

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**NOVEMBER 16, 2009**

The Kentucky State Property and Buildings Commission ("SPBC" or the "Commission") was called to order on Monday, November 16, 2009 at 2:00 p.m. ET 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 Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, Mary Lassiter, State Budget Director, Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development, Edmund Sauer, proxy for Gov. Beshear, and Bill Burger, proxy for Lt. Governor Mongiardo.

OFM Staff Members Present: Mr. Tom Howard, Executive Director and Secretary to the Commission, Deputy Director Brett Antle, Robin Brewer, Rob Ramsey, and Marcia Adams.

Other Guests Present: Kristi Culpepper from the Legislative Research Commission ("LRC") and John Herald, CFO from the Kentucky Housing Corporation ("KHC"), 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 Mr. Ed Ross and seconded by Mr. Bill Burger to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the October 19, 2009 meeting were approved as written.

Deputy Secretary Flanery introduced Resolution 2009-30:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF REFUNDING CERTAIN PRIOR BONDS OF THE COMMISSION; 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 TRANSPORTATION CABINET OF THE COMMONWEALTH OF KENTUCKY FOR REVENUE BONDS TO REFUND SUCH PRIOR BONDS PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; APPROVING A LEASE OF THE PROJECT TO THE TRANSPORTATION CABINET 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; AND AMENDING THE**

**COMMISSION'S RESOLUTION ADOPTED OCTOBER 16, 2001 AS AMENDED  
BY THE COMMISSION'S RESOLUTION ADOPTED FEBRUARY 14, 2002.**

Ms. Robin Brewer stated that Resolution 2009-30 is for the State Property and Buildings Commission Road Fund Revenue Refunding Bonds, Project No. 73 (Third Series) in a principal amount not to exceed \$15,000,000. SPBC plans to issue fixed rate Road Fund refunding bonds to refund SPBC Project 73 Bonds of the Commission for economic savings, depending upon market conditions at the time of the sale. Net present value savings for the Road Fund are estimated to be approximately \$355,000, or 2.84% as a result of the refunding; however, OFM will continue to monitor the refunding for the optimal time to take it to market. By going ahead and getting the proper approvals for the transaction, OFM will be ready to sell when the time is optimal. Currently, the sale date is expected to be in mid-December or early January. The estimated All-In-True Interest Cost is 2.422% with a final maturity on the bonds of November 1, 2014. The transaction will be presented to the Capital Projects and Bond Oversight Committee on November 17, 2009. Bond Counsel is Peck, Shaffer & Williams LLP, Underwriter is J.J.B. Hilliard, W.L. Lyons LLC, Underwriter's Counsel is Frost Brown Todd LLC, and Trustee is U.S. Bank National Association. Staff recommends approval.

Mr. Burger made a motion to approve Resolution 2009-30 that was seconded by Ms. Mary Lassiter. Motion **CARRIED** and Resolution 2009-30 was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution 2009-31:

**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 BONDS IN  
ONE OR MORE SERIES AND IN ONE OR MORE TAX PLANS.**

Mr. Rob Ramsey stated approval is being sought by the Kentucky Housing Corporation for the issuance of its Single Family Housing Revenue Bonds, Series 2009 C & Series D in an aggregate principal amount not to exceed an additional \$250,000,000 in order to refund certain outstanding obligations of the Corporation and to make moneys available to provide financing of residential housing for persons and families of lower and moderate income. The proposed date of sale is December 9, 2009 with settlement proposed for December 23, 2009. Current ratings are Aaa and AAA from Moody's and S&P, respectively. The estimated true interest cost is 4.12%. The bonds will be sold on a negotiated basis with a portion being privately placed with the Treasury. Bond Counsel is Kutak Rock LLP, Underwriter's Counsel is Peck, Shaffer & Williams LLP, Underwriters are Citi and Merrill Lynch & Co. (Rotating), Trustee is the Bank of New York Mellon Trust Co. N.A. Staff recommends approval.

Ms. Lassiter made a motion to approve Resolution 2009-31 that was seconded by Ms. Katie Smith. Motion **CARRIED** and Resolution 2009-31 was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution 2009-32:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION  
OF THE COMMONWEALTH OF KENTUCKY APPROVING A FIRST**

**AMENDMENT FOR A CERTAIN ECONOMIC DEVELOPMENT PROJECT FUNDED FROM THE PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS ISSUED BY THE COMMISSION.**

Ms. Katie Smith stated that the Kentucky Economic Development Finance Authority (KEDFA) was requesting approval for an Amendment Resolution between the Cabinet for Economic Development (Cabinet) and the City of Richmond of behalf of Sub-Zero Wolf, Inc., or an affiliate (Sub-Zero) - \$100,000 Request for Modification. The amendment will allow Sub-Zero Wolf an extension of the timeframe to meet the full-time job requirement from December 31, 2011 to December 31, 2013. Sub-Zero would still be required to maintain the 100 new, full-time jobs, paying the required wages at the facility for an additional three years from December 31, 2013 through December 31, 2016. In consideration of this modification, the Cabinet for Economic Development staff has negotiated with Sub-Zero Wolf, and KEDFA has approved an extension in the letter of credit to support any repayment resulting from noncompliance, if any.

Mr. Burger made a motion to approve Resolution 2009-32 that was seconded by Mr. Ross. Motion **CARRIED** and Resolution 2009-32 was **ADOPTED**.

Deputy Secretary Flanery introduced Resolution 2009-33:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF HEALTHCARE FACILITIES REVENUE BONDS (MADONNA MANOR, INC. PROJECT), SERIES 2009 IN A PRINCIPAL AMOUNT OF UP TO \$33,000,000 BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**

Ms. Smith stated that the Kentucky Economic Development Finance Authority (KEDFA) was requesting approval for the issuance of its KEDFA's Healthcare Revenue Bonds, Series 2009 for the purpose of making a loan to Madonna Manor, Inc. to finance the acquisition, construction, installation and equipping of health care and health related facilities to be located at 2344 Amsterdam Road in Villa Hills, Kentucky (the "Project") and paying expenses incurred in connection with the issuance of the Bonds and development of the Project. Bond Counsel is Peck, Shaffer & Williams LLP, Underwriter's Counsel is Presley, Burton & Collier, LLC, Financial Advisor is Lancaster, Pollard & Co., Underwriter is Merrill Lynch & Co. and Trustee is The Bank of New York Mellon Trust Co, N.A. Staff recommends approval.

Ms. Lassiter made a motion to approve Resolution 2009-33 that was seconded by Mr. Edmund Sauer. Motion **CARRIED** and Resolution 2009-33 was **ADOPTED**.

Deputy Secretary Flanery asked if there was any other business.

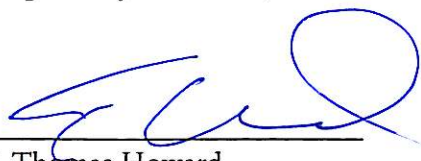
Ms. Brewer gave the Commission a report on the results of State Property and Buildings Commission Revenue Bonds, Project No. 96. The transaction was for a par amount of \$401,345,000, with three series of bonds. The Series A Bonds, for approximately \$64 million, were issued on a tax-exempt basis; the Series B Bonds, in the approximate amount of \$14 million, were issued on a taxable basis due to the nature of the projects; and the Series C Bonds, in the approximate amount of \$323 million, were issued on a taxable basis as Build

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America Bonds (BABs). The transaction provided \$364 million in bond proceeds to partially finance a multitude of General Fund projects from various sessions of the General Assembly. The sale date of the transaction was October 28, 2009 and will close on November 17, 2009. The final maturity on the bonds is November 1, 2029, and the All-In-True Interest Cost was 3.809%. The underwriter was Morgan Stanley; bond counsel was Kutak Rock LLP, underwriter's counsel was Frost Brown Todd LLC, and the trustee was U.S. Bank. The underlying ratings for the transaction were "A+" from Standard & Poor's, "Aa3" from Moody's and "AA-" from FitchRatings, which are all consistent with ratings on previous SPBC transactions. Mr. Howard added that the low All-In-True Interest Cost of 3.809% factored in the 35% federal subsidy of the semi-annual interest on the debt service of the bonds related to the BABs and that this was the lowest cost of financing that he could remember the Commonwealth had been received on a 20-year permanent financing.

With no other business, the meeting stands adjourned.

Respectfully submitted,



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F. Thomas Howard  
Secretary