

**State Property and Buildings Commission  
Meeting**

January 31, 2005

The State Property and Buildings Commission was called to order on Monday, January 31, 2005 at 10:00 a.m. in Room 264 of the Capitol Annex by Robbie Rudolph, Chairman. Members present were Mike Alexander, proxy for Governor Ernie Fletcher; David Moss, proxy for Lt. Governor Stephen B. Pence; Robbie Rudolph, Secretary, Finance and Administration Cabinet; Jean Ann Myatt, proxy for Attorney General Greg Stumbo and Warren O. Nash, proxy for Marvin E. Strong, Secretary, Cabinet for Economic Development.

Secretary Rudolph verified with the Commission staff that a quorum was present. Secretary Rudolph introduced the first item of business, which was the approval of the minutes of the December 10, 2004 meeting. A motion was made by Mike Alexander and seconded by Warren Nash to accept the minutes of the December 10, 2004 meeting. Motion **CARRIED**.

Secretary Rudolph introduced Resolution 2005-01:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS  
COMMISSION OF THE COMMONWEALTH OF KENTUCKY  
APPOINTING A SECRETARY OF THE COMMISSION.**

F. Thomas Howard, Deputy Director, Office of Financial Management, informed the Commission that Resolution 2005-01 authorizes Charles F. Bell, Jr., the newly appointed Executive Director of the Office of Financial Management, to serve as the Secretary to the Commission.

A motion was made by Mike Alexander and seconded by Warren Nash to adopt Resolution 2005-01 appointing Charles F. Bell, Jr., Secretary of the Commission. Motion carried and Resolution 2005-01 was **ADOPTED**.

Secretary Rudolph extended a welcome to Mr. Bell on behalf of the Commission. Mr. Howard introduced Lacresha Peyton who joined the Office of Financial Management on January 16, 2005.

Secretary Rudolph introduced Resolution 2005-02:

**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 RETAIL LOGIC, INC. (WARREN  
COUNTY)(\$340,000).**

Mr. Warren O. Nash, III, Deputy Commissioner, Department of Financial Incentives, Cabinet for Economic Development, discussed Resolution 2005-02. Mr. Nash stated that this resolution

recommends that \$340,000 in economic development bond funds be used for the purpose of making a grant to the Warren County Fiscal Court for the benefit of Retail Logic, Inc. Mr. Nash stated that Retail Logic is a company that designs, delivers and services custom metal and wood store fixtures. Mr. Nash commented that Retail Logic serves Wal-Mart, Target, Sears and Michaels. Mr. Nash further commented that the company has decided to relocate its manufacturing operations from Barren County to Warren County and they have purchased a facility as of January of this year (2005). Mr. Nash indicated that it was important to note that the EDB funds and the tax credits that were approved for this company (KIDA) will be used for the expansion of the facility and not for the relocation of the facility. Mr. Nash stated that the EDB funds would be used to acquire the additional equipment after the facility relocates to Warren County. Mr. Nash further stated that conditions of the grant include offering all 215 current employees a position at the new facility that is at least equivalent to what they currently hold at the Glasgow facility. Mr. Nash stated that in addition to the 215 jobs, the company must create 125 new full-time jobs within two years of the completion of the project for a total of 340 jobs. Mr. Nash pointed out that if the company does not create or maintain those jobs, the company will have to pay the community \$1,000 per job not created or maintained. Mr. Nash also stated that the average hourly wage would be \$11.50 and if the hourly wage requirement is not met, a formula will be incorporated into the EDB Grant document for repayment back to the community. Mr. Nash indicated that a letter of credit satisfactory to KEDFA would be provided as security for the EDB. Mr. Nash stated that staff does recommend approval of the project.

Jean Ann Myatt asked if this grant would involve tax incentives and would the Commonwealth experience any problems like the State of Ohio was presently experiencing? Mr. Nash indicated that tax credits have been awarded to the project separate and apart from the grant and the grant would not be impacted by the Ohio case. Mr. Nash further stated that the tax credits that were challenged in that case are unique to Ohio and the Commonwealth's tax credits have not fallen underneath that ruling.

A motion was made by Mike Alexander and seconded by David Moss to adopt Resolution 2005-02 approving an EDB grant in the amount of \$340,000 to Retail Logic, Inc. Motion carried and Resolution 2005-02 was **ADOPTED**.

Secretary Rudolph asked Ms. Myatt what steps the Attorney General was taking to ensure the Commonwealth did not experience the same problems as the State of Ohio? Ms. Myatt stated that she was not able to address that. Mr. Nash indicated that the parties to the Ohio case will be filing a motion with the U. S. Supreme Court for review of the 6th Circuit Court of Appeals ruling and possibly a stay to prevent the enforcement of the ruling. Ms. Myatt indicated that Congressman Chandler had filed a bill to alleviate the problem in Kentucky.

Secretary Rudolph introduced Resolution 2005-03:

**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 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$50,000,000.**

Mr. Howard informed the Commission that Resolution 2005-03 approves up to \$50,000,000 of Kentucky Housing Corporation Single Family Housing Revenue Bonds, 2005 Series A and B. Mr. Howard indicated that the Series A bonds would be fixed rate bonds and Series B would be synthetic fixed rate bonds. Mr. Howard indicated these bonds would utilize the private activity volume cap that was allocated to the Kentucky Housing Corporation in the last allocation cycle to subsidize the ongoing funding of its existing single family program. Mr. Howard informed the Commission that Kutak Rock will serve as bond counsel; Merrill Lynch & Co will serve as underwriter; Peck, Shaffer and Williams will serve as underwriter's counsel and J. P. Morgan Trust Company will serve as the trustee for the issue. Mr. Howard indicated that staff recommended approval of the resolution.

A motion was made by Mike Alexander and seconded by Warren Nash to adopt Resolution 2005-03 approving the issuance of Kentucky Housing Corporation Single Family Housing Revenue Bonds in an amount not to exceed \$50,000,000. Motion carried and Resolution 2005-03 was **ADOPTED**.

Mr. Howard stated that staff has identified a possible refunding of existing State Property and Buildings Commission bonds. Mr. Howard indicated that if it can be determined that the refunding would result in savings to the Commonwealth, it would be necessary to schedule a meeting later in the week.

With no further business before the Commission, a motion was made by Warren Nash and seconded by Mike Alexander to adjourn the meeting.

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Secretary  
State Property and Buildings Commission