

# FCR 8

Office of the President  
March 19, 2013

Members, Board of Trustees:

## ACADEMIC SCIENCE BUILDING

Recommendation: that the Board of Trustees approve the initiation of the Academic Science Building capital project and declare its official intent to reimburse capital expenditures from a future debt obligation for the project.

Background: This project will construct a 263,000 gross square foot Academic Science facility. The existing Chemistry-Physics building, constructed in 1963, is one of the largest and most heavily used buildings (2<sup>nd</sup> highest usage) on the University campus. The facility serves all undergraduate students wherein they fulfill their basic science (both classroom and laboratory) requirements. Undergraduate and graduate students spend a significant amount of time in the facility learning the areas of biology, chemistry and physics and conducting research. The interior of the Chemistry-Physics building does not have adequate natural light, providing a less than ideal environment for student learning, research and faculty and student efforts. The classrooms are traditional consisting of either large, fixed seat lecture halls or small classrooms without modern science instructional technology. The facility is not conducive to modern science teaching methods and greatly hinders the use of current, collaborative learning methods.

The new facility will house most of the introductory science laboratory courses allowing students to learn the commonalities of multiple science disciplines in an interdisciplinary fashion and model “team problem-solving”. The facility will be student oriented, having an open environment that encourages interaction and collaboration beyond the classroom. The new building will also contain premier interdisciplinary undergraduate science teaching labs and classrooms as well as student commons space, group and individual study rooms, and other amenities.

This \$100 million project, authorized by the 2013 Kentucky General Assembly, will be funded with agency bonds. Through a unique and collaborative partnership, the UK Department of Intercollegiate Athletics will fund 65 percent of the annual debt service. The remaining cost will be paid through already achieved internal reallocation of funds. Additionally, private funds are being solicited to help offset the University’s annual debt service.

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 would be consistent with the University's Debt Policy.

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