

# FCR 7

Office of the President  
March 19, 2013

Members, Board of Trustees:

## RENOVATE/EXPAND GATTON COLLEGE

Recommendation: that the Board of Trustees approve the initiation of the Renovate/Expand Gatton College capital project and declare its official intent to reimburse capital expenditures from a future debt obligation for the capital project.

Background: The existing four-story facility for the Gatton College of Business and Economics was originally built in 1963. In 1991, a three-story expansion was added. The original building primarily houses office and administrative space while the 1991 addition houses nearly all the teaching/classroom space. The facility has been well maintained but, as with most facilities of its age, some of the basic mechanical and electrical components have reached the end of their useful lives. None of the classrooms support modern technology and the current structure of the facility allows only limited renovations or expansions of smaller classrooms. Further, the existing building's limited floor to floor heights will not allow classrooms to be outfitted with modern learning technology.

The Board approved the initiation of the design of the project in June 2012. This project will renovate 146,000 gross square feet and expand the facility by 72,000 gross square feet. This expansion and renovation is needed to accommodate the College's planned 50 percent growth in enrollment as well as growth in faculty and staff to maintain the student-to-faculty ratio. Classroom capacity and utilization will increase through more efficient scheduling and leveraging online learning technology. The project will also create more community and student study spaces to facilitate modern learning methods and collaboration.

This \$65 million project, including design and authorized by the 2013 Kentucky General Assembly, will be initially funded with \$25 million of gifts and \$40 million of agency bonds.

U.S. Department of Treasury regulations related to the use of proceeds of tax-exempt bonds or notes require that the borrower make a Declaration of Official Intent to reimburse itself for capital expenditures made prior to the issuance of the debt (also known as a "Reimbursement Resolution") if the issuer intends to reimburse itself from tax-exempt debt proceeds.

The University's Debt Committee has determined that this project is consistent with the University's Debt Policy.

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Action taken:     Approved     Disapproved     Other \_\_\_\_\_