

FCR 11

Office of the President
December 10, 2019

Members, Board of Trustees:

RENEW/MODERNIZE FACILITIES CAPITAL PROJECT
(CHEMISTRY-PHYSICS BUILDING, FRAZEE HALL, PATTERSON OFFICE TOWER,
CAMPUS ENABLING INFRASTRUCTURE, REYNOLDS WAREHOUSE #1, SCOVELL
HALL, WHITE HALL CLASSROOM BUILDING, BOWMAN, BRADLEY, BRECKINRIDGE,
AND KINKEAD HALLS

Recommendation: that the Board of Trustees approve the initiation of the Renew/Modernize Facilities Capital Project and declare its official intent to reimburse capital expenditures from a future debt obligation for the Capital Project.

Background: Pursuant to Administrative Regulation 8:2, any capital project with an estimated cost of \$1,000,000 or more must be approved by the Board prior to initiation.

The Renew/Modernize Facilities Capital Project is a multi-phase effort to renew and modernize buildings that make up the core of central campus. By rehabilitating, restoring, and modernizing these facilities, the University can better preserve its heritage; conserve energy; create an environment for more efficient and effective teaching; and attract and retain world-class researchers.

This modernization initiative will continue work started on Chemistry-Physics building, modernize Frazee Hall, renovate the 18th floor of Patterson Office Tower, and the first phase of renovation to the White Hall Classroom Building. Also included is the design of the Reynolds Warehouse #1 to create academic space; schematic design for Scovell Hall; and a study of the Quad (Bowman, Bradley, Breckinridge, and Kinkead Halls) including schematic design for one of the four buildings, and necessary enabling infrastructure projects. This \$62,000,000 Capital Project, authorized by the 2018 Kentucky General Assembly, is within the total legislative authorization of \$250,000,000 and will be funded with agency bonds.

The United States 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 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.

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_____