

NEW BOND ISSUE REPORT

Name of Bond Issue:	Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (McDeane Apartments Project), Series 2019
Purpose of Issue:	The bonds will be used to finance the acquisition, construction and equipping of the McDeane Apartments Project, a one hundred and ninety eight unit property located at 5618 McDeane Road, Louisville, Kentucky 40216. The Kentucky Housing Corporation has conducted a public hearing concerning the proposed project on March 28, 2019 following the delivery of notice to the public on or prior to March 13, 2019.
Name of Project:	McDeane Apartments Project
Date of Sale:	May 25, 2019
Date of Issuance:	May 25, 2019
Anticipated Ratings:	Moody's (Aaa)
Anticipated Net Proceeds:	\$18,500,000
Cost of Issuance:	See Exhibit A attached (costs of issuance paid from owner equity)
Debt Service Reserve Fund:	\$0, but a \$897,619 operating reserve and \$100,000 lease up reserve will be funded from equity.
Insurance Premium:	N/A
Total Project Cost:	\$32,564,299
Term:	20 years
Net Interest Rate:	4.50%
Average Debt Service:	\$1,023,038
Gross Debt Service:	\$20,460,760
First Call Date:	May 2024
Premium at First Call:	No premium
Method of Sale:	Public Offering
Bond Counsel:	Dinsmore & Shohl LLP
Financial Advisor:	N/A
Underwriter Counsel:	Tiber Hudson, LLC
Underwriter:	OREC Securities, LLC (formerly, RED Capital Markets, LLC)
Trustee:	The Huntington National Bank
Developer:	Winterwood Development, LLC

Exhibit A

Project Funding Sources:

Fannie Mae Loan (M-TEB)	\$ 18,500,000
Tax Credit Proceeds	8,069,602
LAHTF Trust Funds	2,000,000
Reimbursement of COI (Fannie Mae)	135,000
Deferred Developer Fee	<u>3,859,697</u>
TOTAL	\$ 32,564,299

Costs of Issuance:

OREC Underwriting Fee	\$ 180,000
Underwriter Counsel	65,000
Bond Counsel	70,000
Fannie Mae Bond Counsel	35,000
KHC Issuer Counsel	18,000
KHC Issuer Fee	45,000
KHC Annual Fee	45,000
KHC Admin Fee	5,000
Bond Clearance (DTC, CUSIP)	5,000
Rating Agency	13,000
Trustee Fees	15,000
Misc/Contingency	<u>5,000</u>
TOTAL	\$ 501,000



Winterwood Inc. was founded in 1979 with 115 units under management. Over the past 39+ years we have grown to manage more than 9,000 units in Kentucky, Tennessee, West Virginia and Indiana. The dedication to safe and affordable housing along with our passion for hard work has made us the outstanding Management and Development Company we are today.

Property Types under Management

- HUD Insured
- Conventional financed
- Rural Development 515
- Public Housing
- BMIR
- 221 d(4)
- LIHTC financed properties under IRS Code 42

Achievements and Recognition

HUD, Lifetime Achievement Award, 2008

CAHEC, Outstanding Property Management Company, 2009

2015, 2016, 2017 & 2018 *Best Places to Work in Kentucky*

Management Statistics

225 Properties Managed

1395 Elderly Units Managed

7247 Family Units Managed

3855 Rental Assisted Units Managed

22 year average length of management for properties

98% retention rate of properties

90% of reviews rated 'Above Average' by Government standards

94% average occupancy rate.



Areas of Expertise

Accounting

Two Certified Public Accountants on the Accounting Team
Process monthly financial statements for in excess of 200 entities
Prepare financial statements for RD and HUD and Housing Agencies that are mirrored after those agency's required reports
Maintain a full receivable and payable system for all properties under management
Complete the budgets each year for 200+ entities

Affordable Housing Development

Bond Transactions: 19 Properties 891 Units	\$73,400,000.00
USDA MPR Transaction: 12 Properties 332 Units	\$8,400,000.00
Tax Credit Transactions: 16 Properties 498 Units	\$52,000,000.00
Total Development in the past 9 Years:	\$134,000,000.00
Total Development Units in the past 9 Years:	1,721

Property Maintenance and REAC Prep

Over 700 Inspections completed
Over 300 REAC Inspections completed
Maintaining a 90% + Average on all Inspection Scores
Train 150 Techs yearly to maintain Properties

Compliance

In the last year 78 file reviews of which 68 received a Superior rating. That indicates no file findings. The remaining 10 scored an Above Average.

15,950 files were reviewed and approved

Monitor HOME, Tax Credit, HUD, PHA, Smal, AHTF, Risk Sharing, Tax Exempt Bonds and Rural Development property types.

Created a central location/process for all managers to locate forms, income/rent limits, manuals, processes and procedures.

Conduct training's for various types of affordable housing across a vast portfolio.

Human Resources

Excellence in processes and procedures in accordance with governmental laws and partner with Third Party Administrators to meet these requirements.



Employee Benefits, Payroll and Taxes, Employee Relations and Recruiting for 365 employees in KY, IN, WV and TN.

IT/TRAINING

Established a learning management program which fosters fun, fast paced courses designed for our employees' personal growth and professional development.

Provide one-on-one mentoring and training to equip every employee with the skills and knowledge to conduct business in a fair, effective manner which enables us to give our residents the quality housing they deserve while protecting our owners investments.

Created an immense library of standard operating procedures, forms and valuable learning tools for our employees to access and refer to as needed

Migrating projects, data bases and business tools to a Google cloud platform for continuous work flow, flexibility and security of our information for employees and clients



MATTHEW G. BEVIN
Governor

Commonwealth of Kentucky
FINANCE AND ADMINISTRATION CABINET
Office of Financial Management
702 Capital Avenue
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WILLIAM M. LANDRUM III
Secretary

RYAN BARROW
Executive Director

March 15, 2019

William E. Summers, V
Chairman
Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601-6191

Dear Chairman Summers:

This letter will advise that the Office of Financial Management ("OFM") of the Finance and Administration Cabinet has reviewed and is hereby approving the issuance of the Kentucky Housing Corporation Multifamily Housing Revenue Bonds (Beecher Phase 1 Project), Series 2019 in a principal amount of \$15,500,000 (the "Bonds"). The Bonds, by their terms, provide that payment of principal and interest thereon are not an obligation of the Commonwealth of Kentucky or its departments or agencies.

Pursuant to OAG 83-453, OFM has restricted its review and approval process to reviewing certain documents incidental to the issue and to obtaining assurance that the documents include language which provides that the Bonds and interest thereon shall not be deemed to constitute a debt, liability or obligation of the Kentucky Housing Corporation ("KHC") or the Commonwealth of Kentucky or any political subdivision thereof. OFM notes that the material was submitted to the Capital Projects and Bond Oversight Committee for review at the meeting scheduled for May 15, 2018. The meeting was cancelled, therefore the Secretary of the Finance and Administration Cabinet decided to proceed with the transaction in a letter to the Committee dated May 17, 2018. The attached includes a finalized listing of costs related to the issuance of the Bonds pursuant to KRS 45.816.

Sincerely,

Ryan Barrow
Executive Director

Attachments

FINAL BOND ISSUE REPORT

Name of Bond Issue: Short-Term Bond: Kentucky Housing Corporation Multifamily Housing Revenue Bonds, Series 2019; and
Long-Term Bond: Kentucky Housing Corporation Multifamily Mortgage-Backed Bonds, Series 2019

Purpose of Issue: The bonds will be used to finance the acquisition, rehabilitation and equipping of the Beecher Phase I Project, a one hundred and seventeen unit property located at 434 S. 10th Street, Louisville, Kentucky 40203. The Kentucky Housing Corporation has conducted a public hearing concerning the proposed project on May 7, 2018 following the delivery of notice to the public on April 22, 2018. A second public hearing occurred on February 2, 2019 following at least fourteen days of prior public notice.

Name of Project: Beecher Phase I Apartments

Date of Sale: February 28, 2019

Date of Issuance: March 5, 2019

Net Proceeds: \$15,500,000

Cost of Issuance: See Exhibit A attached (costs of issuance paid from owner equity)

Debt Service Reserve Fund: \$0, but a \$463,000 operating reserve and \$335,000 lease up reserve will be funded from equity.

Total Project Cost: \$45,040,939

	<u>Short-Term</u>	<u>Long-Term</u>
Ratings:	MIG1 (Moody's)	Aaa (Moody's)
Net Interest Rate:	2.00%	3.59%
Term:	March 1, 2022	March 1, 2040
Average Debt Service:	\$124,800	\$112,032
Gross Debt Service:	\$621,227	\$2,085,547

First Call Date: March 1, 2021

Method of Sale: Public Offering

Bond Counsel: Dinsmore & Shohl LLP

Underwriter: OREC Securities, LLC

Underwriter Counsel: Tiber Hudson, LLC

Trustee: The Huntington National Bank

Exhibit A

Project Funding Sources:

Proceeds of the Bonds	\$ 12,480,000
Proceeds of the Long-Term Bonds	3,020,000
Tax Credit Equity	11,826,000
LMHA Subordinate Loan	17,380,839
Deferred Developer Fee	334,000
GP Equity	<u>100</u>
TOTAL	\$ 45,040,939

Costs of Issuance:

Underwriting Fee	\$ 93,000
Underwriter's Counsel	65,000
Bond Counsel	70,000
Fannie Mae Counsel	35,000
KHC Admin Fee	5,000
KHC Issuer Fee	38,750
KHC Annual Fee	38,750
KHC Issuer Counsel	12,500
Bond Clearance	3,600
Rating Agency	18,500
Trustee Fees	<u>20,000</u>
TOTAL	\$ 400,100