

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**APRIL 12, 2018**  
**1:30 PM**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday, April 12, 2018 at 1:30 p.m. ET in Room 182 of the Capitol Annex by Melinda Hill, proxy for William M. Landrum III, Secretary of the Finance and Administration Cabinet (“FAC”) and Executive Director to the Commission. Other members present were Edgar C. Ross, State Controller, Office of the Controller; John E. Chilton, State Budget Director, Office of the State Budget Director (“OSBD”); Katie Smith, proxy for Terry Gill, Secretary for the Cabinet for Economic Development (“CED”); and Holly McCoy-Johnson, permanent proxy for Attorney General Andy Beshear.

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; Alex Kelly, OSBD; Jerry Graves, Kentucky River Authority; and David Hamilton, Kentucky River Authority.

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

Ms. Hill introduced the first item for business, which was approval of the minutes from the February 7, 2018 meeting. A motion to accept the minutes of the February 7, 2018 meeting was made by Mr. Ross and seconded by Ms. Smith. Motion **CARRIED**.

Ms. Hill recognized John Brady to present **Resolution 2018-02**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF FINANCING A PROJECT; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID REVENUE BONDS ARE TO BE ISSUED AND PROVIDING FOR A COMPETITIVE 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, OFFICIAL TERMS AND CONDITIONS OF BOND SALE AND AN OFFICIAL BID FORM RELATING TO THE SALE OF THE BONDS AND A FINAL OFFICIAL STATEMENT TO BE COMPLETED UPON THE SALE OF 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**

**FINANCE SUCH PROJECT PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; APPROVING A SUPPLEMENTAL LEASE OF THE PROJECT TO THE CABINET AND THE KENTUCKY RIVER AUTHORITY 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.**

Mr. Brady presented Resolution 2018-02 for approval to issue SPBC Agency Fund Revenue Bonds, Project No. 118, in a principal amount not to exceed \$32,000,000. Bond proceeds will be used to 1) provide permanent financing for a project authorized by the General Assembly in H.B. 303 (2016 Regular Session) to construct Dam 10 in Madison County, Ky.; 2) fund a debt service reserve fund; and 3) pay costs of issuance. The transaction was approved by the Kentucky River Authority Board on April 9, 2018, and will be presented to the Capital Projects and Bond Oversight Committee ("CPBOC") on April 13, 2018. The proposed date of sale is April 25, 2018 and the proposed closing date is May 15, 2018. Mr. Brady noted for the Committee that if a Budget is not passed by the Legislature by Monday, April 16, 2018, then the sale and closing dates would change to a later date yet to be determined. The estimated all-in true interest cost is 3.37% and the final maturity date is April 1, 2038. This is a competitive bond sale. The financing team consists of Dinsmore & Shohl as bond counsel, Compass Municipal Advisors as financial advisor, and U.S. Bank at trustee. Staff recommended approval.

Director Chilton asked Mr. Graves to give a review of the project. In his review, Mr. Graves stated the project is for water retention for Winchester, Ky. The current dam and lock in that facility were constructed in 1905 and the project is long overdue. Director Chilton asked if the bonds were taxable and Mr. Brady stated they are tax-exempt.

Ms. Hill called for a motion to approve Resolution 2018-02. Ms. Smith made a motion, and was seconded by Mr. Ross. There being no further discussion, the motion **CARRIED** and Resolution 2018-02 was **ADOPTED**.

Ms. Hill recognized Bethany Couch to present **Resolution 2018-03** and **Resolution 2018-04**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF FINANCING A PROJECT; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID REVENUE BONDS ARE TO BE ISSUED AND PROVIDING FOR A COMPETITIVE 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, OFFICIAL TERMS AND CONDITIONS OF BOND SALE AND AN OFFICIAL BID FORM RELATING TO THE SALE OF THE**

**BONDS AND A FINAL OFFICIAL STATEMENT TO BE COMPLETED UPON THE SALE OF 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 FINANCE SUCH PROJECT PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; APPROVING A SUPPLEMENTAL LEASE OF THE PROJECT TO THE CABINET AND THE KENTUCKY RIVER AUTHORITY 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.**

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING AND RATIFYING ACTIONS OF THE COMMISSION STAFF IN THE STRUCTURING, STAFFING, PLANNING AND PREPARATION OF ALL DOCUMENTATION FOR THE ISSUANCE OF CERTAIN REVENUE BONDS OF THE COMMISSION; AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF REFUNDING CERTAIN PRIOR BONDS, 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 THE ACTION OF THE STAFF 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 PRIOR BONDS PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; AUTHORIZING THE LEASE OF THE PROJECT TO SUCH CABINET AND THE DEPARTMENT OF MILITARY AFFAIRS 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. Couch presented Resolution 2018-03 and Resolution 2018-04 together. She stated that the financing is one transaction but two separate resolutions were required for legal reasons. The request before the Committee was to issue SPBC Revenue Bonds, Project No. 119 and SPBC Agency Fund Revenue Refunding Bonds, Project No. 120, in an estimated principal amount not to exceed \$305,000,000. The purpose of the issuance is to 1) provide permanent financing for approximately \$305 million General Fund supported capital projects authorized by the General Assembly of the Commonwealth of Kentucky in H.B. 267 (2005 Session), H.B. 380 and H.B. 557 (2006 Session), H.B. 1 (2010 Special Session); H.B. 265 (2012 Session), H.B. 235 (2014 Session), H.B. 303 (2016 Session)

and H.B. 13 (2017 Session); 2) refund certain outstanding SPBC Bonds and ALCo Project Notes for present value savings; and; 3) pay costs of issuance. A list of projects were provided as Exhibit A in the meeting materials. The projects will be presented to CPBOC on April 13, 2018. This is a negotiated sale tentatively scheduled for June 5, 2018. Ms. Couch also noted for the Committee that if a Budget is not passed by the Legislature by Monday, April 16, 2018, then the sale and closing dates would change to a later date yet to be determined. The underwriter is Citigroup and bond counsel is Dinsmore & Shohl. The financing will have a term of 20-years with a final maturity date of May 1, 2038 and an estimated all-in true interest cost of 3.8607%. Staff recommended approval.

Ms. Hill called for a motion to approve Resolution **2018-03**. Director Chilton made a motion, and was seconded by Ms. Smith. There being no discussion, the motion **CARRIED** and Resolution **2018-03** was **ADOPTED**. Ms. Hill called for a motion to approve Resolution **2018-04**. Director Chilton made a motion, and was seconded by Mr. Ross. There being no discussion, the motion **CARRIED** and Resolution **2018-04** was **ADOPTED**.

With no further business before the Commission, Ms. Hill asked for a motion to adjourn. Ms. Smith made a motion, and was seconded by Director Chilton. Motion carried and the meeting adjourned at 1:40 pm.

Respectfully submitted,



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Ryan Barrow  
Secretary