

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**MARCH 14, 2024**  
**1:45 PM**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday, March 14, 2024, at 1:45 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 Denise Durbin, 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; and Katie Smith, proxy for Jeff Noel, Secretary for the Cabinet for Economic Development (“CED”).

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; Katherine Halloran, Legislative Research Commission; Robert Long, General Counsel; and Terry Helton, Kentucky Housing Commission.

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 February 13, 2024, meeting. A motion to accept the minutes of the February 13, 2024, meeting was made by Ms. Wright and seconded by Ms. Grigsby. There being no further discussion, the motion **CARRIED**.

Secretary Hicks noted that there was one informational item provided in the meeting packet: University of Kentucky General Receipts Bonds, 2024 Series B and Taxable Series C.

Secretary Hicks recognized Kylee Palmer to present **Resolutions 2024-07, 2024-08, 2024-09, 2024-10, 2024-11, 2024-12, 2024-13, 2024-14, 2024-15, 2024-16, 2024-17, 2024-18, and 2024-19:**

**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 NELSON COUNTY FISCAL COURT ON BEHALF OF THE NELSON COUNTY FISCAL COURT FOR \$631,510.**

**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 HODGENVILLE ON BEHALF OF THE LARUE COUNTY FISCAL COURT FOR \$600,000.**

**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 CITY OF SOMERSET ON BEHALF OF THE SOMRSET PULASKI ECONOMIC DEVELOPMENT AUTHORITY, INC. (SPEDA) FOR \$500,000.**

**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 CITY OF WINCHESTER ON BEHALF OF THE WINCHESTER/CLARK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY FOR \$2,000,000.**

**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 CLINTON COUNTY FISCAL COURT ON BEHALF OF THE CLINTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY FOR \$164,613.**

**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 GRAVES COUNTY FISCAL COURT ON BEHALF OF THE GRAVES COUNTY INDUSTRIAL DEVELOPMENT, INC. FOR \$1,623,750.**

**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 GREEN COUNTY FISCAL COURT ON BEHALF OF THE GREEN ECONOMIC TEAM, INC. FOR \$1,000,000.**

**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 LAUREL COUNTY FISCAL COURT ON BEHALF OF THE LONDON-LAUREL COUNTY ECONOMIC DEVELOPMENT AUTHORITY (LLCEDA) FOR \$1,978,262.**

**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 \$2,000,000.**

**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 MONTGOMERY COUNTY FISCAL COURT ON BEHALF OF THE MT-STERLING-MONTGOMERY COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY FOR \$2,000,000.**

**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 SCOTT COUNTY FISCAL COURT ON BEHALF OF THE CITY OF GEORGETOWN OR \$1,500,000.**

**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 WAYNE COUNTY FISCAL COURT ON BEHALF OF THE WAYNE COUNTY INDUSTRIAL AUTHORITY, INC. FOR \$493,643.**

**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 WEBSTER COUNTY FISCAL COURT ON BEHALF OF THE WEBSTER COUNTY INDUSTRIAL AUTHORITY FOR \$529,065.**

Ms. Palmer stated the 13 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 2024-07 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the City of Bardstown on behalf of the Nelson County Fiscal Court for \$631,510. The City of Bardstown on behalf of the Nelson County Fiscal Court is seeking to extend utilities and the existing roadway in the Nelson County Industrial Park. 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 2024-08 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the City of Hodgenville on behalf of the LaRue County Fiscal Court for \$600,000. The City of Hodgenville on behalf of the LaRue County Fiscal Court is seeking to install sanitary sewer forced main to land set aside for industrial development in Upton. This project was a potential infrastructure project identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-09 for the approval of the Economic Development Revenue Bonds to be issued by the Commission to make a grant to the City of Somerset on behalf of the Somerset Pulaski Economic Development Authority, Inc. for \$500,000. The City of Somerset on behalf of the Somerset Pulaski Economic Development Authority (SPEDA) is seeking to complete phased work and an intersection into a 142-acre site, known as the SPEDA Commerce Park. The park has been annexed into the City of Somerset, and as part of the annexation the city will assist in installing city-owned water, sewer, and natural gas. The project was identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-10 for the approval of the Economic Development Revenue Bonds to be issued by the Commission to make a grant to the City of Winchester on behalf of the Winchester/Clark County Industrial Development Authority for \$2,000,000. The City of Winchester on behalf of the Winchester/Clark County Industrial Development Authority is seeking to complete site preparation and infrastructure improvements to provide Clark County with new business opportunities and provide impact for future construction of industries. The project was identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-11 for the approval of the Economic Development Revenue Bonds to be issued by the Commission to make a grant to the Clinton County Fiscal Court on behalf of the Clinton County Industrial Development Authority for \$164,613. The Clinton County Fiscal Court on behalf of the Clinton County Industrial Development Authority is extending water and sewer lines to the Clinton County Industrial Park. The Clinton County Fiscal Court and the Clinton County Industrial Development Authority will provide the match funds. The project was identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-12 for the approval of the Economic Development Revenue Bonds to be issued by the Commission to make a grant to the Graves County Fiscal Court on behalf of the Graves County Economic Development, Inc. for \$1,623,750. The Graves County Fiscal Court on behalf of Graves County Economic Development, Inc. is seeking the acquisition and development of a site in Graves County. This project was a potential infrastructure project identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-13 for the approval of the Economic Development Revenue Bonds to be issued by the Commission to make a grant to the Green County Fiscal Court on behalf of the Green Economic Team, Inc. for \$1,000,000. The Green County Fiscal Court on behalf of the Green Economic Team, Inc. is seeking to complete site preparation and construct a 20,000 square foot building at the Greensburg Industrial Park. The project was identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-14 for the approval of the Economic Development Revenue Bonds to be issued by the Commission to make a grant to the Laurel County Fiscal Court on behalf of the London-Laurel County Economic Development Authority for \$1,978,262. The Laurel County Fiscal Court on behalf of the London-Laurel County Economic Development Authority (“LLCEDA”) is seeking to acquire and complete infrastructure extensions on a 170-acre property in Laurel County. LLCEDA has already performed due diligence studies to ensure the property is a viable investment and will be providing the match to the KPDI funds. The project was identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-15 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 \$2,000,000. The Logan County Fiscal

Court on behalf of the Logan Industrial Development Authority, Inc. is seeking to construct a spec building with an expansion pad at the Shelton Lane Industrial Park. This project was a potential infrastructure project identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-16 for the approval of the Economic Development Revenue Bonds to be issued by the Commission to make a grant to the Montgomery County Fiscal Court on behalf of the Mt. Sterling - Montgomery County Industrial Authority for \$2,000,000. The Montgomery County Fiscal Court on behalf of the Mt. Sterling - Montgomery County Industrial Authority is purchasing property on Owingsville Road and conducting related site engineering and development. The match funds are being met by the discounted sales price on the land to be acquired and are based on the appraised value of the land as verified by an independent appraisal. The project was identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-17 for the approval of the Economic Development Revenue Bonds to be issued by the Commission to make a grant to the Scott County Fiscal Court on behalf of the City of Georgetown for \$1,500,000. The Scott County Fiscal Court on behalf of the City of Georgetown is seeking to complete road and infrastructure improvements, due diligence, and site preparation work in the Lanes Run Business Park. The site development will provide Scott County with new business opportunities and provide impact for future construction of industries. This project was a potential infrastructure project identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-18 for the approval of the Economic Development Revenue Bonds to be issued by the Commission to make a grant to the Wayne County Fiscal Court on behalf of the Wayne County Industrial Authority for \$493,643. The Wayne County Fiscal Court on behalf of the Wayne County Industrial Authority is seeking to acquire additional acreage to expand the Monticello Wayne County Business Park. This project was a potential infrastructure project identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer presented Resolution 2024-19 for the approval of the Economic Development Revenue Bonds to be issued by the Commission to make a grant to the Webster County Fiscal Court on behalf of the Webster Industrial Development Authority for \$529,065. The Webster County Fiscal Court on behalf of the Webster Industrial Development Authority is seeking to complete due diligence, site preparation, and road improvements to provide Webster County with new business opportunities and provide impact for future construction of industries. This project was a potential infrastructure project identified by an independent site selection consultant as having the potential for future investment/location of an economic development project.

Ms. Palmer noted that all the projects were recommended by Secretary Noel with concurrence by Secretary Johnson and were approved by CED at the February 29, 2024, board meeting. CED staff respectfully recommends approval.

Secretary Hicks called for a motion to approve Resolutions **2024-07, 2024-08, 2024-09, 2024-10, 2024-11, 2024-12, 2024-13, 2024-14, 2024-15, 2024-16, 2024-17, 2024-18, and 2024-19.** Mr.

McDaniel made a motion to approve which was seconded by Ms. Grigsby. The motion **CARRIED** and Resolutions **2024-07, 2024-08, 2024-09, 2024-10, 2024-11, 2024-12, 2024-13, 2024-14, 2024-15, 2024-16, 2024-17, 2024-18, and 2024-19** were **ADOPTED**.

Secretary Hicks recognized Kaitlin Craigmyle to present **Resolution 2024-20**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF NORTHERN KENTUCKY UNIVERSITY GENERAL RECEIPTS REFUNDING BONDS IN AN APPROXIMATE PRINCIPAL AMOUNT OF \$30,000,000.**

Ms. Craigmyle presented Resolution 2024-20 for the approval to issue the Northern Kentucky University General Receipts Refunding Bonds 2024 Series A for approximately \$30,000,000. Bond proceeds will be used to refund certain outstanding 2014 Series A debt for present value savings; and pay associated costs of issuance. Northern Kentucky University Board of Regents adopted the bond resolution for the 2024 Series A bonds at their March 12, 2024 board meeting. This will be a 10-year financing with a final maturity of September 1, 2033 and an estimated all-in-true interest cost of 3.14%. She stated you will notice that there is deferred principal through Fiscal Year 2025 which will allow the University to maintain an aggregate level debt service. Proceeds from 2024 Series A will be used to refund all or a portion of the outstanding 2014 Series A bonds for an estimated Net Present Value Savings of \$2,200,000 or 7.55%. This will be a tax-exempt competitive sale currently scheduled for April 4, 2024. The financing is included in OFM's March submittal to the Capital Projects and Bond Oversight Committee, scheduled to meet on Tuesday, March 26th. Bond Counsel is Dinsmore & Shohl and Financial Advisor is Baird. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2024-20**. Ms. Wright made a motion to approve and was seconded by Ms. Smith. The motion **CARRIED** and Resolution **2024-20** was **ADOPTED**.

Secretary Hicks recognized Kaitlin Craigmyle to present **Resolution 2024-21**:

**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 \$11,500,000.**

Ms. Craigmyle presented Resolution 2024-21 for the for the authorization of a conduit issuance in an amount not to exceed \$11,500,000 of Kentucky Housing Corporation ("KHC") Multifamily Housing Revenue Bonds in one or more series. Bond proceeds will be used to finance the rehabilitation, construction, and equipping of a multifamily residential rental facility of approximately 100 units located on Old Station Road, in Louisville, Kentucky. The proposed date of sale is May 2, 2024. The estimated total project cost is approximately \$22,000,000. The anticipated net interest rate is 5.86% over a term of 40 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 developer information can be found in your packet. KHC Board of Directors approved the inducement resolution for this project on December 14, 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 **2024-21**. Ms. Smith made a motion to approve and was seconded by Mr. McDaniel. The motion **CARRIED** and Resolution **2024-21** was **ADOPTED**.

Secretary Hicks recognized Ryan Barrow and Bethany Padgett to present **Resolution 2024-22**:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS AND REFUNDING 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 AND REFUNDING 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.**

Mr. Barrow and Ms. Padgett presented Resolution 2024-22 which can be found behind Attachment Q of the packet, for the approval to issue State Property and Buildings Commission Revenue Bonds, Project No. 130, which was presented in last month's meeting, but the Series C was added.

Build America Bonds ("BABs") were introduced in 2009 as part of President Obama's American Recovery and Reinvestment Act ("ARRA") to stabilize the U.S. economy following the 2008 financial crisis. The Commission issued three series of BABs in 2009 and 2010 which currently have a total principal outstanding of approximately \$428.3 million.

Under Sections 54AA and 6431, Direct Payment BABs entitled bond issuers to a tax refund from the Treasury Department equal to 35 percent of the interest paid on their BABs. A failure to meet deficit reduction targets under the Budget Control Act of 2011 triggered the Department of Treasury to implement sequestration cuts which took effect in March 2013. Total sequestration cuts have decreased subsidy payments to the Commission by \$9.9 million thus far.



However, there is an additional Act that holds risk for issuers with outstanding BABs - the Statutory Pay As You Go (or PAYGO) Act of 2010. The automatic sequestration could have completely eliminated the BABs subsidy; however, Congress paused the enforcement of the American Rescue Plan Act PAYGO sequestration and must adopt budget legislation to address sequestration or the BABs subsidy could be eliminated in its entirety starting in Fiscal Year 2026.

The US Supreme Court case of Indiana Municipal Power Agency vs US, Indiana Municipal Power sought to restore their full 35% subsidy payments arguing that Sections 54AA and 6431 of the Tax Codes require full payment. It was decided in the Federal Claims Court and affirmed and adopted by the Federal Circuit that no statutory claim existed because sequestration applied to the subsidy payments. Then on November 20, 2023, the case was denied to be heard by the US Supreme Court. As a result of the Court's opinion national bond counsels and issuers concluded that sequestration caused a material change to occur to Sections 54AA and 6431 of the Tax Code which triggers the Extraordinary Redemption Provision. Excluding Kentucky, approximately ten issuers are on the bond calendar.

Subject to market conditions, the SPBC intends to use the Extraordinary Redemption Provision to redeem in full SPBC Project No. 95 Series C, 96 Series C and 99 Series C. Current market conditions generate an estimated NPV savings of approximately \$6.5 million or 1.596% of refunded par. Since we are adding an additional refunding series, we did need to bring back the State Property and Buildings Commission Project No. 130 resolution for approval. This resolution is for a total principal amount not to exceed \$860,000,000. Series B is for the redemption of the outstanding BABs which would redeem approximately \$474,000,000 outstanding par. Series B has a final maturity of November 1, 2030 with an estimated All In True Interest Cost of 2.944% and estimated Net Present Value Savings of approximately \$6,500,000 or 1.596% of refunded par. 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 March submittal to the Capital Projects and Bond Oversight Committee, currently scheduled to meet on Tuesday, March 26, 2024. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2024-22**. Ms. Wright made a motion to approve and was seconded by Mr. McDaniel. The motion **CARRIED** and Resolutions **2024-22** was **ADOPTED**.

Secretary Hicks recognized Steven Starkweather to present **Resolution 2024-23**:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF KENTUCKY ASSET/LIABILITY COMMISSION PROJECT NOTES, 2024 FEDERAL HIGHWAY TRUST FUND FIRST REFUNDING SERIES A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$150,000,000 FOR THE PURPOSE OF CURRENTLY REFUNDING CERTAIN FEDERAL HIGHWAY TRUST FUND FIRST SERIES NOTES PREVIOUSLY ISSUED BY THE KENTUCKY ASSET/LIABILITY COMMISSION.**

Mr. Starkweather presented Resolution 2024-23 of the State Property and Buildings Commission approving the issuance of the Kentucky Asset/Liability Commission ("ALCo") Project Notes, 2024 Federal Highway Trust Fund First Refunding Series A, in an aggregate principal not to

exceed \$150,000,000 for the purpose of currently refunding Federal Highway Trust Fund Notes previously issued by ALCo. The NTE of \$150,000,000 in authorization includes the ALCo GARVEEs 2014 Series A, 2015 Series A and the 2023 Series A. The focus of this refunding on the Preliminary New Bond Issue Report is the 2014 A bonds, but stated the interest rate market has been volatile and they want to be positioned to take advantage of market moves. He then directed the Committee's attention to the New Bond Issue Report on page 211 of the packet, the Par of \$106,770,000 is generating an estimated Net Present Value savings of approximately \$2,600,000 or 2.4%. These notes will be currently callable on 9/1/2024 with a final maturity of 9/1/2026. This will be a negotiated transaction with JP Morgan serving as underwriter and Dinsmore as Bond Counsel. ALCo approved this transaction at its meeting on March 14, 2024 and it will be presented to the Capital Projects and Bond Oversight Committee, currently scheduled to meet on Tuesday, March 26, 2024. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2024-23**. Ms. Grigsby made a motion to approve and was seconded by Ms. Smith. The motion **CARRIED** and Resolution **2024-23** was **ADOPTED**.

With no further business before the Commission, Secretary Hicks asked for a motion to adjourn, Ms. Smith made a motion which was seconded by all, and the meeting adjourned at 2:16 PM.

Respectfully submitted,

*Ryan Barrow*

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Ryan Barrow  
Secretary

