

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
FEBRUARY 22, 2021
11:30 AM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Monday, February 22, 2021, at 11:30 AM ET via ZOOM video teleconference by J. Michael Brown, Secretary of the Governor’s Executive Cabinet, permanent proxy for Governor Andy Beshear, and Chair of the Commission. Other members present were Geri Grigsby, 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; Billy Aldridge, Steve Starkweather, Bethany Couch, Matthew Feltner and Aubry McDonald.

Other Guests Present: Katherine Halloran, Legislative Research Commission (“LRC”); Julia Wang, Legislative Research Commission (“LRC”), Carla Wright, Office of the State Budget Director (“OSBD”); Brian Thomas, Executive Director of the Finance and Administration Cabinet (“FAC”), Libby Carlin, Finance and Administration Cabinet (“FAC”), Jill Midkiff, Finance and Administration Cabinet (“FAC”), Mike Berry, Executive Director of the Finance and Administration Cabinet, Robert Long, Executive Director of the Finance and Administration Cabinet (“FAC”) and Sarah Cronan, Executive Director of the Finance and Administration Cabinet.

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 January 14, 2021, meeting. A motion to accept the minutes of the January 14, 2021, meeting was made by Ms. Smith and seconded by Mr. Hicks. There being no further discussion, the motion **CARRIED**.

Secretary Brown recognized Katie Smith to present **Resolution 2021-02**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY DELEGATING THE PERFORMANCE OF CERTAIN ADMINISTRATIVE FUNCTIONS OF THE COMMISSION TO THE SECRETARY OF THE FINANCE AND ADMINISTRATION CABINET ACTING IN THE CAPACITY AS THE EXECUTIVE DIRECTOR OF THE COMMISSION.

Ms. Smith presented Resolution 2021-02 that will give authority to the Secretary of the Finance and Administration Cabinet as Executive Director to the Commission to sign certain modifications or amendments to the economic development fund program which have been approved previously by the Commission. She explained the incentive agreements have four parties in which throughout the term will have to have some technical, small, minor amendments such as, name changes, address changes and potentially some quantitative requirement changes up to 10% or less. Instead of bringing these small changes to the Commission for approval each time, this Resolution gives the Secretary of the Finance and Administration Cabinet approval to sign those amendments. Every amendment is presented to the KEDFA board for approval prior to sending any document over for her signature. Staff recommended approval.

Secretary Brown called for a motion to approve Resolution 2021-02. Mr. Hicks made a motion to approve and was seconded by Ms. Roark. The motion **CARRIED** and Resolution 2021-02 was **ADOPTED**.

Secretary Brown recognized Brian Thomas to present **Resolution 2021-03**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY CONSENTING TO THE ASSIGNMENT OF A FAIR BOARD LEASE, SUBJECT TO THE SATISFACTION OF THE CONDITIONS SET FORTH IN THE ACKNOWLEDGEMENT AND CONSENT TO LEASE ASSIGNMENT.

Mr. Brian Thomas along with help from Ms. Libby Carlin, presented Resolution 2021-03 consenting to the assignment of a fair board lease to a new tenant. Secretary Brown did acknowledge that there was a fair board meeting earlier that did address this particular issue. Mr. Thomas stated the fair board lease at issue is the lease to Kentucky Kingdom LLLP, and the new tenant is Kentucky Kingdom Theme Park LLC. The current lease was entered into in 2013, was amended a couple of times thereafter and now Kentucky Kingdom Theme Park is purchasing a majority control of the park. The 2013 lease and amendments have provisions of diligence that need to be checked off before an assignment takes place. Mr. Thomas then introduces Libby Carlin with the Finance Administration of Audit and Policy to go through the diligence policy. Ms. Carlin states that the lease requires five elements of diligence before an assignment is consented to by the landlord of which this Commission makes up. She then states the results of the diligence and no red flags were presented. The new tenant was found financially stable, good liquidity, good performance history, an excellent debt coverage capacity, great reputation and a very experienced management team. They feel the diligence is met by the perspective transferee.

Secretary Brown then reiterates that he sat in on the fair board meeting earlier and that the fair board is very excited about this new particular partner because of all of the new partner's synergies they can bring. He stated how big of a savior for the entity they will be because of how greatly they have suffered through this pandemic.

Mr. Lewis asks about consenting to the terms of five different documents. He particularly asks about the acknowledgement and consent and how this deal is affecting those mortgages that encumber the fee interest in the state property and if any of that being released or is the debt being

transferred. Secretary Brown states that his understanding is that the successor is assuming all of the liabilities. Mr. Thomas then confirms Secretary Browns answer. Mr. Thomas then states that the overall purchase for the park will span over a three year period. A base price for the park will be paid upfront and then there will be an assessment of profits, losses, etc., three years into the future to actually determine the overall sale price for the park. As far as the terms of the mortgages, they will stay the same.

Mr. Lewis then asks a question pertaining to the terms of the agreement and if it is the prior settlement agreement, a new settlement agreement or the new financial agreement from the closure. Mr. Thomas then confirms that it is a new settlement agreement between the landlord, the former tenant and the perspective tenant with the parameters of that resolving outstanding rent and parking payments due. The amendment to the fair board lease goes to section 14.4 of the lease. Secretary Brown then points out that if a reality of insolvency had developed with the current tenant that the idea of profiting from the sale would have been zero. So the fair board felt very strongly with this decision. Mr. Lewis then asks for confirmation that the fair board did approve this at their meeting held prior to the State Property and Buildings Commission meeting. Both Mr. Thomas and Secretary Brown states that they did approve. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution **2021-03**. Ms. Grigsby made a motion and was seconded by Mr. Ross. The motion **CARRIED** and Resolution **2021-03** was **ADOPTED**.

With no further business before the Commission, Secretary Brown asked for a motion to adjourn and was seconded by all remaining members and the meeting adjourned at 11:58 AM.

Respectfully submitted,



Ryan Barrow
Secretary

