

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
MARCH 10, 2022
1:30 PM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday, March 10, 2022, at 1:30 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 Michael Bowman, 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”), Robert Long, proxy for Secretary Holly Johnson, Finance and Administrative Cabinet (“FAC”); 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; Steven Starkweather, Deputy Director of OFM; Billy Aldridge, Bethany Couch, Matthew Feltner, Melissa Perry; and Aubry McDonald.

Other Guests Present: Brian Thomas, Executive Director of the Office of General Counsel (“OGC”), Korey Sallee, Legislative Research Commission (“LRC”); and Carla Wright, Office of 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 the February 8, 2022, meeting. A motion to accept the minutes of the February 8, 2022, meeting was made by Mr. Bowman and seconded by Mr. Ross. There being no further discussion, the motion **CARRIED**.

Secretary Brown recognized Katie Smith to present **Resolution 2022-02**:

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 ELIZABETHTOWN FOR THE BENEFIT OF KRUGER PACKAGING (USA) LLC FOR \$100,000.

Ms. Smith presented Resolution 2022-02 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the City of Elizabethtown for the benefit of Kruger Packaging (USA) LLC for \$100,000. She stated Kruger Packaging (USA) LLC is a

subsidiary of Kruger Inc. and the company will establish its first corrugated box plant in the United States. The plant will serve future and existing customers located across the Midwest and Southern U.S. The proposed EDF grant funds will be used to offset the capital investment costs associated with the project. Kruger Packaging (USA) LLC will be required to make investments and create 147 new, full-time jobs for employees subject to Kentucky individual income tax and pay an average hourly wage of \$32.50, including benefits. They will have compliance dates from December 30, 2025, through December 30, 2028. She stated disbursements for the grant fund will be based on the performance requirements achieved. If Kruger Packaging (USA) LLC fails to create or maintain the job target as of each compliance date, then the amount of the grant payable after each compliance measurement date will be reduced based on that proportion of what they failed to meet. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution **2022-02**. Director Hicks made a motion to approve and was seconded by Mr. Bowman. The motion **CARRIED** and Resolution **2022-02** was **ADOPTED**.

Secretary Brown recognized Matthew Feltner to present **Resolution 2022-03**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY OF ITS HOSPITAL REVENUE REFUNDING BONDS, SERIES 2022A (BAPTIST HEALTHCARE SYSTEM OBLIGATED GROUP) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$284,435,000.

Mr. Feltner presented Resolution 2022-03 for the authorization to issue a principal amount not to exceed \$284,435,000 of Hospital Revenue Refunding Bonds for the benefit of Baptist Healthcare System Obligated Group. Bond proceeds will be used to refund Baptist Healthcare System Obligated Group Series 2009 B1 through 2009 B4 issued by Kentucky Economic Development Finance Authority. He stated the 2022 transaction for approximately \$284,435,000 will be a sixteen-year financing with a final maturity of August 15, 2038. Projected total present value savings will be \$13,354,931. The 2022 A1 bonds have a net interest rate of 1.85% and the 2022 A2 bonds have a net interest rate of 1.80%. Mr. Feltner stated this will be a negotiated sale that pending approval is currently scheduled for March 31, 2022. Delivery of the bonds is scheduled for April 1, 2022. Bond counsel is Hall Render. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution **2022-03**. Mr. Ross made a motion to approve and was seconded by Mr. Long. The motion **CARRIED** and Resolution **2022-03** was **ADOPTED**.

Secretary Brown recognized Brian Thomas to present **Resolution 2022-04**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY TO ACCELERATE AND ACCEPT PAYMENT FROM THE ORIGINAL TENANT OF THE REMAINING BASE RENT AND PAYMENT TO THE LANDLORD PAYMENTS AS SET FORTH IN THE

ACKNOWLEDGEMENT AND CONSENT TO LEASE ASSIGNMENT DATED MARCH 9, 2021, REGARDING THE KENTUCKY KINGDOM PROJECT.

Mr. Brian Thomas presented Resolution 2022-04 consenting to both the acceleration and acceptance of the remaining payments due to the Commonwealth from the old owners of the Kentucky Kingdom theme park. In March of last year, Kentucky Kingdom was sold to the Herschend Group and the old owners still owe the Commonwealth rent payments. Within the lease, included a 10% sale proceeds provision that the Commonwealth needed to be paid from. Mr. Thomas explained in reaching an agreement with Kentucky Kingdom, there was a three-year horizon where they were going to remit the remaining base rent payments and at the end of that period, they would calculate the ultimate payout on the park. The 10% would be calculated based on this number. As a result of the continued pandemic, in calendar year 2021 the partners decided they would reach an agreement with Herschend Group and a sale price was set early, a minimum amount due was set which resulted in \$500,000 due to the Commonwealth. He stated this Resolution would be to accept any remaining base rent payments and the \$500,000 minimum payment of the 10%.

Secretary Brown asks for questions. Mr. Ross questioned the amount of the base rent. Mr. Thomas presented a couple of scenarios and stated the anniversary date is today, March 10th. In this case, the Commonwealth could receive a \$200,000 base rent payment, but assumed that doesn't happen, the total payment would be \$900,000. \$400,000 represents base rent and \$500,000 represents the 10%. If the \$200,000 is paid today, then it would be \$700,000 due. Mr. Chris Lewis then stated that Kentucky Kingdom Them Park, LLC, out of Georgia, is listed as the perspective transferee. He asked for confirmation that the deal is complete and that they are the new tenant. Mr. Thomas confirmed that represented his understanding of the agreement.

Secretary Brown called for a motion to approve Resolution **2022-04**. Mr. Bowman made a motion to approve and was seconded by Mr. Long. The motion **CARRIED** and Resolution **2022-04** 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 1:43 PM.

Respectfully submitted,



Ryan Barrow
Secretary

