

## SPECIAL MEETING

### STATE PROPERTIES COMMITTEE

Wednesday, June 8, 2005

A Special Meeting of the State Properties Committee was called to order at 4:00 P.M. by Chairman Jerome F. Williams. Other members present were Richard Woolley, Esquire, representing the Department of Attorney General, Mr. Robert Griffith, representing the Department of Administration, and Mr. Robert Kay, Public Member. Also in attendance were Mr. Robert Brunelle, from the Department of Administration; Ms. Olivia O'Neill; Ms. Maureen Gurghigian, from First Southwest Co.; Gail Valuk, Esquire, from the Supreme Court; and, Mr. Thomas Barry.

This Special Meeting was called for by the Department of Administration for the request of the Department for approval of financing documents for the new Training School and the new Traffic Tribunal.

Two Resolutions were passed to the Committee Members, Series A and Series B. Series A relates to the Training School and Series B relates to the Traffic Tribunal. The Chair stated that the Department had discussed the financing at the State Properties Committee meeting held yesterday, June 7.

Ms. Maureen Gurghigian, gave an overview of the Resolutions that the Committee is being asked to approve. The two Resolutions, Series A and Series B are exactly the same except for two items. The maximum amount for each one is directly tied to the Public Law that was adopted by the General Assembly setting forth the maximum borrowing for each project. The project description for each project was discussed at the State Properties Committee meeting of June 7, and Ms. Valuk, from the Courts, and Mr. Williams and Mr. Brunelle could answer questions regarding the Training School.

What the Resolutions do, is to authorize the State to enter into the financing Lease and issue lease participation certificates, for the financing. A Trustee is established for the certificate holders or (bond holders), who are actually loaning the money for the project. The Resolution also authorizes the Director, Purchasing Agent and Chairman of the Committee to enter into any documents necessary to effect the financing. The rates are attractive at this point and it is a very constructive financing vehicle. It is a very effective economic vehicle and has the further virtue of being able to finance Capitol Projects without issuing debt within the meaning of the state legislative definition. It is in a sense self-amortizing as well and it is the Lease payments under the Lease that go to the debt service on the certificates. A maximum rate is set in the Resolutions of six (6%) percent, although in the current market it is expected to be below 4 ½%. The intent is that once the Lease is approved, to mail the Preliminary Official Statement, which is the information provided to the investors, and to try to price these next week. There is an anticipated closing of the fourth week in June. Proceeds will be available at that time.

Discussion took place about premium types of certificates.

Mr. Griffith inquired, regarding Series A, if this is just the funding for the construction of the two facilities at the Pastore Center, and whether it includes the community facilities. The Chair responded, yes, this is for the two primary facilities at Pastore Complex. Mr. Kay inquired if that would change any status of the bond rating of the whole project, Series A and Series B. Series A and B are both supported by the same credit strength, which is the appropriation of the state, so they would have the same underlying rating and will price exactly the same. Mr. Williams stated that payment of the certificates are subject to annual appropriation.

Mr. Woolley commented that it was his understanding that this was not the first time that the State Properties Committee approved this-- at least the Kent County Courthouse. Other projects financed this way included the Center General, (the Department of Labor and Training) but the most recent is the Kent County Courthouse. This is a financing mechanism that has been used in the past and at very attractive rates now.

Mr. Barry asked if someone from the state looked at all the documents and approved this. Ms. Olivia O'Neill, from Holland and Knight, is acting as the state's Bond Counsel for this transaction. She stated they have prepared the documents and reviewed them on an ongoing basis. She explained that in a few weeks when the COPs are sold and proceeds received, they will issue an opinion to the effect that they are legal, valid and binding and that they have been validly issued under state law. Discussion took place.

A Motion was made by Mr. Griffith and seconded by Mr. Kay to approve Series A in the form and format that has been distributed to the Committee.

Passed Unanimously

A Motion was made by Mr. Griffith and seconded by Mr. Woolley to approve Series B in the form and format that has been distributed to the Committee.

Passed Unanimously

There being no further matters to come before the meeting, the meeting adjourned at 4:20 P.M.

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Anne L. Lanni