



JASON E. MUMPOWER  
*Comptroller*

**TENNESSEE STATE FUNDING BOARD**  
**DECEMBER 15, 2022**  
**AGENDA**

1. Call meeting to order
  
2. Consideration for approval of minutes from the November 16, and November 28, meeting
  
3. Report from the Department of Economic and Community Development for approval of funding for the following FastTrack projects:
  - **Ultium Cells LLC – Spring Hill (Maury County)**  
FastTrack Economic Development Grant \$18,000,000
  
  - **To Be Announced**  
FastTrack Job Training Assistance Grant \$ 954,000
  
4. Adjourn

**TENNESSEE STATE FUNDING BOARD**  
**November 16, 2022**

The Tennessee State Funding Board (the “Board”) met on Wednesday, November 16, 2022, at 9:00 a.m., in the Cordell Hull Building, 2<sup>nd</sup> Floor, Volunteer Conference Center, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of the State of Tennessee  
The Honorable David Lillard, State Treasurer  
Commissioner Jim Bryson, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Seeing a physical quorum present, Mr. Mumpower called the meeting to order.

Pursuant to Tennessee Code Annotated Section 9-4-5202(e), the Board is charged with the responsibility of developing estimates of state revenue growth. In doing so, the Board evaluates and interprets economic data and revenue forecasts provided by various economists as well as persons acquainted with the Tennessee revenue system. The Board then heard testimony and reports regarding the economy from the following presenters: Ms. Laurel Graefe of the Federal Reserve Bank of Atlanta; Dr. Don Bruce of the University of Tennessee Boyd Center for Business and Economic Research; and Dr. Jon Smith, Dr. Joseph Newhard, and Dr. Fred Makara of East Tennessee State University. Mr. Mumpower recessed the meeting at 10:45 a.m. and the Board reconvened at 10:55 a.m. to continue hearing testimony regarding the economy. The board heard reports from the following presenters: Commissioner David Gerregano and Mr. Jeff Bjarke of the Tennessee Department of Revenue; and Mr. Bojan Savic and Mr. Joe Wegenka of the legislative Fiscal Review Committee (FRC) of the State of Tennessee (the “State”).

The presenters forecasted economic growth and state tax revenue growth that reflected a moderation of growth in the current fiscal year and cautious growth in the next fiscal year. Factors cited to support moderate current year growth and cautious growth next fiscal year included Federal Reserve action on interest rates, continued above-average inflation rates, labor/workforce supply issues, and fears of a looming recession. Those factors increased downside risk to both economic and state tax revenue growth.

Mr. Mumpower then called for presentations regarding the Tennessee Education Lottery Corporation (TELC) from Mr. Savic and Mr. Wegenka; and Ms. Rebecca Hargrove, President and CEO, and Mr. Andy Davis, Chief Financial Officer, from the TELC. Legislation in 2003 created the TELC (Tennessee Code Annotated Sections 4-51-101 et seq.). Pursuant to Tennessee Code Annotated Section 4-51-111(c), the Board is required to establish a projected revenue range for the “Net Lottery Proceeds” [defined in Section 4-51-102(14)] for the remainder of the current fiscal year and for the next four (4) succeeding fiscal years.

The lottery presenters reported on historical results and growth reported in previous years for the various instant and numbers games, and Powerball and Mega Millions jackpot games, of the Tennessee Lottery program. The lottery presenters summarized recent changes for TELC and reported on year-to-date revenue and expenses for fiscal year 2022-2023.

Tennessee Code Annotated Section 4-51-111(c)(2)(A)(ii) requires the Board, with the assistance of the Tennessee Student Assistance Corporation (TSAC), to project long-term funding needs of the lottery

scholarship and grant programs. These projections are necessary to determine if adjustments to lottery scholarship and grant programs are needed to prevent the funding for these programs from exceeding Net Lottery Proceeds. For this purpose, the Board heard testimony from Mr. Tim Phelps, Associate Executive Director for Grants and Scholarship Programs of TSAC, who reported the projected expenditures in lottery scholarship and grant programs through fiscal year 2026-2027. The lottery-funded scholarship programs as authorized through the 2022 session of the General Assembly included the HOPE Scholarship, General Assembly Merit Scholarship, ASPIRE Award, HOPE Access Grant, Wilder-Naifeh Technical Skills Grant, HOPE Scholarship for Non-traditional Students, Dual Enrollment Grant, Helping Heroes Grant, Foster Child Tuition Grant, STEP UP Scholarship, TCAT Reconnect Grant, the Tennessee Middle College Scholarship, and Tennessee Reconnect Grant.

Mr. Mumpower then recognized Mr. Ed Harries, Executive Director, and Ms. Danielle Brown, Controller, from the Tennessee State Veterans' Home Board (the "TSVHB"), who presented a report on TSVHB operations. The Board had received a financial report in their packet for the period July 1, 2022, through October 31, 2022. Mr. Harries then reported on the Centers for Medicare and Medicaid Services ("CMS") star ratings of the TSVHB facilities. Mr. Harries noted that the Murfreesboro facility received a three-star rating due to a citation that was received for infection control. Mr. Harries stated that an employee failed to sign in when entering the building violating the COVID related infection control program. The remaining facilities were rated at four-stars or higher. Mr. Harries further stated that the Murfreesboro, Humboldt, and Clarksville facilities were all rated at five-stars for quality of care.

Mr. Harries then reported on the current occupancy and staffing situation of TSVHB's facilities. Mr. Harries stated that the facilities were hit hard in fiscal year 2022 due to COVID causing people to not want to be admitted into nursing homes and, in the case of the Murfreesboro facility, a significant number of deaths from the pandemic. Mr. Harries further stated that the census had been on the increase in fiscal year 2023, and that he expected the occupancy rate to completely recover. Mr. Harries then stated that the largest impediment to the recovery was related to staffing. Mr. Harries further stated that the Murfreesboro facility froze admissions in June due to the lack of staff to take care of the residents. Mr. Harries then stated that from July 2022 on that the situation was starting to be remedied. Mr. Harries further stated that all the facilities except Humboldt were having the same labor challenges. Mr. Harries then reported that the labor market had opened up for TSVHB's level of certified nursing assistants ("CNA") and housekeepers for all industries. Mr. Harries further reported that the facilities were losing employees to the opened market as wages increased. Mr. Harries then stated that they were losing CNAs to contract agencies that pay a much higher wage to employees than the TSVHB can afford to pay. Mr. Harries further stated that the TSVHB then had to contract with these agencies to staff the facilities which is driving up expenses.

Mr. Mumpower then inquired how TSVHB was able to affect their salary policy in light of the market. Mr. Harries replied that there was a significant raise with the last budget cycle and that they evaluate salaries regularly. Mr. Harries further responded that to adjust their wages the TSVHB had to submit to various state agencies for approval. Mr. Harries then stated that the TSVHB was self-sufficient, and as Executive Director he has to determine if they have the money to afford raises. Mr. Harries then stated that what the contract agencies are actually paying CNAs was becoming more in line with reality, so the TSVHB may see a benefit from that. Mr. Harries then stated that TSVHB was viewed as an attractive potential employer due to state benefits, better working environment, and higher staffing levels.

Mr. Harries then stated that staffing at the facilities were above the national and state averages of 3.75 and 3.50 clinical staff per patient per day, respectively. Mr. Harries then stated that the state requirement was 2.0 and the Veterans Affairs ("VA") requirement was 2.50. Mr. Bryson then asked for further clarification on the metric. Mr. Harries then stated that the 4.0 clinical staff per patient per day for the TSVHB facilities was based on the number of patients in house at that time. Mr. Bryson then asked if they had unfilled beds in order to meet this standard and that filling the beds would bring the ratio significantly down. Mr. Harries

replied in the affirmative and stated that the beds could not be filled until staff was in place to provide the proper care.

Mr. Harries then reported on the current TSVHB construction projects. Mr. Harries noted that the 108-bed Cleveland facility was close to completion with a projected date of December 2022 and the first residents to be admitted to the facility in early 2023. Mr. Harries then stated that the cost of the Cleveland building was \$47.7 million and that a VA grant was leveraged for 65% of the cost. Mr. Harries also gave an update on the Arlington-Shelby County facility that was being constructed and renovations to the Murfreesboro, Humboldt, and Knoxville facilities that included adding additional generators to power HVAC chillers. Mr. Harries further stated that TSVHB was awaiting approval for a grant application for construction of additions to the Murfreesboro Executive Offices.

Ms. Brown then reported on the TSVHB's finances. Ms. Brown stated that the TSVHB currently had \$21 million in the Local Government Investment Pool ("LGIP") with the largest portion of funds held in Operating Reserves. Ms. Brown further stated that the reserve funds were there in case the Revenue Fund was depleted. Ms. Brown then stated that the Revenue Fund was used to fund payroll and accounts payable. Ms. Brown then stated that entity wide there was a loss of \$1,399,446 as of October 31, 2022. Ms. Brown further stated that the budgeted loss for the same period was \$1,203,177. Ms. Brown then stated that the difference between actual and budgeted amounts was due to the 6% increase in pay scale and the increase in the cost of supplies and fuel. Mr. Lillard then asked what the budget deficit would have looked like if the TSVHB facilities had been able to run at a proper occupancy level. Ms. Brown replied that she thought they would be running at a profit but that would be dependent on where the staff was hired from. Ms. Brown further replied that if it was internal staff there would be a profit but with agency staff the cost of registered nurses was \$100 an hour compared to \$40 an hour for a registered nurse of the TSVHB facility. Mr. Lillard then inquired if the TSVHB, even with the additional staff cost, would have a profit if the occupancy was at a higher level. Ms. Brown replied that the TSVHB's main goal was quality of care and maintaining the current level of staff per patient per day. Ms. Brown further replied that all facilities except the Clarksville facility would have been profitable in the current budget cycle if not for the agency costs. Mr. Lillard then asked, with 38% of TSVHB's cash position in Operating Reserves that will eventually be used up if the state doesn't supplement it, what the plan was moving forward. Ms. Brown replied that the plan was to eliminate agency costs. Ms. Brown further replied that there was \$7 million in the Revenue Fund that were being used to pay these costs. Ms. Brown then replied that they had not needed to utilize funds in the Operating Reserve even during the COVID pandemic. Ms. Brown then stated that \$1 million of the Operating Reserve was for startup for the Cleveland facility. Mr. Mumpower then inquired how many people were currently being served statewide on a daily basis. Ms. Brown replied approximately 400. The Board acknowledged the report. No further action was necessary.

Mr. Mumpower then presented a request from the Department of Education for \$23,000 from Net Lottery Proceeds for Lottery Scholarship Day for fiscal year 2023-2024, pursuant to Tennessee Code Annotated Section 4-51-111(c)(2)(B). The requested funds will support improvements and enhancements for educational programs and purposes and such net proceeds shall be used to supplement, not supplant, non-lottery educational resources for educational programs and purposes. The Board acknowledged the request from the Department of Education. No further action was necessary.

After requesting other business and hearing none, Mr. Mumpower recessed the meeting and stated that the Board would reconvene on November 28, 2022, at 2:15 p.m., or immediately following the scheduled meeting of the Tennessee State School Bond Authority, whichever was later, in the Cordell Hull Building, 2<sup>nd</sup> Floor, Volunteer Conference Center.

**RECONVENED**  
**November 28, 2022**  
**2:15 p.m.**

The Board reconvened on Monday, November 28, 2022, at 2:15 p.m., in the Cordell Hull Building, 2<sup>nd</sup> Floor, Volunteer Conference Center, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of the State of Tennessee  
The Honorable David Lillard, State Treasurer  
Commissioner Jim Bryson, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Seeing a quorum present, Mr. Mumpower called the meeting to order and asked for approval of the minutes from the October 19, 2022, meeting. Mr. Bryson made a motion to approve the minutes. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Mr. David Thurman, Director of the Division of Budget with the Department of Finance and Administration, who presented the staff recommendations of the recurring revenue estimates expressed in ranges of growth rates in State taxes.

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
Total State Taxes	6.82%	7.27%	1.40%	2.30%
General Fund	7.20%	7.70%	1.25%	2.25%

Mr. Bryson inquired what the annual expected growth rate would be in normal years not affected by the pandemic. Mr. Thurman responded that the annual growth rate would be 3.5% - 4.5%. Mr. Bryson then asked Mr. Thurman to give a qualitative assessment of what the next few years would look like economically based on his discussions with economists. Mr. Thurman replied that, based on those discussions and the presentations to the Board, it was expected that the Federal Reserve Board would continue with its goal to reduce inflation, and that there was an anticipated economic downturn for the end of fiscal year 2023. Mr. Thurman further replied that the economists were uncertain of the timing or impact of the downturn. Mr. Thurman then responded that slower growth should be expected in future years. Mr. Bryson made a motion to approve the state revenue estimates as recommended by staff. Mr. Mumpower seconded the motion, and it was unanimously approved.

Mr. Thurman then presented the staff recommendations of the estimates of the growth rate ranges for Net Lottery Proceeds to be deposited in the Lottery for Education Account and used for various statutory purposes.

	<u>FY 2022-2023</u>	<u>FY 2023-2024</u>	<u>FY 2024-2025</u>	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>
Low	0.00%	0.00%	1.00%	1.00%	1.00%
High	2.00%	2.00%	2.00%	2.00%	2.00%

Mr. Hargett made a motion to approve the lottery revenue estimates as recommended by staff. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Mr. Stuart McWhorter, Commissioner of the Tennessee Department of Economic and Community Development (“ECD”), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Assistant Commissioner of Administration, ECD, to present the “FastTrack Report to State Funding Board” (the “Report”). Mr. VanderMeer reported that, as of the date of the October 19, 2022, Board meeting, the FastTrack balance was \$264,959,491.02. Since that time, \$10,234,867.18 in funds had been deobligated; \$4,220,000.00 in funds were to be transferred, upon approval, from FastTrack to the Community and Rural Development allotment code to provide rail service for the Sinova Silicon LLC project in Lake County that was approved at the December 20, 2021, Board meeting; \$9,201,350.00 in new grants and loans had been approved; and \$131,506.79 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$261,641,501.41 as of the date of the Report. Mr. VanderMeer reported that total commitments had been made in the amount of \$198,254,150.78, resulting in an uncommitted FastTrack balance of \$63,387,350.63. Mr. VanderMeer reported that the amount of proposed grants for projects to be considered at this meeting totaled \$45,862,810.00, and if these projects were approved, the uncommitted balance would be \$17,524,540.63, for a total committed balance of \$244,116,960.78, which represented 93.3% of the FastTrack balance.

Mr. McWhorter then presented the following FastTrack projects:

- LG Chem Advanced Materials, Inc. – Clarksville (Montgomery County)  
FastTrack Economic Development Grant \$ 40,000,000.00
- Gold Creek Foods LLC – Caryville (Campbell County)  
FastTrack Economic Development Grant \$ 1,862,810.00
- Landmark Recovery Management Company LLC – Franklin (Williamson County)  
FastTrack Job Training Assistance Grant \$ 4,000,000.00

The Board member packets included letters and FastTrack checklists signed by Commissioner McWhorter, and incentive acceptance forms signed by company representatives. Mr. Mumpower inquired if the companies that had signed the incentive acceptance forms fully understood the agreements, and Mr. McWhorter responded affirmatively. Mr. Mumpower then inquired if checklists had been completed for each project, and Mr. McWhorter 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. McWhorter responded affirmatively. Mr. Lillard made a motion to approve the projects. Mr. Bryson seconded the motion, and it was unanimously approved.

Pursuant to Tennessee Code Annotated 4-51-111(a)(3), the TELC may make a determination that returning a specific percentage of sales as net proceeds (35%) would not result in the maximum dollar amount of net proceeds being achieved. Mr. Mumpower acknowledged receipt of a letter from TELC notifying the Board that TELC had determined that an amount that maximizes net lottery proceeds to the State of Tennessee

Lottery for Education Account is less than 35% of lottery proceeds for fiscal year 2022-2023. The amount currently projected for the fiscal year ranges from \$473 million to \$483 million. The Board acknowledged the letter. No further action was necessary.

Mr. Mumpower then recognized Mr. Charly Lyons, President and Chief Executive Officer of the Tennessee Central Economic Authority (the “Authority”) and Ms. Kelsey Dansby, Executive Administrator from the Authority, who presented a report on the Authority operations over the past year. The report was provided to the Board members in their meeting packets. Mr. Lyons explained that the Authority is an economic development organization that operates in the counties of Macon, Smith, Sumner, Trousdale, and Wilson. Mr. Lyons reported that the Authority’s revenues were currently higher than budgeted for both the Capital Project and General funds. Mr. Lyons further reported that the Authority’s current expenditures were in line with projected expenditures for that point in the year for both the Capital Project fund and General fund budgets. The Board acknowledged the report. No further action was necessary.

Mr. Mumpower then recognized Mr. Thomas Kim, Deputy Chief Investment Officer of the State of Tennessee Treasury Department (“Treasury”), Mr. Markus Klar, Director of Fixed Income, Treasury, and Mr. Kevin Gentry, Director of Investment Operations, Treasury, who presented a report on the State Pooled Investment Fund (“SPIF”) for the fiscal year ended June 30, 2022. Mr. Kim then stated that in the past the cash management was performed by the operations group. Mr. Kim further stated that the functions had been separated with cash management performed by one group and reporting and performance duties performed by the operations group. Mr. Kim then stated that Mr. Klar managed the SPIF and the Intermediate Term Investment Fund (“ITIF”), and Mr. Gentry oversaw performance and reporting.

Mr. Gentry then presented an overview of the SPIF and ITIF. Mr. Gentry noted the following:

- The objective of the SPIF was to obtain the highest available rate of return, consistent with the preservation of principal, while maintaining sufficient liquidity for state expenditures and other withdrawals from the pool
- The SPIF included both state funds and those invested with the Local Government Investment Pool (LGIP)
- The SPIF was managed in accordance with policy by the Treasury Fixed Income Team with assistance from Investment Operations
- The ITIF was intended to be a longer-term investment option for funds as an alternative to the SPIF
- The ITIF was authorized to receive and invest any money in the custody of any department or agency of the state or from any county trustee that had been authorized by resolution adopted by the county body, or from any other participant in the SPIF
- The ITIF was managed in accordance with policy by the Treasury Fixed Income Team with assistance from Investment Operations

Mr. Klar then presented a report on the annual investment activity of the SPIF for fiscal year 2022. Mr. Klar noted the following:

- The consumer inflation rate as measured by the Consumer Price Index (CPI) was approximately 5.4% at the beginning of fiscal year 2022, but the Federal Reserve Board (the “Fed”) maintained the Fed Funds Rate at zero estimating the higher level of inflation to be transitory and primarily from lingering effects of the COVID pandemic that impacted the global supply chain. By February 2022, the Fed estimated that three rate hikes by the end of the calendar year would be necessary to control inflation. Subsequently, the invasion of Ukraine by Russia and China’s continued zero COVID policy changed the Fed’s outlook, and it is expected that the Fed Funds Rate will peak around 5% sometime in 2023

- The return on the SPIF for fiscal year 2022 was 21-basis points compared to 8-basis points in fiscal year 2021. The increase was due to the Fed rate hikes in the final quarter of the fiscal year.
- The SPIF grew significantly over fiscal year 2022. At the beginning of the year the SPIF was approximately twenty and a half billion (\$20.5B) dollars and grew to approximately twenty-nine billion (\$29B) dollars by year end. Three billion nine hundred million (\$3.9B) dollars of the growth was from stimulus money held in the SPIF until deployment for projects, with the remaining increase in funds being organic growth
- The portfolio composition of the SPIF changed over the course of the fiscal year with 4% being moved out of the more liquid investments and into commercial paper to take advantage of the strong economy and the inflow of assets that made the focus on liquidity a little less important
- The demand to borrow from the SPIF had been reduced as banks were flush with cash reducing the portfolio composition of collateralized CDs to 0.69%
- The weighted average maturity of the SPIF was stable throughout fiscal year 2022 at a range of around 40 to 50 days, below the maximum of 60 days as set by the Government Accounting Standards Board (“GASB”) Statement 79
- The weighted average life of the SPIF started fiscal year 2022 around 57 days and was reduced to approximately 50 days by the end of the fiscal year
- There were two measures of the liquidity of the SPIF, the daily liquidity and the weekly liquidity. The daily liquidity was at least 30% during fiscal year 2022 and the weekly liquidity was at least 60% for much of the year. The minimum standards for daily liquidity and weekly liquidity, as determined by GASB Statement 79 are 10% and 30% respectively

Mr. Klar then presented a report on the annual investment activity of the ITIF for fiscal year 2022. Mr. Klar noted the following:

- The ITIF covered the same asset sectors of the market as the SPIF with the only difference being the ability to invest further out on the yield curve, up to three years in duration
- Due to the length in investment duration, the ITIF was more impacted by the rising interest rates during fiscal year 2022 than the SPIF, resulting in a lower total return for the ITIF for the year
- The approximate duration of the fund was 2.7 years toward the beginning of fiscal year 2022 and approximately 2.0 years by the end of the fiscal year
- The return on the ITIF for fiscal year 2022 was a negative 329 basis points, which was 108 basis points better than a suitable benchmark, the Vanguard Short-term Federal Portfolio
- The asset allocation for the ITIF was stable throughout fiscal year 2022
- There were no inflows or outflows from the ITIF during fiscal year 2022

The Board acknowledged the report. No further action was necessary.

Mr. Mumpower then recognized Ms. Sandra Thompson, Assistant Secretary to the Board and the Director of the Division of State Government Finance, to present for consideration for approval an amendment to the financial advisor contract with PFM Financial Advisors, LLC (“PFM”). Ms. Thompson stated that a final version of the amendment to the financial advisory contract with PFM was provided to the Board members in their packets. Ms. Thompson then stated that the current financial advisor services contract would expire on December 31<sup>st</sup> of the current year and that the amendment would extend the contract one additional year, from January 1, 2023, through December 31, 2023. Ms. Thompson further stated that the initial three-year contract allowed for two one-year extensions. Ms. Thompson then stated that the services provided by PFM had been essential and important to the success of the issuing authority, and that PFM had provided excellent support to the Board and its staff. Ms. Thompson then stated that it was staff’s recommendation to the Board to approve the amendment to extend the term of the contract for one year.



Mr. Bryson made a motion to approve the amendment. Mr. Mumpower seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present for consideration and approval of an Other Post Employment Benefit (“OPEB”) Trust for the Town of Farragut. Ms. Thompson stated that pursuant to state law, state and local government entities were authorized to establish OPEB trusts to prefund OPEB benefits. Ms. Thompson then stated that the Board must approve the OPEB trust. Ms. Thompson further stated that the attorney general’s office had reviewed the trust agreement and deemed that the required conditions to approve the trust had been met. Ms. Thompson then stated that staff made the recommendation to approve the OPEB trust. Mr. Lillard made a motion to approve the OPEB trust. Mr. Bryson seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Sheila Reed, Director of the Division of Local Government Finance (“LGF”), to present for consideration a request for approval for blanket exemption of certain federal programs under the Board’s “Blanket Exemption” Guidelines (the “Guidelines”). Ms. Reed stated that Board members had received in their packets a request from LGF to the Board to approve the addition of language to the blanket exemption in the Board’s Guidelines to include an exemption from Comptroller approval for loans with the United States Department of the Environmental Protection Agency (the “EPA”) and the State of Tennessee’s Clean and Drinking Water Revolving Loan Programs, an executive summary, and proposed revisions to the Board’s Guidelines. Ms. Reed then stated that in 2014 when the balloon debt law was passed it specifically excluded loans with the U.S. Department of Agriculture and the U.S. Department of Housing and Urban Development. Ms. Reed further stated that, as a matter of public policy, state law does not prohibit local governments from taking advantage of normally low-interest federal loan programs. Ms. Reed then stated that the EPA’s Water Infrastructure Finance and Innovation Act (“WIFIA”) was also enacted in 2014, and that if they had known that the program would gear up several years later, it would have also been excluded in the initial balloon debt legislation. Ms. Reed then stated that LGF had recently become aware that the terms of the EPA WIFIA loans have amortization structures that meet the definition of balloon indebtedness. Ms. Reed then summarized the situation regarding the City of Chattanooga’s multi-phase consent decree from the EAP for its water and sewer system. Ms. Reed noted that the City’s WIFIA loan qualified as balloon indebtedness and that approval of the loan at the local level required the Comptroller’s office approval of the balloon indebtedness. Ms. Reed then stated that due to the timing it is too late for the office to grant approval. Ms. Reed then stated that changes to state law allowed the Clean Water and Drinking Water Revolving Loan Programs to have loans with terms up to 40 years, thereby having the potential to meet the definition of balloon indebtedness. Ms. Reed then stated that updates to the balloon indebtedness statute was planned for in the next legislative session, however, in the interim, it was important to revise the Board’s Guidelines to exclude these federal and state loan programs. Mr. Lillard made a motion to approve the revision to the Board’s Guidelines. Mr. Bryson seconded the motion, and it was unanimously approved.

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

Approved this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Respectfully submitted

Sandra Thompson  
Assistant Secretary

## FastTrack Report to State Funding Board

12/12/2022

1. Previous FastTrack Balance, as of Last Report	261,641,501.41	
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:	0.00	
7. - FastTrack Grants or Loans Approved Less Than \$750,000:	(575,650.00)	
8. - FastTrack Administration	(180,679.39)	
9. Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans:		260,885,172.02

10. Total Amount of Commitments:	229,155,856.39	
----------------------------------	----------------	--

11. Uncommitted FastTrack:		31,729,315.63
12. Percentage Committed:		87.8%

13. Amount of Proposed Grants or Loans:	18,954,000.00	
14. Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:		12,775,315.63
15. Percentage Committed:		95.1%

See next page for explanations of the above questions.

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

Shantay C. ...

---

Commissioner of Economic and Community Development

Date: 12/12/22



## Department of Economic and Community Development

Stuart McWhorter  
Commissioner

Bill Lee  
Governor

December 15, 2022

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

Dear Comptroller Mumpower:

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

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

Ultium Cells is a joint venture between General Motors and LG Energy Solution that will mass-produce Ultium battery cells to advance the push for a zero-emissions, all-electric future.

Ultium Cells will increase battery cell production by more than 40 percent, from 35 gigawatt-hours to 50 GWh. The Tennessee facility will supply battery cells to General Motors’ Spring Hill assembly plant for production of the Cadillac LYRIQ, the first electric vehicle produced at the plant, and other GM Ultium Platform-based electric vehicles. Production at the 2.8-million-square-foot facility will begin in late 2023.

The Tennessee site joins two other Ultium Cells battery cell manufacturing sites in Ohio and Michigan. The Warren, Ohio, facility began battery cell production in August, and the Lansing Delta Township facility in Michigan is under construction and will begin production in late 2024.



## Department of Economic and Community Development

Stuart McWhorter  
Commissioner

Bill Lee  
Governor

Once all three facilities are at full production capacity later this decade, Ultium Cells expects to have more than 130 GWh of battery cell capacity in total. Ultium Cells will provide battery cell capacity to support GM's North American electric vehicle assembly capacity of more than one million units by mid-decade, while supporting GM's plans to supply other automotive companies and industries including rail, aerospace, heavy trucking and marine customers.

In April 2021, the newly formed joint venture, Ultium Cells LLC, committed to create 1,300 net new jobs with an average hourly wage of \$21.94 for the new positions and a \$2,367,000,000 capital investment within five (5) years.

Ultium Cells LLC has committed to create an additional 400 jobs above and beyond 1,300 jobs for a total of 1,700 net new jobs and make an additional \$275,000,000 capital investment above and beyond the originally committed \$2,367,000,000 capital investment for a total of \$2,642,000,000 within five (5) years. The company will have an average hourly wage of \$22.18 for the new positions.

On June 15, 2021, the State Funding Board approved FastTrack Economic Development Grant Funds in the amount of \$60,000,000 to offset the costs Ultium Cells LLC incurred in new construction.

Today, we are asking the State Funding Board permission to increase the existing \$60,000,000 FastTrack Economic Development Grant Funds by \$18,000,000 to offset expenses such as new construction for a total of \$78,000,000. Today we are seeking permission to increase the grant by \$18,000,000. **(\$18,000,000)**

**Total FastTrack funds for this project - \$18,000,000**

2. [REDACTED] Livingston (Overton County)

[REDACTED] is a food manufacturer specializing in the canning process.

[REDACTED] is dedicated to developing the most innovative functional foods using the latest technology to produce shelf-stable beverages. The company is highly committed to research and development and producing wholesome and nutritional foods designated for convenience in today's hectic and on-demand society.

[REDACTED] The company is expanding their footprint to meet customer



## Department of Economic and Community Development

Stuart McWhorter  
Commissioner

Bill Lee  
Governor

demands.

[REDACTED] has committed to create 212 net new jobs and make a \$2,200,000 capital investment within five (5) years. The company will have an average hourly wage of \$18.28 for the new positions.

FastTrack Job Training Assistance Program funds will be used to train the net new full-time employees for a total of \$954,000. **(\$954,000)**

**Total FastTrack funds for this project - \$954,000**

Sincerely,

A handwritten signature in blue ink that reads "Stuart McWhorter".

Stuart McWhorter

SM/js

## State Funding Board FastTrack Checklist

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

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

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE			
TRAINING*			
ECONOMIC DEVELOPMENT	<b>Industrial Development Board of Maury County, Tennessee</b>	<b>\$18,000,000</b>	
<b>TOTAL</b>		<b>\$18,000,000</b>	

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

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

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

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

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

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

**TRAINING**

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

**INFRASTRUCTURE**

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

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

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

**ECONOMIC DEVELOPMENT**

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

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

  
 Commissioner of Economic and Community Development

  
 Date



Department of Economic and Community Development

Bob Rolfe  
Commissioner

Bill Lee  
Governor

March 31, 2022

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that Ultium Cells LLC intends, in good faith, to create 1,700 private sector jobs in Spring Hill, Maury County and make a capital investment of \$2,642,000,000 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.

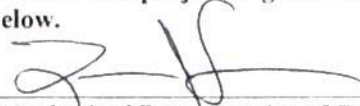
**ECD OFFER SUMMARY**

FastTrack Economic Development Grant:	\$ 78,000,000
<b>Total ECD Commitment:</b>	<b>\$ 78,000,000</b>

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 June 29, 2022 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)  
*Lincoln Gentry, CFO*

Date: April 20, 2022





## Department of Economic and Community Development

---

Stuart McWhorter  
Commissioner

Bill Lee  
Governor

December 15, 2022

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

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Industrial Development Board of Maury County, Tennessee for the benefit of Ultium Cells LLC to increase the existing \$60,000,000 FastTrack Economic Development Grant Funds \$18,000,000 to offset expenses such as new construction for a total of \$78,000,000. 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 an additional 400 jobs above and beyond 1,300 jobs for a total of 1,700 net new jobs and make an additional \$275,000,000 capital investment above and beyond the originally committed \$2,367,000,000 capital investment for a total of \$2,642,000,000 within five (5) years. The company will have an average hourly wage of \$22.18 for the new positions. This project will have an exceptional impact.

Sincerely,

A handwritten signature in blue ink that reads "Stuart McWhorter". The signature is written in a cursive, flowing style.

Stuart McWhorter

SM/js

## State Funding Board FastTrack Checklist

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

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

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE			
TRAINING*		\$954,000	
ECONOMIC DEVELOPMENT			
<b>TOTAL</b>		<b>\$954,000</b>	

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

\*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity):

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

### GENERAL STATUTORY COMPLIANCE

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

#### Identify which of the following apply:

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

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

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

**TRAINING**

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

**INFRASTRUCTURE**

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

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

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

**ECONOMIC DEVELOPMENT**

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

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

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

  
\_\_\_\_\_  
Date



Department of Economic and Community Development

Bob Rolfe  
Commissioner

Bill Lee  
Governor

June 24, 2022

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that [redacted] intends, in good faith, to create 212 private sector jobs in Livingston, Overton County and make a capital investment of \$2,200,000 in exchange for incentives that will be memorialized in a grant agreement between [redacted] the State of Tennessee. New jobs must be in addition to the company's baseline of 2 jobs at the project site in Tennessee.

**ECD OFFER SUMMARY**

FastTrack Job Training Grant:	\$ 954,000
<b>Total ECD Commitment:</b>	<b>\$ 954,000</b>

Please sign your name in the space below to signify [redacted] acceptance of ECD's offer set forth above and return it by September 22, 2022 to:

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

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

Signature: \_\_\_\_\_  
(Authorized Representative of Company)

Date: 6/24/2022