

4.01.01.30 Tennessee State School Bond Appropriation Intercept Program



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Policy/Guideline Area

Business and Finance Policies

Applicable Divisions

TCATs, Community Colleges, System Office

Purpose

This policy establishes Board of Regents procedures for the operation of the Tennessee State School Bond Authority appropriation intercept program in the instance of payment default.

Policy/Guideline

- I. Background
 - A. The Tennessee State School Bond Authority (TSSBA) is a corporate governmental agency and instrumentality of the State of Tennessee whose purpose is to finance capital projects for public institutions of higher education located in Tennessee by issuing its bonds and notes.
 - B. T.C.A. § 49-3-1206(b)(2) gives the TSSBA the authority to intercept an institution's operating appropriation if any annual financing charges or administrative fees are not paid when due and payable.
 - C. The operating appropriation of any and all TBR member institutions may be intercepted to remedy the inability of one TBR member institution to pay its prescribed annual financing charges and administrative fees.
- II. Procedures if Payment Default Occurs

- A. If a TBR member institution were to default on any annual financing charges or administrative fees and an appropriation intercept is necessary, the System's operating appropriations would be intercepted in the following order:
1. The operating appropriation of the defaulting institution would be intercepted in an amount equal to the unpaid financing charges or administrative fees due and payable;
 2. Should the defaulting institution's operating appropriation be insufficient to satisfy the amount of finance charges or administrative fees due and payable, the remaining unpaid financing charges or administrative fees would be funded from appropriations to institutions within the same sector of the defaulting institution (i.e. university sector, community college sector, or college of applied technology sector).
 - a. The remaining unpaid financing charges or administrative fees will be prorated to institutions within the sector based on their operating appropriation as a share of total appropriations to the sector.
 3. If the steps outlined in 1 and 2 above are not sufficient to satisfy the unpaid finance charges or administrative fees due and payable of the defaulting institution, any remaining deficit will be prorated to institutions in other TBR institutional sectors (including the TBR System Office) based on their operating appropriation as a share of appropriations to the sectors involved in a subsection 3 assessment.

III. Exceptions

- A. The Chancellor or designee may approve exceptions to the requirements of this policy.

Sources

Authority

T.C.A. § 49-8-203; T.C.A. § 49-3-1206

History

TBR Board Meeting June 21, 2013.

Related Policies

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