Jason E. Mumpower
Comptroller

TENNESSEE STATE SCHOOL BOND AUTHORITY

MARCH 22, 2021

AGENDA

1. Call meeting to order

2. Approval of the Minutes from the TSSBA meeting of February 17, 2021

3. Approval of Projects for:

   The University of Tennessee

   - University of Tennessee, Chattanooga – Football Athletic Facility; Increase in Cost: $7,150,000 for total funding of $29,150,000 of which $25,650,000 will be funded by TSSBA; Term of Financing: 30 years as short-term financing at an assumed tax-exempt rate

4. Report on the results of the 2021 Series A Bond Sale

5. Submission of the Report on Debt Obligation (CT-0253) for the 2021 bond sale.

6. Consideration of proposals received and approval of the selection of bond counsel

7. Update on the Revolving Credit Facility review process

8. Adjourn

TENNESSEE STATE SCHOOL BOND AUTHORITY
February 17, 2021

The Tennessee State School Bond Authority ("TSSBA", or the "Authority") met on Wednesday, February 17, 2021, at 11:00 a.m. electronically via Webex Events. Interested members of the public were able to observe and listen to the meeting through electronic means. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members participated electronically via Webex Events:

The Honorable Tre Hargett, Secretary of State
The Honorable David Lillard, State Treasurer
Commissioner Butch Eley, Department of Finance and Administration
Mark Paganelli, proxy for Randy Boyd, President, University of Tennessee
Danny Gibbs, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents (arrived at 2:49 p.m.)

The following member was absent:

The Honorable Bill Lee, Governor

Mr. Mumpower asked Ms. Sandi Thompson, Director of the Division of State Government Finance ("SGF") and Assistant Secretary of the TSSBA, to call the roll. Ms. Thompson called the roll:

Mr. Mumpower – Present
Mr. Eley – Present
Mr. Hargett – Present
Mr. Lillard - Present
Mr. Paganelli – Present
Mr. Gibbs – Present

Recognizing a quorum present, Mr. Mumpower called the meeting to order and stated that Governor Bill 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, 60, 65; and further extended by Executive Order No. 71, 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. Mumpower 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. Mumpower 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. Hargett made such a motion, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Mumpower – Aye
Mr. Eley – Aye
Mr. Hargett – Aye
Mr. Lillard - Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item was the approval of the minutes of the meeting held on January 25, 2021. Mr. Mumpower asked if there were any comments, questions, or discussion on the minutes. Hearing none, Mr. Mumpower moved approval of the minutes, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Mumpower – Aye
Mr. Eley – Aye
Mr. Hargett – Aye
Mr. Lillard - Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item 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 ("UT"). Mr. Mumpower recognized Mr. Austin Oakes, Executive Director of Capital Projects at the University of Tennessee, to present the request. Mr. Oakes stated that the University of Tennessee had one request to borrow money by another method for approval of a lease with waiver of advertisement. Mr. Hopson stated that the University proposed to extend the current term of the lease for space at 756 Ridge Lake Boulevard in Memphis Tennessee by five (5) years. Mr. Oakes stated the space is used for diabetes research and the current lease expires on March 19, 2021. Mr. Oakes stated the annual rent would start $61,720 for the first year and increase by two percent (2%) per year after. The rent would include utilities and janitorial costs. Mr. Hargett made a motion to approve the request, Mr. Lillard seconded the motion, and Ms. Thompson called the roll:

Mr. Mumpower – Aye
Mr. Eley – Aye
Mr. Hargett – Aye
Mr. Lillard - Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item to come before the Authority was the consideration of a resolution to approve the borrowing of money by another method by Austin Peay State University ("APSU"). Mr. Mumpower recognized Mr. Benjamin Harmon, Associate Vice President and Chief Financial Officer of APSU, to present the request. Mr. Harmon stated that the APSU had one request to borrow money by another method for approval of a lease with Rotor Leasing LLC for a helicopter to be used by the APSU Aviation Science Department. Mr. Harmon stated the lease would be for one year with the right to renew the lease for up to two (2) additional one (1) year periods and may further extend the lease for one (1) additional period totaling a term of no more than five (5) years. Mr. Harmon explained the maximum liability would not exceed $295,200. Mr. Harmon stated the lease cost for the first three years was $8,200 per month with an additional cost per hour in excess of thirty (30) hours per month of $274 for the first year, $279 in the second year and $284 in the third year. Mr. Hargett made a motion to approve the request, Mr. Eley seconded the motion, and Ms. Thompson call the roll:

Mr. Mumpower – Aye
Mr. Eley – Aye
Mr. Hargett – Aye
Mr. Lillard - Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item on the agenda was an update on the Request for Proposal ("RFP") for the short-term financing for the TSSBA. Mr. Mumpower called upon Ms. Thompson for the update. Ms. Thompson stated the revolving credit facility for short-term financing expires on March 18, 2021. Ms. Thompson stated that the RFP was issued on December 15, and 17 proposals were received on January 12. Ms. Thompson added that the proposals have been reviewed with the assistance of the financial advisor. Ms. Thompson stated that the financial advisor had prepared and presented a summary of the information to the TSSBA staff in a virtual meeting on February 1. Ms. Thompson stated the summary was included in the board packet. Ms. Thompson stated that although the analysis of the information indicated that a commercial paper program would have the lowest cost, it also indicated that a revolving credit agreement/line of credit would the best overall program for administration with the least amount of risk. Mr. Thompson explained the following attributes of the revolving credit agreement over a commercial paper program:

- not subject to investor demand
- not subject to credit risk to a liquidity provider
- does not require an offering document
- does not require short-term ratings
- control over timing of prepayment

Ms. Thompson stated that from the proposals received to provide a revolving credit facility option, the financial advisor had recommended a short-list of three service providers: Bank of America, Truist and US Bank/Wells Fargo. Ms. Thompson stated that because each of the remaining proposals is unique in its attributes, a recommendation to select a certain provider had not been made. Ms. Thompson stated the financial advisor will continue to work with the Division of State Government Finance to evaluate each of the remaining proposals, while seeking additional information from each of the providers, as necessary. Ms. Thompson stated that staff looks to have a recommendation to the TSSBA board at its next meeting to be scheduled in late March. Mr. Mumpower stated that this was a report item with no action needed by the board.

Mr. Mumpower stated that the next item to come before the Authority was the consideration and approval of the Resolution Authorizing a Third Amendment to the Revolving Credit Agreement (RCA). Mr. Mumpower called upon Ms. Thompson to present the resolution and amendment. Ms. Thompson stated that because of the amount of time needed to evaluate the information for the replacement of the credit facility the TSSBA has requested a 90-day extension of the RCA from the current credit facility providers. Ms. Thompson stated that the providers have agreed to enter into an amendment to extend the term of the RCA. Ms. Thompson stated that a draft Resolution Authorizing a Third Amendment to the RCA was included in the meeting packets and that the final version of the resolution from bond counsel was forwarded to the board members earlier that morning. Ms. Thompson stated the Third Amendment to RCA provided for the extension of the RCA to June 15, 2021. Mr. Mumpower made a motion to approve the resolution, Mr. Hargett seconded the motion, and Ms. Thompson called the roll:

Mr. Mumpower – Aye
Mr. Eley – Aye
Mr. Hargett – Aye
Mr. Lillard - Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Mumpower stated the next item on the agenda was a report on the results of the Authority's 2021 Series A bond pricing. Mr. Mumpower called upon Ms. Thompson to present the report. Ms. Thompson stated that the TSSBA priced $713 million in Higher Educational Second Program Bonds on February 8 and 9, 2021. Ms. Thompson added that the transaction was the largest ever executed by the Authority and followed an expedited timeline to take advantage of the favorable market conditions. Ms. Thompson stated the purpose of the sale was to finance the costs of a new money project, advance refund certain callable maturities of the 2012A, 2012C, 2013A, 2014A, 2014B and 2015B series bonds, and pay issuance costs. Ms. Thompson stated that at the time of pre-marketing, the Authority's Preliminary Official Statement ("POS") had been viewed over one hundred seventy-five (175) times and downloaded ninety-five (95) times. Ms. Thompson added that thirty-nine (39) unique investors had viewed the POS fifty (50) times with thirty-one (31) downloads. Ms. Thompson stated the financing was a taxable issue and would be amortized over 24 years with serial maturities through 2036 and term bonds in 2041 and 2045. Ms. Thompson explained that the refunding was structured at the project level, that impacted 111 projects at seven campuses across the six refunded series of bonds. Ms. Thompson stated the total refunded par was $605.6 million and included both tax-exempt and taxable bonds. Ms. Thompson stated the new money project was structured to amortize over a 20-year period with a total par of $14.4 million. Ms. Thompson stated that the order book at the end of the price guidance was approximately $3.3 billion, with varying levels of subscriptions across the curve (e.g., 1.2x – 9.8x). Ms. Thompson stated the overall subscription was 4.7 times, including stock. Ms. Thompson added that the order book was largely comprised of bond funds, insurance and hedge fund accounts and included orders from over 90 different accounts. Ms. Thompson stated that because of the Authority's highly rated credit, investor demand enabled the Authority to reprice most of the maturities of the bonds to at least five (5) basis points lower than the price that was initially offered. Ms. Thompson stated in conclusion that the sale resulted in a true interest cost of 2.03% with aggregate net present value savings for the $689.9 million of taxable refunding bonds of $111.8 million, or 18.5% of the refunded par amount of the bonds. Ms. Thompson stated the Authority's debt management policy requires a minimum of 4% net present value savings with no extension or backloading, of the principal maturities. Ms. Thompson stated the colleges and universities will benefit from $112 million in net present value interest cost savings over the next 24 years. Mr. Mumpower thanked Ms. Thompson for the report and thanked the team for the success of the bond sale.

Mr. Mumpower asked if there were any other matters to come before the Authority. Hearing none, Mr. Hargett made a motion to adjourn and Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Mumpower – Aye
Mr. Eley – Aye
Mr. Hargett – Aye
Mr. Lillard - Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The meeting was adjourned.

Approved on this _____ day of __________, 2021.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Tennessee State School Bond Authority Feasibility Study

UTC Football/Athletic Facility - Project Number A95

Individual Project Summary

Revenue Source:	Annual Debt Service	$2,246,300
	Total Revenue Source:	**$2,246,300**

Assumptions:

TSSBA Funding Requested	$25,650,000
Interest Rate	7.25%
Tax Status	Tax-Exempt
Term of Financing	30-Years
Cost of Issuance	$384,750

Feasibility Test

	May Principal (No DSRF)	November Principal (no DSRF)
Pledged Revenues	$2,246,300	$2,246,300
New Max Annual Debt Service	$2,078,279	$2,058,853
Feasible	**Yes**	**Yes**

Prepared on March 04, 2021 by Jacqueline Felland

Project Disclosed in Budget

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

Tennessee State School Bond Authority
UTC Football/Athletic Facility TSSBA Application

DEPARTMENT: University of Tennessee

INSTITUTION/LOCATION: **Chattanooga**

PROJECT: **UTC Football/Athletic Facility**

SBC PROJECT #: **540/005-04-2016**

PROJECT BUDGET:

		Original	Revised	Total
Funding Sources:	TSSBA	$18,500,000	$7,150,000	$25,650,000
	Other: Gifts	3,500,000	-0-	3,500,000
	Total	$22,000,000	$7,150,000	$29,150,000

PROJECT REVENUES: (Describe sources and projected levels)

Annual debt service to be funded by debt service funds ($2,246,300). These funds represent less than 1.3% of the UTC FY 2021 annual E&G operating budget.

PROJECT LIFE:

Anticipated Useful Life of Project: 30+ years

Desired Term for Financing (if less than useful life): 30 years

ESTIMATED ANNUAL FINANCING CHARGE: $2,246,300

PROJECT APPROVAL DATES:

BOARD: 10/9/15

THEC: 11/20/15

SBC: 05/10/2018

Disclosed in the Governor's Budget: X Yes ___ No If yes, what year? 2016

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 construct a new football/athletic training facility for the intercollegiate athletic program located on the north edge of campus at the McKenzie Arena as sited in the 2012 campus master plan. A portion of the arena will be renovated to accommodate the facility and upgrade existing conditions including finishes and building systems. Programming and a review of the athletic facilities master plan will also be included.

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 and design
2. Project completion estimated to be: 2023
3. Project Owner: University of Tennessee
4. Project Operator (see also item 8 below): University of Tennessee
5. Intended Use of the Project: Intercollegiate athletic facility
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 63,650 (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: N/A

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 12th day of February, 2021.

Randy Boyd
President

DocuSigned by:
Austin Oakes
97B8050F454D46F...
Austin Oakes, Assistant Vice President
Office of Capital Projects

DocuSigned by:
David Miller
6BFFC85430B140D...
David L. Miller
Chief Financial Officer

To be filled out by the Authority

BOND COUNSEL APPROVAL: DATE ______

GOOD ______

5% ______

10% ______

<u>UNIVERSITY OF TENNESSEE</u>

University of Tennessee, Chattanooga, Hamilton County, Tennessee

Requested Action: **Approval of a project revision in scope, budget, and funding**

Project Title: Football/Athletic Facility

Project Description: This project will construct a new football/athletic training facility for the intercollegiate athletic program, located on the north edge of campus *at* the McKenzie Arena as sited in the 2012 campus master plan. *A portion of the arena will be renovated to accommodate the facility and upgrade existing conditions including finishes and building systems.* Programming and a review of the athletic facilities master plan will also be included.

SBC Number: 540/005-04-2016

Total Project Budget: $29,150,000.00

Source of Funding:	**Original**	**Change**	**Revised**		
	$18,500,000.00	$7,150,000.00	$25,650,000.00	TSSBA	(A)
	3,500,000.00	0.00	3,500,000.00	Gifts	(O)
Original Project Budget:	**$22,000,000.00**				
Change in Funding:		**$7,150,000.00**			
Revised Project Budget:			**$29,150,000.00**		

Comment: This request adds scope and budget for renovating portions of the existing arena including mechanical, life safety, and finish upgrades along with a new dock. The budget is also increased to accommodate possible market conditions due to Covid-19. This revised budget has been reviewed and recommended by the Designer and the Construction Manager in their latest estimates.

Previous Action:			
	05/12/2016	SBC	Approved preplanning a project budget, scope, funding and source of funding and proceeding with the process to select a designer.
	02/08/2018	SBC	Approved revision in project scope and issuing a RFQ utilizing University procurement to select a programmer
	05/10/2018	SBC	Approved revision in project budget, scope, and funding
	08/08/2019	SBC	Approved revision in project budget and funding and utilizing CM/GC
	08/22/2019	ESC	Approved designer selection (Derthick, Henley & Wilkerson Architects, PLLC)
	11/14/2019	SBC	Approved awarding a CM/GC contract (Hoar Construction

STATE OF TENNESSEE SBC-1

1. DEPARTMENT : The University of Tennessee
PROJECT TITLE: Football/Athletic Facility
INSTITUTION : Chattanooga
CITY/COUNTY : Chattanooga/Hamilton SBC NO: 540/005-04-2016

2. FISCAL YEAR: 2014/2015 APPROVAL DATE: 03/11/2021

3.

		NEW		RENO
	Capital Outlay:	NEW		RENO
	Capital Maintenance	37,250	GROSS SF	26,400
X	Other:		NET SF	
X	Designer Required	$391.00	COST / SF	$195.00

4. PROJECT DESCRIPTION: This project will construct a new football/athletic training facility for the intercollegiate athletic program, located on the north edge of campus *at* the McKenzie Arena as sited in the 2012 campus master plan. *A portion of the arena will be renovated to accommodate the facility and upgrade existing conditions including finishes and building systems.* Programming and a review of the athletic facilities master plan will also be included.

5.

TOTAL PROJECT	ALLOCATION	SF X $/SF = S
$19,700,000.00	$19,700,000.00	Building Construction
2,000,000.00	2,000,000.00	Site & Utilities
0.00	0.00	Built-in Equipment
$21,700,000.00	**$21,700,000.00**	**BID TARGET**
2,170,000.00	2,170,000.00	Contingency
$23,870,000.00	**$23,870,000.00**	**MACC**
1,676,842.00	1,676,842.00	Fee
1,135,000.00	1,135,000.00	Moveable Equipment
631,000.00	631,000.00	Data/Telecom
533,000.00	533,000.00	Temporary Financing
1,304,158.00	1,304,158.00	Admin. & Misc.
$29,150,000.00	**$29,150,000.00**	**TOTAL COST**

6.

FUNDING	THIS REQUEST	
$0.00	$0.00	STATE Funds
$0.00	$0.00	FEDERAL Funds
$29,150,000.00	$29,150,000.00	OTHER: Gifts $3,500,000; TSSBA $25,650,000
$29,150,000.00	**$29,150,000.00**	**TOTAL**

7. SOURCE OF AVAILABLE FUNDS:

Gifts	$ 3,500,000
TSSBA	$25,650,000

8. SBC ACTION:

05/12/2016	Approved preplanning a project budget, scope, funding and source of funding and proceeding with the process to select a designer.
02/08/2018	Approved revision in project scope and issuing a RFQ utilizing University procurement to select a programmer
05/10/2018	Approved revision in project budget, scope, and funding
08/08/2019	Approved revision in project budget and funding and utilizing CM/GC
08/22/2019	Approved designer selection
11/14/2019	Approved awarding a CM/GC contract (Hoar Construction)

9. DESIGNER: Derthick, Henley & Wilkerson Architects, PLLC

TENNESSEE STATE SCHOOL BOND AUTHORITY
Higher Education Facilities Second Program Bonds
RESULTS OF BOND SALE
$713,365,000 2021 SERIES A BONDS

For Bonds Sold on February 9, 2021 and Closed on February 24, 2021

	2021 Series A Taxable Refunding
Bond Proceeds:	
Par Amount:	
New Money	$14,469,506.00
Refunding	698,895,494.00
Total Proceeds	$713,365,000.00
Statistics:	
Final Maturity	November 1, 2045
Range of Yields	0.167% - 2.661%
True Interest Cost	2.03%
Underwriter's Discount:	**$473,130.97**
Average Underwriter Discount per Bond (excluding fees)	$0.49 per bond
Average Underwriter Discount per Bond (inc. fees)	$0.66 per bond

Summary of Refunding Results	
Net Present Value Savings	$111,827,018.08
Present Value Savings as a % of Par Amount of refunded bonds	18.47%

State Form No. CT-0253
Revised Effective 12/23/2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

1. Public Entity:

Name: Tennessee State School Bond Authority

Address: 425 Rep. John Lewis Way, N.
Nashville, TN 37243

Debt Issue Name: Higher Educational Facilities Second Program Bonds 2021 Series A

If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount: $ 713,365,000.00

Premium/Discount: $ 0.00

3. Interest Cost: 2.0308 %

☐ 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 Division of Local Government Finance ("LGF").

5. Ratings:

☐ Unrated

Moody's Aa1 Standard & Poor's AA+ Fitch AA+

6. Purpose:

	%	BRIEF DESCRIPTION
☐ General Government	%	
☑ Education	2.03 %	$14,469,506 New Money Portion
☐ Utilities	%	
☐ Other	%	
☑ Refunding/Renewal	97.97 %	$698,895,494 Refunding

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: 02/24/2021 Issue/Closing Date: 02/24/2021

State Form No. CT-0253
Revised Effective 12/23/2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

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 (Round to nearest $)	FIRM NAME
Financial Advisor Fees	$ 100,000	Public Financial Management (PFM)
Legal Fees	$ 0	
Bond Counsel	$ 110,500	Hawkins Delefield & Wood
Issuer's Counsel	$ 0	
Trustee's Counsel	$ 0	
Bank Counsel	$ 0	
Disclosure Counsel	$ 0	
________________	$ 0	
Paying Agent Fees	$ 0	
Registrar Fees	$ 0	
Trustee Fees	$ 34,547	Regions Bank
Remarketing Agent Fees	$ 0	
Liquidity Fees	$ 0	
Rating Agency Fees	$ 266,500	Moody's, S&P, Fitch
Credit Enhancement Fees	$ 0	
Bank Closing Costs	$ 0	
Underwriter's Discount 66.32 %		
Take Down	$ 349,549	Jefferies
Management Fee	$ 0	
Risk Premium	$ 0	
Underwriter's Counsel	$ 40,000	
Other expenses	$ 83,582	
Printing and Advertising Fees	$ 1,500	Image Master
Issuer/Administrator Program Fees	$ 52,000	Escrow Bidding Agent - PFM Asset Management
Real Estate Fees	$ 0	
Sponsorship/Referral Fee	$ 0	
Other Costs ________________	$ 12,450	Robert Thomas CPA - Verification Agent/ Miscellaneous
TOTAL COSTS	$ 1,050,628	

State Form No. CT-0253
Revised Effective 12/23/2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

12. Recurring Costs:

☐ No Recurring Costs

	AMOUNT (Basis points/$)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar		
Trustee	.048/$1,000	
Liquidity / Credit Enhancement		
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 Jacqueline Felland, Program Accountant

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 07/20/2020

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, Division of Local Govt Finance: on ________ either by:

☐ Mail to:
Cordell Hull Building
425 Rep. John Lewis Parkway N., 4th Floor
Nashville, TN 37243-3400

OR

☐ Email to:
LGF@cot.tn.gov

18. Signatures:

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

BOND DEBT SERVICE

Tennessee State School Bond Authority
Higher Educational Facilities Second Program Bonds, 2021 Series A
FINAL

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2022			14,569,888.00	14,569,888.00
06/30/2023	19,595,000	0.167%	12,267,384.51	31,862,384.51
06/30/2024	23,430,000	0.217%	12,225,601.15	35,655,601.15
06/30/2025	21,260,000	0.339%	12,164,143.87	33,424,143.87
06/30/2026	21,370,000	0.627%	12,061,113.24	33,431,113.24
06/30/2027	24,120,000	0.727%	11,906,442.18	36,026,442.18
06/30/2028	22,950,000	1.026%	11,701,032.45	34,651,032.45
06/30/2029	18,120,000	1.126%	11,481,283.29	29,601,283.29
06/30/2030	56,175,000	1.362%	10,996,715.92	67,171,715.92
06/30/2031	43,410,000	1.462%	10,296,837.09	53,706,837.09
06/30/2032	43,545,000	1.512%	9,650,309.84	53,195,309.84
06/30/2033	42,780,000	1.662%	8,965,607.82	51,745,607.82
06/30/2034	40,800,000	1.712%	8,260,858.00	49,060,858.00
06/30/2035	38,335,000	1.812%	7,564,294.92	45,899,294.92
06/30/2036	39,055,000	1.912%	6,843,614.04	45,898,614.04
06/30/2037	35,700,000	1.962%	6,120,031.25	41,820,031.25
06/30/2038	34,345,000	2.561%	5,330,026.54	39,675,026.54
06/30/2039	31,335,000	2.561%	4,488,994.06	35,823,994.06
06/30/2040	30,315,000	2.561%	3,699,565.77	34,014,565.77
06/30/2041	31,105,000	2.561%	2,913,082.71	34,018,082.71
06/30/2042	29,665,000	2.561%	2,134,922.89	31,799,922.89
06/30/2043	19,665,000	2.661%	1,493,419.74	21,158,419.74
06/30/2044	20,195,000	2.661%	963,082.41	21,158,082.41
06/30/2045	14,555,000	2.661%	500,733.67	15,055,733.67
06/30/2046	11,540,000	2.661%	153,539.70	11,693,539.70
	713,365,000		188,752,525.06	902,117,525.06

Jason E. Mumpower
Comptroller

MEMORANDUM

Date: March 22, 2021

To: Members of the Tennessee State Funding Board (SFB)
Members of the Tennessee State School Bond Authority (TSSBA)
Members of the Tennessee Local Development Authority (TLDA)

From: Sandi Thompson, Director of the Division of State Government Finance (SGF)

Re: Request for Qualifications (RFQ)/Request for Proposals (RFP) for Selection of Bond Counsel for the SFB, the TSSBA and the TLDA

In December 2020, the boards of the SFB, the TSSBA, and the TLDA directed staff to develop an RFQ/RFP to seek proposals from prospective firms to provide bond counsel services. To assist the board members in the selection of a bond counsel firm, the process for the RFQ and RFP is summarized below.

SGF staff prepared a distribution list of bond counsel firm candidates that included top ten nationally-ranked bond counsel firms, as reported by the Bond Buyer for 2020 and selected other firms in large geographic markets that indicated state issuer (GO) and higher education facilities experience in Bond Buyer's Municipal Marketplace Directory (Fall 2020).

SGF staff then prepared an RFQ and electronically distributed the RFQ on Monday, January 11, 2021, to 21 firms. Written responses to the RFQ were due by email on Friday, January 22, 2021. Conforming and timely responses were received from six bond counsel firms. SGF staff reviewed the RFQ responses and held a discussion to select a "short list" of bond counsel firms whose submissions were considered as the most qualified and responsive since it was determined that these firms would be asked to respond to the RFP. Three of the bond counsel firms were eliminated because the proposals did not demonstrate sufficient experience, provided a generic, less-personalized response to the RFQ, and contained spelling and numeric errors.

Staff concluded that the RFP would be distributed to the following three firms: Butler Snow, Hawkins Delafield & Wood, and Kutak Rock.

SGF staff prepared an RFP to be electronically distributed to the firms. The RFP was distributed on Wednesday, February 10, 2021, along with a pricing proposal. The proposers were asked to respond with any questions regarding the RFP by Wednesday, February 17, 2021. No questions were received. Written proposals to the RFP and the pricing proposals were due on Friday, March 5, 2021. Conforming and timely responses were received from all three firms.

Staff representatives of the board members participated in a discussion on Tuesday, March 9, 2021, to review the RFQ/RFP responses. SGF provided a summary of each law firm's strengths and weaknesses based on the RFQ and RFP responses. This information was collected and compiled in a chart and was included in **Attachment A – Strengths and Weaknesses**.

In addition to the responses to the RFP, conforming and timely responses to the request for pricing proposal were received from the firms on Friday, March 5th. To ensure that the pricing received from each law firm was comparable, SGF staff created a scenario with certain assumptions to be applied consistently each year for the full five-year contract period. The pricing analysis is included as **Attachment B – Analysis of Pricing Proposals**.

The timing of the RFP process was designed to enable the boards to finalize the selection of a firm by early April of 2021 to serve pursuant to a five-year contract commencing May 1, 2021. Staff will continue to work on a proposed form of contract to be adjusted to reflect any terms negotiated with the selected firm. The current engagement agreement for bond counsel is included as **Attachment C – Engagement Agreement for Bond Counsel.**

Staff recommendation to the boards is to select Hawkins Delafield to serve as bond counsel for a five-year contract commencing May 1, 2021 and cited the following:

- Strong, positive attributes were heavily weighted towards Hawkins Delafield, current bond counsel, specifically regarding the depth of legal team/tax team and institutional knowledge.
- The other two law firms' proposals did not demonstrate attributes in the response that would compel staff to change from its current provider, Hawkins Delafield.
- The packet contains the memo to the board regarding the RFP/RFQ process, Attachment A (Strength/Weaknesses of firms' attributes based on response), Attachment B (Analysis of pricing), and Attachment C (contract in place with current provider).
- In the analysis of pricing, staff would like to point out that although Hawkins pricing proposal for a five-year period was $26,000 (or 1.8%) ($5,000 per year) more than the next proposal, staff did not believe that this dollar difference was enough to compel them to award the business and make the transition to another law firm.

Please let us know if you need any more information in addition to that which is summarized in the attachments in order to assist you in the selection process.

Staff representatives of the board members:

Sandi Thompson - Comptroller
Danny Gibbs - TBR
Mark Paganelli - UT
Jacque Felland - Comptroller
Cindy Liddell – Comptroller
Sharon Schmucker – Comptroller
Alicia West - Comptroller
David Burn – Office of the Attorney General
Jonathan Shirley – Office of the Attorney General
Angela Scott – Finance and Administration
Chris Mustain – Secretary of State
Kevin Bradley - Treasury

ATTACHMENT A - STRENGTHS AND WEAKNESSES

	Strengths	Weaknesses	Number of Attorneys on Proposed TN Team	Number of Attorneys in Public Finance Group	Number of Attorneys in Tax Group	State (GO) Issuers - Selected as Bond Counsel	Revenue Bond Issuers - Selected as Bond Counsel	Water & Wastewater - Selected as Bond Counsel
Butler Snow	Tennessee presence	Less experience than other firms	6	53	8	Mississippi Louisana	Mississippi - IHL Board Mississippi - MBFC	Memphis Light Gas & Water
Hawkins, Delafield, & Wood	through and insightful response to all questions Continuity (institutional knowledge base) and ease of transition to new contract Extensive experience as bond counsel for State GO's and Higer Ed financings Extensive knowledge of SRF and TLDA program keep clients informed with their advisories		6	80	11	California Hawaii Tennessee Connecticut Oregaon New York	New York - Dormitory Authority Connecticut - Health & Ed Facilities Authority New Hampshire - Health & Ed Facilities Authority Maine - Health & Ed Facilities Authority Tennessee State School Bond Authority	California Mucicipal Finance Authority Michigan Finance Authority Wisconsin Public Finance Authority NYS Envirnomental Facilities Corp Virgin Islands Water & Power Authority
Kutak Rock	bond counsel to more than 20 state housing finance agencies, including THDA allow direct communication with tax attorney and indicated their attempt to repond to questions on the same day posed	currently no lead bond lawyer licensed in TN	7	110	9	Hawaii Minnessota Nevada Georgia	Colorado Department of Higher Ed Pennsylvania Higher Ed Facilities Authority Virgina College Building Authority	California Pollution Control Financing Authority California Statewide Communities Development Authority Finance Authority of Maine

Attachment A - Bond Counsel RFP Considerations

	Butler Snow	Kutak Rock	Hawkins
Depth of legal team		√	√
Depth of tax team			√
Lead Attorney TN licensed	√		√
Ideas regarding:			
Tax Questionnaires		√	√
Challenges for future		√	√
Refundings		√	√
TLDA	√	√	√
Response to hypothetical	√	√	√
Institutional knowledge			√
Education	√		√
Due diligence process			√
Changes in approach to clients		√	

ATTACHMENT B - ANALYSIS OF PRICING PROPOSALS
Summary

ANNUAL CONTRACT TOTALS						
	Year 1 Total	Year 2 Total	Year 3 Total	Year 4 Total	Year 5 Total	Total Contract
Butler Snow	$ 193,000	$ 258,000	$ 258,000	$ 193,000	$ 325,500	$ 1,227,500
Kutak Rock	$ 204,250	$ 304,250	$ 314,250	$ 194,250	$ 434,250	$ 1,451,250
Hawkins, Delafield, & Wood	$ 207,225	$ 312,225	$ 332,225	$ 198,275	$ 428,275	$ 1,478,225

FIVE YEAR TOTALS BY ISSUER					
	RETAINER	FUNDING BOARD	TSSBA	TLDA	TOTAL CONTRACT
Butler Snow	$ 150,000	$ 492,500	$ 455,000	$ 130,000	$ 1,227,500
Kutak Rock	$ 200,000	$ 533,750	$ 523,750	$ 193,750	$ 1,451,250
Hawkins, Delafield, & Wood	$ 225,000	$ 526,075	$ 546,075	$ 181,075	$ 1,478,225

Assumptions for the scenario used in the analysis above:

1) Includes proposed annual retainer which covers 100 hours plus 5% overage (which would not be billed) for a total of 105 hours. The retainer will be divided between the State Funding Board, Tennessee State School Bond Authority and the Tennessee Local Development Authority.

2) Assumes that each Issuer incurs hourly charges for 45 hours each year (10 hours at the Partner rate, 15 hours at the Associate rate, and 20 hours at the Paralegal rate) across all five years. This could be either for a special project or for general consultation in excess of the retainer.

3) Assumes the issuance of:
   GO: $250M New Money/Refunding Combination in Years 1 and 3; $100M Refunding only in Year 2; and $150M New Money only in Year 5
   TSSBA: $200M New Money only in Years 2 and 4; $100M Refunding only in Year 3; and $100M New Money/Refunding Combination in Year 5
   TLDA: $100M New Money only in Year 5

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF GENERAL COUNSEL
James K. Polk State Office Building
505 Deaderick Street, Suite 1700
Nashville, Tennessee 37243-1402
Phone (615) 401-7786
Fax (615) 741-1776

Justin P. Wilson
Comptroller

Stephanie S. Maxwell
General Counsel

April 29, 2016

Steven I. Turner, Esq.
Hawkins Delafield & Wood LLP
28 Liberty Street
New York, New York 10005

Re: Bond Counsel Engagement Agreement

Dear Mr. Turner:

Enclosed is your firm's fully executed original of the Bond Counsel Engagement Agreement.

Sincerely,

Stephanie S. Maxwell

Stephanie S. Maxwell
General Counsel

Enclosure

ENGAGEMENT AGREEMENT FOR BOND COUNSEL
FOR THE TENNESSEE STATE FUNDING BOARD AND
THE TENNESSEE STATE SCHOOL BOND AUTHORITY

This Agreement is made effective as of May 1, 2016, by and among Hawkins Delafield & Wood LLP, a Limited Liability Partnership based in New York, New York ("Bond Counsel"), and the Tennessee State Funding Board ("SFB") and the Tennessee State School Bond Authority ("TSSBA") (SFB and TSSBA jointly "Issuers") through the Comptroller of the Treasury for the State of Tennessee ("Comptroller") in his capacity as Secretary to the Issuers, to retain Bond Counsel, to define the scope of services to be provided by Bond Counsel and to set compensation for such services.

A. Scope of Work

Bond Counsel's primary responsibility to the Issuers shall be to render objective approving opinions with respect to the authorization and issuance of bonds, notes issued in anticipation of such bonds and tax revenue anticipation notes (collectively, the "Obligations") by the Issuers. The opinions will express in general: (1) that the Obligations have been properly authorized, issued and are valid; (2) that the sources of security for the Obligations have been legally provided for; (3) that interest on the Obligations is excludable from gross income for federal tax purposes for Obligations sold as tax exempt; (4) that the Obligations and the interest thereon are exempt from taxation by the State or any of its subdivisions to the extent provided by State law; and (5) other matters as may be required by the issuance of the Obligations and as may be determined necessary by the Issuers.

In rendering the referenced opinions, Bond Counsel will prepare or participate in the preparation of: (1) authorizing resolutions of the Issuers; (2) one or more general bond resolutions or amendments to existing general bond resolutions; (3) resolutions authorizing issues of specific Obligations; (4) such other documents as may be required by the issuance of the Obligations or considered necessary for rendering an approving opinion or as may be otherwise determined necessary; and (5) the forms of all closing documents, certificates and opinions of counsel as may be required by the terms of the issuance of the Obligations, applicable federal and state laws, and as may otherwise be determined necessary.

Bond Counsel will also participate with the Issuers, staff from the Comptroller's Office of State and Local Finance ("OSLF"), the Office of Attorney General and Reporter for the State of Tennessee ("AG"), Issuers' financial advisor and, if appropriate, the underwriter or purchaser and its counsel, as well as any credit enhancer and its counsel, in structuring any issuance insofar as legal matters are concerned. Bond Counsel will also participate in the preparation and review of the Preliminary Official Statement and the Official Statement and will prepare the sections summarizing (1) state and federal law pertinent to the validity of the Obligations and the tax treatment of interest paid thereon; (2) the terms of the Obligations; (3) the resolutions; and (4) the approving opinions. Bond Counsel will assist OSLF and AG in reviewing and updating program documents to maintain compliance with federal tax law.

Bond Counsel's secondary responsibility will be to provide the Comptroller, OSLF and AG with legal advice related to issuance of Obligations and federal tax and securities law matters relevant to the Issuers.

B. Services, Fees and Billing Procedures

I. *Issuance of Bonds*

Issuance services include but are not limited to legal matters in connection with the following:

1. Assistance in determining the tax and economic analysis needed and reviewing the analysis provided;

2. Evaluation of proposed structures based on tax, state law and programmatic considerations;

3. Preparation of Supplemental or Series Resolution and amendments to general resolutions, as needed;

4. Review and comments on drafts of the Preliminary Official Statement, Official Statement, official notice of sale, and other documents prepared by OSLF;

5. For negotiated transactions, with Issuers' counsel, review of bond purchase agreements and, if requested, master agreements among underwriters and master agreements among the selling group prepared by underwriter's counsel;

6. Preparation of all bonds and coordination of their execution and delivery with OSLF and the Depository Trust Company (or other securities clearing and settlement entity), when necessary;

7. Preparation of closing index or checklist;

8. Preparation of certificates such as those related to projected cash flow, arbitrage and use of proceeds, purchase price of bonds, investments, and trustee's status;

9. Preparation and filing of required IRS and State forms;

10. Preparation of cross-receipts;

11. Preparation of necessary tax and approving opinions;

12. Preparation of 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; and

14. Preparation of final bound transcripts and provision of the requisite number of electronic copies of such.

Issuers shall compensate Bond Counsel for services on a comprehensive basis, with all expenses included. There will be no reimbursement for out-of-pocket expenses or for travel expenses in connection with the issuance of bonds. A single fee per transaction shall be due regardless of whether the transaction is a negotiated sale, a private placement or a competitive sale, or whether multiple series of bonds are issued simultaneously (if treated as one issue for tax purposes). The all-inclusive fee, per transaction, shall be as follows:

Bonds	**SFB**	**TSSBA**
May 1, 2016 to April 30, 2019		
New Money/Long-term Financing	$ 90,000	$100,000
Current/Advance Refunding	$105,000	$115,000
Combination New Money/LT Financing& Refunding	$110,000	$120,000

May 1, 2019 to April 30, 2021		
New Money/Long-term Financing	$100,000	$110,000
Current/Advance Refunding	$115,000	$125,000
Combination New Money/LT Financing& Refunding	$120,000	$130,000

If an entire issue of bonds will be taxable, the above fees will be discounted by fifteen percent (15%).

The Issuers' responsibility to compensate for bond issuance services is contingent upon a successful closing of the issuance of the bonds. Bond Counsel shall submit a statement substantially in the form attached as Appendix A, at or immediately after closing, which will be payable at that time.

II. *Hourly Rates*

The following hourly rates shall apply for both Issuers to Retainer Services and Special Projects described in Parts III and IV below.

	May 1, 2016 to April 30, 2019	*May 1 2019 to April 30, 2021*
Partners/Counsel	$475	$495
Associates	$375	$395
Paralegals	$150	$160

"Paralegals" may include financial analysts performing work in furtherance of Retainer Services or approved Special Projects.

III. *Retainer*

"Retainer Services" include, but are not limited to:

1. At the Issuers' request, periodic (but no more than annually) staff and member orientation and training regarding Obligations and member responsibilities;

2. Periodic training to Issuer project managers regarding tax issues;

3. Information regarding IRS letter rulings, interpretive releases, regulatory changes or other actions affecting Obligations and loan programs and assistance in preparing or analyzing state or federal legislation affecting the Issuers;

4. Assistance in activities involving rating agencies – including communication with investors based upon changes in ratings;

5. Advice related to continuing disclosure requirements, arbitrage and arbitrage rebate calculations, financial and tax assumptions;

6. Advice related to use of variable rate debt, including possible use of swaps and other hedges;

7. Review and advice on circumstances regarding possible changes in use of tax-exempt financed properties;

8. Review and provision of tax analysis for Issuer project questionnaires;

9. Advice related to issuance of other Obligations (including but not limited to the commercial paper program and the revolving credit facility) and federal tax matters relevant to the Issuers; and

10. Modifications (other than substantial modifications constituting a Special Project) and annual updates relating to the existing commercial paper programs.

Bond Counsel will only provide legal services under the retainer at the direction, and with the prior written/documented direction, of the Comptroller, OSLF or AG. Hours of service provided under the retainer at the direction or request of someone other than the Comptroller, OSLF or AG will be disallowed.

Issuers shall pay Bond Counsel **a quarterly retainer** in the amount of **$11,250**, upon submission of an invoice reflecting services rendered identified by person performing the services, the Issuer for which the services were rendered, and matter, if applicable, substantially in the form attached as Appendix A. It is expected that no more than twenty-five (25) hours of legal assistance per quarter (three months) will be required. Bond Counsel must receive prior written approval from the Comptroller or OSLF to exceed twenty-six and a quarter (26.25) hours during a quarterly billing cycle. Actual hours required in excess of one hundred and five (105) hours annually will be billed at the above hourly rates; retainer hours will be first allocated to the highest hourly rate. For the period of May 1, 2016 to April 30, 2017, the combined maximum amount of time that Mr. Birmingham and Ms. Hall may bill as Retainer Services hours is twenty-five (25) hours.

IV. *Special Projects*

Bond Counsel may be engaged for "Special Projects" which may include, but are not limited to:

1. Assistance in structuring new programs and substantially modifying existing programs, and/or preparing new general resolutions;

2. Assistance in obtaining a private letter ruling; and

3. Assistance with an audit or review by the IRS or SEC;

but do not include rebate or other financial analytic services. Bond Counsel will only provide legal services on Special Projects at the direction, and with the prior written/documented approval, of the Comptroller or OSLF, including an agreed upon maximum cap. There will be no reimbursement for out-of-pocket expenses or travel expenses in connection with Special Projects, unless approved by the Comptroller in advance. Any travel expense must comply with the state's travel regulations (http://tn.gov/finance/topic/fa-travel). Rebate and other financial analytic services may be provided upon a separate, mutual written agreement.

V. *Total Compensation*

The fee for issuance of bonds, the quarterly retainer fee, and fees (or expenses if approved) for Special Projects as stated herein shall constitute the entire compensation due Bond Counsel for fulfilling its duties and for services performed pursuant to this Agreement regardless of the difficulty, hours worked, materials or equipment required. These fees include, but are not limited to, all applicable taxes, fees, overhead, profit and all other direct and indirect costs incurred or to be incurred by Bond Counsel. Payment of an invoice shall not prejudice the Issuers' right to object to or question any invoice or matter in relation thereto. Such payment by the Issuers shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs invoiced therein. Bond Counsel's bill shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined to be in violation of this Agreement. The maximum allowable amount for the term of this Agreement shall not exceed **Two Million Dollars ($2,000,000)**.

At the end of the first contract year (April 30, 2017), the Issuers will evaluate the pricing structure, including the retainer, and will work with Bond Counsel to revise the pricing structure, if deemed necessary. Additionally, Bond Counsel reserves the right to request additional compensation if unusual circumstances should occur (such as with unusually complex refundings), in a mutually agreeable amount.

C. Staffing

This Agreement is expressly contingent on the staffing arrangements as listed in Appendix B. Other persons may be substituted for the named attorneys only with the prior written approval of the Comptroller and subsequent revision of Appendix B.

Bond Counsel agrees that at all times during the term of this Agreement Bond Counsel will involve an attorney licensed to practice law in the State of Tennessee in all analyses and opinions regarding the Tennessee Constitution and Tennessee law arising in the course of Bond Counsel's performance under this Agreement. Mr. Steven I. Turner (Tennessee Bar Number: 017200) is the attorney initially assigned to fulfill this obligation.

D. Term of Agreement

The term of this Agreement shall be from May 1, 2016, to April 30, 2021.

E. Essential Terms and Conditions

The parties agree that the following shall be essential terms and conditions of this Agreement:

1. Prohibition of Illegal Immigrants: The requirements of Tennessee Code Annotated, Section 12-3- 309, et seq., addressing the use of illegal immigrants in the performance of any agreement to supply goods or services to the State of Tennessee, shall be a material provision of this Agreement, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Agreement.

    a. Bond Counsel hereby attests that Bond Counsel will not knowingly utilize the services of an illegal immigrant in the performance of this Agreement

    b. Bond Counsel shall maintain records for all personnel used in the performance of this Agreement. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.

    c. Bond Counsel understands and agrees that failure to comply with this section will cause imposition of the sanctions contained in Tennessee Code Annotated, Section 12-3-309, which may include a prohibition on contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after discovery of the knowing use of the services of illegal immigrants during the performance of this Agreement.

d. For purposes of this Agreement, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Agreement.

2. Bond Counsel warrants that no part of the compensation provided pursuant to this Agreement shall be paid directly or indirectly to any officer, official or employee of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, sub-contractor, or consultant to Bond Counsel in connection with any work contemplated or performed pursuant to this Agreement.

3. Bond Counsel acknowledges, understands, and agrees that this Agreement shall be null and void if Bond Counsel is, or within six months prior to the date this Agreement is executed has been, or during the term of this Agreement becomes, an employee of the State of Tennessee or if Bond Counsel is an entity in which a controlling interest is held by an individual who is, or within six months prior to the date this agreement is executed has been, or during the terms of this Agreement becomes, an employee of the State of Tennessee.

4. No person on the ground of handicap or disability, race, color, religion, sex, age, or national origin or any other classification protected by the U.S. Constitution, the Tennessee Constitution or federal or state statute, will be excluded from participation in, or denied benefits of, or otherwise subjected to discrimination in the performance of this Agreement, or in the employment practices of Bond Counsel.

5. The parties hereto, in the performance of this Agreement, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that each party is an independent contracting entity and that nothing in this Agreement shall be construed to create an employer/employee relationship or to allow either party to exercise control or direction over the manner or method by which the other party transacts its business affairs or provides its usual services. The officers, officials, employees or agents of one party shall not be deemed or construed to be the officers, officials, employees or agents of the other party for any purpose whatsoever. The clients of Bond Counsel for purposes of this engagement are the Issuers and not any other State entities or any officers or employees of any of the foregoing and, accordingly, this engagement will not establish an attorney-client relationship between Bond Counsel and any such individual or other entity.

6. Bond Counsel, being an independent contractor and not an employee of the State, the Issuers, or the Comptroller, agrees to carry adequate professional liability and other appropriate forms of insurance, including adequate professional liability and other appropriate forms of insurance on Bond Counsel employees, and to pay all applicable taxes incident to this Agreement. The Issuers shall have no liability except as specifically provided in this Agreement.

7. Ownership of all data, material and documentation originated and prepared for the Issuers pursuant to this Agreement shall belong exclusively to the Issuers and shall be subject to public inspection in accordance with state law. However, Bond Counsel's own files pertaining to this engagement may be retained by it. These files include, for example, firm administrative records,

time and expense reports, personnel and staffing materials, and credit and accounting records, as well as internal lawyer's work product such as drafts, notes, internal memoranda, and legal and factual research prepared by or for the internal use of lawyers. Except as provided in Section E.11 below, Bond Counsel reserves the right to destroy or otherwise dispose of any such documents or other materials retained by it within a reasonable time after the termination of this engagement.

8. The Issuers may terminate this Agreement on thirty (30) days' written notice to Bond Counsel. Bond Counsel may terminate this Agreement on ninety (90) days' written notice to the Issuers. If the Issuers do terminate this Agreement, Bond Counsel will be reimbursed for any allowable work completed under this Agreement prior to the termination date.

9. If Bond Counsel fails to fulfill in a timely and proper manner its duties under the terms of this Agreement or if Bond Counsel becomes the subject of any legal or financial/securities investigations, audits, or legal actions which in the sole opinion of the Issuers would materially affect or limit Bond Counsel's ability to serve as the Issuers' bond counsel, the Issuers shall have the right to immediately terminate this Agreement and withhold payments in excess of fair compensation for work completed. The foregoing shall not constitute a waiver of any remedies lawfully available to either party hereto.

10. This Agreement may be modified only by written amendment executed by all parties hereto.

11. Bond Counsel shall maintain its books, records and documents of Bond Counsel insofar as they relate to work performed or money received under this Agreement 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 Comptroller or his duly appointed representative. Bond Counsel shall use best efforts to comply with any recordkeeping and reporting requirements subsequently prescribed by the Comptroller and, if unable or not willing to comply, shall terminate this Agreement as provided in Paragraph 8 above.

12. Bond Counsel shall not assign this Agreement or enter into subcontracts for any of the work described herein.

13. Bond Counsel shall comply with all applicable federal and state laws and regulations in the performance of its duties under the Agreement.

14. Any notice, request or other document, instrument or other communication which may be or is required to be given under this Agreement, shall be in writing and shall be deemed to have been duly given if (i) personally delivered, (ii) sent by certified U.S. mail, return receipt requested, postage prepaid, (iii) sent by private or postal express mail service, or (iv) electronic mail, addressed as follows, or to any other address provided in writing by a Party:

if to Comptroller:

Comptroller Justin P. Wilson
First Floor State Capitol
Charlotte Avenue
Nashville, TN 37243
Email: justin.wilson@cot.tn.gov

if to Bond Counsel:

Steven I. Turner, Esq.
Hawkins Delafield & Wood LLP
28 Liberty Street.
New York, NY 10005
Email: sturner@hawkins.com

Stephanie Maxwell, General Counsel
Office of General Counsel, Comptroller of the Treasury
17th Floor, James K. Polk Building
Nashville, TN 37243-0273
Email: stephanie.maxwell@cot.tn.gov

Sandra Thompson, Assistant Secretary, Director of
OSLF
Office of State & Local Finance
16th Floor, James K. Polk Building
Nashville, TN 37243-0273
Email: sandi.thompson@cot.tn.gov

Any such notice, request or other document, instrument or other communication shall be deemed received when actually received.

15. This Agreement shall be interpreted and construed in accordance with the laws of the State of Tennessee. Bond Counsel understands that the Issuers reserve all immunities, defenses, rights or actions arising out of their status as entities created by the sovereign state of Tennessee (Tennessee Code Annotated Sections 9-9-117 and 49-3-1204), including but not limited to those under the Eleventh Amendment of the United States Constitution. In addition, any action against the Issuers under this Agreement shall be brought in the Tennessee Claims Commission.

16. Bond Counsel shall disclose to the Issuers existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the Issuers to appreciate the significance of the relationships. Bond Counsel has a continuing duty during the term of this Agreement to disclose to the Issuers any matter in which Bond Counsel represents parties with interests adverse to the Issuers, the Comptroller or the State of Tennessee or which constitute an actual or potential conflict of interest. Bond Counsel represents that it has not identified any actual or potential conflicts of interest with the Issuers as of the date of execution of this Agreement. Notwithstanding the foregoing, the Issuers understand and agree that Bond Counsel has represented and may in the future represent (i) certain of such professionals in other transactions not directly involving the Issuers or any entities created or controlled by either of them and (ii) political subdivisions and other entities created by or pursuant to State of Tennessee law in bond and note transactions subject to regulatory approvals or consents of the State of Tennessee, the Comptroller or OSLF.

    During the term of this Agreement, Bond Counsel may not represent a party in any claim, dispute, or transaction of any kind that is adverse to the Issuers, the Comptroller or the AG, or their respective officials or employees unless a written waiver is first obtained from the Issuers and the AG. In any case, Bond Counsel will not bring on behalf of another client an action against the Issuers, the Comptroller, or the AG, or their respective officials or employees, unless a written waiver is first obtained from the Issuers and the AG.

17. In addition to, and not in limitation of, any other rights, the Issuers may have a right to arbitrate fee disputes under applicable law.

18. Any written/documented directions and written approvals under this Agreement may be given electronically.

HAWKINS DELAFIELD & WOOD LLP

By: ______________________________
Steven I. Turner, Partner

TENNESSEE STATE FUNDING BOARD
TENNESSEE STATE SCHOOL BOND AUTHORITY

By: ______________________________
Justin P. Wilson, Comptroller of the Treasury,
Secretary to the Issuers

APPENDIX A: FORM INVOICES

For Bond Issues:

Identify:

- The Issuer
- The bond issue, including title, principal amount, dated date and closing date.
- Summary of services rendered.
- Identification of flat fee due and category of bond issuance (new money, current/advance refunding, or combination)

For Quarterly Retainer (for periods ending July 30th, October 31st, January 31st, and April 30th):

Indicate aggregate hours of service performed for period. If the number of hours exceeds twenty-six and a quarter (26.25), attach documentation of approval in accordance with Section B, III and provide aggregate amount due.

Present hours performed for each Issuer separately, identifying:

- The matter or project and service performed
- The person performing the service, indicating name and title
- Hours performed and rate.

For Special Projects:

Indicate hours of service performed for each special project, attaching documentation of approval in accordance with Section B, IV and provide aggregate amount due, identifying:

- The matter or project and service performed
- The person performing the service, indicating name and title
- Hours performed and rate.

Invoices are to be submitted on Bond Counsel Letterhead and provide payment instructions.

APPENDIX B: STAFFING ARRANGEMENTS

Lead attorney and principal day-to-day contact person: Mr. Steven I. Turner, Partner

Additional attorneys:

Mr. Daniel G. Birmingham, Partner (principally but not exclusively, SFB)

Ms. Laurie A. Hall, Counsel (principally but not exclusively, TSSBA)

Lead tax attorney: Mr. James R. Eustis, Jr., Partner

Additional tax attorneys: Ms. T. Kam Wong, Partner

Mr. Robert Radigan, Associate

Lead securities law attorney: Mr. John M. McNally, Partner

Additional securities law attorney: Mr. Brian Garzione, Partner