



JASON E. MUMPOWER
Comptroller

TENNESSEE STATE SCHOOL BOND AUTHORITY
FEBRUARY 17, 2021
AGENDA

1. Call meeting to order
2. Approval of the Minutes from the TSSBA meeting of January 25, 2021
3. Consideration and approval of the Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee
4. Consideration and approval of the Resolution to Approve the Borrowing of Money by Another Method by the Austin Peay State University
5. Update on the Request for Proposal for the Short-term Facility
6. Consideration and approval of the Resolution Authorizing a Third Amendment to the Revolving Credit Agreement
7. Results of the 2021 Series A Bond Pricing
8. Adjourn

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 _____ day of _____, 2021.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

**RESOLUTION TO APPROVE
THE BORROWING OF MONEY BY ANOTHER METHOD BY
THE UNIVERSITY OF TENNESSEE**

Recitals

Whereas Look AHEAD (“Action for Health in Diabetes”) is a national randomized clinical trial funded by the National Institute of Diabetes, Digestive Disorders, and Kidney Disease and the National Institutes of Health (“NIH”), that investigates the long-term impact of weight loss interventions on overweight/obese individuals with type 2 diabetes and conducts the CANDLE Study, which is a NIH initiative following mother-child pairs from pregnancy through childhood and adolescence to investigate neurocognitive development in children; and

Whereas the University of Tennessee (the “University”) has entered into a lease (the “Lease”) for space at 756 Ridge Lake Boulevard in Memphis, Tennessee used for the above referenced diabetes research and whereas the Lease expires on March 19, 2021; and

Whereas the University desires to extend the current term of the Lease by a period of five (5) years through March 19, 2026, with an option to extend for an additional five (5) years; and

Whereas the University proposes to reduce the total amount of space leased from 3,999 square feet to 3,086 square feet due to some grants moving to non-clinical phases and others adapting to COVID restrictions; and

Whereas the University does not wish to advertise for the proposed extension of the Lease; and

Whereas the leased space was built out by the landlord for this specific use and remains desirable because of its successful and convenient location for patient populations intended to benefit from the above referenced research; and

Whereas the annual rent under the Lease will remain at a rate of \$20.00 per square foot during the initial five (5) year amendment period for a total cost of \$61,720.00 per year, and includes utilities and janitorial costs, and whereas, at the beginning of the extension option and each year thereafter, the annual rent will increase by two percent (2%) per year; and

Whereas the lessor is responsible for maintenance, utilities, and janitorial services; and

Whereas the Lease may be terminated due to reduction in grant funding for research at this location with 120 days-notice, for cause, and due to termination or consolidation of programs housed on the leased premises because of loss of funding, and is further subject to continued appropriations of the appropriate legislative body; and

Whereas the Lease will be funded by research grants and indirect cost revenue and the University has certified that it has adequate resources that are not encumbered or otherwise obligated from which to make related payments in accordance with the Lease.

BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Authority gives its approval to the University of Tennessee to extend the current term of the Lease by a period of five (5) years with the option to extend for an additional five (5) years.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be effective as of February 17, 2021.

Adopted by the Authority at its meeting on February 17, 2021.

, SECRETARY
TENNESSEE STATE SCHOOL BOND AUTHORITY

UNIVERSITY OF TENNESSEE

Acquisition - Lease Amendment

Requested Action: Approval of a lease amendment with waiver of advertisement

Transaction Description: Transaction No. 11-02-910

- **Proposed Amendment**

- **Term:** 15 years (March 20, 2011 - March 19, 2026) with an option to extend for five (5) years
- **Area / Costs:**

3,086 square feet		
First five years		
Annual Rent (including utilities and janitorial)	\$61,720.00	\$20.00/sf
Five year extension option		
First Year Rent	\$62,954.40	\$20.40/sf
Average Annual Rent (including utilities and janitorial) (2% increase per year)	\$65,515.78	\$21.23/sf

- **Current Lease**

- **Location:** University of Tennessee Health Science Center (UTHSC)
Shelby County - 756 Ridge Lake Boulevard, Memphis, TN
- **Landlord:** Couch Realty, LLC
- **Term:** 10 years (March 20, 2011 - March 19, 2021)
- **Area / Costs:**

3,999 square feet		
Annual Rent (incl utilities and janitorial)	\$79,980.00	\$20.00/sf
- **Source of Funding:** Research Grants and Indirect Cost Revenue
- **FRF Rate:** 18.00 (for reference only)

Comment: In 2011, SBC approved a lease for five years with a five-year option to extend. The space is used for diabetes research and investigates the long-term impact of weight loss interventions on overweight/obese individuals with type 2 diabetes. In addition, the CANDLE Study is an NIH 7-year initiative following mother-child pairs from pregnancy through childhood and adolescence to investigate neurocognitive development in children.

The University proposes to extend the lease for 3,086 square feet through March 19, 2026 with an option to extend for an additional five years. The lease rate will remain at \$20.00/sf during the initial five year amendment period. At the beginning of the extension option and each year thereafter, the lease rate will increase by two (2) percent per year. The small reduction in square footage is due to some grants moving to non-clinical phases and others adapting to COVID restrictions.

The lessor is responsible for maintenance, utilities and janitorial service. The lease may be terminated due to a reduction in grant funding for research at this location with 120 days-notice, for cause and due to termination or consolidation of programs housed in the leased premises because of loss of funding. It is also subject to continued appropriations of the appropriate legislative body.

This space was built out by the landlord for this specific use and the location remains desirable because it is conveniently located to patient populations intended to benefit by these grants. In addition, the lease rate did not increase and will remain flat over the five-year extension period. As a result, waiver of advertisement is requested.

Previous Action:

03/21/2011 Approved lease agreement and waiver of advertisement.
12/17/2018 Approved a lease amendment with waiver of advertisement.

SSC Report:

02/11/2021

EXECUTIVE SUMMARY

BACKGROUND

Look AHEAD (Action for Health in Diabetes) is a national randomized clinical trial funded by the National Institute of Diabetes, Digestive Disorders, and Kidney Disease (NIDDK) and the National Institutes of Health (NIH). It is conducted at 16 centers across the U.S and investigates the long-term impact of weight loss interventions on overweight/obese individuals with type 2 diabetes. The study examines the effect of randomization to a weight loss intervention or a control condition on cardiovascular events for a period of 9 to 13.5 years. In addition, the CANDLE Study is an NIH 7-year initiative following mother-child pairs from pregnancy through childhood and adolescence to investigate neurocognitive development in children.

This location has proved to be a very successful location for participants. As a result, the Department has steadily increased the number of studies being conducted within the Ridge Lake space in recent years, while also continuing with the original studies.

In 2011, the SBC approved a lease for five years with a five-year option to extend. In 2016, the option was exercised, and the square footage was reduced to 2,931 square feet due to reduced grant activity at that time. The current lease term runs through March 19, 2021 with annual rent of \$79,980.

The lessor is responsible for maintenance, utilities and janitorial service. The lease may be terminated due to a reduction in grant funding for research at this location with 120 days-notice, for cause and due to termination or consolidation of programs housed in the leased premises because of loss of funding. It is also subject to continued appropriations of the appropriate legislative body.

PROPOSED LEASE TERMS

The University proposes to extend the lease for five (5) years with an option to extend for an additional five (5) years. The lease rate will remain at \$20.00/sf during the initial five (5) year extension period. At the beginning and throughout the five (5) year option period, the rent will increase by two (2) per cent per year. This space has been built out by the landlord for this specific use and the location remains desirable because it is conveniently located to patient populations intended to benefit by these grants. The small reduction in square footage is due to some grants moving to non-clinical phases and others adapting to COVID restrictions. As grants move to the non-clinical phase, there are new grant proposals being submitted to continue the effort to find treatments for these diseases.

Proposed Amount:	<u>3,086 Square Feet</u>		
	<u>Initial Five Year Term</u>		
Annual Contract Rent:- Years 1-5		\$ 61,720/yr	\$20.00/sf
Est. Annual Utility Cost:		incl	incl
Est. Annual Janitorial Cost:		<u>incl</u>	<u>incl</u>
Total Annual Effective Cost:		<hr/> \$ 61,720/yr	<hr/> \$20.00/sf
	<u>Five tear option</u>		
Year 6		\$62,954.40	\$20.40/sf
Year 7		\$64,213.49	\$20.81/sf
Year 8		\$65,497.76	\$21.22/sf
Year 9		\$66,807.71	\$21.65/sf
Year 10		<hr/> \$68,143.87	<hr/> \$22.08/sf
		\$65,515.78	\$21.23/sf

Current Amount:	<u>3,999 Square Feet</u>		
	Annual Contract Rent:	\$ 79,980/yr	\$20.00/sf
	Est. Annual Utility Cost:	incl	incl
	Est. Annual Janitorial Cost:	<u>incl</u>	<u>incl</u>
	Total Annual Effective Cost:	\$ 79,980/yr	\$20.00/sf

FUNDING:

The Lease will be funded by research grants and indirect cost revenue.

REQUEST:

Review of a request for APPROVAL of a LEASE AMENDMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115.

THIRD AMENDMENT TO LEASE

This Third Amendment to Lease made this _____ day of _____, 20____ by and between Couch Realty, LLC, with offices at 9950 Center Hill Road, Collierville, TN 38017 (hereinafter called “Lessor”) and the UNIVERSITY OF TENNESSEE with offices at 301 Andy Holt Tower, Knoxville, Tennessee 37996 (hereinafter called “University”).

WITNESSETH:

WHEREAS, 756 RL Master Lessee, LLC and University entered into that certain Lease dated June 20, 2011 (“Lease”);

WHEREAS, 756 RL Master Lessee, LLC sold this property to Couch Realty, LLC on December 21, 2015;

WHEREAS, the University exercised its option to renew the Lease through March 19, 2021 and to amend the leased premises leased and annual rental under the Lease Renewal and First Amendment to Lease (“Amendment 1”) dated May 12, 2016;

WHEREAS, the University and David Couch amended the leased premises and annual rental under Second Amendment to Lease (“Amendment 2”) dated February 25, 2019; and

The Lease, as amended by Amendment 1 and Amendment 2, IS HERBY MODIFIED, EFFECTIVE March 20, 2021, As FOLLOWS:

1. Section 2. DESCRIPTION, is deleted in its entirety and replaced with the following:

The premises are more particularly described as follows:

3,086 square feet of total rentable office /clinic and related space that includes 2,931 square feet in Suite 206 and 155 square feet in Suite 204 located at 756 Ridge Lake Boulevard, Memphis, Tennessee 38120.

2. Section 3. Term, is amended by deleting the first sentence in its entirety and replacing it with the following: The term of the Lease shall commence on March 20, 2011 and shall end of March 19, 2026 (the “Extended Term”) with such rights of termination as are hereinafter expressly set forth. The University will have the right to extend this Lease for an additional five (5) years from March 20, 2026 through March 19, 2031 (the “Option Term”).

3. Section 4. RENTAL, is deleted in its entirety and replaced with the following:

During the Extended Term, University shall pay rental in arrears on the first day of the payment period as follows: \$61,720.00 per year payable in installments of \$5,143.33 per month.

During the Option Term, University shall pay rental in arrears on the first day of the payment period as follows: \$62,954.40 per year payable in installments of \$5,256.20 per month with an annual increase of two (2) percent each year.

Rent payable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on the actual number of days in the month. Rental shall be paid to Lessor at the address specified in Paragraph 4 of the Lease Renewal and First Amendment to Lease or to such other address as the Lessor may designate by a notice in writing.

Said Lease, Amendment 1, and Amendment 2, as modified herein, are hereby ratified and confirmed and shall remain in full force and effect throughout the term of said Lease or any extension period.

The provisions of this Third Amendment to Lease shall be binding and insure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

SIGNATURE PAGE FOLLOWS

Lessor:

By: _____

David V. Couch

Owner 3,086

University:

By: _____

Austin Oakes

Assistant Vice President, Capital Projects

State of Tennessee:

Approved as to form and legality:

By: _____

Herbert H. Slatery III, Attorney General
and Reporter

LESSOR NOTARY

STATE OF TENNESSEE

COUNTY OF _____

Before me, the undersigned notary of the State and County aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself/herself to be _____ of _____, the within-named bargainor, a limited liability company, and that he/she as such officer, executed the foregoing instrument for the purpose therein contained, by signing the name of the company by himself/herself as such officer.

Witness my hand and seal at office in _____, this ____ day of _____, 202_.

Notary Public

My Commission Expires: _____

UNIVERSITY NOTARY

STATE OF TENNESSEE

COUNTY OF KNOX

Personally appeared before me, the undersigned Notary Public for Knox County, _____, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she is the _____ of the University of Tennessee and that he/she as officer, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the University of Tennessee by himself as officer.

Witness my hand and seal, at office in _____, this ____ day of _____, 202_.

Notary Public.

My Commission Expires: _____

UNIVERSITY OF TENNESSEE**Acquisition - Lease Amendment****Requested Action:** Approval of a lease amendment with waiver of advertisement**Transaction Description:** Transaction No. 11-02-910• **Proposed Amendment**

- **Term:** 15 years thru March 19, 2026
- **Area / Costs:** 3,086 square feet
Annual Rent (including utilities and janitorial) \$61,720.00 \$20.00/sf

• **Current Lease**

- **Location:** University of Tennessee Health Science Center (UTHSC)
Shelby County - 756 Ridge Lake Boulevard, Memphis, TN
- **Landlord:** Couch Realty, LLC
- **Term:** 10 years thru March 19, 2021
- **Area / Costs:** 3,999 square feet
Annual Rent (incl utilities and janitorial) \$79,980.00 \$20.00/sf

- **Source of Funding:** Research Grants and Indirect Cost Revenue

- **FRF Rate:** 18.00 (for reference only)

Comment:

In 2011, SBC approved a lease for five years with a five-year option to extend. The space is used for diabetes research and investigates the long-term impact of weight loss interventions on overweight/obese individuals with type 2 diabetes. In addition, the CANDLE Study is an NIH 7-year initiative following mother-child pairs from pregnancy through childhood and adolescence to investigate neurocognitive development in children.

The University proposes to extend the lease for 3,086 square feet through March 19, 2026. The small reduction in square footage is due to some grants moving to non-clinical phases and others adapting to COVID restrictions.

The lessor is responsible for maintenance, utilities and janitorial service. The lease may be terminated for cause and due to termination or consolidation of programs housed in the leased premises because of loss of funding. It is also subject to continued appropriations of the appropriate legislative body.

This space was built out by the landlord for this specific use and the location remains desirable because it is conveniently located to patient populations intended to benefit by these grants. In addition, the lease rate did not increase and will remain flat over the five-year extension period. As a result, waiver of advertisement is requested.

Previous Action: 03/21/2011 Approved lease agreement and waiver of advertisement.
12/17/2018 Approved a lease amendment with waiver of advertisement.

SSC Report: 02/11/2021

EXECUTIVE SUMMARY

BACKGROUND

Look AHEAD (Action for Health in Diabetes) is a national randomized clinical trial funded by the National Institute of Diabetes, Digestive Disorders, and Kidney Disease (NIDDK) and the National Institutes of Health (NIH). It is conducted at 16 centers across the U.S and investigates the long-term impact of weight loss interventions on overweight/obese individuals with type 2 diabetes. The study examines the effect of randomization to a weight loss intervention or a control condition on cardiovascular events for a period of 9 to 13.5 years. In addition, the CANDLE Study is an NIH 7-year initiative following mother-child pairs from pregnancy through childhood and adolescence to investigate neurocognitive development in children.

This location has proved to be a very successful location for participants. As a result, the Department has steadily increased the number of studies being conducted within the Ridge Lake space in recent years, while also continuing with the original studies.

In 2011, the SBC approved a lease for five years with a five-year option to extend. In 2016, the option was exercised, and the square footage was reduced to 2,931 square feet due to reduced grant activity at that time. The current lease term runs through March 19, 2021 with annual rent of \$79,980.

The lessor is responsible for maintenance, utilities and janitorial service. The lease may be terminated for cause and due to termination or consolidation of programs housed in the leased premises because of loss of funding. It is also subject to continued appropriations of the appropriate legislative body.

PROPOSED LEASE TERMS

The University proposes to extend the lease for 3,086 square feet. This space has been built out by the landlord for this specific use and the location remains desirable because it is conveniently located to patient populations intended to benefit by these grants. The small reduction in square footage is due to some grants moving to non-clinical phases and others adapting to COVID restrictions. As grants move to the non-clinical phase, there are new grant proposals being submitted to continue the effort to find treatments for these diseases.

Proposed Amount:	<u>3,086 Square Feet</u>		
	Annual Contract Rent:	\$ 61,720/yr	\$20.00/sf
	Est. Annual Utility Cost:	incl	incl
	Est. Annual Janitorial Cost:	<u>incl</u>	<u>incl</u>
	Total Annual Effective Cost:	\$ 61.720/yr	\$20.00/sf
Current Amount:	<u>3,999 Square Feet</u>		
	Annual Contract Rent:	\$ 79,980/yr	\$20.00/sf
	Est. Annual Utility Cost:	incl	incl
	Est. Annual Janitorial Cost:	<u>incl</u>	<u>incl</u>
	Total Annual Effective Cost:	\$ 79,980/yr	\$20.00/sf

FUNDING:

The Lease will be funded by research grants and indirect cost revenue.

REQUEST:

Review of a request for APPROVAL of a LEASE AMENDMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115.

CERTIFICATION OF FUNDS

Please be advised that The University of Tennessee Health Science Center has adequate resources that are not encumbered or otherwise obligated from which to make related payments in accordance with the real property lease with Couch Realty, LLC., in the amount of sixty one thousand seven hundred twenty dollars and no/100 (\$61,720.00) per year.



Date: January 25, 2021

David L. Miller
Senior Vice President and Chief Financial Officer

February 2, 2021

To: David Miller, Senior Vice President and Chief Financial Officer

From: Tony Hopson, Director Real Property and Space Administration

JUSTIFICATION FOR UNIQUE SPACE – UT Health Science Center (UTHSC) – Lease of 756 Ridge Lake Boulevard, Shelby County, TN

Look AHEAD (Action for Health in Diabetes) is a national randomized clinical trial funded by the National Institute of Diabetes, Digestive Disorders, and Kidney Disease (NIDDK) and the National Institutes of Health (NIH). It is conducted at 16 centers across the U.S and investigates the long-term impact of weight loss interventions on overweight/obese individuals with type 2 diabetes. The study examines the effect of randomization to a weight loss intervention or a control condition on cardiovascular events for a period of 9 to 13.5 years.

In 2011, the State Building Commission (SBC) approved a lease for 4,931 square feet for five years with a five-year option to extend. The current term runs through March 19, 2021 with annual rent of \$79,980 for 3,999 square feet.

UTHSC proposes to extend the term for an additional five (5) years with a slight reduction to 3,086 square feet. The lease rate would remain the same, \$20.00 per square foot for an annual cost of \$61,720 per year.

The lessor is responsible for maintenance, utilities and janitorial service. The lease may be terminated for cause and due to termination or consolidation of programs housed in the leased premises because of loss of funding. It is also subject to continued appropriations of the appropriate legislative body.

The space is built out for clinical use needed for the trials and the location is well suited for participants in the study. In addition, there is no increase in the rental rate which will be held steady throughout the five-year extension period.

Approved:



David L. Miller
Senior Vice President and Chief Financial Officer

Date Needed: (Mo./Yr.)	SPACE ACTION REQUEST TRANSMITTAL Tennessee Department of Finance & Administration Real Property Administration William R. Snodgrass Tennessee Tower 312 Rosa L. Parks Avenue, 22 nd Floor Nashville, Tennessee 37243	F&A Date Logged In: (Mo./Day/Yr.)	
SAR Transmittal Instructions: Prepare in duplicate, include attachments and submit to F&A		F&A Transaction No.:	
		F&A Transaction Code:	

REQUESTING AGENCY: <u>UNIVERSITY OF TENNESSEE</u> Allotment Code: <u>332.10</u> Agency Cost Center: _____ Address (including County, City & Zip Code): <u>5723 Middlebrook Pike Suite 207</u> <u>Knox County, Knoxville, TN 37996-0045</u> Agency Contact (Name & Phone No.): <u>865-974-2441</u> <u>Tony Hopson</u> <u>ahopson4@tennessee.edu</u>	SUBJECT LOCATION Complete only if different from information shown at left. ADDRESS (INCLUDING COUNTY, CITY & ZIP CODE): <u>Couch Realty, LLC</u> <u>Shelby County, Memphis, TN</u> ON-SITE CONTACT (NAME & PHONE NO.): <u>Tony Hopson 865-974-2441</u>
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* Reason for REQUEST * Check item(s) that best describe current situation and need * Must attach either letter of justification/explanation or Office Space Needs Worksheet to address both the reason and the action requested * Current Space: <input type="checkbox"/> State Owned <input checked="" type="checkbox"/> Leased <input type="checkbox"/> Non Existent Reflects Space: <input checked="" type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> No Change <input type="checkbox"/> Lease Expiration <input type="checkbox"/> New Unit Activated <input type="checkbox"/> Staff Reorganization: <input type="checkbox"/> Reconfigure Existing Staff Only (OR) <input type="checkbox"/> Staff Increase <input type="checkbox"/> Decrease From: _____ To: _____ <input type="checkbox"/> File / Storage / Equipment Space Need <input type="checkbox"/> Unresolved Tenant-Landlord Issue <input checked="" type="checkbox"/> Other Reason: <u>Lease extension and space reduction</u>	* ACTION REQUESTED * Check item(s) that will best meet need <input type="checkbox"/> Terminate Existing Lease <input checked="" type="checkbox"/> Amend (OR) <input type="checkbox"/> Hold-Over Existing Lease <input type="checkbox"/> Initiate Action for New Lease <input type="checkbox"/> Unique and Special Requirement (TCA 12-2-114) <input type="checkbox"/> Desire Space Assignment in State Owned Building <input type="checkbox"/> Make Alteration to Current Space for Accommodating Need <input type="checkbox"/> Contact Landlord and/or DGS on Behalf of Tenant <input type="checkbox"/> Other Action: (Cost estimate, planning consultation, etc.)
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Current Data Current SF = <u>3,999</u> Current Lease Number: <u>LE 1976</u> FRF Cost Center: <u>NA</u> Current Lease Expiration Date: <u>3/19/2021</u> TYPE OF SPACE NEEDED (Check all that apply) <input type="checkbox"/> Office <input type="checkbox"/> Land <input type="checkbox"/> Airport Facilities <input type="checkbox"/> Warehouse <input type="checkbox"/> House (Living Quarters) <input type="checkbox"/> Educational Facilities <input checked="" type="checkbox"/> Other: <u>Medical/office</u> NEW LOCATION CONSIDERATIONS Location (County/City) and Boundaries if Required*: <u>NA</u> * Must attach justification letter for special boundaries * Cost Estm: <u>3,086</u> SF x <u>\$18.00</u> (FRF Rate) = <u>\$55,548</u> // <u>3,086</u> SF x <u>\$20.00</u> (A-87 Rate) = <u>\$61,720</u> Lease Term: <u>15</u> Years Commencing <u>March 20,</u> <u>2011</u> ; Ending <u>March 19,</u> <u>2026</u> <input type="checkbox"/> Cancellation upon <input checked="" type="checkbox"/> Lack of funding (OR) <input type="checkbox"/> No Cancellation <input type="checkbox"/> Option to Purchase <input checked="" type="checkbox"/> Parking N/A (OR) <input type="checkbox"/> Parking spaces desired to accommodate <input type="checkbox"/> staff (approximate nc _____) <input type="checkbox"/> clients (approx. no.: _____) Other Considerations: <u>See Executive Summary</u>
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ATTACHMENTS (Check all that apply) <input type="checkbox"/> Office Space Needs Worksheet* <input checked="" type="checkbox"/> Lead Sheet <input type="checkbox"/> Photo <input checked="" type="checkbox"/> Other: <u>Executive Summary</u> <input type="checkbox"/> Justification / Explanation Letter* <input checked="" type="checkbox"/> Other: <u>SBC ESC Minutes</u> <input checked="" type="checkbox"/> Map <input checked="" type="checkbox"/> Other: <u>Lease Agreement</u>

REQUESTING AGENCY AUTHORIZATION DocuSigned by: <u>Austin Oakes</u> 97B8050F454D46F... Signature <input type="checkbox"/> Fiscal Office Review Funding Source: <u>Plant Funds Non-Auxiliary (A)</u> <input checked="" type="checkbox"/> Planned Budget Item <input type="checkbox"/> Unplanned Budget Item	1/26/2021 10:44:43 Title Date
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THIRD AMENDMENT TO LEASE

This Lease Renewal and Third Amendment to Lease made this ____ day of _____, 20____ by and between Couch Realty, LLC, with offices at 9950 Center Hill Road, Collierville, TN 38017 (hereinafter called "Lessor") and the UNIVERSITY OF TENNESSEE with offices at 301 Andy Holt Tower, Knoxville, Tennessee 37996 (hereinafter called "University").

WITNESSETH:

WHEREAS, 756 RL Master Lessee, LLC and University entered into that certain Lease dated June 20, 2011 ("Lease"),

WHEREAS, 756 RL Master Lessee, LLC sold this property to David V. Couch on December 21, 2015,

WHEREAS, the University exercised its option to renew the Lease through March 19, 2021 and to amend the leased premises leased and annual rental under the Lease Renewal and First Amendment to Lease ("Amendment 1") dated May 12, 2016,

WHEREAS, the University and David Couch amended the leased premises and annual rental under Second Amendment to Lease ("Amendment 2") dated February 25, 2019,

The Lease, as amended by Amendment 1 and Amendment 2, IS HERBY MODIFIED, EFFECTIVE March 20, 2021, As FOLLOWS:

1. Section 2. DESCRIPTION, is deleted in its entirety and replaced with the following:

The premises are more particularly described as follows:

3,086 square feet of total rentable office /clinic and related space that includes 2,931 square feet in Suite 206 and 155 square feet in Suite 204 located at 756 Ridge Lake Boulevard, Memphis, Tennessee 38120.

2. The Term of the Contract will be extended to 3/19/2026.

3. Section 4. RENTAL, is deleted in its entirety and replaced with the following:

The University shall pay rental in arrears on the first day of the payment period as follows: \$61,720.00 per year payable in installments of \$5,143.33 per month. Rent payable hereunder for any period of time less than one month shall be

determined by prorating the monthly rental herein specified based on the actual number of days in the month.

Said Lease, Amendment 1, and Amendment 2, as modified herein, are hereby ratified and confirmed and shall remain in full force and effect throughout the term of said Lease or any extension period.

The provisions of this Third Amendment to Lease shall be binding and insure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

SIGNATURE PAGE FOLLOWS

Lessor:

By: _____

David V. Couch

Owner 3,086

University:

By: _____

Austin Oakes

Assistant Vice President, Capital Projects

State of Tennessee:

Approved as to form and legality:

By: _____

Herbert H. Slatery III, Attorney General
and Reporter

LESSOR NOTARY

STATE OF TENNESSEE

COUNTY OF _____

Before me, the undersigned notary of the State and County aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself/herself to be _____ of _____, the within-named bargainor, a limited liability company, and that he/she as such officer, executed the foregoing instrument for the purpose therein contained, by signing the name of the company by himself/herself as such officer.

Witness my hand and seal at office in _____, this ____ day of _____, 202_.

Notary Public

My Commission Expires: _____

UNIVERSITY NOTARY

STATE OF TENNESSEE

COUNTY OF KNOX

Personally appeared before me, the undersigned Notary Public for Knox County, _____, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she is the _____ of the University of Tennessee and that he/she as officer, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the University of Tennessee by himself as officer.

Witness my hand and seal, at office in _____, this ____ day of _____, 202_.

Notary Public.

My Commission Expires: _____

UNIVERSITY OF TENNESSEE

A.

Acquisition - Lease Amendment

Requested Action: **Approval of a lease amendment with waiver of advertisement**

Transaction Description: Transaction No. 11-02-912

• **Proposed Amendment**

○ **Area / Costs:** 3,999 Square Feet
Annual Contract Rent (inc. util. & jan.) \$79,980.00 \$20.00/sf

• **Current Lease**

○ **Location:** University of Tennessee Health Science Center
Shelby County - 756 Ridge Lake Boulevard, Memphis, TN

○ **Landlord:** Couch Realty, LLC

○ **Term:** March 20, 2011- March 19, 2021

○ **Area / Costs:** 2,931 Square Feet
Annual Contract Rent (inc. util. & jan.) \$58,620.00 \$20.00/sf

• **Source of Funding:** Existing Appropriations and Grants

• **FRF Rate:** \$18.00 (for reference only)

Comment: This space has been used for diabetes research, serving participants in the east Memphis area. The original lease was for 4,931 square feet but was previously reduced because of changes in grant funding. Additional space is needed to support ancillary funded studies in areas such as smoking cessation and the impact of environmental influences on child health outcomes. As a result, waiver of advertisement is requested.

Previous Action: 03/21/2011 Approved lease agreement and waiver of advertisement

Minutes: 12/17/2018 Approved a lease amendment with waiver of advertisement

THIS INSTRUMENT WAS PREPARED BY:
THE UNIVERSITY OF TENNESSEE

Office of Real Estate Administration
711 Andy Holt Avenue
Knoxville, TN 37996

THE UNIVERSITY OF TENNESSEE

THIS LEASE, entered into as of this 20th day of June, 20 11, by and between 756 RL MASTER LESSEE, LLC with offices located at 756 Ridge Lake Blvd., Suite 212 in Memphis, Tennessee 38120, hereinafter called the Lessor, and The University of Tennessee, hereinafter called the University:

WITNESSETH:

1. **LOCATION.** The Lessor hereby leases unto the University those certain premises with the appurtenances situated in the County of Shelby, 756 Ridge Lake Blvd. located in Memphis, Tennessee.
2. **DESCRIPTION.** The premises above are more particularly described as follows:

4,931 square feet of total net rentable office/clinic and related space that includes Suite 206 @ 2,931 square feet and Suite 216 @ 2,000 square feet 756 Ridge Lake Blvd., Memphis, Tennessee 38120.

Being part of the same property further described in last recorded instrument conveyed to the Lessor in Plat Book 96, Page 49, recorded in the Register's Office, Shelby County, Tennessee.
3. **TERM.** The term of this lease shall commence on March 20, 2011, and shall end on March 19, 2016 with such right of termination as are hereinafter expressly set forth. If the date of occupancy is other than the commencement date, then the rental period shall begin with the date of occupancy, provided that the rental period shall begin no later than the latter of (a) the commencement date or (b) 30 days after the space is made available to the University in accordance with the conditions of this lease. This provision shall not relieve the Lessor of the liability to the University for damages in the event that the space is not made available to the University in accordance with the conditions of this lease on the commencement date specified above.
4. **RENTAL.** The University shall pay rental in arrears on the last day of the payment period as follows: annual rent of \$88,758.00, payable in installments of \$7,396.50 per month. Rent payable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified, based on the actual number of days in the month. Rental shall be paid to the Lessor at the address specified in Paragraph 6 or to such other address as the Lessor may designate by a notice in writing.

This Lease may be renewed, at the option of the University, for one (1) five (5) year term at an annual rental of \$98,620.00, payable in installments of \$8,218.33 per month.
- 5A. **TERMINATION.** In the event grant funding allotted to the specific office located at 756 Ridge Lake Blvd, and its projects, is reduced due to a reduction in grant funds the University shall have the right to terminate this agreement, effective after March 1st, 2014 by providing 120 days written notice from the first day of the month of its early termination.
- 5B. **TERMINATION FOR OTHER CAUSES:** The University may in its sole discretion terminate this lease at any time for any of the following causes: (a) Failure of the Lessor to provide any of the services required under the terms of this lease; (b) Failure by the Lessor to make such modifications, alterations or improvements as may be necessary to insure that the leased premises are brought up to, and maintained at, codes for building construction, health, fire and life safety, and handicapped accessibility applicable to the leased premises, except where deficiencies are caused by the University; (c) Failure to disclose any conflict or potential conflict of interest existing at the date of this lease or hereafter created; (d) Termination or consolidation of the University operations or programs housed in the leased premises because of loss of funding; (e) Misrepresentation contained in the response to the request for proposal or committed during the negotiation, execution or term of this lease; (f) Lack of funding by the appropriate Legislative Body for obligations required of the State under this lease; (g) The availability of space in University-owned property, provided that no cancellation for this reason may take place until the lease has been effect for one year; and (h) Any other breach of the terms of this lease by Lessor which is not adequately remedied within twenty (20) days of the mailing of a written notice thereof to Lessor.
6. **NOTICES.** All notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail, certified and postage prepaid, and addressed as follows:

<p>To the Lessor at:</p> <p>756 RL MASTER LESSEE, LLC c/o MMIC, Inc. 756 Ridge Lake Blvd., Suite 212 Memphis, TN 38120</p>	<p>To the University at:</p> <p>The University of Tennessee 301 Andy Holt Tower Knoxville, TN 37996</p>
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7. **ASSIGNMENT AND SUBLETTING.** The University shall not assign this lease without the written consent of the Lessor.
8. **INSPECTION.** The Lessor reserves the right to enter and inspect the leased premises, at reasonable times and to render services and make any necessary repairs to the premises.
9. **ALTERATIONS.** The University shall have the right during the existence of this lease to make alterations, attach fixtures and erect additions, structures, or signs in or upon the leased premises. Such fixtures, additions, structures or signs so placed in or upon or attached to the leased premises under this lease or any prior lease of which this lease is an extension or renewal shall be and remain the property of the University and may be removed therefrom by the University prior to the termination or expiration of this lease or any renewal or extension thereof, or within a reasonable time thereafter.
10. **SURRENDER OF POSSESSION.** Upon termination or expiration of this lease, the University will peaceably surrender to the Lessor the leased premises in as good order and condition as when received, reasonable use and wear thereof and damage by earthquake, fire, public calamity, the elements, acts of God, or circumstances over which the University has no control or for which Lessor is responsible pursuant to this lease, excepted. The University shall have no duty to remove any improvements or fixtures placed by it on the premises or to restore any portion of the premises altered by it, save and except in the event the University elects to remove any such improvement or fixture and such removal causes damages or injury to the leased premises and then only to the extent of any such damages or injury.
11. **QUIET POSSESSION.** The Lessor agrees that the University, keeping and performing covenants contained herein on the part of the University to be kept and performed, shall at all times during the existence of this lease peaceably and quietly have, hold and enjoy the leased premises, without suit, trouble or hindrance from the Lessor, or any person claiming under Lessor.
12. **REPAIR AND MAINTENANCE.** During the lease term, the Lessor shall maintain the leased premises and appurtenances which he provides in good repair and tenantable condition, including, but not limited to, the maintenance and repair of the elevator, if any, plumbing, heating, electrical, air conditioning and ventilating equipment and fixtures to the end that all such facilities are kept in good operative condition except in the case of damage arising solely from a willful or negligent act of the University's agent, invitee, or employee. Lessor's obligations shall also include, but are not limited to, periodic painting to the satisfaction of the University, furnishing and replacing electrical light bulbs, fluorescent tubes, ballast's and starters, and air conditioning and ventilating equipment filters. In case Lessor, after notice in writing from the University requiring the Lessor to comply with the requirements of this paragraph in regard to a specified condition, shall fail, refuse or neglect to comply therewith, or in the event of an emergency constituting a hazard to the health or safety of the University's employees, property, or invitees, the University may perform such maintenance or make such repair at its own cost and, in addition to any other remedy the University may have, may deduct the amount thereof from the rent that may then be or thereafter become due hereunder.
13. **APPROPRIATIONS.** All terms and conditions of this lease are made subject to the continued appropriations by the appropriate legislative Body.

- 14: DESTRUCTION.** If the leased premises are totally destroyed by fire or other casualty, this lease shall terminate. If such casualty shall render ten (10) percent or less of the floor space of the leased premises unusable for the purpose intended, Lessor shall effect restoration of the premises as quickly as is reasonably possible, but in any event within thirty (30) days.

In the event such casualty shall render more than ten (10) percent of such floor space unusable but not constitute total destruction; Lessor shall forthwith give notice to University of the specific number of days required to repair the same. If Lessor under such circumstances shall not give such notice within (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety (90) days to complete from date such notice is given, University, in either such event, at its option, may terminate this lease or, upon notice to Lessor, may elect to undertake the repairs itself, deducting the cost thereof from the rental due or to become due under this lease and any other lease between Lessor and University.

In the event of any such destruction other than total, where the University has not terminated the lease as herein provided, or pursuant to the terms hereof has not elected to make the repairs itself, Lessor shall diligently prosecute the repair of said leased premises and, in any event, if said repairs are not completed within the period of thirty (30) days for destruction aggregating ten (10) percent, or within the period specified in Lessor's notice in connection with partial destruction aggregating more than ten (10) percent, the University shall have the option to terminate this lease or complete the repairs itself, deducting the cost thereof from the rental due or to become due under this lease and any other lease between Lessor and University.

In the event University remains in possession of said premises though partially destroyed, the rental as herein provided shall be reduced by the same ratio as the net square feet the University is thus precluded from occupying bears to the total net square feet in the leased premises. "Net square feet" shall mean actual inside dimensions and shall not include public corridors, stairwells, elevators, and restrooms.

- 15. SERVICES AND UTILITIES.** The Lessor shall furnish to the University, during lease term, at Lessor's sole cost, all utilities (except telephone), hot and cold water, heat equipment and air conditioning equipment. In addition, the Lessor shall furnish to the University, during lease term, at Lessor's sole cost, the following services, and supplies: (Enter "X" in each applicable box)

☒ (1) Janitor Services and Supplies

☒ (3) Elevator Services

☒ (2) Drinking Fountain

☒ (4) Restroom Supplies

The janitorial service, if provided above, shall be provided in accordance with the following schedule: Daily—Dust all furniture, counters, cabinets and window sills; sweep all floors, empty all wastebaskets and ashtrays; dispose of all rubbish; clean and maintain in sanitary condition all restrooms and plumbing fixtures; sweep sidewalks, stairways and hall; remove snow from entrance ways and parking areas if present; clean the parking area and replace light bulbs, tubes, ballast's and starters if necessary. Weekly—Mop all floors and dust all venetian blinds. Vacuum carpets, if any. Every Other Month—Strip and wax all floors. Semi-Annually—Wash all windows, venetian blinds, light fixtures, walls, and painted surfaces.

In the event of failure by the Lessor to furnish any such services, utilities or supplies in a satisfactory manner, the University may furnish the same at its own cost, and, in addition to any other remedy the University may have, may deduct the amount thereof from the rent or any other payments that may then be or thereafter become due hereunder.

- 16. SERVICES CREDIT.** Lessor agrees that the rental provided under the terms of Paragraph 4 hereof is based in part upon the costs of the services, utilities, and supplies to be furnished by Lessor pursuant to Paragraph 15 hereof and that should the University vacate the premises prior to the end of the term of this lease, or, if after notice in writing from the University, all or any part of such services, utilities or supplies for any reason are not used by the University, then, in such event, the monthly rental rate to each month or portion thereof as to which such services, utilities or supplies are not used by the University shall be reduced by an amount equal to the average monthly costs of such unused services, utilities or supplies during the six-month period immediately preceding the first month in which such services, utilities or supplies are not used.
- 17. TIME OF ESSENCE.** Time is of the essence of this lease, and the terms and provisions of this lease shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns to the respective parties hereto.
- 18. HOLDING OVER.** In the event the University remains in possession of the premises after the expiration of the lease term, or any extension thereof, this lease shall be automatically extended on a month to month basis, subject to thirty (30) days termination by either party, and otherwise on the terms and conditions herein specified, so far as applicable.
- 19. FINANCIAL INTEREST.** The Lessor will provide to the University a list of names and addresses of persons, associations, or corporations who hold any financial interest in the above leased property; such list shall be immediately revised in the event of a transfer of any such interest.
- 20. CODES.** The Lessor shall maintain the leased premises in accordance with all fire, building, and life safety codes and other applicable laws and regulations, including The Americans with Disabilities Act.
- 21. SPACE AUDIT.** The Lessor certifies that the amount of space, as described in Paragraph 2 above, is accurate to the best of his knowledge. The University reserves the right to perform physical measurements of said space and to adjust the rental amount based upon the amount of space as measured. If the measured amount is less than the amount of space indicated in Paragraph 2 above, the adjustment in rent shall be a percentage reduction equal to the percentage difference between the space as reported by the Lessor and that actually measured by the University. In all cases, the University shall use the current Building Owner's and Manager's Association (BOMA) standards of measurements for either single or multi-tenant occupancy, whichever is applicable.
- 22. PEST CONTROL.** The Lessor shall maintain the premises in a condition that is free of pests, rodents, and other vermin.
- 23. NON BINDING.** The Lessor fully understands that this lease is not binding except and until all appropriate University officials' signatures have been fully obtained, approval of this agreement has been given by the State Building Commission, if applicable, and the fully executed document returned to the Lessor.
- 24. SPECIAL PROVISIONS.** Prior to the execution of this lease, the special provisions, which are described below and/or attached hereto and incorporated by reference, were agreed upon: Exhibit A: 756 Ridge Lake Blvd. Rules and Regulations.

IN WITNESS WHEREOF, this lease has been executed by the parties hereto:

LESSOR

BY: [Signature] 5/19/11
Date

Its: Margay Overt

STATE OF TENNESSEE

BY: [Signature] 5/26/11
The University of Tennessee Date

BY: [Signature] 6/2/11
Commissioner, Finance and Administration Date

BY: Robert E. Cooper, Jr. 6-20-11
Attorney General Date
(Approved as to Form and Legality)

756 RIDGE LAKE BLVD
RULES AND REGULATIONS

1. Tenant shall not operate, or permit to be operated any mechanical machinery, steam engine, Boiler, or stove without Landlord's written consent; tenant will not allow the use of oil, burning fluids, kerosene, gasoline or other fuels to be used on the demised Premises.
2. No articles deemed as extra hazardous on account of fire or explosion shall be brought into the Premises.
3. Tenant shall not permit the preparation of food for consumption in the Premises, nor the facilities for the preparation of food without written consent. Tenant shall not use the Premises for housing, lodging, sleeping, nor any immoral or illegal purposes.
4. Tenant shall not operate, or permit to be operated, any musical or sound producing instrument or device inside or outside the Premises which may be heard outside the Premises.
5. Tenant shall not permit odors to emanate from the Premises nor allow any objectionable noise to emanate from the Premises.
6. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent the same.
7. Landlord reserves the right to exclude from the Building between the hours of 6:00 PM to 8:00 AM and in all hours on Sunday and legal holidays, all persons who do not present a pass to the Building, signed by the tenant. Each tenant shall be responsible for whom he issues such pass and shall be liable to Landlord for all acts of such persons.
8. Tenant shall not bring or permit to be brought into the Building any bicycle, or any vehicle, or dog (except in the company of a blind person) or other animal or bird.
9. Tenant shall not install any radio or television antenna on the roof, or on, or in any part of the inside or the outside of the building other than inside the leased Premises.
10. Tenant shall not use any illumination or power for the operation of any equipment or device other than electricity which shall be provided by the Landlord.
11. No Wires or cables, nor lines shall be brought into the leased Premises, nor shall there be permitted to operate any electrical device from which may emanate electrical waves which may interfere with or impair radio or television broadcasting or reception from or in the Building.
12. The Landlord may retain a pass-key to the Premises and be allowed admittance thereto at all times to enable its representatives to examine or exhibit said Premises from time to time. No additional locks or bolts of any kind shall be placed upon any of the doors, nor shall any change be made in existing locks. Each tenant must upon his termination of tenancy restore to the Landlord all keys to the office, rest rooms and other areas.
13. Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside Premises. Tenant shall not overload any floor or part thereof of the Premises,

such floors being designed to support seventy pounds per square foot of dead weight. Landlord shall direct and control the location of safes, heavy articles and large articles.

14. Tenants shall cooperate with Landlord in obtaining maximum effectiveness of the cooling system by closing Venetian blinds when sun's rays fall directly on windows of Premises.
15. Landlord reserves the right to make such other and further rules and regulations as in its judgment may be for the safety, care, and cleanliness of the Premises and for the preservation of good order therein. Tenant agrees to abide by all such rules and regulations herein above stated and any additional rules which are adopted.
16. Tenant shall cooperate with Landlord in promoting the useful life of all carpeted areas by providing plastic chair pads at all desk chair locations.
17. No smoking is permitted inside any leased space or in the common areas to include corridors, rest rooms, elevators, stairwells, etc. Smoking is only permitted outside the exterior entries in designated areas.
18. Landlord requires any moving of furniture, etc. in and out of the Building to be done after 5:00 PM Monday through Friday and any time after 7:30 AM on Saturday and Sunday.

STATE OF TENNESSEE
COUNTY OF KNOX

Personally appeared before me, the undersigned Notary Public for Knox County, Charles M. Pecudo Vice President or Treasure of the University of Tennessee, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged that he/she is the Vice President or Treasurer of the University of Tennessee and that he/she as Vice President or Treasurer, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the University of Tennessee by himself/herself as Vice President or Treasurer.

Witness my hand and seal, at office in, this 26th day of May, 2011.

[Signature]
Notary Public.



My Commission Expires:

June 2, 2012

~~My Commission Expires June 2, 2012~~

STATE OF Tennessee
COUNTY OF Shelby

Personally appeared before me, the undersigned Notary Public for Shelby County, Arthur Malkin (Name) of MMIC, Inc. (Company), with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged that he/she is the President (Title) of MMIC, Inc. (Company) and that he/she as President (Title), being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of 756 RL Master Lessee, LLC (Company), by himself/herself as Managing Agent (Title).

Witness my hand and seal, at office in, this 19th day of May, 2011.

Janet L. Slawson
Notary Public.

My Commission Expires:

4-18-2012

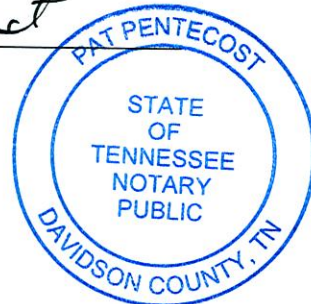


STATE OF TENNESSEE
COUNTY OF DAVIDSON

Personally appeared before me, the undersigned, Notary Public for Davidson County,
_____, Commissioner of Finance and Administration with whom I am personally acquainted (or
proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged that he/she is the Commissioner of
Finance and Administration, being authorized so to do, executed the foregoing instrument for the purpose therein contained by
signing the name of the State of Tennessee by himself/herself as Commissioner of Finance and Administration.

Witness my hand and seal, at office in, this 2 day of June, 2011.

Pat Pentecost
Notary Public.



My Commission Expires:


1-6-2015



Tom Leatherwood

Shelby County Register

As evidenced by the instrument number shown below, this document
has been recorded as a permanent record in the archives of the
Office of the Shelby County Register.

	
11072213	
07/28/2011 - 09:21 AM	
7 PGS	
MAX 861511-11072213	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	35.00
DP FEE	2.00
REGISTER'S FEE	0.00
WALK THRU FEE	0.00
TOTAL AMOUNT	37.00
TOM LEATHERWOOD	
REGISTER OF DEEDS SHELBY COUNTY TENNESSEE	

**RESOLUTION TO APPROVE
THE BORROWING OF MONEY BY ANOTHER METHOD BY
AUSTIN PEAY STATE UNIVERSITY**

Recitals

Whereas Rotor Leasing LLC (“Rotor Leasing”), a limited liability company organized under the laws of the State of Indiana, and Austin Peay State University (“APSU”) desire to enter into a proposed lease (the “Lease”) wherein Rotor Leasing shall lease to APSU a Robinson R44 Raven II helicopter (“R44”) for use by the APSU Aviation Science Department; and

Whereas the Lease term will have an effective period for one (1) year and whereas APSU reserves the right to renew the Lease for up to two (2) additional one (1) year periods at its option; and

Whereas APSU may further extend the Lease for additional one (1) year periods for a total lease term of no more than five (5) years, provided that APSU notifies Rotor Leasing of its intent to do so at least ninety (90) days prior to the Lease expiration date; and

Whereas in no event shall the maximum liability of APSU under the Lease exceed \$295,200.00; and

Whereas the proposed monthly cost for the lease of an R44 for the first three (3) years of the Lease is \$8,200.00, with an additional cost per hour in excess of thirty (30) hours per month of \$274.00 in the first year, \$279.00 in the second year, and \$284.00 in the third year; and

Whereas the R44 will contain the equipment and meet the specifications found in Attachment A of the Lease; and

Whereas Rotor Leasing will replace a prior leased R44 at or before the 2200 hour over-haul point with a helicopter(s) that contains the same equipment and meets the specifications in Attachment A of the Lease with the approval of APSU; and

Whereas Rotor Leasing, within the first ninety (90) days of operation by APSU, will replace an aircraft if it is out of service for more than five (5) flight days due to time or date-based services or inspection requirements, not including training operations, wear and tear, or downtime otherwise induced by APSU; and

Whereas the R44 will be delivered by Rotor Leasing to Outlaw Field in Clarksville, Tennessee or coordinated with APSU’s Director of the Aviation Science Program; and

Whereas APSU will be entitled to the exclusive use of the R44 during the term of the Lease;
and

Whereas APSU shall be responsible for all costs of operating and maintaining the aircraft including, but not limited to, fuel, oil, parts, and labor, and for keeping the R44 in compliance with applicable regulations, procedures, and service bulletins; and

Whereas the Lease will be funded by student flight lab fees; and

Whereas APSU reserves the right to cancel the order if sufficient funding for its continuance is not appropriated by the General Assembly of the State of Tennessee; and

Whereas APSU may terminate the lease for cause and can withhold payments in excess of fair compensation for completed goods and/or services.

BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Authority gives its approval to Austin Peay State University to enter into the Lease.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be effective as of February 17, 2021.

Adopted by the Authority at its meeting on February 17, 2021.

, SECRETARY
TENNESSEE STATE SCHOOL BOND AUTHORITY

EXECUTIVE SUMMARY

BACKGROUND

The APSU Aviation Science Department has experienced an increase in students enrolled in the Aviation Science Degree. As part of this degree, students complete a specific number of flight hours in two different helicopter models. Specifically, each student is required to complete 5.5 to 17 hours in specific academic terms in a Robinson R44. This specific training enables the students to receive five FAA helicopter pilot licenses and prepares them to fly commercially for employers like Medical Transport companies.

Currently, there are two separate cohorts of this program, with one ready to move into the Robinson R44 training beginning in the Spring I semester/term. We have one Robinson R44 available to serve those two cohorts. The first cohort has nine students that need to begin their training in the R44. The total number of flight hours needed for these nine students is 117 flight hours. There would need to be 27 full flight days in Spring I in order to complete the necessary hours for these nine students in Cohort 1. There are currently 24 full flight days available in Spring I, and that is assuming there are no weather, maintenance or COVID issues.

Our current capacity in the lone R44 we currently have is not sufficient to meet the current need of our Cohort 1 students. Additionally, the second Cohort will begin flying the R44 during the summer term. Cohort 2 is a larger class and will need an additional 222 flight hours during the Summer III term and 257 flight hours necessary for the Fall II term.

PROPOSED LEASE TERMS

APSU proposes a one-year lease, with an option for two additional years, on a Robinson R44 Raven II model helicopter. The lease will have a base cost of \$8,200 per month (\$98,400 annually). In addition, any flight hours in excess of thirty per month will be billed to APSU at a cost of \$274 per hour. Adding the second R44 will help alleviate this cost as the flight hours per month allowable without the overage will double to 60 per month.

FUNDING

The source of funding for this lease payment will be generated from student flight lab fees. Each student pays a set amount of \$661 per flight hour in the Robinson R44. Student flight lab fees generated from Cohort I during Spring I will be \$77,337. Additionally, student flight lab fees generated during the Summer III term and Fall II term will be \$146,742 and \$169,877, respectively. This amount enables the aviation program to not only cover the \$8,200 per month lease cost, but also any overages due to excess

monthly flight hours. This also enables the aviation science program to save funds generated through the flight lab to help ensure we are meeting our student's needs.

REQUEST

Review of a request for APPROVAL of a LEASE AGREEMENT for the lease/acquisition of a Robinson R44 Raven Model II.

**LEASE BETWEEN
AUSTIN PEAY STATE UNIVERSITY
AND
ROTOR LEASING, LLC**

This Lease, by and between the Austin Peay State University, hereinafter referred to as the "Lessee" and Rotor Leasing, LLC., hereinafter referred to as the "Lessor," is lease of helicopter, as further defined in the "SCOPE OF GOODS AND/OR SERVICES."

The Lessor is A LIMITED LIABILITY COMPANY.

The Lessor's address is:

PO Box 501821

Indianapolis, IN 46250-6821

The Lessor's place of incorporation or organization is Indiana.

A. SCOPE OF GOODS AND/OR SERVICES:

- A.1. The Lessor shall provide all goods or services and deliverables as required, described, and detailed below and shall meet all service and delivery timelines as specified by this Lease. The scope of goods and/or services and Lessor's specific responsibilities are defined in Attachment A of this Agreement.

B. LEASE TERM:

- B.1. The Lessee intends to enter into a lease with an expected effective period upon full execution and ending one (1) year later. The Lessee reserves the right to renew the agreement on an annual basis for up to two (2) additional one-year terms at its option. The Lessee reserves the right to cancel the order if sufficient funding for its continuance is not appropriated by the General Assembly of the State of Tennessee.
- B.2. Term Extension. The Lessee reserves the right to extend this Lease for an additional period or periods of time representing increments of no more than one (1) year and a total lease term of no more than five (5) years, provided that the Lessee notifies the Lessor in writing of its intention to do so at least ninety (90) days prior to the Lease expiration date. An extension of the term of this Lease will be effected through an amendment to the Lease. If the extension of the Lease necessitates additional funding beyond that which was included in the original Lease, the increase in the Lessee's maximum liability will also be effected through an amendment to the Lease and shall be based upon rates provided for in the original Lease.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the Lessee under this Lease exceed two hundred ninety-five thousand, two hundred dollars (\$295,200). The Service Rates in Attachment B include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Lessor. The maximum liability represents available funds for payment to the Lessor and does not guarantee payment of any such funds to the Lessor under this Lease unless the Lessee requests work and the Lessor performs the work in accordance with the Lease requirements.
- C.2. Compensation Firm. The Service Rates and the Maximum Liability of the Lessee under this Lease are firm for the duration of the Lease and are not subject to escalation for any reason unless this Lease is amended.
- C.3. Payment Method. The Lessor agrees that Lessee shall issue payment for all goods and/or services under this Agreement via the method agreed upon by the Lessor and the Lessee.
- C.4. Payment Methodology. The Lessor shall be compensated based on the Service Rates in

Attachment B for units of service authorized by the Lessee in a total amount not to exceed the Lease Maximum Liability established in Section C.1. The Lessor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones identified in Attachment B.

The Lessor shall submit invoices, in form and substance acceptable to the Lessee with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

C.5. Travel Compensation.

The Lessor shall not be compensated or reimbursed for travel, meals, or lodging.

C.6. Payment of Invoice. The payment of an invoice by the Lessee shall not prejudice the Lessee's right to object to or question any invoice or matter in relation thereto. Such payment by the Lessee shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

C.7. Invoice Reductions. The Lessor's invoice shall be subject to reduction for amounts included in any invoice or payment that is determined by the Lessee, on the basis of audits conducted in accordance with the terms of this Lease, not to constitute proper compensation for compensable goods and/or services provided.

C.8. Deductions. The Lessee reserves the right to deduct from amounts which are or shall become due and payable to the Lessor under this or any Lease between the Lessor and the Lessee any amounts which are or shall become due and payable to the Lessee by the Lessor.

D. MANDATORY TERMS AND CONDITIONS:

D.1. Required Approvals. The Lessee is not bound by this Lease until it is approved by the appropriate officials in accordance with applicable Tennessee laws and regulations. Approvals shall be evidenced by a signature or electronic approval.

D.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Lease shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

The Lessee:

Charles W. Weigandt, Director of Aviation Science Program
Austin Peay State University
P.O. Box 4486
Clarksville, TN 37040
931-221-1494
WeigandtC@apsu.edu

The Lessor:

Rotor Leasing, LLC.
Joseph Newkirk
PO Box 501821
Indianapolis, IN 46250-6821
317-432-4525
joe@freedomhelicopters.com

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

- D.3. Modification and Amendment. This Lease may be modified only by a written amendment executed by all parties and approved by all applicable Lessee officials.
- D.4. Termination for Cause. If the Lessor fails to perform its obligations under this Lease in a timely or proper manner, or if the Lessor materially violates any terms of this Lease ("Breach Condition"), the Lessee shall have the right to immediately terminate the Lease and withhold payments in excess of fair compensation for completed goods and/or services. Notwithstanding the above, the Lessor shall not be relieved of liability to the Lessee for damages sustained by virtue of any breach condition and the Lessee may seek other remedies allowed at law or in equity for breach of this lease.
- D.5. Assignment and Subcontracting. The Lessor shall not assign this Lease or enter into a subcontract for any of the goods or services provided under this Lease without the prior written approval of the Lessee. Notwithstanding any use of the approved subcontractors, the Lessor shall be the prime Lessor and responsible for compliance with all terms and conditions of this Lease. The Lessee reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Lease in whole or in part or the use of subcontractors in fulfilling the Lessor's obligations under this Lease.
- D.6. Conflicts of Interest. The Lessor warrants that no part of the Lessor's compensation shall be paid directly or indirectly to an employee or official of the Lessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Lessor in connection with any work contemplated or performed under this Lease.

The Lessor acknowledges, understands, and agrees that this Lease shall be null and void if the Lessor is, or within the past six (6) months has been, an employee of the Lessee or if the Lessor is an entity in which a controlling interest is held by an individual who is, or within the past six (6) months has been, an employee of the Lessee.

- D.7. Nondiscrimination. The Lessor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Lease or in the employment practices of the Lessor on the grounds of disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by Federal, or Lessee constitutional or statutory law. The Lessor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any lease to supply goods or services to the State of Tennessee, shall be a material provision of this Lease, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Lease.
- a. The Lessor agrees that the Lessor shall not knowingly utilize the services of an illegal immigrant in the performance of this Lease and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Lease. The Lessor shall reaffirm this attestation, in writing, by submitting to the Lessee a completed and signed copy of the document at Attachment C, semi-annually during the Term. If the Lessor is a party to more than one lease with the Lessee, the Lessor may submit one attestation that applies to all leases with the Lessee. All Lessor attestations shall be maintained by the Lessor and made available to Lessee officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Lease, and semi-annually thereafter, during the Term, the Lessor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work under this Lease and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to

perform work under this Lease. Attestations obtained from subcontractors shall be maintained by the Lessor and made available to Lessee officials upon request.

- c. The Lessor shall maintain records for all personnel used in the performance of this Lease. Lessor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the Lessee.
 - d. The Lessor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
 - e. For purposes of this Lease, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Lease.
- D.9. Records. The Lessor shall maintain documentation for all charges against the Lessee under this Lease. The books, records, and documents of the Lessor, for work performed or money received under this Lease, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the Lessee, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.10. Monitoring. The Lessor's activities conducted and records maintained pursuant to this Lease shall be subject to monitoring and evaluation by the Lessee, the Comptroller of the Treasury, or their duly appointed representatives.
- D.11. Progress Reports. The Lessor shall submit brief, quarterly, progress reports to the Lessee as requested.
- D.12. Strict Performance. Failure by any party Lease to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Lease shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Lease shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.
- D.13. Independent Lessor. The Parties shall not act as employees, partners, joint venturers, or associates of one another. The Parties are independent entities. Nothing in this Lease shall be construed to create an employer/employee relationship or to allow either Party to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one Party are not employees or agents of the other Party.
- D.14. Limitation of Lessee's Liability. The Lessee shall have no liability except as specifically provided in this Lease. In no event will the Lessee be liable to the Lessor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, lease, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Lease or otherwise. The Lessee's total liability under this Lease (including any exhibits, schedules, amendments or other attachments to the Lease) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.
- D.15. Limitation of Lessor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Lessor's liability for all claims arising under this Lease shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Lessor for: (i) intellectual property or any Lessor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Lease providing for liquidated

damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death.

- D.16. Hold Harmless. The Lessor agrees to indemnify and hold harmless the Lessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Lessor, its employees, or any person acting for or on its or their behalf relating to this Lease. The Lessor further agrees it shall be liable for the reasonable cost of attorneys for the Lessee to enforce the terms of this Lease.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the Lessee to give notice shall only relieve the Lessor of its obligations under this Section to the extent that the Lessor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Lessor, through its attorneys, the right to represent the Lessee in any legal matter, as the right to represent the Lessee is governed by Tenn. Code Ann. § 8-6-106.

- D.17. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, *et seq.*, the law governing the Tennessee Consolidated Retirement System ("TCRS"), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 835-101, *et seq.*, accepts State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Lease to the contrary, the Lessor agrees that if it is later determined that the true nature of the working relationship between the Lessor and the Lessee under this Lease is that of "employee/employer" and not that of an independent Lessor, the Lessor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Lessor received from TCRS during the Term.

- D.18. Tennessee Department of Revenue Registration. The Lessor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Lease.

- D.19. Debarment and Suspension. The Lessor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Lease been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
 - d. have not within a three (3) year period preceding this Lease had one or more public transactions (federal, state, or local) terminated for cause or default.

The Lessor shall provide immediate written notice to the Lessee if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded, disqualified, or presently fall under any of the prohibitions of sections a-d.

- D.20. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Lease. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Lease arising from a Force Majeure Event is not a default under this Lease or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Lessor's representatives, suppliers, subcontractors, customers or business apart from this Lease is not a Force Majeure Event under this Lease. Lessor will promptly notify the Lessee of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the Lessee within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Lessor's performance longer than forty-eight (48) hours, the Lessee may, upon notice to Lessor: (a) cease payment of the fees until Lessor resumes performance of the affected obligations; or (b) immediately terminate this Lease or any purchase order, in whole or in part, without further payment except for fees then due and payable. Lessor will not increase its charges under this Lease or charge the Lessee any fees other than those provided for in this Lease as the result of a Force Majeure Event.
- D.21. State and Federal Compliance. The Lessor shall comply with all applicable State and Federal laws and regulations, including Lessee policies and guidelines in the performance of this Lease.
- D.22. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Lease. The Lessor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Lease shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 407.
- D.23. Entire Agreement. This Lease is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Lease supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.
- D.24. Severability. If any terms or conditions of this Lease are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Lease shall not be affected thereby and shall remain in full force and effect. The terms and conditions of this Lease are severable.
- D.25. Headings. Section headings of this Lease are for reference purposes only and shall not be construed as part of this Lease.
- D.26. Incorporation of Additional Documents. Each of the following documents is included as a part of this Lease by reference. In the event of a discrepancy or ambiguity regarding the Lessor's duties, responsibilities, and performance under this Lease, these items shall govern in order of precedence below:
- a. any amendment to this Lease, with the latter in time controlling over any earlier amendments;
 - b. this Lease with any attachments or exhibits (excluding the items listed at subsections c. through f., below), which includes [identify attachments and exhibits];
 - c. any clarifications of or addenda to the Lessor's proposal seeking this Lease;

- d. the Lessee solicitation, as may be amended, requesting responses in competition for this Lease;
 - e. any technical specifications provided to proposers during the procurement process to award this Lease; and
 - f. the Lessor's response seeking this Lease.
- D.27. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101 et.seq., addressing contracting with persons as defined at T.C.A. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Lease. The Lessor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.
- D.28. Insurance. Lessee shall provide and maintain an aviation commercial general liability policy. The policy shall provide coverage which includes \$1,000,000 Combined Single Limit Bodily and Property Damage. Lessee shall provide Aircraft Hull of \$450,000 per helicopter or for values as agreed for replacement helicopter or insurance renewal & Liability Insurance covering any bodily injury/property damage arising out of the use or instruction of the aircraft while being operated by Lessee inclusive of Physical Damage coverage for the hull for values As Agreed. The Lessee agrees to include the Lessor as an additional insured solely as it relates to any liability arising out of the Lessee's negligence and include a Waiver of Subrogation on the Hull for any Physical Damage which is a direct result of the Lessee's negligence and will include a Breach of Warranty.
- Lessee will provide evidence of Aircraft Liability covering bodily injury/property damage arising out of the use of the aircraft for a limit of \$1,000,000. Lessor will be included as an additional insured solely as respects liability arising out of Lessee operations and include a thirty (30) day notice of cancellation provision. Lessee agrees to include any lienholders as specified by Lessor as loss payee and included a thirty (30) day notice of cancellation provision. Lessee will be responsible for payment of deductible (if any) in the event of a claim.
- D.29. Major Procurement Lease Sales and Use Tax. Pursuant to Tenn. Code Ann. § 4-39-102 and to the extent applicable, the Lessor and the Lessor's subcontractors shall remit sales and use taxes on the sales of goods or services that are made by the Lessor or the Lessor's subcontractors and that are subject to tax.

E. ADDITIONAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Lease, the special terms and conditions shall be subordinate to the Lease's other terms and conditions.
- E.2. Copyrights and Patents/Lessee Ownership of Work Products. Lessor grants Lessee a world-wide, perpetual, non-exclusive, irrevocable, fully paid up license to use any proprietary software products delivered under this Lease. The Lessee shall have royalty-free and unlimited rights to use, disclose, reproduce, or publish, for any purpose whatsoever, as well as share in any financial benefits derived from the commercial exploitation of all work products created, designed, developed, or derived from the goods and/or services provided under this Lease. The Lessee shall have the right to copy, distribute, modify and use any training materials delivered under this Lease for internal purposes only.

The Lessor agrees to indemnify and hold harmless the Lessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the Lessee for infringement of any third party's intellectual property rights, including but not limited to, any alleged patent or copyright violations. The Lessee shall give the Lessor written notice of any such claim or suit and full right and opportunity to conduct the Lessor's own defense thereof. In any such action brought against the Lessee, the Lessor shall take all reasonable steps to secure a license for Lessee to continue to use the alleged infringing product or, in the alternative,

shall find or develop a reasonable, non-infringing alternative to satisfy the requirements of this Lease.

The Lessor further agrees that it shall be liable for the reasonable fees of attorneys for the Lessee in the event such service is necessitated to enforce the obligations of the Lessor to the Lessee.

- E.3. Competitive Procurements. If this Lease provides for reimbursement of the cost of goods, materials, supplies, equipment, and/or services, such procurements shall be made on a competitive basis, when practical.
- E.4. Inventory/Equipment Control
No equipment shall be purchased under this Lease.
- E.5. Institution Furnished Property. The Lessor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the Lessee for the Lessor's temporary use under this Lease. Upon termination of this Lease, all property furnished shall be returned to the Lessee in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Lessor shall be responsible to the Lessee for the residual value of the property at the time of loss.
- E.6. Prohibited Advertising. The Lessor shall not refer to this Lease or the Lessor's relationship with the Lessee hereunder in commercial advertising in such a manner as to Lessee or imply that the Lessor or the Lessor's goods and/or services are endorsed.
- E.7. Lessor Commitment to Diversity. The Lessor shall assist the Institution in monitoring the Lessor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Lease by small business enterprises and businesses owned by minorities, women, and Tennessee service-disabled veterans. Such reports shall be provided to the Institution in form and substance as required by Lessee.
- E.8. The Lessor fully understands that this Agreement is not binding except and until all appropriate Lessee officials' approvals and signatures have been obtained, and the fully executed document returned to the Lessor.

IN WITNESS WHEREOF:

ROTOR LEASING LLC:

By: _____

Name: Joseph Newkirk

Title: Owner _____

Date: _____

AUSTIN PEAY STATE UNIVERSITY:

By: _____

Name: Dannelle Whiteside

Title: Interim President

Date: _____

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

CONTRACT NUMBER:	C-21-0353
CONTRACTOR LEGAL ENTITY NAME:	Rotor Leasing, LLC
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

SIGNATURE & DATE:

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

Scope of Services**A. Helicopter Requirements:**

1. Robinson R44 Raven II helicopter to the Aviation Science Department.
 - a. 2018 Robinson R44 Raven II S/N 14289
 - b. <300 Hours Total Time (Lease cost is for the first 30 hours per month)
 - c. All ADs Completed
2. Following Equipment:
 - a. Garmin G500H
 - b. Garmin 750Xi
 - c. Garmin 345 Transponder
 - d. Garmin 350Hc Audio Controller
 - e. Kannad 406 ELT
 - f. Air Conditioning
 - g. Lycoming IO-540-AE1A5
 - h. IFR instrument package
 - i. All applicable Service bulletins updated
3. Replacement helicopters must be Robinson R44 (Cadet or Raven II)
4. Less than 1000 hours airframe time since new or since last overhaul
5. Crew: One or Two Pilots
6. Capacity: Two, including pilot
7. Mandatory compliance with Robinson Service Bulletin
 - SB-78 (fuel tank bladders)
 - P/N C016-7 (main rotor blades) be installed in accordance with AD 2014-23-16

B. Requirements for Helicopters:

1. Lessor will replace original leased helicopter at or before the 2200 hour over-haul point with a helicopter(s) contain the same equipment and meets the specifications in attachment A with the approval of the University.
2. Within the first 90 days of operation by APSU, Lessor is to provide a replace aircraft if it is out of service for more than five (5) flight days due to time or date based services or inspection requirements. This does not apply to training operations wear and tear or downtime otherwise induced by the lessee.
3. Primary Nav/Comm must be common across fleet (GTN 650).
4. Aircraft may have no TBO components with less than 1000 hours remaining.

C. Delivery of Helicopters:

1. Helicopter(s) are to be delivered by Lessor to Outlaw Field, Clarksville, TN or coordinated with lessee for delivery/pickup.
2. Coordination will need to be done through Director of Aviation Science Program.
3. University reserves the right to lease additional helicopters as needed.

D. Lease Requirements:

1. **USE OF THE AIRCRAFT:** Subject to the provisions of this lease, Lessee is entitled to the exclusive use of the aircraft during the term of this lease.
 - a. Lessee shall at all times use and operate the aircraft in full compliance with Federal Aviation Regulations. Lessee shall not take the aircraft, or suffer or permit it to be taken outside the continental limits of the United States of America. After the term of the lease or if lease is terminated sooner as outlined in this lease, Lessee shall return the aircraft to Lessor in the same condition as when received by Lessee except for reasonable wear and tear from ordinary use.
 - b. Lessee shall not use the aircraft, or suffer or permit it to be used, for any business or purpose which is in violation of any present or future law, rule, order, ordinance, or regulation of the United States of America, and any city, state, territory or governmental subdivision thereof, or in violation of any terms or conditions imposed by any insurance carrier of the aircraft or by this lease.
 - c. Accidents or incidents shall be reported by Lessee within twenty-four (24) hours to Lessor, followed by a written report from Lessee within forty-eight (48) hours, and Lessee shall file all necessary reports with the FAA, NTSB, and insurance company. Lessee or its insurer shall be responsible for all expenses including, but not limited to hull damage, recovery, property damage, environmental cleanup, shipping, and storage as a result of accident or incident.
2. **OPERATING EXPENSES:** Lessee shall be responsible for all costs of operating and maintaining the aircraft including, but not limited to fuel, oil, parts, and labor. Lessee will at all times keep aircraft in compliance with Federal Aviation Regulations and applicable Airworthiness Directives and Robinson Helicopter Company maintenance procedures and applicable Service Bulletins. Lessee will maintain the hour meter that records the flight time on the aircraft to reflect the accurate time in service. Lessee will not make any modifications to the aircraft without written permission from the lessor.
 - a. Lessee shall keep, on an ongoing basis, complete and accurate records which reflect the flight hours accrued on the airframe of the Aircraft and all engines and shall make such records available to Lessor and its authorized representatives at all reasonable times. Lessee will store the maintenance logs of the aircraft in a safe and secure location at all times and ensure all entries are made in a legible manner.
 - b. Lessor or its designee shall have the right, but not the duty, to inspect the Aircraft and documentation at any reasonable time and upon reasonable notice wherever the Aircraft or documentation may then be located. Upon Lessor's request, Lessee shall advise Lessor of the Aircraft's location and, within a reasonable time, shall furnish Lessor with all information, logs, documents and Lessee's records regarding or in respect to the Aircraft and its use, maintenance or condition.
3. **UNAVAILABILITY OF AIRCRAFT:** Lessor shall not be liable to Lessee for any loss of use of the aircraft or interruption of Lessee's business if the aircraft fails to function, or if it is out of use for repairs or service, or for any other cause except as defined in paragraph B. 2. of Attachment A.

4. **OWNERSHIP OF AIRCRAFT:** The aircraft at all times shall remain and be the sole and exclusive property of the Lessor, and the Lessor may give any lender a chattel mortgage or security interest on the aircraft as security for a debt of Lessor. Other than the right to use the aircraft under the conditions of this lease, Lessee shall have no rights in the aircraft.
5. **ASSIGNMENT AND SUB-LEASING:** This lease shall not be assigned by the Lessee and the aircraft shall not be sub-leased by the Lessee without the prior written consent of the Lessor.
6. **DEFAULT:** In the event Lessee fails to make any rental payments hereunder when due, or fails to comply with any of the other terms and conditions of this lease, and any such default shall not be remedied forthwith after written notice from Lessor, Lessor shall have the right to, cumulative of all other rights, to declare this lease in default, and to terminate the same without further notice. Lessor's remedies in case of Lessee's default shall be cumulative, and Lessor may exercise any and all other lawful remedies it may have by virtue of Lessee's breach.

ATTACHMENT B

LEASE RATES

Cost Item Description – Option 1	Proposed Cost					
	Year 1	Year 2	Year 3			Total
Lease of R44						
Cost to Lease R44 per helicopter Monthly	8,200	8,200	8,200			\$295,200
Cost to Lease R44 Cadet or Raven II (per helicopter per hour in excess of 30 hours per month	274	279	284			
	Year of Helicopter					
Robinson R44	2018					



February 9, 2021

Ms. Sandi Thompson
Director
Comptroller of the Treasury
Division of State Government Finance
425 Rep. John Lewis Way, N
Nashville, TN 37243

pfm

530 Oak Court Drive
Suite 160
Memphis, TN 38117
901.682.8356

pfm.com

Dear Ms. Thompson

On January 12, 2021, TSSBA received 17 proposals to provide short-term financing. PFM, along with the Division of State Government Finance, reviewed all proposed options and recommended utilizing a revolving credit agreement/line of credit option. Of the proposals to provide such option, we also recommend short-listing three (3) services providers: Bank of America, Truist and US Bank/Wells Fargo. Please refer to PFM's presentation titled "TSSBA Short-Term Financing RFP Overview" dated February 1, 2020 for specifics on the recommended product (revolving credit agreement/line of credit) and the provider short-listing process.

Because each of the remaining proposals are slightly unique, a recommendation to select a certain provider has not been made. PFM will work with the Division of State Government Finance to continue to review each of the remaining proposals with a recommendation and request for approval to be considered at the March 2021 TSSBA board meeting.

Sincerely,
PFM Financial Advisors LLC

Lauren S. Lowe
Managing Director



TSSBA Short-Term Financing RFP Overview

CONFIDENTIAL – Prepared for TSSBA Staff Review

February 1, 2021

PFM Financial Advisors LLC

530 Oak Court Drive
Suite 160
Memphis, TN 38117

(901) 682-8356
pfm.com



TSSBA – Revolving Credit Agreement (Current)

- ◆ \$300 million Revolving Credit Agreement with US Bank / Wells Fargo (\$150M each)
- ◆ Tax-Exempt and Taxable draws permitted
- ◆ Interest is based on 1 Month LIBOR. The LIBOR index was set to phase out by December 2021 but was recently extended to June 30, 2023 due to COVID-19.
- ◆ Any unused (undrawn) balance is subject to a 23 bps (0.23%) commitment fee.
- ◆ Matures on March 18, 2021.



Short-Term Financing RFP

- ◆ Distributed on **December 15, 2020** and due on **January 12, 2021**.
- ◆ The RFP indicated a preference for the following options: **Commercial Paper, Revolving Credit/Line of Credit** (privately placed with bank), **Bond Anticipation Notes** (publicly offered).
- ◆ The RFP encouraged proposals for up to two (2) financing options.
- ◆ Goals and considerations of the short-term financing program include:
 - Reduce overall carrying costs through commitment or unused fees;
 - Capacity of \$300 million;
 - Conform and adjust to the phasing out of LIBOR;
 - Consider the use of public or private debt;
 - Draw-down feature to adjust to the capital spending of the Program;
 - Balance market access risk and overall cost;
 - One or multiple credit providers; however, in the case of multiple providers, the Authority will likely seek one bank to serve as the syndicate lead or administrative agent.



Short-Term Financing RFP

- ◆ TSSBA received **17 responses** from the following firms:

1. Bank of America
2. Barclays
3. Citigroup Global Markets, Inc.
4. FHN Financial
5. Fifth Third Securities
6. J.P. Morgan (Commercial Lending)
7. J.P. Morgan (Investment Banking)
8. Jefferies LLC
9. MUFG
10. PNC
11. State Street
12. SMBC
13. Truist
14. UBS
15. US Bank/Wells Fargo (Commercial Lending)
16. US Bancorp (Investment Banking)
17. Wells Fargo (Investment Banking & Commercial Lending))

- ◆ The **first phase** of reviewing the proposals was to focus on the **proposed financing options**.
- ◆ Based on the preferred financing option, **short-list the proposals** that included such option and deemed a preferred provider **based on overall cost**.



Summary of Proposed Options

- ◆ Long-Term Variable Rate Obligations (does not easily allow for a draw down feature)
- ◆ **Commercial Paper** - Including liquidity and CP dealer proposals
- ◆ **Extendible Maturity Commercial Paper** - CP dealer specific proposals
- ◆ Floating Rate Notes / Soft Put Bonds - FRN / Put Bond dealer proposals (does not allow for draw down feature)
- ◆ **Bond Anticipation Notes** - Underwriter proposals
- ◆ **Revolving Credit Agreement/Line of Credit**



Commercial Paper

Short-term note with a fixed interest rate for a certain number of days. CP notes typically mature 30+ days out and must mature in less than 270 days. Investors decide to purchase (or not) at every maturity date. This is referred to as a CP roll.

- Because CP matures frequently and relies on investor preference to purchase or not; CP includes a **liquidity provider**.
- The liquidity provider is paid to be available to pay off investors should they not want to purchase the notes at maturity.
- Through this process, the notes become a “bank note” directly with the liquidity provider.
- The **Liquidity provider fee tends to be the most considerable cost associated with a CP** program.
- CP also requires a broker/dealer to offer the CP to investors.

Liquidity Provider Proposers	CP Dealer Proposers
Barclays	Fifth Third
Bank of America	JP Morgan
SMBC	Jefferies
State Street	US Bancorp
US Bank / Wells Fargo	Well Fargo

- State Street was determined to be the preferred provider based on a **competitive fee structure** and **higher credit ratings**.
- CP dealers were not evaluated as their services and fee structure all very comparable.



Extendible Maturity Commercial Paper

Alternative to CP, EMCP is marketed like CP but does not require a liquidity provider. EMCP is structured to have a maturity date of up to 90 days. At maturity, the intent is to sell the note to an investor on the same day (similar to a traditional CP roll); or in the event maturing notes cannot be sold or paid off, the note extends to a maximum of 270 days from the original issuance date to provide a window to address the roll or refinance.

- Only certain broker/dealers offer EMCP programs.
- Jefferies proposed their program as part of the RFP process. Goldman Sachs and Morgan Stanley also offer similar programs but did not participate in the RFP process.
- Because of the unique type of investment there are **limited investors** who participate in EMCP.
- Should an investor not want to purchase the note after 90 days, an EMCP issuer would have to refinance the note within 180 days regardless.
- While this was the overall most economically option, it **bears the most risk and was ultimately eliminated**.



Bond Anticipation Notes

Short-term, fixed rate notes issued in anticipation of debt, taxes, or other revenues. In the case of TSSBA, a BAN would be issued in a large amount to cashflow projects and refinanced with long-term bonds. BANs usually mature 1-3 years from issuance.

- Assumes borrowing a large amount **up front** and incurring the interest cost on the full amount.
- Would require the issuance of two (2) notes: Tax-Exempt and Taxable.
- Would require TSSBA to **anticipate** and project future project cash-flow needs to determine the right amount to borrow.
- Subject to market access risk at the BAN maturity date.
- Even with ultra low interest rates, a BAN option was the **most expensive option and was eliminated**.

BAN Proposals - Underwriters
Citi
UBS



Revolving Credit Agreement / Line of Credit

Direct borrowing from a commercial bank. Allows for draws based on project cashflow needs. Draws incur interest based on a fixed credit spread over a variable rate index (ie. LIBOR). The undrawn balance is subject to an unused fee.

- Does not include traditional investors and therefore **does not have the ability for the note to be “put” back to the issuer** prior to maturity.
- Multiple options for the variable rate index: SIFMA, SOFR, LIBOR.
- Various proposals for amounts \$100-\$300 million
- Undrawn balance is subject to an unused fee or commitment of funds fee.

Revolving Credit Agreement / Line of Credit Proposals	
Bank of America	State Street
Fifth Third	Truist
JP Morgan	UBS
MUFG	US Bank / Wells Fargo
PNC	

- Bank of America, Truist, US Bank / Wells Fargo all included proposals for up to 3 years for \$300 million.
- All proposed unused fees at or below the current fee.**
- Each included a different variable rate index; however, **all-in-cost is comparable.**



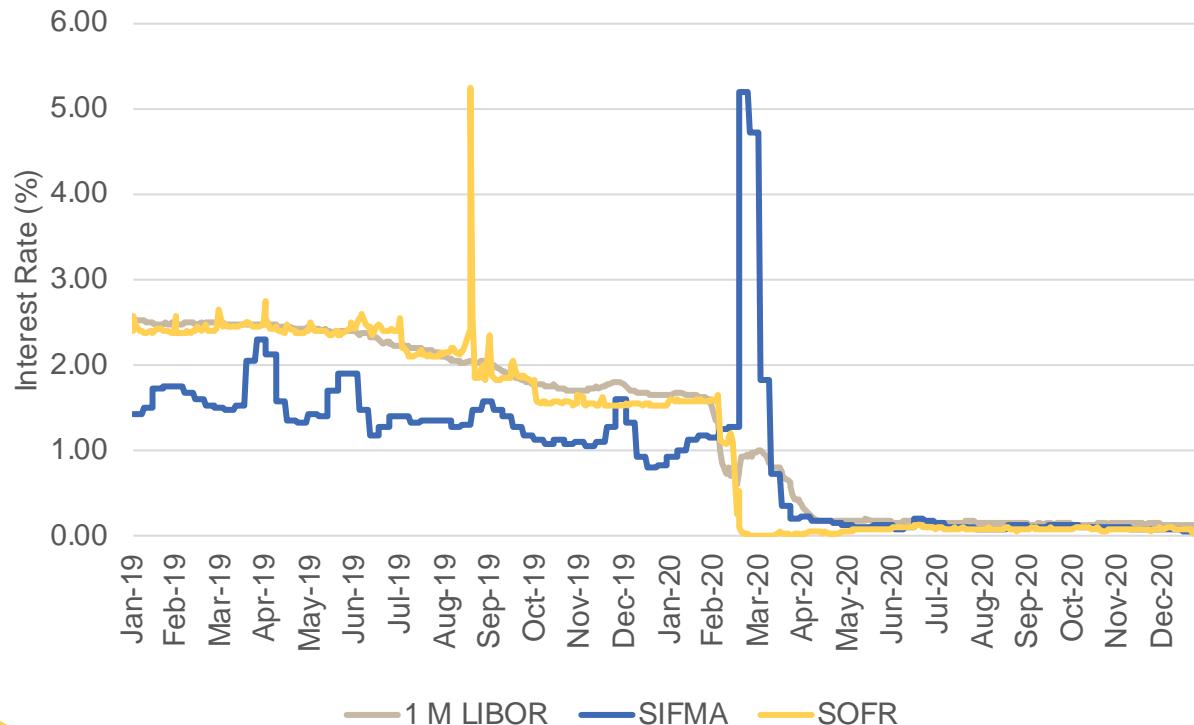
CP and Revolving Credit/ Line of Credit Considerations

	Commercial Paper	Revolving Credit/ Line of Credit
Capacity up to \$300 million	✓	✓
Ease of LIBOR Phase Out	✓	
Draw Down Feature or Cashflow Borrowing	✓	✓
Is Not Subject to Investor (market risk) Demand		✓
Is Not Subject to Third Party Bank Credit Risk (ie. Liquidity provider)		✓
Lowest Cost	✓	✓
Does Not Require Offering Document		✓
Does Not Require Short-Term Ratings		✓
Ease of Prepayment		✓



Summary & Next Steps

- While CP is the lowest cost, a Revolving Credit Agreement / Line of Credit provides the **best overall program administration and the least amount of risk**.
- In the near term, a Revolving Credit Agreement / Line of Credit will **be less expensive than the current program** based on the overall interest rate environment (see the index comparison graphic).
- PFM will work with Division of State Finance to evaluate further the remaining three (3) Revolving Credit/Line of Credit proposals to determine the preferred provider prior to the February 10th Staff Meeting.



RESOLUTION AUTHORIZING A THIRD AMENDMENT TO REVOLVING CREDIT AGREEMENT

WHEREAS, Tennessee State School Bond Authority (the “Authority”) has entered into a Revolving Credit Agreement dated as of March 20, 2014 (the “Revolving Credit Agreement”), as amended by the First Amendment to Revolving Credit Agreement dated as of March 20, 2017 (the “First Amendment”) and the Second Amendment to Revolving Credit Agreement dated April 1, 2018 (the “Second Amendment”), with U.S. Bank National Association (“U.S. Bank”) and Wells Fargo Bank, National Association (“Wells Fargo” and, together with U.S. Bank, the “Banks”) as several (not joint) lenders thereunder, and U.S. Bank as administrative agent for both Banks; and

WHEREAS, the Commitment Expiration Date under the Revolving Credit Agreement as amended by the First Amendment and the Second Amendment is March 18, 2021; and

WHEREAS, the parties wish to amend the Revolving Credit Agreement as so amended to extend the Commitment Expiration Date to June 15, 2021,

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

SECTION 1. Third Amendment. The Authority hereby authorizes the execution by the Secretary of the Authority (or any other officer or member of the Authority designated by him), and delivery to the other parties, of a third amendment to the Revolving Credit Agreement among the Authority, U.S. Bank and Wells Fargo as lenders thereunder, and U.S. Bank as administrative agent, substantially in the form of the “Third Amendment to Revolving Credit Agreement” presented to this meeting, with such changes and additions to and omissions from said form as the person executing such third amendment, after consultation with counsel to the Authority, shall approve as necessary or appropriate (the “Third Amendment”), such execution and delivery to be conclusive evidence of such approval and consultation.

SECTION 2. Coordination With Resolution Authorizing Revolving Credit Agreement. The Revolving Credit Agreement and certain matters relating to the implementation thereof were approved by a resolution adopted by the Authority on March 13, 2014, entitled “RESOLUTION AUTHORIZING AND PROVIDING WITH RESPECT TO REVOLVING CREDIT AGREEMENT, LOANS AND PROMISSORY NOTES, AND TERMINATION OF COMMERCIAL PAPER PROGRAM”. The provisions of such resolution applicable to the implementation of the Revolving Credit Agreement are incorporated herein as if set forth herein in full; provided, however, that for such purpose, the term “Revolving Credit Agreement” shall be deemed to refer to the Revolving Credit Agreement as amended by the First Amendment, the Second Amendment and the Third Amendment.

SECTION 3. Further Authority. All officers and members of the Authority, and other officers and employees of the State, including those of the office of the Tennessee Comptroller of the Treasury, Division of State Government Finance, are hereby authorized to carry out or cause to be carried out the transactions contemplated by this Resolution, including

but not limited to all actions necessary to cause the Third Amendment to become effective and to carry out the obligations of the Authority under the Revolving Credit Agreement as amended by the First Amendment, the Second Amendment and the Third Amendment.

SECTION 4. Ratification. All action taken prior to the adoption of this Resolution by the officers and members of the Authority, and other officers and employees of the State, including those of the office of the Tennessee Comptroller of the Treasury, Division of State Government Finance, relating to the transactions contemplated by this Resolution are hereby ratified and confirmed.

SECTION 5. Effective Date. This Resolution shall be in full force and effect immediately upon its adoption.

Adopted this 17th day of February, 2021.

THIRD AMENDMENT TO REVOLVING CREDIT AGREEMENT

This Third Amendment to Revolving Credit Agreement (this "*Amendment*") dated [February __], 2021 (the "*Amendment Date*") and shall become effective on March 18, 2021 (the "*Effective Date*"), is by and among the TENNESSEE STATE SCHOOL BOND AUTHORITY (the "*Authority*"), WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and permitted assigns ("*Wells Fargo*"), as a bank, and U.S. BANK NATIONAL ASSOCIATION, and its successors and permitted assigns ("*U.S. Bank*" and, together with Wells Fargo, collectively referred to herein as the "*Banks*"), as a bank and as administrative agent for the Banks (the "*Administrative Agent*"). All terms used herein and not defined herein shall have the meanings assigned to such terms in the hereinafter defined Agreement.

WITNESSETH

WHEREAS, the Authority, the Administrative Agent and the Banks have previously entered into the Revolving Credit Agreement dated as of March 20, 2014 (as amended, supplemented or otherwise amended to date, the "*Agreement*"), pursuant to which the Banks provided lines of credit to the Authority to provide a source of funds for the purposes set forth in the Act and the Resolution;

WHEREAS, pursuant to Section 11.2 of the Agreement, the Agreement may be amended by a written amendment thereto, signed by the Authority and the Banks; and

WHEREAS, the parties hereto wish to amend the Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

1. AMENDMENT.

Upon satisfaction of the conditions precedent set forth in Section 2 hereof, the Agreement shall be amended as follows:

1.01. The definition of the term "*Commitment Expiration Date*" set forth in Section 1.1 of the Agreement is amended in its entirety and as so amended shall be restated to read as follows:

"*Commitment Expiration Date*" means June 15, 2021, unless extended as provided herein.

2. CONDITIONS PRECEDENT.

This Amendment is dated the Amendment Date and shall become effective on the Effective Date subject to the satisfaction of or waiver by the Bank of all of the following conditions precedent on the Amendment Date:

2.01. Delivery by the Authority, the Administrative Agent and each Bank of an executed counterpart of this Amendment.

2.02. Delivery to each Bank of an opinion of counsel to the Authority, addressed to the Banks and the Administrative Agent, on behalf of the Banks, to the effect that (a) this Amendment will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Loans and Tax-Exempt Note for federal income tax purposes and (b) this Amendment has been duly authorized, executed and delivered by the Authority and that the Agreement, as amended by this Amendment, is valid, binding and enforceable against the Authority in accordance with its terms.

2.03. Payment to counsel to the Banks on the Amendment Date of the reasonable legal fees and expenses of counsel to the Banks (in an amount not to exceed \$3,500).

2.04. Receipt by each Bank of a certified copy of the authorizing resolution of the Authority approving the execution and delivery and performance of its obligations under this Amendment and the Agreement, as amended hereby.

2.05. Receipt by each Bank of a customary certificate executed by appropriate officer of the Authority including the incumbency and signature of the officer of the Authority executing this Amendment.

2.06. All other legal matters pertaining to the execution and delivery of this Amendment shall be satisfactory to each Bank and its counsel.

3. REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY.

3.01. The Authority hereby represents and warrants that the following statements are true and correct as of the date hereof:

(a) the representations and warranties of the Authority contained in Section 6.1 of the Agreement and in each of the Related Documents are true and correct on and as of the date hereof as though made on and as of such date (except to the extent the same expressly relate to an earlier date, which shall have been true and correct on such earlier date, then such representation or warranty shall be true and correct as of such earlier date, and except that the representations contained in Section 6.1(j) of the Agreement shall be deemed to refer to the most recent financial statements of the Authority delivered to the Administrative Agent, on behalf of the Banks, pursuant to Section 7.1(e)(i) of the Agreement); and

(b) no Default or Event of Default has occurred and is continuing or would result from the execution of this Amendment.

3.02. In addition to the representations given in Section 6.1 of the Agreement, the Authority hereby represents and warrants as follows:

(a) The execution, delivery and performance by the Authority of this Amendment and the Agreement, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the Authority.

(b) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Authority of this Amendment or the Agreement, as amended hereby.

(c) This Amendment and the Agreement, as amended hereby, constitute valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against the Authority, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

4. MISCELLANEOUS.

Except as specifically amended herein, the Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in any note, document, agreement, letter, certificate, the Agreement, any Related Document or any communication issued or made subsequent to or with respect to the Agreement or any other Related Document, it being hereby agreed that any reference to the Agreement shall be sufficient to refer to the Agreement, as hereby amended. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby. All capitalized terms used herein without definition shall have the same meanings herein as they have in the Agreement. SECTION 11.6 OF THE AGREEMENT SHALL APPLY TO THIS AMENDMENT.

This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Amendment may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or

copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers hereunto duly authorized as of the Amendment Date.

TENNESSEE STATE SCHOOL BOND AUTHORITY

By: _____
Name: _____
Title: _____

U.S. BANK NATIONAL ASSOCIATION, as
Administrative Agent and Bank

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Bank

By: _____
Name: _____
Title: _____