

STATE PROPERTY AND BUILDINGS COMMISSION
November 19, 2007

MINUTES

The State Property and Buildings Commission was called to order by Tom Ferree, Chief of Staff, Finance and Administration Cabinet and proxy for Mike Burnside, Secretary, Finance and Administration Cabinet at 1:30 p.m. in Room 76 of the Capitol Annex on Monday, November 19, 2007, in Frankfort, Kentucky. Other members present were Libby Milligan, proxy for Governor Ernie Fletcher; Katie Smith, proxy for John E. Hindman, Secretary, Cabinet for Economic Development; Allen Holt, proxy for Stan Cave, Acting State Budget Director; and Edgar C. Ross, Executive Director, Office of the Controller.

Chairman Ferree verified that a quorum was present and that the press was notified of the meeting.

A motion was made by Katie Smith and seconded by Ed Ross to approve the minutes of October 15, 2007 meeting. Motion carried.

Chairman Ferree introduced Resolution 2007-34:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE BY THE KENTUCKY ECONOMIC
DEVELOPMENT FINANCE AUTHORITY OF ITS LOUISVILLE ARENA
PROJECT REVENUE BONDS, SERIES 2007A AND TAXABLE SERIES
2007B (LOUISVILLE ARENA AUTHORITY, INC.) IN AN AMOUNT NOT
TO EXCEED \$360,000,000.**

F. Thomas Howard, Executive Director, Office of Financial Management, stated that Resolution 2007-34 approves the issuance of Kentucky Economic Development Finance Authority Revenue Bonds for the Louisville Arena Project, Series 2007A and 2007B Taxable Series in an amount not to exceed \$360,000,000. This purpose of this financing is to construct the new 22,000-seat arena in Louisville, Kentucky. Mr. Howard stated this transaction is comprised of three revenue sources to secure debt service on the bonds: a guarantee from Metro-Louisville; state tax increment financing; and Louisville Arena revenue derived from operation of the facility. Mr. Howard noted that if approved today, the project will be presented to the Capital Projects and Bond Oversight Committee on November 20, 2007. Mr. Howard stated that the financing team for the transaction included Stoll Keenon Ogden PLLC as bond counsel; Squire, Sanders & Dempsey LLP and Frost Brown Todd LLC as underwriter's counsel; Goldman, Sachs & Company as lead underwriter; and U. S. Bank as trustee. Mr. Howard added that the bonds are expected to be sold in December or early January 2008. The bonds will be insured by AMBAC and it is expected that the underlying rating on the Bonds will be investment grade (Baa or BBB).

Mr. Holt asked if this transaction was in addition to the \$75,000,000 authorized by the Kentucky Asset/Liability Commission earlier this year. Mr. Howard indicated that was correct and that those funds from the Floating Rate Note transaction had been advanced to the Arena Authority and once those funds are expended (late January or early February 2008) funds from this transaction will be used.

A motion was made by Allen Holt and seconded by Katie Smith to adopt Resolution 2007-34 approving the issuance by the Kentucky Economic Development Finance Authority of its Louisville Arena Project Revenue Bonds, Series 2007A and Taxable Series 2007B. Motion carried and Resolution 2007-34 was adopted.

Chairman Ferree introduced Resolution 2007-35:

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 \$100,000,000.

Mr. Howard stated that Resolution 2007-35 is a continuation of the Corporation's ongoing single family housing program to finance mortgage loans to first-time homebuyers in the low-to-moderate income category. Mr. Howard noted that this transaction was authorized by the Corporation's Board of Directors in August 2007 and will be presented to the Capital Projects and Bond Oversight Committee on November 20, 2007.

A motion was made by Katie Smith and seconded by Ed Ross to adopt Resolution 2007-35 approving the issuance of Kentucky Housing Corporation Housing Revenue Bonds in one or more series and in one or more tax plans in an aggregate principal amount not to exceed \$100,000,000. Motion carried and Resolution 2007-35 was adopted.

Chairman Ferree introduced Resolution 2007-36:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING CORPORATION OF ITS TAX EXEMPT MULTIFAMILY HOUSING BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$11,000,000.

Mr. Howard stated the Resolution 2007-36 approves the issuance of bonds to be used for a multi-family conduit housing project and does not constitute a liability of the Commonwealth. The proceeds of the bonds will be used to construct 69 new one, two, three and four bedroom single detached and walk-up duplex units known as City Wide Housing Project and the rehabilitation of 34 historic one, two three and four bedroom single-family homes and one historic schoolhouse in the city of Newport, KY. The Corporation's Board of Directors approved the project on August 30, 2007. Mr. Howard noted that this project will also be presented to the Capital Projects and Bond Oversight Committee on November 20, 2007. Mr. Howard stated that bond counsel on the transaction will be Peck, Shaffer & Williams; the underwriter will be Red Capital Markets, Inc. and underwriter's counsel will be Eichner & Norris.

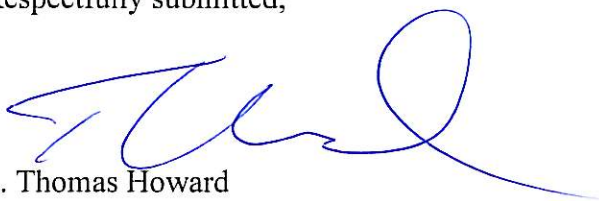
A motion was made by Allen Holt and seconded by Libby Milligan to adopt Resolution 2007-36 approving the issuance by the Kentucky Housing Corporation of its Tax Exempt Multifamily Housing Bonds in one or more series in an aggregate principal amount not to exceed \$11,000,000. Motion carried and Resolution 2007-36 was adopted.

Mr. Howard informed the Commission that State Property and Buildings Commission Revenue Bonds, Project 88 in the principal amount of \$267,055,000 sold on October 30, 2007 and the funds are in place to fund the projects previously approved by the Commission. Mr. Howard stated that the all-in-tic was 4.347 percent. Mr. Howard stated that there were nine bids on the bonds and Citigroup purchased the bonds. He added that bond counsel on the transaction was Peck, Shaffer & Williams; financial advisor was First Southwest Company and Bank of New York was the trustee.

Mr. Howard informed the Commission that the United States Supreme Court heard oral arguments in Kentucky v. Davis which asks if a state can discriminate in taxing out of state municipal bonds while exempting in-state municipal bonds. He added that the legal team representing the Commonwealth did an outstanding job and felt that a favorable outcome was possible early next year (2008).

Mr. Howard thanked Libby Milligan and Tom Ferree for their service on behalf of the Commission and wished them well in their future endeavors. With no further business before the Commission, a motion was made by Ed Ross and seconded by Katie Smith to adjourn the meeting. Motion carried and the meeting was adjourned.

Respectfully submitted,



F. Thomas Howard
Secretary