

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
MONDAY, JULY 19, 2021
10:30 AM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Monday, July 19, 2021 at 10:30 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; 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 Sarah Butler, 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, Bethany Couch, Steven Starkweather and Aubry McDonald.

Other Guests Present: Robert Long, Executive Director of the Finance and Administration Cabinet (“FAC”); Katherine Halloran, Legislative Research Committee (“LRC”); Korey Sallee, Legislative Research Committee (“LRC”); David Carlsen, Kentucky Higher Education Student Loan Corporation (“KHESLC”); Anthony Wright, Kentucky Housing Corporation (“KHC”) and Ethan Williams, Office of the State Budget Director (“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 May 12, 2021, meeting. A motion to accept the minutes of the May 12, 2021, meeting was made by Mr. Hicks and seconded by Mr. Ross. There being no further discussion, the motion **CARRIED**.

Secretary Brown recognized Sarah Butler to present **Resolution 2021-11**:

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 MEADE COUNTY FOR THE BENEFIT OF NUCOR CORPORATION FOR \$15,000,000.

Ms. Butler presented Resolution 2021-11 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to Meade County for the benefit of Nucor

Corporation for \$15,000,000. She stated that Nucor Corporation and its affiliates are manufacturers of steel products with operating facilities in primarily the United States and Canada. Nucor is growing its operations by constructing a new state of the art plate mill facility in Brandenburg. The new plate mill will enhance the ability to serve customers and the region, as well as the needs of its customers around the world. The proposed EDF grant funds will be used to offset the cost associated with this project. Ms. Butler stated the disbursement of grant funds may occur after each annual compliance, when requirements have been reviewed by the cabinet. Requirements include job and wage targets measured annually for five years beginning, December 31, 2025. By then, the company will be required to create at least 400 new full time jobs. If they fail to do so or maintain then the disbursement will be reduced by the sum of \$7,500 for each job not created or maintained. In addition, if the company fails to pay an average hourly wage of \$45, including benefits, the disbursement will be reduced based upon a formula outlined in the agreement. She stated the project did receive the required recommendation from the Secretary of the Cabinet for Economic Development, as well as, the Secretary of the Finance and Administration Cabinet. KEDFA approved the project at its meeting on June 24, 2021. The cabinet respectfully requested approval of a \$15 million Economic Development Funds to Meade County Fiscal Court for the benefit of Nucor Corporation upon performance of job and wage achievements.

Mr. Hicks presented a comment regarding the Private Activity Bond Commission stating the Commonwealth devoted almost all of its single issuer, Private Activity Bonds, in substantial amounts associated with this same project. Comment for the committee was noted.

Secretary Brown called for a motion to approve Resolution 2021-11. Mr. Ross made a motion to approve and was seconded by Ms. Grigsby. The motion **CARRIED** and Resolution 2021-11 was **ADOPTED**.

Secretary Brown recognized Steven Starkweather to present **Resolution 2021-12**:

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 (THE "CORPORATION") OF STUDENT LOAN REVENUE BONDS PURSUANT TO ONE OR MORE INDENTURES OF TRUST, SUPPLEMENTS THERETO AND AUTHORIZING RESOLUTIONS OF THE CORPORATION, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$455,000,000, TO BE ISSUED AS ONE OR MORE SERIES AND AS ANY COMBINATION OF FIXED INTEREST RATE OR VARIABLE INTEREST RATE, SENIOR OR SUBORDINATE, FEDERALLY TAX-EXEMPT OR FEDERALLY TAXABLE AND PUBLICLY OFFERED OR PRIVATELY PLACED BONDS, THE AMENDMENT OF CERTAIN EXISTING INDENTURES OF TRUST SECURING OUTSTANDING BONDS AND THE ENTRY BY THE CORPORATION INTO ONE OR MORE NEW WORKING CAPITAL, WAREHOUSE OR BRIDGE FACILITY OR THE AMENDMENT OF ONE OR MORE EXISTING SUCH LIQUIDITY FACILITIES.

Mr. Starkweather presented Resolution 2021-12 for the issuance by KHESLC of Student Loan Revenue Bonds from one or more trust indentures of an aggregate principal amount not to exceed \$455 million that can be issued in one or more series, fixed or variable rate, taxable or tax exempt,

and amending one or more trust indentures. He stated this resolution gives the Corporation the flexibility to address their financing needs for the next year or two. As a practical matter, this resolution authorizes a not to exceed \$85 million for Advantage Loans and not to exceed \$370 million for FFELP transaction. He then directed the committee members to page 21, to view the preliminary new bond issue report for Advantage and page 23, to view the preliminary new bond issue report for the FFELP. Mr. Starkweather stated the KHESLC Executive Board provided its approval on July 15, 2021. The timing and final structure of the transactions is TBD. Senior Managing Underwriter is Bank of America and Bond Counsel is Hawkins Delafield and Wood. He then introduced David Carlsen, with KHESLC, and stated he was present to answer any questions. Staff recommends approval.

Mr. Hicks brought to the committee's attention that there was an error on page 16 of the PDF. He stated there was a missing comma in \$455 million in the Resolution. The statement was noted and corrected.

Secretary Brown called for a motion to approve Resolution **2021-12**. Mr. Hicks made a motion to approve and was seconded by Ms. Roark. The motion **CARRIED** and Resolution **2021-12** was **ADOPTED**.

Ms. Butler noted her abstention to the Nucor EDF vote, for the record.

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 10:40 AM.

Respectfully submitted,



Ryan Barrow
Secretary

