

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

September 18, 2018

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, September 18, 2018, at 1:00 PM, in Room 169 of the Capitol Annex. Representative Larry Brown, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Larry Brown, Co-Chair; Senator Rick Girdler; Representatives Steven Rudy and Diane St. Onge.

Guests: Ms. Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Mr. Scott Aubrey, Director, Division of Real Properties, Department for Facilities and Support Services; Ms. Donna McNeil, Executive Director, Kentucky Infrastructure Authority; and Mr. Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Committee Staff Administrator; and Jenny Wells Lathrem, Committee Assistant.

Approval of Minutes (August 21, 2018)

A motion was made by Representative Rudy to approve the minutes of the August 21, 2018 meeting. The motion was seconded by Representative St. Onge and approved by voice vote.

Information Item

Ms. Halloran reported one school district bond issue with 100 percent locally funded debt service for two projects in Daviess County. No tax increase was necessary to pay debt service for the bond issue.

Project Report from the Finance and Administration Cabinet

Ms. Tomes reported that the Secretary of the Finance and Administration Cabinet approved, pursuant to KRS 45.750(1)(g) and 45.780, a \$9 million emergency repair, maintenance, or replacement capital project funded with insurance proceeds: Tourism, Arts and Heritage Cabinet, Kentucky Center for the Arts, Fire Damage Restoration. A fire on June 13, 2018 caused extensive fire and water damage to the interior and exterior roof, interior and ceilings of the main lobby, restrooms, and flooring as well as extensive damage to the Bomhard Theatre control room. No action was required.

Lease Report from the Finance and Administration Cabinet

A motion was made by Senator Humphries to roll four new lease renewals with the same terms and conditions into one roll call vote. The motion was seconded by Representative St. Onge and approved by voice vote.

Mr. Aubrey submitted a lease renewal for the Department of Corrections in Campbell County, \$16.89 per square foot for 8,262 square feet of office space, through June 30, 2020.

Mr. Aubrey next submitted a lease renewal for the Cabinet for Health and Family Services (CHFS) in Warren County, \$12.95 per square foot for 8,284 square feet of office space, through June 30, 2027.

The two other lease renewals were for CHFS in Martin County, \$10.50 per square foot for 12,685 square feet of office space, through June 30, 2027, and the Department of Agriculture in Franklin County, \$8.41 per square foot for 10,640 square feet of office space, through June 30, 2024.

A motion was made by Senator Humphries to approve the lease renewals, seconded by Representative Rudy, and approved by unanimous roll call vote.

Lastly, Mr. Aubrey reported an under \$50,000 lease modification for CHFS in Fayette County. The improvements included security and network infrastructure, fencing and gates (with card reader access) for secure parking, and HVAC for three network rooms. Two estimates were obtained for each improvement, with the low bid for each one selected, for a total amount of \$49,761, amortized through the current lease term expiring June 30, 2024. No action was required.

Report from the Office of Financial Management

Ms. McNeil submitted a Kentucky Infrastructure Authority loan request. The Paducah McCracken Joint Sewer Agency (JSA) requested a \$9.1 million Fund A (Clean Water State Revolving Fund Loan Program) loan for construction of a 15 million gallon sewer storage tank [Combined Sewer Storage Tank PWWTP project] to receive excess wet weather flows. This project is required under JSA's Long Term Control Plan and Consent Judgment. The monthly sewer bill for 4,000 gallons is \$23.32. The term is 20 years with a 1.75 percent interest rate.

A motion was made by Representative Rudy to approve the Fund A loan, seconded by Senator Humphries, and approved by unanimous roll call vote.

Follow-up for Previously Approved Bond Issues

Mr. Barrow reported two previously approved conduit debt transactions. The first was the Kentucky Economic Development Finance Authority Taxable Hospital Revenue

Refunding Bonds, Series 2018A (Baptist Healthcare System Obligated Group). The 30 year transaction sold August 9, 2018, with net proceeds of just under \$130,000,000. No action was required.

The second was the Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Henry Green Apartments Project), Series 2018. The short-term three year transaction, which financed a \$17 million multifamily project in Louisville (Jefferson Street), sold on August 7, 2018, with net proceeds of exactly \$8.2 million at an about two percent net interest rate. No action was required.

School District Bond Issues with School Facilities Construction Commission (SFCC) Debt Service Participation

Mr. Barrow submitted four school district bond issues with School Facilities Construction Commission (SFCC) debt service participation for projects [in East Bernstadt Independent (Laurel County), Erlanger-Elsmere Independent (Kenton County), Fulton County, and LaRue County]. The total estimated issuance amount was \$11.1 million, with SFCC's portion around \$1.65 million, just under 15 percent. No tax increases were necessary to pay debt service for any of the bond issues.

A motion was made by Representative Rudy to approve the school district bond issues, seconded by Senator Humphries, and approved by unanimous roll call vote.

With there being no further business the meeting adjourned at 1:15 p.m.