

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

December 14, 2023

Call to Order and Roll Call

The December meeting of the Capital Projects and Bond Oversight Committee was held on December 14, 2023, at 3:00 PM in Room 131 of the Capitol Annex. Representative Deanna Frazier Gordon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Deanna Frazier Gordon Co-Chair; Senator Rick Girdler Co-Chair; Senators Shelley Funke Frommeyer, Jason Howell, and Robin L. Webb; Representatives Keturah Herron, Jason Petrie, and Walker Thomas.

Guests: Elizabeth Baker, Senior Director, Strategic Capital Planning and Legislative Analysis, University Budget Office, University of Kentucky; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Cabinet for Economic Development; Kylee Palmer, Director of Program Administration, Department for Financial Services; and, Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Savannah Wiley, and Spring Emerson.

Approval of Minutes

Co-Chair Girdler moved to approve the minutes of the November 15, 2023 meeting. The motion was seconded by Representative Thomas, and the minutes were approved without objection.

Information Items

Ms. Halloran provided a summary of the information items. Pursuant to KRS 45.760(5), the University of Kentucky reported a \$363,700 National Science Foundation federally funded purchase of research equipment for the Chemistry-Physics Building. Pursuant to KRS 45.812(1), through its fiscal agent, the Bourbon County school district, which did not need an additional tax levy to pay debt service, reported an upcoming debt issue. Pursuant to House Bill 1, Eastern Kentucky University and Northern Kentucky University reported cost revisions to some of their asset preservation projects.

Lease Report from the Postsecondary Institutions - University of Kentucky

Ms. Baker provided information on three new leases, which included the UK HealthCare Markey Cancer Center at Lexington Clinic, Madison County, PR-8538; UK HealthCare Frankfort Primary Care and Clinical Services, Franklin County, PR-8560; and, UK Philanthropy and Alumni Engagement Office, Fayette County, PR-8557. She also presented the Lease Modification of at Least \$50,000 (Square Footage Increase) - UK HealthCare Barnstable Brown Diabetes Center, Fayette County, PR-8465.

In response to a question from Senator Funke Frommeyer, Ms. Baker said rental rates, particularly for clinical space, are not dropping for leased space in Fayette County. Senator Funke Frommeyer noted the decreased demand for office space.

Senator Howell moved to approve the four UK lease transactions. The motion was seconded by Senator Webb, and they were approved without objection by unanimous roll call vote.

Project Report from the Finance and Administration Cabinet

Ms. Tomes provided information for the Action Item - Appropriation Increase - Postsecondary Education, Kentucky Community and Technical College System, Upgrade Welding Shop - Big Sandy CTC - Mayo Campus.

Senator Webb moved to approve the appropriation increase. The motion was seconded by Senator Howell, and the increase was approved without objection by unanimous roll call vote.

Ms. Tomes also presented information for two projects requiring no action, which were Pool Allocation - Tourism, Arts and Heritage Cabinet, Department of Fish and Wildlife Resources, Fees-in-Lieu of Stream Mitigation Pool, FILO – Harrison Fork and Emergency Repair, Maintenance, or Replacement Project - General Government Cabinet, Kentucky Department of Veterans' Affairs, Radcliff Veterans Center – Emergency Nurse Call System Replacement. There were no questions and no action was required.

Lease Report from the Finance and Administration Cabinet

Ms. Brawner provided information on the Action Item - Lease Modification of at Least \$50,000 - Square Footage Increase - Transportation Cabinet, Department of Highways, Jefferson County, PR-3974, which required action. There were no questions, and Co-Chair Girdler moved to approve the lease modification. The motion was seconded by Senator Howell, and the lease modification was approved by unanimous roll call vote.

Ms. Brawner also provided information on Lease Modifications Under \$50,000 (Amortization of Improvements) - Justice and Public Safety Cabinet, which required no action. They included Department of Corrections, Franklin County, PR-3583, and Department of Public Advocacy, Hopkins County, PR-5792. There were no questions and no action was required.

Report from the Office of Financial Management

Ms. Williams provided information for two loans and thirteen Cleaner Water Program grants. Senator Funke Frommeyer moved to roll them into one roll call vote. The motion was seconded by Senator Howell, and the votes were rolled into one.

The loans included Clean Water State Revolving Fund (Fund A) Program Loan - Louisville and Jefferson County Metropolitan Sewer District (Jefferson County), A23-007 and Water Management Assistance Fund Program Loan - Martin County Water District, B324-001.

The Cleaner Water Program Grants included Round One (Senate Bill 36) - Sewer (Two - County Pool Reallocations; Round One (Senate Bill 36) - Water (Two - County Pool Reallocations); Round Two (House Bill 1) - Sewer (Three - Supplemental Pool and One - County Pool Reallocations); Round Two (House Bill 1) - Water (Three - Supplemental Pool and Two - County Pool Reallocations).

Senator Webb expressed her appreciation for what the Kentucky Infrastructure Authority has been able to accomplish in Martin County.

In response to a question from Senator Funke Frommeyer, Ms. Williams referenced the Environmental Protection Agency's Lead and Copper Revised Rule implementation and said that additional federal funding was appropriated through the Drinking Water State Revolving Fund for lead service line replacement loans which required no state match.

Senator Howell moved to approve the fifteen Kentucky Infrastructure Authority (KIA) loans and grants. Senator Webb seconded the motion, and the KIA projects were approved without objection by unanimous roll call vote.

Ms. Smith and Ms. Palmer provided information on eight Economic Development Fund (EDF) grants. Senator Howell moved to roll the eight grants into one roll call vote. The motion was seconded by Co-Chair Girdler, and the votes were rolled into one.

The EDF grants included the City of Bowling Green on behalf of the Inter-Modal Transportation Authority; the City of Hopkinsville on behalf of Toyota Boshoku America; the City of Morgantown on behalf of the City of Morgantown Industrial Holding Corporation; the Boone County Fiscal Court on behalf of the Kenton County Airport Board; the Fulton County Fiscal Court on behalf of the Fulton County Industrial Development Authority; the Louisville-Jefferson County Metro Government on behalf of Stellar Snacks; the Owen County Fiscal Court on behalf of the Owen County Industrial Development Corporation; and, the Powell County Fiscal Court on behalf of the Powell County Industrial Development Authority.

Representative Herron commented that Stellar Snacks coming to Louisville is an exciting venture and will be a big help to the community that she represents.

There being no questions, Senator Howell moved to approve the EDF grants. The motion was seconded by Co-Chair Girdler, and the grants were approved without objection by unanimous roll call vote.

Mr. Barrow provided information for three new debt issues as well as two school district debt issues with SFCC participation requiring action, and a prior debt issue requiring no action. Senator Howell moved to roll the three new debt issues into one roll call vote. The motion was seconded by Senator Funke Frommeyer, and the votes were rolled into one.

The three new debt issues included University of Kentucky General Receipts Bonds, Series 2024 B and Taxable 2024 C; Kentucky Housing Corporation Single Family Mortgage Revenue Bonds, 2024 Series A and Taxable 2024 Series B; and, State Property and Buildings Commission Agency Fund Revenue Refunding Bonds, Project No 129. There being no questions, Senator Howell moved to approve the three new debt issues. The motion was seconded by Senator Webb, and the debt issues were approved without objection by unanimous roll call vote.

Mr. Barrow provided information on Previous Debt Issue - State Property and Buildings Commission Revenue Bonds, Project No. 128 Series A, for which no action was required.

Mr. Barrow also provided information on Action Item - School District Debt Issues with School Facilities Construction Commission Debt Service participation - New Projects, which included

Campbell County and Green County. There being no questions, Co-Chair Girdler moved to approve the two new debt issues. The motion was seconded by Senator Funke Frommeyer, and the two debt issues were approved without objection by unanimous roll call vote.

Adjournment

There being no further business, the meeting was adjourned at 3:47 PM.