

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
MAY 18, 2020
2:30 PM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Monday, May 18, 2020, at 2:32 PM ET via ZOOM video teleconference by J. Michael Brown, Secretary of the Governor’s Executive Cabinet permanent proxy for Governor Andy Beshear, Chair of the Commission. Other members present were Robin Morley, permanent proxy, for Holly M. Johnson, Secretary of the Finance and Administration Cabinet (“FAC”) and Executive Director to the Commission; Beth Roark, permanent proxy for Lieutenant Governor and Vice-Chair to the Commission Jacqueline Coleman; Chris Lewis, permanent proxy for Attorney General Daniel Cameron; Edgar C. Ross, State Controller and Executive Director, Office of the Controller; John T. Hicks, State Budget Director, Office of the State Budget Director (“OSBD”); and Katie Smith, proxy for Larry Hayes, Interim 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; Sandy Williams, Deputy Executive Director; Billy Aldridge, John Brady, Bethany Couch, Steve Starkweather and Jennifer Yount.

Other Guests Present: Katherine Halloran, Legislative Research Commission (“LRC”); Geri Grigsby, FAC; and Carla Wright, OSBD.

Secretary Brown verified with staff a quorum was present, and the press had been notified of the meeting.

Secretary Brown introduced the first item for business, which was the approval of the minutes from April 13, 2020, meeting. A motion to accept the minutes of the April 13, 2020, meeting was made by Mr. Hicks and seconded by Ms. Smith. There being no further discussion, the motion **CARRIED**.

Secretary Brown recognized Bethany Couch to present **Resolution 2020-08**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION APPROVING CAPITAL CONSTRUCTION PROJECTS AUTHORIZED BY THE 2020 REGULAR SESSION OF THE GENERAL ASSEMBLY WHERE SUCH PROJECTS WILL BE FINANCED BY THE ISSUANCE OF STATE PROPERTY AND BUILDINGS COMMISSION REVENUE BONDS OR BONDS ISSUED BY OTHER AUTHORIZED STATE DEBT – ISSUING AUTHORITIES.

Ms. Couch presented Resolution 2020-08 for the approval of Capital Construction Projects authorized by the 2020 Regular Session of the General Assembly with the adoption of House Bill 352. It is standard practice for staff to present a reimbursement resolution to the Commission after the budget has been enacted for all the General Fund bond supported projects in the budget.

Projects covered under this reimbursement resolution will be financed by the issuance of SPBC bonds or authorized state debt issuing authorities. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution 2020-08. Ms. Morley made a motion and was seconded by Mr. Ross. The motion **CARRIED** and Resolution 2020-08 was **ADOPTED**.

Secretary Brown recognized Ms. Couch to present **Resolution 2020-09**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID REVENUE BONDS ARE TO BE ISSUED AND PROVIDING FOR A NEGOTIATED SALE THEREOF; AUTHORIZING AND RATIFYING ACTIONS OF THE COMMISSION STAFF IN THE STRUCTURING, PLANNING AND PREPARATION OF ALL DOCUMENTATION FOR THE ISSUANCE OF SAID BONDS AND IN PREPARING AND PUBLISHING A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT FOR THE BONDS; RECITING, ACKNOWLEDGING AND APPROVING THE FILING OF AN APPLICATION BY THE FINANCE AND ADMINISTRATION CABINET OF THE COMMONWEALTH OF KENTUCKY FOR REVENUE BONDS TO FINANCE CERTAIN PROJECTS PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; APPROVING A LEASE OF THE PROJECT TO THE CABINET TO PROVIDE REVENUES FOR THE AMORTIZATION OF THE BONDS; DEFINING AND PROVIDING FOR THE RIGHTS OF THE OWNERS OF THE BONDS AND PROVIDING FOR THE APPLICATION OF THE PROCEEDS THEREOF.

Ms. Couch presented Resolution 2020-09 for the approval to issue State Property & Buildings Commission Revenue Bonds, Project No. 124 Series A in an estimated principal amount not to exceed \$150,000,000. Bond proceeds will be used to 1.) provide permanent financing for approximately \$150 million General Fund supported capital projects authorized by the General Assembly of the Commonwealth of Kentucky in H.B. 1 (2010 Special Session), H.B. 265 (2012 Session), H.B. 235 (2014 Session), H.B. 303 (2016 Session), H.B. 200 (2018 Session), H.B. 268 (2019 Session) and H.B. 352 (2020 Session); and, 2.) pay associated costs of issuance. The proposed date of sale is June 24, 2020, and the proposed closing date is July 15, 2020. This will be a 20-year financing with a final maturity date of November 2039. The anticipated all in true interest cost is 3.133%. The method of sale is a negotiated sale executed by Citigroup as underwriter and bond counsel is Kutak Rock. This was included in the OFM May submittal to Capital Projects and Oversight Committee scheduled to meet on May 19, 2020. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution 2020-09. Mr. Ross made a motion and was seconded by Ms. Morley. The motion **CARRIED** and Resolution 2020-09 was **ADOPTED**.

Secretary Brown recognized Billy Aldridge to present **Resolution 2020-10**:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF UNIVERSITY OF LOUISVILLE GENERAL RECEIPTS BONDS, IN ONE OR MORE SERIES OR SUBSERIES, IN AN APPROXIMATE AMOUNT OF \$87,000,000 (SUBJECT TO A PERMITTED ADJUSTMENT DECREASING THE PRINCIPAL AMOUNT OF BONDS BY ANY AMOUNT).

Mr. Aldridge presented Resolution 2020-10 for the approval to issue University of Louisville General Receipts Bonds, Series 2020 A (Phase I) & B (Phase II) in an estimated amount of \$87,000,000. The Bond proceeds will be used to (i) finance Miller Hall and Threlkeld Hall housing projects; (ii) pay capitalized interest; and (iii) pay costs of issuance. Approval is for the full amount of both projects which the University of Louisville intends to issue in two series. The proposed date of sale for Series 2020 A is June 16, 2020 with a proposed closing date of June 30, 2020. The estimated all-in true interest cost is 3.5495%, for approximately \$45 million for Phase I. This is a competitive sale with a final maturity date of May 2050 and includes two years of capitalized interest. Bond counsel is Dinsmore & Shohl. The scheduling of Phase 2 has not been set yet, due to potential COVID-19 impacts on the university. This was included in the OFM May submittal to Capital Projects and Oversight Committee scheduled to meet on May 19, 2020. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution 2020-10. Mr. Hicks made a motion and was seconded by Ms. Smith. The motion **CARRIED** and Resolution 2020-10 was **ADOPTED**.

Secretary Brown recognized Katie Smith to present **Resolution 2020-11**:

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 BALLARD COUNTY FISCAL COURT FOR THE BENEFIT OF PHOENIX PAPER WICKLIFFE LLC FOR \$1,500,000.

Ms. Smith presented Resolution 2020-11 for the approval to issue Economic Development Revenue Bonds to make a grant in the amount of \$1,500,000 to the Ballard County Fiscal Court

on behalf of Phoenix Paper Wickliffe LLC. Phoenix Paper Wickliffe LLC is a wholly-owned subsidiary of Shanying International Holdings and headquartered in Shanghai, China. The company is restarting a mill in Wickliffe and converting it to a pulp and brown paper packaging facility. The proposed EDF grant funds will be used to offset the cost associated with this project. Phoenix Paper Wickliffe LLC will be required to create at least 500 new, full-time Kentucky resident jobs paying an average hourly wage of not less than \$33.00, including benefits. The Job and Wage Requirement schedule was included in the board materials listing the dates by which the jobs were to be created over a four-year period. The amount of disbursements will be based on the performance requirements achieved. Provisions for reducing the amount of disbursements have been included in the grant agreement for failure to achieve the required job or wage requirements. Disbursement of grant funds will occur after the annual compliance reporting has occurred, and the amount of disbursement payments will be based on the performance requirements achieved. KEDFA approved the project at its meeting on April 30, 2020. This was included in the OFM May submittal to Capital Projects and Oversight Committee scheduled to meet on May 19, 2020. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution 2020-11. Mr. Hicks made a motion and was seconded by Ms. Morley. The motion **CARRIED** and Resolution 2020-11 was **ADOPTED**.

Secretary Brown recognized Ms. Smith to present **Resolution 2020-12**:

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 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 CITY OF ELIZABETHTOWN FOR THE BENEFIT OF THE ELIZABETHTOWN-HARDIN COUNTY INDUSTRIAL FOUNDATION, INC. FOR \$500,000.

Ms. Smith presented Resolution 2020- for the approval to issue Economic Development Revenue Bonds to make a grant in the amount of \$500,000 to the City of Elizabethtown in partnership with Elizabeth-Hardin County Industrial Foundation, Inc. The company is seeking to perform infrastructure improvements in the TJ Patterson Industrial Park. The improvements will include site leveling and grading, construction of a regional detention basin, and assure utilities are available. The City of Elizabethtown has committed \$500,000 as a funding match to the grant. This project is one of eight potential infrastructure projects identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project. Disbursement of grant funds will occur on a reimbursement basis after required supporting documentation is provided. KEDFA approved the project at its meeting on April 30, 2020. This was included in the

OFM May submittal to Capital Projects and Oversight Committee scheduled to meet on May 19, 2020. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution 2020-12. Mr. Ross made a motion and was seconded by Ms. Roark. The motion **CARRIED** and Resolution 2020-12 was **ADOPTED**.

With no further business before the Commission, Secretary Brown asked for a motion to adjourn. Ms. Morley made a motion and was seconded by Mr. Ross. Motion **CARRIED** and the meeting adjourned at 2:47 PM.

Respectfully submitted,



Ryan Barrow
Secretary

