



Commonwealth of Kentucky
Finance and Administration Cabinet
OFFICE OF FINANCIAL MANAGEMENT

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Andy Beshear
Governor

Holly M. Johnson
Secretary

Ryan Barrow
Executive Director

June 2, 2021

M. B. Denham Jr.
Board Chair
Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601-6191

Dear Board Chair Denham:

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 (The Alcove at Russell), Series 2021 in a principal amount of \$30,000,000 (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 approval of this issue by the Capital Projects and Bond Oversight Committee (“CPBO”) occurred on March 15, 2021. The attached includes a finalized listing of costs related to the issuance of the Bonds pursuant to KRS 45.816.

Sincerely,

Ryan Barrow

Ryan Barrow
Executive Director

Attachments

FINAL BOND ISSUE REPORT

BOND ISSUE

Name of Bond Issue:	Kentucky Housing Corporation Conduit Revenue Bonds (The Alcove at Russell), Series 2021		
Purpose of Issue:	The bonds will be used to finance the acquisition, Construction and equipping of the The Alcove at Russell, a multifamily residential rental facility consisting of two hundred and forty (202) units, located at 1975 Russell Cave Road, Lexington, Kentucky 40511. The Kentucky Housing Corporation has conducted a public hearing concerning the proposed project on March 12, 2021 following the delivery of notice to the public at least seven day prior to such hearing.		
Name of Project:	The Alcove at Russell		
Date of Sale:	May 27, 2021		
Date of Issuance:	May 27, 2021		
Ratings:	Private Placement		
Proceeds:	\$30,000,000		
Cost of Issuance:	See Exhibit A attached (costs of issuance paid from owner equity)		
Bond Discount:	\$0		
Debt Service Reserve Fund:	\$0, but a \$1,074,406 operating reserve will be funded from equity.		
Insurance Premium:	N/A		
Total Project Cost:	\$56,696,339		
Terms of Issue:	Net interest rate:	4.31%	
	Term:	May 1, 2061 (480 months)	
	Average debt service:	\$1,443,005.966	
	Gross debt service:	\$57,720,238.64*	
First Call Date:	May 1, 2025		
Premium at First Call:	No premium		
Method of Sale:	Private Placement		
Bond Counsel:	Dinsmore & Shohl LLP		
Underwriter Counsel:	N/A		
Financial Advisor:	N/A		
Bond Purchaser:	R4 Capital Funding (or a designated affiliate)		
Trustee:	Huntington National Bank		

* The amortization schedule provides for interest only through May 1, 2025, requires the principal reduction of \$7,850,000 on June 1, 2024 and the payment of \$4,346,130.84 on the Maturity Date. The principal reduction is paid with tax credit equity.

Exhibit A

Project Funding Sources:

KHC Tax-Exempt Bonds	\$30,000,000
Tax Credit Equity	\$17,820,000
Lexington AHTF	\$1,250,000
Taxable Bridge Note	\$2,000,000
Pre-Stabilization NOI	\$706,984
Deferred Developer Fee	<u>\$4,919,355</u>
	\$56,696,339

Costs of Issuance:

KHC Annual Issuer Fee	\$75,000
KHC Counsel	\$22,500
KHC Bond Issuance Financing Fee	\$150,000
KHC Application Fee & Expenses	\$3,500
KHC Admin Fee	\$5,000
Bond Counsel	\$96,000
Trustee Counsel	\$5,000
Bond Purchaser's Counsel	\$85,000
TEFRA/Publication/Print	<u>\$5,000</u>
	\$447,000