

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
FEBRUARY 13, 2023
3:30 PM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Tuesday, February 13, 2024, at 3:30 PM ET via ZOOM video teleconference, by John T. Hicks, Secretary of the Governor’s Executive Cabinet and State Budget Director, Office of the State Budget Director (“OSBD”), permanent proxy for Governor Andy Beshear, and Chair of the Commission. Other members present were Wil Schroder, permanent proxy for Attorney General Russell Coleman; Geri Grigsby, proxy for Secretary Holly Johnson, Finance and Administrative Cabinet (“FAC”); Joe McDaniel, State Controller and Executive Director, Office of the Controller; Carla Wright, proxy for the Office of the State Budget Director; Katie Smith, proxy for Jeff Noel, Secretary for the Cabinet for Economic Development (“CED”); and Susan Rieber, permanent proxy for Lieutenant Governor and Vice-Chair to the Commission Jacqueline Coleman.

The Office of Financial Management (“OFM”) Staff Members Present: Ryan Barrow, Executive Director of OFM; Steven Starkweather, Deputy Executive Director of OFM; Billy Aldridge; Bethany Padgett; Melissa Perry; Kaitlin Craigmyle; and Aubry McDonald.

Other Guests Present: Kylee Palmer, CED; and Mary Fister-Tucker, Morehead State University.

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

Secretary Hicks introduced the first item for business, which was the approval of the minutes from the December 8, 2023, meeting. A motion to accept the minutes of the December 8, 2023, meeting was made by Mr. McDaniel and seconded by Ms. Grigsby. There being no further discussion, the motion **CARRIED**.

Secretary Hicks recognized Kylee Palmer to present **Resolutions 2024-01, 2024-02, and 2024-03**:

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 CAMPBELL COUNTY FISCAL COURT ON BEHALF OF THE CAMPBELL COUNTY ECONOMIC PROGRESS AUTHORITY, INC. FOR \$1,999,908.

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 CITY OF JEFFERSONTOWN ON BEHALF OF THE PAPA JOHN'S INTERNATIONAL, INC. FOR \$550,000.

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 LOGAN COUNTY FISCAL COURT ON BEHALF OF THE LOGAN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, INC. FOR \$1,101,400.

Ms. Palmer stated the three Resolutions were for the approval of the Economic Development Revenue Bonds to be issued by the commission. She stated the projects were identified by an independent site selection consultant through the Kentucky Product Development Initiative ("KPDI") program as having the potential for future investment/location of economic development projects. All funds shall be disbursed on a reimbursement basis once supporting documentation has been received.

Ms. Palmer presented Resolution 2024-01 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Campbell County Fiscal Court on behalf of the Campbell County Economic Progress Authority, Inc. for \$1,999,908. Campbell County Fiscal Court on behalf of the Campbell County Economic Progress Authority, Inc. will assist in the acquisition and development of a speculative site in Southern Campbell County. This site development will provide Campbell County with new business opportunities and provide the community with significant jobs and capital investment. The project was identified by an independent site selection consultant as having the protentional for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-02 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the City of Jeffersontown on behalf of Papa John's USA, Inc. for \$550,000. Papa John's USA, Inc. is an international food and restaurant Company. The Company supplies, services, supports and operates Company owned and franchised pizza delivery and carryout restaurants. Papa John's current facility in Jeffersontown includes three buildings. Having shifted to remote or hybrid during the COVID-19 Pandemic, the Company began the process of evaluating the need for this facility. This led to the Company's evaluation and decision to commit to maintain its presence in the Louisville Metro. The Company will invest in this location as well as retain multiple jobs. The proposed (NTD please define EDF) ("EDF") grant funds will be used to offset the cost associated with this project. In consideration of this EDF grant, Papa John's International, Inc. will be required to retain 420 full-time jobs for employees subject to Kentucky individual income tax (excluding contract or temporary employees) in Jefferson County.

Ms. Palmer presented Resolution 2024-03 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Logan County Fiscal Court on behalf of the Logan Industrial Development Authority, Inc. for \$1,101,400. The Logan County Fiscal Court in partnership with the Logan Industrial Development Authority, Inc. is considering the engineering, design, and construction of a roadway in the West Industrial Park. The project will assist Logan County in attracting economic development projects to the park. Furthermore, funds for this project are critical to provide access to more competitive sites and to improve economic growth. Additionally, an economic development project has been identified to locate in the industrial park and will not be able to proceed without the access road.

Ms. Palmer noted that all the projects were recommended by Secretary Noel with concurrence by Secretary Johnson and were approved by CED at the January 25, 2024, board meeting. CED staff respectfully recommends approval.

Secretary Hicks called for a motion to approve Resolutions **2024-01, 2024-02, and 2024-03**. Ms. Wright made a motion to approve which was seconded by Ms. Rieber The motion **CARRIED** and Resolutions **2024-01, 2024-02, and 2024-03** were **ADOPTED**.

Secretary Hicks recognized Bethany Padgett to present **Resolutions 2024-04 and 2024-04-B:**

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 AND REFUNDING CERTAIN PRIOR BONDS; 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 AND REFUND PRIOR BONDS PURSUANT TO SECTION 56.450 OF THE KENTUCKY REVISED STATUTES; APPROVING A LEASE OF THE PROJECTS 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. Padgett presented Resolutions 2024-04 Resolution and 2024-04-B which can be found behind Attachment E starting on PDF page 39, and following the resolutions, the Preliminary New Bond Issue Report starting on PDF page 104, which are all supporting documents for the approval to issue State Property and Buildings Commission Revenue Bonds, Project No. 130 Series A and Revenue Refunding Bonds, Project No. 130 Series B for a total principal amount not to exceed \$410,000,000. Series A will provide permanent financing for up to \$250,000,000 of General Fund supported capital projects which were approved through various House Bills and Sessions as

referenced in the Preliminary New Bond Issue Report. Series A will be a 20-year financing with a final maturity date of November 1, 2044, and an estimated All-In True Interest Cost of 3.724%. Series B is an optional tender to refund certain prior taxable series of outstanding bonds which are listed on PDF page 111. There are several structural options to optimize refunding savings in the municipal bond market. Typically, the Commission issues refunding bonds where we choose when to call the bonds. A tender is a unique option in which the bondholder decides if they want to participate, and if they do, a portion of the outstanding bonds will be exchanged with the newly issued bonds. She stated a tender provides a benefit to both the Commission and the bondholder. The bondholder would sell back their bonds at a premium and the Commission would achieve economic savings by exchanging the outstanding bonds with the newly issued bonds. Specifically for this issuance, we would be exchanging outstanding taxable bonds with newly issued tax-exempt bonds. As illustrated on the Preliminary New Bond Issue Report on PDF page 104, we are estimating a 15% participation rate from bondholders which would refund \$26,770,000 of outstanding par and achieve net present value savings of approximately \$1,340,000 or 5.017% of refunded par. Ms. Padgett noted that the Commission has solicited a tender before with the issuance of Project No. 125 in the summer of 2021. Ultimately, there wasn't enough bondholder participation and a decision was made not to issue the series before pricing took place. But later that year, in the fall of 2021, the Kentucky Public Transportation Authority was able to successfully execute a tender. Series B has a final maturity of November 1, 2033, with an estimated All-In True Interest Cost of 2.975%. This will be a negotiated sale, currently scheduled for April 10, 2024, to be executed by BofA Securities as underwriter. Bond Counsel is Kutak Rock. This project is included in our office's February submittal to the Capital Projects and Bond Oversight Committee, currently scheduled to meet on Tuesday, February 27, 2024. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolutions **2024-04 and 2024-04-B**. Ms. Grigsby made a motion to approve and was seconded by Ms. Smith. The motion **CARRIED** and Resolutions **2024-04 and 2024-04-B** were **ADOPTED**.

Secretary Hicks recognized Melissa Perry to present **Resolution 2024-05**:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF MOREHEAD STATE UNIVERSITY GENERAL RECEIPTS BONDS, SERIES 2024, IN ONE OR MORE SERIES OR SUBSERIES, IN AN APPROXIMATE AGGREGATE PRINCIPAL AMOUNT OF \$45,450,000.

Ms. Perry presented Resolution 2024-05 for the approval to issue the Morehead State University General Receipts Bonds 2024 Series A for approximately \$39,720,000 and General Receipts Refunding Bonds 2024 Series B for approximately \$6,306,411.70. Bond proceeds will be used to finance the project listed as "Construct New Residence Hall" in H.B. 1 of the 2022 Regular Session of the Kentucky General Assembly and refund certain outstanding 2012 Series A, 2013 Series A and 2014 Series A debt for present value savings; and pay associated costs of issuance. Morehead State University Board of Regents approved the new money financing at their November 3, 2023, board meeting and refunding at their February 2, 2024, board meeting. Traditionally, OFM has issued 20-year debt but has made exceptions in the past for long-term assets, such as a new residence hall which will be a 40–50-year asset if properly maintained. The extension of the debt

to a 30-year financing will keep fees more reasonable for students and keep the University's overall debt profile in total around \$9,000,000. She stated OFM believes that the deferment is reasonable when you compare the asset life to the debt structure with the deferment of principal and has discussed this with the Office of the State Budget Director and the University. From a financing perspective, the structure will allow the University to wrap the new debt around the existing housing auxiliary debt. Proceeds from 2024 Series A will be used to construct a new residence hall with a final maturity of March 1, 2054, and an all-in true interest cost of 4.493%. Proceeds from 2024 Series B will be used to refund all or a portion of the outstanding 2012 Series A, 2013 Series A and 2014 Series A bonds for approximate Net Present Value Savings of \$287,116 or 4.631%. Series B has a final maturity date of September 1, 2032, and an All-In True interest cost of 3.313%. This will be a tax-exempt competitive sale currently scheduled for March 13, 2024. The financing was included in OFM's February submittal to the Capital Projects and Bond Oversight Committee, scheduled to meet on Tuesday, February 27, 2024. Bond Counsel is Dinsmore & Shohl and Financial Advisor is Baird. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2024-05**. Ms. Wright made a motion to approve and was seconded by Mr. McDaniel. The motion **CARRIED** and Resolution **2024-05** was **ADOPTED**.

Secretary Hicks recognized Kaitlin Craigmyle to present **Resolution 2024-06**:

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 \$5,000,000.

Ms. Craigmyle presented Resolution 2024-06 for the for the authorization of a conduit issuance in an amount not to exceed \$5,000,000 of Kentucky Housing Corporation Multifamily Housing Revenue Bonds in one or more series. Bond proceeds will be used to finance the acquisition, construction, and equipping of a multifamily residential rental facility of approximately 30 units located at 120 Tyler Lane, in Estill County, Kentucky. The proposed date of sale is April 15, 2024. The estimated total project cost is approximately \$9,000,000. The anticipated net interest rate is 8% over a term of 3 years. These preliminary numbers are estimates based on recent market conditions. The financing was included in OFM's submittal to the Capital Projects and Bond Oversight Committee. The method of sale is a private placement. Bond counsel is Dinsmore, and the developers are the Housing Partnership, Inc. and Kentucky River Foothills Development Council, Inc. KHC Board of Directors approved the inducement resolution for this project on October 26, 2023. As a conduit transaction, the bonds will not be a KHC or Commonwealth debt. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2024-06**. Ms. Smith made a motion to approve and was seconded by Mr. Schroder. The motion **CARRIED** and Resolution **2024-06** was **ADOPTED**.

Two informational items were also provided in the meeting packet: Kentucky Higher Education Student Loan Corporation \$109,810,000 Student Loan Revenue Bonds, Senior Series 2023-1A-1

and \$50,805,000 Student Loan Revenue Bonds, Senior Series 2023-1A-2 and Kentucky Housing Corporation \$72,175,000 Housing Single Family Mortgage Revenue Bonds, 2024 Series A and \$76,125,000 Housing Single Family Mortgage Revenue Bonds Taxable 2024 Series B. No action was required.

With no further business before the Commission, Secretary Hicks asked for a motion to adjourn, Ms. Rieber made a motion which was seconded by Ms. Wright, and the meeting adjourned at 3:47 AM.

Respectfully submitted,

Ryan Barrow

Ryan Barrow
Secretary

