

**State Property and Buildings Commission
Minutes**

May 16, 2005

The State Property and Buildings Commission was called to order on Monday, May 16, 2005 at 10:00 a.m. in Room 264 of the Capitol Annex by Robbie Rudolph, Chairman. Members present were Mike Alexander, proxy for Governor Ernie Fletcher; Ryan Watts, proxy for Lt. Governor Stephen B. Pence; Warren Nash; proxy for Marvin E. Strong, Secretary, Cabinet for Economic Development; and Bonnie Howell, proxy for Attorney General Greg Stumbo.

Secretary Rudolph verified with Commission staff that a quorum was present and that the press had been notified of the meeting. Secretary Rudolph introduced the first item of business, which was approval of the minutes of the April 18, 2005 meeting. A motion was made by Mr. Nash and seconded by Ms. Howell to accept the minutes of the April 18, 2005 meeting. Motion **CARRIED**.

Secretary Rudolph introduced Resolution 2005-11:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING
CORPORATION OF ITS CONDUIT MULTIFAMILY HOUSING
REVENUE BONDS IN ONE OR MORE SERIES IN AN AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED \$11,060,000.**

F. Thomas Howard, Acting Executive Director, informed the Commission members that Resolution 2005-11 approved the issuance of Kentucky Housing Corporation (the "Corporation) Conduit Multifamily Housing Revenue Bonds 2005 Series A for the Gleneagles apartments project in an amount not to exceed \$11,060,000. Mr. Howard indicated that this project was approved by the Kentucky Housing Corporation Board of Directors on April 28, 2005 and would be presented to the Capital Projects and Bond Oversight Committee for approval on May 17, 2005. Mr. Howard stated that Peck, Shaffer & Williams LLP will serve as bond counsel and underwriter's counsel for the transaction; Roberts' Consulting, LLC will serve as financial advisor; and Huntington National Bank will serve as trustee.

Mike Powers, Multifamily Finance Coordinator, Kentucky Housing Corporation, informed the Commission that the Corporation has been involved in this conduit bond-financing program for the past several months using allocation cap to offer affordable housing primarily in urban areas. Mr. Powers stated that the project consists of 184 one, two and three bedroom units in Lexington, Kentucky off I-75 near Man of War Boulevard and Hamburg Place. Mr. Powers further indicated that the developer received a 4 percent tax credit on the project. Mr. Powers indicated that the income of the tenants would be restricted by the tax credit amounts that are allowed. Mr. Powers stated that the Corporation has worked with the developer on other projects and supports this project.

Mr. Howard reiterated that the bonds are not an obligation of the Commonwealth and that staff recommends approval of the Resolution.

A motion was made by Mr. Alexander and seconded by Ms. Howell to approve Resolution 2005-11 approving the issuance by the Kentucky Housing Corporation of its conduit multifamily housing revenue bonds in one or more series in an aggregate principal amount not to exceed \$11,060,000. Motion carried and Resolution 2005-11 was **ADOPTED**.

Secretary Rudolph introduced Resolution 2005-12:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION APPROVING THE ISSUANCE OF CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS OF THE UNIVERSITY OF LOUISVILLE (SERIES P).

Ms. Robin Brewer, Financial Analyst, Office of Financial Management, informed the Commission that the University of Louisville plans to issue approximately \$4,220,000 in Consolidated Educational Buildings Revenue Bonds, Series P. Ms. Brewer indicated that the bonds would be Agency Fund supported revenue bonds. She further indicated that the sale date is expected to be June 1, 2005 with a closing date of June 15, 2005. Ms. Brewer stated that the project consists of the acquisition of a building that subsequently will be renovated for use by the School of Public Health and Information Sciences. She continued that the project was approved in House Bill 267 of the 2005 Regular Session of the General Assembly. Ms. Brewer indicated that the anticipated net interest cost on the issue would be 4.475 percent with an anticipated true interest cost of 4.477 percent. Ms. Brewer stated that the full authorization for the project was \$8,031,000 and the remaining authorization will be issued later in the year for renovation of the building. She continued that the project was approved by the University of Louisville Board of Trustees on April 14, 2005 and would be presented to the Capital Projects and Bond Oversight Committee for their approval on May 17, 2005. Ms. Brewer indicated that Peck, Shaffer & Williams LLP will serve as bond counsel for the issue, Seasongood & Mayer LLC will serve as financial advisor and J. P. Morgan Trust Company will serve as trustee.

A motion was made by Mr. Nash and seconded by Mr. Alexander to adopt Resolution 2005-12 approving the issuance of the Consolidated Educational Buildings Revenue Bonds of the University of Louisville. Motion carried and Resolution 2005-12 was **ADOPTED**.

Secretary Rudolph introduced Resolution 2005-13:

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 A CERTAIN ECONOMIC DEVELOPMENT PROJECT TO BE FINANCED FROM THE PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS TO BE ISSUED BY THE COMMISSION FOR 3B S. p.A (CITY OF DANVILLE)(\$200,500).

Mr. Warren Nash, Deputy Commissioner, Department of Financial Incentives, Cabinet for Economic Development, informed the Commission that in a letter to Secretary Robbie Rudolph dated April 14, 2005, Secretary Gene Strong recommended the use of Economic Development Bond (EDB) funds for the purpose of making a grant to the city of Danville for the benefit of 3B, Inc., an affiliate of 3B S.p.A. Mr. Nash stated that 3B S.p.A, an Italian company, has announced the acquisition of a facility in Danville, (Boyle County) Kentucky and the intent to move its North American headquarters to this facility. He informed the Commission that the company manufactures and distributes kitchen, bath and living room furniture components, specifically cabinet doors. Mr. Nash indicated that the total cost of the project is expected to be \$16 million. Mr. Nash indicated that approval is being sought for a \$250,000 grant to the company of which \$49,500 is coming from the city of Danville from repaid EDB funds. Mr. Nash stated that the EDB funds were repaid to the city by a company that did not meet its job requirements. Mr. Nash indicated that the company would be required to create 100 permanent, full-time jobs within two years of the completion and occupancy of the project. Mr. Nash stated that the jobs would be subject to a minimum annual average hourly wage of not less than \$15 excluding benefits. The company will be required to maintain these jobs for an additional three years. Mr. Nash stated that should the company fail to meet the job and wage requirements they will be required to reimburse the city of Danville the sum of \$2,500 for each full-time job not created or maintained. Mr. Nash recommended approval of the project.

A motion was made by Ms. Howell and seconded by Mr. Alexander to approve Resolution 2005-13 approving the use of Economic Development Revenue Bonds for 3B S.p.A (City of Danville) in the amount of \$200,500. Motion carried and Resolution 2005-13 was **ADOPTED**.

With no further business before the Commission, a motion was made by Mr. Alexander to adjourn the meeting.

Secretary
State Property and Buildings Commission