

FCR 1

Office of the President
May 1, 2018

Members, Board of Trustees:

APPROVAL OF INTERNAL LOAN FOR UPGRADE/RENOVATE/EXPAND
GRAIN CENTER OF EXCELLENCE CAPITAL PROJECT

Recommendation: that the Board of Trustees approve an internal loan to provide additional funding for the Upgrade/Renovate/Expand Grain Center of Excellence Capital 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. On September 9, 2016, the Board of Trustees approved the initiation of the \$15,000,000 project to be funded by a special appropriation from the Agricultural Development Board. This Project will renovate and expand the UK Research and Education Center in Princeton, KY for the new Grain Center of Excellence. The Center will allow the University to conduct research on intensive agricultural production practices, study water quality issues, and help define the environmental footprint of intensive agriculture. The research is expected to benefit Kentucky producers by providing new applications and technologies resulting in increased yields, reduced inputs, and higher economic returns.

The President approved, as allowed pursuant to Administrative Regulation 8:2, an increase in the project scope of \$2,250,000 to \$17,250,000. The additional \$2,250,000 will be funded with an internal loan to be repaid, with accrued interest, by the College of Agriculture, Food, and Environment (CAFE). On March 15, 2018, President Capilouto and CAFE Dean Nancy Cox participated in the groundbreaking of this facility.

Pursuant to the University's Internal Loan Program Policy, any internal loan greater than \$1,000,000 must be approved by the Board. In accordance with the Policy, the Debt Management Committee has reviewed and supports the proposed internal loan and financing plan.

Action taken: Approved Disapproved Other _____