

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
JUNE 14, 2010

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) was called to order on Monday, June 14, 2010 at 2:00 p.m. in Room 182 of the Capitol Annex by Lori Flanery, Deputy Secretary, Finance and Administration Cabinet as proxy for Jonathan Miller, Secretary, Finance and Administration Cabinet. Other members present were Edmund Sauer, proxy for Governor Steven Beshear, Bill Burger, proxy for Lt. Governor Mongiardo, Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, Mary Lassiter, State Budget Director, Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development, and Bonnie Howell, proxy for Attorney General Jack Conway.

OFM Staff Members Present: Rob Ramsey, Tom Midkiff, Robin Brewer and Marcia Adams.

Other Guests Present: Ryan Green from the Office of the State Budget Director (OSBD), Kristi Culpepper and Samantha Gange from the Legislative Research Commission (LRC) and John Herald from the Kentucky Housing Corporation (KHC).

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

A motion was made by Mr. Ed Ross and seconded by Ms. Bonnie Howell to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the May 19, 2010 meeting were approved as written.

Deputy Secretary Flanery introduced Resolution **2010-18**:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION APPROVING CAPITAL CONSTRUCTION PROJECTS
AUTHORIZED BY THE 2010 EXTRAORDINARY SESSION OF THE
GENERAL ASSEMBLY WHERE SUCH PROJECTS WILL BE
FINANCED BY THE ISSUANCE OF STATE PROPERTY AND
BUILDINGS COMMISSION REVENUE BONDS OR OTHER
AUTHORIZED STATE DEBT-ISSUING AUTHORITIES.**

Ms. Robin Brewer stated that Resolution 2010-18 is to approve the Capital Construction Projects authorized by the 2010 Extraordinary Session of the General Assembly. Such projects will likely be financed by the issuance of State Property and Buildings Commission Revenue Bonds. This Resolution expresses the intent to reimburse the Commonwealth of Kentucky, from a tax prospective, to insure the bonds can be issued to recapture funds for these authorized Capital Construction Projects. Exhibit A lists all the projects covered under this reimbursement resolution. The General Fund projects were approved under H.B. 1, and the Road Fund project was authorized by H.B. 3. This is typical practice for staff to present the Committee with a Reimbursement Resolution after a budget has been enacted. Ms. Lassiter asked why the \$300 million or \$400 million in Road Fund supported bond authorization was not included in this list. Ms. Brewer responded that these transactions will be issued by the State Property and Buildings Commission, while the Road Fund supported bond authorization in question would be issued under the Turnpike Authority of Kentucky. Therefore, a similar reimbursement resolution will be presented to the Turnpike Board at a later time.

Ms. Howell made a motion to approve Resolution **2010-18** that was seconded by Ms. Mary Lassiter. Motion **CARRIED**, and Resolution **2010-18** was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution 2010-19:

A 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 AND REFUNDING VARIOUS PRIOR ISSUES; 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 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 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 FINANCE VARIOUS PROJECTS PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; APPROVING A LEASE OF THE PROJECTS TO THE CABINET 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. (Amended and Restated Bond Resolution)

Ms. Brewer continued with Resolution 2010-19, an Amended and Restated Bond Resolution, for the State Property and Buildings Commission Revenue and Revenue Refunding Bonds Project No. 98 in a not-to-exceed amount of \$175 million. The original bond resolution for this transaction was presented before the Commission at the May 2010 meeting with the not-to-exceed amount of \$85 million. The necessary adjustments are: 1) new money financing of \$22.9 million for the Kentucky Human Resource Information System (KHRIS) project authorized in the 2010 Extraordinary Session of the General Assembly in H.B. 1; and 2) increasing the amount of debt restructuring for Fiscal Year 2011 budgetary relief. During the May presentation, we estimated approximately \$79 million of debt restructuring relief but have increased that now to approximately \$140 million for Fiscal Year 2011. These are the two reasons for bringing this resolution back to the committee for approval.

This transaction is anticipated to sell on June 30, 2010 with a closing date of July 13, 2010, and the final maturity date is August 1, 2021 on the bonds. Bond Counsel is Peck, Shaffer & Williams LLP; Underwriter is Citigroup; Underwriter's Counsel is Frost Brown Todd LLC; and the trustee is U.S. Bank, N.A. This will be a negotiated transaction. Ms. Howell asked when the first debt service will be due. Ms. Brewer answered the Commonwealth may have a debt service interest payment in February of 2011, but the final structure of the transaction won't be determined until pricing. Additionally, this transaction was only financed over 10 years due to the nature of the project being technology and having a relatively short useful life.

Mr. Ross made a motion to approve Resolution 2010-19 that was seconded by Ms. Katie Smith. Motion **CARRIED**, and Resolution 2010-19 was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution 2010-20:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING
CORPORATION OF ITS HOUSING BONDS IN ONE OR MORE
SERIES AND IN ONE OR MORE TAX PLANS.**

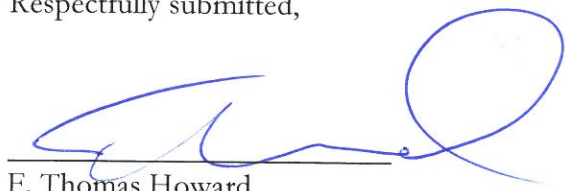
Mr. Tom Midkiff stated that Resolution 2010-20 is a Kentucky Housing Corporation (KHC) transaction of its Single Family Housing Revenue Bonds, 2010 Series C, D, and E, with a not-to-exceed amount of \$90 million. KHC is seeking approval of the transaction for one or more series of bonds with one or more tax plans in the aggregate principal amount not-to-exceed \$90 million for refunding certain prior bonds for economic savings and to maintain favorable tax status. KHC has a total of \$120 million previous authorization left over for new money purposes. The portion KHC is asking for approval today was approved by the KHC Board on May 27, 2010 for the refunding portion. October 2003 was the last time KHC had a refunding. The breakdown is listed as follows: 1) Series C is for \$10 million and Non-AMT; 2) Series D \$46 million AMT; and 3) Series E for \$20 million Non-AMT. Trustee is The Bank of New York Trust Company, N.A., Bond Counsel, Underwriter, and Underwriter's Counsel are still to be determined.

John Herald from KHC added that the refunding will be combined with a \$100 million new money issue for various benefits per tax purposes and in addition, KHC will be able to save 10 basis points on mortgage rates to home owners, compared to a stand alone deal. This transaction is scheduled to sell on July 12th to 13th. Ms. Lassiter asked if the \$100 million had already gone through all the approvals, and Mr. Herald responded affirmatively. Mr. Midkiff confirmed that KHC had prior approval on \$120 million of new money but today was just requesting approval for \$90 million with anticipated usage of only \$76 million.

Ms. Lassiter made a motion to approve Resolution 2010-20 that was seconded by Ms. Smith. Motion **CARRIED**, and Resolution 2010-20 was **ADOPTED**.

Deputy Secretary Flanery asked if there was any other business. With no other business, Ms. Smith made a motion to adjourn.

Respectfully submitted,



F. Thomas Howard
Secretary