

FCR 10

Office of the President
June 16, 2023

Members, Board of Trustees:

CONSTRUCT HEALTH EDUCATION BUILDING CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the initiation of the construction phase of the Construct Health Education Building 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 scope of \$1,000,000 or more must be approved by the Board prior to initiation.

Nationally, physician demand is expected to exceed supply exponentially over the next 10 years. Kentucky's situation is especially dire as medical needs across the state are among the highest in the nation, particularly in rural areas. Training physicians and other healthcare professionals to practice statewide in Kentucky is of critical importance to the Commonwealth. UK's colleges of Medicine, Health Sciences, Nursing and Public Health must have additional space to teach more medical and other healthcare students to meet the needs of the Commonwealth. This world-class medical education facility will become the hub of medical education in the Commonwealth and beyond.

The design phase of this project was approved by the Board in May 2021. This new facility is planned to include approximately 450,000 square feet for classrooms, simulation suites, seminar rooms, conference rooms and faculty and staff workplace suites for all four colleges. This project will initiate the construction phase which will include the demolition of current structures on the site, other site work, awarding construction trade contracts, and construction of the new facility.

This \$380,000,000 project, including design, was authorized by the 2022 Kentucky General Assembly and may be funded with state bonds, agency bonds, and agency funds.

The United States Department of Treasury regulations related to the use of proceeds of tax-exempt bonds or notes require that borrowers 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. This recommendation includes such a 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 _____



Imagery Source: Pictometry (Spring 2022)
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