

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

June 18, 2026

Call to Order and Roll Call

The June meeting of the Capital Projects and Bond Oversight Committee was held on June 18, 2026, at 3:00pm ET/2:00pm CT 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; Senator Scott Madon; Representatives Jason Petrie, Sarah Stalker, and Walker Thomas.

Guests: Representatives Emily Callaway, Daniel Grossberg, John Hodgson, and Jason Nemes; Jennifer Linton, Assistant Vice President for Capital Procurement Services, Kentucky Community and Technical College System (KCTCS); Elizabeth Baker, Senior Director, Strategic Capital Planning and Legislative Analysis, University of Kentucky; Jake Stover, Associate Vice President for Finance, UK HealthCare; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services; Megan Wilson, Branch Manager, Leasing and Design Services, Cabinet for Health and Family Services; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Kylee Palmer, Deputy Commissioner, Department for Financial Services, Cabinet for Economic Development; Steve Starkweather, Deputy Executive Director, Debt, Office of Financial Management; Kyna Koch, Interim Chief Financial Officer, Fayette County Public Schools; Tom Aberli, Interim Chief Financial Officer, Jefferson County Public Schools; and, Michael George, Compass Municipal Advisors.

LRC Staff: Katherine Halloran and Spring Emerson.

Approval of Minutes

Representative Petrie moved to approve the minutes of the May 21, 2026 meeting. The motion was seconded by Representative Walker Thomas, and the minutes were approved without objection by voice vote.

Information Items

Ms. Halloran presented the Information Items as KRS 45.812(1) School District Debt Issues with 1. New Projects in a. Daviess County; b. Fairview Independent (Boyd County); and, c. Green County. 2. Revenue Anticipation Notes - Jefferson County.

Also included was House Bill 6 (2024 Regular Session) Reporting - Pool Allocations - Postsecondary Education Cabinet, Kentucky Community and Technical College System (KCTCS Equipment Pool - 2024-2026) for 1. Aircraft - Madisonville Community College and 2. 3D Concrete Printing System - Somerset Community College.

Action Item - Report from the Postsecondary Institutions

Jennifer Linton, Assistant Vice President for Capital Procurement Services, KCTCS, presented information on 2 new projects requiring action. Representative Thomas moved to roll the 2 votes into a single vote. The motion was seconded by Co-Chair Funke Frommeyer, and the votes were rolled without objection. Upon further discussion, Representative Stalker moved to unroll the single vote back into 2 separate votes. The motion was seconded by Representative Thomas, and the votes were unrolled without objection. The first project was for a. Construct Fire Academy Maintenance Building - Fire Commission.

In response to Representative Petrie, Ms. Linton said the \$2 million estimate was developed about 3 years ago before any design work was performed. Since then, soil issues were discovered that increased the cost of the project. Also, current bidding conditions indicate an increase in mechanical costs, which also drove up the cost of the project.

In response to Co-Chair Funke Frommeyer, Ms. Linton said this particular maintenance building is needed to support others in the area.

In response to Representative Stalker, Ms. Linton said the bid is on hold, awaiting project approval. There has been a pre-construction meeting scheduled for July 7. Contingency funds have been built into this project at 15%, which is more than the normal contingency amount of 10%.

The Fire Commission project was not approved.

Ms. Linton continued by presenting b. Blakely Simulation Lab - Somerset Community College.

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

Elizabeth Baker, Senior Director, Strategic Capital Planning and Legislative Analysis, University of Kentucky, and Jake Stover, Associate Vice President for Finance, UK HealthCare, presented a Project Report for 2. Public-Private Partnership - Construct/Improve Medical/Administrative Facility 1 - UK HealthCare (Hamburg East Medical Office Building) which requires action.

In response to Co-Chair Funke Frommeyer, Ms. Baker said this is the first of 6 buildings planned for this site, which also includes some green space that could be programmed for other activities later, such as the location of a farmers market. Mr. Stover added that some services currently provided by UK HealthCare will be moved out to the new site as well.

Co-Chair Funke Frommeyer moved to approve the P3 Project. The motion was seconded by Representative Thomas, and the project was approved without objection by roll call vote.

Ms. Baker presented the Lease Report - Renegotiated Leases, Fayette County - University of Kentucky, which included 1.a. UK HealthCare Specialty Pharmacy and Infusion Services, PR-8419 and 1.b. UK HealthCare Department of Ophthalmology and Visual Science, PR-8396, as well as 2. UK College of Social Work, PR-8426.

In response to Co-Chair Funke Frommeyer, Ms. Baker said the pharmacy serves non-oncology infusion services. Mr. Stover added that due to the infusion and pharmaceutical needs, the pharmacy would serve a wide population. Ms. Baker said the site is very easy for patients to locate, even when traveling from out-of-town.

Senator Madon moved to approve the lease for the UK HealthCare Specialty Pharmacy and Infusion Services, PR-8419. The motion was seconded by Representative Stalker, and the lease was approved without objection by roll call vote.

Senator Madon moved to approve the lease for the UK HealthCare Department of Ophthalmology and Visual Science, PR-8396. The motion was seconded by Co-Chair Funke Frommeyer, and the lease was approved without objection by roll call vote.

Representative Petrie moved to approve the lease for the UK College of Social Work, PR-8426. The motion was seconded by Co-Chair Funke Frommeyer, and the lease 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 a New Project (Amendment) - General Government, Department of Military Affairs - DMA Buechel Field Maintenance Shop Restoration, which required action.

Senator Madon moved to approve the New Project (Amendment). The motion was seconded by Representative Thomas, and the project was approved without objection by roll call vote.

Ms. Tomes also presented information on Pool Allocations, for which no action was

required. They included 1. Tourism, Arts, and Heritage Cabinet, Department of Fish and Wildlife Resources (Fees-in-Lieu-of Stream Mitigation Projects Pool) - Red Lick Wetland (Estill County) and 2. (Amendment) - Postsecondary Education Cabinet, Kentucky State University (Asset Preservation Pool - 2024-2026), Shauntee Hall Renovation.

Lease Report from the Finance and Administration Cabinet

Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services presented information on 2 new leases and a lease renewal requiring action.

The first new lease is for the Energy and Environment Cabinet, Department for Natural Resources, Pike County, PR-5880. Senator Madon moved to approve the first new lease. The motion was seconded by Representative Stalker, and the new lease was approved without objection by roll call vote.

The second new lease is for the Cabinet for Health and Family Services, Department for Community Based Services, Pulaski County, PR-5822.

In response to Representative Petrie, Director Brawner said the lease began in 2001 at \$10.50 per square foot. The lessor requested a rate increase which automatically pushes the contract back into the competitive bidding process. There were 2 bids received, this bid at \$14.95 per square foot, and the other at \$34.65 per square foot.

Representative Petrie moved to approve the second new lease. The motion was seconded by Representative Thomas, and the new lease was approved without objection by roll call vote.

The lease renewal (same terms and conditions) was for the Cabinet for Health and Family Services, Department for Community Based Services, Kenton County, PR-5300. Representative Stalker moved to approve the lease renewal.

In response to Co-Chair Funke Frommeyer, Megan Wilson, Branch Manager, Leasing and Design Services, Cabinet for Health and Family Services said that even though there has been a reduction in foot traffic, many of the employees there go out and perform home services. There is less than 10% vacancy at this time.

In response to Representative Thomas, Director Brawner said there were options through 2034, but the lessor requested a one-year lease at this time.

Representative Stalker moved to approve the lease renewal. The motion was seconded by

Co-Chair Funke Frommeyer, and the renewal was approved without objection by roll call vote.

Report from the Office of Financial Management

Kentucky Infrastructure Authority - Sandy Williams, Executive Director, Kentucky Infrastructure Authority presented information on 6 sewer and water loans and 6 Cleaner Water Program water grant reallocations requiring action and a line-item water grant requiring no action. Representative Petrie moved to roll the 12 items into a single roll call vote. The motion was seconded by Co-Chair Funke Frommeyer, and the 12 votes were rolled without objection by roll call vote.

The items included 1. Clean Water State Revolving Fund (Fund A) Program Loans for a. Adair County Water District (Adair County), A26-008 and b. City of Dawson Springs (Hopkins County), A26-009; 2. Infrastructure Revolving Fund (Fund B) Program Loans for a. City of Paris (Bourbon County), B25-009 and b. Mercer County Sanitation District (Mercer4 County), B26-010; 3. Drinking Water State Revolving Fund (Fund F) Program Loans for a. Increase - Logan-Todd Regional Water Commission (Todd County), F25-010S and b. Adair County Water District (Adair County), F26-031; and, 4. Cleaner Water Program Water Grant Reallocations for a. Round One (Senate Bill 36 - 2021 Regular Session (One - Supplemental Pool/One County Pool) and b. Round Two (House Bill 1 - 2022 Regular Session) (Four - County Pool).

In response to Representative Petrie, Director Williams said any remaining funds in the 2021 and 2022 pools must be spent by December 31, 2026 and are currently committed to be used by that time.

In response to Co-Chair Funke Frommeyer, Director Williams said some of the engineering fees for the Adair County water project are for the required inspections.

Representative Thomas moved to approve the 12 items. The motion was seconded by Senator Madon, and the action items were approved without objection by roll call vote.

Director Williams continued with information on House Bill 1 (2022 Regular Session) Line-Item Water Grant (Red River Gorge Water and Sewer Upgrades) in the Powells Valley Water District, which required no action.

Kylee Palmer, Deputy Commissioner, Department for Financial Services, Cabinet for Economic Development presented information on an Economic Development Fund Grant requiring action.

The project was Cabinet for Economic Development - Economic Development

Development Fund Grant - Kentucky Product Development Initiative - One East Kentucky on behalf of the Floyd County Fiscal Court.

Senator Madon moved to approve the EDF grant. The motion was seconded by Representative Thomas, and the grant was approved without objection by roll call vote.

Steve Starkweather, Deputy Executive Director, Debt, Office of Financial Management presented information on 5 SFCC debt issues requiring action. Senator Madon moved to roll the 5 debt issues into a single roll call vote. The motion was seconded by Representative Walker, and the votes were rolled without objection by roll call vote.

Action Item - School District Debt Issues with School Facilities Construction Commission Debt Service Participation - New Projects included 1. Bowling Green Independent (Warren County), 2. Caldwell County, 3. Graves County, 4. Jefferson County, and 5. Jenkins Independent (Letcher County).

Representative Thomas moved to approve the 5 debt issues. The motion was seconded by Representative Stalker, and the debt issues were approved without objection by roll call vote.

Mr. Starkweather continued with the Previous Debt Issue - University of Kentucky General Receipts Bonds, 2026 Series B and 2026 Taxable Series C, for which no action was required.

Informational Discussion

Kyna Koch, Interim Chief Financial Officer, Fayette County Public Schools (FCPS), and Tom Aberli, Interim Chief Financial Officer, Jefferson County Public Schools (JCPS), appeared before the committee to discuss the financial issues the 2 school systems are facing.

In response to Representative Petrie, Mr. Aberli said the JCPS solution is to have a line of credit that could be used if needed. These funds have not been used for operations in the past, such as personnel and payroll, but could become necessary during the next two years.

In response to Co-Chair Funke Frommeyer, Mr. Aberli said there are facilities that are not being used, but would not generate enough revenue to offset their needs if sold, and would not be considered to lessen the financial obligations. Various expense reductions are being made to assist in that effort.

In response to Representative Nemes, Mr. Aberli said the district is focused on a 5-year plan which will help to eliminate the financial issues. Discussions of raising property taxes have not taken place to his knowledge. The current fund balance will continue to drop over the next year, and new revenues will help to eliminate the deficit.

In response to Representative Petrie, Ms. Koch said FCPS is using a \$95 million 1-year loan for operating expenses. There is a reduced fund balance, but there is no deficit.

In response to Co-Chair Funke Frommeyer, Ms. Koch said a cash flow analysis had been performed, and currently there is an audit being conducted and fiscal years 2025 and 2026 are being thoroughly analyzed.

In response to Senator Madon, Ms. Koch said the FCPS receives approximately \$380 million in property tax revenues. Mr. Aberli said the JCPS receives approximately \$800 million.

Remaining 2026 Meeting Dates

The remaining meeting dates for this calendar year will be held on Thursdays in Annex Room 131 at 3:00pm ET / 2:00pm CT, as follows:

Jul. 16 - Sen. Funke Frommeyer, Chair (submissions due Jul. 2)

Aug. 20 - Rep. McPherson, Chair (submissions due Aug. 6)

Sep. 17 - Sen. Funke Frommeyer, Chair (submissions due Sep. 3)

Oct. 15 - Rep. McPherson, Chair (submissions due Oct. 1)

Nov. 19 - Sen. Funke Frommeyer, Chair (submissions due Nov. 5)

Dec. 17 - Rep. McPherson, Chair (submissions due Dec. 3)

Adjournment

There being no further business before the committee, the meeting was adjourned at 4:45pm ET / 3:45pm CT.