

# FCR 7

Office of the President  
January 31, 2014

Members, Board of Trustees:

## DESIGN PHASE OF THE RENOVATE/EXPAND STUDENT CENTER

Recommendation: that the Board of Trustees approve the Design Phase of the Renovate/Expand Student Center capital project and declare official intent to reimburse the capital expenditures from a future debt obligation.

Background: The University's Student Center was originally constructed in 1938 and expanded in 1963 and 1982. The Center is heavily used by the University community with almost two million visitors annually. The facility is no longer able to fully meet the needs of students, faculty, staff and other constituents in terms of quantity and quality of space.

The renovation and expansion of the Student Center is part of a broader plan to enhance student life across campus. Improvements will likely include updated student activity and study spaces, dining and retail operations, parking, bookstore and other amenities that support student success. This Design Phase will be negotiated in full but initiated and contracted in appropriate subcomponents. Initially, it will provide schematic documents to allow for a more detailed needs assessment, advanced preliminary concepts and more detailed cost estimates for the project.

The cost of the Design Phase is not expected to exceed \$17,000,000 and will be initially financed with agency funds using the current legislative authorization. The University is seeking authorization from the 2014 Kentucky General Assembly for \$175,000,000 (\$160,000,000 agency bonds and \$15,000,000 agency and private funds.)

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 reimbursement of the capital expenditure must occur no later than 18 months after the date of the Declaration of Official Intent. While design fees are exempted from the reimbursement regulations, it is possible design-related capital expenditures could be incurred and this declaration provides maximum flexibility for the future.

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