

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
MAY 12, 2011**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday, May 12, 2011 in Room 182 of the Capitol Annex at 11:30 a.m. by Lori Flanery, Secretary, Finance and Administration Cabinet and Executive Director to the Commission. Other members present were Ryan Keith, 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, Corey Bellamy, proxy for Jack Conway, Attorney General and Donna Duncan, 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, Robin Brewer, Tom Midkiff, Rachael Dever, and Marcia Adams.

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

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 April 18, 2011 meeting were approved as written.

Secretary Flanery recognized Mr. Tom Howard for his introduction of Resolution **2011-15**:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPOINTING
THE SECRETARY OF THE FINANCE AND ADMINISTRATION CABINET
AS EXECUTIVE DIRECTOR OF THE COMMISSION AND DELEGATING
THE PERFORMANCE OF CERTAIN ADMINISTRATIVE FUNCTIONS
NECESSARY TO ACCOMPLISH THE PURPOSE OF THE COMMISSION.**

Mr. Howard stated that Resolution 2011-15 is a customary resolution of the Commission appointing the Secretary of Finance and Administration Cabinet as Executive Director to perform the following duties; call meetings as required, preside over the meetings in the absence of the Governor, and to sign documents approved by the Commission. Staff recommends approval.

Mr. Burger made a motion to approve Resolution **2011-15** that was seconded by Ms. Donna Duncan. Motion **CARRIED**, and Resolution **2011-15** was **ADOPTED**.

Secretary Flanery recognized Ms. Robin Brewer for her introduction of Resolution **2011-16**:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE**

PURPOSE OF FINANCING VARIOUS PROJECTS AND REFUNDING VARIOUS PRIOR BONDS AND NOTES; 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 AND AN 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. Brewer stated that Resolution 2011-16 is to approve the State Property and Buildings Commission (SPBC) Revenue and Revenue Refunding Bonds Project No. 100 in an amount not-to-exceed \$425 million dollars. This transaction is to 1) issue fixed rate revenue bonds to provide permanent financing for \$110 million of new money projects, most of which were authorized in the 2010 Extraordinary Session of the General Assembly; and 2) refund certain SPBC bonds for present value savings; and 3) to restructure approximately \$130 million of Fiscal Year 2012 General Fund debt service for budgetary relief. This transaction will have two series: Series A will be issued on a tax-exempt basis including \$98 million of the new money projects; and Series B will be issued on a taxable basis for approximately \$12.6 million in new money projects for the Cabinet for Economic Development. The All-In-TIC is estimated to be approximately 3.86 percent, the final maturity of the bonds will be August 1, 2031, and the sale date is estimated to be June 22 with a closing on July 7th. With today's approval, this transaction will be presented to Capital Projects and Bond Oversight on May 17th. Bond Counsel is Peck, Shaffer, Williams, LLC; the Underwriter is Citigroup Global Markets Inc.; the Underwriter's Counsel is Frost Brown Todd LLC; and the Trustee has not been determined. Staff recommends approval.

Mr. Howard added that the restructuring will be closer to \$127 million due to some economic refunding savings and other factors associated with capturing various maturities.

Ms. Duncan made a motion to approve Resolution **2011-16** that was seconded by Mr. Burger. Motion **CARRIED**, and Resolution **2011-16** was **ADOPTED**.

Secretary Flanery recognized Ms. Donna Duncan for her introduction of Resolution **2011-17**:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING A FIRST AMENDMENT FOR A CERTAIN ECONOMIC DEVELOPMENT

**PROJECT FUNDED FROM THE PROCEEDS OF ECONOMIC
DEVELOPMENT REVENUE BONDS ISSUED BY THE COMMISSION.**

Ms. Duncan stated that Resolution 2011-17 is a modification to a Kentucky Economic Development Finance Authority (KEDFA) bond grant to HBAS Manufacturing, Inc. (also known as Harmon Becker). On June 26, 2003 KEDFA approved an EDB in the amount of \$196,500 to HBAS to offset costs related to site prep for the company's \$12 million dollar expansion in Simpson County, Kentucky. The requirements of the grant were to retain the 270 full-time Kentucky resident work force and add 100 new full-time jobs paying an average hourly wage of \$12 an hour by January 10, 2008 and maintain for three years. With the downturn of the economy, the company was impacted and reported a shortage of jobs by 18 as of January 10, 2010. As of March 4, 2011, HBAS indicated that the employment level included a mix of 342 full-time employees and 60 full-time temporary workers to withstand varied work flows. HBAS continues to be an excellent corporate citizen in Simpson County and has recently designated the facility as the North American Flagship and is transferring high end electronics from a Missouri facility. The company also plans to invest an additional \$8 million at the plant to manufacture a new production line launching this year.

HBAS is requesting to amend the grant agreement to extend the time to meet the employment and wage requirements from 2010 and 2011 to 2012 and 2013 and KEDFA has concurred. Also, HBAS agrees to increase their new full-time jobs from 100 to 120 for a total of 390 full-time jobs in Franklin, Kentucky. The city of Franklin supports this request. The letter of credit will be extended as well and staff recommends approval.

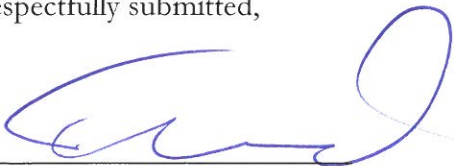
Project was approved by KEDFA at its April 28, 2011 meeting and will be presented to CPBO on May 17, 2011 pending approval today. Staff recommends approval.

Mr. Burger made a motion to approve Resolution **2011-17** that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution **2011-17** was **ADOPTED**.

Secretary Flanery asked if there was any other business.

With no other business, the meeting stands adjourned.

Respectfully submitted,



F. Thomas Howard
Secretary