

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**SEPTEMBER 15, 2011**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday September 15, 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 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, 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 & Mr. Larry Clarke to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the July 13, 2011 meeting were approved.

Secretary Flanery recognized Ms. Katie Smith for her introduction of Resolution **2011-25**:

**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 AUGUSTA FOR THE BENEFIT OF CLOPAY PLASTICS PRODUCTS COMPANY, INC. (CLOPAY) (\$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 city of Augusta for the Clopay Plastics Products Company, Inc. (Clopay). Clopay is a global leader in specialty films, extrusion coatings, custom-printing and engineered laminations. The products are used in the hygienic, healthcare, protective apparel, and industrial markets. The company anticipates an expansion project through the construction and equipping of approximately 62,000 square feet of space to its current facility of approximately 289,000 square feet. The proposed EDB grant funds will be used to offset the cost associated with this project.

In consideration of the grant funds, Clopay will need to invest approximately \$12,275,000 in the expansion effort and will be required to maintain 290 full-time jobs in the Augusta facility for a period of three years following the effective date of the grant agreement. Clopay will be required to pay the 290 employees an

average hourly wage of not less than \$14.46, excluding benefits. Repayment provisions will be included in the grant agreement if the company fails to retain the jobs or pay the required wages. Clipay will be required to provide a letter of credit or other form of collateral satisfactory to the Cabinet as security for any repayment of EDB grant proceeds. The project was approved by Kentucky Economic Development Finance Authority ("KEDFA") at its August 25, 2011 meeting and staff recommends approval.

Ms. Mary Lassiter made a motion to approve Resolution **2011-25** that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution **2011-25** was **ADOPTED**.

Secretary Flanery recognized Ms. Smith for her introduction of Resolution **2011-26**:

**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 BEREA 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 city of Berea for Hitachi Automotive Systems Americas, Inc. (Hitachi). Hitachi is considering the acquisition, improvement and equipping of a 151,145 square foot manufacturing facility in Berea, Kentucky, where Hitachi plans to manufacture electric drive motors for the next generation of electric and hybrid electric vehicles. The proposed EDB grant funds will be used to offset the cost associated with this project.

In addition to retaining the existing 946 full-time Kentucky resident work force in Berea, Hitachi will be required to create 130 new full-time jobs for Kentucky residents for a total of 1,076 full-time jobs within three years of the date of approval by the KEDFA. Hitachi will be required to pay the 130 new jobs an average hourly wage of not less than \$13.50, including benefits. Repayment provisions will be included in the grant agreement if the company fails to retain the jobs or pay the required wages. Hitachi will be required to provide a letter of credit or other form of collateral satisfactory to the Cabinet as security for any repayment of EDB grant proceeds. The project was approved by KEDFA at its August 25, 2011 meeting and staff recommends approval.

Ms. Mary Lassiter made a motion to approve Resolution **2011-26** that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution **2011-26** was **ADOPTED**.

Secretary Flanery recognized Ms. Smith for her introduction of Resolution **2011-27**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF REVENUE BONDS (CATHOLIC HEALTH INITIATIVES) IN ONE OR MORE SERIES AND IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$336,000,000 BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY.**

Ms. Smith stated that Secretary Hayes is requesting approval relating to the issuance of tax-exempt revenue bonds in an amount not to exceed \$336,000,000 on behalf of Catholic Health Initiatives. The bond proceeds will be used to: 1) refinance outstanding interim debt used to redeem prior bonds; 2) reimburse for prior capital expenditures; 3) pay certain future capital expenditures; 4) pay cost of issuing debt; and 5) fund a debt service reserve fund. The local jurisdictions expected to be impacted by the project include Bardstown, Lexington, London, Martin, Mount Sterling, and Nicholasville, Kentucky. KEDFA is a conduit financier in the transaction and will have no general obligation or be held liable for the bonds. This project was approved by KEDFA at its August 25, 2011 meeting and staff recommends approval.

Mr. Larry Clarke asked what part of the \$336,000,000 would be used for bid construction as opposed to the refinancing. Ms. Lassiter and Ms. Smith both noted from the new bond issue report that \$56,775,000 would be used for refunding and the balance of \$279,225,000 would be for the new construction.

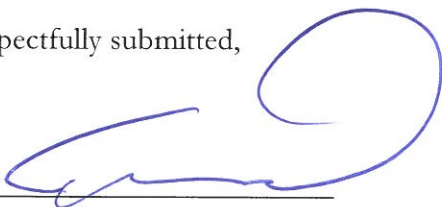
Ms. Lassiter wanted clarification that this project did not have any relevance to the hospital merger proposal at the University of Louisville or any location in Louisville. Ms. Smith answered affirmatively that there is no connection whatsoever.

Mr. Clarke made a motion to approve Resolution **2011-27** that was seconded by Ms. Valeria Cummings Swope. Motion **CARRIED**, and Resolution **2011-27** 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