

**STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**MAY 13, 2009**

The State Property and Buildings Commission (SPBC or the Commission) was called to order on Wednesday May 13, 2009 at 10:00 a.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 Edmund Sauer, proxy for Governor Steve Beshear; Donald Sweasy, proxy for Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet; Mary Lassiter, State Budget Director; Donna Duncan, proxy for Larry Hayes, Interim 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 of OFM, Robin Brewer, Rachael Putnam, Rob Ramsey, Tom Midkiff, and Marcia Adams.

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

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. Donna Duncan and seconded by Mr. Edmund Sauer to approve the minutes. Motion **CARRIED** and the minutes of the March 13, 2009 meeting were approved as written.

Deputy Secretary Flanery introduced Resolution 2009-08:

**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 AND  
THE IMPLEMENTATION OF A MORTGAGE CREDIT CERTIFICATE  
PROGRAM.**

**Resolution 2009-08** - Mr. Tom Midkiff stated this resolution is for Kentucky Housing Corporation (KHC) housing revenue bonds in one or more series and in one or more tax plans and the implementation of a Mortgage Credit Certificate program (MCC). The new bond issue report showed that this authorization will be for the Series 2009 B & C transaction or transactions, not to exceed \$150 million, approved at the April 23rd KHC Board meeting. The transaction or transactions will provide mortgage financing for first-time low and moderate-income homebuyers. The first transaction is anticipated to sell June 16, 2009. The estimated True Interest Cost (TIC) will be 5.62%. The bonds are to be sold on a negotiated basis. Bond Counsel will be Kutak Rock LLP, Underwriter Counsel will be Peck, Shaffer & Williams LLP, rotating Underwriters are Merrill Lynch and Citi, and Trustee will be The Bank of New York Mellon.

The 2009 Mortgage Credit Certificate program (MCC) – Mr. Midkiff continued, stating that KHC received an additional \$110 million in Private Activity Volume Cap (Cap) from the Economic Recovery Act passed in July 2008, which must be used within the next two years. KHC has developed the MCC program to further utilize its tax-exempt Cap. The program will convert \$50 million in Cap into this program, of which \$12.5 million is eligible for the applicants. The tax credit percentage is 25%. This means that if a borrower pays \$4,000 in mortgage interest for the first year of their mortgage, they would receive \$1,000 back as a credit for that tax

year. The annual credit is limited to \$2,000 a year and an applicant must be a first-time homebuyer of a single-family residence only. The home must be the primary residence and it must be a 30 yr-fixed rate loan. If the home is sold within the first nine years, some of the tax benefits of the program may be recaptured from the borrower by the Federal Government. The credit is available for the life of the loan and the loan does not have to be administered through KHC. Excess tax credit can be carried forward for three years. The benefits of the MCC program to KHC are the \$500 administrative fee and the potential increase in production that would allow the agency to utilize its additional Cap.

Ms. Duncan then asked what the rate of interest would be to the homeowner. Mr. Midkiff answered that the traditional market forces that are provided to each borrower by the individual lenders would determine rates.

Deputy Secretary Flanery asked if there were any further questions or discussions. Ms. Mary Lassiter made a motion to approve Resolution 2009-08 that was seconded by Ms. Bonnie Howell. Motion **CARRIED** and Resolution 2009-08 was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution 2009-09:

**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, A LOAN TO SIMBA USA, LLC (\$325,000) TO BE FINANCED FROM THE PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS TO BE ISSUED BY THE COMMISSION.**

Ms. Duncan told the Commission about the KEDFA approved application of a loan to Simba USA, LLC, which manufactures customized towels primarily for the golf industry and is located in Morehead, KY. Simba USA, LLC was acquired by CMC Golf in January 2009. The loan proceeds will be used to purchase additional equipment and software to meet the expected increase in demand for the custom towels. Simba USA, LLC has requested an interest rate of two percent (2%) with a loan term of five years. Security for the loan will be a first lien on equipment with a fair value of \$665,000 in the Morehead facility along with a corporate guarantee from CMC Golf.

In consideration for the KEDFA loan, Simba USA will be required to create 13 new full-time jobs in addition to its existing workforce of 12 employees within two years of the loan closing. The KEDFA loan will include provisions regarding job creation, wage levels and repayment for each full-time job not created and maintained by the company. Security for the loan will be a first lien on equipment with a fair market value of \$665,000 along with a corporate guarantee from CMC Golf.

Deputy Secretary Flanery asked if there were any further questions or discussions. Ms. Lassiter made a motion to approve Resolution 2009-09 that was seconded by Mr. Sauer. Motion **CARRIED** and Resolution 2009-09 was **ADOPTED**.

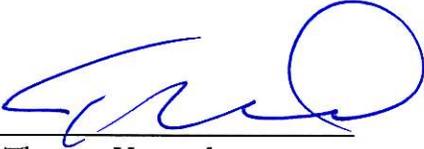
Minutes -State Property and Buildings Commission

Page 3

May 13, 2009

Deputy Secretary Flanery asked if there was any other new business for the Commission today. With no other business, the meeting stands adjourned.

Respectfully submitted,

A handwritten signature in blue ink, consisting of a series of loops and a large circular flourish at the end.

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F. Thomas Howard  
Secretary