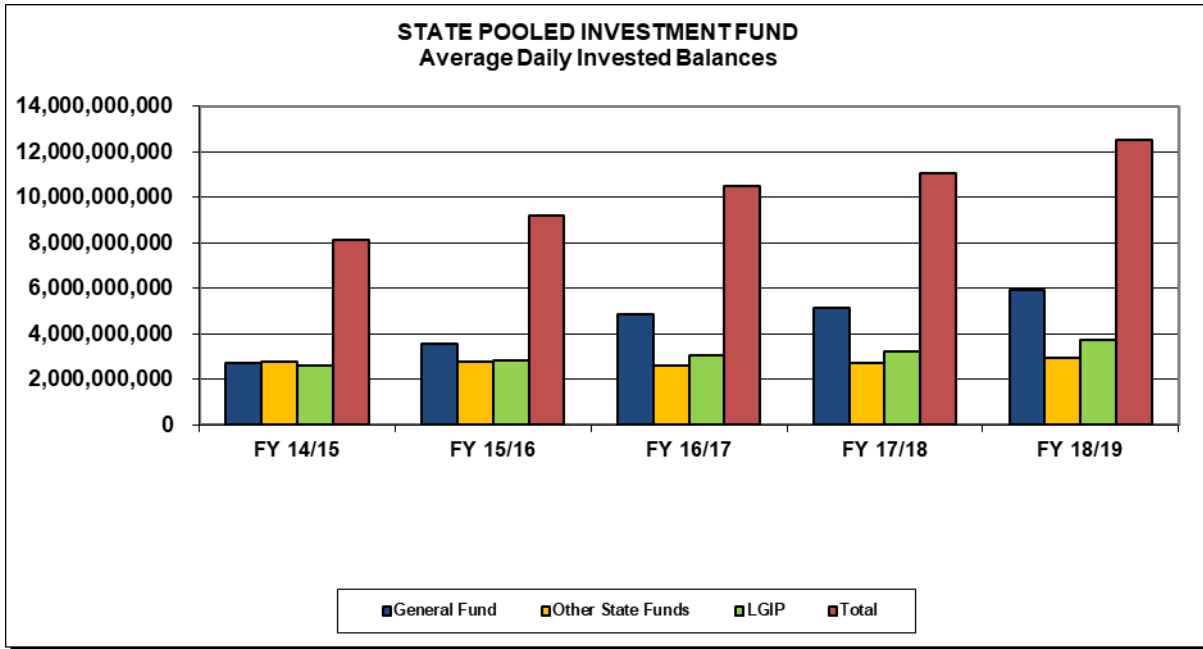
II. Portfolio Composition

The State Pooled Investment Fund had a monthly average of \$12.5 billion invested for the fiscal year ended June 30, 2019. The following chart shows the composition of the average portfolio.



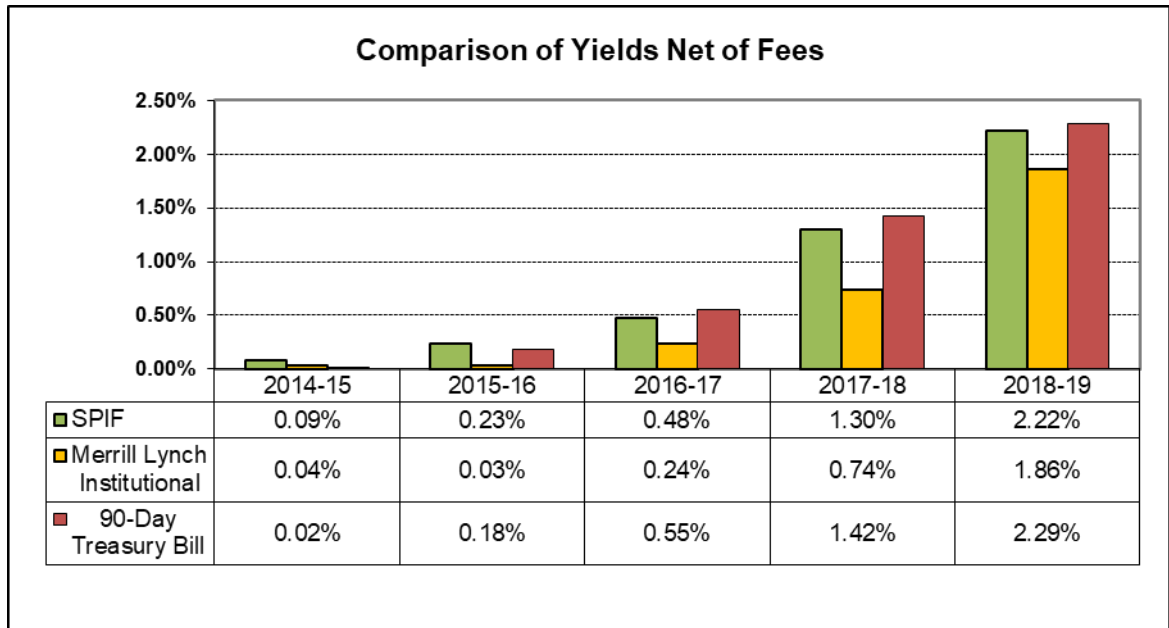
The reduced availability of commercial paper that meets the strict credit quality requirements of the SPIF is evidenced by the 5.59% average investment during the fiscal year. Bank demand for State funds has increased slightly, but is still down from levels before the financial crisis in 2008. Repurchase agreements were added back to the portfolio last year and has increased overnight liquidity. Agency exposure, including floating rate securities, has increased to improve daily and weekly liquidity and to assist the portfolio in meeting the WAM and WAL requirements imposed by GASB 79.

III. Average Daily Balances



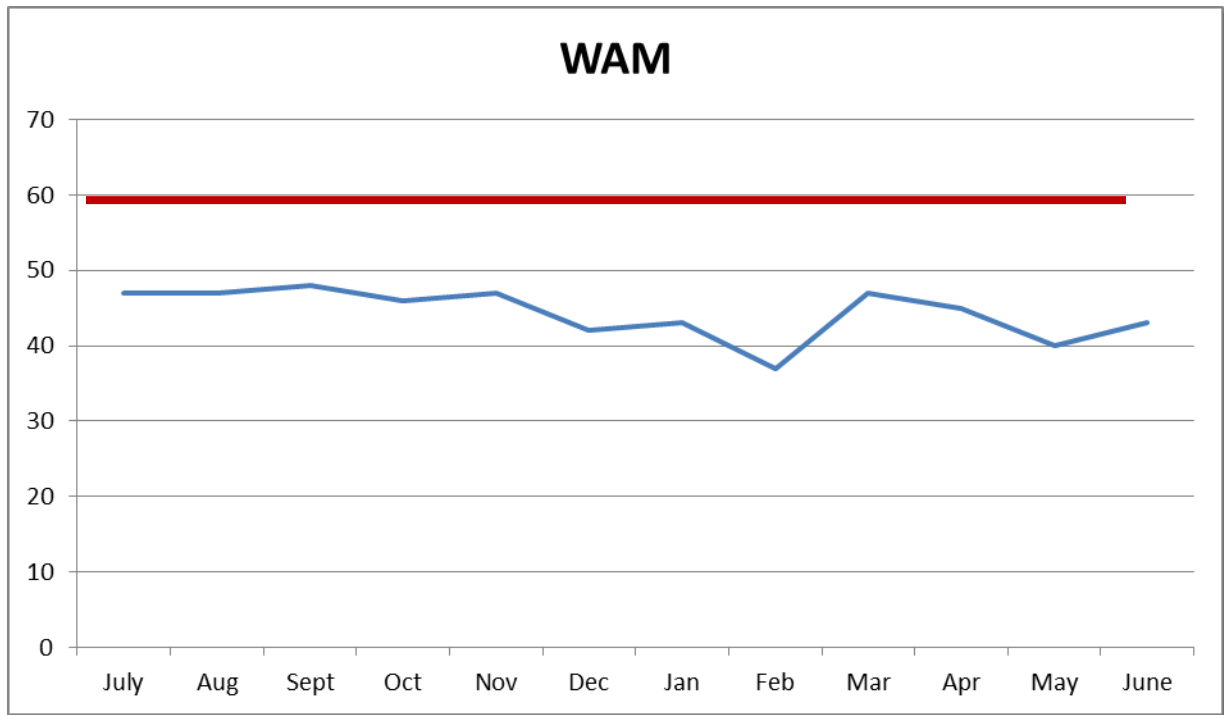
IV. Performance

The chart below shows how the SPIF has performed over the last 5 years when compared to the 90-day US Treasury Bill and the Blackrock Institutional Investment Fund (ticker symbol MLIXX).



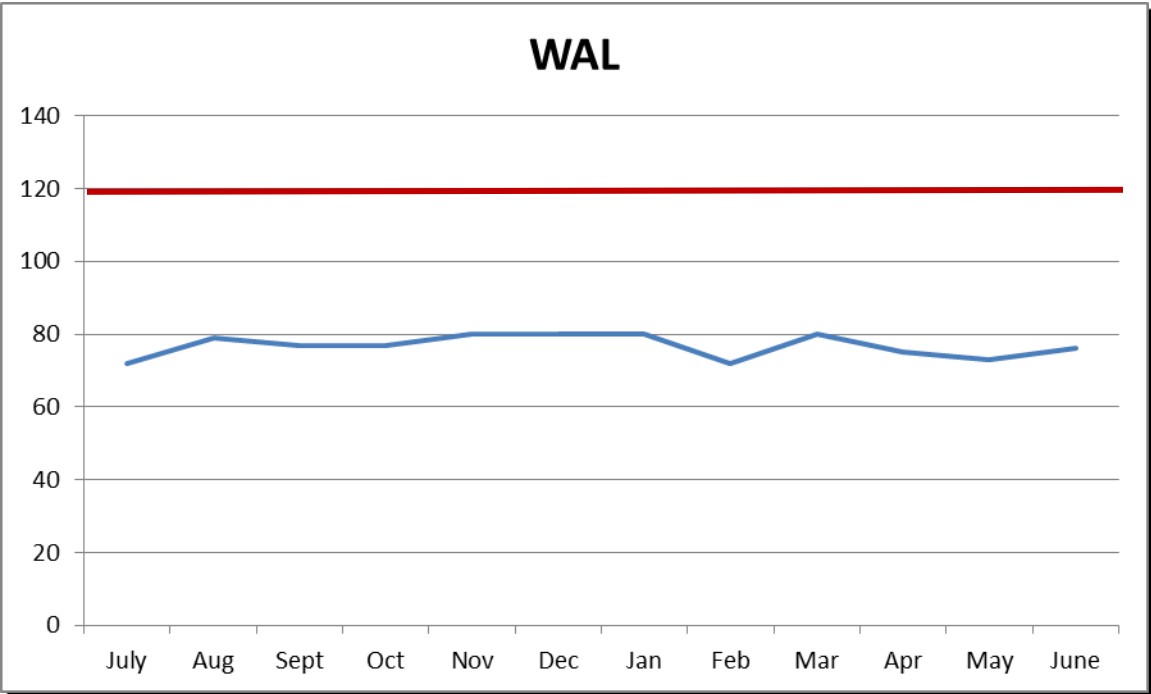
V. Weighted Average Maturity (WAM)

The weighted average maturity (WAM) measure expresses investment time horizons – the time when investments become due and payable – in the case of the SPIF, days weighted to reflect the dollar size of individual investments. GASB Statement 79 allows the use of certain maturity shortening features to be utilized when measuring the WAM such as interest rate resets. The SPIF holds floating-rate securities issued by various US government agencies that typically have maturities of less than 397 days but have indexed interest rates that reset each month. The use of those securities provides a level of protection against changes in interest rates as well as reduces the WAM of the SPIF portfolio. In order to maintain compliance with GASB Statement 79 requirements, the WAM of a portfolio cannot exceed 60 days. The chart below shows the WAM of the SPIF portfolio during the year. At no point in time did the WAM exceed the 60 day limit.



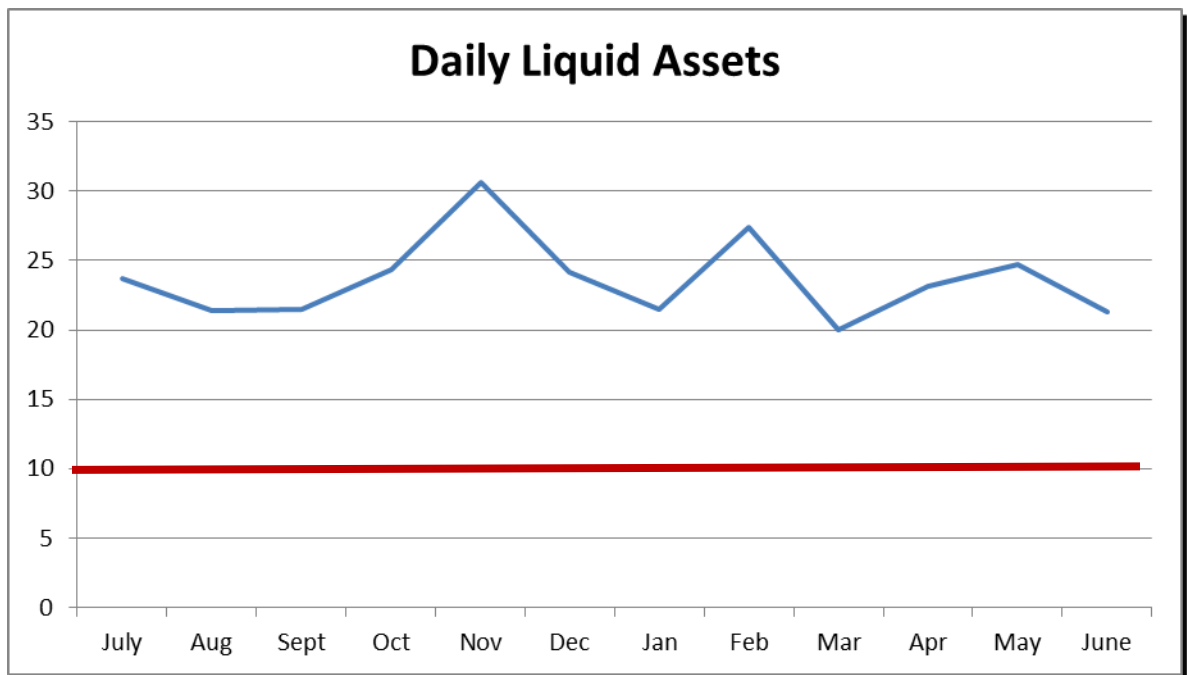
VI. Weighted Average Life (WAL)

The weighted average life (WAL) measure expresses the average length of time that each dollar of principal remains unpaid without taking into account the maturity shortening features used in calculating the weighted average maturity. In other words, the WAL is the stated maturity of each security within the portfolio. In order to maintain compliance with GASB Statement 79 requirements, the WAL of a portfolio cannot exceed 120 days. The chart below shows the WAL of the SPIF portfolio during the year. At no point in time did the WAL exceed the 120 day limit.



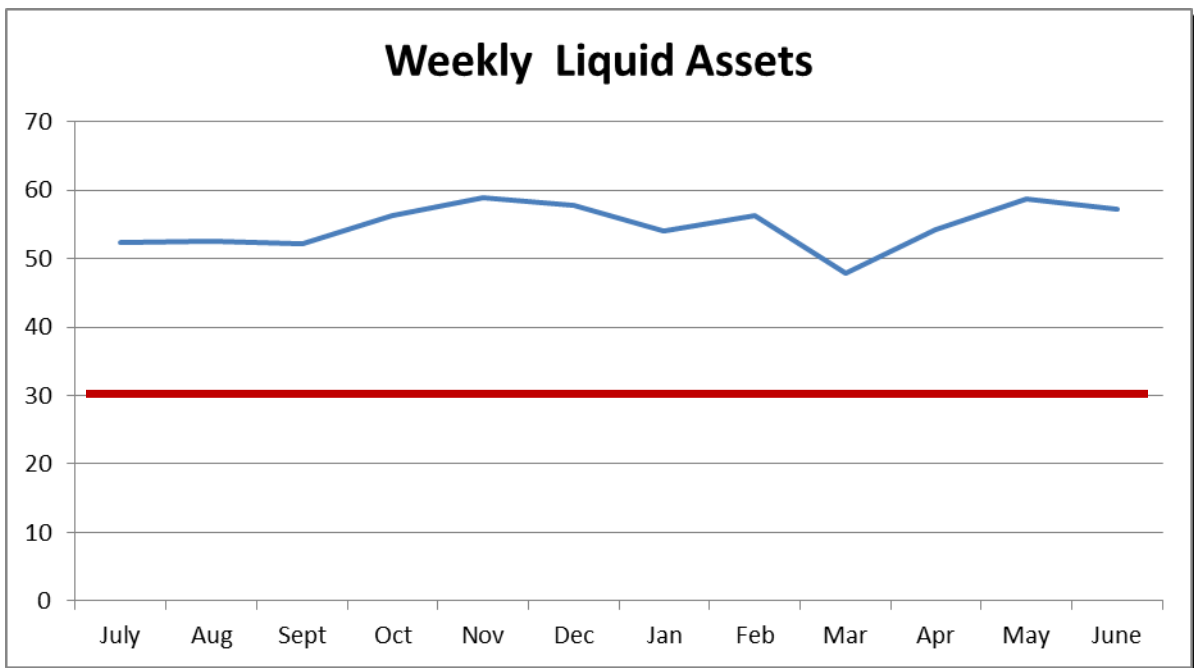
VII. Daily Liquid Assets

In order to provide for reasonably foreseeable redemptions, or withdrawals, GASB Statement 79 requires that all funds hold no more than 5% of the portfolio in illiquid investments. The SPIF does not hold any illiquid securities. GASB Statement 79 also requires that a portfolio maintain at least 10% of the portfolio in securities that are defined as daily liquid securities. Examples of daily liquid securities that are held in the SPIF include cash, demand deposits at banks, certificates of deposit that are scheduled to mature the next business day, direct obligations of the US government, and any other security that has a stated maturity date of the next business day. Below is a chart showing the daily liquidity of the SPIF during the year.



VIII. Weekly Liquid Assets

The SPIF must also maintain a portfolio that has at least 30% invested in weekly liquid assets. Examples of weekly liquid assets that might be held in the SPIF are cash, demand deposits or certificates of deposit that mature within 5 business days, direct obligations of the US government, all securities that mature within 5 business days, and securities that are US government securities but not direct obligations of the US government that are issued at a discount and mature within 60 days. Below is a chart that shows the level of weekly liquid assets held during the year by the SPIF.



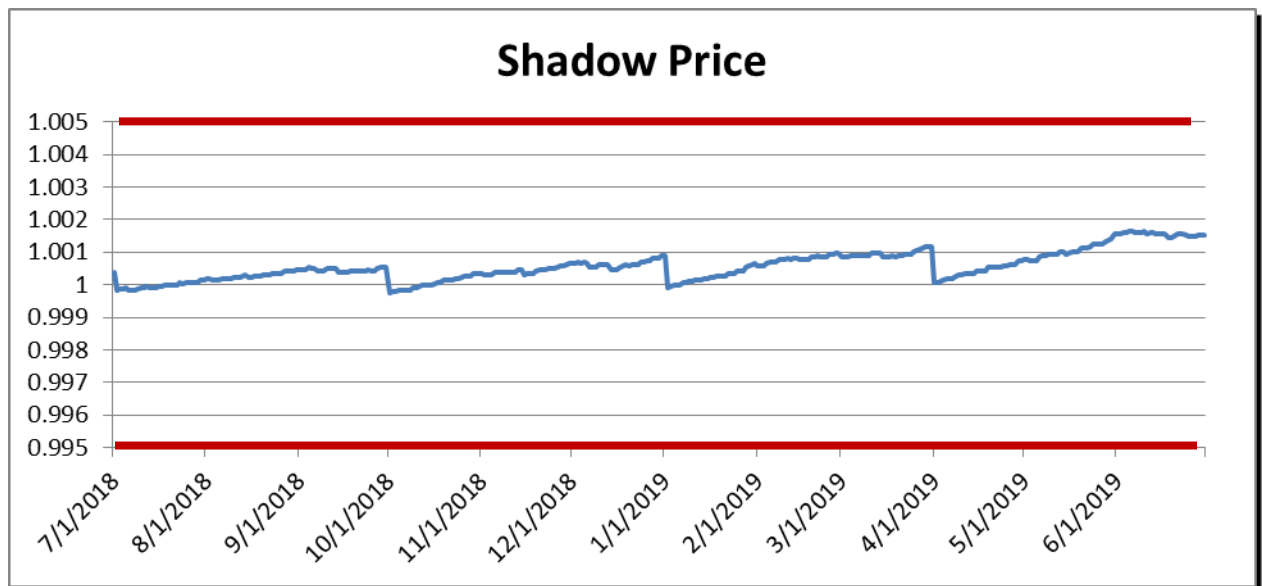
IX. Credit Quality and Diversification

During FY 18/19, the SPIF held direct and indirect obligations of the US government that were all rated AAA/Aa+. All of the commercial paper held by the SPIF was rated no less than A1/P1. Further, holdings of commercial paper was limited to less than 5% of the total value of the SPIF portfolio or less than 5% of the issuer's total approved limit.

X. Shadow Pricing

The shadow price is the net asset value per share of the fund calculated using total investments measured at fair value as of the calculation date. GASB Statement 79 requires that a fund calculate the shadow price at least one time each month, no sooner than 5 days before the last day of the month and no later than the last working day of each month. The SPIF calculates the shadow price daily. In order for a fund to be considered a stable dollar fund, the shadow price must be between \$.995 to \$1.005 at all times. If a fund ever has a shadow price outside those parameters, the fund is considered to have "broken the buck".

The chart below shows the daily shadow price of the SPIF throughout the year.



The chart reflects the very close range of the SPIF valuation during FY19. The red lines at the top and bottom of the chart shows the upper and lower limits permitted in the valuation. The lowest valuation for the SPIF during the year was \$.999768 per share on October 1, 2018. The highest valuation for the SPIF was \$1.001636 per share on June 5, 2019. During FY19, the SPIF was valued above \$1 per share 326 days during the year.

XI. Stress Testing

At month's end, the SPIF is stress tested utilizing a model developed by S&P. The model considers the balance of the fund, weighted average maturity, weighted average life, shadow price, credit spread, and percent of total credit excluding US government and agencies. Based upon the information entered, the fund then considers the effect on the fund if the 10 largest shareholders were to redeem their shares in one day, considers the impact of a redemption in one day of the largest 5 day historical redemption, and the impact of both events occurring on the same day. The model then measures the impact if on the same day there was a movement in interest rates to determine how much stress the fund can handle before the fund has a variance in value greater than one half of 1%, or "breaking the buck".

During each month of FY19, the SPIF was capable of handling the impact of the above-described events without breaking the buck. In fact, in most cases the SPIF could handle the combined redemption events and a change in interest rates of 250 basis points or greater without breaking the buck. This is due to the conservative credit position and enhanced liquidity of the portfolio. (The actual stress test as of June 30, 2019, is attached to the end of this document.)

XII. Investment Policy Review

Implementation of GASB Statement 79 required an extensive re-write of the Investment Policy for the State Pooled Investment Fund. The Board voted on April 7, 2016 to adapt the necessary changes to ensure that the SPIF was in full compliance with GASB. While the content and the appearance of the SPIF Investment Policy changed, the actual day-to-day operation of the SPIF did not change appreciably. The changes improve transparency and liquidity without having a negative impact on performance. One of the more significant changes is the recognition of the reset date as the maturity date for floating-rate securities. GASB also requires more frequent reporting that includes the shadow price, daily and weekly liquidity, and weighted average maturity and weighted average life of the portfolio. Staff is making no request to modify the investment policy at this time.

XIII. Investment Strategy

On December 15, 2015, the FOMC began raising the Fed Funds rate and made the last rate hike on December 19, 2018, bringing the rate to a range of 2.25% to 2.50%. The rate remained unchanged through the rest of fiscal year 2019. While the Fed Funds rate is still relatively low, the improved rates have generated more income for the fund than at any time over the last ten years. Staff will continue to seek ways to generate as much revenue as possible and remain in compliance with the Investment Policy. Staff will continue to maintain a diversified portfolio of CDs, bank deposits, US Government obligations, and commercial paper. The yield curve, actions taken by the Federal Reserve Bank, regulatory changes, and other market conditions will be considered when managing the asset mix and average maturity of the portfolio. The SPIF remains a safe investment for state funds and monies invested by local government officials. There has been no loss of funds due to credit exposure and no liquidity concerns.

XIV. Cost of Administration

The SPIF charges 4 basis points to all participants to administer the program. The fee covers the total cost of program management, including:

- Investment of portfolio
- Maintenance of collateral
- Collateral pool administration
- Cash concentration
- Bank reconciliations and resolution of reconciling items
- LGIP program
- Warrant reconciliation
- Accounting and recordkeeping
- Support cost such as internal audit, payroll, personnel, etc.

Principal Stability Fund Rating Sensitivity Matrix

Copyright© 2012 by Standard & Poor's Financial Services LLC (S&P) a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.



WAM (R)	43
WAM (F)	76
Shares Outstanding:	14,299,659,968.00
Total Fund Assets:	14,299,659,968.00
Market Value (NAV):	1.001533
Credit Spread Movement (bps):	7
% Total Credit (Non Gov't) Securities (of portfolio)	25%
% Corporate Floaters (of portfolio)	0%

FILL IN/ADJUST AREAS SHADED GREEN TO RUN SCENARIOS

June 30, 2019

Total \$ Loss: **\$0**
Total \$ Gain: **\$21,925,669**

Basis Point Shift	Selected Shareholders	Largest Redemption over 5 consecutive business days					Gain (Loss)			
325	0.997211	0.997443	0.996912	0.997427	0.997562	0.997684	0.997794	0.998070	(33,116,849)	
250	0.998275	0.998419	0.998090	0.998408	0.998492	0.998568	0.998636	0.998606	(20,482,218)	
200	0.998984	0.999069	0.998876	0.999063	0.999112	0.999157	0.999197	0.999297	(12,059,130)	
175	0.999339	0.999394	0.999268	0.999390	0.999422	0.999451	0.999477	0.999543	(7,847,587)	
160	0.999694	0.999719	0.999661	0.999717	0.999732	0.999746	0.999758	0.999788	(3,636,043)	
125	1.000048	1.000044	1.000054	1.000045	1.000042	1.000040	1.000038	1.000034	575,501	
100	1.000403	1.000370	1.000446	1.000372	1.000352	1.000335	1.000319	1.000279	4,787,044	
75	1.000758	1.000695	1.000839	1.000699	1.000662	1.000629	1.000599	1.000524	8,998,588	
50	1.001113	1.001020	1.001232	1.001026	1.000972	1.000924	1.000880	1.000770	13,210,132	
25	1.001467	1.001345	1.001624	1.001354	1.001282	1.001218	1.001160	1.001015	17,421,675	
0	1.001822	1.001670	1.002017	1.001681	1.001592	1.001513	1.001441	1.001261	21,633,219	
-25	1.002177	1.001995	1.002410	1.002008	1.001902	1.001807	1.001721	1.001506	25,844,763	
-50	1.002532	1.002320	1.002803	1.002335	1.002213	1.002102	1.002002	1.001752	30,056,306	
-75	1.002886	1.002646	1.003195	1.002663	1.002523	1.002396	1.002282	1.001997	34,267,850	
-100	1.003241	1.002971	1.003588	1.002990	1.002833	1.002691	1.002563	1.002242	38,479,394	
-125	1.003596	1.003296	1.003981	1.003317	1.003143	1.002985	1.002843	1.002488	42,690,937	
-150	1.003951	1.003621	1.004373	1.003644	1.003453	1.003280	1.003124	1.002733	46,902,481	
-175	1.004305	1.003946	1.004766	1.003972	1.003763	1.003574	1.003404	1.002979	51,114,025	
-200	1.004660	1.004271	1.005159	1.004299	1.004073	1.003869	1.003685	1.003224	55,325,569	
-250	1.005370	1.004922	1.005944	1.004953	1.004693	1.004458	1.004246	1.003715	63,748,656	
-300	1.006079	1.005572	1.006729	1.005608	1.005313	1.005047	1.004807	1.004206	72,171,743	
Redemptions/Subscriptions	-17%	-9%	-25%	-10%	-5%	0%	5%	20%		
Shares Outstanding	11,872,204,587	12,953,060,989	10,724,744,976	12,869,693,971	13,584,676,970	14,299,659,968	15,014,642,966	17,159,591,962		

Shift Upon NAV = NAV - (WAM/365) * (Bp/10,000)
Dilution Upon NAV = (NAV + Change) / (1 + Change)

Top 10 Shareholders		% of Fund	Stress Redemption
METRO NASHVILLE	723,534,804.10	5.06%	Yes
SHELBY COUNTY TRUSTEE	450,818,734.35	3.15%	Yes
CITY OF KNOXVILLE	360,630,210.45	2.52%	Yes
HAMILTON COUNTY	210,085,316.55	1.47%	Yes
TN EDUCATION LOTTERY CORP	130,164,009.78	0.91%	Yes
TENNESSEE BOARD OF REGENTS	124,094,647.63	0.87%	Yes
EAST TENNESSEE STATE UNIVERSITY	120,076,747.12	0.84%	Yes
TENNESSEE TECH UNIVERSITY	113,309,418.54	0.79%	Yes
MIDDLE TENNESSEE STATE UNIVERSITY	101,072,880.88	0.71%	Yes
WILSON COUNTY TRUSTEE	93,668,612.08	0.66%	Yes
Stress Top 10	\$ 2,427,455,381.48	16.98%	Yes
Total Fund Assets	\$ 14,299,659,968.00	100%	2,427,455,381.48

Largest Five Day Redemption (%)	9.42%
	9/29-10/03/16

**REPORT ON THE
Intermediate Term INVESTMENT FUND
For The Fiscal Year Ended June 30, 2019**



PREPARED FOR THE
STATE FUNDING BOARD

November 26, 2019

PREPARED BY
TREASURY DEPARTMENT
CASH MANAGEMENT DIVISION

Tim McClure, CTP

TABLE OF CONTENTS

I.	Compliance with Investment Policy	
	• Portfolio Composition	1
	• Maturity	1
	• Liquidity	1
II.	Portfolio Performance	2
III.	Review of Investment Policy	2
IV.	Investment Plan	2
V.	Cost of Administration	3

CHARTS AND TABLES

Change in Net Asset Value	2
Portfolio as of June 30, 2019	3

TENNESSEE TREASURY DEPARTMENT
Intermediate Term Investment Fund Report
For the fiscal year ended June 30, 2019

I. COMPLIANCE WITH INVESTMENT POLICY

The investment policy for the Intermediate Term Investment Fund (ITIF) is set by the State Funding Board. The board is composed of the Governor, Commissioner of Finance and Administration, Comptroller, Secretary of State, and Treasurer. The investment objective for the ITIF is to offer a longer term investment option for the State and any entity that is eligible to invest in the LGIP. Returns of a fund with a longer term investment horizon are expected to outperform liquidity funds such as the SPIF, but there are risks associated with longer term investments. If interest rates increase, the value of investments will decline. Investors should consider the risks involved, including the lack of liquidity provided from a fund such as the ITIF, before making a decision to participate.

Portfolio Composition

The ITIF was launched on July 22, 2013, when the first participant invested \$200 million. As of June 30, 2019, there was one additional investment of \$11.76 million and two participant withdrawals totaling \$140 million since inception. Investment policy permits investments in US Government and Agency securities, repurchase agreements, prime commercial paper, prime banker's acceptances, and the State Pooled Investment Fund (as a source of liquidity or uninvested idle cash, if necessary). During the fiscal year, investments were only made in government agency securities with idle cash invested in the SPIF only until investments in longer term maturities could be purchased. The average composition during the year ended June 30, 2019, was 97.26% US agencies and 2.74% idle cash in the SPIF. The cash component of the fund was not strategic during this fiscal year. Any cash balances were due to timing differences between the call or maturity of a security and the settlement date of the re-investment.

Maturity

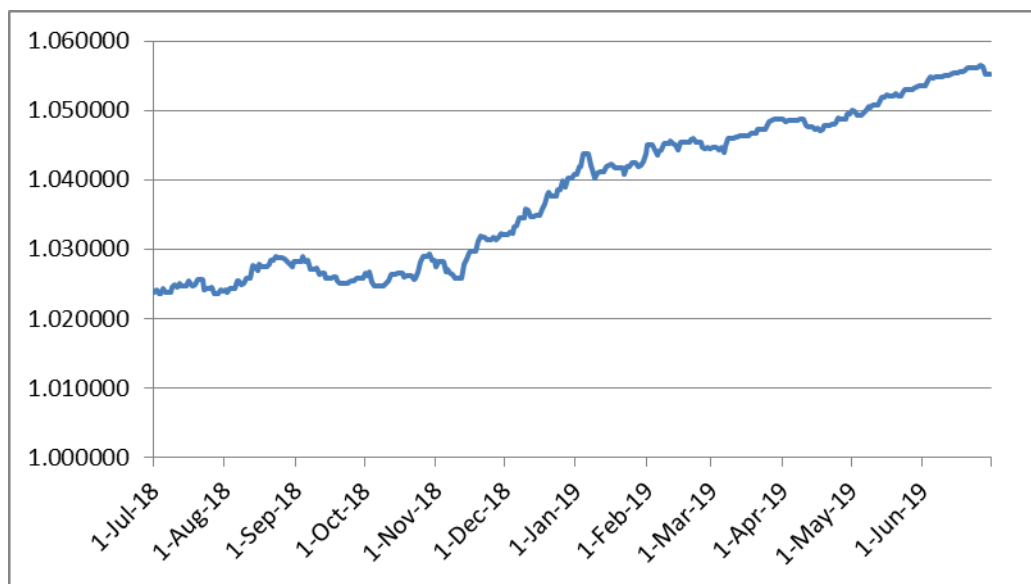
The objective of the ITIF is to take advantage of the expected additional return from investing farther out on the yield curve. The Investment Policy permits investments up to five years with an average maturity of three years. The weighted average maturity (WAM) of the ITIF began the year at 2.94 years and ended the year at 2.71 years. During the year, the WAM ranged from 2.05 years to 2.95 years. There was an expectation that the Fed might raise rates during calendar year 2018, and were raised one time to a level of 2.25% to 2.50% and remained at that level through the rest of the fiscal year.

Liquidity

This fund is not designed to provide liquidity. As a result, the fund will not maintain a significant position in cash equivalent securities for the sole purpose of providing liquidity. Investors are encouraged to only invest funds that are not going to be needed for short term liquidity purposes. Withdrawals are limited to the first working day of each quarter, as long as notice is provided at least 30 days prior to the withdrawal date.

II. PORTFOLIO PERFORMANCE

For the period July 22, 2013 thru June 30, 2019, the Intermediate Term Investment Fund has had a market value increase of 5.52%. During fiscal year 2019, the fund increased in value 3.09% net of expenses. During the same period, the SPIF returned 2.22%, the Vanguard Short Term Federal Fund (VSGBX) returned 4.32%, and the Barclays US Treasury Bond Fund Index returned 2.38%. During fiscal year 2019, the net asset value (NAV) ranged from a low of 1.023596 on July 3, 2018, to 1.056504 on June 26, 2019. The graph below demonstrates the daily change in net asset value during the year.



III. INVESTMENT POLICY REVIEW

No Investment Policy changes are anticipated during the current fiscal year. The fund has operated as planned and there have been no concerns that have arisen. Also, there are no market regulations that impact funds of this nature being discussed at this time.

IV. INVESTMENT PLAN

On December 19, 2018, the Federal Reserve raised the Fed Funds rate to a range of 2.25% to 2.50%. The rate remained unchanged the rest of the fiscal year, but the prospects of a rate cut by the FOMC weighed upon the markets until the first rate cut finally occurred July 31, 2019. While the safety and liquidity offered from money market funds outweighs the risks of investing in funds with longer maturities for many investors, those that have funds not needed for short term liquidity can benefit from a fund similar to the Intermediate Term Investment Fund (ITIF). There are risks associated with investing in the ITIF. The investment policy of the fund attempts to minimize the risks by limiting investments to securities that possess little credit risk and by limiting deposits and withdrawals to the first business day of each quarter and requiring a 30 day notice before a withdrawal

can be made. Rising interest rates can have a negative impact on performance, while declining rates can increase the market value of securities held in a portfolio. Staff will continue to monitor the movement in interest rates as well as other market conditions that could impact the fund and make changes as needed to maintain a competitive investment option for public entities across the State.

V. COST OF ADMINISTRATION

The cost to operate the ITIF are minimal due to the efficiencies gained by utilizing many of the same resources as are used to manage other funds within Treasury. The costs of operations are funded from a 5 basis point charge for assets invested. Most commercial funds charge substantially more than 5 basis points. Also, the costs of operations include more than investment management. The 5 basis points finances:

- Investment of portfolio
- Software and hardware support and maintenance
- Accounting and recordkeeping
- Support cost such as internal audit, payroll, personnel, etc.

VI. PORTFOLIO AT JUNE 30, 2019

DESCRIPTION	ACCRUED INCOME	MARKET VALUE	MATURITY	MKT PRICE	PAR	INC PURCHASED	RATE	CUSIP
FHLMC	109,850.00	20,116,650.00	4/11/2022	100.034	20,000,000.00		2.535	3134GTCA9
FHLB	107,500.00	15,115,600.00	3/19/2021	100.054	15,000,000.00		2.580	3130AG2W4
FHLMC	140,937.50	15,154,137.50	8/26/2022	100.088	15,000,000.00		2.775	3134GS4G7
FHLMC	142,218.75	15,150,318.75	8/26/2022	100.054	15,000,000.00		2.750	3134GS3N3
FHLMC	91,737.33	10,023,585.58	2/28/2022	100.069	9,925,000.00		2.750	3134GSY41
		75,560,291.83						
	Cash	732,951.21						
		76,293,243.04						
	SHARES	72,302,837.80						
	NAV	1.055190						