

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
JANUARY 15, 2015

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday, November 15, 2015 at 2:00 p.m. ET in Room 182 of the Capitol Annex by Lori Flanery, Secretary, Finance and Administration Cabinet and Executive Director to the Commission. Other members present were Mike Bartlett, proxy for Governor Steven Beshear; Edgar C. Ross, State Controller, Office of the Controller; Fran Pinkston, proxy for Attorney General Jack Conway; Jane Driskell, State Budget Director; Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development; and Phil Huddleston, proxy for Lt. Governor Crit Luallen.

The Office of Financial Management (“OFM”) Staff Members Present: Ryan Barrow, Executive Director of OFM and Secretary to the Commission, Sandy Williams, Deputy Executive Director, Steve Starkweather, John Brady, Liz Columbia and Tammy McCall.

Other Guests Present: Katherine Halloran from the Legislative Research Commission; Andrew Hawes, Managing Director of Multifamily Programs, Kentucky Housing Corporation (“KHC”); David Ritchay, Vice President of Housing Partnership, Inc.; Bob Astriono, Heritage Green Development, LLC; and Dave Carlson, CFO, Kentucky Higher Education Student Loan Corporation (“KHESLC”).

Secretary Flanery verified with staff that a quorum was present and that the press had been notified of the meeting.

After a review of the previous meeting minutes, a motion was made by Ms. Jane Driskell and seconded by Mr. Ed Ross to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the November 13, 2014 meeting were approved.

Secretary Flanery recognized Mr. Steve Starkweather for his introduction of Resolution **2015-1**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING BONDS OF THE KENTUCKY HOUSING CORPORATION IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000, THE PROCEEDS OF WHICH WILL BE LOANED TO HERITAGE GREEN DEVELOPMENT LLC, OR AN AFFILIATE THEREOF.

Mr. Starkweather stated that Resolution 2015-1 was to authorize KHC to engage in a conduit issuance for an amount not to exceed \$20 million dollars in Tax Exempt Multifamily Housing Bonds for the benefit of Heritage Green Apartments, LLC. The proceeds of the bonds will be used to make a loan to Heritage Green Apartments, LLC or an affiliate to finance the acquisition,

rehabilitation and equipping of a multifamily residential rental facility consisting of 556 units located at 100 East Southland Boulevard, in Louisville, Kentucky. The Commission's approval of the issuance of KHC bonds is not statutorily required, but is requested by Bond Counsel as a matter of consistency with past practice. The KHC Board approved the project on May 29, 2014, and the project will be presented to the Capital Projects and Bond Oversight Committee on January 20, 2015. The method of sale is a private placement sale. Net proceeds for the project will be \$18.7 million with an anticipated net interest rate of 5% and a cost of issuance of approximately \$350,000. Mr. Starkweather stated that Developer's Counsel is Frost Brown & Todd LLC and Bond Counsel is Valenti Hanley & Robinson PLLC. Staff recommended approval. Mr. Andrew Hawes, Mr. David Ritchay, and Mr. Bob Astriono were recognized and were there to answer any questions if needed.

Secretary Flanery asked the Commission members if they had any questions. There being none, Mr. Ed Ross made a motion to approve Resolution **2015-1**. It was seconded by Mr. Phil Huddleston. The motion **CARRIED** and Resolution **2015-1** was **ADOPTED**.

Secretary Flanery recognized Mr. Starkweather for his introduction of Resolution **2015-2**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION OF STUDENT LOAN ASSET-BACKED NOTES, SERIES 2015-1, PURSUANT TO AN INDENTURE OF TRUST AND AN AUTHORIZING RESOLUTION OF KHESLC TO BE ISSUED AS ONE SERIES OF FEDERALLY TAXABLE OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$155,000,000.

Mr. Starkweather presented Resolution 2015-2 to the Commission to authorize KHESLC to issue student loan asset backed notes for an amount not to exceed \$155 million dollars. The financing will be in the form of Taxable LIBOR Floating Rate Notes and are being issued for the purpose of financing Federal Family Education Loan Program Student Loans currently being financed in KHESLC's 1997 General Bond Resolution. This action was approved by the KHESLC Board on December 11, 2014, and will be presented to the Capital Projects and Bond Oversight Committee on January 20, 2015. The method of sale is negotiated. Net proceeds will be \$148,600,000 because cost of issuance and reserves will be funded by KHESLC. Bond Counsel is Hawkins Delafield & Wood. The Senior Managing Underwriter is Bank of America Merrill Lynch. Underwriter's Counsel is Kutak Rock. The Trustee is Bank of New York Mellon. Staff recommended approval. Mr. Starkweather recognized Mr. Dave Carlson, CFO, from KHESLC.

Secretary Flanery asked the Commission members if they had any questions. There being none, Mr. Mike Bartlett made a motion to approve Resolution **2015-2**. It was seconded by Ms. Katie Smith. The motion **CARRIED** and Resolution **2015-2** was **ADOPTED**.

With no further business before the Commission, a motion was made by Ms. Driskell and seconded by Mr. Huddleston to adjourn the meeting. Motion **CARRIED**.

Respectfully submitted,



Ryan Barrow
Secretary