

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**JULY 18, 2016**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Monday, July 18, 2016 at 2:00 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; Andrew McNeill, 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, Denise Pitts and Tammy McCall.

Other Guests Present: Carla Wright, OSBD; Jeremy Ratliff, Kentucky Housing Corporation (“KHC”); Diane Beidleman, KHC; O’Ryan McCray, KHC; Lewis Diaz, Dinsmore & Shohl; Johan Graham, AU Associates; and Bruce Nicol, Nicol Development.

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 May 12, 2016 meeting. A motion to accept the minutes of the May 12, 2016 meeting was made by Ms. Smith and seconded by Director Chilton. Motion **CARRIED**.

Secretary Landrum directed the Commission to Resolution **2016-26**:

**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 LEXINGTON-FAYETTE  
URBAN COUNTY GOVERNMENT FOR THE BENEFIT OF ASHLAND  
INC. (ASHLAND) FOR \$450,000.**

Ms. Smith presented Resolution 2016-26 for the approval to issue Economic Development Revenue Bonds to make a grant in the amount of \$450,000 to the Lexington-Fayette Urban County Government for the benefit of Ashland Inc. (“Ashland”). Ashland is a leading global specialty chemical company with customers in over 100 countries. The company plans to lease an

approximately 165,000 square foot facility in Lexington that will serve as the new headquarters for the Valvoline unit. The total investment, excluding the lease cost, is approximately \$7 million. The company will be required to retain 616 existing, permanent, full-time Kentucky resident jobs paying an average hourly wage of not less than \$42.00, excluding benefits, within one year of KEDFA approval, and maintain those jobs and wages for an additional three 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 June 30, 2016, and it will be presented to the Capital Projects and Bond Oversight Committee ("CPBOC") on July 19, 2016. Staff recommended approval. A brief discussion followed regarding measurement requirements.

Secretary Landrum called for a motion to approve **Resolution 2016-26**. Director Chilton made a motion and was seconded by Mr. McNeill. There being no further discussion, the motion **CARRIED** and Resolution 2016-19 was **ADOPTED**. Mr. Ross abstained from voting due to a conflict.

Mr. Brady informed the Commission that Item 4, Resolution 2016-27, was pulled from the Agenda until further notice at the request of KHC. Mr. Ratliff stated that the structure of this transaction is different from what has been done in the past and bond counsel recommended that a detailed review of the terms be conducted before KHC proceeded with the approval request. Mr. Diaz gave a brief explanation of the safeguards needed to ensure securities code policy compliance.

Secretary Landrum directed the Commission to Resolution **2016-28**:

**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 \$10,000,000.**

Mr. Brady presented Resolution 2016-28 for the approval to issue KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds, Series 2016, in an amount not to exceed \$10 million for the Parkway Plaza Apartments Project. The bonds will be used to finance the acquisition, rehabilitation and equipping of a 180-unit property located at 431 Rogers Road, Lexington, Kentucky. The KHC Executive Committee of the Board of Directors approved the transaction on June 23, 2016, and it will be presented to CPBOC on July 19, 2016. The proposed date of sale is August 15, 2016, and proposed closing date is August 30, 2016. The anticipated rating from Standard & Poors ("S&P") is A-1+. The total project cost is estimated at \$21 million. The anticipated net interest rate is 0.9% over a term of 24 months. The developer is Winterwood, Inc. or its affiliate. Bond Counsel is Dinsmore & Shohl; Underwriter, Red Capital Markets, LLC; Underwriter Counsel, Eichner Norris & Neumann; and Trustee, The Huntington National Bank. Staff recommended approval. Ms. Smith asked if there were any reported comments at the public hearing held on July 11, 2016. Mr. Ratliff stated there were none.

Secretary Landrum called for a motion to approve Resolution 2016-28. Mr. Ross made a motion and was seconded by Ms. Smith. Motion **CARRIED** and Resolution 2016-28 was **ADOPTED**.

Secretary Landrum directed the Commission to Resolution 2016-29:

**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 \$6,000,000.**

Mr. Brady presented Resolution 2016-29 for the approval to issue KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds Series 2016 in an amount not to exceed \$6 million for the Arlington Lofts Apartments Project. The bonds will be used to finance the acquisition, construction and equipping of an 81-unit property located at 1001 and 1021 North Limestone Street, Lexington, Kentucky. The KHC Board of Directors approved the transaction on April 28, 2016, and it will be presented to CPBOC on July 19, 2016. The proposed date of sale is August 15, 2016, and proposed closing date is August 30, 2016. The anticipated rating from S&P is A-1+. The total project cost is estimated at \$8.7 million. The anticipated net interest rate is 4.22% over a term of 35 years. The method of sale is a private placement with The Federal Home Loan Mortgage Corporation (Freddie Mac). The developer is Nicol Development Company. Bond Counsel is Dinsmore & Shohl. Staff recommended approval.

Secretary Landrum called for a motion to approve **Resolution 2016-29**. Director Chilton made a motion and was seconded by Mr. Ross. There being no discussion, the motion **CARRIED** and Resolution 2016-29 was **ADOPTED**.

With no further business before the Commission, Ms. Smith made a motion to adjourn and was seconded by Ms. Southworth. Motion carried and the meeting adjourned at 2:14 pm.

Respectfully submitted,



Ryan Barrow  
Secretary