

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
APRIL 9, 2019
2:30 PM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Wednesday, April 9, 2019 at 2:30 p.m. ET in Room 182 of the Capitol Annex by Sandy Williams, proxy for William M. Landrum III, Secretary of the Finance and Administration Cabinet (“FAC”) and Executive Director to the Commission. Other members present were Scott Brinkman, permanent proxy for Governor Matt Bevin; Holly McCoy-Johnson, permanent proxy for Attorney General Andy Beshear; Kevin Cardwell, proxy for John E. Chilton, State Budget Director, Office of the State Budget Director (“OSBD”); Edgar C. Ross, State Controller, Office of the Controller; and Katie Smith, proxy for Terry R. Gill, Jr., Secretary for the Cabinet for Economic Development (“CED”).

The Office of Financial Management (“OFM”) Staff Members Present: Ryan Barrow, Executive Director of OFM and Secretary to the Commission; John Brady, Bethany Couch and Tammy McCall.

Other Guests Present: Katherine Halloran, Legislative Research Commission; Janice Tomes, OSBD; Ethan Williams, OSBD; Tracy Thurston, Kentucky Housing Corporation (“KHC”); and Sarah Butler, CED.

Ms. Williams verified with staff that a quorum was present and that the press had been notified of the meeting.

Ms. Williams introduced the first item for business, which was approval of the minutes from the March 13, 2019 meeting. A motion to accept the minutes of the March 13, 2019 meeting was made by Secretary Brinkman and seconded by Mr. Ross. Motion **CARRIED**.

Ms. Williams recognized Katie Smith to present **Resolution 2019-03**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION OF THE SECRETARY OF THE CABINET FOR ECONOMIC DEVELOPMENT TO IDENTIFY AND SPECIFY CERTAIN ECONOMIC DEVELOPMENT PROJECTS TO BE FINANCED FROM THE PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS TO BE ISSUED BY THE COMMISSION TO MAKE A GRANT TO THE TODD COUNTY FISCAL COURT FOR THE BENEFIT OF NOVELIS CORPORATION (NOVELIS) FOR \$750,000.

Ms. Smith presented Resolution 2019-03 for the approval to issue Economic Development Revenue Bonds (“EDB”) to make a grant in the amount of \$750,000 to the Todd County Fiscal Court on behalf of Novelis Corporation (“Novelis”). Ms. Smith noted to the Commission that updates were made to the Resolution after it was sent out regarding the recital of various bond authorizations made over the

last few years. The updated version was in the meeting board books. Novelis is the global leader in aluminum rolled products and the world's largest recycler of aluminum. The company has selected Guthrie for its new manufacturing facility to meet market demands from the automotive markets. Novelis will be required to make an investment and to create and maintain 100 new, full-time Kentucky resident jobs in Todd County starting December 31, 2022 through December 31, 2026. The average hourly wage required will be no less than \$38.50, including benefits. The projected investment amount is over \$300 million. Novelis will be required to provide a letter of credit or other form of collateral satisfactory to CED as security for the repayment of EDB grant proceeds to the Todd County Fiscal Court. Ms. Smith noted that collateral was required since this grant is not performance based and the funds will be provided up front. Repayment provisions will be included in the grant agreement if Novelis fails to create or maintain the jobs and pay the required wages by the required measurement dates. Any repaid funds will be paid to the Todd County Fiscal Court and those funds may only be used for other economic development projects authorized by CED. KEDFA approved the project at its meeting on March 28, 2019. The Secretary of CED and the Secretary of FAC provided their approvals via a letter dated March 22, 2019. Staff recommended approval.

Ms. Williams called for a motion to approve Resolution **2019-03**. Mr. Ross made a motion and was seconded by Ms. McCoy-Johnson. Motion **CARRIED** and Resolution **2019-03** was **ADOPTED**.

Ms. Williams recognized John Brady to present **Resolution 2019-04**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING CORPORATION OF ITS MULTIFAMILY HOUSING REVENUE BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$18,500,000.

Mr. Brady presented Resolution 2019-04 for the approval to issue KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds Series 2019 in an amount not to exceed \$18,500,000 for the McDeane Apartments Project. Proceeds of the bonds will be used to finance the acquisition, construction and equipping of a 198-unit property located in Louisville, Kentucky. KHC Board of Directors approved the transaction on December 30, 2018, and material was submitted for review to the Capital Projects and Bond Oversight Commission. The proposed date of sale and closing is May 25, 2019. The anticipated ratings from Moody's is Aaa. The estimated total project cost is approximately \$32.5 million. The anticipated net interest rate is 4.50% over a term of 20 years. The method of sale is a public offering. Bond counsel is Dinsmore & Shohl, underwriter is OREC Securities, and the developer is Winterwood Development. Mr. Brady noted this debt is not a liability to KHC or the Commonwealth. Staff recommended approval.

Ms. Williams called for a motion to approve Resolution **2019-04**. Ms. Smith made a motion and was seconded by Mr. Ross. Motion **CARRIED** and Resolution **2019-04** was **ADOPTED**.

With no further business before the Commission, the meeting adjourned at 2:37 pm.

Respectfully submitted,



Ryan Barrow
Secretary