

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**OCTOBER 12, 2012**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Friday, October 12, 2012 in Room 182 of the Capitol Annex at 1:00 p.m. ET by Lori Flanery, Secretary, Finance and Administration Cabinet and Executive Director to the Commission. Other members present were Ryan Keith, proxy for Governor Steven Beshear, Chad Aull, proxy for Lt. Governor Jerry Abramson, Mary Lassiter, State Budget Director, Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, and Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development.

Office of Financial Management (“OFM”) Staff Members Present: John Bailey, Robin Brewer, Rachael Dever, Tom Midkiff, Jennifer Kantner, and Marcia Hutcherson.

Other Guests Present: Kristi Culpepper from the Legislative Research Commission (“LRC”).

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

A motion was made by Mr. Ed Ross and seconded by Ms. Katie Smith to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the September 14, 2012 meeting were approved.

Secretary Flanery recognized Ms. Rachael Dever for her introduction of Resolution **2012-20**:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF REFUNDING OUTSTANDING BONDS OF THE COMMISSION; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID REVENUE BONDS ARE TO BE ISSUED AND PROVIDING FOR A NEGOTIATED SALE THEREOF; AUTHORIZING AND RATIFYING ACTIONS OF THE COMMISSION STAFF IN THE STRUCTURING, PLANNING AND PREPARATION OF ALL DOCUMENTATION FOR THE ISSUANCE OF SAID BONDS AND IN PREPARING AND PUBLISHING A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT FOR THE BONDS; RECITING, ACKNOWLEDGING AND APPROVING THE FILING OF AN APPLICATION BY THE FINANCE AND ADMINISTRATION CABINET OF THE COMMONWEALTH OF KENTUCKY FOR REVENUE BONDS TO REFUND SUCH OUTSTANDING BONDS PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; AFFIRMING A LEASE OF THE PROJECT TO THE CABINET AND A STATE AGENCY TO PROVIDE REVENUES FOR THE AMORTIZATION OF THE BONDS; DEFINING AND PROVIDING FOR THE RIGHTS OF THE OWNERS OF THE BONDS AND PROVIDING FOR THE APPLICATION OF THE PROCEEDS THEREOF.**

Ms. Dever stated that Resolution 2012-20 is for the State Property and Buildings Commission ("SPBC") Agency Fund Revenue Refunding Bonds Project No. 102, Series A and Taxable Series B, in a principal amount not-to-exceed \$5,500,000. This financing will advance refund approximately \$5.21 million of certain agency fund bonds issued by the SPBC to provide present value savings for the University of Kentucky. This transaction will refund a portion of the bonds on a taxable basis and the remaining balance on a tax-exempt basis. The proposed sale date is November 14, 2012 and delivery date is anticipated to be December 4, 2012. Ratings are to be determined and the estimated All-in True Interest cost is 1.84 percent with the final maturity on the bonds of November 1, 2023. Total debt service is estimated to be \$5,889,349 and this will be a negotiated sale. Peck, Shaffer, and Williams, LLP is Bond Counsel; Underwriter is Morgan Stanley; Underwriter's Counsel is Frost Brown Todd; and Trustee is U.S. Bank, N.A.

This transaction will refund SPBC Project No. 80A bonds which had an average coupon of 4.472 percent and the estimated present value savings of the refunded bonds is 13.860 percent. The project will be approved by the University of Kentucky Board of Trustees on October 14, 2012, and staff recommends approval.

Ms. Mary Lassiter asked if the University and OFM have reviewed all the outstanding debt and whether this is the only eligible series for refunding. Mr. Tom Howard replied that for those obligations issued under the University's name, there is one other issue through the Asset/Liability Commission ("ALCo") for the University hospital, which has been reviewed for possible refunding; however, the negative arbitrage in the escrow has affected the savings but will continue to be monitored for a possible refunding in the future.

Secretary Flanery asked for any questions. Ms. Lassiter made a motion to approve Resolution 2012-20 that was seconded by Mr. Ed Ross. Motion **CARRIED**, and Resolution 2012-20 was **ADOPTED**.

Secretary Flanery recognized Ms. Dever for his introduction of Resolution 2012-21:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF REFUNDING OUTSTANDING BONDS OF THE COMMISSION; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID REVENUE BONDS ARE TO BE ISSUED AND PROVIDING FOR A NEGOTIATED SALE THEREOF; AUTHORIZING AND RATIFYING ACTIONS OF THE COMMISSION STAFF IN THE STRUCTURING, PLANNING AND PREPARATION OF ALL DOCUMENTATION FOR THE ISSUANCE OF SAID BONDS AND IN PREPARING AND PUBLISHING A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT FOR THE BONDS; RECITING, ACKNOWLEDGING AND APPROVING THE FILING OF AN APPLICATION BY THE FINANCE AND ADMINISTRATION CABINET OF THE COMMONWEALTH OF KENTUCKY FOR REVENUE BONDS TO REFUND SUCH OUTSTANDING BONDS PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; AFFIRMING A LEASE OF THE PROJECT TO THE CABINET AND A STATE AGENCY TO**

**PROVIDE REVENUES FOR THE AMORTIZATION OF THE BONDS;  
DEFINING AND PROVIDING FOR THE RIGHTS OF THE OWNERS OF  
THE BONDS AND PROVIDING FOR THE APPLICATION OF THE  
PROCEEDS THEREOF.**

Ms. Dever stated that Resolution 2012-21 is for the State Property and Buildings Commission ("SPBC") Agency Fund Revenue Refunding Bonds, Project No. 103, Series A and Taxable Series B in a not-to-exceed amount of \$5,500,000. This financing will refund approximately \$5.025 million (including some on a current basis and some on an advance basis) of certain agency fund bonds issued by SPBC to provide present value savings for Eastern Kentucky University. This transaction will fund a portion of the bonds on a taxable basis and the remaining balance on a tax-exempt basis. The proposed sale date is November 14, 2012 and delivery date is anticipated to be December 4, 2012. Ratings are to be determined and the estimated All-in True Interest Cost is 1.79 percent, the transaction is non-callable, with the final maturity May 1, 2021. Total debt service is estimated to be \$5,489,449 and the transaction is a negotiated sale. Peck, Shaffer, and Williams, LLP is Bond Counsel; Underwriter is Morgan Stanley; Underwriter's Counsel is Frost Brown Todd; and Trustee is U.S. Bank, N.A.

This transaction is to refund SPBC Project No. 80A bonds and the Project No. 75 bonds, which had an average coupon on the refunded bonds of 4.802 percent and the estimated present value savings of the refunded bonds of 12.739 percent. The Eastern Kentucky Board of Regents approved the transaction on September 28, 2012, and staff recommends approval.

Mr. Howard added that under the new General Receipts Indenture, it is not necessary for SPBC to issue debt for these types of projects. Most university projects would have been under the previous Consolidated Educational Buildings Indenture or the Housing and Dining Indenture. These certain projects could not have been issued under those original indentures.

Secretary Flanery asked for any questions. Ms. Lassiter made a motion to approve Resolution 2012-21 that was seconded by Ms. Katie Smith. Motion **CARRIED**, and Resolution 2012-21 was **ADOPTED**.

Secretary Flanery recognized Ms. Dever for her introduction of Resolution 2012-22:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF REFUNDING OUTSTANDING BONDS OF THE COMMISSION; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID REVENUE BONDS ARE TO BE ISSUED AND PROVIDING FOR A NEGOTIATED SALE THEREOF; AUTHORIZING AND RATIFYING ACTIONS OF THE COMMISSION STAFF IN THE STRUCTURING, PLANNING AND PREPARATION OF ALL DOCUMENTATION FOR THE ISSUANCE OF SAID BONDS AND IN PREPARING AND PUBLISHING A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT FOR THE BONDS; RECITING, ACKNOWLEDGING AND APPROVING THE FILING OF AN APPLICATION BY THE FINANCE AND ADMINISTRATION CABINET OF THE COMMONWEALTH OF KENTUCKY FOR REVENUE**

**BONDS TO REFUND SUCH OUTSTANDING BONDS PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; APPROVING A LEASE OF THE PROJECT TO THE CABINET AND THE SUBLEASE THEREOF TO A STATE AGENCY TO PROVIDE REVENUES FOR THE AMORTIZATION OF THE BONDS; DEFINING AND PROVIDING FOR THE RIGHTS OF THE OWNERS OF THE BONDS AND PROVIDING FOR THE APPLICATION OF THE PROCEEDS THEREOF.**

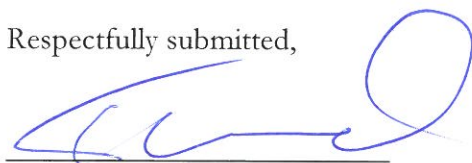
Ms. Dever stated that Resolution 2012-22 is for the State Property and Buildings Commission ("SPBC") Agency Fund Revenue Refunding Bonds, Project No. 104, in a not-to-exceed amount of \$42,000,000. This financing will advance refund approximately \$40.455 million of certain agency fund bonds issued by the SPBC and will provide present value savings for the Kentucky State Fair Board. The proposed sale date is November 14, 2012 and delivery date is anticipated to be December 4, 2012. Ratings are to be determined, the estimated All-in True Interest cost is 2.30 percent, and the call date is November 1, 2022. The final maturity on the bonds is November 1, 2025; total debt service is estimated to be \$49,125,092 and this transaction will be a negotiated sale. Peck, Shaffer, and Williams, LLP is Bond Counsel; Underwriter is Morgan Stanley; Underwriter's Counsel is Frost Brown Todd; and Trustee is U.S. Bank, N.A.

This transaction will refund SPBC Project No. 81 bonds and potentially SPBC Project No. 86 bonds. The average coupon on the refunded bonds is estimated to be 4.843 percent and the present value savings of the refunded bonds is estimated to be 10.188 percent. The Kentucky State Fair Board will approve the transaction on October 26, 2012, and staff recommends approval.

Secretary Flanery asked for any further questions. Ms. Mary Lassiter made a motion to approve Resolution 2012-22 that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution 2012-22 was **ADOPTED**.

With no other business, the meeting stands adjourned.

Respectfully submitted,



F. Thomas Howard  
Secretary