

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
FEBRUARY 9, 2011

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Wednesday, February 9, 2011 immediately following the adjournment of the Kentucky Asset/Liability Commission meeting 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 Beshear, Bill Burger, proxy for Lt. Governor Mongiardo, Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, Mary Lassiter, State Budget Director, and Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development.

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

Other Guests Present: Kristi Culpepper and Stuart Weatherford, from the Legislative Research Commission (“LRC”); State Treasurer Todd Hollenbach and Eugene Harrell, from the Treasurer’s Office; and John Hicks from the Office of State Budget Director (“OSBD”).

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 Ms. Katie Smith and seconded by Mr. Bill Burger to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the January 14, 2011 meeting were approved as written.

Deputy Secretary Flanery introduced Resolution **2011-02**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE OF KENTUCKY ASSET/LIABILITY
COMMISSION FUNDING NOTES, 2011 GENERAL FUND FIRST SERIES
(TAXABLE) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED \$300,000,000 FOR THE PURPOSE OF FINANCING OR
REFINANCING OBLIGATIONS OWED UNDER KRS 161.550(2).**

Mr. Brett Antle stated Resolution 2011-02 is for Kentucky Asset/Liability Commission (“ALCo”) Funding Notes, 2011 General Fund First Series (Taxable) in an amount not to exceed \$300,000,000. Approval is being sought from this Commission for ALCo to issue the funding notes to provide financing for the state’s share of obligations under KRS 161.550(2) to the Kentucky Teachers’ Retirement System (“KTRS”) Medical Insurance Trust Fund for fiscal years 2011 and 2012. The transaction was just approved by ALCo and will be presented to Capital Projects and Bond Oversight (“CPBO”) tentatively scheduled on February 15, 2011. The preliminary New Bond Issue Report outlines the details of transaction. Mr. Tom Howard added that this is the second of two planned transactions and should save approximately \$40,000,000 to the General Fund at an approximate financing rate of 4.7% versus borrowing from the Kentucky

Teachers' Retirement System at a 7.5% interest rate. Combined with savings from the first transaction of almost \$88,000,000, the Commonwealth expects to achieve almost \$128,000,000 in total savings to the General Fund by refinancing these obligations.

Ms. Mary Lassiter made a motion to approve Resolution **2011-02** that was seconded by Mr. Ed Ross. Motion **CARRIED**, and Resolution **2011-02** was **ADOPTED**.

Deputy Secretary Flanery recognized Ms. Katie Smith for her introduction of Resolutions **2011-03** to **2011-11**:

Ms. Smith stated that the 2010 Extraordinary Session of the Kentucky General Assembly authorized \$38,495,000 of Economic Development Bond (EDB) funds for the Base Realignment and Closure (BRAC) Project in House Bill 1 with the intent that the EDB funds be used with projects associated with the BRAC efforts. A task force was established to assure that all issues and concerns are considered in the decision making process for issues relating to BRAC. The BRAC Task Force is recommending the use of the following EDB funds for the following nine (9) projects.

2011-03 A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION 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 BRANDENBURG FOR THE WATER TREATMENT PLANT UPGRADE PROJECT (\$1,000,000).

Resolution 2011-03 is to approve a \$1,000,000 grant to the city of Brandenburg for the Water Treatment Plant Upgrade Project. This proposed project will include the addition of a new contact tank, filters, high service pumps, clear well and backwash handling resulting in an increase in the current treatment capacity.

2011-04 A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION 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 ELIZABETHTOWN FOR THE CITY SPRINGS WATER TREATMENT PLANT UPGRADE PROJECT (\$1,000,000).

Resolution 2011-04 is to approve a \$1,000,000 grant to the city of Elizabethtown for the City Springs Water Treatment Plant Upgrade Project. This proposed project will include the upgrade of the existing water treatment facility to include filtering, new telemetry and other upgrades.

2011-05 A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION 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 HARDIN COUNTY FISCAL COURT FOR THE BENEFIT OF THE HARDIN COUNTY WATER DISTRICT TO COMPLETE THE PHASE I INTERCONNECT PROJECT (\$495,000).

Resolution 2011-05 is to approve a \$495,000 grant to the Hardin County Fiscal Court for the benefit of the Hardin County Water District to complete the Phase I Interconnect Project. This proposed project will include the study and planning, including right of way and permitting for a major interconnection between Hardin County Water District #1, Hardin County Water District #2, Elizabethtown and Fort Knox water systems.

2011-06 A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION 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 HARDIN COUNTY FISCAL COURT FOR THE BENEFIT OF THE HARDIN COUNTY WATER DISTRICT TO COMPLETE THE LOUISVILLE WATER-FORT KNOX INTERCONNECT PROJECT (\$4,500,000).

Resolution 2011-06 is to approve a \$4,500,000 grant to the Hardin County Fiscal Court for the benefit of the Hardin County Water District to complete the Louisville Water-Fort Knox Interconnect Project. This proposed project will include the construction of a new 24-inch transmission line and pump station to provide a regional water supply connection with the Louisville Water Company and Fort Knox.

2011-07 A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION 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 HARDIN COUNTY FISCAL COURT FOR THE BENEFIT OF THE HARDIN COUNTY WATER DISTRICT TO COMPLETE THE PHASE II RADCLIFF WASTEWATER SYSTEM IMPROVEMENTS PROJECT (\$2,500,000).

Resolution 2011-07 is to approve a \$2,500,000 grant to the Hardin County Fiscal Court for the benefit of the Hardin County Water District to complete the Phase II Radcliff Wastewater System Improvements Project. The proposed project will include the replacement and repair of failing and inadequate existing wastewater collection and interceptor lines.

2011-08 A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION 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 HARDIN COUNTY FISCAL COURT FOR THE BENEFIT OF THE HARDIN COUNTY WATER DISTRICT TO COMPLETE THE LOUISVILLE WATER-INTERSTATE 65 INTERCONNECT PROJECT (\$6,000,000).

Resolution 2011-08 is to approve a \$6,000,000 grant to the Hardin County Fiscal Court for the benefit of the Hardin County Water District to complete the Louisville Water-Interstate 65 Interconnect Project. This proposed project will include the construction of a large pumping station near the Hardin and Bullitt County line along with the installation of approximately nine miles of 24-inch transmission main line.

2011-09 A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION 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 HARDIN COUNTY FISCAL COURT FOR THE BENEFIT OF THE HARDIN COUNTY WATER DISTRICT TO COMPLETE THE NOLIN SEWER COLLECTION PROJECT (\$16,000,000).

Resolution 2011-09 is to approve a \$16,000,000 grant to the Hardin County Fiscal Court for the benefit of the Hardin County Water District to complete the Nolin Sewer Collection Project. The proposed project will include the construction of a wastewater collection system in the Nolin River area watershed to help alleviate inadequate on-site treatment.

2011-10 A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING

THE APPLICATION 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 BRANDENBURG FOR THE ELEVATED WATER TANK PROJECT (\$1,000,000).

Resolution 2011-10 is to approve a \$1,000,000 grant to the city of Brandenburg for the Elevated Water Tank Project. This proposed project will include the construction of a new 500,000 gallon elevated water tank to provide more adequate storage capacity to meet current and future demand in Brandenburg and Meade County, including residential growth related to BRAC.

2011-11 A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION 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 VINE GROVE FOR THE PHASE I SYSTEM IMPROVEMENT PROJECT (\$1,200,000).

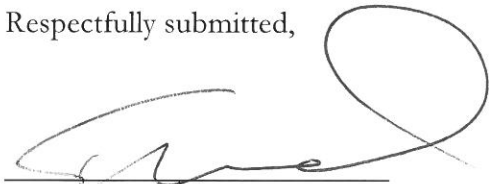
Resolution 2011-11 is to approve a \$1,200,000 grant to the city of Vine Grove for the Phase I System Improvement Project. This proposed project will include the replacement and upgrade of existing water distribution mains that are old and undersized.

All these projects have received approval from Kentucky Economic Development Finance Authority ("KEDFA") at its meeting on January 27, 2011 and will be presented to Capital Projects and Bond Oversight tentatively scheduled on February 15, 2011 pending approval of the Commission.

Mr. Burger made a motion to approve Resolutions **2011-03 to 2011-11** that was seconded by Mr. Ed Ross. Motion **CARRIED**, and Resolutions **2011-03 to 2011-11** were **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