

TENNESSEE STATE FUNDING BOARD
MARCH 10, 2016
AGENDA

1. Call meeting to order
2. Approval of the minutes from the January 20, 2016, meeting
3. Report from the Department of Economic and Community Development (ECD) for approval of funding for the following projects:
 - **Brown-Forman Corporation – Lynchburg (Moore Co.)**
FastTrack Economic Development \$ 250,000
 - **CoLinux, LLC – Crossville (Cumberland Co.)**
FastTrack Economic Development \$1,000,000
 - **To Be Announced**
FastTrack Infrastructure Development \$ 184,000
FastTrack Economic Development \$ 941,000
 - **Olympus America Inc. – Bartlett (Shelby Co.)**
FastTrack Job Training Assistance \$ 250,000
FastTrack Economic Development \$ 750,000
 - **Gyrus ACMI, Inc. – Bartlett (Shelby Co.)**
FastTrack Job Training Assistance \$ 250,000
 - **TwelveStone Health Partners – Murfreesboro (Rutherford Co.)**
FastTrack Economic Development \$1,000,000
 - **Yanfeng US Automotive Interior Systems LLC – Chattanooga (Hamilton Co.)**
FastTrack Economic Development \$1,250,000
4. Staff Analysis of “An Economic Report to the Governor of the State of Tennessee”
(Link to Economic Report to the Governor of the State of Tennessee: <http://cber.bus.utk.edu/tefslist.htm>)
 - “List Identifying State Tax and Non-Tax Revenue Sources” from the Attorney General pursuant to Tennessee Code Annotated 9-4-5202
5. Adjourn

TENNESSEE STATE FUNDING BOARD
January 20, 2016

The Tennessee State Funding Board (the “Board”) met on Wednesday, January 20, 2016, at 1:30 p.m., in Executive Conference Room, State Capitol, Nashville, Tennessee. The following members were present:

The Honorable Tre Hargett, Secretary of the State of Tennessee
The Honorable Justin Wilson, Comptroller of the Treasury
The Honorable David Lillard, State Treasurer
Commissioner Larry Martin, Department of Finance and Administration

The following members were absent:

The Honorable Bill Haslam, Governor

Seeing a physical quorum present, Mr. Wilson called the meeting to order and asked for approval of the minutes from the November 13 and 23, 2015 and December 21, 2015 meetings. Mr. Lillard made a motion to approve the minutes. Commissioner Martin seconded the motion and it was unanimously approved.

Mr. Wilson then recognized Mr. Randy Boyd, Commissioner, Tennessee Department of Economic and Community Development (“ECD”), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Senior Financial Advisor, ECD, to present the FastTrack funding report. Mr. VanderMeer reported that, as of the date of the last Board meeting, the FastTrack balance was \$163,712,209.45 and since that time \$1,536,200.00 in new loans had been approved, which resulted in an adjusted FastTrack balance available for funding grants or loans of \$162,176,009.45 as of today’s meeting. Mr. VanderMeer reported that commitments in the amount of \$145,105,603.35 resulted in an uncommitted FastTrack balance of \$17,070,406.10. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$2,963,650.00, and if these projects were approved, the uncommitted balance would be \$14,106,756.10, or 91.3% of FastTrack funds committed.

Commissioner Boyd stated that the projects were being presented to the Board because state law required that FastTrack projects in amounts exceeding \$750,000 per eligible business within any three-year period be reviewed and approved by the Board. Commissioner Boyd then presented the following FastTrack projects:

- **A.O. Smith Corporation – Ashland City (Cheatham Co.)**
FastTrack Economic Development \$ 1,213,650

- **Toledo Molding & Die, Inc. – Fayetteville (Lincoln Co.)**
FastTrack Job Training Assistance \$ 195,000
FastTrack Economic Development \$ 1,555,000

Mr. Wilson stated that the Board received a signed letter from ECD, which stated that the projects met all the statutory requirements, and a signed FastTrack Checklist for each of the projects under consideration. Mr. Wilson inquired if the information contained in the letter and checklists was true and correct. Commissioner Boyd responded affirmatively. Mr. Wilson also stated that acceptance letters for both grantees were provided in the Board packet. Mr. Wilson inquired if acceptance letters appeared to be reasonable and accurate and Commissioner Boyd responded affirmatively. Mr. Hargett inquired about the A.O. Smith Corporation expansion in Ashland City and asked whether the new jobs would be in Cheatham County. Commissioner Boyd responded that A.O. Smith Corporation was only expanding their capacity in the Ashland City facility and the 150 new jobs being created would be spread across multiple locations. Mr. Hargett then inquired, related to the Toledo Molding & Die project, if ECD felt comfortable that the Fayetteville workforce could handle 250 new jobs. Commissioner Boyd responded affirmatively. Mr. Hargett made a motion to approve the FastTrack grants for the projects presented. Mr. Lillard seconded the motion, and it was unanimously approved.

Commissioner Boyd then noted a correction to the ECD materials for the Morgan Olson project presented at the Funding Board meeting on December 21, 2015. Commissioner Boyd explained that the letter to the Funding Board incorrectly stated that Morgan Olson would be locating in Lenoir City and that Morgan Olsen will actually be located in the city of Loudon. All other material provided to the members for the December 21 meeting, including the posted agenda, had correctly reflected the location as Loudon. A corrected letter was provided to the Funding Board in the materials for this meeting. No further action was necessary.

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

Approved on this _____ day of March 2016.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

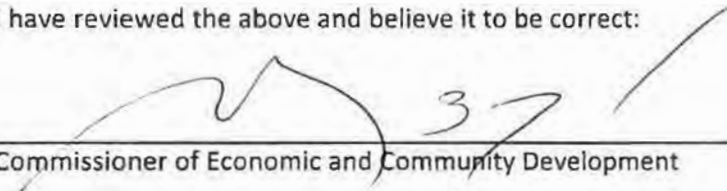
FastTrack Report to State Funding Board

3/7/2016

1. Previous FastTrack Balance, as of Last Report	162,176,009.45
2. + New Appropriations:	137,334.94
3. + Newly Deobligated Funds:	211,137.77
4. + Funds Transferred to FastTrack:	0.00
5. - Funds Transferred from FastTrack:	0.00
6. - FastTrack Grants or Loans Approved Greater Than \$750,000:	(14,639,339.81)
7. - FastTrack Grants or Loans Approved Less Than \$750,000:	(2,913,416.00)
8. Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans:	144,971,726.35
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9. Total Amount of Commitments:	130,338,647.54
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10. Uncommitted FastTrack:	14,633,078.81
11. Percentage Committed:	89.9%
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12. Amount of Proposed Grants or Loans:	5,875,000.00
13. Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:	8,758,078.81
14. Percentage Committed:	94.0%

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: 3-8-16



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

March 10, 2016

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

Dear Comptroller Wilson:

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

1. Brown-Forman Corporation – Lynchburg (Moore County)

Brown-Forman Corporation is engaged in the manufacture, bottling, import, export, marketing, and sale of alcoholic beverages. Jack Daniel's is the company's signature brand and is the largest-selling American whiskey in the world (by volume). The company plans to modify and expand the existing bottling facility and add two additional barrel aging warehouses.

Brown-Forman has committed to create 30 new jobs and make a \$140,000,000 capital investment within five years. The company will have an average wage rate of \$25.05 per hour for the new positions.

FastTrack Economic Development Program funds will be used to offset the cost of construction for expansion of the bottling facility. **(\$250,000)**

Total FastTrack funds for this project - \$250,000



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

2. CoLinx, LLC - Crossville (Cumberland County)

CoLinx, LLC provides shared e-commerce and logistics services in North America. It offers transportation services and warehouse operation services. The company plans to relocate and consolidate operations from Kentucky and California to CoLinx's Crossville location.

CoLinx has committed to create 149 new jobs and make a \$3,930,000 capital investment within five years. The company will have an average wage rate of \$11.46 per hour for the new positions.

FastTrack Economic Development Program funds will be used for building and property improvements and equipment relocation. **(\$1,000,000)**

Total FastTrack funds for this project - \$1,000,000

3. Develey Mustard & Condiment Corporation - Dyersburg (Dyer County)

Develey Mustard & Condiment Corporation produces and distributes mustards, salad dressings, pickles, and sauces in Europe. It offers its products worldwide. Develey has extended its Bavarian roots and is exporting to more than 65 countries worldwide. The company plans to open a facility in Dyersburg to service the company's Northeast and Southeast United States customers under private labels.

Develey has committed to create 150 new jobs and make a \$20,000,000 capital investment within five years. The company will have an average wage rate of \$12.02 per hour for the new positions.

FastTrack Infrastructure Development Program funds will be used to extend utilities and drainage to the project site. **(\$184,000)**

FastTrack Economic Development Program funds will be used to retrofit the speculative building. **(\$941,000)**

Total FastTrack funds for this project - \$1,125,000



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

4. Olympus America Inc. – Bartlett (Shelby County)

Olympus America Inc. (OAI), a subsidiary of Olympus Corporation of the Americas, refurbishes, distributes, and manufactures precision medical instruments. OAI works with healthcare professionals to match the company's medical technology and precision manufacturing with healthcare professionals' skills.

OAI has committed to create 149 new jobs and make a \$11,500,000 capital investment within five years. The company will have an average wage rate of \$19.31 per hour for the new positions.

FastTrack Job Training Assistance Program funds will be used to train the new workforce needed for the expansion. **(\$250,000)**

FastTrack Economic Development Program funds will be used for pad construction and equipment relocation. **(\$750,000)**

Total FastTrack funds for this project - \$1,000,000

5. Gyrus ACMI, Inc. - Bartlett (Shelby County)

Gyrus ACMI, Inc., a subsidiary of Olympus Corporation of the Americas, has existing operations in Bartlett. Operations are dedicated to medical device development and manufacturing, employing approximately 180 full-time employees.

Gyrus has committed to create 131 new jobs and make a \$500,000 capital investment within five years. The company will have an average wage rate of \$19.28 per hour for the new positions.

FastTrack Job Training Assistance Program funds will be used to train the new workforce needed for the expansion. **(\$250,000)**

Total FastTrack funds for this project - \$250,000



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

6. TwelveStone Health Partners – Murfreesboro (Rutherford County)

Reeves-Sain Medical Supply was founded in 1980 and is located in Murfreesboro. Current Reeves-Sain services include the MediPACK (presorted prescription program), extended care, respiratory services, IV therapy, and medical supplies and equipment. Reeves-Sain Medical Supply will operate in as TwelveStone Health Partners. TwelveStone will offer packaged medication, infusion and enteral services, respiratory therapy services and durable medication equipment.

TwelveStone has committed to create 200 new jobs and make a \$14,900,000 capital investment within five years. The company will have an average wage rate of \$20.69 per hour for the new positions.

FastTrack Economic Development Program funds will be used for building retrofit and improvements. **(\$1,000,000)**

Total FastTrack funds for this project - \$1,000,000

7. Yanfeng US Automotive Interior Systems I LLC - Chattanooga (Hamilton County)

Yanfeng US Automotive Interior Systems I LLC is a Chinese company principally engaged in the manufacture and sale of automobile components. After a recent acquisition, Yanfeng is one of the largest automotive interior suppliers worldwide. The company plans to establish operations in Chattanooga and will manufacture various automotive interior products for Volkswagen North America and other United States customers.

Yanfeng has committed to create 325 new jobs and make a \$50,000,000 capital investment within five years. The company will have an average wage rate of \$15.57 per hour for the new positions.

FastTrack Economic Development Program funds will be used for building retrofit and improvements. **(\$1,250,000)**

Total FastTrack funds for this project - \$1,250,000



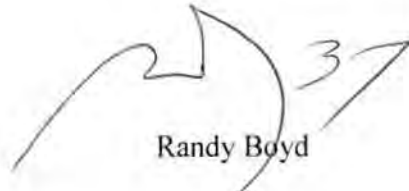
Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

In conclusion, I would like to thank the Board for its assistance and continued support of ECD as we strive to create job opportunities for the citizens of our State.

Sincerely,

A handwritten signature in black ink, appearing to be "Randy Boyd" with a stylized flourish and the number "37" written to the right.

Randy Boyd

RB:kl

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	Metropolitan Lynchburg-Moore County Government	\$250,000	
TOTAL		\$250,000	

(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): Brown-Forman Corporation

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

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?
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

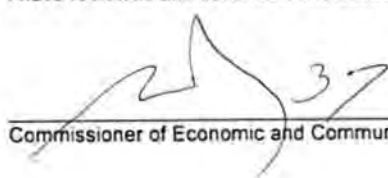
Applicant must answer "Yes" to a or b.

- 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.

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



Commissioner of Economic and Community Development

3-8-16
Date



June 9, 2015

INCENTIVE ACCEPTANCE FORM

ECD OFFER SUMMARY

FastTrack Economic Development Grant: \$ 250,000
Total ECD Commitment: \$ 250,000

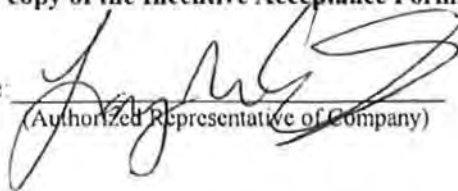
Company Commitment: 30 New Full-Time Positions
\$ 140,000,000 Capital Investment

Please sign your name in the space below to signify Brown-Forman Corporation's acceptance of ECD's offer set forth above and return it by August 27, 2015 to:

Tennessee Department of Economic and Community Development
Attn: Jordan Taylor Sloan
312 Rosa Parks Avenue, 27th floor
Nashville, TN 37243
jordan.taylorsloan@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.

Signature:


(Authorized Representative of Company)

Date:

7/21/15



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

March 10, 2016

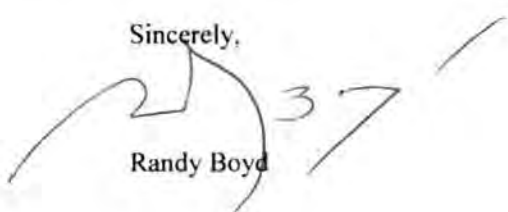
Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding an Economic Development Grant to the Metropolitan Lynchburg-Moore County Government for the benefit of Brown-Forman Corporation in the amount of \$250,000 to offset the cost of construction for expansion of the bottling facility. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the significant capital investment and high wage jobs. Brown-Forman Corporation has committed to create 30 new jobs and to make a \$140,000,000 capital investment within five years. The company will have an average wage of \$25.05 per hour for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,


Randy Boyd

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	City of Crossville	\$1,000,000	
TOTAL		\$1,000,000	

(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): CoLinx, 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

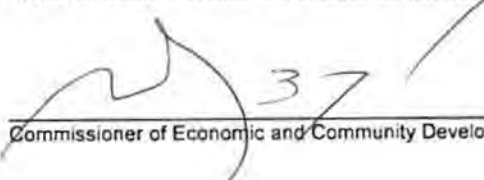
Applicant must answer "Yes" to a or b.

- 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.

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


 Commissioner of Economic and Community Development

3-8-16
 Date



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

February 22, 2016

INCENTIVE ACCEPTANCE FORM

This form serves as notice that CoLinx, LLC intends, in good faith, to create 149 private sector jobs and make a capital investment of \$3,930,000 in exchange for incentives that will be memorialized in a grant agreement between CoLinx, LLC and the State of Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	\$ 1,000,000
Total ECD Commitment:	\$ 1,000,000

Please sign your name in the space below to signify CoLinx, LLC's acceptance of ECD's offer set forth above and return it by May 22, 2016 to:

Tennessee Department of Economic and Community Development
Attn: Jordan Taylor Sloan
312 Rosa Parks Avenue, 27th floor
Nashville, TN 37243
jordan.taylorsloan@tn.gov

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

Signature: Edward R. Conner
(Authorized Representative of Company)

Date: 2/29/16



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

March 10, 2016

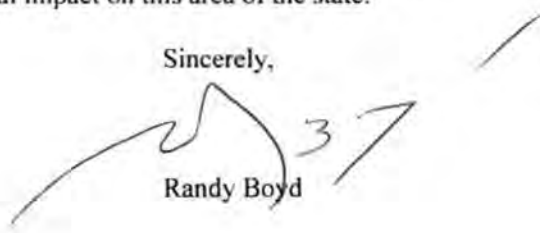
Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding an Economic Development Grant to the City of Crossville for the benefit of CoLinX, LLC in the amount of \$1,000,000 to assist the company with building and property improvements and equipment relocation. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of new jobs. CoLinX has committed to create 149 new jobs and to make a \$3,930,000 capital investment within five years. The company will have an average wage of \$11.46 per hour 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 "Randy Boyd" with a stylized flourish extending to the right.
Randy Boyd

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	Dyer County Government	\$184,000	
<input type="checkbox"/>	TRAINING*			
<input type="checkbox"/>	ECONOMIC DEVELOPMENT	Dyer County Government	\$941,000	
TOTAL			\$1,125,000	

(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): Develey Mustard & Condiment Corporation

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

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?
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)?*
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)?*
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.

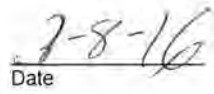
12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry *T.C.A. § 4-3-717(h)(2)?* Yes No
- 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)?*
14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds *T.C.A. § 4-3-717(d)(1)?* Yes No
15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business *T.C.A. § 4-3-717(d)(1)?* Yes No
16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community *T.C.A. § 4-3-717(d)(1)?* If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact. Yes No
17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used *T.C.A. § 4-3-717(d)(2)*. Attach documentation. Yes No

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


 Commissioner of Economic and Community Development


 Date



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

March 1, 2016

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Develey Mustard & Condiments Corp. intends, in good faith, to create 150 private sector jobs and make a capital investment of \$20,000,000 in exchange for incentives that will be memorialized in a grant agreement between Develey Mustard & Condiments Corp. and the State of Tennessee.

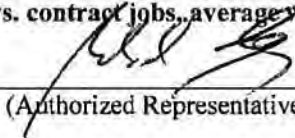
ECD OFFER SUMMARY

FastTrack Infrastructure Grant:	\$ 184,000
FastTrack Economic Development Grant:	\$ 941,000
Total ECD Commitment:	\$ 1,125,000

Please sign your name in the space below to signify Develey Mustard & Condiments Corp.'s acceptance of ECD's offer set forth above and return it by May 19, 2016 to:

Tennessee Department of Economic and Community Development
Attn: Jordan Taylor Sloan
312 Rosa Parks Avenue, 27th floor
Nashville, TN 37243
jordan.taylorsloan@tn.gov

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

Signature: 
(Authorized Representative of Company)

Date: March 4, 2016



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

March 10, 2016

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

Dear Comptroller Wilson:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding an Economic Development Grant to the Dyer County Government for the benefit of Develey Mustard & Condiment Corporation in the amount of \$941,000 to assist the company with retrofitting the speculative building. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of new jobs. Develey has committed to create 150 new jobs and to make a \$20,000,000 capital investment within five years. The company will have an average wage of \$12.02 per hour 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 "Randy Boyd", with a large flourish extending to the right.

Randy Boyd

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*	Olympus America Inc.	\$250,000	
ECONOMIC DEVELOPMENT	Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby Tennessee	\$750,000	
TOTAL		\$1,000,000	

(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): Olympus America Inc.

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

GENERAL STATUTORY COMPLIANCE

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

Identify which of the following apply:

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

Applicant must answer "Yes" to a or b.

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

TRAINING

- 7. Will the grant support the training of new employees for locating or expanding industries *T.C.A. § 4-3-717(c)(1)?*
- 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

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)?*
- 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)?*
- 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

Yes No

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)?*
- 14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds *T.C.A. § 4-3-717(d)(1)?*
- 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)?*
- 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.
- 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.

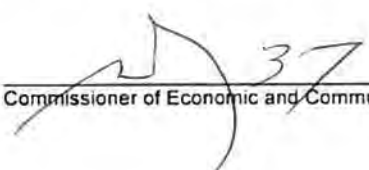
Yes No

Yes No

Yes No

Yes No

I have reviewed this document and believe it to be correct

 37
 Commissioner of Economic and Community Development

3-8-16
 Date



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

February 22, 2016

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Olympus America, Inc. intends, in good faith, to create 149 private sector jobs and make a capital investment of \$11,500,000 in exchange for incentives that will be memorialized in a grant agreement between Olympus America, Inc. and the State of Tennessee.

ECD OFFER SUMMARY

FastTrack Job Training Grant:	\$ 250,000
FastTrack Economic Development Grant:	\$ 750,000
Total ECD Commitment:	\$ 1,000,000

Please sign your name in the space below to signify Olympus America, Inc.'s acceptance of ECD's offer set forth above and return it by May 22, 2016 to:

Tennessee Department of Economic and Community Development
Attn: Jordan Taylor Sloan
312 Rosa Parks Avenue, 27th floor
Nashville, TN 37243
jordan.taylorsloan@tn.gov

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

Signature: _____
(Authorized Representative of Company)

Date: 2/26/2016



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

March 10, 2016

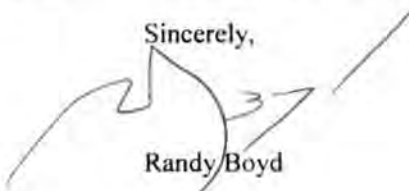
Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding an Economic Development Grant to the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby Tennessee for the benefit of Olympus America Inc. in the amount of \$750,000 to assist the company with pad construction and equipment relocation. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of new jobs. Olympus has committed to create 149 new jobs and to make a \$11,500,000 capital investment within five years. The company will have an average wage of \$19.31 per hour for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,



Randy Boyd

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*	Gyrus ACMI, Inc.	\$250,000	
ECONOMIC DEVELOPMENT			
TOTAL		\$250,000	

(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): Gyrus ACMI, Inc.

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

GENERAL STATUTORY COMPLIANCE

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

Identify which of the following apply:

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

Applicant must answer "Yes" to a or b.

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

TRAINING

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

INFRASTRUCTURE

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

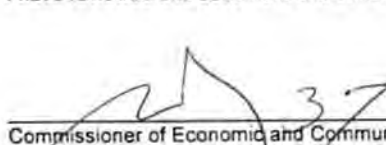
Applicant must answer "Yes" to a or b.

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

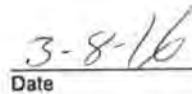
ECONOMIC DEVELOPMENT

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

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



Commissioner of Economic and Community Development



Date



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

February 22, 2016

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Gyrus ACMI, Inc. intends, in good faith, to create 131 private sector jobs and make a capital investment of \$500,000 in exchange for incentives that will be memorialized in a grant agreement between Gyrus ACMI, Inc. and the State of Tennessee.

ECD OFFER SUMMARY

FastTrack Job Training Grant:	\$ 250,000
Total ECD Commitment:	\$ 250,000

Please sign your name in the space below to signify Gyrus ACMI, Inc.'s acceptance of ECD's offer set forth above and return it by May 22, 2016 to:

Tennessee Department of Economic and Community Development
Attn: Jordan Taylor Sloan
312 Rosa Parks Avenue, 27th floor
Nashville, TN 37243
jordan.taylorsloan@tn.gov

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

Signature: 
(Authorized Representative of Company)

Date: 2/26/2016

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	Rutherford County Industrial Development Board	\$1,000,000	
TOTAL		\$1,000,000	

(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): TwelveStone Health Partners

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

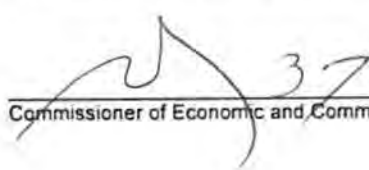
Applicant must answer "Yes" to a or b.

- 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.

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



Commissioner of Economic and Community Development

3-8-16
Date



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

February 29, 2016

INCENTIVE ACCEPTANCE FORM

This form serves as notice that TwelveStone Health Partners intends, in good faith, to create 200 private sector jobs and make a capital investment of \$14,900,000 in exchange for incentives that will be memorialized in a grant agreement between TwelveStone Health Partners and the State of Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	\$ 1,000,000
Total ECD Commitment:	\$ 1,000,000

Please sign your name in the space below to signify TwelveStone Health Partners' acceptance of ECD's offer set forth above and return it by May 29, 2016 to:

Tennessee Department of Economic and Community Development
Attn: Jordan Taylor Sloan
312 Rosa Parks Avenue, 27th floor
Nashville, TN 37243
jordan.taylorsloan@tn.gov

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

Signature: 
(Authorized Representative of Company)

Date: 3/1/16



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

March 10, 2016

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

Dear Comptroller Wilson:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding an Economic Development Grant to the Rutherford County Industrial Development Board for the benefit of TwelveStone Health Partners in the amount of \$1,000,000 to offset the cost of building retrofit and improvements. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the high number of high wage jobs. TwelveStone has committed to create 200 new jobs and to make a \$14,900,000 capital investment within five years. The company will have an average wage of \$20.69 per hour 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 be "Randy Boyd", with a large flourish extending to the right.

Randy Boyd

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	Hamilton County Government	\$1,250,000	
TOTAL		\$1,250,000	

(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): Yanfeng US Automotive Interior Systems I 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.

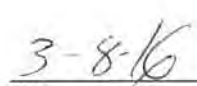
ECONOMIC DEVELOPMENT

- 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.

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



Commissioner of Economic and Community Development



Date



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

February 22, 2016

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Yanfeng US Automotive Interior Systems, LLC (Yanfeng) intends, in good faith, to create 325 private sector jobs and make a capital investment of \$50,000,000 in exchange for incentives that will be memorialized in a grant agreement between Yanfeng and the State of Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	\$ 1,250,000
Total ECD Commitment:	\$ 1,250,000

Please sign your name in the space below to signify Yanfeng's acceptance of ECD's offer set forth above and return it by May 22, 2016 to:

Tennessee Department of Economic and Community Development
Attn: Jordan Taylor Sloan
312 Rosa Parks Avenue, 27th floor
Nashville, TN 37243
jordan.taylor Sloan@tn.gov

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

Signature: *Jas Way*
(Authorized Representative of Company)

Date: 02/24/2016



Department of Economic and Community Development

Randy Boyd
Commissioner

Bill Haslam
Governor

March 10, 2016

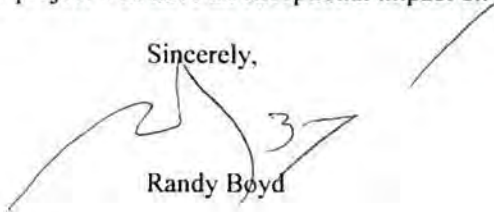
Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding an Economic Development Grant to the Hamilton County Government for the benefit of Yanfeng US Automotive Interior Systems I LLC in the amount of \$1,250,000 to assist the company with building retrofit and improvements. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of new jobs and significant capital investment. Yanfeng has committed to create 325 new jobs and to make a \$50,000,000 capital investment within five years. The company will have an average wage of \$15.57 per hour for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,



Randy Boyd



STATE OF TENNESSEE

Justin P. Wilson

COMPTROLLER OF THE TREASURY

Comptroller

STATE CAPITOL

NASHVILLE, TENNESSEE 37243-9034

PHONE (615) 741-2501

Memorandum

To: Honorable Bill Haslam, Governor
Honorable Tre Hargett, Secretary of State
Honorable Justin P. Wilson, Comptroller of the Treasury
Honorable David H. Lillard, Jr., Treasurer
Honorable Larry Martin, Commissioner of Finance and Administration

From: William Wood, Budget Analyst, Comptroller of the Treasury

Date: March 10, 2016

Re: Economic Report to Governor

Tennessee Code Annotated (TCA) § 9-4-5202 requires the State Funding Board (the Board) to **secure estimates of Tennessee's economic growth** from the Tennessee econometric model at least once a year. These estimates are published annually in the Economic Report to the Governor by the **the University of Tennessee's Center for Business and Economic Research (CBER)**. The Report includes data for Tennessee and the United States as a whole, using indicators such as nominal personal income, employment, inflation, consumer spending, and the housing market.

The statute also **requires the Board to comment on the "reasonableness" of CBER's projections**, and provide different estimates, if necessary. As specified in TCA § 9-4-5201, the rate of **Tennessee's economic growth is based on the projected changes of the state's personal income.**

The Comptroller's staff assists the Board by evaluating information on current economic conditions and trends provided by commonly referenced sources in economic forecasting.

Conclusion:

CBER's 2016 Economic Report predicts that Tennessee nominal personal income will grow by 4.90 percent in fiscal year 2016, 4.77 percent in calendar year 2016, and 4.67 percent in calendar year 2017. Compared with various economic forecasts, trends in the world economy, and historical Tennessee growth, the Report's estimates are not unreasonable.

Staff Commentary

CBER’s Economic Report predicts Tennessee nominal personal income will grow by 4.77 and 4.67 percent in calendar years 2016 and 2017, respectively.¹ On a fiscal year timeline, personal income is expected to increase by 4.9 percent in fiscal year 2016 and 3.3 percent in fiscal year 2017.²

Over the past year, CBER’s estimates have been close to actual results. The 2015 Report projected a 4.24 percent increase in personal income in calendar year 2015.³ The revised figures from the 2016 Report puts growth for calendar year 2015 at 4.66 percent, an increase of 0.42 percent over the projection.⁴ As last year’s forecasts were within 50 basis points of the original estimates, this year’s projections may be similarly accurate.

Exhibit 1 summarizes the 2016 Report’s forecasts for the next several years.

Exhibit 1: Estimated Tennessee Personal Income Growth

Forecast Year	Report Year 2016
Calendar Year 2015	4.66%
Calendar Year 2016	4.77%
Fiscal Year 2016	4.90%
Calendar Year 2017	4.67%
Fiscal Year 2017	3.30%

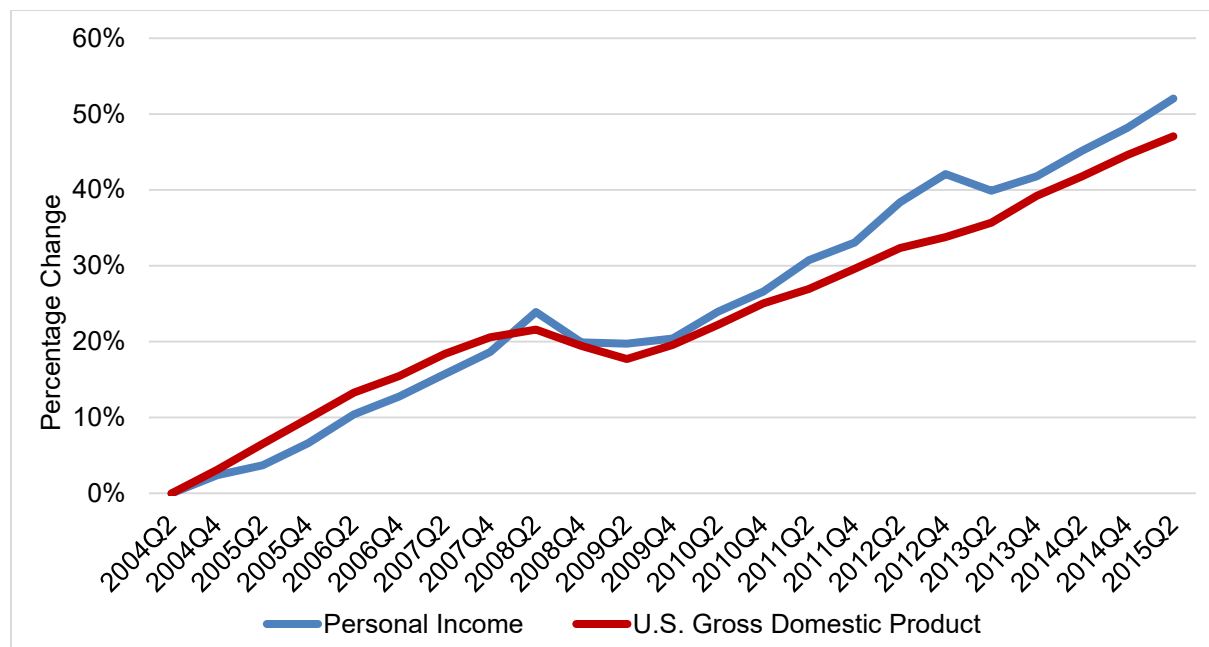
Source: Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State’s Economic Outlook January 2016*, Center for Business and Economic Research, University of Tennessee, January 2016.

¹ Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State’s Economic Outlook January 2016*, Center for Business and Economic Research, University of Tennessee, January 2016, Appendix A, p. 2.
² Ibid., p. ix.
³ Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State’s Economic Outlook January 2015*, Center for Business and Economic Research, University of Tennessee, January 2015, p. 25.
⁴ Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State’s Economic Outlook January 2016*, Center for Business and Economic Research, University of Tennessee, January 2016, p. 29.

Comparison of the Economic Report to Leading Economic Forecasting Sources

Historically, the growth of Tennessee nominal personal income has mirrored changes in U.S. Gross Domestic Product (GDP). Exhibit 2 compares the relative growth of Tennessee personal income and U.S. GDP over the last decade.

Exhibit 2: Relative Growth of Tennessee Personal Income and U.S. GDP



Source: United States Bureau of Economic Analysis, www.bea.gov (accessed January 2016).

Few agencies estimate growth in Tennessee personal income, making it difficult to directly **compare CBER’s projections**. Because Tennessee income closely tracks growth in GDP, however, Comptroller staff uses GDP as a general predictor of Tennessee personal income. As positive GDP growth is predicted in the next several years, staff expects Tennessee personal income will increase as well. Exhibit 3 includes the **Economic Report’s projections** for various measures of growth, including GDP, personal income, unemployment, and inflation.

In 2015, U.S. GDP increased at an annual rate of 2.4 percent. The economy grew more quickly in the 3rd quarter, with GDP rising by 2.0 percent.⁵ In the 4th quarter, however, personal consumption expenditures (PCEs) and nonresidential fixed investment did not grow as rapidly as projected, and GDP growth slowed to 1.0 percent.⁶

⁵ Ibid., p. 2.

⁶ United States Bureau of Economic Analysis, Gross Domestic Product: Fourth Quarter and Annual 2015 (Second Estimate), February 26, 2016, <http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm> (accessed Mar. 7, 2016).

Decreases in private inventory investments, nonresidential fixed investments, and exports suppressed GDP growth. Additionally, imports, which are subtracted from GDP calculations, increased, further restraining GDP growth.

Nevertheless, increased PCEs, residential fixed investment, and federal government spending outweighed other decreases, contributing to the overall 2.4 percent GDP increase.

Exhibit 3: Economic Report Forecast Summary By Calendar Year

Indicator	2016	2017
US Real GDP Growth	2.65%	2.94%
TN Real GDP Growth	2.25%	2.15%
US Nominal Personal Income Growth	4.16%	5.17%
TN Nominal Personal Income Growth	4.77%	4.67%
US Unemployment Rate	4.90%	4.90%
TN Unemployment Rate	5.50%	5.40%
Consumer Price Index	1.21%	2.56%

Source: Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State's Economic Outlook January 2016*, Center for Business and Economic Research, University of Tennessee, January 2016.

To consider the “reasonableness” of CBER’s projections, staff compares GDP estimates of various economic forecasting agencies. CBER’s estimates fall within the range – thus, the Report’s 2016 projections do not appear unreasonable.

Exhibit 4: Government and Non-Government Forecasts

Forecaster	CY 2016	CY 2017	Date
Congressional Budget Office	2.7	2.5	January 2016
Fannie Mae	2.2	2.2	January 2016
Freddie Mac	2.5	2.3	January 2016
Raymond James	2.5	2.4	January 2016
Global Insight	2.7	3.0	December 2015
Federal Reserve Bank	2.4	2.2	December 2015
Royal Bank of Canada	2.3	2.7	February 2016
Moody's	2.3	2.5	February 2016
High	2.7	3.0	
Median	2.5	2.5	
Low	2.2	2.2	
CBER	2.7	2.9	January 2016

Forecast Risks

China

China's economic situation is a major concern for the current global economy. In terms of purchasing power parity, its economy is the largest in the world: in 2014, China's GDP was \$17.2 trillion, while U.S. GDP was \$16.6 trillion.

Over the last decade, China's economy has grown tremendously – in one year, GDP grew 14 percent. Recently, however, China's economic growth has slowed, and is estimated to drop to 6.5 percent in 2015.⁷

The International Monetary Fund warned of “spillover effects” from China's slowdown, after Chinese officials reported 6.8 percent growth in 2015.⁸ China's loss of momentum has presented challenges to the global economy on two fronts: currency devaluation and decreased demand.

To compensate for slower economic growth, the Chinese government devalued its currency twice within the last year. While this boosted Chinese exports, imports to China became more expensive and declined. This spurred recessions in several of China's trading partners, including Russia, Canada, and Brazil.

In addition to currency devaluation, the slowing Chinese economy has also affected emerging markets. During China's meteoric growth, it had a voracious demand for commodities, such as steel and coal – commodities exported by many emerging markets. To build capacity and meet Chinese demand, many of these markets took on debt when credit was cheap.

As Chinese growth slowed, however, China's demand for these commodities declined, putting emerging markets' debt at risk. And, with U.S. interest rates rising and the dollar growing stronger, these markets' dollar denominated debt continues to become more expensive. Consequently, as China's economic growth weakens, emerging markets are struggling to service their debt with their declining revenues.

Global Economic Slowdown

The global downturn is not limited to emerging markets. Some advanced economies, such as the European Union, have more exposure to China and emerging markets than the United States. Through these partnerships, the effects of China's slowdown spread to advanced economies, leading to tighter financial conditions throughout the world.

⁷ Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State's Economic Outlook January 2016*, Center for Business and Economic Research, University of Tennessee, January 2016, p. 13.

⁸ Star Online, “Slowdown in Chinese Growth Risks Global Collateral Damage,” January 20, 2016, <http://www.thestar.com.my/business/businessnews/2016/01/20/slowdowninchinesegrowthrisksglobalcollateraldamage> (accessed Feb. 26, 2016).

The U.S., through its contact with other advanced markets, faces contagion risk – low global growth could induce disinflation internationally. In 2015, Citigroup predicted 2016 global growth in advanced economies at 2.4 percent; as the decline cycle continued, Citigroup revised that estimate to 1.6 percent, and warned that actual growth “could well be lower.”⁹

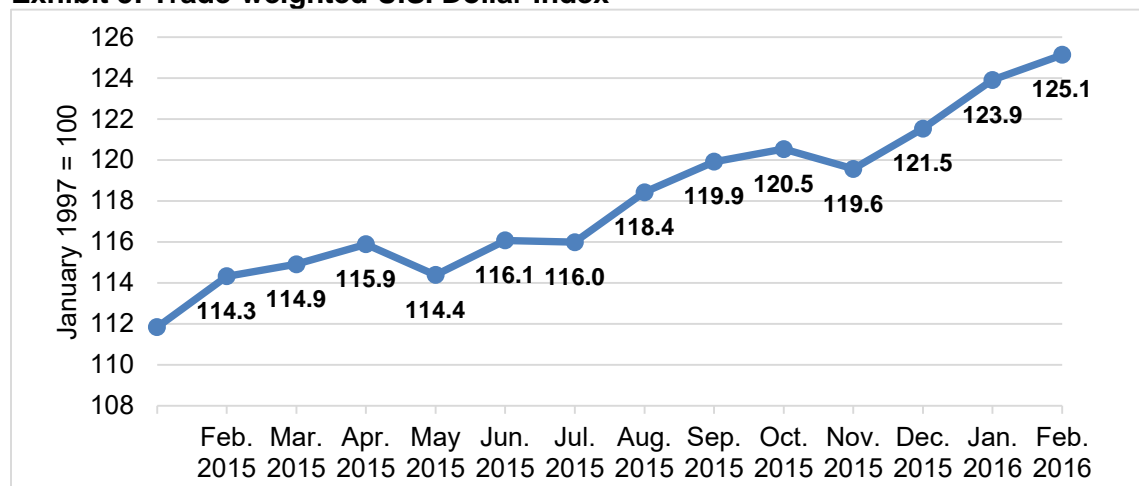
U.S. Dollar Appreciation

Over the last year, the value of the U.S. dollar has risen about 9.5 percent.¹⁰ The **dollar’s** appreciation is not necessarily as promising as it seems, however; rising dollar values may negatively impact the U.S. economy in three ways. First, a strong dollar makes U.S. imports less attractive – rather than buying goods from the United States, foreign companies either buy less, or purchase the same goods more cheaply from other countries with more advantageous exchange rates.

Second, global commodities are priced in U.S. currency: nearly every commodity, from gold to cotton, is bought and sold in U.S. dollars. With the dollar high, commodities, similar to U.S. exports, become more expensive. As commodity prices rise, demand decreases, and suppliers must correspondingly reduce prices to meet demand.

Finally, emerging economies may be crushed by the strong dollar. To attract investors to what may be a riskier investment, bond payments and interest rates in emerging markets are higher than in the United States. When the dollar strengthens, interest payments on bonds denominated in U.S. dollars become more expensive. As bond prices rise, emerging market debt becomes less attractive, and investors move to other, less costly markets. Although capital flight starts slowly, it can quickly spiral out of control.

Exhibit 5: Trade-weighted U.S. Dollar Index



⁹ Bloomberg Business, “Citi: Here Comes a Global Recession,” February 25, 2016.

<http://www.bloomberg.com/news/articles/20160225/citiherecomesaglobalrecession> (accessed Feb. 26, 2016).

¹⁰ Board of Governors of the Federal Reserve System, Trade-weighted U.S. Dollar Index, February 22, 2016, http://www.federalreserve.gov/pubs/bulletin/2005/winter05_index.pdf.

Consumer Spending

Over the last year, healthy consumer spending was a major driver of the economy and the 2.4 percent increase in GDP. GDP calculations include personal consumption expenditures (PCEs), investment, government purchases, and the balance of international trade (exports minus imports).

PCEs are the largest component of U.S. GDP, accounting for approximately 69 percent of spending in 2015 – in fact, 2.1 percent of the 2.4 percent growth in GDP was from PCEs alone. And, over the last several years, consumption has continued to increase: it grew by 3.1 percent in 2015, up from 2.7 percent in 2014 and 1.7 percent in 2013.¹¹

Due to ongoing job creation and growing disposable income, CBER expects consumer spending to continue to bolster the economy, increasing by 3.0 percent in 2016.¹² **Kiplinger's** estimates are even higher, and project 3.5 percent growth.¹³ The minutes of the U.S. Federal Open Market Committee meeting in January 2016 note positive expectations:

Real PCEs appeared to have increased at a slower rate in the fourth quarter than in the previous quarter. . . . However, recent readings on key factors that influence consumer spending were generally favorable. Growth in real disposable income continued to be **solid in November. Households' net worth was supported by further strong gains in home values through November** . . . Also, consumer sentiment in the University of Michigan Surveys of Consumers remained at an elevated level in early January.¹⁴

The long-term outlook for consumer activity is similarly positive. Strong job gains, possible wage increases, modest inflation in consumer prices, increases in disposable income, and the rebounding housing market will likely boost purchases. While declining stock prices – the biggest drag on luxury spending – may suppress GDP growth somewhat, positives will likely outweigh negatives.

Unemployment

CBER expects U.S. unemployment to remain relatively unchanged. The unemployment rate was 5.0 percent in the 4th quarter of 2015; CBER projects unemployment to only decrease to 4.9 percent by the 4th quarter of 2016.¹⁵ The Wall Street Journal, however, is somewhat more

¹¹ Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State's Economic Outlook January 2016*, Center for Business and Economic Research, University of Tennessee, January 2016, p. 12.

¹² Ibid., p. 10.

¹³ Kiplinger, "Retail Sales to See Decent Growth in 2016," February 12, 2016, <http://www.kiplinger.com/article/business/T019C000S010retailsalesconsumerspendingforecast.html> (accessed Feb. 25, 2016).

¹⁴ Minutes of the Federal Open Market Committee, January 26-27, 2016, p. 11.

¹⁵ Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State's Economic Outlook January 2016*, Center for Business and Economic Research, University of Tennessee, January 2016, p. 11.

optimistic: it expects unemployment to fall to 4.8 percent in June 2016, and decrease to 4.7 percent in December 2016.¹⁶

At the state level, CBER expects Tennessee’s unemployment rate to decrease to 5.5 percent in 2016 and 5.4 percent in 2017 – the first time since 2007 that state unemployment will drop below 6 percent.¹⁷

While these number seem encouraging, CBER notes with caution the declining participation in the labor force and continued high numbers of discouraged workers. Low labor force participation contributes to a decreasing unemployment rate – fewer people in the workforce means fewer potentially unemployed workers.

At both the state and national levels, labor force participation has fallen. In 1996, the U.S. labor participation rate was 65.0 percent. By 2005, labor participation had dropped 0.5 percent to 64.5 percent. In 2015, however, the national rate was 61.3 percent, and is projected to decrease to nearly 60 percent by 2025. Within workers under 60, participation has dropped more significantly, from 75.6 percent in 1996 to 71.2 percent in 2015.¹⁸

Labor participation in Tennessee mirrors the decline at the national level: the rate was 62.0 percent in 2005, and fell to 57.7 percent in 2015. CBER expects the rate to decline further over the next 10 years, falling to 55.1 percent in 2025.¹⁹

In part, the decline of labor participation may stem from discouraged workers. Discouraged workers have stopped looking for work – therefore, they are no longer considered unemployed. Once the recession ended, many predicted that discouraged workers would return to the workforce. Despite the rebounding economy, many workers have remained discouraged and have not returned to the workforce as hoped, contributing to lower unemployment rates.

Thus, while many forecasts expect unemployment to decline – and to pre-2007 levels in Tennessee – CBER warns that decreasing rates are not entirely attributable to more workers finding jobs: high numbers of discouraged workers may keep the unemployment rate low.

¹⁶ Wall Street Journal, “What Forecasters Expect From the Economy in 2016,” January 14, 2016, <http://blogs.wsj.com/economics/2016/01/14/whatforecastersexpectfromtheeconomyin2016/> (accessed Feb. 25, 2016).

¹⁷ Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State’s Economic Outlook January 2016*, Center for Business and Economic Research, University of Tennessee, January 2016, p. ix.

¹⁸ Ibid., pp. x and 9.

¹⁹ Ibid., p. x.

Exhibit 6: U.S. and Tennessee Unemployment Rates



Source: Federal Reserve Bank of St. Louis, Civilian Unemployment Rates, <https://research.stlouisfed.org>.

Rising Interest Rates

The Federal Reserve is charged with two important but sometimes contradictory goals: maintaining both price stability and full employment. Price stability requires some minimal level of inflation and some yield of interest on savings – by keeping interest rates low, however, the Fed can stimulate demand.

In response to the Great Recession, the Federal Reserve set the federal funds rate at zero to encourage lending. The federal funds rate held at zero until December 2015, when the Fed finally raised the rate to 0.25 percent. The Fed is expected to continue raising the federal funds rate until it reaches a more normal level; CBER expects the rate to exceed 1.0 percent by the end of 2016.²⁰

Many expected the Fed to increase the federal funds rate four more times in 2016. When recent market volatility hit, however, Bank of England Governor Mark Carney described the unwelcoming environment for higher interest rates in January 2016:

Now is not yet the time to raise interest rates. The world is weaker and U.K. growth has slowed. Due to the oil-price collapse, inflation has fallen further and will likely remain very low for longer. Further downside risks to the global outlook remain, reflecting the

²⁰ Ibid., p. 8.

ongoing challenges in China, fragilities in other major market economies and the potential for contagion.²¹

Due to this recent volatility, some on Wall Street now believe the Fed will raise interest rates **only twice in the next year. Traders estimate a 12 percent chance of a rate increase at the Fed's** next policy-setting meeting in March, based on U.S. short-term interest-rate futures contracts.²²

Inflation

Inflation has remained low over the past several years, partly due to decreases in both energy prices and non-energy exports.²³ As measured by the Consumer Price Index (CPI), the most popular measure of aggregate price levels, overall prices rose only 0.1 percent in 2015. In comparison, prices rose 1.6 percent and 1.5 percent in 2014 and 2013, respectively.²⁴

To encourage wage increases and spending, **the Fed's target range** for inflation is 2.0 percent by 2018. CBER expects inflation to remain low in 2016, with projected price increases of 1.2 percent. While this increase is higher than 2015, it remains the second lowest in years following the Great Recession, after 2009.

By 2017, however, inflation may finally hit the **Fed's** target for the first time since 2012: CBER projects inflation at 2.6 percent.²⁵

Federal Budget

The United States' debt is the largest in the world for a single country, and approaches the debt of the entire European Union.²⁶ For the last six years, U.S. federal debt has exceeded the **country's GDP.**²⁷ Growing national debt, along with increased taxes to service it, may crowd out private sector investment and hinder long-term economic growth. Additionally, high levels of debt restrict **policymakers'** spending options in the face of unexpected economic downturns.

Despite the grave situation, federal discretionary spending is expected to grow 3.6 percent in 2016, increasing to \$1.2 trillion. This will contribute to deficit growth from \$438.9 billion in 2015 to \$500.5 billion in 2016. By the end of 2016, debt held by the public as a percentage of

²¹ Bloomberg View, "Four Fed Rate Increases in 2016? Its Peers Say No," January 21, 2016, <http://www.bloombergview.com/articles/20160121/fourfedrateincreasesin2016itspeerssayno> (accessed Mar. 2, 2016).

²² Reuters, "Market view of next U.S. rate hike shifts into 2016 after jobs data," February 5, 2016, <http://www.reuters.com/article/ususafedfuturesidUSKCN0VE1L3> (accessed Mar. 2, 2016).

²³ Minutes of the Federal Open Market Committee, January 26-27, 2016, p. 10.

²⁴ Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State's Economic Outlook January 2016*, Center for Business and Economic Research, University of Tennessee, January 2016, p. 7.

²⁵ *Ibid.*, p. 14.

²⁶ About News, "The U.S. Debt and How It Got So Big," February 3, 2016, http://useconomy.about.com/od/fiscalpolicy/p/US_Debt.htm (accessed Mar. 3, 2016).

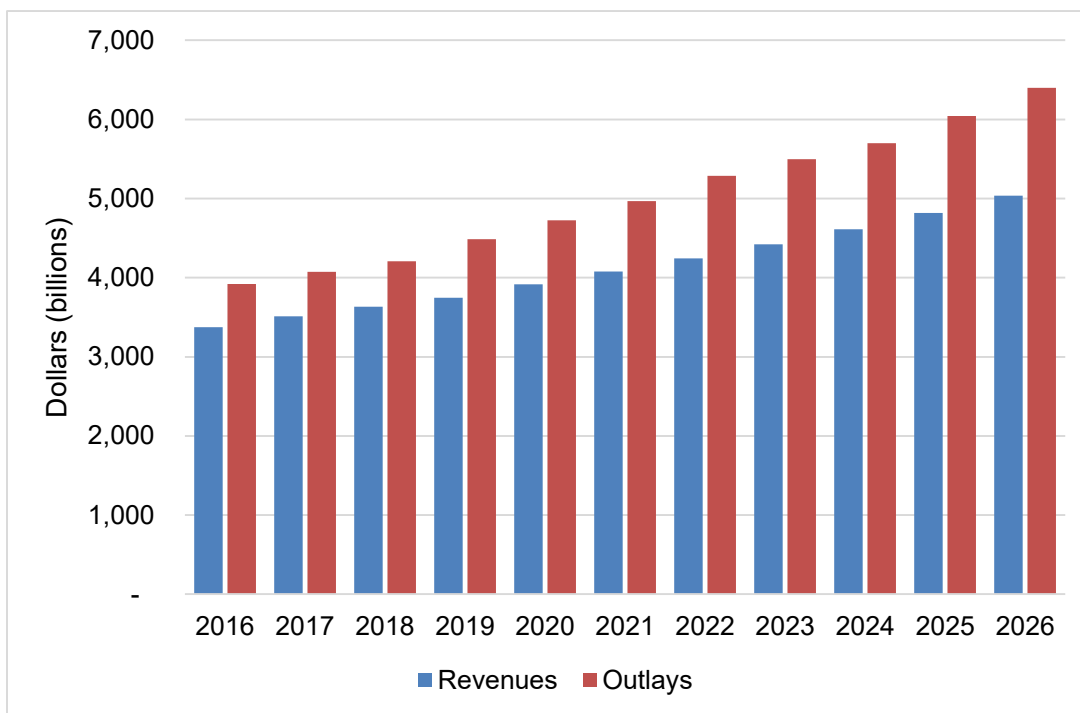
²⁷ Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State's Economic Outlook January 2016*, Center for Business and Economic Research, University of Tennessee, January 2016, p. 13.

GDP will be the highest in American history since the years immediately following World War II.^{28, 29}

While revenues are expected to increase by 4 percent, federal outlays are projected to rise by 6 percent. Increased expenditures will push the overall U.S. debt – the sum of the budget deficits – to \$19.4 trillion.³⁰

Given recent history and current spending, federal debt will likely continue to grow, absent a law change.

Exhibit 7: Projected Federal Revenues and Outlays: 2016-26

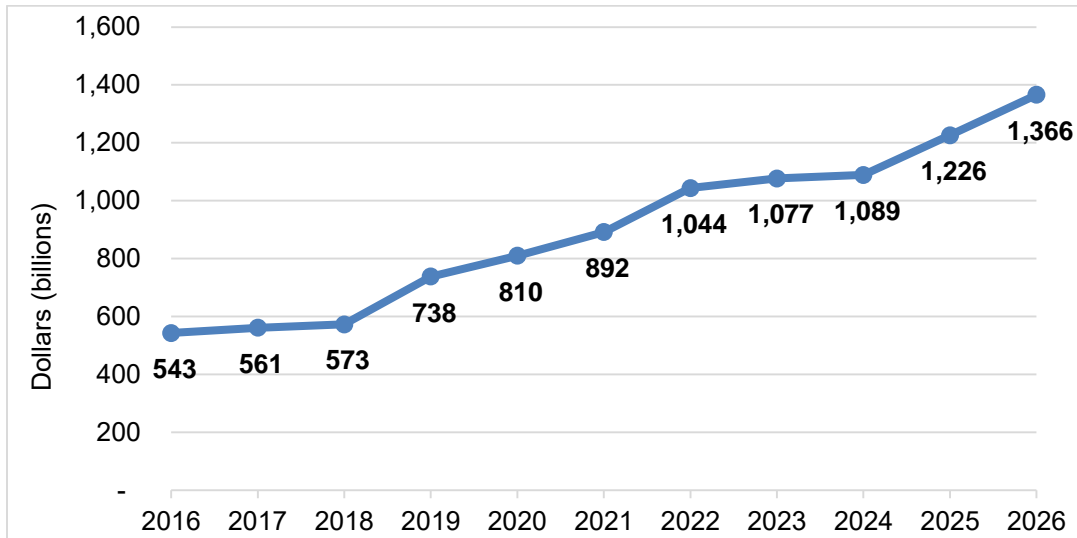


Source: Congressional Budget Office, *Summary of the Budget and Economic Outlook: 2016-2026*, January 16, 2016.

²⁸ Congressional Budget Office, *Summary of the Budget and Economic Outlook: 2016-2026*, January 16, 2016, p. 1.

²⁹ Matthew N. Murray et al., *An Economic Report to the Governor of the State of Tennessee: The State's Economic Outlook January 2016*, Center for Business and Economic Research, University of Tennessee, January 2016, p. 13.

³⁰ Ibid.

Exhibit 8: Projected Federal Deficit: 2016-26

Source: Congressional Budget Office, *Summary of the Budget and Economic Outlook: 2016-2026*, January 16, 2016.

Conclusion

Based on this review, the 2016 Economic Report's estimates fit within a range of projections from various economic forecasts. CBER's estimate of 4.9 percent nominal personal income growth for fiscal year 2016, 4.77 percent for calendar year 2016, and 4.67 percent for calendar year 2017 does not appear unreasonable.

March 7, 2016

Mr. Justin P. Wilson
Comptroller of the Treasury
State Funding Board
State Capitol
Nashville, Tennessee 37243

Dear Mr. Wilson:

Sections 9-6-201 and 202 of the *Tennessee Code Annotated* state that the Funding Board may secure from the Tennessee Econometric Model the estimated rate of growth of the state's economy as measured by the forecasted change in Tennessee personal income. Personal income is defined by the United States Department of Commerce. Major assumptions and the methodology used in arriving at the estimates are to be provided as well. This background information to our forecast is included in the *Tennessee Economic Report to the Governor, 2016*.

We report the following to you:

Calendar Year	Personal Income (mil \$)	Growth (%)	Index (1977 = 100.00)	Calendar Year	Personal Income (mil \$)	Growth (%)	Index (1977 = 100.00)	Calendar Year	Personal Income (mil \$)	Growth (%)	Index (1977 = 100.00)
1977	26,805	11.15	100.00	1991	86,090	5.07	321.17	2005	189,889	3.88	708.41
1978	30,615	14.21	114.21	1992	94,250	9.48	351.61	2006	201,367	6.04	751.23
1979	34,248	11.87	127.77	1993	100,336	6.46	374.32	2007	211,376	4.97	788.57
1980	37,847	10.51	141.19	1994	106,696	6.34	398.04	2008	220,580	4.35	822.91
1981	42,205	11.51	157.45	1995	114,573	7.38	427.43	2009	217,354	-1.46	810.87
1982	45,049	6.74	168.06	1996	121,012	5.62	451.45	2010	226,302	4.12	844.25
1983	47,964	6.47	178.94	1997	128,174	5.92	478.17	2011	238,810	5.53	890.92
1984	53,490	11.52	199.55	1998	141,011	10.02	526.06	2012	252,636	5.79	942.49
1985	57,303	7.13	213.78	1999	147,279	4.44	549.45	2013	255,422	1.10	952.89
1986	61,105	6.64	227.96	2000	156,872	6.51	585.23	2014	264,965	3.74	988.49
1987	65,786	7.66	245.42	2001	161,866	3.18	603.86	2015	277,316	4.66	1034.57
1988	71,290	8.37	265.96	2002	165,839	2.45	618.69	2016	290,533	4.77	1083.88
1989	76,300	7.03	284.65	2003	172,239	3.86	642.56	2017	304,095	4.67	1134.47
1990	81,935	7.39	305.67	2004	182,791	6.13	681.93	2018	317,862	4.53	1185.83

We would be pleased to discuss the economic forecast with you in detail.

Best regards,



William F. Fox
Director

Center for Business and Economic Research
Haslam College of Business
716 Stokely Management Center, 916 Volunteer Boulevard
Knoxville, TN 37996-0570
865-974-5441 865-974-3100 fax cber.haslam.utk.edu

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Office of the Attorney General



HERBERT H. SLATERY III
ATTORNEY GENERAL AND REPORTER

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FACSIMILE (615)741-2009

March 10, 2016

State Funding Board c/o
Sandra Thompson
Assistant Secretary
Office of State and Local Finance
16th Floor, James K. Polk State Office Bldg.
Nashville, TN 37219

RE: List Identifying State Tax and Non-Tax Revenue Sources

Gentlemen:

The attached list identifying State tax and non-tax revenue sources existing as of March 10, 2016 is approved pursuant to the provisions of T.C.A. § 9-4-5202.

Sincerely,

A handwritten signature in black ink that reads "Herbert H. Slatery III".

HERBERT H. SLATERY III
Attorney General and Reporter

Encl.

March 10, 2016

The list below identifies tax and non-tax revenue sources existing as of March 10, 2016, and is approved by the Attorney General and Reporter pursuant to the provisions of Tenn. Code Ann. § 9-4-5202:

Tax Revenue Sources

1. Sales and Use Tax
2. Gasoline Tax
3. Diesel Tax
4. Special Privilege Tax on Petroleum Products
5. Export Tax on Petroleum Products
6. Environmental Assurance Fee
7. Highway User Fuel Tax
8. Alternative Fuels Tax (Liquefied Gas Tax & Compressed Natural Gas Tax)
9. Income Tax
10. Recordation Tax
11. Privilege Taxes
12. Litigation Tax
13. Gross Receipts Taxes
14. Beer Taxes
15. Alcoholic Beverage Taxes
16. Franchise Tax
17. Excise Tax
18. Inheritance, Gift and Estate Tax
19. Tobacco Tax
20. Motor Vehicle Title and Registration Fees
21. Mixed Drink Tax
22. Business Tax
23. Occupational Privilege Tax
24. Severance Taxes
25. Insurance Premiums Tax
26. Coin Operated Amusement Machine Tax
27. Tire Predisposal Fee
28. Used Oil Tax
29. Car Rental Surcharge
30. Bail Bond Tax
31. Vending Machine Tax
32. Unauthorized Substances Tax
33. Nursing Home Tax
34. Hospital Coverage Assessment

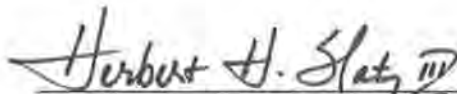
Mixed Fee and Tax Revenue Sources

- 35. Regulatory Fees and Tax Collections from:
 - a. Department of Commerce and Insurance
 - b. E-911 Emergency Communications
 - c. Department of Financial Institutions
 - d. Wildlife Resources Agency
 - e. Department of Health
 - f. Department of Agriculture
 - g. Regulatory Board Fees
 - h. Tennessee Regulatory Authority
 - i. Secretary of State
 - j. Department of Safety
 - k. Department of Revenue
 - l. Department of Environment and Conservation
 - m. Other State Departments, Agencies and Boards

Non-Tax Revenue Sources

- 36. Court Fines & Penalties Reported to:
 - a. Wildlife Resources
 - b. Department of Health
 - c. Tennessee Regulatory Authority
 - d. Department of Safety
 - e. Department of Education
 - f. Department of Environment and Conservation
 - g. Other State Departments, Agencies and Boards
- 37. Treasury Earnings
- 38. Departmental Revenues for Current Services
- 39. Federal Funds
- 40. Proceeds of State Bonds and Notes
- 41. Gifts and Donations
- 42. Payments in Lieu of Taxes
- 43. Tobacco Litigation Settlement
- 44. Lottery Revenues

Approved:


HERBERT H. SLATTERY/III
Attorney General and
Reporter State of Tennessee