

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
NOVEMBER 3, 2016

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday, November 3, 2016 at 3:01 p.m. ET in Room 182 of the Capitol Annex by William M. Landrum III, Secretary of the Finance and Administration Cabinet (“FAC”) and Executive Director to the Commission. The Secretary asked for a roll call. Other members present were Lt. Governor Jenean Hampton; Secretary Scott Brinkman, permanent proxy for Governor Matt Bevin; Edgar C. Ross, State Controller, Office of the Controller; John E. Chilton, State Budget Director, Office of the State Budget Director; Katie Smith, proxy for Acting Secretary Erik Dunnigan, Cabinet for Economic Development (“CED”); and Holly McCoy-Johnson, permanent proxy for Attorney General Andy Beshear.

The Office of Financial Management (“OFM”) Staff Members Present: Ryan Barrow, Executive Director of OFM and Secretary to the Commission; John Brady, Liz Columbia, Bethany Couch, Steve Starkweather, Denise Pitts and Tammy McCall.

Other Guests Present: Adrienne Southworth, Office of the Lieutenant Governor; Micah LeMaster, Office of the Lieutenant Governor; Jeremy Ratliff, Kentucky Housing Corporation (“KHC”); Tom Midkiff, KHC; Mike Herrington, Sites & Harbison; Mike Hynes, The Housing Partnership; and Bobby Vice, Vice Cox and Townsend.

Secretary Landrum verified that a quorum was present and that the press was notified of the meeting.

Secretary Landrum introduced the first item for business, which was approval of the minutes from the October 13, 2016 meeting. A motion to accept the minutes of the October 13, 2016 meeting was made by Ms. Smith and seconded by Director Chilton. Motion **CARRIED**.

Secretary Landrum directed the Commission to Resolution **2016-37**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION OF THE SECRETARY OF THE CABINET FOR ECONOMIC DEVELOPMENT TO IDENTIFY AND SPECIFY CERTAIN ECONOMIC DEVELOPMENT PROJECTS TO BE FINANCED FROM THE PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS TO BE ISSUED BY THE COMMISSION TO MAKE A GRANT TO THE CITY OF MIDWAY FOR THE BENEFIT OF LAKESHORE EQUIPMENT COMPANY dba LAKESHORE LEARNING MATERIALS. (LAKESHORE) FOR \$1,350,000.

Ms. Smith presented Resolution 2016-37 for the approval to issue Economic Development Revenue Bonds to make a grant in the amount of \$1,350,000 to the City of Midway for the benefit of Lakeshore Equipment Company d/b/a Lakeshore Learning Materials “Lakeshore”. Lakeshore is the leading U.S. developer of educational materials and classroom furniture and supplies. The company has selected Midway for its new assembly, distribution and storage facility. The proposed EDB grant

funds will be used to extend gas service to the company and any future tenants of the industrial park including, but not limited to, Brown-Forman Corporation and American Howa Kentucky, Inc. The company will be required to make an investment and create 262 new, full-time Kentucky resident jobs paying an average hourly wage of \$19.00, including benefits. Disbursement of grant funds will occur after the annual compliance reporting has occurred and the amount of disbursement payments will be based on the performance requirements achieved. KEDFA approved the project at its meeting on October 27, 2016, and it will be presented to the Capital Projects and Bond Oversight Committee ("CPBOC") on November 15, 2016. Staff recommended approval. Secretary Landrum asked about the job reduction provision. Ms. Smith confirmed that the created jobs would need to be maintained from 2018 through 2021.

There being no further discussion, Secretary Landrum called for a motion to approve Resolution **2016-37**. Director Chilton made a motion and was seconded by Ms. McCoy-Johnson. Motion **CARRIED** and Resolution **2016-37** was **ADOPTED**.

Secretary Landrum directed the Commission to Resolution **2016-38**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY OF ITS HOSPITAL REVENUE AND REFUNDING BONDS, SERIES 2016C (BAPTIST HEALTHCARE SYSTEM OBLIGATED GROUP) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$445,000,000.

Ms. Smith presented Resolution 2016-38 for the approval to issue Kentucky Economic Development Finance Authority ("KEDFA") Hospital Revenue and Refunding Bonds, Series 2016C, in a principal amount not to exceed \$445,000,000 for the benefit of the Baptist Healthcare System Obligated Group. Proceeds of the bonds will be used to finance various Baptist Healthcare System projects throughout Kentucky and to partially refund the KEDFA Hospital Revenue Bonds, Series 2009A. Local resolutions have been adopted by each of the communities requesting KEDFA to issue the bonds. A public hearing was held on October 27, 2016 and no public comments were received. If financing is approved, KEDFA will serve only as the conduit issuer. The bonds will not be a general obligation of KEDFA, and KEDFA will not be obligated to pay principal or interest on the bonds. KEDFA approved the project at its meeting on October 27, 2016, and it will be presented to CPBOC on November 15, 2016. Staff recommended approval. Ms. Smith noted that the proposed December dates of sale and issuance in the meeting packet had been changed to June 2017 due to the acquisition of a hospital in New Albany, Indiana. No changes are anticipated. If there are any changes to what is approved at this meeting, the transaction will have to go back through the approval process for amendments.

After a brief discussion, Secretary Landrum called for a motion to approve **Resolution 2016-38**. Secretary Brinkman made a motion and was seconded by Mr. Ross. There being no further discussion, the motion **CARRIED** and Resolution 2016-38 was **ADOPTED**.

Secretary Landrum directed the Commission to Resolution **2016-39**:

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. Brady presented Resolution 2016-39 for the approval to issue KHC Single Family Housing Revenue Bonds 2016 Series B in an amount not to exceed \$45,000,000. The purpose of this issue is to refund certain prior bonds for economic savings. The transaction was approved by the KHC Board of Directors on October 27, 2016, and will be presented to CPBOC on November 15, 2016. Staff recommended approval.

Secretary Landrum called for a motion to approve Resolution **2016-39**. Ms. McCoy-Johnson made a motion and seconded by Director Chilton. Motion **CARRIED** and Resolution **2016-39** was **ADOPTED**.

Secretary Landrum directed the Commission to Resolution **2016-40**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE INCURRENCE OF TAX-EXEMPT INDEBTEDNESS BY THE KENTUCKY HOUSING CORPORATION IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$17,500,000.

Mr. Brady presented Resolution 2016-40 for the approval to issue KHC Tax-Exempt Conduit Multifamily Housing Revenue Notes, Series 2016, in an amount not to exceed \$17,500,000 for The Healing Place Project. Proceeds of the notes will be used to finance the construction and equipping of a 176-unit property located at 1020 and 1030 W. Market Street, in Louisville, Kentucky. This transaction was approved by KHC's Board of Directors in May, 2014 and will be presented to CPBOC on November 15, 2016. Staff recommended approval.

Secretary Landrum called for a motion to approve Resolution **2016-40**. Mr. Ross made a motion and seconded by Secretary Brinkman. Motion **CARRIED** and Resolution **2016-40** was **ADOPTED**.

Secretary Landrum directed the Commission to Resolution **2016-41**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF UNIVERSITY OF LOUISVILLE GENERAL RECEIPTS BONDS AND GENERAL RECEIPTS REFUNDING BONDS, 2016 SERIES D AND E, IN ONE OR MORE SERIES OR SUBSERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$91,150,000.

Mr. Starkweather presented Resolution 2016-41 for the approval to issue Louisville General Receipts Bonds and General Receipts Refunding Bonds, 2016 Series D and E, in one or more series or subseries, in an aggregate principal amount not to exceed \$91,150,000. The 2016 Series D and E are new money transactions which will be used to finance the Expand Papa John's Stadium/Football Complex Project as authorized in HB 303 of the 2016 Regular Session of the Kentucky General Assembly and pay associated costs of issuance. The 2016 Series D is a tax-exempt issuance which will have an approximate par amount of \$46.885 million. The 2016 Series E is a taxable issuance which will have an approximate par amount of \$5.515 million. Mr. Starkweather explained the reason for the taxable issuance component was because of tax analysis performed by bond counsel. The 2016 Series F issuance will advance refund certain outstanding Louisville/Jefferson County Metro Government Mortgage Revenue and Revenue Refunding and Improvement Series 2008A and 2008B bonds which financed the University of Louisville Papa John's Cardinal Stadium Project. The transaction has been submitted to CPBOC for approval at the November 15, 2016, meeting. Staff recommended approval. Secretary Landrum asked if the University of Louisville's Board of Directors approved the request. Mr. Starkweather confirmed it was reviewed and approved by the current Board on October 13, 2016, and Bond Counsel was comfortable with the Board's approval. Mr. Ross asked and Mr. Starkweather answered a question regarding the refunding of the Louisville/Jefferson County Metro Government bonds. Mr. Starkweather answered a question from Ms. Smith regarding the tax analysis of the bonds.

There being no further discussion, Secretary Landrum called for a motion to approve Resolution 2016-41. Secretary Brinkman made a motion and seconded by Mr. Ross. Motion **CARRIED** and Resolution 2016-41 was **ADOPTED**.

With no further business before the Commission, Director Chilton made a motion to adjourn and was seconded by Ms. Smith. Motion carried and the meeting adjourned at 3:20 pm.

Respectfully submitted,



Ryan Barrow
Secretary