

STATE PROPERTY AND BUILDINGS COMMISSION

Minutes
May 17, 2006

The State Property and Buildings Commission was called to order at 9:00 a.m. on Wednesday, May 17, 2006 by Chairman Tim LeDonne, proxy for Robbie Rudolph, Secretary, Finance and Administration Cabinet, in Room 76 of the Capitol Annex. Other members present were 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.

A motion was made by Ms. Howell and seconded by Ms. Smith to approve the minutes of the February 13, 2006 meeting. Motion CARRIED.

Chairman LeDonne introduced Resolution 2006-02:

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 \$200,000,000.

F. Thomas Howard, Executive Director, Office of Financial Management, discussed Resolution 2006-02. Mr. Howard noted that Tab B includes Resolution 2006-02 and the New Bond Issue Report that will be presented to the Capital Projects and Bond Oversight Committee for their approval at the meeting on May 18, 2006. He added that this Resolution is a part of the continuing financing plan for the Kentucky Housing Corporation (the "Corporation"). Mr. Howard indicated that the Corporation was on target to finance mortgage loans totaling approximately one-half billion dollars this year. Resolution 2006-02 will allow the Corporation to issue approximately two \$100,000,000 transactions. Mr. Howard stated that the transaction will be a mix of variable rate bonds swapped back to fixed rate to meet profitability objectives and funding goals and to stretch private activity bond cap allocation that the Corporation has received previously. Mr. Howard indicated that the financing team would remain the same although a Request for Proposal for Managing Underwriter for the Corporation has been issued. Mr. Howard indicated that consideration is being given to hiring two underwriters because of the total volume of mortgage loans the Corporation will be making.

A motion was made by Ms. Howell and seconded by Mr. Watts to adopt Resolution 2006-02 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 \$200,000,000. Motion carried and Resolution 2006-02 was ADOPTED.

Chairman LeDonne introduced Resolution 2006-03:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING A SECOND AMENDED GRANT AGREEMENT FOR A CERTAIN ECONOMIC DEVELOPMENT PROJECT FUNDED FROM THE PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS ISSUED BY THE COMMISSION.

Katie Smith, Commissioner, Department of Financial Incentives, discussed Resolution 2006-03. Ms. Smith stated that the Cabinet for Economic Development has submitted a request for an approval of a Second Amendment to a 2000 Economic Development Bond (EDB) Grant Agreement for the Augusta-Brooksville-Bracken County Industrial Authority. Ms. Smith indicated that the amendment provided for an extension in the length of time permitted for any potential payments to the Commonwealth. She continued that in return the Industrial Authority has agreed to provide collateral in the form of a Letter of Credit to support the project extension. Ms. Smith indicated that on January 14, 2004, the State Property and Buildings Commission approved a Resolution delegating certain authority to the executive director of the Commission to approve modifications or amendments to EDB projects. Ms. Smith further stated that the Resolution was subject to certain limitations, specifically an extension in the length of time permitted for any payments to the Commonwealth by more than ten percent of the original project approval, thus requiring approval of this EDB Second Amendment request.

A motion was made by Mr. Watts and seconded by Ms. Howell to adopt Resolution 2006-03 approving a Second Amended Grant Agreement for Augusta-Brooksville-Bracken County Industrial Authority.

Chairman LeDonne introduced Resolution 2006-04:

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.

Mr. Howard discussed Resolution 2006-04. He stated that Resolution 2006-04 represents an administrative action to fund projects that were authorized in House Bill 380 during the 2006 Regular Session. Mr. Howard stated that most of the projects listed in Exhibit A (revised) will be included in an Asset/Liability Commission plan of finance to provide interim financing. Mr. Howard noted that the School Facilities Construction Commission will provide permanent financing for its Offers of Assistance with debt service in the first year.

John Hicks, Deputy State Budget Director informed the Commission that Exhibit A (Revised) (Tab D) included a limited list of line item capital projects in imminent need of funding for which there is either debt service appropriated in the first year of the biennium or a full year's debt service in the second year of the biennium.

A motion was made by Ms. Howell and seconded by Ms. Smith to adopt Resolution 2006-04 approving Capital Construction projects authorized by the 2006 General Assembly to be financed by State Property and Buildings Commission revenue bonds or other state debt-issuing authorities. Motion carried and Resolution 2006-04 was ADOPTED.

Chairman LeDonne asked if there was any new business before the Commission. Mr. Watts asked if there would be any further scheduled meetings of the Commission. Mr. Howard indicated that it is anticipated that the Kentucky Asset/Liability Commission would likely meet to consider an expanded project list. Mr. Howard further indicated that a Student Loan Corporation transaction was possible but would not be presented for approval until the next fiscal year.

A motion was made by Mr. Watts and seconded by Ms. Smith to adjourn the meeting. Motion CARRIED.



Secretary
State Property and Buildings Commission