

TENNESSEE STATE SCHOOL BOND AUTHORITY
August 10, 2022

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Wednesday, August 10, 2022, at 2:00 p.m. in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason Mumpower, 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
Eugene Neubert, proxy for Commissioner Jim Bryson, Department of Finance and Administration
Alicia Fox, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents
Austin Oakes, proxy for Randy Boyd, President, University of Tennessee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Mr. Mumpower called the meeting to order. Mr. Mumpower reminded those participating in the meeting that the meeting would be broadcasted and posted online. Mr. Mumpower stated that all items on the agenda were Resolutions to Approve the Borrowing of Money by Another Method by Tennessee State University (“TSU”). Mr. Mumpower stated that, without objection, items 2-6 would be taken up as one item. Mr. Mumpower recognized the following staff from TSU for discussion of the requests:

Dr. Glenda Glover, President
Douglas Allen II, Vice President for Business and Finance
Frank Stevenson, Associate Vice President of Student Affairs and Dean of Students
Alison Letcher, Associate General Counsel

Mr. Mumpower recognized Dr. Glover and Mr. Allen to present the requests. Mr. Allen stated that there were five (5) hotels and the House of God to be presented by TSU. Mr. Allen explained that TSU had modified the request they had originally presented to the TSSBA on July 26, 2022. Mr. Allen stated that the total cost of the leases for the Fall 2022 and Spring 2023 academic year was \$7,195,163. Mr. Allen explained that TSU had provided additional documentation showing sufficient auxiliary plant fund reserves to pay for the leases. Mr. Allen stated that TSU had total plant funds of \$51.1 million, of which \$8.6 million was committed to ongoing projects, \$10.7 million was committed to debt service, with encumbrances of \$2.2 million, which brought total commitments to \$21.6 million.

Mr. Allen stated that as of June 30, 2022, TSU had \$18.025 million to support the total request of \$7.2 million, which included the House of God request. Mr. Allen stated that the residence halls on campus would generate approximately \$830,000 in surplus revenue during the Fall 2022 semester which would be applied to the lease cost. Mr. Allen asked if there were any questions related to the financial data presented. Mr. Stevenson added that the requests included a full range of transportation services and a complete safety plan for the off-campus locations.

Mr. Mumpower stated that he appreciated the work that TSU had put in to reduce the amount of the request from what was previously presented to the Authority. Mr. Mumpower stated that the school had provided unaudited information regarding the plant funds as the audit for the year ended June 30, 2021, was not yet complete. Mr. Mumpower stated that normally the Comptroller’s office would rely on audited financial statement information and asked Mr. Allen to personally certify that the funds were available for the uses described. Mr. Allen personally certified that the auxiliary plant funds were available for the payment of the leases.

Mr. Hargett asked what the plan was for the Spring 2023 semester. Mr. Allen stated that TSU was requesting to lease two hotels and the House of God for the Spring 2023 semester. Mr. Hargett asked if TSU still planned to proceed with the modular housing proposal they had discussed at the previous meeting. Mr. Allen stated that TSU would not be proceeding with the modular housing proposal. Mr. Allen stated that TSU had been working closely with officials at the Tennessee Board of Regents (“TBR”) to fast track the development of two new residence halls to begin construction in the Spring of 2023. Mr. Allen stated that the new residence halls were TSU’s plan for housing future student enrollment growth. Mr. Hargett asked if TSU planned to place a cap on applications for TSU housing in 2023. Mr. Allen stated that TSU would be implementing a waiting list for students who applied for housing when all available space had been filled.

Mr. Mumpower asked if there was any further discussion. Hearing none, Mr. Lillard made a motion to approve the requests, Mr. Hargett seconded the motion, and Mr. Mumpower took the vote.

The motion was unanimously approved.

Mr. Mumpower stated that the last item on the agenda was a Resolution to Approve the Borrowing of Money by Another Method with the House of God. Mr. Mumpower stated that he wanted to take this item up separately as it was a three-year use agreement, and not a lease agreement. Mr. Mumpower stated that the Authority had a responsibility as a lender to require information to protect its bondholders. Mr. Mumpower asked TSU’s legal counsel to address whether the use agreement was being utilized to keep debt off the balance sheet, and if the use agreement was attempting to circumvent the landlord tenant act.

Ms. Letcher responded that the form of the use agreement had been used by TSU and the House of God for a number of years. Ms. Letcher explained that TSU had used the House of God property for overflow housing at the beginning of semesters in a limited capacity that had not required state approval. Ms. Letcher explained that TSU had a longstanding relationship with TSU that had been negotiated several years ago. Ms. Letcher stated that the House of God had insisted on the use agreement terminology during negotiations. Ms. Letcher stated that TSU was confident in their risk. Ms. Letcher stated that the state Attorney General’s (“AG”) office had looked at the agreement and did not have concerns about the risks involving the use of the terminology.

Mr. Allen stated that with regard to the first question, that the House of God agreement would show on TSU’s balance sheet and income statement. Mr. Allen stated that the agreement would not be an off-balance sheet transaction. Dr. Glover stated that TSU had no intent to circumvent the landlord tenant act or to create an off-balance sheet transaction. Mr. Stevenson stated that the uniqueness of the House of God property was its close proximity to the TSU campus.

Mr. Mumpower asked if there were any other questions or discussion regarding the request. Hearing none, Mr. Neubert made a motion to approve the request, Mr. Mumpower seconded the request, and Mr. Mumpower took the vote.

The motion was unanimously approved.


Mr. Mumpower asked TSU staff to attend the upcoming State Building Commission meeting. Mr. Mumpower stated that with the agenda concluded, he would entertain a motion to adjourn. Mr. Lillard made a motion to adjourn, Mr. Neubert seconded the motion, and Mr. Mumpower took the vote:

The motion was unanimously approved.

The meeting was adjourned.

Approved on this 8th day of September, 2022.

Respectfully submitted,


Sandra Thompson
Assistant Secretary