

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
MARCH 24, 2021
4:00 PM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Wednesday, March 24, 2021 at 4:00 PM 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, Bethany Couch, Matthew Feltner and Aubry McDonald.

Other Guests Present: Robert Long, Executive Director of the Finance and Administration Cabinet (“FAC”); Jenny Wells Lathrem, Legislative Research Committee (LRC); Carla Wright, Office of the State Budget Director (“OSBD”); and Michael Hales, Chief Financial Officer, Northern Kentucky University (“NKU”).

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 March 9, 2021, meeting. A motion to accept the minutes of the March 9, 2021, meeting was made by Mr. Lewis and seconded by Ms. Grigsby. There being no further discussion, the motion **CARRIED**.

Secretary Brown recognized Billy Aldridge to present **Resolution 2021-06**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE IN AN AMOUNT NOT TO EXCEED \$320,000,000 OF NORTHERN KENTUCKY UNIVERSITY GENERAL RECEIPTS BONDS.

Mr. Aldridge presented Resolution 2021-06 for the approval for the authorization to issue an amount not to exceed \$320 million of Northern Kentucky University General Receipts Bonds, in one or more series. Bond proceeds will be used to finance the costs required to voluntarily cease participation in the Kentucky Employees Retirement non-hazardous System, and pay associated costs of issuance. The 2021 transaction for approximately \$278 million will be a 30-year financing

with a final maturity of September 2050. The transaction will have an estimated all in true interest cost of 3.6427%. The financing was approved by the Capital Projects and Bond Oversight Committee on March 15, 2021. Mr. Aldridge stated this will be a negotiated sale, and pending approval is currently scheduled for April 8, 2021. Delivery of the bonds is scheduled for April 15, 2021. Pending market interest and conditions, the date of sale may be advanced to April 1st. Bond Counsel will be Dinsmore & Shohl. Mr. Aldridge noted that HB8 will impact the amount of total payout. He then introduced Michael Hales from the University. Staff recommended approval.

Mr. Hales explained that last year, with HB1, the University was given five options with the KERS system. In December, the board authorized the University to use the soft freeze option, given a lump sum and tier one and tier two employees were given longer to stay in the system. But, in order to do so, the University was required to pay the liability determined by KERS. The estimated cost is approximately \$277 million. He stated with HB8 being signed, this brought the estimated cost down significantly, due to the change in the discount rate. Mr. Hales then stated the University will use the bond issuance in order to fund the payment to KERS. Secretary Brown then asked members if they have any questions. Director Hicks asked what the approximate value of HB8 change was to the par amount estimated today. Mr. Hales explained based on KERS actuaries, GRS estimated it to be \$73 million which would bring the \$277 million down closer to \$204 million. Director Hicks pointed out that this would be a benefit to NKU but a higher cost to the rest of the participants in the KERS.

Secretary Brown called for a motion to approve Resolution **2021-06**. Mr. Ross made a motion to approve and was seconded by Ms. Roark. The motion **CARRIED** and Resolution **2021-06** 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 4:10 PM.

Respectfully submitted,



Ryan Barrow
Secretary

