

TENNESSEE STATE SCHOOL BOND AUTHORITY

January 25, 2021

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Monday, January 25, 2021, at 2:47 p.m. in the Executive Conference Room, 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 Jason Mumpower, 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
Mark Paganelli, proxy for Randy Boyd, President, University of Tennessee
Danny Gibbs, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents (arrived at 2:49 p.m.)

The following member was absent:

The Honorable Bill Lee, Governor

Mr. Mumpower asked Ms. Sandi Thompson, Director of the Division of State Government Finance (“SGF”) and Assistant Secretary of the TSSBA, to call the roll. Ms. Thompson called the roll:

Mr. Hargett – Present
Mr. Eley – Present
Mr. Mumpower – Present
Mr. Lillard - Present
Mr. Gibbs – Present
Mr. Paganelli – Present

Recognizing a quorum present, Mr. Mumpower called the meeting to order and stated that Governor Bill 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 (was this further amended?), 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. Mumpower 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. Mumpower 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. Hargett made such a motion, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Hargett – Aye
Mr. Eley – Aye
Mr. Mumpower – Aye
Mr. Lillard – Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item was the approval of the minutes of the meeting held on December 14, 2020. Mr. Mumpower asked if there were any comments, questions, or discussion on the minutes. Hearing none, Mr. Hargett moved approval of the minutes, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Hargett – Aye
Mr. Eley – Aye
Mr. Mumpower – Aye
Mr. Lillard – Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item on the agenda was consideration and approval of the revised TSSBA guidelines for requests for approval to borrow money by another method. Mr. Mumpower recognized Ms. Thompson to present the item. Ms. Thompson stated that the guidelines had been presented to the Authority at the prior meeting and had received comments since that time. Ms. Thompson stated that staff of the schools had expressed concern with requests that may be urgent in timing. Ms. Thompson stated that the Attorney General's ("AG") office had revised the guidelines to provide for an approval mechanism when quick action was required in an unusual circumstance. Ms. Thompson stated that school bond authority staff recommended the approval of the revisions to the guidelines. Mr. Mumpower asked if there were any questions or comments on the guidelines. Hearing none, Mr. Hargett moved approval of the guidelines, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Hargett – Aye
Mr. Eley – Aye
Mr. Mumpower – Aye
Mr. Lillard – Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item 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 ("UT"). Mr. Mumpower recognized Mr. Tony Hopson, Director of Real Property and Space Administration at the University of Tennessee, to present the request. Mr. Hopson stated that the University of Tennessee had one request to borrow money by another method for approval of a lease with waiver of advertisement. Mr. Hopson stated that the lease would provide up to 14 two-bedroom apartment units for classes offered by the Law Enforcement Innovation Center ("LEIC") which is part of the University's Institute of Public Service. Mr. Hopson explained that subject matter for the classes included crime scene management, forensic photography, bloodstain analysis, and latent print analysis. Mr. Hopson stated that three 10-week sessions would be offered for professionals and one 3-week session would be offered for college students. Mr. Hopson stated that attendees included law enforcement personnel from across the state and the country.

Mr. Hopson explained that the lease term for up to one year beginning February 2, 2021, was with Corporate Quarters incorporated. Mr. Hopson stated that the University would only pay for nights associated with each 10-week or 3-week period, and either party may terminate the agreement with 30 days prior notice. Mr. Hopson stated that waiver of advertisement was requested due to the process taken to reach interested proposers. Mr. Hopson explained that the rate was \$104 per night for the two-bedroom units and the rent would be paid with the tuition and fees of those attending the classes. Mr. Mumpower asked if there were any questions or comments on the project. Mr. Hargett asked what type of college students would be

attending the 3-week session. Mr. Hopson stated that the abbreviated 3-week session would cover the same topics for approximately 28 students in law enforcement disciplines. Mr. Hargett made a motion to approve the request, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Hargett – Aye
Mr. Eley – Aye
Mr. Mumpower – Aye
Mr. Lillard – Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item on the agenda was the consideration and approval of the supplemental resolution providing for the issuance and sale of higher educational facilities second program bonds for the 2021 series bonds, and to delegate the authority to sell and fix the details of the bonds. Mr. Mumpower recognized Ms. Thompson to present the item. Ms. Thompson stated that staff had been working with the Authority's financial advisor on a bond sale for the Authority to refinance debt for interest cost savings. Ms. Thompson stated that the supplemental resolution authorizes, and provides for, the sale and issuance of the bonds. Ms. Thompson stated that the bond sale would create considerable interest cost savings to the Institutions. Ms. Thompson explained that the refunding bonds would be sold as taxable obligations because the Tax Cuts and Jobs Act of 2017 had eliminated the ability for municipalities to do advance refundings with tax-exempt debt. Ms. Thompson explained that the current low interest rate environment provided savings on taxable refunding debt. Ms. Thompson stated that there was double-digit net present value savings on many of the refunding candidates being considered. Ms. Thompson explained that SGF had provided the supplemental resolution drafted by bond counsel along with a draft of the Preliminary Official Statement ("POS").

Ms. Thompson stated that the purpose of the financing was to issue refunding bonds along with new money bonds that would fund the costs of a UT project. Ms. Thompson stated that in accordance with the Authority's debt management policy, refunding bonds would not be issued unless the issuance produced aggregate net present value savings of at least 4%. Ms. Thompson stated that new money bonds were being authorized in the resolution to finance the UT Bioworks project, a facility that was already in existence. Ms. Thompson stated that there were also several projects in the revolving credit facility that could be taken to long term debt depending on whether the authority selected a commercial paper program or remained in a revolving credit facility for its ongoing short-term financing needs. Ms. Thompson explained that the proposed structure for the financing would be 20-30 year bonds with level debt service. The term of the refunding bonds would not extend beyond the original maturity date of the bonds to be refunded. Ms. Thompson stated that the resolution allowed the bonds to be sold through negotiated or competitive sale. Ms. Thompson explained that while the Comptroller's office prefers competitive sale, a negotiated sale was recommended due to the size of the issue and the taxable structure of the bonds.

Ms. Thompson stated that staff had completed a selection process with the financial advisor to select members of the financing team. Ms. Thompson stated that a recommendation letter from the financial advisor recommending Jeffries as the lead senior bookrunning manager along with four co-managers was included in the packet. Ms. Thompson explained that the deal size had since increased substantially in size, therefore, the financial advisor had provided a second memo that recommended the addition of Wells Fargo as a co-manager. Ms. Thompson stated that the bonds would be sold at interest rates not to exceed 5% for tax-exempt and 6% for taxable debt. Ms. Thompson stated that the form of the POS, refunding trust agreement, continuing disclosure undertaking, bond purchase agreement, and financial advisor recommendation letters were included in the packet. Ms. Thompson stated that staff was requesting that the Authority approve the supplemental resolution and delegate the authority to sell and fix the details of the bonds to the Comptroller.

Mr. Mumpower stated that the bond sale represented a great opportunity. Mr. Mumpower asked if there were any questions or discussion on the issue. Mr. Paganelli stated that he would like to thank Ms. Thompson and SGF staff for taking the initiative to explore a bond sale. Mr. Paganelli stated that the bond sale involved a lot of work but could save the taxpayers of Tennessee millions of dollars. Mr. Mumpower agreed with Mr. Paganelli and thanked the staff of SGF and everyone involved in the bond sale. Mr. Mumpower asked if there were any further questions or comments on the request. Hearing none, Mr. Eley moved approval of the item, Mr. Mumpower seconded the motion, and Ms. Thompson called the roll:

Mr. Hargett – Aye
Mr. Eley – Aye
Mr. Mumpower – Aye
Mr. Lillard – Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

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

Mr. Hargett – Aye
Mr. Eley – Aye
Mr. Mumpower – Aye
Mr. Lillard – Aye
Mr. Paganelli – Aye
Mr. Gibbs – Aye

The meeting was adjourned.

Approved on this 17th day of February, 2021.

Respectfully submitted,


Sandra Thompson
Assistant Secretary