



JASON E. MUMPOWER
Comptroller

**TENNESSEE STATE FUNDING BOARD
NOVEMBER 28, 2022
AGENDA**

1. Reconvene meeting from November 16, 2022
2. Consideration and approval of State Funding Board minutes from the meeting held on October 19, 2022
3. Consideration and approval of staff recommendations of state revenue projections
4. Consideration and approval of staff recommendations of lottery revenue projections
5. ECD FastTrack Projects
 - **LG Chem Advanced Materials, Inc. – Clarksville (Montgomery County)**
FastTrack Economic Development Grant \$40,000,000
 - **Gold Creek Foods LLC – Caryville (Campbell County)**
FastTrack Economic Development Grant \$ 1,862,810
 - **Landmark Recovery Management Company LLC – Franklin (Williamson County)**
FastTrack Job Training Assistance Grant \$ 4,000,000
6. Acknowledge receipt of notification from the Tennessee Education Lottery Corporation pursuant to Tennessee Code Annotated Section 4-51-111(a)(3)
7. Report from Tennessee Central Economic Authority
 - Mr. Charly Lyons, President & CEO
 - Ms. Kelsey Dansby, Executive Administrator
8. Report on State Pooled Investment Fund (SPIF) and Intermediate Term Investment Fund (ITIF)
 - Mr. Markus Klar, Director of Fixed Income
 - Mr. Thomas Kim, Deputy Chief Investment Officer
 - Kevin Gentry, Director of Investment Operations
 - State of Tennessee Treasury Department, Investment Division

9. Consideration for approval of an amendment to the financial advisor contract with PFM Financial Advisors, LLC
10. Consideration and approval of Other Post Employment Benefit (OPEB) Trust for the Town of Farragut
11. Consideration of request for approval for blanket exemption of certain federal programs under the State Funding Board “Blanket Exemption” Guidelines
12. Adjourn

TENNESSEE STATE FUNDING BOARD
October 19, 2022

The Tennessee State Funding Board (the “Board”) met on Wednesday, October 19, 2022, at 1:00 p.m., in the Volunteer Conference Center, Cordell Hull Building, 2nd 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
Commissioner Jim Bryson, Department of Finance and Administration

The following members were absent:

The Honorable Bill Lee, Governor
The Honorable David Lillard, State Treasurer

Having established that a quorum was present, Mr. Mumpower called the meeting to order and presented the minutes from the meeting held on September 8, 2022, for consideration and approval. Mr. Hargett made a motion to approve the minutes, and Mr. Bryson seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. Stuart McWhorter, Commissioner of the Tennessee Department of Economic and Community Development (“ECD”), to present FastTrack projects for consideration and Mr. 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 8, 2022, Board meeting, the FastTrack balance was \$270,084,664.26. Since that time, \$1,072,346.84 in funds had been deobligated; \$5,931,204.00 in new grants and loans had been approved; and \$266,316.08 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$264,959,491.02 as of the date of the Report. Mr. VanderMeer reported that total commitments had been made in the amount of \$257,992,892.57, resulting in an uncommitted FastTrack balance of \$6,966,598.45. Mr. VanderMeer reported that the amount of proposed grants for projects to be considered at this meeting totaled \$2,400,000.00, and if these projects were approved, the uncommitted balance would be \$4,566,598.45, for a total committed balance of \$260,392,892.57, which represented 98.3% of the FastTrack balance.

Mr. McWhorter then presented the following FastTrack project:

- **Georgia-Pacific Consumer Operations LLC – Jackson (Madison County)**
FastTrack Economic Development Grant \$ 2,400,000.00

The Board member packets included letters and a FastTrack checklist signed by Commissioner McWhorter, and an incentive acceptance form signed by the company representative. Mr. Mumpower inquired if the company that had signed the incentive acceptance form fully understood the agreement, and Mr. McWhorter responded affirmatively. Mr. Mumpower then inquired if the checklist had been completed for the project, and Mr. McWhorter responded affirmatively. Mr. Mumpower then inquired if the project included an accountability agreement which would provide protections for the state in the event the entity

could not fulfill the agreement, and Mr. McWhorter responded affirmatively. Mr. Hargett made a motion to approve the projects. Mr. Bryson seconded the motion, and it was unanimously approved.

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

Approved on this _____ day of _____ 2022.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Estimated Revenues Based on Recurring Growth Rates

Funding Board Meeting - November 28, 2022

| | Recurring Actual FY 2021-2022 | FY 2022-2023 | Growth Rate | FY 2023-2024 | Growth Rate |
|--------------|-------------------------------------|-------------------|----------------|-------------------|----------------|
| Total Taxes | \$ 20,807,878,300 | | | \$ 22,538,200,000 | 1.40% |
| | | \$ 22,227,000,000 | 6.82% | \$ 22,738,200,000 | 2.30% |
| | | | | \$ 22,633,100,000 | 1.40% |
| | | \$ 22,320,600,000 | 7.27% | \$ 22,834,000,000 | 2.30% |
| | | Spread | | 0.45% | 0.90% |
| | | | | | |
| General Fund | \$ 18,034,436,100 | | | \$ 19,574,600,000 | 1.25% |
| | | \$ 19,332,900,000 | 7.20% | \$ 19,767,900,000 | 2.25% |
| | | | | \$ 19,665,900,000 | 1.25% |
| | | \$ 19,423,100,000 | 7.70% | \$ 19,860,100,000 | 2.25% |
| | | Spread | | 0.50% | 1.00% |
| | | | | | |

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

| 2022-2023 | | | | | | | | | | | |
|--|--------------------------|---------------------------------|----------------------------|-----------------------|----------------------------|---------------------------|----------------------------|------------------------------|----------------------------|-----------------------|----------------------------|
| DEPARTMENT OF REVENUE TAXES | | | | | | | | | | | |
| SOURCE OF REVENUE | 2021-2022 Actual Year | July 1, 2022 Budget Estimate | % Change Over Actual | Dr. Bruce Estimate | % Change Over Actual | Fiscal Review Estimate | % Change Over Actual | Dept. of Revenue Estimate | % Change Over Actual | Dr. Smith Estimate | % Change Over Actual |
| Sales and Use Tax ¹ | \$ 12,809,891,900 | \$ 12,217,500,000 | -4.62% | \$ 13,796,300,000 | 7.70% | \$ 13,903,000,000 | 8.53% | \$ 13,858,200,000 | 8.18% | \$ 14,102,200,000 | 10.09% |
| Gasoline Tax | 874,019,000 | 889,200,000 | 1.74% | 848,700,000 | -2.90% | 861,000,000 | -1.49% | 879,300,000 | 0.60% | 881,000,000 | 0.80% |
| Motor Fuel Tax | 321,328,100 | 319,300,000 | -0.63% | 331,900,000 | 3.29% | 328,000,000 | 2.08% | 330,300,000 | 2.79% | 333,875,000 | 3.90% |
| Gasoline Inspection Tax | 71,167,900 | 70,400,000 | -1.08% | 70,000,000 | -1.64% | 71,400,000 | 0.33% | 72,000,000 | 1.17% | 71,500,000 | 0.47% |
| Motor Vehicle Registration Tax | 369,743,200 | 241,700,000 | -34.63% | 241,800,000 | -34.60% | 258,000,000 | -30.22% | 246,300,000 | -33.39% | 240,750,000 | -34.89% |
| Income Tax | 6,618,600 | - | N/A | - | N/A | 2,000,000 | -69.78% | 2,000,000 | -69.78% | - | N/A |
| Privilege Tax - Less Earmarked Portion ¹ | 594,333,400 | 526,700,000 | -11.38% | 541,400,000 | -8.91% | 557,500,000 | -6.20% | 561,100,000 | -5.59% | 585,500,000 | -1.49% |
| Gross Receipts Tax - TVA | 341,196,100 | 344,100,000 | 0.85% | 357,900,000 | 4.90% | 342,655,000 | 0.43% | 362,400,000 | 6.21% | 340,000,000 | -0.35% |
| Gross Receipts Tax - Other | 26,998,600 | 31,300,000 | 15.93% | 32,400,000 | 20.01% | 29,000,000 | 7.41% | 33,700,000 | 24.82% | 27,500,000 | 1.86% |
| Beer Tax | 18,241,900 | 18,100,000 | -0.78% | 18,500,000 | 1.41% | 19,100,000 | 4.70% | 18,500,000 | 1.41% | 18,600,000 | 1.96% |
| Alcoholic Beverage Tax | 86,456,300 | 90,200,000 | 4.33% | 87,400,000 | 1.09% | 88,200,000 | 2.02% | 86,700,000 | 0.28% | 91,500,000 | 5.83% |
| Franchise & Excise Tax | 4,544,589,300 | 3,973,300,000 | -12.57% | 5,012,700,000 | 10.30% | 4,936,000,000 | 8.61% | 5,039,900,000 | 10.90% | 4,650,000,000 | 2.32% |
| Inheritance and Estate Tax | 602,100 | - | N/A | - | N/A | - | N/A | - | N/A | - | N/A |
| Tobacco Tax | 225,301,500 | 231,000,000 | 2.53% | 223,900,000 | -0.62% | 219,300,000 | -2.66% | 222,600,000 | -1.20% | 224,500,000 | -0.36% |
| Motor Vehicle Title Fees | 23,556,300 | 24,100,000 | 2.31% | 23,500,000 | -0.24% | 23,400,000 | -0.66% | 23,700,000 | 0.61% | 23,675,000 | 0.50% |
| Mixed Drink Tax | 189,870,700 | 147,200,000 | -22.47% | 211,900,000 | 11.60% | 215,000,000 | 13.23% | 212,700,000 | 12.02% | 209,125,000 | 10.14% |
| Business Tax | 292,956,900 | 257,600,000 | -12.07% | 313,200,000 | 6.91% | 320,000,000 | 9.23% | 311,000,000 | 6.16% | 295,300,000 | 0.80% |
| Severance Tax | 830,300 | 500,000 | -39.78% | 800,000 | -3.65% | 1,000,000 | 20.44% | 800,000 | -3.65% | 600,000 | -27.74% |
| Coin-operated Amusement Tax | 444,400 | 300,000 | -32.49% | 400,000 | -9.99% | 500,000 | 12.51% | 400,000 | -9.99% | 350,000 | -21.24% |
| Unauthorized Substance Tax | 31,800 | - | N/A | - | N/A | - | N/A | - | N/A | 25,000 | -21.38% |
| TOTAL DEPARTMENT OF REVENUE | \$ 20,798,178,300 | \$ 19,382,500,000 | -6.81% | \$ 22,112,700,000 | 6.32% | \$ 22,175,055,000 | 6.62% | \$ 22,261,600,000 | 7.04% | \$ 22,096,000,000 | 6.24% |
| TOTAL - RECURRING | \$ 20,807,878,300 | \$ 19,609,400,000 | -5.76% | \$ 22,339,600,000 | 7.36% | \$ 22,399,955,000 | 7.65% | \$ 22,486,500,000 | 8.07% | \$ 22,322,900,000 | 7.28% |
| GENERAL FUND ONLY ² | \$ 18,020,036,100 | \$ 16,658,300,000 | -7.56% | \$ 19,297,500,000 | 7.09% | \$ 19,337,955,000 | 7.31% | \$ 19,406,200,000 | 7.69% | \$ 19,244,400,000 | 6.79% |
| GENERAL FUND - RECURRING | \$ 18,034,436,100 | \$ 16,834,500,000 | -6.65% | \$ 19,473,700,000 | 7.98% | \$ 19,513,155,000 | 8.20% | \$ 19,581,400,000 | 8.58% | \$ 19,420,600,000 | 7.69% |
| Recurring Budget Est. Compared to New Estimate - Total | | | | \$ 2,730,200,000 | | \$ 2,792,555,000 | | \$ 2,879,100,000 | | \$ 2,713,500,000 | |
| Recurring Budget Est. Compared to New Estimate - Gen. Fund | | | | \$ 2,639,200,000 | | \$ 2,679,655,000 | | \$ 2,747,900,000 | | \$ 2,586,100,000 | |
| SELECTED TAXES | Actual Year | July 1 Estimate | % | Dr. Bruce | % | Fiscal Review | % | Revenue Dept. | % | Dr. Smith | % |
| SALES AND USE TAX | \$ 12,809,891,900 | \$ 12,217,500,000 | -4.62% | \$ 13,796,300,000 | 7.70% | \$ 13,903,000,000 | 8.53% | \$ 13,858,200,000 | 8.18% | \$ 14,102,200,000 | 10.09% |
| FRANCHISE AND EXCISE TAXES | 4,544,589,300 | 3,973,300,000 | -12.57% | 5,012,700,000 | 10.30% | 4,936,000,000 | 8.61% | 5,039,900,000 | 10.90% | 4,650,000,000 | 2.32% |
| INCOME TAX | 6,618,600 | - | N/A | - | N/A | 2,000,000 | -69.78% | 2,000,000 | -69.78% | - | N/A |
| ROAD USER TAXES | 1,659,814,500 | 1,544,700,000 | -6.94% | 1,515,900,000 | -8.67% | 1,541,800,000 | -7.11% | 1,551,600,000 | -6.52% | 1,550,800,000 | -6.57% |
| ALL OTHER TAXES | 1,777,264,000 | 1,647,000,000 | -7.33% | 1,787,800,000 | 0.59% | 1,792,255,000 | 0.84% | 1,809,900,000 | 1.84% | 1,793,000,000 | 0.89% |

¹ For FY 2021-2022, Sales and Use Tax estimates exclude \$147.8 million and Privilege Tax estimates exclude \$97.5 million for designated earmarked funds.
For FY 2022-2023, Sales and Use Tax estimates exclude \$147 million and Privilege Tax estimates exclude \$92.5 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 2023 - 2024
(Accrual - Basis Estimates)

| 2023-2024 | | | | | | | | | | |
|--|-------------------|----------|-------------------|----------|-------------------|----------|-------------------|----------|----------|----------|
| DEPARTMENT OF REVENUE TAXES | | | | | | | | | | |
| | Dr. Bruce | % Change | Fiscal Review | % Change | Dept. of Revenue | % Change | Dr. Smith | % Change | | |
| SOURCE OF REVENUE | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| Sales and Use Tax¹ | \$ 14,361,900,000 | 4.10% | \$ 14,467,000,000 | 4.06% | \$ 14,323,400,000 | 3.36% | \$ 15,050,600,000 | 6.73% | | |
| Gasoline Tax | 856,300,000 | 0.90% | 865,000,000 | 0.46% | 900,400,000 | 2.40% | 903,250,000 | 2.53% | | |
| Motor Fuel Tax | 340,200,000 | 2.50% | 335,000,000 | 2.13% | 338,200,000 | 2.39% | 351,000,000 | 5.13% | | |
| Gasoline Inspection Tax | 70,700,000 | 1.00% | 72,000,000 | 0.84% | 72,500,000 | 0.69% | 72,500,000 | 1.40% | | |
| Motor Vehicle Registration Tax | 349,900,000 | 44.71% | 383,500,000 | 48.64% | 376,300,000 | 52.78% | 358,250,000 | 48.81% | | |
| Income Tax | - | N/A | - | N/A | 1,000,000 | -50.00% | - | N/A | | |
| Privilege Tax - Less Earmarked Portion¹ | 554,700,000 | 2.46% | 600,500,000 | 7.71% | 563,900,000 | 0.50% | 580,000,000 | -0.94% | | |
| Gross Receipts Tax - TVA | 358,300,000 | 0.11% | 344,000,000 | 0.39% | 366,000,000 | 0.99% | 340,250,000 | 0.07% | | |
| Gross Receipts Tax - Other | 26,600,000 | -17.90% | 28,000,000 | -3.45% | 28,600,000 | -15.13% | 29,000,000 | 5.45% | | |
| Beer Tax | 18,800,000 | 1.62% | 19,600,000 | 2.62% | 18,500,000 | 0.00% | 18,500,000 | -0.54% | | |
| Alcoholic Beverage Tax | 88,300,000 | 1.03% | 90,000,000 | 2.04% | 90,200,000 | 4.04% | 95,000,000 | 3.83% | | |
| Franchise & Excise Tax | 5,203,200,000 | 3.80% | 5,200,000,000 | 5.35% | 5,241,500,000 | 4.00% | 4,500,250,000 | -3.22% | | |
| Inheritance and Estate Tax | - | N/A | - | N/A | - | N/A | - | N/A | | |
| Tobacco Tax | 219,500,000 | -1.97% | 215,000,000 | -1.96% | 217,900,000 | -2.11% | 220,500,000 | -1.78% | | |
| Motor Vehicle Title Fees | 23,700,000 | 0.85% | 23,800,000 | 1.71% | 23,800,000 | 0.42% | 24,550,000 | 3.70% | | |
| Mixed Drink Tax | 219,700,000 | 3.68% | 226,000,000 | 5.12% | 228,700,000 | 7.52% | 214,900,000 | 2.76% | | |
| Business Tax | 313,200,000 | 0.00% | 336,000,000 | 5.00% | 325,000,000 | 4.50% | 295,250,000 | -0.02% | | |
| Severance Tax | 800,000 | 0.00% | 1,100,000 | 10.00% | 800,000 | 0.00% | 600,000 | 0.00% | | |
| Coin-operated Amusement Tax | 400,000 | 0.00% | 550,000 | 10.00% | 400,000 | 0.00% | 340,000 | -2.86% | | |
| Unauthorized Substance Tax | - | N/A | - | N/A | - | N/A | 35,000 | 40.00% | | |
| TOTAL DEPARTMENT OF REVENUE | \$ 23,006,200,000 | 4.04% | \$ 23,207,050,000 | 4.65% | \$ 23,117,100,000 | 3.84% | 23,054,775,000 | 4.34% | | |
| TOTAL - RECURRING | 23,056,200,000 | 3.21% | 23,257,050,000 | 3.83% | 23,166,100,000 | 3.02% | 23,104,775,000 | 3.50% | | |
| GENERAL FUND ONLY² | \$ 20,055,700,000 | 3.93% | \$ 20,222,050,000 | 4.57% | \$ 20,093,800,000 | 3.54% | 20,020,475,000 | 4.03% | | |
| GENERAL FUND - RECURRING | 20,123,700,000 | 3.34% | 20,290,050,000 | 3.98% | 20,161,300,000 | 2.96% | 20,088,475,000 | 3.44% | | |
| FY '24 Est Compared to FY '23 Est - Total | \$ 893,500,000 | | \$ 1,031,995,000 | | \$ 855,500,000 | | \$ 958,775,000 | | | |
| FY '24 Est Compared to FY '23 Est - General Fund | \$ 758,200,000 | | \$ 884,095,000 | | \$ 687,600,000 | | \$ 776,075,000 | | | |
| SELECTED TAXES | Dr. Bruce | % | Fiscal Review | % | Revenue Dept. | % | Dr. Smith | % | | |
| SALES AND USE TAX | \$ 14,361,900,000 | 4.10% | \$ 14,467,000,000 | 4.06% | \$ 14,323,400,000 | 3.36% | \$ 15,050,600,000 | 6.73% | | |
| FRANCHISE AND EXCISE TAXES | 5,203,200,000 | 3.80% | 5,200,000,000 | 5.35% | 5,241,500,000 | 4.00% | 4,500,250,000 | -3.22% | | |
| INCOME TAX | - | N/A | - | N/A | 1,000,000 | -50.00% | - | N/A | | |
| ROAD USER TAXES | 1,640,800,000 | 8.24% | 1,679,300,000 | 8.92% | 1,711,200,000 | 10.29% | 1,709,550,000 | 10.24% | | |
| ALL OTHER TAXES | 1,800,300,000 | 0.70% | 1,860,750,000 | 3.82% | 1,840,000,000 | 1.66% | 1,794,375,000 | 0.08% | | |

¹ For FY 2023-2024, Sales and Use Tax estimates exclude \$147 million and Privilege Tax estimates exclude \$92.5 million for designated earmarked funds.

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

Net Lottery Proceeds Estimates
Actual 2021-2022 and Estimated 2022-2023 Through 2026-2027
November 28, 2022

| | 2021-2022 Actual | 2022-2023 Revised | % | 2023-2024 Estimated | % | 2024-2025 Estimated | % | 2025-2026 Estimated | % | 2026-2027 Estimated | % |
|--------------------------|-----------------------------|------------------------------|--------------|--------------------------------|--------------|--------------------------------|--------------|--------------------------------|--------------|--------------------------------|--------------|
| Lottery Corporation | | | | | | | | | | | |
| Low | 467,204,000 | 472,598,000 | 1.15% | 480,000,000 | 1.57% | 489,000,000 | 1.88% | 497,000,000 | 1.64% | 506,000,000 | 1.81% |
| High | 467,204,000 | 483,093,000 | 3.40% | 494,000,000 | 2.26% | 505,000,000 | 2.23% | 516,000,000 | 2.18% | 528,000,000 | 2.33% |
| Fiscal Review Staff | | | | | | | | | | | |
| Low | 467,204,000 | 460,377,000 | -1.46% | 454,334,000 | -1.31% | | | | | | |
| Median | 467,204,000 | 468,050,000 | 0.18% | 463,967,000 | -0.87% | 473,246,340 | 2.00% | 482,711,267 | 2.00% | 492,365,492 | 2.00% |
| High | 467,204,000 | 475,723,000 | 1.82% | 473,600,000 | -0.45% | | | | | | |
| Recommended Range | | | | | | | | | | | |
| Low | 467,204,000 | 467,200,000 | 0.00% | 467,200,000 | 0.00% | 471,900,000 | 1.00% | 476,600,000 | 1.00% | 481,400,000 | 1.00% |
| High | 467,204,000 | 476,500,000 | 2.00% | 486,000,000 | 2.00% | 495,700,000 | 2.00% | 505,600,000 | 2.00% | 515,700,000 | 2.00% |
| Spread | | 9,300,000 | 2.00% | 18,800,000 | 2.00% | 23,800,000 | 1.00% | 29,000,000 | 1.00% | 34,300,000 | 1.00% |

FastTrack Report to State Funding Board

11/21/2022

| | |
|--|----------------|
| 1. Previous FastTrack Balance, as of Last Report | 264,959,491.02 |
| 2. + New Appropriations: | 0.00 |
| 3. + Newly Deobligated Funds: | 10,234,867.18 |
| 4. + Funds Transferred to FastTrack: | 0.00 |
| 5. - Funds Transferred from FastTrack: | (4,220,000.00) |
| 6. - FastTrack Grants or Loans Approved Greater Than \$750,000: | (7,500,000.00) |
| 7. - FastTrack Grants or Loans Approved Less Than \$750,000: | (1,701,350.00) |
| 8. - FastTrack Administration | (131,506.79) |
| 9. Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans: | 261,641,501.41 |
| 10. Total Amount of Commitments: | 198,254,150.78 |
| 11. Uncommitted FastTrack: | 63,387,350.63 |
| 12. Percentage Committed: | 75.8% |
| 13. Amount of Proposed Grants or Loans: | 45,862,810.00 |
| 14. Uncommitted FastTrack Balance if Proposed Grants or Loans Approved: | 17,524,540.63 |
| 15. Percentage Committed: | 93.3% |

See next page for explanations of the above questions.

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



Commissioner of Economic and Community Development

Date: 11/21/22



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

November 28, 2022

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

Dear Comptroller Mumpower:

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

1. LG Chem America Advanced Materials, Inc. – Clarksville (Montgomery County)

Founded in 1947 and headquartered in Seoul, South Korea, LG Chem is a leading chemical and science-oriented company focused on moving toward a more sustainable future. LG Chem has nearly 19,000 employees across more than 50 global business sites, and in 2021, had sales of more than \$37 billion.

The Clarksville facility will be the largest of its kind in the U.S. and is expected to produce roughly 120,000 tons of cathode material annually by 2027, which is enough to power batteries in 1.2 million electric vehicles with a range of 310 miles per charge.

The current plan is for the state-of-the-art facility to be constructed on 420 acres at the Allensworth site in Clarksville. Construction is slated to begin in Q1 2023, and the plant is scheduled to be in production by the second half of 2025. Once operational, the facility will produce cathode materials, which are one of the most critical ingredients for manufacturing electric vehicle batteries.

The Tennessee site will play a critical role in LG Chem's strategy to increase its battery materials business by producing advanced NCMA cathode materials containing nickel, cobalt, manganese and aluminum for next-generation EV batteries with improved battery capacity and stability.

In addition, the Clarksville facility will feature LG Chem's most advanced production technology, including the ability to produce more than 10,000 tons of cathode material per line, the industry's highest. LG Chem also plans to implement its smart factory technology in Tennessee to automate the entire production



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

process and establish a quality analysis and control system that will be the benchmark for all other cathode plants in the world.

The new facility will be designed with the environment and future needs of clean energy in mind. LG Chem will collaborate with power suppliers in Tennessee to respond to the demands of customers, including battery and electric vehicle manufacturers, for more renewable energy sources. Operation of the new facility will rely completely on renewable energy provided by solar and hydroelectric power.

LG Chem America Advanced Materials, Inc. has committed to create 860 net new jobs and make a \$3,205,715,854 capital investment within eight (8) years. The company will have an average hourly wage of \$33.42 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as new building construction for a total of \$40,000,000. **(\$40,000,000)**

Total FastTrack funds for this project - \$40,000,000

2. Gold Creek Foods LLC – Caryville (Campbell County)

Founded in 2000 and headquartered in Gainesville, Georgia, Gold Creek Foods is one of the nation's largest full-service chicken processors. The company specializes in processing raw and fully cooked chicken products, serving well-known customers nationwide.

Gold Creek Foods acquired the assets of Campos Foods LLC, which shut down its beef processing operations earlier this year. Following the acquisition of 241 Elkins Road, the Tennessee plant will be updated and converted into a poultry further processing facility, allowing Gold Creek Foods to increase production by running 50 million pounds of par-fried and fully cooked chicken products per year.

Gold Creek Foods LLC has committed to create 218 net new jobs and make a \$15,000,000 capital investment within five (5) years. The company will have an average hourly wage of \$17.31 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as building retrofit, building expansion, building improvements, and acquisition of real property for a total of \$1,862,810. **(\$1,862,810)**

Total FastTrack funds for this project - \$1,862,810

3. Landmark Recovery Management Company LLC – Franklin (Williamson County)

Founded in 2016, Landmark Recovery is an addiction recovery company that provides individualized treatment for patients dealing with substance abuse. Today, Landmark works alongside its sister company, Praxis, to serve and oversee treatment facilities in Kentucky, Indiana, Nevada, Ohio, Oklahoma and Tennessee.



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

Approximately one year after relocating its corporate headquarters from Arizona to Tennessee, Landmark Recovery is expanding their footprint to allow Landmark the opportunity to better serve the growing number of treatment facilities the company owns and operates across the U.S., including Landmark's newly opened treatment center in Knoxville.

Landmark Recovery Management Company LLC has committed to create 1,300 net new jobs and make a \$7,500,000 capital investment within five (5) years. The company will have an average hourly wage of \$42.38 for the new positions.

FastTrack Job Training Assistance Program funds will be used to train the net new full-time employees for a total of \$4,000,000. **(\$4,000,000)**

Total FastTrack funds for this project - \$4,000,000

Sincerely,

A handwritten signature in dark ink, appearing to read "Stuart McWhorter", is written over the printed name.

Stuart McWhorter

SM/js

State Funding Board FastTrack Checklist

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

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

| TYPE OF FUNDING | | RECIPIENT ENTITY | GRANT AMOUNT | LOAN AMOUNT |
|-------------------------------------|----------------------|--|--------------|-------------|
| <input type="checkbox"/> | INFRASTRUCTURE | | | |
| <input type="checkbox"/> | TRAINING* | | | |
| <input checked="" type="checkbox"/> | ECONOMIC DEVELOPMENT | Industrial Development Board of the County of Montgomery | \$40,000,000 | |
| TOTAL | | | \$40,000,000 | |

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

***ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity):** LG Chem America Advanced Materials, Inc.

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

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)? ☐ Yes ☒ No
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants).
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)? ☐ Yes ☒ No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)? ☒ Yes ☐ No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)? ☒ Yes ☐ No

Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)? ☒
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)? ☐
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)? ☐
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale. ☐

Applicant must answer "Yes" to a or b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation. ☒
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale. ☐

TRAINING

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

INFRASTRUCTURE

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


Applicant must answer "Yes" to a or b.

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

ECONOMIC DEVELOPMENT

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

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


Commissioner of Economic and Community Development

11/21/22
Date



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

November 7, 2022

INCENTIVE ACCEPTANCE FORM

This form serves as notice that LG Chem America Advanced Materials, Inc. intends, in good faith, to create 860 private sector jobs in Clarksville, Montgomery County and make a capital investment of \$3,205,715,854 in exchange for incentives that will be memorialized in a grant agreement between LG Chem America Advanced Materials, Inc. and the State of Tennessee. New jobs must be in addition to the company's baseline of 0 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

| | |
|---------------------------------------|----------------------|
| FastTrack Economic Development Grant: | \$ 40,000,000 |
| Total ECD Commitment: | \$ 40,000,000 |

Please sign your name in the space below to signify LG Chem America Advanced Materials, Inc.'s acceptance of ECD's offer set forth above and return it by February 5, 2023 to:

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

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

Signature: 
(Authorized Representative of Company)

Date: Nov. 17, 2022



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

November 28, 2022

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

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Industrial Development Board of the County of Montgomery for the benefit of LG Chem America Advanced Materials, Inc. in the amount of \$40,000,000 to offset the costs LG Chem America Advanced Materials, Inc. will incur in new building construction. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this community due to the number of high wage net new jobs and capital investment. LG Chem America Advanced Materials, Inc. has committed to create 860 net new jobs and make a \$3,205,715,854 capital investment within eight (8) years. The company will have an average hourly wage of \$33.42 for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart McWhorter", is written over a horizontal line.

Stuart McWhorter

SM/js

State Funding Board FastTrack Checklist

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

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

| TYPE OF FUNDING | RECIPIENT ENTITY | GRANT AMOUNT | LOAN AMOUNT |
|----------------------|---|--------------|-------------|
| INFRASTRUCTURE | | | |
| TRAINING* | | | |
| ECONOMIC DEVELOPMENT | Industrial Development Board of Campbell County | \$1,862,810 | |
| TOTAL | | \$1,862,810 | |

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

*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): Gold Creek Foods LLC

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

GENERAL STATUTORY COMPLIANCE

- Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)? ☐ Yes ☒ No
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants).
- Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)? ☐ Yes ☒ No
- Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)? ☒ Yes ☐ No
- Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)? ☒ Yes ☐ No

Identify which of the following apply:

- Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)? ☒
 - Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)? ☐
 - Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)? ☐
 - Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale. ☐

Applicant must answer "Yes" to a or b.

- Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation. ☒
 - Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale. ☐

TRAINING

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

INFRASTRUCTURE

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

Applicant must answer "Yes" to a or b.

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

ECONOMIC DEVELOPMENT

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

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


Commissioner of Economic and Community Development

11/21/22
Date



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

October 6, 2022

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Gold Creek Foods LLC intends, in good faith, to create 218 private sector jobs in Caryville, Campbell County and make a capital investment of \$15,000,000 in exchange for incentives that will be memorialized in a grant agreement between Gold Creek Foods LLC and the State of Tennessee. New jobs must be in addition to the company's baseline of 32 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

| | |
|---------------------------------------|---------------------|
| FastTrack Economic Development Grant: | \$ 1,862,810 |
| Total ECD Commitment: | \$ 1,862,810 |

Please sign your name in the space below to signify Gold Creek Foods LLC's acceptance of ECD's offer set forth above and return it by January 4, 2023 to:

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

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

Signature: _____

(Authorized Representative of Company)

Date: _____

10/11/22



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

November 28, 2022

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

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Industrial Development Board of Campbell County for the benefit of Gold Creek Foods in the amount of \$1,862,810 to offset the costs Gold Creek Foods will incur in building retrofit, building expansion, building improvements, and acquisition of real property. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this Tier 4, At-Risk community due to the number of net new jobs and capital investment. Gold Creek Foods LLC has committed to create 218 net new jobs and make a \$15,000,000 capital investment within five (5) years. The company will have an average hourly wage of \$17.31 for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart McWhorter", is written over a printed name.

Stuart McWhorter

SM/js

State Funding Board FastTrack Checklist

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

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

| TYPE OF FUNDING | RECIPIENT ENTITY | GRANT AMOUNT | LOAN AMOUNT |
|----------------------|--|--------------|-------------|
| INFRASTRUCTURE | | | |
| TRAINING* | Landmark Recovery Management Company LLC | \$4,000,000 | |
| ECONOMIC DEVELOPMENT | | | |
| TOTAL | | \$4,000,000 | |

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

*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): Landmark Recovery Management Company LLC

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

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants). ☐ Yes ☒ No
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)? ☐ Yes ☒ No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)? ☒ Yes ☐ No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)? ☒ Yes ☐ No

Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)? ☒
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)? ☐
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)? ☐
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale. ☐

Applicant must answer "Yes" to a or b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation. ☒
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale. ☐

TRAINING

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

INFRASTRUCTURE

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

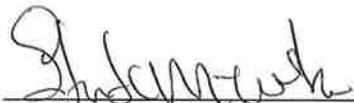
Applicant must answer "Yes" to a or b.

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

ECONOMIC DEVELOPMENT

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

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



Commissioner of Economic and Community Development

11/21/22
Date



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

September 6, 2022

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Landmark Recovery Management Company LLC intends, in good faith, to create 1,300 private sector jobs in Franklin, Williamson County and make a capital investment of \$7,500,000 in exchange for incentives that will be memorialized in a grant agreement between Landmark Recovery Management Company LLC and the State of Tennessee. New jobs must be in addition to the company's baseline of 199 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

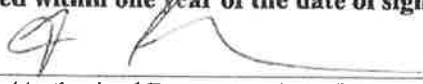
| | |
|-------------------------------|---------------------|
| FastTrack Job Training Grant: | \$ 4,000,000 |
| Total ECD Commitment: | \$ 4,000,000 |

Please sign your name in the space below to signify Landmark Recovery Management Company LLC's acceptance of ECD's offer set forth above and return it by December 5, 2022 to:

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

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

Signature:


(Authorized Representative of Company)
Matt Boyle

Date:

9/8/22



November 16, 2022

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

Re: Net Lottery Proceeds for Fiscal Year 2023

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 2023. The amount currently projected by the TEL for the fiscal year ranges from \$473 million to \$483 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, 2022 represents 80% of the TEL’s product mix since inception to date. 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, with the exception of infrequent record setting Powerball and Mega Millions jackpots.

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 \$100 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.

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 67.9% in fiscal year 2022. TEL management is projecting it will be approximately 68% for fiscal year 2023. 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 25.3% for fiscal year 2023.

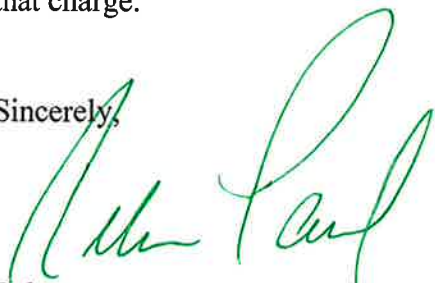
Actual gross profits from instant games have increased year over year, increasing from \$153.8 million in fiscal year 2005 to \$355.3 million in fiscal year 2022. Since fiscal year 2005, instant game gross sales have increased an average of 6.3% annually, with a corresponding increase in actual gross profits of an average of 4.4% annually. Gross profit is based on net ticket sales, less direct costs of cash prizes, retailer commissions and major gaming vendor's fees.

2. In reviewing the industry wide instant games prize payouts as part of our budgetary process, Tennessee continues to maintain one of the lowest aggregated Instant Game prize payouts within the top ten performing lotteries. Empirical evidence indicates that a reduction in payout will result in a reduction in sales and a corresponding reduction in net proceeds. 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 lottery proceeds.

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,

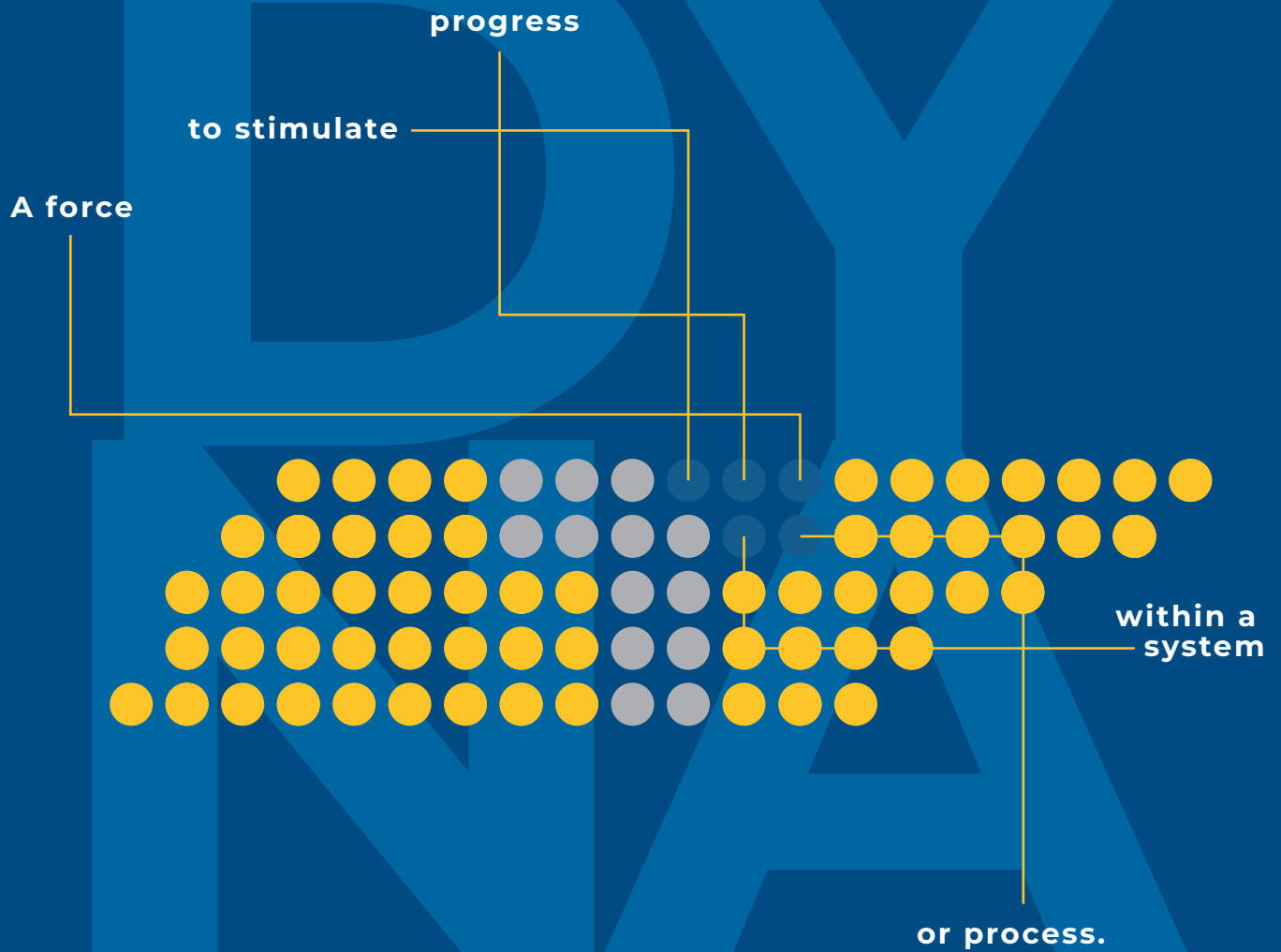


Rebecca Paul, President & CEO
Tennessee Education Lottery Corporation

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

TENNESSEE CENTRAL

ECONOMIC AUTHORITY



2021-2022
ANNUAL
REPORT

TABLE OF CONTENTS

PRESIDENT’S COMMENTS 3

BOARD OF DIRECTORS..... 5

SPOTLIGHT 6

KEY EVENTS7

ANNUAL MEETING 9

CHRISTMAS MEETING10

OVERVIEW OF THE TCEA..... 11

EDUCATION OVERVIEW12

TCEA’S PARTNERS FOR SUCCESS13

2021-2022 PERFORMANCE INDEX13

SENATORS & REPRESENTATIVES.....14

2020-2021 FISCAL OVERVIEWS.....15

BUSINESS & WORKFORCE DEVELOPMENT.....16

2022-2023 WORK STRATEGIES 17

POWERCOM & ACROSS THE REGION18

PRESIDENT'S COMMENTS

As TCEA continues building a foundation for economic development in the region, we celebrate some of this year's successes:

- » A 133-acre expansion of the Macon County industrial park
- » Successful negotiation of 119 acres in Smith County to be developed for mixed use, including industrial
- » PowerCom's plans to close on the Goldilocks site
- » Grading additional shovel-ready sites

Plus, Sumner County has landed several major investments, and Wilson County has exceeded expectations by facilitating investments worth \$562 million to create 3,500 new jobs.

This is not to say we have not had challenges. Our regional economies feel the sting of supply chain complications, worldwide diseases, financial strains, international political affairs, and climate crises. Domestic concerns such as racial conflict, violence, inflation, and a changing workforce further complicate matters. Nonetheless, we strive to build stronger communities and enhance the quality of life for the people of the TN Central region.

As economic developers, we endeavor to keep our focus and energy on establishing prosperity and maximizing resources. Our bottom line is to facilitate opportunities for families seeking a better quality of life and to enrich future generations. In addition, TCEA is committed to strengthening the region and serving as a liaison for the economic development to create robust municipalities.

Any success reflects the significant cooperation and creative solutions of our stakeholders and partners: the TCEA Board of Directors, the TN Department of Economic & Community Development, the TVA, the Upper Cumberland Development District, the Greater Nashville Regional Council, and the Middle TN Industrial Development Association. Our partners support our ability to maintain our momentum. We are dedicated to challenging ourselves to create change and to be flexible in our approach to provide workforce and industry development solutions.

This past fiscal year we reached one hundred percent occupancy in existing buildings in PowerCom and had five grants across the region for \$1.9M. Smith County received the Rural Certification Award; a PowerCom site certification is in its final stages; and Macon County's 133-acre expansion completed its TN Site Certification. Another important step is the partnership between the TCEA and TN Technology University for research on the port.

For our own people, it has been a busy year as well. Dan Tidcomb has been attentive to workforce development with particular focus on networking and education. Workforce readiness and availability will continue to be the first inquiry from new companies and the daily challenge for our existing companies. Dan serves on the Upper Cumberland Workforce Board to remain proactive and to understand additional methods of enhancing our workforce. Dan is our key for responding to requests for information as well meeting with community leaders.

Kelsey Dansby is progressing on her TN Certified Economic Developer education from the University of TN Center for Industrial Services. Kelsey should be able to start her Capstone Project in 2023. She has worked closely with the tenants in PowerCom to resolve any rental issues, from payments

PRESIDENT'S COMMENTS

to building services. Kelsey is essential for our board meetings and all TCEA events. In addition to managing our financials, she oversees various marketing strategies and serves on the Hartsville-Trousdale Chamber Board. Kelsey has undertaken a noted role in understanding our funding and will be working on future funding.

It is a blessing to see results and confidently know that our work as the TCEA directly impacts our citizens by providing opportunities to improve their standard of living. This is only a reflection of our journey to date but will not be our destination. Our vision is to continually pursue the next level of enrichment for the people and communities in the TN Central region.

Kelsey, Dan, and I are honored by the responsibility and stewardship you allow us to undertake. We value your trust, counsel, and commitment to Tennessee Central. Always challenge us to provide for the people you serve. May our future endeavors exceed your expectations.

**May God Bless,
Charly Lyons - President & CEO**



KELSEY, CHARLY, & DAN

BOARD OF DIRECTORS



Pictured L to R: Jeff Mason, Steve Jones, Randall Hutto, Anthony Holt, Rob Rochelle, Stephen Chambers, Mae Wright, Betty Sue Hibdon

BOARD OF DIRECTORS



Chairman
Jeff Mason
Smith County Mayor



Vice Chairman
Stephen Chambers
Trousdale County Mayor



Secretary/Treasurer
Steve Jones
Macon County Mayor



Sumner County Executive
Jeff Mason



Wilson County Mayor
Randall Hutto



Senate Appointee
Mae Wright
President, TCAT-Hartsville



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



TCEA Attorney
Bob Rochelle

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 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 2021-2022



RAY RENDER

Ray Render is a Tennessean with deep roots in Middle Tennessee being born and raised in Madison. Ray graduated with an Industrial Engineering degree from Tennessee Tech University.

Ray joined Toshiba Consumer Electronics in Lebanon, TN to be their Facilities Engineer advancing to become the Manager of the Refurbishing Department. During this time, Ray attended Belmont University to earn his MBA. Ray moved to Bridgestone/Firestone working with commercial & consumer marketing.

Ray currently is Deputy District Director for Congressman Rose in Gallatin serving Macon, Robertson, Sumner, Trousdale, and Wilson Counties.

Ray is very dedicated to serving the communities and working diligently to ensure elected officials and key leaders are informed. Ray sets a higher bar for communicating to the communities and organizations the actions of congress and the existing funding that becomes available to help people and their communities.

Ray has been very proactive with economic development and understanding the multiple impact on families.

Parents: Dalton & Pat Render – father worked at DuPont in Old Hickory and mother was a homemaker

Family: Wife – Sheri (24 years together this year), Son – Grant (21 years old & a Senior next year at UT Chattanooga), Daughter – Erica (19 years old & a sophomore next year at UT Chattanooga) along with three cats (Cupcake, Cocoa and Scamp) Attends Church at Hermitage Church of the Nazarene (although born and raised Southern Baptist) Hobbies: Proud owner of a 1979 Pontiac Firebird Trans Am (Black and Gold Bandit Edition) Member of the Mt. Juliet Breakfast Rotary Club Enjoy watching Titans and UT football in the fall.



KEY EVENTS

State of Tennessee Funding Board in Nashville
 TVA's Economic Developers' Forum
 Governor's Conference for Department of ECD
 Legislator Meetings on The Hill Nashville
 Dr. Orintha Montague, President VSCC
 Tour Catesa Farms in Smith County
 Governor Lee at Good Morning Gallatin
 Association of Tennessee Valley Governments Quarterly
 Tennessee Economic Partnership Quarterly Board Meetings
 InvestPrep Presentation
 MTIDA Meetings
 Forward Sumner Annual Meeting
 ECD's Community & Rural Listen Tour
 Project Presentations & Meetings (multiple meetings)
 Tennessee Economic Development Council, Fall Meeting
 Dale Hollow RPO
 Congressman Rose's Rep. Ray Render
 TCAT Advisory Board Meetings
 UT: Center of Industrial Services (4 sessions)
 TVA's Workforce Institute
 TVA's Certification Tennessee Economic Partnership
 Tennessee Chamber of Commerce & Industry Annual Meeting
 UCDD Annual Economic Development Meeting: Macon & Smith Counties
 Industrial Appreciation Lunch assisted by TCAT

Volunteer State Community College P-16
 ECD & TVA project Submissions
 GNRC Economic Developers Meeting
 TVA Rural Leadership Development (Kelsey)
 Macon, Smith, Sumner, Trousdale, & Wilson Chamber Meetings
 Upper Cumberland Workforce Board
 Upper Cumberland Workforce Roundtable
 JECDB & IDB meetings (quarterly)
 Smith County Career Fair for High School students
 TNSMART: Infrastructure & Workforce
 Tennessee Valley Solar Conference
 TEDC Day on the Hill
 TN ECD Site Certification
 MTIDA's TVA/ECD Fam Tour
 UCDD Annual Board Meeting
 TCAT Golf Tournament
 Bradley Conference (Dan)
 G.I.V.E. Grant Collaborative
 Wilson Works Workforce & Industry
 Department of Labor Meetings
 Macon County Anti-Drug Coalition Meetings
 Macon & Smith County Industry and Educators Alignment
 TN Apprentice Meetings
 Select USA Conference



GOVERNOR LEE'S GOOD MORNING GALLATIN



GOVERNOR LEE'S GOOD MORNING GALLATIN



GOVERNOR LEE'S GOOD MORNING GALLATIN



GOVERNOR LEE'S GOOD MORNING GALLATIN

KEY EVENTS



TVA RURAL CERTIFICATION AWARD SMITH COUNTY



TEDC DAY ON THE HILL



BEST AWARDS



BEST AWARDS



TCAT GOLD TOURNAMENT



GOVERNOR'S CONFERENCE



TCEA INDUSTRY APPRECIATION LUNCHEON



TCEA INDUSTRY APPRECIATION LUNCHEON

ANNUAL MEETING



CHRISTMAS MEETING



OVERVIEW OF THE TCEA



POPULATION GROWTH

2027 Projected: **443,932**

2022 Estimate: **414,675**

POPULATION GROWTH

2022-2027 Projected: **7.05%**

2010-2022 Growth: **28.02%**

2000-2010 Growth: **22.42%**

| | | MACON | SMITH | SUMNER | TROUSDALE | WILSON | TN CENTRAL |
|-------------------|-----------|--------|--------|---------|-----------|---------|------------|
| POPULATION | 2000 | 20,386 | 17,712 | 130,438 | 7,259 | 88,806 | 264,601 |
| | 2010 | 22,248 | 19,166 | 160,645 | 7,870 | 113,993 | 323,922 |
| | 2022 | 25,384 | 20,623 | 202,209 | 12,105 | 154,354 | 414,675 |
| | 2027 | 26,816 | 21,558 | 216,544 | 12,984 | 166,030 | 443,932 |
| PERCENTAGE GROWTH | 2000-2010 | 9.13% | 8.21% | 23.16% | 8.42% | 28.36% | 22.42% |
| | 2010-2022 | 14.10% | 7.60% | 25.87% | 53.81% | 35.41% | 28.02% |
| | 2022-2027 | 5.64% | 4.53% | 7.09% | 7.26% | 7.56% | 7.05% |

| | | DAVIDSON | RUTHERFORD | WILLIAMSON | TENNESSEE | UNITED STATES |
|-------------------|-----------|----------|------------|------------|-----------|---------------|
| POPULATION | 2000 | 569,913 | 182,019 | 126,638 | 5,689,277 | 281,421,942 |
| | 2010 | 626,681 | 262,604 | 183,182 | 6,346,105 | 308,745,538 |
| | 2022 | 702,994 | 352,571 | 256,267 | 7,002,871 | 334,279,739 |
| | 2027 | 734,288 | 378,629 | 275,630 | 7,310,647 | 344,999,336 |
| PERCENTAGE GROWTH | 2000-2010 | 9.96% | 44.27% | 44.65% | 11.54% | 9.71% |
| | 2010-2022 | 12.17% | 34.26% | 39.90% | 10.35% | 8.27% |
| | 2022-2027 | 4.46% | 7.39% | 7.56% | 4.39% | 3.21% |

Source: Environics & Claritas 2022

EDUCATION OVERVIEW

2020-2021 ACT AVERAGE

| | |
|--------------------------|-------------|
| Macon County | 18.6 |
| Smith County | 18.2 |
| Sumner County | 20.2 |
| Trousdale County | 19.4 |
| Wilson County | 20.6 |
| TN Central Region | 19.4 |
| Davidson County | 17.7 |
| Rutherford County | 19.8 |
| Williamson County | 24.9 |
| State of Tennessee | 20.0 |
| United States | 20.6 |



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

2020-2021 GRADUATION RATE

| | |
|--------------------------|--------------|
| Macon County | 89.3% |
| Smith County | 93.9% |
| Sumner County | 94.5% |
| Trousdale County | 98.8% |
| Wilson County | 96.3% |
| TN Central Region | 94.6% |
| Davidson County | 81.8% |
| Rutherford County | 95.1% |
| Williamson County | 96.2% |
| State of Tennessee | 89.7% |
| United States | 88.6% |

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

EDUCATIONAL ATTAINMENT OF THE TCEA REGION

9.84%

Less than
High School
Diploma

32.13%

High School
Diploma
(GED)

21.14%

Some College,
No Degree

7.97%

Associate
Degree

19.32%

Bachelor's
Degree

9.59%

Master's
Degree and
Beyond

Source: Environics & Claritas 2022

2021-2022 PERFORMANCE INDEX

One-million-dollar SDG for Macon County in association with UCDD and Mayor Steve Jones

Upgrade dock doors in south campus buildings

State of Tennessee Funding Board approval

Stain and Seal Experts – Letter of Intent for expansion and move to Carthage

Providence Storm Shelters manufacturing to South Campus

Project Waffle site visit to PowerCom

MTIDA's TVA/ECD Fam Tour to Smith County

Letter of Intent to purchase Goldilocks Site

Five additional tenants in PowerCom, South

40 RFP/RFI Responses to ECD & TVA

Rural Certification Award for Smith County (by TVA/ Strategic Development Group) at TVA Forum 2022

Weldon/Christy's workforce expansion Fall 2021

Tri Metals Workforce Expansion

Project Soar Site Visit

Smith County Baker property under contract



TENNESSEE CENTRAL
ECONOMIC AUTHORITY

TCEA'S PARTNERS FOR SUCCESS



Center for Industrial Services
INSTITUTE for PUBLIC SERVICE

UCDD Upper Cumberland
Development District



VOL STATE
COMMUNITY COLLEGE



Cumberland
UNIVERSITY



UNION
UNIVERSITY



WELCH
COLLEGE

SENATORS & REPRESENTATIVES

It is our honor to serve the Legislators of the State of Tennessee. The Legislators established an economic development organization (EDO) in 1986 in response to the closing of Hartsville Power Plant. While the overwhelming affects that impacted the region were disheartening, the Legislators stepped up to alleviate the devastation and still endure to serve and seek solutions for the community. The results of Tennessee Central continues because of their leadership, reinforcement, and willingness to establish a vibrant quality of life and enrich the region for an economically healthy Tennessee.

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

\$388,248.58

Rent

\$214,372.80

Other

TOTAL REVENUES:
\$602,621.38

EXPENDITURES

\$268,423.39

Salaries & Benefits

\$29,627.85

Contract Services

\$49,840.98

Office Expenses

\$20,599.86

Advertising & Marketing

\$13,674.85

Meeting & Event Expenses

\$15,663.58

Travel

\$2,851.60

Miscellaneous

\$8,841.81

Dues & Fees

TOTAL EXPENDITURES:
\$409,483.92

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

REVENUES

\$855,219.72

TVA In-Lieu-of-Tax Funding

\$35,083.57

Other

TOTAL REVENUES:
\$891,303.29

EXPENDITURES

\$6,000.00

Grant Programs

\$153,131.70

Contract Services & Labor

\$238,835.02

PowerCom Expenses

(Infrastructure, Site Development & Repair & Maintenance)

\$131,300.00

Admin Fee & Other Miscellaneous Expenses

TOTAL EXPENDITURES:
\$579,266.72

BUSINESS & WORKFORCE DEVELOPMENT



The Tennessee College of Applied Technology Hartsville fully supports the ongoing efforts of the TN Central Economic Authority and serves as the premier supplier of workforce development for Trousdale, Sumner, Wilson, Smith and Macon Counties. With adult campuses located in both Wilson and Trousdale counties we work closely with companies such as Lochinvar, Simpson-Strongtie, Southeast Connections, Kennametal, Nashville Display, Destaco, Weldon 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. Beginning Monday 5/18 we will go back on a modified schedule. Following the social distancing standards, we will bring back student in small numbers for lab work. We have strict guidelines which will be in place for all who enter our buildings.



The Tennessee Central 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 Tennessee Central region. Charles Alexander, the Center's Director, can provide private counseling at the following locations in the Tennessee Central Region. Please contact specific location for appointment.

MT. JULIET CHAMBER
615-758-3478

LEBANON CHAMBER
615-444-5503

VSCC
615-230-4780



Charles Alexander
Director
TSBDC

2022-2023 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 communities.
- » Apply and execute grants to improve economic development standards.
- » Increase industrial product development in the five-county region.
- » 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 the PowerCom Industrial Center & Zwirner Building.
- » Initiate & evaluate plans for a Cumberland River dock/barge access.
- » Participate with RPO and TDOT for regional highway infrastructure.

BUSINESS & WORKFORCE DEVELOPMENT ASSISTANCE

- » Enhance job retention & accelerate growth in the region by providing relevant resources to existing industry .
- » Serve on the Upper Cumberland Workforce Board.
- » Partner with Chambers of Commerce and SBA's TN Small Business Development Centers to assist entrepreneurs and start-up companies.
- » Create a CEO Roundtable.
- » Serve on the Tennessee College (TCAT)/Hartsville's Advisory Board.
- » Market TCAT, UT CIS, & VSCC training services to regional industries.
- » 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.
- » Work with educational partners to enhance the talent pipeline.
- » Executive Business Walks to local industry.

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, pursue and apply for 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

- » Advance and broaden 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 TN region, e.g. Wage and Benefit Survey.

POWERCOM & ACROSS THE REGION



SIGNAGE UPGRADES IN POWERCOM



SMITH COUNTY FAM TOUR



LEADERSHIP SMITH



WORK SESSION POWERCOM SITE VISIT



MACON COUNTY JOB FAIR



SMITH COUNTY RECEIVES GOVERNOR'S
THREE STAR AWARD



SMITH COUNTY INDUSTRY AND EDUCATION ALIGNMENT

POWERCOM & ACROSS THE REGION



PROJECT REMIX



TN ECD BBQ



TN ECD BBQ



PROJECT SAFARI



TN ECD & TCEA STAFF



2022 BABY NOV CONGRESSMAN ROSE



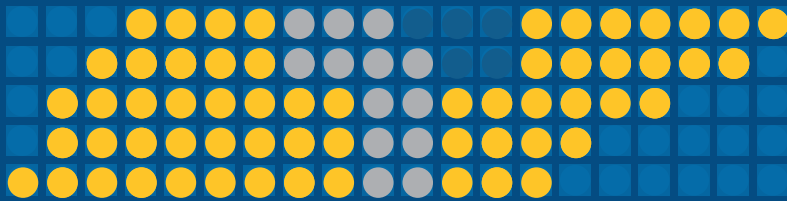
BNA TOUR

Serving the Middle Tennessee Counties of:

MACON
SMITH
SUMNER
TROUSDALE
WILSON



tennesseecentral.org



TENNESSEE CENTRAL
ECONOMIC AUTHORITY

Charly Lyons, President/CEO

P 615.374.4607

C 615.426.2520

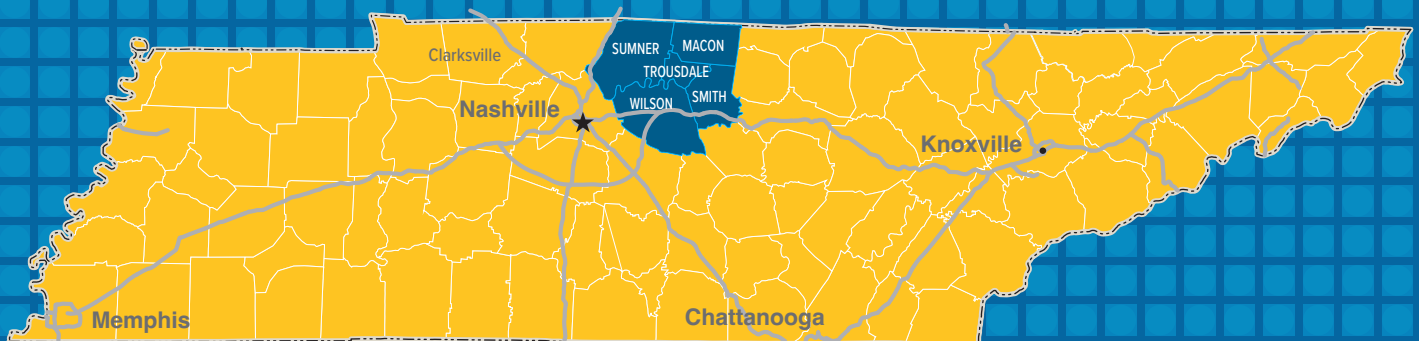
F 615.374.4608

702 McMurry Blvd E

Hartsville, Tennessee 37074

clyons@tennesseecentral.org

This institution is an equal opportunity provider and employer.



Tennessee Central Economic Authority

Budget vs. Actuals: FY_2022_2023 - FY23 P&L

July - October, 2022

| | TOTAL | | | |
|--|---------------------|---------------------|-----------------------|----------------|
| | ACTUAL | BUDGET | OVER BUDGET | % OF BUDGET |
| Income | | | | |
| 44500 Government Grants | | 1,200.00 | -1,200.00 | |
| 46400 Other Types of Income | | | | |
| 46410 Interest | 1,441.42 | 10,000.00 | -8,558.58 | 14.41 % |
| 46420 Administrative Services Fee | | 180,000.00 | -180,000.00 | |
| 46430 Miscellaneous | 100.00 | | 100.00 | |
| 46431 Mtg Lunch Fees (CR to #60910) | 450.00 | 800.00 | -350.00 | 56.25 % |
| 46432 Event Sponsors (CR to #60930) | 1,000.00 | 1,500.00 | -500.00 | 66.67 % |
| Total 46430 Miscellaneous | 1,550.00 | 2,300.00 | -750.00 | 67.39 % |
| Total 46400 Other Types of Income | 2,991.42 | 192,300.00 | -189,308.58 | 1.56 % |
| 47500 Rentals | 161,083.36 | 316,914.00 | -155,830.64 | 50.83 % |
| Unapplied Cash Payment Income | 3,491.67 | | 3,491.67 | |
| Total Income | \$167,566.45 | \$510,414.00 | \$ -342,847.55 | 32.83 % |
| GROSS PROFIT | \$167,566.45 | \$510,414.00 | \$ -342,847.55 | 32.83 % |
| Expenses | | | | |
| 60900 Business Expenses | | | | |
| 60910 Meeting Related Expenses | 1,933.23 | 9,000.00 | -7,066.77 | 21.48 % |
| 60920 Dues/Fees/Renewals | 2,968.69 | 9,000.00 | -6,031.31 | 32.99 % |
| 60930 Events | 3,516.78 | 9,000.00 | -5,483.22 | 39.08 % |
| Total 60900 Business Expenses | 8,418.70 | 27,000.00 | -18,581.30 | 31.18 % |
| 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 | 1,143.60 | 5,500.00 | -4,356.40 | 20.79 % |
| Total 62100 Contract Services | 8,159.60 | 29,748.00 | -21,588.40 | 27.43 % |
| 65000 Office Operations | | | | |
| 65010 Rent | 4,200.00 | 12,600.00 | -8,400.00 | 33.33 % |
| 65020 Postage/Printing | 514.70 | 750.00 | -235.30 | 68.63 % |
| 65030 Utilities | 1,325.44 | 4,300.00 | -2,974.56 | 30.82 % |
| 65040 Supplies & Equip. | 1,716.62 | 4,500.00 | -2,783.38 | 38.15 % |
| 65050 Communications | 1,746.31 | 6,000.00 | -4,253.69 | 29.11 % |
| 65060 Computer/Website Upgrades | | 2,500.00 | -2,500.00 | |
| 65120 Insurance - Office, D&O, WC | 4,193.00 | 8,000.00 | -3,807.00 | 52.41 % |
| Total 65000 Office Operations | 13,696.07 | 38,650.00 | -24,953.93 | 35.44 % |
| 65100 Misc. | 1,427.24 | 3,500.00 | -2,072.76 | 40.78 % |
| 65110 Marketing | 7,235.19 | 20,000.00 | -12,764.81 | 36.18 % |
| 66000 Payroll Expenses | | | | |
| 66010 President/CEO | 36,800.00 | 110,400.00 | -73,600.00 | 33.33 % |
| 66020 Project Manager | 21,280.00 | 66,480.00 | -45,200.00 | 32.01 % |
| 66030 Executive Admin Assistant | 16,363.83 | 48,900.00 | -32,536.17 | 33.46 % |
| 66040 Performance Expense | 11,025.00 | 22,578.00 | -11,553.00 | 48.83 % |

Tennessee Central Economic Authority

Budget vs. Actuals: FY_2022_2023 - FY23 P&L

July - October, 2022

| | TOTAL | | | |
|-------------------------------------|---------------------|---------------------|-----------------------|----------------|
| | ACTUAL | BUDGET | OVER BUDGET | % OF BUDGET |
| 66050 Benefits | 24,315.79 | 92,500.00 | -68,184.21 | 26.29 % |
| Total 66000 Payroll Expenses | 109,784.62 | 340,858.00 | -231,073.38 | 32.21 % |
| 68300 Travel | 8,805.28 | 26,000.00 | -17,194.72 | 33.87 % |
| Total Expenses | \$157,526.70 | \$485,756.00 | \$ -328,229.30 | 32.43 % |
| NET OPERATING INCOME | \$10,039.75 | \$24,658.00 | \$ -14,618.25 | 40.72 % |
| NET INCOME | \$10,039.75 | \$24,658.00 | \$ -14,618.25 | 40.72 % |

Tennessee Central Economic Authority

Balance Sheet

As of October 31, 2022

| | TOTAL |
|--|-----------------------|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| 7535 24M CD | 648,015.48 |
| 8300 6M CD | 160,679.44 |
| Checking | 33,018.99 |
| Savings | 685,696.17 |
| Total Bank Accounts | \$1,527,410.08 |
| Accounts Receivable | |
| 11000 Accounts Receivable | 0.00 |
| 11001 allowance for doubtful accounts | -1,950.00 |
| Total Accounts Receivable | \$ -1,950.00 |
| Other Current Assets | |
| 12000 Undeposited Funds | 3,000.00 |
| Total Other Current Assets | \$3,000.00 |
| Total Current Assets | \$1,528,460.08 |
| TOTAL ASSETS | \$1,528,460.08 |
| LIABILITIES AND EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Credit Cards | |
| 24110 MASTERCARD | 5,568.42 |
| Total Credit Cards | \$5,568.42 |
| Other Current Liabilities | |
| 24000 Payroll Liabilities | 339.10 |
| Total Other Current Liabilities | \$339.10 |
| Total Current Liabilities | \$5,907.52 |
| Total Liabilities | \$5,907.52 |
| Equity | |
| 30000 Opening Balance Equity | 554,517.95 |
| 32000 Retained Earnings | 957,994.86 |
| Net Income | 10,039.75 |
| Total Equity | \$1,522,552.56 |
| TOTAL LIABILITIES AND EQUITY | \$1,528,460.08 |

Capital Improvements

Budget vs. Actuals: FY_2022-2023 - FY23 P&L

July - October, 2022

| | 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 | 7,021.17 | 45,000.00 | -37,978.83 | 15.60 % |
| 46440 Reimbursements & Misc | | 50,000.00 | -50,000.00 | |
| Total 46400 Other Types of Income | 7,021.17 | 95,000.00 | -87,978.83 | 7.39 % |
| Total Income | \$7,021.17 | \$895,000.00 | \$ -887,978.83 | 0.78 % |
| GROSS PROFIT | \$7,021.17 | \$895,000.00 | \$ -887,978.83 | 0.78 % |
| 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 | | 160,222.43 | -160,222.43 | |
| 60322 Smith County | | 93,200.47 | -93,200.47 | |
| 60323 Sumner County | | 220,000.00 | -220,000.00 | |
| 60324 Trousdale County | | 132,907.99 | -132,907.99 | |
| 60325 Wilson County | | 81,582.72 | -81,582.72 | |
| Total 60320 4L ED Grant Program | | 687,913.61 | -687,913.61 | |
| Total 60300 Regional Development | | 726,793.16 | -726,793.16 | |
| 62100 Contract Services | | | | |
| 62140 Legal Fees | 750.00 | 10,000.00 | -9,250.00 | 7.50 % |
| 62150 Prof. & Eng. Services | 32,487.50 | 140,000.00 | -107,512.50 | 23.21 % |
| Total 62100 Contract Services | 33,237.50 | 150,000.00 | -116,762.50 | 22.16 % |
| 62800 PowerCom Expenses | | | | |
| 62810 Property Insurance | 43.00 | 7,500.00 | -7,457.00 | 0.57 % |
| 62820 Existing Bldg Upgrades/R&M | 12,915.13 | 650,000.00 | -637,084.87 | 1.99 % |
| 62821 Powercom Building Pads | | 750,000.00 | -750,000.00 | |
| 62822 Site Development | 76,500.00 | 875,000.00 | -798,500.00 | 8.74 % |
| 62831 Waterline Exts/Inst/R&M | | 600,000.00 | -600,000.00 | |
| 62835 Sewerline Exts/Inst/R&M | | 750,000.00 | -750,000.00 | |
| 62840 Road Upgrades & Maint. | 1,943.86 | 150,000.00 | -148,056.14 | 1.30 % |
| 62850 Dock/Port Development | | 950,000.00 | -950,000.00 | |
| 62860 Signs/Gate/Fence Adds/R&M | 1,014.70 | 80,000.00 | -78,985.30 | 1.27 % |
| 62870 Utility Expenses (w/s/g/e) | 1,336.15 | 8,500.00 | -7,163.85 | 15.72 % |
| 62880 Contract Labor | | | | |
| 62881 Site R&M, Security | 4,138.56 | 24,500.00 | -20,361.44 | 16.89 % |
| 62882 Dozer & Bush Hogging | 3,800.00 | 95,000.00 | -91,200.00 | 4.00 % |

Capital Improvements

Budget vs. Actuals: FY_2022-2023 - FY23 P&L

July - October, 2022

| | TOTAL | | | |
|--------------------------------------|-----------------------|-------------------------|-------------------------|---------------|
| | ACTUAL | BUDGET | OVER BUDGET | % OF BUDGET |
| Total 62880 Contract Labor | 7,938.56 | 119,500.00 | -111,561.44 | 6.64 % |
| 62890 Supplies/Equip R&M | 1,006.92 | 55,000.00 | -53,993.08 | 1.83 % |
| Total 62800 PowerCom Expenses | 102,698.32 | 4,995,500.00 | -4,892,801.68 | 2.06 % |
| 65100 Other Expenses | | | | |
| 65160 Other Costs | 1,400.00 | 30,000.00 | -28,600.00 | 4.67 % |
| 75000 Admin. Services Fee | | 180,000.00 | -180,000.00 | |
| Total 65100 Other Expenses | 1,400.00 | 210,000.00 | -208,600.00 | 0.67 % |
| Total Expenses | \$137,335.82 | \$6,082,293.16 | \$ -5,944,957.34 | 2.26 % |
| NET OPERATING INCOME | \$ -130,314.65 | \$ -5,187,293.16 | \$5,056,978.51 | 2.51 % |
| NET INCOME | \$ -130,314.65 | \$ -5,187,293.16 | \$5,056,978.51 | 2.51 % |

Capital Improvements

Balance Sheet

As of October 31, 2022

| | TOTAL |
|-------------------------------------|-----------------------|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| 7533 24M CD | 3,240,077.41 |
| 7852 18M | 637,483.44 |
| 8301 6M CD | 535,598.09 |
| Money Market Acct | 1,784,688.83 |
| NOW Checking Acct | 30,382.71 |
| Total Bank Accounts | \$6,228,230.48 |
| Other Current Assets | |
| 12000 Undeposited Funds | 0.00 |
| Total Other Current Assets | \$0.00 |
| Total Current Assets | \$6,228,230.48 |
| TOTAL ASSETS | \$6,228,230.48 |
| LIABILITIES AND EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 20000 Accounts Payable | 149,916.00 |
| Total Accounts Payable | \$149,916.00 |
| Credit Cards | |
| 24100 MASTERCARD | 0.00 |
| Total Credit Cards | \$0.00 |
| Total Current Liabilities | \$149,916.00 |
| Long-Term Liabilities | |
| 27200 USDA/RD Loan | 0.00 |
| Total Long-Term Liabilities | \$0.00 |
| Total Liabilities | \$149,916.00 |
| Equity | |
| 30000 Opening Balance Equity | 3,045,305.18 |
| 32000 Retained Earnings | 3,163,323.95 |
| Net Income | -130,314.65 |
| Total Equity | \$6,078,314.48 |
| TOTAL LIABILITIES AND EQUITY | \$6,228,230.48 |

REPORT ON THE STATE POOLED INVESTMENT FUND

For The Fiscal Year Ended June 30, 2022



PREPARED FOR THE
STATE FUNDING BOARD

November 28, 2022

PREPARED BY
TREASURY DEPARTMENT
Investment Operations DIVISION

TABLE OF CONTENTS

| | | |
|-------|------------------------------------|------------|
| I. | Investment Policy | 3 |
| II. | Portfolio Composition | 3 |
| III. | Average Daily Balances | 4 |
| IV. | Performance | 4 |
| V. | Weighted Average Maturity | 5 |
| VI. | Weighted Average Life | 6 |
| VII. | Daily Liquid Assets | 7 |
| VIII. | Weekly Liquid Assets | 8 |
| IX. | Credit Quality and Diversification | 8 |
| X. | Shadow Pricing | 8 |
| XI. | Stress Testing | 9 |
| XII. | Investment Policy Review | 10 |
| XIII. | Investment Strategy | 10 |
| XIV. | Cost of Administration | 10 |
| | Stress Test Results June 30, 2022 | Attachment |

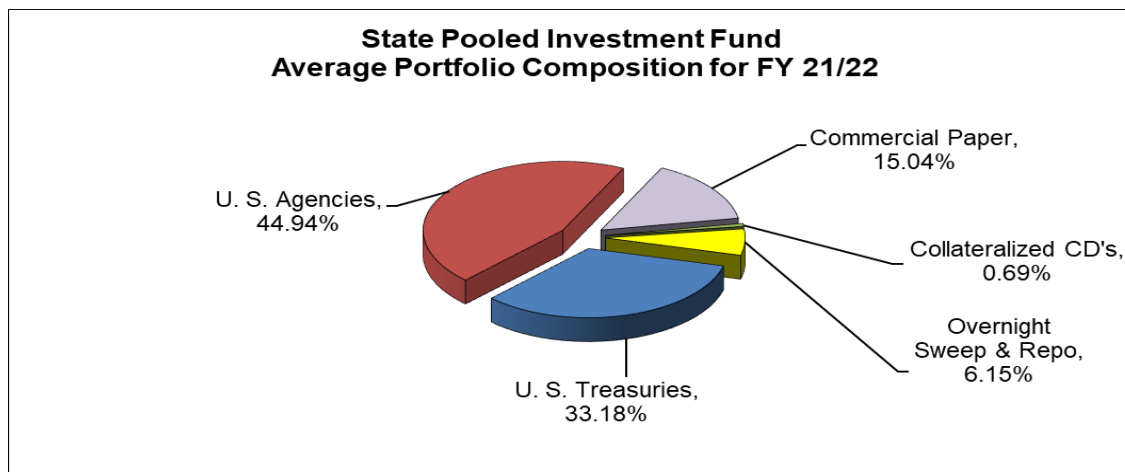
TENNESSEE TREASURY DEPARTMENT
State Pooled Investment Fund Report
For the fiscal year ended June 30, 2022

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.

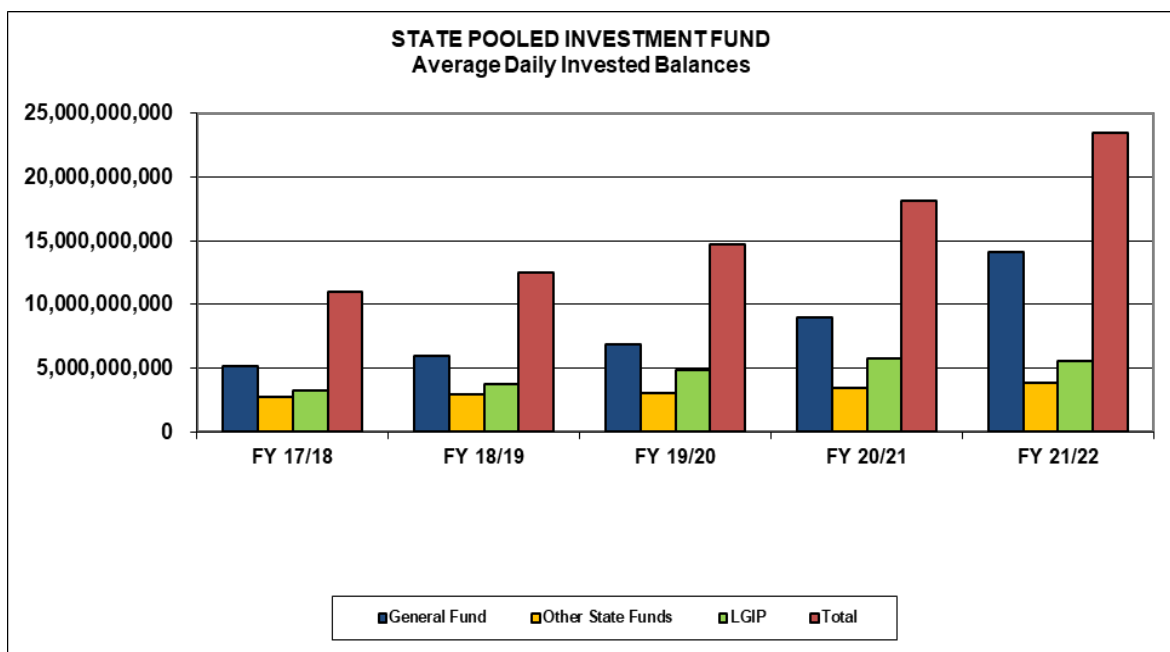
II. Portfolio Composition

The State Pooled Investment Fund had a monthly average of \$23.5 billion invested for the fiscal year ended June 30, 2022. The following chart shows the composition of the average portfolio.



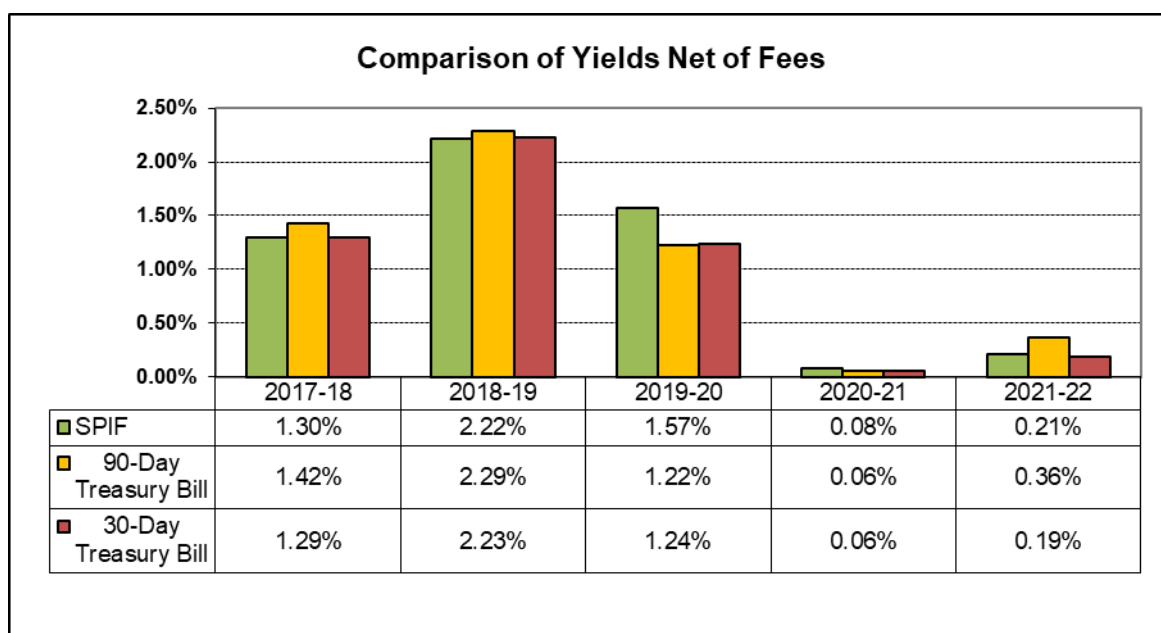
Stimulus funds resulting from the pandemic decreased the demand for State Funds from our banking partners. The average investment in Commercial Paper increased from 8.25% in FY 20/21 to 15.04% in FY 2021/2022. Repurchase agreements were added back to the portfolio in 2018 to increase overnight liquidity. Agency exposure, including floating rate securities, has decreased and Commercial Paper exposure has increased to take advantage of more attractive yields in a strong economy and a rising yield environment.

III. Average Daily Balances



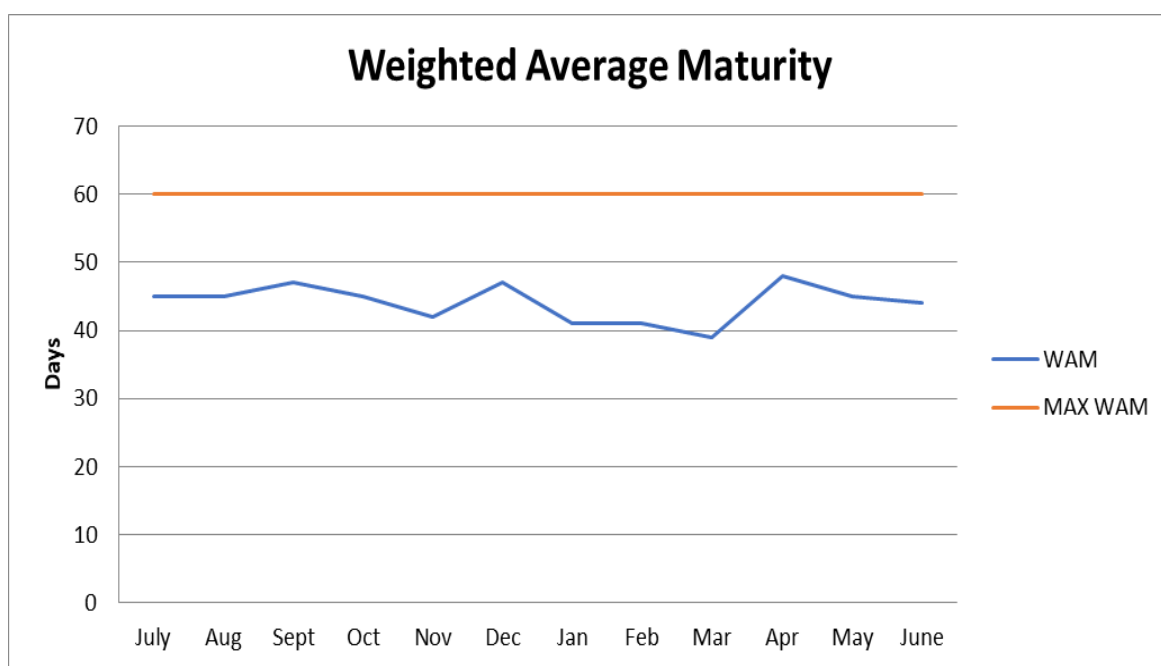
IV. Performance

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.



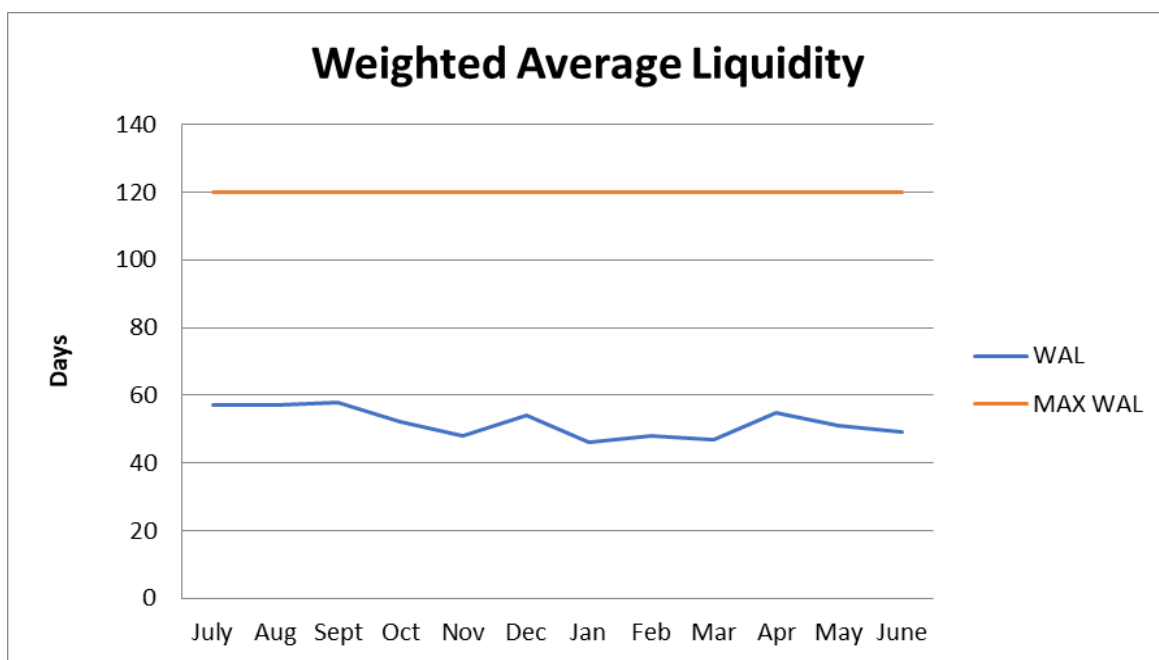
V. Weighted Average Maturity (WAM)

The weighted average maturity (WAM) measures 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.



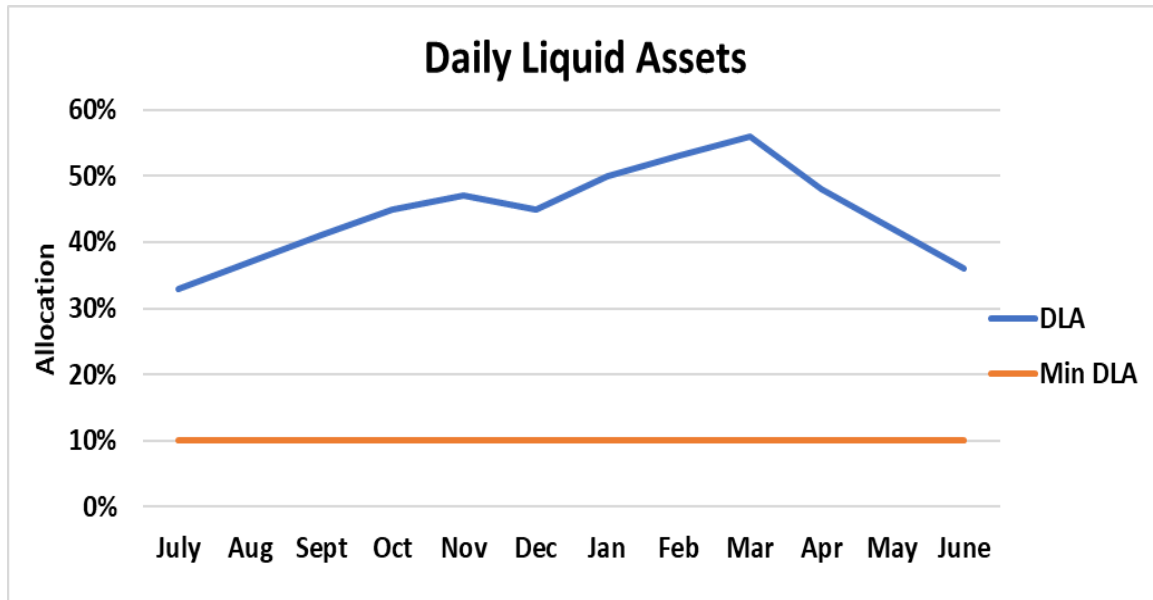
VI. Weighted Average Life (WAL)

The weighted average life (WAL) measures 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 during FY2022 did the WAL exceed the 120 day limit. The WAL is trending lower due to fewer investments in floating rate securities as a result of decreased issuance and reduced attractiveness as an investment.



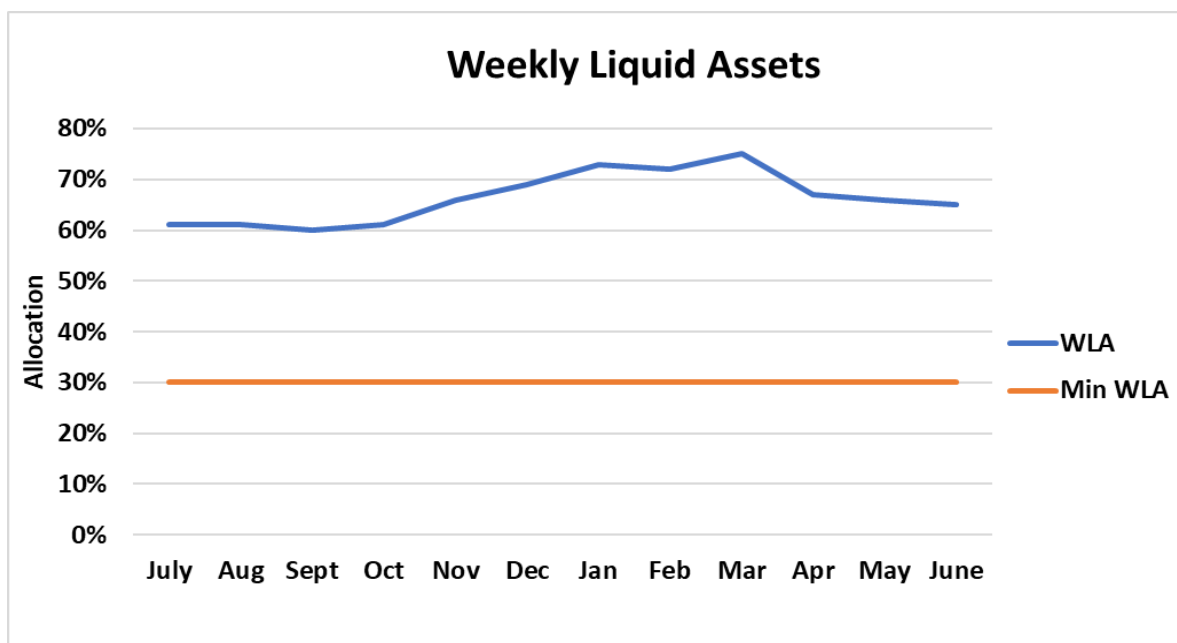
VII. Daily Liquid Assets

In order to provide for reasonably foreseeable redemptions, or withdrawals, GASB Statement 79 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 30.00% 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.



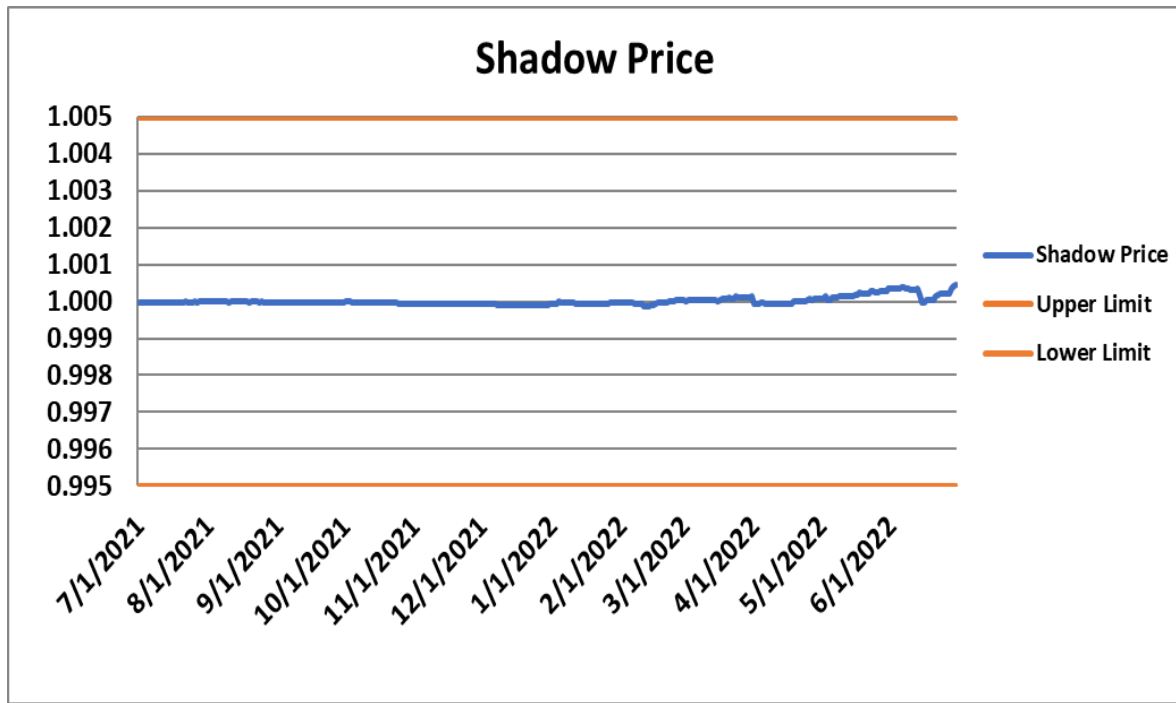
IX. Credit Quality and Diversification

During FY 2021/2022, the SPIF held direct and indirect obligations of the US government that were all rated AAA/Aa+. None of the commercial paper held by the SPIF was rated below A1/P1. Further, holdings of individual commercial paper issuers were limited to less than 5.00% of the total value of the SPIF portfolio, in accordance with GASB Statement 79.

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 \$0.995 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 FY2022. 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 \$0.999868 per share on February 11, 2022. The highest valuation for the SPIF was \$1.000440 per share on June 30, 2022.

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 5day 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 FY2022, 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, 2022, is attached to the end of this document.)

XII. Investment Policy Review

During FY2022 staff recommended changed to the SPIF investment policy with the intent of providing additional clarity. Changes included updates to the shadow price definition, stable net asset value definition, frequency of portfolio diversification testing, and clarifies the actions to be taken and timeframes to complete the remediation of issues considered a deviation from investment criteria. Further, language was added to clarify the responsibilities of the Chief Investment Officer (CIO) and Treasury Compliance. Lastly, the policy was updated to increase the allowable investment in commercial paper per issuer from \$250 million to \$350 million.

XIII. Investment Strategy

During FY 2022, there were rate changes by the FOMC. The rate at the beginning of the year was 0.00% to 0.25% and increased to 1.50% to 1.75% as of June 30, 2022. The FOMC began increasing the rate to the current level at the March 16, 2022 meeting in order to meet its objective of lowering inflation. 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 2022 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 |
| WAM (F) | 49 |
| Shares Outstanding: | 29,031,344,810.27 |
| Total Fund Assets: | 29,031,344,810.27 |
| Market Value (NAV): | 1.000440 |
| Credit Spread Movement (bps): | 34 |
| % Total Credit (Non Gov't) Securities (of portfolio) | 15% |
| % Corporate Floaters (of portfolio) | 0% |

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

STANDARD
& POOR'S

FILL IN/ADJUST AREAS SHADED GREEN TO RUN SCENARIOS

Total \$ Loss: \$0
Total \$ Gain: \$12,773,792

June 30, 2022

| Basis Point Shift | Selected Shareholders | Largest Redemption over 5 consecutive business days | | | | | | Gain (Loss) | |
|---------------------------|-----------------------|---|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| 250 | 0.997151 | 0.997053 | 0.996233 | 0.997070 | 0.997224 | 0.997363 | 0.997489 | 0.997803 | (76,551,549) |
| 225 | 0.997477 | 0.997390 | 0.996664 | 0.997405 | 0.997542 | 0.997665 | 0.997776 | 0.998054 | (67,802,377) |
| 200 | 0.997802 | 0.997727 | 0.997094 | 0.997740 | 0.997859 | 0.997966 | 0.998063 | 0.998305 | (59,053,204) |
| 175 | 0.998128 | 0.998064 | 0.997525 | 0.998075 | 0.998176 | 0.998267 | 0.998350 | 0.998556 | (50,304,032) |
| 150 | 0.998453 | 0.998401 | 0.997955 | 0.998410 | 0.998493 | 0.998569 | 0.998637 | 0.998807 | (41,554,859) |
| 125 | 0.998779 | 0.998737 | 0.998386 | 0.998744 | 0.998811 | 0.998870 | 0.998924 | 0.999058 | (32,805,687) |
| 100 | 0.999105 | 0.999074 | 0.998816 | 0.999079 | 0.999128 | 0.999171 | 0.999211 | 0.999309 | (24,056,514) |
| 75 | 0.999430 | 0.999411 | 0.999247 | 0.999414 | 0.999445 | 0.999473 | 0.999498 | 0.999561 | (15,307,342) |
| 50 | 0.999756 | 0.999748 | 0.999677 | 0.999749 | 0.999762 | 0.999774 | 0.999785 | 0.999812 | (6,558,170) |
| 25 | 1.000082 | 1.000084 | 1.000108 | 1.000084 | 1.000079 | 1.000075 | 1.000072 | 1.000063 | 2,191,003 |
| 0 | 1.000407 | 1.000421 | 1.000538 | 1.000419 | 1.000397 | 1.000377 | 1.000359 | 1.000314 | 10,940,175 |
| -25 | 1.000733 | 1.000758 | 1.000969 | 1.000754 | 1.000714 | 1.000678 | 1.000646 | 1.000565 | 19,689,348 |
| -50 | 1.001058 | 1.001095 | 1.001399 | 1.001088 | 1.001031 | 1.000980 | 1.000933 | 1.000816 | 28,438,520 |
| -75 | 1.001384 | 1.001431 | 1.001830 | 1.001423 | 1.001348 | 1.001281 | 1.001220 | 1.001067 | 37,187,692 |
| -100 | 1.001710 | 1.001768 | 1.002260 | 1.001758 | 1.001666 | 1.001582 | 1.001507 | 1.001319 | 45,936,865 |
| -125 | 1.002035 | 1.002105 | 1.002691 | 1.002093 | 1.001983 | 1.001884 | 1.001794 | 1.001570 | 54,686,037 |
| -150 | 1.002361 | 1.002442 | 1.003122 | 1.002428 | 1.002300 | 1.002185 | 1.002081 | 1.001821 | 63,435,210 |
| -175 | 1.002687 | 1.002778 | 1.003552 | 1.002763 | 1.002617 | 1.002486 | 1.002368 | 1.002072 | 72,184,382 |
| -200 | 1.003012 | 1.003115 | 1.003983 | 1.003098 | 1.002935 | 1.002788 | 1.002655 | 1.002323 | 80,933,554 |
| -225 | 1.003338 | 1.003452 | 1.004413 | 1.003432 | 1.003252 | 1.003089 | 1.002942 | 1.002574 | 89,682,727 |
| -250 | 1.003663 | 1.003789 | 1.004844 | 1.003767 | 1.003569 | 1.003391 | 1.003229 | 1.002825 | 98,431,899 |
| Redemptions/Subscriptions | -7% | -11% | -30% | -10% | -5% | 0% | 5% | 20% | |
| Shares Outstanding | 26,868,913,746 | 25,980,150,471 | 20,321,941,367 | 26,128,210,329 | 27,579,777,570 | 29,031,344,810 | 30,482,912,051 | 34,837,613,772 | |

Shift Upon NAV = NAV - (WAM/365) * (Bp/10,000)

Dilution Upon NAV= (NAV + Change) / (1+ Change)

| Top 10 Shareholders | | % of Fund | Stress Redemption |
|---------------------------------|----------------------|-----------|-------------------|
| CITY OF KNOXVILLE | 455,726,526.98 | 1.57% | Yes |
| METRO NASHVILLE | 383,288,717.50 | 1.32% | Yes |
| TENNESSEE BOARD OF REGENTS | 199,392,982.40 | 0.69% | Yes |
| EAST TENNESSEE STATE UNIVERSITY | 187,926,020.12 | 0.65% | Yes |
| GENERAL ACCOUNT | 176,037,531.91 | 0.61% | Yes |
| MAURY COUNTY | 169,635,498.67 | 0.58% | Yes |
| SHELBY COUNTY TRUSTEE | 163,676,889.77 | 0.56% | Yes |
| 2020A BOND ISSUE | 151,102,957.96 | 0.52% | Yes |
| TENNESSEE TECH UNIVERSITY | 139,025,023.92 | 0.48% | Yes |
| AMERICAN RESCUE PLAN ACT | 136,618,914.61 | 0.47% | Yes |
| Stress Top 10 | \$ 2,162,431,063.84 | 7.45% | Yes |
| Total Fund Assets | \$ 29,031,344,810.27 | 100% | 2,162,431,063.84 |

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

Copyright © 2011 by Standard & Poor's Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved. No content (including ratings, credit-related analyses and data, model, software or other application or output ~~therefrom~~) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P, GLOBAL CREDIT PORTAL and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

REPORT ON THE Intermediate Term INVESTMENT FUND

For The Fiscal Year Ended June 30, 2022



PREPARED FOR THE
STATE FUNDING BOARD

November 28, 2022

PREPARED BY
TREASURY DEPARTMENT
Investment Operations DIVISION

TABLE OF CONTENTS

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

CHARTS AND TABLES

| | |
|-------------------------------|---|
| Change in Net Asset Value | 2 |
| Portfolio as of June 30, 2022 | 3 |

TENNESSEE TREASURY DEPARTMENT
Intermediate Term Investment Fund Report
For the fiscal year ended June 30, 2022

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, 2022. 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, 2022, was 99% US Treasuries and US agencies and 1.00% idle cash in the SPIF.

Maturity

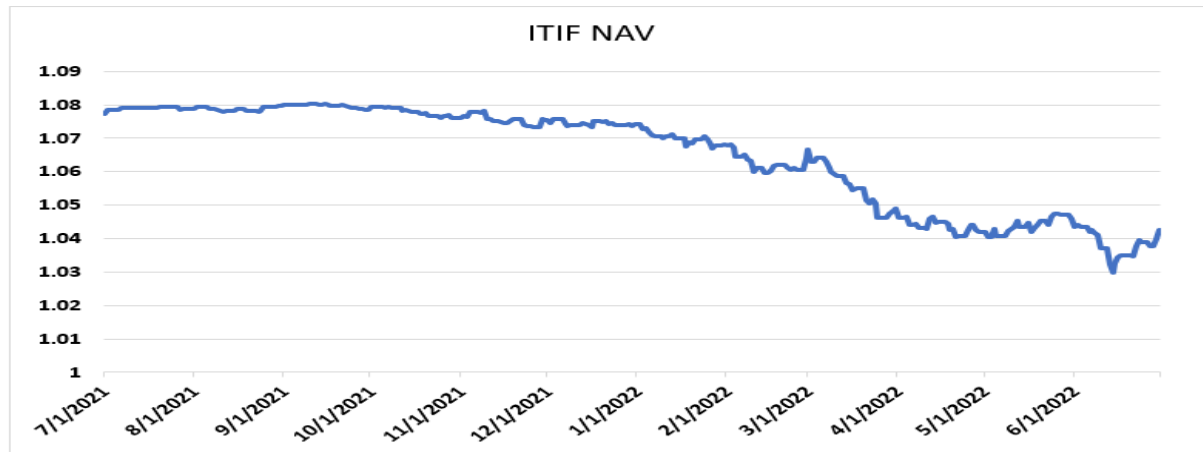
The objective of the ITIF is to take advantage of the expected additional return from investing farther out on the yield curve. The Investment Policy permits investments up to five years with an average maturity of three years. The weighted average maturity (WAM) of the ITIF began the year at 2.64 years and ended the year at 2.04 years. During the year, the WAM ranged from 2.04 years to 2.74 years. During FY 2022, there were rate changes by the FOMC. The rate at the beginning of the year was 0.00% to 0.25% and increased to 1.50% to 1.75% as of June 30, 2022. The FOMC began increasing the rate to the current level at the March 16, 2022 meeting in order to meet its objective of lowering inflation.

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, 2022, the Intermediate Term Investment Fund has had a market value increase of 4.25%. During fiscal year 2022, the fund decreased in value by 3.29% net of expenses. During the same period, the SPIF returned 0.21% and the Vanguard Short Term Federal Fund (VSGBX) returned -4.37%. During the fiscal year 2022, the net asset value (NAV) ranged from 1.080302 on September 15, 2021 to a low of 1.02981 on June 14, 2022. 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. The fund has operated as planned and there have been no material and significant concerns. Currently, we are not aware of any market regulations that could impact the fund.

IV. INVESTMENT PLAN

While the safety and liquidity offered by money market funds outweigh the risks of investing in funds with longer maturities, investors without the need for short-term liquidity can benefit from investing in the Intermediate Term Investment Fund (ITIF). The main risk associated with investing in the ITIF is interest rate risk. The investment policy of the fund attempts to minimize the risks by limiting investments to securities with 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 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:

- General administration
- Software and hardware support and maintenance
- Accounting and recordkeeping
- Support costs such as internal audit, equipment, office space, etc.

PORTFOLIO AT JUNE 30, 2022

| INTERMEDIATE TERM INVESTMENT FUND | | | | | | | | | | | |
|-----------------------------------|-----------|-------------|-------------|----------------|-----------|---------------|--------------|-------------|-------|-------------|---------------|
| June 30, 2022 | | | | | | | | | | | |
| SECURITY-DESCRIPTION | Sec-Id | Trade Date | Settle Date | Purchase Price | Maturity | Position-Size | Accrd-Income | Mkt - Price | Rate | Yield | Market-Value |
| US TREAS BILL | 912796S67 | 3/24/2022 | 3/25/2022 | 99.7300 | 8/4/2022 | 5,320,000.00 | - | 99.730 | 0.745 | 0.745 | 5,314,148.00 |
| FHLB | 3130ALLD4 | 3/3/2021 | 3/17/2021 | 100.0000 | 3/17/2026 | 6,750,000.00 | 17,062.50 | 92.882 | 0.875 | 0.875 | 6,286,597.50 |
| | | | | | | | | | | Security MV | 11,600,745.50 |
| | | | | | | | | | | Cash | 73,970.50 |
| | | | | | | | | | | Total MV | 11,674,716.00 |
| | | | | | | | | | | Nav | 1.04 |
| Current Yield to Maturity | | 0.815% | | | | | | | | | |
| Quarterly Change in Mkt Value | | (74,696.42) | | | | | | | | | |
| Weighted Average Maturity | | 2.04 years | | | | | | | | | |

AMENDMENT ONE
to
CONTRACT BETWEEN
THE STATE OF TENNESSEE,
OFFICE OF THE COMPTROLLER OF THE TREASURY, AND
PFM FINANCIAL ADVISORS LLC

The contract dated December 20, 2019, by and between the State of Tennessee, Office of the Comptroller of the Treasury (“Comptroller”) and PFM Financial Advisors LLC (“Contractor”), for the purpose of retaining Contractor as Financial Advisor to the Comptroller on financial issues of the State of Tennessee (“State”) and the Tennessee State Funding Board, Tennessee Local Development Authority, and Tennessee State School Bond Authority (jointly “Issuers”) to assist the Comptroller in the capacity as Secretary to the Issuers, is hereby amended as follows:

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

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

Lisa Daniel
Lauren Lowe
Todd Fraizer, CFA
Daniel Kozloff
Joshua McCoy
Randall Bauer
Marcie Lewis
Seth Williams
Ricardo Callender
Brooke Baldwin
Matt Rudroff
Elise Lomel
Mike Nadol
Stanley Geberer
Kevin Plenzler
Matthew Stitt
Danielle Scott
JoAnne Carter

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

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

For the three-year contract term commencing on January 1, 2020 and ending on December 31, 2022, and for the one-year extension contract term, commencing on January 1, 2023, and ending December 31, 2023, the maximum contract amount shall not exceed \$778,632.

The total contract term budget as referenced above is derived from a set of assumptions provided by the State in the Outline for Proposal for Financial Advisor for State of Tennessee Funding Board, Tennessee State School Bond Authority and Tennessee Local Development Authority, dated October 21, 2019 (the “RFP”). The assumptions and expected related costs are attached to this Contract as Exhibit A. As the RFP stated, the assumptions are subject to change and/or negotiation. However, the total maximum contract amount as noted above is fixed in aggregate as adopted by the Issuers

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

It is expected that the maximum contact amount will be allocated as follows:

| | |
|---|------------------|
| Transactional advisory fees (including special project) | \$504,000 |
| Retainer fee | \$249,132 |
| Reimbursement of expenses | <u>\$ 25,500</u> |
| TOTAL | \$778,632 |

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

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

PUBLIC FINANCIAL MANAGEMENT, INC.

By: _____
Lisa Daniel, Managing Director

Date: _____

STATE OF TENNESSEE, OFFICE OF THE COMPTROLLER OF THE TREASURY

By: _____
Jason Mumpower, Comptroller of the Treasury

Date: _____

APPROVAL AS TO FUNDING:

By: _____
Jim Bryson, Commissioner of Finance and Administration

Date: _____

**DECLARATION OF TRUST
FOR
OTHER POST-EMPLOYMENT BENEFITS**

**ARTICLE I
DEFINITIONS**

1.1. Definitions. For purposes of this Declaration of Trust, the following terms shall have the respective meanings set forth below unless otherwise expressly provided.

- (a) "Beneficiary" means the Spouse, Dependents, or the person or persons designated by a Participant pursuant to the terms of a post-employment benefits plan to receive any benefits payable under the plan.
- (b) "Board" means the board of trustees created pursuant to Section 5.1 of this Trust.
- (c) "Code" means the Internal Revenue Code of 1986, as amended from time to time.
- (d) "Dependent" means a dependent, as described in Section 152(a) of the Internal Revenue Code of 1986, as amended from time to time, determined without regard to subsections (b)(1), (b)(2) and (d)(1)(B) thereof, of a Participant.
- (e) "Directed Trustee" means Commercial Bank and Trust, and its successors and assigns, or such other entity as may be appointed by the Board to provide trust services pursuant to Section 6.1(b) of this Trust.
- (f) "Employee" means an individual who performs services for the Employer, and who has been designated as eligible to participate in, and receive benefits under a post-employment benefits plan.
- (g) "Employer" means the Town of Farragut.
- (h) "OPEB Liability" means the net liability for post-employment benefits other than pension benefits under GASB 74 or GASB 75.
- (i) "Other post-employment benefits" ("OPEB") or "post-employment benefits" means non-pension benefits paid on behalf of a former Employee or a former Employee's Beneficiary after separation from service. Such benefits may include, but shall not be limited to, medical, prescription drugs, dental, vision, hearing, Medicare Part B or Part D premiums, life insurance, long-term care, and long-term disability.

- (j) "Participant" means an Employee of the Employer who satisfies the requirements for participation in a post-employment benefits plan sponsored by the Employer.
- (k) "Spouse" means the spouse of a Participant in a marriage of two individuals if such marriage would be recognized by any state, possession, or territory of the United States.
- (l) "State Funding Board" or "Funding Board" means the board created pursuant to Tennessee Code Annotated, Section 9-9-101.
- (m) "Trust" means the trust created and established hereunder.

ARTICLE II PURPOSE AND SCOPE OF TRUST

- 2.1. This Trust is established exclusively for the purpose of funding other post-employment benefits accrued by Employees of the Employer, to be paid as they come due in accordance with the terms of the Employer's respective post-employment benefits plan.
- 2.2. Nothing in this Trust shall be construed to define or otherwise grant any rights or privileges to post-employment benefits. Such rights and privileges, if any, shall be governed by the terms of the Employer's respective post-employment benefits plan.

ARTICLE III TRUST ASSETS

- 3.1. This Trust shall consist of all contributions paid or otherwise delivered to it, and all investment income and realized and unrealized gains and losses.
- 3.2. The Trustees shall receive and accept for the purposes hereof all contributions described herein and shall hold, invest, reinvest, manage, administer, and distribute property and the increments, proceeds, earnings, and income solely to meet OPEB Liabilities and provide other post-employment benefits as described herein, and in accordance with Code Sections 105 and 106.
- 3.3. All assets held by the Trustees in the Trust are referred to herein as the "Trust Fund." The Trustees have the authority to invest and manage the assets of the Trust Fund.
- 3.4. The contributions made by to the Trust and all investments, receipts, disbursements, and other transactions thereunder may be maintained in a common account, which contributions shall be used solely for the payment of benefits, expenses and other charges properly allocable to the Trust.

- 3.5. The Trust Fund shall continue to be held by the Trustees in trust and dealt with in accordance with the provisions of the Trust. At no time shall any part of the Trust Fund be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their eligible Spouses and Dependents, as applicable, as provided herein and for defraying the reasonable expenses of administering the Trust.

ARTICLE IV TRUST CONDITIONS

- 4.1. This Trust shall be irrevocable, and the assets of this Trust shall be preserved, invested and expended solely pursuant to and for the purposes of this Declaration of Trust and shall not be loaned or otherwise transferred or used for any other purpose. During the life of the Trust, no portion of the principal or income of this Trust shall revert to the Employer. The assets of the Trust shall be expended solely to:
- (a) Make payments for other post-employment benefits pursuant to and in accordance with terms of the post-employment benefits plan; and
 - (b) Pay the cost of administering this Trust.
- 4.2. This Trust shall have the powers, privileges and immunities of a corporation; and all of its business shall be transacted, all of its funds invested, and all of its cash and securities and other property held in trust for the purpose for which received.
- 4.3. All assets, income and distributions of the Trust shall be protected against the claims of creditors of the Employer, Employees, Former Employees, Participants or their Beneficiaries, and shall not be subject to execution, attachment, garnishment, the operation of bankruptcy, the insolvency laws or other process whatsoever, nor shall any assignment thereof be enforceable in any court.

ARTICLE V BOARD OF TRUSTEES

- 5.1. The general administration and responsibility for the proper operation of this Trust shall be governed by a board of trustees (hereinafter the "Board").
- 5.2. The Board shall annually elect from its membership a chair and a vice chair and shall designate a secretary who need not be a member of the Board. Written minutes covering all meetings and actions of the Board shall be prepared by the secretary and shall be kept on file, open to public inspection pursuant to the provisions of Tennessee Code Annotated, Title 10, Chapter 7.
- 5.3. Members of the Board shall serve without compensation but shall receive reasonable reimbursement for actual and necessary travel expenses in accordance with the Employer's travel regulations.

- 5.4. A majority of the voting members of the Board serving shall constitute a quorum for the transaction of business at a meeting of the Board. Voting upon action taken by the Board shall be conducted by a majority vote of the voting members present at the meeting of the Board. The Board shall meet at the call of the chair, or upon the call of a majority of the members, and as may be otherwise provided in any operating policies or procedures adopted by the Board.
- 5.5. The business of the Board shall be conducted at meetings of the Board held in compliance with Tennessee Code Annotated, Title 8, Chapter 44.

ARTICLE VI POWERS AND DUTIES OF THE BOARD

- 6.1. In addition to the powers granted by any other provisions of this Trust, the Board shall have the powers necessary or convenient to carry out the purposes and objectives of this Trust including, but not limited to, the following express powers:
- (a) Invest any funds of the Trust in any instrument, obligation, security, or property that constitutes legal investments for assets of the Trust as described in applicable law, including without limitation Tennessee Code Annotated, Section 8-50-1201, et seq., as amended from time to time, including the use of mutual funds, commingled investment funds or collective investment trusts, institutional accounts, or master trusts, provided that any such investment is authorized in the investment policy adopted, and from time to time amended, by the chief governing body of the Employer.
 - (b) Contract for the provision of all or any part of the services necessary for the management and operation of the Trust, including, but not limited to, trust and custody services and investment management services;
 - (c) Contract with financial consultants, auditors, and other consultants as necessary to carry out its responsibilities under the provisions of this Trust;
 - (d) At the Board's sole discretion, contract with an actuary or actuaries for the benefit of the Employer in determining the level of funding necessary by the Employer to fund the other post-employment benefits offered by the post-employment benefits plan;
 - (e) Prepare annual financial reports, including audited financial statements, following the close of each fiscal year relative to the activities of the Trust. Such statements and reports shall contain such information as shall be prescribed by the Board and be prepared in accordance with the standards established by the Governmental Accounting Standards Board; and

- (f) Upon the request of the State Funding Board, file the annual report and financial statements with the secretary of the State Funding Board. The report and statements shall be filed with the secretary of the Board within ninety (90) calendar days from the date of the request, unless the secretary extends such time in writing.
- (g) To determine, consistent with the applicable laws, rules or regulations, all questions of law or fact that may arise as to any person or entity claiming rights under the Trust;
- (h) Subject to and consistent with GASB 74 and 75, Code Section 115 and applicable law, to construe and interpret the Trust and to correct any defect, supply any omission, or reconcile any inconsistency in the Trust;
- (i) To adopt and amend bylaws governing its operations and procedures;
- (j) To provide for termination of trusteeship and transfer of assets to successor trustees as permitted by law;
- (k) To employ legal counsel;
- (l) To employ and contract with auditors, accountants, investment advisers, investment brokers, consultants, medical personnel, and other agents and employees;
- (m) Subject to Articles IX and X, to collect and disburse all funds due and payable under the Trust;
- (n) To provide for and promulgate all the rules, regulations, and forms that are deemed as necessary or desirable in fulfilling its purposes of assisting in providing other post-employment benefits and in maintaining proper records and accountings consistent with GASB Statement 74 and 75 and Internal Revenue Service standards;
- (o) To adopt an Investment Policy Statement and asset allocation;
- (p) To bring and defend actions, sue and be sued, and plead and be impleaded;
- (q) To expend funds for the purchase of fidelity and surety bonds and liability insurance for the protection and indemnification of Trustees in the performance of their duties;
- (r) To expend funds for the reasonable expenses of the Trustees while engaged in the performance of their duties;
- (s) To employ insurance companies, banks, trust companies, and investment brokers as agents for the keeping of records and the receipt and disbursement of funds held by or due the Trustees;

- (t) To exercise generally any of the powers of an owner with respect to all or any part of the Trust Fund; and
 - (u) To take all actions consistent with this Declaration of Trust necessary or appropriate to administer or carry out the purposes of the Trust; provided, however, the Trustees need not take any action unless, in their opinion, there are sufficient Trust assets available for the expense thereof.
- 6.2. The Trustees may buy fiduciary liability insurance or errors and omissions insurance, as described above. However, all such insurance shall provide that proceeds shall be payable to the Trust and shall contain express provisions reserving to the insurer executing the same the full right of recourse against all parties or other individuals whose errors, acts, omissions, or breaches may obligate such insurer to make payments to the Trust.
- 6.3. In addition to the powers stated in Section 6.1, the Trustees may from time to time delegate to an individual, committee, or organization certain of its fiduciary responsibilities under the Trust. Any such individual, committee, or organization shall remain a fiduciary until such delegation is revoked by the Trustees, which revocation may be without cause and without advance notice. Such individual, committee, or organization shall have such power and authority with respect to such delegated fiduciary responsibilities as the Trustees have under the Trust.
- 6.4. The Trustees may rely upon a certification of the Employer with respect to any instruction, direction, or approval of such Employer and may continue to rely upon such certification until a subsequent certification is filed with the Trustees. The Trustees shall have no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as fully authorized by the Employer.
- 6.5. The Trustees shall be protected further in relying upon a written certification that purports to be from any custodian, investment manager, insurance company, or mutual fund as to the person or persons authorized to give instructions or directions on behalf of such custodian, investment manager or insurance company and continue to rely upon such certification until a subsequent written certification is filed with the Trustees.
- 6.6. The Trustees' responsibilities and liabilities shall be subject to the following limitations:
 - (a) The Trustees shall have no duties other than those expressly set forth in this Declaration of Trust and those imposed on the Trustees by applicable laws.
 - (b) The Trustees and the Trust Administrator shall not be responsible for any particular federal, state or local income, payroll or other tax consequence to the Employer or a Participant, Spouse, or Dependent.

- (c) The Trustees shall be responsible only for money and property actually received by the Trust, and then to the extent described in this Declaration of Trust.
 - (d) The Trustees shall not be responsible for the correctness of any determination of payments or disbursements from the Trust Fund.
 - (e) No Trustee shall have any liability for the acts or omissions of any predecessor or successor in office.
 - (f) The Trustees shall have no liability for (i) the acts or omissions of any investment manager or managers; (ii) the acts or omissions of any insurance company; (iii) the acts or omissions of any investment fund; (iv) the acts or omissions of any custodian; (v) the acts or omissions of the trust administrator; or (vi) the acts or omissions of any contractor.
- 6.7. The Trust shall, and hereby does, to the extent permitted by law, indemnify the Trustees, including persons who have served as such in the past or who are heirs, executors, or administrators thereof, against expenses (including attorney's fees), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any actual or threatened proceeding of any kind, arising by reason of the fact that any such person is or was a Trustee, and shall advance to such person expenses reasonably incurred in defending any such proceedings as permitted by law. Such indemnity shall apply, however, only if, in connection with the matter at issue, the person claiming indemnity hereunder acted in good faith and in a manner he or she reasonably believed was in the best interests of the Trust. This indemnity does not extend to any acts of the person seeking indemnity which involve gross negligence or willful misconduct, or are materially in breach of this Agreement, or any bylaw. The Trustees may obtain and may rely on a written opinion of independent legal counsel on any issues of good faith, reasonable belief, or breach, or on any and all other issues that may bear on the application of this indemnity.

ARTICLE VII

POWERS AND DUTIES OF THE DIRECTED TRUSTEE

- 7.1. The Directed Trustee shall act solely in a directed capacity hereunder and shall act solely as directed by the Board or Employer. It shall be the duty of the Directed Trustee to receive, hold, manage, invest and reinvest the Trust funds and to make payments from the Trust in accordance with governing law and the provisions set forth herein pursuant to this Trust. The Directed Trustee shall be responsible for such sums as are actually received by it as Directed Trustee hereunder. The Directed Trustee shall have no duty or authority to ascertain whether any contributions should be made to it pursuant to the post-employment benefits plan. The duties and obligations shall be limited to those expressly imposed upon it by this Trust.

ARTICLE VIII INVESTMENTS

- 8.1. The Board shall be responsible for investing the assets of the Trust funds in accordance with Section 6.1(a) above.
- 8.2. Subject to the limitations in Section 6.1(a) above, the Board, or its nominee, has full power to hold, purchase, sell, assign, transfer, or dispose of any of the securities or investments in which the assets of the Trust have been invested, as well as of the proceeds of such investments and any moneys belonging to the Trust.
- 8.3. All of the Board's business shall be transacted, all of the Trust funds invested, all warrants for money drawn, any payments made, and all of the cash and securities and other property of the Trust shall be held:
- (a) In the name of the Board as title holder only, or as Trustee;
 - (b) In the name of its nominee; provided, that the nominee is authorized by Board resolution solely for the purpose of facilitating the transfer of securities and restricted to members of the Board, or a partnership composed of any such members; or
 - (c) For the account of the Board or its nominee in such forms as are standard in the investment community for the timely transaction of business or ownership identification, such as book entry accounts.
- 8.4. Except as otherwise provided, no Board member nor employee of the Board shall have any personal interest in the gains or profits of any investment made by the Board; nor shall any Board member or employee of the Board, directly or indirectly, for such member or employee or as an agent, in any manner for such member or employee or as an agent, in any manner use the same except to make such current and necessary payments as are authorized by the Board.

ARTICLE IX EMPLOYER CONTRIBUTIONS TO TRUST

- 9.1. Notwithstanding Section 6.1(d) above, it shall be the sole and exclusive responsibility of the Employer to determine the level of contributions the Employer will make to the Trust for the purpose of financing the post-employment benefits accrued by its respective Employees. Neither the Trust, nor the Board shall be responsible for collecting or otherwise determining the level of contributions needed by the Employer to finance any post-employment benefits offered by the Employer.

ARTICLE X
WITHDRAWALS FOR PAYMENT OF OTHER POST-EMPLOYMENT
BENEFITS

- 10.1. The Board shall upon the request of the Employer reimburse the Employer for payments made for other post-employment benefits upon the Board's receipt of certified documentation evidencing the payment. Such payments shall be made by the Board on no more than a quarterly basis.
- 10.2. Notwithstanding anything in this part to the contrary, the Board shall not honor a request for reimbursement made by the Employer under this Article if assets credited to the Trust are not equal to or greater than the amount requested. Retroactive payments shall be paid by the Board upon accumulation of sufficient assets.

ARTICLE XI
BOOKS AND RECORDS

- 11.1. The books and records of the Trust shall be maintained in accordance with generally accepted accounting principles and shall be open to public inspection. The annual report, including financial statements, all books, accounts and financial records of the Trust shall be subject to audit by the State Comptroller of the Treasury.
- 11.2. The Board may, with the prior approval of the State Comptroller of the Treasury, engage a licensed certified public accountant to perform the audits. The audit contract between the Board and the certified public accountant shall be on a contract forms-prescribed by the State Comptroller of the Treasury. Reimbursement of the costs of audits prepared by the State Comptroller of the Treasury and the payment of fees for audits prepared by a licensed certified public accountant shall be the responsibility of the Board, which may be paid from the assets of the Trust.

ARTICLE XII
AMENDMENT

- 12.1. The Employer shall have the right at any time and from time to time to amend, in whole or in part, any or all of the provisions of this Trust; however, no such amendment shall authorize or permit the assets of the Trust (other than such part as may be used to pay the expenses of administering the Trust) to be used for or diverted to purposes other than those expressed in this Declaration of Trust. Any such amendment shall not be effective until approved by resolution of the chief governing body of the Employer, and by the State Funding Board.

ARTICLE XIII
PLAN TERMINATION OR MODIFICATION

- 13.1. In the event the other post-employment benefits plan is terminated or substantially modified rendering the assets of this Trust to be unnecessary to fund the plan, the assets shall be distributed pursuant to Section 13.2 below.
- 13.2. The Trust shall have perpetual existence, except if dissolved by the Board. Following any such dissolution, the Board shall proceed to wind up the affairs of the Trust in an orderly manner and within a reasonable period of time considering relevant circumstances. After paying or making reasonable provision for the payment of all liabilities of the Trust, and upon receipt of such releases, indemnities or like documentation as the Trustees may reasonably deem necessary for the protection of the Trustees, the Trustees shall distribute the remaining property of the Trust, in cash or in kind or partly each, for the sole purpose of assisting in the payment of post-employment benefits for Participants, Spouses, and Dependents, and for related reasonable expenses, fees and allocated administrative fees and expenses. Upon the satisfaction of all liabilities under the Trust, any remaining assets shall be transferred to another entity whose income is excluded from gross income under Code Section 115. In no event will Trust assets be distributed to or revert to any entity that is not an entity whose income is excluded from gross income under Code Section 115.
- 13.3. Actuarial valuations contemplated by this Article shall be performed by the plan's independent consulting actuary in accordance with actuarial methods recognized by the Governmental Accounting Standards Board for other post-employment benefits.

ARTICLE XIV
PARTICIPANT OR BENEFICIARY CONTRIBUTIONS TO TRUST

14.1. If Participant or Beneficiary contributions are required or permitted under the terms of the other post-employment benefits plan, such contributions shall be assets of this Trust and subject to all the provisions of this Trust. Provided, however, the Employer or its designee shall establish a record keeping account for each Participant or Beneficiary showing the amount of contributions made by such Participant or Beneficiary, and to the extent authorized under the Plan, any earnings or interest thereon.

ARTICLE XV
PROTECTIVE CLAUSE

- 15.1. Neither the Employer, the Board, nor the Trust shall be responsible for the validity of any contract of insurance or other arrangement maintained in connection with the post-employment benefits plan, or for the failure on the part of the insurer or provider to make payments provided by such contract, or for the

action of any person which may delay payment or render a contract void or unenforceable in whole or in part.

ARTICLE XVI CONSTRUCTION

- 16.1. This Trust created herein shall be governed by and construed in accordance with the laws of the State of Tennessee.
- 16.2. If any terms and conditions of this Trust are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Trust shall not be affected thereby and shall be construed to effectuate the purpose of this Trust.
- 16.3. This Trust Agreement shall be binding upon the Trustees, the Employer, and, as the case may be, the delegates, successors, and assigns of each of them.
- 16.4. Necessary parties to any accounting, litigation, or other proceedings relating to the Trust Agreement shall include only the Trustees. The settlement or judgment in any such case in which the Trustees are duly served or cited shall be binding upon all persons claiming by, through, or under this Trust.
- 16.5. The terms of the Declaration of Trust shall supersede any previous oral or written agreement between the parties to this Trust pertaining to matters that are the subject of the Trust.
- 16.6. If the Trustees make any payment that according to the terms of the Trust and the benefits provided hereunder should not have been made, the Trustees may recover that incorrect payment, by whatever means necessary, whether or not it was made due to the error of the Trustees, from the person to whom it was made or from any other appropriate party. For example, the Trustees may deduct the amount of the incorrect payment when making any future payments to the recipient of the incorrect payment.
- 16.7. Any payment to the Employer insurance company, or any other recipient (or their respective designee), shall, to the extent thereof, be in full satisfaction of the claim of such entity being paid thereby and the Trustees may condition payment thereof on the delivery by the recipient, or its designee, of the duly executed receipt and release in such form as may be determined by the Trustees.
- 16.8. The Trust provides no guaranty that payments or reimbursements to employees, former employees, retirees, spouses or beneficiaries will be tax-free. The Trust will obtain a ruling from the Internal Revenue Service concerning only the federal tax treatment of the Trust's income. That ruling may not be cited or relied upon by the any party whatsoever as precedent concerning any matter relating to the Employer's health plan(s) (including post-retirement health plans). In particular, that ruling has no effect on whether contributions to the Employer's health plan(s) or payments from the Employer's health plans (including reimbursements of medical expenses) are excludable from the gross income of employees, former

employees or retirees, under the Internal Revenue Code. The federal income tax consequences to employees, former employees and retirees depend on the terms and operation of the Employer's health plan(s).

[The next and last page is the signature page]

EMPLOYER:

By: The Town of Farragut

Name: 
Title: 

TRUSTEES:

Michelle Pence, Human Resource Director
Allison Myers, Finance Director
David Smoak, Town Administrator

DIRECTED TRUSTEE:

David Smoak, Town Administrator

APPROVED:

Chair of State Funding Board

Date

Town of Farragut
Town of Farragut Other Post-Employment Benefits Trust
INVESTMENT POLICY STATEMENT



TABLE OF CONTENTS

| | | |
|------|--|----|
| I. | OVERVIEW..... | 3 |
| II. | PURPOSE AND SCOPE | 3 |
| III. | KEY RESPONSIBILITIES OF THE COMMITTEE | 4 |
| IV. | INVESTMENT PHILOSOPHY AND POLICIES | 4 |
| V. | INVESTMENT OBJECTIVES | 5 |
| VI. | RETURN OBJECTIVES | 6 |
| VII. | CONSTRAINTS | 7 |
| | APPENDIX I: STRATEGIC ASSET ALLOCATION & ALLOWABLE RANGES..... | 8 |
| | APPENDIX II: ASSET CLASS PERFORMANCE BENCHMARKS..... | 9 |
| | APPENDIX III: DUE DILIGENCE GUIDELINES | 10 |
| | APPENDIX IV: INVESTMENT COMMITTEE AND SERVICE PROVIDER INFORMATION | 11 |
| | ADOPTION OF INVESTMENT POLICY..... | 12 |

I. Overview

- a.) It is the policy of **Town of Farragut (The "Town")** to invest Town of Farragut Other Post-Employment Benefits Trust ("OPEB") funds in a manner which will provide sufficient investment return to meet the current and future OPEB benefit cash flow demands of the benefit plan while conforming to all state statutes governing the investment of such OPEB dedicated trust funds.

II. Purpose and Scope

- a.) This policy covers all OPEB funds held in trust and invested for the purpose of meeting the obligations under its OPEB defined benefit programs. Plan fiduciaries shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Plan fiduciaries shall also take necessary action to diversify the investments of the Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so and shall act in accordance with the documents and instruments governing the Plan (including this Investment Policy Statement).
- b.) The purpose of this Investment Policy Statement ("IPS") is to articulate guidelines, roles and responsibilities associated with the management of the investment of Plan assets and is intended to govern all investments associated with the Plan. It is intended to be both sufficiently specific to be meaningful, while retaining flexibility to the extent practicality requires.
- c.) The Town has established an Investment Committee (the "Committee") to serve as Plan fiduciary and manage, in its sole and absolute discretion, the investment of Plan assets. The Committee will discharge its responsibilities under the Plan solely in the long-term interests of Plan participants and their beneficiaries. The guidelines outlined in this IPS are intended to assist the Committee in effectively implementing, supervising, monitoring and evaluating the investment of the assets of the Plan. The Plan's investment program is defined in the various sections of this IPS by:
 - 1. Stating in a written document the Committee's attitudes, expectations, objectives and guidelines for the investment of all of the Plan's assets.
 - 2. Setting forth an investment structure for managing the Plan's assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.
 - 3. Providing guidelines for each investment portfolio that control the level of overall risk and liquidity assumed in that portfolio, so all Plan assets are managed in accordance with stated objectives.
 - 4. Providing rate-of-return and risk characteristics for each asset class represented by various investment options.
 - 5. Establishing formal criteria to select, monitor, evaluate and compare the performance results achieved by each investment option on a regular basis.
 - 6. Encouraging effective communications between and among the Committee and all parties involved with the investment management decisions.
 - 7. Complying with all applicable fiduciary, prudence and due diligence requirements experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact the Plan assets.

III. Key Responsibilities of the Committee

The key responsibilities of the Committee include, but are not limited to:

- a.) Development, adoption and periodic updating of the IPS and following its terms.
- b.) Hiring of experts (such as investment advisors, investment managers, consultants, actuaries and other advisors), where necessary, to carry out the terms of this IPS and monitoring of their respective performances on an ongoing basis.
- c.) Controlling expenses of the investments as well as administrative costs.
- d.) Avoiding prohibited transactions and conflicts of interest. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the trust.
- e.) Reviewing the asset allocation policy, asset class guidelines, and current capital market assumptions at least annually to ensure that the current asset mix can reasonably be expected to achieve the long-term goals of the Plan.
- f.) Selecting, monitoring and dismissing and/or replacing any investment management firm engaged to manage plan assets.
- g.) Reviewing Plan investments no less than semi-annually to assess whether policy guidelines continue to be appropriate and are met. The Committee shall monitor investment risk, as well as monitor investment returns on an absolute and benchmark relative basis.
- h.) Providing a copy of this IPS to each firm retained to provide investment services to the Plan and requiring each such firm to acknowledge in writing receipt of the document and acceptance of its contents.
- i.) Monitoring and voting of proxies in a way that is consistent with the Plan's interest, engaging the services of consultants, the custodian bank, and/or proxy advisory services in the course of fulfilling its responsibilities in this regard.

IV. Investment Philosophy and Policies

a.) Philosophy

The investment philosophy of the Committee is to seek a return on investment consistent with levels of investment risk that are prudent and reasonable given long-term capital market conditions and the investment objectives of the Plan (please refer to Investment Objectives in Section V). While the Committee recognizes the importance of the preservation of capital, it also recognizes that achieving the Plan's investment objectives requires prudent risk-taking, and that risk is the prerequisite for generating excess investment returns. Therefore, the Committee's policy regarding investment risk, consistent with modern portfolio theory, is that risk cannot be eliminated but should be managed, and that fiduciaries have the obligation to utilize risk effectively. Risk exposures should be identified, measured, monitored, and tied to responsible parties; and risk should be taken consistent with expectations for return. The Committee recognizes that the assumption of risk is necessary to meet Plan objectives; that is, **there are no "risk free" assets**, which are sufficient to generate the Plan's required rate of return. Thus, Plan risk management does not require the elimination of risk, but the balancing of risk and expected return.

b.) Policies

1. The investment policies of the Plan shall be based on financial guidelines that will consider:
 - A. The financial condition of the Plan, i.e., the relationship between the current and projected assets of the Plan and the projected other post-employment benefit payments.
 - B. Changes in the number of active and retired participants; benefit payments.
 - C. The expected long term capital market outlook, including expected volatility of, and correlation among, various asset classes.
 - D. The range of possible investment outcomes associated with different policies.
 - E. The Committee's risk tolerance, that is, the trade-off between the desire to achieve high returns (and the associated high volatility) and the desire to avoid unacceptable outcomes (and the associated necessity for reduced volatility).
2. The Committee will consider alternative investment policies and will measure their potential impact on the financial condition of the Plan and assess their suitability in meeting the objectives of the Plan.
3. The Committee's financial plan will result in a review of risk metrics, that is, an expected amount of volatility associated with a given expected level of investment returns offered by the capital markets including the expected active return.
4. Based on the risk metrics, the Committee, with input from the Investment Consultant (Appendix IV), will approve a specific allocation of the investments (the policy portfolio) among the various asset classes considered prudent given the Plan's benefit structure, and considering multiple measures of investment and surplus risk. The policy portfolio shall be expressed in terms of a normal percentage allocation, and ranges for each asset class. These policy weights, acceptable ranges, and performance benchmarks for each asset class are found in Appendix I.
5. The policy portfolio shall be sufficiently diversified to enable the appropriate fiduciary to manage risk, within acceptable risk budgets, in order to optimize return.
6. The Plan's equity and fixed income assets shall minimize the use of economic leverage. Economic leverage, in the context of portfolio management, is defined as a net dollar exposure to assets in excess of the dollar amount of invested capital, as measured by current market value.

V. Investment Objectives

- a.) The investment objectives of the Plan and its investment program are to:
1. Provide other post-employment benefits (incorporating the ability to pay all benefit and expense obligations when due), as described in the Plan document, to its participants and their beneficiaries;
 2. Maintain a reasonable funding cushion for (1) possible future increases in benefits and/or expenses, and (2) any reduction in the investment return assumption; and
 3. Provide a long-term investment return greater than the Plan's investment return assumption commensurate with appropriate levels of risk.

- b.) The investment strategy articulated in the policy portfolio found in Appendix I has been developed in the context of long-term capital market expectations, as well as multi-year projections of actuarial liabilities. Accordingly, the investment objectives and strategies emphasize a mid- to long-term outlook, and interim performance fluctuations will be viewed with the corresponding perspective. The Committee acknowledges that over short time periods (i.e. one quarter, one year, and even three- to five- year time periods), returns will vary from performance objectives and the investment policy thus serves as a buffer against ill-considered action.
- c.) There are three principal factors that affect an OPEB trust fund's financial status: 1) contributions, 2) benefit payments and 3) investment performance. Only the last factor is dependent upon the investment policy and guidelines contained herein. However, the Committee's level of risk tolerance will take into account all three factors. At certain levels of funded status, it could be impossible for the investments to achieve the necessary performance to meet the promised liabilities. The result is that either benefits have to be reduced, contributions increased or risk tolerance changed.

VI. Return Objectives

- a.) The Return Objective of the overall Fund should be viewed relative to:
 - 1. Investment return assumption
 - 2. Funded status
 - 3. Policy benchmarks
- b.) The Plan's total return objective should be at least equal to the Plan's investment return assumption on a consistent basis over time.
 - 1. This objective is to achieve a rate of return equal to or greater than the Plan's investment return assumption. If the Plan's assets grow at a rate equal to or greater than the investment return assumption, the Plan's funding condition will be improved. Earning a lower return will generally result in increased levels of contributions. (Improving the Plan's funded status is conditioned, in part, on the successful implementation of a prudent funding policy.)
- c.) Funded status should increase over time.
 - 1. The ultimate objective is to get the Plan fully funded and subsequently maintain a status of full funding, meaning that the Plan's assets are at least as great as the Plan's liabilities, both as measured by actuarially acceptable methodologies. Full funding provides a higher level of assurance that all promised benefits can be paid from existing assets and expected investment returns.

- d.) Total Retirement Portfolio return should match or exceed the Total Retirement Portfolio weighted benchmark return, net of all fees and expenses on a consistent basis over time.
 - 1. This objective is to match or exceed a passively managed portfolio with a similar asset mix, net of all fees and expenses. The value added above the policy benchmark measures the effectiveness of the Committee's active management decisions. Please refer to Appendix II for a list of performance benchmarks.

Performance Return measurement standards will adhere to the time-weighted methodology.

VII. Constraints

a.) Liquidity

Assets shall be allocated to provide adequate liquidity for the Plan disbursements, such as benefit payments and ongoing expenses. Plan assets shall be managed such that all other post-employment benefit payments are met as they become due. Liquid investment vehicles are hereby defined as all investments that can be quickly converted to cash with no significant adverse change in value as a result of the liquidation.

b.) Time Horizon

The Plan has a long-term perspective based on multiyear projections of spending, and asset growth. Accordingly, short-term investment performance shortfalls are not necessarily of critical interest unless they suggest failures in strategy execution at investment management firms retained by the Plan.

c.) Regulatory and Legal Constraints

The asset types approved for investment can be found in Appendix II.

All investment/allocation decisions shall reflect the current and future projected cash flow needs of the OPEB plan. The projected cash flow needs shall be determined in part from the data compiled for the OPEB actuarial study conducted at least every two (2) years as required by GASB and the employer's workforce analysis and retirement projections.

Appendix I: Strategic Asset Allocation & Allowable Ranges

The Committee has adopted the following asset allocation policy ("Policy"), including asset class weights and ranges, benchmarks for each asset class, and the benchmark for the Total Plan. The allowable ranges have been chosen to be consistent with budgets and ranges for total and active risk.

Total Plan Asset Allocation

| | Lower Limit | Strategic Allocation | Upper Limit |
|----------------------|-------------|----------------------|-------------|
| Domestic Equity | 0% | 54% | 75% |
| International Equity | 0% | 5% | 5% |
| Real Estate | 0% | 10% | 25% |
| Fixed Income | 0% | 29% | 50% |
| Cash Equivalents | 0% | 2% | 10% |

Domestic Equity Asset Allocation

| | Lower Limit | Strategic Allocation | Upper Limit |
|--------------|-------------|----------------------|-------------|
| Large Value | 0% | 15% | 30% |
| Large Growth | 0% | 11% | 30% |
| Mid Value | 0% | 10% | 25% |
| Mid Growth | 0% | 6% | 25% |
| Small Value | 0% | 8% | 20% |
| Small Growth | 0% | 4% | 20% |

International Equity Asset Allocation

| | Lower Limit | Strategic Allocation | Upper Limit |
|------------------------------|-------------|----------------------|-------------|
| Foreign Large Blend | 0% | 3% | 5% |
| Diversified Emerging Markets | 0% | 2% | 5% |

Fixed Income Asset Allocation

| | Lower Limit | Strategic Allocation | Upper Limit |
|--------------------------|-------------|----------------------|-------------|
| High Yield Bond | 0% | 7% | 15% |
| Intermediate-Term Bond | 0% | 12% | 20% |
| Inflation-Protected Bond | 0% | 5% | 15% |
| Short-Term Bond | 0% | 5% | 15% |
| Money Market | 0% | 2% | 10% |

There will be periodic deviations in actual asset weights from the Policy asset weights specified above. Causes for periodic deviations are market movements, cash flows, significant plan changes, and varying portfolio performance. Significant movements from the asset class Policy weights will alter the intended expected return and risk of the Plan. Therefore, the actual asset allocation will be reviewed at least quarterly to determine and report any deviation outside of the upper and/or lower limits. The Committee shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. The Committee may delay a rebalancing program when the majority of the Committee believes the delay is in the best interest of the Plan. Results of rebalancing will be reviewed by the Committee at semi-annual meetings.

Appendix II: Asset Class Performance Benchmarks

The Committee has adopted the following performance benchmarks for each asset class:

| Asset Class | Market Benchmark |
|------------------------------|--------------------------------------|
| Large Cap Value | Russell 1000 Value |
| Large Cap Growth | Russell 1000 Growth |
| Mid-Cap Value | Russell Mid-Cap Value |
| Mid-Cap Growth | Russell Mid-Cap Growth |
| Small Cap Value | Russell 2000 Value |
| Small Cap Growth | Russell 2000 Growth |
| International | MSCI EAFE |
| Real Estate | FTSE NAREIT Equity REITs |
| Diversified Emerging Markets | MSCI Emerging Markets |
| Multisector Bond | Barclays US Universal |
| High Yield Bond | Credit Suisse High Yield |
| Intermediate-Term Bond | Barclays US Universal |
| Inflation-Protected Bond | Barclays US TIPS |
| Short-Term Bond | Barclays Capital Govt/Credit 1-3 Yr. |
| Bank Loan | Credit Suisse Leveraged Loan Index |
| Money Market | Three Month T Bill |

Peer group analysis should be added for all asset classes to further give meaningful insight into performance numbers, acknowledging that “peer groups” violate several of the characteristics required of a meaningful benchmark.

Benchmarks for each asset class may be changed or modified only by the Committee, and each benchmark shall be incorporated in each investment management agreement as the basis for evaluation of performance.

Total Plan Performance Benchmark

The average annual rate of return of the Plan over a five-year period (market cycle) shall exceed the average annual rate of return that would have been achieved in the same period by a composite weighted market index and peer group benchmark.

| Knox County OPEB Category Blend | Knox County OPEB Index Blend | Allocation |
|--|-------------------------------------|-------------------|
| Large Value | Russell 1000 Value TR | 15% |
| Large Growth | Russell 1000 Growth TR | 11% |
| Mid-Cap Value | Russell Mid Cap Value TR | 10% |
| Mid-Cap Growth | Russell Mid Cap Growth TR | 6% |
| Small Value | Russell 2000 Value TR | 8% |
| Small Growth | Russell 2000 Growth TR | 4% |
| Foreign Large Blend | MSCI EAFE GR | 3% |
| Diversified Emerging Mkts | MSCI EM GR | 2% |
| Real Estate | FTSE Nareit All Equity REITs TR | 10% |
| High Yield Bond | Credit Suisse HY | 7% |
| Intermediate Core-Plus Bond | Bloomberg US Universal TR | 12% |
| Inflation-Protected Bond | Bloomberg US Treasury US TIPS TR | 5% |
| Short-Term Bond | Bloomberg US Govt/Credit 1-3 Yr TR | 5% |
| Money Market - Taxable | USTREAS T-Bill 3 Mon | 2% |

Appendix III: Due Diligence Guidelines

In addition to the overall Plan investment results, individual asset managers will be evaluated by the Committee and its advisors. The following factors explain the general due diligence process used to evaluate managers:

- *People* – the ability to attract and retain talent at the firm and investment team level
 - Firm Level: Management and culture considerations, such as asset flows, firm leadership, and compensation structure
 - Investment Level: Personnel stability, risk management oversight, competitive edge, key personnel tenure and experience
- *Philosophy* – intuitively appealing and connected with the investment process
 - Adoption by investment team
 - Consistent with team's culture
- *Process* – investment process consistent with philosophy and the firm's culture
 - Well-articulated investment process, portfolio construction methodology/implementation, sell discipline
 - Investment style that is clearly defined by sub-style and factor biases
 - Analyst/Research team competitive edge (fundamental and quantitative)
 - Transparency of process, cash management capabilities
- *Performance* – validation of a consistent and repeatable investment process
 - Style exposure, active bet awareness, active return assessment, benchmark awareness/constraints
 - Performance: rolling period versus peers and benchmark (3yr; 10yr max), longer term performance relative to benchmark and category peers
 - Information Ratio, Standard Deviation, Tracking Error, Up/Down capture ratios, Alpha, Attribution (sector, security, region)
 - Fund size, PM/trader information flow
- *Product* – operational (size, availability), economic, and compliance considerations. Share classes and fees versus peer group.

Occasionally, the Plan's investment advisor may recommend that the Committee take action with regard to an investment as a result of the advisor's due diligence and evaluation of the investment with regard to the above factors. The advisor may recommend to the Committee the following options:

- assign the investment to a watch list to closely monitor the investment's performance and determine if the substandard performance is due to a short-term aberration or a long-term trend;
- replace the investment with another investment that meets the above stated guidelines or add another investment to that category

In both cases, the advisor will provide to the Committee the reasons supporting any such recommendation either to watch or replace a Plan investment.

Appendix IV: Investment Committee and Service Provider Information

Effective as of October 27, 2022

The Members of the Investment Committee are as follows:

Name or Title Human Resource Director

Name or Title Finance Director

Investment Committee Chairman Name or Title Town Administrator

Plan Trustee Commercial Bank and Trust Company

Plan Custodian Commercial Bank and Trust Company

Plan Investment Consultant USI Advisors Inc.

Adoption of Investment Policy

Date of Adoption by Investment Committee 10/27/2022

By: Ron Williams

Printed Name: Mayor

Title: RON WILLIAMS

Authorized Signer of the **Town of Farragut Other Post-Employment Benefits Trust**

This Investment Policy Statement provided by USI Advisors, Inc. is not intended to constitute legal or tax advice. Neither USI Advisors, Inc., its employees, agents nor affiliates can provide legal or tax advice. It is recommended that this document be reviewed by an attorney knowledgeable in this specific area of the law. Any change to this Investment Policy Statement should be communicated in writing and on a timely basis to all interested parties. If any term or condition of this Investment Policy Statement conflicts with any trust and/or plan document, the document shall control, to the extent consistent with applicable law.

"11.2010.072"



JASON E. MUMPOWER
Comptroller

To: Sandra Thompson, Assistant Secretary, Tennessee State Funding Board
From: Sheila Reed, Director, Division of Local Government Finance *Sheila A. Reed*
Date: November 17, 2022
Re: Request for Blanket Exemption on Certain Debt Issues as Permitted by
Tenn. Code Ann. § 9-21-133(g)

In accordance with the Tennessee State Funding Board Guidelines: *Comptroller Approval of Balloon Indebtedness*, dated June 18, 2014, the Division of Local Government Finance respectfully requests exemption from Comptroller approval for federal and state loan programs with the:

1. United States Department of the Environmental Protection Agency (EPA); and
2. State of Tennessee's Clean Water and Drinking Water Revolving Loan Programs.

We recently became aware that EPA Water Infrastructure Finance and Innovation Act (WIFIA) loans have structures that meet the definition of balloon indebtedness (Tenn. Code Ann. § 9-21-133). The balloon structure is similar to loan structures used in other federal loan programs where principal payments do not begin until more than three years after the first drawdown of funds and the term of the loan is greater than 31 years. Either of these structures would require approval by the Comptroller's Office.

Additionally, in the last several years state law was revised to allow loans for the State of Tennessee's Clean Water and Drinking Water Revolving Loan Programs to have a term of 40 years, thereby having the potential to meet the definition of balloon indebtedness.

We believe a blanket exemption for the above-mentioned loans is in the public's interest. State and federal loan programs are an affordable alternative for local governments and are subject to review and approval by the state or federal agency. Historically public policy has encouraged the use of state and federal loan programs. In addition, the balloon law already exempts debt that is evidenced by a loan with either the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development. When the balloon law was enacted in 2014, the EPA WIFIA loan program had just been established and was therefore not considered or included as being exempt in the original draft of the balloon indebtedness bill.

EXECUTIVE SUMMARY – Request for Blanket Exemption

Subject

State Funding Board Guidelines on Balloon Indebtedness Exemptions as permitted by Tenn. Code Ann. § 9-21-133(g) which states:

The state funding board is authorized to establish guidelines, rules, or regulations with respect to the comptroller of the treasury's approval of balloon indebtedness and may exempt certain classes or issues of indebtedness from such approval.

Request

Approval from members of the State Funding Board to add language to the blanket exemption in the current guidelines that exempts federal and state loan programs with:

1. the United States Department of the Environmental Protection Agency; or
2. the State of Tennessee's Clean Water and Drinking Water Revolving Loan Programs.

Summary

- In 2014 the balloon debt law (aka "Anti-Kicking the Can Act") was written to exclude certain debt that is evidenced by a loan with either:
 - the U.S. Department of Agriculture; or
 - the U.S. Department of Housing and Urban Development
- As a matter of public policy, state law does not prohibit local governments from taking advantage of normally low-interest federal loan programs.
- In 2014, EPA's Water Infrastructure Finance and Innovation Act (WIFIA) was enacted.
- We recently became aware that the terms of the EPA WIFIA loans have amortization structures that meet the definition of balloon indebtedness:
 - The City of Chattanooga is subject to a multi-phase consent decree from the U.S. Environmental Protection Agency for its water and sewer system. The City presented a request to TLDA to borrow approximately \$186,080,000 from the WIFIA loan program on parity with its outstanding SRF loans. The TLDA approved the City's request at its October 19, 2022, and November 28, 2022, meetings.
 - Legal counsel for the City of Chattanooga notified our office earlier this week that the City's WIFIA loan is balloon indebtedness. The balloon structure had not been addressed prior to this week. The repayment schedule reflects a delay in the first principal payment as well as a repayment term that exceeds 31 years.
 - The City is scheduled to close on the WIFIA loan on November 22, 2022, and has received the necessary local and state approvals, with exception to the balloon indebtedness approval. Approval for balloon indebtedness is required prior to approval by resolution at the local level. As a result, the Division of Local Government Finance is not able to approve the balloon indebtedness.

- Legal counsel for the City communicated to our office that they are able to delay closing the WIFIA loan until November 28, 2022, or soon thereafter, should the SFB approve the exemption of federal EPA loans at its November 28, 2022, meeting.
 - To avoid unnecessary delay and costs for the City of Chattanooga, while also considering the broader impact to other WIFIA loans, we believe the best course of action is to request a blanket exemption for all WIFIA loans.
- Additionally, in the last several years state law has been changed to allow for the State of Tennessee's Clean Water and Drinking Water Revolving Loan Programs to have a term of 40 years, thereby having the potential to meet the definition of balloon indebtedness.
- The balloon indebtedness law is scheduled for some "clean-up" changes next legislative session (2024) that will include broadening the statute to exclude all federal and state loan programs; however, in the interim, to exclude these federal and state loan programs by State Funding Board exemption as permitted by Tenn. Code Ann. § 9-21-133(g) would be in the public's best interest.



JASON E. MUMPOWER
Comptroller

Tennessee State Funding Board Guidelines

Blanket Exemption Under the Anti-Kicking the Can Act (PC 766, Acts of 2014)

- A. Indebtedness requiring comptroller approval as balloon indebtedness pursuant to Tenn. Code Ann. § 9-21-133 shall be exempt from such required approval for any indebtedness that is evidenced by a loan with either the:
1. United States Department of the Environmental Protection Agency (EPA); or
 2. State of Tennessee's Clean Water and Drinking Water Revolving Loan Programs.
- B. Indebtedness requiring comptroller approval as balloon indebtedness pursuant to Tenn. Code Ann. § 9-21-133(d) triggered by Tenn. Code Ann. § 9-21-133(b)¹ shall be exempt from such required approval only if the following requirements are met by that debt obligation:
1. The date(s) on which the debt holder has the option to require the issuer to take back the debt obligation (whether through early payoff, placement with another holder, or refunding) shall not occur earlier than four (4) years from the date of issuance.
 2. The written evidence of the debt obligation clearly discloses in boldface, plain English that the local government² may be required to either pay in full or refund the outstanding amount on a certain put date or dates and the local government may also be required to incur additional expenses related to the prepayment or refunding of the debt (i.e. costs of issuance).
 3. The written evidence of the debt obligation must include a provision that requires the debt holder to provide written notice of intent to exercise the put option to the local government at least one hundred and twenty (120) days prior to the put date.

¹ T.C.A. § 9-21-133(b) states "For purposes of this section, principal of debt will be treated as being payable or amortized upon its stated maturity, upon any mandatory redemption date, and upon any date on which the holder of the debt has the option to require the debt to be prepaid, redeemed, or purchased, other than with the proceeds of a liquidity facility provided by a third party."

² "Local government" includes the concept of local government instrumentality.

4. The written evidence of the debt obligation must require that if the local government is unable to pay any amount in full at a put date and no subsequent holder can be determined, the local government will refund the debt obligation in the following manner:
 - a. The final maturity of the refunding debt obligation will not extend beyond the final maturity of the original debt obligation;
 - b. The debt service structure of the refunding debt obligation will be substantially similar to or more declining than the original debt structure; and
 - c. The local government shall submit a plan of refunding to the comptroller or the comptroller's designee.
5. In the authorizing action or resolution, the governing body of the local government intending to enter into this type of debt obligation must find that the repayment structure is in the public interest and shall state that it is aware of the risks and benefits associated with the proposed transaction, that it is willing to pay any additional costs associated with subsequently required refunding debt, and that it understands its obligation to submit a plan of refunding. If the local government has retained an independent municipal advisor (i.e. registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board) to evaluate the risks and benefits of the proposed transaction, the action or resolution shall so state. If the governing body has not retained an independent municipal advisor, the action or resolution shall state that the governing body acknowledges that the proposed lender does not owe a fiduciary duty to the local government, that the proposed lender is acting for its own business and commercial interests, and that the governing body has consulted with such advisors and experts as it deems appropriate before entering into the authorizing action or resolution.
6. If the local government has entered into a continuing disclosure obligation with respect to outstanding debt, or during the term of the debt obligation enters into such an obligation with respect to debt, the local government shall file promptly with the Municipal Securities Rulemaking Board's EMMA the basic documentation relating to the debt obligation including the authorizing action or resolution and any financing agreements.
7. In connection with the filing of the Report on Debt Obligation with both the governing body and with the Office of the Comptroller of the Treasury, the local government shall prepare and attach a cumulative repayment schedule required by #10 of that form assuming the option referenced in Paragraph 1 above is exercised on the earliest date. The local government shall additionally attach a certification of compliance with the requirements of this exemption [and attaching the authorizing action or resolution and the minutes for the meeting at which it was approved.]

Approved by the State Funding Board at its meeting on .