

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**AUGUST 14, 2013**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Wednesday, August 14, 2013 in Room 182 of the Capitol Annex at 1:00 p.m. E.T. by Lori Flanery, Secretary, Finance and Administration Cabinet and Executive Director to the Commission. Other members present were Mary Lassiter, proxy for Governor Steven Beshear, Chad Aull, proxy for Lt. Governor Jerry E. Abramson, Donald Sweasy, proxy for Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, Jane Driskell, State Budget Director, Corey Bellamy, proxy for Attorney General Jack Conway 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 and Secretary to the Commission, Sandy Williams, Deputy Executive Director, Robin Brewer, Jennifer Kantner, Tom Midkiff, Christina Keyes, and Marcia Adams.

Other Guests Present: Carla Wright from the Office of the State Budget Director (“OSBD”), and Joshua Nacey from the Legislative Research Commission (“LRC”).

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 Ms. Mary Lassiter and seconded by Mr. Corey Bellamy to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the July 12, 2013 meeting were approved.

Secretary Flanery introduced Ms. Katie Smith for her introduction of Resolution **2013-20**:

**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 BOYLE COUNTY FISCAL COURT FOR THE BENEFIT OF CORNING INCORPORATED (CORNING) FOR \$500,000.**

Ms. Katie Smith stated that the Cabinet for Economic Development is asking for approval of \$500,000 in Economic Development Bond (“EDB”) Funds for the purpose of making a grant to Boyle County Fiscal Court for the benefit of Corning Incorporated (“Corning”). Corning produces and sells specialty glasses, ceramics, and related materials worldwide. The company has developed a new glass process and is considering bringing production to Danville. The proposed project will include the purchase of an existing facility and the purchase of new equipment for manufacturing operations. The proposed EDB grant funds will be used to offset the costs associated with this project.

In consideration of this EDB grant, Corning will be required to create 100 new, full-time Kentucky resident jobs paying an average hourly wage of \$25.00, including benefits within three years of the date of approval by the Kentucky Economic Development Finance Authority ("KEDFA"). Corning will also be required to maintain the 100 new jobs, paying the foregoing wages, for an additional three (3) years. Repayment provisions will be included in the grant agreement if the company fails to create or maintain the jobs or pay the required wages. Corning will also be required to provide a letter of credit or other form of collateral satisfactory to the Cabinet as security for any repayment of the grant proceeds.

The Secretary of the Cabinet for Economic Development provided his recommendation for the project, and concurrence has been received by the Secretary of the Finance and Administration Cabinet. KEDFA approved the project at its meeting on May 30, 2013 and staff recommends approval.

Secretary Flanery asked if Ms. Smith knew anything about the new glass process. Ms. Smith replied that the information was confidential and she was unable to discuss in detail.

Secretary Flanery asked the Commission members if they had further questions. Ms. Jane Driskell made a motion to approve Resolution **2013-20** that was seconded by Mr. Chad Aull. Motion **CARRIED**, and Resolution **2013-20** was **ADOPTED**.

Secretary Flanery recognized Ms. Smith for her introduction of Resolution **2013-21**:

**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 RUSSELL SPRINGS FOR THE BENEFIT OF DR. SCHNEIDER AUTOMOTIVE SYSTEMS, INC. (DR. SCHNEIDER) FOR \$500,000.**

Ms. Katie Smith stated that the Cabinet for Economic Development is asking for approval of \$500,000 in Economic Development Bond Funds for the purpose of making a grant to the city of Russell Springs for the benefit of Dr. Schneider Automotive Systems, Inc. ("Dr. Schneider"). Dr. Schneider produces and high-end vent and trim systems for top OEM automotive manufacturers around the world. Due to increased demand, the company is looking to establish its first wholly owned U.S. subsidiary and manufacture parts for companies such as Ford, Mercedes, BMW, and others. The proposed EDB grant funds will be used to offset the costs associated with this project.

In consideration of this EDB grant, Dr. Schneider will be required to create 155 new, full-time Kentucky resident jobs paying an average hourly wage of \$16.50, including benefits within five years of the date of approval by the Kentucky Economic Development Finance Authority ("KEDFA").

The company will also be required to maintain the 155 new jobs, paying the foregoing wages, for an additional three (3) years. Repayment provisions will be included in the grant agreement if the company fails to create or maintain the jobs or pay the required wages. The company will also be required to provide a letter of credit or other form of collateral satisfactory to the Cabinet as security for any repayment of the grant proceeds.

The Secretary of the Cabinet for Economic Development provided his recommendation for the project, and concurrence has been received by the Secretary of the Finance and Administration Cabinet. KEDFA approved the project at its meeting on July 25, 2013 and staff recommends approval.

Secretary Flanery asked for any questions. Ms. Lassiter made a motion to approve Resolution **2013-21** that was seconded by Mr. Bellamy. Motion **CARRIED**, and Resolution **2013-21** was **ADOPTED**.

Secretary Flanery recognized Ms. Jennifer Kantner for her introduction of Resolution **2013-22**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION  
OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE  
OF MOREHEAD STATE UNIVERSITY GENERAL RECEIPTS BONDS, 2013  
SERIES A.**

Ms. Jennifer Kantner stated that Resolution 2013-22 is for approval for the issuance of Morehead State University, General Receipts Bonds 2013, Series A. The bonds will fully fund the renovation of Mignon Residence Hall as authorized in House Bill 7 of the 2013 Regular Session of the General Assembly. The authorized project amount is \$9,268,000 with the estimated bond size of \$9,425,000. The University Board of Regents will take up their resolution at the Board meeting scheduled for tomorrow, August 15, 2013 and is expected to approve. If the approval is not received, staff will not proceed with the transaction. Contingent upon approval of the Morehead Board of Regents, this project will be presented to the Capital Projects and Bond Oversight Committee on August 20, 2013.

The transaction will be a competitive sale scheduled for September 10, 2013 with a closing date of September 24, 2013 and will have bank qualified status. The estimated True-Interest-Cost ("TIC") is 4.32%; the estimated final maturity is April 1, 2033; and the estimated average annual debt service is \$706,716. The Bond Counsel is Rubin and Hays; the Financial Advisor is Hilliard Lyons; and the Trustee is U.S. Bank. Staff recommends approval.

Secretary Flanery asked for any questions. Ms. Driskell made a motion to approve Resolution **2013-22** that was seconded by Ms. Lassiter. Motion **CARRIED**, and Resolution **2013-22** was **ADOPTED**.

Secretary Flanery recognized Mr. Tom Midkiff for his introduction of Resolution **2013-23**:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING CORPORATION OF ITS TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,000,000.**

Mr. Midkiff stated that Resolution 2013-23 is a resolution to approve Kentucky Housing Corporation ("KHC") Tax-Exempt Multifamily Housing Revenue Bonds in one or more series in an aggregate principal amount not-to-exceed \$16,000,000 for the Centre Meadows Apartments Project, Series 2013. This project was approved by the KHC Executive Board on May 30, 2013.

The bonds will be used to finance the acquisition, construction and equipping of a multifamily residential rental facility consisting of approximately 206 units and located at 1301, 1317 and 1333 Centre Parkway, Lexington, Kentucky 40517. The Lexington Housing Authority through the Lexington Home Ownership Commission, Inc., its affiliate, proposes to redevelop Centre Meadows Apartments, an existing public housing facility, for a total development cost of approximately \$28,000,000.

The proposed date of sale and issuance is in September 2013; the anticipated ratings from Standard and Poor's ("S&P") is AAA/A-1+; the anticipated net proceeds are \$28,000,000; the estimated cost of issuance is \$400,000; and the estimated gross proceeds are \$16,000,000. This would be short-term financing to utilize Private Activity Bond Cap, which allows KHC to apply for federal credits. The anticipated rate is 50 basis points with a gross interest rate to be the same with the cost of issuance being paid by outside sources. These bonds will be callable at any time with no premium and will be a public offering. Bond Counsel is Peck, Shaffer & Williams LLP; the Underwriter is Red Capital Markets, LLC with Underwriter's Counsel still to be determined. There is no Financial Advisor and the Trustee is still to be determined. Staff recommends approval.

Secretary Flanery asked for any questions. Ms. Driskell asked if the property was to be all subsidized housing. Secretary Flanery replied that to her recollection the project was all subsidized housing. Secretary Flanery asked for any further questions. Mr. Bellamy made a motion to approve Resolution **2013-23** that was seconded by Ms. Smith. Motion **CARRIED**, and Resolution **2013-23** was **ADOPTED**.

With no other business, the meeting stands adjourned.

Respectfully submitted,



---

Ryan Barrow  
Secretary