



Kentucky Council on Postsecondary Education

Matthew G. Bevin
Governor

1024 Capital Center Drive, Suite 320
Frankfort, Kentucky 40601
Phone: 502-573-1555
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<http://www.cpe.ky.gov>

Aaron Thompson
President

December 6, 2019

Capital Projects and Bond Oversight Committee
Room 34, Capitol Annex
702 Capital Avenue
Frankfort, KY 40601

RE: CPE Approval of Two Interim Capital Projects

Dear Senator Girdler and Representative Thomas,

The Council on Postsecondary Education's Finance Committee met on December 6, 2019 and, per KRS 164.020 (11), approved two interim capital projects:

- \$6,000,000 Restricted Funds for an upgrade of Cardinal Stadium Wi-Fi and Cellular Service (University of Louisville)
- \$25,000,000 (\$999,950 in Restricted Funds and \$24,000,050 in Other Funds) for an Expansion of Dining Space at the Gatton Student Center (University of Kentucky)

A copy of the CPE Finance Committee's agenda items is attached for your information. If you have questions or require additional information, please contact me at (502) 892-3039.

Sincerely,

A handwritten signature in cursive script that reads "Shaun McKiernan".

Shaun McKiernan
Director for Budget and Finance

C: Mary Vosevich, UK
Angie Martin, UK
Mark Watkins, UofL
Rick Graycarek, UofL
Carla Wright, OSBD

TITLE: Interim Capital Project Request from the University of Kentucky

RECOMMENDATION: Pursuant to delegation by the full Council, staff recommends that the Finance Committee approve University of Kentucky's request for interim authorization of a capital project to expand dining space at the Gatton Student Center using \$999,950 in agency restricted funds and \$24,000,050 in private funds.

PRESENTERS: Bill Payne, Vice President for Finance and Administration, CPE
Shaun McKiernan, Director of Finance and Budget, CPE

SUPPORTING INFORMATION

University of Kentucky (UK) officials request authorization for an interim capital project to expand dining space at the Gatton Student Center to meet increased demand. The expansion will increase Champions Kitchen to accommodate 350 additional seats and will also include a second and third floor which will be used as needed and funds allow in the future. The total project scope is estimated at \$25,000,000. Most of the funding (\$24,000,050) will come from UK's foodservice provider, and the remaining funds (\$999,950) will come from institutional resources. UK personnel will oversee the design and implementation of the project. This project was approved by UK's Board of Trustees on October 18, 2019.

House Bill 592 (2018) created a new provision in KRS 164A.575, which allows public postsecondary institutions to authorize capital projects not specifically listed in the state budget as long as the projects are funded with non-general fund appropriations, do not jeopardize funding for existing programs, and are reported by the institution to the Capital Projects and Bond Oversight Committee. The pertinent section of KRS 164A.575 is provided below:

- (15) Notwithstanding KRS 45.760, the governing board may authorize a capital construction project or a major item of equipment even though it is not specifically listed in any branch budget bill, subject to the following conditions and procedures:
 - (a) The full cost shall be funded solely by non-general fund appropriations;

- (b) Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or re-allotted for expenditure on the project or major item of equipment. Moneys utilized shall not jeopardize any existing program and shall not require the use of any current general funds specifically dedicated to existing programs; and
- (c) The institution's president, or designee, shall submit the project or major item of equipment to the Capital Projects and Bond Oversight Committee for review as provided by KRS 45.800.

The Gatton Student Center was originally constructed in 1938 and the Alumni Gym was built in 1924. Both were completely renovated, expanded, and combined in 2018. The facility is currently 378,000 square feet and includes space for student organizations, dining, bookstore, ballroom and entertainment venues, retail, student lounges, and administrative offices.

The approval process for a capital project that exceeds \$1,000,000 is as follows:

- The project must be approved by an institution's board of trustees or regents;
- The project must be submitted to the Council on Postsecondary Education for review and action;
- If approved by the Council, projects at KCTCS and KSU are submitted to the Secretary of the Finance and Administration Cabinet for review and action, and subsequently submitted by the Secretary to the Capital Projects and Bond Oversight Committee for review;
- If approved by the Council, projects at ECU, MoSU, MuSU, NKU, UK, UofL, and WKU are submitted by the requesting institution to the Capital Projects and Bond Oversight Committee for review, and a copy is provided to the Finance and Administration Cabinet as information; and
- Following review and action by the appropriate agencies, the project may be initiated by the requesting institution.

Because this project was not previously approved by the Council and it was not authorized in the enacted 2018-20 budget (HB 200), Council approval is now required to authorize this project. UK will not be debt financing any portion of this project; therefore, provisions of KRS 45.763 do not apply.

Following Council action, staff will notify the president of UK, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee of the Council's recommendation concerning this project.

October 29, 2019

President Aaron Thompson
Council on Postsecondary Education
1024 Capital Center Drive, Suite 320
Frankfort, Kentucky 40601

RE: New Capital Project – Expand Student Center

Dear President Thompson:

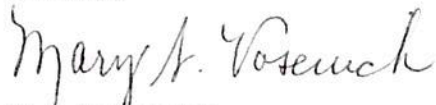
Pursuant to KRS 164A.575(15), the University of Kentucky is reporting a new capital project, Expand Student Center, which was approved by the University's Board of Trustees on October 18, 2019. No general fund appropriations will be required for completion of this \$25 million project which will be funded with funds from our dining partner, Aramark, and agency funds.

The University's student center was originally constructed in 1938 and Alumni Gym was constructed in 1924. Both were completely renovated, expanded and combined in 2018 to create the more than 378,000 square foot facility that is heavily used by the University and the wider community seven days a week. The Gatton Student Center provides multiple student dining venues, but the capacity of the primary dining venue, Champions Kitchen, is unable to meet current and projected demand due to growing student enrollment and higher than expected meal plan participation rates.

This project will add approximately 34,000 square feet, including up to 350 seats and a new serving line at Champions Kitchen for use by fall 2021. The project will include the construction of a second and third floor as it is most cost effective to do this concurrently and the additional space will allow the University to expand student support and other services in the future. It is anticipated that one or both additional floors will be shelled at this time.

Should you have any questions, please contact me.

Sincerely,



Mary S. Vosevich
Vice President for Facilities Management
Chief Facilities Officer

c: Bill Payne

seeblue.

TITLE: Interim Capital Project Request from the University of Louisville (previously approved by CPE for 2020-22)

RECOMMENDATION: Staff recommends that the Finance Committee approve University of Louisville's request for interim authorization of a capital project to upgrade Wi-Fi and cellular services at Cardinal Stadium. This project was approved by CPE for 2020-22 on October 31, 2019.

PRESENTERS: Bill Payne, Vice President for Finance and Administration, CPE
Shaun McKiernan, Director of Finance and Budget, CPE

SUPPORTING INFORMATION

University of Louisville (UofL) officials request authorization for an interim capital project to upgrade and expand Wi-Fi and cellular services at Cardinal Stadium. The project was included in the university's 2020-26 six-year capital plan submitted to CPE and the Capital Planning Advisory Board. The UofL Board of Trustees approved the project on October 24, 2019, and the Council approved the project (for the 2020-22 biennium) on October 31, 2019. On November 25, campus officials formally requested CPE to approve the project as an interim project in order to have it complete before the first home game of the 2020-21 football season. Equipment will need to be ordered by February 1, 2020 to meet this timeline.

Facility Info: Cardinal Stadium seats 60,000 and was original built in 1998 with expansions in 2010 and 2019. The recent construction created an additional 25,000 square feet of space. Also included was a major upgrade to the Howard Schnellenberger Football Complex, which is attached to the stadium.

Funding and Oversight Info: A total project scope of \$6,000,000 is requested. According to campus officials, funding for the project will come from athletics and private donations. UofL personnel will oversee the design and implementation of the project.

APPROVAL PROCESS INFORMATION

House Bill 592 (2018) created a new provision in KRS 164A.575, which allows public postsecondary institutions to authorize capital projects not specifically listed in the state budget as long as the projects are funded with non-general fund appropriations, do not jeopardize funding for existing programs, and are reported by the institution to the Capital Projects and Bond Oversight Committee. The pertinent section of KRS 164A.575 is provided below:

- (15) Notwithstanding KRS 45.760, the governing board may authorize a capital construction project or a major item of equipment even though it is not specifically listed in any branch budget bill, subject to the following conditions and procedures:
- (a) The full cost shall be funded solely by non-general fund appropriations;
 - (b) Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or re-allotted for expenditure on the project or major item of equipment. Moneys utilized shall not jeopardize any existing program and shall not require the use of any current general funds specifically dedicated to existing programs; and
 - (c) The institution's president, or designee, shall submit the project or major item of equipment to the Capital Projects and Bond Oversight Committee for review as provided by KRS 45.800.

The approval process for a capital project that exceeds \$1,000,000 is as follows:

- The project must be approved by an institution's board of trustees or regents;
- The project must be submitted to the Council on Postsecondary Education for review and action;
- If approved by the Council, projects at KCTCS and KSU are submitted to the Secretary of the Finance and Administration Cabinet for review and action, and subsequently submitted by the Secretary to the Capital Projects and Bond Oversight Committee for review;
- If approved by the Council, projects at EKV, MoSU, MuSU, NKU, UK, UofL, and WKU are submitted by the requesting institution to the Capital Projects and Bond Oversight Committee for review, and a copy is provided to the Finance and Administration Cabinet as information; and
- Following review and action by the appropriate agencies, the project may be initiated by the requesting institution.

Because this project was not authorized in the enacted 2018-20 budget (HB 200), Council approval is now required to authorize this project. UofL will not be debt financing any portion of this project; therefore, provisions of KRS 45.763 do not apply.

NEXT STEPS

Following Council action, staff will notify the president of UofL, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee of the Council's recommendation concerning this project.

November 25, 2019

Bill Payne, VP Finance and Administration
Council on Post-Secondary Education
1024 Capital Center Drive
Frankfort, KY 40601

RE: Interim Authorization Request - WiFi and Cellular Services at Cardinal Stadium

Dear Mr. Payne,

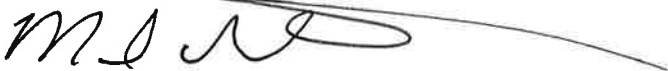
In accordance with provisions of KRS 45.760 (7), I am writing to request interim-authorization for the purchase and upgrade of WiFi and Cellular service at Cardinal Football Stadium. In-house staff developed the project cost estimate based on the current market. The budget expectation was \$6,000,000 in the 2020-2026 Six-Year Capital Plan.

This project will upgrade and expand the WiFi and cellular services at Cardinal Stadium with the intent of improving and extending the signal for fans. The equipment order is required by February 1, 2020 to ensure project completion by the beginning of the first home football game.

The University of Louisville Board of Trustees approved the project on October 24, 2019. This project was submitted as part of the University of Louisville Six-Year Capital Plan 2020-2026. A portion of the funds is currently available. Equipment for the project will be a lease/purchase, and will not use any current general funds or any funds appropriated for another purpose.

We appreciate your support, and if you have any questions, please contact Kim Noltemeyer at 852-5699.

Sincerely,



Mark Watkins
Senior Associate Vice President of Operations
University of Louisville

cc: President Neeli Bendapudi

Dan Durbin, CFO
Vincent Tyra, VP, AD
Shaun McKiernan

December 3, 2019

Senator Rick Girdler, Co-Chair
Representative Walker Thomas, Co-Chair
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capitol Annex Building – Room 34
702 Capitol Avenue
Frankfort, Kentucky 40601

RE: New Capital Project – Expand Student Center

Dear Senator Girdler and Representative Walker and Members of the Capital Projects and Bond Oversight Committee:

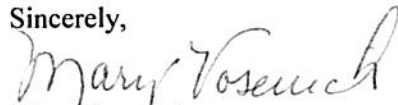
Pursuant to KRS 164A.575(15), the University of Kentucky is reporting a new capital project, Expand Student Center, which was approved by the University's Board of Trustees on October 18, 2019 (Board Approval Attached). This project will be reported for approval to the Council on Postsecondary Education's Finance Committee (Agenda Item Attached) at their next meeting which is expected to occur prior to December 6, 2019. No general fund appropriations will be required for completion of this \$25 million project which will be funded with funds from our dining partner, Aramark, and restricted funds.

The University's student center was originally constructed in 1938 and Alumni Gym was constructed in 1924. Both were completely renovated, expanded and combined in 2018 to create the more than 378,000 square foot facility that is heavily used by the University and the wider community seven days a week. The Gatton Student Center provides multiple student dining venues, but the capacity of the primary dining venue, Champions Kitchen, is unable to meet current and projected demand due to growing student enrollment and higher than expected meal plan participation rates.

This project will add approximately 34,000 square feet, including up to 350 seats and a new serving line at Champions Kitchen for use by fall 2021. The project will include the construction of a second and third floor as it is most cost effective to do this concurrently and the additional space will allow the University to expand student support and other services in the future. It is anticipated that one or both additional floors will be shelled at this time.

Should you have any questions, please contact me.

Sincerely,



Mary Vosevich
Vice President for Facilities Management
Chief Facilities Officer

c: Bill Payne

see blue.

Office of the President
October 18, 2019

Members, Board of Trustees:

EXPAND STUDENT CENTER (DINING) PROJECT

Recommendation: that the Board of Trustees approve the “Expand Student Center (Dining)” Capital Project.

Background: The University's Gatton Student Center was originally constructed in 1938 and Alumni Gym was constructed in 1924. Both were completely renovated, expanded, and combined in 2018 to more than 378,000 square feet. The facility includes student organization spaces, student lounges, student support spaces, recreation, an atrium, residential and retail dining, a bookstore, ballroom facilities, entertainment venues, retail spaces, and administrative support offices. All are heavily used by the University and wider community seven days a week. The Gatton Student Center provides multiple student dining venues but is unable to meet increased demand due to high meal plan participation rates and projected continued student enrollment growth. A separate feasibility study was commissioned from Omni Architects to assess the possibility of expanding the current Champions Kitchen dining area toward the east in order to increase dining capacity by up to 350 seats. This study determined that it would be most cost effective to construct a second and third floor as part of this dining expansion to meet expanding and anticipated student support and other needs. It is expected that one or both of the additional floors will be shelled space at this time. The decision on fit-up will be based on available funding and determination of final design plans.

This recommendation requests approval for the design and construction of this greatly needed dining expansion. The full scope of the project is \$25,000,000, including design costs. The project is to be initially funded with \$999,950 of Agency Funds. Additional funding will be provided by the University’s dining partner, as an amendment to the current Aramark contract. Pursuant to Kentucky Revised Statute §164A.575(15), no general fund appropriations will be required for completion of this project and it will be submitted to the Council on Postsecondary Education for approval and the Capital Projects and Bond Oversight Committee for interim legislative authorization. The Executive Vice President for Finance and Administration will provide regular updates to the Finance Committee during the Project.

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. The total cost of this project is not expected to exceed \$25,000,000.

Action taken: Approved Disapproved Other _____



Imagery Source: Pictometry (Spring 2019)
Created by UK Facilities Information Services
Geospatial_Requests@uky.edu
REV: 20191009



November 25, 2019

Senator Rick Girdler
Representative Walker Thomas
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capital Annex Room 34
Frankfort, KY 40601

RE: Interim Authorization Request - WiFi and Cellular Services at Cardinal Stadium

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We appreciate your support, and if you have any questions, please contact Kim Noltemeyer at 852-5699.

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Senior Associate Vice President of Operations
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