

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
SEPTEMBER 14, 2012

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Friday, September 14, 2012 in Room 182 of the Capitol Annex at 1:00 p.m. ET by Lori Flanery, Secretary, Finance and Administration Cabinet and Executive Director to the Commission. Other members present were Ryan Keith, proxy for Governor Steven Beshear, Chad Aull, proxy for Lt. Governor Jerry Abramson, Mary Lassiter, State Budget Director, Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, Corey Bellamy, proxy for Jack Conway, Attorney General and Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development.

Office of Financial Management (“OFM”) Staff Members Present: John Bailey, Robin Brewer, Rachael Dever, Tom Midkiff, and Marcia Adams.

Other Guests Present: Corey Klein and Pamela Trautner, Finance Secretary’s Office, and Kristi Culpepper 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.

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 May 11, 2012 meeting were approved.

Secretary Flanery recognized Mr. Tom Midkiff for his introduction of Resolution **2012-16**:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING
THE ISSUANCE BY THE KENTUCKY HOUSING CORPORATION OF ITS
MULTIFAMILY HOUSING REVENUE BONDS IN ONE OR MORE SERIES
IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$17,480,000.**

Mr. Midkiff stated that Resolution 2012-16 is for the Kentucky Housing Corporation (“KHC”) Conduit Multifamily Housing Revenue Bonds, Series 2012, for the Frontgate Apartments. These bonds will be used to finance the acquisition, construction, and equipping of the Frontgate Apartments, located at 7411 Outer Loop, Louisville, Jefferson County, Kentucky. The Project consists of 72 three-bedroom units, 84 two-bedroom units, and 24 one-bedroom units equaling 180 units. One hundred percent of the property will be designated for families earning sixty percent or less of the area median income. Approximate income limits will be \$44,460 for six-person household; \$41,400 for a five-person household; \$38,280 for a four-person household; \$34,500 for a three-person; \$30,660 for a two-person household, and \$26,820 for a one-person household. The Project will provide quality affordable housing for individual and families with low to moderate incomes.

The proposed sale date is estimated to be in December 2012; KHC is anticipating a long-term rating of AAA and a short-term rating of A-1+ from Standard & Poor’s. Anticipated net proceeds are \$15,810,000 with an estimated cost of issuance of \$896,950 to be paid from equity. The term of the issue has an anticipated net interest rate of approximately 4.21 percent for 30-years. This will be a public offering and Peck, Shaffer & Williams, LLP is bond counsel and underwriter’s counsel; the underwriter is Merchant

Capital, L.L.C. and the trustee is to be determined. Staff recommends approval.

Secretary Flanery asked for any questions. Ms. Mary Lassiter made a motion to approve Resolution **2012-16** that was seconded by Mr. Chad Aull. Motion **CARRIED**, and Resolution **2012-16** was **ADOPTED**.

Secretary Flanery recognized Mr. Midkiff for his introduction of Resolution **2012-17**:

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 BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,650,000.

Mr. Midkiff stated that Resolution 2012-17 is for the KHC Conduit Multifamily Housing Revenue Bonds for the Hillebrand House, Series 2012. The Project is a renovation of an existing, multifamily property located at 1235 and 1249 South Third Street in Louisville, KY. The Project includes 210 units (75 one-bedroom units and 135-studio units) in an area known as Old Louisville. Currently, the property serves (and will continue to serve) as multifamily residences for seniors. The proposed date of sale is October 31, 2012, with a proposed date of issuance the following day. Ratings are anticipated to be A1 from Moody's and A+ from both Standard & Poor's and Fitch. Net proceeds are expected approximately \$12,542,578 with the cost of issuance at approximately \$88,154. This is a negotiated sale with the anticipated net interest rate to be approximately 5.23% for 35-year term.

Stites & Harbison, PLLC is bond counsel, underwriter's counsel is Paul Hastings LLP, the underwriter is Citi Community Capital, the financial advisor is The Housing Partnership, Inc., and the trustee is to be determined. Staff recommends approval.

Secretary Flanery asked for any questions. Ms. Lassiter asked if the bond proceeds amount of \$12,650,000 in the resolution was the net proceeds and cost of issuance combined and if the structure was currently occupied. Mr. Midkiff stated affirmatively that the total not-to-exceed amount is the anticipated combined net proceeds and cost of issuance. Secretary Flanery answered that at a previous KHC board meeting, it was stated that the building is occupied and the renovation will happen in phases.

Ms. Lassiter made a motion to approve Resolution **2012-17** that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution **2012-17** was **ADOPTED**.

Secretary Flanery recognized Ms. Katie Smith for her introduction of Resolution **2012-18**:

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 BOWLING GREEN FOR THE BENEFIT OF GRAHAM PACKAGING COMPANY, L.P. (GRAHAM) (\$250,000).

Ms. Smith stated that the Cabinet for Economic Development is requesting approval of \$250,000 in Economic Development Bond ("EDB") funds for the purpose of making a grant to the city of Bowling Green for the benefit of Graham Packaging Company L.P. Graham is a worldwide leader in the design, manufacture and sale of custom, blow-molded, rigid plastic containers. The company is considering a new location in Bowling Green to meet growing market demand and customer requirements. The project includes building improvements, new equipment, and the addition of a rail spur. The proposed EDB grant funds will be used to offset the cost associated with this project.

In consideration of this EDB grant, Graham will be required to create 48 new, full-time jobs for Kentucky residents within three years of the date of approval by the Kentucky Economic Development Finance Authority ("KEDFA"). Graham will be required to pay the 48 jobs an average hourly wage of not less than \$22, excluding benefits. Graham will also be required to maintain the 48 new, full-time jobs at the Bowling Green facility for an additional three (3) years. Repayment provisions will be provided in the Grant Agreement if the company fails to create or maintain the jobs or pay the required wages at each of the required measurement dates. Graham will be required to provide a letter of credit, certificate of deposit, or other collateral satisfactory to the Cabinet as security for the repayment of the EDB grant funds. KEDFA approved the project on June 28, 2012 and staff recommends approval.

Secretary Flanery asked for any further questions. Mr. Ross made a motion to approve Resolution 2012-18 that was seconded by Ms. Lassiter. Motion **CARRIED**, and Resolution 2012-18 was **ADOPTED**.

Secretary Flanery recognized Ms. Smith for her introduction of Resolution 2012-19:

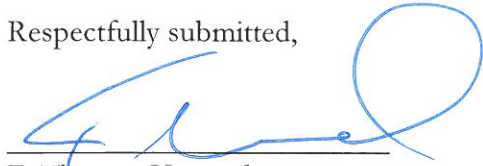
RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF REVENUE BONDS, SERIES 2012 (MASONIC HOMES OF KENTUCKY, INC. PROJECT) IN A PRINCIPAL AMOUNT OF UP TO \$50,000,000 BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

Ms. Smith stated that approval is being sought for the issuance of its KEDFA Healthcare Facilities Revenue and Revenue Refunding Bonds, Series 2012 in an amount not-to-exceed \$50,000,000 on behalf of Masonic Homes of Kentucky, Inc. The bond proceeds will be used to refinance the Series 2009 and 2010 Healthcare Facilities Revenue Bonds issued to pay the cost of construction, improving, and equipping of facilities located in Jefferson and Shelby Counties. The funds will also be used to finance additional capital improvements to the Jefferson and Shelby facilities. Louisville/Jefferson County Metro Government and Shelby County Fiscal Court have both adopted resolutions requesting KEDFA issue these bonds. A TEFRA (Tax Equity and Fiscal Responsibility Act of 1982) hearing was conducted for the purpose of receiving public comments, with none received. KEDFA is a conduit financier in the transaction and will not have a general obligation or be held liable for the bonds. KEDFA approved the final resolution at its August 30, 2012 meeting. Staff recommends approval.

Secretary Flanery asked for any questions. Ms. Lassiter made a motion to approve Resolution **2012-19** that was seconded by Mr. Aull. Motion **CARRIED**, and Resolution **2012-19** was **ADOPTED**.

With no other business, the meeting stands adjourned.

Respectfully submitted,



F. Thomas Howard
Secretary