

STATE PROPERTY AND BUILDINGS COMMISSION
Minutes
July 17, 2006

The State Property and Buildings Commission was called to order at 11:00 a.m. on Monday, July 17, 2006 by Chairman Tim LeDonne, proxy for Secretary John Farris, 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; and Katie Smith, proxy for Gene Strong, Secretary, Cabinet for Economic Development.

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

Chairman LeDonne recognized Ed Ross, Controller, Finance and Administration Cabinet. Mr. Howard informed the members that the Secretary of the Revenue Cabinet served an ex-officio member of the Commission until the merger of the Finance and Administration Cabinet at which time that position was eliminated. Mr. Howard further stated that by Executive Order 2006-679, Governor Fletcher added the Controller of the Finance and Administration Cabinet as an ex-officio member of the Commission. Chairman LeDonne also introduced Kristen Webb, Chief of Staff, for the Finance and Administration Cabinet.

Chairman LeDonne asked for a motion to approve the minutes of the June 14, 2006 meeting. A motion was made by Ms. Ross and seconded by Mr. Watts to approve the minutes of the June 14, 2006 meeting. Motion **CARRIED**.

Chairman LeDonne introduced Resolution 2006-11:

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 \$8,750,000.

F. Thomas Howard, Executive Director, Office of Financial Management, discussed Resolution 2006-11. Mr. Howard stated that Resolution 2006-11 approves the issuance by the Kentucky Housing Corporation of Conduit Multifamily Housing Revenue Bonds in an aggregate principal amount not to exceed \$8,750,000. Mr. Howard continued that the project consists of the acquisition and rehabilitation of Shalom Tower, a Section 8 senior apartment building in Louisville, Kentucky. Mr. Howard indicated that the Kentucky Housing Corporation Board of Directors approved the project in Executive Committee on June 23, 2006 and it will be presented to the Capital Projects and Bond Oversight Committee for their approval on July 18, 2006. He noted that the finance team members for the project were selected by the developer. Sidley Austin will serve as bond counsel, Red Capital Markets will serve as underwriter, Amalgamated Bank of Chicago will serve as trustee, and Kutak Rock will represent the interests of the Corporation as Issuer's Counsel.

A motion was made by Ms. Howell and seconded by Ms. Smith to adopt Resolution 2006-11 approving the issuance by the Kentucky Housing Corporation of its Conduit Multifamily Housing

Revenue Bonds, 2006 Series A (Shalom Tower) Bonds. Motion carried and Resolution 2006-11 was **ADOPTED**.

Chairman LeDonne introduced Resolution 2006-12:

A Resolution of the State Property and Buildings Commission of the Commonwealth of Kentucky approving the issuance by the Kentucky Higher Education Student Loan Corporation of Student Loan Revenue Bonds, Series 2006, pursuant to an Indenture of Trust, Supplements Thereto and an authorizing Resolution of the Corporation, in an aggregate principal amount not to exceed \$350,000,000, to be issued as a combination of Senior and Subordinate Bonds and Tax-Exempt and Taxable Bonds.

Robin Brewer, Financial Analyst, Office of Financial Management discussed Resolution 2006-12. Ms. Brewer stated that Resolution 2006-12 approves the issuance of the Kentucky Higher Education Student Loan Corporation Student Loan Revenue Bonds, Series 2006 in an aggregate principal amount not to exceed \$350,000,000. She stated that this transaction would be a combination of tax-exempt and taxable bonds and senior and subordinate obligations to provide funds for the financing and purchasing of student loans. The bonds are expected to be sold mid-August with tentative delayed deliveries in early October, early December and early January 2007. Hawkins, Delafield and Wood will serve as bond counsel on the transaction, UBS Securities, Inc. will serve as managing underwriter, and Wells Fargo Bank will serve as trustee. Ms. Brewer noted that approval of the project by the Commission is not required by law; however, it has been a long-standing practice at the request of bond counsel that the Commission approve these transactions.

Mr. Howard noted that the Corporation's bond counsel and managing underwriting was selected pursuant to a Request for Proposal process.

A motion was made by Mr. Ross and seconded by Ms. Smith to approve the issuance by the Kentucky Higher Education Student Loan Corporation of Student Loan Revenue Bonds, Series 2006 in an aggregate principal amount not to exceed \$350,000,000, to be issued as a combination of Senior and Subordinate bonds and Tax-Exempt and Taxable Bonds. Motion carried and Resolution 2006-12 was **ADOPTED**.

Chairman LeDonne introduced Resolution 2006-13:

A Resolution of the State Property and Buildings Commission approving capital construction projects authorized by the 2006 General Assembly where such projects are to be financed by the issuance of State Property and Buildings Commission Revenue bonds or other authorized state debt-issuing authorities.

Nora Marshall, Policy Advisor, Office of Financial Management, discussed Resolution 2006-13. Ms. Marshall stated that Resolution 2006-13 is similar to resolutions approving bond projects adopted previously by the Commission. She noted that Resolution 2006-13 approves the remaining General

Fund supported bond projects that were authorized in House Bill 380 by the 2006 General Assembly. Ms. Marshall further stated that Exhibit A provides a list of all of the bond projects to be included. She continued that approval would provide flexibility for these projects to move forward with any design, planning, or construction that might be required and allow for reimbursement for any authorized expenditures prior to the issuance of the bonds.

A motion was made by Ms. Howell and seconded by Mr. Watts to adopt Resolution 2006-13 approving Capital Construction projects authorized by the 2006 General Assembly where such projects are to be financed by the issuance of State Property and Buildings Commission Revenue Bonds or other authorized state debt-issuing authorities. Motion carried and Resolution 2006-13 was **ADOPTED**.

Chairman LeDonne introduced Resolution 2006-14:

A Resolution of the State Property and Buildings Commission of the Commonwealth of Kentucky approving the grant of an easement for the use and benefit of Ambrake Corporation and Akebono Corporation (North America) in Hardin County, Kentucky.

Katie Smith, Deputy Commissioner, Department of Financial Incentives, Cabinet for Economic Development, discussed Resolution 2006-14. Ms. Smith indicated that Resolution 2006-14 authorized the grant of an easement to Akebono Corporation. Ms. Smith stated that in 1987 economic development revenue bonds were issued by this Commission in the amount of \$3.5 million to acquire land and construct sewage treatment and disposal facilities, water facilities and utility expansion in the city of Elizabethtown. She noted that title to the property is held by the Commission who leases the property to the Cabinet for Economic Development who then subleases to the city of Elizabethtown. She continued that the city entered into a sublease agreement with Ambrake to use the property. She stated that the parent company, Akebono Corporation is expanding and needs an easement to build a detention basin. Ms. Smith indicated that there are no outstanding bonds related to the project and approval is being requested pending approval of suitable plats and survey. Ms. Smith noted that the Kentucky Economic Development Finance Authority authorized the release of the easement at the June 29, 2006 board meeting.

A motion was made by Ms. Howell and seconded by Mr. Watts to approve the grant of an easement for the use and benefit of Ambrake Corporation and Akebono Corporation in Hardin County, Kentucky. Motion carried and Resolution 2006-14 was **ADOPTED**.

Chairman LeDonne introduced Resolution 2006-15:

A Resolution of the State Property and Buildings Commission of the Commonwealth of Kentucky authorizing the issuance of Kentucky Economic Development Finance Authority Medical Center Revenue Improvement Bonds (Ashland Hospital Corporation, d/b/a King's Daughters Medical Center project), Series 2006 in an aggregate principal amount not to exceed \$40,000,000.

Ms. Smith discussed Resolution 2006-15. Ms. Smith indicated that Resolution 2006-15 was on behalf of Ashland Hospital Corporation d/b/a King's Daughters Medical Center who was requesting that the Kentucky Economic Development Finance Authority ("KEDFA") serve as the issuer for medical center revenue bonds in an aggregate principal amount not to exceed \$40,000,000. Ms. Smith stated that the bond proceeds would be used to acquire, construct and equip improvements to enhance hospital operations at the main campus in Ashland, Kentucky. She noted that the bonds will not be a debt of KEDFA or the Commonwealth and the bonds will be paid solely from revenues derived from loan payments by the Hospital Corporation. She stated that a resolution adopted by the city of Ashland authorized the issuance of the bonds. She added that the project received preliminary approval from KEDFA at the June 29, 2006 board meeting and is on the agenda for the July 27, 2006 meeting. Approval is being sought today contingent on holding the required TEFRA hearing and receiving final approval from KEDFA.

A motion was made by Mr. Ross and seconded by Ms. Howell to adopt Resolution 2006-15 authorizing the issuance of Kentucky Economic Development Finance Authority Medical Center Revenue Improvement Bonds, Series 2006, in an aggregate principal amount not to exceed \$40,000,000. Motion carried and Resolution 2006-15 was **ADOPTED**.

With no further business before the Commission, a motion was made by Mr. Watts and seconded by Ms. Howell to adjourn the meeting. Motion **CARRIED**.


Secretary
State Property and Buildings Commission