

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

June 24, 2025

Call to Order and Roll Call

The June meeting of the Capital Projects and Bond Oversight Committee was held on June 24, 2025, at 1:00 PM in Room 131 of the Capitol Annex. Representative Shawn McPherson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Shawn McPherson Co-Chair; Senator Shelley Funke Frommeyer Co-Chair; Senators Rick Girdler, Scott Madon, and Reginald L. Thomas; Representatives Jason Petrie, Sarah Stalker, and Walker Thomas.

Guests: Representative Jason Nemes; Brad Kilby, CEO, Accelecom Holdings; Doug Hendrix, Executive Director, Kentucky Communications Network Authority (KCNA); Adam Adkins, General Counsel, KCNA; 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; Scott Baker, Executive Director, Office of Facility Development and Efficiency, Finance and Administration Cabinet; Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services; Milward Dedman, Deputy Executive Director, Kentucky Infrastructure Authority; Chelsey Couch, Executive Director, Office of Financial Management; Terry Helton, Managing Director, Multifamily Programs, Kentucky Housing Corporation (KHC); Wendy Smith, Deputy Executive Director of Housing Programs, KHC; and, Bond Counsel Lewis Diaz, Partner, Dinsmore and Shohl, LLP.

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

Chair McPherson welcomed the newest member of the committee, Senator Reginald Thomas.

Approval of Minutes

Co-Chair Funke Frommeyer moved to approve the minutes of the May 19, 2025 meeting. The motion was seconded by Representative Stalker, and the minutes were approved without objection by voice vote.

Correspondence and Information Items

Ms. Halloran presented the Information Items as A. KRS 45.760(5) Postsecondary Research

Committee meeting materials may be accessed online at <https://apps.legislature.ky.gov/CommitteeDocuments/13>

Equipment Purchase - University of Kentucky; B. KRS 45.760(6) Postsecondary Fund Source Revision (No Aggregate Appropriation Increase) - University of Kentucky, 1. Upgrade/Renovate/Expand Research Labs (Center for Clinical and Translational Science Enterprise Data Center Expansion) and 2. Improve Academic/Administrative Space 1 (Expand Carol Martin Gatton Business and Economics Building - Design Phase); C. KRS 45.812 School District Debt Issues - New Projects - General Obligation Bonds for 1. Magoffin County and 2. Owen County; D. KRS 56.823(11)(a) Space Lease Modifications Under \$50,000; E. Postsecondary Asset Preservation Pool Projects for 1. House Bill 6 (2024 Regular Session) - Northern Kentucky University, and 2. House Bill 1 (2022 Regular Session) - Eastern Kentucky University; and, F. Kentucky Communications Network Authority (KCNA) Capital Projects.

Brad Kilby, CEO, Accelecom Holdings, presented information regarding the purchase of twenty huts (telecommunications shelters) by the Kentucky Communications Network Authority (KCNA).

In response to questions from Representative Petrie, Mr. Kilby confirmed that Accelecom did not receive a check from KCNA.

In response to questions from Senator Funke Frommeyer, Mr. Kilby stated that there are a number of issues at different phases within the dispute resolution process, in some instances with the Franklin County Circuit Court. With respect to revenue sharing, Mr. Kilby said that some portion of the revenue is allocated to the Commonwealth and a portion is retained by Accelecom, and that differs depending on two different types of services. Per contractual obligation, a quarterly revenue report is issued to the KCNA, and based on those calculations, a revenue share check is issued.

In response to questions from Chair McPherson, Mr. Kilby said the work on the huts was completed, and they are operational. They are being used by KCNA, as well as by Accelecom to support their customers. Requests had been made for modifications, and costs were incurred beyond the original specifications.

Representative Petrie requested, from the administration, KCNA requests passed through the committee since KCNA's inception.

Senator Girdler commented that a letter from KCNA stated that a check was sent by KCNA to Accelecom representing payment of \$8,532,690.35 for the purchase of twenty replacement huts. Co-Chair Funke Frommeyer added that the letter had been signed by Doug Hendrix.

Mr. Hendrix and Mr. Adkins provided information from the viewpoint of KCNA. Mr. Adkins stated that he sent the check via express one-day certified mail and the receipt indicated

the mail had been signed for on July 19, 2024 by the clerk who delivers mail to the building occupied by Accelecom.

Co-Chair Funke Frommeyer expressed her astonishment that there was an eleven month delay up to this point. She asked KCNA for agency budgetary requests, appropriations, and expenditures by July 15 and invited representatives of KCNA to the next meeting, on July 29, 2025.

Representatives Nemes and Stalker and Senator Thomas each commented that the lost check could be canceled and a new check be hand delivered in order to settle this matter. Representative Nemes said this matter should be resolved with mediation.

Representative McPherson asked KCNA and Accelecom to negotiate prior to the next committee meeting.

Lease Report from the Postsecondary Institutions

Ms. Baker presented information from the University of Kentucky on a new lease requiring action. The lease was for the UK HealthCare Speech Language Pathology Clinic, Fayette County, PR-8412.

Co-Chair Funke Frommeyer moved to approve the new lease. The motion was seconded by Senator Girdler, 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 two appropriation increases requiring action and two pool allocations requiring no action. Senator Girdler moved to roll the two appropriation increases into one roll call vote. The motion was seconded by Representative Thomas, and the increases were rolled into one vote without objection. They included 1. Department of Education, Learning and Results Services - Dormitory Cottage Renovation, and 2. Justice and Public Safety Cabinet, Department of Juvenile Justice - Renovate Louisville Detention Center.

There were several queries regarding the Renovate Louisville Detention Center. In response to a question from Representative Nemes regarding the length of time to completion, Mr. Baker referenced code requirements necessary due to repurposing the building.

In response to a question from Co-Chair Funke Frommeyer regarding the inclusion of high acuity residents at the detention center, Mr. Baker said the building renovation was not compatible due to security concerns.

In response to a question from Representative Petrie, Mr. Baker said that the third floor

renovations could be a future project. Representative Petrie commented that more accurate estimates are necessary.

Senator Girdler moved to approve the two appropriation increases. The motion was seconded by Representative Walker Thomas, and the increases were approved by roll call vote.

Ms. Tomes continued with information on two pool allocations requiring no action, which included 1. Cabinet for Health and Family Services, Behavioral Health, Developmental and Intellectual Disabilities (General Administration and Program Support Maintenance Pool - 2024-2026) - Oakwood - Improve Drainage and Address Erosion Issues; and, 2. Justice and Public Safety Cabinet, Kentucky State Police (Maintenance Pool - 2024-2026) - Information Services Center Roof and Interior Renovation.

Lease Report from the Finance and Administration Cabinet

Ms. Brawner presented two lease renewals and a tenant improvement fund request requiring action and a lease modification requiring no action. Senator Girdler moved to roll these action items into one roll call vote. The motion was seconded by Co-Chair Funke Frommeyer, and the votes were rolled into one without objection.

The action items included 1. Lease Renewals (Same Terms and Conditions) - Cabinet for Health and Family Services, Department for Community Based Services for a. Clark County, PR-4849 and b. Kenton County, PR-5300; as well as 2. Tenant Improvement Fund Request - Energy and Environment Cabinet, 300 Building, Franklin County, PR-5411.

Representative Walker Thomas moved to approve the three action items. The motion was seconded by Senator Reginald Thomas, and the action items were approved without objection by unanimous roll call vote.

Ms. Brawner continued with the Lease Modification Under \$50,000 (Amortization of Improvements) for the Finance and Administration Cabinet, General Administration, Franklin County, PR-5872, for which no action was required.

Report from the Office of Financial Management

Mr. Dedman presented information from the Kentucky Infrastructure Authority for sewer and water loans and cleaner water program grants requiring action, as well as line-item grants requiring no action.

Co-Chair Funke Frommeyer moved to roll the eleven action items into one roll call vote. The motion was seconded by Representative Walker Thomas, and the votes were rolled into one without objection.

The loans included a. Clean Water State Revolving Fund (Fund A) Program Loan - Regional Water Resource Agency (Daviess County), A25-035; b. Infrastructure Revolving Fund (Fund B) Program Loan - City of Bardstown (Nelson County), B25-011; c. Infrastructure Revolving Fund (Fund B) Program Loan - City of Evarts (Harlan County), B25-013; and, d. Drinking Water State Revolving Fund (Fund F) Program Loans - City of Jamestown (Russell County), F25-018L.

The grants included a. Round One (Senate Bill 36 - 2021 Regular Session) - Sewer (One - Supplemental Pool); b. Round One (Senate Bill 36 - 2021 Regular Session) - Water (One - County Pool Reallocation); c. Round Two (House Bill 1 - 2022 Regular Session) - Sewer (One - County Pool Reallocation); and, d. Round Two (House Bill 1 - 2022 Regular Session) - Water (Four - County Pool Reallocations).

Representative Walker Thomas moved to approve the eleven action items. The motion was seconded by Senator Madon, and the items were approved without objection by unanimous roll call vote.

Mr. Dedman continued with the grants requiring no action, House Bill 1 (2024 Regular Session) Line-Item Grants - Sewer (Two).

Ms. Couch presented information on one new conduit debt issue and four School Facilities Construction Commission (SFCC) debt issues requiring action, as well as two previous debt issues requiring no action. The New Debt Issue was for the Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Wabuck Western Kentucky Portfolio), Series 2025.

In response to a question from Chair McPherson, Ms. Helton confirmed the total number of units and total cost of the project.

In response to a question from Chair McPherson, Ms. Smith clarified that the only competitive process used by KHC is to allocate bonds that qualify projects to receive tax credits. KHC does not competitively bid for construction, but there are numerous federal regulations that developers must comply with for receipt of federal grants.

In response to a question from Co-Chair Funke Frommeyer, Mr. Diaz said that repayment of debt is not a responsibility of the Commonwealth, so there is no incentive for developers to increase debt in order to get the tax credit.

Senator Reginald Thomas moved to approve the new conduit debt issue. The motion was seconded by Co-Chair Funke Frommeyer, and the new conduit debt issue was approved without objection by roll call vote.

Ms. Couch continued with the Previous Debt Issues, for which no action was required. They included a. University of Louisville General Receipts Bonds, 2025 Series A; and, b. Kentucky Asset/Liability Commission Project Notes, 2025 Federal Highway Trust Fund First Refunding Series A.

Co-Chair Funke Frommeyer moved to roll the four SFCC debt issues into one roll call vote. The motion was seconded by Senator Madon, and the debt issues were rolled into one vote without objection. The SFCC debt issues included General Obligation Bonds for 1. New Projects in a. Edmonson County, b. Mason County, and c. McCracken County; as well as 2. Refunding - Jefferson County.

Representative Walker Thomas moved to approve the four SFCC debt issues. The motion was seconded by Senator Reginald Thomas, and the debt issues were approved without objection by unanimous roll call vote.

Remaining Calendar Year 2025 Meeting Dates

July 29 - Sen. Funke Frommeyer, Chair (Submissions due July 15)

Aug. 26 - Rep. McPherson, Chair (Submissions due Aug. 12)

Sept. 23 - Sen. Funke Frommeyer, Chair (Submissions due Sept. 9)

Oct. 21 - Rep. McPherson, Chair (Submissions due Oct. 7)

Nov. 18 - Sen. Funke Frommeyer, Chair (Submissions due Nov. 4)

Dec. 16 - Rep. McPherson, Chair (Submissions due Dec. 2)

Adjournment

There being no further business before the committee, the meeting was adjourned at 2:38 PM.