

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
SEPTEMBER 10, 2019
11:00 AM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Tuesday, September 10, 2019, at 11:02 a.m. ET in Room 182 of the Capitol Annex by Melinda Hill permanent proxy for William M. Landrum III, Secretary of the Finance and Administration Cabinet (“FAC”) and Executive Director to the Commission. Other members present were Steve Pitt proxy for Governor Matt Bevin; Rebecca Goodman, proxy for Attorney General Andy Beshear; Edgar C. Ross, State Controller, Office of the Controller; and Sara Butler, proxy for Vivek K. Sarin, Interim 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; Billy Aldridge, John Brady, Bethany Couch, Steve Starkweather, and Jennifer Yount.

Other Guests Present: Katherine Halloran, Legislative Research Commission; and Carla Wright, Office of the State Budget Director (“OSBD”).

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

Ms. Hill introduced the first item for business, which was approval of the minutes from the August 21, 2019, meeting. A motion to accept the minutes of the August 21, 2019, meeting was made by Ms. Butler and seconded by Mr. Ross. There being no further discussion, the motion **CARRIED**.

Ms. Hill recognized Bethany Couch to present **Resolution 2019-15**:

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 CERTAIN PROJECTS AND 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 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 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 FINANCE CERTAIN 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.

Ms. Couch presented Resolution 2019-15 for the approval to issue State Property and Buildings Commission Revenue and Revenue Refunding Bonds, Project No. 122 in a principal amount not to exceed \$350 million. Bond proceeds will be used to (i) provide permanent financing for approximately \$175 million General Fund supported capital projects authorized by the General Assembly of the Commonwealth of Kentucky in 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) H.B. 13 (2017 Session), H.B. 200 (2018 Session) and H.B. 268 (2019 Session); (ii) refund certain outstanding SPBC Bonds for present value savings; and, (iii) pay costs of issuance. The project was included in OFM's September submittal to Capital Projects and Bond Oversight Committee scheduled to meet on September 17, 2019. The proposed date of sale is October 9, 2019 and the proposed closing date is October 30, 2019. The anticipated all in true interest cost is 2.674%. This will be a 20-year financing with a final maturity date of November 1, 2039. The method of sale is a negotiated sale. Bond counsel is Kutak Rock LLP, and the underwriter is Citigroup. Staff recommends approval.

Ms. Hill called for a motion to approve Resolution 2019-15. Mr. Ross made a motion and was seconded by Ms. Goodman. The motion **CARRIED** and Resolution 2019-15 was **ADOPTED**.

Ms. Hill recognized Bethany Couch to present **Resolution 2019-16**:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF NORTHERN KENTUCKY UNIVERSITY GENERAL RECEIPTS BONDS, 2019 SERIES A.

Ms. Couch presented Resolution 2019-16 for the approval to issue Northern Kentucky University General Receipt Bonds, 2019 Series A. The approximate principal amount is \$39.575 million. Bond proceeds of the 2019 Series A will be used to (i) finance the projects listed as "Construct/Acquire New Residence Hall 2016-2018, Additional Reauthorize," "Renew Kenton Garage," and "Reconstruct West Side Parking" in H.B. 200 of the 2018 Regular Session of the Kentucky General Assembly; and (ii) pay costs of issuance. The project was included in OFM's September submittal to Capital Projects and Bond Oversight Committee, scheduled to meet on September 17, 2019. The proposed date of sale is October 14, 2019 and the proposed closing date is November 6, 2019. The anticipated all in true interest cost is 2.865%. This will be a 25-year financing with a final maturity date of September 1, 2044. The method of sale is a competitive sale. Bond counsel is Dinsmore & Shohl, and the financial advisor is Hilliard Lyons, A Baird Company. Staff recommends approval.

At the Commission's request, Mr. Barrow was recognized to discuss the advantages of a 25-year issuance. Traditionally the Finance Cabinet structures debt with 20-year level debt service with variants for specific projects. It has been the practice of the Cabinet on a case-by-case basis to allow these types of alterations. Universities have also used an extended term for specific revenue streams, specific projects, and specific restricted fund paid debt services. OFM and NKU discussed the need for a change in the term with OSBD and the Secretary's Office; and both are comfortable with this variance for the residence hall. Some additional discussion followed with Ms. Butler.

There being no further discussion, Ms. Hill called for a motion to approve Resolution **2019-16**. Mr. Pitt made a motion and was seconded by Ms. Butler. The motion **CARRIED** and Resolution **2019-16** was **ADOPTED**.

Ms. Hill called for Other Business for the Commission.

With no further business before the Commission, Ms. Hill asked for a motion to adjourn. Mr. Ross made a motion, and was seconded by Mr. Pitt. Motion **CARRIED** and the meeting adjourned at 11:11 a.m.

Respectfully submitted,



Ryan Barrow
Secretary

