

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**MAY 12, 2016**

The Kentucky State Property and Buildings Commission ("SPBC" or the "Commission") meeting was called to order on Thursday, May 12, 2016 at 1:30 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 Adrienne Southworth, proxy for Lt. Governor Jenean Hampton; Scott Brinkman, proxy for Governor Matt Bevin; Edgar C. Ross, State Controller, Office of the Controller; Katie Smith, proxy for Acting Secretary Erik Dunnigan, 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, Denise Pitts and Tammy McCall.

Other Guests Present: Joe Lancaster, Legislative Research Commission; Carla Wright, OSBD; Kathi Marshall, OSBD; David Carlsen, Kentucky Higher Education Student Loan Corporation; ("KHESLC"); Tom Midkiff, Kentucky Housing Corporation ("KHC"); and Jeremy Ratliff, KHC.

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

Secretary Landrum introduced the first item for business, which was approval of the minutes from the April 14, 2016 meeting and approval of the minutes from the May 3, 2016 meeting. A motion to accept the minutes of the April 14, 2016 meeting was made by Director Chilton and seconded by Mr. Ross. Motion **CARRIED**. A motion to accept the minutes of the May 3, 2016 meeting was made by Director Chilton and seconded by Ms. Smith. Motion **CARRIED**.

Secretary Landrum directed the Commission to Resolution **2016-18**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS  
COMMISSION APPROVING CAPITAL CONSTRUCTION PROJECTS  
AUTHORIZED BY THE 2016 REGULAR SESSION OF THE GENERAL  
ASSEMBLY WHERE SUCH PROJECTS WILL BE FINANCED BY THE  
ISSUANCE OF STATE PROPERTY AND BUILDINGS COMMISSION  
REVENUE BONDS OR BONDS ISSUED BY OTHER AUTHORIZED  
STATE DEBT- ISSUING AUTHORITIES.**

Ms. Columbia informed the Commission the purpose of Resolution 2016-18 was to approve the Capital Construction projects as authorized by the 2016 Regular Session of the General Assembly where such projects are to be financed by the issuance of SPBC Bonds or other authorized state debt-issuing authorities. Exhibit A listed all the projects covered under the reimbursement resolution. Ms. Columbia explained it was standard practice for Staff to present this reimbursement

resolution to the Commission after a budget is enacted. Ms. Southworth asked if the projects listed in Exhibit A would come before the Commission for bond issuing approval when ready. Ms. Columbia confirmed this resolution approved the financing of all the authorized projects and, when a project was ready for construction, a resolution will be presented to the Commission for projects in an amount provided by Budget or OSBD. Mr. Barrow added that the reimbursement resolution was necessary to comply with tax law so when OSBD advanced the funds to a project, they could be reimbursed from future bond proceeds.

Secretary Landrum called for a motion to approve **Resolution 2016-18**. Secretary Brinkman made a motion and was seconded by Mr. Ross. There being no further discussion, the motion **CARRIED** and Resolution 2016-18 was **ADOPTED**.

Secretary Landrum directed the Commission to **Resolution 2016-19**:

**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 SHELBY COUNTY FISCAL COURT FOR THE BENEFIT OF DIAGEO AMERICAS SUPPLY, INC. (DIAGEO) FOR \$500,000.**

Ms. Smith presented Resolution 2016-19 for the approval to issue Economic Development Revenue Bonds to make a grant in the amount of \$500,000 to the Shelby County Fiscal Court for the benefit of Diageo Americas Supply, Inc. ("Diageo"). Diageo is the world's leading premium drink business with over 28,000 employees in 180 counties. The company plans to expand by constructing a new distillery and warehouses in Shelby County. The proposed EDB grant funds will be used to offset the costs associated with this project. The projected investment is approximately \$115 million. The company will be required to create 31 new, permanent, full-time, Kentucky resident jobs paying average hourly wages of \$29.00, including benefits, within three (3) years of the Kentucky Economic Development Finance Authority's ("KEDFA") approval of the project and maintain for three (3) additional years. The project will not require collateral because grant funds will be disbursed only after the annual compliance reporting has occurred. The grant agreement will include job reduction and wage reduction provisions should the company fail to meet the requirements. KEDFA approved the project at its meeting on April 28, 2016, and it will be presented to CPBOC on May 24, 2016. Staff recommended approval.

Mr. Ross asked Ms. Smith to elaborate on the Kentucky Business Investment ("KBI") program and the Kentucky Enterprise Initiative Active ("KEIA") program. She stated they were incentive programs. The KBI program is for wage assessments and corporate income tax credits that are measured over a 10-year period with a possibility to claim credits of approximately \$250,000 a year.

The KEIA program is a sales and use tax refund program for construction materials and building fixtures in which the project would be eligible for a one-time refund of up to \$1,500,000.

Secretary Landrum called for a motion to approve **Resolution 2016-19**. Secretary Brinkman made a motion and was seconded by Ms. McCoy-Johnson. There being no further discussion, the motion **CARRIED** and Resolution 2016-19 was **ADOPTED**.

Secretary Landrum directed the Commission to **Resolution 2016-20**:

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

Mr. Starkweather informed the Commission that after the Commission meetings' agenda was released, Western Kentucky University ("WKU") requested to delay the refunding until August, and asked for the Chair's decision for the transaction to be presented at this meeting for approval or wait another month or two. Secretary Landrum agreed that the Commission would proceed with the request. Mr. Starkweather presented Resolution 2016-20 for the approval to issue WKU General Receipts Refunding Bonds 2016 Series B with an estimated par amount of \$28.915 million. The 2016 Series B issuance will partially advance refund the 2009 Series A issuance (9/1/19 thru 9/1/28 maturities). The All-In-True Interest cost is anticipated at 2.544%. The transaction was submitted to CPBOC for review at the May 24, 2016 meeting. The method of sale is competitive. Bond Counsel and Underwriter will be determined after the RFP process is completed. Staff recommended approval.

Secretary Landrum called for a motion to approve **Resolution 2016-20**. Ms. Southworth made a motion and was seconded by Secretary Brinkman. There being no further discussion, the motion **CARRIED** and Resolution 2016-20 was **ADOPTED**.

Secretary Landrum called for a motion to **Remove Resolution 2016-16 from the Table**. Director Chilton a motion and was seconded by Mr. Ross. Motion **CARRIED**.

Secretary Landrum directed the Commission to Resolution **2016-16**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS  
COMMISSION OF THE COMMONWEALTH OF KENTUCKY  
APPROVING THE ISSUANCE BY THE KENTUCKY HIGHER  
EDUCATION STUDENT LOAN CORPORATION OF STUDENT LOAN  
BACKED NOTES, SERIES 2016-1, PURSUANT TO AN INDENTURE OF  
TRUST AND AN AUTHORIZING RESOLUTION OF KHESLC TO BE  
ISSUED AS ONE OR MORE SERIES OF FEDERALLY TAXABLE OR  
FEDERALLY TAX-EXEMPT OBLIGATIONS IN AN AGGREGATE  
PRINCIPAL AMOUNT NOT TO EXCEED \$100,000,000.**

Mr. Brady presented Resolution 2016-16 for the approval to issue KHESLC Student Loan Backed Notes, Series 2016-1 in an amount not to exceed \$100,000,000. The transaction was presented to the Commission on April 14, 2016, and an informational meeting was held on May 3, 2016. The Tax-Exempt and Taxable Direct Purchase Student Loan Backed Notes ("DPNs") are being issued for the purpose of financing Federal Family Education Loan Program ("FFELP") Student Loans and rehabilitated FFELP loans recently originated by KHESLC and currently held on KHESLC's balance sheet and its warehouse lines. The proposed date of sale is June 2, 2016. The initial interest rate for the tax-exempt notes is estimated at 0.9% over the one month LIBOR and the initial interest rate for the taxable notes is estimated at 1.25% over the one month LIBOR. The method of sale is a pre-negotiated direct purchase and the purchase is the Bank of America. Staff recommended approval. Mr. Carlsen and the Commission discussed the makeup of the rehabilitated FFELP loans and the type of loans that are originated by KHESLC.

Secretary Landrum called for a motion to approve Resolution **2016-16**. Director Chilton made a motion, and was seconded by Mr. Ross. There being no further discussion, the motion **CARRIED** and Resolution **2016-16** was **ADOPTED**.

Secretary Landrum directed the Commission to Resolution **2016-21**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS  
COMMISSION OF THE COMMONWEALTH OF KENTUCKY  
APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING  
CORPORATION OF ITS HOUSING BONDS IN ONE OR MORE  
SERIES.**

Mr. Brady presented Resolution 2016-21 for the approval to issue KHC Single Family Housing Revenue Bonds 2016 Series A for future delivery as may be designated in an amount not to exceed \$75 million. The purpose of the issuance is to refund certain prior bonds for economic savings. The transaction was approved by the KHC Board on April 28, 2016, and will be presented at the CPBOC meeting on May 24, 2016. It is a fixed rate taxable transaction. The proposed date of sale is June 8, 2016 and the proposed closing date is June 28, 2016. The expected rating from Moody's is Aaa and from Standard & Poors is AAA. The estimated cost of issuance is \$905,000. The estimated True Interest cost is at 3.66% with a net present value savings of approximately \$3.2 million. The Underwriter is Citibank; Underwriter's Counsel is Dinsmore & Shohl; Bond Counsel is Kutak Rock; and Trustee is The Bank of New York Trust Co. Staff recommended approval. Mr. Midkiff explained the length of time and maturity date of the transaction.

Secretary Landrum called for a motion to approve Resolution **2016-21**. Ms. Smith made a motion, and was seconded by Secretary Brinkman. There being no further discussion, the motion **CARRIED** and Resolution **2016-21** was **ADOPTED**.

Secretary Landrum directed the Commission to Resolution **2016-22**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS  
COMMISSION OF THE COMMONWEALTH OF KENTUCKY  
APPROVING THE INCURRENCE OF TAX-EXEMPT INDEBTEDNESS  
BY THE KENTUCKY HOUSING CORPORATION IN ONE OR MORE  
SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED  
\$28,000,000.**

Mr. Brady informed the Commission that the next four resolutions were KHC Multifamily transactions. All four were approved by the KHC Board on April 28, 2016, and all will be presented to CPBOC on May 24, 2016.

He presented Resolution 2016-22 for the approval to issue KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds, Series 2016, in an amount not to exceed \$28 million for the Jackson House Apartments Project. The bonds will be used to finance the acquisition, rehabilitation and equipping of two multifamily residential rental facilities consisting of 294 one bedroom units. The project is located at 301 9<sup>th</sup> Street and 820 Washington Street in Paducah, Kentucky. The proposed date of sale and close date is June 2016. The total project cost is estimated at \$42.5 million. The cost of issuance is \$371,250 and the anticipated net interest rate is 4.55%. The developer is SOYCAR, Inc. Bond Counsel is Stites & Harbison. Staff recommended approval.

Secretary Landrum called for a motion to approve Resolution **2016-22**. Secretary Brinkman made a motion, and was seconded by Ms. Smith. Motion **CARRIED** and Resolution **2016-22** was **ADOPTED**.

Secretary Landrum directed the Commission to Resolution **2016-23**:

**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 \$19,400,000.**

Mr. Brady informed the Commission the next three presentations were separate financings with separate resolutions for projects that will be constructed on the same piece of land located on Cane Run Road in Louisville, Kentucky.

He presented Resolution 2016-23 for the approval to issue KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds Series 2016 in an amount not to exceed \$19.4 million for the Riverport Family Apartments Project. The bonds will be used to finance the acquisition, construction and equipping of a 240 unit property that will consist of one, two and three bedroom apartments. The proposed date of sale is June 15, 2016, and the proposed closing date is June 30, 2016. The total cost of the project is approximately \$40 million. The estimated cost of issuance is \$570,420 and the

estimated interest rate is 4.225%. The developer is Riverport Development, LLC. Bond Counsel is Dinsmore and Shohl, LLP. Staff recommended approval.

Secretary Landrum called for a motion to approve **Resolution 2016-23**. Ms. McCoy-Johnson made a motion and was seconded by Mr. Ross. There being no discussion, the motion **CARRIED** and Resolution 2016-23 was **ADOPTED**.

Secretary Landrum directed the Commission to Resolution **2016-24**:

**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 \$7,300,000.**

Mr. Brady presented Resolution 2016-24 for the approval to issue KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds Series 2016 in an amount not to exceed \$7.3 million for the Riverport Family Scholar House Project. The bonds will be used to finance the acquisition, construction and equipping of a 64 unit property consisting of one, two and three bedroom apartments. The proposed date of sale is June 15, 2016, and the proposed closing date is June 30, 2016. The total cost of the project is approximately \$14.6 million. The estimated cost of issuance is \$284,865 and the estimated interest rate is 4.225%. The developer is Riverport Development, LLC. Bond Counsel is Dinsmore and Shohl, LLP. Staff recommended approval. Mr. Ratliff gave a definition for multifamily housing and explained the differences in qualifying for the family housing, family scholar housing, and senior housing.

Secretary Landrum called for a motion to approve **Resolution 2016-24**. Ms. McCoy-Johnson made a motion and was seconded by Director Chilton. There being no further discussion, the motion **CARRIED** and Resolution 2016-24 was **ADOPTED**.

Secretary Landrum directed the Commission to Resolution **2016-25**:

**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 \$8,700,000.**

Mr. Brady presented Resolution 2016-25 for the approval to issue KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds Series 2016 in an amount not to exceed \$8.7 million for the Riverport Senior Apartments Project. The bonds will be used to finance the acquisition, construction and equipping of a 108 unit property consisting of two bedroom apartments. The proposed date of sale is June 15, 2016, and the proposed closing date is June 30, 2016. The total

cost of the project is approximately \$18.3 million. The estimated cost of issuance is \$354,065 and the estimated interest rate is 4.225%. The developer is Riverport Development, LLC. Bond Counsel is Dinsmore and Shohl, LLP. Staff recommended approval.

Secretary Landrum called for a motion to approve **Resolution 2016-25**. Ms. Smith made a motion and was seconded by Secretary Brinkman. There being no discussion, the motion **CARRIED** and Resolution 2016-25 was **ADOPTED**.

Secretary Landrum asked Mr. Barrow to discuss the SPBC Bylaws. Mr. Barrow directed the Commission to the Bylaws that were included in the meeting booklet. Prior to the meeting, Ms. Southworth had recommended to strike the words "oral or" in the first paragraph of Article IV Meetings in the Bylaws. Staff did not receive any other recommended changes from the Commission members. Staff recommended adoption.

Secretary Landrum called for a motion to approve the **SPBC Bylaws** with the adjustment of striking the words "oral or". Ms. Southworth made a motion and was seconded by Mr. Ross. There being no discussion, the motion **CARRIED** and the SPBC Bylaws were **ADOPTED**.

With no further business before the Commission, Director Chilton made a motion to adjourn and was seconded by Secretary Landrum. Motion carried and the meeting adjourned at 2:10 pm.

Respectfully submitted,

  
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Ryan Barrow  
Secretary