



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

**TENNESSEE STATE SCHOOL BOND AUTHORITY
OCTOBER 30, 2019
AGENDA**

1. Call meeting to order
2. Approval of Minutes from the TSSBA meeting of August 9, 2019
3. Approval of Projects for:
The University of Tennessee
 - University of Tennessee Health Science Center – GMP Facility Expansion (A96); Cost: \$10,000,000 all of which will be financed from TSSBA; Term of Financing: 20 years as long-term financing at an assumed taxable rate
4. Report on the results of the 2019 bond sale
5. Submission of the Report on Debt Obligation (CT-0253) for the 2019 bond sale
6. Discussion regarding a Request for Proposal (RFP) for Financial Advisor
7. Adjourn

TENNESSEE STATE SCHOOL BOND AUTHORITY

August 9, 2019

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Friday, August 9, 2019, at 11:00 a.m. in House Hearing Room II, Cordell Hull Building, 1st Floor, Nashville, Tennessee. The Honorable Justin Wilson, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable David Lillard, State Treasurer
The Honorable Tre Hargett, Secretary of State
Angela Scott, proxy for Commissioner Stuart McWhorter, Department of Finance and Administration
Danny Gibbs, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents
Ron Maples, proxy for Randy Boyd, Interim President, University of Tennessee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Mr. Wilson called the meeting to order and asked if there were any comments or corrections for the minutes of the meeting held on June 27, 2019. Hearing none, Mr. Wilson moved approval of the minutes. Mr. Hargett seconded the motion, and the minutes were unanimously approved.

Mr. Wilson then stated that the next item on the agenda was consideration of a project from the Tennessee Board of Regents. Mr. Wilson recognized Mr. Dick Tracy, Executive Director of Facilities Development, to present the project for consideration:

- Middle Tennessee State University – Parking Services Facility (455); Increase in cost of \$850,000 for total funding of \$4,250,000 of which \$2,850,000 (an increase of \$850,000) will be financed by TSSBA; Term of Financing: to be financed over a period of 10 years at an assumed taxable rate.

Mr. Tracy stated that the request was to transfer \$850,000 from MTSU 452 Parking and Transportation Improvements to MTSU 455 Parking Services Facility. Mr. Wilson asked Ms. Sandi Thompson, Director of the Office of State and Local Finance (“OSLF”) if staff had reviewed the request. Ms. Thompson replied that the OSLF had reviewed the application, and that revenues appeared to be sufficient to cover the debt service. Mr. Wilson made a motion to approve the project. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Wilson then stated that the next item on the agenda was consideration of a project from the University of Tennessee. Mr. Lillard recognized Ms. Michelle Crowder, Interim Executive Director of Capital Projects, to present the project for consideration:

- The University of Tennessee at Chattanooga – Football/Athletic Facility (A95); Increase in cost of \$2,000,000 for total funding of \$22,000,000 of which \$18,500,000 (an increase of \$5,500,000) will be financed by TSSBA and \$3,500,000 (a decrease of \$3,500,000) will be funded with gifts; Term of Financing: to be financed over a period of 30 years at an assumed taxable rate.

Mr. Wilson asked Ms. Thompson if staff had reviewed the request. Ms. Thompson replied that the OSLF had reviewed the application, and that revenues appeared to be sufficient to cover the debt service. Mr. Wilson made a motion to approve the project. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then stated that the next item on the agenda was consideration of approval of the “Supplemental Resolution Authorizing and Providing for the Issuance and Sale of Higher Educational Facilities Second Program Bonds.” Mr. Wilson stated that the supplemental resolution would revise the resolution previously passed in June to increase the maximum issuance authorized and allow for a potential refunding. Mr. Wilson

stated that there was an opportunity for a taxable refunding of tax-exempt bonds, and there were substantial financial savings available. Mr. Wilson stated that the bonds in question would no longer have tax-exempt status if they were refunded taxably, and a future tax-exempt refunding would not be possible. Mr. Wilson stated his opinion that bond yields would have to increase to justify the taxable refunding and the subsequent loss of tax-exempt status on the refundable bonds. Mr. Wilson stated that a Refunding Trust Agreement was also included in substantive form as it was executed in 2017 by the Authority. Mr. Wilson stated the increase in the maximum bond issuance was due to the institution's desires to issue long term debt for projects while interest rates remain low.

Mr. Wilson moved approval of the supplemental resolution. Mr. Lillard seconded the motion and it was unanimously approved.

Mr. Wilson stated that the OSLF would continue to review the refunding opportunity as the Authority prepared to issue bonds. He reiterated that his current view was that the taxable refunding savings were not worth the loss of the future opportunity for a tax-exempt current refunding.

Mr. Lillard made a motion to adjourn.

The meeting was adjourned.

Approved on this ____ day of _____, 2019.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Tennessee State School Bond Authority Feasibility Study

UTHSC GMP Facility Expansion - Project Number A96

Individual Project Summary

Revenue Source:	Revenues generated by pharmaceutical compounding and manufacturing	\$	988,400
	Total Revenue Source:		<u>988,400</u>
Assumptions:	TSSBA Funding Requested		<u>\$10,000,000</u>
	Interest Rate		<u>7.60%</u>
	Tax Status		<u>Taxable</u>
	Term of Financing		<u>20-Years</u>
	Cost of Issuance		<u>\$150,000</u>

Feasibility Test		
	May Principal (No DSRF)	November Principal (no DSRF)
Pledged Revenues	\$988,400	\$988,400
New Max Annual Debt Service	\$967,790	\$947,674
Feasible	Yes	Yes

Prepared on October 23, 2019 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.

**Approved Capital Projects from School Bonds and Other Sources
Fiscal Year 2019-2020**

	<u>TOTAL</u>	<u>TSSBA</u>	<u>INSTITUTIONAL/ AUXILIARY</u>	<u>OTHER</u>
Tennessee Board of Regents				
Columbia State Community College				
Williamson County Technology Building	\$ 376,000	\$ 0	\$ 263,200	\$ 112,800
Northeast State Community College				
Amphitheater Plaza and Stage	\$ 500,000	\$ 0	\$ 500,000	\$ 0
Pellissippi State Community College				
Division Street Renovations	\$ 1,500,000	\$ 0	\$ 1,500,000	\$ 0
Hardin Valley Parking Expansion	900,000	0	0	900,000
Student Recreation Center Flooring	100,000	0	0	100,000
Total Pellissippi State Community College	\$ 2,500,000	\$ 0	\$ 1,500,000	\$ 1,000,000
Roane State Community College				
Cumberland County Science Lab	\$ 1,530,000	\$ 0	\$ 30,000	\$ 1,500,000
TCAT Athens and Cleveland State Community College				
McMinn County Higher Education Center	\$ 3,518,800	\$ 0	\$ 0	\$ 3,518,800
Volunteer State Community College				
Wood Building Dining and Kitchen Remodel	\$ 980,000	\$ 0	\$ 980,000	\$ 0
Total Tennessee Board of Regents	\$ 9,404,800	\$ 0	\$ 3,273,200	\$ 6,131,600
University of Tennessee System				
University of Tennessee Chattanooga				
Apartment Electrical Distribution Upgrade	\$ 580,000	\$ 0	\$ 580,000	\$ 0
Campus Pedestrian Ways	3,610,000	3,310,000	300,000	0
Fletcher Hall Renovations	3,000,000	3,000,000	0	0
Total University of Tennessee Chattanooga	\$ 7,190,000	\$ 6,310,000	\$ 880,000	\$ 0
University of Tennessee Knoxville				
Administration Parking Garage Renovation	\$ 15,000,000	\$ 0	\$ 15,000,000	\$ 0
Bass Building Renovation	1,000,000	0	1,000,000	0
Campus Roadway Paving (19-20)	2,000,000	0	2,000,000	0
Carousel Theatre Replacement	15,000,000	0	7,500,000	7,500,000
Classroom Upgrades (19-20)	5,000,000	0	5,000,000	0
Concord Campus Phase II	8,000,000	0	8,000,000	0
Emergency Generators Replacement	4,000,000	0	4,000,000	0
Fleet Management Buildings Renovation	4,630,000	0	4,630,000	0
Public Safety Building Renovation	6,250,000	0	6,250,000	0
Research/Academic Lab Storage Building	1,000,000	0	1,000,000	0
White Avenue Parking Garage Renovation	5,000,000	0	5,000,000	0
Total University of Tennessee Knoxville	\$ 66,880,000	\$ 0	\$ 59,380,000	\$ 7,500,000
UT Health Science Center				
Good Manufacturing Practice Facility Expansion	\$ 10,000,000	\$ 10,000,000	\$ 0	\$ 0
UT Institute of Agriculture				
Cherokee Animal Facility (Bldg. A) Renovation	\$ 3,700,000	\$ 0	\$ 3,500,000	\$ 200,000
Energy & Environmental Science Education Research Ctr.	7,500,000	0	4,650,000	2,850,000
West Tennessee 4-H Center Cabins and STEM Center	10,000,000	0	10,000,000	0
West Tennessee 4-H Center Improvements	1,550,000	0	1,550,000	0
Total UT Institute of Agriculture	\$ 22,750,000	\$ 0	\$ 19,700,000	\$ 3,050,000
Total University of Tennessee System	\$ 106,820,000	\$ 16,310,000	\$ 79,960,000	\$ 10,550,000
Grand Total	\$ 402,118,300	\$ 122,810,000	\$ 140,883,200	\$ 138,425,100

¹ UoM Student Housing Improvements was disclosed in the 2019-2020 Budget Document on Page A-136 and in Chapter 405, Public Acts of 2019, Section 29, Item 29 as a duplicate request.

Tennessee State School Bond Authority
UTHSC GMP Facility Expansion Project Application

DEPARTMENT: University of Tennessee

INSTITUTION/LOCATION: Health Science Center

SBC PROJECT #: 540/013-xx-2019

PROJECT BUDGET:

Funding Sources:	<u>TSSBA</u>	<u>\$10,000,000</u>
	<u>Total</u>	<u>\$10,000,000</u>

PROJECT REVENUES: (Describe sources and projected levels)
Annual debt service to be funded by revenues (\$988,400) generated by pharmaceutical compounding and manufacturing.

PROJECT LIFE:

Anticipated Useful Life of Project: 20+ years

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

ESTIMATED ANNUAL FINANCING CHARGE: \$988,400.00

PROJECT APPROVAL DATES:

BOARD:	<u>06/22/2018;</u> <u>11/02/2018</u>
THEC:	<u>09/25/2018</u>
SBC:	<u>08/08/2019</u>

Disclosed in the Governor's Budget: Yes No If yes, what year? 2019

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 south bay of the existing building and will include all new mechanical, electrical and plumbing. The GMP process/functions will be located in modular PODs. This expansion will operate under a for profit corporate structure similar to the first phase of the Plough Center GMP pharmaceutical manufacturing process.

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

2. Project completion estimated to be: 2021
3. Project Owner: University of Tennessee
4. Project Operator (see also item 8 below): University of Tennessee
5. Intended Use of the Project: Academic instructional facility for sterile pharmaceutical manufacturing;
 Phase 1 and Phase 2 Clinical trials drugs and commercial pharmaceutical production

6. Intended Users of the Project (excluding use by the general public): Students, Faculty, 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 20,000 (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:

Square Footage 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.

N/A

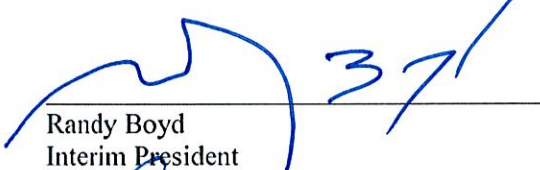
9. Will any debt proceeds be used to make or finance loans to any private entity? If so, indicate the amount of such loans, the length and payment terms of such loans: No


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 15th day of August , 2019 .


Randy Boyd
Interim President


Michelle Crowder, Interim Executive Director
Office of Capital Projects


David Miller, Chief Financial Officer

To be filled out by the Authority

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



TENNESSEE STATE SCHOOL BOND AUTHORITY
Higher Educational Facilities Second Program Bonds
RESULTS OF BOND SALE
\$146,915,000 2019 SERIES A BONDS
\$60,255,000 2019 SERIES B BONDS

For Bonds Sold on August 29, 2019 and Closed on September 18, 2019

	2019 Series A Tax-Exempt <u>New Money</u>	2019 Series B Taxable <u>New Money</u>	Total 2019 <u>Series A & B</u>
Bond Proceeds:			
Par Amount:			
New Money	\$ 146,915,000.00	\$ 60,255,000.00	\$ 207,170,000.00
Bond Premium	<u>39,604,971.75</u>	<u>338,141.00</u>	<u>39,943,112.75</u>
Total Proceeds	<u><u>\$ 186,519,971.75</u></u>	<u><u>\$ 60,593,141.00</u></u>	<u><u>\$ 247,113,112.75</u></u>
Statistics:			
Final Maturity	November 1, 2049	November 1, 2044	
Range of Yields	1.000% - 1.930%	1.600% - 2.920%	
True Interest Cost	2.70%	2.53%	
Underwriter's Discount:	\$ 221,552.00	\$ 510,239.00	\$ 731,791.00
Average Underwriter Discount per Bond (excluding fees)	\$1.51 (per \$1000)	\$8.47 (per \$1000)	

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:	
Name:	Tennessee State School Bond Authority
Address	425 Fifth Avenue North, 4th Floor
	Nashville, TN 37040
Debt Issue Name:	Higher Educational Facilities Second Program Bonds 2019 Series A
If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.	

2. Face Amount:	\$ 146,915,000.00
Premium/Discount:	\$ 39,604,971.75

3. Interest Cost:	2.7026 %	<input checked="" type="checkbox"/> Tax-exempt	<input type="checkbox"/> Taxable
<input checked="" type="checkbox"/> TIC	<input type="checkbox"/> NIC		
<input type="checkbox"/> Variable:	Index _____ plus _____ basis points; or		
<input type="checkbox"/> Variable:	Remarketing Agent _____		
<input type="checkbox"/> Other:	_____		

4. Debt Obligation:			
<input type="checkbox"/> TRAN	<input type="checkbox"/> RAN	<input type="checkbox"/> CON	
<input type="checkbox"/> BAN	<input type="checkbox"/> CRAN	<input type="checkbox"/> GAN	
<input checked="" type="checkbox"/> Bond	<input type="checkbox"/> Loan Agreement	<input type="checkbox"/> Capital Lease	
If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").			

5. Ratings:			
<input type="checkbox"/> Unrated			
Moody's	Aa1	Standard & Poor's	AA+
		Fitch	AA+

6. Purpose:		BRIEF DESCRIPTION
<input type="checkbox"/> General Government	_____ %	_____
<input checked="" type="checkbox"/> Education	100.00 %	\$146,915,000 New Money Portion
<input type="checkbox"/> Utilities	_____ %	_____
<input type="checkbox"/> Other	_____ %	_____
<input type="checkbox"/> Refunding/Renewal	_____ %	_____

7. Security:	
<input type="checkbox"/> General Obligation	<input type="checkbox"/> General Obligation + Revenue/Tax
<input checked="" type="checkbox"/> Revenue	<input type="checkbox"/> Tax Increment Financing (TIF)
<input type="checkbox"/> Annual Appropriation (Capital Lease Only)	<input type="checkbox"/> Other (Describe): _____

8. Type of Sale:	
<input checked="" type="checkbox"/> Competitive Public Sale	<input type="checkbox"/> Interfund Loan _____
<input type="checkbox"/> Negotiated Sale	<input type="checkbox"/> Loan Program _____
<input type="checkbox"/> Informal Bid	

9. Date:	
Dated Date:	08/26/2019
Issue/Closing Date:	09/18/2019

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *: See Attached

Year	Amount	Interest Rate	Year	Amount	Interest Rate
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
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	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:

No costs or professionals

	AMOUNT <small>(Round to nearest \$)</small>	FIRM NAME
Financial Advisor Fees	\$ 35,458	Public Financial Management (PFM)
Legal Fees	\$ 0	
Bond Counsel	\$ 78,007	Hawkins Delafield & Wood
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
_____	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 7,052	Regions Bank
Trustee Fees	\$ 0	
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 205,299	Moody's, S&P, Fitch
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount 1.51 %		
Take Down	\$ 221,552	Bank of America Merrill Lynch
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 0	
Other expenses	\$ 0	
Printing and Advertising Fees	\$ 886	i-Deal LLC (IPREO)
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs _____	\$ 7,092	Miscellaneous
TOTAL COSTS	\$ 555,346	

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:

No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (If different from #11)
Remarketing Agent	_____	_____
Paying Agent / Registrar	_____	_____
Trustee	_____	_____
Liquidity / Credit Enhancement	.048/1000	_____
Escrow Agent	_____	_____
Sponsorship / Program / Admin	_____	_____
Other _____	_____	_____

13. Disclosure Document / Official Statement:

None Prepared

EMMA link _____ or

Copy attached

14. Continuing Disclosure Obligations:

Is there an existing continuing disclosure obligation related to the security for this debt? Yes No

Is there a continuing disclosure obligation agreement related to this debt? Yes No

If yes to either question, date that disclosure is due No later than January 31

Name and title of person responsible for compliance Sandi Thompson, Director

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 06/27/2019

Is the debt obligation in compliance with and clearly authorized under the policy? Yes No

16. Written Derivative Management Policy:

No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy? Yes No

17. Submission of Report:

To the Governing Body: on _____ and presented at public meeting held on _____

Copy to Director to OSLF: on _____ either by:

Mail to: **OR** Email to: SLF.PublicDebtForm@cot.tn.gov

Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, TN 37243-3400

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u>Sandi Thompson</u>	<u>Jacqueline Felland</u>
Title	<u>Assistant Secretary to the Authority</u>	<u>Program Accountant</u>
Firm	<u>Assistant Secretary to the Authority</u>	_____
Email	<u>Sandi.Thompson@cot.tn.gov</u>	<u>Jacqueline.felland@cot.tn.gov</u>
Date	_____	_____

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:
 Name: Tennessee State School Bond Authority
 Address: 425 Fifth Avenue North, 4th Floor
Nashville, TN 37040
 Debt Issue Name: Higher Educational Facilities Second Program Bonds 2019 Series B
 If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount: \$ 60,255,000.00
 Premium/Discount: \$ 338,141.10

3. Interest Cost: 2.5270 % Tax-exempt Taxable
 TIC NIC
 Variable: Index _____ plus _____ basis points; or
 Variable: Remarketing Agent _____
 Other: _____

4. Debt Obligation:
 TRAN RAN CON
 BAN CRAN GAN
 Bond Loan Agreement Capital Lease
 If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").

5. Ratings:
 Unrated
 Moody's Aa1 Standard & Poor's AA+ Fitch AA+

6. Purpose:

		BRIEF DESCRIPTION
<input type="checkbox"/> General Government	_____ %	_____
<input checked="" type="checkbox"/> Education	<u>100.00</u> %	<u>\$60,255,000 New Money Portion</u>
<input type="checkbox"/> Utilities	_____ %	_____
<input type="checkbox"/> Other	_____ %	_____
<input type="checkbox"/> Refunding/Renewal	_____ %	_____

7. Security:
 General Obligation General Obligation + Revenue/Tax
 Revenue Tax Increment Financing (TIF)
 Annual Appropriation (Capital Lease Only) Other (Describe): _____

8. Type of Sale:
 Competitive Public Sale Interfund Loan _____
 Negotiated Sale Loan Program _____
 Informal Bid

9. Date:
 Dated Date: 08/26/2019 Issue/Closing Date: 09/18/2019

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *: See Attached

Year	Amount	Interest Rate	Year	Amount	Interest Rate
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:

No costs or professionals

	AMOUNT <small>(Round to nearest \$)</small>	FIRM NAME
Financial Advisor Fees	\$ 14,542	Public Financial Management (PFM)
Legal Fees	\$ 0	
Bond Counsel	\$ 31,993	Hawkins Delafield & Wood
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
_____	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 2,892	Regions Bank
Trustee Fees	\$ 0	
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 84,201	Moody's, S&P, Fitch
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount <u>1.51</u> %		
Take Down	\$ 510,239	Bank of America Merrill Lynch
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 0	
Other expenses	\$ 0	
Printing and Advertising Fees	\$ 364	i-Deal LLC (IPREO)
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs _____	\$ 2,908	Miscellaneous
TOTAL COSTS	\$ 647,139	

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:

No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (If different from #11)
Remarketing Agent	_____	_____
Paying Agent / Registrar	_____	_____
Trustee	_____	_____
Liquidity / Credit Enhancement	.048/1000	_____
Escrow Agent	_____	_____
Sponsorship / Program / Admin	_____	_____
Other _____	_____	_____

13. Disclosure Document / Official Statement:

None Prepared

EMMA link _____ or

Copy attached

14. Continuing Disclosure Obligations:

Is there an existing continuing disclosure obligation related to the security for this debt? Yes No

Is there a continuing disclosure obligation agreement related to this debt? Yes No

If yes to either question, date that disclosure is due No later than January 31

Name and title of person responsible for compliance Sandi Thompson, Director

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 06/27/2019

Is the debt obligation in compliance with and clearly authorized under the policy? Yes No

16. Written Derivative Management Policy:

No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy? Yes No

17. Submission of Report:

To the Governing Body: on _____ and presented at public meeting held on _____

Copy to Director to OSLF: on _____ either by:

Mail to: **OR** Email to: SLF.PublicDebtForm@cot.tn.gov

Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, TN 37243-3400

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u>Sandi Thompson</u>	<u>Jacqueline Felland</u>
Title	<u>Assistant Secretary to the Authority</u>	<u>Program Accountant</u>
Firm	<u>Assistant Secretary to the Authority</u>	_____
Email	<u>Sandi.Thompson@cot.tn.gov</u>	<u>Jacqueline.felland@cot.tn.gov</u>
Date	_____	_____



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

October 21, 2019

TO ALL INTERESTED PARTIES

The State of Tennessee through the Office of the Comptroller of the Treasury, the Office of State and Local Finance (OSLF), is seeking a financial advisor for the State to serve the State Funding Board (for general obligation debt) and the two State-level revenue debt issuers: Tennessee Local Development Authority (TLDA) and Tennessee State School Bond Authority (TSSBA) (together “the Issuers”) for the period from January 1, 2020, through December 31, 2022.

Since 1989, the State has contracted for financial advisory services separate from underwriting services, requiring services and expenses to be itemized by issuer and activity. Each issuer must have a separate account, and billing for each must be itemized separately. Refer to the chart “Proposed Projects for Basis in Calculating Advisory Fee” included in the “Outline for Proposals for Financial Advisor” regarding the State’s anticipated needs for financial advisory services related to debt issuance and special projects during each year of the contract period. In addition to the advisory fee, the State anticipates 200 hours per year of advisory services covered by a retainer fee.

In selecting a Financial Advisor, the Issuers seek to supplement and complement, as well as to strengthen, their internal expertise. The State employs a ten person staff within the OSLF, for the Office of Comptroller of the Treasury. The OSLF serves as the staff for the State Funding Board, TLDA, and TSSBA. Staff anticipates that the Financial Advisor will be utilized consistently for the following services:

- assisting in structuring and issuing debt
- establishing bid specifications and verifying bids
- assisting in the selection of underwriters and analyzing pricing proposals
- for TLDA and TSSBA, preparing project level debt service schedules (including allocation of premium, discount and cost of issuance) for the State Funding Board, preparing project debt service schedules in the case of refunding or other unique bond structures
- identifying and analyzing refunding opportunities, whether economic or driven by change in use
- assisting with tax analysis
- structuring refunding escrows
- assisting in the preparation of rating presentations
- document review

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October 21, 2019

The Financial Advisor is expected to take a secondary role with respect to preparation of the official statements (the Issuers maintain control of the master document) and with respect to communication with the rating agencies and bond counsel. The State separately contracts for arbitrage services.

No joint proposals will be accepted. Any subcontracting for services must be clearly delineated in your proposal. Please note that in the contract that will be executed no personnel changes from those indicated in the original contract will be permitted without the State's approval. **The successful proposer must demonstrate its experience with state-level issuers.**

If your firm is interested in serving as the Financial Advisor for the debt programs of the Funding Board, TLDA, and TSSBA, we invite you to respond to the RFP. The ultimate selection made by the State for Financial Advisor will be based upon a variety of factors.

Questions that you have regarding this request for proposal may be directed only to the following individual by October 28, 2019 (see timeline):

Michael Mercer, RFP Coordinator
Office of State and Local Finance
425 Fifth Avenue North, 4th FL
Nashville, TN 37243
Phone: 615-736-6056
michael.mercer@cot.tn.gov

No contact concerning this Request for Proposal should be made with any member of the OSLF except with Mr. Mercer until the selection process has been completed. Failure to honor this request will be viewed negatively in the selection process. The selection process is deemed to begin October 21, 2019, and will end upon the announcement of the selection of the firm to serve as Financial Advisor. A proposed timeline (which may be adjusted) is included in the Outline for Proposal for Financial Advisor.

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October 21, 2019

We appreciate your interest in the State and look forward to receiving your response.

Sincerely,



Justin P. Wilson, Comptroller of the Treasury
Secretary for: State Funding Board,
Tennessee Local Development
Authority,
Tennessee State School Bond
Authority

Enclosures:

Outline for Proposal for Financial Advisor
Cost Proposal

cc: Bill Lee, Governor
Tre Hargett, Secretary of State
David H. Lillard, Jr., State Treasurer
Stuart C. McWhorter, Commissioner of Finance and Administration
Randy Boyd, Interim President, University of Tennessee
Dr. Flora W. Tydings, Chancellor, Tennessee Board of Regents
Dr. Kenneth L. Moore, TLDA House Appointee
Mr. Pat Wolfe, TLDA Senate Appointee



Justin P. Wilson
Comptroller

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-9034
PHONE (615) 741-2501

**OUTLINE FOR PROPOSAL FOR
FINANCIAL ADVISOR FOR
TENNESSEE STATE FUNDING BOARD,
TENNESSEE STATE SCHOOL BOND AUTHORITY,
TENNESSEE LOCAL DEVELOPMENT AUTHORITY, (collectively, the “Issuers”)**

Please be as brief as possible with all summary information and responses to specific questions. Lengthy responses and extrinsic documents are strongly discouraged.

I. Executive Summary

As a part of your transmittal letter you may include an executive summary of the reasons the Issuers should select your firm as financial advisor. Please limit the letter to two pages.

II. The Process

The calendar is a proposed schedule and may be revised by the Office of State and Local Finance (OSLF).

A. Calendar:

Monday, October 21, 2019	RFP distributed
Monday, October 28, 2019,	Proposal questions due to OSLF by email
Wednesday, October 30, 2019, 4:00 p.m. CST, 5:00 p.m. EST	Responses to questions sent to participating firms
Tuesday, November 12, 2019 by (12:00 p.m.) noon CST	Technical and Cost Proposals due to OSLF (hard copy and electronic); Internal analysis of proposals
Week of December 2, 2019	Interviews with short listed firms, if necessary; Internal analysis of pricing proposals
Week of , December 16, 2019	Staff recommends to the State Funding Board the approval of contract with provider; Staff recommendation to the remaining two Issuers will follow as soon as possible
December 30, 2019	Contract executed
January 1, 2020	Contract begins

- B. If held, oral interviews will be conducted in Nashville with a select group of firms.
- C. The Issuers will individually approve the recommended firm at public meetings beginning on December 16, 2019.
- D. The contract will be completed and signed once all Issuers have approved the contract.

III. General Requirements:

- A. Each response to this RFP must consist of a Technical Proposal and a Cost Proposal.
- B. Each Proposer must submit the Technical Proposal in the form of one (1) original in hard copy and one (1) electronic copy. Electronic copy should be submitted to Michael.mercer@cot.tn.gov.
- C. Each Proposer must also submit the Cost Proposal in the form of one (1) original in hard copy in a separately sealed envelope included in the package. Clearly mark the envelope containing the Cost Proposal as **“Cost Proposal for Financial Advisor RFP.”**
- D. No joint proposals will be accepted. Proposers must demonstrate experience with state-level issuers. Any subcontracting for services must be clearly delineated in the proposal. Please note the contract that will be executed lists the assigned personnel. No personnel changes from those indicated in the original contract will be permitted without the prior approval of the Issuers.
- E. **Only proposals from firms that are independent financial advisors (firms that do not also provide underwriting services) will be considered.**
- F. Proposers that are selected to be included on a “short list” will be required to provide the most recent copy of Form MA along with the MSRB registration certificate.
- G. Please include the question along with each response for Section VIII.
- H. In response to this RFP, your proposal must be received at the following address, no later than the Proposal Deadline time and date detailed in this RFP. The proposal package should be sent to:

Michael Mercer, RFP Coordinator
Office of State and Local Finance
425 Fifth Avenue North, 4th FL
Nashville, TN 37243
Phone: 615-736-6056

IV. Additional Information Provided

The following additional information is provided for reference purposes:

Appendix A - Office of State and Local Finance (OSLF) – Overview of responsibilities

Appendix B - OSLF - Program Data and Statistics

Appendix C - OSLF Programs Under Administration

Appendix D – Sample Financial Advisory Contract

V. Evaluation Process

The proposal evaluation process is designed to award the contract to the Proposer with the best overall response based upon the evaluation criteria and not necessarily to the Proposer with the lowest cost. The proposal evaluation team will consist of four or more State employees. The State reserves the right, at its sole discretion, to request Proposer clarification of a Technical Proposal or to conduct clarification discussions with any or all Proposers. Proposers shall put any resulting clarification in writing as may be required by the State. After the Technical Proposal evaluations and interviews (if necessary) are completed, the cost proposals will be opened and evaluated.

VI. Contract Award Process

The RFP coordinator and the Director of the Office of State and Local Finance will prepare a written recommendation to the Issuers providing the staff recommendation of the selected firm. The selected Proposer must agree to and sign a contract with the State which shall be substantially the same as the contract attached hereto as Appendix D.

VII. Rights of the Issuers

- A. The Issuers of this RFP reserve the right to waive any irregularity in the proposal.
- B. The Issuers of this RFP reserve the right to reject any or all proposals.
- C. While it is the belief of the Issuers of this Request for Proposal that it is in the best interest of the State to contract with one firm to provide all services for all of the identified Issuers, the Issuers reserve the right to award portions of this contract to multiple contactors, if this decision best serves the State.

VIII. TECHNICAL PROPOSAL

The Technical Proposal should address the following:

A. Experience and Capabilities

- 1. Provide the names of the state-level debt issuers for whom your firm has served as financial advisor since January 2014. Please specify the roles your firm played in the financings for these issuers, the types of issues (competitive or negotiated), the types of issuers involved (either direct borrowers or conduit issuers), types of debt issued (revenue, general obligation, etc.) and the types of projects financed.

2. Please indicate the dollar volume and numbers of debt issues handled for these issuers, classified by short-term and long-term debt. Also, identify taxable debt issues separately, if any.
3. Since January 2014 which of the following structures or services has your firm arranged for your clients?

- Bank lines or letters of credit
- Revolving credit facilities
- Bidding Agent for Escrow ladder portfolios
- Put option bonds
- Variable-rate demand bonds
- Tax-exempt or taxable commercial paper
- Interest rate hedges
- Bidding of guaranteed investment contracts
- Other financing structures
- Other financing or investment contracts

As appropriate, give representative financings for each of these. What other types of consulting services has your firm provided for state or federal agencies?

4. Has your firm participated in a strategic planning process with a client? If so, describe your role in the process.
5. Discuss your experience in issuing debt for (i) State General Obligation Debt, (ii) public higher education, (iii) K-12 education purposes (as a pooled-loan program), and (iv) water and sewer projects, including State Revolving Funds (SRF). Limit your discussion for each item to one paragraph.
6. Discuss your experience in issuing other types of debt. Limit your discussion of each type to one paragraph.
7. Briefly describe your firm's data processing capability as it relates to the structure and analysis of debt issues. Is software used on a timesharing basis or in-house?
8. Provide an explanation of the characteristics that uniquely qualify your firm to act as financial advisor for the State?
9. What, if any, experience does your firm provide on various accounting issues, i.e. accounting for hedges, fair market value issues and any other statements affecting debt that may be promulgated during the contract period?

B. Personnel

1. How many professional level employees in your firm work directly in public finance? Of these, how many are directly involved with state-level debt issuers? Provide resumes of staff members who would be assigned to the State's account, including the number of years employed by your firm. Identify the level of

- responsibility for each member of the team and the percentage of time each would spend providing services for the State or on a particular financing. Please include in your proposal an undertaking that all staff members who are assigned to the State's account will become registered as a municipal advisor representative or municipal advisor principal (if appropriate) within twelve months of such categories of registration becoming effective.
2. Where is your home office located? Does your firm provide public finance services from other offices? Describe how the State's account would be serviced.
 3. If the senior project manager leaves the firm for any reason, how will the firm determine the staff member who will replace that senior team member? Other team members?
 4. Provide information on the outcome of any litigation or administrative proceeding that occurred since January 2014 that was adverse to your firm in the course of its professional duties and activities.
 5. In the last five years, have any officers, directors, or other key personnel been convicted of any crimes committed in the course of their duties or activities with your firm or been subject to any orders issued by regulatory or governmental agency? Please provide details of any convictions or orders issued.
 6. Is your firm or any of its officers, directors, or other key personnel now under indictment or court order, under investigation, or under order issued by a regulatory or governmental agency, or engaged in litigation which relates to the professional competence of your firm or which could impair the performance of the services required of a Financial Advisor? Do you have any reason to anticipate that any of these actions will occur during the term of the contract to be executed pursuant to this RFP? Please provide details of any current or anticipated actions.
 7. References – Provide references and contacts for three state-level issuers that we may contact. At least one of these references should be a higher education or K-12 public state-level issuer, and another reference should be a GO state-level issuer.

C. Innovations in Public Finance

1. Describe in detail any techniques which your firm considers innovative which you feel would be appropriate for the State to consider.
2. Are there innovations that have been used by your firm or other firms that you would not recommend to the State? Why?
3. What do you think will be the most important developments in public finance affecting the State in the next three to five years?
4. Describe two state-level financings completed recently (since January 2017) that the project team that would be assigned to the State's account has completed and is most proud of.

D. Program Development and Guidance

1. What types of research and market analysis materials produced by your firm would be available to the State on an on-going basis?
2. Describe the process your firm would use to determine whether the State or its Issuers should sell debt through competitive sale or through negotiated sale? Give specific examples, if possible.
3. Provide recommendations for the best method(s) for the State Issuers to communicate and create visibility with potential investors.
4. Based on your knowledge of the State, identify the top three concerns the Issuers must address to improve how they are perceived in the market, their rating, or their sale process.
5. How would your firm advocate for the State with the rating agencies?
6. Does your firm offer any continuing education or in-house training as a service to its clients? Please describe.

IX. COST PROPOSAL

The Cost Proposal should address the following:

A. General

1. The Cost Proposal must be submitted to the State in a sealed package separate from the Technical Proposal.
2. All costs must be documented in the format outlined in the attached Cost Proposal form.
3. The proposed cost shall incorporate all costs for services under the contract for the total contract period.
4. The Proposer must sign and date the Cost Proposal. Please contact Mr. Mercer for an electronic copy of the Cost Proposal Form, if you intend to propose.
5. If a Proposer fails to submit a Cost Proposal as required, the State shall determine the proposal to be non-responsive and reject it.
6. Financial advisory fees may not be contingent on the issuance of debt only. All items listed on the Cost Proposal form must be completed. For personnel identified in the response to question VIII.B.1 above, state the applicable hourly rate on the Cost Proposal. These hourly rates and the percentage of time spent by the assigned individuals should be used in calculating the advisory fee charged for debt issuance and special projects that would not be covered by the

retainer (See IX.C.4. for Proposed Projects for Basis in Calculating Advisory Fee and for hypothetical bond/note transactions). On a regular basis, the Office of State & Local Finance enlists the services of the Financial Advisory Team. Time is spent working on assignments and analytical projects that require discussions and communication through phone conversations and emails (See IX.B. for types). The Issuers currently pay a fixed retainer fee, that is billed quarterly by the financial advisory firm, to cover such assignments. Assume the time used for these services would be 200 hours per year. Designate separately any out-of-pocket expenses in connection with the advisory fee and the retainer fee (See Cost Proposal Form.).

No payment of fees or expenses will be made for:

- a. more than ten (10) hours per day, or sixty (50) hours per week of work billed by any one person;
- b. “interoffice conferences”, “review of file”, or research on subjects on which a financial advisory firm may be expected to possess expertise (e.g., basic information on municipal and public finance);
- c. duplication of effort or “double-staffing” of a project;
- d. time spent on correspondence or on preparation of any written report or document, a copy of which is not provided to the State at the time such document is generated or written, administrative time related to billing, traveling to and from the State offices or phone calls on behalf of other clients while in Nashville.

B. Services Included In Retainer

The following listed services are the types of services that would be performed and billed through the retainer fee. The list is not all inclusive but provides a general outline of the anticipated services. The retainer fee included in the Cost Proposal should reflect such services.

1. Participate in the Office of State & Local Finance’s strategic planning process and commitment to the Office’s strategic plan.
2. Review of existing debt for restructuring opportunities and evaluation of future debt issuance options.
3. Assist with capital budget process relative to timing and source of funds for capital improvements.
4. Identify financing alternatives (various debt structures) and monitor the market activity and debt transactions as related to state financing needs.
5. Review ratings and assist in long-term strategy for rating maintenance and/or upgrade (including providing assistance to the State in preparation of its annual

- bond rating presentation and accompanying State officials to New York for these presentations).
6. Provide data and analysis of data concerning municipal debt.
 7. Assistance with policy development.
 8. Presentations made directly to the Issuers or the General Assembly.
 9. Calculation of the discount rate on a bi-annual basis to be utilized for evaluation of Lease Proposals.
 10. Assist in the analysis and calculation of the appropriation coverage ratios on debt service for the higher education institutions.
 11. Assist with investor communications/outreach program.

C. Services Included In Bond/Note Transactions

The following listed services are the types that would be performed and billed for a bond transaction. The list is not all-inclusive but provides a general outline of the anticipated services. The cost for these services should be reflected in the Cost Proposal.

1. Competitive bond/note sale
 - a. Advise as to appropriate timing for issuance of debt.
 - b. Review sale documents.
 - c. Assist in sizing bond issue.
 - d. Assist with selection of needed professionals and providers of services.
 - e. Assist with rating agency presentation.
 - f. Verification of bids on the sale date.
 - g. Assist with closing (e.g., prepare bond closing memorandum).
2. Negotiated bond/note sale
 - a. Advise as to appropriate timing for issuance of debt.
 - b. Review sale documents.
 - c. Assist in sizing bond issue.
 - d. Assist with selection of underwriting team, credit enhancement provider and other professionals.
 - e. Assist with rating agency presentation.
 - f. Analyze proposed structure, pricing, expenses and underwriters' compensation.
 - g. Assist with closing (e.g. prepare bond closing memorandum).
3. Debt service schedules

The financial advisor will be required to provide debt service schedules at the project level as well as the bond level for all bond issues. The Issuers will require a sources and uses schedule, a bond pricing schedule, and an

amortization schedule for each bond issue and each project. These schedules must be provided to the Issuer in an excel format.

Each “new money” financing includes approximately 80 projects for general obligation debt and from 2 to 15 projects for each of the Tennessee State School Bond Authority (TSSBA) and Tennessee Local Development Authority (TLDA). General obligation bonds are amortized using a level principal, 20-year debt structure while the other Issuers amortize debt using a level debt service structure with tranches of 15, 20, 25 and 30 year debt.

From time to time, the Issuers sell refunding bonds. Refunding bond issues for general obligation debt may include up to 250-300 projects (depending on the number of series of bonds included in the refunding). Refunding issues for the TLDA could include up to 15 projects. Refunding issues for the TSSBA could include up to 50 projects. The Issuers will require a sources and uses schedule, a bond pricing schedule, and an amortization schedule for each bond issue and each project. These schedules must be provided to the Issuer in an excel format.

4. PROPOSED PROJECTS FOR BASIS IN CALCULATING ADVISORY FEE

	Fiscal Year 2020 (6 MOS)	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023 (6 MOS)
Advisory Fees				
Issuance of Debt:				
General Obligation Bond Issue-Competitive	0	1	0	1
General Obligation Bond Issue-Negotiated	0	0	0	0
General Obligation Refunding Bond Issue	0	0	0	1
TSSBA Bond Issue - Competitive	0	0	0	0
TSSBA Bond Issue - Negotiated	0	0	1	0
TSSBA Refunding Bond Issue	0	0	0	1
TLDA Bond Issue-Competitive	0	0	0	0
TLDA Note Issue (1 Year Note)-Competitive	0	0	0	0
Special Project:				
Assist in establishing a new debt issuance program	60 hours			

Note that the above chart is subject to change and/or renegotiation.

D. Expenses

Only the following categories of out-of-pocket expenses will be reimbursed upon the submission of proper documentation. Apportionment of general overhead should be included in the fee charges. All expenses must be substantiated. Indicate the expenses

that your firm anticipates billing. **NOTE:** The expenses of staff overtime or travel to and from the State offices are not reimbursable except with prior written approval. **Phone calls and faxes with respect to other clients, while in Nashville on State business, are not billable to the State.** Direct pass through costs are paid as invoiced from the service provider without overhead markup. These direct pass through costs should not be included in estimated expenses.

Travel - Reimbursed travel costs must comply with the State travel regulations. Please carefully review travel regulations at:

<https://www.tn.gov/finance/rd-doa/fa-travel.html>

- Transportation (including parking)
- Meals
- Accommodations

Communication/Office

- Telephone
- Postage
- Shipping
- Collating and binding
- Report preparation costs

COST PROPOSAL

(Note, all fees and expenses must be disclosed on this form)

Proposer: _____
(Firm name)

By: _____

ANNUAL BUDGETED BILLINGS*

	Fiscal Year 2020 (6 mos.)	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023 (6 mos.)
Advisory Fees				
Advisory Fee Expenses				
Debt Service Schedule – new money (per schedule)**				
Debt Service Schedule – refunding issues (per schedule)***				
Special Project – establishing a new program				
Retainer Fees				
Retainer Fee Expenses				
TOTAL				

* Any subcontracted financial advisory services must be included in the maximum contract cap.

** Assume 100 projects.

*** Assume 300 projects.

COST PROPOSAL (cont'd)

HOURLY RATES

Hourly Rate(s) per contract year for each employee listed in IX.A Names	Fiscal Year 2020 (6 mos.)	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023 (6 mos.)

1. Are the hourly rates listed above applicable for special projects?

2. Would the financial advisory fee vary based on the identity of the Issuer, the size or structure of the issue and whether the sale is competitive or negotiated?

MAXIMUM CONTRACT CAP

State procurement policy requires that every contract have a maximum cap for the period of the contract. Please provide your not-to-exceed cap for services and for expenses for the contract period Jan. 1, 2020 through Dec. 31, 2022.

Advisory Fee	\$ _____
Retainer Fee	\$ _____
New Money Debt Service Schedules	\$ _____
Refunding Debt Service Schedules	\$ _____
Expenses	\$ _____
Total	\$ _____

1. As a service provider do you believe there is a more efficient way to price your services? If so, please describe this pricing and quantify the savings benefit to the Issuers.

Appendix A

Office of State and Local Finance

The Office of State & Local Finance (OSLF) needs to access the capital markets efficiently and timely to provide funding for capital projects authorized by the General Assembly. In order to fulfill its purpose, the OSLF manages the State's debt, including issuance of all bonds, notes and repayment of such debt. It performs the financial management functions for both the Clean Water and Safe Drinking Water State Revolving Funds. It administers the Qualified Zone Academy Bond (QZAB) and Qualified School Construction Bond (QSCB) programs issued for local government education agencies. It prepares the financial statements for the TSSBA, the TLDA and the State Revolving Funds. Monthly, it issues Investor Updates as a part of its continuing disclosure. The OSLF serves as staff responsible for the issuance of debt for the Tennessee State Funding Board, Tennessee Local Development Authority and Tennessee State School Bond Authority, as described below. The Debt management policies for the Issuers can be found at the Office of State and Local Finance website: <http://www.comptroller.tn.gov/office-functions/state-and-local-finance/state-government/policies-and-guidelines-.html>.

- Tennessee State Funding Board (SFB) — The SFB is responsible for issuing all State general obligation bonds and notes authorized by the General Assembly and administering and accounting for payment of principal and interest on such debt. The SFB is authorized to establish the State's cash management policy, debt management policy, and investment policy. It is required to comment on the reasonableness of the estimated growth rate of the State's economy as presented in the Tennessee econometric model. Annually, the Board conducts public hearings to develop consensus estimates of State revenues as part of the budgetary process. The Board receives and reports on certain information received from other debt issuers. It is further authorized to make loans for the relocation of certain utility system distribution lines. It will be responsible for issuing any debt related to toll road bonds if such bonds are authorized.

The Office of State & Local Finance serves as the registrar and/or paying agent for the State's general obligation debt.

- Tennessee Local Development Authority (TLDA) —The TLDA is delegated the responsibility for issuing its debt obligations to provide funds for the following purposes:
 - to make loans to local governments under the State Loan Programs, for the financing of construction and improvements for water and sewer systems;
 - to make loans to local governments for the financing of certain capital projects;
 - to make loans to certain small business concerns for pollution control facilities;
 - to make loans to farmers for certain capital improvements;
 - to make loans to counties for the acquisition of equipment for use by county or volunteer fire departments serving unincorporated areas of the counties;
 - to make loans to airport authorities and municipal airports; and

- to make loans under the Community Provider Program to mental health institutes and substance abuse facilities.

To date, the Authority has issued debt only to fund the State Loan Programs and the Community Provider Pooled Loan Program. All outstanding indebtedness relating to the Community Provider Pooled Loan Program has been retired, and all loans made from the Community Provider Program have been repaid. No additional Authority debt will be incurred for that program.

The TLDA, in conjunction with the Department of Environment and Conservation, administers the State's Revolving Loan Fund Programs established pursuant to the Federal Clean Water Act as amended by the Water Quality Act of 1987 and the State Wastewater Facilities Act of 1987. In addition, the TLDA manages the State's Revolving Loan Fund for water facilities established pursuant to the Federal Safe Drinking Water Act and the State Drinking Water Revolving Loan Fund Act of 1997. The SRF programs are not leveraged, but the TLDA program could, if required, provide the leverage.

The Office of State & Local Finance serves as the registrar and/or paying agent for TLDA debt.

- Tennessee State School Bond Authority (TSSBA) — The TSSBA is delegated the responsibility for issuing bonds and notes to provide funds (1) to make loans to state institutions of higher learning to construct income-producing facilities and (2) to make funds available to the Tennessee Student Assistance Corporation for student loans under the Guaranteed Student Loan Program. The Authority is also responsible for the administration of the QZAB and the QSCB programs, federal tax credit/direct subsidy programs originally established through the Taxpayer's Relief Act of 1997 and the American Recovery and Reinvestment Act of 2009 (ARRA), respectively. QZABs were used to provide funds to make loans to local governments for certain educational projects. The 2009 and 2010 QSCB bonds were used to make loans to local governments for certain qualified construction projects. The Authority issued all of the QSCB bonds allocated under ARRA, and the federal government is no longer allocating QZAB bond authorizations. No additional debt will be issued for these programs.

Regions Bank serves as the trustee, paying agent/registrar for the Higher Educational Facilities Second Program bonds.

Appendix B

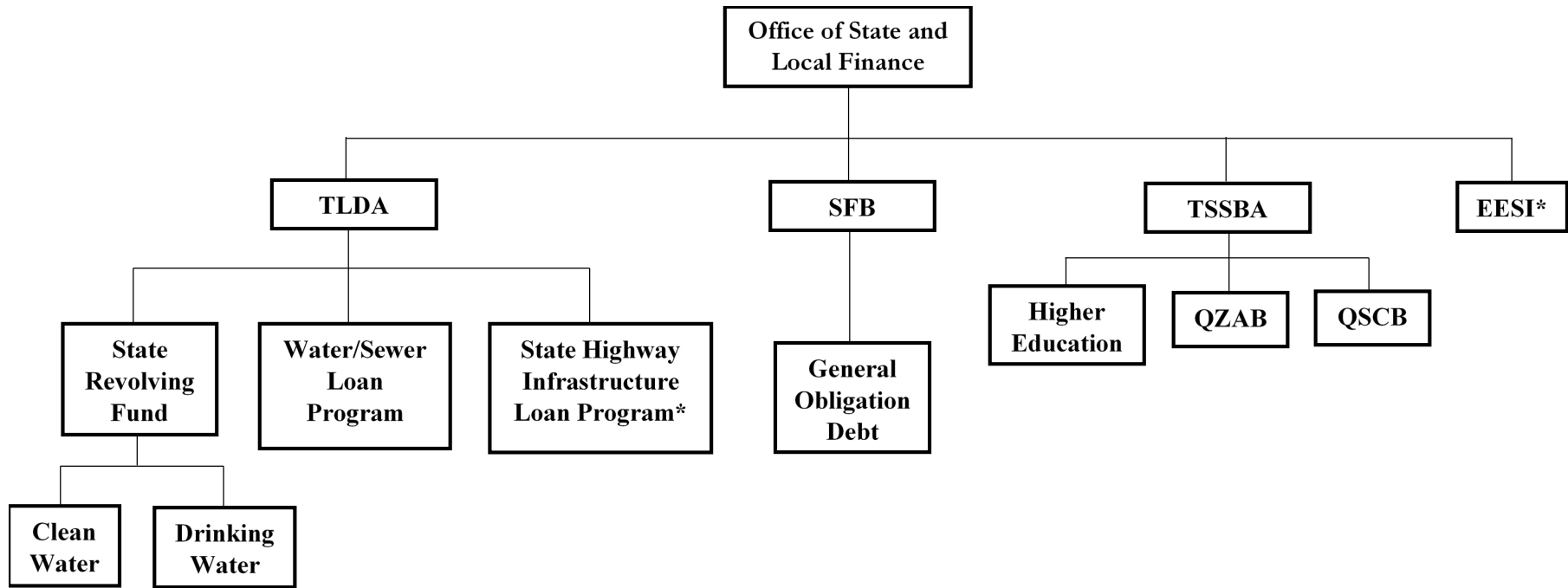
Office of State and Local Finance - Program Data & Statistics

Amounts presented below are for comparative purposes to demonstrate current volume and potential growth in established programs. A program to issue toll road bonds was established by the General Assembly in June 2007. However, no bonds have been authorized at this time. Additional programs may be established from time to time by the General Assembly, such as the QSCB program. The General Assembly and the federal government may authorize additional debt or loans to be issued under these programs on an annual basis. Data provided below is as of June 30, 2019 (unaudited).

STATISTIC	TLDA	CWSRF	DWSRF	G.O. ³	HIGHER EDUCATION ⁴	QZAB	QSCB
Number of Outstanding Debt Issues	2	N/A	N/A	18	11	2	2
Average number of new debt issues per year	0	N/A	N/A	2	2	N/A	N/A
Currently Authorized but Unissued Debt	N/A	N/A	N/A	1,326,975,075 ⁵	375,021,730	N/A	N/A
SRF Unobligated Balance ¹	N/A	92,604,737	42,156,612	N/A	N/A	N/A	N/A
Long-Term Debt Outstanding	1,970,000	N/A	N/A	1,738,615,000	1,498,245,000	30,145,000	389,440,000
Short-Term Debt Outstanding	-	N/A	N/A	237,396,000	178,739,157	-	-
Total Debt Outstanding	1,970,000	N/A	N/A	1,976,011,000	1,676,984,157	30,145,000	389,440,000
Dollar Amount of Cash and Investments ² held by Treasury (SPIF, LGIP, Sinking Fund)	14,732,895	440,879,722	54,526,438	N/A	22,622,101	117,224	221,527,846
Dollar Amount of Cash and Investments ² with Trustee (Debt Service Reserve/Sinking Fund)	-	-	-	N/A	-	27,338,409	-
Total Dollar Amount of Cash and Investments	14,732,895	440,879,722	54,526,438	N/A	22,622,101	27,455,633	221,527,846
Dollar Amount of Cash and Investments ² in Escrow-- Defeased Debt	-	N/A	N/A	123,532,000	82,455,112	-	-
Dollar Amount of Loans Receivable	1,493,125	682,967,249	132,690,199	N/A	1,830,846,666	3,016,775	186,700,822
Number of Outstanding Loans/Projects	7	230	140	1,961	222	11	28
Average number of new projects authorized per year	0	15	15	10	10	N/A	N/A

- 1) Balance available to make loans as of June 27, 2019, includes cash in fund (net of approved loans) and federal grants awarded but not received.
- 2) Investments shown at Fair Market Value.
- 3) Balances shown are as of June 30, 2019 -subsequently, on September 17, 2019, the State sold \$100,105,000 2019 Series A and \$28,000,000 Series B (Federally Taxable) bonds.
- 4) Balances shown are as of June 30, 2019 -subsequently, on August 29, 2019, the Authority sold \$146,915,000 2019 Series A and \$60,255,000 Series B (Federally Taxable) bonds.
- 5) Including \$840,700,000 authorized for Highways and Bridges. The State has no immediate plans to issue for these purposes.

Appendix C
Office of State and Local Finance – Programs Under Administration



*Internal Loan Program

Appendix D
Sample Financial Advisory Contract

CONTRACT BETWEEN
THE STATE OF TENNESSEE,
OFFICE OF THE COMPTROLLER OF THE TREASURY, AND
-----, INC.

This Contract, by and between the State of Tennessee, Office of the Comptroller of the Treasury (“Comptroller”) and ----, Inc. (“Contractor”), for the purpose of retaining Contractor as Financial Advisor to the Comptroller on financial issues of the State of Tennessee (“State”) and the Tennessee State Funding Board (“SFB”), Tennessee Local Development Authority (“TLDA”), and Tennessee State School Bond Authority (“TSSBA”)(SFB, TLDA, and TSSBA jointly “Issuers”) to assist the Comptroller in the capacity as Secretary to the Issuers. References to “State” may include the Comptroller and the Issuers.

WITNESSETH: In consideration of the mutual promises herein contained, the parties have agreed and do hereby enter into this Contract according to the following provisions:

A. **SCOPE.** The Contractor agrees to perform the following services:

GENERAL

1. The Contractor agrees to serve the Comptroller as financial advisor to the State and to the Issuers. The Contractor will assign the following individuals to provide the services described in this Contract:
 - XXXXXXXX
 - YYYYYYYY
 - ZZZZZZZZ

These individuals will be assisted from time to time by other members of the Contractor’s staff. The Comptroller has the right to approve or disapprove any proposed changes in the staff of the Contractor providing services under this Contract from the above listed individuals.

2. The Contractor agrees that during the term of this Contract that it will not underwrite, or assist in the underwriting, of the debt of the State or the Issuers.
3. All computer applications, not subject to licensing agreements, developed by the Contractor for the provision of services under this Contract shall be made available to the Comptroller for reimbursement, and the State and the Issuers shall have the option of reimbursement.
4. No reports, information, or data given to or prepared by the Contractor under this Contract shall be made available by the Contractor to any individual or organization other than the State or the Issuers or their members without the prior written approval of the Comptroller, except pursuant to legal process, regulatory requirement, or State open records laws.

PLANNING SERVICES

5. In connection with general debt management and planning, unless otherwise requested, the Contractor agrees to perform the following services:

- (a) Review outstanding debt of the State and the Issuers and advise as to restructuring and refunding opportunities and evaluate future debt options.
- (b) Assist with the capital budget process relative to timing and source of funds for capital improvements purposes.
- (c) Identify financing alternatives/debt structures available to the State and the Issuers and monitor market activity and debt transactions as related to financing needs of the State and the Issuers.
- (d) Advise and assist in rating maintenance and/or upgrade and assist in communications with rating agencies.
- (e) Provide general data and analysis of data concerning municipal debt.
- (f) Advise as to the method of sale (utilization of competitive, negotiated, or private placement) for particular debt transactions.
- (g) Prepare regular cash flow analyses, credit analyses, market analyses, secondary market information, and modifications to the marketing program for bond issues.
- (h) Subject to licensing requirements, provide the State or the Issuers, upon request, access to the Contractor's computer software (1) used to prepare cash flow analyses for bonds and (2) used to perform other financial analyses. Assist in establishing electronic document transfer capability between the Contractor and the State or the Issuers. The Contractor will be reimbursed for any time-sharing costs incurred by the State's or the Issuers' use of these programs outside normal debt issuance.
- (i) Assist with the development of strategies for the investor program.
- (j) Assist in establishing accounting systems and procedures to comply with applicable state and federal laws or regulations as they apply to the State's or the Issuers' debt or with the requirements of the State's or the Issuers' bond resolutions or program documents and assist in the training of the State's or the Issuers' staff in the implementation of such systems and procedures.
- (k) Participate in the Comptroller's Office of State and Local Finance's strategic planning process and commit to the Office's strategic plan.
- (l) Provide such other reasonably related services as may be requested by the Comptroller as it relates to the existing debt programs.

NEGOTIATED SALES

- 6. In connection with the negotiated sales of debt of the State or the Issuers, unless otherwise requested, the Contractor agrees to perform the following services:
 - (a) Review the current status of resolutions, cash flow projections, balance sheet, and contingent obligations.
 - (b) Discuss future program goals and specific requirements of the State or the Issuer relative to administrative costs and program size.

- (c) Recommend long-term plans for investment strategy, financial exposure, cost projections, prepayment trends and use of unencumbered reserves of the Issuer.
- (d) Assist in developing a specific financing plan and structure for the State's or the Issuers' programs.
- (e) Assist in the development of a financing timetable which takes into account market trends, supply of competing issues, and investor purchasing patterns.
- (f) Assist in preparation of bond resolutions, modifications to existing resolutions, and other financing documents related to the financing.
- (g) Assist in developing rating agency presentations and follow-up, including agendas and required cash flow analyses.
- (h) Assist in the preparation of the preliminary and final official statements.
- (i) Upon request, develop an investment strategy for the various bond funds including, if appropriate, contracting, negotiating with, and taking bids from investment agreement providers.
- (j) Prepare final cash flows and assist in analyses and preparing yield memorandum for arbitrage certification.
- (k) Advise on the need for and selection of national and local underwriters.
- (l) Prepare or assist in the preparation of a final report on the results of each negotiated bond sale including, but not limited to, the performance of each member of the underwriting syndicate (requests and allocations), distribution of bonds by geographical region and type of investor, pricing and expense characteristics of comparable sales by other issuers, etc.
- (m) Prepare amortization schedules by project and balance the individual schedules to the final amount of the bond sale.
- (n) Perform any other services, which, in the judgment of the Comptroller and the Contractor, are necessary for successful financings on behalf of the Issuer.

COMPETITIVE SALES

7. As financial advisor on bond issues sold through competitive offerings, the Contractor agrees to perform all the services set forth in Paragraph A.6.(a) through (n) inclusive, except the services set forth in item (k). The Contractor also agrees to assist in the preparation of all documents, including but not limited to the notice of sale and bid form, necessary for a successful competitive bond issue, verify all bids submitted, and advise the Comptroller of the results of bidding.

SPECIAL PROJECTS

8. During the term of this Contract, the Comptroller and Contractor may agree to the performance by the Contractor of certain special studies and analyses not associated with the State's existing programs or not contemplated by Paragraphs A.5 through A.7 above. Charges for such special

projects and analyses will be billed at the hourly rates specified in Paragraph B.1 with mutually agreed upon maximum charges and expenses prior to the commencement of work on the project.

B. TERM OF CONTRACT, PAYMENT TERMS AND CONDITIONS. The Comptroller agrees to compensate the Contactor as follows:

TERM

1. The term of this Contract shall be from January 1, 2020 to December 31, 2022. To the extent permitted by applicable law and policies then in effect, this contract may be extended in writing by both parties upon such terms and conditions upon which mutual agreement is reached. The termination date of any such contract extension shall be no later than December 31, 2024.

MAXIMUM CONTRACT AMOUNT

2. For the three-year contract term commencing on January 1, 2020 and ending on December 31, 2022 the maximum contract amount shall not exceed \$ ----,000.

The total contract term budget as referenced above is derived from a set of assumptions provided by the State in the Outline for Proposal for Financial Advisor for State of Tennessee Funding Board, Tennessee State School Bond Authority and Tennessee Local Development Authority, dated October __, 2019 (the “RFP”). The assumptions and expected related costs are attached to this Contract as Exhibit A. As the RFP stated, the assumptions are subject to change and/or negotiation. However, the total maximum contract amount as noted above is fixed in aggregate as approved by the Issuers.

3. It is expected that the maximum contract amount will be allocated as follows:

Transactional advisory fees (including special project)	\$ ----,000
Retainer fee	\$ ----,000
Reimbursement of expenses	\$- ---,000
TOTAL	<u>\$-----,000</u>

PROFESSIONAL SERVICES RELATING TO DEBT

4. For planning and transactional professional services rendered pursuant to debt issuance under this Contract, the Contractor will be entitled to compensation at the following hourly rates:

Managing Director & Director \$---
 Senior Managing Consultant \$---
 Senior Analyst & Analyst \$---

PROFESSIONAL SERVICES RELATED TO STRUCTURED PRODUCTS AND INVESTMENT MANAGEMENT

5. Professional services related to transactions involving investment advisory services, including structured products and investment management, will be provided for under a separate Engagement Letter between ----- and the Comptroller pursuant to terms agreed to by the respective parties. ----- and is a registered investment advisor under the Investment Advisers Act of 1940.

RETAINER FEES

6. In addition, the State will pay a retainer of \$-,000 per month for consultation and special projects. Monthly, the contractor will provide the contract administrator an advice notice of the number of hours expended by project under the retainer. Assuming 60 hours to assist in establishing a new debt issuance program, the Contractor will charge a maximum of \$--,000. The assumptions and expected related costs are attached to this Contract as Exhibit A.

EXPENSES

7. The Contractor shall have the right to be reimbursed its reasonably required, direct out-of-pocket expenses incurred in connection with providing services pursuant to this Contract and for which proper documentation is received. Such expenses shall include Contractor's counsel (except that the Comptroller retains the right to review and approve in advance the compensation of such counsel), travel, and communications. Maximum out-of-pocket expenses for the three-year contract term commencing January 1, 2020 and ending December 31, 2022 shall not exceed \$---,000.

BILLINGS

8. The Contractor shall not invoice the State under this Contract until the State has received the following, properly completed documentation.
 - a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
 - b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.
9. Prior to beginning work on a debt transaction or a specific planning service, the Contractor and the Comptroller will mutually agree upon a maximum amount for fees (and for out-of-pocket expenses if anticipated to be significant) for that particular transaction or planning service. The Contractor agrees that it will not be compensated for services or reimbursed for any expenses above the maximum amount agreed upon for the particular project without the prior approval of the Comptroller.
10. Amounts for reimbursements for computer applications included in Paragraph A.3 have not been included in the total compensation amount. This Contract will have to be amended to authorize payment of a specific amount in compensation for such computer programs.
11. Billings will be submitted **at least quarterly**. The Contractor agrees, when requesting payment pursuant to Paragraph B.1 above, to submit to the Comptroller invoices or other documentation clearly indicating the number of hours worked, the individual providing the service, the Issuer and project for which the service was rendered, and a brief description of the service provided. The Contractor further agrees, when requesting reimbursement for expenses pursuant to Paragraph B.2 above, to submit to the Comptroller invoices or other documentation clearly indicating the type of expenses, and, where appropriate, the individual incurring the expense.

12. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or other matter. A payment by the State shall not be construed as acceptance of goods delivered, any part of the services provided, or as approval of any amount invoiced. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment that is determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, to not constitute proper compensation for goods delivered or services provided. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee, any amounts that are or shall become due and payable to the State of Tennessee by the Contractor.
13. Reimbursement for travel expenses (including but not limited to transportation, meals, and lodging) shall be in the amount of actual cost to the Contractor, subject to maximum amounts and limitations specified in the State Comprehensive Travel Regulations, as they may be from time to time amended, except as specifically approved in writing by the Comptroller.

C. MANDATORY TERMS AND CONDITIONS. The parties further agree that the following shall be mandatory terms and conditions of this Contract.

1. Conflicts of Interest. The Contractor warrants that no part of the compensation provided herein shall be paid directly or indirectly to any official or employee of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
2. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
3. Insurance. The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance and to pay all taxes incident hereunto. The State shall have no liability except as specifically provided in this Contract.
4. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the State, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
 - a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment B, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.

- b. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
- c. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
- d. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
5. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State through the Comptroller reserves the right to terminate this Contract upon written notice to the Contractor. The State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.
6. Termination for Convenience. The State may terminate this Contract for convenience without cause and for any reason. The State shall give the Contractor at least thirty (30) days written notice before the termination date. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.
7. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition"), the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.
8. Strict Performance. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.

9. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act (“PPACA”) with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless for any costs to the State arising from Contractor’s failure to fulfill its PPACA responsibilities for itself or its employees.
10. Limitation of State’s Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State’s total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the maximum contract amount. This limitation of liability is cumulative and not per incident.
11. Limitation of Contractor’s Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor’s liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the maximum contract amount detailed in Section B.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death. For clarity, except as otherwise expressly set forth in this Section, Contractor’s indemnification obligations and other remedies available under this Contract are subject to the limitations on liability set forth in this Section
12. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys’ fees, court costs, expert witness fees, and other litigation expenses for the State to enforce the terms of this Contract.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

13. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, et seq., the law governing the Tennessee Consolidated Retirement System (“TCRS”) provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 8-35-101, et seq., accepts State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any

provision of this Contract to the contrary, the Contractor and all individuals assigned by the Contractor to provide the services described in this Contract (an "Assigned Individual") agree that if it is later determined that the true nature of the working relationship between any Assigned Individual and the State under this Contract is that of "employee/employer" and not that of an independent contractor, such Assigned Individual, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits such Assigned Individual received from TCRS during the Term. The Contractor agrees that it will notify all Assigned Individuals of the provisions of this paragraph.

14. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it and its current and future principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
 - d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals are excluded or disqualified, or presently fall under any of the prohibitions of sections a-d.

15. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours,

the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.

16. Modification and Amendment. This Contract may be modified only by written amendment signed by all Parties and approved by all applicable State officials.
17. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from date of the final payment, and shall be subject to audit at any reasonable time and upon reasonable notice, by the State, the Comptroller or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
18. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller, or their duly appointed representatives.
19. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into subcontracts for any of the work described herein.
20. State and Federal Compliance. The Contractor shall comply with all State and federal laws and regulations applicable to Contractor in the Contractor's performance of this Contract.
21. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee, without regard to its conflict or choice of law rules. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 408.
22. Entire Agreement. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.
23. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
24. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
25. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:

- a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
 - b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below) which includes Attachments A (Assumptions and Expected Related Costs) and B (Attestation);
 - c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
 - d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
 - e. any technical specifications provided to proposers during the procurement process to award this Contract; and,
 - f. the Contractor's response seeking this Contract.
26. Investments. While the Contractor may provide advice and recommendations to the State regarding investment and long-term financial planning issues, it is acknowledged that the State makes all investment and long-term financial planning decisions at its own discretion.
27. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101, et seq., addressing contracting with persons as defined at Tenn. Code Ann. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Contract. The Contractor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.
28. Major Procurement Contract Sales and Use Tax. Pursuant to Tenn. Code Ann. § 4-39-102 and to the extent applicable, the Contractor and the Contractor's subcontractors shall remit sales and use taxes on the sales of goods or services that are made by the Contractor or the Contractor's subcontractors and that are subject to tax.
29. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.

NOTICE AND AUTHORIZED REPRESENTATIVES

30. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

For the State:

Justin P. Wilson, Comptroller of the Treasury
State of Tennessee
600 Charlotte Avenue
First Floor, State Capitol Building
Nashville, Tennessee 37243-
615-741-2501
FAX: 615-741-741-7328
EMAIL: justin.wilson@cot.tn.gov

Sandra Thompson, Director of the Office of State and Local Finance
Comptroller of the Treasury,
State of Tennessee
425 5th Avenue North
Nashville, Tennessee 37243-3400
615-747-5380
FAX: 615-741-5986
EMAIL: state.local.finance@cot.tn.gov and sandi.thompson@cot.tn.gov

For the Contractor:

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

COUNTERPARTS; SIGNATURE PAGES.

31. This Contract may be executed and delivered in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. This Contract may be executed and delivered with separate signature pages with the same effect as though all parties had executed and delivered the same signature page.

IN WITNESS WHEREOF, the parties have signed this Contract by their duly authorized representatives on the dates indicated below.

-----, INC.

By: _____

Managing Director

Date: _____

**STATE OF TENNESSEE, OFFICE OF THE
COMPTROLLER OF THE TREASURY**

By: _____

Justin P. Wilson
Comptroller of the Treasury

Date: _____

APPROVAL AS TO FUNDING:

Stuart McWhorter, Commissioner of Finance and Administration

Date: _____

IN WITNESS WHEREOF, the parties have signed this Contract by their duly authorized representatives on the dates indicated below.

_____, INC.

By: _____

Managing Director

Date: _____

**STATE OF TENNESSEE, OFFICE OF THE
COMPTROLLER OF THE TREASURY**

By: _____

Justin P. Wilson
Comptroller of the Treasury

Date: _____

APPROVAL AS TO FUNDING:

Stuart McWhorter, Commissioner of Finance and Administration

Date: _____

ATTACHMENT B

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
EDISON VENDOR IDENTIFICATION NUMBER:	

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. Attach evidence documenting the individual's authority to contractually bind the Contractor, unless the signatory is the Contractor's chief executive or president.

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION