

FCR 16

Office of the President
September 13, 2024

Members, Board of Trustees:

IMPROVE CENTRAL PLANTS AND CONSTRUCT/IMPROVE UTILITIES
INFRASTRUCTURE UK HEALTHCARE (UNIVERSITY UTILITIES EXPANSION AND
UPGRADES) CAPITAL PROJECT

Recommendation: that the Board of Trustees support and approve the initiation of the Improve Central Plants and Construct/Improve Utilities Infrastructure UK HealthCare (University Utilities Expansion and Upgrades) capital project and authorize the Executive Vice President for Finance and Administration to negotiate and execute all documents necessary to create a viable Public-Private Partnership (P3).

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.

To better serve the Commonwealth and fulfill the university's commitment to its citizens' wellbeing, the university plans, over the next several years, to expand and build new facilities to address Kentucky's rising healthcare needs, including the expansion of the Chandler Patient Care Facility and a new Cancer Treatment and Ambulatory Care Facility. In tandem, the university is building the Rankin Health Education Building to train current and future generations of Kentucky healthcare providers. This growth also includes the new Martin-Gatton College of Food and the Environment Agriculture Research Facility 1 and other major capital projects to improve and modernize campus facilities to serve our students and patients better. Additionally, the university must address the technological improvements and mechanical upgrades needed to existing utility plants and distribution systems to better serve current and future needs. Consequently, the university is exploring an opportunity for a holistic approach to utility infrastructure upgrades that will significantly improve our infrastructure systems' efficiencies and sustainability and support needed growth.

The recommended P3 strategy is not only appropriate but also a testament to the university's commitment to the Commonwealth and its financial prudence. This strategy allows us to retain financial flexibility while funding capital projects focused on caring for our students and patients.

Using two legislative authorizations, this project is not expected to exceed \$400,000,000 and would be well within the total legislative authorization of \$800,000,000. It will be funded with third-party financing under KRS Chapter 45A and agency funds. 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_____

