

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
MAY 11, 2022
2:00 PM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Wednesday, May 11, 2022, at 2:00 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 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”); Geri Grigsby, 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; Melissa Perry; and Aubry McDonald.

Other Guests Present: Korey Sallee, Legislative Research Commission (“LRC”); and Robert Long, Finance and Administration Cabinet (“FAC”).

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 April 12, 2022, meeting. A motion to accept the minutes of the April 12, 2022, meeting was made by Mr. Ross and seconded by Ms. Smith. There being no further discussion, the motion **CARRIED**.

Secretary Brown recognized Katie Smith to present **Resolution 2022-10**:

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 ROWAN COUNTY FISCAL COURT FOR THE BENEFIT OF MMRC REGIONAL INDUSTRIAL DEVELOPMENT AUTHORITY, INC FOR \$212,500.

Ms. Smith presented Resolution 2022-10 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Rowan County Fiscal Court for the benefit of MMRC Regional Industrial Development Authority, Inc. for \$212,500. She stated Rowan County Fiscal Court in partnership with MMRC Regional Industrial Development

Authority, Inc. is seeking the construction of a 150,000 square foot pad ready site on 22.4 acres located on Lot 10 of the MMRC Park. This project is a potential infrastructure project identified by an independent site selection consultant as having the potential for future investment/location of an economic development project. She stated under the terms of the EDF grant agreement, requests may be submitted no more than monthly, and funds shall be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution **2022-10**. Director Hicks made a motion to approve and was seconded by Ms. Grigsby. The motion **CARRIED** and Resolution **2022-10** was **ADOPTED**.

Secretary Brown recognized Katie Smith to present **Resolution 2022-11**:

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 MASON COUNTY FISCAL COURT FOR THE BENEFIT OF MAYSVILLE-MASON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, INC (MMCIDA) FOR \$300,000.

Ms. Smith presented Resolution 2022-011 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Mason County Fiscal Court for the benefit of Maysville-Mason County Industrial Authority, Inc. for \$300,000. She stated Mason County Fiscal Court in partnership with Maysville-Mason County Industrial Development Authority, Inc. is considering building upgrades and renovations at 1151 Morton Lane in Maysville, Kentucky. Maysville-Mason County Industrial Development Authority, Inc. has committed general funds to match the EDF grant. This project is a potential infrastructure project identified by an independent site selection consultant as having the potential for future investment/location of an economic development project. She stated under the terms of the EDF grant agreement, requests may be submitted no more than monthly, and funds shall be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution **2022-11**. Director Hicks made a motion to approve and was seconded by Mr. Ross. The motion **CARRIED** and Resolution **2022-11** was **ADOPTED**.

Secretary Brown recognized Katie Smith to present **Resolution 2022-12**:

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 WILLIAMSBURG FOR THE BENEFIT OF FIRESTONE INDUSTRIAL PRODUCTS COMPANY, LLC FOR \$150,000.

Ms. Smith presented Resolution 2022-12 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the City of Williamsburg for the benefit of Firestone Industrial Products Company, LLC for \$150,000. She stated Firestone Industrial Products Company, LLC and its affiliates are manufacturers of air springs and related products for commercial trucks and trailers, cars, sport utility vehicles, light trucks, minivans, motor homes, buses, agricultural equipment, rail and industrial applications. The company is considering expanding in the automotive vehicle market to help meet customer demand. In consideration of this EDF grant, Firestone Industrial Products Company, LLC 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 the following wages in Williamsburg, in the schedule provided. She stated under the terms of the EDF grant agreement, disbursement of grant funds will occur after the annual compliance reporting has occurred. The amount of the disbursements will be based on the performance requirements achieved. If Firestone Industrial Products Company, 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 by the sum of \$150 for each new, full-time job not created or maintained by the company at each of the five annual measurement dates. Furthermore, if Firestone Industrial Products Company, LLC fails to pay these new jobs the average hourly wage of \$29.00, including benefits, the amount of the grant payable after each compliance measurement date will be reduced by a pro rata portion of the EDF grant based on a formula to be outlined in the EDF grant agreement. Any funds repaid to the City of Williamsburg by Firestone Industrial Products Company, LLC must be used for economic development purposes as approved by the Cabinet for Economic Development. In no event will the repayment of EDF grant proceeds exceed the EDF grant amount of \$150,000. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution **2022-12**. Mr. Ross made a motion to approve and was seconded by Mr. Lewis. The motion **CARRIED** and Resolution **2022-12** was **ADOPTED**.

Secretary Brown recognized Billy Aldridge to present **Resolution 2022-13**:

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 \$50,000,000.

Mr. Aldridge presented Resolution 2022-13 for the authorization of a conduit issuance in an amount not to exceed \$50,000,000 of Kentucky Housing Corporation Multifamily Revenue Bonds in one or more series. Proceeds of the bonds will be used to finance the acquisition, new construction, and equipping of a multifamily residential rental facility of approximately 343 units located at 715 E Gray Street in Jefferson County, Kentucky. The proposed date of sale is July 29th. The estimated total project cost is approximately \$117.5 million. The anticipated true interest rate is 4.30% over a term of 40-years. These preliminary numbers are estimates based on recent market conditions. The financing was included in OFM's May submittal to Capital Projects and Bond Oversight Committee, scheduled to meet on, May 19th. The method of sale is a private placement. Bond counsel is Dinsmore, and the developer is LDG Development. KHC Board of Directors approved the inducement resolution for this project on February 25, 2021. As a conduit transaction, the bonds will not be a KHC or Commonwealth debt. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution **2022-13**. Mr. Bowman made a motion to approve and was seconded by Ms. Smith. The motion **CARRIED** and Resolution **2022-13** was **ADOPTED**.

Secretary Brown recognized Billy Aldridge to present **Resolution 2022-14**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF REVENUE REFUNDING BONDS, SERIES 2022 (MASONIC HOMES OF KENTUCKY OBLIGATED GROUP) IN A PRINCIPAL AMOUNT OF UP TO \$75,000,000 BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY.

Mr. Aldridge presented Resolution 2022-14 for the authorization to issue a principal amount not to exceed \$75,000,000 of Revenue Refunding Bonds for the benefit of Masonic Homes of Kentucky Obligated Group. Proceeds of the bonds will be used to refund previously issued and outstanding KEDFA Healthcare Facilities Revenue and Revenue Refunding Bonds, Series 2012 (Masonic Homes), refund existing commercial indebtedness of certain affiliates of Masonic Homes of Kentucky, Inc., fund a debt reserve, and pay costs of issuance. The 2022 transaction for approximately \$75,000,000 is expected to be a 35-year financing with a final maturity in 2057. Total present value savings is estimated to be \$475,000. This will be a negotiated sale, and pending approvals is currently scheduled for June 2, 2022. KEDFA adopted a resolution on April 28, 2022, authorizing the financing. Bond counsel is Dinsmore. The bonds will not constitute a debt of KEDFA or the Commonwealth. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution **2022-14**. Mr. Bowman made a motion to approve and was seconded by Director Hicks. The motion **CARRIED** and Resolution **2022-14** was **ADOPTED**.

Secretary Brown recognized Billy Aldridge to present **Resolution 2022-15**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF UNIVERSITY OF KENTUCKY OF KENTUCKY GENERAL RECEIPTS REFUNDING

BONDS, IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$155,000,000.

Mr. Aldridge presented Resolution 2022-15 for the authorization to issue an aggregate principal amount not to exceed \$155,000,000 of University of Kentucky General Receipts Refunding Bonds. Proceeds of the bonds will be used to refund certain outstanding University of Kentucky General Receipts Bonds Series 2014A for present value savings; and pay costs of issuance. Currently, the prior bonds meet some but not all of OFM's refunding tests. However, the market is volatile, and this authorization allows UK to act if savings become available. UK's Series 2014A has approximately \$155 million callable bonds outstanding, but based on recent market conditions, the 2022 transaction is estimated to be for approximately \$20.68 million and will be a 16-year financing with a final maturity of April 2038 matching the refunded bonds. The transaction will have an estimated all-in true interest cost of 4.2383%. The transaction will have a NPV Savings of \$1,352,660.5, which is a percentage savings of refunded bonds 6.2277%. This will be a competitive bid direct purchase forward delivery and is currently scheduled for June 1, 2022. Delivery of the bonds is scheduled for January 9, 2024. Bond Counsel is Dinsmore. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution **2022-15**. Mr. Ross made a motion to approve and was seconded by Mr. Bowman. The motion **CARRIED** and Resolution **2022-15** 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 2:14 PM.

Respectfully submitted,

Ryan Barrow

Ryan Barrow
Secretary

