



JASON E. MUMPOWER
Comptroller

TENNESSEE STATE FUNDING BOARD
JULY 22, 2024
AGENDA

1. Call meeting to order, establish that there is a physical quorum, and receive public comment on actionable items in accordance with 2023 Public Chapter 300 and Board guidelines
2. Approval of minutes from the June 24, 2024, meeting
3. Report from the Department of Economic and Community Development for approval of funding for the following FastTrack projects:
 - **Wal-Mart Associates, Inc. – Lebanon (Wilson County)**
FastTrack Job Training Grant \$940,800
 - **Hyla Mobile, Inc. – Mount Juliet (Wilson County)**
FastTrack Job Training Grant \$975,000
4. Consideration and approval of revisions to Tennessee State Funding Board’s Debt Management Policy
5. Consideration and approval of a Resolution certifying Special Revenues as required by Section 9-9-104(b), Tennessee Code Annotated
6. Consideration and approval of a “Resolution Certifying and Authorizing the Allocation of Funds to the Sinking Fund for the 2024-2025 Fiscal Year”
7. Consideration and approval of a “Resolution Allocating Funds to Defray a Portion of the Cost of Highway Construction Project and Canceling Authorized Bonds”
8. Consideration and approval of a “Resolution Authorizing the Issuance of General Obligation Bonds of the State of Tennessee” based on Chapter 965, Public Acts 2024 (2024 Bond Bill)
9. Consideration and approval of revisions to the Tennessee Budget Manual for Local Governments
10. Annual report on requests for approval of Balloon Indebtedness
11. Annual report on outstanding debt for Industrial Development Boards

12. Report on Notice of Default by the Economic Development Growth Engine Industrial Development Board of Memphis and Shelby County (EDGE)
13. Annual report on State of Tennessee General Obligation Bond and Commercial Paper Indebtedness
14. Adjourn

TENNESSEE STATE FUNDING BOARD
June 24, 2024

The Tennessee State Funding Board (the “Board”) met on Monday, June 24, 2024, at 2:37 p.m., in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason E. Mumpower was present and presided over the meeting.

The following members were also physically present:

The Honorable Tre Hargett, Secretary of State
The Honorable David H. Lillard, Jr., State Treasurer¹
Commissioner Jim Bryson, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Having established a physical quorum, Comptroller Mumpower called the meeting to order. Comptroller Mumpower, in accordance with Public Chapter 300 and Board guidelines, then asked Ms. Sandra Thompson, Director of the Division of State Government Finance (“SGF”) and Assistant Secretary to the Board, if any requests for public comment had been received. Ms. Thompson responded that no requests had been received.

Comptroller Mumpower then presented the minutes from the meeting held on May 14, 2024, for consideration and approval. Commissioner Bryson made a motion to approve the minutes. Secretary Hargett seconded the motion, and it was unanimously approved.

Comptroller Mumpower then recognized Mr. Allen Borden, Deputy Commissioner of Business, Community and Rural Development, Tennessee Department of Economic and Community Development (“ECD”), to present FastTrack projects for consideration, and Ms. Jessica Johnson, Assistant Commissioner of Administration and Operations, ECD, to present the “FastTrack Report to State Funding Board” (the “Report”). Ms. Johnson reported that, as of the date of the May 14, 2024, Board meeting, the FastTrack balance was \$610,870,268.60. Since that time, \$5,275,250.00 in funds had been deobligated; \$1,000,000.00 in new grants or loans greater than \$750,000.00 had been approved; \$1,381,440.00 in new grants or loans less than \$750,000.00 had been approved; and \$459,314.14 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$613,304,764.46 as of the date of the Report. Ms. Johnson reported that total commitments had been made in the amount of \$523,752,414.61, or 85.4% committed, and resulted in an uncommitted FastTrack balance of \$89,552,349.85. Ms. Johnson reported that the amount of proposed grants for projects to be considered at this meeting totaled \$1,250,000.00, and if these projects were approved, the uncommitted balance would be \$88,302,349.85, with a total committed balance of \$525,002,414.61, which represented 85.6% of the FastTrack balance. Ms. Johnson asked if there were any questions on the report. There were none. Comptroller Mumpower then asked Deputy Commissioner Borden to present the following FastTrack project:

- **PPG Industries, Inc. – Loudon (Loudon County)**
FastTrack Economic Development Grant \$1,250,000.00

¹Treasurer Lillard joined the meeting at 2:38 p.m.

Secretary Hargett made a motion to approve the project, and Commissioner Bryson seconded the motion. The Board member packets included a letter and FastTrack checklist signed by Mr. Stuart McWhorter, Commissioner, ECD, and an incentive acceptance form signed by company representatives. Comptroller Mumpower then inquired if the company that had signed the incentive acceptance form fully understood the agreement, and Deputy Commissioner Borden responded affirmatively. Comptroller Mumpower then inquired if the checklist had been completed for the project, and Deputy Commissioner Borden responded affirmatively. Comptroller Mumpower then inquired if the project included an accountability agreement which would provide protections for the state in the event the entity could not fulfill the agreement, and Deputy Commissioner Borden responded affirmatively. Hearing no other discussion, Comptroller Mumpower took the vote, and the motion was unanimously approved.

Comptroller Mumpower then recognized Mr. Trent Ridley, Chief Financial Officer of the Tennessee Housing Development Agency (“THDA”), to present the THDA Schedule of Financing (the “Schedule”) for Fiscal Year 2024-2025, for consideration and approval. Mr. Ridley stated that the THDA was required by statute to present the Schedule to the Board for approval annually. Mr. Ridley then stated that the Schedule had been approved by the THDA board on May 21, 2024. Mr. Ridley stated that the Schedule summarized THDA’s plan to conduct three bond issuances totaling \$600 million throughout fiscal year 2024-2025. Secretary Hargett made a motion to approve the Schedule, and Commissioner Bryson seconded the motion. Commissioner Bryson then asked if the contemplated financing amount was more than the prior year. Mr. Ridley responded that the amount was less than the amount that was issued in the prior fiscal year. Mr. Ridley further responded that the THDA had issued \$1.1 billion in bonds in fiscal year 2023-2024. After hearing no further discussion, Comptroller Mumpower took the vote, and the motion was unanimously approved.

Comptroller Mumpower then recognized Ms. Thompson to present a “Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$154,564.00 and Canceling Authorized Bonds” for consideration and approval. Ms. Thompson stated that the state had provided funding through the commercial paper program for the University of Memphis (“UOM”) to purchase sites and existing structures in accordance with their master plan. Ms. Thompson further stated that UOM had repaid the borrowing in the amount of \$154,564.00. Ms. Thompson then stated that the resolution would cancel bonds in like kind for the UOM 101 Properties project in the amount of \$154,564.00 and would be effective as of the date of the Board meeting, June 24, 2024. Secretary Hargett made a motion to approve the resolution. Treasurer Lillard seconded the motion, and it was unanimously approved.

Comptroller Mumpower then recognized Ms. Thompson to present the Tennessee Consolidated Retirement System (“TCRS”) affirmation of the Standby Commercial Paper Purchase Agreement for consideration and acceptance. Ms. Thompson stated that the State was currently under an agreement with TCRS to provide a standby commercial paper program for the general obligation commercial paper program. Ms. Thompson then stated that each year the Comptroller receives a letter from the Chief Investment Officer of the TCRS to the Secretary of the Board that affirms that TCRS does not plan to terminate its contract to serve as a standby purchaser under the State’s commercial paper program. The letter from TCRS stating that they did not plan to terminate the contract prior to July 1, 2025, was included in the members’ packets. Ms. Thompson then stated that a draft letter was also in the members board packet from the Secretary of the Board to the Chief Investment Officer of the TCRS that affirmed that the Board also did not plan to terminate the contract prior to July 1, 2025, and requested submission of the letter to affirm that the Board would not terminate its contract. Comptroller Mumpower made a motion to accept the letter from TCRS and

authorize the Comptroller, on behalf of the Board, to execute and send a letter to TCRS to affirm that the Board would not terminate the contract. Secretary Hargett seconded the motion, and it was unanimously approved.

Comptroller Mumpower observed no further business to come before the Board and requested a motion to adjourn. Secretary Hargett made a motion to adjourn the meeting, and Treasurer Lillard seconded the motion. The motion was unanimously approved, and the meeting was adjourned.

Approved on this _____ day of _____ 2024.

Respectfully submitted,

Sandra Thompson,
Assistant Secretary

FastTrack Report to State Funding Board

7/22/2024

1. Previous FastTrack Balance, as of Last Report	613,304,764.46	
2. + New Appropriations:	36,383,672.98	
3. + Newly Deobligated Funds:	13,199,935.00	
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:	(30,000.00)	
8. - FastTrack Administration	(1,044,600.39)	
9. Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans:		661,813,772.05

10. Total Amount of Commitments:	520,727,364.22	
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11. Uncommitted FastTrack:		141,086,407.83
12. Percentage Committed:		78.7%

13. Amount of Proposed Grants or Loans:	1,915,800.00	
14. Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:		139,170,607.83
15. Percentage Committed:		79.0%

See next page for explanations of the above questions.

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



Commissioner of Economic and Community Development

Date: 7-16-24



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

July 22, 2024

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. Wal-Mart Associates, Inc.– Lebanon (Wilson County)

Walmart, Inc. engages in retail and wholesale business. The company offers an assortment of merchandise and services at everyday low prices. Wal-Mart was founded in 1962 and is headquartered in Bentonville, Arkansas.

Wal-Mart has been investing heavily in the company's supply chain network as well as building out their e-commerce site with more products and easier accessibility for small business to sell their products. This high velocity fulfillment center will support Wal-Mart's e-commerce operations in the region.

Wal-Mart Associates, Inc. has committed to create 294 net new jobs and make a \$75,000,000 capital investment within five (5) years. The company will have an average hourly wage of \$27.42 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 \$940,800. **(\$940,800)**

Total FastTrack funds for this project - \$940,800



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

2. Hyla Mobile, Inc.– Mount Juliet (Wilson County)

Hyla Mobile, Inc., a subsidiary of Assurant. Assurant is a leading global provider of comprehensive risk management solutions for the auto, lifestyle, and housing protection sectors. Assurant helps businesses manage the risks of property damage, liability, and financial loss, theft, and natural disasters. The company designs insurance, protection products, and support services that help businesses provide premium customer experiences and inspire deeper customer loyalty. The company combines digital intelligence and expert human insight to deliver the support and protection people need to take full advantage of the connected world.

Hyla Mobile, Inc. is expanding their technology center, providing support, research and development, and repair services for consumer electronics, including mobile phones and other electronics.

Hyla Mobile, Inc. has committed to create 650 net new jobs and make a \$12,500,000 capital investment within five (5) years. The company will have an average hourly wage of \$22.19 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 \$975,000. **(\$975,000)**

Total FastTrack funds for this project - \$975,000

Sincerely,

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*	Wal-Mart Associates, Inc.	\$940,800	
ECONOMIC DEVELOPMENT			
TOTAL		\$940,800	

(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): Wal-Mart Associates, Inc.

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

GENERAL STATUTORY COMPLIANCE

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

Identify which of the following apply:

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

Applicant must answer "Yes" to a or b.

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

TRAINING

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

INFRASTRUCTURE

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

Applicant must answer "Yes" to a or b.

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

ECONOMIC DEVELOPMENT

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

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



Commissioner of Economic and Community Development

7-16-24

Date



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

June 3, 2024

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Wal-Mart Associates, Inc. intends, in good faith, to create 294 private sector jobs in Lebanon, Wilson County and make a capital investment of \$75,000,000 in exchange for incentives that will be memorialized in a grant agreement between Wal-Mart Associates, Inc. and the State of Tennessee. New jobs must be in addition to the company's baseline of 0 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Job Training Grant:	\$ 940,800
Total ECD Commitment:	\$ 940,800

Please sign your name in the space below to signify Wal-Mart Associates, Inc.'s acceptance of ECD's offer set forth above and return it by September 1, 2024, to:

Tennessee Department of Economic and Community Development
Attn: Sydney Forrest
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Sydney.Forrest@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: W. J. Han
(Authorized Representative of Company)

Date: June 5, 2024 | 10:46 PDT

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*	Hyla Mobile, Inc.	\$975,000	
ECONOMIC DEVELOPMENT			
TOTAL		\$975,000	

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

*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): Hyla Mobile, Inc.

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

GENERAL STATUTORY COMPLIANCE

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

Identify which of the following apply:

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

Applicant must answer "Yes" to a or b.

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

TRAINING

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

INFRASTRUCTURE

- 9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? *T.C.A. § 4-3-717(b)(2-3)*? Yes No
 - 10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? Yes No
 - 11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates *T.C.A. § 4-3-717(f)*? Yes No
- Applicant must answer "Yes" to a or b.**
- 12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry *T.C.A. § 4-3-717(h)(2)*?
 - b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state *T.C.A. § 4-3-717(h)(2)*? If "yes," attach the commissioner's rationale.

ECONOMIC DEVELOPMENT

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

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



Commissioner of Economic and Community Development

7-16-24

Date



Department of Economic and Community Development

Stuart McWhorter
Commissioner

Bill Lee
Governor

November 16, 2023

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Hyla Mobile, Inc. intends, in good faith, to create 650 private sector jobs in Mount Juliet, Wilson County and make a capital investment of \$12,500,000 in exchange for incentives that will be memorialized in a grant agreement between Hyla Mobile, Inc. and the State of Tennessee. New jobs must be in addition to the company's baseline of 0 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Job Training Grant:	\$ 975,000
Total ECD Commitment:	\$ 975,000

Please sign your name in the space below to signify Hyla Mobile, Inc.'s acceptance of ECD's offer set forth above and return it by February 14, 2024 to:

Tennessee Department of Economic and Community Development
Attn: Allyson Crystal
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Allyson.Crystal@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: David Bennett
(Authorized Representative of Company)

Date: 2/13/2024

Tennessee State Funding Board



Debt Management Policy

Prepared by
Division of State Government Finance

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Debt Management Policy

Purpose

A debt management policy is established to provide written guidance for a government regarding: the amount and type of debt that may be issued, the debt issuance process, management of the debt portfolio, the investment of bond proceeds, and compliance with regulatory authorities. A debt management policy tailored to the needs of the State of Tennessee (the “State”) and the Tennessee State Funding Board (the “Board”): (1) identifies policy goals and demonstrates a commitment to long-term financial planning, including a multi-year capital plan; (2) assists the Board in its decisions concerning debt issuance; and (3) provides justification for the issuance and structure of the debt. The State’s compliance with its debt management policy indicates to the rating agencies and capital markets that the State is well-managed with the ability to meet its obligations in a timely manner.

Annual costs related to debt are important financial considerations that impact the use of current resources. An effective debt management policy provides guidelines for the State to manage its debt program in line with those resources.

The debt program for the State includes general obligation debt that is secured by the State’s pledge of its full faith and credit for the payment of both principal and interest. The Board is the entity authorized to issue general obligation debt of the State and issues all general obligation debt in the name of the State pursuant to a bond authorization enacted by the General Assembly (the “Bond Acts”). The Board is comprised of the Governor, the State Comptroller of the Treasury, the Secretary of the State, the State Treasurer and the Commissioner of Finance and Administration.

The Division of State Government Finance (SGF) serves as staff to and performs certain duties and functions for and at the direction of the Board. SGF is responsible for managing the debt of the state, including the issuance of all bonds and notes and the repayment of such debt. The Director of SGF serves as the Assistant Secretary to the Board.

Goals and Objectives

The Board has established this Debt Management Policy (the “Policy”) as a tool to ensure that financial resources are sufficient to fulfill the State’s long-term capital plan. In addition, the Policy helps to ensure that financings undertaken by the Board satisfy certain clear objective standards designed to protect the State’s financial resources and to meet its long-term capital needs.

A. Policy Goals

- To document responsibility for the oversight and management of debt-related transactions;
- To define the types of debt approved for use within the Bond Acts;
- To define and establish the criteria for the issuance of debt;
- To define the appropriate uses of debt;
- To define and establish the criteria for the refunding of debt or the use of alternative debt structures; and
- To establish certain parameters to minimize the cost of issuing and servicing debt.

B. Policy Objectives

- To establish clear criteria and promote prudent financial management for the issuance of all debt obligations;
- To identify legal, financial, and administrative limitations on the issuance of debt;
- To ensure the appropriate legal use of the Board's debt issuance authority;
- To ensure the State maintains appropriate resources and funding capacity for present and future capital needs;
- To protect and enhance the State's credit rating;
- To evaluate and consider all possible debt issuance options;
- To create and maintain transparency throughout the debt issuance and management process;
- To promote cooperation and coordination with other stakeholders in the financing and delivery of services;
- To manage interest rate exposure and other risks; and
- To comply with Federal Regulations, laws of the state of Tennessee, and generally accepted accounting principles (GAAP).

Debt Management/General

A. Purpose and Use of Debt Issuance

- Debt is to be issued pursuant to the authority of, and in full compliance with, provisions, restrictions and limitations of the Constitution and laws of the State (including Tenn. Code Ann. §9-9 and various Bond Acts pursuant to an authorizing resolution adopted by the Board (the "Resolution").
- Debt may be issued for public purposes of respective State departments and institutions, among others, including without limitation to make grants to counties, metropolitan governments, incorporated towns, cities, special districts of the State, or government agencies or their respective instrumentalities.
- Debt may be used to finance capital projects authorized by the General Assembly through Bond Acts, included in the Capital Budget and/or approved by the State Building Commission and to fund discount and costs of issuance, limited to 2.5% of the amount allocated in the bond authorizations.
- Debt may be authorized to fund highway improvements. Such authorization is used as a mechanism to provide the State with budget authority to execute contracts to fund highway capital improvements. The projects are not constructed until the current revenue is available to pay the State's share of the projects. Highway bond authorization is canceled once projects have been funded with current funds.
- Debt may only be used to fund operating expenditures when such debt is repaid in the fiscal year issued; however, it is not the State's practice to issue debt to fund operating expenditures.
- Prior to the issuance of bonds, bond anticipation notes may be issued for project costs as authorized by the Bond Acts and a Resolution.
- Bonds may be issued to refund outstanding debt.

B. Debt Service Coverage Test

- In accordance with Tenn. Code Ann. §9-9-105(c), no general obligation bonds shall be issued after July 1, 2013, unless the debt service coverage test is satisfied. The coverage test is met if the amount necessary to pay the maximum annual debt service payable in the current or any future fiscal year is not greater than ten percent (10%) of the amount of total state tax revenues allocated to the general fund, to the debt service fund, and to the highway fund for the immediately preceding fiscal year.
- The Board shall cause a debt capacity study to be conducted if the maximum annual debt service is equal to or greater than six percent (6%) of total state tax revenues. The study is required to be conducted on an annual basis until the maximum annual debt service no longer exceeds six percent (6%) of the total state tax revenues.

C. Federal Tax Status

- **Tax-Exempt Debt** – The Board will use its best efforts to maximize the amount of debt sold as tax-exempt based on the following assumptions:
 - that tax-exempt interest rates are lower than taxable rates; and
 - that the interest savings outweigh the administrative costs, restrictions on use of financed projects, and constraints on investment of debt proceeds.
- **Taxable Debt** – The Board will sell taxable debt when necessary to finance projects not eligible to be financed with tax-exempt debt. However, the Board may finance taxable projects within the permitted limits of tax-exempt financings whenever possible.

D. Legal Limitations on the Use of Debt

- No debt obligation, except as shall be repaid within the fiscal year of issuance, shall be sold to fund the current operation of any state service or program.
- The proceeds of any debt obligation shall be expended only for the purpose for which it was authorized.
- Debt may only be issued in accordance with the Bond Acts for which the General Assembly has appropriated sufficient funds for the first year's obligation of principal and interest, and when the Board has determined that such funds are available.
- No debt may be issued for a term that is longer than the useful life of the capital project that is funded.

E. Security

State general obligation bonds and notes constitute direct general obligations of the State. The State has pledged its full faith and credit with a charge and lien upon all fees, taxes and other revenues and funds allocated to the State's general fund, debt service fund, and highway fund and, if necessary, the first fees, taxes, revenues and funds received and allocated to such funds, unless such fees, taxes, revenues and funds are legally restricted for other purposes.

For bonds that were issued on or before July 1, 2013, the charge and lien on fees, taxes and other revenues in favor of the Bonds is subject to the specific pledge of special revenues (pursuant to Tenn. Code Ann. § 9-9-104) in favor of State general obligation bonds issued prior to July 1, 2013.

All general obligation indebtedness of the State is secured on parity with all other general obligation indebtedness of the State, except that the special revenues secure only general obligation bonds outstanding on July 1, 2013.

Types of Debt

A. Long-Term Debt/Bonds

Bonds may be structured as:

- **Fixed Interest Rate Bonds** – Bonds that have an interest rate that remains constant throughout the life of the bond, i.e., serial bonds and term bonds.
- **Variable Interest Rate Bonds** – Bonds that bear interest at a variable or floating rate, adjusted at specified intervals (daily, weekly, or monthly) according to a specific index.
- **Capital Appreciation Bonds** – Bonds that are structured where interest on principal accrues and compounds until maturity. At maturity the full amount of the principal and all interest accrued is repaid.

B. Short-Term Debt

Pending the issuance of the definite bonds authorized by the Bond Acts, the Board may issue short-term debt from time to time as needed to fund projects during the project construction phase. Such debt shall be authorized by a Resolution. Short-term debt may be used for the following reasons:

- To fund projects with an average useful life of ten years or less; and
- To fund projects during the construction phase of the project.

Short-term debt is issued during the project's construction period and is subsequently repaid with proceeds from the sale of long-term debt or state funds. Short-term debt may include:

- **Bond Anticipation Notes (BANs)** – BANs are short-term interest-bearing securities issued to finance capital project expenditures during construction in anticipation of permanent financing through the issuance of long-term debt.
- **Commercial Paper (CP)** – CP is a BAN that may be issued with a maturity term of up to 270 days; and at maturity may be reissued to a future maturity date. It can be issued incrementally as funds are needed.
- **Fixed Rate Notes** – Notes issued for a period of five years or less with an interest rate that is fixed.
- **Variable Rate Notes** – Notes issued for a period of five years or less that bear interest at a variable or floating rate, adjusted at specified intervals (daily, weekly, or monthly) according to a specific index.
- **Revolving Credit Facility (RCF)** – A form of credit issued by a financial institution that provides the ability to draw on and repay during the term of the facility. The incremental drawdowns may bear interest until repaid.
- **Tax and Revenue Anticipation Notes (TRANS)** - Notes secured by a pledge of tax and other general fund revenues of the State. TRANS, if issued, constitute direct obligations of the State backed by its full faith and credit. All TRANS are repaid by the end of the fiscal year in which they were issued.

Debt Structure

The Board will establish by resolution all terms and conditions relating to the issuance of debt and will invest all proceeds pursuant to the terms of the Board's Resolution and the State's investment policy.

A. Term

The term of any debt (including refunding debt) used to purchase or otherwise obtain or construct any equipment, goods, or structures shall have a reasonably anticipated lifetime of use equal to or less than the average useful life of the project. The final maturity of the debt should be limited to no later than twenty-one (21) years after the date of issuance, unless otherwise permitted by the Bond Act and Resolution.

B. Debt Service Structure

New money debt will be issued with equal amounts of principal payments to be made in each year (level principal) over a twenty-year period unless otherwise specified in the Bond Act and Resolution. The Board will avoid use of bullet or balloon maturities; this does not include term bonds with mandatory sinking fund requirements or capital appreciation bonds.

C. Call Provisions

When issuing new debt, the structure may include a call provision that occurs no later than ten years from the date of delivery of the bonds. Call provisions should be structured to provide the maximum flexibility relative to cost. The State will avoid the sale of long-term non-callable bonds absent careful evaluation by SGF in consultation with the Board's Financial Advisor (the "Financial Advisor") with respect to the value of the call option.

D. Tender Offer/Option Bonds

The State may issue tender option bonds to retire all or a portion of certain outstanding bonds by making an offer to repurchase the bonds from its bondholders at a specified price during a set period of time. Note that from a bond holder's perspective, the only material difference between a called and tendered bond is that with the tender offer, the bond holder must elect to accept the repurchase offer. If the tender offer is not accepted, the bond's terms (including scheduled maturity date) remain unchanged.

E. Original Issuance Discount/Premium

Bonds sold with original issuance discount/premium are permitted with the approval of the Board. The Board is authorized to sell bonds in amounts not to exceed 2.5% of the amount stated in the Bond Acts for funding discounts.

F. Redemption Provisions

The Board may redeem bonds in accordance with its redemption provisions in its Resolution.

- **Optional Redemption** - Bonds may be redeemed at the option of the State prior to their respective stated maturities.
- **Mandatory Redemption** - The State may issue bonds that are subject to mandatory redemption with a call provision that would require the State to redeem the bonds prior to their stated maturity date.
- **Sinking Fund Redemption** - The State may issue bonds that are subject to a sinking fund

redemption that allows the State to call or redeem portions of its term bonds prior to their stated maturities with funds that have been set aside in a sinking fund for that purpose.

- **Extraordinary Redemption** - The State may issue bonds that are subject to an extraordinary redemption provision that gives the State the right to call or redeem its bonds due to an unusual, one-time event.

Refunding Outstanding Debt

The Board may refund (refinance) outstanding bonds by issuing new bonds of which the proceeds are used to repay the refunded bonds. SGF with assistance from the Board's Financial Advisor will have the responsibility to analyze outstanding bond issues for refunding opportunities. The Financial Advisor will conduct an analysis to identify all refunding candidates at least semiannually.

A. Refunding Considerations

- **Advance Refunding** - An advance refunding may be considered when the refunding results generate a present value savings of at least 4% per series of refunded bonds. Consideration will be given to escrow efficiency when reviewing refunding candidates. Current tax law only allows taxable advance refunding transactions.
- **Current Refunding** - A current refunding may be considered when the refunding results in (1) aggregate present value savings of at least 2% per series of refunded bonds or (2) present value savings per series that is equal to or greater than twice the cost of issuance allocable to the refunding series.
- **Refunding for Other Purposes** - Bonds may be refunded if necessary (1) due to a change in the use of a project that would require a change to the tax status of the bonds, (2) because the project is sold or no longer in service while still in its amortization period or (3) because the restrictive covenants prevent the issuance of other debt or create other restrictions on the financial management of the project and revenue producing activities.
- **Present Value Savings Calculation** - Unless otherwise agreed upon by SGF and the Financial Advisor, the present value savings shall be calculated for each series of refunding bonds (whether or not issued at the same time) by comparing the debt service on the refunding bonds to the remaining debt service on the bonds to be refunded thereby, present valued to the issue date of such refunding bonds at a discount rate equal to the arbitrage yield on such refunding bonds calculated (whether for tax-exempt bonds or taxable bonds) in the same manner as arbitrage yield is calculated for Federally tax-exempt bonds; provided, however, if a series of bonds is being issued for the purpose of refunding bonds to be refunded and for other purposes the discount rate is equal to the arbitrage yield of the series of bonds. Percentage present value savings shall be expressed as a percentage of the par amount of such bonds to be refunded.
- **Escrow Efficiency** - Escrow efficiency is determined by dividing the present value savings by the perfect escrow cost. The perfect escrow cost for a net funded escrow, is the net present value of the escrow requirements (plus the additional cash deposit on the final requirement date) discounted at the arbitrage yield to the escrow purchase date. For a gross-funded escrow, the perfect escrow cost is the sum of the escrow requirements.

After consultation with the Financial Advisor, the Comptroller may waive the foregoing refunding considerations given that the sale of refunding bonds will still accomplish cost savings to the public. Such waiver shall be reported in writing to the Board at its next meeting.

B. Term of Refunding Issues

The final maturity of the refunding bonds will not extend beyond the fiscal year of the maturity of the originally issued debt. No backloading of debt will be permitted.

C. Escrow Structuring

The Board shall structure refunding escrows using legally permitted securities deemed to be prudent under the circumstances and will seek to utilize the least costly securities unless considerations of risk, reliability and convenience dictate otherwise. The Board will take competitive bids on any selected portfolio of securities and will award to the lowest cost provider giving due consideration of risk and reliability or unless State and Local Government Series securities (“SLGS”) are purchased directly from the Federal Government. The provider must guarantee the delivery of securities except for SLGS. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Board from its own account.

D. Arbitrage

The Board will seek to optimize efficiency on refunding escrows and to avoid negative arbitrage in its refunding subject to Tenn. Code Ann. §9-4-602 and 9-4-603. Any positive arbitrage will be subject to rebate in accordance with federal guidelines (see also “Federal Regulatory Compliance and Continuing Disclosure – A. Arbitrage”).

Methods of Sale

Pursuant to Tenn. Code Ann. §9-9-205 and 9-9-207, general obligation bonds issued by the Board shall be sold in such manner as may be determined and approved by the Board. Following each sale, SGF, with the assistance of the Financial Advisor will provide a report to the Board on the results of the sale.

A. Competitive Sale

In a competitive sale, the Board’s bonds are posted for auction sale and awarded to the bidder providing the lowest true interest cost as long as the bid conforms to the requirements set forth in the official notice of sale. A competitive sale is the Board’s preferred method of sale.

B. Negotiated Sale

While the Board prefers to sell its bonds through a competitive sale, it recognizes there are situations when it is best to negotiate the sale of its bonds. The underwriting team will be selected, and the underwriter’s fees negotiated prior to the sale. See section below titled “Selection of Underwriting Team (Negotiated Transaction).” The Board will consider the following factors in determining whether to conduct a negotiated bond sale:

- The bond structure may require a pre-marketing effort;
 - Fixed or variable rate bonds
 - Taxable or tax-exempt bonds
 - New money or refunding bonds
- Volatility in market conditions may require flexibility in the timing of the sale;
- Size of the bond sale which may limit the number of potential purchasers;
- Legal or disclosure issues make it advisable in marketing the bonds; and/or

- Credit strength.

C. Private Placement

The Board may consider to privately place its bonds in certain situations, such as:

- the small amount of bonds to be sold does not warrant public sale;
- the structure is complicated for a public debt issuance;
- the number of potential purchasers is limited; and/or
- the private placement results in a cost savings to the Board in comparison to other methods of debt issuance.

Selection of Underwriting Team (Negotiated Transaction)

The primary role of the underwriter and underwriting team in a negotiated bond sale is to market the State's bonds to investors. Underwriters often provide ideas and suggestions with respect to structure, timing, and marketing process for the bonds being sold. The underwriters also work with the State's Financial Advisor and financing team in the bond rating process. The roles of the underwriter and the Financial Advisor are separate, adversarial roles that cannot be provided by the same party. The Board will require an underwriter to clearly identify itself in writing, whether in response to a request for proposals ("RFP") or in promotional materials provided to the Board or otherwise, as an underwriter and not as a financial advisor from the earliest stages of its relationship with the Board with respect to the State's bonds to be sold. The underwriter must clarify its primary role as a purchaser of securities in an arms-length negotiation and that it has financial and other interests that differ from those of the Board. The underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per bond maturity to the Board or its designated official in advance of the pricing of the debt.

A. Senior Manager

The Board with assistance from its staff and Financial Advisor shall select the senior manager(s) for a proposed negotiated sale. The selection criteria shall include but not be limited to the following:

- Experience in selling Tennessee debt;
- Ability and experience in managing complex transactions;
- Prior knowledge and experience with the Board;
- Willingness to risk capital and demonstration of such risk;
- Quality and experience of personnel assigned to the Board's transaction;
- Financing ideas presented; and
- Competitive underwriting fees.

B. Co-Managers

Co-managers may be selected based on the same criteria as the senior manager. The number of co-managers appointed to a specific transaction may be dependent upon the transaction size with the need to ensure maximum distribution of the Board's bonds. The Secretary or Assistant Secretary to the Board will, at his or her discretion, affirmatively determine the designation policy for each bond issue.

C. Selling Groups

The Board may use selling groups in its bond sales to maximize the distribution of bonds to retail investors. Firms eligible to be a member of the selling group should either have a public finance department, or pricing desk, located within the boundaries of the State. To the extent that selling groups are included in the transaction, the Secretary or Assistant Secretary of the Board, at his or her discretion, may appointment new members to the selling groups as the transaction dictates.

D. Underwriter's Counsel

In any negotiated sale of the Board's debt in which legal counsel is required to represent the underwriter, the appointment will be made by the Senior Manager.

Credit Quality

The Board will seek to achieve the highest bond ratings possible, consistent with the Board's financing objectives. If the State's credit ratings are downgraded below the AAA rating, the Board will immediately review its capital funding and debt strategy and take necessary steps within the Board's authority to avoid additional downgrades and restore the AAA rating, if possible. If a downgrade is a result of a criteria change, SGF will work with the credit rating agencies to understand the implications of the criteria and provide a summary to the Board.

SGF will be responsible for communicating information to the rating agencies to keep them informed of significant developments throughout the year. SGF will schedule rating agency calls and/or visits prior to the issuance of general obligation bonds or if the Board decides to move forward with a plan of finance that includes variable rate debt, a new CP program, or the use of derivatives.

The Board shall apply for ratings from at least two of the four credit rating agencies. The Board shall fully review the contract with the rating agencies and execute an engagement letter with each respective agency prior to submitting documentation for the rating.

Credit Enhancements

The Board may consider the use of credit enhancements on a case-by-case basis, evaluating the economic benefit versus the cost. The Board may determine that a credit enhancement is necessary to sell debt in the capital market. In other cases, there may be an economic benefit to securing a credit enhancement; however, cost savings would need to be demonstrated. SGF will consider the following enhancements while evaluating the cost versus benefit of such enhancements:

A. Bond Insurance

The Board may purchase bond insurance when it is deemed to be prudent and advantageous by SGF. The primary consideration shall be based on whether the insurance is less costly than the present value of the difference between the interest cost on insured bonds versus uninsured bonds. For competitive sales, the purchaser of the bonds may be allowed to determine whether bond insurance will be used. The purchaser will include the cost of the bond insurance (to be paid by the purchaser) in its bid for the bonds. If SGF decides to purchase insurance, it shall do so on a competitive bid basis whenever practicable. In a negotiated sale, SGF will select a provider whose bid is most cost effective and will consider the credit quality of the insurer with terms and conditions governing the guarantee that is satisfactory to the Board.

B. Letters of Credit

The Board may enter into a letter-of-credit (LOC) agreement if such an agreement is deemed prudent and advantageous. SGF will prepare and distribute an RFP to qualified banks or other qualified financial institutions that includes terms and conditions that are acceptable to the Board. The LOC will be awarded

to the bank or financial institution with the highest credit quality that provides a proposal with the lowest cost that meets the criteria established by the State.

C. Liquidity

For variable rate debt that requires a liquidity facility to mitigate remarketing risk, the Board will evaluate:

- The cost of alternative forms of liquidity, including direct pay letters of credit, standby letters of credit, and lines of credit, in comparison to the cost of the inability to issue debt due to an illiquid market;
- Whether the facility needs to be diversified among liquidity providers, to limit credit exposure to any individual liquidity provider;
- All cost components attributed to the liquidity facility, including commitment fees, standby fees, draw fees, and interest expense on amounts drawn on the facility; and
- A comparative analysis and evaluation of the cost of external liquidity providers compared to the cost for self-liquidity.

The winning bid will be awarded to the bank or financial institution with the highest credit quality that provides a proposal with the lowest cost that meets the criteria established by the Board.

D. Use of Structured Products

No interest rate agreements or forward purchase agreements will be considered unless the Board has established a policy defining the use of such products before the transaction is considered.

Risk Assessment

SGF will evaluate each transaction to assess the types and amounts of risk associated with each transaction and consider all available means to address and mitigate the risks. SGF will evaluate all proposed transactions to ensure consistency with the objectives and constraints defined in this Policy. The following risks should be assessed before issuing debt:

A. Private Business Use

Private business use of a project or facility financed with tax-exempt bonds may cause the interest on the tax-exempt bonds to be taxable to the owner of the bonds.

B. Default Risk

- **Payment (monetary) default risk** – The risk that the State defaults on its debt obligations by not making its debt service payments by the due date.
- **Technical default risk** – The risk that the State fails to comply with the covenants or conditions (non-financial terms) of its debt obligations.

C. Liquidity Risk

The risk that an illiquid capital market would impede the State's ability to issue or remarket debt along with the risk of having to pay a higher interest rate to the liquidity provider in the event of a failed remarketing of short-term debt.

D. Interest Rate Risk

The risk that as market interest rates change based on conditions which are outside the control of the State. Debt with variable rates could be subject to interest rate volatility and based on market conditions rates could be higher than estimated. Debt that includes a requirement to be refinanced could be subject to higher interest rates in the future resulting in higher interest costs.

E. Rollover Risk

The risk of refinancing debt with the rate of interest on the new debt being greater than the original rate of interest.

F. Market Risk

Risk that may arise due to changes in the municipal or other financial markets, geopolitical events, or recessions that could result in the inability to access the financial markets or borrowing in financial markets that could result in higher than expected interest rates.

Transparency

The Board will comply with the Tennessee Open Meetings Act and provide adequate notice of a public meeting. The Board will specify on the agenda any matters related to debt issuance that are to be considered. All costs related to the debt issuance, recurring and non-recurring, (including bond interest and costs of issuance) shall be disclosed to the general public in a timely manner. Additionally, in accordance with the State's Continuing Disclosure Undertaking (CDU), the Board will provide certain financial information and operating data by specified dates and provide notice of certain enumerated events with respect to the bonds continuing disclosure requirements as required by the U.S. Securities and Exchange Commission ("SEC") Rule 15c2-12. The Board intends to maintain transparency by:

- Posting the Official Statement of a bond sale to the Board's website within two weeks of the closing of the sale;
- Filing the Debt Report with the Board not later than forty-five days following the issuance or execution of a debt obligation, with a copy filed with the Division of Local Government Finance pursuant to Tenn. Code Ann. §9-21-134; and
- Electronically submitting information necessary to satisfy the Board's continuing disclosure requirements for the bonds through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website in a timely matter (see "Federal Regulatory Compliance and Continuing Disclosure").

Professional Services

The Board requires all professionals engaged in assisting in the State's debt issuance transactions to clearly disclose all compensation and consideration received relative to services provided to include "soft" costs or compensations in lieu of direct payments.

A. Issuer's Counsel

The Board will enter into an engagement letter agreement with each lawyer or law firm representing the Board in a debt transaction. No engagement letter is required for any lawyer who is an employee of the Office of Attorney General and Reporter for the State of Tennessee who serves as counsel to the Board or of the Office of General Counsel, Office of the Comptroller of the Treasury, that serves as counsel to SGF regarding Board matters.

B. Bond Counsel

Bond counsel shall be engaged through SGF and serves to assist the Board in all matters related to its general obligation debt issues under a written engagement letter.

C. Financial Advisor

The Financial Advisor shall be engaged through SGF and serves to assist the Board on financial matters under a written contract. However, the Financial Advisor shall not be permitted to bid on, privately place or underwrite an issue for which it is or has been providing advisory services. The Financial Advisor has a fiduciary duty including a duty of loyalty and a duty of care. The Financial Advisor shall be a registered municipal advisor with the Municipal Securities Rulemaking Board (MSRB).

D. Dealer or Remarketing Agent

The Board may enter into a Dealer Agreement with the appointed CP dealer or Remarketing Agent Agreement associated with variable rate debt offerings. The Dealer and/or Remarketing Agent agrees to offer and sell the CP or other variable rate debt, on behalf of the Board, to investors and other entities and individuals that purchase CP.

E. Issuing and Paying Agent

The Board will appoint an Issuing and Paying Agent to act as paying agent and registrar for the State's CP at all times while the CP is outstanding. The Board will execute an Issuing and Paying Agency Agreement with the appointed firm. The Issuing and Paying Agent will be a bank, trust company, or national banking association that has trust powers.

F. Credit/Liquidity Provider

The Board shall enter into a Credit/Liquidity Agreement with an appointed provider if deemed necessary or advisable for the CP. The provider shall be a bank, lending institution or the Tennessee Consolidated Retirement System ("TCRS") that extends credit to the Board in the form of a revolving credit facility, a line of credit, a loan, or a similar credit product or as a liquidity facility for CP.

G. Refunding Trustee

The Refunding Trustee shall be appointed by resolution of the Board adopted prior to the issuance of any refunding bonds. The Refunding Trustee will be a bank, trust company or national banking association that provides Paying Agent and Registrar services.

H. Verification Agent

The Verification Agent will be selected through a RFP process prior to the issuance of refunding bonds, if required. The Verification Agent will verify the cash flow sufficiency to the call date of the escrowed securities to pay the principal and interest due on the refunded bonds.

I. Escrow Bidding Agent

The Escrow Bidding Agent will be selected through a RFP process prior to the issuance of refunding bonds. With regards to structuring the refunding escrow with investment securities, the Escrow Bidding Agent will prepare bidding specifications, solicit bids for investment securities, review and evaluate responses to the bids, accept and award bids, and provide final certification to the State as to completion of requirements.

Potential Conflicts of Interest

Professionals involved in a debt transaction hired or compensated by the Board shall be required to disclose to the Board existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators and other issuers whom they may serve. This disclosure shall include such information that is reasonably sufficient to allow the Board to understand the significance of the relationships.

Professionals who become involved in a debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure provision. No disclosure is required if such disclosure would violate any rule or regulation of professional conduct.

Debt Administration

A. Planning for Sale

In planning for the sale of bonds, the procedures outlined below will be followed:

- Prior to submitting the Resolution to the Board for approval, the Director of SGF (the “Director”), with the assistance of the Financial Advisor, will present to the Board’s staff information concerning the purpose of the financing, the estimated amount of financing, the proposed structure of the financing, the proposed method of sale for the financing, members of the proposed financing team, and an estimate of all the costs associated with the financing,
- The Director (with the assistance of SGF staff), Bond Counsel, and Financial Advisor, along with other members of the financing team will prepare the preliminary offering document (i.e., a Preliminary Official Statement) describing the transaction and the security for the debt that is fully compliant with all legal requirements; and
- In the case of a proposed refunding, proposed use of credit enhancement, or proposed use of variable rate debt, the Director will present the rationale for using the proposed debt structure, an estimate of the expected savings associated with the transaction and a discussion of the potential risks associated with the proposed structure.

B. Preparing for Bond Closing

In preparation for the bond closing, the procedures outlined below will be followed:

- The Director (with the assistance of SGF staff), Bond Counsel, and Financial Advisor, along with other members of the financing team will prepare the offering document (i.e., an Official Statement) describing the transaction and the security for the debt that is fully compliant with all legal requirements.
- The Financial Advisor will provide a closing memorandum with written instructions on transfer and flow of funds.
- The Board’s staff, with assistance from the Financial Advisor, will evaluate each bond sale after completion to assess the following: costs of issuance including the underwriter’s compensation, pricing of the bonds in terms of the overall interest cost and on a maturity-by-maturity basis, and the distribution of bonds and sales credit, if applicable.

- The Director will present a post-sale report to the members of the Board describing the transaction and setting forth all the costs associated with the transaction.
- Within 45 days from closing, the Director will prepare a Debt Report outlining costs related to the issuance and other information set forth in Tenn. Code Ann. § 9-21-134, present the report at the next meeting of the Board and file a copy with LGF.
- The Director will establish guidelines and procedures for tracking the flow of all bond proceeds, as defined by the Internal Revenue Code, over the life of bonds and reporting all arbitrage earnings associated with the financing and submitting any tax liability that may be owed to the Internal Revenue Service (IRS).
- The Post-Issuance Compliance (PIC) team will meet annually to review matters related to compliance and complete the PIC checklist.
- As a part of the PIC procedures, the Director (with the assistance of SGF staff) will, no less than annually, request and receive confirmation from the responsible departments that there has been no change in use of tax-exempt financed facilities.

For additional information on planning and preparing for a bond sale, see the Standard Operating Procedure Bond Issuance and Checklist.

Federal Regulatory Compliance and Continuing Disclosure

A. Arbitrage

The Board, through SGF, will comply with arbitrage requirements on invested tax-exempt bond proceeds. Proceeds that are to be used to finance construction expenditures are exempted from the filing requirements, provided that the proceeds are spent in accordance with requirements established by the IRS. The Board will comply with all of its tax certificates for its tax-exempt financings by monitoring the arbitrage earnings on bond proceeds on an interim basis and by rebating all positive arbitrage when due, pursuant to Internal Revenue Code, Section 148. The Board currently contracts with an arbitrage consultant to prepare these calculations, when needed. The Board will also retain all records relating to debt transactions for as long as the debt is outstanding, plus three years after the final redemption date of the transaction.

B. Investment of Proceeds

Any proceeds or other funds available for investment by the Board must be invested per Tenn. Code Ann. §9-9-110, subject to any restrictions required pursuant to any applicable bond issuance authorization. Compliance with federal tax code arbitrage requirements relating to invested tax-exempt bond funds will be maintained.

Proceeds used to refund outstanding long-term debt shall be placed in an irrevocable refunding trust fund with a Refunding Trustee. The investments (i) shall not include mutual funds or unit investment trusts holding such obligations, (ii) shall be rated no lower than the second highest rating category of both Moody's Investors Service, Inc. and Standard and Poor's Global rating services, and (iii) shall mature and bear interest at such times and in such amounts that will be sufficient without reinvestment, together with any cash on deposit, to redeem the bonds to be refunded and to pay all interest due on the bonds to be refunded.

C. Disclosure

The Board will disclose the State's audited Annual Comprehensive Financial Report on the EMMA website as well as certain financial information and operating data required by the continuing disclosure undertakings for the outstanding bonds no later than January 31st of each year. The Board will timely disclose any failure to provide required annual financial information. The Board will also, in accordance with the CDUs, disclose on the EMMA website within ten business days after the occurrence of any of the following events relating to the bonds to which the CDUs apply:

- Principal and interest payment delinquencies
- Nonpayment-related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers or their failure to perform
- Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of such bonds or other material events affecting the tax status of such bonds
- Modifications to rights of bond holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing the repayment of the bonds, if material
- Rating changes
- Bankruptcy, insolvency, receivership, or similar event of the State
- Consummation of a merger, consolidation, or acquisition of the issuer or sale of all or substantially all of the assets of the Board, other than in the course of ordinary business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of successor trustee or the change of name of a trustee if material
- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

Generally Accepted Accounting Principles (GAAP)

The Board will comply and prepare its financial reports in accordance with the standard accounting practices adopted by the Governmental Accounting Standards Board and with the accounting policies established by the Department of Finance and Administration when applicable.

Review of the Policy

The debt policy guidelines outlined herein are only intended to provide general direction regarding the future use and execution of debt. The Board maintains the right to modify these guidelines and may make exceptions to any of them at any time to the extent that the execution of such debt achieves the Board's goals.

This policy will be reviewed by the Board no less frequently than annually. At that time, the Director will present any recommendations for any amendments, deletions, additions, improvement, or clarification.

Adoption of the Policy

1. After a public hearing on August 24, 2011, the Board adopted the Policy on September 8, 2011, effective September 8, 2011.
2. After a public hearing on September 16, 2013, the Board adopted the amended Policy on September 16, 2013, effective September 16, 2013.
3. After a public hearing on May 11, 2017, the Board adopted the amended Policy on May 11, 2017, effective May 11, 2017.
4. After a public hearing on March 2, 2018, the Board adopted the amended Policy on March 2, 2018, effective March 2, 2018.
5. After a public hearing on June 27, 2019, the Board adopted the amended Policy on June 27, 2019, effective June 27, 2019.
6. After a public hearing on July 22, 2021, the Board adopted the amended Policy on July 22, 2021, effective July 22, 2021.
7. After a public hearing on _____, 2024, the Board adopted the amended Policy on _____, 2024, effective _____, 2024.

Secretary
Tennessee State Funding Board

APPENDIX A

Annual Review

The Board has reviewed and accepted the Debt Management Policy on:

October 8, 2014

November 19, 2015

July 20, 2020

July 26, 2022

June 27, 2023

**RESOLUTION MAKING FINDINGS
FOR DECREASE IN SPECIAL REVENUES**

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

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

WHEREAS, the method of apportionment of net worth contained in Section 67-4-2111(l), Tennessee Code Annotated (the “Subsection”), which method applies to tax years beginning on or after January 1, 2017, is expected by the Department of Finance and Administration to result in a decrease in the Franchise Tax Proceeds for the fiscal year 2024-2025; and

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

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

1. All payments due the State Funding Board under Title 9, Chapter 9, Tennessee Code Annotated, have been made in full;
2. The State is not in default in the payment of any outstanding debt or in the payment of interest thereon; and
3. The fees and taxes pledged pursuant to Section 9-9-104(a), including, without limitation, the Franchise Tax Proceeds, calculated as required by the Subsection, for the fiscal year 2024-2025 will be sufficient to provide funds adequate to meet all payments required to be made by the State Funding Board in such fiscal year, as well as to provide for the other obligations and expenses of the State for such fiscal year to be defrayed therefrom.

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

**RESOLUTION CERTIFYING AND AUTHORIZING THE
ALLOCATION OF FUNDS TO THE SINKING FUND FOR THE
2024-2025 FISCAL YEAR**

Recitals

Pursuant to Chapter 176, Public Acts of Tennessee, 2013 (the “Act”), effective July 1, 2013, the State of Tennessee has pledged in Tenn Code Ann. Section 9-9-104 for the payment of debt service on a pro rata basis on its general obligation bonds issued on or before June 30, 2013, the following:

- Annual proceeds of a tax to five cents (\$.05) per gallon upon gasoline;
- Annual proceeds of the special tax on petroleum products imposed by Tenn Code Ann. Section 67-3-203 (formerly Tenn Code Ann. Section 67-3-1303);
- One half (1/2) of the annual proceeds of motor vehicle registration fees; and
- Entire annual proceeds of franchise taxes imposed by the franchise tax law in Title 67, Chapter 4, Part 21 (formerly Title 67, Chapter 4, Part 9).

Pursuant to the Act, the State Funding Board is authorized by Tenn Code Ann. Section 9-9-106 to certify the amount necessary to provide for the payment of debt service from the fees, taxes and other revenues and funds available for such purpose.

Section 1, Title III-31, Public Chapter 966, Public Acts of Tennessee, 2024, (the “2024 Appropriations Act”) appropriates the aggregate sum of Three Hundred Twenty-Two Million, One Hundred Eight Thousand Dollars (\$322,108,000) for debt service expenses and amortization of authorized and unissued bonds for the 2024-2025 fiscal year. Section 1, Title III-33 of the 2024 Appropriations Act, appropriates to the Sinking Fund such amount of the excise tax receipts as determined by the State Funding Board.

The Commissioner of Finance and Administration recommended by memorandum dated June 4, 2024, that the State Funding Board allocate Three Hundred Forty-Two Million Dollars (\$342,000,000) in pledged tax revenues. Further, he recommended the following specific dollar allocation of taxes for the payment of debt service on general obligation debt of the State of Tennessee:

<u>TAX OR FEE</u>	<u>AMOUNT</u>	<u>BASIS OF ALLOCATION</u>
Franchise Tax	\$ 18,000,000	Equal monthly
Excise Tax	\$132,900,000	Equal monthly
Gasoline Tax	\$ 87,700,000	Equal monthly
Motor Vehicle Title Fees	\$ 2,700,000	Equal monthly

Further, he recommended a monthly allocation totaling One Hundred Million, Seven Hundred Thousand Dollars (\$100,700,000) of Sales Tax revenues [which is the estimated allocation of the net receipts of State Sales Tax pursuant to Tenn Code Ann. Section 67-6-103]. These recommendations assume (i) utilization of Sports Authority Revenue in the amount of Three Million, Three Hundred Nine Thousand Dollars (\$3,309,000) and Other Revenues (College and Universities and State Veterans’ Homes) in the amount of Six Hundred Sixty-Nine Thousand Dollars (\$669,000), and (ii) an adjusted balance at June 30, 2025, of negative Twenty-Three Million, Eight Hundred Seventy Thousand Dollars (\$-23,870,000), for an aggregate sum of Three Hundred Twenty-Two Million, One Hundred Eight Thousand Dollars (\$322,108,000).

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

1. It is hereby certified to the Commissioner of Finance and Administration that the following sums shall be allocated to the Sinking Fund for debt retirement for the 2024-2025 fiscal year:

<u>SOURCE, TAX OR FEE</u>	<u>AMOUNT</u>	<u>BASIS OF ALLOCATION</u>
Franchise Tax	\$ 18,000,000	Equal Monthly
Excise Tax	\$ 132,900,000	Equal Monthly
Gasoline Tax	\$ 87,700,000	Equal Monthly
Motor Vehicle Title Fees	\$ 2,700,000	Equal Monthly
Sales Tax (estimated Tenn Code Ann. Allocation)	\$ 100,700,000	Monthly

2. This resolution shall be retroactively effective as of July 1, 2024, and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on July 22, 2024.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE FUNDING BOARD

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

Recitals

The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 1060, Public Acts 2016 (the “2016 Act”), to issue and sell its general obligation bonds in an amount not to exceed Eighty-Seven Million, Seven Hundred Thousand Dollars (\$87,700,000) of which is allocated pursuant to Section 4(1) of the 2016 Act (the “2016 TDOT Bonds”) for the Department of Transportation for the purpose of providing funds to be spent for the construction of highways and for the purpose of acquisition of equipment and sites, and erection, construction and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvements, betterments and extraordinary repairs to existing structures, and repair, replacement or rehabilitation of bridges.

None of the 2016 TDOT Bonds principal amount authorized has been issued.

Section 6, Item 1, Chapter 966, Public Acts 2024, (the “2024 Appropriations Act”) appropriates to the Funding Board the sum of Eighty-Seven Million, Seven Hundred Thousand Dollars (\$87,700,000) to cancel a like amount of unissued 2016 TDOT Bonds.

The Commissioner of Finance and Administration by memorandum dated June 4, 2024, recommended that the Funding Board proceed with canceling Eighty-Seven Million, Seven Hundred Thousand Dollars (\$87,700,000) of the unissued 2016 TDOT Bonds.

Be It Resolved by The Funding Board of The State of Tennessee:

1. The projects authorized to be financed by the 2016 TDOT Bonds have been financed in whole or in part with current funds and a total of Eighty-Seven Million, Seven Hundred Thousand Dollars (\$87,700,000) is no longer needed to fund such authorized projects.
2. Eighty-Seven Million, Seven Hundred Thousand Dollars (\$87,700,000) of the unissued 2016 TDOT Bonds are hereby canceled.
3. This resolution shall be retroactively effective as of July 1, 2024, and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on July 22, 2024.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE FUNDING BOARD

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
GENERAL OBLIGATION BONDS OF THE STATE OF TENNESSEE**

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

1. The Funding Board of the State of Tennessee (the “Funding Board”) hereby finds and determines that the Funding Board is authorized to provide for the issuance of general obligation bonds of the State of Tennessee (the “State”) under the provisions of Sections 1 and 4 of Chapter 965, Public Acts of Tennessee, 2024, to be allocated as follows:

Item 1. Eighty-Seven Million, Seven Hundred Thousand Dollars (\$87,700,000) to the Department of Transportation to be expended for construction of highways and for the purpose of acquisition of equipment and sites, and erection, construction, and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvements, betterments, and extraordinary repairs to existing structures, and repair, replacement, or rehabilitation of bridges.

Further, the Funding Board is authorized to sell bonds in amounts not to exceed 2.5% of all the amounts stated above, the proceeds of which are to be allocated to the Funding Board and expended for the purpose of funding discounts and the costs of issuance.

2. The Funding Board hereby finds and determines that no bonds or bond anticipation notes have been issued pursuant to the Public Acts referred to in Section 1 hereof, and that such authorization has not been cancelled or rescinded.

3. The Funding Board hereby authorizes the issuance of general obligation bonds of the State in the respective maximum principal amounts and for the respective purposes set forth in Section 1 hereof (the “Bonds”). The sale and issuance of the Bonds shall be provided for by subsequent resolution of the Funding Board. Pending the issuance of Bonds, bond anticipation notes may be issued from time to time under and pursuant to the resolution adopted by the Funding Board on March 6, 2000, entitled “RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF COMMERCIAL PAPER; AUTHORIZING AND PROVIDING FOR A STANDBY COMMERCIAL PAPER PURCHASE AGREEMENT; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO”, as amended or restated, or under and pursuant to other resolutions hereafter adopted by the Funding Board.

4. The Funding Board reserves the right to rescind the authorization of any Bonds authorized hereunder to the extent (i) general obligation bonds have not been issued against such Bond authorization or (ii) general obligation bond anticipation notes have not been issued in anticipation of the issuance of Bonds to be issued against such Bond authorization.

5. Available State funds may be expended for any or all the purposes specified in Section 1 hereof, in anticipation of reimbursement from the proceeds of Bonds or bond anticipation notes issued under and pursuant to the respective authorizations specified in Section 1 hereof. The Funding Board hereby authorizes the Commissioner of Finance and Administration or the Secretary or Assistant Secretary of the Board to evidence an official intent to this effect, and otherwise execute, file and publish such documents or take such other action, as may be necessary to permit reimbursement from the proceeds of Bonds or bond anticipation notes, the interest on which shall be excluded from gross income for federal income tax purposes.

6. If any provisions of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to that end the provisions of this resolution are declared to be severable.

7. This resolution shall be retroactively effective as of July 1, 2024, and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on July 22, 2024.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE FUNDING BOARD



JASON E. MUMPOWER
Comptroller

Date: July 22, 2024
To: Members of the State Funding Board
From: Steve Osborne, Assistant Director, Local Government Finance
CC: Sheila Reed, Director, Local Government Finance
Re: Update to the Tennessee Budget Manual for Local Governments

The Comptroller's Division of Local Government Finance presents the following changes to the Tennessee Budget Manual for Local Governments for approval by the Tennessee State Funding Board:

Page	Description
8	Clarifies how a budget is amended when required by the Comptroller.
9	Clarifies qualifications for the budget certificate award.
14	Recommends a best practice for proprietary fund budgets.
56	Adds new appendix: Adopting a Budget During a Reappraisal Year.
59	Adds new appendix: Budget Resolution for Cities Adopting Comptroller Required Changes.
Throughout	Miscellaneous Clean Up: <ul style="list-style-type: none">• Replaces exact page number references with Section # references.• Updates website links.• Adds references to new appendix resources.• Adds statutory references.• Updates and clarifies language for consistency with other published guidance.• Corrects typographical errors.



TENNESSEE BUDGET MANUAL FOR LOCAL GOVERNMENTS



*Approved by the State Funding Board
June 2023*

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT FINANCE**

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Section 1 – Introduction

Purpose

The purpose of the Tennessee Budget Manual for Local Governments (the “Manual”) is to provide uniform guidance for the annual budget process in Tennessee’s local governments. The Manual is not designed to be all-inclusive but to provide guidance and requirements related to specific budget issues with an emphasis on areas of oversight by the Comptroller of the Treasury.

The Manual is divided into the following areas:

- State Oversight and Support – Sections 2 and 3
- Budget Basics – Sections 4 and 5
- The Budget Process – Section 6
- Best Practices – Section 7

The Manual, as approved by the State Funding Board on **June 27, 2023**, is the **second** edition issued pursuant to Tenn. Code Ann. §§ 4-3-305 and 9-21-403.

Applicability

Any reference to the term “local government” applies to the following entities:

- Counties
- Municipalities
- Metropolitan Governments
- Utility Districts
- Municipal Energy Authorities
- Water and Wastewater Treatment Authorities
- Other entities that have a financial relationship to a county, municipality, metropolitan government, utility district, municipal energy authority, or water and wastewater authority, such as joint ventures created by an interlocal agreement.



Section 2 – Comptroller Oversight and Support

State legislators recognize the importance of financial stability and resilience for Tennessee’s local governments and have passed laws that strengthen financial accountability for public dollars. Some of those laws specifically address budgetary oversight and support from the Comptroller of the Treasury.

Forms, Procedures, and Manuals

The Comptroller’s Office has authority to prescribe forms and procedures and provide guidance manuals for the preparation of annual budgets by local governments (Tenn. Code Ann. § 4-3-305).

The Comptroller’s Office is also responsible for providing guidance on the form of the budget, including supplemental schedules, as necessary, to demonstrate local governments have adequate cash to meet their current obligations, including principal and interest, as applicable. See Tenn. Code Ann. §§ 7-36-113, 7-82-501, 9-21-403, 68-221-611, and 68-221-1306.

Balanced Budget Oversight for Local Governments

Adopting a balanced budget is the responsibility of the governing body; however, if the governing body fails to fulfill this responsibility, our Office has the authority to take measures to ensure a local government pays its obligations, including principal and interest requirements. Pursuant to Tenn. Code Ann. § 9-21-403, the Comptroller has the authority to direct a local government to balance its budget by adjusting estimates to reduce spending or by raising property taxes to increase available cash to meet its obligations.

A local government may be subject to other requirements of the Comptroller as part of this oversight, including, but not limited to, the following:

- implementation of a corrective action plan;
- requesting approval from the Comptroller prior to disbursement of funds;
- building and maintaining cash balances sufficient for operations and contingencies;
- additional reviews, audits, and inquiries; and
- additional periodic reporting requirements.

Annual Budget Oversight

Pursuant to state law, local officials are required to adopt a balanced annual budget and submit the budget to our Office for approval. The annual budget review and approval process can be divided into three basic steps:

✓ STEP ONE – Submission Requirements for Approval

Due Date

Prior to the beginning of each fiscal year, a local government should adopt a budget that meets all legal and program requirements and email it, with the other required documents described below, to the Division of Local Government Finance at LGF@cot.tn.gov within 15 days after adoption. A budget calendar should be followed during the planning and adoption process.

If a budget is not submitted to our Office within 2 months of the beginning of the fiscal year, the budget cannot be approved and your local government may not issue debt or financing obligations. In the case of an emergency, our Office may waive the requirement of budget approval to allow your local government to enter into emergency financial transactions. See Tenn. Code Ann. §§ 7-36-113, 7-82-501, 9-21-404, 68-221-611, 68-221-1306.

Required Submission Information – Municipalities, Counties, and Metropolitan Governments

1. Cover letter on the local government's letterhead.
 - a. Complete contact information should be included. At a minimum, email addresses for the following individuals must be identified:
 - i. Mayor or County Executive
 - ii. City Manager, as applicable
 - iii. Finance Director or equivalent position
2. Signed/certified copy of the appropriation act and tax levy (ordinance or resolution).
3. Detailed budgets for all funds, including proprietary/enterprise funds and school funds, as applicable.
4. Copy of the annual adopted budget for any entity that results in a financial benefit or financial burden to your local government. Refer to [Section 6 on page 18](#) for guidance in making this determination.
5. Budget Summary Schedule.
6. Cash Flow Forecast Schedules for:
 - a. *Operating funds* with a budgeted ending cash balance of less than 15% of annual expenditures.
 - b. *Operating funds* that reflected an ending cash balance of less than 15% of annual expenditures in the prior year's audit.
 - c. Any fund that received proceeds from a tax and revenue anticipation note (TRAN) for the past two consecutive years.
 - d. Any fund as requested by our Office during our review of the annual budget.

- e. All operating funds if the prior year’s audit has not been issued and is late.

Operating Funds are defined as funds that account for expenditures/expenses that are recurring or day-to-day, such as salaries, benefits, utilities, etc. The General Fund and General Purpose School Fund will always meet the definition of an operating fund. Special Revenue Funds that meet the definition of an operating fund but nonetheless maintain a low cash balance due to the nature of the fund are excluded. For example, a special revenue sanitation fund that receives General Fund transfers to subsidize the fund. In that situation, the cash flow will be addressed in the analysis for the General Fund.

7. Schedule of Outstanding Debt and Budgeted Debt Service, as applicable.
8. Revenue forecasts for property and sales tax for the budget year, as applicable.

A Microsoft Excel template that includes the required schedules referred to above is available on the Comptroller of the Treasury’s website at: tncot.cc/budget.

Required Submission Information – Utility Districts, Municipal Energy Authorities, Water and Wastewater Treatment Authorities, and Other Water and Wastewater Treatment Entities Created by Interlocal Agreement.

Each year your local government is required to submit the following information electronically to the Division of Local Government Finance at LGF@cot.tn.gov:

1. Cover letter on the local government’s letterhead.
 - a. Complete contact information should be included. At a minimum, email addresses for the following individuals must be identified:
 - i. Chairman or President of the Board
 - ii. General Manager
2. Resolution adopting the budget.
 - a. The governing board must take official action by resolution to adopt its annual budget. An example resolution may be found on our website.
3. Budget document that identifies all anticipated revenues by source and all anticipated expenses by type of expense. If the local government has multiple funds, a budget for each fund must be submitted.
4. Schedule of Outstanding Debt and Budgeted Debt Service, as applicable.

Budgets should be submitted as one document. Further information concerning budgeting requirements, a budget submission checklist, and a model budget resolution may be found on the Comptroller of the Treasury’s website at tncot.cc/budget.

✓ STEP TWO – Approval by the Comptroller’s Office

1. The budget will be reviewed within 30 days of receipt by the Division of Local Government Finance. If the budget submission is incomplete, the 30-day review period will not begin until the needed information is received.

2. With regard to programs included in the budget, such as education, roads, and corrections, we do not make any attempt to determine that the local government has complied with specific program statutes or guidelines or with any financing requirements prescribed by any state or federal agency. Additionally, local officials are required to ensure the budget remains balanced throughout the fiscal year and that all maintenance of effort requirements are met—our Office does not review or approve any maintenance of effort programs.
3. Once the review process is complete, your local government will receive a letter via e-mail from the Division of Local Government Finance indicating the results of our review as either: approved, conditionally approved, or not approved.

Approved: An approved budget means that based upon our review, it was determined that projected revenues and other available funds are sufficient to meet anticipated expenditures (or expenses). An approved budget may still result in recommendations to your local government. An example recommendation includes developing a process to monitor the budget throughout the fiscal year.

Conditionally Approved: A conditional approval results when there is some required action by your governing body that must be fulfilled before the budget can be approved. An example conditional approval includes when our Office requires a budget amendment to legally appropriate principal and interest payments that were inadvertently omitted from the budget ordinance or resolution. Your local government will have ~~90~~45 days after our letter is issued to meet the condition. If the condition for approval is not met within that timeframe, the budget will ~~be not~~not be approved.

For Cities: Pursuant to Tenn. Code Ann. § 9-21-108, amendments required by the Comptroller's Office as a condition for budget approval may be passed by resolution instead of ordinance (See sample resolution in Appendix 9).

Not Approved: A budget that is not approved may be the result of a delinquent budget, a delinquent audit, continued noncompliance issues while under the oversight of the Tennessee Board of Utility Regulation, noncompliance with the Certified Municipal Finance Officer Act, noncompliance with statutorily-required utility training, or failure to meet conditions for approval. State legislators have recognized the importance of having an approved budget by passing legislation specifying that if your budget is not approved, your local government may not issue debt or financing obligations. In the case of an emergency, our Office may waive the requirement of budget approval to allow your local government to enter into emergency financial transactions. See Tenn. Code Ann. §§ 7-36-113, 7-82-501, 9-21-404, 68-221-611, and 68-221-1306.

✓ **STEP THREE – Requirements after Approval**

1. The budget is based upon estimates, and it may become apparent during the monitoring of the budget that an amendment is necessary. Budget amendments must be sent to our Office for ~~formal~~ acknowledgement after they are approved by the local governing body. Our Office only requires your local government to send budget amendments that impact total appropriations for an organizational unit (or department). Refer to [Section 6](#) for a description of the legal level of budgetary control and a discussion on budget amendments.

2. If there are conditions for approval, those will have to be met. If we make recommendations, those should be followed. If you have any questions related to the items addressed in the review letter, please contact your Analyst in the Comptroller's Division of Local Government Finance responsible for your region. A contact list is available at tncot.cc/lgf-contacts.
3. If our review of the budget results in concerns about the local government's financial health, we may continue to work closely with local officials to help them restore stability to their finances and develop policies and procedures to support a strong financial future.

Annual Budget Certificate

~~To be effective, a budget should be adopted prior to the beginning of the fiscal year. The budget should also be based on reliable estimates, be structurally balanced, provide for cash liquidity, allow for adequate reserves, be monitored throughout the year, and be amended, as necessary. Local officials that adopt budgets meeting the following specific criteria are awarded an annual certificate from the Comptroller of the Treasury:~~

- The budget was adopted on or before the fiscal year end;
- The budget was filed with the Division of Local Government Finance within 15 days of adoption;
- No issues of concern were raised during our review of the budget*; and
- The local government is not currently under the oversight of the Tennessee Board of Utility Regulation.

~~*To be effective, a budget should be adopted prior to the beginning of the fiscal year. The budget should also be based on reliable estimates, be structurally balanced, provide for cash liquidity, allow for adequate reserves, be monitored throughout the year, and be amended, as necessary. **If concerns are identified in these areas, it will impact your local government's eligibility to receive a certificate. Monitoring is fundamental to the budget process. Accordingly, as part of our review, we look to see if your local government amends its budget at the legal level of spending throughout the year, as evidenced by your most recent audit. Likewise, concerns related to the other areas listed above will impact your local government's eligibility to receive a certificate.**~~

We congratulate local officials who have been awarded a budget certificate for a job well done. The names of the most recent recipients of the Annual Budget Certificate are posted on our website at: tncot.cc/budgetcertificates.

Online Resources

To help support your local government in the budget process, we developed online instructional videos on the following topics:

- Basic Revenue Estimating
- Annual Budget Memorandum
- Cover Letter
- Budget Summary Schedule
- Schedule of Outstanding Debt

- Municipal Budget Ordinance
- Cash Flow Forecast Schedule
- Basic Cash Flow Estimating

We will continue to expand our instructional video library. To view these videos, please visit our [website at: tncot.cc/budget](http://tncot.cc/budget).

We also have helpful [documents](#), schedules, and examples available on our website for your local government to utilize during the budget process. If you have any questions related to our online resources, please contact your Analyst in the Comptroller's Division of Local Government Finance responsible for your region. A contact list is available at tncot.cc/lgf-contacts.



Section 3 – Oversight and Support from Other State Agencies and Boards

Tennessee Board of Utility Regulation

The Comptroller's Division of Local Government Finance serves as staff to the Tennessee Board of Utility Regulation (TBOUR). Information about TBOUR is available on the Comptroller's website: www.comptroller.tn.gov.

TBOUR supports municipalities, counties, districts, and authorities that operate water, sewer, and natural gas enterprises by ensuring that they are financially self-supporting. The Board also establishes the parameters for water accountability.

The Board addresses certain complaints by utility customers, approves or disapproves the creation of new utility districts, approves or disapproves the purchase, development, acquisition, or construction of a new water or wastewater system by a city or county, requires mergers and consolidations subject to statutory limitations, and conducts ouster proceedings for utility district commissioners related to misconduct, neglect, or training. The Board also establishes the parameters for water accountability.

Tennessee Department of Education

The Tennessee Department of Education's Office of Local Finance works directly with local school systems. The Office of Local Finance provides budgetary oversight and guidance, and local governments with school systems are responsible for complying with those requirements. More information is available at: www.tn.gov/education.

Tennessee Department of Treasury

The Tennessee Department of Treasury provides oversight to local governments that participate in the Tennessee Consolidated Retirement System (TCRS) as well as those that have defined benefit pension plans outside of TCRS. The State Treasurer also operates the Local Government Investment Pool (LGIP) and has certain administrative responsibility for the Collateral Pool for Public Deposits. More information is available at <https://treasury.tn.gov>.

County Technical Assistance Service (CTAS)

CTAS is an agency of the University of Tennessee Institute of Public Service and provides technical, training, consulting, and field services to elected and appointed county and metropolitan officials and finance directors. CTAS assists county governments with the budget process in the areas of budget preparation, policy, training, and guidance. CTAS partners with the Comptroller's Office to provide

the training and testing program for the Certified County Finance Officer (CCFO) designation. Resource information is available at: www.ctas.tennessee.edu.

Municipal Technical Advisory Service (MTAS)

MTAS is an agency of the University of Tennessee Institute of Public Service and provides technical, training, consulting, and field services to elected and appointed municipal and metropolitan government officials and finance directors. MTAS assists with the budget process in the areas of budget preparation, policy, training, and guidance. MTAS provides the training and testing program for the Certified Municipal Finance Officer (CMFO) designation. Resource information is available at: www.mtas.tennessee.edu.

Tennessee Association of Utility Districts (TAUD)

TAUD provides Tennessee utility systems with training, industry information and publications, and legislative updates. TAUD's commissioner manual has budget guidance, and they also teach classes on the budget process. Information and resources regarding TAUD is available at: www.taud.org.

Tennessee Emergency Communications Board (TECB)

The TECB is a statutorily created board that assists emergency communication districts, also known as E-911 districts, in the areas of management, operations, and accountability. The TECB ensures emergency communication districts are financially self-supporting pursuant to specific criteria defined by state law. Information about the TECB is available on the Tennessee Department of Commerce and Insurance's website: <https://www.tn.gov/commerce/emergency-communications.html>



Section 4 – Budget Terminology, Definitions, and Concepts

Budget

The budget is an annually adopted document that outlines the expected revenues and expenditures (expenses) for each fund. Budgets should be structurally balanced, realistic, and contain all debt service payments for governmental funds and interest expense and depreciation expense for proprietary funds. All revenue estimates should be meaningfully forecasted. The budget is used and reviewed throughout the fiscal year and amended when necessary.

A budget does the following:

- establishes policies;
- identifies revenues and other resources to support planned spending;
- appropriates monies, thus authorizing spending (expenditures);
- provides accountability to citizens or customers; and
- provides a means of control.

Appropriated Budget vs. Non-appropriated Budget

Appropriated budgets are governed by state and local laws and create spending authority limits that are legally binding. An appropriation bill, ordinance, or resolution is signed into law.

Non-appropriated budgets are approved in a manner authorized by state or local laws and not subject to appropriation. For example, utility funds budgeted pursuant to the 1982 Budget Law. In this situation, we recommend the use of the budget resolution template available on our website: tncot.cc/budget.

Municipalities, Counties, and Metropolitan Governments

State laws require appropriated budgets for the general fund, special revenue fund(s), and debt service fund(s).

State laws differ for proprietary funds. Municipalities that have adopted the General Law Modified City Manager – Council Charter pursuant to Tenn. Code Ann. § 6-35-304(a) are legally required to include proprietary funds as part of the appropriation ordinance. Other municipal forms of government, county governments, and metro governments have no general law requirement to legally appropriate the operations of a proprietary fund. Budget policies and procedures should address how budgets for proprietary funds will be approved and monitored for municipalities, counties, and metro governments that have no legal requirement to adopt a proprietary fund budget as part of its

appropriation ordinance or resolution. [In this situation, we recommend the use of the budget resolution template available on our website: tncot.cc/budget.](#)

Utility Districts, Municipal Energy Authorities, and Water and Wastewater Authorities

Utility districts, municipal energy authorities, and water and wastewater treatment authorities follow proprietary fund accounting and are required by state law to adopt an annual budget.

Balanced Budget Requirements

The following statutes require local governments to adopt balanced budgets:

Tenn. Code Ann. § 5-12-110(b)&(c) – 1957 Act Counties
§ 5-12-210(d) – 1993 Act Counties
§ 5-21-110(d)(5) and 112 – 1981 Act Counties
§ 6-22-124 – City Manager-Commission Charter
§ 6-56-205 – Municipal Budget Law of 1982
§ 7-2-108(a)(15) – Metropolitan Governments – Urban Services District
§ 7-2-108(c)(2) – Metropolitan Governments – Each Special Service District
[§ 7-36-113 \(i\)\(1\) – Municipal Energy Authorities](#)
§ 7-82-501 – Utility Districts
§ 9-21-403 – Local Governments
§ 68-221-611 – Water and Wastewater Treatment Authority
§ 68-221-1306 – Regional Water and Wastewater Treatment Authority

Chart of Accounts

A standardized chart of accounts should be used for the budget, accounting records, and financial statements. The Division of Local Government Audit within the Comptroller's Office maintains a uniform chart of accounts for counties and municipalities: www.tncot.cc/chart. All counties must use this uniform chart of accounts except for the Metropolitan Government of Nashville and Davidson County, Knox County, Hamilton County, and Shelby County. Municipalities are encouraged, but not required to use the uniform chart of accounts.

Fund Types and Budget Requirements

Certain fund types are legally required to be appropriated, such as the general fund, debt service funds, and special revenue funds. However, other fund types, such as proprietary funds, fiduciary funds, or trust funds, may not be subject to appropriation, depending upon the laws that apply to your local government.

Legal Authority

When determining what legal authority governs your local government's budget document, the general principle of law that will apply is: if your unique general, private act, or home rule charter is less restrictive than a general law governing budgetary practices, the more restrictive law applies.

This section addresses laws that govern the general budget process for your local government. For a discussion of laws regarding budgetary oversight by the Comptroller of the Treasury, refer to [Section 2 on page 5](#).

Municipalities

When determining what laws govern the budget process for your municipality, you should begin with referencing the Municipal Budget Law of 1982 (Tenn. Code Ann. § 6-56-201 et seq.).

Next, you will need to understand the requirements of your municipality's form of government and how it relates to the Municipal Budget Law of 1982.

There are five different forms of government for municipalities in the state of Tennessee. Three of these are general law as authorized by the following state statutes:

- General Law Mayor Aldermanic Charter (Tenn. Code Ann. § 6-1-101 et seq.)
- General Law City Manager Commission Charter (Tenn. Code Ann. § 6-18-101 et seq.)
- General Law Modified City Manager Council Charter (Tenn. Code Ann. § 6-30-101 et seq.)
- Home Rule Charter
- Private Act Charter

If your charter does not mandate expenditure and revenue information in the annual budget ordinance that is at least as detailed as that required by the Municipal Budget Law of 1982, the 1982 budget law will apply.

Last, municipalities should also be aware of separate ordinances that have been adopted that will govern the annual budget process.

As a general principle of law, if your municipality's general, private act, or home rule charter is less restrictive than a general law governing budgetary practices, the more restrictive law applies. Advice from legal counsel may be necessary to determine which specific budget laws apply for your municipality.

Counties

When determining what laws govern the budget process for your county, first you will need to identify the law(s) adopted by your county's governing body that are specific to the budget process. There are basically six laws, and four of these laws are found in state general law statutes. A county is authorized to perform its budgeting function under the following:

- General Law (Tenn. Code Ann. § 5-9-401, et seq.)
- Local Option Law 1957 Fiscal Control Act (Tenn. Code Ann. § 5-12-101 et seq.)
- Local Option Law 1981 Financial Management Act (Tenn. Code Ann. § 5-21-101 et seq.)
- Local Option Law 1993 Budget Law (Tenn. Code Ann. § 5-12-201 et seq.)
- Home Rule (Charter Government)
- Private Act

Next, you will need to determine if your county has enacted private acts that are more stringent than the basic requirements of the general or local option budget laws adopted by your county. In this situation, the more stringent law will apply. Likewise, there may be requirements under the general law that exceed specific home rule and private act requirements for a respective county. In this case, the general law requirement should be followed. Advice from legal counsel may be necessary to determine which specific budget laws apply for your county.

Metropolitan Governments

Budgetary requirements for metropolitan governments are governed by general state law, private act, and/or local ordinance or resolution. Because the general laws for metropolitan governments do not address some of the basic budget requirements, such as adoption date, continuation authority, amendments, etc., local officials should ensure key budget policies are clarified in the charter or ordinance. Advice from legal counsel may be necessary to determine the specific budget laws that apply for your government.

Utility Districts, Municipal Energy Authorities, & Water and Wastewater Treatment Authorities

When determining what laws govern the budget process for utility districts and authorities, local officials should begin with how your local government was originally created. General state law provides authority for the incorporation of utility districts, municipal energy authorities, and water and wastewater authorities. The incorporation of utility districts is subject to approval by the Tennessee Board of Utility Regulation. The different charter forms in the state of Tennessee are:

- General Utility District Law of 1937 (Tenn. Code Ann. § 7-82-101 et seq.)
- Municipal Energy Authority Act (Tenn. Code Ann. § 7-36-101 et seq.)
- Water and Wastewater Treatment Authority Act (Tenn. Code Ann. § 68-221-601 et seq.)
- Regional Water and Wastewater Treatment Authority Act (Tenn. Code Ann. § 68-221-1301 et seq.)
- Private Act Charter

The budget process will be governed by the state general laws referred to above as well as any private act. As a general principle of law, utility districts and authorities created by private act will need to follow any general law budget requirements that exceed the private act requirements. Advice from legal counsel may be necessary to determine which specific budget laws apply for your government.

Other Entities

Other entities that have a financial relationship to a county, municipality, metropolitan government, utility district, municipal energy authority, or water and wastewater authority, such as joint ventures created by an interlocal agreement, should follow budget requirements pursuant to their creation authority. If creation documents do not address budget policy, the entity should follow the budget requirements of the creating entity or entities.

Section 6 – The Budget Process

Budgeting is a broadly defined process that has political, planning, financial, communication, and managerial dimensions.

There are four basic phases to the budget cycle:

- Preparation
- Adoption
- Execution
- Oversight

This Section highlights some of the aspects related to the different elements in the budget process, from initial planning to adoption, execution, and managing the budget throughout the fiscal year. It is not intended to be comprehensive. If a local government has not developed policies and procedures to support the budget cycle for your local government, we recommend municipalities, counties, and metropolitan governments work with their MTAS or CTAS representative for assistance. Additionally, we recommend utility districts and authorities work with TAUD for assistance.

Preparation

Budget preparation begins months before the budget is adopted and approved. Preparation involves a review of policy and benchmarks established by your local government, collaboration with other departments, budget committee meetings, publication requirements, and other actions. Preparation is essential to the budget process because it lays the groundwork. [Appendix 1](#) includes an outline of key budget issues that may assist your local government in developing or updating budget policies and procedures. This outline is included as a resource and not a mandate.

Policies and Procedures

The governing body serves in a fiduciary capacity as they manage the finances and assets of the local government they serve. When preparing the budget, local officials are governed by internal and external laws and regulations that help ensure the responsible management of public dollars. Before the budget process begins, local officials should already have in place foundational policies to ensure the budget supports both the short-term and long-term financial health of their local government.

As you begin to prepare your budget, one of the first steps will be to review established policies that define the budget process. Such policies should include the following:

- Budget calendar;
- Cash flow management;
- Revenue forecasting and expenditure/expense estimation;
- Minimum fund balance levels;
- Contingency spending plan;
- Long-term capital planning;
- Program and service goals (public safety, sanitation, utilities, streets, schools);
- Legal spending requirements, such as maintenance of effort;
- Department head responsibilities in the budget process;
- Rainy day fund levels; and
- Structurally balanced budgeting.

Refer to [Section 7 on page 26](#) for recommended best practices.

Component Units, Joint Ventures, and Similar Entities

As part of the budget preparation process, you should identify entities that have been created by your local government that function to support the local government and its citizens. For example, two neighboring municipalities may create a joint venture to provide water service to its citizens. The key issue is whether there is a financial benefit or burden that exists between your local government and the other entity that could have an impact on your budget.

STEP ONE Identify the entities. One source for this information is the notes to the financial statements in your annual financial audit report.

STEP TWO For each identified entity, determine the nature of the financial relationship to your local government, if any. Is your local government:

- Responsible for providing ongoing financial assistance;
- Contingently responsible for paying debt in the case of default or has guaranteed the entity's debt in some other manner;
- Required to fund any deficits;
- Responsible for the review and approval of the entity's budget;
- Reliant on revenue from the entity; or
- Responsible for the financial oversight or governance of the entity such that local officials should have a process of intentional review of certain financial information of the entity?

STEP THREE If an entity meets any of the above criteria, develop a process to receive and review their budget as part of your annual budget process.

STEP FOUR Send a copy of the respective budget with your annual budget submission to the Division of Local Government Finance.

Revenue Forecasting and Expenditure Estimating

Forecasting revenues and estimating expenditures (or expenses) is integral to budget preparation. Estimates should be both reliable and realistic. Our Office has developed an instructional video related to estimating that is available on our website: nccot.cc/budget. Municipalities, counties, and metropolitan governments can also receive assistance from their respective MTAS or CTAS consultant.

Local governments should not delay the budget process during a reappraisal year. The budget is based on estimates and the expectation of our Office is for the certified property tax rate and annual budget to be adopted simultaneously and timely during a reappraisal year. If the certified property tax rate is not available at the time of budget adoption, local officials should follow the guidance in Appendix 8. If there are special circumstances, local officials should reach out to our Office and we will work with the local government and State Board of Equalization to address the situation.

Adoption

The budget adoption and approval process may result in changes to the proposed budget. Several key areas related to the adoption process are discussed below.

Timely Adoption – Budget Calendar

Timely budget adoption is foundational to the budget process and ensures your local government begins the fiscal year with a sound financial spending plan. Accordingly, your local government should have a formal timeline for the budget process. We have developed budget calendar that includes key dates in [Appendix 2](#). We recommend that you add to the budget calendar any specific needs related to the size and structure of your local government. Both state and local laws govern the budget calendar.

Continuation/Extension

For your budget document to be relevant, timely adoption is essential; however, state law recognizes there will be circumstances when the governing body is not able to adopt the budget prior to the beginning of the fiscal year. Nevertheless, if the annual adopted budget is not submitted to our Office within two months of the beginning of the fiscal year, the budget cannot be approved and your local government may not issue debt or financing obligations. In the case of an emergency, our Office may waive the requirement of budget approval to allow your local government to enter into emergency financial transactions. See Tenn. Code Ann. §§ 7-36-113, 7-82-501, 9-21-404, 68-221-611, 68-221-1306.

Counties

Tennessee law gives authority for certain counties to operate on a continuation budget until August 31, or a continuation budget extension until September 30. Refer to [Appendix 3](#) to determine if this applies to your county.

A September 30 continuation budget extension is allowed under extraordinary circumstances and must be approved by the Comptroller of the Treasury. For more information regarding a request for approval, refer to [Appendix 3](#).

Municipalities

Pursuant to the Municipal Budget Law of 1982, if a budget ordinance is not adopted prior to the beginning of the fiscal year, the appropriations for the last fiscal year become the appropriations for the next fiscal year, until the adoption of a new budget ordinance (Tenn. Code Ann. § 6-56-210). If your municipality's general law, home rule, or private act charter is more restrictive, you must follow the requirements of your charter.

Metropolitan Governments

General laws for metropolitan governments do not specifically address budget continuations and/or extensions. You should ensure that you have adopted a private act to address the legal budget process, including, but not limited to, budget continuations and extensions.

Utility Districts, Municipal Energy Authorities, and Water and Wastewater Authorities

State law does not provide for an extension or continuation for utility districts, municipal energy authorities, or water and wastewater authorities.

Legal Form of the Annual Budget Document

A budget resolution or ordinance is the budget document used by local governments. A legally-adopted budget provides spending authority for the general operations of counties, municipalities, and metropolitan governments. When a local government expends more than legally appropriated, they are in noncompliance with state law. For utility districts and authorities, the budget is legally required to be adopted, but it is not a legal document in the sense of an appropriated budget. Refer to [Section 4 on page 12](#) for an explanation of the difference between appropriated and non-appropriated budgets. Our website has example budget documents for use by your local government: tncot.cc/budget.

Balanced Budget

Budgets must be balanced when adopted, remain balanced throughout the fiscal year, and be sustainable going forward. Estimated expenditures and other financing uses (or expenses) should not exceed estimated revenue, other financing sources, and beginning unrestricted fund balance (or net position). A process should be in place to actively monitor the budget throughout the budget year and to make any necessary budget amendments to maintain a balanced budget, including paying all debt service. [Section 4 on page 13](#) includes a listing of state laws that require a balanced budget.

A budget is structurally balanced when recurring revenues are budgeted to pay for recurring expenditures (or expenses). A structurally unbalanced budget is often a sign of financial distress. If your local government plans to adopt a structurally unbalanced budget, you should contact the Analyst in the Comptroller's Division of Local Government Finance who is responsible for your region. A contact list is available at tncot.cc/lgf-contacts.

Legal Level of Budgetary Control/Spending Authority

The legal level of budgetary control refers to the level of detail at which the governing body appropriates resources. Management can reassign expenditures or expenses without approval of the governing body for items below the legal level of budgetary control. For example, when the budgetary control is at the organizational or department level, any increase in appropriations for the police

department will require a budget amendment by the governing body; however, changes between object level expenditures, such as salaries, supplies, or utilities that are within the organizational or department level, do not require legal action by the governing body. Requirements of state law vary depending upon your form of government. Utility districts, municipal energy authorities, and water and wastewater authorities are required to identify anticipated revenues by source and anticipated expenses by type of expense.

Budgetary Basis (Legal Basis of Accounting)

The budgetary basis is the method used to determine when revenues and expenditures (expenses) are recognized for budgetary purposes. The annual budget is required to be on the same basis of accounting as required by generally accepted accounting principles (Tenn. Code Ann. §§ 9-21-403, 7-36-113, 7-82-501, 68-221-611, 68-221-1306). For smaller governments that maintain their accounting records on the cash basis, a budgetary cash basis is acceptable, for governmental funds, when the cash basis does not materially differ from the budget on the modified-accrual basis. Local governments may also utilize the method of reconciling between two different bases of accounting in the budget document. Having the same budgetary basis used for accounting and reporting purposes helps the governing body, investors, the public, and other stakeholders better understand and analyze budget to actual results.

Capital Budgets

The capital budget provides the basis for control of capital expenditures.- This budget should correspond with the capital improvement plan. The capital budget is related to long term nonrecurring spending.

The capital improvement program presents estimates of revenue and capital outlay expenditures for a period of several years—five years is recommended. The proposed means to finance capital projects should be clearly identified in the capital improvement program.

Both MTAS and CTAS have online resources and can assist municipalities, counties, and metropolitan governments in the preparation of a capital budget and capital improvement program.

School Budgets

County, municipal, and metropolitan governments with school systems are required to follow the requirements of the Tennessee Department of Education when preparing their budget. Both MTAS and CTAS also have information available on their websites regarding requirements for school budgets. Some of the key issues for school budgets involve the following:

- The budget must be balanced.
- The budget must agree with the budget ordinance or resolution adopted by the governing body.
- The budget must include beginning and ending unassigned fund balance information.
- Both summary and detailed budget information should be prepared.
- Annual principal and interest information should be clearly identified in the budget, as applicable.

- Pursuant to state law, the governing body’s authority is limited to modifying the total amount of the school budget. The governing body has no other authority to modify or delete any item of the school budget. The governing body must still approve the school budget in total (Tenn. Code Ann. Title 49, Chapter 2).

Utility Systems

Self-Supporting Requirement

Pursuant to Tenn. Code Ann. § 7-34-115, municipal utilities are required to be self-supporting and utility revenue cannot be used to subsidize other operations of the local government. Any unlawful use of utility revenue is subject either to immediate repayment or the submission of a corrective action plan not to exceed five years as approved by, and overseen by, the State Comptroller. Elected and appointed local officials are subject to ouster for failure to repay. County, municipal, and metropolitan governments that have issued revenue debt pursuant to Tenn. Code Ann. Title 9, Chapter 21, Part 3 are subject to the same statutory requirements.

Oversight by Tennessee Board of Utility Regulation

Water, wastewater, and natural gas systems of municipalities, counties, metropolitan governments, authorities, and utility districts are subject to the jurisdiction of the Tennessee Board of Utility Regulation (TBOUR).

Statutes require the State Comptroller to refer governmental water, sewer, and natural gas systems that are in financial distress to the TBOUR, respectively, for oversight and corrective action (Tenn. Code Ann. § 7-82-703). The State Comptroller is also required to refer a utility system to TBOUR for excessive water loss, failure to file audited financial statements for two consecutive years, and the unlawful use of utility funds.

TBOUR exercises oversight by ensuring the financial sustainability of Tennessee’s utility systems. The boards ~~has~~ ~~ve~~ ~~created~~ specific statutory criteria to identify financially distressed systems. The budget should be designed to (1) result in a statutory increase in net position, which is defined as:

Change in Net Position (GAAP Basis)	\$ _____
Less:	
Grants – Capital	\$ _____
Grants – Operating	_____
Capital Contributions	_____
Interfund Transfers from Other Funds	_____
Statutory Change in Net Position	\$ _____

(2) pay all debt service as it becomes due, and (3) generate sufficient revenue to sustain a positive unrestricted net position and a positive total net position.

Pensions – Defined Benefit Plans

Local governments are eligible to participate in the Tennessee Consolidated Retirement System (TCRS). TCRS is a statewide pension system that is administered by the Tennessee Department of

Treasury. The annual actuarially determined contribution for TCRS defined benefit pension plans must be 100% funded in TCRS's annual budget [Tenn. Code Ann. § 8-37-310]. Local governments that have defined benefit pension plans that are not part of TCRS are subject to the Public Employee Defined Benefit Financial Security Act of 2014 (the "Act") which requires local governments to annually fund at least 100% of the actuarially determined contribution. Pursuant to the Act, local governments are also required to adopt a funding policy and file it with the state Comptroller who serves as the depository for policies that are reviewed and maintained by the state Treasurer. [Tenn. Code Ann. § 9-3-501 et seq.]

State Street Aid Fund

Pursuant to Tenn. Code Ann. § 54-4-204, upon written request from a municipality, the Comptroller of the Treasury may authorize that state street aid funds be kept and accounted for in the general fund instead of a special revenue fund. Approval is conditioned upon the requirement that the state street aid revenues and expenditures be accounted for separately in the general fund in a manner that allows identification of the source of revenue and the expenditures related to the revenue. If you are not sure if your municipality has received approval, you may contact the Division of Local Government Audit within the Comptroller's Office.

School Federal Projects Fund

Budget Resolution/ Ordinance and Detailed Budget

There are two acceptable practices for appropriating expenditures accounted for in the School Federal Projects Fund. Expenditures may be appropriated in the annual budget resolution or ordinance in the same manner as other special revenue funds; alternatively, language may be included within the appropriation section of the annual budget resolution or ordinance stating, "the budget for School Federal Projects Fund shall be the budget and all amendments approved for separate special projects within the Fund ~~(Name of Federal Programs)~~ and other federal grants by the Tennessee Department of Education and the local ~~(Name of County or Municipality)~~ Board of Education." The State Department of Education provides both guidance and oversight related to federal grants administered by the local board of education.

School Federal Projects Fund – Funding the Grant Reimbursement Cycle

Cash flow shortages can occur in the School Federal Projects Fund because of the grant reimbursement cycle. This can result in an audit finding if there is a cash overdraft at June 30. In order to provide operating funds until federal reimbursement of grant expenditures is received by a school system, it may become necessary for local officials to authorize the transfer of available unassigned fund balance from the General Purpose School Fund to the School Federal Projects Fund. This transfer should be a sufficient amount for the stated purpose. The resolution should specify the amount of the transfer and indicate that the transfer is restricted for the purpose of providing operating funds for federal reimbursement of grant expenditures. An example resolution may be found in [Appendix 4](#). These transferred funds would remain in the School Federal Projects Fund indefinitely or until the School Board and/or Funding Body (county commission or city governing body) act to transfer the funds back to the General Purpose School Fund.

The transfer from the General Purpose School Fund would be accounted for as an Operating Transfer Out and a reduction of Cash, which reduces the unassigned fund balance of the General Purpose School Fund. The transfer into the School Federal Projects Fund would be accounted for as an Operating Transfer In and an increase to Cash which would become part of fund equity as Restricted Fund Balance in the School Federal Projects Fund. The local Board of Education should not transfer excessive funds from the General Purpose School Fund to the School Federal Projects Fund to intentionally reduce the fund balance of the General Purpose School Fund to manipulate the budgetary process. The amount needed will depend upon the timing of cash inflows and outflows of the School Federal Projects Fund. If you need assistance in determining an appropriate amount, please contact your Analyst in the Comptroller's Division of Local Government Finance.

Execution

Execution involves assigning responsibility to administration and department heads, including the school system, for executing the budget adopted by the governing body. Monitoring the budget is important to the execution process to ensure actual spending agrees with what the governing body approved in the budget and that projected revenues are realized. There should be a process in place to monitor budget spending levels and the need for a budget amendment to increase the spending authority. Because a government has a specific amount of resources available to spend, systematic review of budget variations is an important part of the budget process. Monitoring establishes an expectation of accountability related to spending. It also enables the finance department and the governing body to respond quickly to financial distress identified as part of the monitoring process.

Budget Amendments

Counties

The amendment process varies based on the budget law that applies to your county; please refer to [Appendix 5](#) for applicable guidance.

Municipalities

Pursuant to the Municipal Budget Law of 1982, the governing body may amend the budget ordinance in the same manner as any other ordinance may be amended. We have included a list of frequently asked questions for municipal budget amendments in [Appendix 6](#).

Metropolitan Governments

General laws for metropolitan governments do not specifically address budget amendments. You should ensure that your government has legal authority to amend its budget through a charter provision, private act, or public ordinance.

Utility Districts, Municipal Energy Authorities, and Water and Wastewater Authorities

General laws for utility districts, municipal energy authorities, and water and wastewater authorities do not specifically address budget amendments. We recommend that the governing body take the same action to amend the budget as taken to adopt the budget. Amendments should be approved by the governing body for increases and decreases to revenues and/or expenses that impact the change in net position.

Allotments and Impoundments

Counties and metropolitan governments may have impoundment authority. The governing body of a county that operates under the Acts of 1957, 1981, ~~or~~ and some private acts can place departments on quarter allotments or impound funds in case of a financial crisis. There is no provision for such allotments or impoundments under the general law for counties or municipalities. Metropolitan governments should ensure they have legal authority to enforce allotments and impoundments.

Oversight

State legislators have passed laws that directly impact budgetary oversight for Tennessee's local governments. The Comptroller's Office plays an integral role in that oversight through:

- Approvals;
- Audits; and
- Tennessee Board of Utility Regulation.

Approvals

As fully discussed in Section 2, our Office, the Division of Local Government Finance, has a comprehensive review and approval process for the annual budget. The Office of Local Finance with the Tennessee Department of Education provides specific budgetary oversight for school systems.

Audits

The Comptroller's Division of Local Government Audit is responsible for the annual audit of Tennessee's local governments. Each financial and compliance audit is conducted in accordance with the requirements of *Government Auditing Standards*. Compliance with budgetary laws, including appropriated spending levels, is audited, and any resulting findings requires action by the local governing body to correct those findings.

Tennessee Board of Utility Regulation

Water, wastewater, and gas systems of municipalities, counties, metropolitan governments, authorities, and utility districts ("utility systems") are subject to the jurisdiction of the Tennessee Board of Utility Regulation (TBOUR)

Statutes require that the Comptroller's ~~Division of Local Government Audit~~ Office refer utility ~~districts and governmental water and/or sewer~~ systems that are in financial distress to the UMRB and the WWFB/TBOUR, respectively, for oversight and corrective action (Tenn. Code Ann. § 7-82-703).

A system is in financial distress pursuant to state law if any of the following conditions are demonstrated in their annual financial audit report:

- Statutory negative change in net position for two consecutive years
- Deficit unassigned net position balance
- Deficit total net position balance
- Default on debt

Local officials are statutorily required to comply with the directives of the respective utility board to restore the fiscal health of the utility system. ~~Additionally, a~~ Utility systems may also be referred to TBOUR ~~for other reasons, including, for but not limited to,~~ excessive water loss, failure to file audited financial statements for two consecutive years, and the unlawful use of utility funds. ~~Excessive water loss is separate from financial distress and is defined by the utility boards.~~

~~Local officials are statutorily required to comply with the directives of the respective utility board to restore the fiscal health of the utility system.~~



Section 7 – Best Practices

Various resources are available to local government entities to assist with the budget process. The resources referenced in this Section will be helpful to local officials as they manage and exercise oversight over the finances of their local government.

Seven Keys to a Fiscally Well-Managed Government

The Seven Keys to a Fiscally Well-Managed Government is a document produced by the Comptroller's Office that outlines various characteristics present in financially well-managed governments. Follow this link for a printable copy for your board and for related videos: tncot.cc/7keys

Keys 1-3 – Building a Strong Budget for a Resilient Government

1. *Structurally Balanced Budget*

A budget is structurally balanced when recurring revenues are sufficient to pay recurring expenditures. Recurring revenues can be relied on every year (property taxes, sales taxes, wheel taxes). Recurring expenditures are those required for normal governmental operations (debt payments, salaries, pension payments). Using overly optimistic revenue projections or underestimating expenditures, as well as relying on one-time revenue from selling assets, restructuring debt, spending savings, or deferring maintenance, indicate the budget is not structurally balanced. [Tenn. Code Ann. § 9-21-403]

2. *Cash Flow Management*

A local government's ability to track how much revenue is coming into the government and how much is going out is vital to its fiscal health. Local governments that rely heavily on property taxes will need larger cash reserves to fund governmental services until tax revenue is received. Prior to its adoption, the budget must contain adequate revenues, along with cash on hand, to fund the government throughout the year. In addition, local governments need to have plans in place if additional sources of liquidity, either internally (interfund tax anticipation note "TAN") or externally (bank issued TAN), prove to be necessary. [Tenn. Code Ann. § 9-21-801]

3. *Forecasting Budgetary Amounts*

Mechanisms for forecasting revenues and expenditures that consider economic trends and growth rates provide reliable revenue estimates. Local governments that do not routinely forecast budgetary amounts may find revenues overstated and expenditures understated. [Tenn. Code Ann. § 9-21-403]

Keys 4-5 – Planning for Unknowns

4. *Rainy Day Reserve*

Beyond liquidity management, local governments need to have reserves for unforeseen events like natural disasters or economic downturns. A government that creates a rainy day fund should, at times, expect to use the reserves but also have a policy for replacing the funds.

5. *Contingency Spending Plans*

Knowledge of what part of a budget is discretionary and can be legally and practically cut is necessary for dealing with unforeseen circumstances. If an event decreases a significant revenue source or increases spending during a year, and revenues cannot be adjusted quickly, then cuts to expenditures are necessary. Prior planning as to what cuts will be made will expedite the recovery.

Keys 6-7 – Planning for Tomorrow

6. *Long-Term Liability Planning*

Debt, pension, and OPEB payments are set amounts in the annual budget. The larger these payments are, the less ability the governing body has to make changes to the budget. Ongoing decisions of whether to issue additional debt or to make changes to benefits have a direct budgetary impact that must be considered. When the repayment of long-term liabilities comprises a large percentage of the budget, consistent management of the government's obligations is essential.

7. *Multi-Year Financial Planning*

Having a plan that considers the long-term affordability of programs or projects before they become an item in the annual budget is crucial. Assets will need to be replaced, maintenance performed, and programs expanded; advanced planning of these items will help ensure the funding is available in the future.

Steps To a Well-Managed Budget

The Steps to a Well-Managed Budget is a document produced by the Comptroller's Office that outlines various steps a local government can take to manage its budget throughout the fiscal year. Follow this link for a printable copy for your board: tncot.cc/budget

The most important action a governing body takes each year is the adoption of the annual budget. Through the budget, elected officials establish spending authority and set the priorities of the local government. One community's priority could be the reduction of crime, while another's maybe investing in better parks and sidewalks. Whatever the plan, if the budget is not monitored to ensure that public dollars are spent as intended, problems can occur.

Budget To Actual Monitoring

After the governing body approves the budget, the members will need updates on how the plan is going. Reviewing budget to actual reports frequently throughout the year is the most effective way for the governing body to maintain a well-managed budget. Budget to actual comparisons show how close the budget estimates are, if changes to the budget are needed, or if everything is on course as planned. Accuracy in accounting data is essential to make useful budget to actual reports, and timeliness in reviewing the information is vital.

Revenues

Revenues are meticulously forecast during the budget preparation phase, but as the budget year progresses, revenue collection should be closely monitored for variations from original estimates. Most tax collections are cyclical. Comparing the current year's monthly collections to last year for each tax category will help a local government understand if its assumptions, such as whether its planned growth rate is holding true. Timeliness is important because if revenue collections are lower for the year, then cutting expenditures or increasing the use of fund balance may be needed to ensure the budget remains balanced.

Operating Budget

Operating expenditures tend to be less cyclical than revenues – think salaries and benefits. However, even with less variability, the level of spending should be monitored throughout the year. A local government should closely review items like overtime; fuel and commodity purchases; repair and maintenance; and any item that can quickly increase due to outside forces. If changes to the operating budget are planned for mid-year, then those changes should be forecast throughout the remainder of the fiscal year.

Capital Expenditures

Most capital expenditures tend to be planned well in advance, but cost overruns on large capital items, as well as small replacement items, can add up to an unbalanced budget. Local governments should frequently review any ongoing capital projects and ask department heads for updates on their plans to replace items so adjustments can be made if needed. It is important to know in advance what the funding source is for capital project cost overruns.

Amending The Budget

Every item in this document has led to this: It is very important to amend the budget throughout the year. When amending the budget, local governments should keep these principles in mind: the budget must be amended prior to increased spending; recurring revenues should be used to pay for recurring expenditures; cash liquidity must be considered; debt must be paid; and adequate reserves should be maintained. Amending the budget takes time, so local governments should know the process and how much lead time it takes to finalize an amendment. The budget undergirds the vision and strategy for a local government, and care must be taken to constantly monitor it.

Financial Health Metrics

Financially healthy local governments tend to have a few traits in common—they operate with balanced budgets, do not spend nonrecurring funds on recurring expenses, maintain adequate cash reserves, have a manageable debt burden, and keep liabilities in check. Local governments that do not manage these items tend to experience financial issues that show up in the following metrics that the Comptroller’s Office calculates annually:

Financial Health Metrics	Description	No Concern	Slight Concern	Distress Concern
Cash as a Percent of Expenditures	Do we have enough cash reserves to manage cash flow and fund unexpected spending?	Above 15%	15% to 8%	Less than 8%
Current Liabilities as a Percent of Cash	Do we have the ability to pay short-term obligations?	Less than 25%	25% to 75%	Greater than 75%
Debt as a Percent of Assessed Value	How burdensome is our debt load?	Less than 8%	8% to 10%	Greater than 10%
Change in Fund Balance as a Percent of Expenditures	How much did we overspend last year? (A concern exists when cash reserves are low)	Positive value	Decrease of 0% to 2%	Decrease greater than 2%

Fund Balance Policy

Our Office recommends local governments adopt a fund balance policy for all fund types and include in its policy a requirement to maintain an unrestricted fund balance of not less than two months of the regular operating revenue or expenditures for operating funds. Local officials may determine more than two months is appropriate (for example, because of the timing of the receipt of major annual revenue sources and/or the timing of larger expenditures, such as insurance). The nature of each fund will determine the appropriate minimum amount of fund balance that should be maintained. When adopting a policy, please refer to GFOA’s best practice on fund balance guidelines: www.gfoa.org.

Cash Management Policy

Our Office recommends local governments adopt a cash management policy that addresses areas specific to cash, including, but limited to cash flow forecasting, minimum cash balances, short-term borrowing for operations, pooled cash accounts, investment of idle cash, banking, internal controls, collateralization requirements, and internal transfers, loans, and reimbursements, as applicable.

Budget to Actual Reports

As part of the monitoring process, we recommend local governments provide the following information at every regular meeting for each budgeted fund:

- A budget-to-actual report including both revenue and expenditures (expenses);
- An updated cash flow analysis showing actual data from the prior month and any changes to forecasted data; and
- Current cash and fund balance levels.

Best Practices from the Government Finance Officers Association (GFOA)

The following best practices published by GFOA support areas addressed in the [Seven Keys to a Fiscally Well-Managed Government](#), which is included in this Section:

- Achieving a Structurally Balanced Budget
- Financial Forecasting in the Budget Preparation Process
- Long-Term Financial Planning
- Using Cash Forecasts for Treasury and Operations Liquidity

GFOA also has other budgetary best practices including, but not limited to:

- Establishment of Strategic Plans
- Multi-Year Capital Planning
- Capital Budget Presentation
- Working Capital Targets for Enterprise Funds
- Public Engagement in the Budget Process

We recommend local governments review and implement best practices from GFOA as part of your budget policies and procedures, making any necessary changes to address state and local laws and regulations. Online access to GFOA's best practices is available at: www.gfoa.org.

- 1. Budget Preparation Outline**
- 2. Budget Calendar Examples**
- 3. County Continuation Budget Guidance**
- 4. Resolution to Transfer Funds to the School Federal Projects Fund**
- 5. County Budget Amendments**
- 6. Municipality Budget Amendments – Frequently Asked Questions**
- 7. Budget Cycle (Illustration)**

Appendix 1

Budget Preparation Outline

Preparation – The Initial Step

Preparation is the process of preparing the financial plan that is the basis of an appropriated budget, for municipalities, counties, and metro governments, and an adopted budget, for utility districts and authorities that do not have appropriated budgets. The end products of the budget preparation process are a financial plan, a legal document, and budgetary controls.

As part of the executive preparation of the annual operating and capital budget, the chief executive officer and budget officer should review the budget policy and procedures in developing the budget documents guidelines that will be provided to department heads to prepare budget information for each department, as applicable.

Budget Policy and Procedures

The following are items and areas that a local government should consider in developing a budget policy. Budget procedures should be developed and based upon the local government's budget policy. Additionally, the policy should incorporate the requirements of State statutes and the Office of the Comptroller.

A. Key Budget Items

1. Scope – the funds budgeted
2. Budget Period
3. Basis of Budgetary Accounting
4. Cost Allocation – how the direct and indirect costs of a program will be allocated

5. Basis of Control

The basis of control is the organizational unit or department level of expenditures/expenses. This classification corresponds with the governmental unit's organizational structure. A particular organizational unit may be charged with carrying out one or several activities or programs. The appropriation level is the same as the basis of control, the organizational unit. An organizational unit may be budgeted across more than one fund. Utility districts and authorities normally have one department but may have more than one, such as a water system and a gas system.

Organizational Unit Examples:

- a. Examples of an organizational unit are a: Police Department, Fire Department, Office of Building Safety, Street Department, Finance Department, Local Attorney, Council/Commission, and utility departments such as the Water & Sewer Department.

- b. Example of an organizational unit with multiple activities or programs: a Public Works Department that builds and maintains streets, roads, and bridges; collects and disposes solid waste; and maintains and oversees construction of public buildings and grounds.
- c. Example of an organizational unit budgeted across more than one fund: Public Works Department – General Fund, State Street Aid Fund, and Solid Waste Fund.

6. Balanced Budget Definition

A budget is balanced when expenditures for the year do not exceed expenditures and beginning fund balances. Sufficient cash balances should be maintained throughout the year to meet cash flow needs and contingencies. To meet this requirement, a balanced budget should also have:

- a. Sufficient recurring revenue to meet recurring expenditures (expenses) (structurally balanced).
- b. Nonrecurring expenditures met by planned, one-time uses of cash, such as
 - i. Grants or other one-time cash receipts.
 - ii. Cash-on-hand (reserves).
 - iii. Debt proceeds.
- c. Sufficient cash available to fuel the grant reimbursement cycle.
- d. All annual debt service payments are met.

7. Budget Form and Information

- a. Terminology and classification should be the same as used for reporting and accounting. (GASB Codification 1700.118)
- b. The format is typically in a Statement of Revenues, Expenditures/Expenses and Changes in Fund Balance/Net Position Format.
- c. The budget should be designed to clearly indicate recurring and non-recurring revenues and expenditures or expenses.
- d. Budget supporting schedules may be in a form, required by the Governing Body, to communicate specific information not reported in financial statements formats. At a minimum, three years of financial data must be presented: prior year audit amounts, current year estimated amounts, and budget year amounts.

8. Financial Forecasts

- a. Short-term – coming year’s budget
 - i. Cash/revenue
 - 1. Recurring – annual revenues, such as property and sales taxes
 - 2. Non-recurring – one-time sources of revenue, such as insurance recoveries, debt proceeds, and grant monies
 - ii. Spending
 - 1. Operating
 - a. Recurring – annual expenditures or expenses, such as salaries and utilities
 - b. Non-recurring – one-time expenditures
 - 2. Capital – expenditures for plant, property, and equipment
- b. Long-term – future years’ budget

- i. Multi-year Budget – Five-year budget forecasting the impact of future changes in revenue and spending, including the impact of new and current programs and payments on long-term liabilities.
- ii. Capital Improvement Plan – Five-year program of planned spending for the construction/purchase of plant, property, and equipment, including sources of financing and impact on the operating budget from new or improved facilities and equipment—not a wish list.

9. Performance Measurement

10. Transparency and Accountability

- a. Budget meetings
- b. Budget publication
 - i. Legally-required budget notice publication
 - ii. Website and other media
- c. Budget availability
 - i. Website
 - ii. On-site copies

B. Budget Principles

In Tennessee, budget principles are rooted in the requirement that budgets must be balanced and the local government should have sufficient cash to pay its obligations as they become due, including all annual debt service. This includes the idea of sustainability for activities accounted for in general funds, special revenue funds, and enterprise funds. Recurring spending should not exceed recurring receipts.

Key thought: Spend less than the amount of revenue your local government can generate.

1. Spending

- a. Spending cannot exceed what the local government's economy, or customer base, can realistically support.
- b. Recurring spending should not exceed recurring cash receipts.
- c. Non-recurring spending should be met by debt funding, savings, or one-time cash receipts.
- d. Critically examine past spending patterns.
 - i. Could we afford what we did in the past?
 - ii. Can we afford it in the future?
 - iii. Did past spending accomplish goals?
- e. Prioritize services,
 - i. What is important?
 - ii. What meets our needs?
 - iii. What can we afford?
- f. Maintain existing spending over providing new services.
- g. Critically examine sustainability of current services and any planned new recurring spending, including those related to capital assets.
 - i. Does it meet our needs?
 - ii. Can we afford it now and in the future?

- iii. Can we afford new recurring costs related to current and planned capital assets? For example, an expansion to the fire hall will require new equipment, more utilities, and additional personnel.
 - h. Liabilities
 - i. Pay what you owe:
 - 1. Debt
 - 2. Pensions
 - 3. OPEB
 - ii. These liabilities are recurring spending (or cash) items.
 - 2. Revenues
 - a. Tax rates and fees – cash receipts
 - i. Understand and manage tax rates and their impact.
 - ii. Assign costs to users for services to develop fees sufficient to support the provision of services.
 - b. Use of one-time cash receipts:
 - i. Should not be used for recurring spending.
 - ii. Should be matched to appropriate non-recurring cash receipts or use saved monies for one-time spending and capital projects.
 - c. Use of unpredictable cash receipts:
 - i. Should not be used for recurring spending.
 - d. Forecasting cash receipts for the coming year and future
 - i. Methods and assumptions used in forecasting should be reasonable and the assumption supportable.
 - ii. Forecasts should be realistic and conservative, not leaning toward the high-end to support new or increased spending.
 - iii. Forecasts should be made beyond the fiscal year to determine if future cash receipts are trending up or down.
 - iv. Forecasts are a tool that is not an absolute but the best guess about future performance.
 - 3. Preferences for Budget Balancing
 - a. Productivity – do more with less or the same amount of resources.
 - b. Austerity – cut or eliminate services.
 - c. Revenue – find new revenues or increase current tax rates and fees.
- C. Special Situations
- 1. Vacancy savings – the difference between the full-appropriated amount and the actual cost of authorized employee positions during a budget period.
 - 2. Equipment replacement
 - 3. Year-end budget savings – money remaining from cost efficiencies in spending being less than the appropriated amounts or otherwise achieving the planned activities for less cost than the amount appropriated. Normally, this becomes available for the next year's spending or is placed into reserves for contingencies.

- D. Budget Process
 - 1. Roles and responsibilities
 - 2. Budget calendar
 - 3. Budget document
 - 4. Budget participation
- E. Post-Adoption
 - 1. Budget controls
 - 2. Budget amendments

Related Policies

- A. Revenue Policies
- B. Expenditure (Expense) Policies
- C. Cash Management Policies
- D. Cash Balance and Rainy Day/Reserve Balance Policies
- E. Fund Balance Policies
- F. Purchasing Policies
- G. Capital Asset Management Policies
- H. Debt Management Policies
- I. Long-Term Financial Planning Policies

Budget Process

- A. Roles and Responsibilities
 - 1. Preparation
 - a. City and County Management including but not limited to the following: Chief Executive Officer (CEO), County or City Mayor, City Manager, Chief Financial Officer (CFO), and Budget Officer/Director
 - i. Prepare and distribute budget guidelines and forms for budget preparation.
 - ii. Prepare revenue forecasts and revenue estimates.
 - iii. Prepare executive budget and property tax levy from departmental budgets and revenue estimates.
 - b. Department Heads
 - i. Prepare departmental budgets in accordance with budget guidelines.
 - ii. Submit departmental budget to the CFO or Budget Officer.
 - 2. Adoption
 - a. Budget (Finance) Committee
 - i. CEO, CFO, or Budget Officer presents Executive Budget and proposed tax levy to the Budget (Finance) Committee.

- ii. Holds meetings to review budget and proposed tax levy and develop Annual Operating and Capital Budget Ordinance or Resolution with property tax levy.
- iii. May require the Department Heads and CFO or Budget Officer to make presentations or provide explanations as part of this process.
- iv. Presents original Annual Operating and Capital Budget Ordinance or Resolution with property tax levy and supporting documents to Governing Body.

(It is recommended that all members of the Governing Body attend these meeting to understand the budget.)

b. School Board

- i. Adopts its budget in accordance with State statute requirements and budget guidelines.
- ii. Submits school budget to CEO/CFO or Budget (Finance) Committee.

c. Governing Body

- i. Holds meetings to adopt Annual Operating and Capital Budget Ordinance or Resolution, with property tax levy, as applicable.
- ii. After making any amendments to the original budget, adopts the final Annual Operating and Capital Budget Ordinance or Resolution with property tax levy, as applicable.

d. Execution

- i. The CEO and Department Heads (including the School System) implement the budget adopted by the Governing Body.
- ii. Department Heads ensure that spending stays within appropriated amounts for their organizational units by monthly monitoring of departmental budgets and not executing the purchase of good or services without following proper purchasing procedures, including letting the CFO first determine if monies are available for the expenditure.
- iii. The CFO monitors the overall budget, taking appropriate action to ensure departments' budgets stay within the appropriated spending authority.

e. Evaluation

- i. CFO
 - 1. Prepares monthly budget-to-actual reports for the Budget (Finance) Committee and Governing Body.
 - 2. Updates the cash flow forecast with actual data from each completed month for the Governing Body.
 - 3. Prepares proposed budget amendments based on actual financial performance and needs.
- ii. Governing Body, Budget (Finance) Committee, and School Board
 - 1. Monitor the local government's financial health and needs based on reports on budgetary performance and cash flows from the CFO.
 - 2. Appropriately amend budget to keep in balance.
 - 3. New or increased spending should be supported by new revenues or decreases in other appropriations.

4. Evaluate overall budget performance in achieving the Governing Body's goals throughout year on a perioding basis, such as quarterly, and specifically at year end.

B. Budget Calendar

1. As part of the preparation process, a budget calendar should be developed to ensure the budget is adopted prior to the beginning of the fiscal year.
2. The budget calendar and budget guidance should be presented to the Department Heads, Budget (Finance) Committee, and Governing Body. The calendar gives deadlines and expectations for the budget process.

C. Budget Document

The budget document is prepared by the CEO, CFO or Budget Officer, and Budget Finance Committee and contains the following parts:

1. Budget Message from the Mayor/CEO/City Manager/CFO
2. Budget Summary
3. Annual Operating and Capital Budget Ordinance or Resolution with Ad Valorem (Property) Tax Levy, as applicable
4. Separate Property Tax Levy Ordinance or Resolution (if property tax is not part of, or is adopted after, the Operating and Capital Budget Ordinance or Resolution)
5. Detailed Budget (modified accrual and/or accrual basis)
 - a. Explanation of any increases in appropriations from the current year
6. Schedules
 - a. Revenue Forecasts (including a description of methodology and assumptions)
 - i. Property tax
 - ii. Sales tax
 - iii. User fees
 - iv. Other revenues
 - b. Utility Rate Schedules
 - c. Utility Revenue Forecast
 - d. Schedule of Outstanding Debt
 - e. Wage and Salary Schedule
 - f. Capital Budget and Capital Improvement Plan
 - g. Budgets Schedules
 - i. Governmental Funds
 - ii. Enterprise Funds
 - h. Cash Flow Forecasts by Fund
 - i. Schedule of Recurring/Non-Recurring Revenue, Expenditures (Expenses), and Costs [cash-outflows that are balance sheet items or included in per unit cost of

production (i.e., per unit equipment replacement/capital maintenance cost allocated per unit of production)]

- j. Other schedules required by the Governing Body or state statutes
 - i. Consider schedules that demonstrate compliance with specific statutory or other requirements.
 - ii. Consider a schedule of grants and projects that demonstrates the availability of sufficient monies to meet grant matching requirements and to cash flow the grant reimbursement cycle.
 - iii. Consider schedules for activities that are part of the General Fund but that the Governing Body would want to see as separate funds.
 - iv. Consider a multi-year operation budget as an additional schedule.

7. Annual Operating and Capital Budget Resolution or Ordinance

Depending on a local government's charter and policies, the Budget (Finance) Committee may make changes to the Executive Budget presented to them by the CEO, CFO, or Budget Officer prior to it being placed in the Operating and Capital Budget Ordinance or Resolution. The Budget (Finance) Committee may also make changes to the proposed tax levy prior to adoption.

Because the process is often specific to the laws that apply to your local government, procedures should be developed and followed to comply with budget laws that govern your local government's budget process. If your local government does not have laws that address these, contact MTAS, CTAS, TAUD, or our Office for assistance with developing procedures to ensure your government has controls in place for adoption and subsequent amendment.

The Comptroller of the Treasury or a designee may require the Governing Body to amend the original budget or the subsequent amendment budget to reduce spending for maintenance of a balanced budget.

Unexpended and unencumbered appropriations authority authorized by the Annual Operating and Capital Budget lapses at the end of the fiscal year.

8. Property Tax Levy Ordinance or Resolution, as applicable

Property tax is the only revenue the Governing Body has direct control over. All other revenues are authorized by State statute and cannot be changed solely by the action of the Governing Body. A property tax levy must be adopted for each fiscal year to collect property tax in that fiscal year.

In a reappraisal year, local governments should not delay the budget process. The budget is based on estimates and the expectation of our Office is for the certified property tax rate and annual budget to be adopted simultaneously and timely during a reappraisal year. If the certified property tax rate is not available at the time of budget adoption, local officials should follow the guidance in Appendix 8. If there are special circumstances, local officials should reach out to our Office and we will work with the local government and the Comptroller's State Board of Equalization to address the situation.

If the certified tax rate is adopted as the property tax rate, then the amount of property tax revenue generated will be approximately the same as the current year for the upcoming budget year. For information about the reappraisal process, visit the Comptroller's State Board of Equalization website at: tncot.cc/certified-tax-rate. The certified tax rate can be adopted by resolution or ordinance, depending upon state and local laws that apply to your specific local government.

In accordance with TCA § 67-5-1702, a Governing Body electing to adopt a property tax rate exceeding the certified tax rate must:

- a. Advertise its intent to exceed the certified tax rate in a newspaper of general circulation in the county and the information regarding the public hearing at which it intends to adopt an ordinance or resolution authorizing a property tax levy exceeding the certified tax rate.
- b. Within thirty (30) days after the publication, furnish to the State Board of Equalization an affidavit of publication.
- c. After the public hearing, the Governing Body may adopt an ordinance or resolution levying a tax rate more than the certified tax rate.

~~If the Governing Body increases the property tax rate from the certified rate, it can amend the Original Budget to appropriate monies to be spent from the increased revenue. The Original Budget should be adopted prior to the beginning of the fiscal year on July 1 even during a reappraisal year.~~

~~If the adopted property tax rate is not sufficient to fund the budget, the tax rate can be amended if the amendment process takes place prior to the first Monday in October. The property tax is amended by ordinance or resolution and noticed as any other ordinance or resolution prior to the public meeting at which it would be adopted.~~

If the property tax levied is not sufficient to meet the balanced budget requirements for TCA § 9-21-403, the Comptroller of the Treasury or a designee may direct the Governing Body to ~~amend its budget to ensure~~ **adopt a new property tax levy sufficient to meet all its obligations are met** for the budget year, including debt service payments.

D. Transparency

Local governments are responsible for the public finances they manage. Part of that responsibility includes transparency to the public served. Local officials are responsible for complying with public transparency requirements. State law and local policy will govern the requirements specific to your government. Requirements will often include:

1. Publication of a notice of the public hearing in the format required by statute.
2. Notification that the budget and all supporting data is available in the Office of the Chief Financial Officer and is open to public inspection.
3. A public hearing is held on the proposed budget before its final adoption by the Governing Body.

These three requirements provide transparency in the process by giving citizens notice of the public hearing on the budget, an opportunity to examine the proposed budget, and an opportunity to participate in the public hearing. A local government may elect to do more than the minimum statutory requirements. Our Office recommends that a local government publish the annual budget and any amendments on its website.

The following are some of the methods of engaging in public participation in the budget process:

1. Websites and dashboards
 - a. Online budget
 - b. Surveys
 - c. Interactive tools
2. Citizen involvement
 - a. Citizen advisory committees
 - b. Public outreach meeting
 - c. Scheduling Budget (Finance) Committee and Governing Body meetings at times the public can easily attend.
3. Budget Education

Appendix 2

Budget Calendar Examples

Counties

Date	Budget Cycle Phase	Responsible Party	Procedure
January	Preparation	Budget Director	Deliver forms for all budget requests to all departments.
By March 1	Preparation	Departments	All departments except the local board of education shall deliver the appropriate estimates and budget request to the Budget Director.
By April 1	Preparation	Budget Committee and Budget Director	The county Budget Committee shall vote upon the proposed budget and the Budget Director shall notify the departments if the committee approves or rejects the proposed budget.
Immediately After Prior	Preparation	Budget Director	If approved, the Budget Director shall immediately forward the proposed budget to the county legislative body for consideration; or
Immediately After Prior	Preparation	Departments	If rejected, the department, commission, institution, board, office, or agency shall submit a revised budget proposal to the Director of Accounts and Budgets within ten (10) business days after receipt of notice that the budget proposal was rejected.
By May 1	Preparation	School Department	The Local Education Agency (LEA) shall submit a proposed budget to the Budget Director, provided that the LEA may amend the proposed budget after May 1.
By June 1	Adoption	Budget Committee and Budget Director	The county Budget Committee shall vote upon the proposed budget and the Budget Director shall notify the LEA if the Budget Committee approves or rejects the LEA budget.
Immediately After Prior	Adoption	Budget Director	If approved, the Budget Director shall immediately forward the proposed budget to the county legislative body for consideration
Immediately After Prior	Adoption	School Department	If rejected, the LEA shall submit a revised budget proposal to the Budget Director within ten (10) business days after receipt of notice that the budget proposal was rejected.
Immediately After Prior	Adoption	County Commission	If the Budget Committee rejects the first or second budget proposals of a department, then the third and subsequent proposals shall be sent directly to the County Commission which shall approve or reject it within ten (10) business days.
On or Before June 30	Adoption	County Commission	Adopt the fiscal year budget.
Within 15 days of Adoption	Oversight	Budget Director	Submit the budget to the Comptroller's Division of Local Government Finance for approval.
After Adoption	Execution	Finance Staff	Implement the budget.
July 1 through June 30	Execution	Finance Staff	The Finance Staff shall monitor the budget and make any recommended amendments to the County Commission prior to overspending an appropriation.
After the Budget Year	Oversight	County Commission	Implement policies and procedures to address audit findings related to the budget process.
After the Budget Year	Oversight	County Commission and/or Utility Board	Implement directives from the Tennessee Board of Utility Regulation.

Municipalities

Date	Budget Cycle Phase	Responsible Party	Procedure
January-February	Preparation	Finance Director	Review prior year audit and current year estimates and prepare estimate forms.
March-April	Preparation	Finance Director	Meet with departments and estimate revenue to compile budget.
By May 15	Preparation	Finance Director	Submit estimated budget to Finance Committee for review/consideration.
Immediately after Prior	Preparation	Mayor	Submit proposed budget to legislative body.
By June 1	Adoption	Legislative Body	Finalizes budget, hold public meeting to adopt the budget on first reading.
Immediately after Prior	Adoption	Finance Director	Publishes budget notice and call a public hearing for at least 10 days after publication.
On or Before June 30	Adoption	Legislative Body	Adopt the fiscal year budget (If a three reading City plan to hold third reading prior to June 30).
Within 15 days of Adoption	Oversight	Finance Director	Submit the budget to the Comptroller's Division of Local Government Finance for approval.
After Adoption	Execution	Finance Staff	Implement the budget and enter into the accounting system.
July 1 through June 30	Execution	Finance Staff	The Finance Staff shall monitor the budget and make any recommended amendments to the County Commission prior to over spending an appropriation.
As Applicable	Oversight	Legislative Body	Implement policies and procedures to address audit findings related to the budget process.
As Applicable	Oversight	Legislative Body	Implement directives from the Tennessee Board of Utility Regulation.

Utility Districts

Amount of Time Before the Start of the Fiscal Year	Budget Cycle Phase	Responsible Party	Procedure
Four Months	Preparation	Finance or General Manager	Review the prior year's audit and current year's estimates and prepare the estimated budget.
Two Months	Preparation	Finance or General Manager	Submit the proposed budget to the legislative body.
One to Two Months	Adoption	Commission	Hold a meeting of the governing body for the Utility District or Authority for consideration of the budget for adoption.
Immediately after Prior Step	Oversight	Finance Staff	Submit the budget to the Comptroller's Division of Local Government Finance for approval.
After Adoption	Execution	Finance Staff	Implement the budget.
Entire Fiscal Year	Execution	Finance Staff	Monitor the budget and make any recommended amendments to the governing body.
As Applicable	Oversight	Commission	Implement policies and procedures to address audit findings related to the budget process.
As Applicable	Oversight	Commission	Implement directives from the Tennessee Board of Utility Regulation.

Appendix 3

County Continuation Budget Guidance

Counties in Tennessee are required to adopt their operating budget before the beginning of the fiscal year. If circumstances arise and the county cannot adopt its budget by June 30, then Tennessee law gives authority for counties operating under the General Law, County Budgeting Law of 1957, Financial Management Act of 1981, and Financial Management Act of 1993 to operate on a continuation budget. All other counties should consult their charters.

Counties budgeting pursuant to the General Law, County Budgeting Law of 1957, and Financial Management Act of 1981 may continue operations with the appropriations of the prior fiscal year if the county legislative body (the “CLB”) has not adopted an appropriation resolution for its current fiscal year by June 30.¹ No action is required by the CLB to adopt a continuation budget if the budget is adopted prior to August 31. An agency of a county, or other entity that receives county monies, can spend no more than the amount spent in the same month of the prior fiscal year while operating under a continuation budget. While operating under a continuation budget, a county can amend its prior year’s budget, especially to provide for the payment of debt service. A final operating budget for each fiscal year must be adopted no later than August 31. Under extraordinary circumstances, a county may request approval from the Comptroller’s Division of Local Government Finance (LGF) to adopt a continuation budget approval resolution that extends its prior fiscal year appropriation authority through September 30.

Continuation Budget Extension

There are extraordinary circumstances that may justify an approval from LGF to extend the county’s continuation budget authority until September 30. The following circumstances would **not** meet requirements for approval of a continuation budget extension:

- Inability to reach an agreement on the budget
- School Board has not provided the final budget
- Property reassessment year
- Election year
- Financial statements not audited

If a county wants to request an approval for an extension of the continuation authority, it should submit a request letter from the County Executive/Mayor, on or before August 15, which includes:

- A statement that the county’s current year budget is balanced and can remain balanced during the continuation period,
- An explanation of the extraordinary circumstances that necessitated the request for continuance,
- Whether these circumstances have occurred before, and, if so, how often.

Additional information may be requested. LGF will respond within 7 business days of the request.

¹ T.C.A. § 5-9-404 General Law Budgeting, T.C.A. § 5-12-109(A) County Budgeting Law of 1957, and T.C.A. § 5-21-111 Financial Management Act of 1981.

The county should set and properly advertise a meeting at which either a continuation budget extension resolution can be adopted or the appropriation resolution for its current fiscal year can be adopted. If the extension of a continuation budget is approved, the CLB must adopt the county's appropriation resolution and tax levy resolution by September 30. A county will not have authority to spend money after September 30 without an adopted budget. Adopting a budget and tax levy in September may delay the collection of taxes until after the property tax due and payable date of the first Monday in October.

Final Operating Budget Requirements

The county should consider the following when adopting its budget:

- The appropriation and tax levy resolutions the CLB adopts and supporting documentation for the budget must be submitted to LGF for approval. State law requires a complete and proper budget be submitted immediately upon adoption.
- State law requires a county school system to submit a complete and certified copy of its entire budget to the Tennessee Department of Education (TDE) within 30 days after the beginning of the fiscal year.
- The CLB needs to adopt a budget in a timely manner so that its school system may be able to report a complete and certified school budget to TDE by the final reporting deadline of October 1 in order to maintain its eligibility to receive state school funds.
- Property taxes are due and payable on the first Monday in October.
- If the CLB adopts an unbalanced budget or one with insufficient monies appropriated for the payment of debt service, the Comptroller may direct that the appropriation resolution be amended to reduce expenditures or that the tax levy resolution be amended to increase the property tax levy.
- If the CLB does not adopt a budget in a timely manner, a county will not have any spending authority after the continuation budget deadline of August 31 or after the continuation budget extension deadline of September 30.

Please contact our Office at 615.401.7829 if you need further guidance. We ask that you contact your CTAS financial consultant if you need assistance with any of these processes related to the Commission's adoption of an appropriation resolution and tax levy resolution.

Appendix 4

Resolution to Transfer Funds to the School Federal Projects Fund

Resolution No. _____

RESOLUTION OF THE GOVERNING BODY OF

_____ TENNESSEE,

AUTHORIZING THE TRANSFER OF \$ _____

FROM

THE GENERAL PURPOSE SCHOOL FUND

TO

THE SCHOOL FEDERAL PROJECTS FUND

WHEREAS grants in the Federal Projects Fund are on a reimbursement basis and funds are requested from the State of Tennessee by [*Name of School System*] for expenditures on a monthly basis; and,

WHEREAS the School Federal Projects Fund operates with a cash deficit at various times throughout the fiscal year due to a slow turn-around time for reimbursements from the State of Tennessee; and,

WHEREAS a cash deficit in any fund is considered to be a significant deficiency in internal control; and,

WHEREAS [*Name of School System*] does not desire to operate any fund with a cash deficit.

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of [*Name of School System*], a local education agency in Tennessee, meeting in called session on this _____ day of _____ 202 ____ and by the [*Name of Governing Body of the Name of City or County*], a [*Municipality/ County*] in Tennessee, meeting in called session on this _____ day of _____ 202____, that:

Section 1. The General Purpose School Fund shall transfer \$ _____ to the School Federal Projects Fund on _____ 30, 202____.

Section 2. The \$ _____ transfer shall remain in the School Federal Projects Fund as a committed fund balance from the General Purpose School Fund and may be repaid at any time as noted in a resolution passed by the Board of Education and [*Name of Governing Body of the Name of City or County*].

Section 3. This resolution will take effect upon passage. The Secretary of the Board of Education shall include this Resolution in the minutes of the [*Name of School System*]. The [*Name of City or County*] shall include this Resolution in the minutes of the [*Name of City or County*].

Adopted this _____ day of _____ 202____.

APPROVED:

APPROVED:

Chairman, Board of Education

Mayor/County Executive [Identify Type of
Governing Body]

ATTEST:

ATTEST:

Secretary, Board of Education

[Identify Title of Local Official]

Appendix 5

County Budget Amendments

	General Law T.C.A. § 5-9-407	1981 Financial Management System T.C.A. § 5-21-111 thru 113	1993 Local Option Budgeting Law T.C.A. § 5-12-212-213	1957 Fiscal Act	Private Act or Home Rule	Metropolitan Charter
Statutory-Required Expenditures	May not be amended to reduce any expenditure required by law. T.C.A. § 5-9-407(a)	The county legislative body may alter or revise the proposed budget; however, it may not reduce budgeted amounts for the repayment of debt principal and interest requirements or for other expenditures required by law. T.C.A. § 5-21-111(e)(1)		Follow provisions of General Law.	Refer to enabling legislation to determine requirements specific to your government. If your county's Private Act or Home Rule charter does not provide budget amendment authority, you will need to determine if the county is authorized to make amendments under the General Budgeting Law.	General laws for metro governments do not specifically address budget amendments. You should ensure that you have legal authority to amend the legal budget document.
Highway Departments		T.C.A. § 5-21-110(c)(2) includes Highway Funds in the budget.	Must first be approved by the chief administrative officer of the county highway department.			
Schools	Must be approved by the school board. T.C.A. § 5-9-407(a)	The classification of expenditures and receipts of all county school funds for any purpose, administered by the county board of education and county director of schools, shall conform to the classification of accounts as prescribed by the Commissioner of Education. T.C.A. § 5-21-110(d)(4).	Must first be approved by the school board.	Follow provisions of General Law.		
Definition of Major Budget Category	Defined as major categories or summary accounts in latest COT chart of accounts.	TCA 5-21-110(d)(3) as set by the state uniform accounting system.	Not defined in this local option law, follow provisions of General Law.	Follow provisions of General Law		
Major Budget Category Legal Action	Passage of an amendment by majority of county legislative body.	Submitted to the budget committee for its recommendation to the county legislative body.	Specific requirements apply. The county should develop policies to ensure statute is followed.	Follow provisions of General Law.		

	"General Law T.C.A. § 5-9-407"	1981 Financial Management System T.C.A. § 5-21-111 thru 113	"1993 Local Option Budgeting Law T.C.A. § 5-12-212-213"	1957 Fiscal Act	Private Act or Home Rule	Metropolitan Charter
Major Budget Category: Request by an Official or Department Head	Must be in writing to county and each member of legislative body.	A department head is entitled to a hearing before the legislative body in order to justify any proposed additional requests or budget estimates. T.C.A. § 5-21-111(f)	Must be in writing to county and each member of legislative body.	Follow provisions of General Law.	Refer to enabling legislation to determine requirements specific to your government. If your county's Private Act or Home Rule charter does not provide budget amendment authority, you will need to determine if the county is authorized to make amendments under the General Budgeting Law.	General laws for metro governments do not specifically address budget amendments. You should ensure that you have legal authority to amend the legal budget document.
Major Budget Category: Form/Content of Amendment	T.C.A. § 5-9-407(b)	T.C.A. § 5-21-113(e) - above the line item category must be sent to the commission for approval.	T.C.A. § 5-12-213(a)(3)	Follow provisions of General Law		
Line Item Within a Major Category	Cannot be previously disapproved by legislative body. Specific requirements apply. The county should develop policies to ensure statute is followed.	The budget committee, with the consent of any official, head of any department or division that may be affected, may make transfers and adjustments within the smallest budgetary itemization of any subdivision.	Specific requirements apply. The county should develop policies to ensure statute is followed.	Follow provisions of General Law T.C.A. § 5-12-110		
Amendments as a Result of Local, State, or Federal Revenues Received in Excess of Estimates Used to Adopt the Budget		Submitted to the budget committee for its recommendation to the county legislative body.	Approved by majority vote of legislative body. The requesting department must give written notice to the county mayor at least 7 days prior to consideration by legislative body. T.C.A. §5-12-212 T.C.A. § 5-12-215			
Impoundment to Prevent a Deficit		T.C.A. § 5-21-112(c)(1)				
Court Orders		The county legislative body shall adopt any budget amendment necessary to implement such court order. T.C.A. § 5-21-110(d)(5)	Amendments shall be made to comply with court orders. T.C.A. § 2-12-213(c)			

Appendix 6

Municipality Budget Amendments Frequently Asked Questions

1. When and how do municipalities amend their budgets?

Municipalities must amend their budgets prior to increasing spending for any appropriation.

Tennessee Constitution Article 2 § 24, Tenn. Code Ann. § 9-1-116, Municipal Budget Law of 1982 (Tenn. Code Ann. §§ 6-56-203 & 6-56-208), General Law City Manager-Commission Charter (Tenn. Code Ann. § 6-22-124), and General Law Modified City Manager-Council Charter (Tenn. Code Ann. § 6-35-308)

2. Can a municipality amend its budget after the end of the fiscal year?

Monies must be appropriated prior to being spent. Budget amendments must be adopted to authorize increases in spending. No provision is made to permit the authority to spend after the fact.

Tennessee Opinion of the Attorney General No. 99-075

3. At what classification level are budget amendments made?

Municipal appropriations are made at the department, office, board, and agency level or organizational unit level unless the requirements of your municipal form of government exceed the requirements of the Municipal Budget Law of 1982.

Municipal Budget Law of 1982 (Tenn. Code Ann. §§ 6-56-202 & 6-56-203(1))

4. Do amendments need to show the source of funds (revenues, fund balance, reductions in other appropriations, or transfers) supporting any new spending?

Yes.

Tennessee Constitution Article 2 § 24, Tenn. Code Ann. § 9-1-116, Municipal Budget Law of 1982 (Tenn. Code Ann. §§ 6-56-203 & 6-56-208), General Law City Manager-Commission Charter (Tenn. Code Ann. § 6-22-124), and General Law Modified City Manager-Council Charter (Tenn. Code Ann. § 6-35-308)

5. Can the expenditure amounts in the detailed budget or budgetary control accounts be less than the amount appropriated?

Yes, the appropriated amount is the maximum amount that may be spent for that appropriation. The amount appropriated cannot exceed available cash as estimated in the original budget ordinance and spending for appropriations cannot exceed monies available at the time of

expenditure. A municipality may use control accounts which are less than the amount appropriated. A municipality cannot plan to spend more than appropriated.

Tennessee Constitution Article 2 § 24, Tenn. Code Ann. § 9-1-116, Municipal Budget Law of 1982 (Tenn. Code Ann. §§ 6-56-203 & 6-56-208), General Law City Manager-Commission Charter (Tenn. Code Ann. § 6-22-124), and General Law Modified City Manager-Council Charter (Tenn. Code Ann. § 6-35-308)

6. How are transfers made between funds?

Transfers between funds are made by appropriating through the original budget ordinance or by a budget amendment from the sending fund to the receiving fund. Transfers are reported as other financing uses for the fund transfers are made from and as other financing sources for the receiving fund. **A transfer is not a loan between funds.** A transfer must be appropriated and included in the original budget ordinance or in a budget amendment before it can be executed.

Tenn. Code Ann. §§ 6-22-122, 6-35-308 and 6-56-203(1)

7. How are budgetary transfers made between appropriations in the same fund?

a. Municipalities Generally

Budgetary transfers between departments, offices, boards, and agencies are made by a budget amendment adopted by the governing body unless the governing body has delegated authority in the original budget ordinance for the budget officer to make transfers. When the authority is delegated by the governing body, it must set a maximum amount the budget officer may transfer. If authority has been delegated to the budget officer, the budget officer must report to the governing body the amount of any transfers between appropriations in the same fund at the next regular meeting. The report on the transfer must be entered in the minutes of that meeting. Any transfer above the amount delegated to the budget officer must be by a budget amendment adopted by the governing body.

Municipal Budget Law of 1982 (Tenn. Code Ann. § 6-56-209)

b. Municipalities with a General Law City Manager – Commission Charter

Budgetary transfers between departments, offices, boards, and agencies within the same fund are by budget amendment.

Tenn. Code Ann. § 6-22-124(c)

c. Municipalities with a General Law Modified City Manager – Council Charter

The city manager can make budgetary transfers between departments, agencies, or activities within each fund.

Tenn. Code Ann. § 6-35-310

8. Do budget amendments have to be balanced?

Budgets must remain balanced. Therefore, increases in appropriations must be accompanied by an increase in revenues, a transfer of money from another fund, a decrease in cash, a use of fund balance (or net position), or a decrease in the appropriations of another organizational unit(s) of the same fund.

Appendix 7

The Budget Cycle



Appendix 8

Adopting the Budget During a Reappraisal Year

At specified intervals, counties in Tennessee must revalue land and buildings for property tax purposes. This is referred to as a reappraisal year. In a reappraisal year, the Tennessee State Board of Equalization gives each taxing jurisdiction a Certified Tax Rate (CTR) as prescribed by Tenn. Code Ann. Title 67, Chapter 5, Part 17. The CTR is designed to ensure to the taxpayers that there is no tax increase hidden in the reappraisal, accordingly, the CTR will generate property tax revenue consistent with the prior year. Newly taxable real and personal property are backed out of CTR calculation but will generate additional property tax revenue. This document examines the impact of the CTR on the annual budget adoption process.

Budgets for counties and municipalities should be adopted on or before June 30 of each year. When the CTR will not be available at the time of budget adoption, local officials should proceed to adopt the budget in a timely manner and then follow the steps provided by the State Board of Equalization for adoption of the tax rate when the CTR is available.

DEFINED TERMS

County Assessor—an elected official whose role is to accurately identify, list, appraise, and classify all taxable properties in preparation of the annual assessment roll. The county assessor plays an important role in calculating the certified tax rate.

Certified Tax Rate (CTR)—the rate, as calculated by the county assessor and chief executive of the tax jurisdiction and reviewed by the Tennessee State Board of Equalization, that represents the tax rate needed to collect property tax revenues consistent with the prior year after a reappraisal of property values. The certified tax rate can only be exceeded after the notification of and the holding of a public hearing.

Certified Tax Rate (CTR) Law—requires local governments to conduct public hearings before adopting a property tax rate that generates more taxes overall in a reappraisal year than were billed the year before at the previous year's lower values. The CTR law is codified in Tenn. Code Ann. § 67-5-1701 and sometimes referred to as the truth-in-taxation law. The law requires counties and cities to determine a tax neutral rate using the new reappraisal values after adjusting for either new properties or properties removed from the tax base since the prior year. Truth-in-taxation is intended to make sure higher reappraisal values do not automatically result in a tax increase.

Once a certified rate is calculated by the assessor and chief executive of the tax jurisdiction, and reviewed by the State Board of Equalization, it is submitted to the jurisdiction's governing body for formal determination, usually for consideration with the budget. If the budget requires an increase above the certified rate, the governing body must publish notice of a public hearing on whether to exceed the certified rate and then may proceed to adopt an actual tax rate after the hearing. If the certified tax rate is exceeded, the jurisdiction must send the State Board of Equalization an affidavit of publication for the hearing notice, and a certified copy of the final

tax rate ordinance or resolution. State Board of Equalization's website:
<https://comptroller.tn.gov/boards/state-board-of-equalization.html>.

HOW TO ADOPT A TIMELY BUDGET WHEN THE CTR IS NOT YET AVAILABLE

Adopting the Certified Tax Rate (CTR)

Local officials adopt the CTR when they need a property tax rate that will generate revenue consistent with the prior year. Once a CTR is calculated and reviewed by the assessor and chief executive of the tax jurisdiction, and reviewed by the State Board of Equalization, it is submitted to the jurisdiction's governing body for formal determination, usually for consideration with the budget. Newly taxable real and personal property are backed out of CTR calculation but generate additional property tax revenue.

Budget Impact:

- The property tax revenue estimate will be the sum of: (1) last year's property tax revenue estimate and (2) estimated property tax revenue generated from new growth in the area (the county assessor will have the growth value). Contact MTAS or CTAS for assistance.
- Include the dollar amount of the estimated property tax revenue in the budget and proceed with the remainder of the budget preparation process.
- It is important not to include an estimated rate in the legal budget document or to separately adopt an estimated property tax rate. Instead, local officials should adopt the property tax rate after obtaining the CTR from the State Board of Equalization (SBOE).
- We recommend that the legal budget document include language stating that the governing body plans to adopt the CTR when it is available and a brief description of how the property tax revenue estimate was determined.
- Once the CTR is available, officials should follow the steps outlined by the SBOE and submit the tax levy adoption resolution or ordinance to LGF@cot.tn.gov.

Exceeding the Certified Tax Rate (CTR)

Local officials adopt a rate that is higher than the CTR when they need a property tax rate that will generate more revenue than the prior year. Once a CTR is calculated and reviewed by the assessor and chief executive of the tax jurisdiction, and reviewed by the State Board of Equalization, it is submitted to the jurisdiction's governing body for formal determination, usually for consideration with the budget. Newly taxable real and personal property are backed out of CTR calculation but generate additional property tax revenue. State law requires a public hearing with specific public notice of intent to exceed the CTR before a rate higher than the CTR is adopted by the governing body.

Budget Impact:

- The property tax revenue estimate will be the sum of: (1) last year's revenue and (2) the planned increase (penny rate times the number of pennies increased) and (3) estimated property tax revenue generated from new growth in the area (the county assessor will have the growth value). Contact MTAS or CTAS for assistance.
- Include the dollar amount of the estimated property tax revenue in the budget and proceed with the remainder of the budget preparation process.

- It is important **not** to include an estimated **rate** in the legal budget document or to separately adopt an estimated property tax rate. Instead, local officials should adopt the property tax rate **after** obtaining the CTR from the State Board of Equalization (SBOE).
- We recommend language in the legal budget document stating that the governing body plans to adopt a rate that exceeds the CTR when it is available and a brief description of how the property tax revenue estimate was determined.
- Once the CTR is available, a public hearing must be held to notify the public of the governing body's intention to exceed the CTR.
- After the public hearing, follow the steps outlined by the SBOE and submit the tax levy adoption resolution or ordinance to both the SBOE *and* LGF@cot.tn.gov.

What if the governing body fails to adopt a rate that exceeds the CTR?

After the public hearing, the governing body may ultimately decide to vote against a property tax rate that exceeds the CTR.

Budget Impact:

- The initial property tax revenue estimate will need to be decreased by budget amendment to the sum of: (1) last year's property tax revenue estimate *and* (2) estimated property tax revenue generated from new growth in the area (the county assessor will have the growth value). Contact MTAS or CTAS for assistance.
- If the tax increase that failed would have funded new spending, then expenditures must also be reduced by budget amendment, or fund balance used to balance the budget. Use of fund balance is appropriate when there are adequate reserves, and the proposed use complies with the local government's fund balance policy. See the Comptroller's publication "Seven Keys to a Fiscally Well-Managed Budget" (7-Keys).
- Once the CTR is available, follow the steps outlined State Board of Equalization (SBOE) and submit the tax levy resolution or ordinance to both the SBOE *and* LGF@cot.tn.gov.

Municipalities Located in More Than One County

A municipality located in more than one county may have counties with different reappraisal cycles. When this happens, local officials will need to apply the steps above for the impacted tax rate.

Conclusion

Timely budget adoption is key to good financial management and this publication is meant to facilitate timely budget adoption in reappraisal years when the CTR is delayed beyond June 30. The budget should be adopted before the start of the fiscal year and submitted to the Comptroller's Division of Local Government Finance within 15 days of adoption. In a reappraisal year, the property tax **rate** should be adopted as soon as possible **after** receiving the CTR from the State Board of Equalization. This may result in local governments submitting the tax rate adoption separately from and later than the initial budget submission. Please note that this will not adversely impact local governments that pursue the Comptroller's Annual Budget Certificate.

Appendix 9

Resolution No. _____

A Resolution of

_____ , Tennessee

(Name of Municipality)

Amending the Fiscal Year 20__ Budget

WHEREAS the governing body adopted the fiscal year 20__ budget by ordinance number _____ on _____, _____, 20__ and submitted the budget to the Tennessee Comptroller of the Treasury, Division of Local Government Finance, for review.

WHEREAS the Tennessee Comptroller's Division of Local Government Finance has required an amendment to the budget pursuant to Tenn. Code Ann. § 9-21-403.

WHEREAS pursuant to Tenn. Code Ann. § 9-21-108, at the direction of the Tennessee Comptroller of the Treasury, or the Comptroller's designee, any budget amendment required pursuant to Tenn. Code Ann. § 9-21-403 may be made by resolution of the governing body.

WHEREAS pursuant to the Tennessee Budget Manual for Local Governments, to be eligible for approval, the budget must be amended by resolution and returned to the Tennessee Comptroller's Division of Local Government Finance within 45 days of the date of the letter requiring the amendment. Should the budget not be approved, the municipality will not be able to issue debt beyond an emergency financing preapproved by the Comptroller's Division of Local Government Finance.

WHEREAS adoption of a budget amendment by resolution is permitted by state law to meet a condition for approval of the annual budget by the Tennessee Comptroller of the Treasury, or the Comptroller's designee, and all other budget amendments shall be made consistent with the public and/or private act(s) that govern the budget adoption and amendment process of the municipality.

NOW, THEREFORE, be it resolved by the governing body that it hereby adopts the following changes to the fiscal year _____ budget:

_____ (insert amendatory language)

Duly passed and adopted by the governing body this _____ day of _____, 20_____.

Signed _____

Printed Name _____

_____ Mayor

Attested

Signed _____

Printed Name _____

_____ City Recorder

Fiscal Year 2024

Annual Report on Balloon Debt Requests by Tennessee Local Governments



Tenn. Code Ann. § 9-21-133

Tennessee State Funding Board Guidelines: *Comptroller Approval of Balloon Indebtedness*

Presented to the Members of the Tennessee State Funding Board

By: The Division of Local Government Finance

Date: July 22, 2024

STATUTORY REQUIREMENT

Tenn. Code Ann. § 9-21-133 requires that local governments obtain approval from the Comptroller's Office prior to issuing debt with a balloon structure and authorizes the State Funding Board to establish guidelines with respect to approvals and exemptions.

A balloon structure defers repayment of principal to later dates in the maturity schedule. Under state law, **balloon indebtedness** is defined as debt with a structure that:

- matures 31 or more years from the original date of issuance;
- postpones paying principal more than three years after the debt is issued;
- borrows money to pay interest beyond the construction period, or three years from issuance, whichever is later; or
- has a principal and interest repayment schedule that is not substantially level or declining.

The Comptroller's Division of Local Government Finance reviews plans of balloon indebtedness and approves plans when the repayment structure of the balloon debt is in the public's interest. Local governments must follow the requirements outlined in the State Funding Board Guidelines: *Comptroller Approval of Balloon Indebtedness* when requesting approval for balloon indebtedness plans.

TYPES OF DEBT

Requests to issue a balloon structure can be divided into two types of debt: refunding bonds and new money bonds.

Refunding bonds are generally issued with a balloon structure for the following reasons:

- The original debt being refinanced was issued with a balloon structure that already fits in with the local government's overall debt management.
- Specific individual maturities that occur later in the repayment schedule are refunded.
- Debt that is exempt from approval (and would otherwise be defined as balloon indebtedness) is refunded with the same structure into a non-exempt debt instrument.
- Debt is advance refunded more than three years in advance of the call date.

New money bonds are issued for projects authorized in state law. Sometimes construction timelines or revenue projects may not allow for level debt service.

HISTORY AND PURPOSE

Tennessee’s General Assembly passed legislation in 2014 requiring approval of balloon debt issued by local governments. The legislation was aptly named the Anti Kicking the Can Act. Prior to the legislation some local governments deferred principal payments for multiple years and in the most egregious scenarios local governments waited until years 29 or 30 of the repayment schedule to make the first principal payment. This resulted in higher interest costs over the life of the debt and often an unmanageable debt burden once the deferred principal payments became due. Local officials have a fiduciary obligation to manage and issue debt in a fiscally responsible manner. Since its passage, the legislation has been effective in limiting the amount of debt issued with a balloon structure to only what has been determined to be in the public’s interest. The Anti Kicking the Can Act has encouraged responsibility in the management of public dollars and helped local officials better understand the impact of balloon indebtedness in their overall debt management.

FISCAL YEAR 2024

The Comptroller’s Division of Local Government Finance received and approved two requests to issue balloon indebtedness for fiscal year 2024. This represents the lowest number of requests since the balloon indebtedness took effect in fiscal year 2015. We attribute the continued decrease in requests to higher interest rates during the period, which caused a reduction in the number of refunding bonds being issued for savings.

The two requests for 2024 were both refunding bonds. See [Appendix A](#) for a list of balloon debt issues for the past three years.

FISCAL YEAR 2015 THROUGH FISCAL YEAR 2024

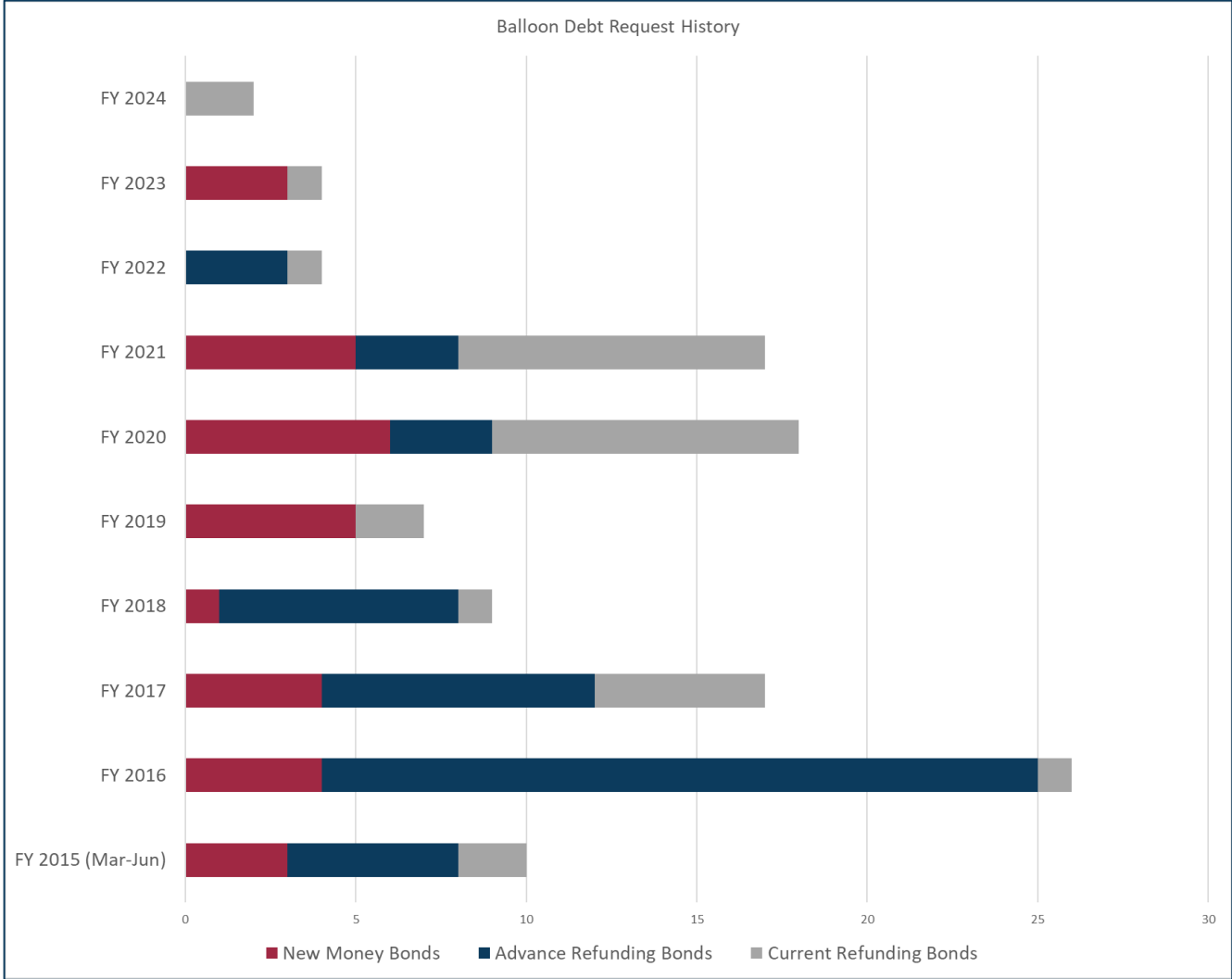
Since our office first began approving balloon debt structures in 2015, we have received 114 requests, and only one of the requests was not approved. Several local governments and their financial advisors have reached out to our office prior to requesting approval and were able to make changes to the debt structure to avoid a balloon structure. We are not aware of an instance where a local government approved the issuance of balloon debt without first requesting approval from our office.

Summary of Requests (2015-2024)

	New Money Bonds	Advance Refunding Bonds	Current Refunding Bonds
Requests Received	31	50	33
% of Total Requests	27%	44%	29%
Requests Not Approved	1	0	0
Approval Not Requested	0	0	0
Issued as Balloon Debt *	26	47	29

The following chart depicts requests we have received by fiscal year and by type of debt. The majority of requests (83, or 73%) have been for refunding bonds. Over the past ten years, we have received 31 requests to issue new money balloon debt, with 26 actual issues, and in all but one case, it was determined the balloon

structure was in the public’s interest. **Appendix B** includes a listing of all new money bonds issued with a balloon structure.



Additional information on balloon indebtedness plans and approval requirements may be found at: tncot.cc/debt.

Appendix A
Summary of Balloon Indebtedness Requests
Fiscal Years 2022 – 2024

Entity	Security	Amount	Approved	Issued	Project / Purpose
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FY 2024

New Money					
None					
Advance Refunding					
None					
Current Refunding					
Memphis	General Obligation	\$ 149,200,000	Y	P	Savings
Tennergy Corporation	Revenue	\$ 750,000,000	Y	Y	Refund Gas Prepurchase Bonds

FY 2023

New Money Bonds					
Metropolitan Nashville Airport Authority	Revenue	\$ 735,345,000	Y	N	Airport improvements
Metropolitan Nashville Sports Authority	Revenue	703,385,000	Y	Y	Titans Stadium construction
Tennergy Corporation	Revenue	785,000,000	Y	Y	Prepurchase of natural gas
Advance Refunding Bonds					
None					
Current Refunding Bonds					
Tennessee Energy Acquisition Corp	Revenue	\$ 850,000,000	Y	Y	Refund Gas Prepurchase Bonds

FY 2022

New Money Bonds					
None					
Advance Refunding Bonds					
Bristol	Revenue Electric System	\$ 22,710,000	Y	Y	Savings
Memphis	General Obligation	252,000,000	Y	Y	Savings and Restructure
West Wilson Utility District	Revenue Water System	21,220,000	Y	N	Savings
Current Refunding Bonds					
Munford	General Obligation and Revenue	\$ 572,514	Y	Y	Savings, USDA

Appendix B

New Money Bonds Issued with a Balloon Structure by Entity Type Fiscal Years 2015 – 2024

Issuer	Fiscal Year	Security	Amount	Project
Airport Authorities				
Memphis-Shelby County Airport Authority	2017	Revenue	\$ 110,000,000	Airport improvements
Memphis-Shelby County Airport Authority	2021	Revenue	\$ 150,000,000	Airport improvements
Metropolitan Nashville Airport Authority	2020	Revenue	\$ 1,000,000,000	Airport improvements
Counties				
Henry County	2018	General Obligation	\$ 8,885,000	School construction
Madison County	2020	Lease Agreement	\$ 19,579,215	School construction
Maury County	2015	General Obligation	\$ 47,000,000	School construction
Wilson County	2016	General Obligation	\$ 55,000,000	School construction
Wilson County	2017	General Obligation	\$ 21,500,000	School construction
Energy Acquisition Corporations				
Tennergy Corporation	2019	Revenue	\$ 1,000,000,000	Prepurchase of natural gas
Tennergy Corporation	2020	Revenue	\$ 750,000,000	Prepurchase of natural gas
Tennergy Corporation	2023	Revenue	\$ 785,000,000	Prepurchase of natural gas
Tennessee Energy Acquisition Corporation	2017	Revenue	\$ 850,000,000	Prepurchase of natural gas
Tennessee Energy Acquisition Corporation	2019	Revenue	\$ 900,000,000	Prepurchase of natural gas
Tennessee Energy Acquisition Corporation	2020	Revenue (Series A&B)	\$ 1,022,963,000	Prepurchase of natural gas
Municipalities				
Clarksville	2021	Revenue (Series A)	\$ 185,745,000	Utility system improvements
Crossville	2021	Revenue (Series C)	\$ 9,835,000	Utility system improvements
Greeneville	2017	General Obligation	\$ 2,210,000	Airport improvements (joint venture)
Jackson	2020	Lease Agreement	\$ 11,927,878	School construction
Lawrenceburg	2015	General Obligation	\$ 5,000,000	Road construction and equipment
Memphis	2021	Revenue (Capital Appreciation Bonds)	\$ 182,000,000	Parks, revitalization, 3.0 project
Pulaski	2021	General Obligation (PBA Loan)	\$ 12,000,000	Utility system improvements
Selmer	2016	General Obligation	\$ 3,650,000	Street and road construction
Sports Authorities				
Metropolitan Nashville Sports Authority	2023	Revenue	\$ 703,385,000	Titans Stadium construction
Metropolitan Nashville Sports Authority	2019	Revenue	\$ 225,000,000	Major League Soccer Stadium
Utility Districts				
Madison Suburban Utility District	2016	Revenue	\$ 9,250,000	Water lines
Mallory Valley UD	2020	Revenue	\$ 20,066,049	Water system improvements

FISCAL YEAR 2023
Annual Report on Debt Issued by Tennessee
Industrial Development Boards (IDBs)



Tenn. Code Ann. § 7-53-304
Tennessee State Funding Board Guidelines: *Debt Reporting by Industrial Development Boards*

Presented to the Members of the Tennessee State Funding Board

By: The Division of Local Government Finance
Date: July 22, 2024

STATUTORY REQUIREMENTS

Tenn. Code Ann. § 7-53-304 has two basic reporting requirements for IDBs:

Listing of Debt

IDBs must maintain an aggregate listing of its current debt, including conduit debt obligations, in accordance with guidelines approved by the State Funding Board. The listing must be filed at the end of each fiscal year. Regardless of whether an IDB has debt, key contact information must be filed annually.

Notice of Default

IDBs must file a notice of default on its debt obligations within 15 days of the event. The State Funding Board has approved guidelines that must be followed by IDBs when preparing and submitting the required information.

OVERVIEW AND SCOPE

The Comptroller’s Division of Local Government Finance serves as the collection and reporting agency for information filed by industrial development board (IDB) entities pursuant to Tenn. Code Ann. § 7-53-304. The division is responsible for requesting the information annually, maintaining an online reporting application and database to track the information, and reporting the information to the Tennessee State Funding Board.

This report is limited to information filed by IDBs pursuant to Tenn. Code Ann. § 7-53-304. Other information related to IDBs and maintained by the Comptroller’s Office may be accessed at: <https://comptroller.tn.gov/> and includes:

<u>Information</u>	<u>Division/Board</u>
Independent Audit Reports	Division of Local Government Audit
Payment in Lieu of Tax (PILOT) Agreements	State Board of Equalization
Tax Increment Financing (TIF) Agreements	State Board of Equalization

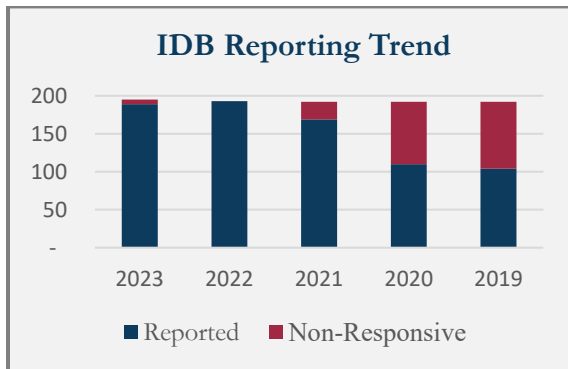
HISTORY AND PURPOSE OF IDB DEBT REPORTING

Legislation was passed during 2018 that requires IDBs to annually report a listing of its current debt and information on defaults in accordance with guidelines established by the Tennessee State Funding Board. The activities of many IDBs are limited to issuing conduit debt on behalf of private industry to support economic development in the surrounding area. Debt is generally issued on behalf of and repaid by private industry with no recourse to the IDB. Debt for certain projects may be issued as tax-exempt. IDBs have statutory authority to issue bonds for certain projects that will be repaid with either property or sales tax revenues that result from the growth the project brings to the area. These are referred to as tax increment financing (TIF) bonds. Local governments forego this incremental tax revenue over the life of the bonds. Prior to this legislation, comprehensive information on IDB conduit debt obligations was not available. IDBs serve an important role in promoting economic development in areas across the state and this legislation has enabled the Comptroller’s Office to compile an aggregate report of all IDB debt that provides transparency to state and local lawmakers as well as the public.

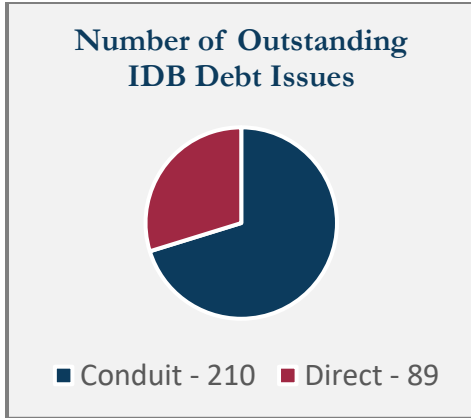
Information on IDB debt reporting requirements may be found at: www.tncot.cc/idb.

FISCAL YEAR 2023 - SUMMARY OF ANNUAL DEBT INFORMATION

Overall IDBs are reporting the annual information. Compliance with the law has improved each year as illustrated in the chart to the right. For fiscal year 2023, 189 IDBs with active boards reported information required by the guidelines published by the Tennessee State Funding Board. Six IDBs were nonresponsive as of the date of this report. There are currently five IDBs with no active board.

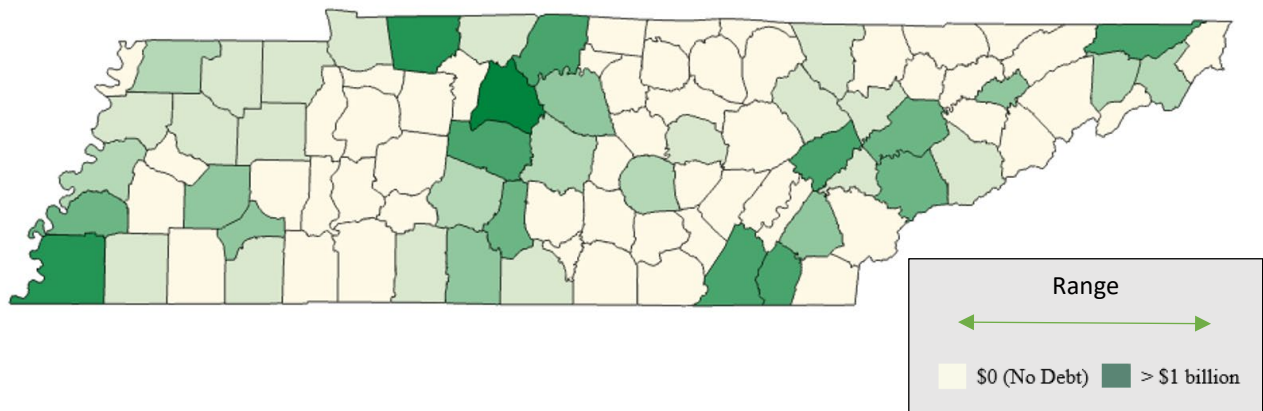


Appendix A includes a map of all counties in Tennessee with the number of IDBs per county and the type of debt IDBs reported for fiscal year 2023. Two of Tennessee’s 95 counties do not have an IDB: Polk and Moore; and 44 counties reported no IDB debt for 2023.



Appendix C is an aggregate listing of all IDB debt reported for fiscal year 2023. The listing reflects that TN IDBs have the majority of their outstanding debt in conduit obligations. **Conduit debt** is issued by an IDB to provide capital financing for a public or private entity, other than the IDB. **Direct debt** is an obligation of the IDB in which the IDB incurs a definite and absolute obligation of the payment of the principal and interest on the debt obligation. IDBs reported 210 conduit debt obligations and 89 direct debt obligations for fiscal year 2023.

The following map illustrates the dollar amount concentration of conduit and direct debt issues by counties statewide. The lowest amount is \$0 (or no debt) and the highest exceeds \$1 billion. The largest conduit debt issuer, according to the fiscal year 2023 data, remains unchanged from the prior fiscal year. The Industrial Development Board of the Metropolitan Government of Nashville and Davidson County is the largest issuer, reporting 85 conduit debt obligations with an aggregate original issue amount of \$2,084,706,138, and a current amount outstanding of \$939,452,395.



DEFAULT NOTICES

Within 15 days of occurrence or of receipt of a notice of default, IDBs are required to file a notice of default for the following types of default in accordance with the State Funding Board Guidelines: *Debt Reporting by Industrial Development Boards*.

- 1
- Failure to pay principal or interest on a debt when due (and defined as a default in the indenture).
- 2
- Failure to comply with a covenant, promise, or duty imposed by the debt documents upon any required passage of time or giving of notice; or both, but does not include situations where such failure has been waived.

3

Insufficiency of funds to make scheduled debt payments (and not defined as a default in the indenture).

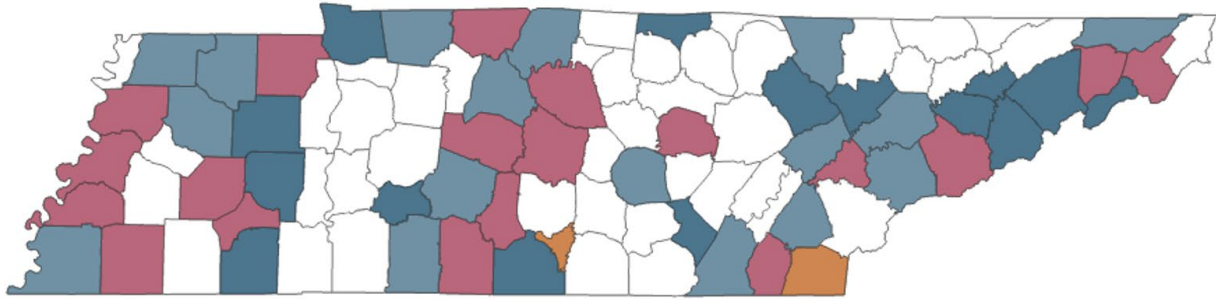
4

Receipt by the IDB of an event of default notice from a conduit borrower.

The Division of Local Government Finance reports default notices to the State Funding Board soon after notice is received. Since the reporting requirements began, two issuers have provided notices of default: The Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, TN, in connection with its Graceland Project Bonds, and the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County, TN, in connection with its Bellevue Mall Project Bonds. **Appendix B** includes more information regarding the defaults.

APPENDIX A

NUMBER OF IDBs WITH ACTIVE BOARDS BY COUNTY AND TYPES OF DEBT



No Debt
 Conduit Only
 Direct Only
 Direct & Conduit
 No IDB

COUNTY	Number of IDBs	COUNTY	Number of IDBs	COUNTY	Number of IDBs	COUNTY	Number of IDBs
Anderson	1	Fentress	1	Lauderdale	3	Roane	4*
Bedford	1	Franklin	3	Lawrence	2	Robertson	3
Benton	1	Gibson	7	Lewis	1	Rutherford	3
Bledsoe	2	Giles	1	Lincoln	2	Scott	3
Blount	2	Grainger	1	Loudon	3	Sequatchie	2
Bradley	3	Greene	2	Macon	1	Sevier	3
Campbell	1	Grundy	1	Madison	2	Shelby	11
Cannon	1	Hamblen	1	Marion	2	Smith	1
Carroll	4	Hamilton	3	Marshall	2	Stewart	3*
Carter	2	Hancock	1	Maury	3	Sullivan	3
Cheatham	1	Hardeman	3	McMinn	1	Sumner	5
Chester	1	Hardin	2	McNairy	1	Tipton	2
Claiborne	2	Hawkins	2	Meigs	1	Trousdale	1
Clay	1	Haywood	2	Monroe	2	Unicoi	1
Cocke	1	Henderson	1	Montgomery	1	Union	1
Coffee	1	Henry	1	Moore	0	Van Buren	2
Crockett	3	Hickman	2	Morgan	1*	Warren	1
Cumberland	2*	Houston	1*	Obion	4	Washington	3
Davidson	3	Humphreys	1	Overton	1	Wayne	3
Decatur	4	Jackson	1	Perry	1	Weakley	5
DeKalb	2	Jefferson	3	Pickett	1	White	2
Dickson	1	Johnson	1	Polk	0	Williamson	4
Dyer	2	Knox	3	Putnam	1	Wilson	2
Fayette	1	Lake	3	Rhea	2		

*Includes a joint-IDB between two or more counties

APPENDIX B

NOTICES OF DEFAULT

This appendix includes summaries of default notices from Industrial Development Boards since the reporting became effective in 2018 and through the date of this report. The information does not include any subsequent payments to remedy reported defaults.

1

Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, TN

Debt	\$40,490,000 – Senior Tax Increment Revenue Bonds (Graceland Project) Series 2017A (Tax-Exempt) \$24,375,000 – Subordinate Tax Increment Revenue Bonds (Graceland Project) Series 2017C \$5,005,000 – Subordinate Tax Increment Revenue Bonds (Graceland Project) 2017D (Conduit Debt) (Taxable)
Security	Tax Increment Financing Revenues; Tourism Development Zone Revenues; Tourism Surcharge Revenues
Type of Sale	Series 2017A and 2017C – Public Series 2017D – Private Placement
Type of Default Notice	Series 2017A and 2017C – Monetary Default (default under bond indenture) Series 2017D – Insufficient Funds (not a default under bond indenture*) <i>*When secured revenue is not sufficient to make debt service payment, it is not a default under the bond indenture.</i>
Status	Last notification of default and insufficient funds: July 2024

Summary

Date of Default	Date Posted on EMMA	Date Filed with LGF	Default Description	Series 2017A Monetary Defaults	Series 2017C Monetary Defaults	Series 2017D Monetary Defaults	Date Reported to State Funding Board
1/4/2021	1/5/2021	2/5/2021	Semi-annual interest payment			\$ 205,219	3/22/2021
7/1/2021	7/6/2021	7/8/2021	Principal			\$ 95,000	7/22/2021
7/1/2021	7/6/2021	7/8/2021	Semi-annual interest payment		\$ 853,125	\$ 205,219	7/22/2021
1/1/2022	1/5/2022	2/2/2022	Semi-annual interest payment		\$ 853,125	\$ 205,219	2/23/2022
7/1/2022	7/6/2022	8/3/2022	Principal			\$ 185,000	9/8/2022
7/1/2022	7/6/2022	8/3/2022	Semi-annual interest payment		\$ 853,125	\$ 205,219	9/8/2022
1/1/2023	1/9/2023	1/13/2023	Semi-annual interest payment		\$ 853,125	\$ 193,669	2/15/2023
7/1/2023	7/5/2023	7/12/2023	Principal	\$ 720,000		\$ 270,000	8/21/2023
7/1/2023	7/5/2023	7/12/2023	Semi-annual interest payment	\$ 1,053,150		\$ 193,669	8/21/2023
7/1/2024	7/2/2024	7/9/2024	Principal			\$ 365,000	7/22/2024
7/1/2024	7/2/2024	7/9/2024	Semi-annual interest payment			\$ 182,531	7/22/2024
Total Monetary Defaults				\$ 1,773,150	\$ 3,412,500	\$ 2,305,745	

Industrial Development Board of the Metropolitan Government of Nashville and Davidson County, TN

Debt	\$21,935,000 – Tax Increment Revenue Bonds (Bellevue Mall Project) Series 2015 (Conduit Debt) (Tax-Exempt)
Security	Tax Increment Financing Revenues (Special and Limited Obligation)
Type of Sale	Private Placement
Type of Default Notice	Insufficient Funds (failure to make payment when secured revenue is not sufficient is not a default under the bond indenture)
Status	Last notification of insufficient funds: December 2023

Summary

Date of Default	Date Posted on EMMA	Date Filed with LGF	Default Description	Series 2015 Monetary Defaults	Date Reported to State Funding Board
12/1/2022	12/9/2022	12/16/2022	Semi-annual interest payment	\$ 45,691	2/15/2023
12/1/2023	12/27/2023	12/27/2023	Semi-annual interest payment	395,405	3/25/2024
Total Monetary Defaults				\$ 441,096	

APPENDIX C

Fiscal Year 2023
 Tennessee Industrial Development Boards
 Annual Debt Report - Direct and Conduit Debt Issues Outstanding (T.C.A. § 7-53-304)

Entity Name	Debt Type	Original Issue Amount	Outstanding Amount Reported	Debt Name / Series Year	Maturity Date
Anderson County					
IDB of Anderson County, Tennessee	Direct	\$ 450,000	\$ 267,972	Tax Increment Revenue Note (David Jones Business Park Development), Series 2017	05/01/2032
IDB of Anderson County, Tennessee	Direct	\$ 550,000	\$ 495,000	Tax Increment Revenue Note (STNL Development Area), Series 2019	05/01/2041
IDB of Anderson County, Tennessee	Direct	\$ 1,000,000	\$ 882,492	Tax Increment Revenue Note (VRL Hotels 5 LLC Project), Series 2019	05/01/2031
IDB of Anderson County, Tennessee	Direct	\$ 350,000	\$ 350,000	Tax Increment Revenue Note (David Jones Business Park Development), Series 2022	09/15/2037
IDB of Anderson County, Tennessee	Direct	\$ 1,250,000	\$ 1,174,083	Tax Increment Revenue Note (The Glen Alpine Economic Development Area), Series 2020	04/30/2041
Bedford County					
IDB of the City of Shelbyville	No Debt				
Benton County					
IDB of the County of Benton	No Debt				
Bledsoe County					
Bledsoe County Industrial Development Corporation	No Debt				
IDB of the City of Pikeville	No Debt				
Blount County					
IDB of Blount County and the Cities of Alcoa and Maryville	Conduit	\$ 650,000	\$ -	Revenue Bond (Foothills Publix Project) Series 2022	04/01/2032
IDB of Blount County and the Cities of Alcoa and Maryville	Conduit	\$ 12,000,000	\$ 12,000,000	INDUSTRIAL REVENUE NOTES (PROJECT PEARL) SERIES 2020A & 2020B ISSUED 2021	03/01/2044
IDB of Blount County and the Cities of Alcoa and Maryville	Conduit	\$ 32,300,000	\$ 5,685,000	Maryville Civic Arts Center Project	06/01/2036
IDB of Blount County and the Cities of Alcoa and Maryville	Direct	\$ 5,000,000	\$ 4,969,769	R&D Park Note	05/01/2056
IDB of Blount County and the Cities of Alcoa and Maryville	Direct	\$ 5,000,000	\$ 4,840,320	R&D Park Note	05/01/2056
IDB of Blount County and the Cities of Alcoa and Maryville	Direct	\$ 5,000,000	\$ 4,992,143	R&D Park Note	05/01/2056
IDB of Blount County and the Cities of Alcoa and Maryville	Direct	\$ 5,000,000	\$ 4,661,071	R&D Park Note	05/01/2056
IDB of the City of Alcoa, Tennessee	No Debt				
Bradley County					
IDB of the City of Cleveland	No Debt				
IDB of the County of Bradley	<i>Not active; being dissolved</i>				
IDB of the County of Bradley and the City of Cleveland, Tennessee	Conduit	\$ 225,000,000	\$ 225,000,000	Revenue Bond (Maytag Project) Series 2010	12/01/2033
IDB of the County of Bradley and the City of Cleveland, Tennessee	Conduit	\$ 41,000,000	\$ 41,000,000	Recovery Zone Facility Revenue Bonds Series 2010	12/01/2035
IDB of the County of Bradley and the City of Cleveland, Tennessee	Conduit	\$ 5,000,000	\$ 5,000,000	Revenue Bond, Series B (Bayer Healthcare LLC 2018 Project)	12/31/2024
IDB of the County of Bradley and the City of Cleveland, Tennessee	Conduit	\$ 20,000,000	\$ 20,000,000	Revenue Bond, Series A (Bayer Healthcare LLC 2018 Project)	12/31/2024
Campbell County					
IDB of Campbell County, Tennessee	No Debt				
Cannon County					
Cannon County IDB	No Debt				
Carroll County					
IDB of the County of Carroll	No Debt				
IDB of the Town of Huntingdon	Direct	\$ 522,633	\$ 402,839	Capital Outlay Notes, Series 2013	11/15/2023
IDB of the Town of Huntingdon	Direct	\$ 2,005,547	\$ 1,833,511	Capital Outlay Notes, Series 2020	12/15/2025
IDB of the Town of Trezevant, Tennessee	No Debt				
Industrial Board of the Town of Bruceton, Tennessee	No Debt				
Carter County					
Carter County IDB	Conduit	\$ 7,500,000	\$ -	Revenue Bond, Series 2012 (Millington College Project)	11/25/2032
IDB of the City of Elizabethton, Tennessee	No Debt				
IDB of the City of Johnson City, Tennessee	Conduit	\$ 5,943,525	\$ -	Promissory Note 2022	12/01/2053
IDB of the City of Johnson City, Tennessee	Conduit	\$ 2,200,000	\$ -	Revenue Note, Series A 2017	01/01/2025
Cheatham County					
IDB of Cheatham County	No Debt				
Chester County					
IDB of the City of Henderson	Conduit	\$ 7,500,000	\$ 5,637,219	FHU Educational Facilities Bond 2016	03/15/2038
IDB of the City of Henderson	Conduit	\$ 10,000,000	\$ -	Arvin Sango Bonds	12/31/2042

APPENDIX C

Fiscal Year 2023
 Tennessee Industrial Development Boards
 Annual Debt Report - Direct and Conduit Debt Issues Outstanding (T.C.A. § 7-53-304)

Entity Name	Debt Type	Original Issue Amount	Outstanding Amount Reported	Debt Name / Series Year	Maturity Date
Claiborne County					
Claiborne County Economic and Community Development Board	No Debt				
IDB New Tazewell	<i>Non-Responsive</i>				
Clay County					
Joint IDB of Celina and Clay County	Direct	\$ 215,000	\$ 192,744	JIDB of Celina & Clay County 2016	08/11/2056
Cocke County					
IDB of the City of Newport and Cocke County, Tennessee	Direct	\$ 1,050,000	\$ 1,050,000	Industrial Revenue Bond (Industrial Park Project); 2020	07/31/2050
IDB of the City of Newport and Cocke County, Tennessee	Direct	\$ 223,822	\$ 204,396	Tax Increment Revenue Note (Sugar Cove Wastewater Project); 2017	06/30/2025
Coffee County					
Industrial Board of Coffee County, Tennessee, Inc.	No Debt				
Crockett County					
IDB of Crockett County, Tennessee	No Debt				
IDB of the City of Alamo, Tennessee	No Debt				
IDB of the City of Friendship	No Debt				
Cumberland County					
IDB of Cumberland County, Tennessee	No Debt				
IDB of the Counties of Cumberland, Morgan & Roane, TN	(Joint)	<i>No Debt</i>			
Davidson County					
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 4,600,000	\$ 1,045,453	Variable Rate Demand Revenue Bonds Series 2006	10/19/2028
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 1,400,000	\$ 280,000	Educational Facilities Revenue Bonds Series 2007	12/13/2027
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 27,000,000	\$ -	Revenue Bonds Series 1999	04/28/2022
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 30,000,000	\$ 15,600,000	Educational Facilities Revenue Bonds Series 2010	12/15/2035
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 22,554,000	\$ 8,269,800	Variable Rate Demand Multifamily Housing Revenue Refunding Bonds Series 2004	07/25/2034
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 42,340,000	\$ -	Revenue Refunding Bonds Series 2003	01/17/2023
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 2,915,000	\$ 291,491	Multifamily Housing Revenue Refunding Bonds Series 1996A	10/23/2026
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 10,129,163	\$ 482,323	Multifamily Housing Revenue Bonds 1983	04/20/2025
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 19,985,000	\$ 6,661,660	Variable Rate Demand Multifamily Housing Revenue Bonds Series 2003	11/23/2033
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 8,000,000	\$ -	Educational Facilities Revenue Refunding and Improvement Bonds Series 2002	08/17/2022
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 9,535,000	\$ 1,907,000	Country Music Foundation Project Series 2015B	05/01/2025
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 11,160,000	\$ 6,975,000	Variable Rate Demand Revenue Bonds Series 2008	02/01/2048
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 6,620,000	\$ 1,103,325	Multi-Family Housing Revenue Refunding Bonds Series 1998	06/23/2028
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 30,000,000	\$ 14,400,000	Revenue Refunding Bonds	12/15/2035
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 21,000,000	\$ 700,000	Multifamily Housing Revenue Refunding Bonds Series 1994	03/14/2024
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 31,440,000	\$ 6,288,000	Variable Rate Revenue Bonds Series 2007	12/01/2027
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 9,995,000	\$ 249,875	Mortgage Revenue Bonds Series 1984	07/01/2024
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 8,195,000	\$ 2,185,326	Multifamily Mortgage Revenue Refunding Bonds Series 2001A	02/13/2031
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 8,075,000	\$ 3,499,161	Multifamily Housing Revenue Refunding Bonds Series 2006	07/19/2036
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 6,000,000	\$ 5,000,000	Multifamily Housing Revenue Refunding Note Series 2019A	07/01/2037
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 100,000,000	\$ 63,333,337	HCA Series 2012	06/12/2042
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 1,750,000	\$ 1,640,625	Multifamily Housing Revenue Refunding Note Series 2021A	07/01/2037
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 23,000,000	\$ 5,227,265	Variable Rate Demand Revenue Bonds Series 2006	07/06/2028
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 4,000,000	\$ 1,600,000	Revenue Bonds Series 2008	03/25/2033
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 2,270,000	\$ 73,048	Multi-family Housing Revenue Bonds Series 1998	12/25/2027
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 2,205,000	\$ 220,500	Multifamily Housing Revenue Refunding Bonds Series 1996A	09/24/2026
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 22,149,749	\$ 17,486,644	Multifamily Housing Revenue Note Taxable Series 2018B	07/01/2037
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 4,750,000	\$ 1,583,340	Variable Rate Demand Multifamily Housing Revenue Refunding Bonds Series 2003	03/01/2033
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 5,000,000	\$ 200,000	Adjustable Rate Industrial Development Revenue Bonds Series 1999	02/23/2024
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 102,000,000	\$ 26,444,440	Variable Rate Revenue Bonds Series 2004	12/01/2031
IDB of Metropolitan Nashville and Davidson County	Direct	\$ 21,935,000	\$ 14,644,526	Bellevue Tax Increment Revenue Bonds	06/01/2038
IDB of Metropolitan Nashville and Davidson County	Direct	\$ 18,845,000	\$ 17,588,666	Senior Special Assessment Revenue Bonds Series 2021A	06/01/0051
IDB of Metropolitan Nashville and Davidson County	Direct	\$ 11,349,400	\$ 10,592,774	Subordinated Special Assessment Capital Appreciation Revenue Bonds Series 2021C	06/01/2051

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Entity Name	Debt Type	Original Issue Amount	Outstanding Amount Reported	Debt Name / Series Year	Maturity Date
IDB of Metropolitan Nashville and Davidson County	Direct	\$ 12,688,561	\$ 11,535,055	Senior Special Assessment Revenue Capital Appreciation Revenue Bonds Series 2021B	06/01/2043
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 10,000,000	\$ 7,333,336	Wonton Food Revenue Bonds	12/31/2045
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 100,000,000	\$ 63,333,337	HCA Series 2012	06/12/2042
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 7,500,000	\$ -	Educational Facilities Revenue Bonds Series 2003B	11/14/2023
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 15,500,000	\$ -	Multifamily Housing Revenue Refunding Bonds 1993 Series A	06/08/2023
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 10,000,000	\$ 2,666,674	Tax-Exempt Adjustable Mode Exempt Facilities Revenue Bonds Series 2001	08/25/2031
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 5,200,000	\$ -	Variable Rate Revenue Bonds Series 2003	03/08/2023
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 6,075,000	\$ 759,375	Revenue Bonds, Series A 1984	07/22/2024
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 6,375,194	\$ 318,754	Mortgage Revenue Bonds Series 1985	01/22/2025
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 4,000,000	\$ 480,000	Industrial Development Revenue Bonds Series 2001	02/23/2026
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 8,500,000	\$ 425,000	Mortgage Revenue Bonds Series 1985	04/21/2025
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 6,500,000	\$ -	Educational Facilities Revenue Refunding Bonds Series 2003	07/25/2023
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 3,500,000	\$ 1,983,329	Revenue Bond 2010	11/01/2040
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 260,000,000	\$ 138,666,662	Industrial Development Bond 2012	12/11/2042
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 280,000,000	\$ 112,000,000	Industrial Development Revenue Note Series 2010A	12/28/2030
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 23,200,000	\$ 13,146,671	Country Music Foundation 2010	02/23/2040
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 50,000,000	\$ 31,666,663	Life Point Series 2012	01/30/2042
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 2,900,000	\$ 1,743,115	Revenue Bond Series 2010	12/05/2041
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 23,750,000	\$ 791,657	Multifamily Housing Revenue Refunding Bonds Series 1994	03/14/2024
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 13,265,000	\$ 7,516,833	Revenue Refunding Bonds Series 2003	07/01/2033
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 4,850,000	\$ -	Adjustable Rate Revenue Refunding Bonds Series 2005	12/26/2022
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 3,000,000	\$ 1,200,000	Revenue Bonds Series 2008	03/25/2033
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 6,500,000	\$ -	Revenue Bonds Series 2002	06/01/2022
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 8,540,000	\$ 1,138,658	Variable Rate Demand Multifamily Housing Revenue Refunding Bonds, Series A 1997	04/10/2027
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 30,000,000	\$ 19,000,000	Life Point Series 2012	01/30/2042
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 23,275,000	\$ 18,375,000	Multifamily Housing Revenue Note Taxable Series 2018A	07/01/2037
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 8,328,266	\$ -	Revenue Refunding Bond 2014 Series C	12/24/2026
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 2,375,000	\$ 1,306,250	Operation Stand Down Series 2014	05/01/2034
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 3,400,000	\$ 2,153,337	Revenue Refunding Bond 2012	02/27/2042
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 3,300,000	\$ 851,604	Multifamily Housing Revenue Refunding Bonds Series 2000A	01/24/2031
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 13,250,000	\$ 662,500	Multifamily Housing Revenue Bonds Series 1985	12/13/2025
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 14,000,000	\$ 3,920,000	Variable Rate Demand Revenue Bonds Series 2005	10/06/2030
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 57,000,000	\$ 36,100,000	Revenue Refunding Bond 2012	05/01/2042
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 2,900,000	\$ 145,000	Educational Facilities Revenue Bonds Series 2004	05/22/2024
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 9,105,000	\$ 5,690,625	Multifamily Housing Revenue Bonds Series 2008	02/19/2048
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 3,303,353	\$ -	Mortgage Revenue Bonds Series 1982	09/21/2022
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 6,645,000	\$ 2,436,500	Multifamily Housing Revenue Refunding Bonds Series 2004	02/23/2034
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 9,060,000	\$ -	Mortgage Revenue Bonds Series 1983	05/22/2023
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 1,725,000	\$ 1,078,125	Subordinate Multifamily Housing Rev Bonds (Preserve at Highland Ridge Project) 2018	11/01/2030
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 3,761,899	\$ 188,113	Mortgage Revenue Bonds Series 1985	06/21/2025
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 16,500,000	\$ 4,753,566	Variable Rate Revenue Bonds Series A 2003	12/31/2033
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 10,000,000	\$ -	Revenue Refunding Bond 2014 Series B	12/24/2026
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 14,205,000	\$ 4,261,500	Multifamily Housing Revenue Refunding Bonds Series 2002	07/15/2032
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 13,400,000	\$ 670,000	Multifamily Housing Revenue Bonds Series 1985	12/13/2025
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 7,151,214	\$ 357,574	Mortgage Revenue Bonds Series 1985	11/21/2025
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 6,716,460	\$ 3,805,994	Educational Facilities Revenue Bond Series 2010	06/07/2040
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 43,000,000	\$ 38,222,222	Multifamily Note 2021	12/01/2039
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 5,000,000	\$ -	Revenue Refunding Bond 2014 Series A	12/24/2026
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 40,000,000	\$ 16,000,000	Industrial Development Revenue Note Series 2010B	12/28/2030
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 225,000,000	\$ 146,739,130	Industrial Development Revenue Bonds Series 2014	07/01/2037
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 6,838,879	\$ -	Mortgage Revenue Bonds Series 1983	09/21/2023

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Entity Name	Debt Type	Original Issue Amount	Outstanding Amount Reported	Debt Name / Series Year	Maturity Date
IDB of Metropolitan Nashville and Davidson County	Conduit	\$ 3,425,000	\$ 456,658	Multi-Family Housing Revenue Bonds Series 1997	07/24/2027
IDB of the City of Berry Hill, Tennessee	No Debt				
IDB of the City of Goodlettsville	No Debt				
Decatur County					
Decaturville IDB	No Debt				
IDB of the City of Parsons, Tennessee	No Debt				
IDB of the County of Decatur, Tennessee	No Debt				
IDB of the Town of Scotts Hill, Tennessee	<i>Inactive - no current board; no debt</i>				
DeKalb County					
IDB of DeKalb County, Tennessee	No Debt				
IDB of the City of Smithville, Tennessee	No Debt				
Dickson County					
IDB of the County of Dickson	No Debt				
Dyer County					
IDB of Dyer County	Conduit	\$ 3,000,000	\$ 2,673,071	Tax Increment Revenue Note	03/31/2037
IDB of the Town of Newbern, Tennessee	No Debt				
Fayette County					
Fayette County IDB	Conduit	\$ 3,350,000	\$ 1,677,317	Revenue Bond, Series 2014 (Fayette Academy Project)	08/08/2029
Fentress County					
IDB of Fentress County, Inc.	No Debt				
Franklin County					
IDB of Franklin County	No Debt				
IDB of the Town of Decherd, Tennessee	<i>Not active; being dissolved</i>				
Tullahoma IDB	No Debt				
Gibson County					
City of Trenton Economic and IDB	Conduit	\$ 221,164	\$ 82,856	Van Can 2017	02/10/2026
City of Trenton Economic and IDB	Direct	\$ 149,490	\$ -	General 2017	01/08/2023
City of Trenton Economic and IDB	Direct	\$ 1,750,000	\$ 84,295	Van Can 2011	01/01/2026
IDB of Gibson County, Tennessee	No Debt				
IDB of the City of Bradford, TN	No Debt				
IDB of the City of Dyer	No Debt				
IDB of the City of Humboldt, Tennessee	No Debt				
IDB of the City of Milan, Tennessee	No Debt				
IDB of the City of Rutherford, Tennessee	No Debt				
IDB of the City of Rutherford, Tennessee	<i>Inactive - no current board; no debt</i>				
Giles County					
IDB of the City of Pulaski and Giles County	Conduit	\$ 775,000	\$ 423,392	Avenue at Giles (2015)	04/01/2035
IDB of the City of Pulaski and Giles County	Conduit	\$ 3,021,000	\$ 1,350,881	PGI Investments (Lease/Purchase) 2015	09/21/2035
IDB of the City of Pulaski and Giles County	Conduit	\$ 1,469,418	\$ 650,668	PGI Investments (2017)	07/21/2027
IDB of the City of Pulaski and Giles County	Conduit	\$ 5,225,000	\$ 3,524,986	Twin City Fan (2015)	03/19/2025
IDB of the City of Pulaski and Giles County	Conduit	\$ 1,000,000	\$ 866,134	Integrity Injection Mold (2022)	05/04/2032
IDB of the City of Pulaski and Giles County	Conduit	\$ 500,000	\$ 200,000	PGI Investments (2017)	07/21/2027
IDB of the City of Pulaski and Giles County	Conduit	\$ 600,000	\$ 220,064	Saargummi (2011)	07/01/2026
IDB of the City of Pulaski and Giles County	Conduit	\$ 4,800,000	\$ 4,570,097	Integrity Mold (2021)	03/29/2042
IDB of the City of Pulaski and Giles County	Conduit	\$ 580,000	\$ 474,118	Avenue at Giles (2018)	04/01/2035
IDB of the City of Pulaski and Giles County	Conduit	\$ 962,343	\$ 604,067	PGI Investments (2016)	09/22/2035
IDB of the Town of Ardmore, Tennessee	No Debt				
Grainger County					
IDB of Grainger County, Tennessee	No Debt				

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Entity Name	Debt Type	Original Issue Amount	Outstanding Amount Reported	Debt Name / Series Year	Maturity Date
Greene County					
IDB of the Town of Greeneville and Greene County, Tennessee	Direct	\$ 300,000	\$ 285,104	Tax Increment Revenue Note (Series 2021)	10/07/2031
IDB of the Town of Greeneville and Greene County, Tennessee	Direct	\$ 200,000	\$ 135,173	Tax Increment Revenue Note (Series 2019)	01/01/2030
IDB of the Town of Greeneville and Greene County, Tennessee	Direct	\$ 200,000	\$ 169,610	Tax Increment Revenue Note (Series 2020)	07/08/2030
IDB Tusculum-Greeneville-Greene County	<i>Non-Responsive</i>				
Grundy County					
IDB of Grundy County	No Debt				
Hamblen County					
IDB of the City of Morristown, Tennessee	Direct	\$ 4,660,000	\$ 1,027,694	Tax Increment Revenue Note 2015	04/30/2026
IDB of the City of Morristown, Tennessee	Direct	\$ 3,500,000	\$ 1,383,883	Tax Increment Revenue Note 2014	05/01/2034
IDB of the City of Morristown, Tennessee	Direct	\$ 1,750,000	\$ 765,472	Tax Increment Revenue Note 2015	04/30/2026
IDB of the City of Morristown, Tennessee	Direct	\$ 1,725,000	\$ 1,174,640	Tax Increment Revenue Note 2014	08/20/2025
IDB of the City of Morristown, Tennessee	Direct	\$ 1,000,000	\$ 1,000,000	Tax Increment Revenue Note 2022	04/30/2033
IDB of the City of Morristown, Tennessee	Direct	\$ 2,803,000	\$ 2,803,000	Tax Increment Revenue Note 2022	04/30/2026
IDB of the City of Morristown, Tennessee	Direct	\$ 2,500,000	\$ 1,490,220	Tax Increment Revenue Note 2013	03/31/2034
IDB of the City of Morristown, Tennessee	Direct	\$ 1,100,000	\$ 497,828	Tax Increment Revenue Note 2010	04/01/2031
Hamilton County					
IDB of Hamilton County	Conduit	\$ 16,000,000	\$ -	Tennessee Aquarium - Series 2020A & Series 2020B	01/01/2036
IDB of the City of Chattanooga, Tennessee	Conduit	\$ 9,089,045	\$ 8,782,355	Black Creek Mountain 2013	12/31/2031
IDB of the City of Chattanooga, Tennessee	Conduit	\$ 200,000,000	\$ 200,000,000	Blue Cross Blue Shield 2023	01/01/2028
IDB of the City of Chattanooga, Tennessee	Conduit	\$ 4,000,000	\$ 3,985,232	East Chattanooga Rising (Nippon Paint Automotive Company) - Tubman Site 2020	12/31/2040
IDB of the City of Chattanooga, Tennessee	Conduit	\$ 6,900,000	\$ 1,494,651	YMCA 2020	12/01/2026
IDB of the City of Chattanooga, Tennessee	Conduit	\$ 3,500,000	\$ 2,649,307	139 Partners dba Evergreen Real Estate - MLK Blvd Ext- Riverwalk- Pinnacle Bank 2018	12/10/2036
IDB of the City of Chattanooga, Tennessee	Direct	\$ 28,200,000	\$ 7,110,000	2018C IDB Revenue Refunding 2010 Bonds Taxable	10/01/2024
IDB of the City of Chattanooga, Tennessee	Direct	\$ 32,235,000	\$ 25,524,000	2018A IDB Revenue Refunding 2007 Bonds	10/01/2028
IDB of the City of Chattanooga, Tennessee	Direct	\$ 9,900,000	\$ 9,900,000	North Access Road Plan Area Tax Increment Revenue Note	05/01/2047
IDB of the City of East Ridge	No Debt				
Hancock County					
Hancock County IDB	No Debt				
Hardeman County					
IDB of the City of Bolivar, Tennessee	No Debt				
IDB of the City of Middleton	No Debt				
IDB of the County of Hardeman, Tennessee	No Debt				
Hardin County					
Savannah Industrial Development Corporation	No Debt				
Hawkins County					
Hawkins County IDB	No Debt				
Phipps Bend Joint Venture	No Debt				
Haywood County					
IDB of Brownsville, Tennessee	No Debt				
IDB of the City of Brownsville and Haywood County, Tennessee	No Debt				
Henderson County					
Lexington IDB	Direct	\$ 950,000	\$ 589,975	Promissory Note First Bank, 2010	05/31/2026
Henry County					
IDB of the City of Paris, Tennessee	Conduit	\$ 754,000	\$ 623,703	Eurotranciatura East 2022-1	03/01/2027
IDB of the City of Paris, Tennessee	Conduit	\$ 998,420	\$ 485,374	Eurotranciatura 2020	06/14/2026
IDB of the City of Paris, Tennessee	Conduit	\$ 146,000	\$ 90,873	Eurotranciatura East Equipment 2022-2	03/01/2027
Hickman County					
IDB of the County of Hickman	No Debt				
IDB of the Town of Centerville	No Debt				

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 Annual Debt Report - Direct and Conduit Debt Issues Outstanding (T.C.A. § 7-53-304)

Entity Name	Debt Type	Original Issue Amount	Outstanding Amount Reported	Debt Name / Series Year	Maturity Date
Houston County					
IDB of Erin	No Debt				
IDB of Stewart-Houston Counties	(Joint)	<i>See Stewart County for Debt Information</i>			
Humphreys County					
IDB of Humphreys County, TN	No Debt				
Jackson County					
IDB of the County of Jackson	No Debt				
Jefferson County					
IDB of Jefferson County, Tennessee	No Debt				
IDB of the City of Jefferson City	Direct	\$ 1,140,000	\$ 760,000	APPLACHIAN ELECTRIC 2019	06/11/2029
IDB of the City of Jefferson City	Direct	\$ 285,000	\$ 196,773	APPLACHIAN ELECTRIC-2 2019	07/11/2029
IDB of the Town of White Pine	No Debt				
Johnson County					
IDB of the County of Johnson County, Tennessee	No Debt				
Knox County					
IDB of Knox County	Conduit	\$ 15,000,000	\$ 2,457,538	Knoxville Zoological Gardens, Inc., Series 2019, 8/23/2019	09/05/2024
IDB of Knox County	Conduit	\$ 8,792,874	\$ 1,475,000	Boys & Girls Club of the TN Valley, Series 2020, 1/31/2020	12/31/2024
IDB of Knox County	Conduit	\$ 5,500,000	\$ 3,652,612	Young Men's Christian Assoc. of ETN, Series 2019, 8/16/2019	08/16/2034
IDB of Knox County	Conduit	\$ 2,300,000	\$ 964,778	The Change Center, Series 2017, 7/31/2017	07/31/2022
IDB of Knox County	Direct	\$ 6,000,000	\$ -	Tax Increment Revenue Note, Series 2011A, 9/30/2011	04/01/2027
IDB of Knox County	Direct	\$ 3,000,000	\$ -	Tax Increment Revenue Note, Series 2011B, 9/30/2011	04/01/2027
IDB of Knox County	Direct	\$ 2,507,841	\$ 1,878,642	Tax Increment Revenue Note, Series 2020, 12/22/2020	10/05/2027
IDB of Knox County	Direct	\$ 2,000,000	\$ 2,000,000	Tax Increment Revenue Note, Series 2019A, 11/12/2019	04/01/2038
IDB of Knox County	Direct	\$ 500,000	\$ 5,500,000	Tax Increment Revenue Note, Series 2019B, 11/12/2019	04/01/2038
IDB of the City of Knoxville for the Downtown Cinema, Inc.	Direct	\$ 4,250,000	\$ -	The IDB of the City of Knoxville for the Downtown Cinema, Inc.	12/01/2046
IDB of the City of Knoxville	Conduit	\$ 4,250,000	\$ -	The IDB of the City of Knoxville	12/01/2046
Lake County					
IDB of Lake County, Tennessee	No Debt				
IDB of the City of Ridgely	<i>Non-Responsive</i>				
IDB of the City of Tiptonville	No Debt				
Lauderdale County					
IDB of Lauderdale County, Tennessee	No Debt				
IDB of the City of Ripley	Conduit	\$ 4,830,000	\$ 890,000	GO Lease Rental Rev Bonds, Series 2009	12/01/2023
IDB of the City of Ripley	Conduit	\$ 1,600,000	\$ 936,659	Loan Agreement, Series 2012	02/08/2031
IDB of the Town of Halls	No Debt				
Lawrence County					
IDB of the City of Lawrenceburg	Conduit	\$ 3,000,000	\$ 2,290,210	\$3,000,000 Industrial Development Revenue Board (Booker Assets TN, Inc) Series 2019	04/01/2034
IDB of the City of Lawrenceburg	Direct	\$ 1,032,300	\$ 948,520	TIF Note (Best Western Hotel Plus Project) Series 2021	05/01/2041
IDB of the City of Loretto, Tennessee	Direct	\$ 140,000	\$ 56,000	The IDB of the City of Loretto, TN 2019	04/02/2024
Lewis County					
IDB of the City of Hohenwald	Direct	\$ 905,000	\$ 804,111	BRS Offroad 2021	05/01/2051
IDB of the City of Hohenwald	Direct	\$ 358,915	\$ 207,747	Real Estate - Forrest Ave, 2012	01/20/2031
Lincoln County					
Fayetteville-Lincoln County IDB	Direct	\$ 2,590,000	\$ 2,365,000	Industrial Revenue Bond (Industrial Park Project) Series 2021	12/30/2031
Fayetteville-Lincoln County IDB	Direct	\$ 850,000	\$ 157,941	Tax Increment Revenue Note (Series 2015 A & Series 2015 B)	04/01/2028
Loudon County					
IDB of Loudon County	No Debt				
IDB of the City of Lenoir City, Tennessee	No Debt				
IDB of the City of Loudon, Tennessee	Conduit	\$ 805,000	\$ -	Loudon Garden Multifamily Housing Bonds, Series 2022B	08/01/2027
IDB of the City of Loudon, Tennessee	Conduit	\$ 5,000,000	\$ -	Loudon Garden Multifamily Housing Bonds, 8/22/2022	08/01/2027

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Entity Name	Debt Type	Original Issue Amount	Outstanding Amount Reported	Debt Name / Series Year	Maturity Date
Macon County					
IDB of the City of Lafayette, Tennessee	No Debt				
Madison County					
IDB of the City of Jackson	Conduit	\$ 4,500,000	\$ 4,500,000	Bobrick Washroom Equipment 2020	09/01/2049
IDB of the City of Jackson	Conduit	\$ 9,000,000	\$ 1,000,000	BICC Capital Project 1991 (Issued 2001)	02/12/2025
Jackson Downtown Revenue Finance Corporation	<i>Newly Created IDB</i>				
Marion County					
IDB of Marion County	No Debt				
IDB of South Pittsburg	<i>Inactive - no current board; no debt</i>				
Marshall County					
IDB of the Town of Cornersville, Tennessee	No Debt				
Lewisburg IDB	Conduit	\$ 25,000,000	\$ 25,000,000	Revenue Bonds Series 2003	07/01/2033
Lewisburg IDB	Conduit	\$ 18,000,000	\$ 18,000,000	Revenue Refunding Bonds Series 2012	07/02/2035
Maury County					
IDB of the City of Columbia, Tennessee	No Debt				
IDB of the City of Mount Pleasant	No Debt				
The IDB of Maury County, Tennessee	Conduit	\$ 5,800,000	\$ 1,225,453	UST TIF Note 2/26/15	02/26/2035
The IDB of Maury County, Tennessee	Direct	\$ 4,000,000	\$ 2,385,000	Industrial Revenue Bond Series 2018	06/01/2029
Maury, Williamson					
IDB of the City of Spring Hill, Tennessee	No Debt				
McMinn County					
IDB of McMinn County	Conduit	\$ 800,000	\$ 800,000	Tax Increment Financing Note - 2016	02/01/2039
IDB of McMinn County	Conduit	\$ 9,383,150	\$ 7,334,864	Revenue Refunding Bond - 2012	04/01/2036
IDB of McMinn County	Conduit	\$ 5,000,000	\$ 1,375,000	Revenue Bond - 2012	01/01/2023
IDB of McMinn County	Direct	\$ 1,695,900	\$ 737,100	Armstrong Promissory Note - 2017	07/12/2027
McNairy County					
Adamsville-McNairy County IDB	No Debt				
Selmer-McNairy County IDB	Direct	\$ 1,000,000	\$ 16,588	PICKWICK ELECTRIC COOP NOTE PAYABLE 2014	02/25/2024
Selmer-McNairy County IDB	Direct	\$ 1,756,242	\$ -	HOME BANKING CO 2014	04/01/2028
Selmer-McNairy County IDB	Direct	\$ 1,148,312	\$ 898,856	CENTRAL BANK NOTE PAYABLE 2020	01/31/2032
Selmer-McNairy County IDB	Direct	\$ 2,000,000	\$ 1,728,348	TVA NOTE PAYABLE, SERIES 2019	11/15/2034
Meigs County					
IDB of Meigs County and the City of Decatur	No Debt				
Monroe County					
IDB of the City of Sweetwater	No Debt				
Monroe County Industrial Development Bond Board	No Debt				
Montgomery County					
The IDB of the County of Montgomery	Conduit	\$ 55,000,000	\$ -	Bridgestone Metalpha, Series B-2012	12/31/2025
The IDB of the County of Montgomery	Conduit	\$ 150,000,000	\$ -	AtlasBX America Corp., Series A-2018	09/28/2028
The IDB of the County of Montgomery	Conduit	\$ 80,000,000	\$ -	Hankook Tire, Series A-2016	05/26/2024
The IDB of the County of Montgomery	Conduit	\$ 5,000,000	\$ -	Shiloh Project, Series A-2014	12/31/2023
The IDB of the County of Montgomery	Conduit	\$ 150,000,000	\$ -	Hankook Tire, Series A-2015	11/19/2024
The IDB of the County of Montgomery	Conduit	\$ 30,000,000	\$ -	Hankook Tire, Series A-2014	12/10/2024
The IDB of the County of Montgomery	Conduit	\$ 12,280,000	\$ -	Multifamily Note (Ramblewood Apartments Project), Series 2022	10/01/0039
The IDB of the County of Montgomery	Conduit	\$ 30,000,000	\$ -	Bridgestone Metalpha, Series A-2012	12/31/2025
The IDB of the County of Montgomery	Direct	\$ 18,500,000	\$ 18,500,000	Industrial Revenue Note (Industrial Park Project), Series 2021	06/01/2042
The IDB of the County of Montgomery	Direct	\$ 3,675,596	\$ 4,028,459	Office Complex Note Payable - 2020	12/08/2042
Morgan County					
IDB of the Counties of Cumberland, Morgan & Roane, TN	(Joint)	<i>No Debt</i>			
Morgan County Economic Development Board, Inc.	Direct	\$ 1,000,000	\$ 787,602	Commercial Promissory Note 2021	12/01/2030
Morgan County Economic Development Board, Inc.	Direct	\$ 2,700,000	\$ 2,700,000	Sales Tax Increment Revenue Note 2022	11/14/2029

APPENDIX C

Fiscal Year 2023
 Tennessee Industrial Development Boards
 Annual Debt Report - Direct and Conduit Debt Issues Outstanding (T.C.A. § 7-53-304)

Entity Name	Debt Type	Original Issue Amount	Outstanding Amount Reported	Debt Name / Series Year	Maturity Date
Obion County					
IDB of the City of South Fulton, Tennessee, Inc.	Conduit	\$ 580,000	\$ -	WARREN SEED PROPERTY 12/19/2013	12/31/2023
IDB of the City of Union City, Tennessee	Conduit	\$ 3,250,000	\$ 325,000	MIA-Note 1 Building	12/01/2023
IDB of the City of Union City, Tennessee	Conduit	\$ 3,500,000	\$ 3,138,325	TIF-GAM	04/30/2039
IDB of the City of Union City, Tennessee	Conduit	\$ 1,600,000	\$ 1,600,000	Gopal 2018	01/01/2035
IDB of the City of Union City, Tennessee	Direct	\$ 400,000	\$ 40,000	MIA -operating	12/01/2023
IDB of the Town of Obion	No Debt				
IDB Town of Troy, Tennessee	<i>Non-Responsive</i>				
Overton County					
IDB of Overton County	<i>Non-Responsive</i>				
Perry County					
IDB of Perry County	<i>Non-Responsive</i>				
Pickett County					
IDB of Pickett County	No Debt				
Putnam County					
IDB of the City of Cookeville	No Debt				
Rhea County					
IDB of Rhea County, Tennessee	No Debt				
IDB of the City of Dayton	No Debt				
Roane County					
IDB of the Counties of Cumberland, Morgan & Roane, TN	(Joint)	<i>No Debt</i>			
IDB of Roane County	No Debt				
IDB of the City of Harriman, Tennessee	No Debt				
IDB of the City of Oak Ridge	Conduit	\$ 154,360,000	\$ 84,492,000	Lease Revenue Bonds, Series 2005	12/15/2032
IDB of the City of Oak Ridge	Conduit	\$ 10,165,000	\$ 10,165,000	Social Multifamily Tax-Exempt Mortgage Backed Bonds, Series 2022	07/01/2039
IDB of the City of Oak Ridge	Conduit	\$ 11,000,000	\$ 11,000,000	Multifamily Housing Revenue Bond, Series 2019	02/28/2024
IDB of the City of Oak Ridge	Conduit	\$ 27,700,000	\$ 16,158,000	Demand Bonds, Series 2010	09/01/2038
IDB of the City of Oak Ridge	Direct	\$ 13,000,000	\$ 12,038,962	Tax Increment Revenue Note, Series 2016	05/01/2047
IDB of the City of Rockwood	No Debt				
Robertson County					
IDB of Robertson County	Conduit	\$ 4,850,000	\$ -	Multifamily Housing Revenue Bonds, Series 2021	02/01/2042
IDB of the City of Springfield, Tennessee	No Debt				
IDB of the City of White House, Tennessee	No Debt				
Rutherford County					
IDB of Rutherford County	Conduit	\$ 10,000,000	\$ 110,016	Revenue Bond Series 2013	07/01/2023
IDB of the City of La Vergne	No Debt				
IDB of the Town of Smyrna	No Debt				
Scott County					
IDB of Scott County, Tennessee	Conduit	\$ 1,010,000	\$ 979,861	Thompson Medical Clinic 2020	01/01/2041
IDB of Scott County, Tennessee	Conduit	\$ 1,400,000	\$ 1,036,238	J&M Grading Division , LLC 2015	04/30/2036
IDB of Scott County, Tennessee	Direct	\$ 443,084	\$ -	IDB of Scott County 2020	03/30/2030
IDB of Scott County, Tennessee	Direct	\$ 571,842	\$ -	IDB of Scott County	03/30/2030
IDB of the Town of Oneida, Tennessee	No Debt				
Winfield IDB	No Debt				
Sequatchie County					
IDB of the City of Dunlap	Direct	\$ 160,000	\$ 110,511	Mountain Valley Bank 2020	12/01/2029
IDB of the County of Sequatchie	No Debt				
Sevier County					
IDB of Pigeon Forge	Conduit	\$ 2,000,000	\$ -	Revenue Bonds, Series 2015	01/27/2035
IDB of the City of Sevierville, Tennessee	Conduit	\$ 2,025,000	\$ 1,097,705	Revenue Bonds, Series 2015	02/28/2031
IDB of the County of Sevier, Tennessee	No Debt				

Fiscal Year 2023
 Tennessee Industrial Development Boards
 Annual Debt Report - Direct and Conduit Debt Issues Outstanding (T.C.A. § 7-53-304)

Entity Name	Debt Type	Original Issue Amount	Outstanding Amount Reported	Debt Name / Series Year	Maturity Date
Shelby County					
<i>Depot Redevelopment Corporation of Memphis and Shelby County</i>					
<i>Reported with Economic Development Growth Engine IDB - Memphis & Shelby County</i>					
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 5,115,000	\$ 5,115,000	Economic Development Bonds (City of Memphis Project) Series 2021B	04/01/2028
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 7,375,000	\$ -	Revenue Refunding Bond, Series 2019	03/01/2029
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 19,140,000	\$ 19,140,000	EDGE Economic Development Bonds (City of Memphis Project) Series 2021A	04/01/2041
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 69,635,000	\$ 69,635,000	EDGE Revenue Bonds, Series 2021	12/01/2051
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 10,000,000	\$ 10,000,000	EDGE Subordinate Tax Increment Revenue Bonds, Series 2017E	07/01/2044
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 24,430,000	\$ 39,165,000	EDGE Senior Tax Increment Revenue Bonds, Series 2017B	07/01/2045
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 34,300,000	\$ 25,735,000	EDGE TDZ Revenue Refunding Bonds, Series 2017C	06/01/2046
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 25,000,000	\$ 23,623,300	EDGE Direct Note Obligation (EPPF Project) Series 2016A	06/01/2045
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 5,600,000	\$ -	IDB City of Memphis and County of Shelby, TN VRD Revenue Bonds Series 2007A & B	11/01/2028
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 25,000,000	\$ 14,173,980	EDGE Direct Note Obligation (EPPF Project) Series 2016B	06/01/2045
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 28,935,000	\$ -	EDGE Revenue Refunding Bond, Series 2022	04/01/2036
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 40,490,000	\$ 39,165,000	Senior Tax Increment Revenue Bonds, Series 2017A	07/01/2046
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 24,375,000	\$ 24,375,000	EDGE Senior Tax Increment Revenue Bonds, Series 2017B	07/01/2045
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 2,142,850	\$ -	EDGE Qualified Energy Conservation Bond, Series 2017	01/05/2021
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 5,005,000	\$ 4,975,000	Subordinate Tax Increment Revenue Bonds, Series 2017D	07/01/2030
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 4,000,000	\$ 1,743,391	EDGE Special Project Revenue Obligation, Series 2014	02/24/2025
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 36,215,000	\$ -	TDZ Revenue Refunding Bonds, Series 2017A	11/01/2046
Economic Development Growth Engine IDB - Memphis & Shelby County	Conduit	\$ 87,725,000	\$ 87,725,000	EDGE TDZ Revenue Refunding Bonds, Series 2017B	11/01/2030
IDB of the City of Arlington	No Debt				
IDB of the City of Bartlett, Tennessee	No Debt				
IDB of the City of Germantown, Tennessee	No Debt				
IDB of the City of Lakeland, Tennessee	Conduit	\$ 9,750,000	\$ 9,750,000	Lakeland Commons Amended and Restated TIF	01/25/2029
IDB of the City of Memphis and County of Shelby, TN	No Debt				
IDB of the City of Memphis and County of Shelby, TN	No Debt				
IDB of the City of Millington	Conduit	\$ 3,516,320	\$ 3,516,320	FRC TIF Note 1 2022	03/21/2043
IDB of the City of Millington	Conduit	\$ 3,800,000	\$ 3,007,126	Shoppes of Millington Farms 2017	05/01/2037
IDB of the City of Millington	Conduit	\$ 2,404,985	\$ 2,404,985	FRC TIF Note 2 2023	03/31/2043
IDB of the Town of Collierville, Tennessee	No Debt				
Memphis Center City Revenue Finance Corporation	Conduit	\$ 2,015,300	\$ 201,530	Qualified Energy Conservation Bonds, 2015B	01/05/2024
Memphis Center City Revenue Finance Corporation	Conduit	\$ 340,700	\$ 34,070	Qualified Energy Conservation Bonds, 2015C	01/05/2024
Memphis Center City Revenue Finance Corporation	Conduit	\$ 8,316,000	\$ 1,663,200	Qualified Energy Conservation Bonds, 2015A	01/05/2025
Memphis Center City Revenue Finance Corporation	Conduit	\$ 11,000,000	\$ 9,629,276	Tax-Exempt Revenue Bonds	06/01/2026
Memphis Center City Revenue Finance Corporation	Direct	\$ 17,925,000	\$ 9,920,000	Sports Facility Revenue Bonds (Stadium Project) 2014A	02/01/2029
Memphis Center City Revenue Finance Corporation	Direct	\$ 5,720,000	\$ 2,355,000	Sports Facility Revenue Bonds (Stadium Project) 2014B	02/01/2030
Memphis Center City Revenue Finance Corporation	Direct	\$ 19,750,000	\$ 19,750,000	Series 2021 Direct Note Obligation DMA Projects	12/02/2028
Memphis Center City Revenue Finance Corporation	Direct	\$ 20,250,000	\$ 20,250,000	Series 2021 Direct Note Obligation DMA Projects	12/01/2028
Piperton IDB	No Debt				
Smith County					
IDB of Smith County	No Debt				
Stewart County					
IDB of Stewart County	No Debt				
IDB of the Town of Dover, Tennessee	No Debt				
IDB of Stewart-Houston Counties (Joint IDB)	Direct	\$ 800,000	\$ 248,415	2014 spec building	02/13/2022
IDB of Stewart-Houston Counties (Joint IDB)	Direct	\$ 1,334,821	\$ 1,385,721	Interloan with Stewart Houston Industrial Park Board	05/13/2026
Sullivan County					
IDB of the City of Bristol, Tennessee	Conduit	\$ 1,700,000	\$ 1,231,969	Revenue Bond (Johnson Pinnacle Project) Series 2013	08/01/2033
IDB of the City of Bristol, Tennessee	Direct	\$ 3,680,000	\$ 2,825,000	Subordinate Tax Increment Revenue Bonds (Pinnacle Project), Series 2016B	06/01/2035
IDB of the City of Bristol, Tennessee	Direct	\$ 91,085,000	\$ 91,085,000	State Sales Tax Revenue Bonds (The Pinnacle Project), Series 2016A	12/01/2043
IDB of the City of Bristol, Tennessee	Direct	\$ 30,020,000	\$ 27,320,000	Tax Increment Revenue Bonds (Pinnacle Project), Series 2016	06/01/2035

APPENDIX C

Fiscal Year 2023
 Tennessee Industrial Development Boards
 Annual Debt Report - Direct and Conduit Debt Issues Outstanding (T.C.A. § 7-53-304)

Entity Name	Debt Type	Original Issue Amount	Outstanding Amount Reported	Debt Name / Series Year	Maturity Date
IDB of the City of Bristol, Tennessee	Direct	\$ 29,515,400	\$ 21,555,642	State Sales Tax Rev Capital Appreciation Bonds (The Pinnacle Project), Series 2016B	12/01/2032
IDB of the County of Sullivan	No Debt				
Kingsport IDB	Conduit	\$ 11,050,000	\$ 11,050,000	2009 - Multifamily Housing Revenue Bond	07/31/2049
Kingsport IDB	Conduit	\$ 8,500,000	\$ 8,500,000	2020 - Multifamily Housing Revenue Bond	12/31/2023
Kingsport IDB	Direct	\$ 6,640,000	\$ 6,118,647	2020 - Anita's Foods Loan	06/15/2030
Kingsport IDB	Direct	\$ 1,800,000	\$ 608,000	2019 - Miracle Field Loan	07/15/2030
Kingsport IDB	Direct	\$ 4,000,000	\$ 3,288,731	2013 - General Shale Loan	12/30/2023
Sumner County					
City of Hendersonville IDB	Conduit	\$ 5,925,000	\$ 4,925,000	5,925,000 Multifamily Bond (Hickory Pointe Apartments)	12/01/2025
City of Hendersonville IDB	Conduit	\$ 13,300,000	\$ 12,453,435	\$13,300,000 Multifamily Note (Governmental Waterview Apartments Project)	03/01/2033
Gallatin IDB	No Debt				
IDB of the City of Portland, Tennessee	Conduit	\$ 50,000,000	\$ -	SIF Portland LLC & RB Distribution 2018	01/01/2028
IDB of the City of Portland, Tennessee	Conduit	\$ 26,500,000	\$ -	Kyowa America 2012	01/01/2025
IDB of the City of Portland, Tennessee	Conduit	\$ 28,000,000	\$ -	North American Stamping Group 2013	01/01/2025
IDB of the City of Portland, Tennessee	Conduit	\$ 327,000	\$ -	Tractor Supply 2018	01/01/2033
IDB of the City of Portland, Tennessee	Conduit	\$ 7,000,000	\$ -	Stevison Ham Company 2017	01/01/2028
IDB of the City of Portland, Tennessee	Conduit	\$ 25,500,000	\$ -	Shoals LLC & Shoals Technologies 2011	01/01/2026
IDB of the City of Westmoreland	Direct	\$ 550,000	\$ 238,818	Building Loan	12/01/2029
IDB of the City of Westmoreland	Direct	\$ 119,933	\$ -	Project Stitch Loan	09/07/2022
IDB of the City of Westmoreland	Direct	\$ 97,930	\$ -	Improvements Loan-2017	10/19/2022
IDB of the County of Sumner	No Debt				
Tipton County					
IDB of the County of Tipton	No Debt				
IDB of the Town of Covington, Tennessee	Conduit	\$ 30,342,242	\$ 10,032,670	Unilever, Series 2014-1	12/31/2024
IDB of the Town of Covington, Tennessee	Conduit	\$ 49,500,000	\$ 11,206,961	US Cold Storage - Series 2014	12/31/2023
IDB of the Town of Covington, Tennessee	Conduit	\$ 7,500,000	\$ 7,500,000	Charms 1992 Bonds - 1992	06/01/2027
Trousdale County					
Hartsville/Trousdale County IDB	No Debt				
Unicoi County					
IDB of Unicoi County, Tennessee	Direct	\$ 600,000	\$ 600,000	Tax Increment Revenue Note (Series 2019)	04/01/2036
Union County					
IDB of the County of Union, Tennessee	No Debt				
Van Buren County					
IDB of the City of Spencer, Tennessee	No Debt				
Van Buren IDB	No Debt				
Warren County					
IDB of McMinnville-Warren County	Conduit	\$ 3,205,000	\$ 2,785,000	Housing Urban Bond 2009	11/20/2049
IDB of McMinnville-Warren County	Conduit	\$ 875,000	\$ 875,000	Nonrecourse Hunt Properties	04/15/2039
IDB of McMinnville-Warren County	Direct	\$ 2,000,000	\$ 196,661	Caney Fork Electric Coop 2014	07/01/2024
IDB of McMinnville-Warren County	Direct	\$ 1,670,763	\$ 1,129,312	Caney Fork Electric 2019	07/01/2029
IDB of McMinnville-Warren County	Direct	\$ 1,200,000	\$ 551,800	TVA 2014	10/15/2029
IDB of McMinnville-Warren County	Direct	\$ 1,870,000	\$ 1,026,640	TVA 2014	10/15/2034
IDB of McMinnville-Warren County	Direct	\$ 300,000	\$ 27,500	Caney Fork Electric Coop 2014	07/01/2024
Washington County					
IDB of Jonesborough	<i>Inactive - no current board; no debt</i>				
IDB of the County of Washington, Tennessee	No Debt				
Wayne County					
IDB of the City of Collinwood	No Debt				
IDB of the City of Waynesboro, Tennessee	No Debt				
IDB of Wayne County, Tennessee	No Debt				

APPENDIX C

Fiscal Year 2023
 Tennessee Industrial Development Boards
 Annual Debt Report - Direct and Conduit Debt Issues Outstanding (T.C.A. § 7-53-304)

Entity Name	Debt Type	Original Issue Amount	Outstanding Amount Reported	Debt Name / Series Year	Maturity Date
Weakly County					
IDB of the City of Dresden	No Debt				
IDB of the City of Greenfield	Conduit	\$ 292,500	\$ 164,304	Loan for Industry - Hwy 45	01/23/2029
IDB of the City of Martin	No Debt				
IDB of the City of McKenzie	Direct	\$ 600,000	\$ 591,036	Building Purchase 2023	02/28/2038
IDB of the City of McKenzie	Direct	\$ 355,585	\$ 355,610	Building Purchase 2023 #2	05/26/2024
IDB of Weakley County	Direct	\$ 738,338	\$ 224,765	TVA Loan-2007	08/03/2025
White County					
IDB of the Town of Sparta, Tennessee	No Debt				
IDB of White County, Tennessee	Conduit	\$ 3,700,000	\$ -	IDB Revenue Bonds, Series 2009	03/01/2029
IDB of White County, Tennessee	Conduit	\$ 1,400,000	\$ -	Promissory Note, Series 2007	02/10/2027
Williamson County					
IDB of the City of Fairview	<i>Inactive - no current board; no debt</i>				
IDB of the City of Franklin	No Debt				
IDB of Williamson County	Conduit	\$ 2,050,000	\$ -	Educational Facilities Rev Refunding Bonds (St. Matthew School Project) Series 2009	07/01/2024
IDB of Williamson County	Conduit	\$ 98,000,000	\$ 58,877,884	Industrial Development Revenue Note, Series A (Lampo Project), Series 2017	01/01/2034
IDB of Williamson County	Conduit	\$ 15,000,000	\$ 14,718,102	Ed Facilities Rev Bond (Grace Christian Academy of Leipers Fork Project) Series 2021	06/01/2043
IDB of Williamson County	Conduit	\$ 985,000	\$ -	Educational Facilities Rev Refunding Bond (Currey Ingram Academy Project) Series 2022A	12/31/2023
IDB of Williamson County	Conduit	\$ 2,285,716	\$ 1,857,144	Educational Facilities Rev Refunding Bond (Currey Ingram Academy Project) Series 2022B	07/31/2025
IDB of Williamson County	Conduit	\$ 7,925,000	\$ 1,335,000	Educational Facilities Rev Refunding Bonds (Brentwood Academy Project) Series 2009	09/01/2025
IDB of Williamson County	Conduit	\$ 1,751,524	\$ 1,751,524	Educational Facilities Rev Refunding Bond (Currey Ingram Academy Project) Series 2022C	07/31/2035
IDB of Williamson County	Conduit	\$ 40,000,000	\$ 40,000,000	Educational Facilities Revenue Note (St. Michael Academy Project) Series 2022B	07/01/2029
IDB of Williamson County	Conduit	\$ 78,000,000	\$ 75,260,395	TN Industrial Development Revenue Bonds (Tractor Supply Project), Series 2012	12/31/2024
Wilson County					
IDB of the City of Mt. Juliet	No Debt				
IDB of Wilson County	Conduit	\$ 10,000,000	\$ -	Kenwal 2007	04/26/2024
IDB of Wilson County	Conduit	\$ 5,534,000	\$ -	Revenue Bond (Goodwill Industries of Middle TN, Inc. Project), Series 2023	03/01/2038
IDB of Wilson County	No Debt				



JASON E. MUMPOWER
Comptroller

To: State Funding Board Members
From: Steve Osborne, Assistant Director
Division of Local Government Finance
Date: July 22, 2024
Subject: Notice of Default on 2017 Graceland Bonds

Insufficiency of Funds – EDGE

The Economic Development Growth Engine Industrial Development Board of Memphis and Shelby County (EDGE) filed a notice of default that occurred on July 1, 2024, in connection with its Series 2017D Graceland Bonds. The revenues received along with Debt Service Reserve Funds were insufficient to make payments for the bonds. The Series 2017D bonds are subordinate to the Series 2017A, 2017B, and 2017C bonds. The Series 2017D bonds are secured by:

- Tax Incremental Financing (TIF) Revenues
- Tourism Development Zone (TDZ) Revenues
- Tourism Surcharge Revenues

Pursuant to State Funding Board Guidelines, IDBs are required to provide the Board notice of any default, including insufficiency of funds not defined as a default under a bond indenture, within 15 days of the event of default. The default notice was filed within the 15-day requirement on July 9, 2024.

Series 2017D

This is the seventh default notice for the Series 2017D Bonds.

The Series 2017D Bonds were privately placed and are secured by a fourth and subordinate lien on the Tax Incremental Financing (TIF) Revenues and the Tourism Development Zone (TDZ) Revenues as well as a third and subordinate lien on the Tourism Surcharge Revenues.

Failure to make payments on the Series 2017D bonds is not a default under the bond indenture, accordingly, EDGE is not contractually in default with its bondholders.

For further information about the security for the Graceland Bonds, please see the excerpt from the official statement below:

SECURITY AND SOURCE OF PAYMENTS FOR THE OFFERED BONDS

General

The Issuer, along with the City, the County and the State have made the following sources of funds available to assist in the Graceland Development (collectively, the “Pledged Payments”):

- *TIF Revenues* – Pursuant to the Act, the Issuer, the City and the County approved the Economic Impact Plan (as defined herein) for the area encompassing the Graceland Development (the “Plan Area”) and agreed that fifty percent (50%) of all incremental real and personal property taxes collected within the Plan Area would be allocated to the Issuer through tax year beginning January 1, 2034.
- *TDZ Revenues* – Pursuant to T.C.A. Sections 7-88-101 et seq. (the “TDZ Act”) and the TDZ Application (as defined herein) approved by the City and the State of Tennessee, the State of Tennessee is required to allocate a portion of all state and local sales taxes collected on sales within the Plan Area to the Issuer through June 30, 2045.
- *Tourism Surcharge Revenues* – Pursuant to City Council Ordinance No. 5583, the City levies a five percent (5%) surcharge on all sales made within a portion of the Plan Area. The City is required to remit the revenues generated from this surcharge to the Issuer for sales occurring through April 30, 2045.

The Series 2017A Bonds are secured under the Indenture by (i) a first and senior lien on the TIF Revenues and the TDZ Revenues, and (ii) certain funds held by the Master Trustee under the Indenture. The Series 2017A Bonds are not payable from or secured by a pledge of the Tourism Surcharge Revenues. The Graceland TDZ (as defined herein) consists of the entire approximately 120-acre Graceland Campus.

The Series 2017C Bonds are secured under the Indenture by (i) a second lien on the Tourism Surcharge Revenues (subject to a lien in favor of the Series 2017B Bonds) (ii) a third lien on the TIF Revenues and the TDZ Revenues (subject to a lien in favor of the Series 2017A Bonds and the 2017B Bonds) and (iii) certain funds held by the Master Trustee under the Indenture. The Graceland Tourism Surcharge District consists of approximately 120 acres, consisting of the entire Graceland Campus, except for an approximately 6-acre section in the southwestern portion of the Graceland Project (between Elvis Presley Boulevard and Masonwood lane, north of Craft Road).

The Series 2017B Bonds (not offered hereby) are secured by a first and senior lien on the Tourism Surcharge Revenues and a second lien on the TIF Revenues and the TDZ Revenues. The Series 2017D and 2017E Bonds are secured by a pledge of the TIF Revenues, TDZ Revenues and Tourism Surcharge Revenues on a subordinate basis to the Series 2017C Bonds, all as more fully described herein.

The Offered Bonds are secured under the Indenture as illustrated by the Flow of Funds as more fully explained herein.

Enclosures:

History of Graceland Bond Defaults

From Subsequent Communication with EDGE Financial Advisor

1. Correspondence from Municap, Inc, Issuer’s advisor, Dated July 9, 2024
2. EMMA Event Notice Filing (Pursuant to the Continuing Disclosure Undertakings)

From the IDB’s Notice of Default Submitted on July 9, 2024

3. Notice of Default Form

Date of Default	Date Posted on EMMA	Date Filed with LGF	Default Description	Series 2017A Monetary Defaults	Series 2017C Monetary Defaults	Series 2017D Monetary Defaults	Date Reported to State Funding Board
1/4/2021	1/5/2021	2/5/2021	Semi-annual interest payment			\$ 205,219	3/22/2021
7/1/2021	7/6/2021	7/8/2021	Principal			\$ 95,000	7/22/2021
7/1/2021	7/6/2021	7/8/2021	Semi-annual interest payment		\$ 853,125	\$ 205,219	7/22/2021
1/1/2022	1/5/2022	2/2/2022	Semi-annual interest payment		\$ 853,125	\$ 205,219	2/23/2022
7/1/2022	7/6/2022	8/3/2022	Principal			\$ 185,000	9/8/2022
7/1/2022	7/6/2022	8/3/2022	Semi-annual interest payment		\$ 853,125	\$ 205,219	9/8/2022
1/1/2023	1/9/2023	1/13/2023	Semi-annual interest payment		\$ 853,125	\$ 193,669	2/15/2023
7/1/2023	7/5/2023	7/12/2023	Principal	\$ 720,000		\$ 270,000	8/21/2023
7/1/2023	7/5/2023	7/12/2023	Semi-annual interest payment	\$ 1,053,150		\$ 193,669	8/21/2023
7/1/2024	7/2/2024	7/9/2024	Principal			\$ 365,000	7/22/2024
7/1/2024	7/2/2024	7/9/2024	Semi-annual interest payment			\$ 182,531	7/22/2024
Total Monetary Defaults				\$ 1,773,150	\$ 3,412,500	\$ 2,305,745	

From: [Patrick Kennedy](#)
To: [Steve Osborne](#)
Cc: [Sheila Reed](#); [Jordan Diven](#)
Subject: RE: Graceland - Notice of Default Form
Date: Tuesday, July 9, 2024 2:36:07 PM
Attachments: [image001.jpg](#)
[P21826419-P21400060-P21841669.pdf](#)

Hi, Steve,

Please see the notice posted by the Trustee related to all Series of the Graceland Bonds.

Regarding the Series 2017D Bonds, the principal amount was \$365,000 and the interest amount was \$182,531.25. There are also previous non-payments that are continuing. I believe outstanding, unpaid debt service is over \$2 million on the Series 2017D Bonds.

Regarding the Series 2017A Bonds, TIF Revenues are down due to the reassessment of the Hotel. The hotel property was appealed by the property owner after COVID and was valued more in line with their hotel revenues. The Series 2017A Bonds required a draw on the Series 2017A Reserves due to the lack of these TIF revenues on July 1, 2024. I have not looked into when a reassessment may be possible.

Tourism Surcharge Revenues have been coming in consistently, allowing the Series 2017B Bonds to be paid and some of the excess flowing to the Series 2017C Bonds, but a draw was required on the Series 2017C Reserves on July 1, 2024 also.

Accordingly, it's possible that some of these defaults will be rectified in the near future, but it's hard to say at this time. We will figure out how much is expected from the TDZ Revenues in September.

Thanks,

Patrick

MUNICAP, INC. | — PUBLIC FINANCE —
PATRICK KENNEDY | **VICE PRESIDENT**
946 PA-228, Suite 102 | Mars, PA 16046
OFFICE: (412) 520-8363
www.municap.com

From: Steve Osborne <Steve.Osborne@cot.tn.gov>
Sent: Tuesday, July 9, 2024 2:12 PM
To: Patrick Kennedy <Patrick.Kennedy@municap.com>
Cc: Sheila Reed <Sheila.Reed@cot.tn.gov>
Subject: RE: Graceland - Notice of Default Form

Patrick,

Do you have the amount of the Series 2017D July principal and interest amounts and the

status of the debt reserve fund? I know revenues are increasing, do you suspect the failure to make payments on the 2017 bonds to end or continue into 2025?

Thank you,
Steve

Steve Osborne

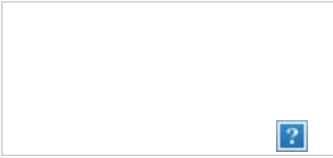
Assistant Director

Comptroller of the Treasury

Division of Local Government Finance

425 Rep. John Lewis Way N. | Nashville, TN 37243

Steve.Osborne@cot.tn.gov | Direct Line 615.747.5343 | Cell 615.762.5779



From: Patrick Kennedy <Patrick.Kennedy@municap.com>

Sent: Tuesday, July 9, 2024 11:42 AM

To: Steve Osborne <Steve.Osborne@cot.tn.gov>

Cc: Sheila Reed <Sheila.Reed@cot.tn.gov>; James McLaren <James.McLaren@arlaw.com>; Ron Queen <Ron.Queen@cot.tn.gov>; Betsy Knotts <Betsy.Knotts@cot.tn.gov>; Sandi Thompson <Sandi.Thompson@cot.tn.gov>; Rachelle Cabading <Rachelle.Cabading@cot.tn.gov>; Stephen L. Anderson <sanderson@farris-law.com>; Bright, Al <al.bright@bassberry.com>; Joann Massey <jmassey@edgemem.com>; Jordan Diven <Jordan.Diven@municap.com>

Subject: Graceland – Notice of Default Form

Hello, Steve,

The notice of default form is attached for the Graceland Series 2017D Bonds. Note that nonpayment on the Series 2017D Bonds is not considered an event of default pursuant to the bond indenture.

Please let me know if you require any additional information or have any questions.

Thanks,

Patrick

MUNICAP, INC. | — PUBLIC FINANCE —
PATRICK KENNEDY | **VICE PRESIDENT**
946 PA-228, Suite 102 | Mars, PA 16046
OFFICE: (412) 520-8363
www.municap.com



Global Corporate Trust
5715 Burlington Lane
Olive Branch, MS 38654

Notice to Holders of:

**Economic Development Growth Engine Industrial Board of the City of Memphis
and County of Shelby, Tennessee
(Graceland Project) Series 2017**

**\$40,490,000 Senior Tax Increment Revenue Bonds
Series 2017A (Tax Exempt) (the “Series 2017A Bonds”)**
*Cusip: 58611YAA2, 58611YAB0, 58611YAC8

**\$24,430,000 Senior Tax Increment Revenue Bonds
Series 2017B (Taxable) (the “Series 2017B Bonds”)**
*Cusip: 58611YAE4, 58611YAF1, 58611YAG9

**\$24,375,000 Subordinate Tax Increment Revenue Bonds
Series 2017C (Taxable) (the “Series 2017C Bonds”)**
*Cusip: 58611YAD6

**\$5,005,000 Subordinate Tax Increment Revenue Bonds
Series 2017D (Taxable) (the “Series 2017D Bonds”)**
*Cusip: 58611YAH7

**\$10,000,000 Subordinate Tax Increment Revenue Bonds
Series 2017E (Taxable) (the “Series 2017E Bonds”)**
*Cusip: 58611YAH8

Please forward this notice to beneficial holders.

U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, serves as Master Trustee (the “*Master Trustee*”) for the above-referenced Series 2017 Bonds, which were issued pursuant to that Master Trust Indenture, dated as of June 1, 2015 (the “*Master Trust Indenture*”) and that Supplemental Master Trust Indenture No. 4, dated as of October 1, 2017 (the “*Fourth Supplemental Indenture*,” and together with the Master Trust Indenture, the “*Indenture*”), by and between Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (the “*Issuer*”) and the Master Trustee. Unless otherwise defined herein, all capitalized terms in this Notice will have the same meaning as ascribed to them in the Indenture. The proceeds of the Series 2017 Bonds were used to provide financing for certain capital

costs of the Series 2017 Project; to refinance certain loans previously incurred by the Issuer; and to finance a portion of such capital costs.

July 1, 2024, Principal and Interest Payments on Series 2017A Bonds; Transfers of Funds

The Master Trustee made the principal payment in the amount of \$785,000 necessary to redeem the Series 2017A Bonds that matured on July 1, 2024, and made the interest payment that came due on the Series 2017A Bonds on July 1, 2024, in the amount of \$1,036,050.

In order to make the July 1, 2024, principal and interest payments, as set forth above, the Master Trustee transferred \$4,509.97 from the Pledged Payment Fund, \$1,020,986.17 from the TIF Incentive Payment Sub-Account, \$10,816.50 from the TDZ Incentive Payment Sub-Account, and \$783,261.95 from the Series A Debt Service Reserve Fund to the Series A Debt Service Fund in accordance with Section 1302(c) of the Fourth Supplemental Indenture.

July 1, 2024, Principal and Interest Payments on Series 2017B Bonds; Transfers of Funds

The Master Trustee made the principal payment in the amount of \$525,000 necessary to redeem the Series 2017B Bonds that matured on July 1, 2024, and made the interest payment that came due on the Series 2017B Bonds on July 1, 2024, in the amount of \$584,703.75.

In order to make the July 1, 2024, principal and interest payments on the Series 2017B Bonds, as set forth above, the Master Trustee transferred \$1,105,784.32 from the Tourism Surcharge Incentive Payment Sub-Account to the Series B Debt Service Fund, pursuant to Section 1302(e) of the Fourth Supplemental Indenture.

July 1, 2024, Interest Payment on Series 2017C Bonds; Transfer of Funds; Continuing Events of Default

The Master Trustee made the interest payment that came due on the Series 2017C Bonds in the amount of \$853,125.00 on July 1, 2024.

In order to make the July 1, 2024, interest payment on the Series 2017C Bonds, as set forth above, the Master Trustee transferred \$651,932.59 from the Tourism Surcharge Incentive Payment Sub-Account and \$201,060.27 from the Series C Debt Service Reserve Fund to the Series C Debt Service Fund, pursuant to Section 1302(g) of the Fourth Supplemental Indenture.

In its prior Notices, the Master Trustee advised Holders that, due to insufficient funds in the Series 2017C Debt Service Fund and Series 2017C Debt Service Reserve Fund, the Master Trustee was unable to make the interest payments that came due on the Series 2017C Bonds on July 1, 2021, January 2, 2022, July 1, 2022, and January 1, 2023, respectively; and that the failure to make such debt service payments were Events of

Default under the Indenture with respect to the Series 2017C Bonds (the “*Series 2017C Events of Default*”). The Series 2017C Events of Default are continuing.

The Indenture provides that, upon the occurrence of an Event of Default, the Master Trustee may pursue any available remedy. In addition, Holders of twenty-five percent (25%) or more in aggregate principal amount of the Bonds outstanding may request the Master Trustee to pursue one or more available remedies, provided such requesting Holders also provide satisfactory indemnify to the Master Trustee as set forth in the Indenture. The Master Trustee does not intend to pursue any remedies at this time with respect to the Series 2017C Events of Default. If the Master Trustee hereafter determines to exercise any such remedies, it will so notify the Holders. If the Master Trustee receives written direction from Holders owning the requisite percentage of Bonds, coupled with satisfactory indemnity, the Master Trustee will undertake to determine which actions may be most expedient and in the best interests of Holders, and will further seek advice of counsel with respect to whether such remedies are available, whether such actions may be lawfully be taken, and whether such actions would be unjustly prejudicial to the Holders not parties to such request.

July 1, 2024, Interest Payment on Series 2017D Bonds; Transfer of Funds

Due to insufficient funds in the Series 2017D Debt Service Fund and Series 2017D Debt Service Reserve Fund, the Master Trustee was unable to make the principal and interest payments that came due on the Series 2017D Bonds on July 1, 2024. The failure to make such debt service payments is not an Event of Default under the Indenture with respect to the Series 2017D Bonds or any of the other Series 2017 Bonds.

Failure to Make Debt Service Payments on Series 2017E Bonds

Due to insufficient funds in the Series 2017E Debt Service Fund and Series 2017E Debt Service Reserve Fund, the Master Trustee was also unable to make the interest payment that came due on the Series 2017E Bonds on July 1, 2024. The failure to make such debt service payment is not an Event of Default under the Indenture with respect to the Series 2017E Bonds or any of the other Series 2017 Bonds.

Application of Funds; Engaged Counsel

Remaining money held and received by the Master Trustee will be disbursed in accordance with the Indenture, including for payment of the Master Trustee’s reasonable fees and for its services rendered under the Indenture and all expenses and advances, as well as for any indemnities owing or to become owing to the Master Trustee; this includes fees and costs incurred by counsel and other agents or professionals the Trustee employs to pursue remedies or other actions to protect the security or other interests of holders, as well as compensation and expense reimbursement for the Trustee’s extraordinary administration services, including charges for time spent at the Trustee’s currently prevailing hourly rates.

Prior Notices

Prior Notices with respect to the Series 2017 Bonds can be found on the Municipal Securities Rulemaking Boards' website, which is www.emma.msrb.org and is commonly known as "EMMA."

Further Communications

The Master Trustee will inform Bondholders as material developments occur. Bondholders with questions about this Notice should direct them in writing to Charles S. (Steve) Hodges, Vice President, U.S. Bank National Association, 5715 Burlington Lane, Olive Branch, MS 38654, or via email: steve.hodges@usbank.com. Bondholders with questions may also contact U.S. Bank by either calling (800) 934-6802, option # 7. The Master Trustee may conclude that a specific response to particular inquiries from individual Bondholders is not consistent with equal and full dissemination of information to all Bondholders. Bondholders should not rely on the Master Trustee as their sole source of information. The Master Trustee makes no recommendations and is not able to provide Bondholders with legal or investment advice under any circumstances. Bondholders should seek the advice of their own legal counsel and/or financial consultants regarding their individual rights under the Indenture and other Bond Documents.

**U.S. Bank Trust Company, National Association,
as Master Trustee**

July 2, 2024

*Trustee is not responsible for selection or use of CUSIP. It is included solely for holder convenience.

Notice of Default Form
Industrial Development Board

Economic Development Growth Engine (EDGE) for Memphis and Shelby County

A. Name of IDB

B. Contact Information:

Name	Title	Company Name	Phone Number	Email Address
_____	_____	_____	_____	_____
Mark Beutelschies	General Counsel	Farris Bobango Branan	(901) 259-7100	MarkB@Farris-Law.com
_____	_____	_____	_____	_____
Al Bright Jr.	EDGE Chairman	EDGE	(901) 341-2100	Al.Bright@BassBerry.com

C. Name of Defaulted Debt Issue

Subordinate Tax Increment Revenue Bonds (Graceland Project), Series 2017D (CUSIP: 58611YAH7)

D. Description of Debt

The Series 2017D Bonds were issued to fund a portion of the prepayment of the Prior Loans of the Issuer, to fund the Series 2017D Debt Service Reserve Requirement for the Series 2017D Subordinate Taxable Bonds, and to pay the costs of issuing the Series 2017D Subordinate Taxable Bonds.

E. Type of Default

Monetary

F. Date of Default

July 1, 2024

G. Date Default Reported on EMMA

July 2, 2024

H. Reason for Default and Plans to Cure

The debt service payment due on the Series 2017D Bonds was not paid as a result of insufficient funds. Pursuant to Section 1302 of the Supplemental Master Trust Indenture No. 4 dated as of October 1, 2017 (the "Fourth Supplemental Indenture"), prior to any Tourism Surcharge Revenues being applied to debt service on the Series 2017D Bonds, they are first pledged to the payment of administrative expenses, the payment of debt service on the Series 2017B Bonds, pledged to the replenishment of the Series 2017B Debt Service Reserve Fund, if necessary, the payment of debt service on the Series 2017C Bonds, and pledged to the replenishment of the Series 2017C Debt Service Reserve Fund, if necessary. As of June 20, 2024, the balance of the Tourism Surcharge Incentive Payment Sub-Account was equal to \$1,788,139.91. According to U.S. Bank National Association (the "Trustee"), a portion of these funds were transferred to the Series B Debt Service Fund to pay the debt service due on the Series 2017B Bonds pursuant to Section 1302(e) of the Fourth Supplemental Indenture and the remaining balance of these funds was transferred to the Series C Debt Service Fund pursuant to Section 1302(g) of the Fourth Supplemental Indenture.

I. Additional Comments

The Series 2017D Bonds are privately placed and are subordinate to the Series 2017A, Series 2017B, and Series 2017C Bonds. Section 1701(c) of the Trust Indenture states that a failure to pay the Series D Bonds when due is not an Event of Default.

*Please provide a copy of the Official Statement, Offering Memorandum, or Loan Documents, whichever is applicable

J. Signatures

Signature	<u>Authorized Representative:</u>	<u>Preparer:</u>
Name	<u>Al Bright Jr.</u>	<u>Patrick Kennedy</u>
Title	<u>EDGE Chairman, EDGE</u>	<u>Vice President, MuniCap, Inc.</u>
Phone	<u>(901) 341-2100</u>	<u>(412) 520-8363</u>
Email	<u>Al.Bright@BassBerry.com</u>	<u>patrick.kennedy@municap.com</u>
Date	<u>July 9, 2024</u>	<u>July 9, 2024</u>

K. Date Notice of Default Filed with Comptroller of the Treasury July 9, 2024

State of Tennessee
General Obligation Debt Program

As of June 30, 2024
(unaudited)

	<u>Taxable</u>	<u>Tax-Exempt</u>	<u>Total</u>
Commercial Paper Outstanding	\$5,113,000	\$15,500,000	\$20,613,000
	<u>Taxable</u>	<u>Tax-Exempt</u>	<u>Total</u>
Bonds Outstanding	\$593,455,000	\$1,095,650,000	\$1,689,105,000

State of Tennessee
General Obligation Commercial Paper Program

Analysis for the period July 1, 2023, to June 30, 2024
(unaudited)

	<u>Taxable</u>	<u>Tax-Exempt</u>
Average Daily Balance	\$21,062,727	\$21,291,667
Interest Rate	5.10 – 5.68%	3.45 - 3.85%
Weighted Average Yield	5.59%	3.77%

Expenses for FY24*

Commercial Paper Interest	\$2,761,138
Standby Purchase Agreement Fee	\$1,225,000
Dealer Services Fee	\$ 21,218
Issuing & Paying Agent Fee	\$ 3,000
Rating Fees	\$ 11,800

* Amounts reported are expenses that were paid in FY24