

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
JUNE 22, 2022
1:30 PM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Wednesday, June 22, 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”); Geri Grigsby, proxy for Secretary Holly Johnson, Finance and Administrative Cabinet (“FAC”); and Katie Smith, proxy for Jeff Noel, 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”); Katherine Halloran, LRC; Carla Wright, OSBD; and Robert Long, 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 May 11, 2022, meeting. A motion to accept the minutes of the May 11, 2022, meeting was made by Mr. Bowman and seconded. There being no further discussion, the motion **CARRIED.**

Secretary Brown recognized Katie Smith to present **Resolution 2022-16:**

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 TRIGG COUNTY FISCAL COURT FOR THE BENEFIT OF CADIZ-TRIGG COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, INC FOR \$500,000.

Ms. Smith presented Resolution 2022-16 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Trigg County Fiscal Court for the benefit of Cadiz-Trigg County Industrial Development Authority, Inc. for \$500,000. She stated Trigg County Fiscal Court in partnership with Cadiz-Trigg County Industrial Development

Authority, Inc. is seeking the construction of a 100,000 square foot spec building on a 15-acre Kentucky Certified Build Ready Pad site at interstate 24 Business 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.

Director Hicks brings to the committee's attention that the Tennessee Valley Authority is contributing funding to the project which is not seen often. Ms. Smith confirms that to be true stating that they have a program like ours, in which they are contributing funds as well.

Secretary Brown called for a motion to approve Resolution **2022-16**. Ms. Grigsby made a motion to approve and was seconded by Mr. Lewis The motion **CARRIED** and Resolution **2022-16** was **ADOPTED**.

Secretary Brown recognized Melissa Perry to present **Resolution 2022-17**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF EASTERN KENTUCKY UNIVERSITY GENERAL RECEIPTS IN ONE OR MORE SERIES.

Ms. Perry presented Resolution 2022-17 for the approval to issue approximately \$55 million of Eastern Kentucky University ("EKU") General Receipts Bonds. Proceeds of the bonds will be used to finance the project listed as "Residence Hall Renovation Pool" in House Bill ("H.R.") 192 of the 2021 Regular Session of the Kentucky General Assembly and "Residence Hall Renovation Pool Additional Reauthorization" in H.R. 1 of the 2022 Regular Session of the Kentucky General Assembly. The "Project" will renovate four residence halls and construct one new residence hall on ECU's main campus and pay associated costs of issuance. Eastern Kentucky University Board of Regents approved this financing at their June 14, 2022, board meeting. This will be a 30-year financing with a final maturity of April 2052 and an estimated all in true interest cost of 4.46%. This will be a tax-exempt competitive sale currently scheduled for July 13, 2022. The financing was included in OFM's June submittal to Capital Projects and Bond Oversight Committee, scheduled to meet on Thursday, June 23rd. Bond Counsel is Dinsmore & Shohl and Financial Advisor is Baird. Staff recommends approval.

Director Hicks inquired about the current bond market and interest rates for recent issuances. Ryan Barrow answered Director Hick's question and stated the Fed has been active in raising rates and the market has seen around 175 increase in MMD with Treasury being more aggressive. He stated recent transactions have gone well and deals are being priced. Mr. Barrow reassures that the transaction will sell at historical reasonable rates but, have to be mobile because of the volatility within the market.

Secretary Brown called for a motion to approve Resolution **2022-17**. Mr. Bowman made a motion to approve and was seconded by Director Hicks. The motion **CARRIED** and Resolution **2022-17** was **ADOPTED**.

Secretary Brown recognized Melissa Perry to present **Resolution 2022-18 and 2022-19**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF WESTERN KENTUCKY UNIVERSITY GENERAL RECEIPTS REFUNDING BONDS, 2022 SERIES, IN ONE OR MORE SERIES OR SUBSERIES, IN AN AGGREGATE PRINCIPAL AMOUNT OF APPROXIMATELY \$20,500,000.

AND

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF WESTERN KENTUCKY UNIVERSITY GENERAL RECEIPTS BONDS, 2022 SERIES, IN ONE OR MORE SERIES OR SUBSERIES, IN A MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$52,000,000.

Ms. Perry presented Resolution 2022-18 and 2022-19 for the approval to issue Western Kentucky University General Receipts Refunding Bonds, 2022 Series A and General Receipts Bonds, 2022 Series B & C. She stated all three Series are included on the New Bond Issue Report which begins on PDF page number 32. The purpose of the issuance is to finance the project listed as “Construct, Renovate and Improve Athletic Facilities” in H.R. 1 of the 2022 Regular Session of the Kentucky General Assembly and refund certain outstanding Bonds for a total principal amount of approximately \$69.568 million and pay the costs of issuance. University approval was granted June 10, 2022. Proceeds from the 2022 Series A will be used to refund all or a portion of the outstanding 2012 Series A bonds for approximate NPV Savings of \$738,863 dollars, or 3.64%. The all-in true interest cost is anticipated at 3.099% with a final maturity of May 1, 2032. Proceeds from the 2022 Series B will be used to refund all or a portion of the outstanding 2010 Series A bonds for approximate NPV Savings of \$276,648, or 2.68%. The 2010 Series A bonds are currently held by the City of Bowling Green and this refunding will place the debt under the University’s General Receipts Indenture. The all-in true interest cost is anticipated at 2.62% with a final maturity of June 1, 2026. 2022 Series C is the new money component and proceeds will be used for the Athletic Facilities. The all-in true interest cost is anticipated at 3.44% with a final maturity of June 1, 2042. The project was included in our office’s June submittal to Capital Projects and Bond Oversight Committee, scheduled to meet on Thursday, June 23, 2022. This will be a competitive sale, currently scheduled for July 15, 2022. Bond Counsel is Dinsmore & Shohl and Financial Advisor is Baird. Staff recommends approval.

Secretary Brown called for a motion to approve **Resolution 2022-18**. Mr. Lewis made a motion to approve and was seconded by Director Hicks. The motion **CARRIED** and Resolution **2022-18** was **ADOPTED**. And then Secretary Brown called for a motion to approve **Resolution 2022-19**. Mr. Lewis made a motion to approve and was seconded by Ms. Smith. The motion **CARRIED** and Resolution **2022-19** was **ADOPTED**.

Secretary Brown recognized Bethany Couch to present **Resolution 2022-20**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING CAPITAL CONSTRUCTION PROJECTS AUTHORIZED BY THE 2022 REGULAR SESSION OF THE GENERAL ASSEMBLY WHERE SUCH PROJECTS WILL BE FINANCED BY THE ISSUANCE OF STATE PROPERTY AND BUILDINGS COMMISSION REVENUE BONDS OR BONDS ISSUED BY OTHER AUTHORIZED STATE DEBT-ISSUING AUTHORITIES.

Ms. Couch presented Resolution 2022-20 for the approval of Capital Construction projects authorized by H.R. 1 and H.R. 241 of the 2022 regular session. Projects from the project list for H.R. 241, Exhibit A, for the Transportation Cabinet were expenditures authorized in their budget bill. She stated that these were three aviation projects that are General Fund projects, but the Commonwealth will be reimbursed by the Aviation Fund. Ms. Couch stated that it is standard practice for staff to bring this reimbursement resolution for approval after a budget bill has been enacted. All projects in Exhibit A are covered under this resolution. Approval of this resolution will allow for all of the projects to move forward on their own time meaning, money can be advanced for these projects and once bonds are issued OFM will reimburse themselves from the bond proceeds. She stated a unique component to this resolution is a project from 2012 has been reintroduced. She asked only for the commission to reaffirm the approval of the project from State Property and Buildings Commission Resolution 2012-09, adopted on May 11, 2012, the Kentucky Drivers Licensing System project for the Transportation Cabinet from H.R. 2 of the 2012 extraordinary session. Expenditures are \$520,000 to date. The project will be Bond Funded once expenditures ramp up. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution **2022-20**. Mr. Ross made a motion to approve and was seconded by Director Hicks. The motion **CARRIED** and Resolution **2022-20** was **ADOPTED**.

Secretary Brown announces his retirement, effective August 1, 2022, and this would likely be his last time chairing a meeting of the commission. With no further business before the Commission, Secretary Brown asked for a motion to adjourn, Director Hicks made a motion and was seconded by all remaining members and the meeting adjourned at 1:46 PM.

Respectfully submitted,

Ryan Barrow

Ryan Barrow
Secretary

