

**THE BOARD OF THE KENTUCKY COMMUNICATIONS
NETWORK AUTHORITY**

MINUTES OF THE SPECIAL MEETING

June 10, 2019

Call to Order and Roll Call

The Board of the Kentucky Communications Network Authority (“Board” and “KCNA”) held a special meeting on Monday, June 10, 2019, at 4:04 p.m. EDT in Room 110 of the Capitol. Secretary Scott Brinkman, Chair, called the meeting to order and the roll was called.

Present were:

Members: Scott Brinkman, Secretary of the Governor’s Executive Cabinet and Chair of the Board; Sandy Dunahoo, Commissioner of the Department of Local Government; John Chilton, State Budget Director; Heather Wagers, Justice and Public Safety Cabinet (designee); Katie Smith, Economic Development Cabinet (designee); Lonnie Lawson, President and CEO, The Center for Rural Development; and Greg Thomas, Secretary of the Kentucky Transportation Cabinet.

Secretary Brinkman verified that a quorum was present and that the press had been notified of the meeting.

Consideration of Resolution Concerning Issuance of Bonds

Secretary Brinkman said that the 2018 General Assembly authorized KCNA to borrow up to \$110,000,000 primarily to pay the direct loss and schedule relief claims asserted by the contractor of the KentuckyWired project. KCNA issued a Request for Proposals for a financial adviser and bond underwriters and KCNA awarded contracts to a financial adviser and three (3) bond underwriters. KCNA worked with the financial adviser to review several financing options and upon advice of the financial adviser determined that a direct sale of bonds to Bank of America/Morgan Stanley was the most favorable option. The sale would allow KCNA to obtain \$110,000,000 in bond proceeds and to fund the costs of issuance of the bonds. Sec. Brinkman invited Tom Howard, a principal with the financial adviser, Commonwealth Economics, to explain the proposed bond sale.

Mr. Howard stated that Commonwealth Economics worked with Public Resources Advisory Group to review the options. The proposed private sale fully funds the \$110,000,000 authorized by the General Assembly. The other options would have required debt service reserve and capitalized interest funds. In addition, the direct sale was at an interest rate of approximately 4%, which is favorable given the current interest rate environment. This proposed direct sale is similar to other direct sales by the Commonwealth, namely for KCTCS and Eastern State Hospital.

Mr. Chilton asked for a timeline for the sale. Mr. Howard stated it would be much faster than a public sale. The sale should close within two (2) weeks of receiving the rating by Moody's. Sec. Brinkman stated that closing soon meets the demands of the current construction schedule for the project and meets KCNA's needs for funding the settlement and other contingencies.

Secretary Thomas moved that the resolution be approved. Mr. Lawson seconded the motion. Secretary Brinkman asked if there were any questions and seeing none, he called for a vote. The motion passed unanimously.

There being no other business, Secretary Brinkman asked if there were a motion to adjourn. Ms. Smith moved to adjourn the meeting and Mr. Chilton seconded the motion. The motion passed unanimously and the meeting adjourned at 4:14 p.m. EDT.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott Brinkman". The signature is fluid and cursive, with the first name "Scott" written in a larger, more prominent script than the last name "Brinkman".

Secretary Scott Brinkman, Chair
Kentucky Communications Network Authority