

# CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

## Minutes

February 19, 2026

### Call to Order and Roll Call

The February meeting of the Capital Projects and Bond Oversight Committee was held on February 19, 2026, at 4:00 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; and, Representatives Sarah Stalker and Walker Thomas.

Guests: Leslie Geoghegan, Chair, Board of Directors, Louisville Arena Authority; Chip Sutherland, Managing Director of Public Finance, Baird; Dr. Laura Foltz, Vice President for Finance and Administrative Services, Murray State University (MSU); Wendy Cain, Assistant Vice President for Finance, MSU; Jason Youngblood, Assistant Vice President of Facilities Management, MSU; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Scott Baker, Executive Director, Division of Engineering, Department for Facilities and Support Services, Finance and Administration Cabinet (FAC); Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services, FAC; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Kylee Palmer, Deputy Commissioner, Department for Financial Services, Cabinet for Economic Development; and, Steve Starkweather, Deputy Executive Director, Debt, Office of Financial Management.

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

### Approval of Minutes

Senator Madon moved to approve the minutes of the January 29, 2026 meeting. The motion was seconded by Co-Chair Funke Frommeyer, and the minutes were approved without objection by voice vote.

### Information Items

Ms. Halloran presented the Information Items as A. KRS 45.760(5) Postsecondary Research Equipment Purchases - University of Louisville; B. KRS 45.812(1) School District Debt Issue - New Project - Kenton County; C. KRS 45A.180(2) Postsecondary Notice of Intent to Use Alternative Construction Contracting Project Delivery Method - University of Kentucky - Construction Management-At-Risk - Construct Academic Building (Makerspace Building);

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

D. KRS 45A.860(3) Reports from the Auditor of Public Accounts; and, E. House Bill 6 (2024 Regular Session) Reporting - Kentucky Communications Network Authority Capital Projects.

### **Louisville Arena Authority Status Report**

Leslie Geoghegan, Chair, Board of Directors, Louisville Arena Authority; and Chip Sutherland, Managing Director of Public Finance, Baird; presented a status report on the Louisville Arena Authority.

In response to Co-Chair Funke Frommeyer, Ms. Geoghegan said the University of Louisville revenues were agreed upon at the time of the 2017 refinancing. Some debt principal was prepaid in 2022.

In response to Senator Reginald Thomas, Ms. Geoghegan said the projected Tax Increment Financing (TIF) sales tax revenues are from a two-mile area in downtown Louisville. The peaks and valleys seen in projected capital expenses are based on the estimated life expectancy of systems and replacement costs, such as the heating, ventilation, and air conditioning (HVAC), or a new roof with a thirty-year warranty.

In response to Chair McPherson, Ms. Geoghegan said the debt service decreased in 2022 due to the prepayment of debt. The revenue agreements sunset in 2052, or when the debt is paid, whichever comes first. At that time, the contracts could be renegotiated.

In response to Chair McPherson, Mr. Sutherland said their estimates of TIF revenues are on the conservative side.

### **Project Report from the Postsecondary Institutions - Murray State University**

Dr. Laura Foltz, Vice President for Finance and Administrative Services, Murray State University (MSU); Wendy Cain, Assistant Vice President for Finance, MSU; and, Jason Youngblood, Assistant Vice President of Facilities Management, MSU, provided information on a New Project to Replace Susan E. Bauernfeind Wellness Center Pool HVAC Unit and Building Automation Systems Controls.

Representative Walker Thomas moved to approve the new project. The motion was seconded by Senator Reginald Thomas, and the project was approved without objection by roll call vote.

### **Project Report from the Finance and Administration Cabinet**

Janice Tomes, Deputy State Budget Director, Office of State Budget Director, presented information on two new projects requiring action and three pool allocations requiring no action.

Senator Girdler moved to roll the two 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 new projects included Tourism, Arts and Heritage Cabinet, Department of Parks - Grid Resilience projects for 1. Kenlake State Resort Park and 2. Kentucky Dam Village State Resort Park.

In response to Co-Chair Funke Frommeyer, Scott Baker, Executive Director, Division of Engineering, Department for Facilities and Support Services, FAC, explained that the grid resilience projects will allow the Parks to relinquish the burden of managing the infrastructure and will result in individual meters at each of the State Park buildings, rather than one major meter at the entrance.

In response to Co-Chair Funke Frommeyer, Deputy Director Tomes said that partial funding comes from the Utility Infrastructure Replacement Phase 2 bond pool.

Co-Chair Funke Frommeyer moved to approve the two new projects. The motion was seconded by Senator Madon, and the projects were approved without objection by roll call vote.

Deputy Director Tomes continued with the Pool Allocations, which included 1. Department of Education, Operations and Support Services - Kentucky School for the Deaf Middleton Hall; a. (Maintenance Pool - 2022-2024) - Building Envelope and Exterior; b. (State Schools HVAC Pool - 2022-2024) - HVAC Upgrades; and, 2. Finance and Administration Cabinet, Department for Facilities and Support Services (Maintenance Pools - 2016-2018, 2022-2024, and 2024-2026) - Parking Garage Renovations. The three pool allocations required no action.

In response to Co-Chair Funke Frommeyer, Mr. Baker said a geothermal HVAC system has a typical recovery time for energy savings of eight to ten years, as opposed to twenty years or more for other types of energy usage, which would also include maintenance and operations. Deputy Director Tomes said if there were any monies left in the DFSS maintenance pools, then they are slowly being depleted.

### **Lease Report from the Finance and Administration Cabinet**

Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services, Finance and Administration Cabinet, presented information on a new lease for the Cabinet for Health and Family Services, Office for Children with Special Health Care Needs, Fayette County, PR-5898, requiring action.

Representative Stalker moved to approve the new lease. Senator Reginald Thomas seconded the motion, and the new lease was approved without objection by roll call vote.

### **Report from the Office of Financial Management**

Kentucky Infrastructure Authority (KIA) - Sandy Williams, Executive Director, KIA, presented information on eleven sewer and water loans and four Cleaner Water Program grant reallocations requiring action and three line-item water grants requiring no action. Senator Girdler moved to roll the fifteen action items into one roll call vote. The motion was seconded by Representative Walker Thomas, and the items were rolled into one vote without objection.

The action items included 1. Clean Water State Revolving Fund (Fund A) Program Loans; a. Increase - City of Paintsville (Johnson County), A21-007; b. Caveland Sanitation Authority (Hart County), A26-006 and A26-006E; c. City of Frankfort (Franklin County), A26-012; 2. Infrastructure Revolving Fund (Fund B) Program Loans; a. City of Bardstown (Nelson County), B26-004; b. City of Wilmore (Jessamine County), B26-006; 3. Governmental Agencies (Fund C) Program Loan - McCreary County Water District (McCreary County), C26-001; 4. Drinking Water State Revolving Fund (Fund F) Program Loans; a. City of Cynthiana (Harrison County), F26-002 and F26-002E; b. Sandy Hook Water District (Elliott County), F26-014S; c. Nebo Water District (Hopkins County), F26-016S; 5. Cleaner Water Program Grant Reallocations; a. Round One (Senate Bill 36 - 2021 Regular Session) - Sewer (One - Consent Decree Pool); b. Round One (Senate Bill 36 - 2021 Regular Session) - Water (One - County Pool); c. Round Two (House Bill 1 - 2022 Regular Session) - Sewer (One - County Pool); and, d. Round Two (House Bill 1 - 2022 Regular Session) - Water (One - County Pool).

In response to Co-Chair Funke Frommeyer, Director Williams said an industry-acknowledged fee scale is used when determining the engineering costs. Smaller projects have a higher percentage of engineering fees than larger projects. All projects are reviewed by industry experts in the Division of Water, the KIA, and an eleven-member board.

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

Director Williams continued with information on House Bill 1 (2024 Regular Session) Line-Item Water Grants (Three), which required no action.

Economic Development Fund (EDF) Grants - Kylee Palmer, Deputy Commissioner, Department for Financial Services, Cabinet for Economic Development, presented information on an EDF Grant for Christian County Fiscal Court on behalf of Grupo Antolin Kentucky, requiring action. Representative Walker Thomas moved to approve the EDF

grant. The motion was seconded by Senator Madon, and the grant was approved without objection by roll call vote.

Office of Financial Management (OFM) - Steve Starkweather, Deputy Executive Director, Debt, OFM, introduced the new Executive Director of OFM, Robert K. Miller. Deputy Director Starkweather then presented information on a previous debt issue requiring no action and two School Facilities Construction Commission (SFCC) debt issues requiring action. The previous debt issue was for Kentucky Housing Corporation Conduit Multifamily Housing Revenue Bonds (Wabuck Western Kentucky Portfolio), Series 2025.

Co-Chair Funke Frommeyer moved to roll the two SFCC debt issues into one roll call vote. The motion was seconded by Senator Madon, and the two votes were rolled into one without objection. School District Debt Issues with School Facilities Construction Commission Debt Service Participation - New Projects included 1. Lewis County and 2. Martin County.

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

### **Adjournment**

The next meeting is scheduled for Thursday, March 19, 2026, upon adjournment of both chambers, in Room 131 of the Capitol Annex. There being no further business before the committee, the meeting was adjourned at 4:57 PM.