The State Property and Buildings Commission was called to order on Monday, August 15, 2005 at 10:30 a.m. in Room 76 of the Capitol Annex by Robbie Rudolph, Chairman. Members present were David Moss, proxy for Lt. Governor Stephen B. Pence; Warren Nash; proxy for Marvin E. Strong, Secretary, Cabinet for Economic Development; Bonnie Howell, proxy for Attorney General Greg Stumbo; Libby Milligan, proxy for Governor Ernie Fletcher; and Robbie Rudolph, Secretary, Finance and Administration Cabinet.

Secretary Rudolph verified with Commission staff that a quorum was present and that the press had been notified of the meeting. Secretary Rudolph introduced the first item of business, which was approval of the minutes of the July 13, 2005 meeting. A motion was made by Mr. Nash and seconded by Ms. Howell to accept the minutes of the July 13, 2005 meeting. Motion CARRIED.

Secretary Rudolph introduced Resolution 2005-19:

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 $750,000,000 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 FINANCING/LEASE AGREEMENT RELATED THERETO.

Mr. F. Thomas Howard, Acting Executive Director, Office of Financial Management, discussed Resolution 2005-19. Mr. Howard stated that this Resolution authorized the issuance of Kentucky Asset/Liability Commission Project Notes, 2005 General Fund Second Series in an aggregate principal amount not to exceed $750,000,000. He stated that this Resolution provided funding for all remaining General Fund projects authorized by House Bill 267 that would not be included in the State Property and Buildings Commission Project No. 85 bond issue. Mr. Howard indicated that J. P. Morgan and UBS Financial Services will serve as underwriter and remarketing agent on the transaction and Peck, Shaffer & Williams will serve as bond counsel.

Mr. Nash asked if the economic development bond project listed was the uncommitted portion of the pool.

Terri Fugate, a financial analyst in the Office of Financial Management, indicated that the project was the uncommitted portion. Mr. Howard indicated that this transaction was similar to those in
the past where the agency draws down the Capital Construction account as a receivable and when the project is finished the account is reimbursed in full from the clearing account.

A motion was made by Ms. Howell and seconded by Mr. Nash to adopt Resolution 2005-19 approving the issuance of Kentucky Asset/Liability Commission Project Notes 2005 General Fund Second Series in an aggregate principal amount not to exceed $750,000,000. Motion carried and Resolution 2005-19 was ADOPTED.

Secretary Rudolph introduced Resolution 2005-20:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF KENTUCKY ASSET/LIABILITY COMMISSION PROJECT NOTES, 2005 AGENCY FUND SECOND SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $250,000,000 FOR THE PURPOSE OF PROVIDING INTERIM FINANCING FOR AUTHORIZED PROJECTS IN ANTICIPATION OF THE ISSUANCE OF BONDS BY THE STATE PROPERTY AND BUILDINGS COMMISSION OR A STATE AGENCY; AND APPROVING FINANCING/LEASE AGREEMENTS RELATED THERETO.

Mr. Howard informed the Commission that Resolution 2005-20 was a similar program for Agency Fund projects authorized by House Bill 267. He stated that these projects include university projects, a Fair Board project, and an Airport Relocation Assistance Project. Mr. Howard indicated although similar in nature to the previous program, this product would be an index based product with Citigroup Global Markets, Inc. Mr. Howard stated that their bond counsel for this transaction is Kutak Rock. Mr. Howard informed the Commission that this transaction is structured similar to a Kentucky Housing Corporation drawdown bond program. Mr. Howard stated that the one of the benefits of the program is that an agency does not have to use the program or can use on an as-needed basis. Mr. Howard stated that there is a three-year mandatory put date although the trust indenture has a life of twenty years.

A motion was made by Ms. Howell and seconded by Mr. Nash to adopt Resolution 2005-20 authorizing the issuance of Kentucky Asset/Liability Commission Project Notes, 2005 Agency Fund Second Series in an aggregate principal amount not to exceed $250,000,000. Motion carried and Resolution 2005-20 was ADOPTED.

Secretary Rudolph introduced Resolution 2005-21:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF FINANCING VARIOUS PROJECTS; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID REVENUE BONDS ARE TO BE ISSUED AND PROVIDING FOR A NEGOTIATED

Mr. Howard indicated that Resolution 2005-21 authorized the issuance of State Property and Buildings Commission Project 85 bonds in an aggregate principal amount not to exceed $250,000,000. Mr. Howard indicated that staff expects to finance approximately $230,000,000 of projects that are ready to be financed or that have already expended money in anticipation of being reimbursed from the proceeds of these bonds. Mr. Howard further indicated that the bonds are expected to be sold the week of August 22, 2005. He stated that the underwriter for the transaction is Citigroup Global Markets, bond counsel is Peck, Shaffer and Williams and the trustee is U. S. Bank. Mr. Howard indicated that this is a standard twenty-year, fixed rate transaction.

A motion was made by Mr. Nash and seconded by Ms. Howell to adopt Resolution 2005-21 authorizing the issuance of State Property and Buildings Commission Project 85 bonds in an aggregate principal amount not to exceed $250,000,000. Motion carried and Resolution 2005-21 was ADOPTED.

Secretary Rudolph introduced Resolution 2005-22:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF FINANCING A PROJECT; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID REVENUE BONDS ARE TO BE ISSUED AND PROVIDING FOR A NEGOTIATED SALE THEREOF; AUTHORIZING AND RATIFYING ACTIONS OF THE COMMISSION STAFF IN THE STRUCTURING, PLANNING AND PREPARATION OF ALL DOCUMENTATION FOR THE ISSUANCE OF SAID BONDS AND IN PREPARING AND PUBLISHING A PRELIMINARY OFFICIAL STATEMENT FOR THE BONDS; RECITING, ACKNOWLEDGING AND APPROVING THE FILING OF AN APPLICATION BY THE FINANCE AND ADMINISTRATION
CABINET OF THE COMMONWEALTH OF KENTUCKY FOR
REVENUE BONDS TO FINANCE SUCH PROJECT PURSUANT TO
SECTION 56.450 OF THE KENTUCKY REVISED STATUTES;
APPROVING A LEASE OF THE PROJECT TO THE CABINET AND
THE SUBLEASE THEREOF TO A STATE AGENCY TO PROVIDE
REVENUES FOR THE AMORTIZATION OF THE BONDS; DEFINING
AND PROVIDING FOR THE RIGHTS OF THE OWNERS OF THE
BONDS AND PROVIDING FOR THE APPLICATION OF THE
PROCEEDS THEREOF.

Mr. Howard stated that Resolution 2005-22 authorized the issuance of State Property and Buildings Commission Project 86 bonds which are supported by agency restricted fund revenues from the Kentucky State Fair Board to fund their East Wing Renovation at the Kentucky Fair and Exposition Center. Mr. Howard indicated that issuing bonds for $5,000,000 is expensive so a number of alternatives were considered for this funding, including restructuring existing State Property and Building Commission Project 81 bonds to collapse an existing reserve. Mr. Howard indicated, however, that the insurer would not agree to release the reserve fund so it is necessary to issue the bonds. Mr. Howard further indicated that the transaction was paired with Project 85 to minimize expenses.

Mr. Nash asked if it was possible to include the transaction in State Property and Buildings Project 85. Mr. Howard indicated that was not possible because of separate source of payment. Mr. Howard stated that this was a late addition because an agreement could not be worked out with the insurer. Mr. Howard indicated that the financing team was the same as Project 85.

A motion was made by Ms. Howell and seconded by Mr. Nash to adopt Resolution 2005-22 authorizing the issuance of State Property and Buildings Commission Project 86 bonds in an aggregate principal amount not to exceed $6,000,000. Motion carried and Resolution 2005-22 was ADOPTED.

Secretary Rudolph introduced Resolution 2005-23:

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, SERIES 2005, PURSUANT TO AN INDENTURE OF
TRUST, SUPPLEMENTS THERETO AND AN AUTHORIZING
RESOLUTION OF THE CORPORATION, IN AN AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED $400,000,000, TO BE ISSUED
AS A COMBINATION OF SENIOR AND SUBORDINATE BONDS AND
TAX-EXEMPT AND TAXABLE BONDS.
Mr. Howard informed the Commission that Resolution 2005-23 approved the issuance by the Kentucky Higher Education Student Loan Corporation of its Student Loan Revenue Bonds Series 2005 in an aggregate principal amount not to exceed $400,000,000. Mr. Howard indicated that the transaction would be a combination of tax-exempt and taxable bonds and senior and subordinate obligations in order to provide additional funds for the financing, making and purchasing of student loans. Mr. Howard stated that the bonds are expected to be sold at the beginning of September, the middle of November and at the end of December or beginning of January 2006. Mr. Howard indicated that Kutak Rock would serve as bond counsel on the transaction, UBS Financial Services would serve as underwriter and the trustee would be Wells Fargo Bank. Mr. Howard further indicated that approval by this Commission is not required by law, but it is a long-standing practice at the request of bond counsel that the Commission approve these transactions.

A motion was made by Mr. Nash and seconded by Ms. Howell to approve Resolution 2005-23 approving the issuance by the Kentucky Higher Education Student Loan Corporation of its Student Loan Revenue Bonds Series 2005 in an aggregate principal amount not to exceed $400,000,000. Motion carried and Resolution 2005-23 was ADOPTED.

Secretary Rudolph introduced Resolution 2005-24:

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 A CERTAIN ECONOMIC DEVELOPMENT PROJECT TO BE FINANCED FROM THE PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS TO BE ISSUED BY THE COMMISSION FOR WEBASTO, INC. (Calloway County)($500,000).

Mr. Warren Nash, Deputy Commissioner, Department of Financial Incentives, Cabinet for Economic Development discussed Resolution 2005-24. Mr. Nash informed the Commission that this Resolution approved the application of the Secretary of the Cabinet for Economic Development for an economic development bond grant which is being made through the Calloway County Fiscal Court and the Murray Calloway County Industrial Authority on behalf of Webasto, Inc. in the amount of $500,000. Mr. Nash indicated that Webasto, Inc is a sunroof manufacturer and is constructing an 118,000 square foot expandable facility in Murray, Kentucky at a cost of $17.9 million. Mr. Nash indicated that the proceeds from the bonds will be used to offset the cost related to the project and will be made available to Webasto through the Calloway County Fiscal Court and Industrial Authority on a reimbursement basis. Mr. Nash stated that Webasto will be required to create 150 new full-time jobs (excluding contract and temporary employees) for Kentucky residents within two years of disbursement of the proceeds. Mr. Nash continued that the new jobs will be subject to a minimum annual average hourly wage of not less than $15.75, excluding benefits. Mr. Nash stated that Webasto will be required to maintain these 150 jobs for an additional three years and if the company fails to meet these requirements, it will be required to pay the County the sum of $3,333.33 for each job not created or maintained by Webasto within the foregoing time periods. Mr. Nash also stated that if Webasto fails to meet the stated wage requirements, it will be required to
pay the County a pro-rata portion of the EDB grant based on a formula that will be outlined in the EDB grant agreement. Mr. Nash indicated that staff recommends approval of the project.

Ms. Howell asked if Webasto had met the wage and job requirements at its Lexington facility. Mr. Nash indicated that Webasto is in compliance at this point.

A motion was made by Ms. Howell and seconded by Mr. Moss to adopt Resolution 2005-24 approving the application of the Cabinet for Economic Development on behalf of Webasto, Inc. Motion carried and Resolution 2005-24 was ADOPTED.

Mr. Nash introduced Ms. Terri Lovelace, Assistant Director of the Grants division, and stated that he has assumed new responsibilities in the Cabinet and that Ms. Lovelace may be presenting projects at future meetings.

Secretary Rudolph recognized William H. Hintze, Jr., Deputy State Budget Director, who will be retiring from state government at the end of August and acknowledged his contribution to the Commission over the years.

Mr. Howard indicated that the next meeting of the Commission is expected to be held in late September.

With no further business before the Commission, a motion was made to adjourn.

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Secretary
State Property and Buildings Commission