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March 4, 2019

Michelle Earhart, Statewide Accounting  
State of Tennessee  
Department of Finance and Administration  
312 Rosa L. Parks Avenue  
21<sup>st</sup> Floor, Tennessee Tower  
Nashville, TN 37243

Re: The State of Tennessee Underground Storage Tank Fund – 2019 Additional Services

Dear Ms. Earhart:

Thank you for this opportunity to provide the written plan associated with the additional services requested by the State of Tennessee related to the Tennessee Underground Storage Tank Fund (Fund).

Pinnacle has been requested to supplement our analysis of the historic levels of outstanding liabilities of the Fund with a cash-flow analysis incorporating total revenue and operational expenses to give a clearer prediction of any unobligated balance on a nominal and present value basis.

This analysis would rely upon our report dated July 5, 2018 for future expected payments of the base and three scenarios. For this analysis we would estimate revenue and Fund expenses to determine cash flows through June 30, 2026. We would require the following data:

- Current exposures and any expected changes
- Description of the Fund's revenue determination
- 3 year historical Fund expenses and any expected changes
- Current Fund Balance
- Projected investment yield

To complete this engagement we need to review prior actuarial reports and incorporate the liabilities estimated at the time of each report and the projected payout patterns at the time of each report.

We estimate that the analysis and report will involve the following time for completion:

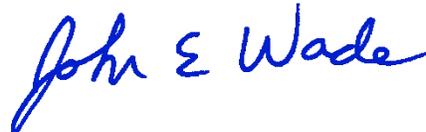
Step	Job Classification	Estimated Hours	Billing Rate	Estimated Cost
Analysis	Sr. Vice President	6	\$375	\$2,250
Analysis	Sr. Actuarial Analyst	8	225	1,800
Report Preparation	Sr. Vice President	6	375	2,250
Report Preparation	Sr. Actuarial Analyst	1	225	225
Total		21		\$6,525

If you have any questions please call us at 415.692.0938.

Best regards,



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