

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

January 22, 2025

Call to Order and Roll Call

The January meeting of the Capital Projects and Bond Oversight Committee was held on January 22, 2025, at 3:00 PM in Room 131 of the Capitol Annex. Senator Rick Girdler called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Shelley Funke Frommeyer Co-Chair; Representative Shawn McPherson Co-Chair; Senators Rick Girdler, Scott Madon, and Robin L. Webb; Representatives Jason Petrie, Sarah Stalker, and Walker Thomas.

Guests: Kevin Cardwell, Deputy State Budget Director, Office of State Budget Director; Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services, Finance and Administration Cabinet; Milward Dedman, Deputy Executive Director, Kentucky Infrastructure Authority; Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Economic Development Cabinet; Kylee Palmer, Director of Program Administration, Department for Financial Services, Economic Development Cabinet; and, Chelsey Couch, Executive Director, Office of Financial Management.

LRC Staff: Savannah Wiley and Spring Emerson.

Election of Co-Chairs

Pursuant to KRS 45.790(1), Senator Girdler nominated Senator Funke Frommeyer for Senate Co-Chair and Senator Madon seconded the motion. Senator Madon moved that nominations cease and that Senator Funke Frommeyer be elected Senate Co-Chair by acclamation. Senator Girdler seconded the motion, and Senator Funke Frommeyer was selected Senate Co-Chair by acclamation.

Pursuant to KRS 45.790(1), Representative Thomas nominated Representative McPherson for House Co-Chair and Representative Stalker seconded the motion. Representative Petrie moved that nominations cease and that Representative McPherson be elected House Co-Chair by acclamation. Representative Stalker seconded the motion, and Representative McPherson was elected House Co-Chair by acclamation.

Approval of Minutes

Representative Thomas moved to approve the December 19, 2024 meeting minutes. The

Committee meeting materials may be accessed online at <https://apps.legislature.ky.gov/CommitteeDocuments/13>

motion was seconded by Senator Madon, and the minutes were approved without objection.

Correspondence and Information Items

Ms. Wiley 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 and Research Equipment Purchases - University of Kentucky; C. School District Debt Issues - New Projects for 1. General Obligation Bonds in a. Daviess County, b. Nicholas County, and c. Taylor County; 2. KRS 45.812(1) Revenue Bonds for a. Kentucky Interlocal School Transportation System and b. Montgomery County; D. KRS 48.111(6)(c) Notification, and E. House Bill 6 Postsecondary Asset Preservation Pool Projects - Kentucky Community and Technical College.

Project Report from the Finance and Administration Cabinet

Mr. Cardwell presented information for the Action Items - Transportation Cabinet for 1. New Project - Department of Highways, D-9 Rowan County East and West Bound Renovation; and 2. Appropriation Increase - Department of Aviation, Construct Capital City Airport Terminal Building.

Senator Girdler moved to roll the two action items into one roll call vote, and the motion was seconded by Co-Chair McPherson. The two items were rolled into one vote without objection.

In response to a question from Representative Petrie regarding the airport federal grant, Mr. Cardwell said the decrease in Restricted Funds needed was on a one-to-one basis.

Senator Girdler moved to approve the two action items, and the motion was seconded by Senator Madon. The items were approved without objection by unanimous roll call vote.

Mr. Cardwell presented information on the Pool Allocation - Postsecondary Education, Kentucky State University (Asset Preservation Pool - 2022-2024), Exum Center Exterior Repairs, for which no action was required.

Lease Report from the Finance and Administration Cabinet

Ms. Brawner presented information for four lease renewals, including A. Cabinet for Health and Family Services, Department for Community Based Services, 1. Pulaski County, PR-3524; 2. Letcher County, PR-4487; 3. Clay County, PR-5410; and B. Department of Corrections, Division of Probation and Parole, Jefferson County, PR-5586.

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

In response to a question from Chair Funke Frommeyer regarding the cost per square foot, Ms. Brawner explained that there was no negotiation due to it being an extension of the current terms.

Senator Madon moved to approve the lease renewals, and the motion was seconded by Representative Stalker. The renewals were approved without objection by unanimous roll call vote.

Report from the Office of Financial Management

Kentucky Infrastructure Authority Grants

Mr. Dedman presented information on one KY WWATERS program grant requiring action and one line-item grant requiring no action. The action item was for Kentucky Water and Wastewater Assistance for Troubled or Economically Restrained Systems (Kentucky WWATERS - Fund W) Program Grant - Wood Creek Water District (Laurel County), W25-003E.

In response to questions from Representative Petrie, Mr. Dedman said the City of Livingston is behind on audits by about two or three years. He added that he will check with the Department for Local Government on the statutory requirements and report back to the committee.

Senator Webb requested updates on a workable plan for districts that need help, and Mr. Dedman replied that is being addressed.

In response to a question from Senator Madon, Mr. Dedman said no funds would be refunded in this case due to the emergency situation in an economically restrained system.

Chair Funke Frommeyer commented that a summary report could be beneficial. Senator Webb expressed her concern with the possible negative effects of an outside agency raising rates, and her desire to protect the consumer. Mr. Dedman said the committee would be kept informed.

Representative Thomas moved to approve the grant, and the motion was seconded by Senator Girdler. The grant was approved without objection by unanimous roll call vote.

The line-item grant requiring no action was for House Bill 1 (2024 Regular Session) Line-Item Grant - Water (One).

Economic Development Fund (EDF) Grants

Ms. Palmer presented information on three EDF grants requiring action. Representative Petrie moved to roll the three votes into one roll call vote. The motion was seconded by Senator Madon, and the votes were rolled into one without objection.

The three EDF grants included 1. Bell County Fiscal Court on behalf of the Bell County Economic Development Foundation; 2. Franklin County Fiscal Court on behalf of the Keaton Lane Industrial Development Authority; and 3. Shelby County Fiscal Court on behalf of the Shelby County Industrial and Development Foundation.

Senator Madon moved to approve the three EDF grants, and Co-Chair McPherson seconded the motion. The grants were approved without objection by unanimous roll call vote.

Office of Financial Management

Ms. Couch presented information on one new debt issue and five school district debt issues with School Facilities Construction Commission (SFCC) participation requiring action, along with four previous debt issues requiring no action. The new debt issue was for 1. State Property and Buildings Commission Revenue Bonds, Project No. 132 Series A, and Revenue Refunding Bonds, Project No. 132 Series B.

Representative Stalker moved to approve the new debt issue, and the motion was seconded by Senator Girdler. The new debt issue was approved without objection by unanimous roll call vote.

Ms. Couch presented information on the four previous debt issues, including a. Western Kentucky University General Receipts Bonds, 2024 Series A and General Receipts Refunding Bonds, 2024 Series B; b. Kentucky Housing Corporation Conduit Multifamily Housing Revenue Bonds (Garden Place Apartments), Series 2024; c. Kentucky Housing Corporation Conduit Multifamily Housing Revenue Bonds (Chenoweth Woods Apartments), Series 2024; and d. Kentucky Housing Corporation Conduit Multifamily Housing Revenue Bonds (Winterwood III Rural Housing Portfolio), Series 2024.

Senator Madon moved to roll the five SFCC debt issues into one roll call vote, and the motion was seconded by Senator Girdler. The votes were rolled into one without objection.

The Action Item - School District Debt Issues with School Facilities Construction Commission Debt Service Participation - New Projects included 1. General Obligation

Bonds for a. Erlanger-Elsmere Independent (Kenton County); b. Fayette County; and, c. Union County; 2. Lease Revenue Bonds for a. Elizabethtown Independent (Hardin County), and b. Henderson County.

In response to a question from Representative Petrie regarding ongoing obligations, Ms. Couch said that a breakdown will be provided to the committee.

Co-Chair McPherson moved to approve the SFCC debt issues, and the motion was seconded by Representative Stalker. The debt issues were approved without objection by unanimous roll call vote.

Adjournment

There being no further business before the committee, the meeting was adjourned at 3:41 PM.