

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
JULY 10, 2014

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday, July 10, 2014 at 11:00 a.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; Larry Clarke, proxy for Attorney General Jack Conway; Jane Driskell, State Budget Director; and Katie Smith, 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, Robin Brewer, Tom Midkiff, Steve Starkweather, John Brady, Brian Caldwell and Tammy McCall.

Other Guests Present: Katherine Halloran from the Legislative Research Commission and Eugene Harrell from the Office of the State Treasury.

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. Ed Ross and seconded by Ms. Katie Smith to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the June 13, 2014 meeting were approved.

Secretary Flanery introduced Ms. Katie Smith for her introduction of Resolution **2014-11**:

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 INTERMODAL TRANSPORTATION AUTHORITY, INC. FOR THE BENEFIT OF BILSTEIN COLD ROLLED STEEL LP (BILSTEIN) FOR \$1,000,000.

Ms. Smith stated that the Cabinet for Economic Development (“CED”) recommended the use of \$1,000,000 in Economic Development Bond (“EDB”) funds for the purpose of making a grant to the Intermodal Transportation Authority, Inc. for the benefit of Bilstein Cold Rolled Steel LP (Bilstein). Bilstein is a newly organized partnership associated with the Bilstein family of businesses that was founded in 1911 in Hagen, Germany. The company is considering establishing its first U.S. manufacturing location in Bowling Green. The 150,000 square foot facility would provide cold rolled

and annealed steel production services to the automotive industry and the saw and tooling industry. The proposed EDB grant funds will be used to offset the cost associated with this project.

In consideration of the EDB grant, Bilstein will be required to create 50 new, full-time Kentucky resident jobs in Warren County by January 1, 2021, increasing to 75 jobs on the measurement dates of January 1, 2022, 2023 and 2024, and reaching 90 jobs by January 1, 2025. Bilstein will be required to pay the new jobs an average hourly wage of not less than \$21.00, including benefits. If Bilstein fails to create or maintain the required new, full-time jobs, then Bilstein will be required to pay to the Inter-Modal Transportation Authority, Inc. the sum of \$2,740 for each new, full-time job not created or maintained by the company at each of the five annual measurement dates. Furthermore, if Bilstein fails to pay the average hourly wage of \$21.00, including benefits, it will be required to pay to the Inter-Modal Transportation Authority, Inc. a pro rata portion of the EDB grant based on a formula outlined in the EDB grant agreement. If the company closes, shuts down or ceases operation at any time during the term of the EDB grant agreement, then the entire amount of the grant will be due and payable to the Inter-Modal Transportation Authority, Inc. Bilstein will be required to provide a letter of credit or other form of collateral satisfactory to the Cabinet as security for the repayment of EDB grant proceeds to the Inter-Modal Transportation Authority, Inc. The project was recommended by CED Secretary Larry Hayes and was approved by the Kentucky Economic Development Finance Authority ("KEDFA") at its meeting on June 26, 2014. Staff recommended approval.

Secretary Flanery asked the Commission members if they had any questions. Ms. Jane Driskell made a motion to approve Resolution **2014-11** that was seconded by Mr. Ed Ross. Motion **CARRIED**, and Resolution **2014-11** was **ADOPTED**.

Secretary Flanery again recognized Ms. Katie Smith for her introduction of Resolution **2014-12**:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF REVENUE BONDS (MASONIC HOME INDEPENDENT LIVING II, INC. PROJECT) IN ONE OR MORE SERIES AND IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$13,000,000 BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY.

Ms. Smith stated that KEDFA also approved this item at the June 26, 2014, meeting and the Cabinet for Economic Development ("CED") recommended a proposed Bond Resolution and New Bond Issue Report relating to the issuance of healthcare facilities revenue bonds in an amount not to exceed \$13 million on behalf of Masonic Homes Independent Living II, Inc. The bond proceeds will be used to finance the acquisition, construction, installation and equipping of healthcare and health related facilities consisting of independent living units located on the Masonic Homes campus in Louisville, Kentucky. The Louisville-Jefferson County Metro Government adopted a resolution requesting KEDFA issue the bonds, and a public hearing was held with no public comments. Ms. Smith noted that KEDFA is a conduit financier in the transaction and will not have a general obligation or be held liable for the bonds. Staff recommended approval.

Secretary Flanery asked the Commission members if they had any questions. Mr. Ed Ross made a motion to approve Resolution **2014-12** that was seconded by Mr. Larry Clarke. Motion **CARRIED**, and Resolution **2014-12** was **ADOPTED**.

With no other business, the meeting adjourned.

Respectfully submitted,



Ryan Barrow
Secretary