

TENNESSEE STATE SCHOOL BOND AUTHORITY
November 8, 2017
AGENDA

- Call meeting to order
- Approval of Minutes from the TSSBA meeting of September 22, 2017
- Approval of Projects for:
 - The Board of Regents**
 - University of Memphis –Student Recreation Facility; Cost: \$30,000,000 all of which will be funded by TSSBA; Term of Financing: \$11,000,000 for 3 years as short-term financing and \$19,000,000 for 20 years as long-term financing at an assumed tax-exempt rate
Note: This project was originally approved by the Authority for \$62,000,000. This request decreases the balance by \$32,000,000.
 - The University of Tennessee**
 - University of Tennessee Knoxville – Alpha Gamma Rho Housing (A90); Cost: \$2,445,000 which includes an increase in TSSBA funding of \$200,000 for a total of \$800,000 to be financed by TSSBA; Term of Financing: 20 years as long-term taxable financing
- Adjourn

TENNESSEE STATE SCHOOL BOND AUTHORITY
September 22, 2017

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Friday, September 22, 2017, at 11:00 a.m. CST in the Tennessee State Capitol, Executive Conference Room, 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
Angela Scott, proxy for Larry Martin, Commissioner of Finance and Administration
Dick Tracy, proxy for Chancellor Flora Tydings, Tennessee Board of Regents

The following member participated by phone:

Ron Maples, proxy for Dr. Joe DiPietro, President, University of Tennessee

The following members were 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 September 8, 2017. Mr. Hargett moved approval of the minutes. Mr. Tracy seconded the motion. Mr. Wilson called upon Sandi Thompson, Director of the Office of State and Local Finance (“OSLF”) to call roll:

Mr. Maples	Aye
Mr. Tracy	Aye
Ms. Scott	Aye
Mr. Wilson	Aye
Mr. Hargett	Aye
Ms. Goetz	Aye

The meeting minutes were unanimously approved.

Mr. Wilson then stated the next item was a report on the TSSBA bond sale. Mr. Wilson stated the bond sale was successful with \$247,570,000 par amount of tax-exempt new money issued as the 2017 Series A Bonds (“2017A”), \$137,740,000 par amount of tax-exempt refunding issued as the 2017 Series B Bonds (“2017B”), and \$15,150,000 par amount of taxable refunding issued as the 2017 Series C Bonds (“2017C”). Mr. Wilson stated the True Interest Cost (“TIC”) for the 2017A bonds was 3.35%, the TIC for the 2017B bonds was 2.44%, and the TIC for the 2017C bonds was 3.23%. Mr. Wilson added that the total premium generated from the sale of the tax-exempt bonds was \$80,658,211.79. Mr. Wilson stated the refunding generated net present value savings of \$20,421,710.20 or 11.92% for the 2017B bonds and \$1,040,488.42 or 7.01%. Mr. Wilson added that the senior underwriter was Citibank.

Mr. Wilson stated the next item on the agenda was the submission of the Report on Debt Obligation Form CT-0253. Mr. Wilson acknowledged the submission of the Reports on Debt Obligation for the 2017A, 2017B and 2017C bonds. Mr. Wilson stated that there was no action needed.

Mr. Wilson stated the next item was the approval of the amendment to the financial advisor contract with Public Financial Management (“PFM”). Mr. Wilson stated that the proposed amendment would extend the contract for two additional years, but he recommended extending it for only one year and to distribute request for proposals to solicit other possible providers. Mr. Wilson moved approval of the amendment to extend the financial advisory contract for one year. Mr. Hargett seconded the motion. Mr. Wilson called upon Ms. Thompson to call roll:

Mr. Maples	Aye
Mr. Tracy	Aye
Ms. Scott	Aye
Mr. Wilson	Aye

Mr. Hargett Aye
Ms. Goetz Aye

The motion passed unanimously.

Mr. Wilson moved to adjourn. Ms. Scott seconded the motion. Mr. Wilson called upon Ms. Thompson to call roll:

Mr. Maples Aye
Mr. Tracy Aye
Ms. Scott Aye
Mr. Wilson Aye
Mr. Hargett Aye
Ms. Goetz Aye

The meeting was adjourned.

Approved on this ____ day of _____, 2017

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Tennessee State School Bond Authority Feasibility Study

641 - UOM Student Recreation Facility

Individual Project Summary

Revenue Source:	Plant Funds	\$	4,000,000.00
	Total Revenue Source:	\$	4,000,000.00
Assumptions:	TSSBA Funding Requested	\$	11,000,000.00
	Interest Rate		2.00%
	Status		Tax-Exempt
	Term of Financing		3

Feasibility Test	
	Annual Short-Term Pmt
Pledged Revenue	\$4,000,000
New Max Annual DS	\$3,814,301
Feasible	Yes

**UOM will be making a lump sum payment at the end of construction of \$11,000,000.

*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 Feasibility Study

UoM Student Recreation Facility - Project Number 641

Individual Project Summary

Revenue Source:	Annual student activity fee	\$	5,000,000
	Total Revenue Source:		\$5,000,000
Assumptions:			\$19,000,000
	Interest Rate		7.00%
	Tax Status		Tax-Exempt
	Term of Financing		20-Years
	Cost of Issuance		\$285,000

Feasibility Test		
	<u>May Principal</u> (No DSRF)	<u>November Principal</u> (no DSRF)
Pledged Revenue	\$5,000,000	\$5,000,000
New Max Annual DS	\$1,820,368	\$1,779,794
Feasible	Yes	Yes

Prepared on October 24, 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.



THE COLLEGE SYSTEM
of TENNESSEE

Office of Administration & Facilities Development
Department of Facilities Development

1 Bridgestone Park, Third Floor
Nashville, Tennessee 37214
615-366-4431 OFFICE 615-365-1512 FAX

tbr.edu

September 14, 2017

Ms. Sandi Thompson, Director
Office of State and Local Finance
James K. Polk Building, 16th Floor
Nashville, TN 37243

RE: University of Memphis (UoM)
Student Recreation Facility
SBC Project No. 166/007-22-2014

Ms. Thompson:

We are revising a previously submitted TSSBA request for the referenced project. UoM is requesting a reduction in project scope and funding for their Student Recreation Facility. They are asking for \$19,000,000 for 20 years. The total estimated project cost is \$30,000,000. We will be presenting this project at the October 12, 2017 SBC Meeting.

The project scope is for a 74,000 sf facility with upgrades to the existing facility. The annual bond financing will be repaid with student fees. The project application and pro forma are attached.

Your review and consideration of this request will be appreciated. Please advise if you have any questions.

Sincerely,

Dick J. Tracy
Executive Director
Office of Facilities Development

Enclosures

c: Russ Deaton w/encls.
David Collins

Tennessee State School Bond Authority Project Application

DEPARTMENT: Tennessee Board of Regents

INSTITUTION/LOCATION: University of Memphis / Memphis

PROJECT : Student Recreation Facility

SBC PROJECT #: 166 / 007-22-2014

PROJECT BUDGET:

	Original	Revised	Total Revised
Funding Sources: TSSBA – long term	\$62,000,000	(\$ 43,000,000)	\$19,000,000
TSSBA – short term	\$ 0	\$ 11,000,000	\$11,000,000
Total	\$62,000,000	(\$ 32,000,000)	\$30,000,000

PROJECT REVENUES: (Describe sources and projected levels)

Annual Student Activity Fees and campus recreation revenues in the amount of \$5,000,000 are available to repay the annual debt service for the long term. Student fees will be used to cover the short term.

NOTE: Short term financing is needed in the amount of \$ 30 million until construction is complete, then the \$ 11 million will be available from accumulated debt service fees. Project is anticipated to be complete in Aug 2020

PROJECT LIFE:

Anticipated Useful Life of Project: 30

Desired Term for Financing (if less than useful life): 20/LT; 3/ST

ESTIMATED ANNUAL FINANCING CHARGE: Short term - \$ 150,000
Long term - \$2,000,000

PROJECT APPROVAL DATES:

BOARD: 3/2014

THEC: 4/2014

SBC: 9/11/14

Disclosed in the Governor's Budget: x Yes No If yes, what year? 2014/15
 Disclosed as TSSBA Funding: X
 Match Project X

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).

Construct a new recreation and physical education facility, and construct new recreation fields and outdoor pool.

The completion of the project is estimated in 2020.

The total estimated project cost is \$30M.

REAL ESTATE:

Owner of real property State / Tennessee Board of Regents / University of Memphis

 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.) _____

Project is being resubmitted in October to SBC for revision in scope, funding, and selection of new designer

2. Project completion estimated to be: 2020
3. Project Owner: Tennessee Board of Regents
4. Project Operator (see also item 8 below): University of Memphis
5. Intended Use of the Project: Student Recreation and Physical Education Facility

6. Intended Users of the Project (excluding use by the general public): Students, faculty, 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 74,000 (See Supporting Data Sheet if more than one building is involved.)

A. Vending Machines: 6
Square Footage 200 sf
Operator TBR / Pepsi / Gilley Vending
Are any vending areas separated by walls, night gates, etc. so that they are under the control of the service provider/operator? no

B. Wholesalers or retailers (e.g., Newsstand, Book Store, Pharmacy, etc.):
Square Footage none
Type _____
Operator _____

C. Pay Telephones:
Square Footage none

D. Laundry Services:
Square Footage none
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 1200
Operator Health Studies Department – healthy options prepared by students in nutrition class

F. Provision of health care services:
Square Footage none
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 none
Recipient _____

H. Office space utilized by or on behalf of private entities:
Square Footage none
Occupant _____

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

Square Footage none

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.

none

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:

none

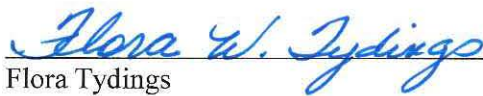
10. Indicate any expected payments (direct or indirect) to be made by non-governmental entities, separately and in the aggregate, to the State or any other governmental entity, with respect to the project.

none

11. Additional information not explained above.

none

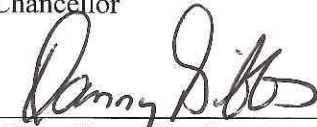
Completed this _____ day of _____, _____.



Flora Tydings
Chancellor



Dick Tracy, Executive Director
Office of Facilities Development



Vice Chancellor for
Business & Finance

To be filled out by the Authority

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

Feasibility Study

School: University of Memphis

Project: Student Recreation Center

Disclosed in Budget: Yes; 2014/15

	<u>Original</u>
Revenue Source: Plant (Student Fees)	4,000,000
Total Revenue Src:	<u>\$ 4,000,000</u>
TSSBA Funding Requested	\$ 11,000,000.00
Assumptions: Interest Rate	2.00%
No. of Years	3
Debt Service Pmt.	3,814,301.40
Annual Short-Term Loan Payment	\$ 3,814,301.40
Total Debt Service (3 years)	11,442,904
Principal	(11,000,000)
Total Interest	<u>442,904</u>
Annual Interest payment	147,635

Feasibility Study by TSSBA

Prepared on: September 5, 2017

School: The University of Memphis

Project: Student Recreation Facility

Project #: SBC 166/007-22-2014

Disclosed in Budget:

Revenue Source: Student Debt Service Fees	<u>Original</u> \$ 5,000,000.00
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Total Revenue Source	<u><u>\$ 5,000,000.00</u></u>
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Assumptions: Project Cost	\$ 19,000,000.00
Interest Rate	7.00%
No. of Years	20
Cost of Issuance	2.00%
Interest on DSRF	2.50%
Administrative Costs	0.20%
Annual Debt Service Pmt.	\$ 2,023,970.31

Issue Size

Project Cost	\$ 19,000,000.00
Cost of Issuance	\$ 380,000.00
Administrative Costs	\$ 38,000.00
Debt Serv. Reserve Fund	\$ 2,023,970.31
 Size of Bond Issue	 \$ 21,441,970.31
 Annual Debt Service Pmt.	 \$ 2,023,970.31
Less: Int. Earnings on DSRF	<u>\$ 50,599.26</u>
Net Debt Service Payment	<u><u>\$ 1,973,371.05</u></u>

Project Request

SBC1

1 Department: Tennessee Board of Regents Submitting
Project Title: Student Recreation Facility Construction 09/27/2017
Institution: UoM
City/County: Memphis / Shelby SBC No: 166/007-22-2014

3	<input type="checkbox"/> Capital Outlay		New	Renovation
	<input type="checkbox"/> Capital Maintenance	Gross Sq. Ft.	74,000	0
	<input checked="" type="checkbox"/> Disclosure	Net Sq. Ft.	58,000	0
	<input checked="" type="checkbox"/> Designer Required	Cost/Sq. Ft.	\$260.00	\$0.00

4 Project Description

Construct a new recreation and physical education facility, demolish a portion of the existing fitness facility and make upgrades to the remaining facilities, and construct new recreation fields.

5	Total Project	Allocation			
	\$19,240,000.00	\$19,240,000.00	Building Construction		
	\$5,000,000.00	\$5,000,000.00	Site & Utilities		
	\$0.00	\$0.00	Built-in Equipment		
	\$24,240,000.00	\$24,240,000.00	Bid Target		
	\$510,000.00	\$510,000.00	Contingency	2.10%	2.10%
	\$24,750,000.00	\$24,750,000.00	M.A.C.C.		
	\$1,387,426.00	\$1,387,426.00	Fee	0.0000000	0.0000000 New
	\$900,000.00	\$900,000.00	Movable Equipment		
	\$250,000.00	\$250,000.00	Commis & preconstruction		
	\$2,350,000.00	\$2,350,000.00	previous designer fee		
	\$362,574.00	\$362,574.00	Administration & Miscellaneous		
	\$30,000,000.00	\$30,000,000.00	Total Cost		

6 Funding

\$0.00	\$0.00	STATE Funds
\$0.00	\$0.00	FEDERAL Funds
\$30,000,000.00	\$30,000,000.00	TSSBA (student fees)
\$30,000,000.00	\$30,000,000.00	

7 Available Funding Sources

\$30,000,000.00	TSSBA (student fees)
\$0.00	
\$0.00	
\$0.00	
\$0.00	
\$30,000,000.00	

8 SBC Action	Date	Action
	09/11/2014	Approve project and issuance of RFP for CM/GC
	11/24/2014	Selected designed
	08/13/2015	Award CM/GC
	09/10/2015	Approve EDP

9 Designer Crump Firm, Inc.

Tennessee State School Bond Authority Feasibility Study

UTK Alpha Gamma Rho Housing - Project Number A90

Individual Project Summary

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

Assumptions:	TSSBA Funding Requested		\$800,000
	Interest Rate		7.60%
	Tax Status		Taxable
	Term of Financing		20-Years
	Cost of Issuance		\$12,000

Feasibility Test		
	<u>May Principal</u> <u>(No DSRF)</u>	<u>November Principal</u> <u>(no DSRF)</u>
Pledged Revenues	\$120,450	\$120,450
New Max Annual Debt Service	\$77,423	\$75,814
Feasible	Yes	Yes

****Gifts and unobligated facilities may also be used.**

Prepared on September 21, 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>\$ 200,000</u>	<u>\$ 800,000</u>
	<u>Other: Gifts/Donations</u>	<u>\$1,645,000</u>		<u>\$1,645,000</u>
	Total	<u>\$2,245,000</u>	<u>\$ 200,000</u>	<u>\$2,445,000</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: \$ 78,500

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 14th day of September, 2017.



Joseph A. DiPietro
President



Michelle Crowder, Interim Executive Director
Office of Capital Projects



David L. Miller, Chief Financial Officer

<i>To be filled out by the Authority</i>		
BOND COUNSEL APPROVAL:	DATE	_____
	GOOD	_____
	5%	_____
	10%	_____