

STATE PROPERTY AND BUILDINGS COMMISSION
Minutes
November 20, 2006

The State Property and Buildings Commission was called to order at 10:00 a.m. on Monday, November 20, 2006 by John R. Farris, Secretary, Finance and Administration Cabinet, in Room 76 of the Capitol Annex. Other members present were Libby Milligan, proxy for Governor Ernie Fletcher; Ryan Watts, proxy for Lt. Governor Steve Pence; Bonnie Howell, proxy for Attorney General Gregory Stumbo; Katie Smith, proxy for Gene Strong, Secretary, Cabinet for Economic Development; and Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet.

Secretary Farris declared that a quorum was present and verified that the press had been notified of the meeting.

A motion was made by Ms. Smith and seconded by Mr. Ross to approve the minutes of the September 18, 2006 meeting. Motion **CARRIED**.

Secretary Farris introduced Resolution 2006-21:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE OF WESTERN KENTUCKY
UNIVERSITY GENERAL RECEIPTS BONDS, 2006 SERIES A OF
WESTERN KENTUCKY UNIVERSITY.**

Ms. Robin Brewer, Financial Analyst, Office of Financial Management, discussed Resolution 2006-21. She stated that Resolution 2006-21 authorizes Western Kentucky University to issue General Receipts Bonds, 2006 Series A, in an estimated amount of \$10 million. Ms. Brewer indicated that Western Kentucky University will sell Agency Fund supported revenue bonds on December 5, 2006 with a closing date of December 19, 2006. Ms. Brewer stated that the 2006 Series A Bonds are being issued for the purpose of partial permanent funding for several projects which include the South Campus Parking and Dining Improvements (authorized for \$7 million in Agency Bonds), Math and Science Academy Renovation (authorized for \$5 million in Agency Bonds), construction of Student Health Services Building (authorized for \$4 million in Agency Bonds), IT Infrastructure (authorized for \$3 million in Agency Bonds), and renovation of Academic Athletic #2, Design (authorized for \$9.5 million in Agency Bonds). Ms. Brewer indicated that these projects were approved in House Bill 267 of the 2005 Regular Session of the General Assembly. She further indicated that the remaining authorized permanent funding for the projects will be issued with Agency Bonds by the University at a later time. She stated that the estimated net interest cost for this transaction is 4.117 percent with an estimated true interest cost of 4.159 percent. Ms. Brewer stated that the transaction was approved by the Western Kentucky University Board of Regents on November 2, 2006 and will be presented to the Capital Projects and Bond Oversight Committee on November 21, 2006. Peck, Shaffer & Williams LLP will serve as bond counsel; J.J.B. Hilliard, W.L. Lyons, Inc. will serve as financial advisor; and

U. S. Bank National Association will serve as trustee. Ms. Brewer indicated that staff recommends approval of the transaction.

Secretary Farris stated the move to a General Receipts Indenture by the universities will be a positive move for the University because it will lower their cost of borrowing.

F. Thomas Howard, Executive Director, Office of Financial Management, indicated that essentially moving to a General Receipts Indenture broadens the University's revenue pledge and simplifies an outdated indenture. He stated that many of the trust indentures for the universities were created in the early 1960s and need to be modernized.

Mr. Ross asked if other state universities would be moving to the General Receipts Indenture. Mr. Howard indicated that staff has been in contact with each of the state universities and it is expected that as time permits and the need for financing arises that all universities would move to the General Receipts Indenture.

A motion was made by Ms. Smith and seconded by Mr. Watts to adopt Resolution 2006-21 of the State Property and Buildings Commission approving the issuance of Western Kentucky University General Receipts Bonds, 2006 Series A, in an estimated amount of \$10 million. Motion carried and Resolution 2006-21 was **ADOPTED**.

Secretary Farris introduced Resolution 2006-22:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING CORPORATION OF ITS CONDUIT MULTIFAMILY HOUSING REVENUE BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,705,000.

and Resolution 2006-23:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING CORPORATION OF ITS CONDUIT MULTIFAMILY HOUSING REVENUE BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,205,000.

Mr. Howard indicated that although the Resolutions represent separate projects, they have the same developer and financing teams. He stated that Peck, Shaffer & Williams is bond counsel for the developer, Kutak Rock is issuer counsel for Kentucky Housing Corporation and U.S. Bank is the trustee for both projects. Mr. Howard stated that these Resolutions represent two Section 8 apartment buildings. He further stated that one apartment building is located in

Glasgow, Kentucky (Arbors of Glasgow) and consists of 76 one, two, three and four bedroom units. The other apartment building is located in Madisonville, Kentucky (Arbors of Madisonville-Pennyrile Apartments) and consists of 70 Section 8 units and 30 Section 236 units and includes 36 one bedroom units, 48 two bedroom units and 16 three bedroom units. Mr. Howard pointed out that Section 236 is a sub-section of Section 8 and involves a slight distinction in the insurance guarantee from the Federal Government. Mr. Howard explained that the Section 8 Program provides a subsidy to the developer for very low income housing. Mr. Howard stated that the Arbors of Glasgow was originally approved via an Inducement Resolution by the KHC Board of Directors on October 28, 2004 and that approval was extended by an Inducement Agreement on June 23, 2006. He further pointed out that the Arbors of Madisonville was approved via an Inducement Resolution and a related Inducement Agreement by the KHC Board of Directors on June 23, 2006. Mr. Howard stated that the financing agent combined the projects as a single financing to cut down on program costs. Mr. Howard pointed out that both projects are conduit issues and do not constitute a liability of the Commonwealth and the developer is responsible for repayment of the obligations.

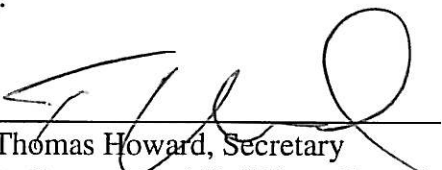
Secretary Farris commented that the Kentucky Housing Corporation has been moving towards more multi-family housing projects. Mr. Howard agreed that there is a critical need for this type of housing throughout the Commonwealth. He pointed out that this is the fourth or fifth financing since KHC became a conduit for these types of projects. Ms. Howell also voiced her approval that KHC was becoming involved in these multi-family housing projects.

A motion was made by Ms. Howell and seconded by Mr. Ross to adopt Resolution 2006-22 approving the issuance by the Kentucky Housing Corporation of its Conduit Multifamily Housing Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$2,705,000 (Arbors of Glasgow). Motion carried and Resolution 2006-22 was **ADOPTED**.

A motion was made by Ms. Howell and seconded by Ms. Smith to adopt Resolution 2006-23 approving the issuance by the Kentucky Housing Corporation of its Conduit Multifamily Housing Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$2,205,000 (Arbors of Madisonville). Motion carried and Resolution 2006-23 was **ADOPTED**.

Mr. Howard introduced Rachel Putnam and Brett Antle who recently joined the staff of the Office of Financial Management. He indicated that Rachel has joined us from the Transportation Cabinet and Brett Antle transferred from the Controller's Office.

With no further business before the Commission, a motion was made by Ms. Smith and seconded by Ms. Howell to adjourn the meeting.


F. Thomas Howard, Secretary
State Property and Buildings Commission