

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

November 15, 2023

Call to Order and Roll Call

The November meeting of the Capital Projects and Bond Oversight Committee was held on November 15, 2023, at 3:00 PM in Room 131 of the Capitol Annex. Senator Rick Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Deanna Frazier Gordon Co-Chair; Senator Rick Girdler Co-Chair; Representatives Keturah Herron, Jason Petrie, and Walker Thomas.

Guests: Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Alan Watt, Special Assistant for Capital Construction, Department of Corrections; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Cabinet for Economic Development; Kylee Palmer, Director for Program Administration, Department for Financial Services, Cabinet for Economic Development; and, Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Savannah Wiley and Spring Emerson.

Approval of Minutes (October 25, 2023)

Representative Petrie moved to approve the minutes of the October 25, 2023 meeting. The motion was seconded by Co-Chair Frazier Gordon, and the minutes were approved without objection.

Information Items

Ms. Wiley provided an overview of the information items. Pursuant to KRS 45.760(5), the University of Kentucky (UK) and the University of Louisville (UofL) reported Medical, Scientific, and Research Equipment Purchases. UK reported six equipment purchases totaling a little over \$3.5 million. UofL reported eight equipment purchases totaling \$3.4 million.

Pursuant to KRS 45.812(1), one school district, which did not need an additional tax levy to pay debt service, reported upcoming school district debt issues to finance a new project for \$1.6 million in Robertson County to pay for an HVAC replacement.

Project Report from the Finance Administration Cabinet

Ms. Tomes presented information on the Scientific Equipment Purchase – Energy and Environment Cabinet, Department for Environmental Protection. Representative Thomas moved to approve the purchase; the motion was seconded by Co-Chair Frazier Gordon, and the purchase was approved without objection by roll call vote.

Also included were Pool Allocations for the Justice and Public Safety Cabinet, Department of Corrections, Adult Correctional Institutions (Maintenance Pool 2022-2024), Department of Corrections Mechanical Electrical and Plumbing Design – West Project, as well as Tourism, Arts, and Heritage Cabinet, Department of Fish and Wildlife Resources (Fees-in-Lieu-Of Stream Mitigation Projects Pool) for Gabbard Branch (Butler County), Ivy Creek (Warren County), and Ross Creek AMP (Lee County). No action was required on the Pool Allocations.

In response to a question from Representative Herron regarding HVAC system needs in the women’s prison, Ms. Tomes said it is included in the study. Mr. Watt said the project is being done with funds that were previously approved.

Report from the Office of Financial Management

Ms. Smith and Ms. Palmer presented eight Economic Development Fund (EDF) Grants. Representative Petrie moved to roll them into one roll call vote. The motion was seconded by Co-Chair Frazier Gordon, and the votes were rolled into one.

The EDF Grants included City of Danville on behalf of the Danville Boyle County Economic Development Authority; Ohio County Fiscal Court on behalf of the Green River Regional Development Authority, Inc.; Lincoln County Fiscal Court on behalf of the Stanford-Lincoln County Industrial Development Authority; Marion County Fiscal Court on behalf of the Marion County Industrial Foundation; McCracken County Fiscal Court on behalf of the Paducah McCracken County Industrial Development Authority; Muhlenberg County Fiscal Court on behalf of the Paradise Park Regional Industrial Development Authority, Inc.; Rockcastle County Fiscal Court on behalf of the Rockcastle County Industrial Development Authority; and, Ballard County Fiscal Court on behalf of the West Kentucky Regional Riverport Authority, Inc.

Representative Petrie moved to approve the eight EDF Grants. Representative Thomas seconded the motion, and the grants were approved without objection by roll call vote.

Mr. Barrow presented information on New Debt Issue – Kentucky Higher Education Student Loan Corporation (KHESLC) Student Loan Revenue Bonds. The remaining items were Previous Debt Issues, including Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Davis Park State Project), Series 2023, and Kentucky Housing Corporation Single Family Mortgage Revenue Bonds, 2023 Series A.

In response to a question from Representative Petrie regarding the bond issue, Mr. Barrow said the Federal Family Educational Loans are no longer a regional issuance; however, they can be bought on the secondary market and serviced.

In response to a question from Co-Chair Frazier Gordon, Mr. Barrow said gross proceeds equal approximately \$226 million.

Representative Thomas moved to approve the New Debt Issue. The motion was seconded by Representative Petrie, and the issue was approved without objection by roll call vote.

Mr. Barrow then presented Action Item - School District Debt Issues with School Facilities Construction Commission (SFCC) participation. Co-Chair Frazier Gordon moved to roll the six SFCC debt issues into one roll call vote. The motion was seconded by Representative Herron, and the issues were rolled into one.

The SFCC debt issues were Fleming County, Letcher County, Monroe County, Pendleton County, Washington County, and a Wolfe County resubmission. In response to a question from Representative Petrie regarding the amount that would be too small for this type of financing, Mr. Barrow said the decisions are made at the local school boards.

Representative Thomas moved to approve the six debt issues; the motion was seconded by Representative Petrie, and they were approved without objection by roll call vote.

Ms. Williams presented information on one Fund B loan and twelve Cleaner Water Program Grants for the Kentucky Infrastructure Authority. Representative Petrie moved to roll the loan and twelve grants into one roll call vote. The motion was seconded by Co-Chair Frazier Gordon, and the items were rolled into one vote.

The loan was for Infrastructure Revolving Fund (Fund B) Program Loan – Allen County Water District, B24-005 and the Cleaner Water Program Grants included Round One (Senate Bill 36) – Water (Two – Supplemental Pool, Four – County Pool Reallocations); Round Two (House Bill 1) – Sewer (One – County Pool Reallocation); and, Round Two (House Bill 1) – Water (Five – County Pool Reallocations).

Representative Petrie moved to approve the loan and twelve grants. The motion was seconded by Representative Thomas, and the items were approved without objection by roll call vote.

Remaining Calendar Year 2023 Meeting Dates

The next meeting will be held on Thursday, December 14, 2023 at 3:00 PM in Room 131 of the Capitol Annex, with Representative Frazier Gordon presiding.

Adjournment

There being no further business before the committee, the meeting was adjourned at 3:37 PM.