

TENNESSEE STATE FUNDING BOARD
November 3, 2025

The Tennessee State Funding Board (the "Board") met on Monday, November 3, 2025, at 1:00 p.m., CT in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

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

The following member was absent:

The Honorable Bill Lee, Governor

Seeing a physical quorum present, Comptroller Mumpower called the meeting to order. Comptroller Mumpower, in accordance with Tenn. Code Ann. 8-44-112 and Board guidelines, asked Ms. Sandra Thompson, Assistant Secretary to the Board and Director of the Division of State Government Finance ("SGF"), 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 October 20, 2025, for consideration and approval. Secretary Hargett made a motion to approve the minutes, and Treasurer Lillard seconded the motion. The minutes were unanimously approved.

The Board then heard testimony regarding the economy from the following presenters: Ms. Emily Mitchell of the Federal Reserve Bank of Atlanta; Dr. Don Bruce of the University of Tennessee Boyd Center for Business and Economic Research; Dr. Joseph Newhard of East Tennessee State University; Commissioner David Gerregano and Mr. Jeff Bjarke of the Tennessee Department of Revenue; and Mr. Bojan Savic and Ms. Elizabeth Bransford of the legislative Fiscal Review Committee ("FRC") of the State of Tennessee (the "State"). Pursuant to Tenn. Code Ann. § 9-4-5202(e), the Board is charged with the responsibility of developing estimates of state revenue growth. In doing so, the Board evaluates and interprets economic data and revenue forecasts provided by various economists as well as persons acquainted with the Tennessee revenue system.

The presenters forecasted economic growth and state tax revenue growth that reflected minimal growth in the current fiscal year and slow growth the next fiscal year. Factors cited to support minimal growth in the current and slow growth in next year included uncertainty around tariff impacts on consumption, labor supply concerns (plus interrupted labor market data due to the shutdown of the federal government), and lingering inflation. Tennessee's relative economic strength compared to the nation was cited as a positive factor. Those factors all combine to urge caution when estimating both economic and state tax revenue growth. Further, many of the growth ranges presented were below the current nominal inflation rate, indicating negative real state tax revenue growth.

Comptroller Mumpower then called for presentations regarding the Tennessee Education Lottery Corporation (TELC) from Mr. Savic and Ms. Bransford; and Ms. Rebecca Paul, President and CEO, and Mr. Andy Davis, Chief Financial Officer, from the TELC. Legislation in 2003 created the TELC (Tenn. Code Ann. §§ 4-51-101 et seq.). Pursuant to Tenn. Code Ann. § 4-51-111(c), the Board is required to

establish a projected revenue range for the “Net Lottery Proceeds” [defined in § 4-51-102(14)] for the remainder of the current fiscal year and for the next four (4) succeeding fiscal years.

The presenters reported on historical results and growth reported in previous years for the various instant and numbers games, and Powerball and Mega Millions jackpot games, of the Tennessee Lottery program. The presenters also reported on year-to-date revenue and expenses for fiscal year 2025-2026. Comptroller Mumpower thanked the presenters for their reports.

Tenn. Code Ann. § 4-51-111(c)(2)(A)(ii) requires the Board, with the assistance of the Tennessee Student Assistance Corporation (TSAC), to project long-term funding needs of the lottery scholarship and grant programs. These projections are necessary to determine if adjustments to lottery scholarship and grant programs are needed to prevent the funding for these programs from exceeding Net Lottery Proceeds. For this purpose, the Board heard testimony from Mr. Peter Abernathy, Chief Student Aid and Compliance Officer of the Tennessee Higher Education Commission (THEC), who reported the projected expenditures in lottery scholarship and grant programs for fiscal years ending 2026 through 2030. The lottery-funded scholarship programs as authorized through the 2025 session of the General Assembly included the HOPE Scholarship, General Assembly Merit Scholarship, ASPIRE Award, Wilder-Naifeh Technical Skills Grant, HOPE Scholarship for Non-traditional Students, Dual Enrollment Grant, Helping Heroes Grant, Foster Child Tuition Grant, STEP UP Scholarship, TCAT Reconnect Grant, the Tennessee Middle College Scholarship, and Tennessee Reconnect Grant. Comptroller Mumpower then asked Mr. Abernathy for his thoughts on keeping up with scholarship demand. Mr. Abernathy replied that there were three major factors playing into THEC’s expenditure estimates. Mr. Abernathy explained that the renewal rates of scholarships were increased with an increased retention rate of freshman to sophomores. Mr. Abernathy further replied that the post-secondary enrollment rate was also up this year. Mr. Abernathy then noted that changes were made in the 2022-2023 academic year that increased award amounts which compound with the renewal and retention rates. Mr. Abernathy then stated that THEC saw modest growth in scholarship expenditures to around \$500 million. Mr. Abernathy then stated that based on revenue projections there would be a \$30 million to a \$60 million deficit between revenues and expenditures in the current year. Comptroller Mumpower thanked Mr. Abernathy for the report.

Comptroller Mumpower then recognized Ms. Mary Beth Thomas, Executive Director of the Tennessee Sports Wagering Council (the “SWC”), for a presentation on sports wagering revenue estimates. The SWC is responsible for regulating online sports wagering and fantasy sports wagering in the state, including annual vetting/licensing of sportsbooks and fantasy sports operators, and the registering of vendors that provide services to the online sport books. The SWC is also responsible for compliance functions throughout the year. Ms. Thomas’ presentation discussed mobile sports wagering, licensing and registration of sportsbooks in the state, compliance oversight and enforcement measures, total wager estimates, and sports betting revenue estimates for the State. Ms. Thomas noted the following:

- The SWC has a staff of 20 with day-to-day work functions that include the annual licensure of 12 sports betting platforms, 19 fantasy sports platforms, and the registration of 59 vendors that provide support services to the sports betting platforms.
- Additional functions of the office included the collection of privilege taxes from sports betting operators, fantasy operators, and registered vendors; technical, operational, and financial audits on sports betting platforms to ensure compliance; and the investigation/removal of illegal operators.
- The SWC served cease and desist orders to 20 sports books operating illegally in the state and assessed \$700,000 in fines to illegal operators that were in the process of being collected. 7 illegal sports books had left the state.

- Within the last fiscal year 296 cases were referred to law enforcement for violations of the Sports Gaming Act, and an additional 192 cases were resolved without the need for referral to law enforcement.
- With the efforts to eradicate illegal operators, privilege taxes collected would naturally increase with the safer regulated environment.
- There has been an upward trajectory in sports betting volume, both in Tennessee and nationwide since sports wagering became legal five years ago.
- Currently, 34 states have legal online sports betting. Tennessee is the largest online only market compared to the other online only markets of Vermont and Wyoming.
- For calendar year 2023 the sports betting total handle (wagers) increased 23% for the country as a whole. Tennessee saw a 23% increase in total wagers for calendar year 2024 over calendar year 2023, and an 18% increase in fiscal year 2024 over fiscal year 2023. Year-to-date there has been an approximate 9% increase in total wagers for fiscal year 2026 over fiscal year 2025 in Tennessee.
- Tennessee is unique in that privilege taxes are calculated based on total wagers received. A 1.85% privilege tax is collected on the total volume of wagers placed in the state so for every dollar wagered the state received 1.85 cents. Other state tax gross gaming revenue, which is riskier as there may be some months where states lose out due to mismanaged risks within the sports book.
- For the 2024 calendar year, Tennessee ranked 8th in the country for sports betting tax revenue by state and 12th in market size.
- The regulated market for online sports betting is only five years old and there are many new products that are being offered in different areas that are competing with sports betting, the largest being prediction markets.
- Prediction markets do not have the same protections in place as state regulated sports books such as self-exclusion, integrity monitoring, and credit card prevention.
- Sports events contracts are being offered on designated contract market platforms. In substance the event contracts are like sports bets in that they allow for betting on similar items such as spread and over/under for the event. The companies that utilize events contracts offer betting as a futures contract which is governed by the Commodities Futures Trading Commission (CFTC). The companies argue that they are not governed by state law but by federal law leading to extensive litigation. Tennessee Attorney General (AG) Jonathan Skrmetti has signed onto an amicus brief in favor of states regulating sports betting and not having sporting events contracts. If it is resolved that prediction markets can offer sports events contracts, then it would put a significant dent in state regulated sports books.
- The SWC assumed a conservative growth rate of 5% in privilege taxes for fiscal years 2026, 2027, and 2028.
- Total Privilege Tax collections amounted to \$87,568,810 in FY2024 and \$103,425,694 in FY2025. The SWC estimated collections in the amount of \$109,391,793 for FY2026, \$114,861,383 in FY2027, and \$120,604,452 for FY2027 based on the estimated growth rate.
- 80% of the sports betting revenue generated from the 1.85% privilege tax collections was previously distributed to the Lottery Education account. Legislation passed in 2025 now directs those 80% of collections to be distributed to a disbursement account administered by the State Treasurer for use by local education agencies for construction and maintenance of public-school buildings following deposits to the Lottery for Education account to cure any deficiencies in net lottery proceeds.
- Fantasy Sports privilege tax collected by the Department of Revenue based on a 6% tax of adjusted revenues grew from \$444,751 in FY2024 to \$1,535,013 in FY2025, a year over year growth of 245%.

Comptroller Mumpower then asked for confirmation that if there was a shortfall in lottery funds available for the scholarship program, the privilege taxes collected by the SWC would fill that gap. Ms. Thomas

confirmed that this was the case. Secretary Hargett then asked how much revenue could be lost if the futures betting was allowed to continue. Ms. Thomas replied that she thought it could be significant as futures betting was already generating an estimated one-third of what legal state regulated sports betting was generating in total wagering volume within the past year. Secretary Hargett then inquired if the AGs office was following up on collecting the fines that have been levied by the SWC on illegal gaming operations. Ms. Thomas replied that the SWC had requested that the AG turn the levied fines into enforceable judgements through the UAPA process. Secretary Hargett then asked if the SEC was having conversations with leaders of other states about the issues regarding predictive markets. Ms. Thomas replied in the affirmative. Secretary Hargett then inquired if Ms. Thomas anticipated any potential recommendations for change to Tennessee's regulations as a result over/under betting or other limitations as a result of recent situations in the National Basketball Association (NBA). Ms. Thomas replied that she did not have any recommendations and further stated that she thought that the state had strong protections in place for integrity monitoring. Comptroller Mumpower thanked Ms. Thomas for the report. No further action was necessary.

Comptroller Mumpower then presented a request from the Department of Education for \$23,000 from Net Lottery Proceeds for Lottery Scholarship Day for fiscal year 2026-2027, pursuant to Tenn. Code Ann. § 4-51-111(c)(2)(B). The requested funds will support improvements and enhancements for educational programs and purposes, and such net proceeds shall be used to supplement, not supplant, non-lottery educational resources for educational programs and purposes. The Board acknowledged the request from the Department of Education. No further action was necessary.

After requesting other business and hearing none, Comptroller Mumpower made a motion to recess the meeting and to reconvene on November 24, 2025, at 2:00 p.m. CT, in the Cordell Hull Building, 2nd Floor, Volunteer Conference Center. Secretary Hargett seconded the motion. The motion was unanimously approved, and the meeting was recessed.

RECONVENED
November 24, 2025
2:00 p.m.

The Board reconvened on Monday, November 24, 2025, at 2:00 p.m. CT, in the Cordell Hull Building, 2nd Floor, Volunteer Conference Center, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

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

The following members were absent:

The Honorable Bill Lee, Governor
The Honorable David H. Lillard Jr., State Treasurer

Seeing a quorum present, Comptroller Mumpower called the meeting to order. Comptroller Mumpower, in accordance with Tenn. Code Ann. § 8-44-112 and Board guidelines, asked Ms. Thompson if any requests for public comment had been received. Ms. Thompson responded that no requests had been received.

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

	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
Total State Taxes	1.59%	2.04%	2.03%	2.23%
General Fund	0.72%	1.32%	2.25%	2.35%

Comptroller Mumpower then asked what the 2.35% top of the range estimate for the general fund growth rate in FY2027 equated to in dollars. Mr. Thurman responded that over the current year with no change in growth rates it would be about \$450 million new recurring dollars.

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

	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>	<u>FY 2027-2028</u>	<u>FY 2028-2029</u>	<u>FY 2029-2030</u>
Low	-2.25%	-3.22%	0.00%	0.00%	0.00%
High	-1.72%	-1.45%	0.00%	0.00%	0.00%

Comptroller Mumpower then asked for any additional insights from Mr. Thurman on the lottery revenue projections and what they mean for the Hope Scholarship program. Mr. Thurman responded that during the meeting on November 3, 2025, the Board heard presentations concerning the lottery revenue aspect, the lottery expenditure aspect, and sports wagering. Mr. Thurman continued stating that when you think of all of those numbers together it shows that the lottery program is currently challenged, probably due to sports wagering. Mr. Thurman then stated that depending on where lottery expenditures come in on the previously presented range of expenditure projection, it means that the lottery program revenue would not support the ongoing cost of the scholarships without using sports wagering revenue. Secretary Hargett then asked if Mr. Thurman would caution any potential additions to the expansion of the lottery scholarship program. Mr. Thurman responded in the affirmative.

Commissioner Bryson then made a motion to approve the recurring revenue estimates and the lottery revenue estimates as presented. Secretary Hargett seconded the motion, and it was unanimously approved.

Pursuant to Tenn. Code Ann. § 4-51-111(a)(3), the TELC may make a determination that returning a specific percentage of sales as net proceeds (35%) would not result in the maximum dollar amount of net proceeds being achieved. Comptroller Mumpower acknowledged receipt of a letter from TELC notifying the Board that TELC had determined that an amount that maximizes net lottery proceeds to the State of Tennessee Lottery for Education Account is projected to be less than 35% of lottery proceeds for fiscal year 2025-2026. The amount currently projected for the fiscal year ranges from \$434 million to \$459 million. The Board acknowledged the letter. No further action was necessary.

Comptroller Mumpower then recognized Ms. Thompson to present "A Resolution of the Tennessee State Funding Board Concerning the Appointment of an Assistant Secretary" for consideration and approval. Comptroller Mumpower read the resolution for the record. The resolution appointed Ms. Kayla Carr,

Assistant Director, SGF, as the Assistant Secretary to the Board given the upcoming retirement of Ms. Thompson. Commissioner Bryson made a motion to approve the motion, and Comptroller Mumpower seconded the motion. The Board members then individually acknowledged and thanked Ms. Thompson for her service and wished her well in her retirement. Comptroller Mumpower took the vote, and the resolution 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”) and Ms. Jamie Stitt, Assistant Commissioner of Business and Workforce 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 October 20, 2025, Board meeting, the FastTrack balance was \$683,804,732.11. Since that time, \$2,065,514.00 in funds had been deobligated; \$4,750,000.00 in new grants or loans greater than \$750,000.00 had been approved; and \$321,649.53 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$680,798,596.58 as of the date of the Report. Ms. Johnson reported that total commitments had been made in the amount of \$554,504,792.88, representing 81.4% of the FastTrack balance, and resulted in an uncommitted FastTrack balance of \$126,293,803.70. Ms. Johnson reported that the amount of proposed grants for projects to be considered at this meeting totaled \$16,325,000.00, and if these projects were approved, the uncommitted balance would be \$109,968,803.70, with a total committed balance of \$570,829,792.88, which represented 83.8% of the FastTrack balance. Comptroller Mumpower then asked Mr. Borden to present the following FastTrack projects:

- **Gestamp Chattanooga, LLC, Gestamp North America, Inc. and Gestamp Chattanooga II, LLC – Chattanooga (Hamilton County)**
FastTrack Economic Development Grant \$ 9,000,000.00
- **Impact Plastics, Incorporated – Erwin (Unicoi County)**
FastTrack Job Training Assistance Grant \$ 3,075,000.00
- **Hyosung HICO, Ltd. Company – Memphis (Shelby County)**
FastTrack Economic Development Grant \$ 3,000,000.00
- **Carlex Glass America, LLC – Nashville (Davidson County)**
FastTrack Economic Development Grant \$ 1,250,000.00

Comptroller Mumpower then asked about ECD’s thoughts on the profoundly quick turnaround for Unicoi County following all the damage from Hurricane Helene. Mr. Borden responded that ECD agreed and attributed a lot of the quick turnaround to state partners and local stakeholders that pulled together. Mr. Borden continued stating that the tenacity and the spirit of the state’s citizens in Northeast Tennessee was amazing. The Board member packets included letters and FastTrack checklists signed by Mr. Stuart McWhorter, Commissioner, ECD, and incentive acceptance forms signed by company representatives. Comptroller Mumpower then inquired if the companies that had signed the incentive acceptance forms fully understood the agreements, and Mr. Borden responded affirmatively. Comptroller Mumpower then inquired if the checklists had been completed for the projects, and Mr. Borden responded affirmatively. Comptroller Mumpower then inquired if the projects included accountability agreements which would provide protections for the state in the event the entities could not fulfill the agreements, and Mr. Borden responded affirmatively. Secretary Hargett then asked if ECD had any other grants in the pipeline that might help the counties affected by Hurricane Helene. Ms. Stitt responded that ECD had a few more companies

that they were going to be able to help, and that those projects would be brought before the Board in the new year. Ms. Stitt further answered that ECD also administered the Community and Rural Development Grants that assisted the affected areas in recovery. Comptroller Mumpower made a motion to approve the projects, and Secretary Hargett seconded. The motion was unanimously approved.

Comptroller Mumpower then recognized Ms. Helene Cash, Executive Director of the Tennessee Central Economic Authority (the "Authority") and Ms. Michele Farley, Development Coordinator from the Authority, who presented a report on the Authority operations and financials over the past year. The report was provided to the Board members in their meeting packets. Ms. Cash explained that the Authority is an economic development organization that operates in the counties of Macon, Smith, Sumner, Trousdale, and Wilson. Ms. Cash stated that the Authority's focus was to drive economic development within the region with a strong dedication to the three rural counties in which it operates. Ms. Cash then stated that the Authority was unique in that it operated in five counties and owned its own property with an industrial park in Trousdale County as well as a port that was currently receiving barges. Ms. Cash further stated that the port served the Upper Cumberland River and provided a new way to move freight in the area. Ms. Cash then stated that the Authority had a new team starting in July of 2025 following a leadership change. The Board acknowledged the report. No further action was necessary.

Comptroller Mumpower then recognized Mr. Markus Klar, Director of Fixed Income, and Ms. Mary Collins, Director of Investment Operations, from the Tennessee Treasury Department ("Treasury"), to present a report on the State Pooled Investment Fund ("SPIF") for the fiscal year ended June 30, 2025.

Mr. Klar made initial comments on the current market and Federal Reserve Board (the "Fed") policy. Mr. Klar noted the following:

- From 2022 to September of 2023 the Fed embarked on 40 year high aggressive rate hike cycle in order to fight the COVID stimulus induced inflation wave. Over that time frame, it raised the Fed Funds Rate 550 basis points. Following this the Fed paused rate movements for approximately a year to assess the impact of the rate hike cycle.
- Starting in September of 2024, the Fed started a rate cut cycle with a 50 basis points cut in September followed by two additional 25 basis points cuts one after the other prior to the end of the calendar year.
- Following the rate cuts at the end of calendar year 2024, the Fed paused rate cuts to observe everything that transpired including the rollout of tariffs. Following nine months of observation the Fed followed up with two rate cuts in the last two months.
- The most recent rate cuts by the Fed were efforts to get ahead of some weakness in the labor markets. In particular, non-farm payroll growth had been quite a bit lower than expected. There was an almost five year low of job listings as measured by Indeed.
- Economic growth as measured by Gross Domestic Product (GDP) had an average growth rate of 2.10%. The growth was unevenly distributed with a good chunk of it occurring in just one section of the market, the buildout of artificial intelligence infrastructure.
- Traditional drivers of economic growth such as the housing market showed a multi-year low in the sale of new and existing homes. Home price growth had also started to turn negative.
- Consumer spending had also been subdued during the year.
- The Fed was expected to have two more rate cuts, but it was questionable how much room the Fed had to cut given the elevated inflation rate.

Mr. Klar then presented a report on the annual investment activity of the State Pooled Investment Fund (the "SPIF") for fiscal year 2025. Mr. Klar noted the following:

- The SPIF had a return of 5.45% for fiscal year 2024 after expenses, which was the highest return in over 15 years. Due to the Fed rate cuts the SPIF could not replicate the return in fiscal year 2025. The SPIF had a return of 4.76% net of a three-basis point administrative fee in fiscal year 2025.
- The benchmark for the SPIF, the 30-day U.S. Treasury Bill, had a return of 4.78% for fiscal year 2025.
- The SPIF grew by over 4.50% from \$35.3 billion to roughly \$37.0 billion in monthly average invested funds for fiscal year 2025. The SPIF can be subdivided into three separate components, the general fund, the Local Government Investment Pool (“LGIP”), and other state funds that are generally restricted. The general fund had mostly maintained its size at approximately \$20.4 billion in fiscal year 2025 compared to \$20.5 billion in fiscal year 2024. The LGIP saw an increase from \$7.5 billion to \$8.7 billion, a growth of 17%, fueling most of the total SPIF growth. The restricted funds, including ARPA stimulus funds, grew from \$7.3 billion to \$7.8 billion, a growth rate of 7%.
- The portfolio composition of the SPIF was heavily allocated to the two safest sectors, U.S. Treasuries and U.S. Agencies, for a total of 90% of the invested amounts for fiscal year 2025, up from 89% in fiscal year 2024. The growth in the allocation to those components came at the expense of investments in commercial paper that was down close to 3% of the total composition in fiscal year 2025 from 4% in fiscal year 2024. Due to spreads being extremely tight and the issuance of commercial paper being relatively low, commercial paper was not as attractive an investment.
- The portfolio composition of collateralized CDs also increased from 2.0% in fiscal year 2024 to 2.3% in fiscal year 2025.
- There were two measurements of duration for the SPIF, the weighted average maturity (the “WAM”) and the weighted average life (the “WAL”). The measurements differ in the treatment of floating rate bonds. The WAM treats a one-year floating rate securities as one-day investments as the rate of interest resets each day. The WAL treats the same type of investment as a one-year investment as that is the time frame before the principal is received back.
- The WAM of the SPIF had a range of 45 to 54 days throughout fiscal year 2025, roughly 4 days longer than the prior fiscal year but below the stated maximum of 60 days. The WAL of the SPIF for fiscal year 2025 was the same as the WAM. The SPIF’s portfolio had no floating rate securities resulting in the curves for WAM and WAL being the same for fiscal year 2025.
- There were two measures of the liquidity of the SPIF, the daily liquidity and the weekly liquidity. The minimum standard for daily liquidity assets was 10% as determined by GASB Statement 79, and the SPIF was at no point lower than 29% daily liquidity during fiscal year 2025. The daily liquidity was volatile during the fiscal year with the daily liquidity starting the fiscal year around 46%, dropping to around 29% during the middle of the fiscal year and rebounding to around 40% by the end of fiscal year 2025. The volatility in the daily liquidity was the result of the trade-offs between investing in U.S. Treasuries and U.S. Agencies. All U.S. Treasury Bills are considered daily liquidity regardless of term under GASB Statement 79, and U.S. Agencies are not considered to be daily liquid. The volatility in the daily liquidity of the SPIF was therefore the result of which investment vehicle was more attractive at the time. The minimum standard for weekly liquidity, as determined by GASB Statement 79, was 30%. The SPIF was never below a 63% rate for weekly liquid during fiscal year 2025.

Comptroller Mumpower then noted that the SPIF had record returns during fiscal year 2024 and asked if fiscal year 2025 was the second best. Mr. Klar responded that it was the second-best year for SPIF returns since 2008. Comptroller Mumpower then inquired about what affect the deadline of December 31, 2026, for the expenditure of the American Rescue Plan (“ARP”) funds currently held in the SPIF would have on the rate of return for the SPIF in fiscal year 2027. Mr. Klar responded that the funds had begun being drawn down and that \$1.9 billion remained in the SPIF. Mr. Klar then stated that the amount of ARP funds was decreasing at a rate of approximately \$100-\$150 million per month. Mr. Klar further stated that it should

not affect the future returns of the SPIF as the withdrawal of funds was happening gradually. The Board acknowledged the report. No further action was necessary.

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

Approved this 23rd day of February 2026.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kayla Carr". The signature is written in a cursive style.

Kayla Carr
Assistant Secretary

