

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**SEPTEMBER 10, 2015**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday, September 10, 2015 at 1:10 p.m. ET in Room 182 of the Capitol Annex by Lori Flanery, Secretary, Finance and Administration Cabinet (“FAC”) and Executive Director to the Commission. Other members present were Jane Driskell, proxy for Governor Steven Beshear; Phil Huddleston, proxy for Lt. Governor Crit Luallen; Corey Bellamy, proxy for Attorney General Jack Conway; John Hicks, proxy for State Budget Director Jane Driskell; Edgar C. Ross, State Controller, Office of the Controller; and Robert Aldridge, proxy for Larry Hayes, Secretary, Cabinet for Economic Development (“CED”).

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, John Brady, Liz Columbia, Denise Pitts, Steve Starkweather and Tammy McCall.

Other Guests Present: Jeff Schnobrich, Legislative Research Commission; and Andrew Hawes, Kentucky Housing Corporation.

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

A motion was made by Mr. John Hicks and seconded by Mr. Ed Ross to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the August 11, 2015 meeting were **APPROVED**.

Secretary Flanery acknowledged Ms. Denise Pitts for her introduction of Resolution **2015-19**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS  
COMMISSION OF THE COMMONWEALTH OF KENTUCKY  
APPROVING THE ISSUANCE OF KENTUCKY ASSET/LIABILITY  
COMMISSION PROJECT NOTES, 2015 FEDERAL HIGHWAY TRUST  
FUND FIRST SERIES IN ONE OR MORE SERIES IN AN AGGREGATE  
PRINCIPAL AMOUNT NOT TO EXCEED \$125,000,000 FOR THE  
PURPOSE OF PROVIDING FINANCING FOR AN AUTHORIZED  
PROJECT.**

Ms. Pitts stated Resolution 2015-19 was to approve the issuance of Kentucky Asset/Liability Commission (“ALCo”) Project Notes, 2015 Federal Highway Trust Fund First Series A, in an amount not to exceed \$125,000,000. The issuance would provide permanent financing for approximately \$120.5 million of the \$180 million of authorized but unissued bonds authorized by HB3 of the 2010 Extraordinary Session of the General Assembly for financing expenditures for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project, and would pay for costs of issuing

the Notes. Approval by ALCo was obtained at its meeting today immediately prior to this meeting. The transaction was submitted to the Capital Projects and Bond Oversight Committee ("CPBOC") for the September 15, 2015 meeting. The September meeting was canceled and in order to proceed would require approval from the Secretary of the Finance and Administration Cabinet. The Underwriter is Citigroup; Bond Counsel is Kutak Rock; the Underwriter's Counsel is Peck, Shaffer & Williams, LLP; and Trustee is The Bank of New York Mellon. The proposed date of sale was September 29, 2015, and the estimated date of closing was October 15, 2015. The All-in True Interest Cost was estimated to be 2.83%, and the final maturity date will be September 1, 2027. Staff recommended approval.

Secretary Flanery called for a motion to approve Resolution **2015-19**. Mr. Ed Ross made a motion, and was seconded by Ms. Jane Driskell.

Mr. John Hicks asked for the term of the Notes and Mr. Ryan Barrow confirmed they were for 12 years. Secretary Flanery noted that since the September CPBOC was canceled, any projects deemed urgent would be reviewed by staff and be given approval to proceed by letter from the Secretary of the Finance and Administration Cabinet. Projects not considered urgent would be submitted to CPBOC at the next scheduled meeting in October.

There being no further discussion, the motion **CARRIED** and Resolution **2015-19** was **ADOPTED**.

Secretary Flanery recognized Mr. Bobby Aldridge to introduce Resolutions **2015-20** and **2015-21**:

**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 HARRODSBURG FOR THE BENEFIT OF HITACHI AUTOMOTIVE SYSTEMS AMERICAS, INC. (HITACHI) FOR \$250,000.**

Mr. Aldridge noted for the record that the meeting packets distributed via email earlier in the week contained a typo. Staff corrected the typo and the documents before the Commission were correct. Mr. Aldridge stated his first item was Resolution 2015-20 for the \$250,000 Economic Development Bond ("EDB") Grant to the City of Harrodsburg for the benefit of Hitachi Automotive Systems of Americas, Inc. ("Hitachi"). The purpose is to update existing space to add a lithium-ion battery line. Hitachi will be required to create and maintain 150, new, full-time Kentucky resident jobs. In addition, Hitachi will be required to maintain 769 existing, full-time Kentucky resident jobs in Mercer County for a total full-time, Kentucky resident jobs requirement of 919 jobs in Mercer County. The Kentucky Economic Development Finance Authority ("KEDFA") approved the project on August 27, 2015. Staff recommended approval.

Secretary Flanery called for a motion to approve Resolution 2015-20. Mr. John Hicks made a motion, and was seconded by Ms. Jane Driskell. There being no discussion, the motion **CARRIED** and Resolution 2015-20 was **ADOPTED**.

Mr. Aldridge introduced Resolution 2015-21:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF REVENUE BONDS, SERIES 2015 (ROSEDALE GREEN PROJECT) IN A PRINCIPAL AMOUNT OF UP TO \$55,000,000 BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY.**

Mr. Aldridge stated KEDFA was requesting approval to issue Revenue and Revenue Refunding Bonds Series 2015 in order to finance and refinance the acquisition and construction of healthcare and health related facilities. The facilities will consist of long-term care beds, skilled care nursing beds and short-term inpatient rehabilitation, outpatient rehabilitation and dementia care facilities. The facilities site is located at 4250 Glenn Avenue in the City of Covington, Kenton County, Kentucky and on Turkeyfoot Road north of Industrial Road in the City of Elsmere, Kenton County, Kentucky. Preliminary approval by KEDFA was received on August 27, 2015. The approval received by SPBC at this meeting would be contingent upon KEDFA's final approval later in the month of September. Staff recommended approval.

Secretary Flanery called for a motion to approve Resolution 2015-21. Ms. Jane Driskell made a motion, and was seconded by Mr. Ed Ross. There being no discussion, the motion **CARRIED** and Resolution 2015-21 was **ADOPTED**.

Secretary Flanery acknowledged Mr. John Brady for his introduction of Resolution 2015-22:

**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 \$25,000,000.**

Mr. Brady stated Kentucky Housing Corporation ("KHC") was requesting approval to issue tax-exempt conduit multifamily housing revenue bonds in an amount not to exceed \$25,000,000 for the Winterwood Portfolio Project. Proceeds of the bonds would be used to finance the acquisition, rehabilitation, and equipping of multiple properties located in 14 different counties throughout the state. The project was approved by the KHC Board of Directors on May 28, 2015, and was submitted to the CPBOC for the September meeting. Since the September meeting was cancelled, the project would require approval from the Secretary of the Finance and Administration Cabinet. The proposed date of sale and issuance are both set for November 2015. The anticipated net

proceeds of the bonds are \$19,853,000, roughly 30% of the total project cost of \$70,964,254. The estimated cost of issuance is \$458,996. The net interest rate is anticipated to be 5% over a term of 24 months. The anticipated rating from S&P is A1+. The bonds are callable anytime, with no premium and the method of sale is a public offering. The developer is Winterwood, Inc.; bond counsel is Peck Shaffer, a division of Dinsmore & Shohl, LLP; and the underwriter is Merchant Capital, a division of Stifel, Nicolaus, & Co. Staff recommended approval. Mr. Brady introduced Andrew Hawes from the KCH.

Andrew Hawes addressed the Commission regarding the Winterwood Portfolio Project. He stated that the project was unique in that this was the first project in which KHC was incentivizing the packaging of smaller rural projects into a new financing stream. KHC will invest some of its own funds to provide bridge financing and will use this as a vehicle to expand production throughout the state. Secretary Flanery stated it was exciting to see KHC provide this along with refurbishing existing housing.

Secretary Flanery called for a motion to approve Resolution **2015-22**. Mr. John Hicks made a motion, and was seconded by Mr. Corey Bellamy. There being no further discussion, the motion **CARRIED** and Resolution **2015-22** was **ADOPTED**.

Secretary Flanery acknowledged Mr. Steve Starkweather for his introduction of Resolution **2015-23**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS  
COMMISSION OF THE COMMONWEALTH OF KENTUCKY  
APPROVING THE ISSUANCE WESTERN KENTUCKY UNIVERSITY  
GENERAL RECEIPTS REFUNDING BONDS, 2015 SERIES A.**

Mr. Starkweather stated Resolution 2015-23 was to approve the issuance of Western Kentucky University General Receipts Refunding Bonds, 2015 Series A. The purpose of the issuance was for advance refunding of Western Kentucky University General Receipts Bonds, 2006 Series A and to pay the cost of issuance. Par amount of the transaction will be \$6.19 million, with an All-in True Interest Cost of 2.386%. The transaction will have a net PV savings of approximately \$350,000, which represents 5.88%. The transaction will be competitively bid on September 22, 2015, with Hilliard Lyons serving as financial advisor. Bond counsel will be Dinsmore and Shohl. Staff recommended approval.

Mr. John Hicks asked what the original issuance funded. Mr. Starkweather answered the original bonds funded South Campus Parking and Dining Improvements, Math and Science Academy Renovation, Construction of Student Health Services Building, IT Infrastructure, and Renovations to Academic Athletic #2 design.

Secretary Flanery called for a motion to approve. Mr. Ed Ross made a motion to approve Resolution **2015-23**, and was seconded by Ms. Jane Driskell. There being no discussion, the motion **CARRIED** and Resolution **2015-23** was **ADOPTED**.

With no further business before the Commission, Secretary Flanery called for a motion to adjourn. A motion was made by Ms. Jane Driskell. The meeting stands adjourned.

Respectfully submitted,



Ryan Barrow  
Secretary