

TENNESSEE STATE SCHOOL BOND AUTHORITY

April 25, 2018

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Wednesday, April 25, 2018, at 11:15 a.m. CDT in the Tennessee State Capitol, Executive Conference Room, G Level, Nashville, Tennessee. The Honorable Justin Wilson, Comptroller, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of State of Tennessee
Courtney Hess, proxy for the Honorable David Lillard, State Treasurer
Commissioner Larry Martin, Department of Finance and Administration
Danny Gibbs, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents

The following member participated by phone:

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

The following member was absent:

The Honorable Bill Haslam, Governor

Recognizing a physical quorum present, Mr. Wilson called the meeting to order and asked for a motion to approve the minutes of the meeting held on March 2, 2018. Mr. Wilson moved approval of the minutes. Mr. Hargett seconded the motion. Mr. Wilson called upon Sandi Thompson, Director of the Office of State and Local Finance (“OSLF”) to call roll:

Mr. Gibbs	Aye
Mr. Maples	Aye
Mr. Martin	Aye
Mr. Wilson	Aye
Mr. Hargett	Aye
Ms. Hess	Aye

The meeting minutes were unanimously approved.

Mr. Wilson stated the next item was the approval of the Resolution Authorizing a Second Amendment to Revolving Credit Agreement. Mr. Wilson stated the current agreement contained a provision in the event of a change in the Federal corporate tax rate. Mr. Wilson explained the Tax Cuts and Jobs Act, passed by Congress in December 2017, lowered the maximum Federal corporate tax rate from 35% to 21%. Mr. Wilson stated the reduction of the maximum Federal corporate tax resulted in the imposition on the Authority of a margin rate factor fee. Mr. Wilson stated this fee increased the current cost of the revolving credit facility by approximately \$25,000 per month. Mr. Wilson stated that staff requested the banks to modify the various costs outlined in the agreement including the elimination of the margin rate factor fee. Mr. Wilson stated that with the assistance of PFM, the Authority’s financial advisor and Hawkins, Delafield, & Wood, the Authority’s bond counsel, the negotiation resulted in revisions to the following terms contained in the agreement:

- Applicable Factor – revised from 70% to 80%; it is the factor used in calculating the base rate by multiplying by LIBOR (London Interbank Offered Rate)
- Commitment Expiry Date – is being extended 1 year to March 18, 2021, from current expiration date of March 20, 2020.
- Margin Rate Factor – The Maximum Corporate Tax Rate is currently 21%, such that the current Margin Rate Factor equals 1.0. The Margin Rate Factor will not go below 1.0.
- Maximum Federal Corporate Tax Rate – as of April 1, 2018, is 21%.
- Tax-Exempt Applicable Spread – this basis point spread was adjusted to reflect the change in the modification of the terms of the fees to be charged i.e. the spread has been increased from 38.5 basis points to 42 basis points (for a AA credit or better)

Mr. Martin moved approval to approve the Resolution Authorizing the Second Amendment to the Revolving Credit Agreement.

Mr. Hargett asked how the negotiations were initiated. Ms. Thompson stated that when the change in the Federal corporate tax rate became effective, the banks notified her of the imposition of the fee. Ms. Thompson stated that staff to the TSSBA submitted a request to the banks to negotiate the terms and amend the agreement.

Mr. Gibbs asked when the rate had increased. Ms. Thompson stated that due to the federal tax rate change effective January 1, 2018, the margin rate factor fee had been assessed to the Authority on a monthly basis since the first of the year.

Mr. Wilson stated the amendment had been reviewed by both bond counsel and the financial advisor. Mr. Wilson seconded the motion. Mr. Wilson called upon Sandi Thompson, Director of the Office of State and Local Finance ("OSLF") to call roll:

Mr. Gibbs	Aye
Mr. Maples	Aye
Mr. Martin	Aye
Mr. Wilson	Aye
Mr. Hargett	Aye
Ms. Hess	Aye

The amendment to the agreement was unanimously approved.

The meeting was adjourned.

Approved on this 19th day of June, 2018

Respectfully submitted,



Sandra Thompson
Assistant Secretary