

**TENNESSEE STATE FUNDING BOARD**  
**November 29, 2016**  
**(Reconvened from November 17, 2016)**  
**10:00 a.m./Legislative Plaza (Room LP-29)**

**AGENDA**

1. Reconvene Meeting from November 17, 2016
2. Staff Recommendation of Consensus State Revenue Projections
3. Staff Recommendation of Consensus Lottery Revenue Projections
4. Acknowledge receipt of notification from the Tennessee Education Lottery Corporation pursuant to Tennessee Code Annotated 4-51-111(a)(3)
5. Report from the Department of Economic and Community Development for approval of funding for the following projects:
  - **HTS International Corporation – Knoxville (Knox. Co.)**  
FastTrack Economic Development \$1,000,000
  - **Warner Music Group Corp. – Nashville (Davidson Co.)**  
FastTrack Economic Development \$1,000,000
  - **Huber Engineered Woods LLC – Spring City (Rhea Co.)**  
FastTrack Economic Development \$1,500,000
  - **General Motors LLC – Spring Hill (Maury Co.)** FastTrack  
Job Training Assistance \$6,000,000
  - **Forward Air Corporation – Greenville (Greene Co.)**  
FastTrack Economic Development \$1,155,000
  - **Ryder Integrated Logistics, Inc. – Jackson (Madison Co.)**  
FastTrack Job Training Assistance \$ 54,500
  - **Resolute Forest Products US Inc. – Calhoun (McMinn Co.)**  
FastTrack Job Training Assistance \$ 210,000
6. Report From Tennessee State Veterans' Home Board:  
Mr. Ed Harries, Executive Director of the TSVHB  
Ms. Danielle Brown, Controller of the TSVHB
7. Report on Commercial Paper Program
8. Consideration and approval of Other Post Employment Benefit Trust for Rockwood Electric Utility
9. Adjourn

**Estimated Revenues Based on Recurring Growth Rates**

**November 2016**

	<u>Actual FY 2015-2016</u>	<u>FY 2016-2017</u>	<u>Growth Rate</u>	<u>FY 2017-2018</u>	<u>Growth Rate</u>
				\$ 14,026,200,000	2.32%
		\$ 13,708,200,000	2.50%	\$ 14,094,800,000	2.82%
<b>Total Taxes</b>	\$ 13,373,844,100			\$ 14,094,800,000	2.32%
		\$ 13,775,100,000	3.00%	\$ 14,094,800,000	2.32%
				\$ 14,163,600,000	2.82%
		<i>Spread</i>	<i>0.50%</i>		<i>0.50%</i>
				\$ 11,817,100,000	2.67%
		\$ 11,509,800,000	2.75%	\$ 11,874,700,000	3.17%
<b>General Fund</b>	\$ 11,201,780,400			\$ 11,874,700,000	2.67%
		\$ 11,565,800,000	3.25%	\$ 11,874,700,000	2.67%
				\$ 11,932,400,000	3.17%
		<i>Spread</i>	<i>0.50%</i>		<i>0.50%</i>

**Net Lottery Proceeds Estimates**  
**Actual 2015-2016 and Estimated 2016-2017 Through 2020-2021**  
**November 2016**

	<b>2015-2016</b>	<b>2016-2017</b>		<b>2017-2018</b>		<b>2018-2019</b>		<b>2019-2020</b>		<b>2020-2021</b>	
	<b>Actual</b>	<b>Revised</b>	<b>%</b>	<b>Estimated</b>	<b>%</b>	<b>Estimated</b>	<b>%</b>	<b>Estimated</b>	<b>%</b>	<b>Estimated</b>	<b>%</b>
Lottery Corporation											
Low	382,462,000	355,849,000	-6.96%	355,000,000	-0.24%	362,000,000	1.97%	369,000,000	1.93%	376,000,000	1.90%
High	382,462,000	366,177,000	-4.26%	366,000,000	-0.05%	375,000,000	2.46%	384,000,000	2.40%	391,000,000	1.82%
Fiscal Review Staff											
Low	382,462,000	369,600,000	-3.36%	379,100,000	2.57%						
Median	382,462,000	374,200,000	-2.16%	384,400,000	2.73%	391,319,000	1.80%	398,363,000	1.80%	405,534,000	1.80%
High	382,462,000	378,700,000	-0.98%	389,600,000	2.88%						
<b>Recommended Range</b>											
<b>Low</b>	<b>382,462,000</b>	<b>369,458,000</b>	<b>-3.40%</b>	<b>373,200,000</b>	<b>1.00%</b>	<b>378,100,000</b>	<b>1.30%</b>	<b>383,000,000</b>	<b>1.30%</b>	<b>388,000,000</b>	<b>1.30%</b>
<b>High</b>	<b>382,462,000</b>	<b>378,637,000</b>	<b>-1.00%</b>	<b>386,200,000</b>	<b>2.00%</b>	<b>393,900,000</b>	<b>2.00%</b>	<b>401,800,000</b>	<b>2.00%</b>	<b>409,800,000</b>	<b>2.00%</b>

**COMPARISON OF ESTIMATED STATE TAX REVENUE FOR  
FISCAL YEAR 2016 - 2017**

*(Accrual - Basis Estimates)*

DEPARTMENT OF REVENUE TAXES	2016-2017										
	2015-2016	July 1, 2016	% Change	Dr. Fox	% Change	Fiscal Review	% Change	Dept. of Revenue	% Change	Dr. Smith	% Change
	Actual Year	Budget Estimate	Over	Estimate	Over	Estimate	Over	Estimate	Over	Estimate	Over
Sales and Use Tax	\$ 8,267,224,400	\$ 8,272,700,000	0.07%	\$ 8,606,200,000	4.10%	\$ 8,620,000,000	4.27%	\$ 8,601,200,000	4.04%	\$ 8,574,680,000	3.72%
Gasoline Tax	659,915,000	632,700,000	-4.12%	667,800,000	1.19%	671,000,000	1.68%	669,500,000	1.45%	672,258,300	1.87%
Motor Fuel Tax	172,336,300	170,200,000	-1.24%	176,600,000	2.47%	178,000,000	3.29%	177,400,000	2.94%	174,291,600	1.13%
Gasoline Inspection Tax	67,380,500	66,100,000	-1.90%	68,400,000	1.51%	68,900,000	2.26%	69,200,000	2.70%	69,349,500	2.92%
Motor Vehicle Registration Tax	271,197,800	261,900,000	-3.43%	276,600,000	1.99%	280,000,000	3.25%	280,900,000	3.58%	277,157,600	2.20%
Income Tax	322,356,000	296,000,000	-8.18%	279,400,000	-13.33%	265,000,000	-17.79%	286,100,000	-11.25%	267,484,400	-17.02%
Privilege Tax - Less Earmarked Portion <sup>1</sup>	316,544,100	333,400,000	5.32%	336,700,000	6.37%	347,000,000	9.62%	335,000,000	5.83%	326,182,945	3.05%
Gross Receipts Tax - TVA	348,742,900	355,000,000	1.79%	342,100,000	-1.90%	342,200,000	-1.88%	342,200,000	-1.88%	354,520,400	1.66%
Gross Receipts Tax - Other	19,979,200	31,200,000	56.16%	20,400,000	2.11%	29,000,000	45.15%	28,400,000	42.15%	26,035,200	30.31%
Beer Tax	17,378,000	17,100,000	-1.60%	17,400,000	0.13%	18,500,000	6.46%	17,600,000	1.28%	18,105,500	4.19%
Alcoholic Beverage Tax	62,250,200	62,300,000	0.08%	66,700,000	7.15%	69,000,000	10.84%	65,800,000	5.70%	69,482,600	11.62%
Franchise & Excise Tax	2,311,705,100	2,133,400,000	-7.71%	2,427,300,000	5.00%	2,400,000,000	3.82%	2,367,600,000	2.42%	2,225,162,600	-3.74%
Inheritance and Estate Tax	55,353,200	14,500,000	-73.80%	20,000,000	-63.87%	22,000,000	-60.26%	14,500,000	-73.80%	26,686,000	-51.79%
Tobacco Tax	261,480,900	260,700,000	-0.30%	260,200,000	-0.49%	260,000,000	-0.57%	259,800,000	-0.64%	260,714,100	-0.29%
Motor Vehicle Title Fees	22,781,500	18,800,000	-17.48%	23,700,000	4.03%	25,000,000	9.74%	24,100,000	5.79%	24,150,700	6.01%
Mixed Drink Tax	96,275,100	94,100,000	-2.26%	104,000,000	8.02%	104,500,000	8.54%	106,100,000	10.21%	104,705,800	8.76%
Business Tax	154,622,300	155,200,000	0.37%	162,300,000	4.97%	165,000,000	6.71%	165,900,000	7.29%	158,092,880	2.24%
Severance Tax	1,400,400	2,000,000	42.82%	1,400,000	-0.03%	1,350,000	-3.60%	1,200,000	-14.31%	1,310,200	-6.44%
Coin-operated Amusement Tax	268,500	300,000	N/A	200,000	-25.51%	250,000	-6.89%	300,000	11.73%	272,300	1.42%
Unauthorized Substance Tax	5,900	-	N/A	-	N/A	-	N/A	-	N/A	5,900	0.00%
<b>TOTAL DEPARTMENT OF REVENUE</b>	<b>\$ 13,429,197,300</b>	<b>\$ 13,177,600,000</b>	<b>-1.87%</b>	<b>\$ 13,857,400,000</b>	<b>3.19%</b>	<b>\$ 13,866,700,000</b>	<b>3.26%</b>	<b>\$ 13,812,800,000</b>	<b>2.86%</b>	<b>13,630,648,525</b>	<b>1.50%</b>
<b>TOTAL - RECURRING</b>	<b>\$ 13,373,844,100</b>	<b>\$ 13,120,900,000</b>	<b>-1.89%</b>	<b>\$ 13,837,400,000</b>	<b>3.47%</b>	<b>\$ 13,844,700,000</b>	<b>3.52%</b>	<b>\$ 13,798,300,000</b>	<b>3.17%</b>	<b>13,603,962,525</b>	<b>1.72%</b>
<b>GENERAL FUND ONLY<sup>2</sup></b>	<b>\$ 11,257,133,600</b>	<b>\$ 11,056,900,000</b>	<b>-1.78%</b>	<b>\$ 11,644,800,000</b>	<b>3.44%</b>	<b>\$ 11,648,300,000</b>	<b>3.47%</b>	<b>\$ 11,589,100,000</b>	<b>2.95%</b>	<b>11,411,748,525</b>	<b>1.37%</b>
<b>GENERAL FUND - RECURRING<sup>3</sup></b>	<b>\$ 11,201,780,400</b>	<b>\$ 11,054,200,000</b>	<b>-1.32%</b>	<b>\$ 11,624,800,000</b>	<b>3.78%</b>	<b>\$ 11,626,300,000</b>	<b>3.79%</b>	<b>\$ 11,574,600,000</b>	<b>3.33%</b>	<b>11,385,062,525</b>	<b>1.64%</b>

SELECTED TAXES	Actual Year	Budgeted	%	Dr. Fox	%	Fiscal Review	%	Revenue Dept.	%	Dr. Smith	%
SALES AND USE TAX	\$ 8,267,224,400	\$ 8,272,700,000	0.07%	\$ 8,606,200,000	4.10%	\$ 8,620,000,000	4.27%	\$ 8,601,200,000	4.04%	\$ 8,574,680,000	3.72%
FRANCHISE AND EXCISE TAXES	2,311,705,100	2,133,400,000	-7.71%	2,427,300,000	5.00%	2,400,000,000	3.82%	2,367,600,000	2.42%	2,225,162,600	-3.74%
INCOME TAX	322,356,000	296,000,000	-8.18%	279,400,000	-13.33%	265,000,000	-17.79%	286,100,000	-11.25%	267,484,400	-17.02%
ROAD USER TAXES	1,193,611,100	1,149,700,000	-3.68%	1,213,100,000	1.63%	1,222,900,000	2.45%	1,221,100,000	2.30%	1,217,207,700	1.98%
ALL OTHER TAXES	1,334,300,700	1,325,800,000	-0.64%	1,331,400,000	-0.22%	1,358,800,000	1.84%	1,336,800,000	0.19%	1,346,113,825	0.89%

<sup>1</sup> Privilege Tax estimates are reduced by \$43.0 million for the earmarked portion of the tax.

<sup>2</sup> F&A calculated the General Fund distribution for all presenters.

<sup>3</sup> FY 2015 -2016 actual collections have been reduced by \$55.3M to reflect non-recurring Inheritance Tax collections. The July 1, 2016 Budget Estimate is reduced by non-recurring tax legislation adjustments (\$56.7M Total and \$2.7M General Fund)

**COMPARISON OF ESTIMATED STATE TAX REVENUE FOR  
FISCAL YEAR 2017 - 2018**

(Accrual - Basis Estimates)

2017-2018								
DEPARTMENT OF REVENUE TAXES	Dr. Fox	% Change Over	Fiscal Review	% Change Over	Dept. of Revenue	% Change Over	Dr. Smith	% Change Over
SOURCE OF REVENUE	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate <sup>4</sup>	Estimate
Sales and Use Tax	\$ 8,950,400,000	4.00%	\$ 8,940,000,000	3.71%	\$ 8,911,100,000	3.60%	\$ 8,961,590,000	4.51%
Gasoline Tax	674,500,000	1.00%	684,400,000	2.00%	685,400,000	2.37%	684,863,800	1.88%
Motor Fuel Tax	180,100,000	1.98%	183,300,000	2.98%	183,300,000	3.33%	179,581,400	3.04%
Gasoline Inspection Tax	69,100,000	1.02%	70,300,000	2.03%	70,100,000	1.30%	69,946,700	0.86%
Motor Vehicle Registration Tax	283,500,000	2.49%	285,500,000	1.96%	289,100,000	2.92%	283,056,400	2.13%
Income Tax	232,500,000	-16.79%	272,000,000	2.64%	299,000,000	4.51%	264,466,200	-1.13%
Privilege Tax <sup>1</sup>	359,400,000	6.74%	357,000,000	2.88%	353,900,000	5.64%	332,249,996	1.86%
Gross Receipts Tax - TVA	348,900,000	1.99%	345,000,000	0.82%	346,600,000	1.29%	366,172,800	3.29%
Gross Receipts Tax - Other	20,800,000	1.96%	29,000,000	0.00%	29,700,000	4.58%	26,686,000	2.50%
Beer Tax	17,600,000	1.15%	18,900,000	2.16%	17,900,000	1.70%	18,141,700	0.20%
Alcoholic Beverage Tax	70,700,000	6.00%	74,500,000	7.97%	69,400,000	5.47%	76,116,700	9.55%
Franchise & Excise Tax	2,548,600,000	5.00%	2,510,000,000	4.58%	2,483,300,000	4.89%	2,296,961,100	3.23%
Inheritance and Estate Tax	10,000,000	-50.00%	3,000,000	-86.36%	1,900,000	-86.90%	1,900,000	-92.88%
Tobacco Tax	260,200,000	0.00%	256,800,000	-1.23%	258,400,000	-0.54%	258,039,600	-1.03%
Motor Vehicle Title Fees	23,900,000	0.84%	26,000,000	4.00%	24,600,000	2.07%	24,664,100	2.13%
Mixed Drink Tax	111,300,000	7.02%	112,000,000	7.18%	116,200,000	9.52%	112,120,300	7.08%
Business Tax	170,400,000	4.99%	175,000,000	6.06%	176,600,000	6.45%	164,827,740	4.26%
Severance Tax	1,400,000	0.00%	1,400,000	3.70%	1,300,000	8.33%	1,276,900	-2.54%
Coin-operated Amusement Tax	200,000	N/A	250,000	0.00%	300,000	0.00%	281,358	3.33%
Unauthorized Substance Tax	-	N/A	-	N/A	-	N/A	5,900	0.00%
<b>TOTAL DEPARTMENT OF REVENUE</b>	<b>\$ 14,333,500,000</b>	<b>3.44%</b>	<b>\$ 14,344,350,000</b>	<b>3.44%</b>	<b>\$ 14,318,100,000</b>	<b>3.66%</b>	<b>14,122,948,694</b>	<b>3.61%</b>
<b>TOTAL - RECURRING</b>	<b>\$ 14,323,500,000</b>	<b>3.51%</b>	<b>\$ 14,341,350,000</b>	<b>3.59%</b>	<b>\$ 14,316,200,000</b>	<b>3.75%</b>	<b>\$ 14,121,048,694</b>	<b>3.80%</b>
<b>GENERAL FUND ONLY<sup>2</sup></b>	<b>\$ 12,098,800,000</b>	<b>3.90%</b>	<b>\$ 12,080,450,000</b>	<b>3.71%</b>	<b>\$ 12,040,500,000</b>	<b>3.90%</b>	<b>11,855,648,694</b>	<b>3.89%</b>
<b>GENERAL FUND - RECURRING<sup>3</sup></b>	<b>\$ 12,088,800,000</b>	<b>3.99%</b>	<b>\$ 12,077,450,000</b>	<b>3.88%</b>	<b>\$ 12,038,600,000</b>	<b>4.01%</b>	<b>11,853,748,694</b>	<b>4.12%</b>

SELECTED TAXES	Dr. Fox	%	Fiscal Review	%	Revenue Dept.	%	Dr. Smith	%
SALES AND USE TAX	\$ 8,950,400,000	4.00%	\$ 8,940,000,000	3.71%	\$ 8,911,100,000	3.60%	\$ 8,961,590,000	4.51%
FRANCHISE AND EXCISE TAXES	2,548,600,000	5.00%	2,510,000,000	4.58%	2,483,300,000	4.89%	2,296,961,100	3.23%
INCOME TAX	232,500,000	-16.79%	272,000,000	2.64%	299,000,000	4.51%	264,466,200	-1.13%
ROAD USER TAXES	1,231,100,000	1.48%	1,249,500,000	2.18%	1,252,500,000	2.57%	1,242,112,400	2.05%
ALL OTHER TAXES	1,370,900,000	2.97%	1,372,850,000	1.03%	1,372,200,000	2.65%	1,357,818,994	0.87%

<sup>1</sup> Privilege Tax estimates are reduced by \$43.0 M for the earmarked portion of the tax.

<sup>2</sup> F&A calculated the General Fund distribution for all presenters.

<sup>3</sup> FY 2015 -2016 actual collections have been reduced by \$55.3 M to reflect non-recurring Inheritance Tax collections. The July 1, 2016 Budget Estimate is reduced by non-recurring tax legislation adjustments (\$56.7 M Total and \$2.7 M General Fund)

<sup>4</sup> Dr. Smith's FY 2017 - 2018 income tax estimate for was increased by one percent (\$52.9 M) to put all economist at a five percent tax rate.



November 28, 2016

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

Re: Net Lottery Proceeds for Fiscal Year 2017

Dear State Funding Board Members:

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

The TEL is hereby providing notification of its determination that an amount that maximizes net lottery proceeds to the State of Tennessee Lottery for Education Account is less than thirty-five percent (35%) of lottery proceeds for fiscal year 2017. The amount currently projected for the fiscal year ranges from \$355 million to \$366 million. The reasons for this determination are as follows:

1. As you are aware, the TEL offers two types of lottery products—instant tickets (games in which players can instantly view the symbols printed and determine if they won a prize) and terminal based drawing-style games (games in which a player must wait until a drawing is held to determine if the ticket is a winner). Instant tickets are more popular with Tennessee players and as of September 30, 2016, represents 80.3% of the TEL’s product mix in fiscal year 2017. Throughout the lottery industry, instant ticket sales have steadily grown over the most recent fiscal years, while drawing-style games have remained stagnant.

One of the reasons for the growth in instant ticket sales is that the product offers players more price point options, from \$1 to \$30 in Tennessee (and as much as \$75 in other jurisdictions), compared to drawing-style games which offer price points of generally \$.50 to \$2 per play. With the variable instant game price points, players are able to choose the entertainment value based on the price point of the ticket. A higher price point game generally offers higher

entertainment value through the increased amount, and dollar value, of the prizes within a game. In Tennessee, players are choosing to purchase higher price point games, as evidenced by the growth in the \$5 through \$30 game sales experienced over the last fiscal years. Sales at these price points increased from \$818.0 million in fiscal year 2015 to \$893.3 million in fiscal year 2016. Overall, instant ticket sales in Tennessee grew from \$1.220 billion in fiscal year 2015 to \$1.304 billion in fiscal year 2016, a 6.8% growth year over year. We are projecting continued growth in this product category in fiscal year 2017.

As players have migrated to the higher price point instant games, the overall prize payout has increased from 62.1% in fiscal year 2005 to 67.6% in fiscal year 2016. TEL management is projecting it will remain around 67.7% for fiscal year 2017. As a result of the current instant games payout percentage, the percentage of net lottery proceeds compared to total lottery proceeds for all games is projected to be 24.5% for fiscal year 2017.

Actual gross profits from instant games have increased year over year, increasing from \$153.8 million in fiscal year 2005 to \$277.4 million in fiscal year 2016. Since fiscal year 2005, instant game gross sales have increased an average of 7.4% annually, with a corresponding increase in actual gross profits of an average of 7.5% annually. Gross profits are based on net ticket sales, less direct costs of cash prizes, retailer commissions and major gaming vendor fees.

2. While there has been discussion in prior years about the possibility of reducing the current prize payout percentage for instant tickets, all empirical evidence indicates that a reduction in payout will result in a reduction in sales and a corresponding reduction in net proceeds. To the contrary, the experience of other states, as well as Tennessee, indicates that increasing the percentage of the prize payout has resulted in increased sales and more importantly, increased net proceeds.
3. To continue to increase net profits, the TEL must remain in a competitive position among the top performing lotteries nationally and along its borders. In the most recent fiscal year, the TEL continued to maintain one of the lowest aggregate instant games' prize payout percentage of the top performing states.
4. As we have previously stated, in reviewing the practices of other jurisdictions, the results of a recent survey conducted by the North America Association of State and Provincial Lotteries reveals that of the 46 U.S. jurisdictional lotteries, Tennessee is among the few that has not eliminated the outdated statutory annual minimum percentage of sales return requirement. This further underscores the fact that in most jurisdictions it has been realized that the amount of net return far outweighs the need for an arbitrary percentage return.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Wanda Young Wilson".

Wanda Young Wilson  
COO & General Counsel

cc: Rebecca Hargrove, President & CEO  
Susan Leigh Lanigan, Chairman of the Board of Directors



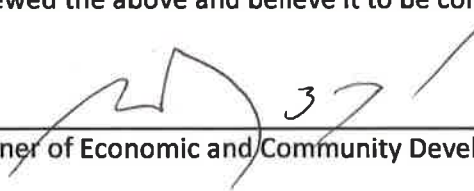
## FastTrack Report to State Funding Board

11/22/2016

1. Previous FastTrack Balance, as of Last Report	206,103,902.67	
2. + New Appropriations:	0.00	
3. + Newly Deobligated Funds:	0.00	
4. + Funds Transferred to FastTrack:	0.00	
5. - Funds Transferred from FastTrack:	(971,684.00)	
6. - FastTrack Grants or Loans Approved Greater Than \$750,000:	(1,891,000.00)	
7. - FastTrack Grants or Loans Approved Less Than \$750,000:	(2,513,652.00)	
8. - FastTrack Administration	(552,698.85)	
9. Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans:		200,174,867.82
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10. Total Amount of Commitments:	165,967,108.61	
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11. Uncommitted FastTrack:		34,207,759.21
12. Percentage Committed:		82.9%
<hr/>		
13. Amount of Proposed Grants or Loans:	10,919,500.00	
14. Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:		23,288,259.21
15. Percentage Committed:		88.4%

See next page for explanations of the above questions.

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

  
 \_\_\_\_\_  
 Commissioner of Economic and Community Development

Date: 11-28-16



## Department of Economic and Community Development

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Randy Boyd  
Commissioner

Bill Haslam  
Governor

November 29, 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. HTS International Corporation – Knoxville (Knox County)**

HTS International Corporation (HTS IC) designs, engineers, simulates, and manufactures components for use in injection molding and die-casting. The company optimizes a specialized cooling solution to manufacture tooling components. To speed up production and ensure uniform cooling, most modern plastic injection molds use cooling channels. These channels, which pass through the mold outside of the cavity, are used to circulate cold water, which has a high capacity to absorb heat. HTS IC d.o.o., the parent company, has developed a novel technology for producing more efficient industrial tooling for the die-casting and injection molding industries. This facility will serve as a division of HTS IC d.o.o. to commercialize this new technology in North and South America.

In addition to its global and North American headquarters, HTS International plans to house an R&D lab, a metallurgical lab, and industrial metal additive manufacturing equipment for production.



## Department of Economic and Community Development

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Randy Boyd  
Commissioner

Bill Haslam  
Governor

HTS IC has committed to create 200 new jobs and make a \$21,400,000 capital investment within five years. The company will have an average wage rate of \$23.20 per hour for the new positions.

FastTrack Economic Development funds will be used to offset the costs HTS IC will incur in new construction of the manufacturing facility. **(\$1,000,000)**

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

### **2. Warner Music Inc. – Nashville (Davidson County)**

Warner Music Inc. (Warner) is an American multi-national entertainment and record label conglomerate headquartered in New York City. It is one of the most well-known recording companies globally. With a multibillion-dollar annual turnover, Warner employs in excess of 3,500 people and has operations in more than 50 countries throughout the world.

Warner has committed to create 175 new jobs and make a \$30,000,000 capital investment within five years. The company will have an average wage of \$27.88 per hour for the new positions.

FastTrack Economic Development funds will be used for building improvements, fixture improvements and relocation of equipment for the company's new location of their back office operation. **(\$1,000,000)**

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

### **3. Huber Engineered Woods LLC – Spring City (Rhea County)**

Huber Engineered Woods, LLC (Huber) is a subsidiary of J.M. Huber Company with operations in Maine, Georgia, Virginia, and Oklahoma. Huber specializes in the production and development of specialty woods in the U.S. Huber's customer base includes original equipment manufacturers in the transportation, construction, cabinetry, furniture and other industries.

Huber constructed a plant in Spring City, TN in 1997, which produced OSB flooring and sheathing. At the peak of operations, the Spring City plant employed 150 workers, but the plant ceased operations in 2011 due to the slowdown in residential construction. Huber has maintained a skeleton crew for the past five years to ensure the plant could be recommissioned



## Department of Economic and Community Development

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Randy Boyd  
Commissioner

Bill Haslam  
Governor

in preparation for an upturn in the housing construction market. Now, due to the housing market recovery and the need for Huber to meet the growing demand of the specialty engineered wood product market, J.M. Huber decided to re-commission the Spring City manufacturing plant.

Huber has committed to create 141 new jobs and make a \$54,900,000 capital investment within five years. The company will have an average wage of \$22.81 per hour for the new positions.

FastTrack Economic Development funds will be used for facility and fixture improvements in the re-opening of operations in Spring City. **(\$1,500,000)**

**Total FastTrack funds for this project - \$1,500,000**

#### **4. General Motors LLC – Spring Hill (Maury County)**

General Motors LLC (GM), is an American multinational corporation headquartered in Detroit, Michigan, that designs, manufactures, markets, and distributes vehicles and vehicle parts and sells financial services.

The Spring Hill site is a flexible vehicle assembly plant currently producing the Cadillac XT5 and the GMC Acadia, as well 4-cylinder engines and stampings used in several GM vehicles. GM Spring Hill is the only combined plant in the GM footprint that does stamping, paint, engine, injection molding, and assembly. The expansion will implement a new high efficiency engine program and modernize the vehicle program.

GM has committed to create 1,048 new jobs and make a \$1,020,000,000 capital investment within five years. The company will have an average wage of \$27.00 per hour for the new positions.

FastTrack Job Training Assistance Program funds will be used to train the new workforce needed for the expansion. **(\$6,000,000)**

**Total FastTrack funds for this project - \$6,000,000**



## Department of Economic and Community Development

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Randy Boyd  
Commissioner

Bill Haslam  
Governor

### **5. Forward Air Corporation – Greeneville (Greene County)**

Forward Air Corporation is a B2B logistics company operating nationally and globally. Founded originally as Landair Transport in 1981, Forward Air is a leader in transportation and logistics. The company has grown exponentially since its start and has expanded its services to include an array of logistics services. Forward Air operates through four principle business segments: Expedited LTL, Expedited Truckload (TLX), Intermodal, and Pool Distribution. The company is the 35th largest for-hire carrier in the U.S.

Forward Air is going to lease approximately 50,000 sq. ft. in a former manufacturing facility, which will allow the company to continue to grow in this location. With this expansion, the company would move the majority of its front office global service operations to the new facility.

Forward Air has committed to create 105 new jobs and make a \$4,298,250 capital investment within five years. The company will have an average wage of \$25.18 per hour for the new positions.

FastTrack Economic Development funds will be used for building and fixture improvements at the site to assist with the consolidation of operations in Greeneville. **(\$1,155,000)**

**Total FastTrack funds for this project - \$1,155,000**

### **6. Ryder Integrated Logistics, Inc. – Jackson (Madison County)**

Ryder Integrated Logistics, Inc. (Ryder), as a leading provider of integrated logistics, takes a differentiated approach based on deep industry knowledge to give businesses a competitive edge. By combining their warehouse, distribution, and transportation capabilities, Ryder provides their customers with end-to-end visibility of their operation while reducing costs.

In January 2016, Ryder Integrated Logistics began operations in a new 1.2 million-square-foot facility where they package all of the finished goods from a major Jackson manufacturer.

Ryder has committed to create 109 new jobs and no additional capital investment with an average wage of \$12.58 per hour for the new positions.



## Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

FastTrack Job Training Assistance Program funds will be used to train the new workforce needed for the expansion. **(\$54,500)**

**Total FastTrack funds for this project - \$54,500**

### **7. Resolute Forest Products US Inc. – Calhoun (McMinn County)**

Resolute Forest Products (Resolute) makes newsprint, commercial printing paper, mechanical paper, pulp, and wood products. Resolute relies on 20 pulp and paper mills and 20 wood products plants in Canada, South Korea, and the U.S. to distribute its products to about 80 countries; it is one of the world's largest recyclers of newspapers and magazines. Resolute owns or has cutting rights to more than 40,000,000 acres of forestland in North America and has power generation assets in Canada. Markets for Resolute's products outside the U.S. include the U.K., Canada, Brazil, Mexico, Italy, and South Korea.

The company built a new, state-of-the-art facility to manufacture approximately 60,000 metric tons per year of at-home, premium bath tissue and towel, focused on the growing private label market. The company's tissue paper machine and converting operations will be built at the Calhoun mill. Construction on the tissue project began in early June 2015 with production planned to begin in the first quarter of 2017.

This is an amendment to the Resolute expansion State Funding Board approved on August 12, 2015 for a \$787,500 FastTrack Job Training Assistance grant. At that time, Resolute had committed to create 105 new jobs and make a capital investment of \$270,000,000.

At this time, Resolute is committing to create an additional 28 new jobs and no additional capital investment within five years. The company will have an average wage of \$32.96 per hour for the new positions.

FastTrack Job Training Assistance Program funds will be used to train the new workforce needed for the expansion. **(\$210,000)** This will increase the total FastTrack award to \$997,500.

**Total FastTrack funds for this project - \$210,000**



## Department of Economic and Community Development

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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 read "Randy Boyd", with a large flourish extending to the right.

Randy Boyd

RB:js

### State Funding Board FastTrack Checklist

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

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

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE			
TRAINING*			
ECONOMIC DEVELOPMENT	Industrial Development Board of Knox County	\$1,000,000	
<b>TOTAL</b>		<b>\$1,000,000</b>	

(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): HTS International Corporation

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

**GENERAL STATUTORY COMPLIANCE**

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

**Identify which of the following apply:**

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

**Applicant must answer "Yes" to a or b.**

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



**TRAINING**

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

**INFRASTRUCTURE**

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

**Applicant must answer "Yes" to a or b.**

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

**ECONOMIC DEVELOPMENT**

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

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

  
\_\_\_\_\_  
Commissioner of Economic and Community Development

11-28-14  
Date



Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

November 21, 2016

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that HTS International Corporation intends, in good faith, to create 200 private sector jobs and make a capital investment of \$21,400,000 in exchange for incentives that will be memorialized in a grant agreement between HTS International Corporation and the State of Tennessee.

**ECD OFFER SUMMARY**

FastTrack Economic Development Grant:	\$ 1,000,000
<b>Total ECD Commitment:</b>	<b>\$ 1,000,000</b>

Please sign your name in the space below to signify HTS International Corporation's acceptance of ECD's offer set forth above and return it by February 21, 2107 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: \_\_\_\_\_

*William Sams*  
(Authorized Representative of Company)

Date: Nov. 28, 2016



## Department of Economic and Community Development

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Randy Boyd  
Commissioner

Bill Haslam  
Governor

November 29, 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 a FastTrack Economic Development Grant to the Industrial Development Board of Knox County for the benefit of HTS International Corporation (HTS IC) in the amount of \$1,000,000 to offset the costs HTS IC will incur in new construction of the manufacturing 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 number of high wage jobs and significant capital investment. HTS IC has committed to create 200 new jobs and make a \$21,400,000 capital investment within five years. The company will have an average wage of \$23.20 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	<b>Industrial Development Board of Metro Nashville and Davidson County</b>	<b>\$1,000,000</b>	
<b>TOTAL</b>		<b>\$1,000,000</b>	

(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): Warner Music 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

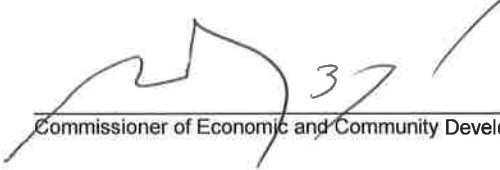
**Applicant must answer "Yes" to a or b.**

- 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

11-28-16  
Date



Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

November 22, 2016

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that Warner Music Inc. intends, in good faith, to create 175 private sector jobs and make a capital investment of \$30,000,000 in exchange for incentives that will be memorialized in a grant agreement between Warner Music Inc. and the State of Tennessee.

**ECD OFFER SUMMARY**

FastTrack Economic Development Grant:	\$ 1,000,000
<b>Total ECD Commitment:</b>	<b>\$ 1,000,000</b>

Please sign your name in the space below to signify Warner Music Inc.'s acceptance of ECD's offer set forth above and return it by November 23, 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: Jonathan Vardi  
(Authorized Representative of Company)

Date: 11/23/16



## Department of Economic and Community Development

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Randy Boyd  
Commissioner

Bill Haslam  
Governor

November 29, 2016

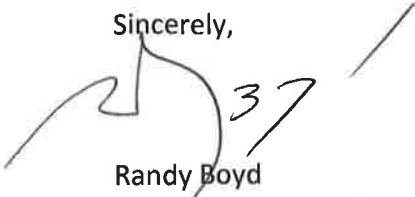
Comptroller Justin Wilson  
First Floor, State Capitol  
Nashville, TN 37243

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 a FastTrack Economic Development Grant to the Industrial Development Board of Metro Nashville and Davidson County for the benefit of Warner Music Inc. (Warner) in the amount of \$1,000,000 to offset the costs Warner will incur for building improvements, fixture improvements and relocation of equipment for the company's new location of their back office operation. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of high wage jobs and significant capital investment. Warner has committed to create 175 new jobs and to make a \$30,000,000 capital investment within five years. The company will have an average wage of \$27.88 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	The Industrial Development Board of Rhea County, Tennessee	\$1,500,000	
<b>TOTAL</b>		<b>\$1,500,000</b>	

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

#### Identify which of the following apply:

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

#### Applicant must answer "Yes" to a or b.

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



**TRAINING**

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

**INFRASTRUCTURE**

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

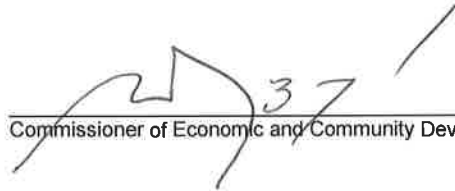
**Applicant must answer "Yes" to a or b.**

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

**ECONOMIC DEVELOPMENT**

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

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

  
\_\_\_\_\_  
Commissioner of Economic and Community Development

11-28-16  
\_\_\_\_\_  
Date



Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

November 21, 2016

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that Huber Engineered Woods LLC intends, in good faith, to create 141 private sector jobs and make a capital investment of \$54,900,000 in exchange for incentives that will be memorialized in a grant agreement between Huber Engineered Woods LLC and the State of Tennessee.

**ECD OFFER SUMMARY**

FastTrack Economic Development Grant:	\$ 1,500,000
<b>Total ECD Commitment:</b>	<b>\$ 1,500,000</b>

Please sign your name in the space below to signify Huber Engineered Woods LLC's acceptance of ECD's offer set forth above and return it by February 21, 2017 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: [Handwritten Signature]  
(Authorized Representative of Company)

Date: 11/22/16



## Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

November 29, 2016

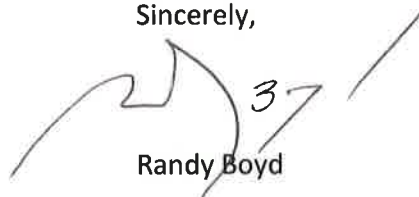
Comptroller Justin Wilson  
First Floor, State Capitol  
Nashville, TN 37243

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 a FastTrack Economic Development Grant to the Industrial Development Board of Rhea County, Tennessee for the benefit of Huber Engineered Woods LLC (Huber) in the amount of \$1,500,000 to offset the costs Huber will incur for facility and fixture improvements in efforts to reopen their operations in Spring City. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of high wage jobs and significant capital investment. Huber has committed to create 141 new jobs and to make a \$54,900,000 capital investment within five years. The company will have an average wage of \$22.81 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 stylized flourish and a small number "3" written next to it.

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*	General Motors LLC	\$6,000,000	
ECONOMIC DEVELOPMENT			
TOTAL			

(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): \_\_\_\_\_ **General Motors 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

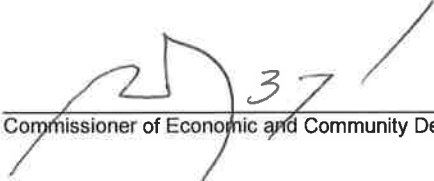
**Applicant must answer "Yes" to a or b.**

- 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

11-28-16  
Date



Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

November 9, 2016

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that General Motors LLC (GM) intends, in good faith, to create 1,048 private sector jobs and make a capital investment of \$1,020,000,000 in exchange for incentives that will be memorialized in a grant agreement between GM and the State of Tennessee.

**ECD OFFER SUMMARY**

FastTrack Job Training Assistance Program:	\$ 6,000,000
<b>Total ECD Commitment:</b>	<b>\$ 6,000,000</b>

Please sign your name in the space below to signify GM's acceptance of ECD's offer set forth above and return it by November 17, 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: 11/17/2016

## 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	<b>Greene County Government</b>	<b>\$1,155,000</b>	
<b>TOTAL</b>		<b>\$1,155,000</b>	

(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): Forward Air 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

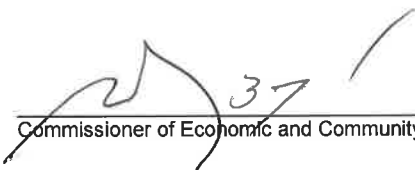
**Applicant must answer "Yes" to a or b.**

- 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

11-28-16  
Date





Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

November 17, 2016

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that Forward Air Corporation intends, in good faith, to create 105 private sector jobs and make a capital investment of \$4,298,250 in exchange for incentives that will be memorialized in a grant agreement between Forward Air Corporation and the State of Tennessee.

**ECD OFFER SUMMARY**

FastTrack Economic Development:	\$ 1,155,000
<b>Total ECD Commitment:</b>	<b>\$ 1,155,000</b>

Please sign your name in the space below to signify Forward Air Corporation's acceptance of ECD's offer set forth above and return it by February 17, 2017 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: 

Date: November 18, 2016

(Authorized Representative of Company)



## Department of Economic and Community Development

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Randy Boyd  
Commissioner

Bill Haslam  
Governor

November 29, 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 a FastTrack Economic Development Grant to the Greene County Government for the benefit of Forward Air Corporation (Forward Air) in the amount of \$1,155,000 to offset the costs Forward Air will incur in building and fixture improvements. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of high wage jobs and significant capital investment. Forward Air has committed to create new 105 jobs and to make a \$4,298,250 capital investment within five years. The company will have an average wage of \$25.18 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 stylized flourish and the number "37" written next to it.

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*	Ryder Integrated Logistics, Inc.	\$54,500	
ECONOMIC DEVELOPMENT			
<b>TOTAL</b>		<b>\$54,500</b>	

(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): Ryder Integrated Logistics, Inc.

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

### GENERAL STATUTORY COMPLIANCE

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

#### **Identify which of the following apply:**

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
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- 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

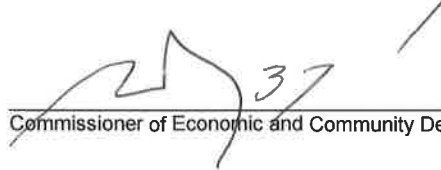
**Applicant must answer "Yes" to a or b.**

- 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

11-28-16  
\_\_\_\_\_  
Date



Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

September 23, 2016

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that Ryder Integrated Logistics, Inc. intends, in good faith, to create 109 private sector jobs in exchange for incentives that will be memorialized in a grant agreement between Ryder Integrated Logistics, Inc. and the State of Tennessee.

**ECD OFFER SUMMARY**

FastTrack Job Training Grant:	\$ 54,500
<b>Total ECD Commitment:</b>	<b>\$ 54,500</b>

Please sign your name in the space below to signify Ryder Integrated Logistics, Inc.'s acceptance of ECD's offer set forth above and return it by December 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: *[Signature]*  
(Authorized Representative of Company)

Date: 10/3/2016

7

### 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*	Resolute Forest Products US Inc.	\$210,000	
ECONOMIC DEVELOPMENT			
<b>TOTAL</b>		<b>\$210,000</b>	

(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): \_\_\_\_\_ **Resolute Forest Products US 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
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- 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

11-28-16  
\_\_\_\_\_  
Date



Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

November 21, 2016

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Resolute Forest Products US Inc. intends, in good faith, to create 133 private sector jobs and make a capital investment of \$270,000,000 in exchange for incentives that will be memorialized in a grant agreement between Resolute Forest Products US Inc. and the State of Tennessee.

ECD OFFER SUMMARY

FastTrack Job Training Grant:	\$ 997,500
<b>Total ECD Commitment:</b>	<b>\$ 997,500</b>

Please sign your name in the space below to signify Resolute Forest Products US Inc.'s acceptance of ECD's offer set forth above and return it by February 21, 2017 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: [Signature]  
(Authorized Representative of Company)

Date: 11/21/16



**Tennessee State Veterans Homes Board  
Presentation to State Funding Board  
November 29, 2016**

Financial Summary July 2016 through October 2016

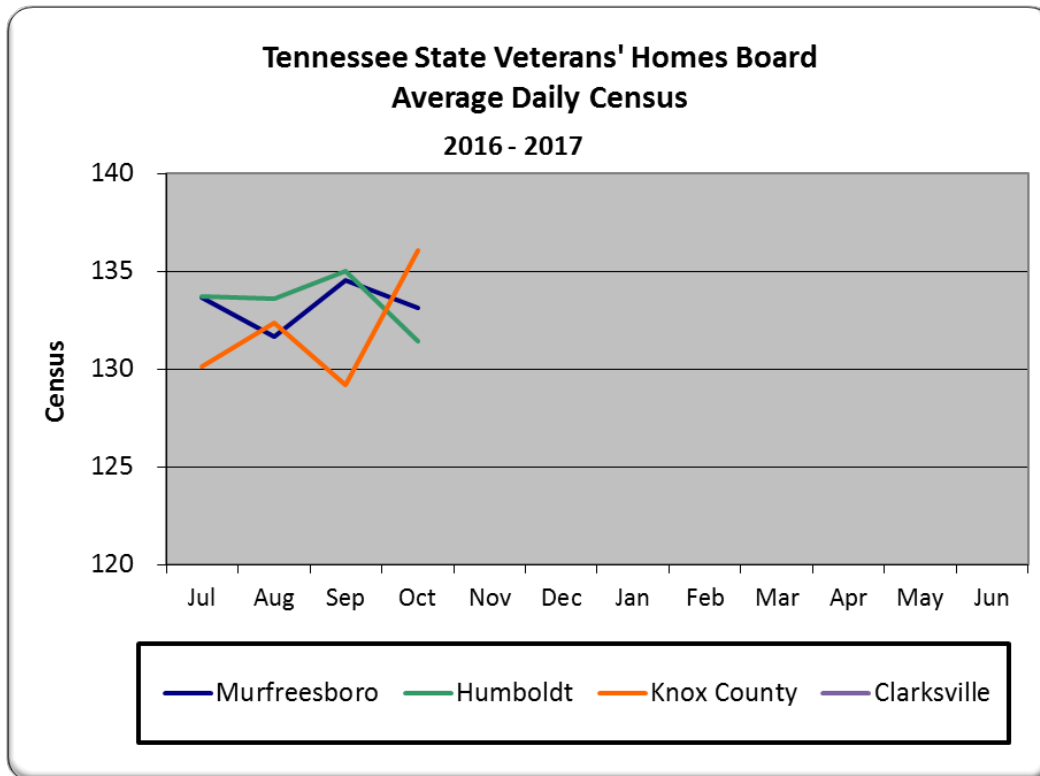
**Year to Date Summary of Financial Operations**

The financial summary covers year-to-date operations through October 2016 for home office and facilities.

<u>Year-to-Date</u>	<u>Home Office</u>	<u>Murfreesboro</u>	<u>Humboldt</u>	<u>Knox County</u>	<u>Before Clarksville</u>	<u>Clarksville</u>	<u>Total</u>
<b>Actual</b>	\$ (192)	\$ 478,375	\$ (70,793)	\$ 260,375	\$ 667,765	\$ (927,713)	\$ (259,948)
<b>Budget</b>	\$ (84,492)	\$ (10,777)	\$ 38,465	\$ 86,650	\$ 29,846	\$ (1,663,463)	\$ (1,633,617)
<b>Difference</b>	<b>\$ 84,300</b>	<b>\$ 489,152</b>	<b>\$ (109,258)</b>	<b>\$ 173,725</b>	<b>\$ 637,919</b>	<b>\$ 735,750</b>	<b>\$ 1,373,669</b>

Net income reported for Murfreesboro, Humboldt and Knox County is more than budget and is the result of patient mix and census. The Clarksville is still in the start-up stage. Three (3) of the nine (9) houses are at capacity.

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



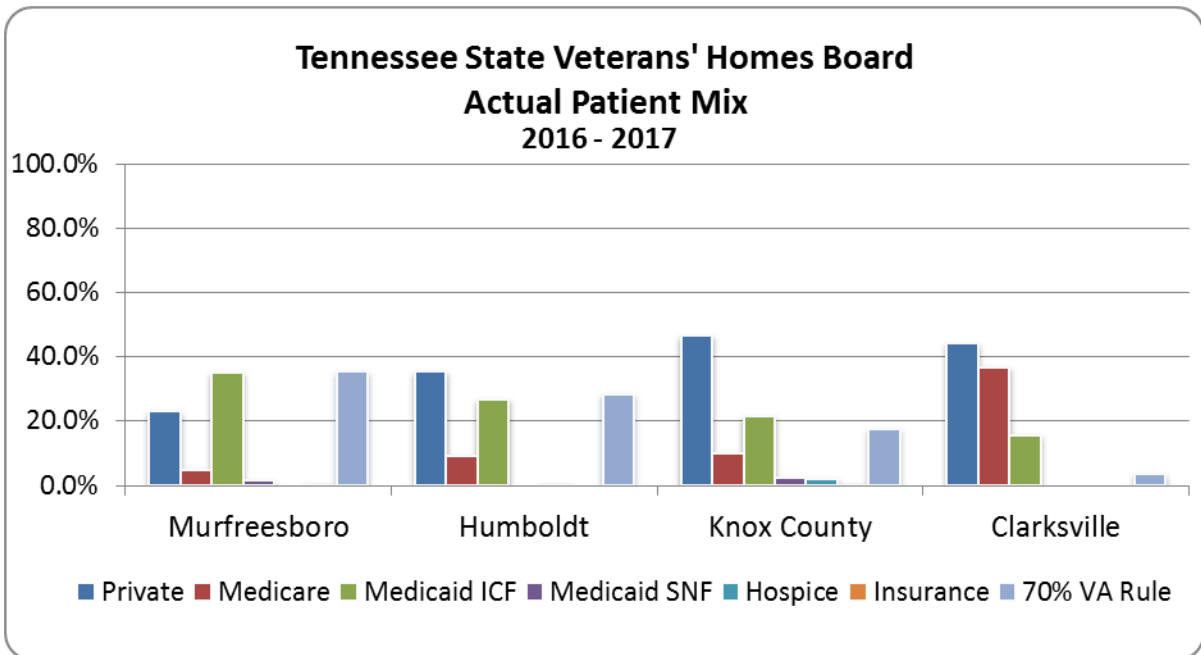
**Tennessee State Veterans Homes Board  
Presentation to State Funding Board  
November 29, 2016**

For the month of October 2016, each facility is reporting the following average daily census (ADC) and occupancy information:

<u>Facility</u>	<u>ADC</u>	<u>Occupancy</u>
Murfreesboro	135	96.1%
Humboldt	135	96.4%
Knox County	129	92.3%
Clarksville	21	19.6%

The occupancy rate at the three established facilities exceeds the state occupancy rate of 77.7%.

Patient mix is a key factor and drives revenues for the homes. Patient mix year to date at October 31, 2016 is shown below.



**Tennessee State Veterans Homes Board  
Presentation to State Funding Board  
November 29, 2016**

**LGIP Funds**

Per State law, all funds of the Board are to be held at the Local Government Investment Pool (LGIP). As of October 31, 2016, cash balances at LGIP for the facilities and home office are as follows:

<u>LGIP Funds</u>	<u>Home Office</u>	<u>Murfreesboro</u>	<u>Humboldt</u>	<u>Knox County</u>	<u>Total</u>
Revenue Fund	\$ 4,379,597				\$ 4,379,597
Repair & Replacement		754,994	760,390	757,926	2,273,310
Debt Service Fund		211,699	242,805		454,504
Operating Reserve	5,446,747				5,446,747
Technology	665,292				665,292
Special Funds	-				-
Contributions	41,030				41,030
<b>Total</b>	<b>\$ 10,532,667</b>	<b>\$ 966,693</b>	<b>\$1,003,195</b>	<b>\$ 757,926</b>	<b>\$13,260,480</b>

**Future Development**

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

Currently there is one TSVH project under construction and one pending VA funding approval.

- Clarksville-Montgomery County is currently substantially completed at 250 Arrowood Drive in Clarksville, TN. This is a 108 bed intermediate and skilled care nursing facility that opened December 2015.
- An application for federal funding has been submitted for a 108 bed intermediate and skilled care nursing facility in Cleveland-Bradley County. This project is currently in design phase.
- Shelby County has been approved for consideration; to date no part of the state-shared portion of construction costs have been raised. Facility size is expected to be 144 beds. Purchase of property for this project is currently in progress. The property is part of the State of Tennessee Department of Intellectual and Developmental Disabilities located in Arlington, Shelby County.
- Sullivan County has begun the process for developing a State Veterans' Home. A steering committee has formed.

**CLARKSVILLE**

A fourth home was constructed for the Clarksville-Montgomery County area. The ground breaking at 250 Arrowood Drive in Clarksville was May 17, 2013. The first residents were admitted in December 2015. The budget includes start-up expenses and revenue is projected based on 12 months to achieve 95% occupancy rate.

The Tennessee General Assembly has appropriated \$10.8 million (\$6.5 million in bonds and \$4.3 million cash) for the State's portion of the cost of construction. TSVHB is responsible for

**Tennessee State Veterans Homes Board  
Presentation to State Funding Board  
November 29, 2016**

debt payments on \$2 million of the \$10.8 million. Interest and principal payments commenced in April 2013. In addition, Montgomery County and the city of Clarksville each appropriated \$750,000 to assist in the State's portion of the cost of a home in their community.

#### State Audit

Audit for Fiscal Year Ended June 30, 2015

State Audit concluded field work for the audit of fiscal year June 30, 2015 in May 2016. Management has been informed there would be two audit findings; one is a repeat finding and the other is related to accounting of construction project.

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

#### Performance Audit

On December 3, 2014, Performance Audit issued its report on the operational efficiency and effectiveness of the Board. Although improvement was noted the report includes findings in three areas as follows:

- Disaster plans
- Turnover
- Title VI.

Procedures have been implemented to eliminate the turnover finding. Turnover data will be generated by HR Directors and presented at TSVH Board meetings. Turnover patterns and/or clusters are identified to allow for mitigation.

The Disaster Plan has been revised into a Comprehensive Emergency Management Plan. This allows for a more robust response to disaster situations. The CEMP, which has been implemented in all three homes, has been reviewed and approved by the local emergency planning authorities in each of the homes' communities. The recommendations noted by Performance Audit were incorporated in the CEMP by June 30, 2015.

A written policy providing guidelines on the Title VI contract monitoring process was reviewed and approved by the board at the January 2015 board meeting. The policy includes procedures and a deadline for receiving Title VI self-surveys.

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

**Tennessee State Veterans Homes Board  
Presentation to State Funding Board  
November 29, 2016**

Regulatory Compliance

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

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

Health Inspections

Staffing

Quality Measures

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

The Tennessee Department of Health has conducted its annual survey of each facility.

The Knoxville survey was completed in March 2016. This survey had four minor clinical deficiencies which did not compromise patient care. They included:

1. Failure to follow Careplan/Care Supervision (2 separate cites) related to a single incident - CNA doing an improper transfer with a lift in April of 2015.
2. A scoop was left in a sugar bin in the kitchen.
3. Wound care nurse used improper glove technique.

The TSVH home in Humboldt had their survey in January 2016. This survey had one dietary deficiency involving use of hair nets.

The Murfreesboro survey was completed in August 2016. This survey was clinically deficiency free.

The Clarksville facility had its initial state licensure survey in October 2015. There were no operational citations. It had its CMS certification survey in May 2016. It was deficiency free and the facility is certified for Medicare and Medicaid. The VA Recognition survey was completed and passed in October 2016

The average number of health deficiencies cited in Tennessee's long term care facilities standard survey process is 5.0 and nationally at 7.

The Department of Veterans Affairs conducted annual operational and clinical reviews in January 2016 (Humboldt), March 2016 (Knoxville), and June 2016 (Murfreesboro). All of the homes received a perfect score.

**Tennessee State Veterans Homes Board  
Presentation to State Funding Board  
November 29, 2016**

Executive Committee

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

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

**State of Tennessee**  
**General Obligation Commercial Paper Program**

**Analysis for the period July 1, 2016 to October 31, 2016**

	<u><b>Taxable</b></u>	<u><b>Tax-Exempt</b></u>	<u><b>Total</b></u>
Average Daily Balance <sup>1</sup>	\$23,984,951	\$181,073,976	\$205,058,927
Outstanding Balance at 10/31/16	\$23,063,000	\$ 96,697,000	\$119,760,000
Interest Rate <sup>1</sup>	0.45 - 0.70%	0.45 - 0.92%	
Wtd. Average Yield <sup>1</sup>	0.53%	0.62%	

<sup>1</sup> For the period July 1, 2016 to October 31, 2016

**State of Tennessee**  
**General Obligation Commercial Paper Program**

**Analysis for the period July 1, 2015 to June 30, 2016**

	<u><b>Tax -Exempt</b></u>	<u><b>Taxable</b></u>
Average Daily Balance	\$224,189,038	\$24,948,792
Interest Rate	0.02 - 0.56%	0.10-0.50%
Weighted Average Yield	0.17%	0.32%

**Expenses for FY16**

Commercial Paper Interest	\$ 466,121
Standby Purchase Agreement Fee	\$1,050,000
Dealer Services Fee	\$ 118,461
Issuing & Paying Agent Fee	\$ 3,500



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

A Declaration of Trust made as of the 27th day of October, 20 16, by Rockwood Electric Utility hereinafter referred to as the "Employer"). This Trust shall come into existence when the Tennessee State Funding Board created pursuant to Tennessee Code Annotated, Section 9-9-101 has approved the same.

**RECITALS**

**WHEREAS**, the Governmental Accounting Standards Board issued Statements 43 and 45, which set forth standards on accounting and reporting for post employment benefits (other than pensions) by governmental entities; and

**WHEREAS**, these new standards will require political subdivisions of the State of Tennessee to report such post employment benefits on an actuarial basis during an employee's career rather than on a pay-as-you-go basis during retirement; and

**WHEREAS**, the Tennessee General Assembly enacted Chapter 771 of the Tennessee Public Acts of 2006 that authorized Tennessee political subdivisions that offer other post employment benefits to create an investment trust whereby the political subdivisions may begin financing those benefits in advance; and

**WHEREAS**, the Employer is a political subdivision of the State of Tennessee that is exempt from federal income tax under the Internal Revenue Code of 1986, as amended from time to time, and whose chief governing body has passed a resolution authorizing the establishment of this investment trust for the exclusive purpose of funding other post employment benefits accrued by employees of the Employer, to be paid as they come due in accordance with the arrangements between the Employer, the Participants and their Beneficiaries, as such terms are defined in Section 1.1 below.

**NOW, THEREFORE**, in consideration of the premises, the Employer does hereby establish this Trust to be known as the **Rockwood Electric Utility Post-Employment Benefits Trust**.

**ARTICLE I  
DEFINITIONS**

- 1.1. Definitions. For purposes of this Declaration of Trust, the following terms shall have the respective meanings set forth below unless otherwise expressly provided.
- (a) "Beneficiary" means the Spouse, Dependents, or the person or persons designated by a Participant pursuant to the terms of a post employment benefits plan to receive any benefits payable under the plan.
  - (b) "Board" means the board of trustees created pursuant to Section 5.1 of this Trust.
  - (c) "Dependent" means an individual who is a person described in Section 152(a) of the Internal Revenue Code of 1986, as may be amended from time to time.
  - (d) "Trustee" means Commercial Bank and Trust, and its successors and assigns, or such other entity as may be appointed by the Committee to provide trust services pursuant to Section 6.1(b) of this Trust.
  - (e) "Employee" means an individual who performs services for the Employer, and who has been designated as eligible to participate in, and receive benefits under a post employment benefits plan.
  - (f) "Other post employment benefits" ("OPEB") or "post employment benefits" means non-pension benefits paid on behalf of a former Employee or a former Employee's Beneficiary after separation from service. Such benefits may include, but shall not be limited to, medical, prescription drugs, dental, vision, hearing, Medicare Part B or Part D premiums, life insurance, long-term care, and long-term disability.
  - (g) "Participant" means an Employee of the Employer who satisfies the requirements for participation in a post employment benefits plan sponsored by the Employer.
  - (h) "Spouse" means the Participant's lawful spouse as determined under the laws of the State of Tennessee.
  - (i) "State Funding Board" or "Funding Board" means the board created pursuant to Tennessee Code Annotated, Section 9-9-101.

**ARTICLE II  
PURPOSE AND SCOPE OF TRUST**

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

**ARTICLE III  
TRUST ASSETS**

- 3.1 This Trust shall consist of all contributions paid or otherwise delivered to it, and all investment income and realized and unrealized gains and losses.

**ARTICLE IV  
TRUST CONDITIONS**

- 4.1 This Trust shall be irrevocable, and the assets of this Trust shall be preserved, invested and expended solely pursuant to and for the purposes of this Declaration of Trust and shall not be loaned or otherwise transferred or used for any other purpose. The assets of the Trust shall be expended solely to:
- (a) Make payments for other post employment benefits pursuant to and in accordance with terms of the post employment benefits plan; and
  - (b) Pay the cost of administering this Trust.
- 4.2 This Trust shall have the powers, privileges and immunities of a corporation; and all of its business shall be transacted, all of its funds invested, and all of its cash and securities and other property held in trust for the purpose for which received.
- 4.3 All assets, income and distributions of the Trust shall be protected against the claims of creditors of the Employer, Employees, Former Employees, Participants or their Beneficiaries, and shall not be subject to execution, attachment, garnishment, the operation of bankruptcy, the insolvency laws or other process whatsoever, nor shall any assignment thereof be enforceable in any court.

**ARTICLE V  
BOARD OF TRUSTEES**

- 5.1 The general administration and responsibility for the proper operation of this Trust shall be governed by a board of trustees (hereinafter the "Board"). The Board shall consist of members as follows:
- (a) Chairman of the Board
  - (b) Secretary/Treasurer
  - (c) Board Member
  - (d) Board Member
  - (e) Board Member
  - (e) General Manager
  - (e) Assistant General Manager
  - (f) Manager of Accounting and Administrative Services
- 5.2 The Board shall annually elect from its membership a chair and a vice chair and shall designate a secretary who need not be a member of the Board. Written minutes covering all meetings and actions of the Board shall be prepared by the secretary and shall be kept on file, open to public inspection pursuant to the provisions of Tennessee Code Annotated, Title 10, Chapter 7.
- 5.3 Members of the Board shall serve without compensation but shall receive reasonable reimbursement for actual and necessary travel expenses in accordance with the Employer's travel regulations.
- 5.4 A majority of the voting members of the Board serving shall constitute a quorum for the transaction of business at a meeting of the Board. Voting upon action taken by the Board shall be conducted by a majority vote of the voting members present at the meeting of the Board. The Board shall meet at the call of the chair, or upon the call of a majority of the members, and as may be otherwise provided in any operating policies or procedures adopted by the Board.
- 5.5 The business of the Board shall be conducted at meetings of the Board held in compliance with Tennessee Code Annotated, Title 8, Chapter 44.

**ARTICLE VI  
POWERS AND DUTIES OF THE BOARD**

- 6.1 In addition to the powers granted by any other provisions of this Trust, the Board shall have the powers necessary or convenient to carry out the purposes and objectives of this Trust including, but not limited to, the following express powers:
- (a) Invest any funds of the Trust in any instrument, obligation,

security, or property that constitutes legal investments for assets of the Trust as described in applicable law, including without limitation Tennessee Code Annotated, Section 8-50-1201, et seq., as amended from time to time, including the use of mutual funds, commingled investment funds or collective investment trusts, institutional accounts, or master trusts, provided that any such investment is authorized in the investment policy adopted, and from time to time amended, by the chief governing body of the Employer.

- (b) Contract for the provision of all or any part of the services necessary for the management and operation of the Trust, including, but not limited to, trust and custody services and investment management services;
- (c) Contract with financial consultants, auditors, and other consultants as necessary to carry out its responsibilities under the provisions of this Trust;
- (d) At the Board's sole discretion, contract with an actuary or actuaries for the benefit of the Employer in determining the level of funding necessary by the Employer to fund the other post employment benefits offered by the post employment benefits plan;
- (e) Prepare annual financial reports, including audited financial statements, following the close of each fiscal year relative to the activities of the Trust. Such statements and reports shall contain such information as shall be prescribed by the Board and be prepared in accordance with the standards established by the Governmental Accounting Standards Board; and
- (f) Upon the request of the State Funding Board, file the annual report and financial statements with the secretary of the State Funding Board. The report and statements shall be filed with the secretary of the Board within ninety (90) calendar days from the date of the request, unless the secretary extends such time in writing.

## **ARTICLE VII POWERS AND DUTIES OF THE TRUSTEE**

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

to the post employment benefits plan. The duties and obligations shall be limited to those expressly imposed upon it by this Trust.

### **ARTICLE VIII INVESTMENTS**

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

### **ARTICLE IX EMPLOYER CONTRIBUTIONS TO TRUST**

- 9.1 Notwithstanding Section 6.1(d) above, it shall be the sole and exclusive responsibility of the Employer to determine the level of contributions the Employer will make to the Trust for the purpose of financing the post

employment benefits accrued by its respective Employees. Neither the Trust, nor the Board, shall be responsible for collecting or otherwise determining the level of contributions needed by the Employer to finance any post employment benefits offered by the Employer.

**ARTICLE X  
WITHDRAWALS FOR PAYMENT OF  
OTHER POST EMPLOYMENT BENEFITS**

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

**ARTICLE XI  
BOOKS AND RECORDS**

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

**ARTICLE XII  
AMENDMENT**

- 11.1 The Employer shall have the right at any time and from time to time to amend, in whole or in part, any or all of the provisions of this Trust; however, no such

amendment shall authorize or permit the assets of the Trust (other than such part as may be used to pay the expenses of administering the Trust) to be used for or diverted to purposes other than those expressed in this Declaration of Trust. Any such amendment shall not be effective until approved by resolution of the chief governing body of the Employer, and by the State Funding Board.

### **ARTICLE XIII PLAN TERMINATION OR MODIFICATION**

- 13.1 In the event the other post-employment benefits plan is terminated or substantially modified rendering the assets of this Trust to be unnecessary to fund the plan, the assets shall be distributed pursuant to Section 13.2 below.
- 13.2 (a) If the plan is terminated, the Employees and former Employees who have met all the conditions for other post-employment benefits as set out in the plan document in existence immediately preceding plan termination (including any deceased Employee or former Employee's surviving Beneficiaries) shall be vested in a proportionate share of the accumulated assets based on the present value of the plan benefit in existence immediately preceding plan termination as determined by an independent consulting actuary.
- (b) If a substantial plan modification is adopted that because a reduction of benefits or eligibility results in the plan moving from a funded status of less than seventy-five percent (75%) to an over-funded status of at least one hundred fifty percent (150%) and continues in such over-funded level for two (2) consecutive actuarial valuations, then such action shall be considered a plan termination and the excess assets shall be distributed in the same manner as in subsection (a) above.
- 13.3 Actuarial valuations contemplated by this Article shall be performed by the plan's independent consulting actuary in accordance with actuarial methods recognized by the Governmental Accounting Standards Board for other post-employment benefits.

### **ARTICLE XIV PARTICIPANT OR BENEFICIARY CONTRIBUTIONS TO TRUST**

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



earnings or interest thereon. Notwithstanding Article XIII or any other provision of this Trust to the contrary, a Participant or Beneficiary shall be vested in the amount recorded to that Participant's or Beneficiary's account.

**ARTICLE XV  
PROTECTIVE CLAUSE**

- 15.1 Neither the Employer, the Board, nor the Trust shall be responsible for the validity of any contract of insurance or other arrangement maintained in connection with the post employment benefits plan, or for the failure on the part of the insurer or provider to make payments provided by such contract, or for the action of any person which may delay payment or render a contract void or unenforceable in whole or in part.

**ARTICLE XVI  
CONSTRUCTION**

- 16.1 This Trust created herein shall be governed by and construed in accordance with the laws of the State of Tennessee.
- 16.2 If any terms and conditions of this Trust are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Trust shall not be affected thereby and shall be construed to effectuate the purpose of this Trust.

**[The next and last page is the signature page]**

**EMPLOYER:**

By: Don White

Name: Don White  
Title: Clerk of Chief Governing Body

**BOARD OF TRUSTEES:**

<u>Lee Fisher</u>	<u>Don Laeyne</u>
<u>Jimmy Davis</u>	<u>Kendall Bem</u>
<u>Harold W. Holloway</u>	<u>Maucka O'Keefe</u>
<u>Don White</u>	<u>Janice K. Bardell</u>

**TRUSTEE:**

Ed M. Walker, as VP&T

**APPROVED:**

\_\_\_\_\_  
Chair of State Funding Board

\_\_\_\_\_  
Date