

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
JUNE 13, 2014

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Friday, June 13, 2014 at 1:00 p.m. ET in Room 182 of the Capitol Annex by Robin Kinney, proxy for Lori Flanery, Secretary, Finance and Administration Cabinet and Executive Director to the Commission. Other members present were Shannon Tivitt, proxy for Lt. Governor Jerry E. Abramson, Edgar C. Ross, State Controller, Office of the Controller, Corey Bellamy, proxy for Attorney General Jack Conway, Kevin Cardwell, proxy for Jane Driskell, State Budget Director, and Tim Back, 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: Katherine Halloran from the Legislative Research Commission and Kim Moore from the Office of the Controller.

Deputy Secretary Kinney 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, Mr. Corey Bellamy noted a spelling error to be corrected by staff. A motion was made by Mr. Bellamy to accept the amended minutes and seconded by Mr. Ed Ross to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the May 16, 2014 meeting were approved with corrections noted.

Deputy Secretary Kinney introduced Mr. Steve Starkweather for his introduction of Resolution **2014-09**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE OF GENERAL RECEIPTS REFUNDING
BONDS OF THE UNIVERSITY OF KENTUCKY**

Mr. Starkweather stated that Resolution 2014-09 is for approval of the issuance of University of Kentucky (“UK”) General Receipts Refunding Bonds, 2014 Series D, in an estimated amount of \$95,000,000. Bond proceeds from the 2014 Series D will be used to (1) partially advance refund ALCo Series 2005A Notes, partially advance refund UK General Receipts Revenue Bonds Series 2005A, and partially current refund UK Consolidated Educational Buildings Refunding Bonds Series P, Q, R (Second Series); and (2) pay associated costs of issuance. The estimated Net Present Value Savings to the University is approximately \$8,233,380.87; the estimated True Interest Cost is 2.25%; and the estimated final maturity date is October 1, 2025. The transaction was approved by the UK Board of Trustees on June 10, 2014. Upon approval by the Commission, it will be presented to the Capital Projects and Bond Oversight Committee on June 17, 2014. The bond counsel is Peck, Shaffer

& Williams, a division of Dinsmore & Shohl, LLP. The financial advisor is Hilliard Lyons, and the trustee is U.S. Bank. Staff recommended approval.

Deputy Secretary Kinney asked the Commission members if they had any questions. Ms. Shannon Tivitt made a motion to approve Resolution **2014-09** that was seconded by Mr. Ed Ross. Motion **CARRIED**, and Resolution **2014-09** was **ADOPTED**.

Deputy Secretary Kinney recognized Mr. Steve Starkweather for his introduction of Resolution **2014-10**:

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

Mr. Starkweather stated that Resolution 2014-10 is for approval of the issuance of Morehead State University ("MoSU") General Receipts Refunding Bonds, 2014 Series A and B, in an estimated amount of \$30,110,000. Bond proceeds from the 2014 Series A Bonds will be used to (1) current refund MoSU Consolidated Educational Buildings Refunding and Improvement Revenue Bonds, Series M, current refund MoSU General Receipts, Taxable Build America Bonds 2009 Series A, and (2) pay associated costs of issuance. Bond proceeds from the 2014 Series B Bonds will be used to (1) current refund MoSU General Receipts Bonds, Taxable Build America Bonds 2010 Series A, and (2) pay associated costs of issuance. The 2010 Series B Bonds have a higher sensitivity to increasing rates because they generate a smaller percentage of savings, so if rates were to move up, Series B may be dropped, and the University would then only issue the Series A Bonds. The total estimated Net Present Value Savings is \$1,995,014.59. The estimated True Interest Cost for Series A is 2.76% and 2.87% for Series B. The estimated final maturity date is November 1, 2028 for Series A and October 1, 2029 for Series B. The transaction was approved by the MoSU Board of Regents on June 5, 2014. Upon approval by the Commission, it will be presented to the Capital Projects and Bond Oversight Committee on June 17, 2014. Bond counsel is Rubin & Hays; the financial advisor is Hilliard Lyons; and the trustee is U.S. Bank. Staff recommended approval.

Mr. Ed Ross asked if this was the first refunding of the Taxable Build America Bonds by the Commonwealth. Mr. Ryan Barrow replied there have not been refundings of these transactions in the state portfolio for these bonds because the market has kept them from being economically viable. The reason the proposed transaction works in this case is because of an extraordinary call provision which allows an early call if the subsidy payments are cut by the federal government. This is the first University refunding of the Taxable Build America Bonds for the Commonwealth.

Deputy Secretary Kinney asked the Commission members if they had any other questions. Ms. Shannon Tivitt made a motion to approve Resolution **2014-10** that was seconded by Mr. Corey Bellamy. Motion **CARRIED**, and Resolution **2014-10** was **ADOPTED**.

Mr. Ryan Barrow announced that this would be the last meeting for Marcia Adams as the recording secretary and wanted to thank her for all her years of service. Mr. Ross added that she did a terrific

job in all her efforts in keeping track of the many state committee meetings that OFM is involved with. Deputy Secretary Kinney also stated Ms. Adam's service has been greatly appreciated and added Ms. Adams would be staying in the Finance and Administration Cabinet to work on another project.

With no other business, the meeting adjourned.

Respectfully submitted,



Ryan Barrow
Secretary