

STATE PROPERTY AND BUILDINGS COMMISSION

March 19, 2007

MINUTES

The State Property and Buildings Commission was called to order by John Farris, Secretary, Finance and Administration Cabinet, on Monday, March 19, 2007 at 10:00 a.m. in Room 76 of the Capital Annex in Frankfort, Kentucky. Other members present were Libby Milligan, proxy for Ernie Fletcher, Governor; Bonnie Howell, proxy for Attorney General Greg Stumbo; Katie Smith, proxy for Gene Fuqua, Acting Secretary, Cabinet for Economic Development; and Ed Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet.

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

A motion was made by Ms. Smith and seconded by Mr. Ross to approve the minutes of the January 11, 2007 meeting. Motion carried and the minutes were **APPROVED**.

Secretary Farris introduced Resolution 2007-04:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE OF UNIVERSITY OF LOUISVILLE
GENERAL RECEIPTS BONDS, 2007 SERIES A OF THE UNIVERSITY
OF LOUISVILLE.**

Robin Brewer, Financial Analyst, Office of Financial Management, stated that the University of Louisville plans to sell 2007 General Receipts Series A Agency Fund supported revenue bonds to provide funding for several projects. She added that a portion of these projects were financed on an interim basis with proceeds from the Kentucky Asset/Liability Commission Project Notes, 2005 Agency Fund Second Series A-2. She stated that a portion of the proceeds from the 2007 Series A Bonds will be used to retire the Prior Notes. Ms. Brewer stated that the projects were approved in House Bill 269 of the 2003 Regular Session, House Bill 267 of the 2005 Regular Session, or in House Bill 380 of the 2006 Regular Session of the General Assembly. Ms. Brewer stated that the 2007 Series A Bonds are an obligation under a new Trust Agreement and the University has pledged its General Receipts as security for the payment of its obligations. Ms. Brewer indicated that the University of Louisville Board of Trustees approved the bond issue on February 21, 2007 and it will be presented to the Capital Projects and Bond Oversight Committee on March 20, 2007. Ms. Brewer commented that staff recommends approval of this project.

Ms. Howell noted that this issue included bonds for a Home of the Innocents project and inquired whether bonds were previously sold for the project. Ms. Brewer clarified that bonds were sold in 2005 by the University for land acquisition costs associated with the Home of the Innocents. The project included in the upcoming bond issue involves renovation of the facility.

A motion was made by Ms. Howell and seconded by Ms. Smith to adopt Resolution 2007-04 approving the issuance of University of Louisville General Receipts Bonds, 2007 Series A in an estimated amount of \$41,090,000. Motion carried and Resolution 2007-04 was **ADOPTED**. Secretary Farris introduced Resolution 2007-05:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE OF KENTUCKY STATE UNIVERSITY
GENERAL RECEIPTS BONDS, 2007 SERIES A OF KENTUCKY STATE
UNIVERSITY.**

Ms. Brewer stated that Kentucky State University plans to sell General Receipts, 2007 Series A, Agency Fund supported revenue bonds to provide funding for the construction of a new Young Hall Residence facility for the current refunding of the University's only outstanding Housing and Dining System Bonds, Series G issued in 1994, and to pay costs of issuance associated with the bond issue. She stated that this project was reauthorized in House Bill 267 of the 2005 Regular Session of the General Assembly. Ms. Brewer stated that the 2007 Series A bonds are an obligation under a new Trust Agreement and Kentucky State University has pledged its General Receipts as a security for the payment of its obligations. She indicated that the Kentucky State University Board of Regents approved the bond issue on January 22, 2007 and that the bond issue would be presented to the Capital Projects and Bond Oversight Committee on March 20, 2007. She added that staff recommends approval.

A motion was made by Mr. Ross and seconded by Ms. Milligan to adopt Resolution 2007-05 approving the issuance of Kentucky State University General Receipts Bonds, 2007 Series A in an approximate amount of \$5,905,000. Motion carried and Resolution 2007-05 was **ADOPTED**.

Secretary Farris introduced Resolution 2007-06:

**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 FOR (I)
ASPEN COMPRESSOR, LLC (PULASKI COUNTY) (\$500,000) AND (II)
BRUSS NORTH AMERICA, INC. (RUSSELL COUNTY) (\$150,000).**

Katie Smith, Deputy Commissioner, Department of Financial Incentives, Cabinet for Economic Development stated that the first project for approval was a grant to the Pulaski County Fiscal Court for the benefit of Aspen Compressor, LLC. Ms. Smith indicated that the funds are part of the budget appropriation specifically for the Department of Commercialization and Innovation

(DCI) projects. She stated that Aspen Compressor proposes to locate a 19,400 square foot manufacturing facility on 2.808 acres in Somerset, Kentucky and construct and equip a "clean room" and other lab space to enable the company to research and develop new products related to the manufacture of refrigeration compressors for microclimate cooling systems. The project is required to create a minimum of 40 permanent, full-time high-tech jobs for Kentucky residents at a salary of not less than \$50,000 excluding benefits within three (3) years of the final disbursement.

Ms. Smith stated that the second project for approval was an EDB grant to the Russell County Fiscal Court for the benefit of Bruss North America, Inc. She indicated that the company proposes to expand its existing facility to add an additional 63,000 square feet in Russell Springs, Kentucky to enable the company to manufacture valve covers, seals and gaskets for the automotive industry. She stated that the company will be required to create 150 full-time jobs within two years of the start of the expansion in addition to retaining the current workforce of 15 full-time employees.

Ms. Smith indicated that both projects had been recommended by the Secretary of the Cabinet for Economic Development and concurred upon by the Secretary of the Finance and Administration Cabinet. She added that KEDFA approved the Aspen Compressor, LLC project on January 25, 2007 and the Bruss North America, Inc. on February 22, 2007. She stated that both projects will be presented to the Capital Projects and Bond Oversight Committee on March 20, 2007 and that staff recommends approval of the projects.

A motion was made by Mr. Ross and seconded by Ms. Howell to adopt Resolution 2007-06 approving the application of the Secretary of the Cabinet for Economic Development to identify certain economic development projects to be financed from economic development revenue bonds for (1) Aspen Compressor, LLC (Pulaski County)(\$500,000) and Bruss North America, Inc. (Russell County) (\$150,000). Motion carried and Resolution 2007-06 was **ADOPTED**.

Tom Howard, Executive Director, Office of Financial Management, informed the members that a detailed summary of the State Property and Buildings Commission Revenue and Revenue Refunding Bonds, Project 87, was included in the agenda as an information item. Mr. Howard indicated that a par amount of \$264,225,000 bonds were issued on February 28, 2007 to current refund \$4,335,000 of SPBC Project No. 57 bonds for present value savings of just over \$300,000 or almost 7 percent, refund \$95,000,000 of Kentucky Asset/Liability Commission Project Notes, 2005 General Fund Second Series, refund \$5,085,000 of Kentucky Asset/Liability Commission Project Notes, 2005 Agency Fund Second Series, and provide funding for approximately \$178 million of new money projects. Mr. Howard indicated that a list of all of the projects funded could be found on Attachment 2. Mr. Howard identified the underwriting and legal counsel firms which participated in the financing. He further indicated that the market was very favorable at the time of pricing, resulting in an All-in True Interest Cost of 4.275% on the bonds.

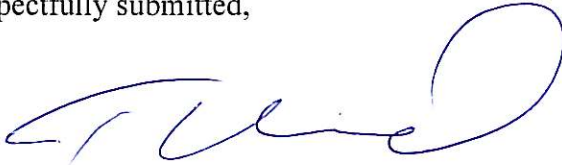
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With no further business before the Commission, a motion was made by Ms. Smith and seconded by Ms. Howell to adjourn the meeting.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'F. Thomas Howard', with a large, stylized loop at the end.

F. Thomas Howard, Secretary
State Property and Buildings Commission