

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
APRIL 16, 2024
2:30 PM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Tuesday, April 16, 2024, at 2:46 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, 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; Tom Midkiff, Tracy Thurston and Terry Helton, Kentucky Housing Corporation; and Gerry Hamilton and Caitlin Devitt, public.

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 March 14, 2024, meeting. One correction was noted, the minutes stated 2023 in the heading but was an error and were actually for 2024, it was corrected. With that change, a motion to accept the minutes of the March 14, 2024, meeting was made by Mr. Schroder and seconded by Ms. Smith. There being no further discussion, the motion **CARRIED**.

Secretary Hicks noted that there were two informational items provided in the meeting packet: State Property and Buildings Commission Agency Fund Revenue Refunding Bonds, Project No. 129 and Morehead State University General Receipts Refunding Bonds, 2024 Series B.

Secretary Hicks recognized Kylee Palmer to present **Resolutions 2024-24, 2024-25, and 2024-26**:

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

BRECKINRIDGE COUNTY FISCAL COURT ON BEHALF OF THE CITY OF HARDINSBURG FOR \$331,805.

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 WASHINGTON PENN PLASTIC CO., INC. FOR \$250,000.

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 ONE EAST KENTUCKY ON BEHALF OF THE CITY OF PIKEVILLE FOR \$2,000,000.

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 2024-24 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Breckinridge County Fiscal Court on behalf of the City of Hardinsburg for \$331,805. The Breckinridge County Fiscal Court on behalf of the City of Hardinsburg is seeking to extend water and sewer lines in the Commerce 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 2024-25 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 Washington Penn Plastic Co., Inc. for \$250,000. Washington Penn Plastic Co., Inc. is a leading provider of polypropylene and polyethylene compounds that supply the automotive, appliance, construction, consumer, packaging, and industrial markets. The company is considering opening a manufacturing facility in the Winchester Industrial Park. In consideration of this EDF grant, Washington Penn Plastic Co., Inc. will be required to make investment and create new, full-time jobs for employees subject to Kentucky individual income taxes (excluding contract or temporary employees) paying wages in Winchester.

Ms. Palmer presented Resolution 2024-26 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the One East Kentucky on behalf of the City of Pikeville for \$2,000,000. One East Kentucky on behalf of the City of Pikeville is seeking

to improve property at the Kentucky Enterprise Industrial Park. The site will be prepped and compacted, creating a site ready for industrial development. 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 March 28, 2024, board meeting. CED staff respectfully recommends approval.

Secretary Hicks called for a motion to approve Resolutions **2024-24, 2024-25, and 2024-26**. Mr. Schroder made a motion to approve which was seconded by Ms. Wright. The motion **CARRIED** and Resolutions **2024-24, 2024-25, and 2024-26** were **ADOPTED**.

Secretary Hicks recognized Kaitlin Craigmyle to present **Resolution 2024-27**:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING CORPORATION OF ITS MULTIFAMILY TAX-EXEMPT MORTGAGE-BACKED BONDS (BRIARWOOD OF LEXINGTON APARTMENTS) SERIES 2024 IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,500,000.

Ms. Craigmyle presented Resolution 2024-27 for the authorization of a conduit issuance in an amount not to exceed \$16,500,000 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 204 units located on Centre Parkway, in Lexington, Kentucky. The proposed date of sale is June 16, 2024. The estimated total project cost is approximately \$29,600,000 and the anticipated net interest rate is a 10-year treasury plus 133 basis points. The preliminary numbers are estimates based on recent market conditions. She stated the financing was included in OFM’s submittal to Capital Projects and Bond Oversight Committee. The method of sale is a Public Offering. Bond counsel is Ice Miller. The KHC Board of Directors approved the inducement resolution for the 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 **2024-27**. Ms. Grigsby made a motion to approve and was seconded by Mr. McDaniel. The motion **CARRIED** and Resolution **2024-27** was **ADOPTED**.

Secretary Hicks recognized Billy Aldridge to present **Resolution 2024-28**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING CORPORATION OF ITS SINGLE FAMILY MORTGAGE REVENUE BONDS IN ONE OR MORE SERIES AND IN ONE OR MORE TAX PLANS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$400,000,000.

Mr. Aldridge presented Resolution 2024-28 for the authorization of a Kentucky Housing Corporation issuance in an amount not to exceed \$400,000,000 of Single Family Mortgage Revenue Bonds in one or more series. Issuance Details Bond proceeds will be used to provide on-going mortgage financing for first-time low and moderate income Kentucky homebuyers. KHC plans to issue the first \$150,000,000 of the \$400,000,000 authorization being requested. He stated the preliminary new bond issue report, found in the packet, focuses on the first issuance and anticipates a 50/50 split between tax-exempt and taxable bonds to preserve tax-exempt volume cap. KHC plans to issue the remaining \$250,000,000 as needed prior to March 2025. The proposed date of sale is May 15, 2024 and the anticipated net interest rate is 5.41% over a term of 30-years. The 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 negotiated with Bank of America as the senior managing underwriter and Bond counsel is Kutak Rock. KHC Board of Directors approved the resolution for this issuance on February 29, 2024. The bonds will be limited obligations of the Corporation payable solely from the revenues and security interests pledged in the indenture. The bonds will not be a Commonwealth debt. KHC staff, including CFO Tracy Thurston, were available for questions. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2024-28**. Ms. Wright made a motion to approve and was seconded by Mr. Schroder. The motion **CARRIED** and Resolution **2024-28** was **ADOPTED**.

Secretary Hicks recognized Melissa Perry to present **Resolution 2024-29**:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF APPROXIMATELY \$19,990,000 PRINCIPAL AMOUNT OF MURRAY STATE UNIVERSITY GENERAL RECEIPTS BONDS, 2024 SERIES A.

Ms. Perry presented Resolution 2024-29 for the approval to issue the Murray State University General Receipts Bonds 2024 Series A for approximately \$19,990,000. Bond proceeds will be used to finance the project listed as "Construct Residential Housing" in H.B. 1 of the 2022 Regular Session of the Kentucky General Assembly, finance the project listed as "Renovate Residence Hall HVAC System – Additional Reauthorization" and to pay costs of issuance. Murray State University Board of Regents adopted the bond resolution for the 2024 Series A bonds at their December 8, 2023 board meeting. This will be a 20-year financing with a final maturity of March 1, 2044, and an estimated all-in-true interest cost of 4.196%. Ms. Perry stated \$17,500,000 of the proceeds will be used to purchase, make improvements, and perform deferred maintenance to an existing student residential property containing six apartment buildings with 74 dwelling units and 268 total beds. The additional \$2,000,000 in proceeds will be used for renovations on three additional residence halls. This will be a tax-exempt competitive sale currently scheduled for May 16, 2024. The financing is included in OFM's April submittal to Capital Projects and Bond Oversight Committee, scheduled to meet on Tuesday, April 23, 2024. Bond Counsel is Dinsmore & Shohl and Financial Advisor is Baird. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2024-29**. Ms. Grigsby made a motion to approve and was seconded by Ms. Smith. The motion **CARRIED** and Resolution **2024-29** was **ADOPTED**.

With no further business before the Commission, Secretary Hicks asked for a motion to adjourn, Mr. Schroder made a motion which was seconded by all, and the meeting adjourned at 2:59 PM.

Respectfully submitted,

DocuSigned by:

Ryan Barrow

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Ryan Barrow
Secretary

