

FCR 13

Office of the President
February 18, 2022

Members, Board of Trustees:

CONSTRUCT BEAM INSTITUTE I AND II
(STILL BUILDING AND MATURATION BUILDING) CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the initiation of Construct Beam Institute I and II (Still Building and Maturation Building) Capital Project and an internal loan to fund a portion of the 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.

At its June 19, 2020 meeting, the Board approved the initiation of the Construct Beam Institute I (Still Building) capital project with a scope of \$5,500,000. The initiation of the Construct Beam Institute II (Maturation Building) capital project was approved at the Board's May 4, 2021 meeting with a scope of \$1,125,000. The total approved scope for both projects is \$6,625,000.

As the Still and Maturation Building projects are so closely related, they were bid together on November 9, 2021. The bids received were significantly higher than budgeted and a value engineering process was pursued during design. However, this process failed to bring the projects within the approved budget. After rebidding using competitive negotiation with the three low bidders pursuant to the model procurement code, the projects were value engineered once again. Unfortunately, the results were again over the approved scope. The current bid pricing is indicative of increases in construction costs, lack of competition among bidders as well as supply shortages caused by heavy demand.

The revised combined scope of these projects, authorized by the 2020 Session of the Kentucky General Assembly, is \$9,525,000 which is well within the total legislative authorization of \$20,000,000. The project will be funded with agency funds, including an internal loan not to exceed \$7,500,000, and private gifts (gift in kind). Pursuant to the University's Internal Loan Program Policy, the Debt Committee has reviewed and approved the request for the internal loan. Pending Board approval, the university will report the combination of the two legislative authorizations to the Capital Projects and Bond Oversight Committee.

Action taken: Approved Disapproved Other _____