

FCR 11

Office of the President
June 16, 2023

Members, Board of Trustees:

FUNDING REVISION (VARIOUS CAPITAL PROJECTS)

Recommendation: that the Board of Trustees approve, for the capital projects listed below, the use of both agency funds and agency bonds authorized by the 2022 General Assembly for which the declarations of intent to reimburse capital expenditures from a future debt obligation were approved in February 2019 and June 2022.

Background:

By this action, the fund source for the capital projects noted below will be changed to agency bonds and agency funds, including an internal loan for the Cooper House project. The project scopes will not change with this action.

Date of Board Approval	Capital Project	Scope	Original Funding Source
June 2021	Improve Academic/ Administrative Space 1 (Renew/Modernize Cooper House)	\$5,000,000	Agency funds** (internal loan)
June 2019	Repair/Upgrade/Expand Central Plant Cooling Plant #1 Tower Replacement	\$15,000,000	Agency funds**
February 2021	Repair/Upgrade/Expand Central Plants – Deaerators	\$6,000,000	Agency funds**
December 2021	Improve Building Shell Systems (Peterson Service Building Window Replacement)	\$1,500,000	Agency funds**

*** Funding source will be revised to agency funds and agency bonds upon approval.*

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. The Board of Trustees has approved such declarations for intent in February 2019 and June 2022: in February 2019, as part of the initiation of the

Renew/Modernize Facilities-Cooper House; and in June 2022, as part of the initiation of the Renew/Modernize Facilities Capital Project (Various Projects) with a scope of \$74,000,000 to be funded with agency bonds.

Contingent upon approval by the Board of Trustees, the university will request the Capital Projects and Bond Oversight Committee to consolidate these capital projects into the Facilities Renewal and Modernization capital project at their June meeting.

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

Action taken: Approved Disapproved Other _____