

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
AUGUST 17, 2023
11:00 AM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Thursday, August 17, 2023, at 11:00 AM 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 Geri Grigsby, proxy for Secretary Holly Johnson, Finance and Administrative Cabinet (“FAC”); Chris Lewis, proxy for Attorney General Daniel Cameron; Carla Wright, proxy for the Office of the State Budget Director (“OSBD”); Susan Rieber, permanent proxy for Lieutenant Governor and Vice-Chair to the Commission Jacqueline Coleman; 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; Billy Aldridge; Bethany Padgett; Kaitlin Craigmyle; Melissa Perry; Aubry McDonald; and intern Story Miller.

Other Guests Present: Brian Thomas, Executive Director, Office of General Counsel FAC; Kylee Palmer, Director of Program Administration, CED; Katherine Halloran, Committee Staff Administrator, Legislative Research Commission (“LRC”); Tom Midkiff, Financial Analyst, Kentucky Housing Corporation (“KHC”); Tracy Thurston, KHC; and Winston Miller, KHC.

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 July 21, 2023, meeting. A motion to accept the minutes of the July 21, 2023, meeting was made by Ms. Grigsby and seconded by Ms. Smith. There being no further discussion, the motion **CARRIED**.

Secretary Hicks recognized Kylee Palmer and Katie Smith to present **Resolutions 2023-41, 2023-42, 2023-43, 2023-44 and 2023-45**:

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 SOMERSET PULASKI ECONOMIC DEVELOPMENT AUTHORITY, INC. FOR \$1,580,662.

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 BRACKEN COUNTY FISCAL COURT ON BEHALF OF THE AUGUSTA-BROOKSVILLE BRACKEN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY FOR \$204,163.

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 FLEMING COUNTY FISCAL COURT ON BEHALF OF THE FLEMINGBURG-FLEMING COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY FOR \$366,570.

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 HOPKINS COUNTY FISCAL COURT ON BEHALF OF THE CITY OF MADISONVILLE FOR \$1,104,013.

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 MENIFEE COUNTY FISCAL COURT ON BEHALF OF THE MMRC REGIONAL INDUSTRIAL DEVELOPMENT AUTHORITY FOR \$148,578.

Ms. Smith stated the five Resolutions were for the approval of the Economic Development Revenue Bonds to be issued by the commission. She stated all 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. Smith presented Resolution 2023-41 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 for \$1,580,662. The City of Somerset on

behalf of the Somerset Pulaski Economic Development Authority is seeking to perform due diligence, infrastructure extensions, site preparation, and road improvements to attract industry.

Ms. Smith presented Resolution 2023-42 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Bracken County Fiscal Court on behalf of the Augusta-Brooksville-Bracken County Industrial Development Authority for \$204,163. The Bracken County Fiscal Court on behalf of the Augusta-Brooksville-Bracken County Industrial Development Authority is seeking to improve water lines on property within the Bracken County Industrial Park.

Ms. Smith presented Resolution 2023-43 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Fleming County Fiscal Court on behalf of the Flemingsburg-Fleming County Industrial Development Authority for \$366,570. The Fleming County Fiscal Court on behalf of Flemingsburg-Fleming County Industrial Development Authority will assist in site preparation of a Build Ready Pad and road improvements with Industrial Park. KU/LGE and FFCIA Funds will be used to provide match to the KPDI Funds.

Ms. Smith presented Resolution 2023-44 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Hopkins County Fiscal Court on behalf of the City of Madisonville for \$1,104,013. The Hopkins County Fiscal Court on behalf of the City of Madisonville is seeking to transform a 72-acre property on Rose Creek Road into the largest shovel-ready site in Hopkins County.

Ms. Smith presented Resolution 2023-45 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Menifee County Fiscal Court on behalf of the MMRC Regional Industrial Development Authority for \$148,578. The Menifee County Fiscal Court on behalf of the MMRC Regional Industrial Development Authority is seeking to infrastructure improvements to attract industry.

Ms. Smith noted that all the projects were recommended by Secretary Noel with concurrence by Secretary Johnson and were approved by CED at its meeting on July 27, 2023. CED staff respectfully recommends approval.

Secretary Hicks called for a motion to approve all five Resolutions **2023-41, 2023-42, 2023-43, 2023-44 and 2023-45**. Ms. Rieber made a motion to approve which was seconded by Ms. Wright. The motion **CARRIED** and Resolutions **2023-41, 2023-42, 2023-43, 2023-44 and 2023-45** were **ADOPTED**.

Secretary Hicks recognized Billy Aldridge to present **Resolution 2023-46**:

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 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$100,000,000.

Mr. Aldridge presented Resolution 2023-46 for the authorization of an issuance in an amount not to exceed \$100,000,000 of Kentucky Housing Corporation Single Family Mortgage Revenue Bonds in one or more Series. KHC's mission is to help provide mortgages and down payment assistance to first-time homebuyers in the Commonwealth. Historically KHC sold single family mortgage revenue bonds to help fund below market interest rate mortgages. Given the low interest rate during the past decade, the Corporation securitized or delivered whole loans to the secondary market to fulfill its affordable housing mission since 2011 rather than issuing mortgage revenue bonds. Current economic conditions: including rising interest rates, increased housing costs, and shortage of housing inventory, have prompted the return to the Corporation issuing mortgage revenue bonds. Proceeds of the bonds will be used to provide ongoing mortgage financing for first-time, low and moderate-income Kentucky homebuyers. The replacement refunding referenced in the new bond issue report is a method of preserving private activity volume cap by recycling mortgage repayments to make loans and simultaneously refunding bonds that would have otherwise been redeemed by such repayments. The proposed date of sale is September 6, 2023. The estimated total deposit to the Mortgage Purchase Account is \$101,500,000 and the anticipated net interest rate is 5.08% over a term of 30 years. The financing was included in OFM's submittal to Capital Projects and Bond Oversight Committee. The method of sale is negotiated with Citi as the Senior Managing Underwriter. Bond counsel is Kutak Rock. KHC Board of Directors approved the resolution for this issuance on July 27, 2023. 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. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2023-46**. Ms. Rieber made a motion to approve and was seconded by Ms. Grigsby. The motion **CARRIED** and Resolution **2023-46** was **ADOPTED**.

Secretary Hicks recognized Bethany Padgett to present **Resolution 2023-47**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS; 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 TO FINANCE CERTAIN PROJECTS 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.

Ms. Padgett presented Resolution 2023-47 for the authorization of an issuance in an amount not to exceed \$200,000,000 of State Property and Buildings Commission Revenue Bonds, Project No. 128. This issuance will provide permanent financing for up to \$200,000,000 of General Fund supported capital projects which were approved through various House Bills and Sessions as referenced in the Preliminary New Bond Issue Report. Proceeds of the bonds will be used for the cost of the project and to pay the costs of issuing the bonds. This will be a 20-year financing with a final maturity date of November 1, 2043, and an estimated all-in true interest cost of 4.156%. The project was included in OFM's submittal to Capital Projects and Bond Oversight Committee. The method of sale is negotiated, currently scheduled for October 11, 2023, to be executed by BofA Securities as underwriter. Bond Counsel is Kutak Rock. Staff recommends approval.

Secretary Hicks called for a motion to approve Resolution **2023-47**. Ms. Rieber made a motion to approve and was seconded by Ms. Wright. The motion **CARRIED** and Resolution **2023-47** was **ADOPTED**.

With no further business before the Commission, Secretary Hicks asked for a motion to adjourn, Ms. Smith made a motion and was seconded by all, and the meeting adjourned at 11:15 AM.

Respectfully submitted,

Ryan Barrow

Ryan Barrow
Secretary

