



JASON E. MUMPOWER
Comptroller

**TENNESSEE STATE FUNDING BOARD
NOVEMBER 23, 2021
AGENDA**

1. Reconvene meeting from November 17, 2021
2. Consideration and approval of State Funding Board minutes from the meeting held on October 25, 2021
3. Consideration and approval of staff recommendations of state revenue projections
4. Consideration and approval of staff recommendations of lottery revenue projections
5. Acknowledge receipt of notification from the Tennessee Education Lottery Corporation pursuant to Tennessee Code Annotated Section 4-51-111(a)(3)
6. Report from Tennessee Central Economic Authority
Mr. Charly Lyons, President & CEO
Ms. Kelsey Dansby, Executive Administrator
7. Report from Tennessee State Veterans Home Board
Mr. Ed Harries, Executive Director
Ms. Danielle Brown, Controller
8. Report on State Pooled Investment Fund (SPIF) and Intermediate Term Investment Fund (ITIF)
Mr. Markus Klar, Senior Portfolio Manager
Mr. Thomas Kim, Deputy Chief Investment Officer/Director of Fixed Income
State of Tennessee Treasury Department, Investment Division
9. Consideration and approval of a revision to the SPIF Investment Policy
10. Adjourn

URL for video stream: http://tnga.granicus.com/MediaPlayer.php?publish_id=b8803f54-2c38-424e-a870-7866f7683cd5

TENNESSEE STATE FUNDING BOARD
October 25, 2021

The Tennessee State Funding Board (the “Board”) met on Monday, October 25, 2021, at 11:08 a.m., in the House Hearing Room I, Cordell Hull Building, 1st Floor, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of State
The Honorable David Lillard, State Treasurer
Commissioner Butch Eley, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Having established that a quorum was present, Mr. Mumpower called the meeting to order and presented the minutes from the meeting held on September 7, 2021, for consideration and approval. Mr. Hargett made a motion to approve the minutes, and Mr. Eley seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Ms. Jamie Stitt, Assistant Commissioner of Business and Workforce Development, 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 September 7, 2021, Board meeting, the FastTrack balance was \$380,951,607.59. Since that time, \$6,953,000.00 in new grants and loans had been approved; and \$196,235.63 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$373,802,371.96 as of the date of the Report. Mr. VanderMeer reported that commitments had been made in the amount of \$312,754,734.13, resulting in an uncommitted FastTrack balance of \$61,047,637.83. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$22,710,000.00, and if these projects were approved, the uncommitted balance would be \$38,337,637.83 and the total committed balance would be \$335,464,734.13, which represented 89.7% of the FastTrack balance.

Mr. Mumpower requested, without objection, that the four FastTrack projects on the agenda be presented together. Ms. Stitt then presented the following FastTrack projects:

- **Life Technologies Corporation (Thermo Fisher Scientific Inc.) – Lebanon (Wilson County)**
FastTrack Economic Development Grant \$ 10,500,000
- **IMC Companies and IMC, NA – Collierville (Shelby County)**
FastTrack Economic Development Grant \$ 2,000,000

- **Smith & Wesson Brands, Inc. – Maryville (Blount County)**
FastTrack Economic Development Grant \$ 9,000,000
- **Lodge Manufacturing Company – South Pittsburg (Marion County)**
FastTrack Economic Development Grant \$ 1,210,000

The Board member packets included letters and FastTrack checklists signed by Commissioner Bob Rolfe, ECD, and incentive acceptance forms signed by company representatives. Mr. Mumpower inquired if the companies that had signed the incentive acceptance forms fully understood the agreements, and Ms. Stitt responded affirmatively. Mr. Mumpower then inquired if the checklists had been completed for each project and Ms. Stitt responded affirmatively. Mr. Mumpower then inquired if all the projects included accountability agreements which would provide protections for the state in the event the entity could not fulfill the agreement, and Ms. Stitt responded affirmatively. Mr. Hargett made a motion to approve the projects. Mr. Lillard seconded the motion, and it was unanimously approved.

After requesting other business and hearing none, Mr. Mumpower made a motion to adjourn the meeting, and Mr. Eley seconded the motion. The motion was unanimously approved, and the meeting was adjourned.

Approved on this _____ day of _____ 2021.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Estimated Revenues Based on Recurring Growth Rates

Funding Board Meeting - November 23, 2021

	<u>Recurring Actual FY 2020-2021</u>	<u>FY 2021-2022</u>	<u>Growth Rate</u>	<u>FY 2022-2023</u>	<u>Growth Rate</u>
Total Taxes	\$ 17,855,421,500			\$ 19,451,000,000	2.00%
		\$ 19,069,600,000	6.80%	\$ 19,527,300,000	2.40%
				\$ 19,569,400,000	2.00%
		\$ 19,185,700,000	7.45%	\$ 19,646,200,000	2.40%
		<i>Spread</i>		<i>0.65%</i>	<i>0.40%</i>
General Fund	\$ 15,217,164,900			\$ 16,683,400,000	1.75%
		\$ 16,396,500,000	7.75%	\$ 16,765,400,000	2.25%
				\$ 16,799,500,000	1.75%
		\$ 16,510,600,000	8.50%	\$ 16,882,100,000	2.25%
		<i>Spread</i>		<i>0.75%</i>	<i>0.50%</i>

**COMPARISON OF ESTIMATED STATE TAX REVENUE FOR
FISCAL YEAR 2021 - 2022**

(Accrual - Basis Estimates)

		2021-2022									
DEPARTMENT OF REVENUE TAXES		2020-2021		% Change		% Change		% Change		% Change	
SOURCE OF REVENUE	Actual Year	July 1, 2020 Budget Estimate	Over Actual	Dr. Fox Estimate	Over Actual	Fiscal Review Estimate	Over Actual	Dept. of Revenue Estimate	Over Actual	Dr. Smith Estimate	Over Actual
Sales and Use Tax ¹	\$ 11,083,119,600	\$ 10,296,700,000	-7.10%	\$ 12,121,100,000	9.37%	\$ 12,298,000,000	10.96%	\$ 11,923,300,000	7.58%	\$ 12,251,887,000	10.55%
Gasoline Tax	841,298,500	850,300,000	1.07%	883,400,000	5.00%	890,000,000	5.79%	883,900,000	5.06%	880,184,000	4.62%
Motor Fuel Tax	306,454,100	297,200,000	-3.02%	311,100,000	1.52%	325,000,000	6.05%	313,700,000	2.36%	325,500,000	6.21%
Gasoline Inspection Tax	68,282,500	68,500,000	0.32%	71,000,000	3.98%	71,000,000	3.98%	69,600,000	1.93%	69,332,800	1.54%
Motor Vehicle Registration Tax	356,305,900	347,800,000	-2.39%	349,200,000	-1.99%	362,000,000	1.60%	359,300,000	0.84%	361,729,000	1.52%
Income Tax	86,025,400	3,900,000	-95.47%	35,000,000	-59.31%	10,000,000	-88.38%	32,700,000	-61.99%	-	-100.00%
Privilege Tax - Less Earmarked Portion ¹	482,858,700	427,500,000	-11.46%	531,200,000	10.01%	542,500,000	12.35%	528,700,000	9.49%	508,500,000	5.31%
Gross Receipts Tax - TVA	339,575,800	349,100,000	2.80%	340,700,000	0.33%	349,100,000	2.80%	351,800,000	3.60%	332,590,000	-2.06%
Gross Receipts Tax - Other	33,658,400	26,200,000	-22.16%	28,500,000	-15.33%	31,000,000	-7.90%	28,300,000	-15.92%	32,500,000	-3.44%
Beer Tax	17,909,000	17,500,000	-2.28%	18,100,000	1.07%	19,100,000	6.65%	18,500,000	3.30%	18,231,200	1.80%
Alcoholic Beverage Tax	84,155,900	87,000,000	3.38%	88,400,000	5.04%	91,500,000	8.73%	88,800,000	5.52%	87,436,900	3.90%
Franchise & Excise Tax	3,495,248,000	2,833,800,000	-18.92%	4,014,900,000	14.87%	3,750,000,000	7.29%	3,907,700,000	11.80%	3,685,000,000	5.43%
Inheritance and Estate Tax	502,700	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
Tobacco Tax	242,790,400	232,600,000	-4.20%	233,100,000	-3.99%	236,000,000	-2.80%	237,900,000	-2.01%	232,502,000	-4.24%
Motor Vehicle Title Fees	23,644,300	23,300,000	-1.46%	23,800,000	0.66%	24,300,000	2.77%	24,100,000	1.93%	23,848,500	0.86%
Mixed Drink Tax	115,846,500	129,800,000	12.04%	162,300,000	40.10%	153,000,000	32.07%	156,500,000	35.09%	118,890,000	2.63%
Business Tax	254,256,000	240,100,000	-5.57%	259,400,000	2.02%	262,000,000	3.05%	257,100,000	1.12%	255,000,000	0.29%
Severance Tax	447,600	800,000	78.73%	800,000	78.73%	600,000	34.05%	400,000	-10.63%	517,000	15.50%
Coin-operated Amusement Tax	323,000	200,000	-38.08%	200,000	-38.08%	300,000	-7.12%	300,000	-7.12%	325,000	0.62%
Unauthorized Substance Tax	19,200	-	N/A	-	N/A	-	N/A	-	N/A	20,000	4.17%
TOTAL DEPARTMENT OF REVENUE	\$ 17,832,721,500	\$ 16,232,300,000	-8.97%	\$ 19,472,200,000	9.19%	\$ 19,415,400,000	8.88%	\$ 19,182,600,000	7.57%	19,183,993,400	7.58%
TOTAL - RECURRING	\$ 17,855,421,500	\$ 16,249,200,000	-9.00%	\$ 19,489,100,000	9.15%	\$ 19,432,300,000	8.83%	\$ 19,199,500,000	7.53%	19,200,893,400	7.54%
GENERAL FUND ONLY²	\$ 15,195,064,900	\$ 13,620,800,000	-10.36%	\$ 16,780,200,000	10.43%	\$ 16,693,000,000	9.86%	\$ 16,485,800,000	8.49%	16,504,393,400	8.62%
GENERAL FUND - RECURRING	\$ 15,217,164,900	\$ 13,640,000,000	-10.36%	\$ 16,799,400,000	10.40%	\$ 16,712,200,000	9.82%	\$ 16,505,000,000	8.46%	16,523,593,400	8.59%

SELECTED TAXES	Actual Year	July 1 Estimate	%	Dr. Fox	%	Fiscal Review	%	Revenue Dept.	%	Dr. Smith	%
SALES AND USE TAX	\$ 11,083,119,600	\$ 10,296,700,000	-7.10%	\$ 12,121,100,000	9.37%	\$ 12,298,000,000	10.96%	\$ 11,923,300,000	7.58%	\$ 12,251,887,000	10.55%
FRANCHISE AND EXCISE TAXES	3,495,248,000	2,833,800,000	-18.92%	4,014,900,000	14.87%	3,750,000,000	7.29%	3,907,700,000	11.80%	3,685,000,000	5.43%
INCOME TAX	86,025,400	3,900,000	-95.47%	35,000,000	-59.31%	10,000,000	-88.38%	32,700,000	-61.99%	-	-100.00%
ROAD USER TAXES	1,595,985,300	1,587,100,000	-0.56%	1,638,500,000	2.66%	1,672,300,000	4.78%	1,650,600,000	3.42%	1,660,594,300	4.05%
ALL OTHER TAXES	1,572,343,200	1,510,800,000	-3.91%	1,662,700,000	5.75%	1,685,100,000	7.17%	1,668,300,000	6.10%	1,586,512,100	0.90%

¹ Estimated Sales and Use Taxes exclude \$147 million and estimated Privilege Tax estimates exclude \$67.5 million for designated earmarked funds.

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

**COMPARISON OF ESTIMATED STATE TAX REVENUE FOR
FISCAL YEAR 2022 - 2023**
(Accrual - Basis Estimates)

2022-2023										
DEPARTMENT OF REVENUE TAXES			% Change				% Change	% Change	% Change	
SOURCE OF REVENUE	Dr. Fox	Over	Fiscal Review	Over	Dept. of Revenue	Over	Dr. Smith	Over		
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate		
Sales and Use Tax ¹	\$ 12,424,100,000	2.50%	\$ 12,913,000,000	5.00%	\$ 12,329,100,000	3.40%	\$ 13,106,948,000	6.98%		
Gasoline Tax	883,400,000	0.00%	915,000,000	2.81%	892,700,000	1.00%	889,238,600	1.03%		
Motor Fuel Tax	318,900,000	2.51%	332,000,000	2.15%	319,300,000	1.79%	341,500,000	4.92%		
Gasoline Inspection Tax	71,000,000	0.00%	72,200,000	1.69%	70,400,000	1.15%	69,900,000	0.82%		
Motor Vehicle Registration Tax	356,200,000	2.00%	368,000,000	1.66%	363,300,000	1.11%	375,727,840	3.87%		
Income Tax	20,000,000	-42.86%	-	-100.00%	9,000,000	-72.48%	-	N/A		
Privilege Tax - Less Earmarked Portion ¹	531,200,000	0.00%	572,500,000	5.53%	536,600,000	1.49%	532,500,000	4.72%		
Gross Receipts Tax - TVA	344,100,000	1.00%	351,000,000	0.54%	364,100,000	3.50%	330,051,100	-0.76%		
Gross Receipts Tax - Other	29,100,000	2.11%	31,300,000	0.97%	29,100,000	2.83%	31,697,000	-2.47%		
Beer Tax	18,100,000	0.00%	19,600,000	2.62%	18,600,000	0.54%	18,511,000	1.53%		
Alcoholic Beverage Tax	90,200,000	2.04%	95,600,000	4.48%	90,800,000	2.25%	91,524,000	4.67%		
Franchise & Excise Tax	4,095,200,000	2.00%	3,990,000,000	6.40%	4,067,900,000	4.10%	3,821,854,500	3.71%		
Inheritance and Estate Tax	-	N/A	-	N/A	-	N/A	-	N/A		
Tobacco Tax	230,800,000	-0.99%	231,000,000	-2.12%	234,300,000	-1.51%	227,766,500	-2.04%		
Motor Vehicle Title Fees	24,100,000	1.26%	25,000,000	2.88%	24,300,000	0.83%	25,250,000	5.88%		
Mixed Drink Tax	172,000,000	5.98%	166,000,000	8.50%	165,900,000	6.01%	121,050,000	1.82%		
Business Tax	262,000,000	1.00%	274,300,000	4.69%	264,000,000	2.68%	252,028,000	-1.17%		
Severance Tax	800,000	0.00%	700,000	16.67%	300,000	-25.00%	525,000	1.55%		
Coin-operated Amusement Tax	200,000	0.00%	300,000	0.00%	300,000	0.00%	326,000	0.31%		
Unauthorized Substance Tax	-	N/A	-	N/A	-	N/A	20,000	0.00%		
TOTAL DEPARTMENT OF REVENUE	\$ 19,871,400,000	2.05%	\$ 20,357,500,000	4.85%	\$ 19,780,000,000	3.11%	20,236,417,540	5.49%		
TOTAL - RECURRING	19,862,100,000	1.91%	20,348,200,000	4.71%	19,770,700,000	2.98%	20,227,117,540	5.34%		
GENERAL FUND ONLY ²	\$ 17,093,400,000	1.87%	\$ 17,509,400,000	4.89%	\$ 16,987,200,000	3.04%	17,426,717,540	5.59%		
GENERAL FUND - RECURRING	17,088,700,000	1.72%	17,504,700,000	4.74%	16,982,500,000	2.89%	17,422,017,540	5.44%		

SELECTED TAXES	Dr. Fox	%	Fiscal Review	%	Revenue Dept.	%	Dr. Smith	%
SALES AND USE TAX	\$ 12,424,100,000	2.50%	\$ 12,913,000,000	5.00%	\$ 12,329,100,000	3.40%	\$ 13,106,948,000	6.98%
FRANCHISE AND EXCISE TAXES	4,095,200,000	2.00%	3,990,000,000	6.40%	4,067,900,000	4.10%	3,821,854,500	3.71%
INCOME TAX	20,000,000	-42.86%	-	-100.00%	9,000,000	-72.48%	-	N/A
ROAD USER TAXES	1,653,600,000	0.92%	1,712,200,000	2.39%	1,670,000,000	1.18%	1,701,616,440	2.47%
ALL OTHER TAXES	1,678,500,000	0.95%	1,742,300,000	3.39%	1,704,000,000	2.14%	1,605,998,600	1.23%

¹ Estimated Sales and Use Taxes exclude \$147 million and estimated Privilege Tax estimates exclude \$67.5 million for designated earmarked funds.

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

Net Lottery Proceeds Estimates
Actual 2020-2021 and Estimated 2021-2022 Through 2025-2026
November 23, 2021

	2020-2021 Actual	2021-2022 Revised	%	2022-2023 Estimated	%	2023-2024 Estimated	%	2024-2025 Estimated	%	2025-2026 Estimated	%
Lottery Corporation											
Low	482,316,000	468,137,000	-2.94%	476,000,000	1.68%	485,000,000	1.89%	493,000,000	1.65%	502,000,000	1.83%
High	482,316,000	482,911,000	0.12%	493,000,000	2.09%	505,000,000	2.43%	516,000,000	2.18%	528,000,000	2.33%
Fiscal Review Staff											
Low	482,316,000	494,418,750	2.51%	512,660,250	3.69%						
Median	482,316,000	500,168,750	3.70%	514,510,250	2.87%	524,800,455	2.00%	535,296,464	2.00%	546,002,393	2.00%
High	482,316,000	505,918,750	4.89%	516,360,250	2.06%						
Recommended Range											
Low	482,316,000	482,300,000	0.00%	490,700,000	1.75%	499,300,000	1.75%	508,000,000	1.75%	516,900,000	1.75%
High	482,316,000	488,300,000	1.25%	499,300,000	2.25%	510,500,000	2.25%	522,000,000	2.25%	533,700,000	2.25%
Spread	-	6,000,000	1.25%	8,600,000	0.50%	11,200,000	0.50%	14,000,000	0.50%	16,800,000	0.50%



November 17, 2021

Honorable Bill Lee, Governor of the State of Tennessee
Jason E. Mumpower, Comptroller
Tre Hargett, Secretary of State
David H. Lillard, Jr., Treasurer
Butch Eley, Commissioner of Finance & Administration

Re: Net Lottery Proceeds for Fiscal Year 2022

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 lottery 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 projected less than thirty-five percent (35%) of lottery proceeds for fiscal year 2022. The amount currently projected for the fiscal year ranges from \$468 million to \$482 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, 2021 represents 82.5% of the TEL's product mix in fiscal year 2022 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 \$10, \$20, \$25

and \$30 game sales experienced over the last fiscal years. Sales at these price points increased by \$211 million from fiscal year 2020 to fiscal year 2021. Overall, instant ticket sales in Tennessee grew from \$1.556 billion in fiscal year 2020 to \$1.736 billion in fiscal year 2021, which represents approximately 11.5% growth year over year. We are projecting continued growth in this product category in fiscal year 2022.

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 67.8% in fiscal year 2021. TEL management is projecting it will be approximately 68% for fiscal year 2022. 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 25.1% for fiscal year 2022.

Actual gross profits from instant games have increased year over year, doubling by increasing from \$153.8 million in fiscal year 2005 to \$365.8 million in fiscal year 2021. Since fiscal year 2005, instant game gross sales have increased an average of 6.9% 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 Paul Hargrove, President & CEO
Tennessee Education Lottery Corporation

cc: Will Carver, Chair of Board of Directors, Tennessee Education Lottery Corporation

TENNESSEE CENTRAL

ECONOMIC AUTHORITY

Smith County **Department of ECD** Union University Wilson County **TCAT**
Tennessee UT Center for Industrial Services Institute Tennessee Legislators
MTIDA Trousdale County **Greater Nashville Regional Council** SBDC
Associated Government of Tennessee Valley Macon County **USDA**
Department of Labor TCEA Board **TDOT** Tennessee Tech
Sumner County Vol State **Department of Agriculture** Ron Fults
Welch College Bob Rochelle Cumberland University **TVA**
Upper Cumberland Development District Frank McKee

2020 2021
ANNUAL REPORT

PRESIDENT’S COMMENTS

While the pandemic of 2020 has continued, Tennessee Central has remained engaged with development challenges during the “Moment in World History.” Tennessee Central has dealt with unexpected new challenges while continually striving to enhance our communities. Tennessee Central is persevering to build a foundation for economic development in the five-county region as the medical profession promotes the vaccines to stabilize our nation and the world. Our team was persistent in marketing, recruiting and responding to new opportunities and focusing on our mission of economic development and maintaining assistance to our tenants and stakeholders .

Our success was a reflection of the willingness of the Board of Directors, the State of Tennessee’s Department of ECD, Tennessee Valley Authority, UCDD, GNRC, MTIDA, TCAT and numerous other stakeholders to find creative solutions. Our team was strongly supported by our partners and the determination of the Tennessee Central team to keep our momentum and attention moving forward. Unusual challenges for the day were the normal expectation but new ideas and solutions were established in order for our region to succeed.

Virtual meetings were the standard as we planned a new strategy to recruit consultants across the country and attend conferences online. A marketing mail campaign was put in place as Kelsey Dansby distributed our 2020 Annual Reports by mail, a mass email of appreciation cards mementos of our gratitude to remind the Department of ECD that our counties were open for business. Kelsey and Dan continued their economic development training with UT/CIS and TVA’s Rural Leadership Institute in virtual classes and on-site meetings.

During the pandemic, two of our work strategies combined to create positive results. The management of the PowerCom Industrial center and the facilitation of incubator clients increased our number of tenants in the south campus of PowerCom. Our focus for PowerCom has been to target the entrepreneurial craftsman with industrial skills for startup businesses. We expanded with Capitol Electric LLC, Veteran Diesel as a mechanic shop, and two specialized metal fabricators making safe rooms: Crocco Fabrication & Freeman Steel Designs LLC.

IRIS Plastics has started their first production line and ARC Automotive is searching for new employees. Additionally, we have received a letter of intent from a holding company that has plans for three startup ventures in the north campus on the Goldilocks site for Project Patriot.

There are several new companies calling our Tennessee Central region home as the companies launch their operations or start construction: BabyNov in Red Boiling Springs, Anderson Meat and Americolor LLC in Hartsville, Safari Helicopter in Lafayette. While the City of Gallatin and Sumner County landed a Facebook Data Center and Wilson County has Moldex-Metric, Inc., Cold Chain Technologies, Kind, and Amazon Fulfillment Center.

The new fiscal year will include additional site development in the north campus of PowerCom and additional infrastructure in the south campus.

There will be new directional signs to complement the new entrance sign and building improvements in the south campus. We are researching a prospective project requiring long term effort and there is still potential for a port development as we explore new undertakings and ventures.

PRESIDENT’S COMMENTS

Dan Tidcomb has connected Tennessee Central with existing companies and various workforce agencies across the region. He is working daily to network our employers as they seek additional staffing needs. Dan is on the Upper Cumberland Workforce Board to become proactive in assistance and to learn additional methods of enhancing our workforce. Our region gained additional resources for education and training with the expansion of the Tennessee College of Applied Technology in Hartsville to assist with workforce development.

We partnered with Middle Tennessee State University and Middle Tennessee Industrial Association and EDOs across Middle Tennessee in a forty-county wage and benefit survey. This provides information and data to assist companies in understanding the workforce in the region and how the company compares with the others across forty counties.

The success even during a pandemic is the result of legislators, Board of Directors, and numerous organizations, stakeholders, and vendors. The return on investment for Tennessee Central depends on the support, advice, guidance and willingness of others to undertake our visions and tasks. Together we are strong and effective enough to provide a superior and healthier HOPE! Together our five counties will be filled with vibrant people designing an even more robust future than we have imagined.

Thanks for your inspiration, encouragement and kindness to us as a staff and for the families living in the Tennessee Central region.

Sincerely & May God Bless, Charly



DAN, KELSEY, & CHARLY

BOARD OF DIRECTORS



Chairman
Anthony Holt
Sumner County Executive



Vice Chairman
Jeff Mason
Smith County Mayor



Secretary/Treasurer
Stephen Chambers
Trousdale County Mayor



Senate Appointee
Mae Wright
President, TCAT-Hartsville



Macon County Mayor
Steve Jones



Wilson County Mayor
Randall Hutto



TCEA Attorney
Bob Rochelle



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

The Board of Directors for the Tennessee Central Economic Authority continues their leadership and expectations for our regional endeavors. The directors are devoted to making a difference in lives today and lifetimes for tomorrow. The vision has been defined and hope has been converted to anticipation as we make a difference undertaking new challenges.

This is the thirty-fifth year of Tennessee Central and the Board of Directors endures the marathon to improved economic development. Their stewardship and dedication are a key mainstay for our accomplishments.

We sincerely recognize and value the Board of Directors for providing their time and knowledge. Our communities are becoming stronger and the future is brighter not by chance, but because of their passion for others.

The Tennessee Central’s staff will reflect the Board’s aspirations and excitement in our undertaking to provide results that will uplift our communities.

Thank you for your confidence and setting the expectations of the Tennessee Central Economic Authority.



OUR SUCCESS DEPENDS ON THE DEDICATION OF OTHERS!
SHINING STARS OF 2020-2021



BILLY M. WOODARD

Billy M. Woodard is the Executive Director of the Smith County Chamber of Commerce, and plays an active and assertive role in improving Smith County. He markets and researches existing companies, tourism assets and campaigns, special events, retail development, business recruitment, and all opportunities to assist Smith County citizens. Billy also works with “Leadership Smith County” and its youth programs, which are dedicated to helping Smith County’s youngest residents prepare for their futures. Originally from Lancaster, TN, Billy graduated from Gordonsville High School and went on to attend Lee University, earning a Bachelor of Science in Natural Science and Chemistry in 1974. Afterwards, he worked in the mining industry with Jersey Miniere Zinc for 4 years, Boart International for 10 years, BTE Inc. for 10 years and then with BTE USA for another 10 years. He has served as Executive Director of the Smith County Chamber of Commerce since 2014, and at the same time served as Pastor at Living Water Ministries from 2013 to 2017. Billy currently lives in Lancaster with his wife, Susie, and enjoys spending time with his son and four grandchildren.

KEY EVENTS

TVA’s “Preparing For a Virtual Visit”
Tennessee State Funding Board (virtual)
Tennessee Economic Partnership Recruiting(virtual)
SEDC Annual Meeting Nashville 2020 (virtual)
InvestPrep Presentation
TVA’s Economic Developers’ Forum (virtual)
Macon, Smith, Sumner, Trousdale, & Wilson Chamber Meetings
Legislator Meetings on The Hill (Virtual)
Project Presentations & meetings (multiple meetings)
Tennessee Economic Development Council, Fall Meeting
Congressman Rose’s Rep. Ray Render
UT: Center of Industrial Services (4 sessions)
TVA’s Workforce Institute
TVA’s Certification Tennessee Economic Partnership,
TEP Quarterly Board Meetings
Association of Tennessee Valley Governments

Tennessee Chamber of Commerce & Industry Annual Meeting
Watertown Industrial Park Roads Paved
UCDD Annual Economic Development Meeting: Macon & Smith Counties
Industrial Appreciation Lunch assisted by TCAT
Volunteer State Community College P-16
Dale Hollow RPO
Commissioner Rolfe Conference Calls
ECD & TVA project Submissions
GNRC Economic Developers Meeting
TVA Rural Leadership Development
Project Scale Meetings & Presentations
Upper Cumberland Workforce Board
Upper Cumberland Workforce Roundtable
JECDB Meetings
IDB Meetings



TCAT GOLF TOURNAMENT



TCAT GOLF TOURNAMENT



TCEA BOARD MEETING



UT CENTER OF INDUSTRIAL SERVICES ONLINE/ZOOM TRAINING

KEY EVENTS



KELSEY DANSBY, CONGRESSMAN ROSE, AND MAYOR STEPHEN CHAMBERS



GALLATIN CHAMBER LUNCHEON



MACON COUNTY UCDD EDUCATION SESSION



ANDERSON MEAT & PROCESSING RIBBON CUTTING



CHARLY LYONS SPEAKS TO HARTSVILLE ROTARY



PROJECT SCALE PRESENTATION



TROUSDALE COUNTY INDUSTRY APPRECIATION LUNCHEON



TROUSDALE COUNTY INDUSTRY APPRECIATION LUNCHEON

OVERVIEW OF THE TCEA



POPULATION GROWTH

2026 Projected: 432,234
2021 Estimate: 404,466

POPULATION GROWTH

2021-2026 Projected: 6.87%
2010-2021 Growth: 24.86%
2000-2010 Growth: 22.42%

POPULATION GROWTH		MACON	SMITH	SUMNER	TROUSDALE	WILSON	TN CENTRAL
	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
	2021	25,083	20,411	196,764	11,980	150,228	404,466
	2026	26,427	21,215	210,018	12,926	161,648	432,234
PERCENTAGE GROWTH	2000-2010	9.13%	8.21%	23.16%	8.42%	28.36%	22.42%
	2010-2021	12.74%	6.50%	22.48%	52.22%	31.79%	24.86%
	2021-2026	5.36%	3.94%	6.74%	7.90%	7.60%	6.87%

POPULATION GROWTH		DAVIDSON	RUTHERFORD	WILLIAMSON	TENNESSEE	UNITED STATES
	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
	2021	701,305	344,329	247,894	6,911,029	330,946,040
	2026	731,331	369,889	266,754	7,175,823	340,574,349
PERCENTAGE GROWTH	2000-2010	9.96%	44.27%	44.65%	11.54%	9.71%
	2010-2021	11.91%	31.12%	35.33%	8.90%	7.19%
	2021-2026	4.28%	7.42%	7.61%	3.83%	2.91%

Source: Environics & Claritas 2021

EDUCATION OVERVIEW



2019 ACT AVERAGE

Macon County	19.5
Smith County	19.4
Sumner County	21.0
Trousdale County	21.0
Wilson County	20.9
TN Central Region	20.4
Davidson County	18.5
Rutherford County	20.8
Williamson County	25.3
State of Tennessee	20.0
United States	20.3

2019 GRADUATION RATE

Macon County	89.8%
Smith County	92.7%
Sumner County	95.4%
Trousdale County	98.9%
Wilson County	96.1%
TN Central Region	94.6%
Davidson County	82.4%
Rutherford County	95.6%
Williamson County	96.5%
State of Tennessee	89.7%
United States	86.0%

Source: TN Department of Education, ACT.org & National Center for Education Statistics

UNIVERSITIES & 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

EDUCATIONAL ATTAINMENT OF THE TCEA REGION

10.47% Less than High School Diploma	32.16% High School Diploma (GED)	22.90% Some College, No Degree	7.86% Associate Degree	17.84% Bachelor's Degree	8.71% Master's Degree and Beyond
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Source: Environics & Claritas 2021

2020-2021 PERFORMANCE INDEX

Letter of Intent to purchase Goldilocks Site
Safari Enterprises, LLC to Lafayette Municipal Airport
Anderson Meat opened in Hartsville Industrial Park
Watertown Industrial Park roads repaved(TCEA Grant)
Five additional tenants in PowerCom, South
Carey Brothers move into Clift Building
Board Meetings modified to ZOOM process
Recruiting shifted to virtual systems
Upgrade roofing on six buildings, PowerCom, North
Sixteen RFP/RFI Responses to ECD & TVA
Grant to Trousdale County for sewer connection
IRIS Plastics first production shipped
State of Tennessee Funding Board
Rural Certification Award for Smith County (by TVA/
Site Development Group)

Americolor, LLC Relocation
Weldon workforce expansion
Completed TN's Site Certification process for Macon
County
Preliminary Engineering Report for Industrial Park
Expansion (Macon Co)
Five grant applications totaling \$1.9mil; results to be
awarded 2022 FY



SENATORS & REPRESENTATIVES

Legislators, this Annual Report from Tennessee Central Economic Authority provides insight into the financials, actions, and results of the fiscal year for 2020-2021. It allows us to verbally and visually record an account for the resources you have provided.

Regrettably, the Annual Report does not reflect the many challenges and responsibilities that you have faced for the State of Tennessee. Nor does it note the exceptional trials and contests you have managed during an ongoing pandemic. It does not account for the many times you have responded to requests or invested your time to economically enhance our five-county region.

It does validate that your investment in Tennessee Central is providing jobs, investments and is a reflection of your leadership. Our report is a portrait of your expectations for your communities. We appreciate your support, counsel, and trust. We assure you as legislators that we will be a dependable foundation of stewardship for economic development and that we will pursue prosperity for your communities.

Our challenge will be to provide a vision and execute the actions that meet your expectations. Please plan to visit the region and continue to provide your insight.

TCEA'S PARTNERS FOR SUCCESS



SENATORS:



Mark Pody



Ferrell Haile

REPRESENTATIVES:



Clark Boyd



Susan Lynn



Johnny Garrett



Terri Lynn Weaver



Kelly Keisling



William Lamberth

2020-2021 FISCAL OVERVIEWS

General Fund
(Staff & Office Operations)

REVENUES

\$319,654.01
Rent

\$208,391.15
Other

TOTAL REVENUES:
\$528,045.16

EXPENDITURES

\$256,638.51
Salaries & Benefits

\$25,919.50
Contract Services

\$29,967.07
Office Expenses

\$10,329.58
Advertising & Marketing

\$16,213.59
Meeting & Event Expenses

\$7,475.49
Travel

\$1,485.34
Miscellaneous

\$6,993.95
Dues & Fees

TOTAL EXPENDITURES:
\$353,952.19

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

REVENUES

\$869,405.02
TVA In-Lieu-of-Tax Funding

\$181,645.26
Other

TOTAL REVENUES:
\$1,051,050.28

EXPENDITURES

\$77,119.60
Grant Programs

\$112,949.12
Contract Services & Labor

\$245,462.74
PowerCom Expenses
(Infrastructure, Site Development & Repair & Maintenance)

\$186,278.00
Admin Fee & Other Miscellaneous Expenses

TOTAL EXPENDITURES:
\$621,809.46

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, 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 TCEA office assists and houses a satellite location for the Volunteer State Community College TN Small Business Development Center (TSBDC). The Center provides group sessions and one-on-one counseling and training for small business owners and entrepreneurs needing assistance in the TCEA region. Charles Alexander, the Center’s Director, can provide private counseling at the following locations in the TCEA Region. Please contact specific location for appointment.

Mt. Juliet Chamber
615-758-3478

Lebanon Chamber
615-444-5503

TCEA
615-347-4607



Charles Alexander
Director
TSBDC

2020-2021 WORK STRATEGIES

ECONOMIC DEVELOPMENT PROGRAM

- » Market & promote the Tennessee Central as a five-county region.
- » Respond to Request for Proposals for the region or individual counties.
- » Apply and process grants to improve economic development standards.
- » Improve existing industrial acreage in the five-county region by assisting each county with property opportunities.
- » Utilize the master plan for PCIC to develop building sites and infrastructure.
- » Provide grants for industrial development in our five-county region.
- » Networking assistance to incubator clients as required.
- » Facilitate partnership & cooperation with elected officials, EDOs, and all stakeholders in the region.
- » Manage our industrial property in PowerCom Industrial Center & the Hartsville Industrial Park.
- » Upgrade 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 Industry & enhance job growth in the region
- » Serve on the Upper Cumberland Workforce Board
- » Support the SBA’s TN Small Business Development Centers partnership to create entrepreneurs and start-up companies.
- » 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, UT CIS, and VSCC to industries in the region.
- » Participate in the North Central P-16 Council (VSCC).
- » Assist with job fairs in the region. Assist Workforce Development programs in the Tennessee Central Region
- » Sponsor and assist Wage and Benefit Survey with MTIDA & MTSU

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.
- » Website support with news updates & resources throughout digital assets.
- » Manage the daily operations of the office and admin processes.
- » Research, apply for, and present funding opportunities.
- » Management of the PowerCom Industrial Center and tenant relationships.
- » Maintain professional affiliations with: the Tennessee 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, RPO, SEDC, region’s electric, utility districts, governments entities and funding agencies.

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.
- » Provide quarterly reports to the Board of Directors.
- » Respond to 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.

POWERCOM & ACROSS THE REGION



POWERCOM DRAINAGE IMPROVEMENTS POWERCOM DRAINAGE IMPROVEMENTS POWERCOM DRAINAGE IMPROVEMENTS



GRANT AWARDED FOR NEW SIGN FOR WATERTOWN INDUSTRIAL PARK



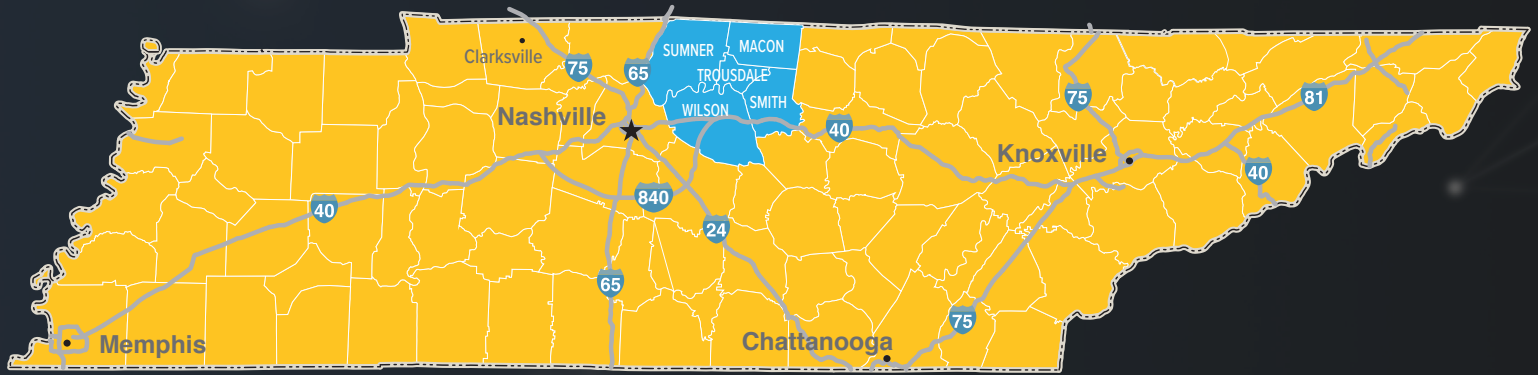
MTIDA’S UPPER CUMBERLAND TOUR OF SOUTHERN MIDDLE INDUSTRIAL PARKS



SAFARI HELICOPTERS BUILDING CONSTRUCTION MACON



SUZIE LUSK, JOHN BRADLEY & BRADLEY JACKSON



Serving the Middle Tennessee Counties of:

- MACON
- SMITH
- SUMNER
- TROUSDALE
- WILSON



tennesseecentral.org

This institution is an equal opportunity provider and employer.

Charly Lyons, President/CEO

P 615.374.4607

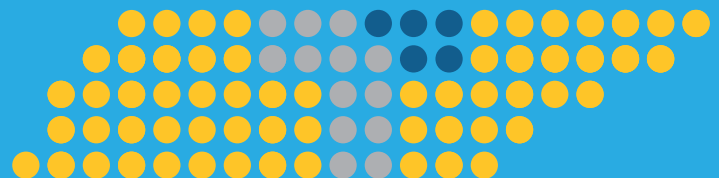
C 615.426.2520

F 615.374.4608

702 McMurry Blvd E

Hartsville, Tennessee 37074

clyons@tennesseecentral.org



TENNESSEE CENTRAL
ECONOMIC AUTHORITY

Capital Improvements

Budget vs. Actuals: FY_2021-2022 - FY22 P&L

July - October, 2021

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
43300 In-Lieu-of-Tax Funds		800,000.00	-800,000.00	
46400 Other Types of Income				
46430 Interest	25,838.17	45,000.00	-19,161.83	57.42 %
46440 Reimbursements & Misc		100,000.00	-100,000.00	
Total 46400 Other Types of Income	25,838.17	145,000.00	-119,161.83	17.82 %
Total Income	\$25,838.17	\$945,000.00	\$ -919,161.83	2.73 %
GROSS PROFIT	\$25,838.17	\$945,000.00	\$ -919,161.83	2.73 %
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		140,222.43	-140,222.43	
60322 Smith County		73,200.47	-73,200.47	
60323 Sumner County		200,000.00	-200,000.00	
60324 Trousdale County		112,907.99	-112,907.99	
60325 Wilson County		61,582.72	-61,582.72	
Total 60320 4L ED Grant Program		587,913.61	-587,913.61	
Total 60300 Regional Development		626,793.16	-626,793.16	
62100 Contract Services				
62140 Legal Fees		10,000.00	-10,000.00	
62150 Prof. & Eng. Services	21,874.40	140,000.00	-118,125.60	15.62 %
Total 62100 Contract Services	21,874.40	150,000.00	-128,125.60	14.58 %
62800 PowerCom Expenses				
62810 Property Insurance		7,500.00	-7,500.00	
62820 Existing Bldg Upgrades/R&M	26,560.28	500,000.00	-473,439.72	5.31 %
62821 Powercom Building Pads		850,000.00	-850,000.00	
62822 Site Development		700,000.00	-700,000.00	
62831 Waterline Exts/Inst/R&M		800,000.00	-800,000.00	
62835 Sewerline Exts/Inst/R&M		850,000.00	-850,000.00	
62840 Road Upgrades & Maint.	2,395.93	125,000.00	-122,604.07	1.92 %
62850 Dock/Port Development		950,000.00	-950,000.00	
62860 Signs/Gate/Fence Adds/R&M	2,479.15	90,000.00	-87,520.85	2.75 %
62870 Utility Expenses (w/s/g/e)	999.27	7,500.00	-6,500.73	13.32 %
62880 Contract Labor				
62881 Site R&M, Security	4,462.44	24,500.00	-20,037.56	18.21 %
62882 Dozer & Bush Hogging	2,500.00	95,000.00	-92,500.00	2.63 %

Capital Improvements

Budget vs. Actuals: FY_2021-2022 - FY22 P&L

July - October, 2021

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Total 62880 Contract Labor	6,962.44	119,500.00	-112,537.56	5.83 %
62890 Supplies/Equip R&M	617.00	75,000.00	-74,383.00	0.82 %
Total 62800 PowerCom Expenses	40,014.07	5,074,500.00	-5,034,485.93	0.79 %
65100 Other Expenses				
65160 Other Costs	1,300.00	30,000.00	-28,700.00	4.33 %
75000 Admin. Services Fee		180,000.00	-180,000.00	
Total 65100 Other Expenses	1,300.00	210,000.00	-208,700.00	0.62 %
Total Expenses	\$63,188.47	\$6,061,293.16	\$ -5,998,104.69	1.04 %
NET OPERATING INCOME	\$ -37,350.30	\$ -5,116,293.16	\$5,078,942.86	0.73 %
NET INCOME	\$ -37,350.30	\$ -5,116,293.16	\$5,078,942.86	0.73 %

Capital Improvements

Balance Sheet

As of October 31, 2021

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
6888 13M CD	636,292.06
7533 24M CD	3,228,790.09
8301 6M CD	534,794.72
Money Market Acct	1,558,542.61
NOW Checking Acct	50,652.42
Total Bank Accounts	\$6,009,071.90
Other Current Assets	
12000 Undeposited Funds	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$6,009,071.90
TOTAL ASSETS	\$6,009,071.90
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable	0.00
Total Accounts Payable	\$0.00
Credit Cards	
24100 MASTERCARD	0.00
Total Credit Cards	\$0.00
Total Current Liabilities	\$0.00
Long-Term Liabilities	
27200 USDA/RD Loan	0.00
Total Long-Term Liabilities	\$0.00
Total Liabilities	\$0.00
Equity	
30000 Opening Balance Equity	3,045,305.18
32000 Retained Earnings	3,001,117.02
Net Income	-37,350.30
Total Equity	\$6,009,071.90
TOTAL LIABILITIES AND EQUITY	\$6,009,071.90

Tennessee Central Economic Authority

Budget vs. Actuals: FY_2021_2022 - FY22 P&L

July - October, 2021

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
44500 Government Grants				
44510 TVA Grants (CR to #60930)		1,200.00	-1,200.00	
Total 44500 Government Grants		1,200.00	-1,200.00	
46400 Other Types of Income				
46410 Interest	5,103.11	10,000.00	-4,896.89	51.03 %
46420 Administrative Services Fee		180,000.00	-180,000.00	
46430 Miscellaneous				
46431 Mtg Lunch Fees (CR to #60910)	600.00	600.00	0.00	100.00 %
46432 Event Sponsors (CR to #60930)	1,500.00	1,500.00	0.00	100.00 %
Total 46430 Miscellaneous	2,100.00	2,100.00	0.00	100.00 %
Total 46400 Other Types of Income	7,203.11	192,100.00	-184,896.89	3.75 %
47500 Rentals	131,155.19	279,500.00	-148,344.81	46.92 %
Unapplied Cash Payment Income	100.00		100.00	
Total Income	\$138,458.30	\$472,800.00	\$ -334,341.70	29.28 %
GROSS PROFIT	\$138,458.30	\$472,800.00	\$ -334,341.70	29.28 %
Expenses				
60900 Business Expenses				
60910 Meeting Related Expenses	1,573.18	9,000.00	-7,426.82	17.48 %
60920 Dues/Fees/Renewals	4,090.54	9,000.00	-4,909.46	45.45 %
60930 Events	3,267.67	8,500.00	-5,232.33	38.44 %
Total 60900 Business Expenses	8,931.39	26,500.00	-17,568.61	33.70 %
62100 Contract Services				
62110 Accounting Fees		3,200.00	-3,200.00	
62140 Legal Fees	7,016.00	21,048.00	-14,032.00	33.33 %
62150 Other Contract Services	1,123.92	6,500.00	-5,376.08	17.29 %
Total 62100 Contract Services	8,139.92	30,748.00	-22,608.08	26.47 %
65000 Office Operations				
65010 Rent	3,000.00	9,000.00	-6,000.00	33.33 %
65020 Postage/Printing	368.03	600.00	-231.97	61.34 %
65030 Utilities	1,062.75	4,300.00	-3,237.25	24.72 %
65040 Supplies & Equip.	1,153.03	4,500.00	-3,346.97	25.62 %
65050 Communications	1,489.08	5,000.00	-3,510.92	29.78 %
65120 Insurance - Office, D&O, WC	1,306.00	6,600.00	-5,294.00	19.79 %
Total 65000 Office Operations	8,378.89	30,000.00	-21,621.11	27.93 %
65100 Misc.	283.51	3,500.00	-3,216.49	8.10 %
65110 Marketing	3,850.00	21,000.00	-17,150.00	18.33 %
66000 Payroll Expenses				
66010 President/CEO	30,720.26	92,170.00	-61,449.74	33.33 %
66020 Project Manager	18,500.00	55,500.00	-37,000.00	33.33 %
66030 Executive Admin Assistant	13,635.51	40,800.00	-27,164.49	33.42 %

Tennessee Central Economic Authority

Budget vs. Actuals: FY_2021_2022 - FY22 P&L

July - October, 2021

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
66040 Performance Expense	5,623.65	11,232.00	-5,608.35	50.07 %
66050 Benefits	22,868.58	72,000.00	-49,131.42	31.76 %
Total 66000 Payroll Expenses	91,348.00	271,702.00	-180,354.00	33.62 %
68300 Travel	3,089.22	26,500.00	-23,410.78	11.66 %
Total Expenses	\$124,020.93	\$409,950.00	\$ -285,929.07	30.25 %
NET OPERATING INCOME	\$14,437.37	\$62,850.00	\$ -48,412.63	22.97 %
Other Expenses				
80100 Capital Purchases	103.05		103.05	
Total Other Expenses	\$103.05	\$0.00	\$103.05	0.00%
NET OTHER INCOME	\$ -103.05	\$0.00	\$ -103.05	0.00%
NET INCOME	\$14,334.32	\$62,850.00	\$ -48,515.68	22.81 %

Tennessee Central Economic Authority

Balance Sheet

As of October 31, 2021

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
7535 24M CD	645,758.01
8300 6M CD	160,438.43
Checking	24,958.64
Savings	505,048.12
Total Bank Accounts	\$1,336,203.20
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	\$1,336,203.20
TOTAL ASSETS	\$1,336,203.20
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
24110 MASTERCARD	3,049.19
Total Credit Cards	\$3,049.19
Other Current Liabilities	
24000 Payroll Liabilities	385.82
Total Other Current Liabilities	\$385.82
Total Current Liabilities	\$3,435.01
Total Liabilities	\$3,435.01
Equity	
30000 Opening Balance Equity	554,517.95
32000 Retained Earnings	763,915.92
Net Income	14,334.32
Total Equity	\$1,332,768.19
TOTAL LIABILITIES AND EQUITY	\$1,336,203.20

**Tennessee State Veterans Homes Board
Presentation to State Funding Board
November 23, 2021**

Financial Summary July 2021 through October 2021

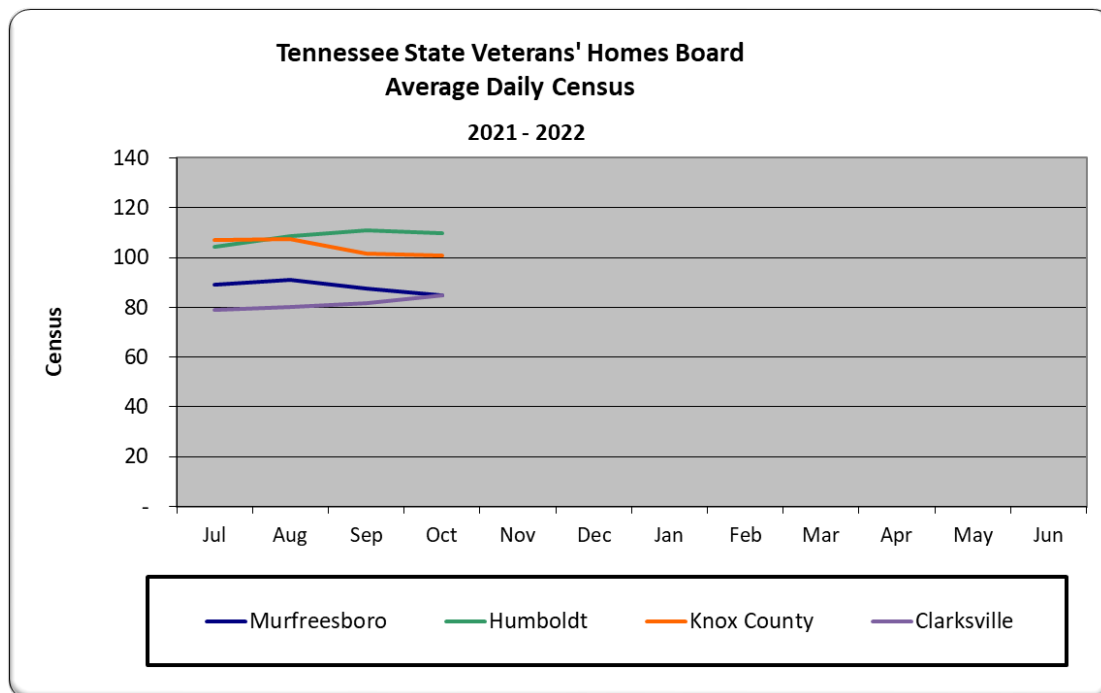
Year to Date Summary of Financial Operations

The financial summary covers year-to-date operations through August 2021 for home office and facilities.

Year-to-Date	Home Office	Murfreesboro	Humboldt	Knox County	Clarksville	Total
Actual	\$ (216)	\$ 331,068	\$ 121,740	\$ 241,865	\$ 11,675	\$ 579,009
Budget	\$ 777	\$ (592,614)	\$ (297,769)	\$ (522,140)	\$ (582,192)	\$ (1,993,916)
Difference	\$ (996)	\$ 923,680	\$ 419,512	\$ 763,996	\$ 466,744	\$ 2,572,935

Net income reported is more than budget mainly due to patient mix, increase in reimbursement rates, and management controlling expenses. Occupancy rates have dropped in Tennessee dramatically due to the COVID-19 pandemic. The occupancy rates at two TSVH facilities continue to exceed the state occupancy rate of 67%. The Murfreesboro home is below the average due to the impact of the pandemic on community admission availability and restrictions. TSVHB has received \$246,930 from COVID-19 funding year-to-date as of October 31, 2021.

The following chart shows the average daily census for the four homes. Murfreesboro, Humboldt and Knox County each has 140 beds dually certified for Medicaid and Medicare. Clarksville has 108 dually certified for Medicaid and Medicare.



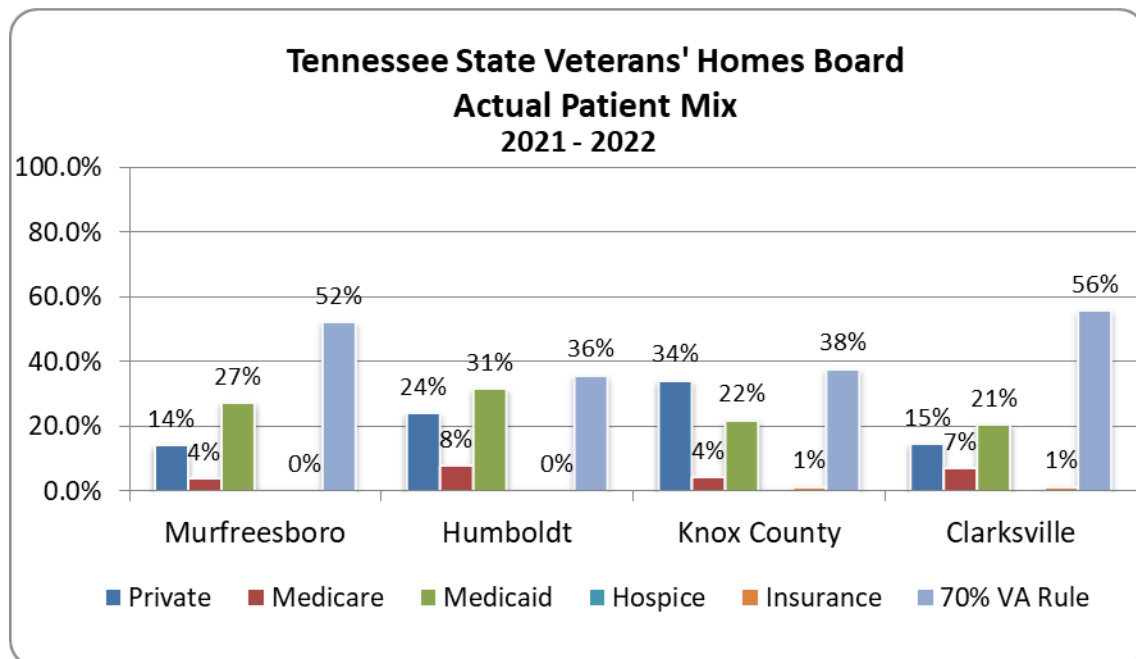
**Tennessee State Veterans Homes Board
Presentation to State Funding Board
November 23, 2021**

For the month of October 2021, each facility is reporting the following average daily census (ADC) and occupancy information:

<u>Facility</u>	<u>ADC</u>	<u>Occupancy</u>
Murfreesboro	85	60.7%
Humboldt	110	78.4%
Knox County	101	71.9%
Clarksville	85	78.6%

The occupancy rate at the two established facilities exceeds the state occupancy rate of 66.87%.

Patient mix is a key factor and drives revenues for the homes. Patient mix year to date at October 31, 2021 is shown below.



**Tennessee State Veterans Homes Board
Presentation to State Funding Board
November 23, 2021**

LGIP Funds

Per State law, all funds of the Board are to be held at the Local Government Investment Pool (LGIP). As of October 31, 2021, cash balances at LGIP for the facilities and home office are as follows:

<u>LGIP Funds</u>	<u>Home Office</u>	<u>Murfreesboro</u>	<u>Humboldt</u>	<u>Knox County</u>	<u>Clarksville</u>	<u>Total</u>	<u>%</u>
Revenue Fund	\$ 13,306,831					13,306,831	54%
Repair & Replacement		706,156	778,254	711,291	\$662,525.48	2,858,227	12%
Debt Service Fund		31,143	20,066		\$0.39	51,209	0%
Operating Reserve	7,943,988					7,943,988	32%
Technology	458,074					458,074	2%
Special Funds	\$ 82					82	0%
Contributions	45,565					45,565	0%
Total	\$ 21,754,540	\$ 737,299	\$ 798,320	\$ 711,291	\$ 662,526	\$ 24,663,976	100%

Future Development

State Veterans' Homes are constructed with a combination of State and Federal money. The Federal portion of the cost of construction, 65%, is provided through the U.S. Department of Veterans Affairs pursuant to U.S. Code Title 38, Chapter 81, Part 59.

Currently Tennessee State Veterans' Homes Board has six projects with applications for Grants to States for Construction or Acquisition of State Homes.

- Cleveland-Bradley County is currently under construction. The current estimated substantial completion date is summer/fall 2022. This is a 108 bed intermediate and skilled care nursing facility.
- A grant application for Arlington-Shelby County was submitted in April, 2018. This project is for the construction of a 126 bed intermediate and skilled care nursing facility in Arlington, Shelby County. Tennessee State Veterans' Homes Board received a funding letter from the Department of Veterans' Affairs on March 29, 2021 stating the funds are available for the project. The project team met all grant application requirements by the June 30, 2021 deadline. The project is expected to begin construction in Spring 2022.
- A grant application for renovations to the Murfreesboro facility was submitted in April, 2019. It has been approved by the U.S. Department of Veterans' Affairs. All grant application requirements have been met and the Memorandum of Agreement is currently awaiting signature by the V.A.
- A grant application for renovations to the Humboldt facility was submitted in April, 2019. It has been approved by the U.S. Department of Veterans' Affairs. All grant application requirements have been met and the Memorandum of Agreement is currently awaiting signature by the V.A.
- A grant application for renovations to the Knoxville facility was submitted in April, 2019. It has been approved by the U.S. Department of Veterans' Affairs. All grant application requirements have been met and the Memorandum of Agreement is currently awaiting signature by the V.A.

**Tennessee State Veterans Homes Board
Presentation to State Funding Board
November 23, 2021**

- A grant application for new construction (addition) for the Murfreesboro executive offices was submitted in April 2020. This is to address the growth in support staff required for the addition of new homes in Cleveland and Arlington as well as storage needs for the executive office and the Murfreesboro facility.
- Sullivan County has begun the process for developing a State Veterans' Home.

CLEVELAND/BRADLEY COUNTY

A fifth home is currently under construction for the Cleveland-Bradley County area. The ground breaking at 1940 Westland Drive SW in Cleveland was August 21, 2019. The projected substantial completion date is after fiscal year 2022.

State Audit

Audit for Fiscal Year Ended June 30, 2020

State audit has completed the audit for fiscal year June 30, 2020. TSVHB received zero audit findings for fiscal year ended June 30, 2020.

Management remains committed to continued improvements in financial reporting, internal controls, and fiscal responsibility. The Board's Audit Committee takes proactive measures in dealing with issues identified by management's review of internal controls as well as those identified from other sources.

Performance Audit

On October 31, 2018, Performance Audit issued its report on the operational efficiency and effectiveness of the Board. Although improvement was noted the report includes 12 findings in five areas as follows:

- Resident Care
- Quality Control
- Human Resources
- Resident Admissions
- General Administration

Management is in the process of implementing policy and procedures to eliminate concerns noted by Performance audit.

Management remains committed to continued improvements in financial reporting, internal controls, and fiscal responsibility. The Board's Audit Committee takes proactive measures in dealing with issues identified by management's review of internal controls as well as those identified from other sources.

Regulatory Compliance

**Tennessee State Veterans Homes Board
Presentation to State Funding Board
November 23, 2021**

The Knoxville and Humboldt homes are rated at five stars overall. The Murfreesboro and Clarksville homes are rated at four stars overall.

The Five-Star Quality Rating System was created to help consumers, their families, and caregivers compare nursing homes more easily. This rating system is based on continued efforts as a result of the Omnibus Reconciliation Act of 1987 (OBRA '87), a nursing home reform act, and more recent quality improvement campaigns such as the Advancing Excellence in America's Nursing Homes, a coalition of consumers, health care providers, and nursing home professionals.

Nursing home ratings are taken from the following four sources of data:

- Health Inspections
- Quality Measures
- Staffing
- Registered Nurse Staffing

CMS provides a star rating for each of these sources. These ratings are combined to calculate an overall rating.

The Tennessee Department of Health has conducts an annual survey of each facility.

The Knoxville survey was completed in June 2021. There were no health deficiencies.

The TSVH home in Humboldt had their survey in November 2021. The results from this survey are pending as of the time of this report.

The Murfreesboro survey was completed in August 2019. This survey had 7 minor deficiencies. The first, second and third involved the lack of a stop date on a PRN medication. The fourth involved the medication error rate exceeding 5%. The fifth was for an expired medication and improper storage. The sixth was cited when a staff member touched a cracker. The seventh involved failing to properly dispose of an IV bag.

The Clarksville survey was completed in June 2019. There were three minor citations. One involved not delivering medication in a private setting, one was for an inaccurate MDS assessment, and the last related to insulin administration.

The average number of health deficiencies cited in Tennessee's long term care facilities standard survey process is 3.8 and nationally at 8.3.

The Department of Veterans Affairs conducted annual operational and clinical reviews in all of the homes to ascertain if all requirements of inspection were met: April 2021 (Murfreesboro) – three deficiencies cited. The first involved the flushing of a gastrostomy tube with tap water. The second was related to pain medication administration. The third was for an inaccurate resident weight. September 2021 (Humboldt) – There were three deficiencies. The first involved medication errors. The second concerned improper handwashing. The third was for improper fire system testing. September 2021 (Clarksville) – There were five deficiencies. The first involved the timely resolution of resident grievances. The second involved deviation from the resident care plans in relation to bathing and

**Tennessee State Veterans Homes Board
Presentation to State Funding Board
November 23, 2021**

showering. The third involved resident fall interventions. The fourth was for a loose sprinkler escutcheon, a misdirected arrow on an exit sign, a smoke detector placed too close to a sprinkler head, two utility rooms not properly pressurized and four resident owned electrical items did not have proper inspection documentation. January 2021 (Knoxville) – Deficiency Free.

Executive Committee

The clinical and financial operation of the Tennessee State Veterans' Homes is closely monitored by the TSVHB Executive Committee. Current financial information shows that implemented cost control efforts, efficiency progress, as well as revenue and census improvements have had their expected and desired results.

The Board, management and staff remain committed to continued improvements in the financial and clinical operations of the Tennessee State Veterans' Homes.

State Funding Board
November 23, 2021

TENNESSEE STATE VETERANS HOMES

Home Office	\$0
Murfreesboro	\$253,445
Humboldt	\$167,070
Knox County	\$177,556
Clarksville	<u>\$11,848</u>
Total	\$609,919
Budget	(\$992,080)
Difference	\$1,602,015

AUGUST 2021 FINANCIALS

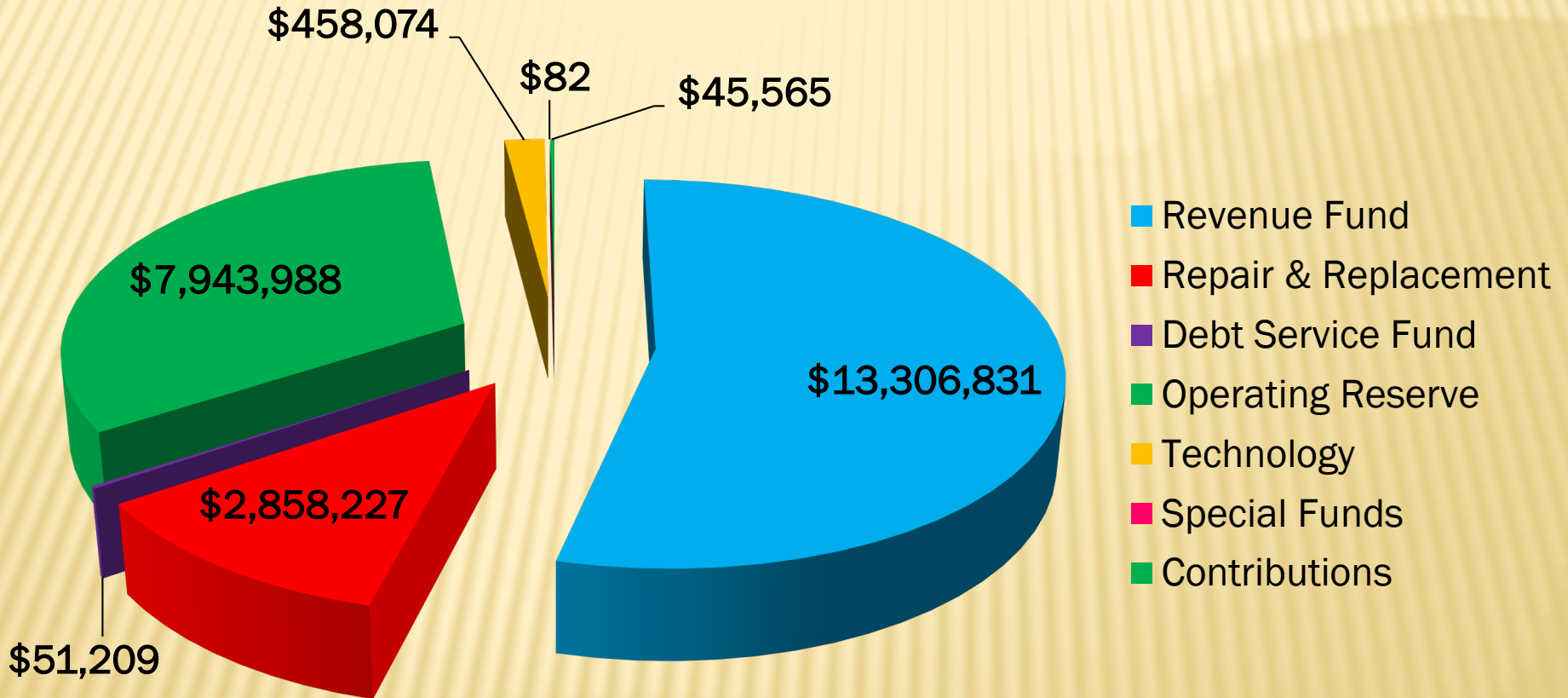
Home Office	(\$216)
Murfreesboro	\$331,068
Humboldt	\$121,740
Knox County	\$241,865
Clarksville	<u>(\$115,448)</u>
Total	\$579,009
 Budget	 (\$1,993,916)
 Difference	 \$2,572,935

YEAR-TO-DATE AS OF AUGUST 2021 FINANCIALS

FINANCE DEPARTMENT

CASH POSITION

CASH POSITION AS OF OCTOBER 31, 2021



CMS STAR RATING

× MURFREESBORO



× HUMBOLDT



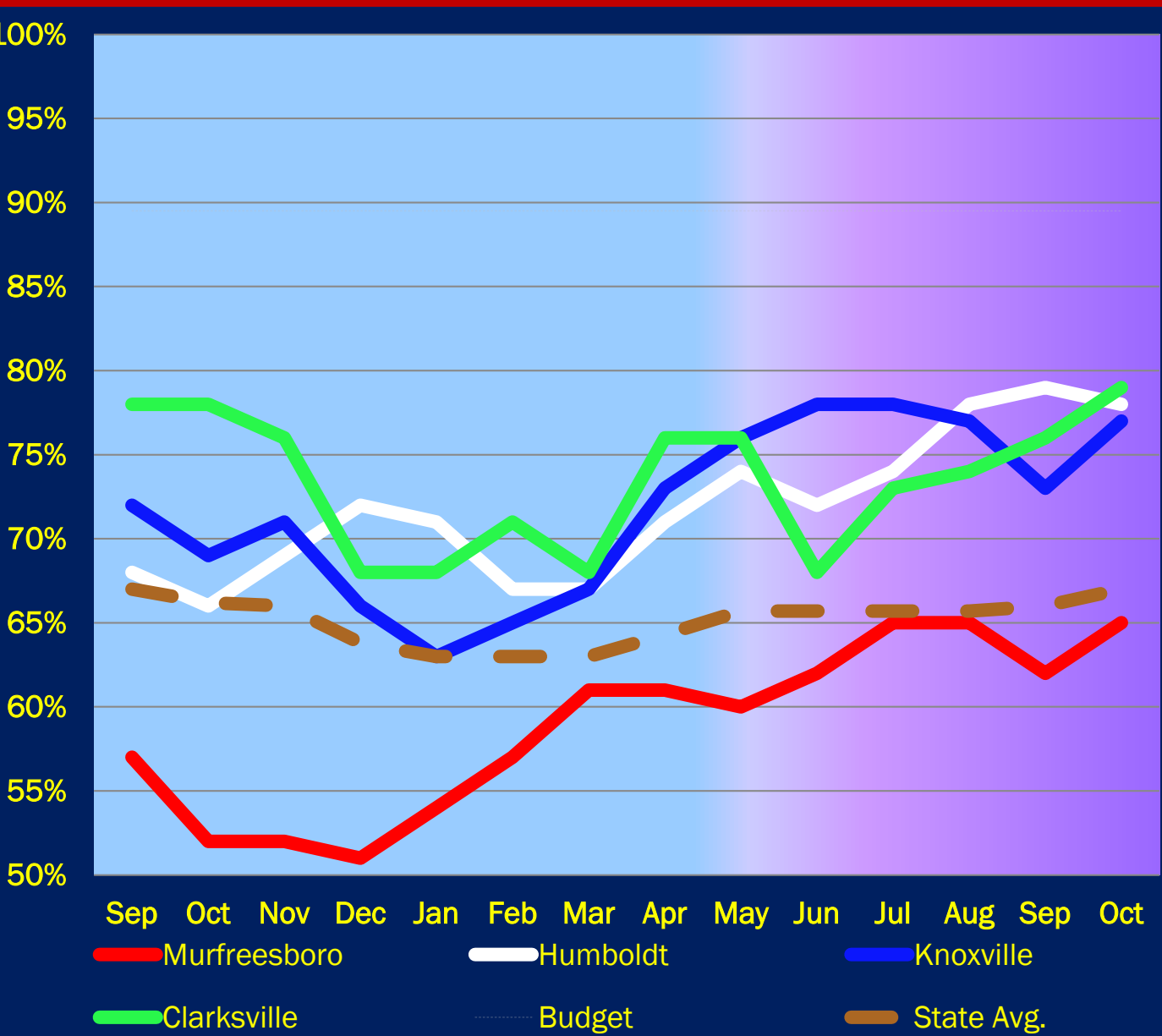
× KNOXVILLE



× CLARKSVILLE



PERCENT OCCUPANCY



Budget

- FY 2020 94% occupancy
- FY 2021 89.5% occupancy
- FY 2022 July 70% (Avg)

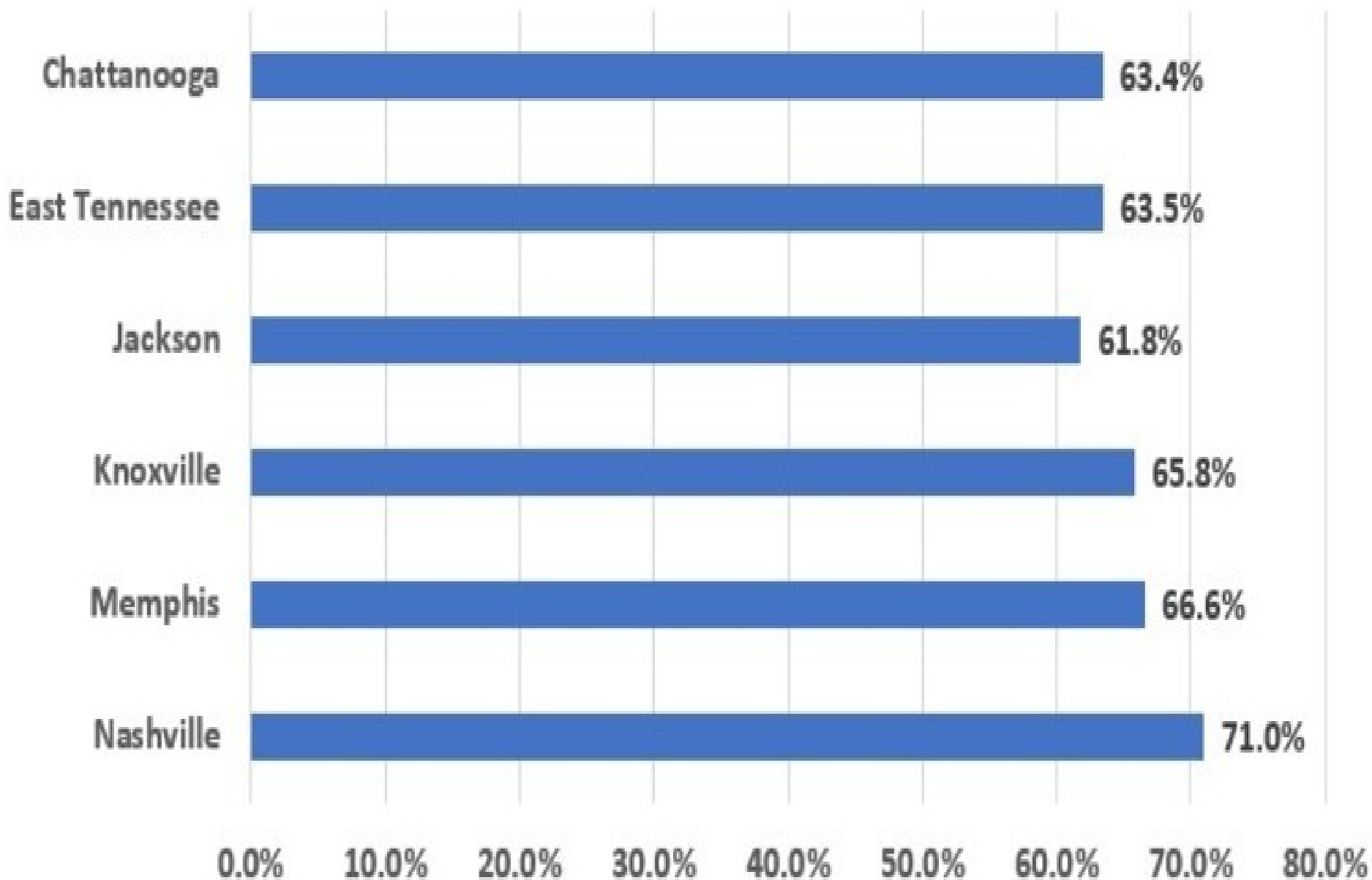
Peers

- TN Average is 66.87%
- National Avg. is 71.8%

TSVH Homes Yesterday

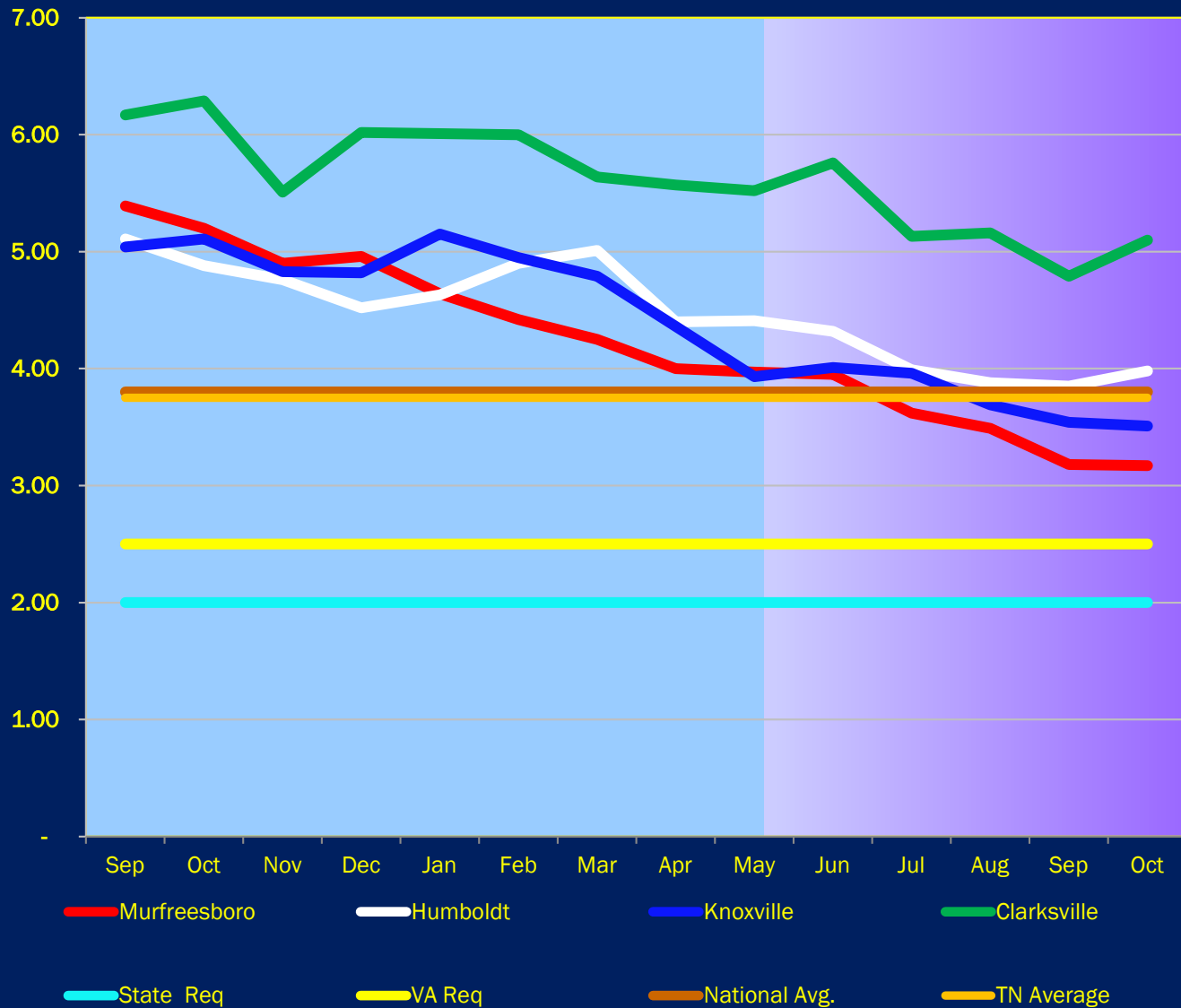
- Murfreesboro 92 – 66%
- Humboldt 107 – 76%
- Knoxville 103 – 74%
- Clarksville 87 – 80%

November 2021 Regional Census



STAFFING

Nursing Hours PPD



Budgeted

- TSVH is budgeted for 4.1
- Clarksville 5.4

Nation
&
State

- National Average is 3.88
- TN is 3.75

TSVH
Homes
Past
Week

- Mboro 3.50
- Humboldt 3.89
- Knoxville 3.85
- Clarksville 4.94

REPORT ON THE STATE POOLED INVESTMENT FUND

For The Fiscal Year Ended June 30, 2021



PREPARED FOR THE
STATE FUNDING BOARD

November 23, 2021

PREPARED BY
TREASURY DEPARTMENT
CASH MANAGEMENT DIVISION

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	Stress Test Results June 30, 2021	Attachment

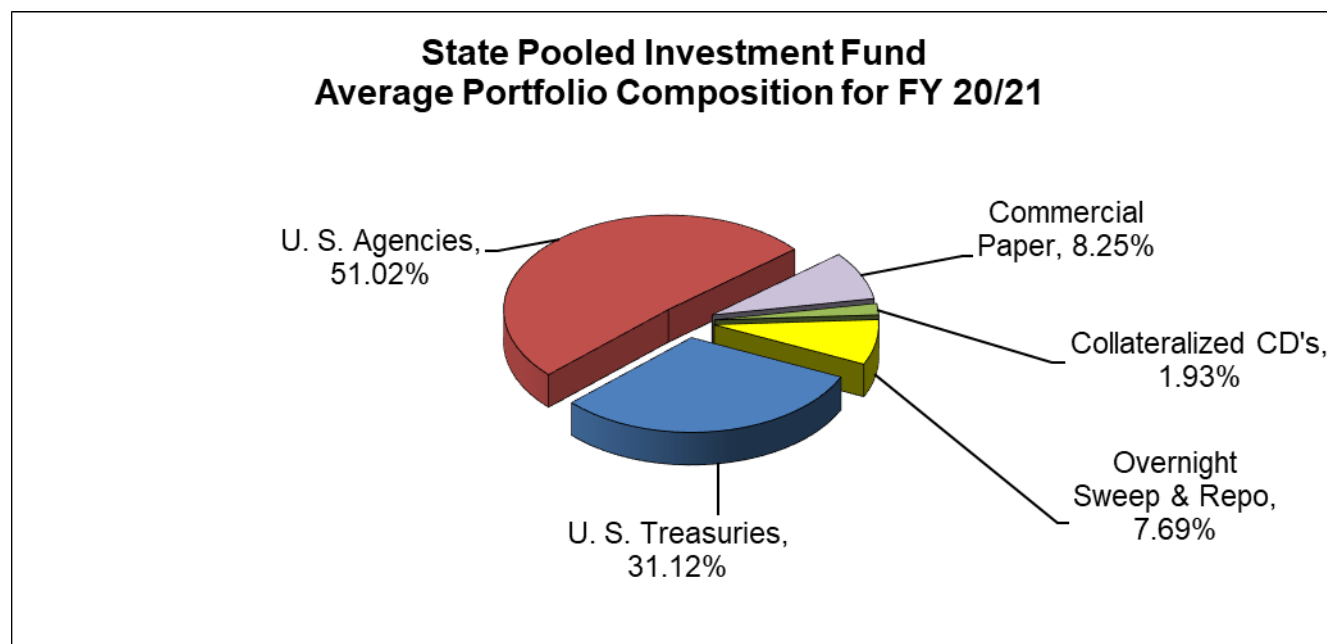
TENNESSEE TREASURY DEPARTMENT
State Pooled Investment Fund Report
For the fiscal year ended June 30, 2021

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 of the Treasury, 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.

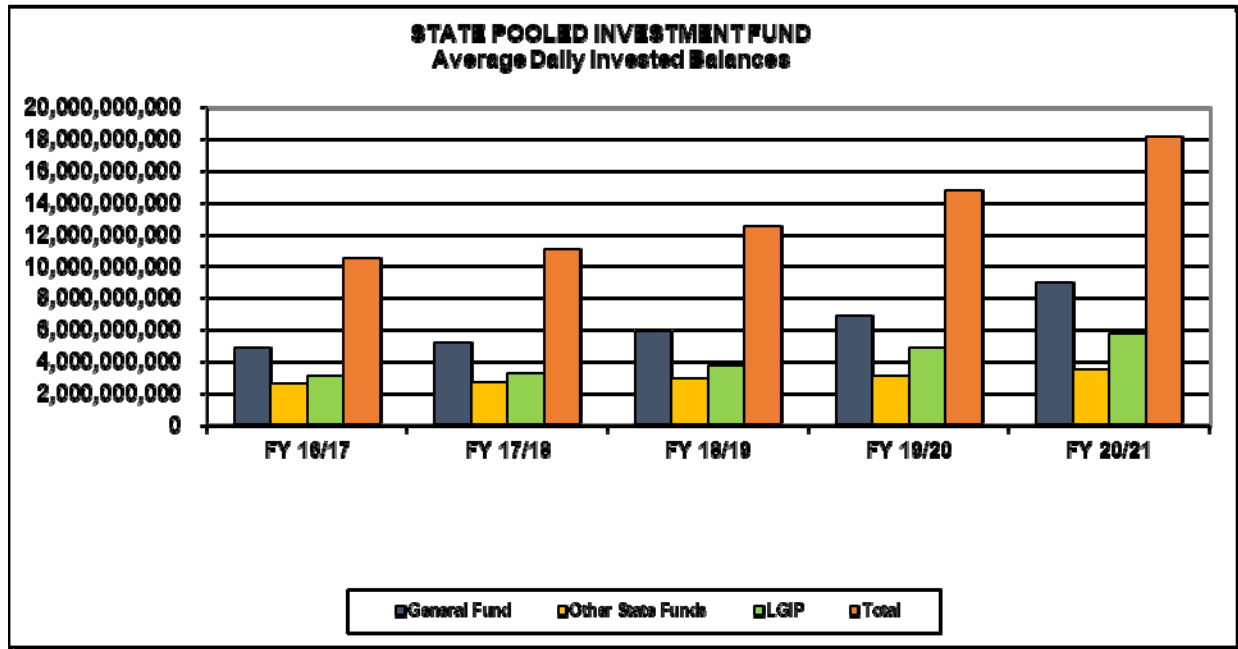
II. Portfolio Composition

The State Pooled Investment Fund had a monthly average of \$18.1 billion invested for the fiscal year ended June 30, 2021. The following chart shows the composition of the average portfolio.



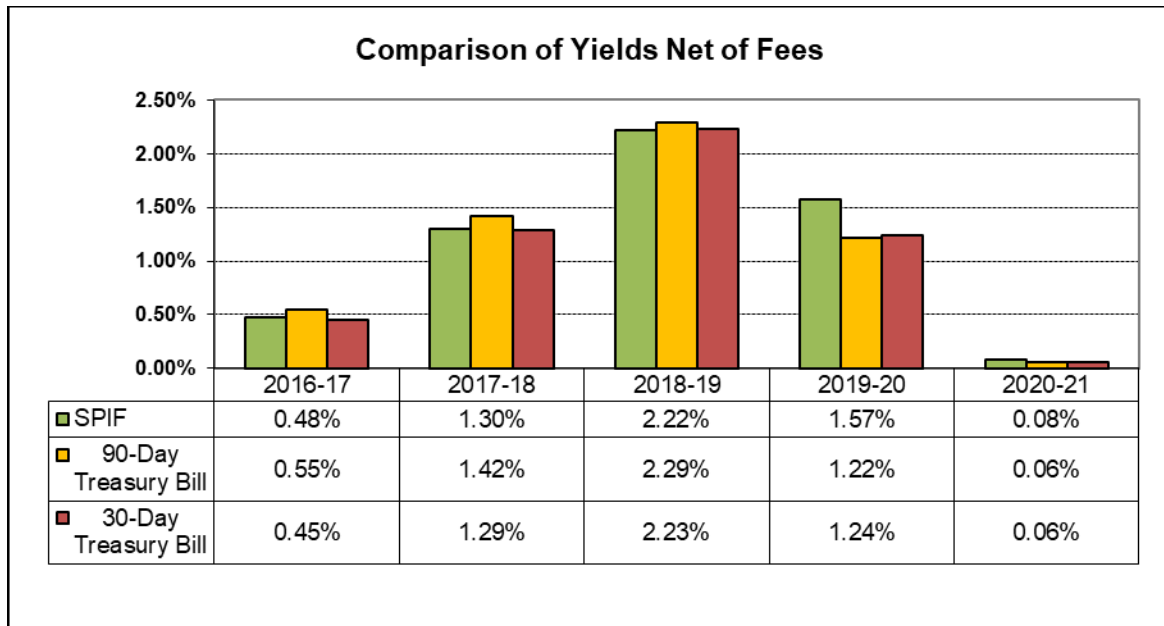
Stimulus funds resulting from the pandemic decreased the demand for State Funds from our banking partners. Thus, the average investment in Commercial Paper increased from 5.00% in FY 19/20 to 8.25% in FY 20/21. Repurchase agreements were added back to the portfolio in 2018 and resulted in increased overnight 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 as compared to the 30-and 90-day US Treasury Bills.



Floating Rate Securities Performance Discrepancy

A performance discrepancy was discovered which had the impact of lowering the crediting rates for the SPIF and LGIP during the first quarter of 2021. The mistake was small, only a few basis points in total; however, the impact was compounded by the size of the investment pool and the sudden drop in interest rates during the pandemic. The discrepancy was due to a clerical error in updating trades for floating rate securities which caused returns from those securities to be overstated in our investment accounting systems. Three actions were taken in response to this error. First, Treasury credited the LGIP portion of the portfolio by reversing cost-allocation reserves; Second, Treasury restated monthly crediting rates and notified participants of the change; Third, Treasury engaged in vigorous scrutiny of the processes and procedures underpinning the investment management, operations, and reporting of the SPIF/LGIP. The reports distributed for the quarter ending March 31, 2021, contained corrected values.

Regions Bank Reporting Error

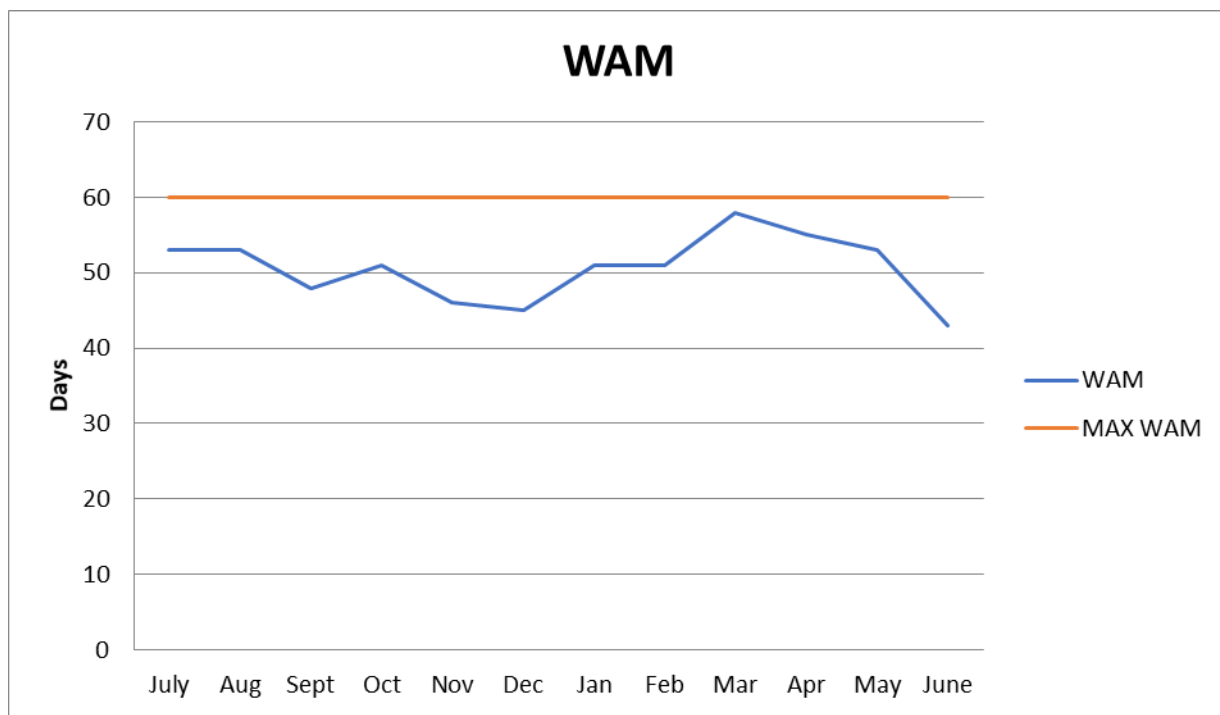
The Investments Team discovered a reporting error concerning the interest accrued on the Regions Financial deposit account. Although interest was accruing monthly on the account balance, no fund transfers or transaction ledger adjustments were made from September 2013 to July 2021. A balance of \$300.5 million was reported since September 2013, which was understated by \$18.2 million at the time of discovery.

The key impact of the error appears to be that reported market values were understated, and the impact on crediting rates appears immaterial. The State general ledger was unaffected by the issue. Revenues were recorded and balances were maintained in Edison. The State received the benefit of all balances and earnings on the Regions account, and since the published rate was not affected, all LGIP accounts were accurately credited the proper interest.

The Investments team has been working closely with Investment Accounting, Compliance, and Audit to correct operational issues uncovered by this situation. To mitigate the risk of future errors, Accounting has implemented internal controls to confirm the account is reviewed daily.

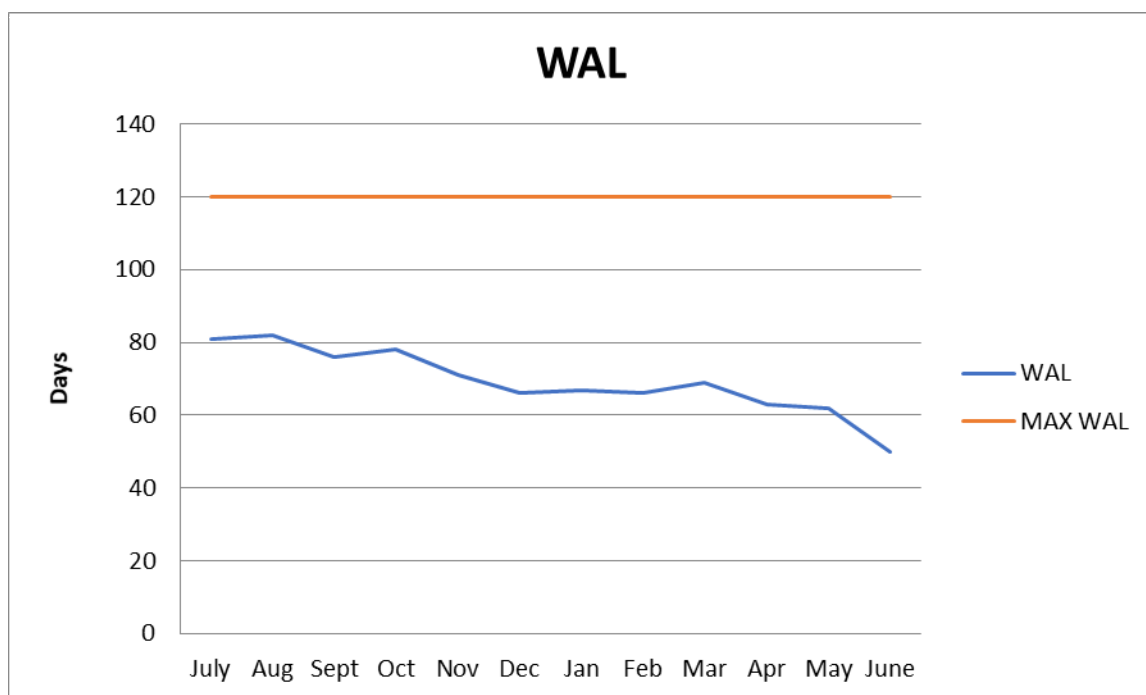
V. Weighted Average Maturity (WAM)

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.



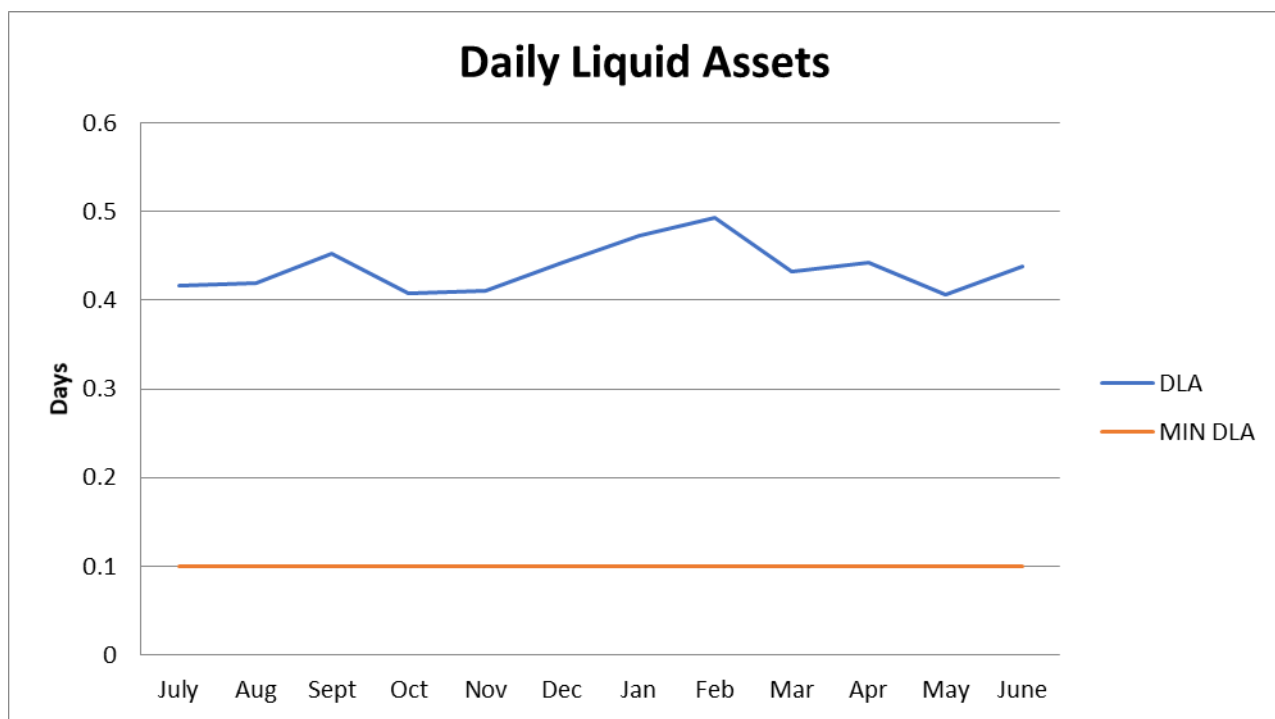
VI. Weighted Average Life (WAL)

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 the WAL did not exceed the 120 day limit. The WAL is trending lower due to fewer investments in floating rate securities as a result of decreased issuance.



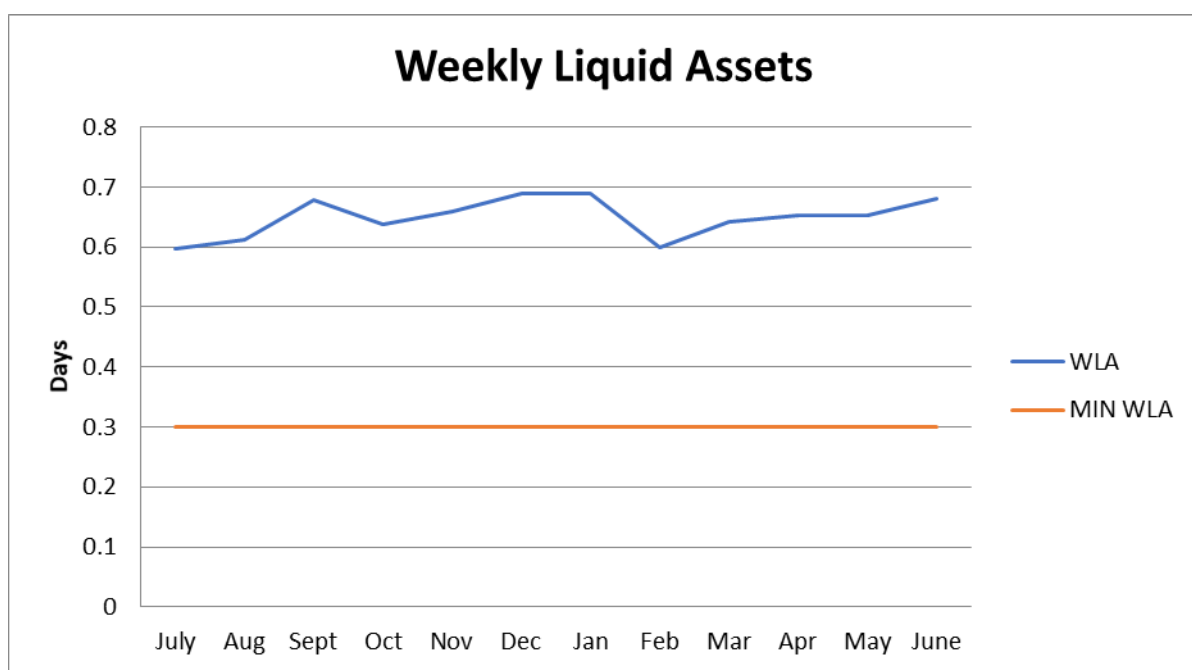
VII. Daily Liquid Assets

In order to provide for reasonably foreseeable redemptions, or withdrawals, GASB Statement 79 requires that all funds hold no more than 5.00% 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 10.00% of the portfolio in securities that are defined as daily liquid securities. Examples of daily liquid securities 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.



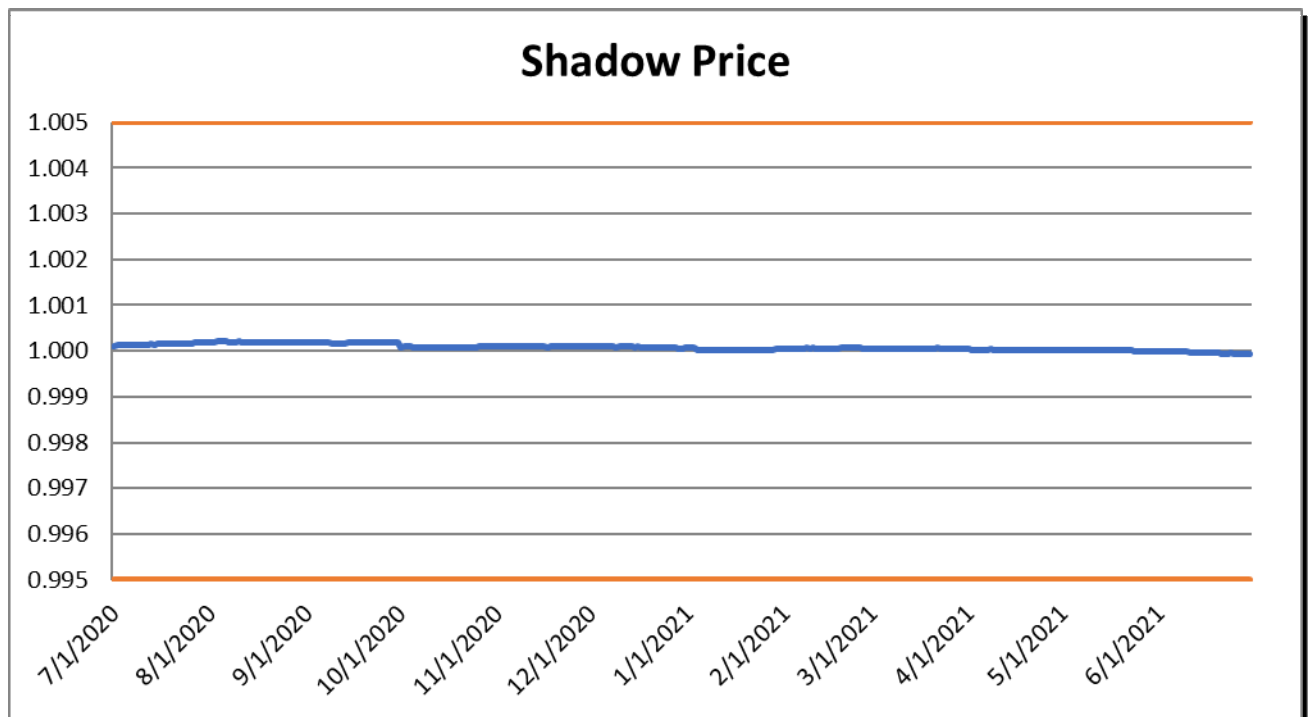
IX. Credit Quality and Diversification

During FY 20/21, 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 5.00% of the total value of the SPIF portfolio or less than 5.00% 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 FY21. 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 \$0.999938 per share on June 21, 2021. The highest valuation for the SPIF was \$1.000214 per share on August 3, 2021.

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 model 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 1.00%, or "breaking the buck".

During each month of FY21, 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, 2021, is attached to the end of this document.)

XII. Investment Policy Review

The unprecedented financial conditions resulting from the pandemic including a sustained low interest rate environment placed enormous strains on money funds. The Blackrock Treasury Strategies Institutional Fund (MLIXX) was liquidated as a result and is no longer available to be used as an investment performance benchmark. Staff conducted a search for a new cash benchmark by comparing the characteristics of potential indices, which emphasized liquidity and safety. Based on the analysis performed, staff recommends the 30-Day U.S. Treasury-Bill index to be used as a cash benchmark for the SPIF. This benchmark will be used for investment return comparisons beginning with July 1, 2021 (or, equivalently, at the close of business on June 30, 2021).

XIII. Investment Strategy

During FY 21, there were no rate changes by the FOMC. The rate at the beginning of the year was 0.00% to 0.25% where it remains as of June 30, 2021. The FOMC lowered the rate to the current level at the March 15, 2020 meeting in order to assist in stimulating the economy due to the pandemic. 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

Treasury reduced the administrative fee charged to SPIF and LGIP participants by one basis point. This change was effective June 2021. Based on the amount of current assets collectively in the SPIF and LGIP, and its anticipated balance at the end of the 2021 fiscal year, Treasury determined the cost to administer the program could adequately be covered by three basis points, or 0.03%, as opposed to the prior fee of four basis points, or 0.04%. The reduction in fees is temporary and will continue to be evaluated on an ongoing basis.

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.

Any future changes to the administrative fee for the SPIF/LGIP will be communicated in advance.

Principal Stability Fund Rating Sensitivity Matrix

WAM (R)	44	Copyright© 2012 by Standard & Poor's Financial Services LLC (S&P) a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.
WAM (F)	51	
Shares Outstanding:	20,231,923,336.00	
Total Fund Assets:	20,231,923,336.00	
Market Value (NAV):	0.999940	
Credit Spread Movement (bps):	4	
% Total Credit (Non Gov't) Securities (of portfolio)	20%	FILL IN/ADJUST AREAS SHADED GREEN TO RUN SCENARIOS
% Corporate Floaters (of portfolio)	0%	

STANDARD
& POOR'S

June 30, 2021

Total \$ Loss: (\$1,213,915)
Total \$ Gain: \$0

Basis Point Shift	Selected Shareholders	Largest Redemption over 5 consecutive business days						Gain (Loss)	
250	0.996439	0.996555	0.995596	0.996575	0.996755	0.996917	0.997064	0.997431	(62,368,217)
225	0.996787	0.996892	0.996027	0.996910	0.997072	0.997219	0.997351	0.997682	(56,270,925)
200	0.997135	0.997229	0.996457	0.997245	0.997390	0.997520	0.997638	0.997933	(50,173,633)
175	0.997483	0.997566	0.996888	0.997579	0.997707	0.997821	0.997925	0.998185	(44,076,341)
150	0.997831	0.997902	0.997318	0.997914	0.998024	0.998123	0.998212	0.998436	(37,979,049)
125	0.998179	0.998239	0.997749	0.998249	0.998341	0.998424	0.998499	0.998687	(31,881,757)
100	0.998528	0.998576	0.998179	0.998584	0.998658	0.998726	0.998786	0.998938	(25,784,465)
75	0.998876	0.998913	0.998610	0.998919	0.998976	0.999027	0.999073	0.999189	(19,687,174)
50	0.999224	0.999249	0.999040	0.999254	0.999293	0.999328	0.999360	0.999440	(13,589,882)
25	0.999572	0.999586	0.999471	0.999589	0.999610	0.999630	0.999647	0.999691	(7,492,590)
0	0.999920	0.999923	0.999901	0.999923	0.999927	0.999931	0.999934	0.999943	(1,395,298)
-25	1.000269	1.000260	1.000332	1.000258	1.000245	1.000232	1.000221	1.000194	4,701,994
-50	1.000617	1.000596	1.000763	1.000593	1.000562	1.000534	1.000508	1.000445	10,799,286
-75	1.000965	1.000933	1.001193	1.000928	1.000879	1.000835	1.000795	1.000696	16,896,578
-100	1.001313	1.001270	1.001624	1.001263	1.001196	1.001137	1.001082	1.000947	22,993,870
-125	1.001661	1.001607	1.002054	1.001598	1.001514	1.001438	1.001369	1.001198	29,091,162
-150	1.002009	1.001944	1.002485	1.001933	1.001831	1.001739	1.001656	1.001449	35,188,454
-175	1.002358	1.002280	1.002915	1.002267	1.002148	1.002041	1.001943	1.001701	41,285,746
-200	1.002706	1.002617	1.003346	1.002602	1.002465	1.002342	1.002230	1.001952	47,383,038
-225	1.003054	1.002954	1.003776	1.002937	1.002782	1.002643	1.002517	1.002203	53,480,330
-250	1.003402	1.003291	1.004207	1.003272	1.003100	1.002945	1.002805	1.002454	59,577,622
Redemptions/Subscriptions	-13%	-11%	-30%	-10%	-5%	0%	5%	20%	
Shares Outstanding	17,511,944,543	18,105,548,193	14,162,346,335	18,208,731,002	19,220,327,169	20,231,923,336	21,243,519,503	24,278,308,003	

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

Top 10 Shareholders		% of Fund	Stress Redemption
SHELBY COUNTY TRUSTEE	625,140,362.14	3.09%	Yes
CITY OF KNOXVILLE	449,447,122.97	2.22%	Yes
METRO NASHVILLE	448,812,797.49	2.22%	Yes
HAMILTON COUNTY	349,076,750.95	1.73%	Yes
TN EDUCATION LOTTERY CORPORATION	179,149,247.71	0.89%	Yes
EAST TENNESSEE STATE UNIVERSITY	167,096,763.40	0.83%	Yes
TENNESSEE BOARD OF REGENTS	136,605,453.49	0.68%	Yes
TENNESSEE TECH UNIVERSITY	129,084,048.99	0.64%	Yes
AMERICAN RESCUE PLAN ACT	122,600,726.24	0.61%	Yes
MIDDLE TENNESSEE STATE UNIVERSIT	112,965,519.67	0.56%	Yes
Stress Top 10	\$ 2,719,978,793.05	13.44%	Yes
Total Fund Assets	\$ 20,231,923,336.00	100%	2,719,978,793.05

Largest Five Day Redemption (%)	10.51%
03/28-04/02/05	

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REPORT ON THE
Intermediate Term INVESTMENT FUND
For The Fiscal Year Ended June 30, 2021



PREPARED FOR THE
STATE FUNDING BOARD

November 23, 2021

PREPARED BY
TREASURY DEPARTMENT
CASH MANAGEMENT DIVISION

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TENNESSEE TREASURY DEPARTMENT
Intermediate Term Investment Fund Report
For the fiscal year ended June 30, 2021

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 of the Treasury, Secretary of State, and State 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. There is only one participant as of June 30, 2021. 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. The average composition during the year ended June 30, 2021, was 55.9% US agencies and 44.1% idle cash in the SPIF.

Maturity

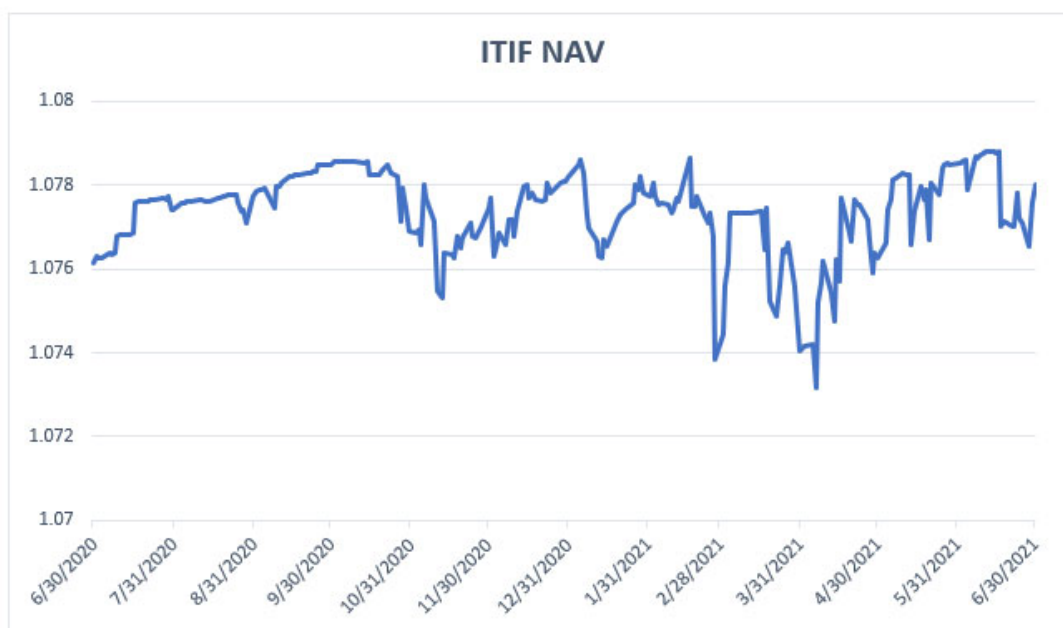
The objective of the ITIF is to take advantage of the expected additional return from investing farther out on the yield curve. The Investment Policy permits investments up to five years with an average maturity of three years. The weighted average maturity (WAM) of the ITIF began the year at 2.59 years and ended the year at 2.64 years. During the year, the WAM ranged from 0.12 years to 2.95 years. During FY 21, there were no rate changes by the FOMC. The rate at the beginning of the year was 0.00% to 0.25% where it remains as of June 30, 2021. The FOMC lowered the rate to the current level at the March 15, 2020 meeting in order to assist in stimulating the economy due to the pandemic.

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, 2021, the Intermediate Term Investment Fund has had a market value increase of 7.8%. During fiscal year 2021, the fund increased in value 0.17% net of expenses. During the same period, the SPIF returned 0.08% and the Vanguard Short Term Federal Fund (VSGBX) returned 0.84%. During fiscal year 2021, the net asset value (NAV) ranged from a low of 1.073182 on April 6, 2021, to 1.078812 on June 14, 2021. The graph below demonstrates the daily change in net asset value during the year.



III. INVESTMENT POLICY REVIEW

No Investment Policy changes were made during the current fiscal year. However, due to the persistent low interest rate environment, we anticipate changes during fiscal year 2022. 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

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 0.05%, or 5 basis point charge for assets invested. Most commercial funds charge substantially more than 0.05%. Also, the costs of operations include more than investment management. The 0.05% finances:

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

PORTFOLIO AT JUNE 30, 2021

ITIF (as of trade date)	6/30/2021							
DESCRIPTION	ACCRD-INCOME	MARKET-VALUE	MATURITY	MKT PRICE	PAR	INC PURCHASED	RATE	CUSIP
FHLB	17,062.50	6,756,735.00	3/17/2026	99.847	6,750,000.00	-	0.875	3130ALLD4
		6,756,735.00						
	Cash	5,321,781.42						
		12,078,516.42						
	SHARES	11,204,390.89						
	NAV	1.078016						

STATE OF TENNESSEE



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

615.741.2956
David.Lillard@tn.gov

TO: David H. Lillard, Jr., State Treasurer

FROM: Michael Brakebill, Chief Investment Officer

DATE: October 28, 2021

RE: Cash Benchmark for the State Pooled Investment Fund (SPIF)

As previously reported, the Blackrock Treasury Strategies Institutional Fund (MLIXX) is no longer available to be used as an investment performance benchmark (see memorandum dated June 22, 2021). To reconcile this lapse, staff conducted a search for a new cash benchmark by comparing the characteristics of potential indices, which emphasized liquidity and safety. Based on the analysis performed, staff recommends the 30-Day U.S. Treasury-Bill index to be used as a cash benchmark for the SPIF. This benchmark will be used for investment return comparisons beginning with July 1, 2021 (or, equivalently, at the close of business on June 30, 2021). Investment Staff's main goal was to identify an investment performance benchmark with similar characteristics to the SPIF, including but not limited to a 60-day maximum Weighted Average Maturity (WAM), high correlation of earnings yield, similar subsector and asset allocation composition. Additionally, Verus Advisory, the general consultant to the plan, provided feedback on this process and made recommendations with respect to the analysis.

Two groups of indices were selected as primary benchmarking candidates:

Treasury Bills (T-Bills)

S&P AAA/AA GIP All Index family

The following table shows the current breakdown of these potential benchmarks, highlighting in green the characteristics that most closely align with the objectives of the portfolio.

	WAM (d)	# Pools	7d yield	Asset Allocation (in %)						
				Trsy	Agcy	CP/CP like	REPO	ABS	Corp	Other
30d T-Bill	30		0.04%	100						
60d T-Bill	60		0.05%	100						
90d T-Bill	90		0.05%	100						
S&P AAA/AA GIP Index All	46	61	0.11%	17	10	42	14	9	3	5
S&P AAA/AA GIP General Purpose Taxable Index	47	49	0.11%	11	7	49	13	11	3	6
S&P AAA/AA GIP Government Index (LGIPG30G)	39	12	0.07%	41	23	13	22	0	0	2
SPIF	47		0.05%	23	52	16	4	0	0	5
TCRS	17		0.06%	28	18	55	0	0	0	0


The S&P AAA/AA GIP Government Index (LGIPG30G) is a compelling choice. The index satisfies the maturity criterion and has characteristics that closely mimic the objectives of the cash portion of the SPIF. However, we are concerned over the size of assets in the index, longevity, and pricing. Additionally, the Tennessee SPIF/LGIP fund is approximately \$21 billion, which is about

38% of the total assets in the LGIPG30G index. Therefore, if Tennessee's funds were included in the LGIPG30G index, the performance and composition of the index would be significantly impacted by our portfolio. Another factor to be considered is the longevity and availability of the benchmark information. This new search for a benchmark is an effort to replace a source of data that failed unexpectedly which highlights the importance of the long-term stability of the benchmark series. Since the LGIPG30G index is constructed based on the participant's portfolios, there is a risk of the long-term stability of the index. This is also magnified by the relatively small size of the total assets in the comparison pool. Different states may not subscribe to the S&P Global Rating service to rate their LGIP program, in which case the index could get smaller, and eventually it would be unusable. Lastly, the LGIPG30G is priced weekly, but upon discussions with S&P, the true pricing of yield could take much longer.


United States Treasury Bill comparisons are widely used and different tenors such as 30 day, 60 days, and 90 days are available. The 90-day Treasury bill index is widely used for short-term investment accounts and Treasury has historically utilized this index. However, the SPIF cash account has a much shorter maturity and duration than 90-day T-bills. For this reason, the consultants at Verus recommended that staff review 30-day T-bills as an option. The duration and maturity of 30-day T-bills aligns most closely with the SPIF portfolio objectives and there should be very little operation risk to obtaining the benchmark data. The returns for the LGIPG30G track the historic yields for SPIF/LGIP better, but the differences between the two benchmarks are relatively small.

This modification will be taken under your authority to provide a waiver to investment policy and upon approval will impact the comparison of investment performance of the SPIF portfolio. The State Funding Board will be notified of this change and this item will be presented for incorporation into the Investment Policy during the next update.

Recommended by:


Michael Brakebill
Chief Investment Officer

October 28, 2021


Digitally signed by
David H. Lillard, Jr.
Date: 2021.10.29
14:02:11 -05'00'

October 29, 2021

Approved by:

David H. Lillard, Jr.,
Tennessee State Treasurer

Appendix

The S&P Global Ratings collects portfolio data from currently 60+ sponsors, aggregating all their actual holdings and giving a rating to local investment pools based on liquidity and safety. The rated collection of funds will have a AAA(m) rating to indicate that they passed the S&P Global Rating's money market criteria.

The S&P AAA/AA GIP All Index is currently consisting of AAA(m) funds with \$239.3 billion under management:

1. S&P AAA/AA GIP Government Index (\$55.3 billion)
2. S&P AAA/AA GIP General Purpose Taxable Index (\$184.1 billion)

S&P Global

(Week ended Aug 06, 2021)				
S&P Rated Government Investment Pool (GIP) Indices*	Pools in Inde:	WAM (R)	WAM (F)	Total
		(days)	(days)	Assets
*Comprised of 'AAAm' & 'AAm' Rated Government Investment Pools				
S&P Rated GIP Index/All	61	46	68	239.3 billion
S&P Rated GIP Index/Government	12	39	73	55.3 billion
S&P Rated GIP Index/General Purpose Taxable	49	47	67	184.1 billion

State Pooled Investment Fund
For the Quarter Ended December 31, 2020 and March 31, 2021

Return	Qtr Ended 12/31/2020	Qtr Ended 3/31/2021
SPIF	0.09%	0.14%
30 Day T-Bill*	0.04%	0.004%
90 Day T-Bills	0.09%	0.03%
Merril Lynch Inst Fund	0.03%	0.00%
*End of Month Yield		

Source: Bloomberg, SPIF Quarterly Report, TCRS

STATE OF TENNESSEE



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT

STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

615.741.2956
David.Lillard@tn.gov

November 16, 2021

The Honorable David H. Lillard Jr.
State Treasurer
State Capitol, 1st Floor
Nashville, TN 37243

Dear Treasurer Lillard:

The Investment Staff discovered that the Blackrock Treasury Strategies Institutional Fund (MLIXX), which was the State Pooled Investment Fund (SPIF) stated benchmark effective June 27, 2019, is no longer available to be used because Blackrock has liquidated that fund.

The Investment Staff recommends the 30-Day U.S. Treasury-Bill index as the new benchmark for the SPIF. While the three-month U.S. Treasury-Bill rate has been utilized in the past, the SPIF cash account has a much shorter maturity and duration than three-month U.S. Treasury-Bill. For this reason, the Investment Staff recommends the 30-Day U.S. Treasury-Bill index.


Pursuant to the SPIF Investment Policy, the Investment Staff seek your approval of an exception to the Investment Policy for the State Pooled Investment Fund, Revised and Restated effective June 27, 2019, to replace the Blackrock Treasury Strategies Institutional Fund (MLIXX) with the 30-Day U.S. Treasury-Bill index for measuring the investment performance of the SPIF. This exception is effective as of September 30, 2020 and will remain in effect until the next revision or amendment to the SPIF Investment Policy.

Recommended by:


Michael Brakebill, Chief Investment Officer

Date: November 16, 2021

Approved by:


Digitally signed by David
H. Lillard, Jr.
Date: 2021.11.18
08:48:28 -06'00'
David H. Lillard, Jr., State Treasurer

Date: November 18, 2021

Topic	Material	Comments	Current Policy Reference	Proposed Policy Reference
Benchmark Replacement		Due to a sustained low interest rate environment, the prior benchmark was liquidated (ticker MLIXX). Upon discovery, Investment Staff conducted in-depth benchmark research based on maturity, pricing, longevity, and feasibility. Investment Staff recommends a 30-Day U.S. Treasury Bill index for the SPIF.	Page 8, Section V	Page 8, Section V. C
Current Policy Language			Revised Policy Language	
C. Benchmark The performance of the SPIF is closely correlated to the average yield of the three-month U.S. Treasury Bill. The performance benchmark for the SPIF will be the Blackrock Treasury Strategies Institutional Fund (ticker MLIXX).			C. Benchmark The desired investment characteristics and performance of the SPIF are closely correlated to the average yield of the 30-Day U.S. Treasury Bill. The performance benchmark for the SPIF will be a 30-Day U.S Treasury Bill index.	

STATE POOLED INVESTMENT FUND

INVESTMENT POLICY

AMENDMENT ONE

WHEREAS, the final authority for investing and reinvesting the assets of the State Pooled Investment Fund ("SPIF") is subject to the approval of the State Funding Board ("Board");

WHEREAS, the Board has the authority, pursuant to Tennessee Code Annotated § 9-4-602, to establish the SPIF's Investment Policy ("Investment Policy");

WHEREAS, the Board amended and restated the SPIF's Investment Policy in its entirety, adopted at the Board meeting on June 27, 2019; and

WHEREAS, the Board now desires to amend the Investment Policy.

NOW, THEREFORE, the Investment Policy is hereby amended as set forth herein:

1. Section V.C. entitled Benchmark is hereby amended to be and read as follows:

The performance of the SPIF is closely correlated to the average yield of the one-month U.S. Treasury Bill. The performance benchmark for the SPIF will be the 30-Day U.S. Treasury-Bill index.

2. In all other respects, the Investment Policy shall be and remain unchanged.

IN WITNESS WHEREOF, this Amendment One shall be effective on the date approved and adopted by the State Funding Board at its meeting on the 23rd day of November, 2021.

Jason E. Mumpower, Secretary
State Funding Board