

STATE PROPERTY AND BUILDINGS COMMISSION
April 16, 2007

MINUTES

The State Property and Buildings Commission was called to order by Mike Burnside, Deputy Secretary, Finance and Administration Cabinet and proxy for John Farris, Secretary, Finance and Administration Cabinet, on Monday, April 16, 2007 at 10:00 a.m. in Room 76 of the Capitol Annex in Frankfort, Kentucky. Other members present were Libby Milligan, proxy for Ernie Fletcher, Governor; Bonnie Howell, proxy for Attorney General Greg Stumbo; Donna Duncan, proxy for Gene Fuqua, Acting Secretary, Cabinet for Economic Development; and Ed Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet. Dr. Randy Embry attended the meeting on behalf of Steve Pence, Lt. Governor.

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

A motion was made by Ms. Howell and seconded by Mr. Ross to approve the minutes of the March 19, 2007 meeting. Motion carried and the minutes were **APPROVED**.

Secretary Farris introduced Resolution 2007-07:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
APPROVING THE ISSUANCE OF KENTUCKY ASSET/LIABILITY
COMMISSION FLOATING RATE NOTES, 2007 GENERAL FUND FIRST
SERIES IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO
EXCEED \$350,000,000 FOR THE PURPOSE OF PROVIDING
FINANCING FOR AN AUTHORIZED PROJECT.**

Brett Antle, Financial Analyst, Office of Financial Management, stated that Resolution 2007-07 authorizes the issuance of Kentucky Asset/Liability Commission 2007 General Fund First Series Floating Rate Notes in an amount not to exceed \$350 million. Mr. Antle indicated that the proceeds of the financing will be used to permanently finance two projects authorized in House Bill 380 of the 2006 General Assembly: \$75,000,000 for the Louisville Arena and \$25,000,000 for the Petroleum Storage Tank Assurance Fund. Mr. Antle further indicated that the remainder of the proceeds would be used to advance refund portions of State Property and Buildings Commission Project 79 and Project 85. Mr. Antle noted that the Notes would be issued on a variable rate basis and the interest would be reset quarterly based on a formula of 67 percent of three month LIBOR plus a fixed spread. He added that the Notes will have a ten-year optional call with a final maturity date of November 2027. Mr. Antle stated that the transaction will include an interest rate swap with one or more counterparties to lock in a fixed rate on the Notes. Mr. Antle indicated the estimated true interest cost on the transaction is 4.18 percent. He stated that the financing team for this transaction would be Kutak Rock as bond counsel, Citigroup as underwriter, and Frost Brown Todd as underwriter's counsel.

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A motion was made by Ms. Howell and seconded by Mr. Ross to adopt Resolution 2007-07 authorizing one or more financing agreements and the issuance, sale and delivery of 2007 Kentucky Asset/Liability Commission General Fund First Series Floating Rate Notes in an amount of not to exceed \$350,000,000. Motion carried and Resolution 2007-07 was ADOPTED.

Secretary Farris introduced Resolution 2007-08:

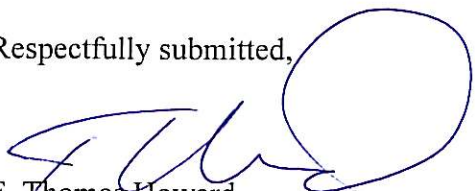
A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF REVENUE BONDS, SERIES 2007 (ADVENTIST LONG-TERM CARE OBLIGATED GROUP) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000 BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY.

Donna Duncan, Commissioner, Department of Financial Incentives, Cabinet for Economic Development, stated that Resolution 2007-08 approves the issuance of Kentucky Economic Development Finance Authority ("KEDFA") Revenue Bonds, Series 2007, for Adventist Long-Term Care Obligated Group in an amount not to exceed \$10,000,000. Ms. Duncan stated that the bond proceeds would be used to refinance taxable indebtedness by various corporations affiliated with Adventist Health Systems, Orlando, Florida, in connection with the acquisition, construction, renovation and equipping of four nursing homes in Kentucky. Ms. Duncan noted that the Cabinet received copies of resolutions from the appropriate city officials authorizing the issuance of the bonds. Ms. Duncan informed the members that a TEFRA hearing was conducted on March 29, 2007 and no public comments were received. She stated that security of the bond would be a Letter of Credit issued by Sun Trust Bank. She further stated that KEDFA granted the Final Resolution on March 29, 2007. Ms. Duncan noted that the bonds were a refinancing of existing KEDFA revenue bonds previously issued for South Central Nursing Homes, Inc. but due to reorganization are not controlled by Adventist.

A motion was made by Ms. Howell and seconded by Mr. Ross to adopt Resolution 2007-08 approving the issuance of Kentucky Economic Development Finance Authority Revenue Bonds in a principal amount not to exceed \$10,000,000 for Adventist Long-Term Care Obligated Group. Motion carried and Resolution 2007-08 was ADOPTED.

With no further business before the Commission, a motion was made by Ms. Duncan to adjourn the meeting.

Respectfully submitted,


F. Thomas Howard
Executive Director