

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
MARCH 10, 2016

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday, March 10, 2016 at 2:01 p.m. ET in Room 182 of the Capitol Annex by William M. Landrum III, Secretary of the Finance and Administration Cabinet (“FAC”) and Executive Director to the Commission. The secretary asked for a roll call. Other members present were Lt. Governor Jenean Hampton; Scott Brinkman, proxy for Governor Matt Bevin; Edgar C. Ross, State Controller, Office of the Controller; Erik Dunnigan, Acting Secretary, Cabinet for Economic Development (“CED”); John E. Chilton, State Budget Director, Office of the State Budget Director (“OSBD”); and Ms. Holly McCoy-Johnson, proxy for Attorney General Andy Beshear.

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, Steve Starkweather, Bethany Couch and Tammy McCall.

Other Guests Present: Adrienne Southworth, Lt. Governor's Office; Katie Smith, OFS, CED; Janice Tomes, OSBD; Carla Wright, OSBD; Jeremy Ratliff, Kentucky Housing Corporation; and Lewis Diaz, Dinsmore and Shohl, LLC.

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

Secretary Landrum introduced the first item for business, which was approval of the minutes from the February 5, 2016 meeting. A motion to accept the minutes of the February 5, 2016 meeting was made by Mr. Ross and seconded by Secretary Brinkman. Motion **CARRIED**.

Secretary Landrum directed the Commission to Resolution **2016-12**:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF REFUNDING CERTAIN PRIOR BONDS; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID REVENUE BONDS ARE TO BE ISSUED AND PROVIDING FOR A COMPETITIVE SALE THEREOF; AUTHORIZING AND RATIFYING ACTIONS OF THE COMMISSION STAFF IN THE STRUCTURING, PLANNING AND PREPARATION OF ALL DOCUMENTATION FOR THE ISSUANCE OF SAID BONDS AND IN PREPARING AND PUBLISHING A PRELIMINARY OFFICIAL STATEMENT, OFFICIAL TERMS AND CONDITIONS OF BOND SALE AND AN OFFICIAL BID FORM RELATING TO THE SALE OF THE BONDS AND A FINAL OFFICIAL STATEMENT TO BE COMPLETED UPON THE SALE OF THE BONDS; RECITING, ACKNOWLEDGING AND APPROVING THE FILING OF AN APPLICATION BY THE FINANCE AND

ADMINISTRATION CABINET OF THE COMMONWEALTH OF KENTUCKY FOR REVENUE BONDS TO REFUND THE PRIOR BONDS PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; APPROVING A SUPPLEMENTAL LEASE OF THE PROJECT TO THE CABINET AND THE KENTUCKY RIVER AUTHORITY TO PROVIDE REVENUES FOR THE AMORTIZATION OF THE BONDS; DEFINING AND PROVIDING FOR THE RIGHTS OF THE OWNERS OF THE BONDS AND PROVIDING FOR THE APPLICATION OF THE PROCEEDS THEREOF.

Mr. Brady presented Resolution 2016-12 for the approval to issue State Property and Buildings Commission Agency Fund Revenue Refunding Bonds, Project No. 113, in an amount not to exceed \$17 million. Bond proceeds will be used to refinance SPBC Project No. 91 bonds, which were originally issued in October 2008 on behalf of the Kentucky River Authority ("KRA") for the purpose of constructing Dam 9 near Lexington, and to pay the costs of issuance. KRA approved the project at the February 24, 2016, board meeting. Upon approval of the Commission, it will be presented to the Capital Projects and Bond Oversight Committee ("CPBOC") on Tuesday, March 15, 2016. The method of sale is competitive; the sale date is scheduled for April 20, 2016, and the closing date is scheduled for May 11, 2016, with an estimated all-in true interest cost ("TIC") of 2.435%. The refunding is expected to yield a savings of nearly \$1.6 million or about 15.5% to the KRA over the life of the bonds. The Financial Advisor is First Southwest, a division of Hilltop Securities; the Bond Counsel is Dinsmore & Shohl; and the Trustee is U.S. Bank. Staff recommended approval.

There was a short discussion regarding standard forms and terms. Secretary Dunnigan made note of a typo on one of the signature pages of the resolution on page 63 of the meeting packet. The typo was noted and was corrected by staff.

Secretary Landrum called for a motion to approve **Resolution 2016-12**. Secretary Dunnigan made a motion and was seconded by Secretary Brinkman. There being no further discussion, the motion **CARRIED** and Resolution 2016-12 was **ADOPTED**.

Secretary Landrum directed the Commission to **Resolution 2016-13**:

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 \$10,750,000.

Mr. Brady presented Resolution 2016-13 for the approval to issue Kentucky Housing Corporation tax-exempt conduit multifamily housing revenue bonds in an amount not to exceed \$10,750,000 for the Watterson Lakeview Apartments Project. Bond proceeds will be used to finance the acquisition, rehabilitation, and equipping of a multifamily residential rental facility containing 184 units and

located at 3703 West Wheatmore Drive in Louisville, Kentucky. The Kentucky Housing Corporation approved the project at the February 25, 2016, board meeting. Upon approval of the Commission, it will be presented to the Capital Projects and Bond Oversight Committee ("CPBOC") on Tuesday, March 15, 2016. The proposed date of sale is April 13, 2016 and the proposed date of issuance is April 20, 2016. The anticipated rating from Standard and Poor's is A-1+. The net interest rate is anticipated to be 0.95% over a term of 24 months. The method of sale is a public offering. The developer is Millennia Housing Development, bond counsel is Dinsmore & Shohl; and the underwriter is Red Capital Markets. Staff recommended approval.

Secretary Landrum called for a motion to approve Resolution **2016-13**. Ms. McCoy-Johnson made a motion, and was seconded by Secretary Dunnigan. There being no discussion, the motion **CARRIED** and Resolution **2016-13** was **ADOPTED**.

Secretary Landrum directed the Commission to Resolution **2016-14**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING A REQUEST FOR MODIFICATION FOR A CERTAIN
ECONOMIC DEVELOPMENT PROJECT FUNDED FROM THE
PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS
ISSUED BY THE COMMISSION.**

Ms. Smith presented Resolution 2016-14 to modify an EDB grant to the City of Winchester for the benefit of AMZN wacs, Inc. in an amount not to exceed \$250,000. The grant was approved by KEDFA, the Commission and CPBOC in 2012. The grant was to assist with the location of a new customer service center in Winchester, Kentucky. The original requirements were to create 550 new, full-time jobs for Kentucky residents, paying an average hourly wage of not less than \$15, excluding benefits, by March 2015 and maintain for three additional years. After the approval, but before the incentive agreement is executed, the company asked for the following modifications: 1) eliminate the collateral requirement for program disbursements to become performance based driven by compliance measurements; 2) align the EDB job requirements to more closely correspond with the Kentucky Business Investment ("KBI") job targets and compliance dates due to the KBI program participation at the Clark County project site; and 3) perform a name change to reflect the company's recent conversion to an LLC. Ms. Smith further explained that under the requested modification the company will be required to have 400 new full-time jobs for Kentucky residents by December 31, 2015, and an additional 150 new, full-time jobs for a total of 550 full-time jobs for Kentucky residents by December 31, 2016. The company will be required to maintain the level of 550 for an additional two (2) years. The disbursement of EDB funds will only occur after the corresponding compliance documents have been received and verified, and disbursement amounts will be set at a maximum of \$49,000 for the first year and for \$67,000 for the next three measurement years. If the company should fail to comply with the jobs requirement, the amount of corresponding disbursement will be reduced by \$122 for each full-time job not created or maintained. Staff recommended approval of the modification request. Secretary Landrum confirmed that the modifications were approved by KEDFA at their board meeting on February 25, 2016.

Secretary Landrum called for a motion to approve Resolution **2016-14**. Secretary Brinkman made a motion, and was seconded by Ms. McCoy-Johnson. There being no discussion, the motion **CARRIED** and Resolution **2016-14** was **ADOPTED**.

Secretary Landrum asked if there was any other business and asked for an update regarding By-Laws for the Commission. Ms. McCall stated she had completed her search for by-laws to see if any were approved, drafted or discussed in prior meetings and found nothing. She stated that staff would present a draft of by-laws to the Commission at the next meeting. Mr. Barrow added that the Commission members would be given a month or two to review and make comments before they are asked to adopt them.

With no further business before the Commission, Secretary Dunnigan made a motion to adjourn and was seconded by Director Chilton. Motion carried and the meeting adjourned at 2:13 pm.

Respectfully submitted,



Ryan Barrow
Secretary