

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**JUNE 14, 2011**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Tuesday, June 14, 2011 in Room 182 of the Capitol Annex at 1:00 p.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, Valeria Cummings Swope, proxy for Lt. Governor Mongiardo, Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, Carla Wright, proxy for Mary Lassiter, State Budget Director, Larry Clarke, proxy for Jack Conway, Attorney General 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 Director, Robin Brewer, Tom Midkiff, Rachael Dever, and Marcia Adams.

Other Guests Present: Kristi Culpepper, from the Legislative Research Commission (“LRC”).

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 Ms. Katie Smith to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the May 12, 2011 meeting were approved as written.

Secretary Flanery recognized Ms. Rachael Dever for his introduction of Resolution **2011-18**:

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

Ms. Dever stated that Resolution 2011-18 is for Murray State University General Receipts Bonds, 2011 Series A, B & C. This will refund the University’s outstanding Housing & Dining Bonds, Series M, N, O, P and Q and finance the new money project Elizabeth Hall Renovations, authorized in House Bill 1 of the 2010 Special Session. It was approved by the University’s Board of Regents on May 20, 2011; proposed sale date is June 22, 2011; Bond Counsel is Peck, Shaffer, and Williams; Financial Advisor is Hilliard Lyons, and Trustee is U.S. Bank. The transaction is rated at Aa3, and the underlying rating is A1. Closing dates are scheduled as follows: Series A & C on July 12, 2011 and Series B on July 26, 2011. Staff recommends approval.

Ms. Smith made a motion to approve Resolution **2011-18** that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution **2011-18** was **ADOPTED**.

Secretary Flanery recognized Ms. Katie Smith for her introduction of Resolution **2011-19**:

**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 HARRODSBURG FOR THE BENEFIT OF CORNING INCORPORATED (CORNING) (\$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 Harrodsburg for the benefit of Corning Incorporated. Corning is considering an expansion effort at its facility in Harrodsburg, Kentucky to increase production capacity by 30 percent in order to meet demand for its thin, durable, highly scratch resistant cover glass used in portable and handheld electronic devices. The project would also entail the conversion of one production line for research & development for the parameters and process in manufacturing Micro-sheet. Micro-sheet is an extremely thin, flexible glass to be used in the next-generation electronic devices. The proposed EDB grant funds will be used to offset the cost associated with this project.

In addition to retaining the existing 323 full-time, Kentucky resident workforce, Corning will be required to create 80 new full-time jobs for Kentucky residents paying an average hourly wage of \$25.00, including benefits, within 3 years of the date of Kentucky Economic Development Finance Authority (KEDFA) approval and maintain them for an additional 3 years. Repayment provisions will be included in the grant agreement if Corning fails to create or maintain the jobs or pay the foregoing wages. The company will be required to provide a letter of credit or other form of collateral satisfactory to the Cabinet as security for repayment of any EDB funds.

KEDFA approved the project at its May 26, 2011 meeting and staff recommends approval.

Mr. Ross made a motion to approve Resolution **2011-19** that was seconded by Ms. Carla Wright. Motion **CARRIED**, and Resolution **2011-19** was **ADOPTED**.

Secretary Flanery recognized Ms. Katie Smith for her introduction of Resolution **2011-20**:

**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**

**HARRODSBURG FOR THE BENEFIT OF HITACHI AUTOMOTIVE SYSTEMS AMERICAS, INC. (HITACHI) (\$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 Harrodsburg for the benefit of Hitachi Automotive Systems Americas, Inc. Hitachi is considering the addition of approximately 153,000 square feet of manufacturing facility space to its current 393,000 square foot facility in Harrodsburg, Kentucky. The expansion project is for the manufacturing of a new high pressure fuel pump product and additional electronic devices for control of automobile functions. The proposed EDB grant funds will be used to offset the cost associated with this project.

In addition to retaining its current workforce of 626 full-time, Kentucky resident employees, the company will be required to create 135 new, full-time jobs for Kentucky residents paying an average hourly wage of not less than \$12.51, excluding benefits within three years of the date of approval by the Kentucky Economic Development Finance Authority (KEDFA) and maintain them for an additional three years.

Repayment provisions will be included in the grant agreement if Hitachi fails to create or maintain the jobs or pay the foregoing wages. The company will be required to provide a letter of credit or other form of collateral satisfactory to the Cabinet as security for repayment of any EDB funds. KEDFA approved the project at its May 26, 2011 meeting and staff recommends approval.

Mr. Ross stated that \$12.51 seems like a low wage for this kind of operation. Ms. Smith replied that the wage is still above the median and is the average wage for that county. The city of Harrodsburg is in support of the project as well.

Mr. Ross made a motion to approve Resolution **2011-20** that was seconded by Ms. Wright. Motion **CARRIED**, and Resolution **2011-20** was **ADOPTED**.

Secretary Flanery recognized Ms. Katie Smith for her introduction of Resolution **2011-21**:

**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 HARRODSBURG FOR THE BENEFIT OF WAUSAU PAPER TOWEL & TISSUE, LLC (WAUSAU) (\$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 Harrodsburg for the benefit of Wausau Paper Towel and Tissue, Inc. Wausau is considering the addition of 187,200 square feet of manufacturing facility space in its current approximately 850,000 square foot facility in Harrodsburg. The

expansion project will add equipment capable of producing 76,000 tons of paper towel and tissues a year in addition to the enhancement of current operations. The proposed EDB grant funds will be used to offset the cost associated with this project.

KEDFA approved the project at its May 26, 2011 meeting, with the following requirements: first, retain its current workforce of 397 full-time, Kentucky resident employees; second, create 76 new, full-time jobs for Kentucky residents; third, pay the 473 jobs an average annual wage of not less than \$46,000, excluding benefits. The compliance period will begin within three years of the date of KEDFA approval and then continue for three additional years. Repayment provisions will be included in the grant agreement if Wausau fails to create or maintain the jobs or pay the required wages. The company will be required to provide a letter of credit or other form of collateral satisfactory to the Cabinet as security for repayment of any EDB funds.

During the process of applying for the Cabinet's incentive program, it was the understanding of Wausau that the employment/retention requirement for the EDB program would be the same as the base requirement for our Kentucky Business Investment (KBI) Program. Wausau has documented the base requirements to be 389 full-time Kentucky residents as of April 13, 2011, which was the preliminary approval date for KBI. Harrodsburg and Wausau have requested a month extension to the EDB grant approval to require the retention of 389 full-time Kentucky residents instead of 397. The Cabinet will be recommending KEDFA approval on this modification to the initial EDB grant at the next KEDFA meeting on June 30, 2011.

Today we are requesting approval of the Wausau EDB grant including this request and modification to employee retention requirement contingent upon KEDFA's approval of the modification. Secretary Flanery asked that if KEDFA does not approve at the June 30<sup>th</sup> meeting, the requirement will be at the higher 397 workforce requirement. Ms. Smith answered affirmatively.

Ms. Wright made a motion to approve Resolution **2011-21** that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution **2011-21** was **ADOPTED**.

Secretary Flanery recognized Ms. Katie Smith for her introduction of Resolution **2011-22**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF REVENUE BONDS, SERIES 2011 (MASONIC HOME INDEPENDENT LIVING II, INC. PROJECT) IN A PRINCIPAL AMOUNT OF UP TO \$50,000,000 BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**

Ms. Smith state that approval is being sought for the issuance of its KEDFA Healthcare Facilities Revenue Bonds, for \$50,000,000 on behalf of Masonic Homes Independent Living II, Inc. The bond proceeds will be used to finance the acquisition, construction, installation and equipping of an independent living facility to be located on the Masonic Homes of Kentucky campus located in Louisville, Kentucky which will constitute facilities owned or operated by the corporation and its affiliates in a continuing care retirement

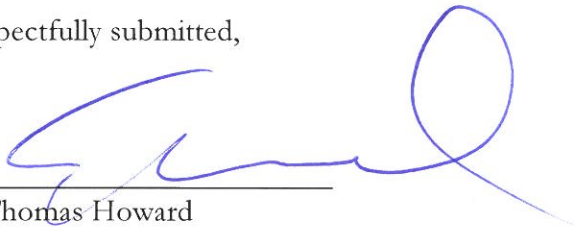
community. Louisville/Jefferson County Metro Government (Metro) adopted a resolution requesting KEDFA issue these bonds and KEDFA approved issuance of the bonds at its May 26, 2011 meeting. KEDFA is a conduit financier in the transaction and will not have a general obligation or be held liable for repayment. Staff recommends approval.

Ms. Wright made a motion to approve Resolution **2011-22** that was seconded by Mr. Ryan Keith. Motion **CARRIED**, and Resolution **2011-22** was **ADOPTED**.

Secretary Flanery asked if there was any other business.

With no other business, the meeting stands adjourned.

Respectfully submitted,



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F. Thomas Howard  
Secretary