

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 2nd Meeting of the 2019 Calendar

July 8, 2019

Call to Order and Roll Call

The 2nd meeting of the Capital Planning Advisory Board was held on Monday, July 8, 2019, at 2:00 PM, in Room 169 of the Capitol Annex. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative John Blanton, Co-Chair; Senator Whitney Westerfield, Representative Derek Lewis; Charles Byers, John Chilton, Laurie Dudgeon, John Hodgson, and Mark Overstreet.

Guests: Jennifer Smith, Director of Government and Community Relations, and Bryan Russell, Chief Facilities Officer, Western Kentucky University; Wendell Followell, Vice President, Ken Marks, System Director for Facilities Support Services, and Sandy Adkins, Director of Capital Projects Budgeting, Kentucky Community and Technical College System; Paul T. Cable, Director of Capital Planning and Facilities Management, Kentucky State University; Dr. Robert Jackson, President, and Jackie Dudley, Vice President for Finance and Administrative Services, Murray State University; Kim Oatman, Assistant Vice President for Facilities and Operations, and Andrea Fryman Stone, Director of Procurement Services, Morehead State University; Mike Hales, CFO and Co-Interim Chief Administration Officer, Syed Zaidi, Assistant Vice President for Facilities Management, and Mary Paula Schuh, Senior Director, Planning, Design and Construction, Northern Kentucky University; Angela Martin, Vice President for Financial Planning and Chief Budget Officer, and Mary Vosevich, Vice President for Facilities Management, University of Kentucky; Mark Watkins, Senior Associate Vice President of Operations, and Kim Noltemeyer, Unit Business Manager Senior, University of Louisville; David T. McFaddin, Ed.D, Senior Vice President for Operations and Strategic Initiatives, and Ryan Green, Executive Director, Office of Budget and Financial Planning, Eastern Kentucky University.

LRC Staff: Shawn Bowen, Julia Wang, and Jennifer Luttrell.

Approval of Minutes

A motion to approve the minutes of the September 18, 2018, and June 3, 2019 meetings was made by Representative Blanton, seconded by Senator Westerfield, and approved by voice vote.

Information Item

Ms. Bowen said that, at the board's June 3 meeting, members received testimony regarding the Department of Veterans Affairs' capital plan. Since last month, the agency amended the projects in its capital plan and revised its project priorities. The changes resulted in an overall spending decrease of \$15.7 million for the six year planning period.

Review of Agency Capital Plans – Postsecondary Institutions

The Capital Planning Advisory Board received testimony regarding 10 state agency capital plans: Western Kentucky University, Kentucky Community and Technical College System, Kentucky State University, Murray State University, Morehead State University, Northern Kentucky University, University of Kentucky, University of Kentucky Hospital, University of Louisville, and Eastern Kentucky University. The testimony included discussion of capital construction, information technology, and equipment needs for the period 2020-2026.

Western Kentucky University

Bryan Russell, Chief Facilities Officer, and Jennifer Smith, Director of Government and Community Relations, discussed Western Kentucky University's capital plan. The university's capital plan, for the six-year period, included 55 proposed projects totaling \$810,900,000.

In response to a question from Mr. Chilton regarding the university's deferred maintenance needs, Mr. Russell said the total deferred maintenance needs amount to about \$300 million, and the university spends about \$1.4 million annually to address such needs. In spite of diligent maintenance, the university's buildings have exceeded their useful life. He added that safety concerns are always met first when deciding which projects to fund.

Kentucky Community and Technical College System (KCTCS)

Wendell Followell, Vice President, Ken Marks, System Director for Facilities Support Services, and Sandy Adkins, Director of Capital Projects Budgeting, gave a brief overview of the KCTCS capital plan. For the six-year period, the KCTCS capital plan included 109 proposed projects totaling \$1,082,200,000.

In response to a question from Mr. Chilton regarding the prioritization of the projects for the 16 KCTCS campuses, Mr. Followell stated that KCTCS utilizes a project scoring matrix to rank project priorities. KCTCS also met with the leadership team of each of the 16 colleges before a decision was made as to the project priorities. The scores for the top ten projects were close in range, as such, KCTCS decided to utilize a pool approach to address the needs of every college.

In response to a question from Representative Lewis about the increased cost of the Renovate Occupational Technology Building Elizabethtown Community Technical

College project, Mr. Marks replied said the project scope increased due to increased estimates for construction. The project was included in KCTCS' last capital plan at a scope of \$14.9 million, and has increased by \$9.9 million to \$24.8 million.

Kentucky State University

Paul T. Cable, Director of Capital Planning and Facilities Management, discussed the university's capital needs. The university's capital plan, for the six-year period, included 17 proposed projects totaling \$240,551,000.

In response to a question from Senator Humphries, Mr. Cable replied that the ranking of the university's general fund projects may change by the end of the year after the completion of the master plan.

Murray State University

Dr. Robert Jackson, President, and Jackie Dudley, Vice President for Finance and Administrative Services, gave a brief overview of Murray State University's capital plan. The university's capital plan, for the six-year period, included 65 proposed projects totaling \$591,318,000.

In response to a question from Senator Humphries regarding the use of the Public-Private-Partnership (P3) model in a university setting, Dr. Jackson said the university received additional reauthorization in the 2018-2020 Executive Budget to utilize third-party financing for construction of apartment-style student housing [Construct Sorority Suites - Additional Reauthorization, \$19,700,000 Other - Third Party Financing and Construct Residential Suite-Style Housing, \$13,000,000 Other - Third Party Financing.] The decision was made to utilize a P3 model, whereby a private company will fund and construct the project, and the university will lease the completed building from the company for an agreed upon period of time. The specific terms for repayment of the construction debt will be laid out in the ground lease. The university determined that this method of construction was the most efficient option. Dr. Jackson added that ECU and WKU had been successful using the P3 model before and that other universities were looking to use this type of partnership as well.

Morehead State University

Kim Oatman, Assistant Vice President for Facilities and Operations, and Andrea Fryman Stone, Director of Procurement Services, presented the university's capital plan. The university's capital plan, for the six-year period, included 41 proposed projects totaling \$556,012,000.

In response to questions from Representative Blanton about Rader Hall and the location of the new building, Mr. Oatman stated that Rader was constructed in 1925 and is one of the oldest classroom buildings on campus. While there have been other buildings on campus constructed for particular purposes since 1925, Rader is one of the only

dedicated classroom buildings. The university plans to build a new science building to replace Lappin Hall. The science building will be sited in the parking lot across from Nickle Alley and the new student center. No buildings will have to be demolished on this site. The university would be able to keep Lappin Hall in use while the new building was being built. Lappin could then be demolished or re-purposed. He added that the architectural design of the classroom building would be similar to the new science building and both would be in the academic core of the campus.

Northern Kentucky University

Mike Hales, CFO and Co-Interim Chief Administration Officer, Syed Zaidi, Assistant Vice President for Facilities Management, and Mary Paula Schuh, Senior Director, Planning, Design and Construction, gave a brief presentation of Northern Kentucky University's six-year capital plan. The university's capital plan, for the six-year period, included 30 proposed projects totaling \$652,550,000.

University of Kentucky

Mary Vosevich, Vice President for Facilities Management, and Angela Martin, Vice President for Financial Planning and Chief Budget Officer, presented the capital plan for the University of Kentucky. The university's capital plan, for the six-year period, included 300 proposed projects totaling \$7,134,000,000. The University of Kentucky Hospital plan contained a total of 67 proposed projects totaling \$3,892,000,000. There were no questions regarding the university's plan.

University of Louisville

Mark Watkins, Senior Associate Vice President of Operations, and Kim Noltemeyer, Unit Business Manager Senior, discussed the university's capital plan. The university's capital plan, for the six-year period, included 104 proposed projects totaling \$1,714,515,646. There were no questions regarding the university's plan.

Eastern Kentucky University

David T. McFaddin, Ed.D, Senior Vice President for Operations and Strategic Initiatives, and Ryan D. Green, Executive Director, Office of Budget and Financial Planning, discussed the university's capital needs. The university's capital plan, for the six-year period, included 46 proposed projects totaling \$955,252,000. There were no questions regarding the university's plan.

Adjournment

The next meeting is scheduled for Friday, August 23, 2019, in Room 169 Annex starting at 8:00 AM. There being no further business, the meeting was adjourned at 3:38 p.m.