



EASTERN KENTUCKY UNIVERSITY

Serving Kentuckians Since 1906

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April 26, 2018

The Honorable Stan Humphries, Co-Chair
The Honorable Phil Moffett, Co-Chair
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capitol Annex Building, 700 Capitol Avenue
Frankfort, Kentucky 40601

Dear Senator Humphries, Representative Moffett and members of the Capital Projects and Bond Oversight Committee,

In accordance with provisions of KRS 45.750-800 and KRS 164A.600, and pursuant to KRS 45.760(6)(a)(1), Eastern Kentucky University (EKU) is reporting the following actions:

Appropriation Increase – Other Funds

EKU is reporting an appropriation increase, in Other Funds, for the “Construct Student Life Facilities” capital project from \$3,000,000 to \$4,100,000.

The Construct Student Life Facilities was authorized in the 2016 Kentucky Acts Chapter 149, Part II, Section J, Sub-part 3, Item 26, for a total of \$93,000,000; \$90,000,000 in Agency Bonds and \$3,000,000 in Other Funds. An additional \$1,100,000 or 1.18% in Other Funds, is being increased due to projected current, private, Other Fund increases for the project that will exceed the enacted Other Funds authorization.

This project covers three different facility improvements for the University: construction of a pedway over the Robert R. Martin bypass (U.S. 25); renovations to the Powell Student Center building; and new construction for a campus recreation center.

Currently, the University’s bookstore provider has agreed to a contractual signing bonus that the University plans to utilize, in excess of the current Other Funds authorization, as well as capital improvements expenses agreed to in the contract, to renovate a portion of the Powell building to relocate the University bookstore. Attached is the page from this agreement that covers these matters.

Please feel free to contact Ryan D. Green, Executive Director for Budget and Financial Planning, at (859) 622-6932 should you have any questions.

Sincerely,

Barry D. Poynter

c: Ryan D. Green, Eastern Kentucky University
Dr. David T. McFaddin, Eastern Kentucky University
Shaun McKiernan, Council on Postsecondary Education
Carla Wright, Office of State Budget Director



23. Signing Bonus:

Barnes & Noble College will provide a three million three hundred thousand dollars (\$3,300,000) signing bonus to be used at the discretion of Eastern Kentucky University. One million six hundred fifty thousand dollars (\$1,650,000) will be paid in Year One and the balance (\$1,650,000) in Year Two. Both payments will be made within 30 days of the beginning of the contract year.

Barnes & Noble College will amortize the signing bonus on a straight-line basis over a fifteen (15) year period. Should Eastern Kentucky University cancel or fail to renew this agreement before the end of that period, then Eastern Kentucky University shall reimburse Barnes & Noble College for any amount of the signing bonus not yet amortized.

24. Capital Investment:

Barnes & Noble will commit up to eight hundred thousand (\$800,000) to relocate Bookstore Operations to Powell.

Barnes & Noble College will depreciate this investment on a straight-line basis over a fifteen (15) year period. Should Eastern Kentucky University cancel or fail to renew this agreement before the end of that period, then Eastern Kentucky University shall reimburse Barnes & Noble College for any amount of the investment not yet depreciated.

The Barnes & Noble "Vanilla Box" definition will be the condition the new bookstore location will be turned over to Barnes & Noble at the expense of Eastern Kentucky University. The Responsibility Matrix is incorporated as part of this Agreement. See Appendix A.

25. Final Approval of Renovations:

Barnes & Noble shall bear the costs and expenses for renovations, alterations, changes or modifications to the Premises as set forth above and in further detail in its Proposal. All renovations, alterations, changes or modifications to the Premises shall require the prior written approval of University. All renovations, alterations or changes shall be in compliance with all applicable University, State, Local and Federal requirements. Barnes & Noble must receive preliminary written approval from University before proceeding with detailed plans and specifications.

Upon written approval of detailed plans by University, the renovation project may proceed. A copy of the receipt for payment for each renovation, alteration or similar change shall be forwarded to the University within thirty (30) days of completion of the project and all payments made to Barnes & Noble vendors.

In order to provide the best possible service for Eastern Kentucky University's students, faculty and other customers, final approval and necessary alterations of any bookstore plans will meet with Barnes & Noble's minimum operational and retailing standards.

26. Force Majeure:

Barnes & Noble and Eastern Kentucky University shall be excused for the period of any delay in performance of any obligations hereunder when prevented from doing so by the wrongful or negligent acts or omissions of the other party or by causes beyond either party's control, which shall include all labor disputes, civil disturbance, reasonably unforeseeable weather conditions, war, invasions, military or usurped power, sabotage, governmental regulations or controls (including bona fide delays in obtaining building and similar permits and approvals), fires or other casualty, or acts of God.