

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
MARCH 9, 2015

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Monday, March 9, 2015 at 11:30 a.m. ET in Room 182 of the Capitol Annex by Lori Flanery, Secretary, Finance and Administration Cabinet (“FAC”) and Executive Director to the Commission. Other members present were Jane Driskell, State Budget Director; Mike Bartlett, proxy for Governor Steven Beshear; Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development (“CED”); Edgar C. Ross, State Controller, Office of the Controller 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, Legislative Research Commission; Josh Nacey, Legislative Research Commission; John Covington, Executive Director, Kentucky Infrastructure Authority; Sheri Fisher, CED; and Sarah Haydon, Office of the Secretary, FAC.

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 Ms. Katie Smith to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the February 12, 2015 meeting were **APPROVED**.

Secretary Flanery introduced Ms. Katie Smith for her introduction of Resolution **2015-5**:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE OF HEALTHCARE FACILITIES
REVENUE BONDS (CARMEL MANOR, INC. PROJECT), SERIES 2015
IN ONE OR MORE SERIES AND IN AN AGGREGATE PRINCIPAL
AMOUNT NOT TO EXCEED \$19,000,000 BY THE KENTUCKY
ECONOMIC DEVELOPMENT FINANCE AUTHORITY.**

Ms. Smith asked the Committee for the approval of Resolution 2015-5 and the issuance of the Kentucky Economic Development Finance Authority (“KEDFA”) Healthcare Facilities Revenue Bonds in the amount of \$19,000,000 on behalf of Carmel Manor, Inc. The bond proceeds will be used to finance the acquisition, construction, renovation, relocation and equipping of long term care, memory care and rehabilitation units located on the Carmel Manor Campus at 100 Carmel Manor Road, Ft. Thomas, Kentucky 41075. The City of Ft. Thomas adopted a resolution on February 17, 2015, requesting KEDFA issue the bonds. KEDFA approved the request on February 26, 2015. Ms. Smith noted that KEDFA is a private financier in the transaction and will not hold the general

obligation or be held liable for the bonds. Bond Counsel is Ice Miller, LLP. Staff recommended approval.

Secretary Flanery asked the Commission members if they had any questions. Mr. Ed Ross made a motion to approve Resolution **2015-5** and was seconded by Ms. Jane Driskell. Motion **CARRIED**, and Resolution **2015-5** was **ADOPTED**.

Secretary Flanery recognized Mr. Steve Starkweather for his introduction of Resolution **2015-6**:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE OF EASTERN KENTUCKY
UNIVERSITY GENERAL RECEIPTS BONDS, 2015 SERIES A.**

Mr. Starkweather stated that Resolution 2015-6 is for approval of the issuance of Eastern Kentucky University General Receipts Bonds, 2015 Series A, in the amount of approximately \$15,365,000. This issue will be used to i) finance the costs of the renovation, installation and equipping of the project identified in HB 235 of the 2014 Regular Session, as enacted, as "Renovate/Improve Athletic Facilities and ii) pay associated costs of issuance. He stated the project was approved by the Eastern Kentucky University Board of Regents on February 2, 2015, and will be presented to the Capital Projects and Bond Oversight Committee on March 17, 2015. This will be a tax-exempt competitively bid sale, scheduled for April 7, 2015 and executed by Hilliard Lyons. Bond Counsel is Peck Shaffer & Williams, a division of Dinsmore & Shohl. The project will be a 20-year financing with an estimated TIC of 3.27%. Staff recommended approval.

Secretary Flanery asked the Commission members if they had any questions. There being none, Mr. Mike Bartlett made a motion to approve Resolution **2015-6**, and was seconded by Mr. Ed Ross. The motion **CARRIED** and Resolution **2015-6** was **ADOPTED**.

Mr. Starkweather introduced Resolution **2015-7**:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE OF UNIVERSITY OF KENTUCKY
GENERAL RECEIPTS BONDS, 2015 SERIES A, UNIVERSITY OF
KENTUCKY GENERAL RECEIPTS REFUNDING BONDS, 2015 SERIES
B, AND UNIVERSITY OF KENTUCKY GENERAL RECEIPTS
REFUDING BONDS, 2015 SERIES C.**

Mr. Starkweather presented Resolution 2015-7 to the Commission for the approval to issue University of Kentucky ("UK") and the UK Healthcare General Receipts and General Receipts Refunding Bonds, 2015 Series A, B and C. Series A is a new money component for the benefit of UK Healthcare in an amount of approximately \$148,930,000. The proceeds will be used to i) finance the costs of the acquisition, construction, installation and equipping of the projects identified in HB 235 of the 2014 Regular Session, as enacted, as "Renovate/Upgrade HealthCare Facilities"

and ii) pay associated costs of issuance. Series A will be a 30-year financing with an estimated TIC of 4.17%. Series B is a refunding component of approximately \$110,760,000 for the benefit of the Kentucky Asset/Liability Commission (ALCO) and UK Healthcare related General Receipts 2007 Series A and B. Proceeds will be used for the costs of financing the refunding and for the costs of issuing the bonds. Series B will be a 12-year financing with an estimated TIC of 2.85%, for an estimated savings of approximately \$6.8 million and 6.3%. Series C is a separate refunding component for the benefit of UK as a whole to refund approximately \$22,025,000 of ALCO General Receipts 2006 Series A and the UK (Con Ed) Refunding Bonds Series U. Proceeds will be used for the cost of financing the refunding and the costs of the bonds. Series C will be an 11-year financing with an estimated TIC of 2.65%, for a savings of approximately \$1 million and 4.6%. Staff recommended approval.

Secretary Flanery asked the Commission members if they had any questions. There being none, Ms. Jane Driskell made a motion to approve Resolution 2015-7 and was seconded by Ms. Katie Smith. The motion **CARRIED** and Resolution 2015-7 was **ADOPTED**.

Mr. Starkweather stated that the next two resolutions he would present to the Commission were related to multiple indentures of the Kentucky Infrastructure Authority ("KIA"), but the bond transaction will have one new money component for Fund C and refunding components for Fund A, Fund C and Fund F. A portion of the proceeds are for the KIA Leverage Program which necessitated the additional resolution. He explained that the resolutions were written in January, before interest rates began to increase; and bond counsel prepared the resolutions based on a prior set of financial assumptions; therefore, the amounts requested in the resolution will be higher than the actual refunding amounts. Secretary Flanery added that the issue of whether or not to recalibrate the resolutions was discussed prior to the meeting and recognized John Covington, Executive Director of KIA, who was in attendance. Her recommendation was to present the resolutions, as prepared by bond counsel, for the same amounts as approved by the KIA board. She further explained that the actual amounts issued would be reported to the Commission and to the legislature once the sale was completed.

Mr. Starkweather introduced Resolution 2015-8:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF KENTUCKY INFRASTRUCTURE AUTHORITY WASTEWATER REVOLVING FUND PROGRAM REVENUE REFUNDING BONDS, GOVERNMENTAL AGENCIES PROGRAM REVENUE REFUNDING AND IMPROVEMENT BONDS AND DRINKING WATER REVOLVING FUND PROGRAM REVENUE REFUNDING BONDS IN AGGREGATE PRINCIPAL AMOUNTS NOT TO EXCEED \$4,250,000, \$17,750,000 AND \$3,500,000, RESPECTIVELY, BY THE KENTUCKY INFRASTRUCTURE AUTHORITY.

Mr. Starkweather presented Resolution 2015-8 to the Commission for approval.

Secretary Flanery asked for a motion. Mr. Mike Bartlett made a motion to approve Resolution 2015-8, and was seconded by Mr. Phil Huddleston. There being no further discussion, the motion **CARRIED** and Resolution 2015-8 was **ADOPTED**.

Mr. Starkweather introduced Resolution 2015-9:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF KENTUCKY INFRASTRUCTURE AUTHORITY WASTEWATER AND DRINKING WATER REVOLVING FUND PROGRAM REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2015A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$180,750,000 BY THE KENTUCKY INFRASTRUCTURE AUTHORITY.

Mr. Starkweather presented Resolution 2015-9 to the Commission for approval. He directed the attention of the Commission to the Preliminary New Bond Issue Report. He stated that with the authority of Resolution 2015-8 and 2015-9 and current interest rates, the total proceeds of the KIA bond transaction contemplated would be \$91 million. That would translate into \$81 million for the partial refunding of the 2004 Fund C, partial refunding of the 2010 Fund A, and partial refunding of the 2010 Fund F, as well as \$10 million in new money for Fund C. He also stated that the amount of the refunding ultimately issued would depend on market interest rates when the transaction is offered to the bond market.

Secretary Flanery asked for a motion. Mr. Ed Ross made a motion to approve Resolution 2015-9 and seconded by Ms. Katie Smith. There being no further discussion, the motion **CARRIED** and Resolution 2015-9 was **ADOPTED**.

Secretary Flanery introduced Ms. Sarah Haydon who is interning with the Office of the Secretary in FAC. She stated that Ms. Haydon is from St. Catherine College and was given an excellent reference from the head of the college intern program. Secretary Flanery mentioned she would like the Commission members to briefly meet individually with her sometime during this semester to explain what their offices do for the Commonwealth.

With no further business before the Commission, the meeting stands adjourned.

Respectfully submitted,



Ryan Barrow
Secretary