

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

February 27, 2024

Call to Order and Roll Call

The February meeting of the Capital Projects and Bond Oversight Committee was held on February 27, 2024, at 4:00 PM in Room 129 of the Capitol Annex. Representative Deanna Frazier Gordon, 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; Senators Shelley Funke Frommeyer, Jason Howell, and Robin L. Webb; Representatives Keturah Herron, Jason Petrie, and Walker Thomas.

Guests: Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Jennifer Linton, Director of Capital Planning and Facilities Management, Kentucky State University (KSU); Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services, Finance and Administration Cabinet; Sandy Williams, Executive Director, Kentucky Infrastructure Authority (KIA); Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Cabinet for Economic Development; and, Ryan Barrow, Executive Director, Governor's Office of Financial Management.

LRC Staff: Katherine Halloran, Savannah Wiley, and Spring Emerson.

Approval of Minutes

Senator Howell moved to approve the minutes of the January 30, 2024 meeting. The motion was seconded by Representative Thomas, and the minutes were approved without objection.

Information Items

Ms. Halloran outlined the Information Items as KRS 45.812(2) School District Debt Issues and House Bill 1 Postsecondary Education Asset Preservation Pool Project Revisions - Eastern Kentucky University. There were no questions.

Project Report from the Finance and Administration Cabinet

Ms. Tomes presented information on three projects requiring action and four projects requiring no action. A motion was made by Senator Howell to roll the three action items into one roll call vote. The motion was seconded by Co-Chair Girdler, and the items were rolled into one vote without objection.

The three action items included New Project (Amendment) - Education and Labor Cabinet, Kentucky Educational Television, KET Next Gen Conversion; as well as New Projects a) General Government Cabinet, Department of Military Affairs, DMA Construct Jackson Field Maintenance Shop; and, b) Postsecondary Education, Kentucky State University, Blazer Library Renovation.

In response to questions from Senator Funke Frommeyer, Ms. Linton said KSU qualifies for Title III Federal Funds that are intended for projects that strengthen the institution and increase capacities for students. The Library Renovation project amounts to \$1.7 million and is fully funded with Title III Federal Funds, and does not require any matching funds.

There being no further questions, a motion was made by Senator Howell to approve the three action items. The motion was seconded by Senator Webb, and the items were approved without objection by unanimous roll call vote.

Ms. Tomes presented information on Pool Allocations - Justice and Public Safety Cabinet a) State Police (Maintenance Pool 2022-2024), Information Services Center HVAC Replacement; b) Department of Corrections, Adult Correctional Institutions (Maintenance Pool 2022-2024), KCIW Lonnie Watson HVAC Repairs/Replacement; and, Postsecondary Education, Kentucky Community and Technical College System (Asset Preservation Pool - 2022-2024) a) Mechanical Equipment and Controls - Henderson Community College; and, b) Renovate Pineville Campus - Southeast Kentucky Community and Technical College. These four projects required no action, and there were no questions.

Lease Report from the Finance and Administration Cabinets

Ms. Brawner presented two New Leases that require action. Senator Howell moved to roll these two leases into one roll call vote. The motion was seconded by Senator Webb, and the items were rolled into one vote without objection.

The two leases included New Leases - Cabinet for Health and Family Services, Department for Community Based Services for Grant County, PR-5717, and Fleming County, PR-5768.

In response to a question from Senator Funke Frommeyer regarding the lease amounts, Ms. Brawner said both of these projects are new construction. Senator Webb commented that she is familiar with Fleming County and similar rural areas that have vacant older buildings and limited availability, where new construction would be necessary.

There being no further questions, Senator Howell moved to approve the leases. The motion was seconded by Senator Webb, and the two new leases were approved by roll call vote.

Report from the Office of Financial Management

Ms. Williams presented information for five loans and twenty-four grants. Co-Chair Girdler moved to roll these items into one roll call vote. The motion was seconded by Senator Howell, and the items were rolled into one vote.

The items were five loans that included Clean Water State Revolving Fund (Fund A) Program Loan - City of Danville (Boyle County), A23-014; Governmental Agencies (Fund C) Program Loan - Barkley Lake Water District (Trigg County), C24-001; Drinking Water State Revolving Fund (Fund F) Program Loans for City of Cynthiana (Harrison County), F22-028 (Increase); City of Danville (Boyle County), F23-003S; and, City of Lebanon (Marion County), F24-001S.

The Cleaner Water Program Grants included a. Round One (Senate Bill 36) - Sewer (One Supplemental Pool/Two - County Pool Reallocations); b. Round One (Senate Bill 36) - Water (One - Supplemental Pool/Four - County Pool Reallocations); c. Round Two (House Bill 1) - Sewer (Two - Supplemental Pool/One - County Pool Reallocation); and, d. Round Two (House Bill 1) - Water (Seven - Supplemental Pool/Four - County Pool Reallocations).

The remaining grants included House Bill 1 Line-Item Grants for a) Sewer - Fredericks Landing Wastewater for City of Wilder; and, b) Water - Georgetown Municipal Water and Sewer Service.

There being no questions, Senator Howell moved to approve the loans and grants. The motion was seconded by Senator Funke Frommeyer, and the KIA transactions were approved without objection by unanimous roll call vote.

Ms. Smith presented information on three Economic Development Fund (EDF) Grants requiring action. Senator Howell moved to roll the three items into one roll call vote. The motion was seconded by Co-Chair Girdler, and the grants were rolled into one vote.

The EDF grants included Campbell County Fiscal Court on behalf of the Campbell County Economic Progress Authority; City of Jeffersontown (Jefferson County) on behalf of Papa John's; and, Logan County Fiscal Court on behalf of the Logan Industrial Development Authority.

In response to a question from Senator Funke Frommeyer regarding when to expect results on the investment, Ms. Smith said that once approved, the disbursements can be made monthly until the full amount has been utilized. After that, notices are sent out annually, typically at the end of the fiscal year, asking for a status report of the project. It usually takes one to two years after the initial investment to locate a potential site for an economic development project.

There being no further questions, Senator Funke Frommeyer moved to approve the grants. The motion was seconded by Representative Thomas, and the EDF grants were approved without objection by unanimous roll call vote.

Mr. Barrow presented information on three new debt issues, as well as four school district debt issues with School Facilities Construction Commission (SFCC) participation. Senator Howell moved to roll the three new debt issues into one roll call vote. The motion was seconded by Senator Funke Frommeyer, and the votes were rolled into one.

The three new debt issues included Morehead State University General Receipts Bonds, 2024 Series A and Refunding Bonds, 2024 Series B; Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Garden Place Apartments), Series 2024; and, State Property and Buildings Commission Revenue Bonds, Project No. 130 Series A and Refunding Bonds, Series B (Optional Tender). There being no questions, Senator Howell moved to approve the debt issues. The motion was seconded by Senator Webb, and the three new debt issues were approved by roll call vote.

Mr. Barrow also presented the Previous Debt Issue - Kentucky Housing Corporation Single Family Mortgage Revenue Bonds, 2024 Series A and Taxable 2024 Series B, for which no action was required. There were no questions.

Mr. Barrow presented four new School District Debt Issues with School Facilities Construction Commission (SFCC) participation. Senator Howell moved to roll the four debt issues into one roll call vote. The motion was seconded by Senator Webb, and the debt issues were rolled into one vote.

The new School District Debt Issues with SFCC participation included New Projects for Boone County, Leslie County, and Science Hill Independent (Pulaski County); as well as Refunding - Allen County. There were no questions. Senator Howell moved to approve the four SFCC debt issues. The motion was seconded by Senator Webb, and the four issues were approved without objection by unanimous roll call vote.

Next Meeting Date

The next meeting is Tuesday, March 19, upon adjournment of both chambers, in room 131 of the Capitol Annex with Co-Chair Girdler presiding. Submissions are due by March 5.

Adjournment

There being no further business before the committee, the meeting was adjourned at 4:43 PM.