

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
FEBRUARY 14, 2014

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Friday, February 14, 2014 in Room 182 of the Capitol Annex at the conclusion of the Kentucky Asset/Liability Commission (“ALCo”), approximately 10:10 a.m. E.T. by Lori Flanery, Secretary, Finance and Administration Cabinet and Executive Director to the Commission. Other members present were Mary Lassiter, proxy for Governor Steven Beshear, Chad Aull, proxy for Lt. Governor Jerry E. Abramson, Edgar C. Ross, State Controller, Office of the Controller, Corey Bellamy, proxy for Attorney General Jack Conway, John Hicks, State Budget Director, and Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development.

The Office of Financial Management (“OFM”) Staff Members Present: Ryan Barrow, Executive Director, Sandy Williams, Deputy Executive Director, Robin Brewer, Tom Midkiff, Steve Starkweather, and Marcia Adams.

Other Guests Present: Angie Offerman and Zach Ireland from the Legislative Research Commission (“LRC”) and David Talley from the Transportation Cabinet.

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 Mr. Ed Ross and seconded by Mr. Chad Aull to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the January 16, 2014 meeting were approved.

Secretary Flanery introduced Ms. Robin Brewer for her introduction of Resolution 2014-02:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF KENTUCKY ASSET/LIABILITY COMMISSION PROJECT NOTES, 2014 FEDERAL HIGHWAY TRUST FUND FIRST SERIES IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$225,000,000 FOR THE PURPOSE OF PROVIDING FINANCING FOR AN AUTHORIZED PROJECT AND OF ADVANCE REFUNDING CERTAIN FEDERAL HIGHWAY TRUST FUND FIRST SERIES NOTES PREVIOUSLY ISSUED BY THE KENTUCKY ASSET/LIABILITY COMMISSION.

Ms. Brewer stated that Resolution 2014-02 is to approve the issuance of Kentucky Asset/Liability Commission Project Notes, 2014 Federal Highway Trust Fund First Series A and 2014 Federal Highway Trust Fund First Refunding Series B (GARVEEs) in an amount not-to-exceed \$225,000,000. Approval is being sought to issue these Notes to provide permanent financing for \$150 million of the \$330 million of authorized but unissued bonds authorized by House Bill 3 of the 2010 Extraordinary Session of the General Assembly for the purpose of financing expenditures for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project. Also, this transaction will advance refund certain outstanding Project Notes from the 2005 Federal Highway Trust Fund First

Series of the Kentucky Asset/Liability Commission for economic savings, and will pay for costs of issuing the Notes.

The Kentucky Asset/Liability Commission gave approval for this financing today prior to this meeting, and the transaction will be presented to the Capital Projects and Bond Oversight Committee (CPBO) on February 18, 2014. Underwriter is Goldman Sachs; Bond Counsel is Kutak Rock LLP; Underwriter's Counsel is Peck Shaffer & Williams LLP; and the trustee is The Bank of New York Mellon. The proposed date of sale is March 5, 2014 with an estimated closing of March 19, 2014. The All-In True Interest Cost is estimated to be 3.31%; final maturity of the Notes will be September 1, 2026 with an estimated net present value savings of \$2,132,778. Staff recommends approval.

Secretary Flanery asked the Commission members if they had any questions. Mr. John Hicks made a motion to approve Resolution 2014-02 that was seconded by Ms. Mary Lassiter. Motion **CARRIED**, and Resolution 2014-02 was **ADOPTED**.

Secretary Flanery introduced Ms. Robin Brewer for her introduction of Resolution 2014-03:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF UNIVERSITY OF KENTUCKY GENERAL RECEIPTS BONDS, 2014 SERIES A, UNIVERSITY OF KENTUCKY GENERAL RECEIPTS BONDS, 2014 SERIES B, AND UNIVERSITY OF KENTUCKY GENERAL RECEIPTS BONDS, 2014 TAXABLE SERIES C.

Ms. Brewer stated that Resolution 2014-03 is for the University of Kentucky General Receipts Bonds, in three separate series. The par amount is estimated to be \$195,415,000 for 2014 Series A; the par amount for 2014 Series B is estimated to be \$38,350,000, and the par amount for 2014 Taxable Series C is estimated to be \$10,125,000.

Bond proceeds from the 2014 Series A Bonds will be used to finance a portion of the authorization of the expansion and renovation of Commonwealth Stadium and Nutter Training Center, finance the authorization of the construction of the Academic Science Building, and pay associated costs of issuance.

Bond proceeds from the 2014 Series B will be used to finance the authorization of the expansion of the Gatton College of Business and Economics and pay associated costs of issuance.

Bond proceeds from the 2014 Taxable Series C will be used to finance the remaining private use component of the authorization of the expansion and renovation of Commonwealth Stadium and pay associated costs of issuance.

All of these projects were authorized by House Bill 7 of the 2013 Regular Session of the General Assembly. With the issuance of all three of these series, this financing will complete the full bond authorization of \$250,000,000 given to the University of Kentucky in House Bill 7.

Approval by the University Board of Trustees was given on December 17, 2013, and the project will be presented to CPBO on February 18, 2014. Bond Counsel is Peck Shaffer & Williams; Financial Advisor is Hilliard Lyons; and the trustee is U.S. Bank. The proposed date of sale is March 4, 2014 with a closing of March 18, 2014. The estimated True Interest Cost for the Series A Bonds is 4.77%, for Series B, it is 4.45%, and for Series C, it is 2.24%. Final maturity of the Series A Bonds is April 1, 2044; final maturity of the Series B is April 1, 2034; and final maturity of the Series C Bonds is April 1, 2020. Staff recommends approval.

Mr. Hicks asked if the underlying fund source of the debt service was the rationale for separating the Series A and B Bonds. Ms. Brewer answered affirmatively but added that it was also due to the different call features of the two series of bonds. She stated that there is an agreement with the University that any of these projects that were going to be paid by athletic revenues could be amortized for up to thirty years, and if the projects were paid by other sources, they could be amortized for twenty years or less.

Secretary Flanery asked the Commission members if they had any other questions. Mr. Ross made a motion to approve Resolution **2014-03** that was seconded by Ms. Katie Smith. Motion **CARRIED**, and Resolution **2014-03** was **ADOPTED**.

With no other business, the meeting stands adjourned.

Respectfully submitted,



Ryan Barrow
Secretary