

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

January 29, 2026

Call to Order and Roll Call

The January meeting of the Capital Projects and Bond Oversight Committee was held on January 29, 2026, at 3:00 PM in Room 131 of the Capitol Annex. Senator Shelley Funke Frommeyer, Chair, 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 Scott Madon and Reginald L. Thomas; Representatives Sarah Stalker and Walker Thomas.

Guests: Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services; Megan Wilson, Administrative Branch Manager, Cabinet for Health and Family Services; and, Bethany Padgett, Financial Analyst, Office of Financial Management.

LCR Staff: Katherine Halloran, Savannah Fritsch, and Spring Emerson.

Approval of Minutes

Senator Madon moved to approve the December 16, 2025 minutes. The motion was seconded by Co-Chair McPherson, and the minutes were approved without objection by voice vote.

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 and Research Equipment Purchases - University of Kentucky; C. KRS 45.812(1) School District Debt Issues – New Projects, which included 1. Boone County, 2. Calloway County, 3. Kenton County, and 4. Laurel County; D. KRS 45A.077(6) Postsecondary Notice of Intent to Use Public-Private Partnership (P3) Project Delivery Method - University of Kentucky, Construct/Improve Student Housing and Construct/Improve Dining Facilities.

Chair Funke Frommeyer commented that she encourages the use of P3s for the University of Kentucky Student Housing and Dining Facilities projects, which could be a better way to utilize the taxpayer dollar in coordination with private funding, for efficiency and effectiveness.

Lease Report from the Finance and Administration Cabinet

Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services, presented information for one new lease and ten lease renewals requiring action. Senator Madon moved to roll the eleven action items into one roll call vote. The motion was seconded by Senator Reginald Thomas, and the votes were rolled into one without objection.

The action items included A. New Lease - Cabinet for Health and Family Services, Department for Community Based Services, Harlan County, PR-5800; as well as B. Lease Renewals (Same Terms and Conditions) for 1. General Government Cabinet, Unified Prosecutorial System, Jefferson County, PR-2591; 2. Cabinet for Healthy and Family Services, Department for Community Based Services for a. Montgomery County, PR-2829; b. Franklin County, PR-3282; c. Bourbon County, PR-3855; d. Letcher County, PR-4487; e. Fayette County, PR-5425; and f. Harrison County, PR-5510; 3. Justice and Public Safety Cabinet for a. Department of Corrections, Jefferson County, PR-4496; and b. Department of Juvenile Justice, PR-4232; and 4. Energy and Environment Cabinet, Department for Natural Resources, Pike County, PR-4245.

In response to Chair Funke Frommeyer, Ms. Brawner said the new lease for the Cabinet for Health and Family Services (CHFS) is at a rate of \$25.62 per square foot even though the average lease rate for Harlan County is \$9.44 per square foot. Lessors have been solicited multiple times.

Co-Chair McPherson called for the committee to stand at ease for a moment. He then moved to unroll the one vote in order to consider the new lease separately. Representative Walker Thomas seconded the motion and the votes were unrolled into two.

In response to Chair Funke Frommeyer, Ms. Brawner said they welcome interaction with other entities interested in leasing space. Ms. Wilson said only one bid was received for the lease of office space and it would not be used as medical space.

Senator Madon commented that the current facility in use has a deplorable office space with a leaky roof and the HVAC system needs repair or replacement. There is only one restroom for use by staff and clients.

Ms. Wilson said prior to the COVID-19 pandemic, there were two locations in Harlan County. The workforce reporting to an office was decreased during the COVID-19 pandemic and the new lease has less square footage. The understanding was that when the workforce returned to the office, there would be sufficient space to house all the staff in one location. The cost prior to the pandemic was \$205,000, and the new lease would be approximately \$36,000 more than being paid previously. The lessor does perform some

maintenance in the current facility, but the HVAC and flooding issues continue to recur.

In response to Senator Madon, Ms. Brawner said the new lease would be in effect through 2033.

In response to Chair Funke Frommeyer, Ms. Brawner said the opportunity to pursue co-location is available to any entity that wants to be added to the recipient list for bid advertisements. Due to the struggle getting this location, additional bid advertisements were posted, which is not normally done.

In response to Co-Chair McPherson, Ms. Brawner said some construction would be necessary to fit the location to CHFS's needs.

In response to Senator Madon, Ms. Brawner said there is a thirty-day cancellation clause; however, that would be a concern due to ongoing renovations. If the lease was canceled within that thirty-day period, the bid process would be restarted, which could take a considerable amount of time. Ms. Wilson said the last bidding process took a year.

In response to Senator Reginald Thomas, Ms. Brawner said due to only one responsive bid, renegotiation for a shorter term or reduced rate within the thirty-day period would be highly unlikely; however, there could be discussions to explore the possibilities, if the Committee requests that.

In response to Representative Stalker, Ms. Brawner said that in order to consider a new bid, this advertisement would have to be canceled and the lease rebid.

Senator Madon commented there would also be a parking issue. In response to Chair Funke Frommeyer, Ms. Brawner said sixty parking spaces are needed, which includes both staff and clients. Ms. Wilson said electric and gas are included in the current lease, but water and sewer charges are not.

In response to Senator Reginald Thomas, Senator Madon said the options available in Harlan County are minimal and suggested the lease term be lowered.

Senator Madon moved to approve the new lease. The motion was seconded by Senator Reginald Thomas, and the lease was approved by roll call vote.

Co-Chair McPherson moved to roll the ten lease renewals into one roll call vote. The motion was seconded by Representative Walker Thomas, and the votes were rolled into one.

Chair Funke Frommeyer commented that of the ten lease renewals, seven were at, or less than, the average county rate. All of them were substantially less than the Harlan County location. She expressed appreciation for Ms. Brawner's diligent negotiating skills.

Representative Walker Thomas moved to approve the ten lease renewals. Representative Stalker seconded the motion, and the lease renewals were approved without objection by roll call vote.

Report from the Office of Financial Management

Bethany Padgett, Financial Analyst, Office of Financial Management, presented information for two new debt issues requiring action and a new debt issue and two previous debt issues requiring no action.

Representative Walker Thomas moved to roll the two new debt issues requiring action into one roll call vote. The motion was seconded by Senator Reginald Thomas, and the two votes were rolled into one without objection.

The two debt issues requiring action included 1. New Debt Issues for a. Murray State University General Receipts Bonds, 2026 Series A, and b. Kentucky Housing Corporation Single Family Mortgage Revenue Bonds, 2026 Series A (Non-AMT) and 2026 Series B (Taxable).

Representative Walker Thomas moved to approve the two new debt issues. The motion was seconded by Senator Reginald Thomas, and the two issues were approved without objection by roll call vote.

Ms. Padgett continued with 1.c. Turnpike Authority of Kentucky Economic Development Road Revenue Refunding Bonds (Revitalization Projects), 2026 Series A and Series B (Optional Tender).

In response to Co-Chair McPherson, Ms. Padgett said the KHC debt issue was the last under the \$400 million authorization expiring March 1, 2026.

Ms. Padgett provided information on 2. Previous Debt Issues requiring no action. They included a. Kentucky Economic Development Finance Authority Revenue Bonds (CommonSpirit Health), Series 2025 and, b. Kentucky Housing Corporation Conduit Multifamily Housing Revenue Bonds (Meadows at McNeely Lake), Series 2025.

Co-Chair McPherson moved to roll three School Facilities Construction Commission debt issues requiring action into one roll call vote. The motion was seconded by Representative Stalker, and the votes were rolled into one without objection.

Ms. Padgett provided information on the Action Item - School District Debt Issues with SFCC Debt Service Participation for 1. New Project - Breathitt County, and 2. Refundings for a. Allen County and b. Grayson County.

Senator Reginald Thomas moved to approve the three SFCC debt issues. The motion was seconded by Representative Stalker, and the debt issues were approved without objection by roll call vote.

Next Meeting Date

The next meeting is scheduled for Thursday, February 19, upon adjournment of both chambers, in room 131 of the Capitol Annex, with Co-Chair McPherson presiding.

Submissions are due on February 5.

Adjournment

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