

STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
AUGUST 18, 2008

The State Property and Buildings Commission was called to order on Monday, August 18, 2008 at 2:00 p.m. in Room 76 of the Capitol Annex by Lori Flanery, Deputy Secretary, Finance and Administration Cabinet and proxy for Jonathan Miller, Secretary, Finance and Administration Cabinet. Other members present were Edmund Sauer, proxy for Governor Steve Beshear, Jeff Derouen, proxy for Lt. Governor Daniel Mongiardo, Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet; Ryan Green, Proxy for Mary Lassiter, State Budget Director, and Katie Smith, proxy for John Hindman, Secretary, Cabinet for Economic Development.

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

Other Guests Present: Ms. Nancy Osborne, LRC, Ms. Kristi Culpepper, LRC, and Mr. Tony McVeigh, Kentucky Public Radio.

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. Ed Ross to approve the minutes of the July 14, 2008 meeting. Motion CARRIED and the minutes of the July 14, 2008 meeting were approved.

Deputy Secretary Flanery introduced Resolution 2008-22:

**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
\$150,000,000.**

Mr. Tom Howard, Executive Director of the Office of Financial Management stated that Resolution 2008-22 action is not statutorily required but one of custom by the Commission as historically requested by Bond Counsel. The proceeds of this issue will continue to fund the Corporation's single-family home ownership program for low to moderate income Kentuckians. This particular action was approved by KHC Board of Directors on February 28, 2008 and will be presented to Capitol Projects and Bond Oversight Committee on August 19, 2008. Bond Counsel is Kutak Rock, the new rotating underwriters are Merrill Lynch and CitiGroup pursuant to recent RFP, Underwriters Counsel is Peck, Shaffer & Williams, the trustee is Bank of New York Trust Company.

Mr. Howard further stated the Congress passed HR3221, the Housing Assistance Tax Act of 2008, which provides an eleven billion dollar increase in private activity volume cap for single family housing bond issuers. It will apply only to the 2008 cap allotted and Kentucky's share of that will be approximately \$139 million. This cap can only be used for single family and certain multi-family housing programs and can be carried forward for two years to 2009 and 2010 if it cannot issue all the bonds throughout the remainder of the calendar year. These bonds distinguish themselves from their current program, which are subject to the alternative minimum tax as they are exempt from the AMT, both for the individual and for corporate investors. This will encourage financial institutions and other corporate purchasers to buy these bonds and provide liquidity to this marketplace. These proceeds can also be used to refinance certain sub-prime mortgages as well. This is a positive development for the Housing Corporation and will help to alleviate the need to use taxable bonds to meet their mission. Staff recommends approval.

Deputy Secretary Flanery asked if there were any questions or discussions. Mr. Ross made a motion to approve Resolution 2008-22, that was seconded by Ms. Smith. Motion CARRIED and Resolution 2008-22 was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution 2008-23:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION OF STUDENT LOAN REVENUE BONDS, 2008 SERIES A, PURSUANT TO A GENERAL BOND RESOLUTION, SUPPLEMENTS THERETO AND AN AUTHORIZING RESOLUTION OF THE CORPORATION, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$50,000,000, TO BE ISSUED AS TAXABLE BONDS

Mr. Howard remarked that similar to the KHC Resolution, this Kentucky Higher Education Student Loan Corporation (KHESLC) Resolution requested action is not statutorily required but one of custom by the Commission as Bond Counsel has requested that we do so. This action was approved by KHESLC Executive Committee on August 12, 2008 and will be presented to the Capital Projects and Bond Oversight (CPBO) Committee on August 19, 2008. Bond Counsel is Hawkins, Delafield and Wood, there is no underwriter as this is a private placement with the Commonwealth, the financial advisor is Bank of America Securities, the trustee is US Bank, and staff recommends approval.

Deputy Secretary Flanery asked if there were any questions or discussions. Mr. Ryan Green abstained from voting due to a relative employed by the Student Loan Corporation. Ms. Smith made

a motion to adopt Resolution 2008-23 that was seconded by Mr. Jeff Derouen. Motion **CARRIED** and Resolution 2008-23 was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution 2008-24:

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 LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (METRO GOVERNMENT) FOR SUD-CHEMIE, INC. (SUD-CHEMIE) (\$500,000).

Ms. Katie Smith, Deputy Commissioner of the Cabinet for Economic Development, explained the request to use \$500,000 in Economic Development funds for the purpose of making a grant to the Louisville/Jefferson County Metro Government for the benefit of Sud-Chemie, Inc. They will expand their Research and Development operation in Louisville, by acquiring approximately 1.2 million dollars in additional R & D equipment to assist the company's focus on producing new catalysts for chemicals, petrochemicals, refineries, olefins and fuel cells. Sud-Chemie will be required to create 20 new permanent, full time technical and upper management jobs for Kentucky residents by December 31, 2010 paying annual wages of not less than \$72,000 excluding benefits in addition to retaining its current workforce of 351 full-time employees at its Louisville operation.

The company will be required to maintain the employees and wages for three (3) additional years. If they fail to meet these requirements, Sud-Chemie will be required to repay a prorated portion of the grant to the Metro Government based on formulas that will be included in the grant agreement. Sud-Chemie will be required to secure the grant with a letter of credit or other form of collateral satisfactory to the Cabinet. Secretary Hindman has provided his recommendation for the project while Secretary Miller has provided concurrence. The project was approved at the July 31, 2008 KEDFA Meeting, and will be presented to Capital Projects on August 19 (tomorrow) if approved today. Staff recommends approval.

Deputy Secretary Flanery asked if there were any questions or discussions. Mr. Ross made a motion to adopt Resolution 2008-24 that was seconded by Mr. Edmund Sauer. Motion **CARRIED** and Resolution 2008-24 was **ADOPTED**.

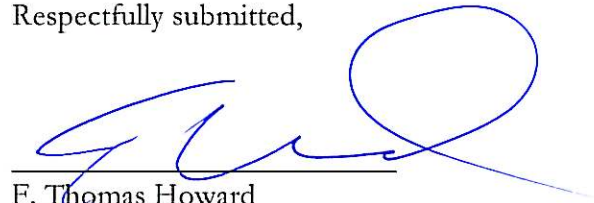
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With no further business before the Commission, Ms. Smith made a motion to adjourn the meeting that was seconded by Mr. Jeff Derouen.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'F. Thomas Howard', is written over a horizontal line. The signature is stylized and includes a large loop at the end.

F. Thomas Howard
Secretary