

# **CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

## **Minutes**

**July 30, 2021**

### **Call to Order and Roll Call**

The Capital Projects and Bond Oversight Committee meeting was held on Friday, July 30, 2021, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Chris Freeland, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Chris Freeland, Co-Chair; Senators Jason Howell and Robin L. Webb; and Representative Walker Thomas.

Guests: Elizabeth Baker, Senior Director, Strategic Capital Planning and Legislative Analysis, University Budget Office, University of Kentucky; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Greg Rush, Chief Financial Officer, Kentucky State University; Scott Aubrey, Director, Division of Real Properties, Department for Facilities and Support Services; Sandy Williams, Deputy Executive Director, Kentucky Infrastructure Authority; Katie Smith, Commissioner, Department for Financial Services, Cabinet for Economic Development; and Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Shawn Bowen, Committee Staff Administrator, Korey Sallee, Committee Analyst, and Elishea Schweickart, Committee Assistant.

### **Approval of Minutes – June 17, 2021**

Due to the lack of a quorum, this item was tabled until the August 25 meeting.

### **Information Items**

Four information items were referenced by Ms. Bowen: the Quarterly Capital Project Status Reports, the Judicial Facility Use Allowance Contingency Fund Report, a report of the purchase of medical equipment by the University of Kentucky, and two 100% locally funded school bond issues for Oldham and Adair counties.

### **Lease Report from the University of Kentucky**

Ms. Baker submitted a request for a new lease for various UKHC administrative offices and clinics. The university plans to lease 53,368 square feet at an annual cost of \$1,692,299 for a period of 7 years. Due to the lack of a quorum, no action was taken.

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

Ms. Tomes reported a new information technology capital project for the Education and Workforce Development Cabinet, Office of Vocational Rehabilitation. The cabinet plans to purchase a new case management system to replace the outdated system installed in 2008. The project scope is \$4,620,000, and is 100% federally funded through the U.S. Department of Education Rehabilitation Services Administration. The case management system will be utilized by individuals receiving vocational rehabilitation services to provide them with meaningful employment opportunities. Due to the lack of a quorum, no action was taken.

Ms. Tomes reported a new capital project for Kentucky State University to renovate Hunter Hall from a residence hall to an office, classroom and laboratory building. The project scope is \$2,300,000 and is 100% federally funded through the U.S. Department of Agriculture. The project was approved by the KSU Board of Regents and the Council on Postsecondary Education, and the Finance and Administration Cabinet will oversee the design and implementation of the project.

Responding to questions from Representative Freeland, Mr. Rush confirmed that the appropriate approvals to start the project were obtained from the U.S. Department of Agriculture, and there are no legal issues relative to the project. He added that the university was not involved in the bid solicitation process, it was administered solely by the Finance and Administration Cabinet.

Responding to questions from Senator Girdler, Mr. Rush said the Council on Postsecondary Education is providing guidance and oversight during the independent review of the university's finances. He added that the review/external audit would not affect the implementation of this capital project. Due to the lack of a quorum, no action was taken.

Ms. Tomes next reported a \$240,000 restricted fund scope increase for the Kentucky Department of Veterans Affairs Improve/Expand Pavement and Parking Areas project. The project was originally authorized by HB 352 in the amount of \$1,600,000. Additional funding is needed to correct poor soil conditions encountered during paving projects at Thomson Hood Veterans Center and Radcliff Veterans Center.

Ms. Tomes reported a \$1,200,000 allocation from the Department for Facilities and Support Services' 2020-2022 maintenance pool for the purchase of a new chiller and piping to serve the Governor's Mansion. Additionally, she reported a \$1.3 million Emergency Repair, Maintenance, or Replacement project for a flood remediation project at Fort Boonesborough State Park.

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

Mr. Aubrey reported two emergency leases for the Transportation Cabinet in Rockcastle and Johnson counties. The leases are needed for the storage of vegetative debris from the February 2021 ice storms. The leases have an annual cost of \$12,000, and will remain in effect until the debris is removed.

### **Report from the Office of Financial Management Kentucky Infrastructure Authority Loans**

Ms. Williams submitted five new KIA loans for the committee's review: Fund A Loans-Louisville and Jefferson County Metropolitan Sewer District (2 loans), \$1.1 million and \$2,944,345; City of Calvert City, Marshall County, \$276,933; City of Bedford, Trimble County, \$196,795; and Fund B loan-City of Midway, Woodford County, \$200,000. Due to the lack of a quorum, no action was taken.

Responding to a question from Representative Freeland, Ms. Williams said there is no indication that supply inventories, which include primarily PVC pipe, are improving. [Water and sewer projects use a great deal of PVC pipe, and over the past year and a half, PVC prices have risen substantially due to supply shortages.]

### **Economic Development Fund Grant**

Ms. Smith submitted a \$15,000,000 Economic Development Fund grant for the Meade County Fiscal Court on behalf of Nucor Corporation. The grant funds will be used to offset estimated capital investment costs of \$1.5 billion. The company will be required to create 400 new full-time jobs with an hourly wage of \$45 including benefits. The disbursement of funds will occur following the five annual review dates. Provisions are included in the grant agreement to reduce disbursements if the requirements are not achieved. Due to the lack of a quorum, no action was taken.

### **New Debt Issues**

Mr. Barrow reported two new debt issues: Kentucky Higher Education Student Loan Corporation (KHESLC) Advantage Student Loan Revenue Bonds, Series 2021, \$85 million, and KHESLC FFELP Student Loan Asset-Backed Notes, Series 2021, \$370 million. Due to the lack of a quorum, no action was taken.

Mr. Barrow presented an informational report for Turnpike Authority of Kentucky Economic Development Road Revenue and Revenue Refunding Bonds, 2021 Series A, B, C and 2022 Series A with a principal amount not to exceed \$250,000,000.

### **Previous Debt Issues**

Mr. Barrow reported four previously approved debt issues: Kentucky Economic Development Finance Authority Healthcare Facilities Revenue Bonds, Series 2021 (Christian Care Communities Inc. Obligated Group), \$54,360,000; University of Louisville Forward Delivery General Receipts Refunding Bonds, Series 2021A, \$21,400,000; University of Louisville General Receipts Bonds, Series 2021B, \$39,450,000; and State

Property and Buildings Commission Revenue Refunding Bonds, Project No. 125 Series A and Series B, \$139,550,000.

**School District Debt Issues**

Mr. Barrow reported six School Facilities Construction Commission bond assisted projects for Bullitt, Henry, Perry, Rockcastle, and Trimble counties, and Williamstown Independent (Grant county). The projects are tax-exempt and the bond proceeds are \$43,620,000. No action was taken due to the lack of a quorum.

Representative Freeland announced the upcoming 3:30 p.m. August 25, 2021 meeting. With there being no further business the meeting adjourned at 1:32 p.m.