

TENNESSEE STATE SCHOOL BOND AUTHORITY

August 9, 2019

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

The following members were also present:

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

The following member was absent:

The Honorable Bill Lee, Governor

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

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

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

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

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

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

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

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

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

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

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

Mr. Lillard made a motion to adjourn.

The meeting was adjourned.

Approved on this 30th day of October, 2019.

Respectfully submitted,


Sandra Thompson
Assistant Secretary