TENNESSEE STATE SCHOOL BOND AUTHORITY
September 8, 2022

The Tennessee State School Bond Authority ("TSSBA", or the "Authority") met on Thursday, September 8, 2022, at 9:38 a.m. in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable David Lillard, State Treasurer
The Honorable Tre Hargett, Secretary of State
Commissioner Jim Bryson, Department of Finance and Administration
Dick Tracy, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents
Luke Lybrand, proxy for Randy Boyd, President, University of Tennessee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Mr. Mumpower called the meeting to order. Mr. Mumpower reminded those participating in the meeting that the meeting would be broadcasted and posted online. Mr. Mumpower stated that the first item on the agenda was the minutes of the July 26, 2022, and August 10, 2022, meetings of the Authority. Mr. Mumpower asked if there were any questions or discussion regarding the minutes. Hearing none, Mr. Bryson made a motion to approve the minutes, Mr. Mumpower seconded the motion, and Mr. Mumpower took the vote.

The minutes were approved unanimously.

Mr. Mumpower stated that the next item on the agenda was an update on the amendment to revisions to the TSSBA Revolving Credit Facility ("RCF") due to the upcoming termination of the London InterBank Offered Rate ("LIBOR") on June 30, 2023. Mr. Mumpower recognized Ms. Sandi Thompson, Director of the Division of State Government Finance ("SGF") to present the report. Ms. Thompson stated that the LIBOR benchmark would be terminating on June 30, 2023. The LIBOR rate is used in the Authority's RCF to calculate the interest amount due on the revolving loans for its short-term financed capital projects. Ms. Thompson stated that the banks providing the lines of credit to the Authority under the agreement would like to amend the agreement prior to the end of calendar year 2022. Ms. Thompson stated that the Authority are considering its options but may select the Secured Overnight Financing Rate ("SOFR") to replace LIBOR. Ms. Thompson stated that this was a report item to inform the Authority of the pending change and that staff would bring an amendment forward to the Authority at a later date. Mr. Mumpower thanked Ms. Thompson, acknowledged receipt of the report, and asked if there were any questions.

Mr. Mumpower stated that the next item on the agenda was the consideration of a resolution to approve the borrowing of money by another method by the Tennessee Board of Regents ("TBR") on behalf of the Tennessee College of Applied Technology ("TCAT") Shelbyville at Winchester. Mr. Mumpower recognized Ms. Chloe Shafer, Associate General Counsel for TBR to present the request. Ms. Shafer stated that TBR would like to enter into a lease with the Winchester Airport Authority, Inc. to lease a hangar for a new aviation maintenance training program. Ms. Shafer stated that the program will be conducted at the Winchester airport.

Ms. Shafer explained the proposed lease had a 10-year term with the option to extend a total of four times at five years for each extension. Ms. Shafer explained that the first year's rental amount was $0.75 per square foot and that total annual effective costs were estimated to be $78,062.70 per year. Mr. Mumpower asked if there was any discussion or questions on the item. Hearing none, Mr. Bryson moved approval of the request, Mr. Hargett seconded the motion, and Mr. Mumpower took the vote.

The motion was approved unanimously.

Mr. Mumpower stated that the next item on the agenda 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. Austin Oakes, Assistant Vice President of the Office of Capital Projects at UT, to present the requests. Mr. Oakes stated that the first request from UT was for a lease at the University of Tennessee at Knoxville ("UTK") with Courtyard Marriott Downtown Knoxville. Mr. Oakes explained that the lease was for up to three hotel rooms with a lease term of October 1, 2022, through April 1, 2023, and an estimated total cost of $55,692. Mr. Hargett moved approval of the request and Mr. Tracy seconded the motion.

Mr. Mumpower asked why three hotel rooms were needed. Mr. Oakes replied that several international scholars from overseas had the opportunity to study and work at UTK. Mr. Oakes stated that these hotel rooms would be used to house the international scholars. Mr. Bryson asked where the rooms were located. Mr. Oakes explained that the rooms were at the Marriott in Downtown Knoxville and were less than two minutes away from UTK's campus. Mr. Mumpower asked if there were any further questions or discussion. Hearing none, Mr. Mumpower took the vote.

The motion was approved unanimously.

Mr. Mumpower stated that the next item on the agenda was the consideration of a resolution to approve the borrowing of money by another method by the University of Tennessee at Martin ("UTM"). Mr. Mumpower recognized Mr. Oakes to present the request. Mr. Oakes stated that the request was for a lease with NR Planned Properties LLC in Jackson, Tennessee for 15,000 square feet of space. Mr. Oakes explained that the lease was for a term of 5 years beginning December 1, 2022, with an estimated total cost of $293,250. Mr. Lillard made a motion to approve the request and Mr. Bryson seconded the motion. Mr. Mumpower asked if there were any questions or discussion regarding the item. Hearing none, Mr. Mumpower took the vote:

The motion was approved unanimously.

Mr. Mumpower stated that the next item on the agenda was a project for UTK. Mr. Mumpower recognized Mr. Oakes to present the request.

- University of Tennessee Knoxville – Neyland Stadium South Renovations (A94); Increase in cost of $108,000,000 for total funding of $288,000,000 of which $232,600,000 will be financed by TSSBA (an increase of $123,600,000); Term of Financing: $133,100,000 to be financed for 30 years as long-term financing at an assumed taxable rate and $99,500,000 to be financed over 10 years as short-term financing at an assumed taxable rate.

Mr. Oakes stated that the request for Neyland Stadium at UTK would increase the total project budget from $180 million to $288 million. Mr. Oakes stated that the increase would further the scope as outlined in the project description. Mr. Oakes explained this would include the expansion of south concourse 1, which will provide increased restroom and concession capacity along with a new kitchen facility. Mr. Oakes explained that the project would include stadium infrastructure upgrades including WiFi and both upgraded and new suite seating. Mr. Oakes stated that UT was requesting additional TSSBA funding of $123.6 million with an estimated annual financing charge of $22,916,400 to be funded with donations, ticket and fee income, corporate sponsorships, and facility rent. Mr. Oakes stated that donations were projected to average approximately $16.9 million per year to service the ten-year debt and annual net revenues were expected to average approximately $11.5 million per year to service the 30-year debt.

Mr. Tracy made a motion to approve the project and Mr. Hargett seconded the motion. Mr. Mumpower asked Ms. Thompson if SGF had conducted a feasibility analysis for the project. Ms. Thompson stated that SGF had conducted two feasibility studies separately on the long-term 30-year debt, and the shorter-term 10-year financing. Ms. Thompson stated that SGF had concluded that there would be sufficient revenues to cover the debt service for each of these financing terms.

Mr. Mumpower asked Mr. Oakes what contingencies were in place in the event of another pandemic or a national or global event impacted UT's ability to collect donor funds pledged to the project. Mr. Oakes stated that the change requested by UT represented an improvement of the security offered to repay the debt. Mr. Oakes explained that the initial request had pledged TV revenues to fund the project. Mr. Oakes explained that this request was seeking to create new, additional, revenue-generating spaces within the stadium to repay the debt. Mr. Oakes stated that these spaces were projected to generate sufficient cashflow to cover the cost of the project. Mr. Oakes explained that the TV revenues were no longer pledged to the project but did still exist and could help backstop the project if needed.

Mr. Mumpower asked if there were any other potential concerns related to the project that the Authority had not asked UT about. Mr. Oakes stated that cost escalation was a challenge in the market today given the high levels of inflation in the United States. Mr. Oakes stated that UT was fortunate to already have a construction manager already working with UT on the project and providing estimates. Mr. Oakes stated that UT believed it had taken reasonable allowances for the project given where cost escalation currently was. Mr. Mumpower thanked Mr. Oakes and asked the members if they had any questions or discussion concerning the project. Hearing none, Mr. Mumpower took the vote.

The motion was approved unanimously.

Mr. Mumpower stated that the next item on the agenda was a supplemental resolution authorizing and providing for the issuance and sale of Higher Educational Facilities Second Program Bonds, Series 2022, with the authority to sell the bonds and fix the details delegated to the Comptroller. Mr. Mumpower recognized Ms. Thompson to present the request. Ms. Thompson stated that staff was in the process of preparing for a bond sale for the Authority and were requesting approval of the supplemental resolution. Ms. Thompson stated that the members of the Authority had been provided a draft of the Preliminary Official Statement ("POS"), a notice of sale, a bond purchase agreement, and a letter from the Authority's financial adviser, Public Financial Management ("PFM"), recommending a competitive bond sale which is the Comptroller's preferred method of sale.

Ms. Thompson stated that the amount of new money bonds to be issued was not expected to exceed $350 million. Ms. Thompson explained that staff expected the sale to include six or seven tax-exempt projects and three taxable projects. Ms. Thompson stated that the final sale amount would likely be approximately $250-275 million. Ms. Thompson stated that staff expected to sell competitively but had included a bond purchase agreement in the unlikely event a negotiated sale was warranted. Mr. Hargett made a motion to approve the request and Mr. Bryson seconded the motion. Mr. Mumpower asked if there were any questions or discussion on the item. Hearing none, Mr. Mumpower took the vote.

The motion was approved unanimously.

Mr. Mumpower stated that concluded the business on the agenda. Mr. Bryson made a motion to adjourn, Mr. Lillard seconded the motion, and Mr. Mumpower took the vote.

The meeting was adjourned.

Approved on this 19th day of October, 2022.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary