

FCR 3

Office of the President
February 22, 2019

Members, Board of Trustees:

RENEW/MODERNIZE FACILITIES - REYNOLDS BUILDING #1
(DESIGN ONLY) CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the initiation of the design phase of the Renew/Modernize Facilities-Reynolds Building #1 Capital Project as the new home for the College of Design and declare official intent to reimburse the capital expenditures from a future debt obligation.

Background: This project will renovate the existing Reynolds Building #1 for the College of Design thus allowing the College to consolidate from four buildings to one building. The building is under-utilized and formerly housed auxiliary services stores and Facilities storage. This renewal of the Reynolds Building will provide an adaptive re-use of a historic structure continuing the concept of an arts and design district on campus. The renovation will include a small addition for vertical access and student commons space. The design will create large, open spaces for studios, classrooms, offices, and other support spaces for current and future programs.

Pursuant to Administrative Regulation 8:2, the Board must approve any capital project with an estimated scope of \$1,000,000 or more prior to initiation. This \$3,400,000 project for design only, authorized by the 2018 Kentucky General Assembly, is well within the total legislative authorization of \$250,000,000 for modernization projects. The project may be financed with a combination of various institutional sources including agency bonds, agency funds, or an internal loan. Agency funds or an internal loan may be partially or fully reimbursed by University bond proceeds as deemed appropriate, with any allocation of bond proceeds or execution of an internal loan approved by the Debt Management Committee in accordance with the University's debt and internal loan program policies.

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.

Action taken: Approved Disapproved Other _____