

STATE PROPERTY AND BUILDINGS COMMISSION

Minutes
September 18, 2006

The State Property and Buildings Commission was called to order at 11:30 a.m. on Monday, September 18, 2006 by John R. Farris, Secretary, Finance and Administration Cabinet, in Room 76 of the Capitol Annex. Other members present were Libby Milligan, proxy for Governor Ernie Fletcher; Bonnie Howell, proxy for Attorney General Gregory Stumbo; Katie Smith, proxy for Gene Strong, Secretary, Cabinet for Economic Development; and Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet.

Secretary Farris declared that a quorum was present and verified that the press had been notified of the meeting.

A motion was made by Ms. Howell and seconded by Ms. Smith to approve the minutes of the July 17, 2006 meeting. Motion **CARRIED**.

Secretary Farris introduced Resolution 2006-16:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING CORPORATION OF ITS HOUSING REVENUE BONDS IN ONE OR MORE SERIES AND IN ONE OR MORE TAX PLANS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$200,000,000.

Mr. Howard indicated that Resolution 2006-16 authorizes up to \$200 million of Kentucky Housing Corporation Revenue Bonds in a variety of series to be delivered on multiple dates. He continued that the bonds would be a continuation of the financing of the single family housing program. He stated the Corporation is on target to finance \$500 million of mortgages during the year, \$200 million more than the previous year. Mr. Howard noted that UBS will serve as underwriter under the current rotating pool for the Corporation and it is expected that the structure would consist of approximately 60 percent tax exempt bonds and 40 percent taxable bonds on both a fixed and variable rate basis. Mr. Howard stated it is possible that several interest rate swaps will be implemented to achieve the financing objectives to lower the cost of borrowing for the Corporation to achieve full spread on its mortgages and maximize profitability.

A motion was made by Ms. Howell and seconded by Mr. Ross to approve the issuance by the Kentucky Housing Corporation of its Housing Revenue Bonds in one or more series and in one or more tax plans in an aggregate principal amount not to exceed \$200 million. Motion carried and Resolution 2006-16 was **ADOPTED**.

Secretary Farris introduced Resolution 2006-17:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF AN AGGREGATE PRINCIPAL

AMOUNT NOT TO EXCEED \$235,000,000 OF KENTUCKY ASSET/LIABILITY COMMISSION UNIVERSITY OF KENTUCKY (i) GENERAL RECEIPTS REFUNDING PROJECT NOTES, 2006 SERIES A, (ii) GENERAL RECEIPTS TAXABLE REFUNDING PROJECT NOTES, 2006 SERIES B, AND (iii) GENERAL RECEIPTS PROJECT NOTES, 2007 SERIES A, FOR THE PURPOSE OF PROVIDING FINANCING FOR AN AUTHORIZED PROJECT.

Terri Fugate, Deputy Executive Director, Office of Financial Management, stated that Resolution 2006-17 approves the issuance of Kentucky Asset/Liability Commission University of Kentucky General Receipts Notes that were approved in the previous ALCo meeting for a not-to-exceed amount of \$235 million. Ms. Fugate indicated that the project has three phases.

F. Thomas Howard, Executive Director, Office of Financial Management, informed the Commission that this particular financing will refund all of the existing University of Kentucky Housing and Dining bonds that are outstanding and a portion of the State Property and Buildings Commission Project 70 bonds that are advance refundable. He continued that the financing will also provide \$75 million of the \$100 million 2006 bond authorization for the Hospital on a delayed delivery basis next October. Mr. Howard stated that the all-in-cost of financing of this transaction is expected to be identical to the prior transaction last October that funded the initial phase of the hospital construction. Mr. Howard indicated that the refunding is expected to generate approximately \$800,000 to \$1 million of present value savings.

A motion was made by Mr. Ross and seconded by Ms. Smith to approve the issuance of Kentucky Asset/Liability Commission University of Kentucky General Receipts Refunding Project Notes, 2006 Series A, General Receipts Taxable Refunding Project Notes, 2006 Series B, and General Receipts Project Notes, 2007 Series A. Motion carried and Resolution 2006-17 was **ADOPTED**.

Secretary Farris introduced Resolution 2006-18:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF KENTUCKY ASSET/LIABILITY COMMISSION PROJECT NOTES, 2005 GENERAL FUND SECOND SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$950,000,000 FOR THE PURPOSE OF PROVIDING INTERIM FINANCING FOR AUTHORIZED PROJECTS IN ANTICIPATION OF THE ISSUANCE OF BONDS BY THE STATE PROPERTY AND BUILDINGS COMMISSION; AND APPROVING A SECOND SUPPLEMENTAL FINANCING/LEASE AGREEMENT RELATED THERETO.

Ms. Fugate indicated that this Resolution approved Kentucky Asset/Liability Commission General Fund Project Notes Second Series. Ms. Fugate added that this is the second supplement to the

General Fund Note program and would add the remaining General Fund supported bond projects from the 2006 Session of the General Assembly that were authorized but unissued.

Mr. Howard noted that this Resolution would create receivables against the projects. He further added that this is consistent with past practice.

A motion was made by Ms. Howell and seconded by Ms. Smith to adopt Resolution 2006-18 approving the issuance of Kentucky Asset/Liability Commission Project Notes 2005 General Fund Second Series. Motion carried and Resolution 2006-18 was **ADOPTED**.

Secretary Farris introduced Resolution 2006-19:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING A FIRST AMENDED GRANT AGREEMENT FOR A CERTAIN ECONOMIC DEVELOPMENT PROJECT FUNDED FROM THE PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS ISSUED BY THE COMMISSION.

Katie Smith, Deputy Commissioner, Department of Financial Incentives, Cabinet for Economic Development stated that the Cabinet is in receipt of a request from the Southern Kentucky Economic Development Corporation, Inc. for a twelve-month extension to the jobs requirement for their Grant Agreement. Ms. Smith indicated that in 2002 the Southern Kentucky Economic Development Corporation received \$400,000 to build an information technology center in Valley Oak Technology Complex in Somerset and agreed to create forty (40) new jobs by September 1, 2006. Ms. Smith stated that currently twelve (12) jobs have been created by companies in the complex. She further added that one of the occupants of the complex planned to employ twenty to forty (20-40) persons but funding for the contract was delayed preventing the company from meeting its initial employment projections. Ms. Smith indicated that the Corporation expects to meet its original goal by September 1, 2007. Ms. Smith indicated that the Cabinet is requesting approval of the extension as long as the Corporation extends their security (Letter of Credit).

Ed Ross, Executive Director, Office of the Controller, asked if this approval was typical in cases of this nature. Ms. Smith indicated that approval was granted in similar circumstances. She also stated that the Corporation has other buildings in the complex that exceeded job expectations and it is likely that the job creation requirement would be fulfilled.

A motion was made by Ms. Howell and seconded by Mr. Ross to adopt Resolution 2006-19 approving a first amended grant agreement for Southern Kentucky Economic Development Corporation. Motion carried and Resolution 2006-19 was **ADOPTED**.

Secretary Farris introduced Resolution 2006-20:

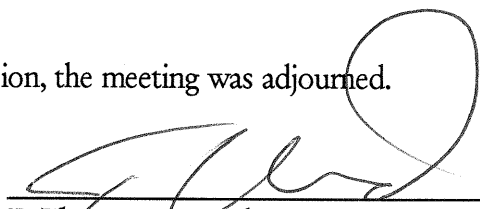
A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY

APPROVING THE APPLICATION OF THE SECRETARY OF THE CABINET FOR ECONOMIC DEVELOPMENT TO IDENTIFY AND SPECIFY A CERTAIN ECONOMIC DEVELOPMENT PROJECT TO BE FINANCED FROM THE PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS TO BE ISSUED BY THE COMMISSION FOR NHK SPRING PRECISION OF AMERICA, INC. (JEFFERSON COUNTY)(\$200,000).

Ms. Smith stated that Resolution 2006-20 approves the issuance of economic development bonds to the Louisville/Jefferson County Metro Government for the benefit of NHK Spring Precision of America in the amount of \$200,000. Ms. Smith stated that this company manufactures automobile parts and plan to locate a facility in Metro Louisville for a total investment of \$22.8 million. Ms. Smith indicated that the proceeds of the bonds will be granted to Louisville/Jefferson County Metro Government to assist with project costs. She also stated that Louisville has contributed \$120,000 of local funds towards the project. Ms. Smith stated that the project is expected to create 79 new full-time jobs within three years of project completion and occupancy. She indicated that the jobs would be maintained for an additional three years. She stated that the EDB Grant Agreement will include stipulations for job creation, wage levels and repayment in the event that job creation does not occur or the wage levels are not met. She pointed out that the EDB will be secured by a Letter of Credit. Ms. Smith stated that the project was recommended by the Secretary of the Economic Development Cabinet, concurred by the Secretary of Finance, approved by the Kentucky Economic Development Finance Authority in August 2006 and will be presented to the Capital Projects and Bond Oversight Committee on September 19, 2006.

A motion was made by Mr. Ross and seconded by Ms. Milligan to adopt Resolution 2006-20 approving the issuance of economic development revenue bonds for NHK Spring Precision of America, Inc. in the amount of \$200,000. Motion carried and Resolution 2006-20 was **ADOPTED**.

With no further business before the Commission, the meeting was adjourned.


F. Thomas Howard, Secretary
State Property and Buildings Commission