

# FCR 10

Office of the President  
September 12, 2025

Members, Board of Trustees:

CONSTRUCT/IMPROVE MEDICAL/ADMINISTRATIVE FACILITY 3  
(EXPAND PATIENT CARE FACILITY – CONSTRUCTION PHASE 1)  
CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the initiation of the Construct/Improve Medical/Administrative Facility 3 (Expand Patient Care Facility – Construction Phase 1) capital project, the use of agency bonds to fund a portion of the 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.

Since opening the first three patient care floors in Pavilion A in May 2011, UK HealthCare (UKHC) has experienced strong, consistent growth in inpatient admissions. The fit-out of the last shelled patient floor in Pavilion A was completed in 2023, and these beds are fully utilized. This consistent growth in patient volumes led to the initiation of planning activities for the expansion of the Chandler campus to ensure the future needs of the Commonwealth are met. At its April 2023, meeting the Board approved the \$180,000,000 design phase of this expansion to be funded with agency funds.

This project will initiate the first of several construction phases needed to provide additional inpatient beds and clinical support services at the Chandler campus. The first phase will include site preparation, utility relocations and demolition activities which are necessary to prepare the site for the construction of the podium and tower of the Patient Care Facility Expansion capital project. A phased approach to the Chandler expansion project is needed to provide maximum flexibility given the magnitude, scale and anticipated overall construction schedule.

This \$200,000,000 construction phase 1 project is within the total \$2,000,000,000 authorization granted by the 2024 Kentucky General Assembly and will be funded with agency funds and agency bonds.

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.

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



