

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
OCTOBER 20, 2015

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Tuesday, October 20, 2015 at 9:00 a.m. ET in Room 182 of the Capitol Annex by Lori Flanery, Secretary of the Finance and Administration Cabinet (“FAC”) and Executive Director to the Commission. Other members present were Mary Lassiter, proxy for Governor Steve Beshear; Edgar C Ross, State Controller, Office of the Controller; Jane Driskell, State Budget Director; Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development (“CED”); Phil Huddleston, proxy for Lt. Governor Crit Luallen; and Corey Bellamy, proxy for Attorney General Jack Conway.

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, Denise Pitts, Steve Starkweather and Tammy McCall.

Other Guests Present: Katherine Halloran, Legislative Research Commission; Carla Wright, Office of the State Budget Director; and Jeff Schnobrich, Legislative Research Commission.

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. Phil Huddleston and seconded by Mr. Corey Bellamy to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the September 10, 2015 meeting were **APPROVED**.

Secretary Flanery acknowledged Mr. Steve Starkweather for his introduction of Resolution **2015-24**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION APPROVING CAPITAL CONSTRUCTION PROJECTS
AUTHORIZED BY THE 2015 REGULAR 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.**

Mr. Starkweather stated Resolution 2015-24 was a reimbursement resolution for the project authorized by HB 298 from the Regular Session of the 2015 General Assembly. The bill authorized and appropriated \$132.5 million bond funds and \$132.5 million in restricted funds for the construction of a Research Building at the University of Kentucky. Staff recommended approval. Ms. Katie Smith brought to the Commission’s attention that the resolution in the board materials was identified as 2016-24 instead of 2015-24. The resolution was corrected.

Secretary Flanery called for a motion to approve Resolution **2015-24**. Ms. Jane Driskell made a motion, and was seconded by Secretary Mary Lassiter. There being no discussion, the motion **CARRIED** and Resolution **2015-24** was **ADOPTED**.

Ms. Liz Columbia introduced Resolution **2015-25**:

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 VARIOUS 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 VARIOUS PROJECTS AND REFUND PRIOR BONDS 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. Columbia stated Resolution 2015-25 was for approval of State Property and Buildings Commission Revenue and Revenue Refunding Bonds, Project 110. She noted that this resolution and the next resolution before the Commission for SPBC, Project 111, were represented on the same new bond issue report. Initially, OFM considered combining the general fund supported credit and the road fund supported credit into one OS. Bond counsel recommended to proceed with two different transactions because they were viewed as two separate credits. The purpose of the bond issuance is to provide permanent financing for approximately \$120 million of authorized General Fund supported capital projects and to refund certain outstanding bonds of the Kentucky Infrastructure Authority for a total amount not to exceed \$129 million. Proceeds will be used to cover the cost of the project, to refund certain outstanding bonds, and to pay costs of issuing the bonds. Upon favorable consideration of the Commission, the project was presented to the Capital Projects and Bond Oversight Committee that afternoon. This will be a tax-exempt negotiated sale, scheduled for November 18-19, 2015, executed by Citigroup. Bond Counsel is Dinsmore & Shohl, LLP. This will be a 20-year financing with a final maturity date of August 1, 2035 and an estimated TIC of 3.51%. Staff recommended approval.

Secretary Flanery called for a motion to approve. Mr. Ed Ross made a motion to approve Resolution **2015-25**, and was seconded by Mr. Corey Bellamy. There being no discussion, the motion **CARRIED** and Resolution **2015-25** was **ADOPTED**.

Ms. Columbia continued by introducing Resolution **2015-26**:

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 TRANSPORTATION CABINET OF THE COMMONWEALTH OF KENTUCKY FOR REVENUE BONDS TO FINANCE THE PROJECT PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; APPROVING A LEASE OF THE PROJECT TO THE TRANSPORTATION 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. Columbia stated Resolution 2015-26 was for the approval of State Property and Buildings Commission Road Fund Revenue Bonds, Project 111. The purpose of this bond issuance is to provide permanent financing for \$5 million Road Fund supported capital project authorized by the General Assembly in HB 235 (2014 Session). Proceeds will be used to cover the cost of the project and to pay costs of issuing the bonds. Upon favorable consideration of the Commission, the project was presented to the Capital Projects and Bond Oversight Committee that afternoon. This will be a tax-exempt negotiated sale, currently scheduled for November 18-19, 2015, and executed by Citigroup. Bond Counsel is Dinsmore & Shohl, LLP. This will be a 20-year financing with a final maturity date of November 1, 2035 and an estimated TIC of 3.48%. Staff recommended approval.

Secretary Flanery called for a motion to approve. Secretary Mary Lassiter made a motion to approve Resolution **2015-26**, and was seconded by Mr. Phil Huddleston. There being no discussion, the motion **CARRIED** and Resolution **2015-26** was **ADOPTED**.

Secretary Flanery recognized Mr. John Brady for his introduction of Resolution **2015-27**. She also noted that Agenda Item No. 6 listed the incorrect attachment number and reassured the Commission that any issues between the agenda and the resolution numbers would be corrected.

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING
CORPORATION OF ITS TAX-EXEMPT MULTIFAMILY HOUSING
REVENUE BONDS IN ONE OR MORE SERIES IN AN AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000.**

Mr. John Brady stated that the Kentucky Housing Corporation (KHC) was seeking approval to issue KHC Tax-exempt Conduit Multifamily Housing Revenue Bonds Series 2015A in an amount not to exceed \$15 million for the Volunteer Management and Development Portfolio project. Proceeds from the bonds will be used to finance the acquisition, rehabilitation and equipping of 196 units scattered throughout eight different properties in Graves County, Hickman County and Carlisle County. The project was approved by the Kentucky Housing Corporation Board on May 28, 2015, and would be presented to the Capital Project and Bond Oversight Committee that afternoon. The proposed date of sale and issuance is set for December 2015. The anticipated net proceeds from the bonds are \$15 million; the estimated cost of issuance is \$220,150; and, the anticipated rating from S&P is A-1+. The method of sale is a public offering. The developer is Volunteer Management Company; Bond Counsel is Dinsmore & Shohl, LLP; Underwriter is Raymond James & Associates; and Underwriter's Counsel is Eichner Norris & Neumann, PLLC. Staff recommended approval.

Secretary Flanery called for a motion to approve. Secretary Mary Lassiter made a motion to approve Resolution **2015-27**, and was seconded by Ms. Katie Smith. There being no discussion, the motion **CARRIED** and Resolution **2015-27** was **ADOPTED**.

With no further business before the Commission, Secretary Flanery called for a motion to adjourn. A motion was made by Ms. Katie Smith. The meeting stands adjourned.

Respectfully submitted,



Ryan Barrow
Secretary