



JASON E. MUMPOWER
Comptroller

TENNESSEE STATE SCHOOL BOND AUTHORITY

OCTOBER 9, 2023

AGENDA

1. Call meeting to order, establish that there is a physical quorum, and receive public comment on actionable agenda items in accordance with 2023 Public Chapter 300 and Board guidelines
2. Approval of minutes from the September 20, 2023, meeting
3. Approval of Projects for:
The University of Tennessee
 - University of Tennessee Chattanooga – University Center Renovations and Addition (A98); Increase in cost of \$5,000,000 for total funding of \$38,000,000 of which \$30,200,000 (includes an increase of \$3,000,000) will be financed by TSSBA; Term of Financing: 30 years as long-term financing at an assumed taxable rate
4. Adjourn

TENNESSEE STATE SCHOOL BOND AUTHORITY
September 20, 2023

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Wednesday, September 20, 2023, at 1:05 p.m., in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were physically present:

The Honorable Tre Hargett, Secretary of State
Roy West, proxy for the Honorable David H. Lillard, Jr., State Treasurer
Chad Kimes, proxy for Commissioner Jim Bryson, Department of Finance and Administration
David Miller, proxy for Randy Boyd, President, University of Tennessee
Angela Scott, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents

The following member was absent:

The Honorable Bill Lee, Governor

Mr. Mumpower noted the presence of a physical quorum and called the meeting to order. Mr. Mumpower welcomed Chad Kimes as proxy for Commissioner Jim Bryson and Roy West as proxy for Treasurer Lillard to the meeting. Mr. Mumpower then stated that no requests for public comment had been received.

Mr. Mumpower stated that the first item on the agenda was the consideration and approval of the minutes from the July 25, 2023, meeting of the Authority. Mr. Mumpower asked if there were any questions or discussion regarding the minutes. Hearing none, Mr. Hargett made a motion to approve the minutes, Mr. Miller seconded the motion. Mr. Mumpower asked for comments or questions on the minutes. Hearing no comments, Mr. Mumpower took the vote and the minutes were approved unanimously.

Mr. Mumpower stated that the next item on the agenda was the consideration of a Resolution to Approve the Borrowing of Money by Another Method for Middle Tennessee State University (“MTSU”) – Azure Airport Development Sublease. Mr. Mumpower recognized Mr. Bill Waits, Assistant Vice President of Campus Planning at MTSU to present the request. Mr. Waits explained the property is located at the Shelbyville Municipal Airport and leased to Azure. Mr. Waits stated the property is directly adjacent to the existing MTSU lease of sixteen (16) acres that was previously approved by the Authority. Mr. Waits explained that as part of the sublease, Azure will construct improvements to the property which would include paved aircraft tie-downs, aprons, and taxiways. Mr. Waits stated the sublease had a term of forty (40) years, a prepayment of \$868,000 at the effective date, and a monthly base rent amount of \$61,512.03 for the first five years of the lease term or until earlier planned leasehold improvement buy-out. Mr. Waits stated the monthly base rent for years six through forty would be \$10,625. Mr. Waits stated non-auxiliary plant funds would be used for the lease payments.

Mr. Hargett made a motion to approve the request, and Mr. Mumpower seconded the motion. Mr. Mumpower asked for comments or questions on the request from MTSU. Hearing no comments, Mr. Mumpower took the vote and the motion was approved unanimously.

Mr. Mumpower stated that the next item on the agenda was the Consideration of a Resolution to Approve the Borrowing of Money by Another Method for the University of Tennessee Knoxville (“UTK”) – 617 W Main Street Lease (the “Facility”). Mr. Mumpower recognized Mr. Austin Oakes, Assistant Vice President of the Office of Capital Projects at the University of Tennessee (“UT”) to present the request. Mr. Oakes stated the Facility is 0.3 miles from the main UT Knoxville campus and would house its Vols Online program. Mr. Oakes explained UTK was advancing its digital immersion programs globally to further enhance the academic outreach offerings. He further stated that the location provided ideal proximity for Vols Online to remain engaged with faculty and students. Mr. Oakes stated the lease was for three years with two one-year renewal options. Mr. Oakes stated that monthly rent would be \$59,550, or \$714,600

annually, with 3% annual increases beginning in year 2. Mr. Oakes stated the total rent payable under the lease, if both renewal options were exercised would be \$3,793,930.50. Mr. Oakes stated that the funding for the lease payments would be provided by UTK from non-auxiliary plant funds. Mr. Hargett made a motion to approve the request, and Mr. Mumpower seconded the motion. Mr. Mumpower asked for comments or questions on the request from UTK. Hearing no comments, Mr. Mumpower took the vote, and the motion was approved unanimously.

Mr. Mumpower stated the next item on the agenda was the presentation of the TSSBA debt report. Mr. Mumpower recognized Ms. Sandi Thompson, Director of the Division of State Government Finance (“SGF”), to present the report. Ms. Thompson stated for the Higher Educational Facilities Program there was \$906,065,000 of taxable bonds outstanding and \$891,670,000 of tax-exempt bonds outstanding for a total of \$1,797,735,000 of long-term debt outstanding. Ms. Thompson then stated that the outstanding balances of the revolving credit facility (“RCF”) was \$8,971,323 of taxable RCF and \$19,902,784 of tax-exempt RCF for a total of \$28,874,107. Ms. Thompson added that the taxable one-month LIBOR/SOFR rates for the year ranged from 2.24314% to 5.69026% and the tax-exempt rates ranged from 1.79052% to 4.54821%. Ms. Thompson stated for the Qualified School Construction Bond Program there was \$177,000,000 of Series 2009 bonds outstanding and \$212,440,000 of Series 2010 bonds outstanding for a total of \$389,440,000. Ms. Thompson stated the sinking fund book value balances for Series 2009 was \$149,910,748 and \$165,776,292 for Series 2010, for a total of \$315,687,040. Mr. Mumpower stated that no action was needed and acknowledged the report.

Mr. Mumpower stated that concluded the business on the agenda. Mr. Mumpower made a motion to adjourn, and Ms. Scott seconded the motion. Mr. Mumpower took the vote, and the meeting was adjourned.

Approved on this ____ day of _____, 2023.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Tennessee State School Bond Authority Feasibility Study

UTC University Center Renovations and Addition - Project Number A98

Individual Project Summary

Revenue Source:	Student Fees	\$2,662,000
	Total Revenue Source:	\$2,662,000
Assumptions:	TSSBA Funding Requested*	\$30,200,000
	Interest Rate	7.85%
	Tax Status	Taxable
	Term of Financing	30-Years
	Cost of Issuance	\$453,000

Feasibility Test		
	May Principal (No DSRF)	November Principal (no DSRF)
Pledged Revenues	\$2,662,000	\$2,662,000
New Max Annual Debt Service	\$2,586,692	\$2,661,991
Feasible	Yes	Yes

Prepared on September 21, 2023 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 University Center Renovations Project Revised Application

DEPARTMENT: University of Tennessee

INSTITUTION/LOCATION: Chattanooga

PROJECT: University Center Renovations

SBC PROJECT #: 540/005-03-2022

PROJECT BUDGET:

		Original	Revised	Total
Funding Sources:	<u>TSSBA</u>	\$27,200,000	\$3,000,000	\$30,200,000
	<u>Other: Gifts</u>	100,000	-0-	100,000
	<u>Plant Funds (Non-Aux)</u>	3,450,000	2,000,000	5,450,000
	<u>Plant Funds (Aux-Dining/Retail</u>	2,250,000	-0-	2,250,000
	Total	\$33,000,000	\$5,000,000	\$38,000,000

PROJECT REVENUES: (Describe sources and projected levels)

Annual debt service of \$2,662,000 to be funded by revenues generated by existing student fees.

PROJECT LIFE:

Anticipated Useful Life of Project: 30+ years

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

ESTIMATED ANNUAL FINANCING CHARGE: \$2,662,000

PROJECT APPROVAL DATES:

BOARD: 06/26/2020

THEC: 02/28/2020

SBC: 06/09/2022

Disclosed in the Governor's Budget: X Yes No If yes, what year? 2021

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 update building service and electrical systems; HVAC system, plumbing, lighting, ceilings, building finishes, doors, hardware, windows, roof system; upgrade restrooms; upgrade food service systems; correct drainage problems; repair building envelope; asbestos abatement; and ADA and life safety code upgrades. A new entrance with elevator is also included. There will be wall reconfigurations changing layout, and accommodating system and code upgrades.

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: 2025
3. Project Owner: University of Tennessee
4. Project Operator (see also item 8 below): University of Tennessee
5. Intended Use of the Project: University Center for students, faculty, and staff

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 226,372 (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 15,060

Type Bookstore

Operator Barnes & Noble

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 14,449

Operator Aramark

F. Provision of health care services:

Square Footage N/A

Operator _____

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

Square Footage N/A

Recipient _____

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

Square Footage N/A

Occupant _____

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

Square Footage N/A

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

N/A

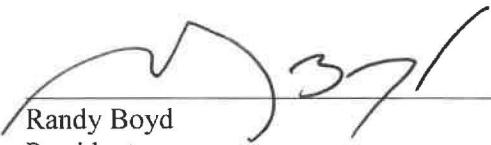
9. Will any debt proceeds be used to make or finance loans to any private entity? If so, indicate the amount of such loans, the length and payment terms of such loans: No

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

None

11. Additional information not explained above. None

Completed this 22th day of August, 2023.


Randy Boyd
President


Austin Oakes, Assistant Vice President
Department of Capital Projects


David Miller
Sr Vice President & Chief Financial Officer

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

**The University of Tennessee at Chattanooga
University Center Renovation
Project Funding and Annual Cost**

Project Funding	Amount
TSSBA Bonds	\$ 30,200,000.00
Non-Auxiliary Funding:	
Debt Service Reserves	5,250,000.00
Institutional Reserves	200,000.00
Auxiliary Reserves	2,250,000.00
Gifts - Aramark Contribution	100,000.00
Total Project Budget	\$ 38,000,000.00

Projected Total TSSBA Bond Cost	
30-Year Bonds	\$ 30,200,000.00
Cost of Issuance	453,000.00
Total TSSBA Cost to Issue per TSSBA Feasibility	\$ 30,653,000.00

30-Year Bonds - Annual Revenues	Amount
Revenue Description	
Student Debt Service Fees	\$ 2,856,480.00
Projected Annual Debt Service*	\$ 2,662,000.00
Excess Revenue Pledge	\$ 194,480.00

** TSSBA assumptions include conservative 7.85% rate and 1.5% cost of issuance*