

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
OCTOBER 18, 2010

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Monday, October 18, 2010 at 2:00 p.m. EST in Room 182 of the Capitol Annex by Lori Flanery, Deputy Secretary, Finance and Administration Cabinet as proxy for Jonathan Miller, Secretary, Finance and Administration Cabinet, Executive Director to the Commission. Other members present were John Esham, proxy for Governor Stephen Beshear, Bill Burger, proxy for Lt. Governor Mongiardo, Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, John Hicks, proxy for Mary Lassiter, State Budget Director, Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development, and Corey Bellamy, proxy for Attorney General, Jack Conway.

Office of Financial Management (OFM) Staff Members Present: Tom Howard, Executive Director and Secretary to the Commission, Brett Antle, Deputy Executive Director, Robin Brewer, Tom Midkiff, Rachael Dever, and Marcia Adams.

Other Guests Present: Kristi Culpepper from the Legislative Research Commission (LRC) and Dan Gajus from Republic Services.

Deputy 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 Mr. Bill Burger to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the September 20, 2010 meeting were approved as written.

Deputy Secretary Flanery introduced Resolution **2010-27**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF FINANCING VARIOUS PROJECTS; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID REVENUE BONDS ARE TO BE ISSUED AND PROVIDING FOR A NEGOTIATED 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 FOR 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 FINANCE VARIOUS PROJECTS PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; APPROVING A LEASE OF THE PROJECTS TO THE CABINET 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.

Ms. Robin Brewer stated that Resolution 2010-27 is for the State Property and Buildings Commission (SPBC) Revenue Bonds, Project No. 99 for three series of bonds; Series A will be sold on a tax-exempt basis, Series B sold on a taxable basis, and Series C on a taxable basis as Build America Bonds (BABs). The authorization amount is \$400 million on a not-to-exceed basis. This is all new money with no refinancing involved. The

Commission plans to issue fixed-rate bonds to provide permanent financing for \$313 million of projects from the 2005-2010 capital plans authorized by the General Assembly. Upon approval by the Commission today, this financing will be presented to the Capital Projects and Bond Oversight Committee on Tuesday, October 19, 2010. Bond Counsel is Kutak Rock LLP; Underwriter is Morgan Stanley; Underwriter's Counsel is Peck, Shaffer & Williams LLP; and Trustee is U.S. Bank. The estimated all in True-Interest-Cost (TIC) is 3.25% with final maturity on the bonds of November 1, 2030. This financing is a continuation of previous transactions brought before the Commission for SPBC, Project Nos. 90, 93, 95, and 96, in which the Commission partially financed a multitude of General Fund projects. Staff recommends approval.

Mr. John Hicks asked what the underlying need was for the true taxable portion of the transaction. Mr. Brett Antle answered that there are two projects with private use aspects, the energy bonds authorized in the Second Extraordinary Session of the 2007 General Session and Economic Development projects from the pool authorized by the 2006 General Assembly.

Mr. Burger made a motion to approve Resolution **2010-27** that was seconded by Mr. Ross. Motion **CARRIED** and Resolution **2010-27** was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution **2010-28**:

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 SHEPHERDSVILLE FOR THE SOUTH BULLITT INTERCEPTOR REGIONAL WASTEWATER PROJECT (\$3,000,000).

Ms. Katie Smith stated the 2010 Extraordinary Session of the Kentucky General Assembly authorized \$38,495,000 of Economic Development Bond (EDB) Base Realignment and Closure (BRAC) Bond funds in House Bill 1 of the 2010 Extraordinary Session of the General Assembly with the intent that the EDB funds would be used for projects associated with the BRAC effort. A BRAC task force has been established to assure that all issues and concerns are considered in the decision making process for the issues related to BRAC. The BRAC task force is recommending the use of \$3 million in EDB funds for the purpose of making a grant to the city of Shepherdsville for the Shepherdsville's South Bullitt Interceptor Regional Wastewater Project. The project will provide a wastewater interceptor line between Shepherdsville and Southern Bullitt County to serve the Salt River Basin and will include the construction of a solids processing building, sludge hauling tank modifications, and an additional clarifier splitter box area channel. The area adjacent to the Fort Knox northeast border has experienced rapid growth in the last 10 years, and further growth is anticipated along this route. The Kentucky Economic Development Finance Authority (KEDFA) approved this project on September 30th, and staff recommends approval for Resolution 2010-28.

Mr. Hicks asked where we stood with the total BRAC bond authorized appropriations. Ms. Smith responded that the first \$50 million approved in the previous budget has already been approved by this Commission, and projects have moved forward with spending. There are currently 11 projects with the new 2010 authorization, this being the first to come before the Commission.

Mr. Burger made a motion to approve Resolution **2010-28** that was seconded by Mr. John Hicks. Motion **CARRIED**, and Resolution **2010-28** was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution **2010-29**:

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 FRANKLIN FOR THE BENEFIT OF TRACTOR SUPPLY COMPANY (TSC) (\$500,000).

Ms. Katie Smith stated that Resolution 2010-29 is for the use of EDB funds for the purpose of making a grant in the amount of \$500,000 to the city of Franklin for the benefit of Tractor Supply Company (TSC). TSC anticipates the construction and equipping of an approximate 840,000 square foot facility in Simpson County for a regional distribution center. TSC is the largest retailer in America which serves farmers, ranchers, home owners, and contractors. The proposed project would be an expansion of the company's existing distribution capacity in the region and the proposed EDB funds will be used to offset the cost associated with the project. TSC will be required to create 216 new full-time jobs for Kentucky residents paying average hourly wages of \$12.94 excluding benefits within three years of the date of completion and occupancy of the project and maintain for three additional years. Prepayment provisions will be included in the grant agreement if TSC fails to maintain or create the jobs or pay the required wages. TSC will be required to provide a letter of credit, certificate of deposit or other form of collateral satisfactory to the Cabinet as security for repayment of the proceeds. TSC also received approval incentives under the Kentucky Business Investment (KBI) and Kentucky Enterprise Initiative Act (KEIA) programs along with the reduction of the State Property Tax Rate associated with the issuance of local Industrial Revenue Bonds (IRB). KEDFA approved this project on September 30th, and staff recommends approval.

Mr. Ross made a motion to approve Resolution **2010-29** that was seconded by Mr. Burger. Motion **CARRIED**, and Resolution **2010-29** was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution **2010-30**:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY OF ITS SOLID WASTE REFUNDING REVENUE BONDS (REPUBLIC SERVICES,

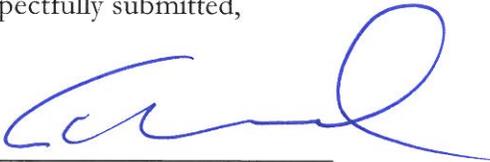
INC. PROJECT) SERIES 2010 IN AN AMOUNT NOT TO EXCEED \$47,000,000.

Ms. Katie Smith stated that Resolution 2010-30 is for the approval for the issuance of Solid Waste refunding Revenue Bonds in the amount not to exceed \$47,000,000 on behalf of Republic Services, Inc. Bond proceeds will be used to refund the previous KEDFA issued bonds Series 2000, 2001, 2005, and 2008. The counties impacted by the project will be Grant, Ohio, Jefferson, Lincoln and Trimble and the appropriate local jurisdictions have adopted the resolutions requesting KEDFA issue the bonds. KEDFA is a conduit financier in the transaction and will not have a general obligation or be held liable for the bonds. KEDFA approved this project at their meeting on September 30th, and staff recommends approval. Ms. Smith introduced Mr. Dan Gajus, representative for Republic Services. He thanked the Committee for their consideration of the refunding.

Mr. Burger made a motion to approve Resolution **2010-30** that was seconded by Mr. Hicks. Motion **CARRIED**, and Resolution **2010-30** was **ADOPTED**.

Deputy Secretary Flanery asked if there was any other business. With no other business, the meeting stands adjourned.

Respectfully submitted,



F. Thomas Howard
Secretary