

TENNESSEE STATE SCHOOL BOND AUTHORITY
March 21, 2017
AGENDA

1. Call meeting to order
2. Approval of Minutes from the TSSBA meeting of February 10, 2017
3. Approval of a Project for:

The University of Tennessee

- University of Tennessee, Knoxville - Alpha Gamma Rho Housing (A89); Cost: \$2,245,000 of which \$600,000 will be financed by TSSBA; Term of Financing: 20 years as long-term financing as taxable debt
4. Adjourn

TENNESSEE STATE SCHOOL BOND AUTHORITY
February 10, 2017

The Tennessee State School Bond Authority ("TSSBA" or the "Authority") met on Friday, February 10, 2017, 10:35 a.m., in the Executive Conference Room, Ground Floor, Tennessee State Capitol, Nashville, Tennessee. The Honorable Justin Wilson, Comptroller, was present and presided over the meeting.

The following members were also present:

Honorable Tre Hargett, Secretary of State of Tennessee
Whitney Goetz, proxy for Honorable David Lillard, State Treasurer
Larry Martin, Commissioner of Finance and Administration
Dick Tracy, proxy for Chancellor Flora Tydings, Tennessee Board of Regents

The following member participated telephonically:

Dr. Joe DiPietro, President, University of Tennessee

The following member was absent:

Honorable Bill Haslam, Governor

Recognizing a physical quorum present, Mr. Wilson called the meeting to order and asked for a motion to approve the minutes of the meeting held on January 5, 2017. Mr. Hargett moved approval of the minutes. Mr. Martin seconded the motion. Mr. Wilson then called upon Sandi Thompson, Director of the Office of State and Local Finance ("OSLF") to call roll:

| | |
|--------------|-----|
| Dr. DiPietro | Aye |
| Mr. Martin | Aye |
| Mr. Wilson | Aye |
| Mr. Hargett | Aye |
| Ms. Goetz | Aye |
| Mr. Tracy | Aye |

Mr. Wilson stated the next item on the agenda was approval of the extension of the Revolving Credit Agreement with Wells Fargo and U.S. Bank (the "Banks"). Mr. Wilson stated the proposed extension would extend the term of the agreement for an additional three years. Mr. Wilson added that the Banks had proposed increases in fees that would be consistent with the current market rates. The proposed fees were outlined on a terms sheet provided by the Banks, and included in the meeting materials distributed to the Authority members.

Mr. Wilson noted that the Banks had also proposed a change in the defined term "Margin Rate Amount Effective Date". Mr. Wilson explained that the agreement contemplated that any change in the federal corporate tax rate would result in a change in the tax-exempt interest rate. Under the existing agreement, the tax-exempt interest rate would not change until 90 days after the effective date of the change in the corporate tax rate. With the change in definition, under the proposed extension, the change in the tax-exempt interest rate would be effective as of the date of the change in the corporate tax rate. Mr. Wilson stated that, according to the Authority's financial advisor, this is consistent with current market practice. Mr. Wilson stated that the Banks had agreed to lower the tax-exempt interest rate by one basis point (from an initially proposed 39.5 basis points to 38.5 basis points) to compensate for this change. (One basis point is equal to one-tenth of one percent, 0.10%.)

Mr. Wilson stated that the members had received a letter from the Authority's financial advisor. The letter stated that the revolving credit facility remains to be the most advantageous short-term financing option for the Authority, and PFM recommended that the Authority extend the agreement for the additional three-year term. Mr. Wilson asked if there were any questions. Mr. Martin asked if there was a change to the commitment fee. Ms. Thompson stated that the Banks had originally proposed a change of five basis points but this was negotiated to an agreed upon three basis points. This meant that the commitment fee would increase from 20 basis points, under the existing agreement, to 23 basis points, under the proposed

extension. Mr. Stivers asked if the Authority had evaluated the credit agreement using the 90-day or 60-day LIBOR rate as an index instead of the 30-day LIBOR rate. Ms. Thompson stated that that the Authority's financial advisor had evaluated multiple indices, but the one-month rate was appropriate for this program.

Mr. Wilson asked for a motion to approve the resolution and to give authority to the Comptroller to finalize the details of the proposed extension. Mr. Hargett moved approval, and Mr. Martin seconded the motion. There being no questions, Ms. Thompson called roll:

| | |
|--------------|-----|
| Dr. DiPietro | Aye |
| Mr. Martin | Aye |
| Mr. Wilson | Aye |
| Mr. Hargett | Aye |
| Ms. Goetz | Aye |
| Mr. Tracy | Aye |

Mr. Wilson asked if there was any other business to be presented. Mr. Hargett moved to adjourn. Mr. Wilson seconded the motion. There being no questions, Mr. Wilson called roll:

| | |
|--------------|-----|
| Dr. DiPietro | Aye |
| Mr. Martin | Aye |
| Mr. Wilson | Aye |
| Mr. Hargett | Aye |
| Ms. Goetz | Aye |
| Mr. Tracy | Aye |

Approved on this ____ day of _____, 2017

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Tennessee State School Bond Authority Feasibility Study

UTK Alpha Gamma Rho Housing Project Number A90

Individual Project Summary

| | | | |
|-----------------|------------------------------|----|------------------|
| Revenue Source: | Annual Rent Revenue | \$ | 120,450 |
| | Total Revenue Source: | | \$120,450 |

| | | | |
|--------------|-------------------|--|-----------|
| Assumptions: | Project Cost | | \$600,000 |
| | Interest Rate | | 7.60% |
| | Tax Status | | Taxable |
| | Term of Financing | | 20-Years |
| | Cost of Issuance | | \$9,000 |

| Feasibility Test | | |
|------------------------|----------------------------|---------------------------------|
| | May Principal (No DSRF) | November Principal (no DSRF) |
| Pledged Revenues | \$120,450 | \$120,450 |
| New Max-Semi Annual DS | \$58,068 | \$56,861 |
| Feasible | Yes | Yes |

Prepared on February 22, 2017 by Jacqueline Felland

Project Disclosed in Budget

*TSSBA staff conducts a feasibility test on a project-by-project basis to ensure that each individual project has sufficient revenue pledged to cover the projected maximum annual debt service charged to the project. On an annual basis, and prior to the issuance of long-term debt, an assessment is performed pursuant to Article 2.01 (b) which requires that the aggregate amount of the Fees and Charges collected by an Institution in the preceding Fiscal Year is not less than two times the amount required for the payment of the aggregate of the maximum amount of Annual Financing Charges

**Tennessee State School Bond Authority
UTK Alpha Gamma Rho Project Application**

DEPARTMENT: University of Tennessee

INSTITUTION/LOCATION: Knoxville

SBC PROJECT #: 540/009-12-2014

PROJECT BUDGET:

| | | |
|-------------------------|-------------------------------|----------------------------------|
| Funding Sources: | <u>TSSBA</u> | <u>\$ 600,000</u> |
| | <u>Other: Gifts/Donations</u> | <u>\$1,645,000</u> |
| | Total | <u><u>\$2,245,000</u></u> |

PROJECT REVENUES: (Describe sources and projected levels)

Annual debt service to be funded by fraternity rent revenues. Annual rent revenue of \$120,450 is generated from 33 beds at a rental rate of \$1,825 per semester.

PROJECT LIFE:

Anticipated Useful Life of Project: 30+ years

Desired Term for Financing (if less than useful life): 20 years

ESTIMATED ANNUAL FINANCING CHARGE: \$ 58,900

PROJECT APPROVAL DATES:

BOARD: 10/02/2014

THEC: 06/30/2014

SBC: 08/21/2014

Disclosed in the Governor's Budget: Yes No If yes, what year? _____

PROJECT DESCRIPTION: Physical description, including land, buildings and equipment with approximate dollar value. (If a renovation or repair project, please provide information with respect to the renovated or improved portion as well as the entire structure).

This project will renovate the AGR fraternity house, improve accessibility, expand the dining room, expand the chapter room, create new entrance foyer, install elevator, and add bedrooms, restrooms, and laundry room.

REAL ESTATE:

Owner of real property The University of Tennessee

_____ To be acquired _____ To be leased or other arrangement

The purpose of the following questions are to determine the tax status of this project to be financed with the proceeds of Tennessee State School Bond Authority Bonds and/or Bond Anticipation Notes and the amount of private use associated with this project. Private use means the direct or indirect use of the project by any entity other than a state or local government entity, including use by the Federal Government (including its agencies and instrumentalities) or a Section 501(c)(3), (c)(4), or (c)(6) organization. When the project consists of an improvement that does not involve space that is being used directly by governmental or private users (for example, a re-roofing, air conditioning or energy efficiency improvement), all questions involving uses and users of the project should be answered by reference to all portions of the facility or facilities benefited by the improvement.

The questions below relate to the project referenced above. Attach additional sheets as required. **Please make a copy of this document for your files.**

1. Project Status: (If the project has already been completed, and the proceeds are being used to reimburse the department, please so indicate and include date of project completion.) Planning & Design
2. Project completion estimated to be: 2018
3. Project Owner: University of Tennessee
4. Project Operator (see also item 8 below): University of Tennessee
5. Intended Use of the Project: Improvement of fraternity house.
6. Intended Users of the Project (excluding use by the general public): Students and Staff
7. Indicate whether any of the following activities will take place at the project. Indicate whether the activities are operated by a private entity or will indirectly benefit a private entity. Include all incidental private uses. For each direct or indirect private use of the project, indicate the total amount of space the private use

occupies in relation to the entire project. (For example, if an area of vending machines operated by a private contractor occupies 50 square feet of a 5,000 square foot area financed, indicate the relationship in terms of the ratio of square footage used.)

Gross Square Footage of Building 17,400 (See Supporting Data Sheet if more than one building is involved.)

A

Vending Machines:

Square Footage N/A

Operator _____

Are any vending areas separated by walls, night gates, etc. so that they are under the control of the service provider/operator? _____

B. Wholesalers or retailers (e.g., Newsstand, Book Store, Pharmacy, etc.):

Square Footage N/A

Type _____

Operator _____

C. Pay Telephones:

Square Footage N/A

D. Laundry Services:

Square Footage N/A

Operator _____

Are any laundry service areas separated by walls, night gates, etc. so that they are under the control of the service provider/operator? _____

E. Cafeteria or other food services areas:

Square Footage N/A

Operator _____

F. Provision of health care services:

Square Footage N/A

Operator _____

G. Laboratory research performed on behalf of or for the benefit of a private entity or pursuant to a cooperative research agreement:

Square Footage N/A

Recipient _____

H. Office space utilized by or on behalf of private entities:

N/A

Occupant _____

I. Provision of housing for persons or entities other than enrolled students:

Square Footage N/A

8. Attach copies of any management contracts or incentive payment contracts entered into, or to be entered into, in connection with the operation of the project. (Do not include contracts for services that are solely incidental to the primary governmental functions of the facility (for example, contracts for janitorial, office equipment repair or similar services). Indicate the portion of the project to which the contracts relate. Give the usable square feet involved compared to the total usable square feet of the facility being financed. If a contract has not been entered into but is anticipated, indicate that fact.

9. Will any debt proceeds be used to make or finance loans to any private entity? If so, indicate the amount of such loans, the length and payment terms of such loans: No

10. Indicate any expected payments (direct or indirect) to be made by non-governmental entities, separately and in the aggregate, to the State or any other governmental entity, with respect to the project.

 N/A

11. Additional information not explained above. None

Completed this 12 day of January , 2017 .



Joseph A. DiPietro
President



Robbi Strivers, Executive Director
Office of Capital Projects



David L. Miller, Chief Financial Officer

To be filled out by the Authority

| | | |
|------------------------|------|-------|
| BOND COUNSEL APPROVAL: | DATE | _____ |
| | GOOD | _____ |
| | 5% | _____ |
| | 10% | _____ |