

**STATE PROPERTY AND BUILDINGS COMMISSION**  
**March 17, 2008**

**MINUTES**

The State Property and Buildings Commission meeting was called to order by Lori Flanery, Deputy Secretary, Finance and Administration Cabinet, proxy for Jonathan Miller, Secretary, Finance and Administration Cabinet, at 10:00 a.m. in Room 76 of the Capitol Annex on Monday, March 17, 2008, in Frankfort, Kentucky. Other members present were Jeff Derouen; proxy for Lt. Governor Daniel Mongiardo; Katie Smith, proxy for John E. Hindman, Secretary, Cabinet for Economic Development; Mary Lassiter, State Budget Director; and Edgar C. Ross, Executive Director, Office of the Controller.

Chairman Flanery 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 the February 18, 2008 meeting. Motion carried and the minutes of the February 18, 2008 meeting were approved.

Chairman Flanery introduced Resolution 2008-06:

**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 MORTGAGE  
REVENUE BONDS IN ONE OR MORE SERIES IN AN AGGREGATE  
PRINCIPAL AMOUNT NOT TO EXCEED \$5,750,000.**

Thomas Midkiff, Financial Analyst, Office of Financial Management, stated that Resolution 2008-06 approves the issuance of Kentucky Housing Corporation ("KHC") Conduit Multifamily Mortgage Revenue Bonds in one or more series. Mr. Midkiff further stated that the proceeds of the bonds will be used to acquire and rehabilitate a multi-family rental housing facility known as Partridge Point Apartments in Louisville, KY. Mr. Midkiff noted that the project will ensure that part of the low income housing stock remains in a substantially upgraded condition. He added that SPBC approval of the project is not statutorily required but has been requested by bond counsel as a matter of consistency with past practice. He noted that KHC's Executive Committee approved the issuance on August 10, 2007 and added that, if approved, will be presented to the Capital Projects and Bond Oversight Commission on March 20, 2008. Mr. Midkiff stated that Frost Brown Todd LLC will serve a bond counsel on the project; Paul Hastings Janofsky & Walker LLP will serve as bond purchaser's counsel; Citigroup Global Markets, Inc. will serve as the bond purchaser; and U.S. Bank National Association will serve as trustee.

Mary Lassiter, State Budget Director, asked the reason for the delay between the Executive Committee's approval in August 2007 and SPBC approval. Mr. Midkiff stated that the Executive

Committee approves a total program amount and then each individual project is presented to SPBC as it is ready to move forward.

A motion was made by Mary Lassiter and seconded by Katie Smith to adopt Resolution 2008-06 approving the issuance of Kentucky Housing Corporation Multifamily Mortgage Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$5,750,000. Motion carried and Resolution 2008-06 was adopted.

Chairman Flanery introduced Resolution 2008-07:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF MOREHEAD STATE UNIVERSITY GENERAL RECEIPTS BONDS, 2008 SERIES A AND AFFIRMING A CONTRACTUAL COMMITMENT OF THE COMMONWEALTH WITH RESPECT TO SUCH PROPOSED BONDS.**

Rachael Putnam, Financial Analyst, Office of Financial Management stated that Resolution 2008-07 approves the issuance of Morehead State University (the "University") General Receipts Bonds Series A in an estimated principal amount of \$4,020,000. Ms. Putnam stated that the University plans to sell Agency Fund supported revenue bonds in May 2008. She added that the Series A Bonds are being issued to refund Series N Housing and Dining Bonds for present value savings and to pay costs of issuing the 2008 Series A Bonds. Ms. Putnam further stated that the 2008 Series A Bonds are an obligation under the Trust Agreement and the University has pledged its General Receipts as security for the payment of its obligations. Ms. Putnam noted that pursuant to KRS 164A.608, if the University fails to make timely payments under the Financing Agreement the state intercept will be triggered. Ms. Putnam stated that Section 3 of the Resolution confirms the existing covenants and agreements in the event the revenues of the Housing and Dining System were not sufficient to meet the obligations. She added that under the existing housing indenture, the Commonwealth would provide for the cost of operation of the System as long as the bonds are outstanding. Ms. Putnam stated that the University's Board of Regents approved the issuance of the bonds on June 15, 2007 and added that the issuance would be presented to the Capital Projects and Bond Oversight Committee on March 20, 2008. Ms. Putnam stated that the financing team consists of Peck, Shaffer & Williams LLP as bond counsel; Hilliard and Lyons as financial advisor; and U. S. Bank National Association as trustee.

Ms. Lassiter asked if other opportunities for refundings (other universities) existed or was this refunding an anomaly. Mr. Howard stated that staff and the financial advisor continually monitor refunding opportunities for all the universities. He added that Morehead has issued new money under the General Receipts structure but this was their first refunding opportunity. Ms. Lassiter asked if bids would be rejected if adequate savings could not be realized. Mr. Howard stated that the sale would not be advertised if adequate savings could not be achieved. He added

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that one of the advantages of moving to the General Receipts pledge and the intercept program is that the intercept program has been upgraded to Aa3 by Moody's which is in line with the Commonwealth's appropriation rating. Mr. Howard stated that currently the savings are estimated to be 3.5 percent and staff would not move forward with the refunding if the expected savings were not at least 3 percent.

A motion was made by Ed Ross and seconded by Katie Smith to adopt Resolution 2008-07 approving the issuance of Morehead State University General Receipts Bonds, 2008 Series A and affirming a contractual commitment of the Commonwealth with respect to such proposed bonds. Motion carried and Resolution 2008-07 was adopted.

With no further business before the Commission, a motion was made by Katie Smith and seconded by Jeff Derouen to adjourn. Motion carried and the meeting was adjourned.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'F. Thomas Howard', with a large, stylized loop at the end.

F. Thomas Howard  
Secretary