

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
JANUARY 9, 2017

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Monday, January 9, 2017 at 3:30 p.m. ET in Room 182 of the Capitol Annex by William M. Landrum III, Secretary of the Finance and Administration Cabinet (“FAC”) and Executive Director to the Commission. The Secretary asked for a roll call. Other members present were Scott Brinkman, permanent proxy for Governor Matt Bevin; Edgar C. Ross, State Controller, Office of the Controller; John E. Chilton, State Budget Director, Office of the State Budget Director (“OSBD”); Terry Gill, Secretary for the Cabinet for Economic Development (“CED”); Holly McCoy-Johnson, permanent proxy for Attorney General Andy Beshear; and Adrienne Southworth, proxy for Lt. Governor Jenean Hampton.

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, Liz Columbia, Bethany Couch, Steve Starkweather, Denise Pitts and Tammy McCall.

Other Guests Present: Katie Smith, CED; Janice Tomes, OSBD; and Carla Wright, OSBD.

Secretary Landrum verified that a quorum was present and that the press was notified of the meeting.

Secretary Landrum introduced the first item for business, which was approval of the minutes from the December 12, 2016 meeting. A motion to accept the minutes of the December 12, 2016 meeting was made by Director Chilton and seconded by Ms. Southworth. Motion **CARRIED**.

Secretary Landrum directed the Commission to Resolution **2017-01**:

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; 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 STATE AGENCY FOR REVENUE BONDS TO FINANCE A PROJECT PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; APPROVING A LEASE OF THE PROJECT TO THE KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM 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. Columbia presented Resolution 2017-01 for the approval to issue State Property and Buildings Commission Agency Fund Revenue Bonds, Project No. 116, in a principal amount not to exceed \$97 million. The purpose of the issue is to: 1) provide permanent financing for \$95,250,000, or a portion of, the remaining agency fund bond authorization, commonly and collectively referred to as the BuildSmart project, on behalf of the Kentucky Community and Technical College System ("KCTCS"), as authorized in House Bill 235 (2014 Regular Session); and 2) pay costs of issuance. The list of projects expected to be financed from this transaction was detailed in the meeting packet under Exhibit A.

Ms. Columbia explained that the Budget Act approved the issuance of Agency Fund supported Commission bonds in an amount of up to \$145.5 million, for the purpose of financing sixteen discrete projects at various KCTCS campuses. The total scope of the initiative is \$194 million, with 75% being Agency Fund supported bonds (\$145.5 million) and the remaining 25% (\$48.5 million) coming from private sources raised by the State Agency. The first tranche of the initiative was approved by the Commission last year under SPBC Project No. 114 and generated in construction funds \$50,250,000 of the authorized amount. The full remaining authorization is being requested at this meeting to allow maximum flexibility should the System's needs change, although at this time the plan is to finance \$60 million leaving \$35.250 million for the last and final tranche.

The project was included on OFM's January submittal to Capital Projects and Bond Oversight Committee; however, no action was taken by the Committee because the January 2017 meeting was cancelled. In a letter to the Committee dated January 9, 2017, Secretary Landrum gave his decision to proceed with the bond issue. This will be a tax-exempt negotiated sale, currently scheduled for March 27, 2017. Staff recommended approval.

Secretary Landrum asked how KCTCS was going to pay for their portion of the debt issuance. Ms. Columbia replied that the Budget Act authorized the State Agency to establish a mandatory student fee per credit hour and apply that fee to pay the debt service on the bonds. KCTCS's Board of Regents passed the Mandatory Student Fee Resolution dated December 5, 2014, which authorized the assessment and collection of a mandatory student fee in the amount of \$4.00 per credit hour in fiscal year 2015; in the amount of \$8.00 per credit hour in fiscal year 2016, and during each fiscal year thereafter until such time as the Bonds have been retired.

Secretary Landrum called for a motion to approve Resolution **2017-01**. Secretary Brinkman made a motion and was seconded by Director Chilton. Motion **CARRIED** and Resolution **2017-01** was **ADOPTED**.

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With no further business before the Commission, Secretary called for a motion to adjourn. Mr. Ross made a motion to adjourn and was seconded by Ms. Southworth. Motion carried and the meeting adjourned at 3:41 pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Barrow", is written over a horizontal line.

Ryan Barrow
Secretary