

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

October 15, 2024

Call to Order and Roll Call

The October meeting of the Capital Projects and Bond Oversight Committee was held on October 15, 2024, at 3:00 PM in Room 131 of the Capitol Annex. Senator Rick Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Elizabeth Baker, 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; and, Chelsey Couch, Executive Director, Office of Financial Management.

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

Information Items

Ms. Halloran presented the Information Items as follows: A. KRS 26A.168(1), KRS 45.793, and KRS 45.818 Quarterly Capital Projects Status Reports; B. KRS 45.760(5) Postsecondary Medical, Scientific, or Research Equipment Purchases - University of Louisville; C. KRS 45.760(9) Annual Capital Projects Reports; D. KRS 45.810(6) Annual Report of Outstanding Debt; E. School District Debt Issues - New Projects, including 1. General Obligation Bonds for Oldham County and Taylor County, and 2. KRS 45.812(1) Revenue Bonds - Danville Independent (Boyle County); F. KRS 45A.077(6) Postsecondary Notice of Intent to use Public-Private Partnership (P3) Project Delivery Method and Project Authorization Consolidation - University of Kentucky, Utilities Infrastructure Improvements; G. KRS 45A.860(3) Reports from the Auditor of Public Accounts; H. KRS 48.111(6)(a) Notice of Advertisement for Leased Space; I. KRS 56.823(11)(a) Space Lease Modification Under \$50,000; J. KRS 56.863(11) Semi-Annual Report of the Kentucky Asset/Liability Commission; K. House Bills 1 and 6 Postsecondary Education Asset Preservation Pool Projects and Project Revisions, including 1. Eastern Kentucky University, and 2. Northern Kentucky University; and, L. Project Authorization Consolidation - University of Kentucky, Construct Meat Facility and Food Development Center.

Approval of Minutes

Senator Howell moved to approve the minutes of the September 26, 2024 meeting. The motion was seconded by Representative Thomas, and the minutes were approved by voice vote without objection.

Lease Report from the Postsecondary Institutions

Ms. Baker presented the Lease Report from the Postsecondary Institutions - University of Kentucky - New Lease - UK HealthCare, Fayette County, PR-8543. There being no questions, Senator Howell moved to approve the new lease. The motion was seconded by Senator Webb, and the lease was approved without objection by unanimous roll call vote.

Project Report from the Finance and Administration Cabinet

Ms. Tomes presented information on three items requiring action and four items requiring no action. Senator Funke Frommeyer moved to roll the three action items into one roll call vote. The motion was seconded by Senator Howell, and the votes were rolled into one without objection.

The action items included 1. New Project - Transportation Cabinet, Department of Highways, Clark County Eastbound Rest Area Remodel; 2. New Project (Amendment) - General Government Cabinet, Department of Military Affairs, Ashland Readiness Center Envelope Renovation; and, 3. Appropriation Increase - General Government Cabinet, Department of Veterans Affairs, Replace Heating and Cooling Systems - Western Kentucky Veterans Center. There being no questions, Senator Webb moved to approve the three action items. Senator Howell seconded the motion, and they were approved without objection by unanimous roll call vote.

Ms. Tomes also presented information on four items requiring no action, which included Pool Projects for 1. Cabinet for Health and Family Services, Behavioral Health, Developmental and Intellectual Disabilities (General Administration and Program Support Maintenance Pool - 2024-2026) for a. Outwood Replace Cottage Air Handlers and RLC Chiller, and b. Western State Hospital - HVAC Repairs and Patient Safety Enhancements, Phase II; 2. Postsecondary Education, Kentucky Community and Technical College System (Asset Preservation Pool - 2022-2024), Chiller Replacement - Big Sandy Community and Technical College, Pikeville; and, 3. Tourism, Arts, and Heritage Cabinet, Department of Parks (House Bill 268 Wastewater Treatment and Infrastructure Upgrades Pool), Lake Barkley Wastewater and Infrastructure Upgrades Phase II.

Lease Report from the Finance and Administration Cabinet

Ms. Brawner presented information on a new lease for the Cabinet for Health and Family Services, Department for Community Based Services, PR-5775, requiring action. There

being no questions, Senator Howell moved to approve the new lease. The motion was seconded by Senator Webb, and the lease was approved without objection by unanimous roll call vote.

Report from the Office of Financial Management

Kentucky Infrastructure Authority (KIA) - Ms. Williams presented information on two loans and twenty-six grants requiring action and thirty-six line-item grants requiring no action. Senator Howell moved to roll the twenty-eight action items into one roll call vote. The motion was seconded by Senator Webb, and the votes were rolled into one without objection.

The action items included 1. Clean Water State Revolving Fund (Fund A) Program Loan - City of Shepherdsville (Bullitt County), A24-021S; 2. Drinking Water State Revolving Fund (Fund F) Program Loan - Logan-Todd Regional Water Commission (Todd County), F25-010S; 3. Kentucky Water and Wastewater Assistance for Troubled or Economically Restrained Systems (Fund W) Program Grant - City of Marion (Crittenden County), W25-002E; 4. Cleaner Water Program Grants for a. Round One (Senate Bill 36 - 2021 Regular Session - Sewer (Three - Supplemental Pool); b. Round One (Senate Bill 36 - 2021 Regular Session - Water (Five - Supplemental Pool/One - County Pool Reallocation); c. Round Two (House Bill 1 - 2022 Regular Session) - Sewer (Seven - Supplemental Pool); d. Round Two (House Bill 1 - 2022 Regular Session) - Water (Six - Supplemental Pool/Two - County Pool Reallocations; and, 5. East Kentucky State Aid Funding for Emergencies (House Bill 1 - 2022 Extraordinary Session) Grant - Water.

In response to a question from Representative Petrie regarding the project in Crittenden County, Ms. Williams said it uses a multi-step process which includes the regional consolidation of several systems. That regional solution could solve several water supply issues in that area and is on track.

There being no further questions, Co-Chair Frazier Gordon moved to approve the twenty-eight KIA transactions. The motion was seconded by Senator Howell, and the KIA transactions were approved without objection by unanimous roll call vote.

Ms. Williams presented information on thirty-six House Bill 1 (2024 Regular Session) Line-Item Grants, including eleven for sewer and twenty-five for water. In response to a question from Senator Funke Frommeyer regarding evaluation of State Revolving Fund loan rates, Ms. Williams said the average residential monthly bill is based upon four thousand gallons. That is used to calculate the affordability index, based on median household income of the service area of the utility. Ms. Williams added that the KIA works with the communities to make sure the rates being charged are sufficient to repay the loans.

Office of Financial Management (OFM) - New Debt Issues - Ms. Couch presented information on two new debt issues requiring action. Senator Howell moved to roll two new debt issues into one roll call vote. The motion was seconded by Senator Webb, and the votes were rolled into one. The debt issues included 1. Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Winterwood III Rural Housing Portfolio), Series 2024; and, 2. Western Kentucky University General Receipts Bonds, 2024 Series A, and General Receipts Refunding Bonds, 2024 Series B.

Senator Howell moved to approve the two new debt issues. The motion was seconded by Senator Webb, and the two new debt issues were approved without objection by unanimous roll call vote.

Office of Financial Management (OFM) - Bonds - Ms. Couch presented information on four new projects with School Facilities Construction Commission (SFCC) participation, requiring action. Senator Funke Frommeyer moved to roll the four new SFCC projects into one roll call vote. The motion was seconded by Senator Howell, and the new projects were rolled into one vote without objection.

The projects were 1. General Obligation Bonds for Hardin, Shelby, and Webster Counties; and, 2. Lease Revenue Bonds for Middlesboro Independent (Bell County).

There being no questions, Senator Howell moved to approve the four SFCC debt issues. The motion was seconded by Senator Webb, and the debt issues were approved without objection by unanimous roll call vote.

Next Meeting Date

The next meeting is scheduled for Tuesday, November 19, 2024, at 3:00 PM in room 113 of the Capitol Annex.

Adjournment

There being no further business before the committee, the meeting was adjourned at 3:42 PM.