



JASON E. MUMPOWER
Comptroller

TENNESSEE STATE FUNDING BOARD
NOVEMBER 29, 2023
AGENDA

1. Reconvene meeting from November 6, 2023, establish that there is a physical quorum, and receive public comment on actionable agenda items in accordance with 2023 Public Chapter 300 and Board guidelines
2. Consideration and approval of staff recommendations of state revenue projections
3. Consideration and approval of staff recommendations of lottery revenue projections
4. Acknowledge receipt of notification from the Tennessee Education Lottery Corporation pursuant to Tennessee Code Annotated Section 4-51-111(a)(3)
5. Consideration for approval of an amendment to the financial advisor contract with PFM Financial Advisors, LLC
6. Report from Tennessee Central Economic Authority
Mr. Charly Lyons, President & CEO
Ms. Kelsey Dansby, Executive Administrator
7. Report from Tennessee State Veterans Home Board
Mr. Ed Harries, Executive Director
Ms. Danielle Brown, Controller
8. Report on State Pooled Investment Fund (SPIF) and Intermediate Term Investment Fund (ITIF)
Mr. Markus Klar, Director of Fixed Income
Mr. Thomas Kim, Deputy Chief Investment Officer
Mr. Kevin Gentry, Director of Investment Operations
State of Tennessee Treasury Department, Investment Division
9. Adjourn

Estimated Revenues Based on Recurring Growth Rates

Funding Board Meeting - November 29, 2023

	Recurring Actual FY 2022-2023	FY 2023-2024	Growth Rate	FY 2024-2025	Growth Rate
Total Taxes				\$ 21,902,200,000	0.13%
		\$ 21,873,800,000	-0.69%		
				\$ 22,121,000,000	1.13%
	\$ 22,025,776,600			\$ 22,012,500,000	0.13%
		\$ 21,983,900,000	-0.19%		
			\$ 22,232,300,000	1.13%	
		<i>Spread</i>	<i>0.50%</i>		<i>1.00%</i>
General Fund				\$ 18,896,900,000	-0.50%
		\$ 18,991,900,000	-0.50%		
				\$ 19,086,900,000	0.50%
	\$ 19,087,358,700			\$ 18,992,000,000	-0.50%
		\$ 19,087,400,000	0.00%		
			\$ 19,182,800,000	0.50%	
		<i>Spread</i>	<i>0.50%</i>		<i>1.00%</i>

**COMPARISON OF ESTIMATED STATE TAX REVENUE FOR
FISCAL YEAR 2023 - 2024**

(Accrual - Basis Estimates)

		2023-2024									
DEPARTMENT OF REVENUE TAXES		% Change		% Change		% Change		% Change		% Change	
SOURCE OF REVENUE	2022-2023	July 1, 2023	Over	Dr. Bruce	Over	Fiscal Review	Over	Dept. of Revenue	Over	Dr. Smith	Over
	Actual Year	Budget Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
Sales and Use Tax ¹	\$ 13,677,873,500	\$ 14,094,600,000	3.05%	\$ 14,074,500,000	2.90%	\$ 14,117,100,000	3.21%	\$ 13,924,100,000	1.80%	\$ 14,470,000,000	5.79%
Gasoline Tax	880,800,300	865,000,000	-1.79%	889,600,000	1.00%	915,000,000	3.88%	901,100,000	2.30%	903,500,000	2.58%
Motor Fuel Tax	318,872,500	335,000,000	5.06%	315,700,000	-0.99%	321,000,000	0.67%	325,600,000	2.11%	330,200,000	3.55%
Gasoline Inspection Tax	71,528,200	72,000,000	0.66%	72,000,000	0.66%	73,000,000	2.06%	73,500,000	2.76%	73,000,000	2.06%
Motor Vehicle Registration Tax	280,385,600	380,400,000	35.67%	372,900,000	33.00%	380,000,000	35.53%	374,000,000	33.39%	292,500,000	4.32%
Income Tax	2,662,300	-	N/A	-	N/A	-	N/A	500,000	-81.22%	-	N/A
Privilege Tax - Less Earmarked Portion ¹	463,308,600	554,900,000	19.77%	393,800,000	-15.00%	392,500,000	-15.28%	392,000,000	-15.39%	485,000,000	4.68%
Gross Receipts Tax - TVA	399,920,200	394,000,000	-1.48%	399,900,000	-0.01%	396,000,000	-0.98%	402,700,000	0.70%	409,500,000	2.40%
Gross Receipts Tax - Other	27,897,600	26,600,000	-4.65%	25,100,000	-10.03%	32,000,000	14.71%	23,400,000	-16.12%	28,600,000	2.52%
Beer Tax	17,888,600	18,500,000	3.42%	17,900,000	0.06%	18,500,000	3.42%	17,900,000	0.06%	18,620,000	4.09%
Alcoholic Beverage Tax	87,391,900	90,000,000	2.98%	89,500,000	2.41%	91,500,000	4.70%	88,400,000	1.15%	91,210,000	4.37%
Franchise & Excise Tax	4,786,573,100	4,881,400,000	1.98%	4,408,400,000	-7.90%	4,525,000,000	-5.46%	4,451,500,000	-7.00%	4,980,100,000	4.04%
Inheritance and Estate Tax	54,800	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
Tobacco Tax	213,951,200	219,500,000	2.59%	200,000,000	-6.52%	204,000,000	-4.65%	209,000,000	-2.31%	212,000,000	-0.91%
Motor Vehicle Title Fees	23,028,200	23,800,000	3.35%	22,600,000	-1.86%	23,200,000	0.75%	23,200,000	0.75%	24,140,000	4.83%
Mixed Drink Tax	215,489,500	220,300,000	2.23%	228,400,000	5.99%	226,600,000	5.16%	221,500,000	2.79%	220,160,000	2.17%
Business Tax	332,722,500	315,200,000	-5.27%	332,700,000	-0.01%	326,000,000	-2.02%	317,400,000	-4.61%	306,800,000	-7.79%
Severance Tax	887,200	800,000	-9.83%	800,000	-9.83%	800,000	-9.83%	900,000	1.44%	805,000	-9.27%
Coin-operated Amusement Tax	440,100	400,000	-9.11%	-	-100.00%	450,000	2.25%	400,000	-9.11%	450,000	2.25%
Unauthorized Substance Tax	700	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
TOTAL DEPARTMENT OF REVENUE	\$ 21,801,676,600	\$ 22,492,400,000	3.17%	\$ 21,843,800,000	0.19%	\$ 22,042,650,000	1.11%	\$ 21,747,100,000	-0.25%	22,846,585,000	4.79%
TOTAL - RECURRING	\$ 22,025,776,600	\$ 22,782,300,000	3.43%	\$ 22,133,700,000	0.49%	\$ 22,332,550,000	1.39%	\$ 22,036,500,000	0.05%	23,136,485,000	5.04%
GENERAL FUND ONLY²	\$ 18,913,458,700	\$ 19,386,900,000	2.50%	\$ 18,805,400,000	-0.57%	\$ 18,966,650,000	0.28%	\$ 18,694,100,000	-1.16%	19,826,485,000	4.83%
GENERAL FUND - RECURRING	\$ 19,087,358,700	\$ 19,806,200,000	3.77%	\$ 19,224,700,000	0.72%	\$ 19,385,950,000	1.56%	\$ 19,113,100,000	0.13%	20,245,785,000	6.07%
SELECTED TAXES											
	Actual Year	July 1 Estimate	%	Dr. Bruce	%	Fiscal Review	%	Revenue Dept.	%	Dr. Smith	%
SALES AND USE TAX	\$ 13,677,873,500	\$ 14,094,600,000	3.05%	\$ 14,074,500,000	2.90%	\$ 14,117,100,000	3.21%	\$ 13,924,100,000	1.80%	\$ 14,470,000,000	5.79%
FRANCHISE AND EXCISE TAXES	4,786,573,100	4,881,400,000	1.98%	4,408,400,000	-7.90%	4,525,000,000	-5.46%	4,451,500,000	-7.00%	4,980,100,000	4.04%
INCOME TAX	2,662,300	-	N/A	-	N/A	-	N/A	500,000	-81.22%	-	N/A
ROAD USER TAXES	1,574,614,800	1,676,200,000	6.45%	1,672,800,000	6.24%	1,712,200,000	8.74%	1,697,400,000	7.80%	1,623,340,000	3.09%
ALL OTHER TAXES	1,759,952,900	1,840,200,000	4.56%	1,688,100,000	-4.08%	1,688,350,000	-4.07%	1,673,600,000	-4.91%	1,773,145,000	0.75%

¹ For FY 2022-2023, Sales and Use Tax estimates exclude \$150 million and Privilege Tax estimates exclude \$78.1 million for designated earmarked funds.

For FY 2023-2024, Sales and Use Tax estimates exclude \$158.9 million and Privilege Tax estimates exclude \$92.5 million for designated earmarked funds.

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

**COMPARISON OF ESTIMATED STATE TAX REVENUE FOR
FISCAL YEAR 2024 - 2025**

(Accrual - Basis Estimates)

2024-2025								
DEPARTMENT OF REVENUE TAXES								
SOURCE OF REVENUE	Dr. Bruce	% Change	Fiscal Review	% Change	Dept. of Revenue	% Change	Dr. Smith	% Change
	Estimate	Over	Estimate	Over	Estimate	Over	Estimate	Over
Sales and Use Tax ¹	\$ 14,341,900,000	1.90%	\$ 14,701,100,000	4.14%	\$ 14,021,600,000	0.70%	\$ 15,100,000,000	4.35%
Gasoline Tax	903,000,000	1.51%	922,000,000	0.77%	912,800,000	1.30%	924,000,000	2.27%
Motor Fuel Tax	318,500,000	0.89%	325,000,000	1.25%	328,200,000	0.80%	344,500,000	4.33%
Gasoline Inspection Tax	72,400,000	0.56%	74,000,000	1.37%	74,300,000	1.09%	74,810,000	2.48%
Motor Vehicle Registration Tax	378,500,000	1.50%	386,000,000	1.58%	384,100,000	2.70%	307,000,000	4.96%
Income Tax	-	N/A	-	N/A	200,000	-60.00%	-	N/A
Privilege Tax - Less Earmarked Portion ¹	401,700,000	2.01%	434,500,000	10.70%	406,900,000	3.80%	505,500,000	4.23%
Gross Receipts Tax - TVA	399,900,000	0.00%	399,000,000	0.76%	405,400,000	0.67%	419,000,000	2.32%
Gross Receipts Tax - Other	27,900,000	11.16%	33,000,000	3.13%	28,200,000	20.51%	29,350,000	2.62%
Beer Tax	17,800,000	-0.56%	19,000,000	2.70%	18,000,000	0.56%	19,320,000	3.76%
Alcoholic Beverage Tax	91,700,000	2.46%	93,000,000	1.64%	89,900,000	1.70%	95,600,000	4.81%
Franchise & Excise Tax	4,280,600,000	-2.90%	4,610,000,000	1.88%	4,326,500,000	-2.81%	5,195,000,000	4.32%
Inheritance and Estate Tax	-	N/A	-	N/A	-	N/A	-	N/A
Tobacco Tax	194,000,000	-3.00%	195,000,000	-4.41%	205,400,000	-1.72%	211,000,000	-0.47%
Motor Vehicle Title Fees	22,600,000	0.00%	23,700,000	2.16%	23,500,000	1.29%	24,505,000	1.51%
Mixed Drink Tax	244,400,000	7.01%	233,500,000	3.05%	224,800,000	1.49%	228,050,000	3.58%
Business Tax	333,700,000	0.30%	335,000,000	2.76%	309,500,000	-2.49%	318,000,000	3.65%
Severance Tax	800,000	0.00%	800,000	0.00%	900,000	0.00%	820,000	1.86%
Coin-operated Amusement Tax	-	N/A	500,000	11.11%	400,000	0.00%	465,000	3.33%
Unauthorized Substance Tax	-	N/A	-	N/A	-	N/A	-	N/A
TOTAL DEPARTMENT OF REVENUE	\$ 22,029,400,000	0.85%	\$ 22,785,100,000	3.37%	\$ 21,760,600,000	0.06%	\$ 23,796,920,000	4.16%
TOTAL - RECURRING	22,237,500,000	0.47%	22,993,200,000	2.96%	21,968,500,000	-0.31%	24,005,020,000	3.75%
GENERAL FUND ONLY²	\$ 18,950,000,000	0.77%	\$ 19,661,800,000	3.67%	\$ 18,676,300,000	-0.10%	\$ 20,692,820,000	4.37%
GENERAL FUND - RECURRING	19,176,100,000	-0.25%	19,887,900,000	2.59%	18,902,300,000	-1.10%	20,918,920,000	3.32%

SELECTED TAXES	Dr. Bruce	%	Fiscal Review	%	Revenue Dept.	%	Dr. Smith	%
SALES AND USE TAX	\$ 14,341,900,000	1.90%	\$ 14,701,100,000	4.14%	\$ 14,021,600,000	0.70%	\$ 15,100,000,000	4.35%
FRANCHISE AND EXCISE TAXES	4,280,600,000	-2.90%	4,610,000,000	1.88%	4,326,500,000	-2.81%	5,195,000,000	4.32%
INCOME TAX	-	N/A	-	N/A	200,000	-60.00%	-	N/A
ROAD USER TAXES	1,695,000,000	1.33%	1,730,700,000	1.08%	1,722,900,000	1.50%	1,674,815,000	3.17%
ALL OTHER TAXES	1,711,900,000	1.41%	1,743,300,000	3.25%	1,689,400,000	0.94%	1,827,105,000	3.04%

¹ For FY 2024-2025, Sales and Use Tax estimates and Privilege Tax estimates exclude designated earmarked funds.

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

Net Lottery Proceeds Estimates
Actual 2022-2023 and Estimated 2023-2024 Through 2027-2028
November 29, 2023

	<u>2022-2023</u> Actual	<u>2023-2024</u> Revised	<u>%</u>	<u>2024-2025</u> Estimated	<u>%</u>	<u>2025-2026</u> Estimated	<u>%</u>	<u>2026-2027</u> Estimated	<u>%</u>	<u>2027-2028</u> Estimated	<u>%</u>
Lottery Corporation											
Low	496,879,200	480,294,000	-3.34%	489,000,000	1.81%	497,000,000	1.64%	506,000,000	1.81%	515,000,000	1.78%
High	496,879,200	488,448,000	-1.70%	499,000,000	2.16%	510,000,000	2.20%	522,000,000	2.35%	533,000,000	2.11%
Fiscal Review Staff											
Low	496,879,200	493,982,000	-0.58%	487,040,600	-1.41%						
Median	496,879,200	500,611,000	0.75%	497,153,000	-0.69%	509,581,825	2.50%	522,321,371	2.50%	535,379,405	2.50%
High	496,879,200	507,611,000	2.16%	507,265,400	-0.07%						
Recommended Range											
Low	496,879,200	494,400,000	-0.50%	494,400,000	0.00%	499,300,000	1.00%	504,300,000	1.00%	509,300,000	1.00%
High	496,879,200	496,900,000	0.00%	501,900,000	1.00%	511,900,000	2.00%	522,100,000	2.00%	532,500,000	2.00%
Spread											



November 9, 2023

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

Re: Net Lottery Proceeds for Fiscal Year 2024

Dear State Funding Board Members:

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

The TEL is hereby providing notification of its determination that an amount that maximizes net lottery proceeds to the State of Tennessee Lottery for Education Account is projected less than thirty-five percent (35%) of lottery proceeds for fiscal year 2024. The amount currently projected by the TEL for the fiscal year ranges from \$480 million to \$488 million.

The reasons for this determination are as follows:

1. The TEL offers two types of lottery products—instant tickets (games in which players can instantly view the symbols printed and determine if they won a prize) and terminal based drawing-style games (games in which a player must wait until a drawing is held to determine if the ticket is a winner). Instant tickets are more popular with Tennessee players and as of October 31, 2023 represents 80% of the TEL’s product mix since inception to date. In fact, throughout the lottery industry, instant ticket sales have steadily grown over the most recent fiscal years, while drawing-style games have remained stagnant, with the exception of infrequent record setting Powerball and Mega Millions jackpots.

One of the reasons for the growth in instant ticket revenues is the product offers players more price point options, from \$1 to \$50 in Tennessee (and as much as \$100 in other jurisdictions), compared to drawing-style games which offer price points of generally \$.50 to \$2 per play. With the variable instant game price points, players are able to choose the entertainment value based on the price point of the ticket. A higher price point game generally offers higher entertainment value through the increased amount, and dollar value, of the prizes within a game. In Tennessee, the players are

choosing to purchase higher price point games, as evidenced by the growth in the \$5, \$10, \$20, \$30 and most recently \$50 price points.

As players have migrated to the higher price point instant games, the overall prize payout has increased from 62% in fiscal year 2005 to 68% in fiscal year 2023. TEL management is projecting it will be approximately 68% for fiscal year 2024. As a result of the current instant games payout percentage, the percentage of net lottery proceeds compared to total lottery proceeds for all games is projected to be approximately 25% for fiscal year 2024.

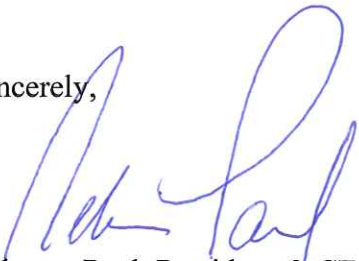
Actual gross profits from instant games have increased year over year, increasing from \$153.8 million in fiscal year 2005 to \$348.5 million in fiscal year 2023. Since fiscal year 2005, instant game gross revenues have increased an average of 5.9% annually, with a corresponding increase in actual gross profits of an average of 4.4% annually. Gross profit is based on net ticket revenues, less direct costs of cash prizes, retailer commissions and major gaming vendor's fees.

2. In reviewing the industry wide instant games prize payouts as part of our budgetary process, Tennessee continues to maintain one of the lowest aggregated Instant Game prize payouts within the top ten performing lotteries. Empirical evidence indicates that a reduction in payout will result in a reduction in gross revenues and a corresponding reduction in net lottery proceeds. The experience of other states, as well as Tennessee, indicates that increasing the percentage of the prize payout over time has resulted in increased revenues and more importantly, increased net lottery proceeds.

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

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rebecca Paul', written over a faint, illegible background.

Rebecca Paul, President & CEO
Tennessee Education Lottery Corporation

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

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

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

1. Section A.1. is amended by deleting the current section A.1. in its entirety and inserting the following in its place:
 1. The Contractor agrees to serve as financial advisor to the State and to the Issuers. The Contractor will assign the following individuals to provide the services described in this Contract:

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

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

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

2. For the three-year contract term commencing on January 1, 2020, and ending on December 31, 2022, and for the two one-year extension contract terms, the first of which commenced on January 1, 2023, and ends on December 31, 2023, and the second of which commences on January 1, 2024, and ends on December 31, 2024, the maximum contract amount shall not exceed \$842,304.

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

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

3. It is expected that the maximum contract amount will be allocated as follows:

Transactional advisory fees (including special project)	\$504,000
Retainer fee	\$312,804
Reimbursement of expenses	<u>\$ 25,500</u>
TOTAL	\$842,304

4. Section B.4 is amended by deleting the current section B.4. in its entirety and inserting the following in its place:

4. For planning and transactional professional services rendered pursuant to debt issuance under this Contract, the Contractor will be entitled to compensation at the following hourly rates:

Hourly Rate	FY 2020 (6 months)	FY 2021	FY 2022	FY 2023- FY2024	FY 2025 (6 months)
Managing Director	\$350	\$357	\$364	\$371	\$371
Director	\$300	\$306	\$312	\$318	\$318
Senior Managing	\$255	\$260	\$265	\$271	\$271
Senior Analyst/Analyst	\$225	\$229	\$234	\$239	\$239

Debt transactions for the State of Tennessee General Obligation bonds will include a minimum fee of \$50,000 and Tennessee State School Bond Authority bonds will include a minimum fee of \$65,000. The Contractor and the Issuer should set a maximum fee per transaction and at no point should the overall maximum contract amount exceed \$842,304 unless this contract is amended.

5. Section B.6. is amended by deleting the current section B.6. in its entirety and inserting the following in its place:

6. In addition, the State will pay a retainer for consultation and special projects as follows:

	FY 2020 (6 months)	FY 2021	FY 2022	FY 2023- FY2024	FY 2025 (six months)
6. Retainer Per Month	\$5,000	\$5,100	\$5,202	\$5,306	\$5,306

Monthly, the contractor will provide the contract administrator an advice notice of the number of hours expended by project under the retainer. Assuming 60 hours to assist in establishing a new debt issuance program, the Contractor will charge a maximum of \$24,000. The assumptions and expected related costs are attached to this Contract as Exhibit A.

6. Add the following as Section 29 and renumber any subsequent sections as necessary:

29. Boycott of Israel. The Contractor certifies that it is not currently engaged in, and covenants that it will not, for the duration of the Contract, engage in a Boycott of Israel, as that term is defined in Tenn. Code Ann. § 12-4-119.

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

[Signature Page Follows]

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

PUBLIC FINANCIAL MANAGEMENT, INC.

By: _____
Lauren Lowe, Managing Director

Date: _____

STATE OF TENNESSEE, OFFICE OF THE COMPTROLLER OF THE TREASURY

By: _____
Jason E. Mumpower, Comptroller of the Treasury

Date: _____

APPROVAL AS TO FUNDING:

By: _____
Jim Bryson, Commissioner of Finance and Administration

Date: _____



TENNESSEE CENTRAL
ECONOMIC AUTHORITY



CUMBERLAND RIVER

MACON
SMITH
SUMNER
TROUSDALE
WILSON

2022 2023
ANNUAL REPORT

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PRESIDENT'S COMMENTS

Trials we never wanted along with unexpected events created a challenge for Tennessee Central! We lost our beloved colleague Dan Tidcomb, and his loss created a void for us and grief for his family. Nevertheless, our organization is resolute and equipped to maintain the course of stewardship for our communities.

We achieved new benchmarks, and our extended teams and leaders jumped in with energy, encouragement, and engagement. The challenges we faced this year validated how capably our team serves the Board, legislators, and, most of all, the local citizens and their communities.

We are excited to market a large site of 133 acres that earned the Select Tennessee Certified Site designation from the Department of ECD in the Macon County/Lafayette Industrial Park. This is the largest site in the three-county rural area. PowerCom also earned the honor for a twenty-two-acre site being named a Select Tennessee Certified Site to provide an additional location and shovel-ready site.

Additionally, PowerCom development is in the process of creating a ten-acre site for shovel-ready projects and has upgraded eleven buildings in the South Campus with new signage, exterior painting, and new roof coatings. Legislators on the Federal level have expressed interest in our port development and our efforts to positively develop our region.

Our communities are becoming a stronger multi-country option, and our marketing and development continues to focus on regionalism. Our efforts to cultivate opportunities and educate citizens on the benefits of economic development have resulted in local leaders that are now more knowledgeable on the fundamentals of developing their communities.

The distinguishing feature of Tennessee Central is that we consistently raise the bar for ourselves and our communities. We don't recreate the wheel, but we stick to the proven concepts of economic development while learning from other EDOs. Tennessee Central seeks to invest in our workforce, acquire property for sites, advance our infrastructure, build and boost our network team, and operate with sincere and passionate actions. We seek to find the right answers instead of believing we already have them.



KELSEY, CHARLY, & DAN

PRESIDENT'S COMMENTS

As we realign our staff and proceed into the new fiscal year, we will continue to set high expectations for ourselves, and we will embrace new undertakings. Tennessee Central will re-evaluate our endeavors and measure our actions to ensure we are in line with the Board of Directors and the communities we serve. We are focused on being good stewards of the resources entrusted to us, and we are eager to continue enriching lives in our region.

Finally, appreciation is not a big enough word for the Upper Cumberland Development District and the Greater Nashville Regional Council for their immense support and help during a challenging time! Mayors, legislators, EDOs, and many others have provided fantastic support as Tennessee Central progresses into the next stages of growth.

Thank you for our opportunity to make a difference.

**May God Bless,
Charly Lyons**

OUR STAFF



Charly Lyons
President & CEO



Kelsey Dansby
Development Coordinator



Amanda Sexton
Project Manager

BOARD OF DIRECTORS



Pictured L to R: Back Row: Jack McCall, John Isbell, Randall Hutto, and Mae Wright; Front Row: Jeff Mason and Steve Jones

BOARD OF DIRECTORS



Chairman & Senate Appointee
Mae Wright
President, TCAT-Hartsville



Vice Chairman
Randall Hutto
Wilson County Mayor



Secretary/Treasurer
Steve Jones
Macon County Mayor



Trousdale County Mayor
Jack McCall



Sumner County Executive
John Isbell



Smith County Mayor
Jeff Mason



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



TCEA Attorney
Bob Rochelle

Each year I search for the words to express appreciation to the Board of Directors and to describe their important roles. It is a challenge to find new words to avoid repetition year after year. Leaders must embrace and deliberately live with a set of principles, while having an ability to forge a vision. The Board continues to be dependable mentors that can be trusted and willing stewards to consider everyone in their decisions as they oversee the Tennessee Central Economic Authority.

We (The staff) sincerely recognize and appreciate the Board of Directors for providing their time, experiences, and wisdom in serving our communities. Our TCEA Region is becoming stronger, and the future is brighter not by chance, but because of their passion for others.

Tennessee Central's staff is truly a reflection of the Board's aspirations and leadership in our undertaking to uplift our communities. Their stewardship and dedication are key for our accomplishments.

Thank you for your confidence in and setting the expectations for the Tennessee Central Economic Authority.

SENATORS & REPRESENTATIVES

The Legislators of the State of Tennessee are the guardians of Tennesseans and future generations. They establish policies and allocate revenues as public servants to enhance lives and protect all aspects of the State of Tennessee.

The Legislators established an economic development organization (EDO) in 1986 in response to the closing of Hartsville Power Plant. While the overwhelming effects that impacted the region were disheartening, the Legislators stepped up to alleviate the devastation and continue to serve and seek solutions for our communities.

The Tennessee Central Economic Authority's charge is to execute this challenge in a professional manner with a willingness to establish a vibrant quality of life and enrich the region economically with industrial recruitment, development, and leadership.

It is our honor to serve the Legislators of the State of Tennessee and reflect their passion for the citizens and communities of Macon, Smith, Sumner, Trousdale, & Wilson Counties they serve.

SENATORS:



Paul Bailey



Ferrell Haile



Mark Pody



Ken Yager

REPRESENTATIVES:



Clark Boyd



Johnny Garrett



Michael Hale



Kelly Keisling



Susan Lynn



William Lamberth



William Slater



OUR SUCCESS DEPENDS ON THE DEDICATION OF OTHERS!

SHINING STAR OF 2022-2023



KENDRICK J. CURTIS

Kendrick J. Curtis currently serves as the Assistant Executive Director at Middle Tennessee Industrial Development Association (MTIDA). MTIDA is an economic development agency funded by the Electric Cooperative, Municipal Electric, and Natural Gas Distributors serving Middle Tennessee. Guided by a board of directors, MTIDA represents and promotes industrial development in 40 Middle Tennessee counties, stretching from the Kentucky border to the Alabama state line. The steady growth of the area's population attests to the viability of the region. Kendrick has championed the wage & benefit survey with Middle Tennessee State University to serve hundreds of companies and all Middle Tennessee.

Kendrick served 10 years with the Tennessee Department of Economic and Community Development and has served as the Director of Community and Rural Development. As Director of Community and Rural Development, Kendrick has overseen TNECD programs—including Select Tennessee, Retire Tennessee, and Main Street—designed to foster economic growth in rural counties and small towns. Previously, Kendrick served as TNECD's Technical Program Director where he focused on developing and administering the Select Tennessee Certified Site program and coordinated efforts related to supplier preparation for the Uranium Processing Facility at Y-12 in Oak Ridge. Kendrick began his career with TNECD's Local Planning Assistance Office serving as both the agency's GIS Manager and a community planner.

Kendrick holds a Doctor of Philosophy from the University of Tennessee, a Master of Science from the University of Tennessee, and a Bachelor of Science from the University of North Alabama. His coursework and studies focused on geospatial technologies, infrastructure, and urban/rural geography. Kendrick and his wife Kathy have two daughters, Margaret (14) and Madeline (13), and they live in the Nolensville area of Williamson County.

Finally, Kendrick is everyone's friend and a great source of information and networking. You always want Kendrick involved because of his easy-going personality, sincerity, knowledge, and most of all that he cares about you and your work.



KEY EVENTS

State of Tennessee Funding Board in Nashville
 TVA's Economic Developers' Forum
 Washington DC meeting Congress with UCDD
 Governor's Conference for Department of ECD
 Senator Hagerty's meeting at Good Morning Gallatin
 Macon County/Lafayette Industrial Park Expansion Purchase
 Association of Tennessee Valley Governments Quarterly
 Tennessee Economic Partnership Quarterly Board Meetings
 InvestPrep Presentation Macon County
 InvestPrep Site Visit Macon County
 MTIDA Meetings
 Forward Sumner Annual Meeting
 Project Presentations & Tours (multiple meetings)
 Tennessee Economic Development Council, Fall Meeting
 Dale Hollow RPO
 TennSMART's Smart Mobility Expo
 Port Organizational Meeting
 SEDC Annual Conference, San Antonio, TX
 SDG Meetings with Tennessee's Dept. of ECD
 Upper Cumberland Economic Developers Summit
 Congressman Rose's Rep. Ray Render
 TCAT Advisory Board Meetings
 UT: Center of Industrial Services (4 sessions)
 TVA's Workforce Institute
 TVA's Certification Tennessee Economic Partnership
 Macon County CTE Advisory Board
 North Central P-16 Education Meetings

Nashville Marine Terminal Ground Breaking, Ashland City, TN
 Governor Lee Visit to Smith County
 Tennessee Tech University's Research & Economics
 GNRC Grant Team for Economic Development
 Macon County Red Carpet Tour
 Tennessee Chamber of Commerce & Industry Annual Meeting
 UCDD Annual Economic Development Meeting: Macon & Smith
 Industrial Appreciation Lunch assisted by TCAT.
 ECD & TVA Project Submissions
 GNRC Economic Developers Meeting
 Macon, Smith, Sumner, Trousdale, & Wilson Chamber Meetings
 Upper Cumberland Workforce Board
 Upper Cumberland Workforce Roundtable
 Upper Cumberland ED Summit Planning
 JECDB & IDB Meetings (quarterly)
 TVA Strategy Session
 TN ECD Site Certification
 G.I.V.E. Grant Collaborative
 Gallatin Expansion & Retention Meeting
 Wilson Works Workforce & Industry
 Department of Labor Meetings
 Macon County Anti-Drug Coalition Meetings
 Macon & Smith County Industry and Educators Alignment
 Trousdale County Chamber Director Tour & Overview
 Meeting with Nashville Chamber (International Recruiting)
 MTIDA "Best Practice Tour of Middle Tennessee"
 Hartsville with ECD & legislators Community Development



GOOD MORNING GALLATIN WITH SENATOR HAGERTY



GOOD MORNING GALLATIN WITH SENATOR HAGERTY



GOOD MORNING GALLATIN WITH SENATOR HAGERTY



GOOD MORNING GALLATIN WITH STATE LEGISLATURES

KEY EVENTS



SEDC SAN ANTONIO



GOVERNOR'S CONFERENCE



SEDC SAN ANTONIO



TROUSDALE CHAMBER WITH SENATOR HAILE



NORTHERN MIDDLE TN BBQ BASH



NORTHERN MIDDLE TN BBQ BASH



NORTHERN MIDDLE TN BBQ BASH

INDUSTRY LUNCHEON



CHRISTMAS MEETING



CHRISTMAS MEETING



ANNUAL MEETING



OVERVIEW OF THE TCEA REGION



POPULATION GROWTH

2028 Projected: **452,802**

2023 Estimate: **421,199**

POPULATION GROWTH

2023-2028 Projected: **7.50%**

2020-2023 Growth: **5.10%**

2010-2020 Growth: **23.71%**

	MACON	SMITH	SUMNER	TROUSDALE	WILSON	TN CENTRAL	
POPULATION	2010	22,248	19,166	160,643	7,871	114,016	323,944
	2020	25,216	19,904	196,281	11,615	147,737	400,753
	2023	26,115	20,269	205,543	12,573	156,699	421,199
	2028	27,549	20,890	220,225	13,960	170,178	452,802
PERCENTAGE GROWTH	2010-2020	13.34%	3.85%	22.18%	47.57%	29.58%	23.71%
	2020-2023	3.56%	1.83%	4.72%	8.25%	6.07%	5.10%
	2023-2028	5.49%	3.06%	7.14%	11.03%	8.60%	7.50%

	DAVIDSON	RUTHERFORD	WILLIAMSON	TENNESSEE	UNITED STATES	
POPULATION	2010	626,635	262,603	183,199	6,346,016	308,745,377
	2020	715,884	341,486	247,726	6,910,840	331,449,281
	2023	713,850	363,499	264,971	7,047,561	334,500,069
	2028	733,882	395,653	290,235	7,312,857	341,662,969
PERCENTAGE GROWTH	2010-2020	14.24	30.04	35.22	8.90	7.35
	2020-2023	-0.28	6.45	6.96	1.98	0.92
	2023-2028	2.81	8.85	9.54	3.76	2.14

Source: Environics & Claritas 2023

EDUCATION OVERVIEW

2021-2022 ACT AVERAGE

Macon County	18.6
Smith County	18.2
Sumner County	20.2
Trousdale County	19.4
Wilson County	20.6
TN Central Region	19.4
Davidson County	17.7
Rutherford County	19.8
Williamson County	24.9
State of Tennessee	19.1
United States ¹	19.8



2021-2022 GRADUATION RATE

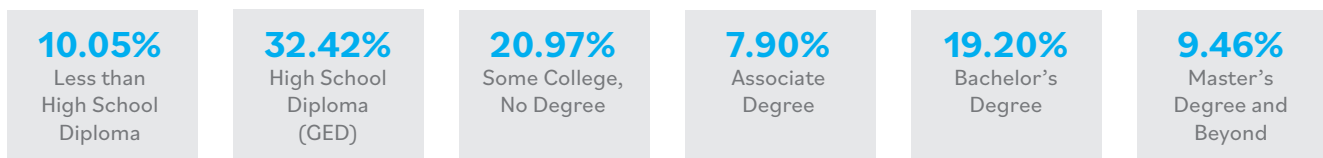
Macon County	89.3%
Smith County	93.9%
Sumner County	94.5%
Trousdale County	98.8%
Wilson County	96.3%
TN Central Region	94.6%
Davidson County	81.8%
Rutherford County	95.1%
Williamson County	96.2%
State of Tennessee	88.7%
United States ²	88.6%

Source: TN Department of Education, 1. ACT.org, 2. 2019-2020 National Center for Education Statistics (NCES)

UNIVERSITIES & COLLEGES

- Belmont University
- Cumberland University
- Fisk University
- Lipscomb University
- Meharry Medical College
- Middle Tennessee State University
- Tennessee State University
- Tennessee Technological University
- TN College of Applied Technology in Gallatin
- TN College of Applied Technology in Hartsville
- TN College of Applied Technology in Lebanon
- TN College of Applied Technology in Portland
- TN College of Applied Technology in Red Boiling Springs
- Trevecca Nazarene University
- Vanderbilt University
- Volunteer State Community College
- Welch College
- Union University

EDUCATIONAL ATTAINMENT OF THE TCEA REGION



Source: Environics & Claritas 2023

2022-2023 PERFORMANCE INDEX

Macon County-Lafayette Industrial Park Certified by Tennessee's ECD

PowerCom's HULK Site Certified by Tennessee's ECD

Cardinal Shovel Ready Site Development Initiated

Sumner Site Initiated for Improvement

South Campus Renovation of 11 Buildings

Marketing for Legislatures

Macon County FAM TOUR with ECD

State of Tennessee Funding Board Approval

TCEA Website Enhancements Installed

Upgrade Roofing on Six Buildings, PowerCom, North

42 RFP/RFI Responses to ECD & TVA

Project Battery Site Visit

Project Recovery Site Visit

Investprep Site Visit at Macon County/Lafayette

New Signage Upgrading PowerCom

Port Development Grant (GNRC) \$1.2M Submitted



TENNESSEE CENTRAL
ECONOMIC AUTHORITY

TCEA'S PARTNERS FOR SUCCESS



2022-2023 FISCAL OVERVIEWS

General Fund

(Staff & Office Operations)

REVENUES

\$472,891.74

Rent

\$182,241.81

Other

**TOTAL REVENUES:
\$655,133.55**

EXPENDITURES

\$332,241.99

Salaries & Benefits

\$29,536.10

Contract Services

\$38,773.38

Office Expenses

\$18,317.63

Advertising & Marketing

\$17,771.29

Meeting & Event Expenses

\$34,646.32

Travel

\$3,222.72

Miscellaneous

\$8,939.16

Dues & Fees

**TOTAL EXPENDITURES:
\$483,448.59**

Capital Improvements Fund

(PowerCom Industrial Center
& Off-Site Development)

REVENUES

\$1,003,034.89

TVA In-Lieu-of-Tax Funding

\$17,696.26

Other

**TOTAL REVENUES:
\$1,020,731.15**

EXPENDITURES

\$66,000.00

Grant Programs

\$114,758.13

Contract Services & Labor

\$663,067.43

PowerCom Expenses

(Infrastructure, Site Development & Repair & Maintenance)

\$183,405.00

Admin Fee & Other Miscellaneous Expenses

**TOTAL EXPENDITURES:
\$1,027,230.56**

BUSINESS & WORKFORCE DEVELOPMENT



The Tennessee College of Applied Technology Hartsville fully supports the ongoing efforts of the TN Central Economic Authority and serves as the premier supplier of workforce development for Trousdale, Sumner, Wilson, Smith and Macon Counties. With adult campuses located in both Wilson and Trousdale counties we work closely with companies such as Lochinvar, Simpson-Strongtie, HighPoint Health System, Kennametal, Trane, Hiller, Weldon and many others to develop training programs and provide qualified employees.

The College fulfills its mission by:

- » Providing competency-based training through superior quality traditional and distance learning instruction methods that qualify completers for employment and job advancement.
- » Contributing to the economic and community development of the communities served by training and retraining employed workers
- » Ensuring that programs and services are economical and accessible to all residents of Tennessee
- » Building relationships of trust with community, business, and industry leaders to supply highly skilled workers in areas of need.

At TCAT Hartsville, the focus is on your success in today's ever-changing, state-of-the-market economy. Our faculty and staff believe in providing the highest quality services and instruction to ensure an exciting learning experience. Our Instructors are qualified and dedicated to the responsive changes needed by business and industry, students, and the community. We are proud to train citizens for the skilled careers of today's workforce. Education is about creating new possibilities for career and personal growth. As the economy becomes increasingly global and competitive, the facilities and curriculum at TCAT Hartsville will provide the education and training that are required to compete in the global market. Beginning Monday 5/18 we will go back on a modified schedule. Following the social distancing standards, we will bring back student in small numbers for lab work. We have strict guidelines which will be in place for all who enter our buildings.



The Tennessee Central office assists and houses a satellite location for the Volunteer State Community College TN Small Business Development Center (TSBDC). The Center provides group sessions and one-on-one counseling and training for small business owners and entrepreneurs needing assistance in the Tennessee Central region. Charles Alexander, the Center's Director, can provide private counseling at the following locations in the Tennessee Central Region. Please contact specific location for appointment.

MT. JULIET CHAMBER
615-758-3478

LEBANON CHAMBER
615-444-5503

VSCC
615-230-4780



Charles Alexander
Director
TSBDC

2023-2024 WORK STRATEGIES

ECONOMIC DEVELOPMENT PROGRAM

- » Market & promote the Tennessee Central as a five-county region.
- » Respond to Request for Proposals for the region or individual communities.
- » Apply and execute grants to improve economic development standards.
- » Increase industrial product development in the five-county region.
- » Utilize the master plan for PCIC to develop building sites and infrastructure.
- » Provide grants for industrial development in our five-county region.
- » Networking assistance to incubator clients as required.
- » Facilitate partnership & cooperation with elected officials, EDOs, and all stakeholders in the region.
- » Manage the PowerCom Industrial Center & Zwirner Building.
- » Seek planning grant for a port development on the Cumberland River.
- » Participate with RPO and TDOT for regional highway infrastructure.

BUSINESS & WORKFORCE DEVELOPMENT ASSISTANCE

- » Existing Industry assistance with job retention & expansion.
- » Serve on the Upper Cumberland Workforce Board
- » Partner with Chambers of Commerce and SBA's TN Small Business Development Centers to assist entrepreneurs and start-up companies.
- » Serve on the Tennessee College (TCAT)/Hartsville's Advisory Board.
- » Market TCAT, UT CIS, & VSCC training services to regional industries.
- » Assist with job fairs in the region.
- » Assist Workforce Development programs in the Tennessee Central Region.
- » Work with educational partners to enhance the talent pipeline.

PROGRAM ADMINISTRATION

- » Comply with reporting requirements of the State of Tennessee (Sunset Review & State Funding Board), Board of Directors, funding agencies, and others as an operating standard.
- » Maintain financial reporting, audits, and budget management.
- » Website support with news updates & resources.
- » Maintain social media awareness (FB, LinkedIn, & others).
- » Manage the daily operations of the office and admin processes.
- » Research, pursue and apply for funding opportunities.
- » Management of tenant relationships and development assistance.
- » Maintain professional affiliations with the TN Dept. of ECD, Chambers of Commerce, UT/CTAS, the Greater Nashville Regional Council, MTIDA, the Upper Cumberland Development District, TN Economic Development Council, TVA, TEP, ATVG, USDA, RPO, SEDC, region's electric, utility districts, governments entities and funding agencies.

ADDITIONAL RESPONSIBILITIES

- » Advance and broaden external awareness & the regional vision of the Tennessee Central Economic Authority.
- » Promote Tennessee Central internally within our region as an active partner for economic development.
- » Provide quarterly reports to the Board of Directors.
- » Respond to the Board of Director's request for additional opportunities.
- » Aggressively pursue new projects and tenants.
- » Partner & support MTIDA's programs for our communities within the Middle Tennessee region, e.g., Wage and Benefit Survey.



FDI PROJECT



FDI PROJECT



HULK SITE CERTIFICATION



POWERCOM SITE DEVELOPMENT



POWERCOM SITE DEVELOPMENT



POWERCOM SITE DEVELOPMENT

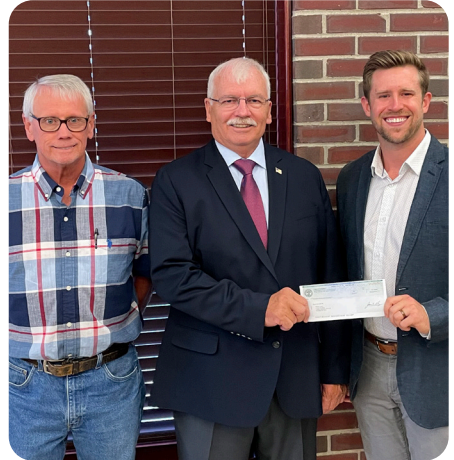


POWERCOM PORT DEVELOPMENT

ACROSS THE REGION



LAFAYETTE/MACON COUNTY LAND PURCHASE



LAFAYETTE/MACON COUNTY LAND PURCHASE



LAFAYETTE/MACON COUNTY LAND PURCHASE



TENNESSEE TUESDAY IN WASHINGTON DC WITH CONGRESS



US SENATOR MARSHA BLACKBURN



MTIDA TOUR



ECD FAM TOUR

ACROSS THE REGION



LAFAYETTE/MACON COUNTY LAND PURCHASE



ECD & TVA TOUR



CONGRESSMAN JOHN ROSE IN SMITH COUNTY



CHARLY LYONS WITH SELECT SITE TEAM



MACON INVESTPREP VISIT



SELECT SITE TEAM



ATVG WITH FRANK MCKEE & RON FULTS



GOVERNOR LEE IN SMITH COUNTY



TENNESSEE CENTRAL

ECONOMIC AUTHORITY

Charly Lyons, President/CEO

P 615.374.4607

C 615.426.2520

F 615.374.4608

702 McMurry Blvd E

Hartsville, Tennessee 37074

clyons@tennesseecentral.org

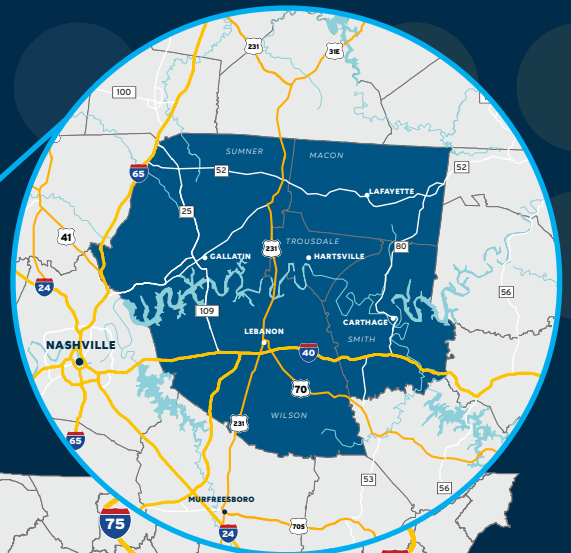


CUMBERLAND RIVER

TENNESSEECENTRAL.ORG

Serving the Middle Tennessee Counties of:

MACON • SMITH • SUMNER
TROUSDALE • WILSON



This institution is an equal opportunity provider and employer.

Tennessee Central Economic Authority

Budget vs. Actuals: FY_2023_2024 - FY24 P&L

July - October, 2023

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
44500 Government Grants	2,160.00	1,000.00	1,160.00	216.00 %
46400 Other Types of Income				
46410 Interest	1,031.36	25,000.00	-23,968.64	4.13 %
46420 Administrative Services Fee		180,000.00	-180,000.00	
46430 Miscellaneous	1,200.00		1,200.00	
46431 Mtg Lunch Fees (CR to #60910)	780.00	950.00	-170.00	82.11 %
46432 Event Sponsors (CR to #60930)	2,000.00	2,000.00	0.00	100.00 %
Total 46430 Miscellaneous	3,980.00	2,950.00	1,030.00	134.92 %
Total 46400 Other Types of Income	5,011.36	207,950.00	-202,938.64	2.41 %
47500 Rentals	154,583.36	338,855.00	-184,271.64	45.62 %
Unapplied Cash Payment Income	13,075.00		13,075.00	
Total Income	\$174,829.72	\$547,805.00	\$ -372,975.28	31.91 %
GROSS PROFIT	\$174,829.72	\$547,805.00	\$ -372,975.28	31.91 %
Expenses				
60900 Business Expenses				
60910 Meeting Related Expenses	1,191.13	9,000.00	-7,808.87	13.23 %
60920 Dues/Fees/Renewals	4,385.74	9,000.00	-4,614.26	48.73 %
60930 Events	3,081.72	9,800.00	-6,718.28	31.45 %
Total 60900 Business Expenses	8,658.59	27,800.00	-19,141.41	31.15 %
62100 Contract Services				
62110 Accounting Fees		3,200.00	-3,200.00	
62140 Legal Fees	7,500.00	22,500.00	-15,000.00	33.33 %
62150 Other Contract Services	1,365.03	5,000.00	-3,634.97	27.30 %
Total 62100 Contract Services	8,865.03	30,700.00	-21,834.97	28.88 %
65000 Office Operations				
65010 Rent	4,300.00	12,900.00	-8,600.00	33.33 %
65020 Postage/Printing	472.83	750.00	-277.17	63.04 %
65030 Utilities	1,482.85	4,950.00	-3,467.15	29.96 %
65040 Supplies & Equip.	1,465.91	4,600.00	-3,134.09	31.87 %
65050 Communications	1,774.13	6,000.00	-4,225.87	29.57 %
65060 Computer/Website Upgrades		2,500.00	-2,500.00	
65120 Insurance - Office, D&O, WC	4,193.00	8,000.00	-3,807.00	52.41 %
Total 65000 Office Operations	13,688.72	39,700.00	-26,011.28	34.48 %
65100 Misc.	429.94	3,500.00	-3,070.06	12.28 %
65110 Marketing	2,098.67	20,000.00	-17,901.33	10.49 %
66000 Payroll Expenses				
66010 President/CEO	39,560.00	118,680.00	-79,120.00	33.33 %
66020 Project Manager	19,000.00	66,000.00	-47,000.00	28.79 %
66030 Development Coordinator	17,752.35	53,064.00	-35,311.65	33.45 %
66040 Performance Expense	8,587.20	23,774.40	-15,187.20	36.12 %
66050 Benefits	15,833.80	90,500.00	-74,666.20	17.50 %

Tennessee Central Economic Authority

Budget vs. Actuals: FY_2023_2024 - FY24 P&L

July - October, 2023

			TOTAL	
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Total 66000 Payroll Expenses	100,733.35	352,018.40	-251,285.05	28.62 %
68300 Travel	10,851.92	31,000.00	-20,148.08	35.01 %
Total Expenses	\$145,326.22	\$504,718.40	\$ -359,392.18	28.79 %
NET OPERATING INCOME	\$29,503.50	\$43,086.60	\$ -13,583.10	68.47 %
NET INCOME	\$29,503.50	\$43,086.60	\$ -13,583.10	68.47 %

Tennessee Central Economic Authority

Balance Sheet

As of October 31, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
427500 Wilson Bank 18M CD	500,000.00
Checking	28,159.73
Petty Cash	90.00
Savings	1,177,793.80
Total Bank Accounts	\$1,706,043.53
Accounts Receivable	
11000 Accounts Receivable	0.00
11001 allowance for doubtful accounts	-1,950.00
Total Accounts Receivable	\$ -1,950.00
Other Current Assets	
12000 Undeposited Funds	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$1,704,093.53
TOTAL ASSETS	\$1,704,093.53
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
24110 MASTERCARD	2,808.76
Total Credit Cards	\$2,808.76
Other Current Liabilities	
24000 Payroll Liabilities	-12,038.98
Total Other Current Liabilities	\$ -12,038.98
Total Current Liabilities	\$ -9,230.22
Total Liabilities	\$ -9,230.22
Equity	
30000 Opening Balance Equity	554,517.95
32000 Retained Earnings	1,129,302.30
Net Income	29,503.50
Total Equity	\$1,713,323.75
TOTAL LIABILITIES AND EQUITY	\$1,704,093.53

Capital Improvements

Budget vs. Actuals: Budget_FY24_P&L - FY24 P&L

July - October, 2023

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
43300 In-Lieu-of-Tax Funds		825,000.00	-825,000.00	
46400 Other Types of Income				
46430 Interest	17,703.88	35,000.00	-17,296.12	50.58 %
46440 Reimbursements & Misc		25,000.00	-25,000.00	
Total 46400 Other Types of Income	17,703.88	60,000.00	-42,296.12	29.51 %
Total Income	\$17,703.88	\$885,000.00	\$ -867,296.12	2.00 %
GROSS PROFIT	\$17,703.88	\$885,000.00	\$ -867,296.12	2.00 %
Expenses				
60300 Regional Development				
60310 Select TN/Workforce Dev Grant Program				
60311 Macon County		0.00	0.00	
60312 Smith County		11,130.00	-11,130.00	
60314 Trousdale County		7,749.55	-7,749.55	
60315 Wilson County		20,000.00	-20,000.00	
Total 60310 Select TN/Workforce Dev Grant Program		38,879.55	-38,879.55	
60320 4L ED Grant Program				
60321 Macon County		180,222.43	-180,222.43	
60322 Smith County		113,200.47	-113,200.47	
60323 Sumner County		210,000.00	-210,000.00	
60324 Trousdale County		152,907.99	-152,907.99	
60325 Wilson County		101,582.72	-101,582.72	
Total 60320 4L ED Grant Program		757,913.61	-757,913.61	
Total 60300 Regional Development		796,793.16	-796,793.16	
62100 Contract Services				
62140 Legal Fees	3,025.00	18,500.00	-15,475.00	16.35 %
62150 Prof. & Eng. Services	33,582.68	150,000.00	-116,417.32	22.39 %
Total 62100 Contract Services	36,607.68	168,500.00	-131,892.32	21.73 %
62800 PowerCom Expenses				
62810 Property Insurance	2,270.00	15,500.00	-13,230.00	14.65 %
62820 Existing Bldg Upgrades/R&M	18,992.11	450,000.00	-431,007.89	4.22 %
62821 Powercom Building Pads	457,710.00	600,000.00	-142,290.00	76.29 %
62822 Site Development	68,200.00	850,000.00	-781,800.00	8.02 %
62831 Waterline Exts/Inst/R&M		600,000.00	-600,000.00	
62835 Sewerline Exts/Inst/R&M		750,000.00	-750,000.00	
62840 Road Upgrades & Maint.	233.20	250,000.00	-249,766.80	0.09 %
62850 Dock/Port Development	65,532.50	1,000,000.00	-934,467.50	6.55 %
62860 Signs/Gate/Fence Adds/R&M	4,362.20	65,000.00	-60,637.80	6.71 %
62870 Utility Expenses (w/s/g/e)	1,057.59	9,000.00	-7,942.41	11.75 %
62880 Contract Labor				
62881 Site R&M, Security	5,536.02	25,000.00	-19,463.98	22.14 %
62882 Dozer & Bush Hogging	19,470.00	90,000.00	-70,530.00	21.63 %

Capital Improvements

Budget vs. Actuals: Budget_FY24_P&L - FY24 P&L

July - October, 2023

		TOTAL		
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Total 62880 Contract Labor	25,006.02	115,000.00	-89,993.98	21.74 %
62890 Supplies/Equip R&M	359.99	60,000.00	-59,640.01	0.60 %
Total 62800 PowerCom Expenses	643,723.61	4,764,500.00	-4,120,776.39	13.51 %
65100 Other Expenses	100.00	40,000.00	-39,900.00	0.25 %
65120 Reserve Funds		500,000.00	-500,000.00	
75000 Admin. Services Fee		180,000.00	-180,000.00	
Total 65100 Other Expenses	100.00	720,000.00	-719,900.00	0.01 %
Total Expenses	\$680,431.29	\$6,449,793.16	\$ -5,769,361.87	10.55 %
NET OPERATING INCOME	\$ -662,727.41	\$ -5,564,793.16	\$4,902,065.75	11.91 %
NET INCOME	\$ -662,727.41	\$ -5,564,793.16	\$4,902,065.75	11.91 %

Capital Improvements

Balance Sheet

As of October 31, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
0001 11M CD	549,033.22
Money Market Acct	5,061,732.15
NOW Checking Acct	78,552.94
Total Bank Accounts	\$5,689,318.31
Other Current Assets	
12000 Undeposited Funds	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$5,689,318.31
TOTAL ASSETS	\$5,689,318.31
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable	149,916.00
Total Accounts Payable	\$149,916.00
Credit Cards	
24100 MASTERCARD	0.00
Total Credit Cards	\$0.00
Total Current Liabilities	\$149,916.00
Long-Term Liabilities	
27200 USDA/RD Loan	0.00
Total Long-Term Liabilities	\$0.00
Total Liabilities	\$149,916.00
Equity	
30000 Opening Balance Equity	3,045,305.18
32000 Retained Earnings	3,156,824.54
Net Income	-662,727.41
Total Equity	\$5,539,402.31
TOTAL LIABILITIES AND EQUITY	\$5,689,318.31

**Tennessee State Veterans Homes Board
Presentation to State Funding Board
November 16, 2023**

Financial Summary July 2023 through October 2023

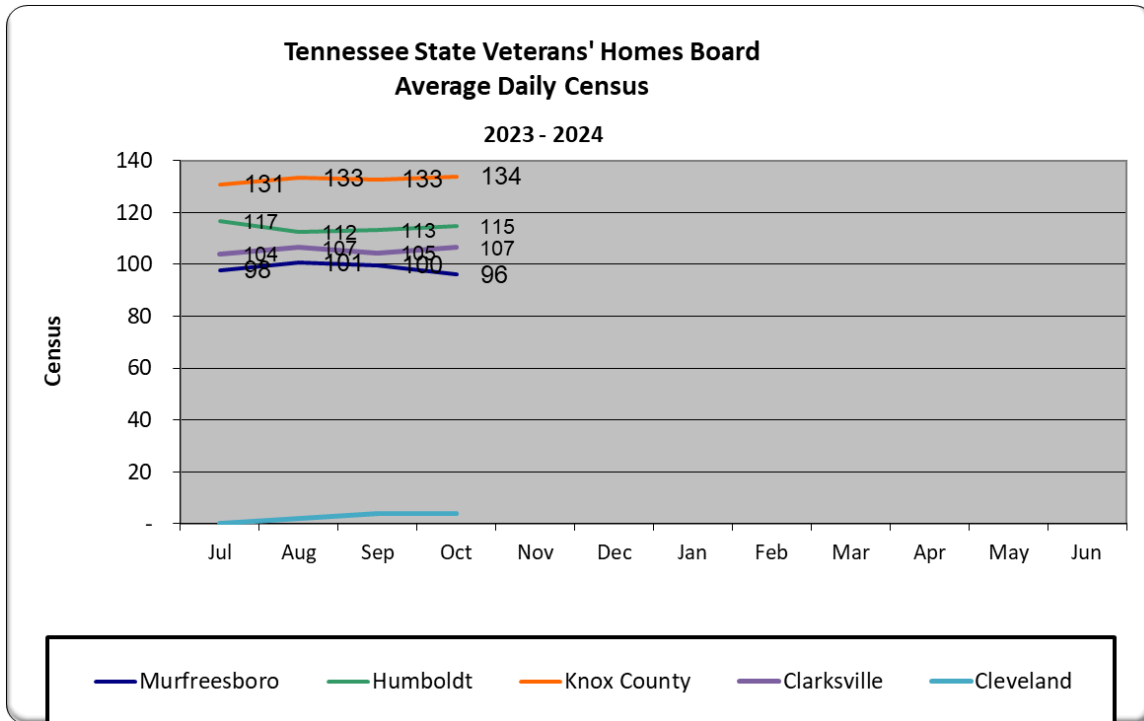
Year to Date Summary of Financial Operations

The financial summary covers year-to-date operations through September 2023 for home office and facilities.

Year-to-Date	Home Office	Murfreesboro	Humboldt	Knox County	Clarksville	Cleveland	Total
Actual	\$(6)	\$ 9,200	\$(8,085)	\$70,555	\$ (597,022)	(656)323	\$(1,181,681)

Net income reported is less than budget mainly due to patient mix, occupancy rate, agency nurses cost, startUp cost, and inflation. Management continues to control expenses.

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



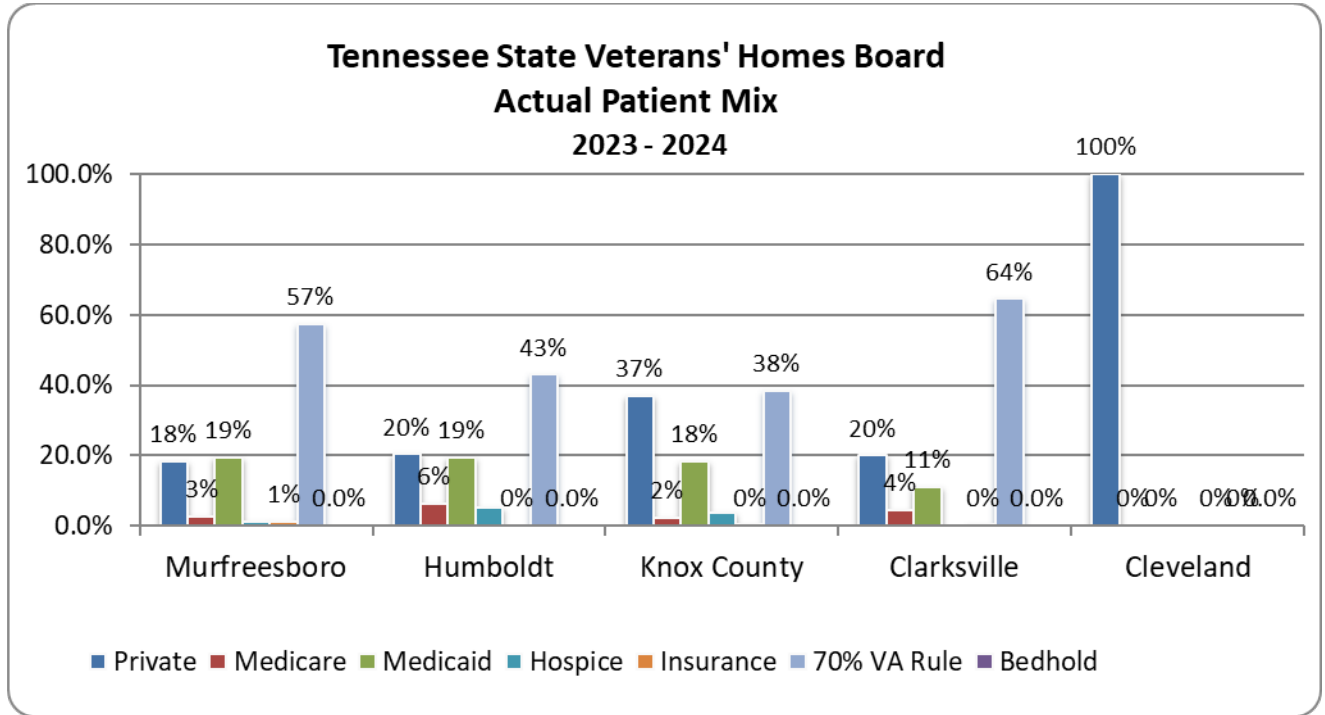
For the month of October 2023, each facility is reporting the following average daily census (ADC) and occupancy information:

<u>Facility</u>	<u>ADC</u>	<u>Occupancy</u>
Murfreesboro	96	68.7%
Humboldt	115	82.1%
Knox County	134	95.7%
Clarksville	107	98.7%
Cleveland	4	3.7%

**Tennessee State Veterans Homes Board
Presentation to State Funding Board
November 16, 2023**

The occupancy rate at three of the five homes exceeds the state occupancy rate of 70.3%.

Patient mix is a key factor and drives revenues for the homes. Patient mix year to date at October 31, 2023 is shown below.



LGIP Funds

Per State law, all funds of the Board are to be held at the Local Government Investment Pool (LGIP). As of October 31, 2023, cash balances at LGIP for the facilities and home office are as follows:

<u>LGIP Funds</u>	<u>Home Office</u>	<u>Murfreesboro</u>	<u>Humboldt</u>	<u>Knox County</u>	<u>Clarksville</u>	<u>Total</u>
Revenue Fund	\$ 2,614,530					\$ 2,614,530
Repair & Replacement		1,044,305	823,394	804,503	806,699	3,478,900
Debt Service Fund		46	63		31	140
Operating Reserve	8,021,425					8,021,425
Technology	484,642					484,642
Special Funds	401,265					401,265
Contributions	48,208					48,208
Total	\$ 11,570,070	\$ 1,044,351	\$ 823,457	\$ 804,503	\$ 806,729	\$ 15,049,111

Future Development

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

**Tennessee State Veterans Homes Board
Presentation to State Funding Board
November 16, 2023**

Currently Tennessee State Veterans' Homes Board has five projects with approved VA Grants to States for Construction or Acquisition of State Homes.

- Cleveland-Bradley County is currently under construction. The current estimated substantial completion date is late fall 2022. It is anticipated that it will admit the first resident in early 2023. This is a 108-bed intermediate and skilled care nursing facility. Total cost: \$47,729,558
- Arlington-Shelby County is currently under construction. This project is for the construction of a 126-bed intermediate and skilled care nursing facility in Arlington, Shelby County. Substantial completion is projected for Fall, 2024. Total cost: \$68,846,485
- Construction is complete on renovations to the Murfreesboro facility. The Project is currently in the Warranty period. Application was submitted in April 2019. It involves the installation of an additional generator to power the HVAC chillers, a 1900-gallon emergency water supply, and the replacement of aging resident room doors and windows. Total cost: \$2,005,377.
- Construction is complete on renovations to the Humboldt facility. The project is currently in the Warranty Period. It involves the installation of an additional generator to power the HVAC chillers, a 1900-gallon emergency water supply, replacing domestic water return piping and the replacement of aging resident room doors. Total cost: \$1,983,831.
- Construction is complete at Knoxville to add an additional generator to power the HVAC chillers, replace its single heating boiler with two high efficiency boilers. The project is currently in the Warranty Phase. Total cost: \$493,639
- A grant application for new construction (addition) for the Murfreesboro executive offices was submitted in April 2020. It has not yet been approved. This is to address the growth in support staff required for the addition of new homes in Cleveland and Arlington as well as storage needs for the executive office and the Murfreesboro facility. Total cost if constructed in 2025: \$3.03M.
- Sullivan County has begun the process for developing a State Veterans' Home. Estimated project costs: \$159,470,000

State Audit

Audit for Fiscal Year Ended June 30, 2022

State Audit entered the field January 17, 2023, for the audit of fiscal year June 30, 2022.

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

Performance Audit

**Tennessee State Veterans Homes Board
Presentation to State Funding Board
November 16, 2023**

On November 29, 2022, Performance Audit issued its report on the operational efficiency and effectiveness of the Board. Although improvement was noted the report includes 4 findings in five areas as follows:

- Resident Care
- Quality Control
- Human Resources
- Resident Admissions
- General Administration

Management is in the process of implementing policy and procedures to eliminate concerns noted by Performance audit.

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

Regulatory Compliance

The Knoxville home is rated at five stars overall. The Murfreesboro, Humboldt and Clarksville homes are rated at three stars overall.

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

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

- Health Inspections
- Quality Measures
- Staffing
- Registered Nurse Staffing
- Staff Turn-over

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

The Tennessee Department of Health conducts an annual survey of each facility.

The Knoxville survey was completed in June 2021. There were no health deficiencies.

The TSVH home in Humboldt had their survey in October 2023. There were two minor citations. The first involved a careplan that was not updated. The second involved a staff member

**Tennessee State Veterans Homes Board
Presentation to State Funding Board
November 16, 2023**

touching a bread roll while serving a resident and returning an unused dining tray to the clean tray rack.

The Murfreesboro survey was completed in August 2019. This survey had 7 minor deficiencies. The first, second and third involved the lack of a stop date on a PRN medication. The fourth involved the medication error rate exceeding 5%. The fifth was for an expired medication and improper storage. The sixth was cited when a staff member touched a cracker. The seventh involved failing to properly dispose of an IV bag.

The Clarksville survey was completed in April 2022. There were two citations. One involved a resident fall. The second involved staff not following infection control screening process.

The Cleveland home has successfully completed its TN Licensure survey. It is waiting for its TNDOH/CMS certification survey and its VA recognition survey.

The average number of health deficiencies cited in Tennessee's long term care facilities standard survey process is 5 and nationally at 8.4.

The Department of Veterans Affairs conducted annual operational and clinical reviews in all of the homes to ascertain if all requirements of inspection were met: June 2023 (Murfreesboro) – there was 1 minor deficiency involving medication distribution. February 2023 (Humboldt) – 2 citations. The first was due to a clerical error causing a very minor citation. The second involved an undated food item and a dented food can. March 2023 (Knoxville) – 3 citations. The first involved a resident fall caused by an equipment failure, the second involved a missed fire drill and the 3rd involved not having an annual State Fire Marshal inspection (note: TN Fire Marshall does not inspect nursing homes, they delegate this to the TNDOH). September 2023 (Clarksville) – 3 citations. The first involved a nurse dropping a pill on to the med cart during med pass. The pill was not given to the resident. The second involved a physician visit that could not be verified. The third involved our call light system not having two distinct tones designating emergency vs common call.

Executive Committee

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

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

**REPORT ON THE
STATE POOLED INVESTMENT FUND**
For The Fiscal Year Ended June 30, 2023



PREPARED FOR THE
STATE FUNDING BOARD

November 29, 2023

PREPARED BY
TREASURY DEPARTMENT
INVESTMENT OPERATIONS DIVISION

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	Stress Test Results June 30, 2023	Attachment

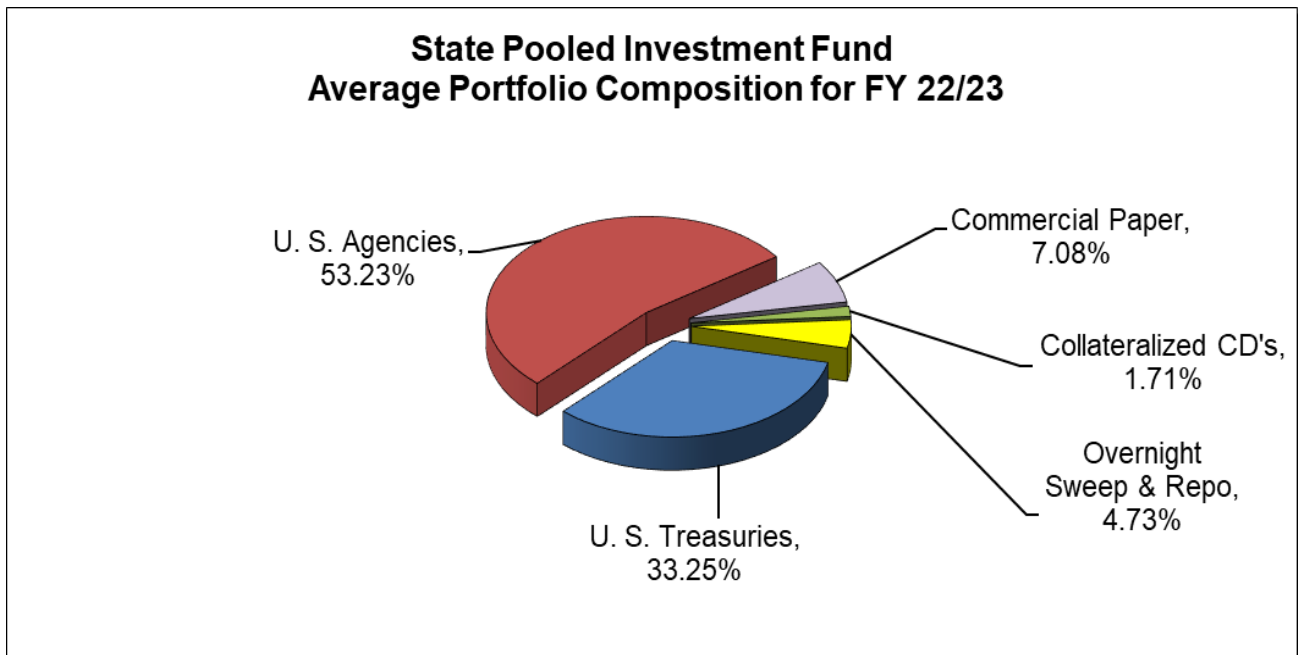
TENNESSEE TREASURY DEPARTMENT
State Pooled Investment Fund Report
For the fiscal year ended June 30, 2023

I. INVESTMENT POLICY

The investment policy for the State Pooled Investment Fund is set by the State Funding Board. The board is composed of the Governor, Commissioner of Finance and Administration, Comptroller of the Treasury, Secretary of State, and Treasurer. The investment objective for the state pooled investment fund is to obtain the highest available return on investments consistent with the preservation of principal, while maintaining sufficient liquidity for state expenditures and other withdrawals from the state pooled investment fund. On April 7, 2016, the State Funding Board voted to adopt an Investment Policy that is in compliance with GASB Statement 79 in order to maintain a fund that could operate at a stable dollar.

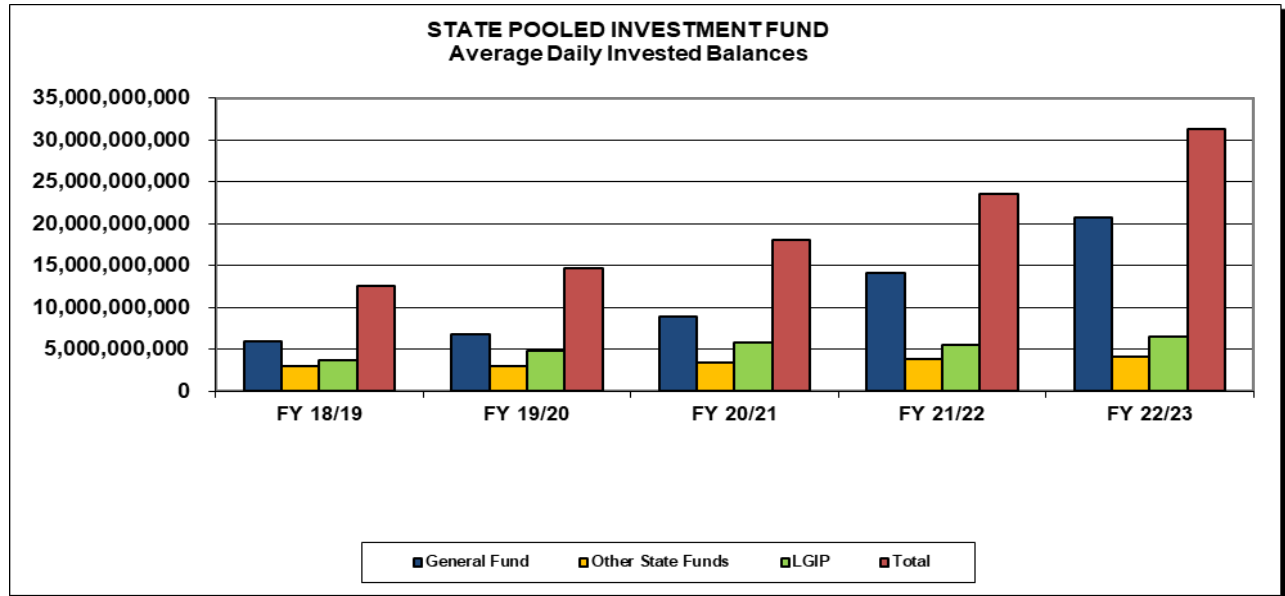
II. Portfolio Composition

The State Pooled Investment Fund had a monthly average of \$31.3 billion invested for the fiscal year ended June 30, 2023. The following chart shows the composition of the average portfolio.



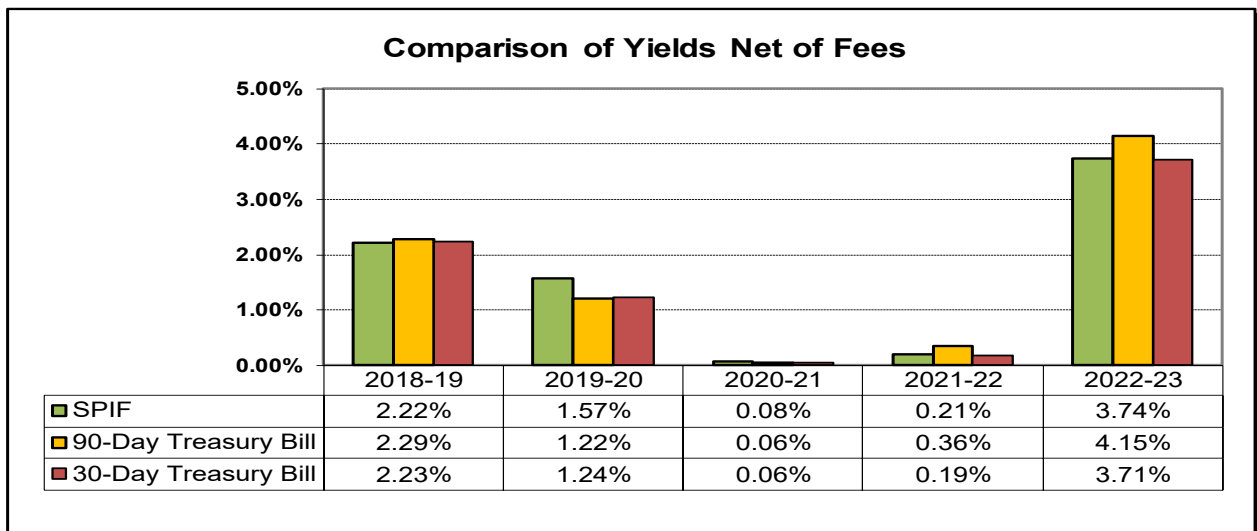
Demand for State funds marginally increased during the fiscal year. The average investment in Commercial Paper was reduced from 15.04% in FY 2021/2022 to 7.08% in FY 2022/2023 primarily due to a reduction of the size of our asset backed commercial paper portfolio. Repurchase agreements were added back to the portfolio in 2018 to increase overnight liquidity. Agency exposure, including floating rate securities, has decreased and Commercial Paper exposure has increased to take advantage of more attractive yields in a strong economy and a rising yield environment.

III. Average Daily Balances



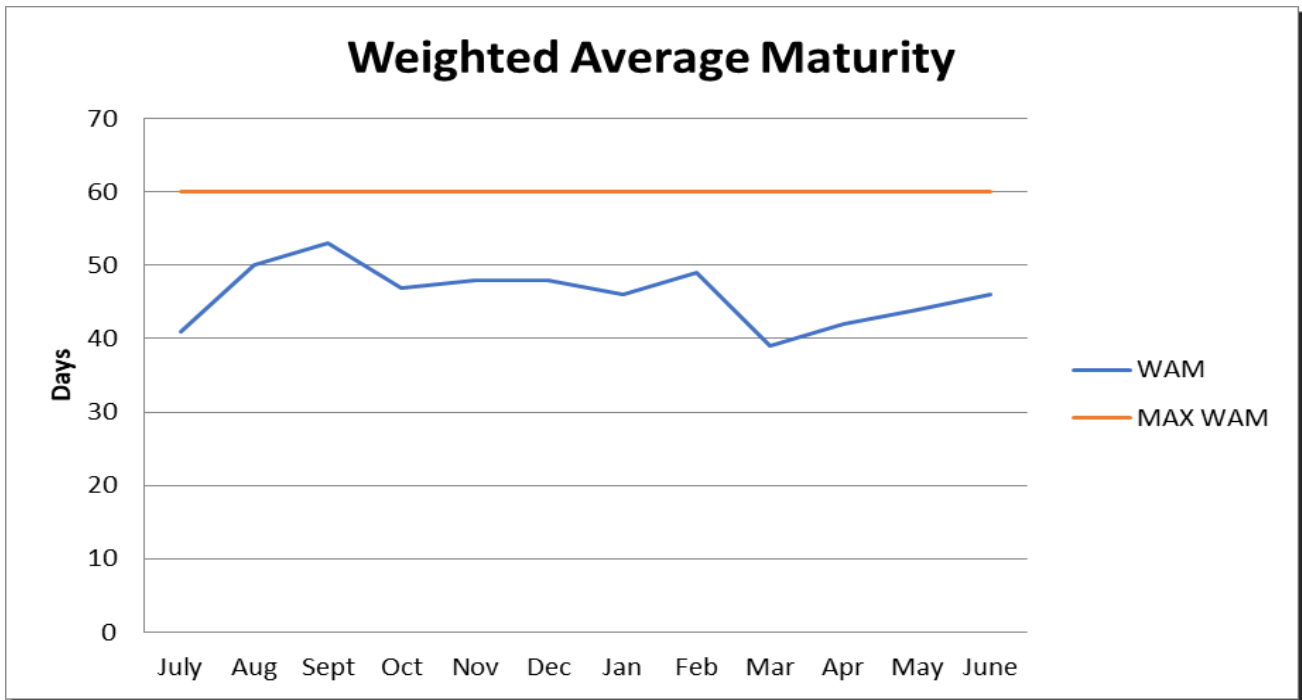
IV. Performance

The chart below shows how the SPIF has performed over the last 5 years as compared to the 30-and 90-day US Treasury Bills.



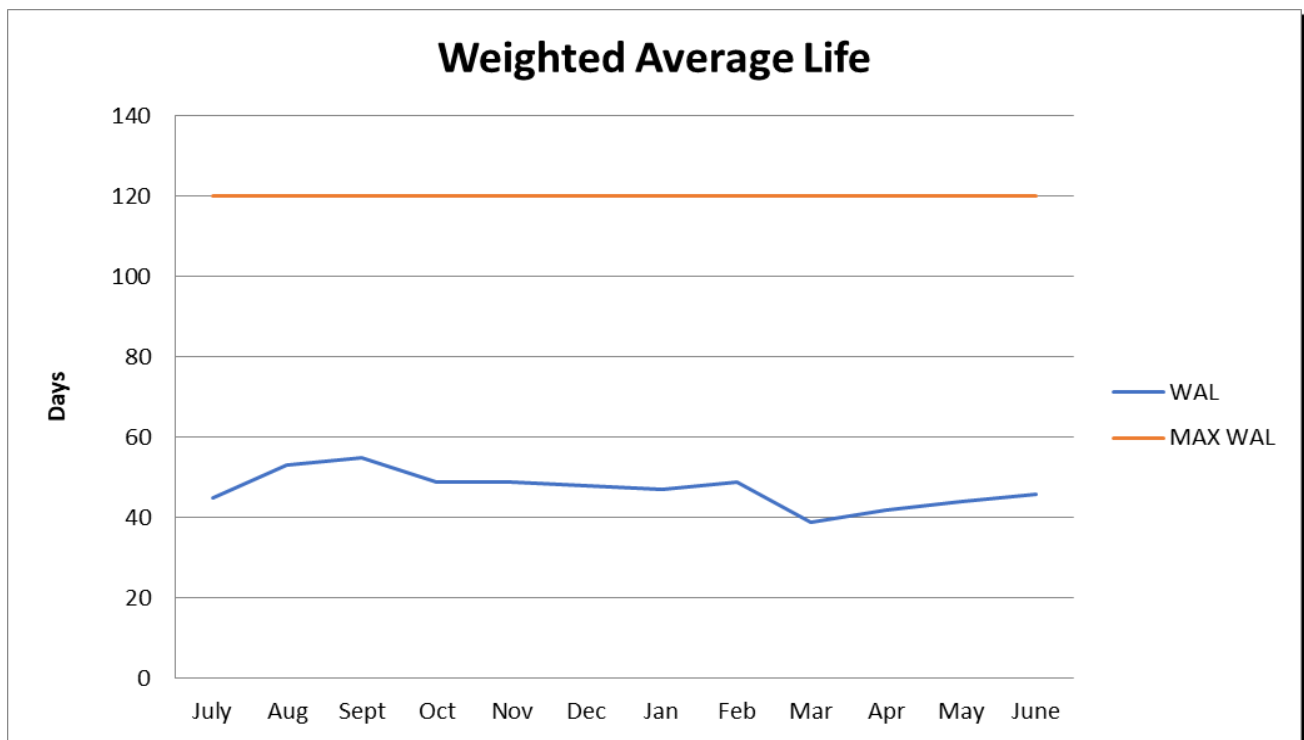
V. Weighted Average Maturity (WAM)

The weighted average maturity (WAM) measures investment time horizons – the time when investments become due and payable – in the case of the SPIF, days weighted to reflect the dollar size of individual investments. GASB Statement 79 allows the use of certain maturity shortening features to be utilized when measuring the WAM such as interest rate resets. The SPIF holds floating-rate securities issued by various US government agencies that typically have maturities of less than 397 days but have indexed interest rates that reset each month. The use of those securities provides a level of protection against changes in interest rates as well as reduces the WAM of the SPIF portfolio. In order to maintain compliance with GASB Statement 79 requirements, the WAM of a portfolio cannot exceed 60 days. The chart below shows the WAM of the SPIF portfolio during the year.



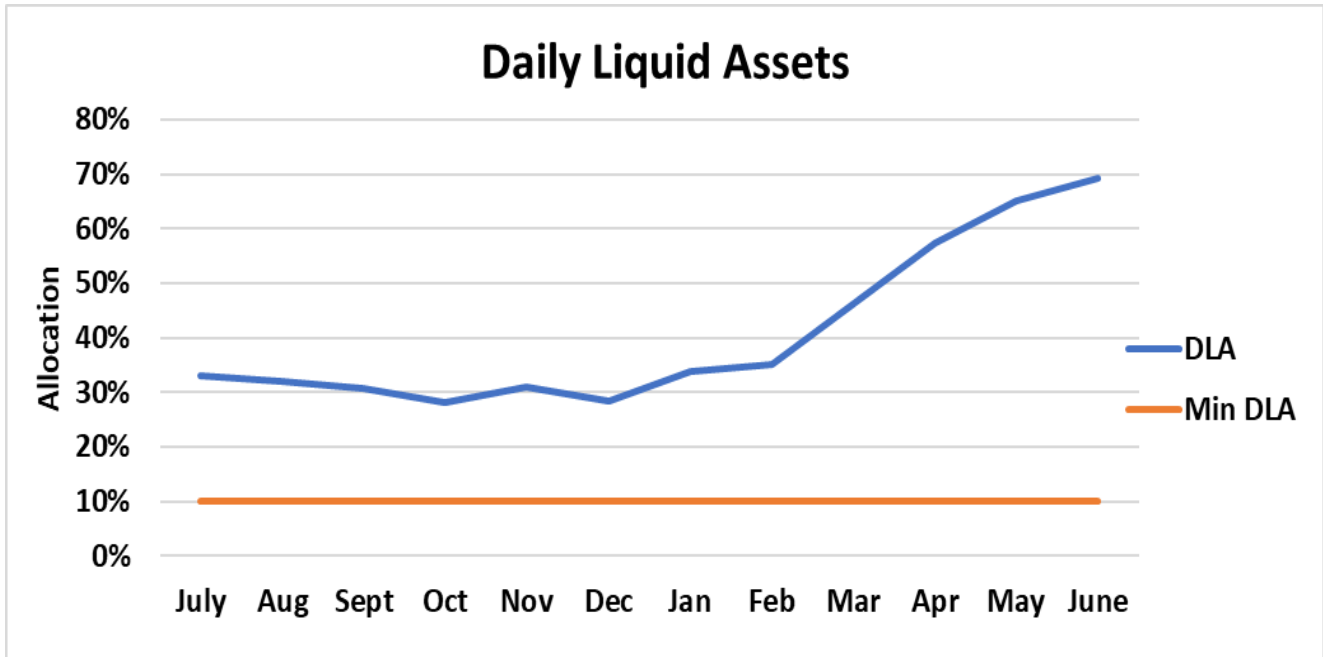
VI. Weighted Average Life (WAL)

The weighted average life (WAL) measures the average length of time that each dollar of principal remains unpaid without taking into account the maturity shortening features used in calculating the weighted average maturity. In other words, the WAL is the stated maturity of each security within the portfolio. In order to maintain compliance with GASB Statement 79 requirements, the WAL of a portfolio cannot exceed 120 days. The chart below shows the WAL of the SPIF portfolio during the year. At no point during FY2023 did the WAL exceed the 120 day limit. The WAL is trending lower due to fewer investments in floating rate securities as a result of decreased issuance and reduced attractiveness as an investment.



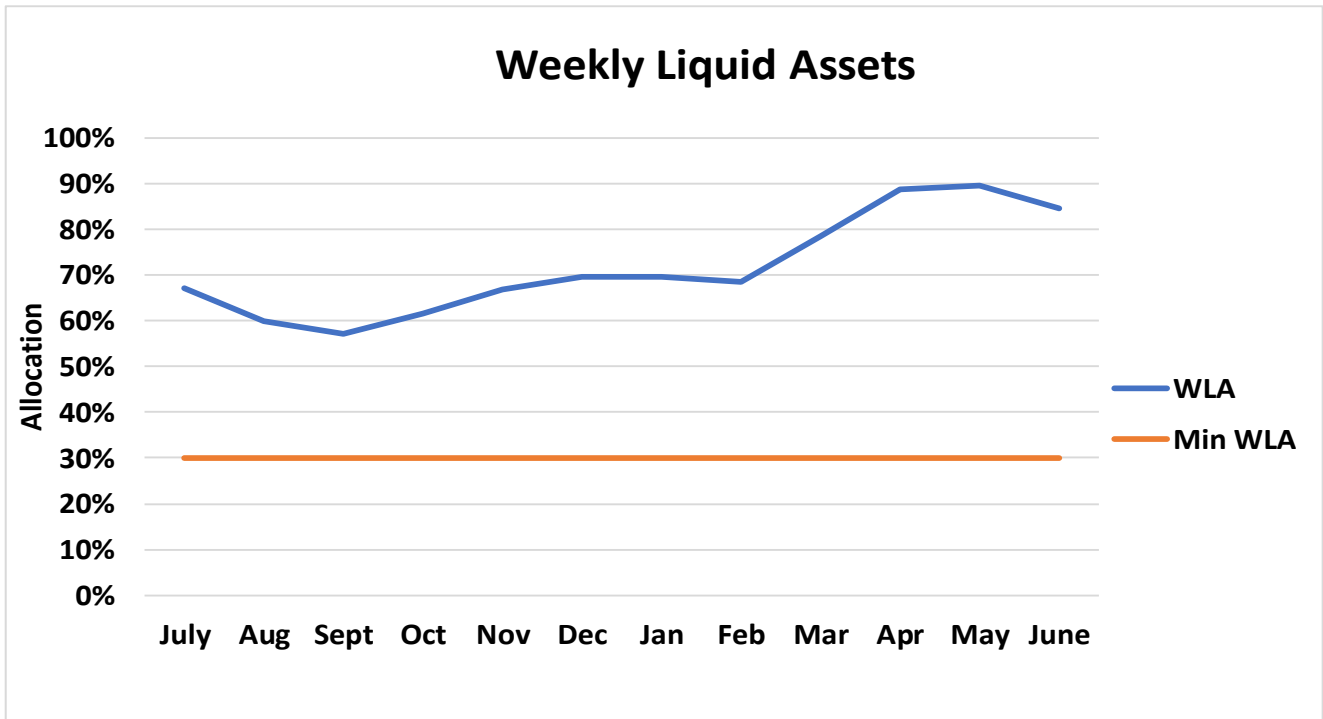
VII. Daily Liquid Assets

In order to provide for reasonably foreseeable redemptions, or withdrawals, GASB Statement 79 requires that a portfolio maintain at least 10.00% of the portfolio in securities that are defined as daily liquid securities. Examples of daily liquid securities include cash, demand deposits at banks, certificates of deposit that are scheduled to mature the next business day, direct obligations of the US government, and any other security that has a stated maturity date of the next business day. Below is a chart showing the daily liquidity of the SPIF during the year.



VIII. Weekly Liquid Assets

The SPIF must also maintain a portfolio that has at least 30.00% invested in weekly liquid assets. Examples of weekly liquid assets that might be held in the SPIF are cash, demand deposits or certificates of deposit that mature within 5 business days, direct obligations of the US government, all securities that mature within 5 business days, and securities that are US government securities but not direct obligations of the US government that are issued at a discount and mature within 60 days. Below is a chart that shows the level of weekly liquid assets held during the year by the SPIF.



IX. Credit Quality and Diversification

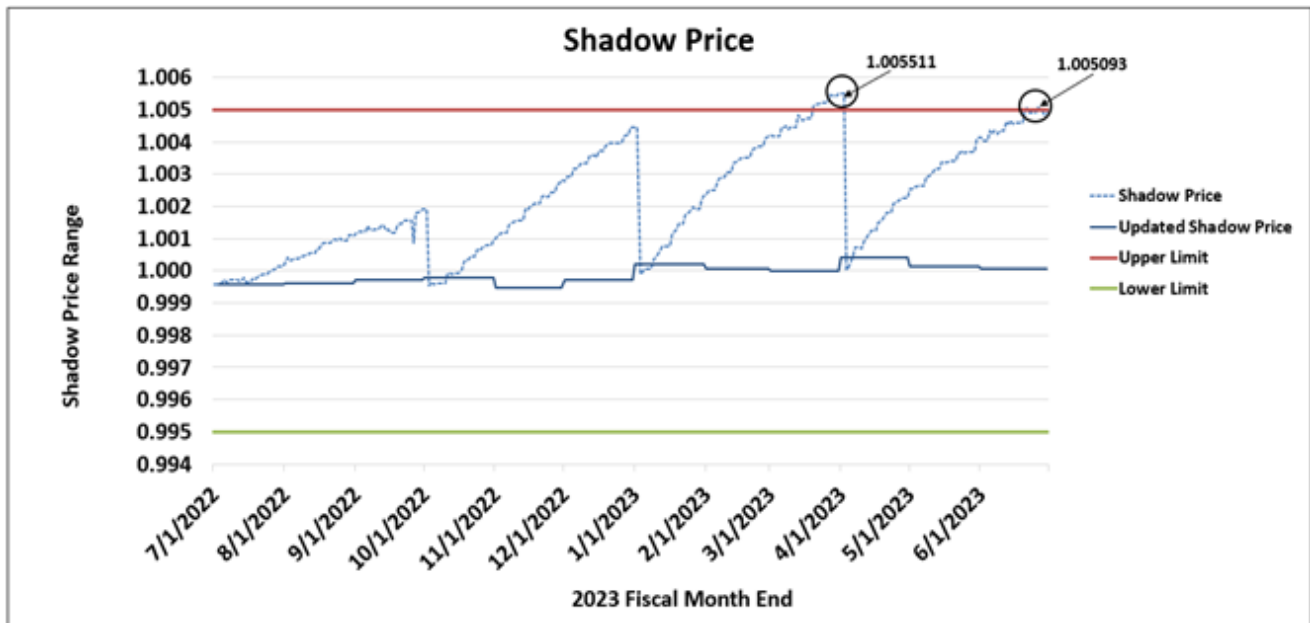
During FY 2022/2023, the SPIF held direct and indirect obligations of the US government that were all rated AAA/Aa+. None of the commercial paper held by the SPIF was rated below A1/P1. Further, holdings of individual commercial paper issuers were limited to less than 5.00% of the total value of the SPIF portfolio, in accordance with GASB Statement 79.

X. Shadow Pricing

The shadow price is the net asset value per share of the fund calculated using total investments measured at fair value as of the calculation date. GASB Statement 79 requires that a fund calculate the shadow price at least one time each month, no sooner than 5 days before the last day of the month and no later than the last working day of each month. The SPIF calculates the shadow price daily. In order for a fund to be considered a stable dollar fund, the shadow price must be between \$0.995 to \$1.005.

As you can see from the chart below, the lowest historic shadow price valuation for the SPIF during the year was \$0.999539 per share on October 3, 2022, while the highest valuation for the SPIF was \$1.005511 per share on March 31, 2023.

The chart makes it appear the shadow price is out of line with the stable dollar limits, which is not an accurate reflection of reality. It was determined that quarterly recognition of amortization creates this result. Over the last couple of years, with rates close to 0.00%, the impact of quarterly amortization was not noticeable, but the unprecedented rise in interest rates over the last fiscal year exaggerated its impact. Staff determined that a better methodology is to record amortized book value on a monthly instead of a quarterly basis beginning November 2023. The solid updated shadow price line in the chart below illustrates the monthly shadow price for the fiscal year based on monthly amortized book value and that at no point did the shadow price get close to the upper or lower band.



XI. Stress Testing

At month's end, the SPIF is stress tested utilizing a model developed by S&P. The model considers the balance of the fund, weighted average maturity, weighted average life, shadow price, credit spread, and percent of total credit excluding US government and agencies. Based upon the information entered, the model then considers the effect on the fund if the 10 largest shareholders were to redeem their shares in one day, considers the impact of a redemption in one day of the largest 5day historical redemption, and the impact of both events occurring on the same day. The model then measures the impact if on the same day there was a movement in interest rates to determine how much stress the fund can handle before the fund has a variance in value greater than one half of 1.00%, or "breaking the buck".

During each month of FY2023, the SPIF was capable of handling the impact of the above-described events. without breaking the buck. In fact, in most cases the SPIF could handle the combined redemption events and a change in interest rates of 250 basis points or greater without breaking the buck. This is due to the conservative credit position and enhanced liquidity of the portfolio. (The actual stress test as of June 30, 2023, is attached to the end of this document.)

XII. Investment Policy Review

During FY2023 there were no recommended changes to the SPIF investment policy.

XIII. Investment Strategy

During FY 2023, there were rate changes by the FOMC. The rate at the beginning of the year was 1.50% to 1.75% and increased to 5.00% to 5.25% as of June 30, 2023. The FOMC began increasing the rate to the current level at the March 16, 2022 meeting in order to meet its objective of lowering inflation. Staff will continue to maintain a diversified portfolio of CDs, bank deposits, US Government obligations, and commercial paper. The yield curve, actions taken by the Federal Reserve Bank, regulatory changes, and other market conditions will be considered when managing the asset mix and average maturity of the portfolio. The SPIF remains a safe investment for state funds and monies invested by local government officials. There has been no loss of funds due to credit exposure and no liquidity concerns.

XIV. Cost of Administration

Treasury reduced the administrative fee charged to SPIF and LGIP participants by one basis point. This change was effective June 2021. Based on the amount of current assets collectively in the SPIF and LGIP, and its anticipated balance at the end of the 2023 fiscal year, Treasury determined the cost to administer the program could adequately be covered by three basis points, or 0.03%, as

opposed to the prior fee of four basis points, or 0.04%. The reduction in fees is temporary and will continue to be evaluated on an ongoing basis.

The fee covers the total cost of program management, including:

- Investment of portfolio
- Maintenance of collateral
- Collateral pool administration
- Cash concentration
- Bank reconciliations and resolution of reconciling items
- LGIP program
- Warrant reconciliation
- Accounting and recordkeeping
- Support cost such as internal audit, payroll, personnel, etc.

Any future changes to the administrative fee for the SPIF/LGIP will be communicated in advance.

Principal Stability Fund Rating Sensitivity Matrix

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WAM (R)	46
WAM (F)	46
Shares Outstanding:	35,321,407,555.88
Total Fund Assets:	35,321,407,555.88
Market Value (NAV):	1.004900
Credit Spread Movement (bps):	14
% Total Credit (Non Gov't) Securities (of portfolio)	11%
% Corporate Floaters (of portfolio)	0%

FILL IN/ADJUST AREAS SHADED GREEN TO RUN SCENARIOS

Total \$ Loss: **\$0**
 Total \$ Gain: **\$173,074,897**

June 30, 2023

Basis Point Shift	Selected Shareholders	Largest Redemption over 5 consecutive business days								Gain (Loss)
		1.001880	1.001933	1.002471	1.001922	1.001820	1.001729	1.001647	1.001441	
250	1.001880	1.001933	1.002471	1.001922	1.001820	1.001729	1.001647	1.001441	61,087,165	
225	1.002222	1.002285	1.002921	1.002272	1.002152	1.002045	1.001947	1.001704	72,215,827	
200	1.002565	1.002637	1.003371	1.002622	1.002484	1.002360	1.002247	1.001966	83,344,490	
175	1.002907	1.002989	1.003821	1.002972	1.002815	1.002675	1.002547	1.002229	94,473,153	
150	1.003250	1.003341	1.004271	1.003322	1.003147	1.002990	1.002847	1.002491	105,601,815	
125	1.003592	1.003693	1.004721	1.003672	1.003479	1.003305	1.003147	1.002754	116,730,478	
100	1.003935	1.004045	1.005171	1.004022	1.003810	1.003620	1.003448	1.003017	127,859,141	
75	1.004277	1.004397	1.005621	1.004372	1.004142	1.003935	1.003748	1.003279	138,987,803	
50	1.004619	1.004749	1.006071	1.004722	1.004474	1.004250	1.004048	1.003542	150,116,466	
25	1.004962	1.005101	1.006522	1.005072	1.004805	1.004565	1.004348	1.003804	161,245,129	
0	1.005304	1.005453	1.006972	1.005422	1.005137	1.004880	1.004648	1.004067	172,373,791	
-25	1.005647	1.005805	1.007422	1.005772	1.005469	1.005195	1.004948	1.004329	183,502,454	
-50	1.005989	1.006157	1.007872	1.006123	1.005800	1.005510	1.005248	1.004592	194,631,117	
-75	1.006332	1.006510	1.008322	1.006473	1.006132	1.005825	1.005548	1.004854	205,759,779	
-100	1.006674	1.006862	1.008772	1.006823	1.006464	1.006140	1.005848	1.005117	216,888,442	
-125	1.007017	1.007214	1.009222	1.007173	1.006795	1.006455	1.006148	1.005380	228,017,105	
-150	1.007359	1.007566	1.009672	1.007523	1.007127	1.006771	1.006448	1.005642	239,145,767	
-175	1.007702	1.007918	1.010122	1.007873	1.007459	1.007086	1.006748	1.005905	250,274,430	
-200	1.008044	1.008270	1.010572	1.008223	1.007790	1.007401	1.007048	1.006167	261,403,093	
-225	1.008386	1.008622	1.011023	1.008573	1.008122	1.007716	1.007348	1.006430	272,531,755	
-250	1.008729	1.008974	1.011473	1.008923	1.008454	1.008031	1.007648	1.006692	283,660,418	
Redemptions/Subscriptions	-8%	-11%	-30%	-10%	-5%	0%	5%	20%		
Shares Outstanding	32,496,641,574	31,609,127,622	24,724,985,289	31,789,266,800	33,555,337,178	35,321,407,556	37,087,477,934	42,385,689,067		

Shift Upon NAV = NAV - (WAM/365) * (Bp/10,000)
 Dilution Upon NAV = (NAV + Change) / (1+ Change)

Top 10 Shareholders		% of Fund	Stress Redemption
METRO NASHVILLE	538,929,527.70	1.53%	Yes
CITY OF KNOXVILLE	529,867,604.88	1.50%	Yes
SHELBY COUNTY TRUSTEE	398,850,228.39	1.13%	Yes
TENNESSEE BOARD OF REGENTS	256,454,886.85	0.73%	Yes
EAST TENNESSEE STATE UNIVERSITY	252,956,962.39	0.72%	Yes
TENNESSEE TECH UNIVERSITY	197,444,832.18	0.56%	Yes
TN EDUCATION LOTTERY CORPORATION	183,175,470.68	0.52%	Yes
METRO NASHVILLE AIRPORT AUTHORIT	175,942,039.24	0.50%	Yes
AMERICAN RESCUE PLAN ACT	161,736,572.68	0.46%	Yes
MAURY COUNTY	129,407,857.11	0.37%	Yes
Stress Top 10	\$ 2,824,765,982.10	8.00%	Yes
Total Fund Assets	\$ 35,321,407,555.88	100%	2,824,765,982.10

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

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**REPORT ON THE
Intermediate Term INVESTMENT FUND
For The Fiscal Year Ended June 30, 2023**



PREPARED FOR THE
STATE FUNDING BOARD

November 29, 2023

PREPARED BY
TREASURY DEPARTMENT
INVESTMENT OPERATIONS DIVISION

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TENNESSEE TREASURY DEPARTMENT
Intermediate Term Investment Fund Report
For the fiscal year ended June 30, 2023

I. COMPLIANCE WITH INVESTMENT POLICY

The investment policy for the Intermediate Term Investment Fund (ITIF) is set by the State Funding Board. The board is composed of the Governor, Commissioner of Finance and Administration, Comptroller of the Treasury, Secretary of State, and State Treasurer. The investment objective for the ITIF is to offer a longer-term investment option for the State and any entity that is eligible to invest in the LGIP. Returns of a fund with a longer-term investment horizon are expected to outperform liquidity funds such as the SPIF, but there are risks associated with longer term investments. If interest rates increase, the value of investments will decline. Investors should consider the risks involved, including the lack of liquidity provided from a fund such as the ITIF, before making a decision to participate.

Portfolio Composition

The ITIF was launched on July 22, 2013, when the first participant invested \$200 million. During the 2023 fiscal year, there was only one participant. Investment policy permits investments in US Government and Agency securities, repurchase agreements, prime commercial paper, prime banker's acceptances, and the State Pooled Investment Fund (as a source of liquidity or uninvested idle cash, if necessary). During the fiscal year, investments remained in government and agency securities with idle cash invested in the SPIF. The average composition during the year ended June 30, 2023, was 99% US Treasuries and US agencies and 1.00% idle cash in the SPIF. During late June 2023, all remaining assets with a market value of \$11.68 million were withdrawn from the fund.

Maturity

The objective of the ITIF is to take advantage of the expected additional return from investing farther out on the yield curve. The Investment Policy permits investments up to five years with an average maturity of three years. The weighted average maturity (WAM) of the ITIF began the year at 2.04 years and ended the year at 2.54 years. During the year, the WAM ranged from 1.74 years to 2.98 years. During FY 2023, there were rate changes authorized by the Federal Open Market Committee (FOMC). The rate at the beginning of the year was 1.50% to 1.75% and increased to 5.00% to 5.25% as of June 30, 2023. The FOMC began increasing the rate to the current level at the March 16, 2022, meeting and has continued increasing in order to meet its objective of lowering inflation.

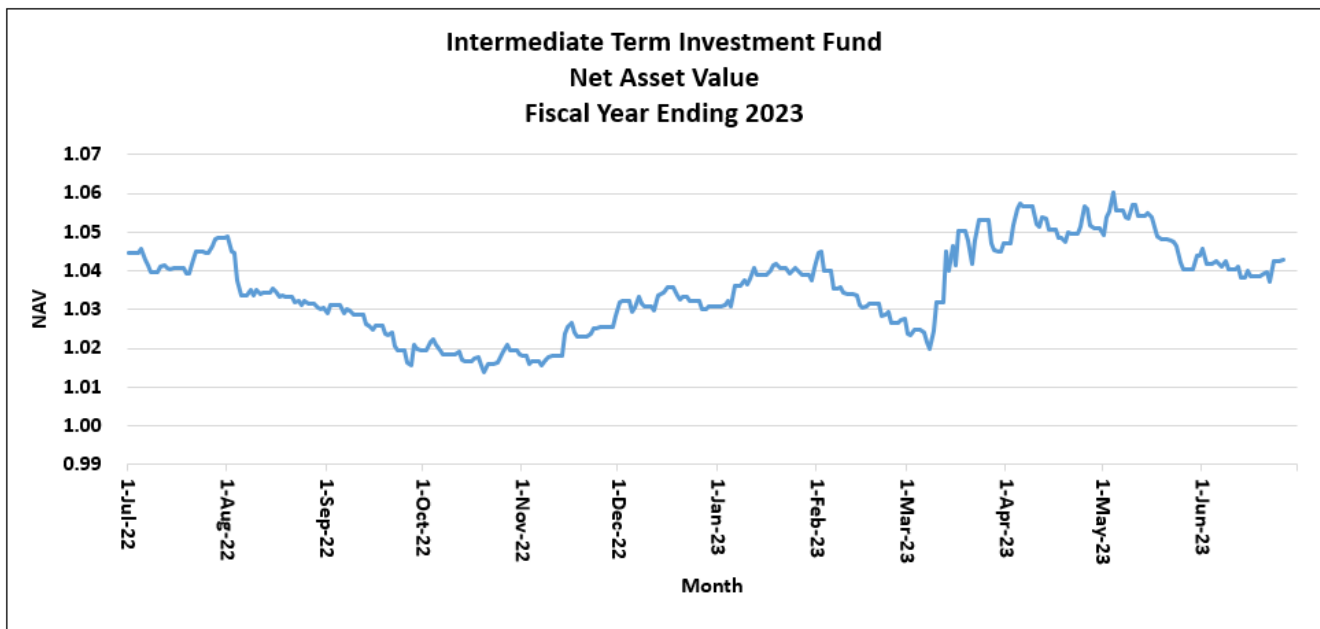
Liquidity

This fund is not designed to provide liquidity. As a result, the fund will not maintain a significant position in cash equivalent securities for the sole purpose of providing liquidity. Investors

are encouraged to only invest funds that are not going to be needed for short-term liquidity purposes. Withdrawals are limited to the first working day of each quarter as long as notice is provided at least 30 days prior to the withdrawal date.

II. PORTFOLIO PERFORMANCE

For the period July 22, 2013 thru June 30, 2023, the Intermediate Term Investment Fund has had a market value increase of 4.27%. During fiscal year 2023, the fund increased in value by 0.02% net of expenses. During the same period, the SPIF returned 3.74% and the Vanguard Short Term Federal Fund (VSGBX) returned -0.935%. During the fiscal year 2023, the net asset value (NAV) ranged from 1.060256 on May 4, 2023 to a low of 1.013823 on October 20, 2022. The graph below demonstrates the daily change in net asset value during the year.



III. INVESTMENT POLICY REVIEW

No Investment Policy changes were made during the current fiscal year. The fund has operated as planned and there have been no material and significant concerns. Currently, we are not aware of any market regulations that could impact the fund.

IV. INVESTMENT PLAN

While the safety and liquidity offered by money market funds outweigh the risks of investing in funds with longer maturities, investors without the need for short-term liquidity can benefit from investing in the Intermediate Term Investment Fund (ITIF). The main risk associated with investing in the ITIF is interest rate risk. The investment policy of the fund attempts to minimize the risks by limiting investments to securities with little credit risk and by limiting deposits and withdrawals to the first business day of each quarter and requiring a 30-day notice before a withdrawal can be made. Rising interest rates can have a negative impact on performance, while declining rates can increase the market value of securities held in a portfolio. Staff will continue to monitor the movement in interest rates as well as other market conditions that could impact the fund and make changes as needed to maintain a competitive investment option for public entities across the State.

V. COST OF ADMINISTRATION

The cost to operate the ITIF are minimal due to the efficiencies gained by utilizing many of the same resources used to manage other funds within Treasury. The costs of operations are funded from a 0.05%, or 5 basis point charge for assets invested. Most commercial funds charge substantially more than 0.05%. Also, the costs of operations include more than investment management. The 0.05% finances:

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

STATE OF TENNESSEE



TREASURY DEPARTMENT

STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

DAVID H. LILLARD, JR.
TREASURER

EASTSIDE UTILITY DISTRICT
1901

06/01/2023 through 06/30/2023

EASTSIDE UTILITY DISTRICT								
	Beginning Shares	Beginning NAV	Beginning Market	Ending Shares	End NAV	Ending Market Value	Monthly Change In Value (\$)	Monthly Change In Value (%)
EASTSIDE UTILITY DISTRICT	11,193,033.9700	1.044030	11,685,862.25	0.0000	0.000000	0.00	(11,685,862.25)	-100.00 %
Total	11,193,033.9700		\$ 11,685,862.25	0.0000		\$ 0.00	(\$ 11,685,862.25)	- %

Note: Effective January 1, 2022, administrative fees incurred and SPIF interest earned on idle cash in the current month are now reflected in this statement.

EASTSIDE UTILITY DISTRICT				
Date	Transaction	NAV	Shares	Dollars
06/01/2023	Beginning Balance	1.044030	11,193,033.9700	\$11,685,862.25
06/27/2023	CREDIT (CASH/UNITS)	1.042735	11,193,033.9700	\$11,671,366.77
06/30/2023	Admin Fee	1.042738	403.3900	\$420.63
06/30/2023	DEBIT (CASH/UNITS)	1.042738	403.3900	\$420.63
06/30/2023	Ending Balance	0.000000	0.0000	\$0.00

	*Net Investment Since Inception	Market Value as of 06/30/23	Gain/Loss Since Inception	% Gain/Loss Since Inception
EASTSIDE UTILITY DISTRICT	\$11,762,843.96	\$0.00	(\$11,762,843.96)	-100.00 %
Totals	\$ 11,762,843.96	\$ 0.00	(\$ 11,762,843.96)	-100.00 %

* Net Investment consist of purchases minus withdrawals