

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION
MINUTES
APRIL 12, 2022
3:00 PM

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Tuesday, April 12, 2022, at 3:00 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”), Robert Long, 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: Secretary Holly Johnson, Finance and Administration Cabinet (“FAC”), Korey Sallee, Legislative Research Commission (“LRC”), Carla Wright, Office of State Budget Director (“OSBD”), Samuel Thorner, Kentucky Housing Corporation (“KHC”); and Sharon Czerkiewicz.

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 March 10, 2022, meeting. A motion to accept the minutes of the March 10, 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 2022-05**:

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 GRAVES COUNTY FISCAL COURT FOR THE BENEFIT OF GRAVES COUNTY ECONOMIC DEVELOPMENT, INC FOR \$115,000.

Ms. Smith presented Resolution 2022-05 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Graves County Fiscal Court for the

benefit of Graves County Economic Development, Inc. for \$115,000. She stated Graves County Fiscal Court in partnership with Graves County Economic Development, Inc. is seeking to build 150,000 square foot pre-graded pad on 16 acres in the Hickory Industrial Park, including truck drive access. Graves County Economic Development, Inc. has committed general funds to match the EDF grant. This project is a potential infrastructure project identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development 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 **2022-05**. Mr. Bowman made a motion to approve and was seconded by Director Hicks. The motion **CARRIED** and Resolution **2022-05** was **ADOPTED**.

Secretary Brown recognized Katie Smith to present **Resolution 2022-06**:

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 SHELBY COUNTY FISCAL COURT FOR THE BENEFIT OF WIELAND NORTH AMERICA RECYCLING, LLC FOR \$500,000.

Ms. Smith presented Resolution 2022-06 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the Shelby County Fiscal Court for the benefit of Wieland North America Recycling, LLC for \$500,000. She stated Wieland North America Recycling, LLC is a subsidiary of Wieland North America, Inc., a leading manufacturer and converter of copper and copper-alloy sheet, strip, foil, tube and fabricated components in North America. The company will establish a new manufacturing facility in Shelbyville. The proposed EDF grant funds will be used to offset the capital investment costs associated with the project. In consideration of this EDF grant, Wieland North America Recycling, LLC will be required to make investment and create new, full-time jobs for employees subject to Kentucky individual income tax. Ms. Smith stated 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 Wieland North America Recycling, 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 \$833 for each new, full-time job not created or maintained by the company at each of the four annual measurement dates. Furthermore, if Wieland North America Recycling, LLC fails to pay these new jobs the average hourly wage of \$30.00, 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. She stated any funds repaid to the Shelby County Fiscal Court by Wieland North

America Recycling, 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 \$500,000. Staff recommends approval.

Secretary Brown called for a motion to approve Resolution **2022-06**. Mr. Bowman made a motion to approve and was seconded by Director Hicks. The motion **CARRIED** and Resolution **2022-06** was **ADOPTED**.

Secretary Brown recognized Katie Smith to present **Resolution 2022-07**:

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 BOWLING GREEN FOR THE BENEFIT OF INTER-MODAL TRANSPORTATION AUTHORITY, INC FOR \$500,000.

Ms. Smith presented Resolution 2022-07 for the approval of the Economic Development Revenue Bonds to be issued by the commission to make a grant to the City of Bowling Green for the benefit of Inter-Modal Transportation Authority, Inc. for \$500,000. She stated The City of Bowling Green in partnership with Inter-Modal Transportation Authority, Inc. is seeking to extend utilities to provide service to over 669 acres in the Kentucky Transpark. This project is a potential infrastructure project identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development 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 **2022-07**. Mr. Bowman made a motion to approve and was seconded by Director Hicks. The motion **CARRIED** and Resolution **2022-07** was **ADOPTED**.

Secretary Brown recognized Billy Aldridge to present **Resolution 2022-08**:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE INCURRENCE OF TAX-EXEMPT INDEBTNESS BY THE KENTUCKY HOUSING CORPORATION IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000.

Mr. Aldridge presented Resolution 2022-08 for the authorization of a conduit issuance in an amount not to exceed \$10,000,000 of Kentucky Housing Corporation Multifamily Revenue Bonds

in one or more series. Proceeds of the bonds will be used to finance the acquisition, rehabilitation, and equipping of a multifamily residential rental facility of approximately 150 units located at 200 Douglas Parkway, Pikeville, Kentucky. The proposed date of sale is June 15th. The estimated total project cost is approximately \$18.5 million. The anticipated true interest rate is 4.08% over a term of 17-years with a 35-year amortization. These preliminary numbers are estimates based on recent market conditions. The financing was included in OFM's April submittal to Capital Projects and Bond Oversight Committee, scheduled to meet tomorrow, April 13th. The method of sale is direct placement. Bond counsel is Sites and Harbison, PLLC, and the developer is Heritage Housing, Inc. KHC Board of Directors approved the inducement resolution for this project on August 27, 2020. 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 **2022-08**. Mr. Ross made a motion to approve and was seconded by Ms. Smith. The motion **CARRIED** and Resolution **2022-08** was **ADOPTED**.

Secretary Brown recognized Billy Aldridge to present **Resolution 2022-09**:

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 \$43,000,000.

Mr. Aldridge presented Resolution 2022-09 for the authorization of a conduit issuance in an amount not to exceed \$43,000,000 of Kentucky Housing Corporation Multifamily Revenue Bonds in one or more series. Proceeds of the bonds will be used to finance the acquisition, construction, and equipping of a multifamily residential rental facility of approximately 280 units located at 2929 Magazine Street, Louisville, Kentucky. The proposed date of sale is summer 2022. The estimated total project cost is approximately \$73.7 million. The anticipated true interest rate is 4.05% over a term of 40-years. The preliminary numbers are estimates based on recent market conditions. The financing was included in OFM's submittal to Capital Projects and Bond Oversight Committee. The method of sale is private placement. Bond counsel is Frost Brown Todd, LLC, and the developer is LDG Development. KHC Board of Directors approved the inducement resolution for this project on August 26, 2021. As a conduit transaction, the bonds will not be a KHC or Commonwealth debt. Staff recommends approval.

Director Hicks presented a question asking what the Tax-Exempt Bridge Bond redemption of the -\$8.5 million is. Mr. Aldridge explained that after financing of the construction, \$8.5 million of bonds will be redeemed. During construction the funds are used as bridge financing, until construction is complete, and the units are rented out.

Secretary Brown called for a motion to approve Resolution **2022-09**. Director Hicks made a motion to approve and was seconded by Mr. Bowman. The motion **CARRIED** and Resolution **2022-09** 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 3:13 PM.

Respectfully submitted,

Ryan Barrow

Ryan Barrow
Secretary

