

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 3rd Meeting of the 2023 Interim

July 20, 2023

Call to Order and Roll Call

The 3rd meeting of the Capital Planning Advisory Board was held on Thursday, July 20, 2023, at 3:00 p.m., in Room 169 of the Capitol Annex. Representative Nancy Tate, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Nancy Tate, Co-Chair; Senator Phillip Wheeler, Co-Chair; Senator Adrienne Southworth; Representative William Lawrence; Pat Abell, Bryan Hix, Patsy Jackson, and Danny Rhoades.

Guests: David McFaddin, President, Barry Poynter, Senior Vice President and Treasurer, Eastern Kentucky University; Andy Casebier, Assistant Vice President of Facilities Support Services, Lincoln Farmer, Director of Major Projects, Sandy Adkins, Director of Capital Projects Budgeting, Facilities Support Services, Kentucky Community and Technical College System; Dr. Koffi Akakpo, President, Dr. Michael Dailey, Interim Provost and Vice President of Academic Affairs, Jennifer Linton, Project Manager, Sodexo, Kentucky State University; Kim Hunt Oatman, Chief Facilities and Operations Officer, Morehead State University; Dr. Robert Jackson, President, Jackie Dudley, Vice President of Finance and Administrative Services, Jordan Smith, Executive Director Governmental and Institutional Relations, Murray State University; Jeremy Alltop, Vice President and Chief Financial Officer of Administration and Finance, Syed Zaidi, Assistant Vice President of Facilities Management, Mary Paula Schuh, Senior Director of Planning Design and Construction, Carmen Hickerson, Assistant Vice President of Economic Engagement and Government Relations, Northern Kentucky University; Angie Martin, Vice President for Financial Planning/Chief Budget Officer, Mary Vosevich, Vice President for Facilities Management/Chief Facilities Officer, Kevin Locke, Assistant Vice President of Capital Planning, Design and Construction, University of Kentucky/University of Kentucky Hospital; Dan Durbin, Executive Vice President and Chief Financial Officer for Finance & Administration, Dr. Gail DePuy, Senior Vice Provost, Dr. Jeff Bumpous, Interim Dean and J. Samuel Bumgardner Professor of Otolaryngology-HNS, University of Louisville School of Medicine, University of Louisville; Bryan Russell, Chief Facilities Officer, and Jennifer Smith, Special Assistant to the President for Government and Community Relations, Western Kentucky University

LRC Staff: Liz Columbia and Jennifer Luttrell.

Approval of Minutes

The approval of May 17, 2023, and June 14, 2023, minutes were moved to the next meeting because the quorum was unmet.

Information Items

Ms. Columbia said two information items were included in the meeting materials in response to questions raised at the board's June 14 meeting regarding proposed capital projects for the Commonwealth Office of Technology, the Department of Veterans' Affairs, and the Kentucky Communications Network Authority.

Amended Capital Plans

The capital planning system is open ten days after the monthly board meeting. During that time, agencies may amend their capital plans as needed. The Department of Veterans' Affairs reduced the costs of two new federally funded projects – KVCC – Columbarium Wall Expansion \$1,862,000, reduced from \$2,500,000, and KVCW – Columbarium Wall Expansion \$1,281,000, reduced from \$2,500,000.

Review of Agency Capital Plans – Postsecondary Institutions

The Capital Planning Advisory Board received testimony regarding nine state agency capital plans: Eastern Kentucky University, Kentucky Community and Technical College System, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, University of Kentucky and Hospital, University of Louisville, and Western Kentucky University. The testimony included capital construction, information technology, and equipment needs for 2024-2030.

Eastern Kentucky University (EKU)

David McFaddin and Barry Poynter discussed the university's capital needs. There were no questions regarding the university's plan.

Kentucky Community and Technical College System (KCTCS)

Andy Casebier, Lincoln Farmer, and Sandy Adkins gave a brief overview of the KCTCS capital plan. There were no questions regarding the college system's plan.

Kentucky State University (KSU)

Dr. Koffi Akakpo, Dr. Michael Dailey, and Jennifer Linton discussed the university's capital needs.

Dr. Akakpo told Senator Wheeler that everyone involved in the university's funds mishandling had been dismissed.

In response to questions from Senator Southworth, Ms. Linton replied that the Construct New Residence Hall project (\$55.6 million long-term funding) from the previous plan built to help meet the increased enrollment needs of the university was 99 percent complete and should allow more students to live on campus. The six residence halls which belong to KSU are a different project. The total number of beds is 1,232, but some were unoccupied due to HVAC concerns. Ms. Linton added that less than 200 beds were offline. Dr. Dailey said they would provide a follow-up response to the board concerning the usable number of beds, cost per student, and capacity/overall footprint for the members per Senator Southworth's request.

Morehead State University (MoSU)

Kim Oatman presented the university's capital plan.

In response to a question from Representative Tate about the future of the Bert T. Combs building, Mr. Oatman stated that the building would be razed for approximately \$1.5 million.

In response to a question from Senator Wheeler, Mr. Oatman said that any new building would be built in the old traditional Collegiate Gothic style of architecture to match the old buildings on the campus.

Murray State University (MuSU)

Dr. Robert Jackson, Jackie Dudley, and Jordan Smith gave a brief overview of Murray State University's capital plan.

In response to questions from Senator Southworth, Dr. Jackson replied that agency bond issuance is unique to athletic deferred maintenance projects.

Northern Kentucky University (NKU)

Jeremy Alltop, Syed Zaidi, and Mary Paula Schuh briefly presented Northern Kentucky University's six-year capital plan. There were no questions regarding the university's plan.

University of Kentucky (UK)

Mary Vosevich and Angela Martin presented the capital plan for the University of Kentucky.

In response to questions from Senator Southworth, Ms. Martin said the \$2 billion UK Chandler Hospital expansion project would start construction within a year. The construction would need to draw funds immediately and through 2029. UK does a thorough cash draw schedule on when the funds are required. The \$800 million in agency bonds is needed to determine when funds are required to pay for the construction of the project versus when the revenue is generated to make the payments. The revenue will need to be

generated for the \$800 million by the time the project is complete within a few years. Agency bonds are built into the budget with sufficient money to pay the debt service on the \$800 million once issued and when the payments would be due. The end flow of cash from the project is primarily from adding 700 beds. The additional revenue is on a timeline to ensure the university can make all the payments for the construction and the debt service that would be due.

In response to questions from Senator Southworth regarding the Patterson Office Tower project, Ms. Vosevich stated that the university is renovating two existing floors, not adding two. The university seeks energy conservation opportunities by upgrading lighting, HVAC systems, and ADA restroom accessibility.

In response to questions from Senator Southworth regarding the Construct Research Facility project, Ms. Vosevich said when building research facilities, the university determines whether it is a wet or dry lab. Dry labs are more like an office environment than a typical lab with hood sinks and Bunsen burners. A dry lab is a space used for subjects such as diversity and inclusion. Once at the programming stage, the university will determine what would be needed in that building.

University of Louisville (UL)

Dan Durbin, Dr. Gail DePuy, and Dr. Jeff Bumpous discussed the university's capital plan. There were no questions regarding the university's plan.

Western Kentucky University

Bryan Russell and Jennifer Smith discussed Western Kentucky University's capital plan.

In response to a question from Senator Southworth, Mr. Russell stated that the Renovate Academic Complex project cost increase is due to inflation and that the original intention of renovation had been changed to the building being razed and a new facility being built.

Other Business

Representative Tate said the next meeting is scheduled for Wednesday, August 9, 2023, in Room 169 Annex starting at 1:00 p.m.

Adjournment

There being no further business, a motion to adjourn was made by Senator Wheeler, seconded by Senator Southworth, and approved by voice vote. The meeting was adjourned at 5:07 p.m.