

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
FEBRUARY 7, 2018
1:30 PM

The Kentucky State Property and Buildings Commission ("SPBC" or the "Commission") meeting was called to order on Wednesday, February 7, 2018 at 1:31 p.m. ET in Room 182 of the Capitol Annex by William M. Landrum III, Secretary of the Finance and Administration Cabinet ("FAC") and Executive Director to the Commission. Other members present were Scott Brinkman, permanent proxy for Governor Matt Bevin; Edgar C. Ross, State Controller, Office of the Controller; John E. Chilton, State Budget Director, Office of the State Budget Director ("OSBD"); Adrienne Southworth, permanent proxy for Lt. Governor Jenean Hampton; and Katie Smith, proxy for Terry Gill, Secretary for the Cabinet for Economic Development ("CED").

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; John Brady, Steve Starkweather, Bethany Couch and Tammy McCall.

Other Guests Present: Katherine Halloran, Legislative Research Commission; Carla Wright, OSBD; and Alex Kelly, OSBD.

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

Secretary Landrum introduced the first item for business, which was approval of the minutes from the December 13, 2017 meeting. A motion to accept the minutes of the December 13, 2017 meeting was made by Mr. Ross and seconded by Ms. Smith. Motion **CARRIED**.

Secretary Landrum recognized Bethany Couch to present **Resolution 2018-01**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
INFRASTRUCTURE AUTHORITY WASTEWATER AND DRINKING
WATER REVOLVING FUND PROGRAM REVENUE BONDS, SERIES
2018A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$60,000,000, BY THE KENTUCKY INFRASTRUCTURE AUTHORITY.**

Ms. Couch presented Resolution 2018-01 for the approval to issue Kentucky Infrastructure Authority ("KIA") Wastewater and Drinking Water Revolving Fund Program Revenue Bonds, Series 2018A, in an aggregate principal amount not to exceed \$60,000,000. Bond proceeds will be used to make loans to certain Governmental Agencies to finance infrastructure projects consisting of Wastewater and Drinking Water treatment facilities, and pay the costs of issuance. KIA gave approval of the financing at their February 1, 2018 board meeting. The transaction will be presented at the CPBOC meeting on February 20, 2018 for approval.

Ms. Southworth asked how KIA cash flow affected the Commonwealth's debt ratio. Ms. Williams answered that the loans do not count against the debt of the Commonwealth and explained the loan

process. Secretary Landrum noticed that only one rating agency, Moody's, was being used for this transaction and Mr. Barrow informed the Commission that the number of rating agencies used per transaction is based on numerous variables. Director Chilton questioned why the wastewater bonds appeared to be back-loaded on principle payments compared to the drinking water bonds. Mr. Barrow explained that the structure for both bonds were the same, but assumed that more wastewater loans matured in 2027 and therefore would enable KIA to make higher principle payments later. Director Chilton asked about the 5% coupon for the bonds and what type of investor purchased them. Mr. Barrow stated the vast majority of investors for these transactions would be large institutions. Director Chilton questioned and Mr. Barrow briefly discussed current changes to the federal tax law that affect the muni-bond industry.

Secretary Landrum called for a motion to approve Resolution 2018-01. Director Chilton made a motion, and was seconded by Ms. Southworth. There being no further discussion, the motion **CARRIED** and Resolution 2018-01 was **ADOPTED**.

With no further business before the Commission, Secretary Landrum asked for a motion to adjourn. Mr. Ross made a motion, and was seconded by Ms. Smith. Motion carried and the meeting adjourned at 1:48 pm.

Respectfully submitted,



Ryan Barrow
Secretary