Jason E. Mumpower
Comptroller

TENNESSEE STATE FUNDING BOARD
JUNE 15, 2021
AGENDA

1. Call meeting to order

2. Consideration for approval of minutes from the May 24, 2021, meeting

3. Presentation and consideration for approval of the Tennessee Housing Development Agency's Schedule of Financing for Fiscal Year 2021-2022

4. Report from the Department of Economic and Community Development for approval of funding for the following FastTrack projects:

   - **Ultium Cells LLC – Spring Hill (Maury Co.)**
     FastTrack Economic Development Grant $60,000,000

   - **Hardwood Products Company LP (Puritan Medical Products LLC) – Orlinda (Robertson Co.)**
     FastTrack Economic Development Grant $ 4,750,000

   - **Advanex Americas, Inc. – White House (Robertson Co.)**
     FastTrack Economic Development Grant $ 1,000,000

5. Consideration for approval of the Resolution certifying Special Revenues as required by Section 9-9-104(b), Tennessee Code Annotated

6. Consideration and acceptance of Tennessee Consolidated Retirement System (TCRS) affirmation of Standby Commercial Paper Purchase Agreement

7. Consideration and approval of a "Resolution Allocating Funds to Defray a Portion of the Cost of Highway Bridge Construction Projects and to Cancel Authorized Bonds"

8. Consideration and approval of Tennessee Budget Manual and Debt Manual for Local Governments

9. Report from the Comptroller's Office on requests for approval of plans of balloon indebtedness

10. Report from the Comptroller's Office on emergency financial aid to local governments pursuant to TCA 9-13-210

11. Adjourn

TENNESSEE STATE FUNDING BOARD
May 24, 2021

The Tennessee State Funding Board (the "Board") met on Monday, May 24, 2021, at 2:25 p.m., via in the Tennessee State Capitol, Executive Conference Room, Ground Floor, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also physically present:

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

The following member was absent:

The Honorable Bill Lee, Governor

Having established that a physical quorum was present, Mr. Mumpower called the meeting to order and presented the minutes from the meeting held on April 20, 2021, for consideration and approval. Mr. Hargett made a motion to approve the minutes, and Mr. Lillard seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. Bob Rolfe, Commissioner of the Tennessee Department of Economic and Community Development ("ECD"), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Assistant Commissioner of Administration, ECD, to present the "FastTrack Report to State Funding Board" (the "Report"). Mr. VanderMeer reported that, as of the date of the April 20, 2021, Board meeting, the FastTrack balance was $221,902,293.83. Since that time $95,149,162.37 in new appropriations had been received, which consisted of $149,162.37 in interest penalty on a claw back provision and $95,000,000 in supplemental appropriations for two new upcoming projects; $770,000 in funds had been deobligated; $5,991,500 in new grants and loans had been approved and $156,512.34 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of $311,673,443.86 as of the date of the Report. Mr. VanderMeer reported that commitments had been made in the amount of $293,582,665.74, resulting in an uncommitted FastTrack balance of $18,090,778.12. Mr. VanderMeer reported that the projects to be considered at this meeting totaled $4,000,000.00, and if these projects were approved, the uncommitted balance would be $14,090,778.12 and the total committed balance would be $297,582,665.74, which represented 95.5% of the FastTrack balance.

Commissioner Rolfe then presented the following FastTrack projects:

- **Hydro-Gear Limited Partnership – Huntingdon (Carroll County)**
  FastTrack Economic Development Grant $3,000,000
- **JC Ford Co – Columbia (Maury County)**
  FastTrack Economic Development Grant $1,000,000

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

For agenda item number four, Mr. Mumpower then recognized Ms. Sandra Thompson, Assistant Secretary to the Board and Director of the Division of State Government Finance (SGF), to present the "Resolution Authorizing Amended and Restated Standby Commercial Paper Purchase Agreement" (the "CP Standby Resolution"). Ms. Thompson stated that the Board has in place a Commercial Paper Standby Purchase Agreement (the "CP Standby Agreement") with the Tennessee Consolidated Retirement System (TCRS) and that CP Agreement expires on July 1, 2021. Ms. Thompson stated that TCRS and the Board have agreed to enter into another five-year agreement. Ms. Thompson stated that this CP Standby Resolution authorizes the amended and restated CP Standby Agreement that has been revised to reflect the following:

- The dated date of the new CP Standby Agreement is May 26, 2021.
- The termination date of the CP Standby Agreement will be July 1, 2026.
- The commitment amount of $350,000,000 remains the same.
- The Issuing and Paying Agent is Zions Bank.
- The Standby Purchaser Rate has been revised to reflect current market rates as indicated in the defined term which is prime plus 150 basis points with a floor of 5%.
- The commitment fees of 35 basis points annually remain the same.
- The notice section has been updated to reflect appropriate contact names and addresses.

Ms. Thompson then noted the CP Standby Resolution and the CP Standby Agreement in their final form were provided in each Board member's packet. Mr. Hargett made a motion to approve the CP Standby Resolution, and Mr. Mumpower seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present "A Resolution Authorizing and Providing for the Issuance and Sale of General Obligation Bonds of the State of Tennessee" (the "Bond Resolution"). Ms. Thompson stated that the State of Tennessee is contemplating the issuance of tax-exempt and taxable bonds which will be authorized by the Bond Resolution included in the Board packet. Ms. Thompson stated that prior to submitting the Bond Resolution for approval, and in accordance with the Board's debt management policy, SGF is required to present to staff and the members of the Board information concerning the purpose of the financing, the proposed structure of the financing, the source of payment to be pledged to the financing, the proposed method of sale, all members of the proposed financing team, and an estimate of costs associated with the financing. Ms. Thompson further noted that in the case of a proposed refunding, SGF will present the rational for using the proposed debt structure, an estimate of the expected savings and a discussion on any potential risks associated with the proposed structure. Ms. Thompson stated the Bond Resolution provided the following information regarding the financing:

- It was determined that it may be beneficial to the Board, due to the low interest rate environment and to create capacity in the commercial paper program, to issue new money bonds to repay/refund commercial paper and to fund project costs and costs of issuance in an amount not to exceed $200,000,000.
- The bonds shall be issued pursuant to Title 9, Chapter 9, Tennessee Code Annotated and shall constitute direct general obligations of the State for the payment of the principal of and premium, if any, and interest on which there is pledged the full faith and credit of the State.
- It may also be advisable that the State also issue a series of current and/or advance refunding bonds to refund, or refinance bonds that are currently outstanding that, depending on market conditions, if refunded, may accomplish cost savings that would be in the best financial interests of the Board and accomplishes cost savings to the public.
- The current and/or advance refunding bonds shall not be issued unless the issuance meets the parameters as outlined in the Board's debt management policy.
- Proposed structure – the structure of the financing would be 20 yr., level principal; may be issued as Tax-exempt or Taxable; (will be issuing Tax-Exempt for new money and current refunding, Taxable for advance refunding of both TE and TX bonds).
- Proposed method of sale – Bonds may be sold through competitive or negotiated sale; with the preferred method being competitive sale.
- That a recommendation letter be provided to the board by the Board's financial advisor, PFM Financial Advisors, LLC, and states that it would be in the best interest of the Board to sell its bonds through a negotiated sale with a summary of the process that we used to select the senior underwriter(s) on the transaction.
- Interest cost – the True Interest Cost (TIC) of the bonds shall not exceed 5% for tax-exempt bonds and 6% for taxable bonds.

Ms. Thompson explained that the following documents are provided in conjunction with the proposed bond transaction and are referenced in the Resolution:

- The draft Preliminary Official Statement updated from the state's last GO bond sale dated August 2019. A draft of the Preliminary Official Statement for the upcoming bond sale shall be distributed to the members of the Board prior to publication and distribution.
- A form of the Notice of Sale is provided (in the event of competitive sale) from the most recent competitive sale in August 2019.
- Bond Purchase Agreement (from last GO negotiated bond sale, Series 2016).
- Continuing Disclosure Undertaking in substantive form (from 2019 transaction), to be executed solely to assist the underwriters of the Bonds in complying with Rule 15c2-12.
- PFM recommendation letter to the board recommending the state execute a negotiated sale for its upcoming GO bond issue and select Jefferies as the senior underwriter for the Taxable Series of bonds, and FHN Financial Capital Markets as the senior managing underwriter for the Tax-Exempt Series of bonds.
- A form of Refunding Trust Agreement from the most recent refunding transaction in 2016 provided in the event that Refunding Bonds are issued.

Mr. Lillard made a motion to approve the resolution that authorizes and provides for issuance and sale of the state's general obligation bonds, and delegates the authority to the Comptroller to fix the details, and carry out the sale, of the bonds; and to sell the bonds through a negotiated sale based on the recommendation of PFM, the Board's financial advisor. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present the consideration for approval of the City of Memphis to issue revenue bonds to be paid from Tourism Development Zone ("TDZ") Revenues. Ms. Thompson stated that SGF received a request from the City of Memphis for approval from the Board to issue federally taxable revenue bonds, not to exceed $75,000,000, through the Economic Development Growth Engine ("EDGE") Development Board of the City of Memphis and the County of Shelby, TN to finance a portion of the cost of the Liberty Park project. Ms. Thompson further stated that the bonds are to be secured and payable from TDZ revenues pursuant to the Convention Center and Tourism Development Act of 1998, as amended. Ms. Thompson then stated that if there should be a deficiency in the TDZ revenues, debt service on the bonds would be payable from non-property tax revenues as annually appropriated by the city. Ms. Thompson then stated that the bonds would be additionally secured by a temporary debt service reserve fund, funded from proceeds of the bonds in the amount of $4,000,000. Ms. Thompson then stated that requests for approval from the Board are required under Public Chapter 816, Acts of 2018, which amended the 1998 Act. Ms. Thompson further stated that there were various items required to be submitted to SGF and that the receipt of those items was tracked using the checklist included in the Board members' packets. Ms. Thompson then stated that the items included contact information for the City of Memphis, the description of the debt and the transaction, three binding statements that were required to be provided, confirmation from the issuer that the project to be financed was certified as a Qualified Public Use Facility ("QPUF") by the Department of Finance & Administration ("F&A") and described in the State Building Commission approved application, the debt amortization schedule, a copy of the adopted debt authorizing resolution, and the draft of the Preliminary Official Statement ("POS"). Ms. Thompson then stated that all required materials had been received by SGF.

Mr. Mumpower then asked if the debt amortization schedule, as required by TCA 7-88-109, had been submitted to F&A for approval. Mr. Eley responded that F&A had received the debt amortization schedule and that it was determined to be proper.

Mr. Mumpower then recognized Mr. Jim Strickland, Mayor of the City of Memphis. Mr. Strickland stated that this was the last TDZ authorized by the SBC to be submitted to the Board for approval. Mr. Strickland further stated that, if approval from the Board was granted to issue bonds, the City of Memphis would begin work immediately. Mr. Strickland then stated that the project was primarily the development of a youth sports complex, but letters of intent had also been received from a hotel operator to build a hotel on the site and from High Five Entertainment. Mr. Strickland further stated that the city was looking at other entertainment entities that could be included on the site. Mr. Strickland then stated that Governor Bill Lee had allocated $10,000,000 to the project in the budget and that it had been approved by the Legislature. Mr. Eley then asked what the total cost of the project would be. Mr. Strickland responded that the total cost would be $126,000,000.

Mr. Hargett then made a motion to approve the request from the City of Memphis to issue debt to be repaid with TDZ surplus revenues. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Mr. Lillard to discuss the interest rate environment and the issue surrounding the investment of State Pooled Investment Fund ("SPIF") and Local Government Investment Pool (LGIP) funds. Mr. Lillard then introduced Thomas Kim, Deputy Chief Investment Officer of the Department of Treasury ("Treasury") and Markus Klar, Senior Portfolio Manager, Treasury. Mr. Kim then presented the graph included in the Board members' packets. Mr. Kim stated that the latest SPIF rate provided two-basis points of earnings and further stated that the expected rate for May was in the one-basis point range. Mr. Kim further stated that we were in virtually a "zero-interest rate" environment and the federal government continues to provide stimulus to consumers, states, and local cities providing excess liquidity to the banking system. Mr. Kim further stated that at the same time, the US Treasury was issuing less debt pursuant to a debt ceiling agreement. This created a condition that we had a low interest rate environment with few available short-term investments. However, we had too much investable cash in the system driving down the interest rate further. Mr. Kim further stated that they believed this was a temporary phenomenon and that the Federal Reserve would at some point modestly adjust the interest rate (interest on excess reserve) to avoid negative rates on offered US Treasury Bills. Mr. Klar then stated that the investment yields had been dwindling from around 0.015% to close to zero. Mr. Klar then stated that Treasury had constraints on investing including having to maintain a certain average maturity, around sixty days, that did not allow longer dated investments. Mr. Klar further stated that even going out three months was not producing much of a yield. Mr. Klar then stated that Treasury has had discussions with the entities that they conduct investment trades with to get their thoughts on whether the interest rates will go negative. Mr. Klar further stated that the entities had expressed confidence that investment rates would not go negative because there was no incentive for the Federal Reserve to allow it to happen. Mr. Klar then reported that they had seen some negative blips in the marketplace but those had been due to technical isolated factors.

Mr. Lillard then stated that the SPIF, including the LGIP, was, in effect, the short-term money market fund for the state government. Mr. Lillard further explained that when the Department of Revenue takes in revenues, they turn it over to Treasury who manages and invests those funds in the SPIF which was created by state law and managed by those provisions. Mr. Lillard further stated that they were governed by certain principles and Securities & Exchange Commission Rule 2a-7 for the short-term money market funds for governmental entities. Mr. Lillard then stated that Treasury had elected to use a fixed-dollar amortization method meaning that parameters including not exceeding a certain number of days of weighted average maturity had to be met. Mr. Lillard then called attention to the total SPIF, including LGIP, as of May 21, 2021, in the amount of $20,041,633,530. Mr. Lillard then stated that the total state cash in the funds was $15,485,992,526 and the local government funds in the LGIP totaled $4,555,674,004. Mr. Lillard then reported that the return of the funds, gross of fee, was 4.9 basis points. Mr. Lillard further reported that Treasury charged a 4 basis point fee resulting in money held with Treasury earning 0.9 basis points. Mr. Lillard then stated with interest rates trending down that it could be extrapolated out in the future that the rate would go negative at some point, meaning Treasury would have to charge entities to keep money in the SPIF instead of the entity earning money. Mr. Lillard further pointed out that the CD investments were currently 1.08% of the asset breakdown of the SPIF and that CD investments used to make up approximately 45% to 50% of the asset breakdown back in 2009. Mr. Lillard further explained that asset breakdown was indicative of the economy as there was once a waiting list for banks to place CD investments within the state's portfolio that does not exist anymore. Mr. Lillard further stated that, in his view, there was a lack of demand in the economy that would stimulate the economics to produce higher rates. Mr. Lillard stated he wanted the Board to be aware of the situation as rates in some countries were requiring investing out 10 years in order to generate a positive yield.

Mr. Mumpower then asked how the potential influx of Coronavirus Aid, Relief, and Economic Security Act ("CARES") money would impact the situation and where would money drawn by the state and local governments be held. Mr. Lillard replied that the stimulus distributions are increasing market stress and that more money exacerbates the situation. Mr. Lillard further stated that Treasury was seeing more local government money moved to the LGIP and further stimulus would result in an increase in money moved to the LGIP by local governments. Mr. Lillard further discussed the idea of disallowing deposits by local governments into the LGIP, including the pros and cons. No further action was necessary.

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

Approved on this ___________ day of ____________________ 2021.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

TENNESSEE HOUSING DEVELOPMENT AGENCY

SCHEDULE OF FINANCING
FISCAL YEAR 2021-2022

SUMMARY

The Tennessee Housing Development Agency ("THDA") is required, under Tennessee Code Annotated Section 13-23-120(e)(1), to submit a schedule to the State Funding Board showing financings proposed for the fiscal year. The proposed schedule for fiscal year 2021-2022 is attached.

Total amount of bonds or notes reflected on Schedule of Financing for Fiscal Year 2021-2022:	$535,000,000

TENNESSEE HOUSING DEVELOPMENT AGENCY

SCHEDULE OF FINANCING
FISCAL YEAR 2021-2022

ISSUE 2021-2 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP
August 2021

Sources of Funds		
Proceeds of the Issue		$ 120,000,000
Uses of Funds		
To Purchase Mortgage Loans or Refund Outstanding Bonds		$ 120,000,000
Bond Reserve Funds	)	$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof
Underwriting Fee/Bond Discount	)	
Capitalized Interest	)	
Cost of Issuance	)	

ISSUE 2021-3 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP/REFUNDING
December 2021

Sources of Funds		
Proceeds of the Issue		$175,000,000*
Uses of Funds		
To Purchase Mortgage Loans or Refund Outstanding Bonds		$ 175,000,000
Bond Reserve Funds	)	$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof
Underwriting Fee/Bond Discount	)	
Capitalized Interest	)	
Cost of Issuance	)	

* Approximately $55,000,000 of this amount may be used to refund bonds eligible for refunding on or after January 1, 2022.

ISSUE 2022-1 - RESIDENTIAL FINANCE BONDS –NEW VOLUME CAP
March 2022

Sources of Funds	
Proceeds of the Issue	$ 120,000,000
Uses of Funds	
To Purchase Mortgage Loans or Refund Outstanding Bonds	$ 120,000,000
Bond Reserve Funds) Underwriting Fee/Bond Discount) Capitalized Interest) Cost of Issuance)	$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof

ISSUE 2022-2 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP/REFUNDING
June 2022

Sources of Funds	
Proceeds of the Issue	$120,000,000*
Uses of Funds	
To Purchase Mortgage Loans or Refund Outstanding Bonds	$120,000,000*
Bond Reserve Funds) Underwriting Fee/Bond Discount) Capitalized Interest) Cost of Issuance)	$ THDA contribution, or no more than 1% of bond proceeds, or a combination thereof

* Approximately $40,000,000 of this amount is expected to be used to purchase loans in early fiscal year 2022-2023.

Single Family Bonds Sold in FY 2020-2021

	$ 145,000,000	Issue 2020-4 Residential Finance Program Bonds, Dated July 16, 2020
	$ 145,000,000	Issue 2020-4 Residential Finance Program Bonds, Dated October 28, 2020
	$ 149,900,000	Issue 2021-1 Residential Finance Program Bonds, Dated March 21, 2021
TOTAL	$439,900,000	

Multifamily Bonds Sold in FY 2020-2021 $ 0

Volume Cap Used by Local Issuers For Multi-Family Housing in 2020	$ 241,845,000	From THDA's 2020 Volume Cap Allocation
Volume Cap Available to Local Issuers For Multi-Family Housing in 2021	$ 375,000,000	From THDA's 2021 Volume Cap Allocation

ASSUMPTIONS

1. A bond issue may include any structure authorized by the Board and approved by the Bond Finance Committee, including, without limitation, convertible option bonds, short term notes, variable rate debt, taxable debt, planned amortization class bonds.

2. Dates of bond issues are based on estimated absorption of available funds and expected need for additional funds for three to four months, subject to the actual rate at which mortgage loans are currently being purchased.

3. THDA anticipates taking the maximum spread allowed under federal law for each bond issue, which is 112 basis points. The maximum spread could, however, be reduced based on program requirements at the time of sale. Interest rates for THDA loans could be further subsidized.

4. THDA anticipates future bonds will be issued under the 2013 General Resolution to continue to reduce the moral obligation of the state for THDA bonds.

5. The volume cap assumption is that 50% of the annual total tax-exempt bond authority amount available in Tennessee is made available to THDA at the beginning of each calendar year. This is the allocation to THDA for all tax-exempt housing bond issuance in the state in the current Department of Economic and Community Development plan. For bond issues in calendar year 2021, volume cap carried forward from 2018 will be used. For bond issues in calendar year 2022, volume cap THDA carried forward from 2019 will be used. Unused 2018 volume cap, if any, will be made available for the THDA Mortgage Credit Certificate Program by making the required elections on or before December 31, 2021.

6. A THDA contribution may be made with each bond issue as needed to over-collateralize the bond issue for the benefit of THDA borrowers, to fund required reserves, to pay cost of issuance and to ensure that the maximum amount of bond proceeds is used to fund mortgage loans. The amount and source of the THDA contribution is determined at the time it is needed. The amount of the contribution, if needed, is based on the structure of the bond issues, an analysis of debt service requirements of the general resolution under which the bonds are issued, the fee paid to underwriters and an estimate of other costs of issuance expected to be incurred. The source of such THDA contribution is assets available for such purpose under the 2013 General Resolution, 1985 General Resolution or the 2009 General Resolution.

FastTrack Report to State Funding Board

6/10/2021

1.	Previous FastTrack Balance, as of Last Report	311,673,443.86	
2.	+ New Appropriations:	0.00	
3.	+ Newly Deobligated Funds:	0.00	
4.	+ Funds Transferred to FastTrack:	0.00	
5.	- Funds Transferred from FastTrack:	0.00	
6.	- FastTrack Grants or Loans Approved Greater Than $750,000:	(4,750,000.00)	
7.	- FastTrack Grants or Loans Approved Less Than $750,000:	(1,610,100.00)	
8.	- FastTrack Administration	(75,142.88)	
9.	Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans:		305,238,200.98
10.	Total Amount of Commitments:	220,778,607.86	
11.	Uncommitted FastTrack:		84,459,593.12
12.	Percentage Committed:		72.3%
13.	Amount of Proposed Grants or Loans:	65,750,000.00	
14.	Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:		18,709,593.12
15.	Percentage Committed:		93.9%

See next page for explanations of the above questions.

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

Robert D. Rolfe

Commissioner of Economic and Community Development

Date: 6/10/21

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

June 15, 2021

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

Dear Comptroller Mumpower:

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

1. Ultium Cells LLC – Spring Hill (Maury County)

Ultium Cells LLC will build the new 2.8-million-square-foot, state-of-the-art plant on land leased from General Motors. Construction will begin immediately, and the plant is scheduled to be open in late 2023. Once operational, the Ultium Cells plant will supply battery cells to GM's Spring Hill assembly plant.

In October 2020, GM announced it would invest $2 billion in its Spring Hill assembly plant to begin the transition to become the company's third electric vehicle manufacturing site, and the first outside of the state of Michigan. The all-new Cadillac LYRIQ will be the first electric vehicle produced at GM's Spring Hill assembly plant.

Ultium batteries are unique in the industry because the large-format, pouch-style cells can be stacked vertically or horizontally inside the battery pack. This allows engineers to optimize battery energy storage and layout for each vehicle design.

With a 30-year history in the battery business, LG Energy Solution has made consistent, large-scale investments to accumulate enough stability, credibility and manufacturing experience to invent its own cutting-edge technologies. The company established its first research facility in the U.S. in the early 2000s. In 2010, the company built its first U.S battery plant in Holland, Michigan.

Through Ultium Cells, LG Energy Solution and GM will merge their advanced technologies and capabilities to help accelerate automotive electrification.

Ultium Cells LLC has committed to create 1,300 net new jobs and make a $2,367,000,000 capital investment within five (5) years. The company will have an average hourly wage of $21.94 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as new construction. **($60,000,000)**

Total FastTrack funds for this project - $60,000,000

2. Hardwood Products Company LP (Puritan Medicals Products LLC)– Orlinda (Robertson County)

Headquartered in Maine, Puritan Medical Products is a family-owned business that has been operating for more than 100 years. Puritan is one of two companies in the world that manufactures the specialized swabs used in COVID-19 tests. Because of the contributions the company has made to the fight against COVID-19, Puritan was named "Company of the Year" by Inc. on the magazine's Best in Business 2020 list.

Prior to the pandemic, Puritan produced roughly 15 to 20 million swabs per month. With funding awarded through the Department of Defense and the CARES Act, Puritan has since increased its swab production to 70 to 90 million swabs per month at its two facilities in Maine.

The Orlinda operations is designed to produce up to 200 million swabs per month.

Puritan Medical Products LLC has committed to create 632 net new jobs and make a $220,000,000 capital investment within five (5) years. The company will have an average hourly wage of $19.89 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as real property acquisition. **($4,750,000)**

Total FastTrack funds for this project - $4,750,000

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

3. Advanex Americas, Inc. – White House (Robertson County)

Advanex Americas is the U.S. division of Advanex Inc., a Japanese company founded in 1946 and headquartered in Tokyo, Japan that has grown into 15 group companies around the world. The company manufactures precision springs, wire form, pins, stampings, plastics and assemblies for companies in a range of sectors including automotive, aerospace, medical and agriculture.

The spring and component parts manufacturer will build a new facility at 514 Hester Dr. in White House, where it will invest $17 million and create 102 new jobs. Advanex products are used in everything from ballpoint pens to space stations.

Advanex Americas, Inc. has committed to create 102 net new jobs and make a $17,000,000 capital investment within five (5) years. The company will have an average hourly wage of $26.10 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as new construction and real property acquisition. **($1,000,000)**

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

Sincerely,

Robert D. Rolfe

Bob Rolfe

BR/js

State Funding Board FastTrack Checklist

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

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

TYPE OF FUNDING		RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
	INFRASTRUCTURE			
	TRAINING*			
	ECONOMIC DEVELOPMENT	**Industrial Development Board of Maury County, Tennessee**	**$60,000,000**	
TOTAL			**$60,000,000**	

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

***ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity):** **Ultium Cells 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 <u>or</u> b.

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

b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state *T.C.A. § 4-3-717(h)(2)*? If "yes," attach the commissioner's rationale. ☐

ECONOMIC DEVELOPMENT

13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? ☒ Yes ☐ No

14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds *T.C.A. § 4-3-717(d)(1)*? ☐ Yes ☒ No

15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business *T.C.A. § 4-3-717(d)(1)*? ☒ Yes ☐ No

16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community *T.C.A. § 4-3-717(d)(1)*? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact. ☒ Yes ☐ No

17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used *T.C.A. § 4-3-717(d)(2)*. Attach documentation. ☒ Yes ☐ No

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

Robert Rolfe

Commissioner of Economic and Community Development

6/9/21

Date

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

June 3, 2021

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Ultium Cells LLC intends, in good faith, to create 1,300 private sector jobs in Spring Hill, Maury County and make a capital investment of $2,367,000,000 in exchange for incentives that will be memorialized in a grant agreement between Ultium Cells LLC and the State of Tennessee. New jobs must be in addition to the company's baseline of 0 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	$ 60,000,000
Total ECD Commitment:	**$ 60,000,000**

Please sign your name in the space below to signify Ultium Cells LLC's acceptance of ECD's offer set forth above and return it by August 30, 2021 to:

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

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

Signature: ____________________
(Authorized Representative of Company)

Date: June 3, 2021

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

June 15, 2021

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

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Industrial Development Board of Maury County, Tennessee for the benefit of Ultium Cells LLC in the amount of $60,000,000 to offset the costs Ultium Cells LLC will incur in new construction. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this community due to the number of high wage manufacturing jobs and capital investment. Ultium Cells LLC has committed to create 1,300 net new jobs and make a $2,367,000,000 capital investment within five (5) years. The company will have an average hourly wage of $21.94 for the new positions. This project will have an exceptional impact.

Sincerely,

Robert Rolfe

Bob Rolfe

BR/js

State Funding Board FastTrack Checklist

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

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

TYPE OF FUNDING		RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
	INFRASTRUCTURE			
	TRAINING*			
	ECONOMIC DEVELOPMENT	**Industrial Development Board of the County of Robertson**	**$4,750,000**	
TOTAL			**$4,750,000**	

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

***ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity):** **Hardwood Products Company LP**

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 <u>or</u> b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment *T.C.A. § 4-3-717(a)*? If "yes," attach documentation. ☒

   b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future *T.C.A. § 4-3-717(a)*? If "yes," attach the commissioner's rationale. ☐

TRAINING

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

INFRASTRUCTURE

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

Applicant must answer "Yes" to a or b.

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

ECONOMIC DEVELOPMENT

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

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

Robert W. Rolfe
Commissioner of Economic and Community Development

6/9/21
Date

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

May 21, 2021

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Hardwood Products Company LP intends, in good faith, to create 632 private sector jobs in Orlinda, Robertson County and make a capital investment of $220,000,000 in exchange for incentives that will be memorialized in a grant agreement between Hardwood Products Company LP and the State of Tennessee. New jobs must be in addition to the company's baseline of 0 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	$ 4,750,000
Total ECD Commitment:	**$ 4,750,000**

Please sign your name in the space below to signify Hardwood Products Company LP's acceptance of ECD's offer set forth above and return it by August 19, 2021 to:

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

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

Signature: ______________________ Date: 6/7/2021
(Authorized Representative of Company)

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

June 15, 2021

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

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Industrial Development Board of the County of Robertson for the benefit of Hardwood Products Company LP in the amount of $4,750,000 to offset the costs Hardwood Products Company LP will incur in real property acquisition. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this community due to the number of high wage manufacturing jobs and capital investment. Hardwood Products Company LP has committed to create 632 net new jobs and make a $220,000,000 capital investment within five (5) years. The company will have an average hourly wage of $19.89 for the new positions. This project will have an exceptional impact.

Sincerely,

Bob Rolfe/js

Bob Rolfe

BR/js

State Funding Board FastTrack Checklist

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

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

TYPE OF FUNDING		RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
	INFRASTRUCTURE			
	TRAINING*			
	ECONOMIC DEVELOPMENT	**Industrial Development Board of the County of Robertson**	**$1,000,000**	
TOTAL			**$1,000,000**	

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

***ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity):** **Advanex Americas, 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 <u>or</u> b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment *T.C.A. § 4-3-717(a)*? If "yes," attach documentation. ☒

   b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future *T.C.A. § 4-3-717(a)*? If "yes," attach the commissioner's rationale. ☐

TRAINING

7. Will the grant support the training of new employees for locating or expanding industries *T.C.A. § 4-3-717(c)(1)*? ☐ Yes ☐ No

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

INFRASTRUCTURE

9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? *T.C.A. § 4-3-717(b)(2-3)*? ☐ Yes ☐ No

10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? ☐ Yes ☐ No

11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates *T.C.A. § 4-3-717(f)*? ☐ Yes ☐ No

Applicant must answer "Yes" to a or b.

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

    b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state *T.C.A. § 4-3-717(h)(2)*? If "yes," attach the commissioner's rationale. ☐

ECONOMIC DEVELOPMENT

13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? ☒ Yes ☐ No

14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds *T.C.A. § 4-3-717(d)(1)*? ☐ Yes ☒ No

15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business *T.C.A. § 4-3-717(d)(1)*? ☒ Yes ☐ No

16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community *T.C.A. § 4-3-717(d)(1)*? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact. ☒ Yes ☐ No

17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used *T.C.A. § 4-3-717(d)(2)*. Attach documentation. ☒ Yes ☐ No

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

Robert D Rolfe
Commissioner of Economic and Community Development

6/9/21
Date

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

February 23, 2021

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Advanex Americas, Inc intends, in good faith, to create 102 private sector jobs in White House, Robertson County and make a capital investment of $17,000,000 in exchange for incentives that will be memorialized in a grant agreement between Advanex Americas, Inc and the State of Tennessee. New jobs must be in addition to the company's baseline of 0 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

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

Please sign your name in the space below to signify Advanex Americas, Inc's acceptance of ECD's offer set forth above and return it by May 24, 2021 to:

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

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

Signature: ______________________ Date: 3/23/21
(Authorized Representative of Company)

KENICHI OZAKI
DIRECTOR, PRESIDENT

Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

June 15, 2021

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

Dear Comptroller Mumpower:

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

This project will yield a proportionately significant impact on this community due to the number of high wage manufacturing and headquarter jobs. Advanex Americas, Inc. has committed to create 102 net new jobs and make a $17,000,000 capital investment within five (5) years. The company will have an average hourly wage of $26.10 for the new positions. This project will have an exceptional impact.

Sincerely,

Bob Rolfe

BR/js

RESOLUTION MAKING FINDINGS
FOR DECREASE IN SPECIAL REVENUES

WHEREAS, Section 9-9-104(a), Tennessee Code Annotated ("Section 9-9-104(a)"), pledges, inter alia, for the payment of the principal of and interest on the bonds of the State of Tennessee (the "State") issued under Title 9, Chapter 9, Tennessee Code Annotated, outstanding as of July 1, 2013, the entire annual proceeds (the "Franchise Tax Proceeds") of franchise taxes imposed by the franchise tax law compiled in Title 67, Chapter 4, Part 21, Tennessee Code Annotated; and

WHEREAS, the State has covenanted with the holders of such bonds that it will not decrease by legislative action any of the fees or taxes pledged pursuant to Section 9-9-104(a), including, without limitation, the Franchise Tax Proceeds, or eliminate from the requirement to pay such fees or taxes any substance, motor vehicle or corporation on account of which the payment of such fees or taxes is required, unless the Funding Board of the State of Tennessee (the "State Funding Board") shall certify as required by Section 9-9-104(b), Tennessee Code Annotated ("Section 9-9-104(b)"); and

WHEREAS, the method of apportionment of net worth contained in Section 67-4-2111(*l*), Tennessee Code Annotated (the "Subsection"), which method applies to tax years beginning on or after January 1, 2017, is expected by the Department of Finance and Administration to result in a decrease in the Franchise Tax Proceeds for the fiscal year 2021-2022; and

WHEREAS, part (5) of the Subsection provides that the Subsection shall be operative only for such fiscal years as to which the State Funding Board shall have made a certification pursuant to Section 9-9-104(b).

NOW, THEREFORE, BE IT RESOLVED by the State Funding Board, and the State Funding Board hereby certifies, pursuant to Section 9-9-104(b), as follows:

1. All payments due the State Funding Board under Title 9, Chapter 9, Tennessee Code Annotated, have been made in full;

2. The State is not in default in the payment of any outstanding debt or in the payment of interest thereon; and

3. The fees and taxes pledged pursuant to Section 9-9-104(a), including, without limitation, the Franchise Tax Proceeds, calculated as required by the Subsection, for the fiscal year 2021-2022 will be sufficient to provide funds adequate to meet all payments required to be made by the State Funding Board in such fiscal year, as well as to provide for the other obligations and expenses of the State for such fiscal year to be defrayed therefrom.

BE IT FURTHER RESOLVED by the State Funding Board that this Resolution shall take effect immediately upon its adoption.

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285

BUTCH ELEY
COMMISSIONER

June 7, 2021

MEMORANDUM

TO: The Honorable Jason E. Mumpower, Secretary
State Funding Board

FROM: Butch Eley, Commissioner

SUBJECT: Franchise Tax Reduction

This memorandum shall serve as confirmation of the following:

1. All payments due pursuant to Tennessee Code Annotated Title 9, Chapter 9 have been made in full;

2. The State is not in default in the payment of any outstanding debt or in the payment of interest thereon; and

3. Notwithstanding the lowering of the collections in the taxes imposed by the franchise tax law compiled in Title 67, Chapter 4, Part 21, Tennessee Code Annotated, such collections will be fully sufficient to provide funds adequate to meet all payments required to be made by the State Funding Board in the upcoming fiscal year and to provide for the other obligations of the State in Fiscal Year 2021-2022.

BE:DT:ars

cc: Comptroller – Division of State Government Finance
F&A – Division of Budget

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
STATE OF TENNESSEE

DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

MARY JO PRICE
CHIEF OPERATING OFFICER

MICHAEL BRAKEBILL
CHIEF INVESTMENT OFFICER

JAMIE WAYMAN
DIRECTOR OF TCRS

June 4, 2021

The Honorable Jason Mumpower
Secretary of the Funding Board
Comptroller of the Treasury
State Capitol, 1st Floor
Nashville, TN 37243

Dear Comptroller Mumpower:

The Tennessee Consolidated Retirement System ("TCRS") has entered into an amended and restated contract (the "Contract") with the State of Tennessee (the “State”), acting by and through the State Funding Board, whereby TCRS serves as a standby purchaser under the State's commercial paper program. The Contract was effective as of May 26, 2021 and expires on July 1, 2026.

Either party may terminate the Contract by giving notice to the other party at least the longer of (i) ninety (90) calendar days or (ii) the remaining number of calendar days to maturity of any then-outstanding commercial paper plus one (1) calendar day. TCRS does not presently plan to terminate the Contract at any time prior to July 1, 2022.

Tennessee Code Annotated, Section 8-37-104(a)(8) authorizes TCRS to serve as a standby note purchaser. The Board of Trustees (the "Board") of TCRS has adopted a provision in the investment policy of TCRS (the "Policy") authorizing TCRS to enter into such contracts.

Pursuant to the powers accorded it in Tennessee Code Annotated, Section 8-37-110 and in the Policy, the Board has delegated implementation of the Policy to the Treasurer. The Policy further provides that the Treasurer has delegated certain responsibilities to the Chief Investment Officer of TCRS, including the power to invest and reinvest the assets of TCRS.

Accordingly, I have the authority to issue this letter on behalf of TCRS.

Sincerely,

Michael Brakebill, CFA, CAIA
Chief Investment Officer

JASON E. MUMPOWER
Comptroller

June 15, 2021

Mr. Michael Brakebill
Chief Investment Officer
Tennessee Consolidated Retirement System
Nashville, TN 37243

Dear Mr. Brakebill:

The Tennessee Consolidated Retirement System ("TCRS") has entered into an amended and restated contract (the "Contract") with the State of Tennessee (the "State"), acting by and through the State Funding Board, whereby TCRS serves as a standby purchaser under the State's commercial paper program. The Contract was effective as of May 26, 2021 and expires on July 1, 2026.

Either party may terminate the Contract by giving notice to the other party of at least the longer of (i) ninety (90) calendar days or (ii) the remaining number of calendar days to maturity of any then-outstanding commercial paper plus one (1) calendar day. You have informed me that TCRS does not presently plan to terminate the Contract at any time prior to July 1, 2022.

In consideration of, and in response to, your advance notification that TCRS will not cancel during the upcoming fiscal year, I am authorized to inform you that the State Funding Board also does not plan to terminate the Contract at any time prior to July 1, 2022.

Sincerely,

Jason E. Mumpower
Secretary, State Funding Board

RESOLUTION ALLOCATING FUNDS TO DEFRAY A PORTION OF THE COST OF HIGHWAY BRIDGE CONSTRUCTION PROJECTS AND CANCELING AUTHORIZED BONDS

Recitals

(1) The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 470, Public Acts of Tennessee, 2011 (the "2011 Act"), to issue and sell its general obligation bonds in an amount not to exceed Two Hundred Seventy-Three Million Dollars and no cents ($273,000,000.00) of which Eighty-Seven Million, Five Hundred Thousand Dollars and no cents ($87,500,000.00) is allocated to the Department of Transportation pursuant to Section 4(7) of the 2011 Act for the purpose of providing funds to be spent for the implementation of Phase III of the Tennessee transportation infrastructure improvement bond program for the construction of bridges and highways (the "2011 Bridge Construction Bonds").

The Funding Board has previously canceled Eighty-Six Million, Nine Hundred Thousand Dollars and no cents ($86,900,000.00) of the 2011 Bridge Construction Bonds; none of the remaining Six Hundred Thousand Dollars and no cents ($600,000.00) of the 2011 Bridge Construction Bonds principal amount authorized has been issued.

Section 6, Item 1 (b) of Chapter 651, Public Acts of Tennessee, 2020 (the "2020 Appropriations Act") directs the Funding Board to cancel highway bonds in an amount equal to the conversion of federal funding related to bridge construction bonds.

Based on notification from the Tennessee Department of Transportation ("TDOT") that Six Hundred Thousand Dollars and no cents ($600,000.00) of the 2011 Bridge Construction Bond authorization was converted to federal funding in the fiscal year ending June 30, 2021, the Commissioner of Finance and Administration by memorandum dated June 10, 2021, recommended that the Funding Board proceed with canceling Six Hundred Thousand Dollars and no cents ($600,000.00) of the unissued 2011 Bridge Construction Bonds.

Be It Resolved By The Funding Board Of The State Of Tennessee:

1. The projects authorized to be financed by the 2011 Bridge Construction Bonds have been financed in whole or in part with current funds and/or converted to federal funding and a total of Six Hundred Thousand Dollars and no cents ($600,000.00) is no longer needed to fund such authorized projects.

2. Six Hundred Thousand Dollars and no cents ($600,000.00) of the unissued 2011 Bridge Construction Bonds are hereby cancelled.

3. This resolution shall be effective as of June 15, 2021, and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on June 15, 2021.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE FUNDING BOARD

Betsy Knotts

From: LGF
Sent: Friday, May 21, 2021 8:18 AM
To: LGF
Subject: Comptroller's Office wants your feedback! 2 new draft manuals for local governments!

Importance: High

Request for Comment

The Comptroller's Division of Local Government Finance requests feedback from the public on the following manuals:

- Tennessee Budget Manual for Local Governments, which can be found at http://tncot.cc/budget-manual
- Tennessee Debt Manual for Local Governments, which can be found at http://tncot.cc/debt

Your comments will help improve the quality of our guidance manuals and support the Comptroller's mission of making government work better. We appreciate your time and consideration.

Statutory Authority

The above manuals have been drafted pursuant to Tenn. Code Ann. §§ 4-3-305 and 9-21-403.

Deadline

Written comments must be received on or before 3 pm on Friday, June 11, 2021.

Both manuals will be presented to the Tennessee State Funding Board for approval at its meeting on Tuesday, June 15th at 3:10 pm.

Submission of Comments

All comments should be in written format and sent electronically to: LGF@cot.tn.gov

Betsy Knotts
Director
Comptroller of the Treasury
Division of Local Government Finance
425 Rep. John Lewis Parkway N. | Nashville, TN 37243
Betsy.Knotts@cot.tn.gov | Direct Line 615.401.7954

Individual	Local Government / Agency	Budget Manual Comment	Resolution
Mike Swift, CFO	City of Maryville	Overall, The Budget Manual is an excellent document and I thank you for your efforts to prepare this. I have only one suggestion regarding item 6 at the bottom of page 6 and top of page 7 to add clarity regarding the need to provide cash flow forecast schedules. Many Special Revenue Funds are unlikely to have cash equal to at least 15% of annual expenditures. My suggestion would be to add at the end of item 6 "Special Revenue Funds that are not Major funds in your annual report do not meet this definition of Operating Funds." Thanks for the great job you are doing and for giving us this opportunity to provide input.	Clarified *Operating Funds* are defined as funds that account for expenditures/expenses that are recurring or day-to-day, such as salaries, benefits, utilities, etc. The General Fund and General Purpose School Fund will always meet the definition of an operating fund. Special Revenue Funds that meet the definition of an operating fund but nonetheless maintain a low cash balance due to the nature of the fund are excluded. For example, a special revenue sanitation fund that receives General Fund transfers to subsidize the fund. In that situation, the cash flow will be addressed in the analysis for the General Fund.
Michael Walker, CPA Finance and Human Resources Director	City of Lakeland	Page 49, FAQ number 6 under municipalities – The answer reads in part that "A transfer is an expenditure for the spending fund and revenue for the receiving fund." This is incorrect. Transfers are other financing sources and uses, they are not expenditures and revenues.	Corrected Transfers between funds are made by appropriating through the original budget ordinance or by a budget amendment from the sending fund to the receiving fund. T~~A t~~ransfers are~~is~~ reported as ~~an~~ other financing uses ~~expenditure~~ for the ~~sending~~ fund transfers are made from and as other financing sources~~revenue~~ for the receiving fund. **A transfer is not a loan between funds.** A transfer must be appropriated and included in the original budget ordinance or in a budget amendment before it can be executed.
Michael Walker, CPA Finance and Human Resources Director	City of Lakeland	Page 50, FAQ number 8 under municipalities – The reference to amendments being balanced through use of "a decrease in cash (fund balance)" can be misleading. A use of fund balance is not always a use of cash, as this clause would indicate, especially under modified accrual basis accounting. Rather perhaps it should read "a decrease in cash, a use of fund balance (or net position),…"	Corrected ~~Yes, b~~Budgets must remain balanced. Therefore, increases in appropriations must be accompanied by an increase in revenues, a transfer of money from another fund, a decrease in cash, a use of ~~(~~fund balance~~)~~ (or net position), or a decrease in the appropriations of another organizational unit(s) of the same fund.
Jean Suh	Comptroller of the Treasury, Division of Local Government Audit	p. 23 - Undesignated fund balance should be unassigned fund balance.	Corrected The transfer from the General Purpose School Fund would be accounted for as an Operating Transfer Out and a reduction of Cash, which reduces the ~~undesignated~~ unassigned fund balance of the General Purpose School Fund. The transfer into the School Federal Projects Fund would be accounted for as
Kay Stegall, MBA, CPA, CGFM /Brad Harris, CPA, Finance & Accounting Consultants	Municipal Technical Advisory Service (MTAS)	Page 6 – 6. a & b -The budget summary says 10% and the manual says 15%.	No Change The 10% amount currently on LGF's website will apply for the current budget season (fiscal year 2022). The 15% is for future fiscal years.

Individual	Local Government / Agency	Budget Manual Comment	Resolution
Kay Stegall, MBA, CPA, CGFM Finance & Accounting Consultant	Municipal Technical Advisory Service (MTAS)	Page 14 next to last paragraph – you might clarify that they separate could only make the budget process more restrictive than the law.	Clarified This page includes all possible legal scenarios - as a result, we did not change the language, but did move one sentence to provide better clarity. Last, municipalities should also be aware of separate ordinances that have been adopted that will govern the annual budget process. ~~Advice from legal counsel may be necessary to determine which specific budget laws apply for your municipality.~~ As a general principle of law, if your municipality's general, private act, or home rule charter is less restrictive than a general law governing budgetary practices, the more restrictive law applies. Advice from legal counsel may be necessary to determine which specific budget laws apply for your municipality.
Kay Stegall, MBA, CPA, CGFM Finance & Accounting Consultant	Municipal Technical Advisory Service (MTAS)	Page 19 – Last paragraph. The budget continuation statute does not impose a time limitation on the continuation however there is now a penalty of withholding borrowing power if a budget is not passed in two months.	No Change Recent legislation added a meaningful consequence for failure to file an adopted budget with the Comptroller's office within 2 months of the beginning of the fiscal year.
Kay Stegall, MBA, CPA, CGFM /Brad Harris, CPA Finance & Accounting Consultants	Municipal Technical Advisory Service (MTAS)	Page 20 – Last paragraph – the terms structurally balanced and structurally unbalanced are not anything if am familiar with. My experience has been that a balanced budget is current revenue plus fund balance minus expenditures is a balance budget. This is the definition on page 31 #6 and contradicts what the definition on page 20. Using fund balance or cash reserves to balance the budget is not a good business practice however it does not appear to be prohibited by law.	Clarified **Balanced Budget** Budgets must be balanced when adopted, remain balanced throughout the fiscal year, and be sustainable going forward. Estimated expenditures and other financing uses (or expenses) should not exceed estimated revenue, other financing sources, and beginning unrestricted fund balance (or net position). A process should be in place to actively monitor the budget throughout the budget year and to make any necessary budget amendments to maintain a balanced budget, including paying all debt service. Section 4 on page 13 includes a listing of state laws that require a balanced budget. A budget is structurally balanced when ~~it is structurally balanced; that is,~~ recurring revenues are budgeted to pay for recurring expenditures (or expenses). A structurally unbalanced budget is often a sign of financial distress. If your local government plans to adopt a structurally unbalanced budget, you should contact the Analyst in the Comptroller's Division of Local Government Finance who is responsible for your region. A contact list is available at tncot.cc/lgf-contacts. ~~Section 4 on page 13 includes a listing of state laws that require a balanced budget.~~
Kay Stegall, MBA, CPA, CGFM Finance &	Municipal Technical Advisory Service (MTAS)	Page 22 – First Paragraph - I think language should be added to refer to the Appendices that quotes the TCA requiring a dollar amount be adopted for budgetary transfers.	No Change The subject matter in this section of the manual (school budgets) impacts both counties and municipalities. The specific references to Tennessee code are available in the appendices.

Individual	Local Government / Agency	Budget Manual Comment	Resolution
Accounting Consultant			
Kay Stegall, MBA, CPA, CGFMFinance & Accounting Consultant	Municipal Technical Advisory Service (MTAS)	Page 22 – Capital Budgets – The first paragraph is a bit confusing. The estimated revenues will not be relevant for a five-year CIP. The operating income or loss or projected change in net position would give a more realistic view of funding needs.	Clarified **Capital Budgets** The capital budget provides the basis for control of capital expenditures~~, during the fiscal year~~. This budget should correspond with the capital improvement plan. The capital budget is related to long term nonrecurring spending.
Kay Stegall, MBA, CPA, CGFM Finance & Accounting Consultant	Municipal Technical Advisory Service (MTAS)	Page 23 – Statutory change in net position seems to include removal of transfers in. I'm not sure what these might be, I have rarely seen transfers in to water and sewer enterprise funds.	No Change Interfund transfers-in for either capital or operating purposes are excluded to ensure the utility system is self-supporting. This treatment has been cleared by the Water and Wastewater Financing Board as well as the Division of Local Government Audit.
Kay Stegall, MBA, CPA, CGFM Finance & Accounting Consultant	Municipal Technical Advisory Service (MTAS)	Page 49 Q&A #'s 6 & 7-The term transfer in used in both these questions and they refer to two different types of transfers. The transfer in 6 is referring to an interfund transfer (inflow or outflow) between fund types. The transfer in 7 is referring to budgetary appropriation transfers made in the same fund between departments or object codes. Additional language might be added to distinguish the difference.	Clarified Added the term "budgetary" to Q&A #7

Individual	Local Government / Agency	Budget Manual Comment	Resolution
			7. How are budgetary transfers made between appropriations in the same fund? a. Municipalities Generally Budgetary t~~T~~ransfers between departments, offices, boards, and agencies are made by a budget amendment adopted by the governing body unless the governing body has delegated authority in the original budget ordinance for the budget officer to make transfers. When the authority is delegated by the governing body, it must set a maximum amount the budget officer may transfer. If authority has been delegated to the budget officer, the budget officer must report to the governing body the amount of any transfers between appropriations in the same fund at the next regular meeting. The report on the transfer must be entered in the minutes of that meeting. Any transfer above the amount delegated to the budget officer must be by a budget amendment adopted by the governing body. Municipal Budget Law of 1982 (Tenn. Code Ann. § 6-56-209) b. Municipalities with a General Law City Manager – Commission Charter Budgetary t~~T~~ransfers between departments, offices, boards, and agencies within the same fund are by budget amendment. Tenn. Code Ann. § 6-22-124(c) c. Municipalities with a General Law Modified City Manager – Council Charter The city manager can make budgetary transfers between departments, agencies, or activities within each fund. Tenn. Code Ann. § 6-35-310
Brad Harris, CPA Finance & Accounting Consultant	Municipal Technical Advisory Service (MTAS)	Page 12 top par. Says: "The budget is an annually-adopted document that outlines the expected revenues and expenditures for each fund. Budgets should be structurally balanced, realistic, and contain all debt service payments (my emphasis). All revenue estimates should be meaningfully forecasted. The budget is used throughout the fiscal year and amended when necessary." Proprietary funds, when budgeted using generally accepted accounting principles would mean using accrual basis accounting, and with that basis, only debt interest is budgeted not debt principal, thus not "all debt payments".	Clarified **Budget** The budget is an annually adopted document that outlines the expected revenues and expenditures (expenses) for each fund. Budgets should be structurally balanced, realistic, and contain all debt service payments for governmental funds and interest expense for proprietary funds. All revenue estimates should be meaningfully forecasted. The budget is used throughout the fiscal year and amended when necessary.
Brad Harris, CPA, Finance &	Municipal Technical Advisory Service (MTAS)	Misspelled wording There are several instances where the word recurring is misspelled	Corrected Found three occurrences, all corrected.

Individual	Local Government / Agency	Budget Manual Comment	Resolution
Accounting Consultant		by omitting an ‘r’, saying recuring. Page 32 point B is one example. We are viewing a pdf version, but the state would have the Word version and could search and be able to correct those misspellings.	
Brad Harris, CPA Finance & Accounting Consultant	Municipal Technical Advisory Service (MTAS)	Page 33, point h h. Liabilities Pay what you owe: 1. Debt 2. Maintenance and replacement of capital assets 3. Pensions and OPEB ii. These liabilities are recuring spending (or cash) items. Point 2 seems very odd to me; I do not understand how maintenance and replacement of capital assets should fall under liabilities. Perhaps this is just a terminology issue.	Corrected h. Liabilities i. Pay what you owe: 1. Debt 2. Pensions~~Maintenance and replacement of capital assets~~ 3. ~~Pensions and~~ OPEB ii. These liabilities are recurring spending (or cash) items.
Brad Harris, CPA Finance & Accounting Consultant	Municipal Technical Advisory Service (MTAS)	Page 48 “Municipal budgets must be balanced throughout the fiscal year. This means that municipalities’ expenditures cannot exceed revenues, including debt service collected during the fiscal year. (my emphasis) Municipalities must monitor their budgets throughout the budget year and make any necessary budget amendments to maintain a balanced budget paying all debt service.” I don’t understand what “debt service collected during the fiscal year” means unless it is referring to new debt where a city would receive borrowed funds.	Corrected We removed this paragraph because it was not necessary to the FAQ Appendix. Appendix 6 **Municipality Budget Amendments Frequently Asked Questions** ~~Municipal budgets must be balanced throughout the fiscal year. This means that municipalities’ expenditures cannot exceed revenues, including debt service collected during the fiscal year. Municipalities must monitor their budgets throughout the budget year and make any necessary budget amendments to maintain a balanced budget paying all debt service.~~
Tom Eddlemon, Finance Deputy Director / OMB	Metropolitan Government of Nashville and Davidson County	The document does a good job of identifying the role and expectations of the Comptroller’s Office. A couple of suggestions for guiding basic budgeting efforts. One improvement would be to add a discussion of organizational strategic planning as part of the budget process. A plan should provide the foundation for making funding choices, which is at the core of modern budget practices. Another improvement would be to add a discussion of citizen involvement in the budget process. Other Observations:	Clarified The central focus of the manual is based in state law; however, we recognize the relevance of the areas identified here and have added these to Section 7 “Best Practices” of the manual. Additionally, citizen involvement is discussed on pages 38 and 39 of the draft budget manual.

Individual	Local Government / Agency	Budget Manual Comment	Resolution
		• The document identifies the expectations of the Comptroller's Office, and its role in oversight. • The document is helpful in identifying state law applicable to budgeting in Tennessee • Manual outlines some basic steps in establishing a budget but could better highlight the importance of establishing a long-term organization wide strategic plan as a first step in budgeting. • The document identifies the importance of considering program priorities but should emphasize that establishing priorities is an important step in informing fiscal choices. • The manual should discuss the importance of involving the tax or rate payer in making choices between funding priorities. • There should be more discussion on the process of making choices between funding alternatives. • There should be some discussion about evaluating programs for efficiency and effectiveness, and the role of this evaluation in funding cycles.	**Best Practices from the Government Finance Officers Association (GFOA)** The following best practices published by GFOA support areas addressed in the Seven Keys to a Fiscally Well-Managed Government, which is included in this Section: • Achieving a Structurally Balanced Budget • Financial Forecasting in the Budget Preparation Process • Long-Term Financial Planning • Using Cash Forecasts for Treasury and Operations Liquidity GFOA also has other budgetary best practices including, but not limited to: • Establishment of Strategic Plans • Multi-Year Capital Planning • Capital Budget Presentation • Working Capital Targets for Enterprise Funds • Public Engagement in the Budget Process We recommend local governments review and implement best practices from GFOA as part of your budget policies and procedures, making any necessary changes to address state and local laws and regulations. Online access to GFOA's best practices is available at: www.gfoa.org.
Tom Eddlemon, Finance Deputy Director / OMB	Metropolitan Government of Nashville and Davidson County	Page 6 Section 3) What level of detail is required? How should special purpose funds be handled, where outside funding may cross fiscal years (e.g., federal grants).	No Change This question is specific to our annual budget submission requirement for "detailed budgets for all funds …". Each local government works with their financial analyst from our office to determine the necessary level of detail needed for their review of the budget.
Tom Eddlemon, Finance Deputy Director / OMB	Metropolitan Government of Nashville and Davidson County	Page 6 Section 5) What is a Budget Summary Schedule?	No Change This example schedule is included on our website. Where to find this schedule is included at the end of this listing on page 7 of the draft budget manual.
Tom Eddlemon, Finance Deputy Director / OMB	Metropolitan Government of Nashville and Davidson County	Page 7 Step Two Section 2) Include a list of potential maintenance of effort requirements, if possible. There seems to be some state requirements, that could be included such as those with education and road maintenance.	No Change This language is included here to ensure local governments understand we do not review maintenance of effort requirements. The Tennessee Department of Education, MTAS and CTAS provide needed guidance.
Tom Eddlemon, Finance Deputy Director / OMB	Metropolitan Government of Nashville and Davidson County	Page 12 Non-Appropriated Budgets) Examples might help here.	Clarified

Individual	Local Government / Agency	Budget Manual Comment	Resolution
			Appropriated Budget vs. Non-appropriated Budget **Appropriated budgets** are governed by state and local laws and create spending authority limits that are legally binding. An appropriation bill, ordinance, or resolution is signed into law. **Non-appropriated budgets** are approved in a manner authorized by state or local laws and not subject to appropriation. For example, utility funds budgeted pursuant to the 1982 Budget Law.
Tom Eddlemon, Finance Deputy Director / OMB	Metropolitan Government of Nashville and Davidson County	Page 27 Fund Balance) Make a distinction between available fund balance and total fund balance, here or somewhere else in the document. I think this would help clarify that fund balance alone isn't the primary issue, rather the concern is with liquid assets that can be available should the need arise.	Clarfied **Fund Balance Policy** Our Office recommends local governments adopt a fund balance policy for all fund types and include in its policy a requirement to maintain an unrestricted fund balance of not less than two months of the regular operating revenue or expenditures for operating funds. Local officials may determine more than two months is appropriate (for example, because of the timing of the receipt of major annual revenue sources and/or the timing of larger expenditures, such as insurance). The nature of each fund will determine the appropriate minimum amount of fund balance that should be maintained. When adopting a policy, please refer to GFOA's best practice on fund balance guidelines: www.gfoa.org.
Lee Brouner, Finance/Budget Director	Hamilton County	Cash Flow Forecast Schedules (page 6) – Hamilton County generally attempts to maintain a relatively small amount of pooled cash on hand at all times to meet its cash flow needs (generally between \$25 million - \$50 million of pooled cash is maintained by the Trustee at all times to meet cash needs). The remainder of our liquid funds is invested in various short-term investments (with maturities less than or equal to 2 years) to maximize the returns on our idle funds. For purposes of the tests relative to the need for Cash Flow Forecast Schedules, we would prefer that counties be authorized to treat such short term pooled investments as 'cash equivalents' instead of focusing this test on cash balances only.	No Change Amounts for short-term liquid investments are considered. What is requested is consistent with current practice by our financial analysts when they analyze cash.
Lee Brouner, Finance/Budget Director	Hamilton County	Budget Amendments (page 8) – all budget amendments approved by our County Commission are posted on the County's website, along with all other resolutions approved by the County Commission. We have several budget amendments approved each year, the vast majority of which are for relatively insignificant amounts. Could provision be added that budget amendments posted to public websites can serve as sufficient notification to LGF?	No Change We have simplified this process and we do work with some of the larger local governments for special circumstances. The financial analyst for the respective region should be contacted.

Individual	Local Government / Agency	Budget Manual Comment	Resolution
David Connor, Executive Director John Sutton, CPA, CPTM CCFO Program Manager, On behalf of CTAS Consultants and CCFO Team	Tennessee County Services Association (TCSA) County Technical Assistance Service (CTAS)	On pages 6 – 7 and 21 we have the following comment concerning the use of the projected budgeted year-end cash balance ratio as a percentage of annual budgeted expenditures as an indicator of a local government's financial health and for determining if a more detailed cash flow schedule is required. While cash balance might be one indicator of the financial health of a governmental fund, we believe the best approach is using the projected fiscal year-end budgeted unrestricted fund balance ratio as a percentage of total annual budgeted expenditures. To be more specific, we are considering "unrestricted fund balance" to include unassigned, assigned and committed fund balances while excluding non-spendable and a portion of the non-budgeted restricted fund balances. Using the cash balance ratio criteria may not be as a strong indicator of financial health since a government could simply not pay or reduce its payments to vendors for outstanding accounts payable invoices for 30 to 90 days before year-end. This would result in a higher total cash balance giving an impression of stronger fiscal health, but would, of course, also increase its current liabilities. Also, the timing of the government's last year-end payroll period or pay date could materially affect year-end cash balance resulting in over relying upon projected year-end cash as a means of determining financial health. This change in methodology proposed in the manual seems to be a departure from the Comptroller's emphasis on modified accrual and accrual basis of accounting. We endorse the continued use of the unrestricted fund balance/annual budgeted expenditures ratio based upon the modified accrual basis of accounting since this approach can continue to provide a meaningful analysis of the financial health of a governmental fund which includes the effects of the beginning and end of year accounts receivables, accounts payable and other current liabilities and its effects upon revenues, expenditures and total unrestricted fund balance. The unrestricted fund balance/annual budgeted expenditures ratio method is a better measure of the county's working capital and is a well understood methodology and practice that is currently	Clarified We analyze cash liquidity because it pays the bills and fund balance does not. State law requires our office to ensure local governments' bills are paid and obligations are met. The General Assembly changed the budgetary laws this year to recognize the importance of both cash flows and fund balance –in line with this we have a dual approach when we review budgets. We have added a best practice recommendation related to a cash management policy for local governments to Section 7 of the manual to help clarify. **Cash Management Policy** Our Office recommends local governments adopt a cash management policy that addresses areas specific to cash, including, but limited to cash flow forecasting, minimum cash balances, short-term borrowing for operations, pooled cash accounts, investment of idle cash, banking, internal controls, collateralization requirements, and internal transfers, loans, and reimbursements, as applicable.

Individual	Local Government / Agency	Budget Manual Comment	Resolution
		followed by elected officials, finance directors, and other decision makers throughout county government. The unrestricted fund balance/annual budgeted expenditure % ratio can be an effective financial benchmark when comparing it to the local government's written fund balance policies in accordance with GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions and current GFOA best practices for local government budgeting.	
John Sutton, CPA, CPTM CCFO Program Manager, On behalf of CTAS Consultants and CCFO Team	County Technical Assistance Service (CTAS)	Page 12 not all local governments have written budget or fund balance policies. Should each entity develop and adopt written budget and fund balance policies for governmental and proprietary fund types? Should these policies also address debt service capacity ratios or other related benchmarks? We agree that written policies are ideal, but the draft should clarify if this is a new regulatory requirement or simply a best practice.	<u>No Change</u> The budget manual recommends this as a best practice (that is, not as a requirement).
John Sutton, CPA, CPTM CCFO Program Manager, On behalf of CTAS Consultants and CCFO Team	County Technical Assistance Service (CTAS)	Page 21 discusses capital budgets which typically involve separate capital project funds and some grant awards that finance capital projects. We recommend that the manual include guidance for the budgeting for capital project funds which are typically done on a project-by-project basis over multiple years when financed entirely by debt proceeds or grant award. If a capital project funds budget is allocated tax revenues then an annual budget would need to be prepared and presented.	<u>Clarified</u> We normally refer local governments to CTAS and MTAS for assistance with capital budgeting. We added a reference to the GFOA best practice for capital budgeting in Section 7 of the manual. The primary focus of the budget manual is on operating budgets. <u>GFOA also has other budgetary best practices including, but not limited to:</u> • <u>Establishment of Strategic Plans</u> • <u>Multi-Year Capital Planning</u> • <u>Capital Budget Presentation</u> • <u>Working Capital Targets for Enterprise Funds</u> • <u>Public Engagement in the Budget Process</u> We recommend local governments review and implement best practices from GFOA as part of your budget policies and procedures, making any necessary changes to address state and local laws and regulations. Online access to GFOA's best practices is available at: www.gfoa.org. We also added the following to Section 6 of the budget manual. <u>Both MTAS and CTAS have online resources and can assist municipalities, counties, and metropolitan governments in the preparation of a capital budget and capital improvement program.</u>

Individual	Local Government / Agency	Budget Manual Comment	Resolution
John Sutton, CPA, CPTM CCFO Program Manager, On behalf of CTAS Consultants and CCFO Team	County Technical Assistance Service (CTAS)	Page 23 recommends that Boards of Education (BOE) make an operating transfer of funds from the General Purpose Schools Fund 141 to the School Federal Projects Fund 142 to provide operating cash and unrestricted fund balance to avoid potential audit findings due to possible year-end cash overdrafts. Typically, the BOE will record temporary year-end interfund receivables and payables between these two funds to provide the operating cash; however, per the manual this practice would be replaced by a one-time operating transfer subject to possible annually increases or decreases depending upon the School Federal Projects Fund's annual budgeted expenditures. We recommend that the draft clarify that short-term interfund receivables and payables between operating funds should be liquidated monthly and discouraged whenever possible if used as part of an internal cash management strategy.	No Change This guidance is reiterated from a memo created by the Tennessee Department of Education and the Division of Local Government Audit that we incorporated as part of the Manual.
John Sutton, CPA, CPTM CCFO Program Manager, On behalf of CTAS Consultants and CCFO Team	County Technical Assistance Service (CTAS)	Page 24 allotments and impoundments does not address counties organized as a home rule or charter. Could general law counties achieve an allotment or impoundment simply by passing a budget amendment or resolution to freeze or reduce budgetary amounts to achieve the same results? We recommend additional language be added to clarify the options available to general law counties.	No Change There is a distinction between amendments and impoundments. Amendments for general law counties are discussed prior to impoundments on this page.
John Sutton, CPA, CPTM CCFO Program Manager, On behalf of CTAS Consultants and CCFO Team	County Technical Assistance Service (CTAS)	Page 27 uses the term "rainy day reserve" which is typically a term used more frequently in state government rather than local government. We recommend that the term unrestricted fund balance be used which includes unassigned, assigned, and committed as the preferred terminology in accordance with current practice and GASB Statement No. 54.	No Change The 7 Keys were developed with non-financial professionals in mind and the concept is the focus here and not the specific terminology.
John Sutton, CPA, CPTM CCFO Program Manager, On behalf of CTAS Consultants and CCFO Team	County Technical Assistance Service (CTAS)	Appendix 1 page 31 under budget form and information item #7(b) uses the term "Statement of Changes Format" is this referring to the Statement of Revenues, Expenditures/Expenses and Changes in Fund Balances/Net Position? We recommend a more specific financial term be used.	Clarified 7. Budget Form and Information a. Terminology and classification should be the same as used for reporting and accounting. (GASB Codification 1700.118) b. The format is typically in a Statement of Revenues, Expenditures/Expenses and Changes in Fund Balance/Net Position Format.

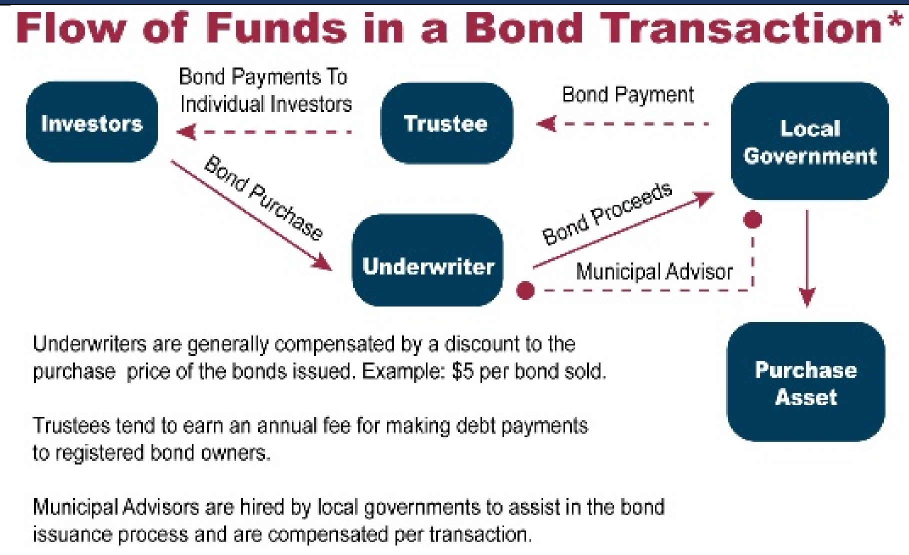
Individual	Local Government / Agency	Budget Manual Comment	Resolution
John Sutton, CPA, CPTM CCFO Program Manager, On behalf of CTAS Consultants and CCFO Team	County Technical Assistance Service (CTAS)	Appendix 1 page 34 under the budget process preparation item (a) should the language be clear that this is the primary responsibility of the CEO (County or City Mayor) and management which could include the City Manager and the CFO or Finance/Budget Director? We suggest modifying the wording to make it clear that management is responsible for drafting the budget and not the governing body or it's related committees.	Clarified A. Roles and Responsibilities 1. Preparation a. City and County Management including but not limited to the following: Chief Executive Officer (CEO), County or City Mayor, City Manager, ~~and the~~ Chief Financial Officer (CFO), and ~~or~~ Budget Officer/Director
John Sutton, CPA, CPTM CCFO Program Manager, On behalf of CTAS Consultants and CCFO Team	County Technical Assistance Service (CTAS)	Appendix 1 page 36 under budget documents item #1 we suggested that the term budget message include a description such as "Budget Message from the Mayor/CEO/City Manager/CFO" to better define who is responsible for drafting the budget message.	Clarified C. Budget Document The budget document is prepared by the CEO, CFO or Budget Officer, and Budget Finance Committee and contains the following parts: 1. Budget Message from the Mayor/CEO/City Manager/CFO
John Sutton, CPA, CPTM CCFO Program Manager, On behalf of CTAS Consultants and CCFO Team	County Technical Assistance Service (CTAS)	Appendix 2 budget calendar it might be useful to add the dates that the automatic two month extension is allowed under state statutes for counties.	No Change State law permits this as an exception, and not as the standard, so we did not include this on the standard budget calendar.
John Sutton, CPA, CPTM CCFO Program Manager, On behalf of CTAS Consultants and CCFO Team	County Technical Assistance Service (CTAS)	The draft has no section about the use of electronic purchase orders and encumbrances and its importance in the management of the local government's budgets for governmental funds. We suggest that a section describing the importance and use of purchase orders and encumbrances be added.	No Change This is an area that we need to research and learn more about. Feel free to share information on this and we will consider for implementation in the next manual version.
Sheila Reed, CPA, Assistant Director	Division of Local Government Finance	Additional State entities are associated with financial oversight of local governments.	Clarified Added section for Tennessee Department of Treasury and Tennessee Emergency Communication Board (TECB) in "Oversight and Support from Other State Agencies and Boards."

Individual	Local Government / Agency	Budget Manual Comment	Resolution
Sheila Reed, CPA, Assistant Director	Division of Local Government Finance	Addition needed to explain the funding requirements of pension benefits on the budget process.	<u>Clarified</u> Added a section to explain the funding requirements of the Tennessee Consolidated Retirement System (TCRS) and the Public Employee Defined Benefit Financial Security Act of 2014.

Individual	Local Government; Association; Agency	Debt Manual Comment	Resolution
John Sutton, CPA, CPTM CCFO Program Manager Ross Smith Anthony Haynes David Connor	County Technical Assistance Service (CTAS) Ramsey Farrar Russell & Smith TN Municipal League TN Municipal Bond Fund TN County Services Association	Consider requiring local governments who have publicly traded debt to prepare and publish continuing disclosures for new short-term debt issued. The manual does require it for CONs (see item 5 on page 21) in accordance with U.S. Securities and Exchange Commission (SEC) Rule 15(c) 12-2 (see pages 44-46). Unless a local government engages an SEC registered financial or bond advisor this may be overlooked since most local governments do not use an advisor in the issuance of short-term debt such as CON's, grant anticipation notes, bond anticipation notes, or tax and revenue anticipation notes. The SEC rule requires that continuing disclosures of any new debt issued and its purpose that is a material dollar amount to the government's financial statements be posted by the issuer electronically to the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Access (EMMA) on-line system. If this step was added to the manual for all short-term debt this might help local governments comply with SEC Rule 15(c) 12-2.	<u>No Change</u> With each approval of a CON, grant anticipation note, etc. our office reminds the local government of requirements after the issuance of debt and this is one of those. We believe this is effective.
John Sutton, CPA, CPTM CCFO Program Manager Ross Smith Anthony Haynes David Connor	County Technical Assistance Service (CTAS) Ramsey Farrar Russell & Smith TN Municipal League TN Municipal Bond Fund TN County Services Association	Add the statutory requirements for local governments to adopt and update their written debt management policy per TCA Section 9-21-157. If the LGF debt manual is adopted then some portion of government's debt management policies may need to be revised and updated. The debt manual should have a section describing the process for local governments on amending its debt management policies.	<u>No Change</u> These requirements are on our website. We may include this in the next Debt Manual update.

Individual	Local Government; Association; Agency	Debt Manual Comment	Resolution
John Sutton, CPA, CPTM CCFO Program Manager Ross Smith Anthony Haynes David Connor	County Technical Assistance Service (CTAS) Ramsey Farrar Russell & Smith TN Municipal League TN Municipal Bond Fund TN County Services Association	The manual does not address interest rate swap agreements which require pre-approval by LGF per TCA Section 9-21-130. Since entering in interest rate swap agreements are currently not very common they could become more common in the future in a rising interest-rate environment with the U.S. economy headed toward higher inflation which may result in future higher interest rates. The debt manual should have a section devoted to interest-rate swap agreements.	No Change These are not being entered into by local governments (apart from two energy acquisition corporations) so we purposefully excluded from the debt manual. Information on this topic is on our website.
Ross Smith Anthony Haynes David Connor	Ramsey Farrar Russell & Smith TN Municipal League TN Municipal Bond Fund TN County Services Association	Comment No. 1: The Debt Manual indicates on page 12 that the State of Tennessee has a preference for competitive public sales. While we do not take issue with the State having a preference, we would be remiss if we did not acknowledge that competitive public sales may not always be the vehicle to deliver the lowest total cost of borrowing because competitive public sales are often more expensive than other methods of borrowing. As such, we would request that the Comptroller either remove language stating a preference for one method over another or consider adding a clarifying sentence such as the following: “Interest rate costs are one form of borrowing costs. Issuance costs comprise the other. Issuance costs are generally higher using the competitive public sale method and generally lower using negotiated sales or private placements. A local government should consider all borrowing expenses including interest and issuance costs associated with any	Clarified The permitted method of sale for local government debt will generally be established by the statutes that authorize the issuance of the debt. Most general obligation debt in Tennessee is required to be sold by public competitive sale, and the State of Tennessee through its State Funding Board prefers to issue its general obligation debt ~~that type of sale for the issuance of debt~~ for larger capital projects by competitive sale.

Individual	Local Government; Association; Agency	Debt Manual Comment	Resolution
		debt issuance method prior to deciding on a particular method of sale.”	
Mike Swift, CFO	City of Maryville	I reviewed the Tennessee Debt Manual for Local Governments and found it to be very well written. It is relatively easy to read and understandable considering the complexity of some of the issues. I have no suggested revisions.	N/A
Ross Smith Anthony Haynes David Connor	Ramsey Farrar Russell & Smith TN Municipal League TN Municipal Bond Fund TN County Services Association	Comment No. 2: On page 33, the Debt Manual lists statutory sections that require Plans to be filed with the Comptroller’s Office. Noticeably absent from this list are Public Building Authority loans that may be used to refund general obligation and/or revenue debt which are required to be filed with the Comptroller’s Office pursuant to Tenn. Code Ann. § 12-10-116. As such, would request that the Comptroller consider adding the following bullet point to the section titled “Statutory Sections Requiring Plans:” • Tenn. Code Ann. § 12-10-116 – To issue Public Building Authority Loans to refund any General Obligation and/or Revenue Debt.	Corrected Statutory Sections Requiring Plans The following Plans are required to be filed with our office: • Tenn. Code Ann. § 9-21-612—To issue Capital Outlay Notes (CONs) to refund CONs; • Tenn. Code Ann. § 9-21-903—To issue General Obligation Bonds to refund General Obligation and/or Revenue debt; and • Tenn. Code Ann. § 9-21-1003—To issue Revenue Refunding Bonds to refund Revenue debt. • Tenn. Code Ann. § 12-10-116—To issue Public Building Authority Loans to refund any General Obligation and/or Revenue Debt.
Scott Gibson; Joe Ayres	Cumberland Securities	On page 3, it looks like the asterisk at the bottom relates to the asterisk that is in the third bullet point in the chart. I think if the asterisk in the chart could be moved as shown, it would provide some clarification. Also, as the MSRB uses the term municipal adviser instead of financial adviser, it might be good to use that term.	Corrected

<table>
<tr><th>Individual</th><th>Local Government; Association; Agency</th><th>Debt Manual Comment</th><th>Resolution</th></tr>
<tr><td></td><td></td><td></td><td>


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<tr><td>Scott Gibson; Joe Ayres</td><td>Cumberland Securities</td><td>On page 34, it basically provides that any refunding should have at least 2.5% NPV savings, which makes sense. For a refunding that combines the refunding of several prior refunded issues, do you want that done on a per refunded issue basis? On occasion, a refunding of an issue (likely one with not many years left before maturity) may make sense to “throw in” with a bigger refunding because the additional issuance costs are nominal and otherwise the government would just lose the savings. Will that type of situation be an adequate justification to include that in a larger refunding?</td><td>Clarified
Justify refunding if total combined net present value (NPV) debt service savings are less than 2.5 times the costs of issuance (including underwriter’s discount and bond insurance as costs of issuance).</td></tr>
<tr><td>Scott Gibson; Joe Ayres</td><td>Cumberland Securities</td><td>On page 34, some of the information requested, particularly for a multi-generational refunding, would be hard to provide. Particularly when debt that was in a loan program that was not publicly traded has been refunded, it is almost impossible to get</td><td>Removed This Requirement
The narrative should include an explanation of the information and schedules that support the refunding. ~~A chronology of the debt being refunded and costs for those debt issues, including interest until the time of refunding, should be provided as part of the Plan.~~ The Comptroller’s Office may request additional information.</td></tr>
</table>

Individual	Local Government; Association; Agency	Debt Manual Comment	Resolution
		access to the interest expense on the prior debt unless the local government has kept great records. Could the interest and cost information be limited to just the immediate issue being refunded?	

Jason E. Mumpower
Comptroller

To: Members of the State Funding Board
From: Betsy Knotts, Director, Division of Local Government Finance
Date: June 1, 2021
Subject: Annual Report on Balloon Indebtedness for Fiscal Year 2021

Pursuant to Tenn. Code Ann. § 9-21-133 (the "Act"), local governments must request approval from the Comptroller's Office prior to issuing balloon indebtedness. The Act authorizes the State Funding Board to establish guidelines with respect to approval by the Comptroller of the Treasury and may exempt certain classes of indebtedness from such approval. Attached is a listing of all balloon indebtedness plans submitted to our Office in Fiscal Years 2015 - 2021.

Refunding Bonds

For Fiscal Year 2021, fifteen (15) plans of balloon indebtedness were submitted to our Office for review - eleven (11) of the plans were proposed issuances of refunding bonds, ten (10) plans achieved debt service savings and one (1) plan removed variable rate interest rate risk. Our Office determined the repayment structures of all eleven (11) proposed refundings were in the public's interest because they achieved cost savings and/or reduced interest rate risk to the local government.

New Money Bonds

Our Office received only four (4) plans of balloon indebtedness for new money debt. Each plan was evaluated based on the plan's particular circumstances and a determination was made as to whether the repayment structure was in the public's interest. For example, the Memphis-Shelby County Airport Authority's plan as well as the City of Pulaski's plan were approved because they established level aggregate debt service.

Division of Local Government Finance Balloon Indebtedness Request History

For the Period June 16, 2020 through June 1 , 2021

Type of Balloon Indebtedness Plan	FY 2015 (Mar-Jun)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020*	FY 2021
New Money Bonds	3	4	4	1	6	6	4
Advance Refunding Bonds	5	21	8	7	0	3	2
Current Refunding Bonds	2	1	5	1	2	9	9
Total Plans Received	10	26	17	9	8	18	15

*One approval was both an advance and a current refunding

FY 2021

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
Requests to Issue Balloon Debt					
New Money Bonds					
Crossville	Revenue (Series C)	$ 9,835,000	Y	Y	Improvements to utility system
Pulaski	PBA Loan General Obligation	12,000,000	Y	Y	Improvements to utility system
Memphis-Shelby County Airport Authority	Revenue	150,000,000	Y	Y	Improvements to airport
Memphis	Revenue Capital Appreciation Bonds	182,000,000	Y	Pending	Capital Projects
Advance Refunding Bonds					
Memphis Light Gas and Water	Revenue	$ 51,470,000	Y	Y	Refunding for Savings
Robertson County	General Obligation	14,310,000	Y	Y	Refunding for Savings
Current Refunding Bonds					
Memphis Shelby County Airport Authority	Revenue	$ 30,290,000	Y	Y	Refunding for Savings
New Johnsonville	Revenue	2,800,000	Y	Y	Removal of variable interest rate risk
Crossville	General Obligation (Series A1)	4,135,000	Y	Y	Refunding for Savings
Crossville	Revenue (Series C)	21,160,000	Y	Y	Refunding for Savings
Unicoi Water Utility District	Revenue	2,200,000	Y	Y	Refunding for Savings, USDA Loan
Jonesborough	General Obligation	6,105,000	Y	Y	Refunding for Savings, USDA Loan
Lakeview Utility District	Revenue	3,655,000	Y	Y	Refunding for Savings, USDA Loan
Cumberland Gap	General Obligation & Rev Bonds	288,000	Y	Y	Refunding for Savings, USDA Loan
Bristol-Bluff City Utility District	Revenue	8,060,000	Y	Pending	Refunding for Savings, USDA Loan

FY 2015 (March - June 2015)

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
Requests to Issue Balloon Debt					
New Money Bonds					
Benton County	Revenue	$ 2,975,000	N	N	
Lawrenceburg	General Obligation	5,000,000	Y	Y	Wrap-around debt
Maury County	General Obligation	47,000,000	Y	Y	School construction
Advance Refunding Bonds					
Cocke County	General Obligation	$ 10,000,000	Y	Y	
First Utility District of Hawkins County	Revenue	10,000,000	Y	Y	
Hawkins County	General Obligation	9,755,000	Y	Y	
Henderson County	General Obligation	9,500,000	Y	Y	
Hendersonville Utility District	Revenue	9,875,000	Y	Y	
Current Refunding Bonds					
Maryville	General Obligation	$ 10,000,000	Y	Y	
Sevierville	General Obligation	17,120,000	Y	Y	

FY 2016

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
Requests to Issue Balloon Debt					
New Money Bonds					
Madison Suburban Utility District	Revenue	$ 9,250,000	Y	Y	Water lines
Selmer	General Obligation	3,650,000	Y	Y	Street and road construction
Tennessee Energy Acquisition Corporation	Revenue	850,000,000	Y	N	Prepurchase of natural gas
Wilson County	General Obligation	55,000,000	Y	Y	School construction
Advance Refunding Bonds					
Alcoa	General Obligation	$ 9,900,000	Y	Y	
Anderson County Water Authority	Revenue	7,425,000	Y	Y	
Cocke County	General Obligation	10,000,000	Y	Y	
Columbia	General Obligation	7,850,000	Y	Y	
Dyer County	General Obligation	9,975,000	Y	Y	
Fayetteville	Revenue	10,000,000	Y	Y	
First Utility District of Hawkins County	Revenue	10,000,000	Y	Y	
Harpeth Valley Utility District	Revenue	32,000,000	Y	Y	
Hawkins County	General Obligation	10,000,000	Y	Y	
Hendersonville Utility District	Revenue	7,250,000	Y	Y	
Jefferson County	General Obligation	4,275,000	Y	Y	
Johnson County	General Obligation	4,950,000	Y	Y	
Kingsport	General Obligation	34,000,000	Y	Y	
Maryville	General Obligation	3,550,000	Y	Y	
Metro Nashville Davidson County	General Obligation	425,000,000	Y	Y	
Monroe County	General Obligation	8,500,000	Y	Y	
Ocoee Utility District	Revenue	11,125,000	Y	Y	
Robertson County	General Obligation	48,550,000	Y	Y	
South Blount Utility District	Revenue	13,000,000	Y	Y	
Washington County	General Obligation	113,735,000	Y	Y	
White House Utility District	Revenue	35,000,000	Y	Y	
Current Refunding Bonds					
Hardeman County	General Obligation	$ 9,050,000	Y	Y	

FY 2017

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
Requests to Issue Balloon Debt					
New Money Bonds					
Greeneville (Airport)	General Obligation	$ 2,210,000	Y	Y	Airport improvements
Memphis Shelby County Airport	Revenue	110,000,000	Y	Y	Airport improvements
Tennessee Energy Acquisition Corp	Revenue	850,000,000	Y	Y	Prepurchase of natural gas
Wilson County	General Obligation	21,500,000	Y	Y	School construction
Advance Refunding Bonds					
Anderson County	General Obligation	$ 9,250,000	Y	Y	
Claiborne Utility District	Revenue	8,805,000	Y	Y	
Elizabethton	General Obligation	6,500,000	Y	Y	
Henry County	General Obligation	2,275,000	Y	N	
Johnson City	General Obligation	20,740,000	Y	Y	
Knox Chapman Utility District	Revenue	1,800,000	Y	Y	
Poplar Grove Utility District	Revenue	4,800,000	Y	Y	
Watauga River Utility District	Revenue	8,600,000	Y	Y	
Current Refunding Bonds					
Hardeman County	General Obligation	$ 9,100,000	Y	Y	
Lawrenceburg	General Obligation	4,500,000	Y	Y	
Monroe County	General Obligation	9,850,000	Y	Y	
Putman County	General Obligation	53,200,000	Y	Y	
West Wilson Utility District	Revenue	4,200,000	Y	Y	

FY 2018

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
Requests to Issue Balloon Debt					
New Money Bonds					
Henry County	General Obligation	$ 8,885,000	Y	Y	12-yr maturity; school construction
Advance Refunding Bonds					
Clarksville	Revenue	$ 26,165,000	Y	Y	
Clarksville	Revenue	53,660,000	Y	Y	
Gibson County	General Obligation	4,325,000	Y	Y	
Manchester	General Obligation	9,300,000	Y	Y	
Maryville	Revenue	33,450,000	Y	Y	
Memphis & Shelby County Sports Authority	Revenue	80,135,000	Y	N	
North West Utility District	Revenue	10,000,000	Y	Y	
Current Refunding Bonds					
Campbell County	General Obligation	$ 8,310,000	Y	Y	

FY 2019

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
Requests to Issue Balloon Debt					
New Money Bonds					
Jackson	Lease Agreement	$ 9,718,970	Y	N	New Markets Tax Credit Program- School Construction
Madison County	Lease Agreement	17,000,000	Y	N	New Markets Tax Credit Program - School Construction
Metro Development and Housing Authority	Revenue	25,000,000	N	Y	Tax Increment Financing - Approval requested after adoption of resolution
Metro Nashville Sports Authority	Revenue	225,000,000	Y	Y	Major League Soccer Stadium Construction
Tennergy Corporation	Revenue	1,000,000,000	Y	Y	Prepurchase of natural gas
Tennessee Energy Acquisition Corporation	Revenue	900,000,000	Y	Y	Prepurchase of natural gas
Current Refunding Bonds					
Hawkins County	General Obligation	$ 22,700,000	Y	Y	Refunding for savings
South Blount UD	Revenue Bonds	18,000,000	Y	Y	Refunding USDA for savings

FY 2020

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
Requests to Issue Balloon Debt					
New Money Bonds					
Jackson	Lease Agreement	$ 11,927,878	Y	Y	New Markets Tax Credit Program- School Construction
Madison County	Lease Agreement	19,579,215	Y	Y	New Markets Tax Credit Program - School Construction
Mallory Valley UD	Revenue Bonds	20,066,049	Y	Y	Improvements to Water System
Metro Nashville Airport Authority	Revenue Bonds	1,000,000,000	Y	Y	Improvements to Airport
Tennergy	Revenue Bonds	750,000,000	Y	Pending	Commodity Pre-purchase Bonds
Tennessee Energy Acquisition Corporation	Revenue Bonds (Series A&B)	1,022,963,000	Y	Pending	Commodity Pre-purchase Bonds
Current Refunding Bonds					
Blountville UD	Revenue Bonds	$ 216,000	Y	Y	Refunding for savings, USDA
Chuckey UD (Series A)	Revenue and Tax	1,960,000	Y	Y	Refunding for savings, USDA
Crossville (Series A&C)	General Obligation/Tax & Revenue	25,550,000	Y	N	Refunding for savings
Friendsville	Revenue and Tax	1,066,000	Y	Y	Refunding for savings, USDA
H.B.&T.S. UD	Revenue Bonds	4,975,000	Y	Y	Refunding for savings, USDA
Henry County	General Obligation	2,085,000	Y	Y	Refunding for savings
Memphis	General Obligation	83,976,000	Y	Y	Refunding for savings
Metropolitan Lynchburg and Moore County	Revenue and Tax	3,340,233	Y	Y	Refunding for savings, USDA
Minor Hill UD	Revenue Bonds	1,500,000	Y	N	Refunding for savings, USDA
Advance Refunding Bonds					
Chuckey UD (Series B)	Revenue and Tax	$ 1,290,000	Y	Y	Refunding for savings, USDA
Elizabethton	General Obligation	19,260,000	Y	Y	Refunding for savings, BABs
Putnam County	General Obligation	49,160,000	Y	Y	Refunding for savings

Tennessee Comptroller of the Treasury

Jason E. Mumpower
Comptroller

To: Members of the State Funding Board
From: Betsy Knotts, Director, Division of Local Government Finance
Date: June 1, 2021
Subject: Report on Emergency Financial Aid to Local Governments

Pursuant to Tenn. Code Ann. §§ 9-13-201 et. seq (the "Act"), local governments must request approval from the Comptroller's Office prior to issuing notes which may mature beyond the close of the fiscal year in which the notes are issued in the case of economic distress due to natural disaster certified by the federal emergency management agency (FEMA). The Act requires the Comptroller of the Treasury to report to the State Funding Board any approval of note issuance pursuant to Tenn. Code Ann. § 9-13-206. Below is a listing of all FEMA notes issued in FY20-21:

Entity	Description	Date Approved	Amount Approved	Date Issued	Amount Issued	Maturity
Blount County	2-yr FEMA RANs (Interfund Loan for Self-Insurance Fund)	6/25/2020	$5,000,000	6/30/2020	$5,000,000	6/30/2022
Henry County	3-yr FEMA TANs (Taxable Bank Loan for Henry County Medical Center)	6/25/2020	$8,000,000	6/26/2020	$8,000,000	6/30/2023
Knox County	2-yr FEMA RAN (Interfund Loan for the County's Constitutional Officers Fund)	8/21/2020	$1,500,000	10/1/2020	$1,500,000	6/30/2022
Metro Nashville	2-yr FEMA TAN (Interfund Loans for the General Fund, Schools Debt Service Fund, and Urban Services District Debt Service Fund)	6/24/2020	$17,000,000	6/30/2020	$7,000,000	6/30/2021