

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
JULY 19, 2022
1:30 PM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Tuesday, July 19, 2022, at 1:30 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 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; Geri Grigsby, proxy for Secretary Holly Johnson, Finance and Administrative Cabinet (“FAC”); 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 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; David Carlsen, Kentucky Higher Education Student Loan Corporation (“KHESLC”); Justin Long, Kentucky Housing Corporation (“KHC”); Jordan Lloyd, KHC; Diane Beidleman, KHC; Diana Barber, Kentucky Higher Education Assistance Authority (“KHEAA”); and Robert Long, FAC.

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 June 22, 2022, meeting. A motion to accept the minutes of the June 22, 2022, meeting was made by Mr. Ross and seconded by Ms. Smith. There being no further discussion, the motion **CARRIED**.

Secretary Hicks recognized Melissa Perry to present **Resolution 2022-21**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF UNIVERSITY OF KENTUCKY GENERAL RECEIPTS BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$171,260,000.

Ms. Perry presented Resolution 2022-21 for the approval to issue the University of Kentucky General Receipts Bonds in an aggregate principal amount not to exceed \$171,260,000. Seeking approval for the full budgetary authorization, but as a practical matter this issuance will issue approximately \$98,000,000 in par as illustrated on the New Bond Issue Report. Bond proceeds will be used to finance the projects listed as "Asset Preservation Pool" and "Facilities Renewal and

Modernization Additional Reauthorization” in H.R. 1 of the 2022 Regular Session of the Kentucky General Assembly and to pay associated costs of issuance. University of Kentucky Board of Trustees approved this financing at their June 17, 2022, board meeting. This will be a 20-year financing with a final maturity of April 2042 and an estimated all in true interest cost of 4.50%. This is currently scheduled for August 16, 2022 and will be an 80% tax-exempt and 20% taxable competitive sale. The taxable component is in place to address any private business use that may arise in the buildings. The financing was included in OFM’s July submittal to Capital Projects and Bond Oversight Committee, which is scheduled to meet on Thursday, July 21st. Bond Counsel is Dinsmore & Shohl and Financial Advisor is Baird. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2022-21**. Mr. Lewis made a motion to approve and was seconded by Ms. Grigsby. The motion **CARRIED** and Resolution **2022-21** was **ADOPTED**.

Secretary Hicks recognized Billy Aldridge to present **Resolution 2022-22**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION (THE “CORPORATION”) OF STUDENT LOAN REVENUE BONDS PURSUANT TO ONE OR MORE INDENTURES OF TRUST, SUPPLEMENTS THERETO AND AUTHORIZING RESOLUTIONS OF THE CORPORATION, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$370,000,000, TO BE ISSUED AS ONE OR MORE SERIES AND AS ANY COMBINATION OF FIXED INTEREST RATE OR VARIABLE INTEREST RATE, SENIOR OR SUBORDINATE, FEDERALLY TAX-EXEMPT OR FEDERALLY TAXABLE AND PUBLICLY OFFERED OR PRIVATELY PLACED BONDS, THE AMENDMENT OF CERTAIN EXISTING INDENTURES OF TRUST SECURING OUTSTANDING BONDS AND THE ENTRY BY THE CORPORATION INTO ONE OR MORE NEW WORKING CAPITAL, WAREHOUSE OR BRIDGE FACILITIES OR THE AMENDMENT OF ONE OR MORE EXISTING SUCH LIQUIDITY FACILITIES.

Mr. Aldridge presented Resolution 2022-22 for the authorization for the issuance of Student Loan Revenue Bonds by KHESLC from one or more trust indentures of an aggregate principal amount not to exceed \$370,000,000 in one or more series. This resolution gives the Corporation the flexibility to address their financing needs by coordinating State level approvals with the KHESLC Executive Board authorization through the end of Fiscal Year 2023. The preliminary new bond issue report describes a potential FFELP financing for \$250,000,000 of the \$370,000,000 of requested authorization. The timing, size, and structure of the transactions is yet to be determined. Bond proceeds will be used to finance or refinance Federal Family Education Loan Program (“FFELP”) Student Loans and rehabilitated FFELP loans. The bonds will be sold prior to June 30, 2023. Assuming a single issuance, typical FFELP portfolio characteristics, and recent market conditions, the anticipated net interest rate is 4.3% over a term of 30 years. The financing was included in OFM’s recent submittal to Capital Projects and Bond Oversight Committee. The method of sale is anticipated to be negotiated or direct placement. Bond Counsel is Hawkins, Delafield & Wood. KHESLC’s Board of Directors authorized this financing July 15, 2021. Mr.

Aldridge stated KHESLC CFO, David Carlsen is available for any questions. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2022-22**. Mr. Lewis made a motion to approve and was seconded by Mr. Bowman. The motion **CARRIED** and Resolution **2022-22** was **ADOPTED**.

Secretary Hicks recognized Katie Smith to present **Resolution 2022-23**:

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 TODD COUNTY FISCAL COURT ON THE BEHALF OF NOVELIS CORPORATION FOR \$1,000,000.

Ms. Smith presented Resolution 2022-23 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to Todd County Fiscal Court on behalf of Novelis Corporation for \$1,000,000. Novelis Corporation operates an integrated network of technically advanced aluminum rolling and recycling facilities across North America, South America, Europe and Asia. Novelis is the leading producer of flat-rolled aluminum products and the world's largest recycler of aluminum as well as the world's leading supplier of aluminum sheet to the automotive industry. The company is considering the construction of a large sheet, ingot casting, shredding and recycling center to serve the automotive market. The proposed EDF grant funds will be used to offset the cost associated with this project. She explained in consideration of this EDF grant, Novelis Corporation will be required to make investment and create new full-time jobs, excluding contract or temporary employees, paying wages set forth in the provided compliance schedule. Ms. Smith explained under the terms of the EDB grant agreement, if Novelis Corporation fails to create or maintain 138 new, full-time jobs, then Novelis Corporation will be required to pay to the Todd County Fiscal Court the sum of \$1,812 for each new full-time job not created or maintained by the company at each of the four annual measurement dates. Furthermore, if Novelis Corporation fails to pay these jobs the average hourly wage of \$38.00, including benefits, it will be required to pay to the Todd County Fiscal Court a pro rata portion of the EDB grant based on a formula to be outlined in the EDB grant agreement. If the company closes, shuts down or ceases operation at any time during the term of the EDB agreement, then the entire amount of the grant will be due and payable to the Todd County Fiscal Court. She then explained that any funds repaid to the Todd County Fiscal Court by Novelis Corporation must be used for economic development purposes as approved by the Cabinet for Economic Development ("Cabinet"). In no event will the repayment of EDF grant proceeds exceed the EDF grant amount of \$1,000,000. Novelis Corporation will be required to provide a letter of credit or other form of collateral satisfactory to the Cabinet as security for the repayment of EDB grant proceeds to the Todd County Fiscal Court. Ms. Smith noted that CED staff recommends approval.

Secretary Hicks called for a motion to approve **Resolution 2022-23**. Mr. Ross made a motion to approve and was seconded by Mr. Bowman. The motion **CARRIED** and Resolution **2022-23** was **ADOPTED**.

Secretary Hicks recognized Katie Smith to present **Resolution 2022-24**:

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 BEREA ON BEHALF OF BEREA DEVELOPMENT CORPORATION, INC. DBA BEREA INDUSTRIAL DEVELOPMENT AUTHORITY FOR \$500,000.

Ms. Smith presented Resolution 2022-24 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the City of Berea on behalf of Berea Development Corporation, Inc. dba Berea Industrial Development Authority for \$500,000. She stated the City of Berea, in partnership with Berea Development Corporation, Inc. (dba Berea Industrial Development Authority) is seeking the construction of a 150,000 square foot pre-engineered pad, tree clearing for the lot and installation of a gravel road from Mayde Road to the proposed pad on track seven. 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 explained 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 staffs review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant. Ms. Smith noted that CED staff recommends approval.

Secretary Hicks called for a motion to approve **Resolution 2022-24**. Mr. Bowman made a motion to approve and was seconded by Ms. Grigsby. The motion **CARRIED** and Resolution **2022-24** was **ADOPTED**.

Secretary Hicks recognized Melissa Perry to present **Resolution 2022-25**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF HEALTHCARE FACILITIES REFUNDING REVENUE BONDS, SERIES 2022, CARMEL MANOR, INC. PROJECT (THE CARMELITE SYSTEM, INC. OBLIGATE GROUP GUARANTY) IN ONE OR MORE SERIES AND IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000 BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY.

Ms. Perry presented Resolution 2022-25 for the approval to issue Healthcare Facilities Refunding Revenue Bonds for the benefit of The Carmelite System, Inc. Obligated Group Guaranty in an aggregate principal amount not to exceed \$20,000,000. Bond proceeds will be used to refinance

the 2015 Bonds issued by KEDFA for the benefit of Carmel Manor which financed the acquisition, construction, renovation, relocation and equipping of long-term care, memory care and rehabilitation units, to fund any termination payment related to the interest swap related to the 2015 bonds and to pay costs of issuance. This project is expected to be a five-year financing with a final maturity date of April 1, 2027. This will be a negotiated sale, and pending approvals is currently scheduled for August 2, 2022. Delivery of the bonds is scheduled for August 16, 2022. KEDFA adopted a resolution on June 30, 2022, authorizing the financing. Bond Counsel is Ice Miller LLP. The bonds will not constitute a debt of KEDFA or the Commonwealth. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2022-25**. Mr. Bowman made a motion to approve and was seconded by Mr. Ross. The motion **CARRIED** and Resolution **2022-25** was **ADOPTED**.

Secretary Hicks recognized Billy Aldridge to present **Resolutions 2022-26, 2022-27, 2022-28, 2022-29, 2022-30 and 2022-31**:

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 \$22,000,000.

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 \$25,000,000.

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 \$31,000,000.

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 \$19,370,000.

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 \$17,500,000.

AND

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 \$8,500,000.

Mr. Aldridge stated the next six resolutions were for the Kentucky Housing Corporation multi-family housing revenue bonds conduit transactions. As conduit transactions, the aggregate principal amount, not to exceed \$123,370,000, will not be a KHC or Commonwealth's debt. He then requested that if the Commission wished to roll the resolutions into one motion, he could present the projects together. Otherwise, he would present each project individually. Secretary Hicks accepted his request to roll the resolutions into one motion and Mr. Aldridge continued with a summary of each project.

Crossings at South Park, Bond Resolution 2022-26 authorizing an amount not to exceed \$22,000,000. Proceeds will finance the acquisition, construction, and equipping of a multi-family residential rental facility of approximately 192 units located at 10511 West Manslick Road, Louisville, KY. The estimated total project cost is approximately \$41,000,000. The financing is scheduled for late summer 2022, with an anticipated net interest rate of 4.65% over a term of 18 years. The method of sale is private placement with Frost Brown Todd as bond counsel and Marian Development Group as the developer.

Gateway on Broadway, Bond Resolution 2022-27 authorizing an amount not to exceed \$25,000,000. Proceeds will finance the acquisition, rehabilitation, and equipping of a multi-family residential rental facility of approximately 116 units located at 1405 W. Broadway, Louisville, KY. The estimated total project cost is approximately \$46,000,000. The financing is scheduled for August 31, 2022, with an anticipated net interest rate of 4.75% over a term of 35 years. The method of sale is private placement with Dinsmore and Shohl as bond counsel and the Housing Partnership, Inc. as the developer.

Churchill Park, Bond Resolution 2022-28 authorizing an amount not to exceed \$31,000,000. Proceeds will finance the acquisition, rehabilitation, and equipping of a multi-family residential rental facility of approximately 248 units located at 2161 E 19th Street, Owensboro, KY. The estimated total project cost is approximately \$71,000,000. The financing is scheduled for August 31, 2022, with an anticipated net interest rate of 5% over a term of 18 years with a 40-year amortization. The method of sale is private placement with Dinsmore and Shohl as bond counsel and TCG Development Advisors as the developer.

Shawnee Park, Bond Resolution 2022-29 authorizing an amount not to exceed \$19,370,000. Proceeds will finance the acquisition, rehabilitation, and equipping of 26 multi-family residential rental facilities of approximately 177 units located in Jefferson County, KY. The estimated total project cost is approximately \$46,000,000. The financing is scheduled for August 31, 2022, with an anticipated net interest rate of 5.09% over a term of 40 years. The method of sale is private placement with Dinsmore and Shohl as bond counsel and Bywater Development Group as the developer.

The Path off Cane Run, Bond Resolution 2022-30 authorizing an amount not to exceed \$17,500,000. Proceeds will finance the acquisition, construction, and equipping of a multi-family residential rental facility of approximately 106 units located near 4516 and 4528 Cane Run Road, Louisville, KY. The estimated total project cost is approximately \$38,000,000. The financing is scheduled for August 31, 2022, with an anticipated net interest rate of 4.60% over a term of 40 years. The method of sale is private placement with Dinsmore and Shohl as bond counsel and LDG as the developer.

Yorktown Senior Housing, Bond Resolution 2022-31 authorizing an amount not to exceed \$8,500,000. Proceeds will finance the acquisition, rehabilitation, and equipping of two multi-family residential rental facilities of approximately 100 units located at 7200 and 7250 National Turnpike, Louisville, KY. The estimated total project cost is approximately \$21,000,000. The financing is scheduled for August 31, 2022, with an anticipated net interest rate of 6% over a term of 40 years. The method of sale is private placement with Dinsmore and Shohl as bond counsel and Allied Argenta as the developer. Staff recommends approval.

Secretary Hicks called for a motion to approve all six **Resolutions 2022-26, 2022-27, 2022-28, 2022-29, 2022-30 and 2022-31**. Mr. Bowman made a motion to approve and was seconded by Mr. Ross. The motion **CARRIED** and **Resolutions 2022-26, 2022-27, 2022-28, 2022-29, 2022-30 and 2022-31** were **ADOPTED**.

With no further business before the Commission, Secretary Hicks asked for a motion to adjourn, Mr. Bowman made a motion and was seconded by all remaining members and the meeting adjourned at 1:49 PM.

Respectfully submitted,

Ryan Barrow

Ryan Barrow
Secretary

