

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
NOVEMBER 13, 2014

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday, November 13, 2014 at 1:00 p.m. ET in Room 182 of the Capitol Annex by Lori Flanery, Secretary, Finance and Administration Cabinet and Executive Director to the Commission. Other members present were Mike Bartlett, proxy for Governor Steven Beshear; Edgar C. Ross, State Controller, Office of the Controller; Corey Bellamy, proxy for Attorney General Jack Conway; Jane Driskell, State Budget Director; and Rachael Dever, proxy for Larry Hayes, Secretary, Cabinet for Economic Development.

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, Tom Midkiff, Steve Starkweather, John Brady, Liz Columbia and Tammy McCall.

Other Guests Present: Katherine Halloran from the Legislative Research Commission; Jim Statler, CFO & Deputy Executive Director-Finance and Investment from Kentucky Housing Corporation; Susan Cottingham, Financial Analyst from Kentucky Housing Corporation; and John Egan from Frost, Brown & Todd, LLC.

Secretary Flanery 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, a motion was made by Mr. Mike Bartlett and seconded by Ms. Jane Driskell to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the September 10, 2014 meeting were approved.

Secretary Flanery introduced Mr. Tom Midkiff for his introduction of Resolution **2014-14**:

**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.**

Mr. Midkiff stated that Resolution 2014-14 was to approve Kentucky Housing Corporation (“KHC”) Single Family Housing Revenue Bonds 2014 Series B in an aggregate principal amount not-to-exceed \$35,000,000 to refund certain prior bonds for economic savings. The KHC Board approved the project on August 28, 2014 and the project will be presented to the Capital Projects and Bond Oversight Committee on November 18, 2014. The proposed closing date of the sale is December 4, 2014. The initial settlement date for the issuance is December 18, 2014. The expected rating from Moody’s and S&P is Aaa/AAA. The bonds will have an estimated True Interest Cost of 3.79%, which includes the costs of issuance estimated at \$165,000 and the underwriter’s discount estimated at \$210,000. The actual costs of issuance and underwriter’s discount may be paid from

other funds. There is no debt service reserve on this project. The first optional call date is January 1, 2024 and the final maturity date is July 1, 2036. The method of sale will be negotiated. Bond Counsel is Kutak Rock, LLP; Underwriter is Citi; Underwriter's Counsel is Dinsmore & Shohl, LLP; and the Trustee is The Bank of New York Trust Company, N.A. The bonds to be refunded have a weighted average coupon of 3.30% and a weighted average maturity of 12.33 years. The savings associated with this project is estimated at \$2,071,629 and the estimated net present value savings is \$1,693,719 or 5.6%, which is estimated at a PSA Prepayment Speed of 200. Staff recommended approval. Ms. Susan Cottingham and Mr. James Statler from the Kentucky Housing Corporation were recognized and were there to answer any questions if needed.

Secretary Flanery asked the Commission members if they had any questions. There being none, Ms. Jane Driskell made a motion to approve Resolution **2014-14**. It was seconded by Ms. Rachael Dever. The motion **CARRIED** and Resolution **2014-14** was **ADOPTED**.

Secretary Flanery introduced Ms. Sandy Williams for her introduction of Resolution **2014-15**:

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 VARIOUS PROJECTS AND REFUNDING VARIOUS PRIOR BONDS AND NOTES; 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 AND NOTES 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. Williams presented Resolution 2014-15 to the Commission for the approval to issue State Property and Buildings Commission Revenue Bonds, Project No. 108 Series A, and Revenue Refunding Bonds, Project No. 108 Series B, in a principal amount not to exceed \$430,000,000. The proposal was to issue fixed-rate serial bonds in two series to 1) provide permanent financing for approximately \$150 million of projects authorized by the General Assembly in H.B. 380 and H.B.

557 (2006 Session), H.B. 406, H.B. 410, H.B. 514 and H.B. 608 (2008 Session), H.B. 1 (2010 Special Session), H.B.265 (2012 Session) and H.B. 235 (2014 Session); 2) refund certain SPBC Bonds and Kentucky Asset/Liability Commission Notes for present value savings; and 3) pay costs of issuance. The transaction will be issued on a tax-exempt basis.

The proposed date of sale is December 10, 2014 and the proposed closing date is December 23, 2014. Ratings from Moody's, S&P, and Fitch are yet to be determined. The anticipated All-In True Interest Cost is 2.75% with a first call date of August 1, 2025 and a final maturity of August 1, 2034. The anticipated average annual debt service is \$28,493,984, and preliminary total debt service is approximately \$558,640,377 with an estimated average life of 8.7 years. The par amount of the refunded bonds is \$277,575,000; and will produce an estimated net present value savings of \$25,299,049 for a 9.11% savings. The method of sale is negotiated with Peck, Shaffer, and Williams, a division of Dinsmore & Shohl, LLP as Bond Counsel; Citi as Underwriter; Underwriter's Counsel is Stites & Harbison; and the Trustee is yet to be determined. Staff recommended approval.

Ms. Jane Driskell noted there was a listing of all projects to be included in the issuance found in Exhibit B to the Resolution upon which she found to be very helpful.

Secretary Flanery asked the Commission members if they had any questions. There being none, Ms. Jane Driskell made a motion to approve Resolution **2014-15**. It was seconded by Mr. Mike Bartlett. The motion **CARRIED** and Resolution **2014-15** was **ADOPTED**.

With no further business before the Commission, a motion was made by Mr. Mike Bartlett to adjourn the meeting. It was seconded by Ms. Rachael Dever. Motion **CARRIED**.

Respectfully submitted,



Ryan Barrow
Secretary

