



JUSTIN P. WILSON  
*Comptroller*

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## **TENNESSEE STATE SCHOOL BOND AUTHORITY**

**December 14, 2020**

### **AGENDA**

1. Call meeting to order
2. Approval of the Minutes from the TSSBA meeting of November 12, 2020
3. Consideration and approval of the Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee
4. Presentation and Discussion of a Request for Qualifications (RFQ) for Bond Counsel
5. Presentation and Discussion of a Request for Proposal for a short-term financing vehicle
6. Presentation and Discussion of a Request for Proposal for underwriter for refunding bonds
7. Consideration and approval of the Tennessee State School Bond Authority Guidelines – Requests for Approval to Borrow Money by Another Method
8. Adjourn

## **TENNESSEE STATE SCHOOL BOND AUTHORITY**

**November 12, 2020**

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Thursday, November 12, 2020, at 11:15 a.m. in Conference Room G3, Ground Floor, State Capitol, Nashville, Tennessee, with certain members attending electronically via Webex Events. Interested members of the public were able to observe and listen to the meeting through electronic means. The Honorable Justin Wilson, Comptroller of the Treasury, was present and presided over the meeting.

The following members were physically present:

The Honorable Tre Hargett, Secretary of State  
Commissioner Butch Eley, Department of Finance and Administration

The following members participated electronically via Webex Events:

The Honorable David Lillard, State Treasurer  
Randy Boyd, President, University of Tennessee  
Danny Gibbs, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents

The following member was absent:

The Honorable Bill Lee, Governor

Mr. Wilson called the meeting to order and asked Ms. Sandi Thompson, Director of the Division of State Government Finance (SGF) and Assistant Secretary of the TSSBA, to verify that she had distributed to the members copies of the documents to be discussed at the meeting in substantially the same form as to be considered. Ms. Thompson confirmed that her office had distributed the documents to the members. Mr. Wilson then asked for Ms. Thompson to call the roll and for members to identify themselves and announce if any persons were present with them. Ms. Thompson called the roll:

Mr. Eley – Present  
Mr. Wilson – Present  
Mr. Hargett – Present  
Mr. Lillard – Present  
Mr. Boyd – Present  
Mr. Gibbs – Present

Recognizing a quorum present, Mr. Wilson called the meeting to order and stated that Governor Lee, a member of the Authority, had previously declared a state of emergency to facilitate Tennessee’s response to the coronavirus disease. He stated that Governor Lee’s Executive Order No. 16, which allowed governing bodies to meet electronically regarding essential business in light of Coronavirus Disease 2019 (COVID-19), and this order was extended by Executive Order Nos. 34, 51, and 60; and further extended by Executive Order No. 65 so long as they provided electronic access to the public and met certain safeguards established in that Order to ensure the openness and transparency of the proceedings. Mr. Wilson stated that the Notice for this meeting indicated the meeting would be conducted through Webex Events and provided information for the public to participate electronically. Mr. Wilson stated that the Authority needed a motion pursuant to the provisions of Executive Order No. 16, as extended by Executive Orders No. 34, 51, and 60, and further extended by Executive Order No. 65, that meeting electronically without a physical location was necessary to protect the health, safety, and welfare of Tennesseans in light of the COVID-19 outbreak, that the matters listed on the agenda of the meeting related to the essential business of the Authority, and that the necessary safeguards had been taken. Mr. Wilson made such a motion, Mr. Hargett seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye

Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Wilson stated that the first item on the agenda was the approval of the minutes of the meeting held on October 19, 2020. Mr. Wilson stated that he had read the minutes, and everything appeared to be in order. Mr. Wilson asked if there were any comments, questions, or discussion on the minutes. Hearing none, Mr. Wilson moved approval of the minutes, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Wilson stated that the next item on the agenda was consideration of a project by the University of Tennessee at Knoxville (“UTK”). Mr. Wilson recognized Mr. Austin Oakes, Executive Director of Capital Projects at the University of Tennessee, to present the request.

- University of Tennessee at Knoxville – Haslam Field Expansion (A87); Cost: \$21,600,000 of which \$5,000,000 will be financed by TSSBA; Term of Financing: Five years as short-term financing at an assumed tax-exempt rate.

Mr. Oakes stated that the request was for a project revision associated with the Haslam Field expansion project in Knoxville. Mr. Oakes stated that this request adjusted the total project budget from \$14,000,000 to \$21,600,000 and covered the revised scope for the new one-story addition. Mr. Oakes stated that the revision included an outdoor players patio, locker room support areas, and an addition to the existing weight room. Mr. Oakes explained that the request for \$5,000,000 of TSSBA funding remained the same with the additional funding being provided by athletics plant funds and gifts. Mr. Oakes stated that TSSBA funding of \$5,000,000 with a five-year term of financing was originally approved in 2016, and UTK was once again seeking approval to apply this TSSBA funding for a five-year period for the same purpose. Mr. Oakes explained that donor commitments are scheduled anticipated to be received over the next five years that will fund the total project budget that includes the repayment of the TSSBA debt.

Mr. Wilson asked if there were any questions or comments on the project. Hearing none, Mr. Wilson moved approval, Mr. Hargett seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Wilson stated that the next matter to come before the Authority was the consideration of a resolution to approve the borrowing of money by another method by the University of Tennessee at Knoxville. Mr. Wilson recognized Mr. Oakes to present the request. Mr. Oakes stated that this item was a request of

approval of a lease amendment associated with property located at 501 W. Church Avenue in Knoxville. Mr. Oakes stated that this amendment would provide up to 150 hotel rooms for COVID-19 related use between January 15 and May 15, 2021, with RB Knoxville, doing business as Hilton. Mr. Oakes explained that UTK may cancel any rooms with 72 hours prior approval.

Mr. Wilson stated that the lease was being presented to the Authority because leases may constitute debt under Governmental Accounting Standards Board (“GASB”) rules. Mr. Wilson asked if there were any questions or comments on the project. Hearing none, Mr. Wilson moved approval, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Wilson stated that the next matter to come before the Authority was the consideration of a resolution to approve the borrowing of money by another method by the University of Tennessee at Martin (“UTM”). Mr. Wilson recognized Mr. Oakes to present the request. Mr. Oakes stated that the final request from the University of Tennessee was approval of a lease amendment for property located at 546 and 548 Littrell Road in Martin. Mr. Oakes explained that UTM leases this property for the UTM rodeo team and equine science programs. Mr. Oakes stated that the University was requesting a one-year lease extension to allow time for due diligence for the University to evaluate acquiring the property from the University of Tennessee Foundation.

Mr. Wilson inquired about the cost of the lease. Mr. Oakes explained that for the prior ten years the lease payment was \$24,000 per year and for calendar year 2021 the lease payment would be \$18,000. Mr. Wilson asked if there were any questions or comments on the project. Hearing none, Mr. Wilson moved approval, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Wilson stated that the final item on the agenda was the consideration of a resolution to approve the borrowing of money by the University of Memphis (“UOM”) Auxiliary Services Foundation (“ASF”). Mr. Wilson recognized Mr. Raaj Kurapati, Executive Vice President for Business & Finance and Chief Financial Officer of the University of Memphis to present the request. Mr. Kurapati stated that the request was a borrowing of up to \$12,000,000 by the Auxiliary Services Foundation for the benefit of the University of Memphis athletics program. Mr. Kurapati explained that the borrowing will be made by the ASF and donated to the UOM athletics program to help navigate through the financial impacts of the COVID-19 pandemic. Mr. Kurapati explained that the UOM athletics program was facing a significant operational deficit because of lost ticket sales and loss of revenues from media rights. Mr. Kurapati explained that the UOM athletics program had taken significant actions to reduce costs by approximately \$4,500,000. Mr. Kurapati stated that these actions included the layoffs of several personnel in the athletics department. Mr. Kurapati explained that this loan would provide the athletics program with funding for this fiscal year so they could close the budget deficit. Mr. Kurapati stated that the loan would be repaid with donations that

would be received through the University of Memphis foundation. Mr. Kurapati stated that the University viewed this as a temporary issue and expected both ticket sales and media rights revenue to bounce back quickly. Mr. Kurapati explained that the loan would be for a period of seven years and the interest rate would be based on LIBOR plus 1.95% as provided in the documentation. Mr. Kurapati explained that the loan could be converted to a fixed-rate loan for a term of seven years. Mr. Kurapati asked if there were any questions and made note of the fact that the president of the Auxiliary Services Foundation, Thomas Kadien, and the Executive Director of the University of Memphis foundation, Byron Morgan, were available on the Webex Event call to address any concerns or questions the Authority may have.

Mr. Wilson asked if the debt would be a direct obligation of UOM. Mr. Kurapati stated that the debt was not an obligation of UOM. Mr. Wilson asked if the debt was guaranteed by UOM, and Mr. Kurapati confirmed that the debt was not guaranteed by UOM. Mr. Wilson asked the ASF members if they had discussed the request and if they fully understood the undertaking. Mr. Kadien responded that the ASF had discussed the request at length and had a unanimous vote by the members of the board of directors of the ASF in favor of the borrowing. Mr. Wilson asked if there was any further discussion, and Mr. Eley stated that Mr. Wilson had already made a point of several of the questions he had. Mr. Eley stated that he recognized the negative impact that COVID-19 had on UOM revenues and the athletic program. Mr. Eley stated that UOM expected the deficit to be short-term and stated that he hoped that to be the case. Mr. Eley stated that his vote should not be considered precedent setting on this issue. Mr. Eley said that the unique request was being considered in unprecedented times. Mr. Kurapati stated that the situation was unique, and the University remained confident in their projections and that both foundations had vetted the request very carefully and had supported it unanimously.

Mr. Wilson asked if there was any further discussion on the project. Hearing none, Mr. Wilson moved approval, Mr. Hargett seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Wilson stated that there were several informational items to share with the Authority. Mr. Wilson stated that the first item was that the TSSBA was currently analyzing opportunities to refinance certain outstanding bonds. Mr. Wilson explained that the TSSBA was working with its financial advisor, Public Financial Management (“PFM”), to draft a request for proposal to seek responses from a variety of investment banking firms. Mr. Wilson explained that the TSSBA was only in the process of investigation at this point, but there was a possibility that if interest rates hold there could be a substantial savings. Mr. Wilson asked if there were any questions.

Hearing none, Mr. Wilson stated that the next informational item was that the TSSBA was drafting a policy and guidance for institutions that submit requests to borrow money by another method other than debt issuance. Mr. Wilson stated that the TSSBA hoped to have the policy and guidance draft finalized to be presented to the board by its next meeting. Mr. Wilson stated that this was both to comply with GASB requirements and to also protect the credit of the Authority.

Mr. Wilson then stated that the TSSBA would receive responses that were due today to its Request for Information (“RFI”) to explore options to replace the short-term revolving credit facility that will expire in March of 2021. Mr. Wilson stated that this item would be discussed in more depth once the responses were evaluated.

Mr. Wilson stated that the Qualified Zone Academy Bonds (“QZAB”) Series 2004 and 2005 would mature and be paid in full in November and December of 2020. Mr. Wilson stated that these were the final series of bonds to be repaid for the QZAB program.

Mr. Wilson asked if there were any other matters to come before the Authority. Hearing none, Mr. Wilson made a motion to adjourn, and Mr. Eley seconded the motion. The motion was approved unanimously.

The meeting was adjourned.

Approved on this \_\_\_\_ day of \_\_\_\_\_, 2020.

Respectfully submitted,

Sandra Thompson  
Assistant Secretary

**RESOLUTION TO APPROVE THE BORROWING OF  
MONEY BY ANOTHER METHOD BY THE UNIVERSITY  
OF TENNESSEE SPACE INSTITUTE**

**Recitals**

Whereas the University of Tennessee Space Institute (“UTSI”) entered into a two (2) year lease (the “Lease”) with a term beginning November 1, 2020 and ending October 3, 2022 for the rental of approximately three thousand two hundred (3,200) square feet of a building located in a research park in Huntsville, Alabama; and

Whereas the payment terms of the Lease are annual payments of thirty-six thousand dollars (\$36,000) made in monthly payments of three thousand dollars (\$3,000); and

Whereas UTSI is requesting that the Tennessee State School Bond Authority (the “Authority”) retroactively approve the Lease effective as of November 1, 2020.

**BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:**

1. In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Authority gives its approval to UTSI to enter into the Lease.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be retroactively effective effective as of November 1, 2020.

Adopted by the Authority at its meeting on December 14, 2020.

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JUSTIN P. WILSON, SECRETARY  
TENNESSEE STATE SCHOOL BOND AUTHORITY

**STATE OF ALABAMA**

**MADISON COUNTY**

**THIS LEASE AGREEMENT** made and entered into this 15<sup>th</sup> day of October 2020, by and between Technical Micronics Control, Inc. (TMC) an Alabama corporation, as Party of the First Part hereinafter referred to as “**Lessors**” and The University of Tennessee Space Institute (UTSI), a public higher education and research institution and instrumentality of the State of Tennessee, as Party of the Second Part, hereinafter referred to as “**Lessee**”.

**WITNESSETH**

In consideration of the mutual covenants, agreements, and conditions herein contained, and of the rents hereinafter reserved to be paid to Lessors by Lessee, and of other good and valuable consideration, the parties hereto do hereby agree as follows:

**DESCRIPTION AND TERM:** The Lessors do hereby demise, let and lease unto the Lessee, and the Lessee does hereby take and rent from the Lessors the following described property situated in Madison County, Alabama, to-wit;

Second floor area of the building located at 210 Wynn Drive NW, Cummings Research Park, Huntsville, Alabama 35805, containing 3,200 sq. ft., more or less.

**TO HAVE AND TO HOLD** the above described premises unto the Lessee for a Term of two (2) years, beginning on the 1 day of November, 2020 and ending the 31st day of October 2022. The term may be shortened or extended by mutual written agreement of the Lessor and the Lessee.

**RENTAL:** LESSEE covenants and agrees to pay Lessors a Base Rent in monthly installments in advance on the first day of each month during the Term without demand, deduction or offset, except as expressly provided herein. Base Rent monthly installment schedule is as follows:

- YEAR 1: \$36,000                                      \$3,000/month
- YEAR 2: \$36,000                                      \$3,000/month

If the undersigned fails to pay this Base Rent within forty-five (45) days after the due date of such payment, then there shall be added to the Base Rent due a late charge of one and a half percent (1.5%) per month of said amount. The imposition of the late charge shall not in any manner constitute a waiver or release of the right of the Lessor to declare the Lessee in default for failure to pay the Base Rent amount.

**TITLE AND POSSESSION:** Lessors warrant that they have good and merchantable title to the above described property, and covenant that they have right to make this lease, and they shall keep Lessee in the quiet possession of the premises during the aforesaid term, provided the Lessee complies with all the provisions of this lease.



**ADDRESS OF LESSORS:** Said rental installments shall be paid at and all notices required to be given to Lessors hereunder shall be delivered or mailed to Technical Micronics Control, Inc. or such other address as the Lessors may direct by written notice forwarded to the Lessee by registered mail.

**MAINTENANCE AND REPAIRS:** Lessors, at their sole cost and expense, shall maintain and keep in good repair the roof, interior office space and exterior supporting walls of the building.

**ALTERATIONS:** Lessee shall have the right to make minor alterations or changes in the demised premises, Lessee shall not make any structural changes without prior written consent of the Lessors, which consent will be not unreasonably withheld.

**EXTERIOR SIGNAGE.** Subject to Lessor's prior written approval, which shall not be unreasonably withheld, conditioned or delayed, and provided all signs are in keeping with the quality, design and style of the Building and Project, Lessee, at its sole cost and expense, may install (i) identification signage on the existing monument sign located on the exterior of the Building, (ii) at the entrance to the Building and (iii) internal directional and lobby identification signage (collectively, "Lessee Signage"); provided, however, in no event shall Lessee's Signage include an "Objectionable Name." All such signage shall be subject to Lessee's obtaining all required governmental approvals. All permitted signs shall be maintained by Lessee at its expense in a first-class and safe condition and appearance. Upon the expiration or earlier termination of this Lease, Lessee shall remove all of its signs at Lessee's sole cost and expense. The graphics, materials, color, design, lettering, lighting, size, illumination, specifications and exact location of Lessee's Signage (collectively, the "Sign Specifications") shall be subject to the prior written approval of Lessor

**ENTRY BY LESSOR:** Lessors reserve the right to inspect said premises from time to time and make repairs that the Lessors deem necessary provided such repairs will in no way curtail or effect the operations of the Lessee.

**UTILITIES AND SERVICE:** Lessor shall pay, when due, all bills for gas, water, electricity and power used on the demised premises. Janitorial services will be included in the monthly rental cost. Lessee will be responsible for Internet and telephone services.

**REAL ESTATE TAXES:** Lessor agrees to pay all real estate and special assessment taxes assessed or charged upon or against the demised premises when due and payable.

**GENERAL LIABILITY INSURANCE:**

The Lessee is self-insured under the Tennessee Claims Commission Act, Tenn. Code Ann. §§ 9-8-301 *et seq.*, which covers certain tort liability for actual damages of up to \$300,000 per claimant and \$1,000,000 per occurrence.

Any additional insurance for example fire or theft will be at the Lessee expense.

**DEFAULT:** In the event Lessee fails to pay any installment of rental as it becomes due, as aforesaid, Lessors may, after first giving fifteen (15) days' notice in writing by registered mail



addressed to Lessee of such default, terminate this lease or re-enter the demised premises by summary proceedings, or otherwise, expelling Lessee and removing all property therefrom and re-let the premises at the best possible rent obtainable, making reasonable effort therefor and receive the rent therefrom. With respect to any other violation than payment of rent, the Lessors agree to give Lessee thirty (30) days notice in writing, and upon the failure to correct such violation before the expiration of said thirty (30) days' notice in writing, the Lessors shall have the right of termination of re-entry as hereinabove provided.

As an entity of the State of Tennessee any actions or claims are governed by the Tennessee Claims Commission Act, Tenn. Code Ann. §§ 9-8-301, et.seq.

**DISPUTE RESOLUTION:** The Parties agree to attempt initially to solve all claims, disputes or controversies arising under, out of or in connection with this Agreement by conducting good faith negotiations. If the Parties are unable to settle the matter between themselves, the matter shall thereafter be resolved by alternative dispute resolution. Further dispute resolution will be resolved for the Lessee through the Tennessee Claims Commission that has been granted the sole jurisdiction to resolve claims against the State and its agencies. Accordingly, the Lessee has no authority to grant jurisdiction over such claims to an independent arbitrator.

**REFUSAL TO PURCHASE:** In the event that the Lessors desire to sell the Demised premises, they do hereby grant unto the Lessee the first refusal to purchase said property. If any party makes a bona fide offer to purchase said property and the Lessors agree to accept said offer, they must first offer the demised premises to the Lessee for the same amount offered by such other party.

**WAIVER:** The failure of Lessors to Lessee to insist upon strict performance of any of the covenants or conditions of this lease, in any one or more instances, shall not be construed as a waiver or relinquishment of any such covenants, conditions or options, but the same shall be and remain in full force and effect.

**NOTICES TO LESSEE:** All notices required to be given to Lessee under this lease shall be mailed to the demised premises or to such other address as the Lessee may direct by written notice forwarded to the Lessors by registered mail.

**COVENANTS RUN TO HEIRS:** It is agreed that this lease is binding upon the parties hereto and upon their heir, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals on the date first above written.

**Lessor**

**Technical Micronics Control, Inc.**

Virginia Phillips

Stephen P. Cook

**Witness**

**It's:** Stephen P. Cook  
President

**Lessee**

**The University of Tennessee Space  
Institute**

James L. Simonton, PhD

James Simonton

**Witness**

**It's:** Interim Executive Director

**END OF LEASE**



## **REQUEST FOR QUALIFICATIONS FOR BOND COUNSEL SERVICES**

### **I. INTRODUCTION**

The State of Tennessee, Office of Comptroller of the Treasury (“Comptroller” or “State”), through the Office of State and Local Finance in the Office of the Comptroller of the Treasury for the State (the “OSLF”), is beginning a process to select a law firm to serve as bond counsel to the State Funding Board (the “SFB”) and the Tennessee State School Bond Authority (the “TSSBA”) (jointly the “Issuers”) in connection with their debt-financed programs for an anticipated term beginning May 1, 2016 and ending April 30, 2021.

### **II. OVERVIEW OF THE STATE AND THE ISSUERS**

Information about the State and the Issuers and links to relevant documents (including debt management policies, financial statements and official statements) are included in Attachment A.

The State currently utilizes one firm to serve as Bond Counsel for the Issuers and the Tennessee Local Development Authority (the “TLDA”) without a set term. The fourth state level debt issuer, the Tennessee Housing Development Agency, issues single-family mortgage revenue bonds, and has a separate contract for bond counsel services. The State is releasing this Request for Qualifications to establish a term for the bond counsel contract for the Issuers. (The TLDA will not be included in the contract. The TLDA has not issued debt since 2010 and no debt issuance is anticipated at this time.) The State believes that a single firm serving the Issuers will provide consistency, uniformity and efficiency, particularly in federal tax and securities law interpretation. Additionally, higher education projects are financed by both Issuers. The commonality of membership of the boards of the Issuers as well as of other important funding entities is shown on Attachment B.

The Comptroller serves as the Secretary for each Issuer; the Director of OSLF serves as the Assistant Secretary. The OSLF is involved in all aspects of debt issuance. Technology is in place to allow electronic communication on a regular basis, including electronic distribution and review of documents, and to allow electronic bidding in the context of competitive sales.

Although both Issuers could issue debt to fund a single project, in practice the Issuers use the proceeds from a single debt issue to fund multiple projects. Moreover, the Issuers often fund (and refund) projects with proceeds from more than one debt issue. Note, the higher education facilities program of the TSSBA lends to the two systems of public higher education- The University of Tennessee and the Tennessee Board of Regents, both of which have multiple educational institutions under their control.

The Issuers regularly evaluate economic refunding opportunities. The Issuers take advantage of economic refunding opportunities when it is in their best interests to do so and the refundings comply with their debt management policies.

Although it is difficult to predict specific future needs, it is reasonable to assume that debt issuance by the Issuers will be similar to that since January 1, 2009:

|  | Closing<br>Month/Year | Sale Type   | Par Amount*    |
|--|-----------------------|-------------|----------------|
| <b>TSSBA:</b>  |                       |             |                |
| 2009 A   | April 2009            | Negotiated  | \$ 109,905,000 |
| 2010 A&B   | September 2010        | Competitive | \$ 249,950,000 |
| 2012 A, B, & C   | August 2012           | Negotiated  | \$ 437,720,000 |
| 2013 A   | November 2013         | Negotiated  | \$ 149,130,000 |
| 2014 A & B   | August 2014           | Negotiated  | \$ 344,650,000 |
| 2015 A & B   | May 2015              | Negotiated  | \$ 464,165,000 |
|  |                       |             |                |
|  |                       |             |                |
| <b>TSSBA - Competitive Sales</b>   |                       |             | <b>1</b>       |
| <b>TSSBA - Negotiated Sales</b>  |                       |             | <b>5</b>       |
| <b>GO:</b>   |                       |             |                |
| 2009 A & B   | May 2009              | Negotiated  | \$ 389,635,000 |
| 2009 C & D   | December 2009         | Negotiated  | \$ 290,000,000 |
| 2010 A & B   | October 2010          | Competitive | \$ 231,445,000 |
| 2011 A, B, & C   | October 2011          | Negotiated  | \$ 546,655,000 |
| 2012 A   | March 2012            | Negotiated  | \$ 449,070,000 |
| 2012 B & C   | December 2012         | Competitive | \$ 170,525,000 |
| 2014 A & B   | August 2014           | Negotiated  | \$ 190,225,000 |
| 2015 A & B   | November 2015         | Negotiated  | \$ 383,765,000 |
|  |                       |             |                |
|  |                       |             |                |
| <b>GO - Competitive Sales</b>  |                       |             | <b>2</b>       |
| <b>GO - Negotiated Sales</b>   |                       |             | <b>6</b>       |
|  |                       |             |                |
| <b>Total Competitive Sales</b>   |                       |             | <b>3</b>       |
| <b>Total Negotiated Sales</b>  |                       |             | <b>11</b>      |
| * In some cases one of the series listed may be a taxable issue. See EMMA for the Official Statements related to the issues. |                       |             |                |

However, there is no assurance that past levels of bond issuance activities accurately predict future levels of bond issuance.

### III. BOND ISSUANCE PROCESS

OSLF controls and directs all aspects of its bond issuances including, without limitation, timing and structuring. The Issuers utilize the services of a financial advisor, currently Public Financial Management Incorporated. The bond issuance process is initiated based on a programmatic need for funds for approved projects or to refund outstanding bonds when in accordance with policy and economically advantageous. The Issuers do not hold regularly scheduled meetings; the Issuers meet on an “as needed” basis (specially

called). Initial structuring discussions are held typically via telephone with bond counsel, financial advisor, and OSLF staff to determine the timing, structure and documentation for debt issues. In addition, bond counsel, together with OSLF staff, communicate with underwriters, selling group members, investors, financial advisor and others on an as needed basis.

Under current statutory provisions, both Issuers have authority to sell debt on both a competitive and a negotiated basis. Although competitive sales are preferred, the Issuers evaluate a variety of factors including, without limitation, bond structure and market conditions at the time of each bond issue to determine the method of sale that is in the best interest of the Issuer. Although the majority of bond transactions closed since January 1, 2009, have been sold by negotiated sale or private placement, the Issuers have not changed their preference for competitive sales. Consequently, there can be no assumption that the use of negotiated sales will remain at this level going forward.

The Issuers use a combination of long-term bonds and short-term notes. They utilize short-term notes (commercial paper in the case of the SFB and a Revolving Credit Facility in the case of the TSSBA) as a cost-efficient method of financing capital projects during construction. This provides cash flow as needed so as to better time issuance with expenditure needs in the interim between bond issues. This affords the Issuers some flexibility in the timing of issuing long-term bonds to take out the short-term notes.

The Issuers' interest with each bond issue is to balance both of the following:

1. avoid unnecessarily complex transactions unless the economic benefits are substantial; and
2. incur the lowest overall cost of debt in the context of ongoing administration and potential limitation of future options.

The Issuers' financing structures tend to be conservative while retaining maximum flexibility. While receptive to new, creative financing structures, the Issuers prefer transactions that do not stretch generally accepted interpretations of tax law. The Issuers have used taxable/tax-exempt blended transactions. The Issuers do not currently use swaps or other hedging devices.

Bond closings are held in Nashville with minimal activities outside normal business hours. The Issuers expect to continue this practice in the future and expect bond counsel to attend each pre-closing. However, they do not expect bond counsel to attend meetings of the Issuers, unless specifically requested to do so. On occasion, bond counsel may be requested to participate in meetings of the Issuers by telephone.

#### IV. EXPECTATIONS OF BOND COUNSEL

The State and the Issuers have taken the position that, in the analysis and opinions regarding the Tennessee State Constitution and Tennessee State law arising in the course of engagement as Bond Counsel for the Issuers, the involvement of an attorney licensed to practice law in the State is required.

The Issuers take a collegial, team approach to debt transactions. Bond counsel, financial advisor, the Office of Attorney General and Reporter as issuer's counsel, and OSLF staff are proactive participants in each bond transaction, from discussions regarding initial timing and structuring through document preparation and closing. The precise role of each group or individual may vary depending on particular issues that arise in individual transactions. The communication between the Issuers and bond counsel does not end at the time of closing; the relationship between the Issuers and bond counsel is not just transactional.

The financial advisor is primarily responsible for dealing with the rating agencies and for preparing all financial analysis needed for a particular transaction. OSLF coordinates activities involving Board members, paying agent, trustee and escrow agent, when necessary. OSLF maintains control of official statements (“OS”) and distributes its preliminary official statements (“POS”) electronically. OSLF staff coordinate preparation and electronic transmission of preliminary official statements, final official statements, notices of sale and forms of proposal.

Duties and responsibilities of specific tasks for bond transactions are usually as follows:

OSLF/Issuer’s Counsel

1. Determine the need for a debt transaction.
2. Prepare requisite number of copies of closing documents, such as authorizing Acts, the relevant general and supplemental or series resolutions, by-laws, minutes and authorizing resolutions;
3. Prepare POS, OS, official notice of sale, and bid form for electronic distribution and printing (printing the requisite number of documents is handled in house);
4. Prepare general certificate and coordinate preparation and assembly of all needed exhibits;
5. Prepare instruction letters to trustee;
6. Prepare issuer’s counsel opinion;
7. Review and comment on all documents prepared by bond counsel and underwriter’s counsel, including a bond purchase agreement for negotiated sales; and
8. Coordinate with the financial advisor about discussions, materials and presentations involving the rating agencies.

Bond Counsel

1. Assist in determining the tax and economic analysis needed and reviewing the analysis provided;
2. Evaluate proposed structures based on tax, state law and programmatic considerations;
3. Prepare Supplemental or Series Resolution and amendments to general resolutions, as needed;
4. Review and comment on drafts of the POS, OS, official notice of sale, official form of proposal prepared by OSLF;
5. For negotiated transactions, with Issuer’s counsel, review bond purchase agreements, master agreements among underwriters and master agreements among the selling group prepared by underwriter’s counsel;
6. Prepare all bonds, coordinate execution and delivery with OSLF and DTC, when necessary;
7. Prepare closing index or checklist;

8. Prepare certificates such as those related to projected cash flow, arbitrage and use of proceeds, purchase price of bonds, investments, and trustee's status;
9. Prepare and file required IRS and State forms;
10. Prepare cross-receipts;
11. Prepare necessary tax and approving opinions;
12. Prepare other certificates and documents as needed for bond closings, such as bond call/redemption notices;
13. Review and comment on all documents prepared by Issuers and others;
14. Perform other due diligence, as determined necessary; and
15. Prepare final bound transcripts.

#### Other Services

In addition to work specifically on bond transactions, the Issuers use the services of bond counsel in connection with a number of related issues, which have included the following, on an as needed basis:

1. Provide staff and board member orientation and training regarding bonds and board member responsibilities;
2. Provide information regarding IRS letter rulings, interpretive releases, regulatory changes or other actions affecting bonds and loan programs and assist in preparing or analyzing state or federal legislation affecting the Issuers;
3. Assist in structuring new loan programs and modifying existing programs, and/or preparing new general resolutions;
4. Assist in activities involving rating agencies;
5. Address issues related to continuing disclosure, arbitrage and arbitrage rebate calculations, financial and tax assumptions;
6. Address issues related to use of variable rate debt, including possible use of swaps and other hedges;
7. Review and advise on circumstances regarding possible changes in use of tax-exempt financed properties; and
8. Review TSSBA and GO project questionnaires (ongoing – not just at time of bond sale).



## V. RESPONSE TO REQUEST FOR QUALIFICATIONS

We invite you to submit your firm's qualifications in a format substantially in conformance with the enclosed "Outline for Qualifications". An electronic version and one written copy of your response to the Outline for Qualifications are due by 12:00 pm CST on Friday, January 29, 2016, addressed and delivered, as follows:

[IGpublic.Finance@cot.tn.gov](mailto:IGpublic.Finance@cot.tn.gov)

and

Office of State & Local Finance  
Attn: Ms. Sharon Schmucker  
James K. Polk Building  
505 Deaderick Street, Suite 1600  
Nashville, Tennessee 37243-1402  
(615) 747-7872

**Please limit your proposal to ten (10) pages or less. Please use the format identified in this Request for Qualifications. Additional pages or extra material will be viewed negatively. DO NOT submit a pricing proposal or additional information at this time.**

If you have questions regarding this Request for Qualifications, please email them to, the RFQ Coordinator at [igpublic.finance@cot.tn.gov](mailto:igpublic.finance@cot.tn.gov) by 4:00 P.M. CST on Thursday, January 21, 2016. Responses to questions timely received will be distributed by email no later than 4:00 P.M. CST on Friday, January 22, 2016.

## VI. REVIEW PROCESS AND TIMETABLE

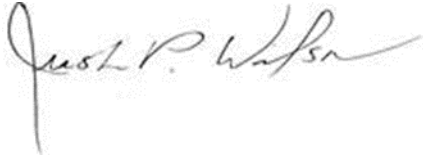
Selection of bond counsel is expected by the end of March, 2016. A more detailed timetable is attached hereto as Attachment C; however, OSLF retains the right to modify this proposed timetable at any time. It is anticipated that, after staff review of the submitted qualification, a short-list of no more than five (5) firms will be selected to respond to questions and to submit a pricing proposal. A draft form of contract, questions, and the form of pricing proposal will be distributed at that time. **Do not submit a pricing proposal until requested to do so.** If determined necessary, interviews by phone or video conference or in person with the staff review team or the Issuers, or both, may be scheduled. Staff review will culminate in a recommendation to the Comptroller for either (1) a recommendation to each of the Issuers regarding selection of bond counsel, or (2) in person interviews. Once the Issuers select a firm, written agreements between bond counsel and each Issuer will be executed. The firm selected is expected to serve for five (5) years, subject to termination with or without cause.

The State and OSLF retain the right to reject all responses, to elect to continue discussions with one or more firms, or act in any manner which, in the sole discretion of Comptroller and the Issuers, is deemed to be in their best interest. The Issuers expect to select as bond counsel the firm who submits the best and most comprehensive response to the subsequent Request for Proposal with the lowest pricing; however, price will not be the sole determining factor.

Beginning on Tuesday, January 12, 2016, and extending until the bond counsel selection process is complete, **the only** contact concerning this process, this Request for Qualifications, the Request for Proposal or information about the Issuers that could be used in responding to this Request for Qualifications is to be made with **the RFQ Coordinator**. Except pursuant to existing bond counsel contracts, **no contact**

**should be made** with PFM, Inc., any Issuer staff member, any Issuer Board member, or any staff member of an Issuer Board member.

We appreciate your interest in the Issuers and look forward to receiving your response to this RFQ as specified in Section V above.



Justin P. Wilson, Comptroller of the Treasury  
Secretary of the State Funding Board and the Tennessee State School Bond Authority

Enclosure:           Outline for Qualifications  
Attachments:       Attachment A: State and Issuer Information  
                          Attachment B: Membership  
                          Attachment C: Timetable  
  
cc:                   Members of the Issuers  
                          Staff of the Issuers

Draft

**OUTLINE FOR QUALIFICATIONS FOR  
BOND COUNSEL FOR  
THE TENNESSEE STATE FUNDING BOARD AND  
THE TENNESSEE STATE SCHOOL BOND AUTHORITY**

Please be as succinct as possible with all summary information and responses to specific questions. Lengthy responses and documents are strongly discouraged. No more than ten (10) pages will be considered for the responses.

---

Firm Name:  
Principal Address:  
Contact Person:  
Office Address for Contact Person if different from Principal Address:  
Contact E-mail and Telephone:

---

**SECTION I - QUALIFICATIONS**

1. Please describe the structure of your tax and public finance legal team, indicating the relationship with the firm as a whole. Indicate the number of attorneys (partners, associates, contract lawyers, of counsel or other designations) and designated support staff assigned to tax and public finance as of January 1 in each of the years 2011 to 2016. Provide the following specific information for tax and public finance as of January 1, 2016:

|                                 | Management       |                    | Professional     |                    | Clerical         |                    | Total |
|---------------------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|-------|
|                                 | Male<br>(number) | Female<br>(number) | Male<br>(number) | Female<br>(number) | Male<br>(number) | Female<br>(number) |       |
| Caucasian<br>(number)           |                  |                    |                  |                    |                  |                    |       |
| African<br>American<br>(number) |                  |                    |                  |                    |                  |                    |       |
| Hispanic<br>(number)            |                  |                    |                  |                    |                  |                    |       |
| Other<br>(number)               |                  |                    |                  |                    |                  |                    |       |

2. Describe generally your firm's experience since January 1, 2011 with state level issuers of general obligation debt or revenue debt for which your firm acted as bond counsel, tax counsel, and/or disclosure counsel. Specifically identify the state level issuers of general obligation debt, higher education revenue debt, QZAB and QSCB and explain the scope of your firm's responsibilities and when the firm was appointed.
3. For the state level issuers of general obligation debt, higher education revenue debt, and QZAB and QSCB identified in #2 above, in tabular form, indicate the dollar volume and number of debt issues handled for these issuers since January 1, 2011, broken down between short-term and long-term bond issues and identify taxable bond issues, specifying:
  - a. your firm's role whether as bond counsel, tax counsel, and/or disclosure counsel (indicating whether sole or co-counsel);
  - b. type of sale (competitive or negotiated);
  - c. federal tax status (exempt or taxable);
  - d. type of resolution/indenture (closed or open); and
  - e. if a loan program, whether conduit or pooled, and number of projects funded, if available.
4. List the attorneys to be assigned to each Issuer's account, indicating position within the firm, years of experience in public finance with the firm, and office where the attorneys are based. If attorneys listed have experience beyond the firm's experience, please so indicate. Describe how the attorneys will be organized to service the Issuers, identifying the overall key point of contact and the day-to-day contact for each Issuer. Of the hours required to perform services, indicate the percentage to be performed by each attorney.
5. Identify the attorney(s) currently licensed to practice law in the State (or will be) who will be involved in the analysis and opinions regarding the Tennessee State Constitution and Tennessee State law arising in the course of engagement as bond counsel for the Issuers.
6. Since January 1, 2011 in relation to your firm (current or prior members and employees) or to any transactions in which your firm has or had a direct or indirect involvement, are there:
  - (a) any legal or financial/securities investigations, audits, or legal actions in process, or pending, or threatened, or
  - (b) any facts that may create a conflict of interest, that could affect or limit your firm's ability to serve as Issuers' Bond Counsel?

If so, describe.

## SECTION II - REFERENCES

1. Provide a contact name, title, email address and phone number for three of the issuers listed in Section I, question 3, to be used as references.
2. List the three financial advisory firms with whom you most frequently work and provide a contact name, title, email address and phone number for each.

# **ATTACHMENT A**

## **STATE AND ISSUER INFORMATION**

### **Office of State and Local Finance**

One of the goals of the Office of State & Local Finance (OSLF) is 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 by the State Funding Board (SFB), the Tennessee State School Bond Authority (TSSBA), and the Tennessee Local Development Agency (TLDA). OSLF performs the financial management functions for both the Clean Water and Safe Drinking Water State Revolving Funds. OSLF manages the Qualified Zone Academy Bond (QZAB) and Qualified School Construction Bond (QSCB) programs issued for local government education agencies. OSLF prepares the financial statements for the TSSBA, the TLDA and the State Revolving Funds. Monthly, OSLF issues Investor Updates as a part of its continuing disclosure for SFB.

- SFB — The SFB has responsibility 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 SFB conducts public hearings to develop consensus estimates of State revenues as part of the budgetary process. The SFB 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 OSLF serves as the registrar and/or paying agent for the State's general obligation debt.

- 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 TSSBA 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 are 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. TSSBA issued all of the QSCB bonds allocated under ARRA, so no additional debt will be issued for this program.

**AS OF FISCAL YEAR ENDED JUNE 30, 2015**

| <b>STATISTIC</b>                                   | <b>G.O.<sup>1</sup></b>    | <b>HIGHER<br/>EDUCATION</b> | <b>QZAB</b>    | <b>QSCB</b> | <b>TOTAL</b>  |
|--|----------------------------|-----------------------------|----------------|-------------|---------------|
| Number of Outstanding Debt Issues                  | 11                         | 19                          | 4 <sup>2</sup> | 2           | 36            |
| Average number of new debt issues per year         | 2                          | 2                           | 0              | 0           | 4             |
| Currently Authorized but Unissued Debt (\$)        | 2,087,645,000 <sup>3</sup> | 418,561,393                 | 18,862,000     | -           | 2,549,169,393 |
| Long-Term Debt Outstanding (\$)                    | 1,772,015,000              | 1,546,520,000               | 43,920,000     | 389,400,000 | 3,751,855,000 |
| Short-Term Debt Outstanding (\$)                   | 197,686,000                | 61,682,000                  | -              | -           | 259,368,000   |
| Total Debt Outstanding (\$)                        | 1,969,701,000              | 1,608,202,000               | 43,920,000     | 389,400,000 | 4,011,223,000 |
| Number of Outstanding Loans/Projects               | 1,236                      | 225                         | 16             | 28          | 1,505         |
| Average number of new projects authorized per year | 30                         | 15                          | 0              | 0           | 65            |

1) Balances shown are as of June 30, 2015 - subsequently, on October 27, 2015, the state issued \$286,275,000 2015 Series A and \$97,490,000 Refunding Series B bonds.

2) Four issues were outstanding as of June 30, 2015 - subsequently on December 31, 2015 one series matured so there are currently 3 outstanding issues.

3) Including \$874,900,000 authorized for Highways and Bridges. The State has no immediate plans to issue for these purposes.

## Links

Comptroller of the Treasury for the State of Tennessee: <http://www.comptroller.tn.gov/>

Office of State and Local Finance: <http://www.comptroller.tn.gov/sl/>

State Funding Board: <http://www.comptroller.tn.gov/TSFB/>

Most Recent Official Statement: <http://www.comptroller.tn.gov/TSFB/statement.asp>

MSRB EMMA filings:

<http://emma.msrb.org/IssuerHomePage/Issuer?id=F185C01DC47619B2E043161E0A0A841E&type=M>

Financial Statements:

[http://www.tn.gov/assets/entities/finance/accounts/attachments/cafr\\_fv15.pdf](http://www.tn.gov/assets/entities/finance/accounts/attachments/cafr_fv15.pdf)

State School Bond Authority: <http://www.comptroller.tn.gov/TSSBA/>

Higher Education Program: <http://www.comptroller.tn.gov/TSSBA/HEFPindex.asp>

Most Recent Official Statement:

<http://www.comptroller.tn.gov/TSSBA/HEFPstatement.asp>

QSCB: <http://www.comptroller.tn.gov/TSSBA/QSCBPindex.asp>

QZAB: <http://www.comptroller.tn.gov/TSSBA/QSAPindex.asp>

MSRB EMMA filings:

<http://emma.msrb.org/IssuerHomePage/Issuer?id=FFD33C0E3DC536FCE043151E0A0A2A2A&type=M>

Financial Statements: <http://www.comptroller.tn.gov/repository/SA/ag15003.pdf>

Upcoming meetings of the Issuers: <http://www.comptroller.tn.gov/sl/AgendaMinutes.asp>

Investor Updates: <http://www.comptroller.tn.gov/sl/InvestorUpdates.asp>

Debt Management Policies: <http://www.comptroller.tn.gov/sl/policy.asp>

## Available Upon Request

Post-Issuance Compliance Procedures

Post-Issuance Compliance Assessment Form

## ATTACHMENT B

### Coordinated Decision-Making

|  | Pension Board | Insurance Committee | THEC   | TSSBA     | SBC    | State Funding Board | TLDA       | THDA Bond Finance Committee |
|--|---------------|---------------------|--------|-----------|--------|---------------------|------------|-----------------------------|
| Governor                                   |               |                     | --     | Chair     | Chair  | Chair               | Chair      | --                          |
| Governor Appointed Members                 |               |                     | Yes    | --        | --     | --                  | --         | --                          |
| Comptroller                                | Member        | Member              | Member | Secretary | Member | Secretary           | Member     | Secretary                   |
| Secretary of State                         | Member        |                     | Member | Member    | Member | Member              | Vice Chair | Member                      |
| Treasurer                                  | Chair         | Member              | Member | Member    | Member | Member              | Member     | Member                      |
| Commissioner of Finance and Administration | Member        | Member              |        | Member    | Member | Member              | Member     | Member                      |
| House Speaker                              |               |                     |        |           | Member |                     |            |                             |
| Senate Speaker                             |               |                     |        |           | Member |                     |            |                             |
| President - University of Tennessee        |               |                     |        | Member    |        |                     |            |                             |
| Chancellor - Tennessee Board of Regents    |               |                     |        | Member    |        |                     |            |                             |



**ATTACHMENT C  
TIMETABLE**

**BOND COUNSEL RFQ/RFP TIMETABLE 2016**

|                                  |  |
|----------------------------------|--|
| Tuesday, January 12              | Distribute RFQ (e-mail, OSLF website)  |
| Thursday, January 21             | All questions submitted to RFQ Coordinator by 12:00 P.M. CST                                 |
| Friday, January 22               | Responses to questions distributed by email no later than 4:00 P.M. CST                      |
| Friday, January 29               | Responses to RFQ due   |
| Friday, February 5               | Evaluation of responses by Issuer staff<br>Selection of firms for RFP<br>Distribution of RFP |
| Friday, February 22              | Responses to RFP due; pricing proposal submitted separately from response to questions       |
| Week of February 22              | Staff selection of firms for telephone interviews  |
| Weeks of February 29 and March 7 | Telephone/videoconference interviews with selected firms                                     |
| Week of March 14                 | Open and review pricing proposals; make recommendation to Comptroller                        |
| Weeks of March 21                | In-person interviews with selected firms and Issuers, if needed                              |
| Week of March 28                 | “Joint meetings” of SFB/TSSBA—approve select Bond Counsel                                    |
| Week of April 4                  | Execute Bond Counsel Retainer Agreement (May 1, 2016, effective date)                        |
| Month of April                   | Transition activities if needed  |

**TENNESSEE STATE SCHOOL BOND AUTHORITY  
SHORT-TERM FINANCING  
REQUEST FOR PROPOSALS**

The Tennessee State School Bond Authority (“TSSBA” or the “Authority”) is seeking information from a limited group of banking institutions for a short-term financing vehicle (the “Financing”) to provide interim funding for its Higher Educational Facilities Program (the “Program”). The total anticipated size of the Financing is expected to be \$300 million.

Hawkins Delafield & Wood LLP will serve as bond counsel to the Authority, while Public Financial Management, Inc. will serve as the Authority’s financial advisor.

The issuance of this Request for Proposal (“RFP”) constitutes an invitation to submit an official proposal. Proposals can be submitted in the form of a commercial paper program with standby note purchase agreement, revolving line of credit, index-based floaters, or other forms of short-term financing. The Authority will accept joint proposals.

It is understood that any proposal received will be evaluated by the Authority and can be used as a basis for direct negotiation of the cost and terms of a contract between the Authority and the firm submitting such a proposal. The Authority reserves the right to determine, in its sole and absolute discretion, whether any aspect of the proposal satisfactorily meets the criteria established in this RFP, the right to seek clarification from any firm submitting a proposal, the right to reject any or all proposals with or without cause, and the right to cancel and/or amend, in part or entirely, the RFP. However, the Authority does not commit to award a contract, or to pay for any costs incurred in the preparation of a proposal. The Authority is under no obligation to proceed with negotiations with any of the firms that submit a proposal as part of this RFP process. The Authority may decide to pursue an alternative course of action once the proposals have been reviewed and reserves the right to enter into additional negotiations that it deems to be in its best interest.

The Authority reserves the discretion and right to add, promote, demote or eliminate a banking institution for any reason, including, but not limited to, the following:

- Personnel changes
- Mergers or acquisitions of firms
- Sanctions or limitations imposed or investigations or proceedings instituted by the SEC, NASD, etc.
- Actual or apparent conflicts of interest

**Response Deadline:** For this RFP, the Authority is requesting digital copies of your response. Electronic responses to the RFP are to be e-mailed to [sandi.thompson@cot.tn.gov](mailto:sandi.thompson@cot.tn.gov) and [lowel@pfm.com](mailto:lowel@pfm.com) no later than 5:00 p.m., CST on January 16, 2014.

Responses to the RFP are property of TSSBA and will be considered public records.

**Questions:** Should additional information be needed to respond to this RFP, such requests should be submitted in writing and received by the Authority’s financial advisor by 11:00 a.m., CST on January 6, 2014. Any such request must be sent by e-mail directed to:

Ms. Lauren S. Lowe, Director  
Public Financial Management, Inc.  
E-mail: [lowel@pfm.com](mailto:lowel@pfm.com)

The Authority will consider all reasonable requests for additional information and will send written responses to all the recipients of this RFP. The Authority will not respond to requests seeking an indication of the Authority's preferences or intentions, nor will the Authority respond to any requests that seek to have the Authority or its bond counsel verify or opine as to the economic or legal acceptability of any particular proposal. In addition, the Authority reserves the discretion to decline to respond to any request if responding to that request would create an undue burden or expense for the Authority, or create an unfair advantage to any applicant.

**Program Description:** The Authority has authorized the issuance and delivery of up to \$350 million in the aggregate principal amount of Commercial Paper ("CP"). The Authority's CP is issued under and pursuant to the Tennessee State School Bond Authority Act, Sections 49-3-1201 *et seq.*, Tennessee Code Annotated, as amended, and a Commercial Paper Resolution adopted by the members of the Authority on November 13, 1997 (as amended on September 8, 1998, January 7, 1999, March 8, 2007, and November 28, 2007, and as the same may be further amended and supplemented, the "Commercial Paper Resolution"). CP has been and may be issued either as (i) Tax-Exempt CP, the interest on which is intended to be excluded from gross income for federal income tax purposes, and/or (ii) Federally Taxable CP, the interest on which is intended to be included in gross income for federal income tax purposes. For additional information related to the Authority's CP program, refer to the CP Resolutions and Amendments included in the RFP.

The Authority's CP program provides proceeds to interim financing associated with Higher Educational Projects ("Projects") such as buildings, structures, improvements and equipment of every kind, nature and description which may be required by or convenient for the purposes of an higher education institution. For additional information related to the Authority's Program, please refer to TSSBA's Offering Memorandum, dated August 19, 2011 included in the RFP.

As of December 18, 2013, the Authority has approximately \$94,062,000 in tax-exempt CP outstanding and \$24,000,000 in taxable CP outstanding.

**Subordinate:** It is anticipated that the Financing will be secured on a subordinate basis to the outstanding TSSBA Higher Educational Facilities Second Program Bonds.

**Additional Information:** The Authority's financial statements for 2002 through 2012 and 2013 Official Statement are available on the State Comptroller's web site at <http://www.comptroller.tn.gov/TSSBA/>. The Authority's financial statements for 2013 are available upon request. Requests for such information should be directed to PFM at [lowel@pfm.com](mailto:lowel@pfm.com).

**Required Information:** If your firm is interested in responding to the RFP, please submit a proposal describing your qualifications, outline all anticipated costs and summarize the material terms and conditions of the principal legal documents. Outlined below are the detailed items of information that must be addressed in your firm's response.

#### **A. General Information**

1. Please provide the name, title, address, phone number and email of the main contact person regarding this RFP.
2. Please provide both short-term and long-term credit ratings and outlook from all major credit rating agencies currently maintaining such ratings. Please note if your firm is under review by any rating agency, or if your firm is on negative outlook, discuss any operational or capital changes being implemented to address any discrepancies.

#### **B. Qualifications**

1. Describe your firm's ability to provide various short term financing options, especially those options presented in your firm's response.

2. Please provide supporting detail, in a separate appendix, of similar transactions for which your firm has provided liquidity or various other short term financing solutions since January 1, 2011. For each transaction, include the name of the issuer, title of the financing, original issue date or date you became involved, liquidity utilized, amount authorized, and amount outstanding. Each table must include a total for the number of deals and a total for the dollar volume.
  - a. If applicable, please provide five (5) recent short term financings of \$50 million or more for issues backed by your firm's liquidity or letter of credit for similar underlying credits ("Aa1/AA/AA+"), and provide the trading spread to an applicable index (SIFMA or US Treasury benchmark). Please submit as an attachment in .xls or .xlsx format.
  - b. Choose two of the financings from the table above, preferably that have been in place at least two years, and provide graphs that compare each financing to the 7-day SIFMA Index for the 24-month period from December 1, 2011 through December 1, 2013. Include any ongoing fees paid to your firm as part of the transaction in the financing pricing.
3. Disclose any conflicts of interest or potential conflicts of interest that might arise as a result of your firm being selected as the provider of this Financing. Identify fully any ongoing or recently (within the past 3 years) settled litigation involving your firm's activities relating to the provision of liquidity facilities or other short term financing alternatives.

### **C. Proposed Financing**

- 1) Clearly indicate up to two financing vehicles your firm believes would best serve the Authority's Program with regard to flexibility, cost and limiting the Authority's future risks. Please note that you will need to provide information regarding pricing and material terms and conditions related to each financing vehicle proposed (Appendix A).
- 2) Describe, in detail, the proposed financing vehicle or vehicles you are recommending the Authority utilize including a discussion of flexibility, frequency of issuance allowed, ability to roll or extend the financing, risk considerations, liquidity requirements, pricing methodology, and any other details pertinent to your firm's proposal.
- 3) Present a detailed term sheet summarizing all material covenants and/or requirements that you would like to include in the agreement into which the Authority would enter with your firm. Please note the Authority's bond counsel along with the State of Tennessee's Attorney General's office will ultimately draft the agreement and all related documents.
- 4) Please provide an overview of the documentation necessary for your product and your ability to execute this agreement.
- 5) The Authority may select multiple providers to fulfill the liquidity obligation for the \$300 million of the Program. Please state your maximum commitment (up to \$350 million).
  - a. If the Authority opts to increase the size of the Financing with your banking institution, up to your maximum commitment, include a brief description related to the process and fees associated with such increase.

### **D. Financing Details, Fees and Expenses**

1. Indicate your fees and expenses for the proposed financing vehicle(s). Please itemize each component of your proposed fees, including a detailed list of expenses. Fee quotes should specify:

- a. Annual Fee, if applicable
  - b. Any upfront fee (bank fee, commitment fee, etc.), other than the fee proposed in “a” above, due at closing, if applicable.
  - c. Draw fee if applicable, and a brief description of what constitutes a draw fee.
  - d. Date of expiration
2. Please provide the names of at least two firms that you would be willing to utilize as legal counsel and the names of attorneys from each firm who would be assigned to this transaction.
  3. Please describe any potential fee increases due to a rating change of the Authority after the Authority has selected a provider.
  4. Please identify the amount of time required to obtain credit approval upon selection as the provider to the Authority.

**E. References**

1. Please provide contact information for three current clients for which your firm provides similar services.

Failure to submit the required information shall be deemed sufficient cause for disqualification of a proposal from further consideration. Proposals should be limited to fifteen (15) pages, excluding transmittal letter and requested appendices (Section B.2.). Proposals should be simply and economically prepared and should not include extraneous marketing materials or other information not specifically requested to be provided. Emphasis should be on completeness, clarity and straightforward responses to the questions posed.

Without limiting the generality of the above description of the Authority’s discretion, in connection with this RFP, the Authority specifically reserves the right to:

1. Cancel this solicitation;
2. Reject any or all proposals;
3. Request an interview with, or request additional information from, individuals or firms prior to final selection;
4. For the proposed issues, select any firm or combination of firms for contract negotiations which, in the Authority's judgment, will best meet the Authority's needs regardless of any differences in estimated costs between any firm's and all others' proposals;
5. Change the due date or cancel this RFP without any financial obligations for services provided, out-of pocket expenses incurred, or any other obligations to the proposing firms;
6. Waive any technicalities and make any award(s) that is determined to be in the Authority's best interests.

**Appendix A: Provider Response Form**

*Name of Responding Provider Firm* \_\_\_\_\_

*Type of Credit Facility:* \_\_\_\_\_

*Point of Contact*

**Primary Point of Contact Name:** \_\_\_\_\_

**Primary Point of Contact Phone:** \_\_\_\_\_

**Primary Point of Contact Email:** \_\_\_\_\_

*Current Provider Credit Ratings*

| Current Provider Credit Ratings | S&P | Moody's | Fitch |
|---------------------------------|-----|---------|-------|
| Long-Term Ratings               |     |         |       |
| Short-Term Ratings              |     |         |       |
| Outlook                         |     |         |       |

*Description of Proposed Financing*

Draft

*Proposed Financing Cost, if applicable*

| Proposed Facility Cost      | 2 Year | 3 Year | 4 Year | 5 Year | 6 Year | 7 Year |
|-----------------------------|--------|--------|--------|--------|--------|--------|
| Facility Fee                |        |        |        |        |        |        |
| Upfront/Commitment Fee      |        |        |        |        |        |        |
| Closing Costs & Legal Fees  |        |        |        |        |        |        |
| Proposed Legal Counsel Firm |        |        |        |        |        |        |
| Expenses                    |        |        |        |        |        |        |
| Other                       |        |        |        |        |        |        |

**Appendix A: Provider Response Form**

***Fee Terms for the proposed Financing, if applicable***

|                              |   |
|------------------------------|---|
| Bank Rate                    | % |
| Bank Rate (After ___ Days)   | % |
| Bank Rate (After ___ Days)   | % |
| Bank Rate (After ___ Days)   | % |
| Default Rate                 | % |
| Term-Loan Period (in Months) |   |
| Draw Fee                     |   |
| Transfer Fee                 |   |
| Amendment Fee                |   |

Please utilize this form as a cover sheet for all information to be included. This document is not intended to serve as the sole document submitted.

Draft

**Tennessee State School Bond Authority**  
**Request for Proposals for Underwriting Services**  
**November 17, 2020**

**I. INTRODUCTION**

The Tennessee State School Bond Authority (“TSSBA”) is issuing this Request for Proposals (“Proposal”) for underwriting services for its proposed Higher Educational Facilities Second Program Bonds, 2021 Refunding Series A (Federally Taxable) (the “Bonds”). TSSBA is considering refinancing a portion of its outstanding Higher Educational Facilities Second Program Bonds. TSSBA will evaluate the opportunity to advance refund on a taxable basis the following: Series 2012A, Series 2012C, Series 2013A, Series 2014A and Series 2014B Bonds. TSSBA’s refunding could include all or a portion of any series of bonds listed above. The refunding of any such series of bonds is subject to current market interest rates at the time of pricing and any portion of such refunding may not occur. TSSBA reserves the right to select a provider based on considerations other than those included within this RFP.

The senior manager selected for the issuance of the Bonds will be expected to structure the refunding bonds on a project-by-project basis. TSSBA structures each underlying project individually and therefore refundings result in each project having refunded and unrefunded debt service schedules. The selected senior manager will be required to structure the Bonds to match project debt service schedules of PFM and TSSBA.

TSSBA reserves the right to select an underwriting syndicate comprised of one or more senior manager(s), co-managers and selling group members. The size of the underwriting syndicate will be determined based on the anticipated par amount of the Bonds.

TSSBA anticipates that the Bonds will price and close in early 2021. The proposed financing is contingent upon market conditions and no proposal, or subsequent selection of an underwriting syndicate, shall obligate TSSBA to pursue a bond issuance.

**II. SCHEDULE**

The following is the tentative schedule for the selection of the Firm(s) to serve as underwriter(s) for the issuance of the Bonds as described above. This schedule is subject to modification.

|                               |   |
|-------------------------------|---|
| Issuance of RFP:              | November 17, 2020                           |
| Question Submission Deadline  | November 20, 2020 at 3:00 pm Central        |
| <b>RFP Response Deadline:</b> | <b>December 4, 2020 at 10:00 am Central</b> |

**III. TSSBA BONDS, 2021 REFUNDING SERIES A<sup>1</sup>**

TSSBA intends to monitor the economics of refunding all or a portion of the following bonds:

| Taxable Advance Refunding Candidates |               |              |              |              |              |
|--------------------------------------|---------------|--------------|--------------|--------------|--------------|
| Series                               | 2012A         | 2012C        | 2013A        | 2014A        | 2014B        |
| <b>Par Refunded</b>                  | \$115,125,000 | \$34,145,000 | \$94,640,000 | \$52,765,000 | \$76,325,000 |
| <b>Call Date</b>                     | 5/1/2022      | 5/1/2022     | 11/1/2022    | 11/1/2024    | 11/1/2024    |
| <b>Tax Status</b>                    | Tax-Exempt    | Tax-Exempt   | Tax-Exempt   | Taxable      | Tax-Exempt   |

<sup>1</sup> Preliminary; Subject to Change.



**Tennessee State School Bond Authority**  
**Request for Proposals for Underwriting Services**  
**November 17, 2020**

**IV. PROPOSAL REQUEST**

Responses should contain direct answers to the following questions or request for information and should be organized such that the specific question being responded to is readily identifiable. Answers should be as thorough and detailed as possible so that those reviewing the response may properly evaluate your capabilities to provide the required services. Firms are required to respond to the following questions and request for information.

1. **Executive Summary.** Provide any additional reasons describing why your firm is best qualified to serve as senior manager / co-senior manager for the proposed issue(s). The Executive Summary should include the name of the individual(s) who will be the primary point of contact that would be working directly with PFM and TSSBA on the bond financing.
2. **Refunding Considerations.** Other than the identified re-financing candidates noted above, please discuss any additional outstanding bonds that your firm believes should be considered for refinancing at this time.
3. **Pooled Loan Structuring Experience.** As referenced above, the Bonds will be structured on a project basis which creates a pooled loan structure. Provide examples and/or relevant case studies where your firm provided structuring on a pooled loan. Examples of such experience should be within the last three (3) years (November 1, 2017 through December 4, 2020).
4. **Taxable Bond Sale Experience.** Provide examples and/or relevant case studies where your firm served as the underwriter for taxable series of bonds in an amount greater than \$300,000,000. Examples of such experience should be within the last three (3) years (November 1, 2017 through December 4, 2020). Please identify your firm's role in such financing (senior manager, co-manager or selling group member).
5. **Pricing Levels.** Based on market conditions as of November 17, 2020, provide your firm's anticipated credit spreads to the appropriate Treasury Indices and/or Aaa/AAA MMD index. Please refer to Exhibit A for an amortization schedule. Exhibit A is subject to change and to be used for purposes of the RFP only. Please provide options and considerations for various optional redemption features and any impact on credit spreads or coupon structures.
6. **Takedown and Underwriter Compensation.** Provide your firm's proposed average Underwriter's Discount for the proposed Bonds. Refer to Exhibit A for additional information for this question.
  - a. Please provide a breakout of the components of the underwriter's discount including takedown per maturity, management fee, underwriters counsel (if any), and all other expenses. Please also provide a break-out of expenses.
7. **Underwriter's Counsel.** Provide a recommendation of a firm to serve in the capacity of Underwriter's Counsel, along with their estimated fees, in the Proposal. TSSBA will consider the recommendation; however, the final selection of Underwriter's Counsel will be selected from a pool of candidates that will be mutually agreed upon by TSSBA and the senior manager.

**Tennessee State School Bond Authority**  
**Request for Proposals for Underwriting Services**  
**November 17, 2020**

**V. ADMINISTRATIVE SPECIFICATIONS**

1. The responses should be limited to **ten (10) pages**, excluding appendices. A summary or description of each attached appendix should be included in the body of the response.
2. Questions related to this Proposal should be sent to TSSBA's Financial Advisor, Lauren Lowe ([lowel@pfm.com](mailto:lowel@pfm.com)) at PFM Financial Advisors LLC. Questions should be sent no later than **November 20, 2020 by 3:00 PM Central**. Written responses to questions and clarification will be distributed as soon as possible. Respondents should refrain from contacting TSSBA during the proposal process. Any contact with the State, intentional or otherwise, may eliminate a candidate from being considered.
3. Please submit an electronic copy of the response by **10:00 a.m. Central on December 4, 2020** to the parties noted below:

**Tennessee Comptroller of the Treasury**  
**Division of State Government Finance**  
Sandi Thompson, Director  
[sandi.thompson@cot.tn.gov](mailto:sandi.thompson@cot.tn.gov)

**PFM Financial Advisors LLC**  
Lauren Lowe, Managing Director  
[lowel@pfm.com](mailto:lowel@pfm.com)

**VI. EVALUATION PROCESS**

TSSBA will select the firm whose information, in the sole judgement of TSSBA, best meets its objectives. Those objectives include, in no particular order:

1. Fee information;
2. Structure and pricing information;
3. Demonstration of similar experience, including structuring pooled loan bond issues.

The selection process will consider all other factors deemed relevant. TSSBA reserves the right to accept or reject responses in whole or in part and to negotiate separately with qualified firms as may be in its best interest.

**Tennessee State School Bond Authority  
Request for Proposals for Underwriting Services  
November 17, 2020**

**Exhibit A**

For purposes of providing responses to items number 5 and 6 in Section IV above, please refer to the amortization schedule below. Such amortization schedule is preliminary.

| <b>Year*</b> | <b>Par Amount*</b> | <b>Treasury Rate<br/>November 17, 2020</b> | <b>Spread to<br/>Treasuries (bps)</b> | <b>Pricing Levels<br/>(Yield %)</b> | <b>Takedown<br/>(\$/bond)</b> |
|--------------|--------------------|--|---------------------------------------|-------------------------------------|-------------------------------|
| 1            | \$ 7,575,000       |  |                                       |                                     |                               |
| 2            | 7,615,000          |  |                                       |                                     |                               |
| 3            | 15,490,000         |  |                                       |                                     |                               |
| 4            | 16,770,000         |  |                                       |                                     |                               |
| 5            | 16,905,000         |  |                                       |                                     |                               |
| 6            | 19,765,000         |  |                                       |                                     |                               |
| 7            | 18,695,000         |  |                                       |                                     |                               |
| 8            | 19,310,000         |  |                                       |                                     |                               |
| 9            | 28,060,000         |  |                                       |                                     |                               |
| 10           | 25,015,000         |  |                                       |                                     |                               |
| 11           | 24,870,000         |  |                                       |                                     |                               |
| 12           | 23,970,000         |  |                                       |                                     |                               |
| 13           | 24,195,000         |  |                                       |                                     |                               |
| 14           | 19,775,000         |  |                                       |                                     |                               |
| 15           | 20,170,000         |  |                                       |                                     |                               |
| 16           | 19,495,000         |  |                                       |                                     |                               |
| 17           | 19,985,000         |  |                                       |                                     |                               |
| 18           | 16,640,000         |  |                                       |                                     |                               |
| 19           | 17,055,000         |  |                                       |                                     |                               |
| 20           | 17,480,000         |  |                                       |                                     |                               |
| 21           | 17,925,000         |  |                                       |                                     |                               |
| 22           | 8,890,000          |  |                                       |                                     |                               |
| 23           | 9,125,000          |  |                                       |                                     |                               |
| 24           | 3,320,000          |  |                                       |                                     |                               |

\*For RFP purposes only; subject to change.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## **Tennessee State School Bond Authority Guidelines Requests for Approval to Borrow Money by Another Method**

### **I. Background**

Pursuant to Tenn. Code Ann. § 49-3-1205(11), the Tennessee State School Bond Authority (the “Authority”) has the power to approve or disapprove certain actions taken by, among others, the board of regents of the state university and community college system and the board of trustees of the University of Tennessee (together, “the Boards” and individually, a “Board”), or any institution under the jurisdiction of either Board (an “Institution”) with respect to the borrowing of money for any purpose (a “Borrowing”), whether by the issuance of bonds or notes or by any other method. Therefore, certain Borrowings by a Board or Institution (hereinafter a “Borrower”) are required to be submitted to the Authority for approval as outlined in these guidelines to ensure the continuing strength and viability of the Authority’s credit. The purpose of these guidelines is to provide guidance to Borrowers when the Borrowing is considered to be “by another method” and does not cover Borrowings by the issuance of bonds or notes issued by the Authority or the State of Tennessee. Such Borrowings must meet other requirements established by statute and/or Authority policies.

### **II. Submission of Request for Approval of a Borrowing by Another Method**

- A. Borrowing by Another Method shall include, but shall not be limited to, leases, bank loans, lines or letters of credit, private placement of debt, or anything that constitutes debt outside of debt issued by the Authority or the State of Tennessee.
- B. Any request for approval of a Borrowing by Another Method must be submitted electronically to the Director of the Division of State Government Finance (“Director”) within the Office of the Tennessee Comptroller of the Treasury, who also serves as the Assistant Secretary of the Authority, at [Sandi.Thompson@cot.tn.gov](mailto:Sandi.Thompson@cot.tn.gov), and to Authority staff at [Jacqueline.Felland@cot.tn.gov](mailto:Jacqueline.Felland@cot.tn.gov) or [Mark.Graubner@cot.tn.gov](mailto:Mark.Graubner@cot.tn.gov).
- C. The request must be submitted at least 30 days prior to an Authority meeting and prior to the proposed settlement date for the transaction. The Director may agree in writing to an alternative timeframe. The submission of a request under this section is not a substitute for obtaining any necessary approval from the Executive Subcommittee of the State Building Commission (“ESC”) or any other body.
- D. The request must include all items specified in the checklist attached hereto as Appendix A along with the appropriate supporting documentation.

### **III. Criteria for Requesting Approval of a Borrowing by Another Method - Real Estate Related Leases**

A proposed Borrowing by Another Method in the form of a real estate related lease that meets one or more of the following criteria must be approved by the Authority<sup>1</sup>:

- A. Annual rent is more than \$150,000 per year.
- B. The lease term is more than five years.
- C. The Borrower does not want to advertise for the need (sole source landlord) and the rent is \$50,000 or more per year.

Approval by the Authority of a Borrowing by Another Method must be obtained prior to the ESC meeting at which the Borrowing by Another Method will be considered.

### **IV. Criteria for Requesting Approval of a Borrowing by Another Method - Non-Real Estate Related Leases**

A proposed Borrowing by Another Method in the form of a non-real estate related lease (i.e. for equipment, vehicles, etc.) that meets one or more of the following criteria must be approved by the Authority:

- A. Annual lease payments are more than \$100,000 per year
- B. The lease term is more than three years.

If at least two leases are entered into with the same company (or any affiliated entity of such company) and the leases, individually, do not meet the criteria for approval but the leases, in the aggregate, do meet such criteria, then the leases, in the aggregate, must be submitted for approval.

If leases for the same type of equipment (i.e. copiers, vehicles) individually do not meet the criteria for approval but the leases, in the aggregate, do meet such criteria, then the leases, in the aggregate, must be submitted for approval.

### **V. Criteria for Requesting Approval of a Borrowing by Another Method - Non-Real Estate Related Leases**

Upon receipt and review of a completed submission, Authority staff will review and forward the request to the Authority for its consideration. If the Authority disapproves the request for approval of a Borrowing by Another Method, a Borrower may submit a new request for approval that resolves the issues or concerns that were the basis for the Authority's disapproval

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<sup>1</sup> These requirements are intended to mirror the requirements of the ESC for procurement of leases where the State is lessee.

and that allows for sufficient time prior to the proposed settlement date for Authority staff to review the submission.

A Borrowing by Another Method not requiring approval by the Authority shall be reported to the Authority on a quarterly basis.