

**TENNESSEE STATE SCHOOL BOND AUTHORITY**  
**November 12, 2020**

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Thursday, November 12, 2020, at 11:15 a.m. in Conference Room G3, Ground Floor, State Capitol, Nashville, Tennessee, with certain members attending electronically via Webex Events. Interested members of the public were 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 members were physically present:

The Honorable Tre Hargett, Secretary of State  
Commissioner Butch Eley, Department of Finance and Administration

The following members participated electronically via Webex Events:

The Honorable David Lillard, State Treasurer  
Randy Boyd, President, University of Tennessee  
Danny Gibbs, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents

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 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. Eley – Present  
Mr. Wilson – Present  
Mr. Hargett – Present  
Mr. Lillard – Present  
Mr. Boyd – Present  
Mr. Gibbs – Present

Recognizing a quorum present, Mr. Wilson called the meeting to order and stated that Governor 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 Governor Lee’s Executive Order No. 16, which allowed governing bodies to meet electronically regarding essential business in light of Coronavirus Disease 2019 (COVID-19), and this order was extended by Executive Order Nos. 34, 51, and 60; and further extended by Executive Order No. 65 so long as they provided electronic access to the public and met 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 No. 16, as extended by Executive Orders No. 34, 51, and 60, and further extended by Executive Order No. 65, 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. Mr. Wilson made such a motion, Mr. Hargett seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye

Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – 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 October 19, 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, questions, or discussion on the minutes. Hearing none, Mr. Wilson moved approval of the minutes, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Wilson stated that the next item on the agenda was consideration of a project by the University of Tennessee at Knoxville (“UTK”). Mr. Wilson recognized Mr. Austin Oakes, Executive Director of Capital Projects at the University of Tennessee, to present the request.

- University of Tennessee at Knoxville – Haslam Field Expansion (A87); Cost: \$21,600,000 of which \$5,000,000 will be financed by TSSBA; Term of Financing: Five years as short-term financing at an assumed tax-exempt rate.

Mr. Oakes stated that the request was for a project revision associated with the Haslam Field expansion project in Knoxville. Mr. Oakes stated that this request adjusted the total project budget from \$14,000,000 to \$21,600,000 and covered the revised scope for the new one-story addition. Mr. Oakes stated that the revision included an outdoor players patio, locker room support areas, and an addition to the existing weight room. Mr. Oakes explained that the request for \$5,000,000 of TSSBA funding remained the same with the additional funding being provided by athletics plant funds and gifts. Mr. Oakes stated that TSSBA funding of \$5,000,000 with a five-year term of financing was originally approved in 2016, and UTK was once again seeking approval to apply this TSSBA funding for a five-year period for the same purpose. Mr. Oakes explained that donor commitments are scheduled anticipated to be received over the next five years that will fund the total project budget that includes the repayment of the TSSBA debt.

Mr. Wilson asked if there were any questions or comments on the project. Hearing none, Mr. Wilson moved approval, Mr. Hargett seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Wilson stated that the next matter to come before the Authority was the consideration of a resolution to approve the borrowing of money by another method by the University of Tennessee at Knoxville. Mr. Wilson recognized Mr. Oakes to present the request. Mr. Oakes stated that this item was a request of

approval of a lease amendment associated with property located at 501 W. Church Avenue in Knoxville. Mr. Oakes stated that this amendment would provide up to 150 hotel rooms for COVID-19 related use between January 15 and May 15, 2021, with RB Knoxville, doing business as Hilton. Mr. Oakes explained that UTK may cancel any rooms with 72 hours prior approval.

Mr. Wilson stated that the lease was being presented to the Authority because leases may constitute debt under Governmental Accounting Standards Board ("GASB") rules. Mr. Wilson asked if there were any questions or comments on the project. Hearing none, Mr. Wilson moved approval, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Wilson stated that the next matter to come before the Authority was the consideration of a resolution to approve the borrowing of money by another method by the University of Tennessee at Martin ("UTM"). Mr. Wilson recognized Mr. Oakes to present the request. Mr. Oakes stated that the final request from the University of Tennessee was approval of a lease amendment for property located at 546 and 548 Littrell Road in Martin. Mr. Oakes explained that UTM leases this property for the UTM rodeo team and equine science programs. Mr. Oakes stated that the University was requesting a one-year lease extension to allow time for due diligence for the University to evaluate acquiring the property from the University of Tennessee Foundation.

Mr. Wilson inquired about the cost of the lease. Mr. Oakes explained that for the prior ten years the lease payment was \$24,000 per year and for calendar year 2021 the lease payment would be \$18,000. Mr. Wilson asked if there were any questions or comments on the project. Hearing none, Mr. Wilson moved approval, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Wilson stated that the final item on the agenda was the consideration of a resolution to approve the borrowing of money by the University of Memphis ("UOM") Auxiliary Services Foundation ("ASF"). Mr. Wilson recognized Mr. Raaj Kurapati, Executive Vice President for Business & Finance and Chief Financial Officer of the University of Memphis to present the request. Mr. Kurapati stated that the request was a borrowing of up to \$12,000,000 by the Auxiliary Services Foundation for the benefit of the University of Memphis athletics program. Mr. Kurapati explained that the borrowing will be made by the ASF and donated to the UOM athletics program to help navigate through the financial impacts of the COVID-19 pandemic. Mr. Kurapati explained that the UOM athletics program was facing a significant operational deficit because of lost ticket sales and loss of revenues from media rights. Mr. Kurapati explained that the UOM athletics program had taken significant actions to reduce costs by approximately \$4,500,000. Mr. Kurapati stated that these actions included the layoffs of several personnel in the athletics department. Mr. Kurapati explained that this loan would provide the athletics program with funding for this fiscal year so they could close the budget deficit. Mr. Kurapati stated that the loan would be repaid with donations that

would be received through the University of Memphis foundation. Mr. Kurapati stated that the University viewed this as a temporary issue and expected both ticket sales and media rights revenue to bounce back quickly. Mr. Kurapati explained that the loan would be for a period of seven years and the interest rate would be based on LIBOR plus 1.95% as provided in the documentation. Mr. Kurapati explained that the loan could be converted to a fixed-rate loan for a term of seven years. Mr. Kurapati asked if there were any questions and made note of the fact that the president of the Auxiliary Services Foundation, Thomas Kadien, and the Executive Director of the University of Memphis foundation, Byron Morgan, were available on the Webex Event call to address any concerns or questions the Authority may have.

Mr. Wilson asked if the debt would be a direct obligation of UOM. Mr. Kurapati stated that the debt was not an obligation of UOM. Mr. Wilson asked if the debt was guaranteed by UOM, and Mr. Kurapati confirmed that the debt was not guaranteed by UOM. Mr. Wilson asked the ASF members if they had discussed the request and if they fully understood the undertaking. Mr. Kadien responded that the ASF had discussed the request at length and had a unanimous vote by the members of the board of directors of the ASF in favor of the borrowing. Mr. Wilson asked if there was any further discussion, and Mr. Eley stated that Mr. Wilson had already made a point of several of the questions he had. Mr. Eley stated that he recognized the negative impact that COVID-19 had on UOM revenues and the athletic program. Mr. Eley stated that UOM expected the deficit to be short-term and stated that he hoped that to be the case. Mr. Eley stated that his vote should not be considered precedent setting on this issue. Mr. Eley said that the unique request was being considered in unprecedented times. Mr. Kurapati stated that the situation was unique, and the University remained confident in their projections and that both foundations had vetted the request very carefully and had supported it unanimously.

Mr. Wilson asked if there was any further discussion on the project. Hearing none, Mr. Wilson moved approval, Mr. Hargett seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye  
Mr. Wilson – Aye  
Mr. Hargett – Aye  
Mr. Lillard – Aye  
Mr. Boyd – Aye  
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Wilson stated that there were several informational items to share with the Authority. Mr. Wilson stated that the first item was that the TSSBA was currently analyzing opportunities to refinance certain outstanding bonds. Mr. Wilson explained that the TSSBA was working with its financial advisor, Public Financial Management (“PFM”), to draft a request for proposal to seek responses from a variety of investment banking firms. Mr. Wilson explained that the TSSBA was only in the process of investigation at this point, but there was a possibility that if interest rates hold there could be a substantial savings. Mr. Wilson asked if there were any questions.

Hearing none, Mr. Wilson stated that the next informational item was that the TSSBA was drafting a policy and guidance for institutions that submit requests to borrow money by another method other than debt issuance. Mr. Wilson stated that the TSSBA hoped to have the policy and guidance draft finalized to be presented to the board by its next meeting. Mr. Wilson stated that this was both to comply with GASB requirements and to also protect the credit of the Authority.

Mr. Wilson then stated that the TSSBA would receive responses that were due today to its Request for Information (“RFI”) to explore options to replace the short-term revolving credit facility that will expire in March of 2021. Mr. Wilson stated that this item would be discussed in more depth once the responses were evaluated.

Mr. Wilson stated that the Qualified Zone Academy Bonds ("QZAB") Series 2004 and 2005 would mature and be paid in full in November and December of 2020. Mr. Wilson stated that these were the final series of bonds to be repaid for the QZAB program.

Mr. Wilson asked if there were any other matters to come before the Authority. Hearing none, Mr. Wilson made a motion to adjourn, and Mr. Eley seconded the motion. The motion was approved unanimously.

The meeting was adjourned.

Approved on this 14<sup>th</sup> day of December, 2020.

Respectfully submitted,



Sandra Thompson  
Assistant Secretary