

FCR 12

Office of the President
December 12, 2017

Members, Board of Trustees:

FUNDING REVISION TO RENOVATE/UPGRADE UK HEALTHCARE FACILITIES (PHASE I-F, I-G, I-H, and I-I) CAPITAL PROJECTS)

Recommendation: that the Board of Trustees approve the use of agency bonds authorized by the 2016 General Assembly to fund projects in Phases I-F, I-G, I-H, and I-I of the Renovate/Upgrade UK HealthCare Facilities Capital Project; for which the declaration of intent to reimburse capital expenditures from a future debt obligation for these Capital Projects was approved in June 2014.

Background: The Albert B. Chandler Hospital Facilities Development Plan (Development Plan) provides for the systematic replacement and renovation of patient care facilities. Since the opening of the first two patient care floors in Pavilion A of the new patient care facility in May 2011, UK HealthCare (UKHC) has continued to experience strong patient demand for the delivery of its hospital system services. This volume increase has placed substantial capacity and throughput constraints on the hospital system operations, requiring continued fit-out of Pavilion A and the renovation of Pavilions H, HA, and G to provide adequate facilities for patient care.

The Board has approved a total \$1,025,700,000 investment in the Development Plan. The Development Plan has been implemented using two legislative authorizations, the Patient Care Facility and the Renovate/Upgrade HealthCare Facilities. These two legislative authorizations, which reflect consolidation of various authorizations over several years, provide for the investment not to exceed \$1,180,000,000. A summary of the approved UK HealthCare patient care facilities projects, listed by legislative authorization, and a map displaying the location of Pavilions A, H, and HA are attached.

At its February 2016 meeting, the Board approved the initiation of Phase I-H of the Patient Care Facility Capital Project with a total estimated scope of \$37,000,000, to be funded by agency funds. At its June 2016 meeting, the Board changed the fund source of Phase I-H to agency bonds authorized by the 2016 General Assembly; and changed the identified legislative authorization to the Renovate/Upgrade UK Healthcare Facilities Capital Project. At its June 2016 meeting, the Board also approved the initiation of Phase I-I of the Renovate/Upgrade UK HealthCare Facilities Capital Project with a total estimated scope of \$113,600,000, to be funded with \$113,000,000 of agency bonds authorized by the 2016 General Assembly and \$600,000 of agency funds. Phase I-I and Phase I-H include the projects listed below:

- Fit-up of additional patient floor (5th floor) in Pavilion A (Phase I-H)
- Fit-up of additional patient floor (12th floor) in Pavilion A (Phase I-I)
- Phase 2 Radiology Services in Pavilion A (Phase I-I)

- Interventional Services fit-up in Pavilion A and renovations in Pavilions H and G (Phase I-I)
- Obstetrical Services renovations in Pavilions HA and H (Phase I-I)

By this action, the fund source for the 5th floor fit-up (Phase I-H), 12th floor fit-up (Phase I-I) and Obstetrical Services renovations (Phase I-I), which have not yet been initiated, will be changed to agency funds. Agency bonds previously approved for these projects will be directed to fund the following Phase I-F and Phase I-G projects, currently in progress and previously approved to be funded with agency funds:

- Neonatal Intensive Care Unit (NICU) relocation from Pavilion H to Pavilion HA (Phase I-F approved in June 2014)
- Fit-up of additional patient floor (11th floor) in Pavilion A (Phase I-G approved in March 2015)
- Continuation of fit-out of new operating rooms (Phase I-G approved in March 2015)

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 the tax-exempt debt proceeds. The Board approved reimbursement for all phases of the Renovate/Upgrade UK HealthCare Facilities Capital Project in June 2014, which will allow for reimbursement of expense related to the above projects.

Pursuant to the University of Kentucky Debt Policy, the Debt Management Committee has reviewed the financing plan and supports the proposed recommendation.

Action taken: Approved Disapproved Other _____



Imagery Source: Pictometry (Spring 2017)
Created by UK Facilities Information Services
GeospatialRequests@uky.edu
REV: 20171129



FCR 12 - IMPROVE UK HEALTHCARE FACILITIES – UK CHANDLER HOSPITAL CAPITAL PROJECT (GILL HEART AND VASCULAR INSTITUTE CATHETERIZATION LAB EXPANSION)

