

TENNESSEE STATE FUNDING BOARD

March 27, 2023

The Tennessee State Funding Board (the "Board") met on Monday, March 27, 2023, at 2:00 p.m., in the Volunteer Conference Center, Cordell Hull Building, 2nd Floor, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

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

The following member was absent:

The Honorable Bill Lee, Governor

Mr. Mumpower opened the meeting with a request for a moment of silence to acknowledge the tragic events that had occurred at the Covenant School in Nashville, TN, earlier in the day and for the victims and families of those affected by the event.

Mr. Mumpower then established that a quorum was present and called the meeting to order. Mr. Mumpower then presented the minutes from the meeting held on February 15, 2023, for consideration and approval. Mr. Hargett made a motion to approve the minutes, and Mr. Bryson seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. Stuart McWhorter, Commissioner of the Tennessee Department of Economic and Community Development ("ECD"), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Assistant Commissioner of Administration, ECD, to present the "FastTrack Report to State Funding Board" (the "Report"). Mr. VanderMeer reported that, as of the date of the February 15, 2023, Board meeting, the FastTrack balance was \$251,743,093.41. Since that time, \$3,179,792.00 in new appropriations had been added from interest earned through the month of January; \$17,575.75 in funds had been deobligated; \$11,373,400.00 in new grants and loans had been approved; and \$212,631.58 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$243,354,429.58 as of the date of the Report. Mr. VanderMeer reported that total commitments had been made in the amount of \$245,537,333.20, resulting in an uncommitted FastTrack balance of \$(2,182,903.62). Mr. VanderMeer reported that the amount of proposed grants for projects to be considered at this meeting totaled \$3,027,500.00, and if these projects were approved, the uncommitted balance would be \$(5,210,403.62), for a total committed balance of \$248,564,833.20, which represented 102.1% of the FastTrack balance.

Mr. VanderMeer further reported that a \$40,000,000 supplemental appropriation to the FastTrack program had been recommended in the current State Budget. Mr. VanderMeer then stated that he believed this amount would provide ECD with the funding that would be needed through the remainder of the fiscal year. Mr. Hargett then confirmed that ECD was allowed to commit up to 120% of the FastTrack balance. Mr. Hargett then stated that ECD was able to overcommit the FastTrack balance because not all of the commitments made by ECD would be utilized.

Mr. McWhorter then presented the following FastTrack projects:

- **NYX, Linden LLC – Linden (Perry County)**
FastTrack Economic Development Grant \$ 1,027,500.00
- **Formulated Solutions Cleveland, LLC – Cleveland (Bradley County)**
FastTrack Economic Development Grant \$ 2,000,000.00

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

Mr. Mumpower then stated that the next item on the agenda was the presentation of the staff analysis of “An Economic Report to the Governor of the State of Tennessee” (the Economic report”). Mr. Mumpower stated that at least once each year, the Board shall secure from the Tennessee econometric model a report of the estimated rate of growth of the state's economy and that such report shall include the major assumptions and the methodology used in arriving at such estimate. Mr. Mumpower further stated that the Board shall make comments relating to the reasonableness of the estimate. Mr. Mumpower then stated that the Board may also secure from the Tennessee econometric model the estimated rate of growth of the state's economy as measured by the forecasted change in Tennessee personal income.

Mr. Mumpower then recognized Mr. William Wood, Financial Analyst, Tennessee Comptroller of the Treasury, who presented the staff analysis of the Economic report. Mr. Wood stated that pursuant to state law, Tennessee Code Annotated Section § 9-4-1502, the Board's staff is directed to comment on the reasonableness of the estimates concerning the rate of growth of Tennessee's economy from the Tennessee econometric model published by the University of Tennessee's Boyd Center for Business and Economic Research (“CBER”) in its annual Economic Report. Mr. Wood stated that this was accomplished by comparing estimates of the leading economic indicators in the Economic Report with economic forecasts made by other governmental and non-governmental organizations. Mr. Wood then stated that based on this review, the Economic Report's forecasted estimates of Tennessee nominal personal income growth of 5.80% in fiscal year 2023, 4.90% in calendar 2023, and 4.68% in calendar year 2024, were not unreasonable. Mr. Mumpower then stated that he agreed that the estimates did not appear to be unreasonable. The Board acknowledged receipt of the Report. No further action was necessary.

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

Approved on this 26th day of April 2023.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sandra Thompson". The signature is written in a cursive style with a large initial 'S'.

Sandra Thompson
Assistant Secretary