

TENNESSEE STATE SCHOOL BOND AUTHORITY
November 26, 2018
AGENDA

1. Call meeting to order
2. Approval of Minutes from the TSSBA meeting of August 20, 2018
3. Approval of Projects for:

The University of Tennessee

- University of Tennessee Knoxville - University of Tennessee Knoxville -Neyland Stadium South Renovations (A94); Increase in cost of \$74,000,000 for total funding of \$180,000,000 of which \$109,000,000 (includes an increase of (\$38,000,000) will be financed by TSSBA; Term of Financing:\$80,000,000 to be financed for 20 years as long-term financing at an assumed taxable rate and \$29,000,000 to be financed over 10 years as short-term financing at an assumed taxable rate.
4. Cancellation of University of Tennessee Health Science Center (A85) - Audiology & Speech Pathology Project
 5. Approval of the Amendment to the Financial Advisor Contract
 6. Adjourn

TENNESSEE STATE SCHOOL BOND AUTHORITY
August 20, 2018

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Monday, August 20, 2018, at 11:30 a.m. CDT in the Cordell Hull Building, House Hearing Room II, First Floor, Nashville, Tennessee. The Honorable Justin Wilson, Comptroller, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of State
The Honorable David Lillard, State Treasurer
Angela Scott, proxy for Commissioner Larry Martin, Department of Finance and Administration
Danny Gibbs, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents

The following member participated by phone:

Ron Maples, proxy for Dr. Joe DiPietro, President, University of Tennessee

The following member was absent:

The Honorable Bill Haslam, Governor

Recognizing a physical quorum present, Mr. Wilson called the meeting to order and asked for a motion to approve the minutes of the meeting held on June 19, 2018. Mr. Hargett moved approval of the minutes. Mr. Lillard seconded the motion. Mr. Wilson called upon Ms. Sandi Thompson, Director of the Office of State and Local Finance (“OSLF”) to call roll:

Mr. Wilson	Aye
Mr. Hargett	Aye
Mr. Lillard	Aye
Mr. Gibbs	Aye
Ms. Scott	Aye
Mr. Maples	Aye

The meeting minutes were unanimously approved.

Mr. Wilson then stated that the next item on the agenda was consideration of two projects from the Board of Regents. Mr. Wilson recognized Mr. Dick Tracy, Executive Director, Facilities Development, to present the following project for consideration from the Board of Regents:

- Tennessee Technological University – Cooper/Dunn Residence Hall Upgrade (930); Cost: \$6,700,000 of which \$6,650,000 will be funded by TSSBA; Term of Financing: 10 years as short-term financing at an assumed taxable rate.

Mr. Wilson asked Ms. Thompson if staff had reviewed the request. Ms. Thompson replied that the Office of State and Local Finance had reviewed the application, and that revenues appeared to be sufficient to cover the debt service. Mr. Wilson made a motion to approve the project and Mr. Lillard seconded the motion. Ms. Thompson, called the roll:

Mr. Wilson	Aye
Mr. Hargett	Aye
Mr. Lillard	Aye
Mr. Gibbs	Aye
Ms. Scott	Aye
Mr. Maples	Aye

The motion was unanimously approved.

Mr. Wilson then stated that the next item on the agenda was consideration a project from the Board of Regents for East Tennessee State University. Mr. Wilson recognized Mr. Dick Tracy, Executive Director, Facilities Development, to present the following project for consideration from the Board of Regents:

- East Tennessee State University – Millennium Centre Parking Garage (354); Cost: \$3,700,000, all of which will be funded by TSSBA; Term of Financing: 20 years as long-term financing at an assumed taxable rate.

Mr. Wilson asked Ms. Thompson if staff had reviewed the request. Ms. Thompson replied that the Office of State and Local Finance had reviewed the application, and that revenues appeared to be sufficient to cover the debt service. Mr. Wilson made a motion to approve the project and Mr. Hargett seconded the motion. Ms. Thompson, called the roll:

Ms. Scott	Aye
Mr. Lillard	Aye
Mr. Maples	Aye
Mr. Wilson	Aye
Mr. Hargett	Aye
Mr. Gibbs	Aye

The project was unanimously approved.

The meeting was adjourned.

Approved on this ____ day of _____, 2018

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Tennessee State School Bond Authority Feasibility Study

UTK Neyland Stadium South Renovations - Project Number A94

Individual Project Summary

Revenue Source:	Annual Ticket Sales	\$	8,320,100
	Total Revenue Source:		<u>8,320,100</u>

Assumptions:	TSSBA Funding Requested		\$80,000,000
	Interest Rate		7.60%
	Tax Status		Taxable
	Term of Financing		20-Years
	Cost of Issuance		\$1,200,000

Feasibility Test		
	<u>May Principal</u> <u>(No DSRF)</u>	<u>November Principal</u> <u>(no DSRF)</u>
Pledged Revenues	\$8,320,100	\$8,320,100
New Max Annual Debt Service	\$7,742,322	\$7,581,397
Feasible	Yes	Yes

Original \$71,000,000 was approved for 20 year financing. When the additional funds were added, the request was for the \$29 million/10 years and \$80 million/20 years.

Project Disclosed in Budget

**TSSBA staff conducts a feasibility test on a project-by-project basis to ensure that each individual project has sufficient revenue pledged to cover the projected maximum annual debt service charged to the project. On an annual basis, and prior to the issuance of long-term debt, an assessment is performed pursuant to Article 2.01 (b) which requires that the aggregate amount of the Fees and Charges collected by an Institution in the preceding Fiscal Year is not less than two times the amount required for the payment of the aggregate of the maximum amount of Annual Financing Charges.*

Tennessee State School Bond Authority Feasibility Study

A94 - UTK Neyland Stadium South Renovations

Individual Project Summary

Revenue Source:

Annual Ticket Sales	3,640,000.00
Total Revenue Source:	<u>\$ 3,640,000.00</u>

Assumptions:

TSSBA Funding Requested	\$ 29,000,000.00
Interest Rate	2.75%
Status	Taxable
Term of Financing	10

Feasibility Test	
	Annual Short-Term Pmt
Pledged Revenue	\$3,640,000
New Max Annual DS	\$3,356,452
Feasible	Yes

*TSSBA staff conducts a feasibility test on a project-by-project basis to ensure that each individual project has sufficient revenue pledged to cover the projected maximum annual debt service charged to the project. On an annual basis, and prior to the issuance of long-term debt, an assessment is performed pursuant to Article 2.01 (b) which requires that the aggregate amount of the Fees and Charges collected by an Institution in the preceding Fiscal Year is not less than two times the amount required for the payment of the aggregate of the maximum amount of Annual Financing Charges.

Tennessee State School Bond Authority
UTK Neyland Stadium South Renovations REVISED Project Application

DEPARTMENT: University of Tennessee

INSTITUTION/LOCATION: Knoxville

SBC PROJECT #: 540/009-02-2017

PROJECT BUDGET:

Funding Sources:	TSSBA	\$ 71,000,000	\$38,000,000	\$ 109,000,000
	Other: Plant Aux-Athletics	\$ 15,000,000	\$22,400,000	\$ 37,400,000
	Gifts/Donations	\$ 20,000,000	\$13,600,000	\$ 33,600,000
	Total	\$106,000,000	\$74,000,000	\$ 180,000,000

PROJECT REVENUES: (Describe sources and projected levels)

The project funding plan is supported by a series of funding sources including, but not limited to, capital campaign donations, event ticket revenues, television network distributions, and other external income sources (e.g. corporate sponsorships, trademark licensing, etc.). On average, annual event ticket revenues exceed \$28 million which will serve as a pledge to service the debt. (\$3,640,000 for the 10-year debt and \$8,320,100 for the 20-year debt)

PROJECT LIFE:

Anticipated Useful Life of Project: 30+ years
 Desired Term for Financing (if less than useful life): 10 years - \$29 million
20 years - \$80 million

ESTIMATED ANNUAL FINANCING CHARGE: \$11,960,100

PROJECT APPROVAL DATES:

BOARD: 10/2016
THEC: 11/2016
SBC: 08/2017

Disclosed in the Governor's Budget: X Yes No If yes, what year? 2017

PROJECT DESCRIPTION: Physical description, including land, buildings and equipment with approximate dollar value. (If a renovation or repair project, please provide information with respect to the renovated or improved portion as well as the entire structure).

This project will provide renovations of the south ground and concourse levels and include relocating visitor locker room, addressing life safety issues in the seating areas, and correcting safety regulations at the field level. This is a phased project with planning for the total project included in this first phase.

REAL ESTATE:

Owner of real property The University of Tennessee

 To be acquired To be leased or other arrangement

The purpose of the following questions are to determine the tax status of this project to be financed with the proceeds of Tennessee State School Bond Authority Bonds and/or Bond Anticipation Notes and the amount of private use associated with this project. Private use means the direct or indirect use of the project by any entity other than a state or local government entity, including use by the Federal Government (including its agencies and instrumentalities) or a Section 501(c)(3), (c)(4), or (c)(6) organization. When the project consists of an improvement that does not involve space that is being used directly by governmental or private users (for example, a re-roofing, air conditioning or energy efficiency improvement), all questions involving uses and users of the project should be answered by reference to all portions of the facility or facilities benefited by the improvement.

The questions below relate to the project referenced above. Attach additional sheets as required. **Please make a copy of this document for your files.**

1. Project Status: (If the project has already been completed, and the proceeds are being used to reimburse the department, please so indicate and include date of project completion.) Planning

2 . Project completion estimated to be: 2021

3 . Project Owner: University of Tennessee

4 . Project Operator (see also item 8 below): University of Tennessee

5 . Intended Use of the Project: Athletic Football Stadium

6. Intended Users of the Project (excluding use by the general public): Students, Faculty, Staff, and Public

7. Indicate whether any of the following activities will take place at the project. Indicate whether the activities are operated by a private entity or will indirectly benefit a private entity. Include all incidental private uses. For each direct or indirect private use of the project, indicate the total amount of space the private use occupies in relation to the entire project. (For example, if an area of vending machines operated by a private contractor occupies 50 square feet of a 5,000 square foot area financed, indicate the relationship in terms of the ratio of square footage used.)

Gross Square Footage of Building 288,160 (See Supporting Data Sheet if more than one building is involved.)

A

Vending Machines:

Square Footage N/A

Operator _____

Are any vending areas separated by walls, night gates, etc. so that they are under the control of the service provider/operator? _____

B. Wholesalers or retailers (e.g., Newsstand, Book Store, Pharmacy, etc.):

Square Footage N/A – no change to existing team apparel shop (self-operated)

Type _____

Operator _____

C. Pay Telephones:

Square Footage N/A

D. Laundry Services:

Square Footage N/A

Operator _____

Are any laundry service areas separated by walls, night gates, etc. so that they are under the control of the service provider/operator? _____

E. Cafeteria or other food services areas:

Square Footage TBD

Operator Aramark concessions per most recently provided and reviewed agreement.

F. Provision of health care services:

Square Footage N/A

Operator _____

G. Laboratory research performed on behalf of or for the benefit of a private entity or pursuant to a cooperative research agreement:

Square Footage N/A

Recipient _____

H. Office space utilized by or on behalf of private entities:

Square Footage N/A

Occupant _____

I. Provision of housing for persons or entities other than enrolled students:

Square Footage N/A

8. Attach copies of any management contracts or incentive payment contracts entered into, or to be entered into, in connection with the operation of the project. (Do not include contracts for services that are solely incidental to the primary governmental functions of the facility (for example, contracts for janitorial, office equipment repair or similar services). Indicate the portion of the project to which the contracts relate. Give the usable square feet involved compared to the total usable square feet of the facility being financed. If a contract has not been entered into but is anticipated, indicate that fact.

N/A

9. Will any debt proceeds be used to make or finance loans to any private entity? If so, indicate the amount of such loans, the length and payment terms of such loans: No

10. Indicate any expected payments (direct or indirect) to be made by non-governmental entities, separately and in the aggregate, to the State or any other governmental entity, with respect to the project.

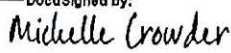
N/A

11. Additional information not explained above. None

Completed this 16 day of November, 2017



Joseph A. DiPietro
President

DocuSigned by:


E6917154A2864F3...
Michelle Crowder, Interim Executive Director
Office of Capital Projects



David Miller, Chief Financial Officer

<i>To be filled out by the Authority</i>		
BOND COUNSEL APPROVAL:	DATE	_____
	GOOD	_____
	5%	_____
	10%	_____

Neyland Stadium South Renovations (540/009-02-2017)

Executive Summary

Background

Following a 2004 master plan, Neyland Stadium underwent major renovations from 2005 through 2010. During that timeframe, 3 of the 5 master plan phases were completed at a cost of approximately \$135 million. The renovation addressed 35% of the stadium footprint. The remaining areas of the stadium are in significant need of improvement and modernization. The continued renovation of the stadium remains a vital and strategic priority for the University particularly with an opportunity to complete a master plan renovation by the 2021 football season. This achievement would coincide with and celebrate the stadium's centennial anniversary.

Existing Conditions

As outlined in the facility conditions assessment, Neyland Stadium is in urgent need of renovation to address: safety & security concerns, various code requirements, infrastructure and aesthetic issues, and operating and utility inefficiencies. Additionally, investment is necessary to preserve and enhance patron interest and experience in order to continue an attractive game day environment and generating dependent program revenue. The current facility conditions are severely deficient in many basic user amenities such as, adequate restrooms, concourse space, and ingress/egress flow.

Project Phasing & Cost

Due to the extensive scope and substantial investment, the project team originally separated the remaining and updated master plan scope into three distinct phases each anticipated to be individual projects. The separations was largely based on the standard design-bid-build delivery method. In October 2016, the University Board of Trustees approved \$106 million project referred to as "Neyland Stadium South Renovations" with scope for Phase I of the updated 2016 master plan.

Throughout the next 12 month period, the project team further evaluated the most prudent and effective method for project delivery, including the method of construction management at risk and the addition of scope from future phases into the initial phase, thus reducing overall long-term project costs such as unnecessary general conditions and higher escalation costs. The project team reprioritized certain scope components within Phase I focusing synergistic and larger efforts on the south sections of the stadium and postponing less critical work in west sections.

The project team recommended a Phase I budget increase from \$106 million to \$180 million due to the overall master plan cost reductions. The updated master plan has a fully escalated total project cost inclusive of Phase I of \$340 million.

In the November 2017 University of Tennessee Board of Trustees meeting, the University administration was authorized to increase the budget of the previously approved Neyland Stadium South Renovations (Phase I) project from \$106,000,000 to \$180,000,000 and expand the scope of the previously approved Neyland Stadium South Renovations (Phase I) project, subject to all required state government approvals. The expanded project shall be referred to as Phase I of the updated Neyland Stadium Master Plan; and the Board recognizes that the total project budget is estimated to be \$340,000,000 for the Neyland Stadium Master Plan with the understanding that the UT Knoxville administration must request authorization from the Board to begin Phase II of the Plan after presenting a more detailed description of the scope, funding model, and timeline for Phase II.

Phase I Scope

The enhance scope for the \$180 million project budget includes:

- South Concourse expansion and renovation of the south concourses to improve safety, functionality, and fan comfort
- Construction of new restrooms along expanded south concourses to comply with modern standards for the number of fixtures, accessibility, and ease of use by patrons;
- Increase number and type of concession stands throughout the south concourse to improve food quality, selection, and availability;
- Build new Southwest & Southeast entry towers/gates and plaza areas in the corners of the stadium (similar to the NW corner) to create a cohesive exterior architecture, consolidate stadium entry points for easier access, improved security, and operational control, and activate open common exterior areas for the enjoyment of visitors;
- Construct a stadium exterior integrated into the campus fabric that embraces the objectives of the campus master plan and established design standards of the campus.
- Adjust the south end zone field wall location further from playing surface to improve player safety and conform to NCAA guidelines on minimum distance between playing surface and physical boundaries;
- Build a kitchen and commissary to enable on-site food catering and delivery of fresh food to points throughout the stadium;
- Develop new and diversified premium offerings to meet market demands and capitalize on underutilized spaces including open air suites, field level club, and ledge seating.
- Upgrade technology infrastructure and capabilities throughout the stadium, specifically addressing sound quality along with audio/visual technologies.
- Stadium utilities, mechanical, electrical, and plumbing improvements along with hazardous materials abatement will be made as required to support development of elements for each phase.

The project funding plan incorporates applicable financing principles including discounting of future cash flows, acceptable debt coverage ratios, etc. Additionally, the funding plan maintains a level of conservatism in many assumptions (e.g. premium seating sell through rates of 80%, capital gift collectability rates of 90%, etc.).

Phase I is anticipated to be completed by August 2020.

August 13, 2018

Ms. Sandra Thompson
Director
Tennessee State School Bond Authority
Suite 1600 James K Polk State Office Building
Nashville, Tennessee 37243-1402

Dear Sandi:

Please cancel the remaining TSSBA authorization on project A85 – Audiology & Speech Pathology [SBC No. 540/013-01-2015]. This project is being canceled because it is no longer a priority. The request to cancel is on the September SBC meeting agenda.

Thank you for your attention to this matter. Please let me know if you have any questions or need additional information.

Sincerely,



Verna Howard
Associate Controller

AMENDMENT TWO
to
CONTRACT BETWEEN
THE STATE OF TENNESSEE,
OFFICE OF THE COMPTROLLER OF THE TREASURY, AND
PFM FINANCIAL ADVISORS LLC.

The contract dated December 30, 2014, by and between the State of Tennessee, Office of the Comptroller of the Treasury (“Comptroller” or “State”) and PFM Financial Advisors LLC. (“Contractor”), for the purpose of retaining Contractor as Financial Advisor to the Comptroller on financial issues of the State and the Tennessee State Funding Board, Tennessee Local Development Authority, and Tennessee State School Bond Authority (collectively, the “Issuers”) to assist the Comptroller in its capacity as Secretary to the Issuers (the “Contract”), is hereby amended as follows:

1. Section A.1. is amended by deleting the current section A.1. in its entirety and inserting the following in its place:

The Contractor agrees to serve as financial advisor to the State and to the Issuers. The Contractor will assign the following individuals to provide the services described in this Contract:

Lisa Daniel, Managing Director
Lauren Lowe, Managing Director
David Eichenthal, Managing Director
Joshua McCoy, Director
Ricardo Callender, Senior Managing Consultant
Nick Yatsula, Senior Managing Consultant
Daniel Kozloff, Managing Director
Daniel Berger, Director
Todd Fraizer, Managing Director
Mike Harris, Managing Director
Matthew Eisel, Managing Director
Chris Harris, Director
Jeff Pearsall, Managing Director
June Matte, Managing Director
Alfred Mukunya, Director
George Hu, Senior Managing Consultant
Jim Link, Managing Director
Michael Nadol, Managing Director
David Miller, Managing Director
Chris Rekawek, Senior Analyst
Gray Lepley, Senior Analyst
Christian Neilson, Senior Managing Consultant
Greg Herman, Senior Analyst
Izza Kamran, Analyst
Matt Rudroff, Senior Managing Consultant
Remy Tucker, Analyst

In applying the appropriate hourly rate stated in Section B.3 of this Contract, the title of "Director" will be equal to "Senior Managing Consultant" and the titles of "Senior Analyst" and "Analyst" will be equal to "Consultant."

These individuals will be assisted from time to time by other members of the Contractor's staff. The State has the right to approve or disapprove any proposed changes in the staff of the Contractor providing services under this Contract from the above listed individuals.

2. Section B.1. is amended by deleting the current section B.1. in its entirety and inserting the following in its place:

For the three-year contract term commencing on January 1, 2015 and ending on December 31, 2017, and for the two one-year extension contract terms, the first of which commenced on January 1, 2018 and ends on December 31, 2018 and the second of which commences on January 1, 2019 and ends on December 31, 2019, the maximum contract amount shall not exceed \$2,150,000.

The total contract term budget as referenced above is derived from a set of assumptions provided by the State in the Outline for Proposal for Financial Advisor for State of Tennessee Funding Board, Tennessee State School Bond Authority and Tennessee Local Development Authority, dated October 23, 2014 (the "RFP"). The assumptions and expected related costs are attached to this Contract as Exhibit A. As the RFP states, the assumptions are subject to change and/or negotiation. However, the total maximum contract amount as noted above is fixed in aggregate as adopted by the State and related parties.

3. Section B.2. is amended by deleting the current section B.2. in its entirety and inserting the following in its place:

It is expected that the Maximum Contact Amount will be allocated as follows:

Transactional advisory fees (including special project)	\$ 1,896,667
Retainer fee	\$180,000
Reimbursement of expenses	<u>\$73,333</u>
TOTAL	<u>\$2,150,000</u>

The other terms and conditions of the Contract not amended hereby shall remain in full force and effect.


IN WITNESS WHEREOF, the parties have signed this Amendment One to the Contract by their duly authorized representatives on the dates indicated below.

PUBLIC FINANCIAL MANAGEMENT, INC.


By: 
Lisa Daniel, Managing Director

Date: 11/26/2018

STATE OF TENNESSEE, OFFICE OF THE COMPTROLLER OF THE TREASURY

By: 
Justin P. Wilson, Comptroller of the Treasury

Date: 11/26/2018

APPROVAL AS TO FUNDING:

Larry Martin, Commissioner of Finance and Administration

Date: 11/26/2018