

# CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

## Minutes

July 31, 2024

### Call to Order and Roll Call

The July meeting of the Capital Projects and Bond Oversight Committee was held on July 31, 2024, 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: Senator Rick Girdler Co-Chair; Representative Deanna Frazier Gordon 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; Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Cabinet for Economic Development; Kylee Palmer, Director of Program Administration, Department for Financial Services, Cabinet for Economic Development; and, Steve Starkweather, Deputy Executive Director, Debt, 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 June 20, 2024 meeting. The motion was seconded by Co-Chair Frazier Gordon, and the minutes were approved without objection.

### Information Items

Ms. Halloran presented the information items as A. KRS 26A.168(1), KRS 45.793, and KRS 45.818 Quarterly Capital Projects Status Reports; B. KRS 45.760(5) Postsecondary Medical Equipment Purchase - University of Kentucky; C. School District Debt Issues - New Projects; D. KRS 45A.180(2) Postsecondary Notice of Intent to Use Alternative Construction Contracting Project Delivery Method - University of Kentucky - Construction Management-At-Risk - Construct Support Services Building (Environmental Quality Management Center); E. Finance and Administration Cabinet Quarterly Lease Reports; and, F. House Bill 1 Postsecondary Education Asset Preservation Pool Project Revisions - Eastern Kentucky University.

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

Ms. Tomes presented the action items as 1. New Project - General Government Cabinet, Department of Military Affairs, London Readiness Center Exterior Repairs; and, 2. Appropriation Increase - Education and Labor Cabinet, General Administration, Renovate McDowell Vocational Rehabilitation Center. Senator Howell moved to roll the two action items into one vote. The motion was seconded by Senator Webb, and the votes were rolled into one without objection. There being no questions, Senator Howell moved to approve the two action items. The motion was seconded by Senator Webb, and the items were approved without objection by unanimous roll call vote.

Ms. Tomes continued by presenting two items requiring no action, which were 1. Emergency Repair, Maintenance, or Replacement Project - Justice and Public Safety Cabinet, Kentucky State Police, Replacement of King Air Aircraft; and, 2. Pool Allocation - General Government Cabinet, Department of Military Affairs, Appalachian Challenge Academy Renovations.

In response to a question from Representative Petrie regarding the aircraft purchase, Ms. Tomes said the \$7.7 million being used was from the Capital Construction Investment Income fund, which has sufficient cash to cover the cost. The request for the aircraft has been included in the past two budget cycles, but was not funded. Representative Petrie commented that no one advocated for the aircraft purchase during either of those budget cycles.

Chair Girdler requested clarification regarding the aircraft purchase. Representative Petrie explained that the aircraft is being purchased under emergency provisions due to it not being included in the past two final enacted budgets. He said there had been no advocacy for the purchase.

In response to a question from Representative Herron regarding the use of the replacement aircraft, Representative Petrie said the Kentucky State Police (KSP) made the request and it was assumed that agency would be using it. Senator Webb commented that there is flexibility built into the statute for separation of powers issues and for executive action when so merited. The aircraft is used for transport as the KSP deems necessary.

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

Ms. Brawner presented the lease report as A. Lease Renewal (Same Terms and Conditions) - General Government Cabinet, Department of Agriculture, Franklin County, PR-4804; and, B. Lease Modifications of at Least \$50,000, Franklin County, which included 1. Amortization of Improvements and Square Footage Increase - Justice and Public Safety Cabinet, Department of Public Advocacy, PR-5250; and, 2. Amortization of Improvements - Energy

and Environment Cabinet, Department for Environmental Protection and Office of Kentucky Nature Preserves, PR-5767.

Representative Thomas moved to roll the three lease transactions into one roll call vote. The motion was seconded by Senator Webb, and the votes were rolled into one without objection.

In response to questions from Senator Funke Frommeyer, Ms. Brawner said the base rental rates did not increase for any of the leases.

There being no further questions, Senator Howell moved to approve the three lease transactions. The motion was seconded by Senator Webb, and the leases were approved without objection by unanimous roll call vote.

### **Report from the Office of Financial Management**

Ms. Williams, Kentucky Infrastructure Authority (KIA), presented information on seven loans and twenty grants requiring action. Senator Howell moved to roll the twenty-seven action items into one roll call vote. The motion was seconded by Senator Webb, and the votes were rolled into one without objection.

The action items included 1. Clean Water State Revolving Fund (Fund A) Program Loans for a. Louisville and Jefferson County Metropolitan Sewer District (Jefferson County), A23-007 (Increase) and b. City of Princeton f/b/o Princeton Water and Wastewater Commission (Caldwell County), A24-014S; 2. Infrastructure Revolving Fund (Fund B) Program Loan - City of Bardstown (Nelson County), B23-003 (Increase); 3. Drinking Water State Revolving Fund (Fund F) Program Loans for a. Adair County Water District (Adair County), F23-006S (Increase), b. Louisville Water Company (Jefferson County), F23-134L, c. Logan-Todd Regional Water Commission (Todd County), F24-064E, and d. City of Danville (Boyle County), F24-066L; 4. Cleaner Water Program Grants for a. Round One (Senate Bill 36) - Sewer (Two - Supplemental Pool/One - County Pool Reallocation), b. Round One (Senate Bill 36) - Water (Three - Supplemental Pool/One - County Pool Reallocation), c. Round Two (House Bill 1) - Sewer (One - Supplemental Pool/One County Pool Reallocation), and d. Round Two (House Bill 1) - Water (Ten - Supplemental Pool); and, 5. Kentucky Water and Wastewater Assistance for Troubled or Economically Restrained Systems (Fund W) Program Grant - City of Salyersville Water Works (Magoffin County), W25-001E.

Representative Petrie expressed his appreciation for KIA's use of House Bill 563 proceeds to address the City of Salyersville's sewer line collapse and that it was consistent with the bill's intent.

In response to a question from Senator Funke Frommeyer, Ms. Williams said Kentucky

received additional funding through the Bipartisan Infrastructure Law specifically dedicated to replace lead service lines, through the Drinking Water State Revolving Fund Loan Program. The additional funding will be available for five years; two years of funding has been committed, and three years remain.

Senator Funke Frommeyer moved to approve the twenty-seven KIA transactions. The motion was seconded by Senator Webb, and the transactions were approved without objection by unanimous roll call vote.

Ms. Palmer, Economic Development Cabinet, presented information on three Economic Development Fund (EDF) grants. Senator Howell moved to roll the three votes into one roll call vote. The motion was seconded by Senator Webb, and the votes were rolled into one without objection.

The three EDF grants included 1. Adair County Fiscal Court on behalf of the Columbia-Adair County Economic Development Authority; 2. Allen County Fiscal Court on behalf of Belmark Inc.; and, 3. Boone County Fiscal Court on behalf of the Kenton County Airport Board. There being no questions, Senator Howell moved to approve the three grants. The motion was seconded by Senator Webb, and the grants were approved without objection by unanimous roll call vote.

Mr. Starkweather presented information from the Office of Financial Management (OFM) on four previous debt issues requiring no action, which included 1. Murray State University General Receipts Bonds, 2024 Series A; 2. Kentucky Asset/Liability Commission Project Notes, 2024 Federal Highway Trust Fund First Refunding Series A; 3. Turnpike Authority of Kentucky Economic Development Road Revenue Refunding Bonds (Revitalization Projects), 2024 Series A; and, 4. Kentucky Housing Corporation Single Family Mortgage Revenue Bonds, 2024 Series C and Taxable Series D. There were no questions.

Mr. Starkweather then presented information on five School District Debt Issues with School Facilities Construction Commission (SFCC) Participation for New Projects, requiring action. Senator Howell moved to roll the five votes into one roll call vote. The motion was seconded by Senator Webb, and the votes were rolled into one without objection.

The School District Debt Issues with SFCC Participation projects included 1. General Obligation Bonds for a. Bellevue Independent (Campbell County), b. Covington Independent (Kenton County), and c. Jefferson County; 2. Lease Revenue Bonds for a. Paintsville Independent (Bell County); and, b. Rockcastle County. There being no questions, Senator Howell moved to approve the five SFCC debt issues. The motion was seconded by Senator Webb, and the debt issues were approved without objection by unanimous roll call vote.

**Remaining Calendar Year 2024 Meeting Dates (Capitol Annex Room 131, 3:00 p.m.)**

Thurs. Aug. 29 - Rep. Frazier Gordon, Chair (Submissions due Aug. 15)

Thurs. Sep. 26 - Sen. Girdler, Chair (Submissions due Sep. 12)

Thurs. Oct. 24 - Rep. Frazier Gordon, Chair (Submissions due Oct. 10)

Tues. Nov. 19 - Sen. Girdler, Chair (Submissions due Nov. 5)

Tues. Dec. 17 - Rep. Frazier Gordon, Chair (Submissions due Dec. 3)

**Adjournment**

There being no further business before the committee, the meeting was adjourned at 3:51 PM.