



Kelley Drye Closes Fourth Military Family Housing Privatization Transaction for Client Actus Lend Lease

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Kelley Drye's Real Estate Practice Group completed the two-step closing of the privatization of military family housing on the United States Army Base at Fort Knox, Kentucky for client Actus Lend Lease LLC. This transaction was the fourth military family housing privatization transaction that Kelley Drye has closed for Actus.

Knox Hills LLC, a joint-venture limited liability company formed by Actus and the United States Army, became the leasehold owner of the family housing areas on Fort Knox under a 50 year ground lease. In connection with the Operational Closing, affiliates of Actus Lend Lease were engaged by Knox Hills to take over the day-to-day operation of the almost 3,000 homes which comprise the project. In addition, arrangements were made with the Army for the sustainability of the project for the duration of the term of the ground lease, including the provision of necessary municipal services by the Army and attention to historic preservation guidelines for the almost 150 historic homes included in the project. Knox Hills obtained a short-term bridge loan from Bank of America, N.A. to provide additional liquidity until long-term and construction financing could be arranged.

In connection with the Financial Closing of the privatization transaction, Knox Hills LLC obtained approximately \$178M of construction and long term financing for the project from Bank of America, N.A. The financing was credit enhanced by Ambac Assurance Corporation via a debt service reserve surety bond and a financial guaranty insurance policy, both of which were instrumental in bringing the S&P rating of the underlying notes to "AAA". The debt has a final maturity date in 2052 and includes a \$42M floating rate tranche that is subject to an unusual 45 year interest rate swap. Actus was engaged by Knox Hills to serve as the design and builder of the project. During the initial eight years of the project, it is anticipated that 850 new homes will be constructed, approximately 1,250 existing homes will be substantially renovated and three new community centers will be constructed.