

FCR 8

Office of the President
May 8, 2015

Members, Board of Trustees:

EMERGENCY REPLACEMENT OF CENTRAL HEATING
PLANT BOILERS CAPITAL PROJECT

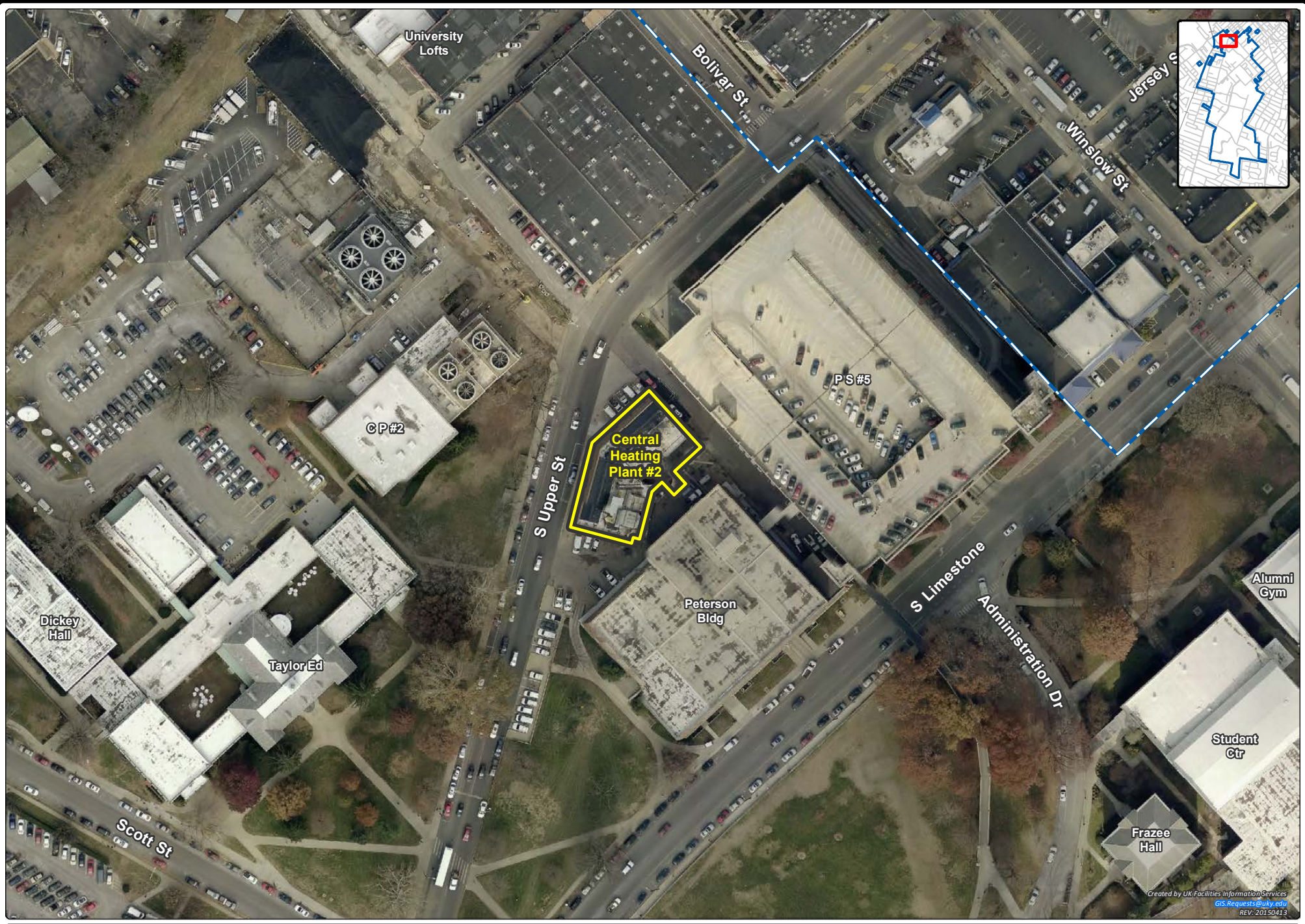
Recommendation: that the Board of Trustees be informed and recognize the Replacement of the Central Heating Plant Boilers Capital Project as an emergency repair and approve the initiation of the project.

Background: Pursuant to Administrative Regulation 8.2, any capital project with an estimated cost of \$600,000 or more must be approved by the Board prior to initiation. On March 27, 2015, the University's Central Heating Plant suffered a severe fire rendering two boilers inoperable. While the boilers continue to be inspected, both units likely need to be replaced due to age. The facility was insured at full replacement value.

Pursuant to KRS 45.750(1)(g) this project qualifies as an Emergency Repair, Maintenance or Replacement Project as it is necessitated by damage resulting from a disaster. The President recognized the replacement project as an emergency on May 6, 2015. Contingent upon approval by the Board, the emergency capital project will be reported to the Capital Projects and Bond Oversight Committee.

The scope of the project is not expected to exceed \$10,000,000 and will be funded with a combination of insurance proceeds and agency funds. The amount of insurance proceeds will be based on the replacement cost of comparable boilers. The University will fund the cost of any enhancements such as additional capacity or greater thermal efficiency with agency funds. The amount of insurance proceeds will not be known until the damage inspection is complete. The President will report the final funding plan to the Board of Trustees once it has been determined.

Action taken: Approved Disapproved Other _____



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