

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
MAY 19, 2010**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) was called to order on Wednesday, May 19, 2010 at 2:00 p.m. 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. Other members present were 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, Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development, and Bonnie Howell, proxy for Attorney General Jack Conway.

OFM Staff Members Present: Mr. Tom Howard, Executive Director and Secretary to the Commission, Brett Antle, Deputy Executive Director, Rob Ramsey, Tom Midkiff, Rachael Dever and Marcia Adams.

Other Guests Present: Ryan Green from the Office of the State Budget Director (OSBD), and Kristi Culpepper from the Legislative Research Commission (LRC).

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 March 15, 2010 meeting were approved as written.

Deputy Secretary Flanery introduced Resolution **2010-11**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF REFUNDING VARIOUS PRIOR ISSUES; 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.

Mr. Brett Antle stated that Resolution 2010-11 will be State Property and Buildings Commission Project No. 98 with a principal amount not to exceed \$85,000,000. This transaction contains preliminary estimates and it is intended to provide approximately \$79 million in General Fund cash flow savings for Fiscal Year 2011. The transaction will be Senior Managed by Citigroup; Peck, Shaffer & Williams LLP will serve as Bond Counsel; and this transaction is contingent upon the General Assembly and the Governor adopting a budget.

Ms. Katie Smith made a motion to approve Resolution **2010-11** that was seconded by Ms. Bonnie Howell. Motion **CARRIED**, and Resolution **2010-11** was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution **2010-12**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION
OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF
MOREHEAD STATE UNIVERSITY GENERAL RECEIPTS BONDS, TAXABLE
BUILD AMERICA BONDS, 2010 SERIES A.**

Ms. Rachael Dever stated that Resolution 2010-12 is for Morehead State University General Receipts Taxable Build America Bonds, 2010 Series A, in an approximate amount of \$5,790,000. Morehead State University will be issuing Agency Fund Bonds tentatively on June 15, 2010 to finance the renovation of Mignon Tower Residence Hall and to pay cost of issuance of the bonds, pursuant to H.B. 406 of the 2008 General Assembly, Regular Session. This was approved by the Morehead State University Board of Regents on March 11, 2010 and upon this Commission approval, will be presented to Capital Projects and Bond Oversight on May 24, 2010. Bond Counsel is Peck, Shaffer & Williams LLP; Financial Advisor is Morgan Keegan; Trustee is U.S. Bank and the transaction is contingent upon approval of the State Budget. Staff recommends approval.

Ms. Howell made a motion to approve Resolution **2010-12** that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution **2010-12** was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution **2010-13**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION
OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF
NORTHERN KENTUCKY UNIVERSITY GENERAL RECEIPTS BONDS, 2010
SERIES A.**

Ms. Dever stated that Resolution 2010-13 is for Northern Kentucky University General Receipts Bonds 2010, Series A in an estimated amount of \$8,890,000. Northern Kentucky University will be issuing Agency Fund Bonds tentatively scheduled for June 17, 2010, and upon approval of the State Budget. These bonds will be issued to complete 1) a new money portion for acquiring and renovating new residence halls and 2) to refund a portion or all of the 1999 Con Ed, Series J and 1998 Certificates of Participation (COP) issues. With advisement of the Financial Advisor, Series K Con Ed will be dropped as it is not economical. The new money portion was authorized in H.B. 406 of the 2008 Regular Session of the General Assembly. This is the second part of the authorization, with the first part issued in June 2008 for a nursing home renovation that was converted into a residence hall. The project was approved on May 5, 2010 by the Northern Kentucky University Board of Regents and with approval today, will be submitted to Capital Projects and Bond Oversight meeting on May 24, 2010. Bond Counsel is Peck, Shaffer & Williams LLP; Financial Advisor is Morgan Keegan; and the Trustee is U.S. Bank. Staff recommends approval.

Mr. Burger made a motion to approve Resolution **2010-13** that was seconded by Ms. Smith. Motion **CARRIED**, and Resolution **2010-13** was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution **2010-14**:

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 TODD COUNTY FISCAL COURT FOR THE BENEFIT OF TODD COUNTY INDUSTRIAL FOUNDATION, INC. (TODD COUNTY INDUSTRIAL FOUNDATION) (\$100,000).

Ms. Katie Smith stated that Cabinet for Economic Development Secretary Hayes has recommended the use of \$100,000 in Economic Development bond funds for the purpose of making a grant to the Todd County Fiscal Court for the benefit of Todd County Industrial Foundation, Inc. (TCIF). The TCIF anticipates construction and infrastructure costs necessary for the development of an industrial park in Guthrie, Kentucky. The development costs of the industrial park are estimated up to \$955,000. The proposed EDB grant fund will be provided on a reimbursement basis and will be used to offset costs associated with the project. This new industrial park is expected to attract multiple feature industries with The Dilling Group being the first potential occupant. Kentucky Economic Development Finance Authority (KEDFA) approved this grant at its March 10, 2010 meeting. Staff recommends approval.

Ms. Mary Lassiter made a motion to approve Resolution **2010-14** that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution **2010-14** was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution **2010-15**:

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 LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT FOR THE BENEFIT OF TIFFANY AND COMPANY D/B/A TIFFANY AND COMPANY JEWELERS, INC. (TIFFANY) (\$300,000).

Ms. Katie Smith stated that the Cabinet for Economic Development Secretary Hayes has recommended the use of \$300,000 in Economic Development bond funds for the purpose of making a grant to the Lexington Fayette Urban County Government (LFUCG) for the benefit of Tiffany and Company Jewelers, Inc. (Tiffany and Co.). Tiffany anticipated the acquisition and construction and equipping of a 25,000 square foot facility on four acres in Lexington to manufacture jewelry. The proposed EDB grant funds will be used to offset the costs associated with the project. Tiffany will be required to create 125 new, full-time jobs for Kentucky residents within three years of the completion and occupancy of the project. Tiffany will be required to pay the 125 new, full-time jobs an average hourly wage of not less than \$18.00, excluding benefits. Tiffany will also be required to maintain the 125 new jobs and pay the foregoing wages for an additional three years. Repayment provisions will be included in the grant agreement if Tiffany fails to create or maintain the jobs or pay the foregoing wages. Tiffany will also be required to provide collateral satisfactory to the Cabinet for Economic

Development as security for repayment of any EDB grant proceeds. KEDFA approved the EDB grant along with incentives for the new Kentucky Business Investment program at their meeting on April 29, 2010. Staff recommends approval.

Ms. Howell made a motion to approve Resolution **2010-15** that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution **2010-15** was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution **2010-16**:

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 GRAVES COUNTY FISCAL COURT FOR THE BENEFIT OF REMINGTON ARMS COMPANY, INC. (REMINGTON) (\$250,000).

Ms. Katie Smith stated that Cabinet for Economic Development Secretary Hayes has recommended the use of \$250,000 in Economic Development bond funds for the purpose of making a grant to the Graves County Fiscal Court for the benefit of Remington Arms Company, Inc. (Remington). Remington is one of the largest domestic producers of shotguns and rifles. The company anticipates construction of a 30,000 square foot expansion on its 44,000 square foot facility on 20 plus acres in Hickory, Kentucky. Total cost of the project is estimated to be up to \$5 million dollars. In addition to retaining its current workforce of 91 full-time employees, Remington will be required to pay these 100 new jobs an average hourly wage of not less than \$15.00, excluding benefits within three years of KEDFA approval and maintain for an additional three years. Repayment provisions will be included in the grant agreement if Remington fails to create and or maintain the jobs with the required wages. Remington will also be required to provide collateral satisfying to the Cabinet for Economic Development as security for repayment of EDB grant proceeds. KEDFA approved the EDB grant along with incentives for the new Kentucky Business Investment program at its meeting on April 29, 2010. Staff recommends approval.

Mr. Burger made a motion to approve Resolution **2010-16** that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution **2010-16** was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution **2010-17**:

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. Katie Smith advised the Commission of a First Amendment to the Grant Agreement for Sud-Chemie, Inc. On July 1, 2008, the Cabinet for Economic Development entered into an agreement with the Louisville/Jefferson County Metro Government (Metro Government) on behalf of Sud-Chemie, Inc. for a \$500,000 grant. The approved funds were to be used for expansion of the company's Louisville Research and

Development operations through the acquisition \$1.2 million dollars in additional research and development equipment, to assist the company focus on new catalyst for chemicals, petrochemicals, refineries, olefins and fuel cells. Under the requirement, Sud-Chemie is required to create 20 new permanent, full time jobs for Kentucky residents by December 31, 2010 for a total of 371 full-time employees at its Louisville operation. Due to recent economic conditions, the company has requested a first amendment to the agreement for the purpose of extending the "First Compliance Date" from December 31, 2010 to March 31, 2012. The company believes that the March 31, 2012 date will give the company the "best opportunity to reach the employment level called for in the grant agreement." No additional changes have been requested. The Metro Government has provided its recommendation for the amendment and KEDFA approved it extension at its meeting on April 29, 2010. Staff recommends approval.

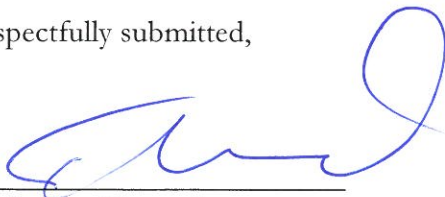
Ms. Howell asked if a two year extension was an unusually long request. Ms. Smith answered that it was one year and three months, and there have been some jobs lost. However, the ones that have been hired are at a higher salary.

Ms. Lassiter made a motion to approve Resolution **2010-17** that was seconded by Mr. Burger. Motion **CARRIED**, and Resolution **2010-17** was **ADOPTED**.

Ms. Lassiter asked that in context with the Special Session, has staff made preparations so that if the budget is enacted, we will be able to move quickly. Mr. Tom Howard replied affirmatively but stated that projects may be delayed until the rating agencies review the budget, which may take several weeks. Ms. Lassiter desired confirmation that there would be numerous Commonwealth deals coming to market all at once when the budget was passed. Mr. Howard replied affirmatively that SPBC No. 98, TAK Series 2010 A & B, two University transactions (Morehead State University and Northern Kentucky University) and SPBC No. 97, previously approved would all be coming to the market within a short period of time.

Deputy Secretary Flanery asked if there was any other business. With no other business, Mr. Burger made a motion to adjourn that was seconded by Ms. Howell.

Respectfully submitted,



F. Thomas Howard
Secretary