

**TENNESSEE STATE SCHOOL BOND AUTHORITY**  
**July 20, 2020**

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Monday, July 20, 2020, at 1:35 p.m. via Webex Events with certain members being physically present in the Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee. Interested members of the public were only able to observe and listen to the meeting through electronic means. The Honorable Justin Wilson, Comptroller of the Treasury, was present and presided over the meeting.

The following member was physically present:

The Honorable Tre Hargett, Secretary of State (arrived at 1:37 p.m.)

The following members participated electronically via Webex Events:

The Honorable David Lillard, State Treasurer  
Mr. Mark Paganelli, proxy for Mr. Randy Boyd, President, University of Tennessee  
Ms. Angela Scott, proxy for Commissioner Butch Eley, Department of Finance and Administration

The following members were absent:

The Honorable Bill Lee, Governor  
Dr. Flora Tydings, Chancellor, Tennessee Board of Regents

Mr. Wilson called the meeting to order and asked Ms. Sandi Thompson, Director of the Division of State Government Finance (SGF) 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. Wilson – Present  
Mr. Lillard – Present  
Mr. Paganelli – Present  
Ms. Scott – 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. Hargett seconded the motion, and Ms. Thompson called the roll:

Mr. Wilson – Aye  
Mr. Hargett – Aye  
Ms. Scott – Aye  
Mr. Paganelli – Aye  
Mr. Lillard – Aye

The motion was approved unanimously.

Mr. Wilson stated that the first item on the agenda was the approval of the minutes of the meeting held on June 25, 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. Mr. Lillard stated that the roll call vote on the second page of the minutes of the meeting held on June 25, 2020, showed all members as voting "present" on the minutes of the meeting held on May 21, 2020. Mr. Lillard stated that he believed the secretary meant to record that everyone had voted "Aye" on the minutes. Mr. Wilson stated that without objection, the correction would be made. Mr. Hargett moved approval of the minutes as amended, Mr. Lillard seconded the motion, and Ms. Thompson called the roll:

Mr. Wilson – Aye  
Mr. Hargett – Aye  
Ms. Scott – 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 The University of Tennessee ("UT"). Mr. Wilson stated the request to borrow money was for an execution of a lease between UT and various apartment complexes in Knoxville, Tennessee. Mr. Wilson explained the reason for consideration of this request was that the lease was considered to be a liability or debt obligation of the University. Mr. Wilson recognized Mr. Austin Oakes, Executive Director of Capital Projects at the University of Tennessee, to present the project.

Mr. Oakes stated that three master leases for student housing were needed as a precautionary measure due to the COVID-19 pandemic which has necessitated increased social distancing on campus. Mr. Oakes explained that the leases will provide housing for up to 200 students on the UT campus in Knoxville. Mr. Oakes stated that these were one-year agreements with a total annual lease amount of \$2,040,000. An additional \$250 charge would also be applicable for each occupant change. Mr. Oakes stated that this rate was all inclusive for furnished units and was a competitive rate. Mr. Oakes explained that the agreement in the package was a sample copy of a master lease approved last month for the University of Tennessee Health Science Center campus. Mr. Oakes stated that the master leases would be updated to include the pertinent details. Mr. Oakes stated that as a direct COVID-19 expense, UT would fund the lease through non-auxiliary plant fund reserves. Mr. Oakes stated that the Executive Subcommittee had approved the lease earlier in the day and asked if there were any questions.

Mr. Wilson then asked if there were any comments or questions. Hearing none, Mr. Hargett made a motion to approve the resolution and Mr. Wilson seconded the motion. Ms. Thompson called the roll:

Mr. Wilson – Aye  
Mr. Hargett – Aye  
Ms. Scott – Aye  
Mr. Paganelli – Aye  
Mr. Lillard – Aye

The motion was approved unanimously.

Mr. Wilson stated that the next item on the agenda was a report on the debt outstanding for the TSSBA Higher Educational Facilities program. Mr. Wilson recognized Ms. Jacqueline Felland, Program Accountant in the Division of State Government Finance, to present the report. Ms. Felland stated that as of June 30, 2020, the Authority's short-term Revolving Credit Facility (RCF) had a balance of \$23,113,425 outstanding in taxable proceeds and \$51,367,265 outstanding in tax-exempt proceeds, for a total of \$74,480,690 outstanding in the revolving credit facility. Ms. Felland stated that expenses for the RCF for fiscal year 2020 were interest in the amount of \$1,574,740, quarterly commitment fees for unused capacity

totaling \$512,427, and draw fees in the amount of \$3,600. Ms. Felland stated that over the fiscal year the average daily balance outstanding of the taxable and tax-exempt RCF was \$24,340,701 and \$78,640,218, respectively. Ms. Felland stated that the taxable RCF interest rates ranged from 0.70% – 2.93% while the tax-exempt rates ranged from 0.56% – 2.43%. Ms. Felland stated that the weighted average yield of the taxable and tax-exempt RCF for fiscal year 2020 was 2.22%, and 1.77%, respectively. Ms. Felland stated that bonds outstanding for fiscal year 2020 were \$292,655,000 in taxable debt and \$1,338,780,000 in tax-exempt debt for a total of \$1,631,435,000 bonds outstanding, and trustee expenses on the bond program for fiscal year 2020 were \$82,958.

Mr. Wilson asked if there were any questions or discussion on the TSSBA Higher Educational Facilities debt report. Hearing none, Mr. Wilson stated that the next item on the agenda was the review of debt report for the TSSBA Qualified Zone Academy Bond (QZAB) program. Mr. Wilson recognized Mr. Michael Mercer, Program Accountant in the Division of State Government Finance, to present the review. Mr. Mercer stated that the total debt outstanding for the QZAB program as of June 30, 2020, was \$30,145,000 all of which will mature this fiscal year. Mr. Mercer stated that QZAB Series 2004 with a par value of \$12,600,000 would mature on November 24, 2020, and that the QZAB Series 2005 with a par value pf \$17,545,000 would mature on December 28, 2020.

Mr. Wilson asked if there were any questions or discussion on the QZAB debt report. Hearing none, Mr. Wilson stated that the next item on the agenda was the review of debt outstanding for the TSSBA Qualified School Construction Bond (QSCB) program. Mr. Wilson recognized Mr. Mark Graubner, Program Accountant in the Division of State Government Finance, to present the report. Mr. Graubner stated that the QSCB program was comprised of two series of bonds. Mr. Graubner stated that as of June 30, 2020, the total amount of debt outstanding for the Series 2009 bonds maturing September 15, 2026, and for the Series 2010 bonds maturing on September 15, 2027, was \$177,000,000 and \$212,440,000, respectively. Mr. Graubner stated that as of June 30, 2020, the book value of the QSCB Series 2009 and the Series 2010 sinking funds were \$113,141,168 and \$121,523,025, respectively. Mr. Graubner pointed out that these are unaudited numbers as of June 30, 2020. Mr. Graubner stated that the sinking funds are on deposit with the Tennessee Department of Treasury.

Mr. Wilson asked if there were any questions or discussion on the QSCB debt review. Hearing none, Mr. Wilson stated that the next item on the agenda was the review of the TSSBA debt management policy. Mr. Wilson recognized Ms. Thompson to present the review.

Ms. Thompson stated that the Authority reviews the debt management policy at least annually and recently circulated the document to staff and members for comments. Ms. Thompson stated that the only revision received was to reflect the change as of July 1, 2020, of the name of the Office of State and Local Finance to the Division of State Government Finance. Ms. Thompson stated that there were no other updates to the policy. Mr. Wilson asked if there were any questions or discussion on the Debt Management Policy. No further action was necessary.

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

Mr. Wilson – Aye  
Mr. Hargett – Aye  
Ms. Scott – Aye  
Mr. Paganelli – Aye  
Mr. Lillard – Aye

The meeting was adjourned.

Approved on this 28<sup>th</sup> day of August, 2020.

Respectfully submitted,

  
Sandra Thompson  
Assistant Secretary