

**TENNESSEE STATE SCHOOL BOND AUTHORITY**

**June 25, 2020**

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Thursday, June 25, 2020, at 3:56 p.m. via WebEx Events. The Honorable Justin Wilson, Comptroller of the Treasury, was present and presided over the meeting.

The following members were physically present:

Commissioner Butch Eley, Department of Finance and Administration  
Mr. Dick Tracy, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents

The following members participated electronically via WebEx Events:

The Honorable Tre Hargett, Secretary of State  
The Honorable David Lillard, State Treasurer (joined at approximately 4:00 p.m.)  
Mr. Mark Paganelli, proxy for Mr. Randy Boyd, President, University of Tennessee

The following member was absent:

The Honorable Bill Lee, Governor

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

Mr. Tracy – Present  
Mr. Eley – Present  
Mr. Wilson – Present  
Mr. Hargett – Present  
Mr. Paganelli – Present

Recognizing a quorum present, Mr. Wilson called the meeting to order and stated that Mr. 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 Mr. Lee’s Executive Order No. 16, as amended by Executive Order No. 34, allows governing bodies to meet electronically regarding essential business in light of COVID-19, so long as they provided electronic access to the public and meet certain safeguards established in that Order to ensure the openness and transparency of the proceedings. Mr. Wilson stated that the Notice for this meeting indicated the meeting would be conducted through WebEx Events and provided information for the public to participate electronically. Mr. Wilson stated that the Authority needed a motion pursuant to the provisions of Executive Order 16, as amended, 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. Hearing no discussion, Mr. Wilson made such a motion, Mr. Tracy seconded the motion, and Ms. Thompson called the roll:

Mr. Tracy – Aye  
Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Paganelli – Aye  
Mr. Lillard – Aye

The motion was approved unanimously.

Mr. Wilson then stated that all the actions taken during the meeting would require a roll call vote, that the use of the video function was optional, and asked members to mute their microphone until they wished to speak. Mr. Wilson asked members and presenters who wished to speak to use the raised hand icon in the WebEx Events platform. Mr. Wilson stated that members of the public were in observation mode only. Mr. Wilson stated that anyone who had difficulty during the meeting could contact the Office of State and Local Finance by email at [SGF@cot.tn.gov](mailto:SGF@cot.tn.gov).

Mr. Wilson stated that the first item on the agenda was the approval of the minutes of the meeting held on May 21, 2020. Mr. Wilson stated that he had read the minutes, and everything appeared to be in order. Mr. Wilson asked if there were any comments or corrections to the minutes. Hearing none, Mr. Wilson moved approval of the minutes and Mr. Eley seconded the motion. Ms. Thompson called the roll:

Mr. Tracy – Aye  
Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Paganelli – Aye  
Mr. Lillard – Aye

The motion was approved unanimously.

Mr. Wilson then stated that the next item on the agenda was consideration of a resolution to approve the borrowing of money by another method by Austin Peay State University (“APSU”). Mr. Wilson stated the request to borrow money was for an execution of a lease between APSU and Montgomery County (the “County”). Mr. Wilson explained the reason for consideration of this request was that auditors and rating agencies view leases as debt. Mr. Wilson stated that the Authority would approve the lease as to financing, but the State Building Commission would approve the lease as to whether or not it was a good business decision.

Mr. Wilson recognized Mr. Marc Brunner, Director of University Design & Construction at Austin Peay State University, to present the request. Mr. Brunner stated that APSU desired to enter into a thirty (30) lease with the County for the use of a multipurpose arena to be constructed by the County. Mr. Brunner explained that the University’s existing Dunn center arena had insufficient space to accommodate the University’s athletic and academic needs. Mr. Brunner explained that leasing the new facility would enable the University to use the Dunn Center for other academic purposes. Mr. Brunner stated that APSU had determined leasing the facility from the County was in the state’s best interest rather than building a new facility. Mr. Brunner stated that the revenues that would be used to cover the lease payments would be existing student athletic fees, increased game revenues from ticket sales and concessions, and naming rights at the new arena.

Mr. Wilson asked if staff had reviewed the project and if the moneys generated by the project would be sufficient to pay the annual lease obligations. Ms. Thompson stated that her office had reviewed the project, and based on conversations held with APSU, the revenues appeared sufficient to pay the annual lease obligations. Mr. David Burn, Senior Assistant Attorney General, stated that the revenues allocated from the existing student athletic fees would be sufficient if properly placed in a separate account. Mr. Wilson asked Mr. Burn if the lease would impair the credit of the Authority’s debt. Mr. Burn stated it would not. Mr. Wilson then asked if there were any questions or discussion of the lease. Hearing none, Mr. Wilson made a motion to approve the resolution and Mr. Tracy seconded the motion. Ms. Thompson called the roll:

Mr. Tracy – Aye  
Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Paganelli – Aye  
Mr. Lillard – Aye

The motion was approved unanimously.

Mr. Wilson then stated that the next items on the agenda to be considered were five resolutions to approve the borrowing of money by another method by the University of Tennessee ("UT"). Mr. Wilson stated that the five requests from UT were leases. Mr. Wilson stated that if there was no objection, they would take up all five resolutions as one item. Hearing no objection, Mr. Wilson recognized Mr. Austin Oakes, Executive Director of Capital Projects at the University of Tennessee to present the projects.

Mr. Oakes stated that the first lease was a request to extend the current sublease from the University of Tennessee Health Science Center (UTHSC) College of Pharmacy to lease additional space on the University Health Systems campus. Mr. Oakes explained that the additional space was constructed for UTHSC due to the need for additional academic space. Mr. Oakes stated that the lease would be funded through state appropriations to the College of Pharmacy.

Mr. Oakes stated that the second lease was a request from the University of Tennessee at Knoxville (UTK) for the VolShop on campus. Mr. Oakes explained that the proposed lease would decrease the base rental rate which had been increased in August of 2019, extend the agreement for five years, and add the right to terminate for convenience for a \$60,000 fee. Mr. Oakes stated that the lease amendment would be funded through auxiliary services plant funds, and not through state appropriations.

Mr. Oakes stated that the third lease was a request from the University of Tennessee system to lease floors in the "UT Tower" from Knox County located at 400 W. Summit Hill Drive, Knoxville, Tennessee. Mr. Oakes stated that Knox County would be granted an easement for the facility from the Tennessee Valley Authority. Mr. Oakes explained that Knox County would then grant a sub-easement to UT. Mr. Oakes explained that the purpose for this request was to consolidate all University of Tennessee System staff into one location. Mr. Oakes stated that this lease would also open up space at UTK that UT system staff were currently using. Mr. Oakes stated that UT would fund the sub-easement through plant funds.

Mr. Oakes stated that the fourth lease was a request from UTHSC to lease housing in Knoxville, Tennessee for college of medicine students. Mr. Oakes stated that UTHSC desired to lease six (6) four (4) bedroom apartments. Mr. Oakes explained that due to UTHSC students were not able to utilize UTK student housing as had traditionally been provided due to COVID-19. Mr. Oakes stated that the lease payments would be funded through UTHSC plant funds.

Mr. Oakes stated that the fifth lease was a request from the University of Tennessee at Chattanooga (UTC) to lease additional housing. Mr. Oakes explained that UTC's fall semester housing applications had exceeded capacity and additional beds were needed. Mr. Oakes explained that UTC was proposing to lease a single apartment building consisting of thirty-five (35) two (2) bedroom apartments and one (1) one (1) bedroom apartment. Mr. Oakes stated that UTC would fund the lease through plant funds.

Mr. Wilson then asked if there were any questions or discussion of the five University of Tennessee leases. Hearing none, Mr. Wilson made a motion to approve the resolution and Mr. Eley seconded the motion. Ms. Thompson called the roll:

Mr. Tracy – Aye  
Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Paganelli – Aye  
Mr. Lillard – Aye

The motion was approved unanimously.

Mr. Wilson stated the next item on the agenda was the consideration and adoption of the Post Issuance Compliance (PIC) Procedures. Mr. Wilson asked Ms. Thompson to present the PIC Procedures. Ms. Thompson explained that the TSSBA is an issuer of public securities and in order to comply with certain requirements associated with being such an issuer, the TSSBA has established post-issuance compliance procedures. Ms. Thompson stated the procedures would be revised and updated periodically. Ms. Thompson explained that such procedures ensure the TSSBA's ongoing compliance with, among other things, federal tax laws, continuing disclosure obligations and bond covenants. Ms. Thompson stated the procedures have been updated by the Comptroller's office and reviewed by bond counsel, Attorney General's office, and the state's financial advisor.

Mr. Wilson asked if there were any questions or discussion on the PIC Procedures. Hearing none, Mr. Wilson made a motion to adopt the Post-Issuance Compliance Procedures. Mr. Eley seconded the motion. Ms. Thompson called the roll:

Mr. Tracy – Aye  
Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Paganelli – Aye  
Mr. Lillard – Aye

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

Mr. Tracy – Aye  
Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Paganelli – Aye  
Mr. Lillard – Aye

The meeting was adjourned.

Approved on this 20<sup>th</sup> day of July, 2020.

Respectfully submitted,

  
Sandra Thompson  
Assistant Secretary