

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
APRIL 18, 2011

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Monday, April 18, 2011 in Room 182 of the Capitol Annex at 2:00 p.m. by Lori Flanery, Secretary, Finance and Administration Cabinet and 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, Tom Midkiff, Rachael Dever, and Marcia Adams.

Other Guests Present: Kristi Culpepper and Kelly Dudley, from the Legislative Research Commission (“LRC”); Carla Wright from the Office of State Budget Director (“OSBD”); and Joe Britt, from Wells Fargo Bank.

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. Bill Burger and seconded by Mr. Ed Ross to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the February 9, 2011 meeting were approved as written.

Secretary Flanery recognized Ms. Rachael Dever for her introduction of Resolution **2011-12**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING
THE ISSUANCE OF MOREHEAD STATE UNIVERSITY GENERAL
RECEIPTS BONDS, 2011 SERIES A.**

Ms. Dever stated that Resolution 2011-12 is for Morehead State University General Receipts Bonds, 2011 Series A in an estimated amount of \$5,060,000. The project is for Agency Fund supported revenue bonds to be sold on or around June 19, 2011 with the funds used to renovate East Mignon Residence Hall and cover cost of issuance. Staff has received a letter from the University’s Board of Regents certifying no tuition increase will occur. The Board approved the project on March 10, 2011 and upon approval today, the project will be presented to Capital Projects and Bond Oversight (CPBO) on April 19, 2011. Bond Counsel is Peck, Shaffer and Williams, LLC; Trustee is U.S. Bank; and Financial Advisor is Hilliard Lyons. Ms. Dever also noted that the underlying rating is A1, and staff recommends approval.

Ms. Mary Lassiter made a motion to approve Resolution **2011-12** that was seconded by Ms. Katie Smith. Motion **CARRIED**, and Resolution **2011-12** was **ADOPTED**.

Secretary Flanery recognized Ms. Katie Smith for her introduction of Resolution **2011-13**:

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 HIGHWAY 313 SEWER EXPANSION PROJECT (\$1,800,000).

Ms. Smith stated that the 2010 Extraordinary Session of the Kentucky General Assembly authorized \$38,495,000 of Economic Development Bonds (EDB) in House Bill 1 with the intent that the EDB funds would be used for projects associated with the Base Realignment and Closure (BRAC) efforts. This is the last of these projects to be brought to the Commission. A BRAC Task Force has been established to assure that all issues and concerns are considered in the decision-making process for issues related to BRAC. The Task Force is recommending the use of \$1,800,000 in EDB funds to issue a grant to the city of Vine Grove for the Highway 313 Sewer Expansion Project. This proposed project will extend the sewer service and install trunk line sewer to commercial areas adjacent to Highway 313 in addition to the repair and rehabilitation of several existing manholes and failing lines. The project will help accommodate residential and commercial growth from BRAC and Vine Grove. The project was approved by the Kentucky Economic Development Finance Authority (KEDFA) at the February 24, 2011 meeting and will be presented to CPBO on April 19, 2011 upon approval today. Staff recommends approval.

Mr. Burger made a motion to approve Resolution **2011-13** that was seconded by Mr. Ed Ross. Motion **CARRIED**, and Resolution **2011-13** was **ADOPTED**.

Secretary Flanery recognized Ms. Katie Smith for her introduction of Resolution **2011-14**:

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 MORGANTOWN FOR THE BENEFIT OF CASCO PRODUCTS CORPORATION DBA SEQUA AUTOMOTIVE GROUP (SEQUA) (\$500,000).

Ms. Smith stated that Secretary Hayes is recommending the use of \$500,000 in Economic Development Bond (EDB) Funds for the purpose of making a grant to the city of Morgantown for the benefit of Casco Products Corporation doing business as Sequa Automotive Group (Sequa). Sequa will improve and equip approximately 60,000 square feet of underutilized manufacturing space in its existing 130,000 square foot facility in Morgantown, Kentucky for the purpose of manufacturing automotive air bag inflators. This project will help the company meet increasing demand of the product. The proposed EDB funds will be used to offset the cost associated with the project.

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In addition to retaining the existing 50 full-time Kentucky resident workforce, the company will be required to create 280 new, full-time jobs for Kentucky residents, paying an average hourly wage of not less than \$12.98, excluding benefits, within three years of the date of approval by the Kentucky Economic Development Finance Authority (KEDFA). Sequa will be required to maintain the 280 new jobs and retain the existing workforce for an additional three years. Repayment provisions will be included in the grant agreement if the company fails to create or maintain the jobs or pay the required wages. Sequa will be required to provide a letter of credit or another form of collateral acceptable to the Cabinet for Economic Development as security for any repayment of EDB grant proceeds.

Project was approved by KEDFA at its March 31, 2011 meeting and will be presented to CPBO on April 19, 2011 pending approval today. Staff recommends approval.

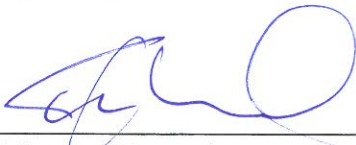
Mr. Burger made a motion to approve Resolution **2011-14** that was seconded by Mr. John Esham. Motion **CARRIED**, and Resolution **2011-14** was **ADOPTED**.

Secretary Flanery asked if there was any other business.

Mr. Tom Midkiff brought attention to a letter from the Kentucky Housing Corporation (KHC) relating to an upcoming bond sale that was previously authorized in December of 2009. This letter was submitted to update the Commission on the Corporation's financing program. Mr. Midkiff highlighted that KHC is one of only a few states that expect to have spent its entire New Issue Bond Program (NIBP) allocation from the U.S. Treasury.

With no other business, the meeting stands adjourned.

Respectfully submitted,



F. Thomas Howard
Secretary