

A PROPOSAL FOR SHOVEL-READY

UNIVERSITY-FUNDED CAPITAL INVESTMENTS

- ✓ Stimulate Kentucky's economy
- ✓ Asset preservation
- ✓ Student graduation & retention
- ✓ Safer experience for students
- ✓ Excellent institutional bond rating



11

Critically-needed
facilities/renovations

NO COST
to Kentucky's general fund

\$622.9 MILLION

total economic impact

5,110

total Kentucky jobs in 2013

102,773

students served

Request: \$363.3 million in agency bonding authority (university funded)



**Dear Governor Beshear
& Members of the Kentucky General Assembly,**

We, the presidents of Kentucky’s four-year, public universities, are providing you with this first in a series of collaborative initiatives to maintain momentum at Kentucky post-secondary education institutions during these difficult financial times. We understand that these times call for us to look for innovative solutions to maintain the quality of Kentucky postsecondary education and continue to provide safe and accessible campuses for Kentucky students.

We are aware of the difficult financial decisions that you are challenged with during the 2013 session of the General Assembly. We understand that the availability of state revenue is greatly reduced and will be for some time. We hope the members of the General Assembly will work together to find solutions to solve priority challenges facing Kentucky – pension and tax reform –so that we can begin to reinvest in postsecondary education as soon as possible.

This publication is designed to provide you with a proposal to build 11 important facilities, for a total of \$363.3 million in agency bonding, to:

- Provide new state and local revenue
- Make Needed, Self-Funded Capital Investments
- Improve Student Access
- Complete Student Safety Enhancements
- Address Student Retention and Recruitment Issues
- Create new jobs and build local economies

Even though not all institutions have an agency-bonded facility to advance this session, we are all supportive of moving forward with 11 self-funded facility improvements over the next two years. These facilities will greatly **stimulate Kentucky's economy**, while requiring **zero state funds** for their construction. This **significant investment in Kentucky's future** will be funded with housing and/or dining revenue or other established revenue streams. And, all institutions advancing these facility improvements are **highly rated by bonding agencies** for their responsible bonding fiscal policies.

These facility improvements will provide **a safer experience for students** (sprinkler systems, ADA improvements, roofs, electrical repairs and more) and address facility needs that will increase **student retention and graduation**, through the enhancement of the student experience.

These projects are no longer on a want list; they are on a need list. And if not done soon, we stand to lose a significant amount of revenue. We want to **avoid an additional cost burden for students.**

The time is now to construct these facilities – the cost is low, the value is high and the **job creation and revenue development** are most needed.

Thank you,

President Eli Capilouto,
University of Kentucky

President Jim Ramsey,
University of Louisville

President Geoff Mearns,
Northern Kentucky University

President Gary Ransdell,
Western Kentucky University

President Doug Whitlock,
Eastern Kentucky University

President Randy Dunn,
Murray State University

President Wayne Andrews,
Morehead State University

President Mary Sias
Kentucky State University

Capital Investment Economic Impact Summary

Campus	Project	Direct jobs	Total jobs	Direct labor income (including benefits)	Total labor income	Project cost (direct output)	Total output (economic impact)	Students Impacted
Morehead State University	Mignon Hall Renovation	66	119	\$2,098,523	\$4,127,185	\$9,200,000	\$15,213,916	295
Murray State University	Capitol Renewal Pool Projects	35	64	1,126,816	2,216,119	4,940,000	8,169,211	2,310
Murray State University	Hester College (dorm) Renovation	71	128	2,258,193	4,441,210	9,900,000	16,371,496	318
Murray State University	College Courts Sprinkler System Upgrade	4	8	134,579	264,678	590,000	975,675	200
Northern Kentucky University	Residence Hall Acquisition/Renovation	127	181	4,808,665	6,843,660	12,000,000	18,063,404	200
Northern Kentucky University	Albright Health Center Renovation	402	625	20,270,110	29,201,824	45,000,000	71,925,094	16,000
University of Kentucky	Gatton College of Business / Economics Renovation	580	903	29,279,048	42,180,412	65,000,000	103,891,803	10,000
University of Kentucky	Commonwealth Stadium Renovation	982	1,528	49,549,159	71,382,235	110,000,000	175,816,896	29,000
University of Kentucky	Science Building Construction	667	1,138	30,599,802	50,701,986	100,000,000	160,791,602	21,000
University of Louisville	Renovate Student Activities Center	86	133	4,324,290	6,229,722	9,600,000	15,344,020	22,250
Western Kentucky University	Honors College/ International Center	157	284	5,018,207	9,869,356	22,000,000	36,381,103	1,200
Totals		3,176	5,110	\$149,467,392	\$227,458,387	*\$388,230,000	\$622,944,220	102,773

*Number includes a \$25 million cash payment for the UK Gatton College renovation; actual agency bond total is \$363.3 million

Universities Receive an Excellent Bond Rating for Sound and Responsible Fiscal Policy

State University	Moody's Enhanced	S&P	Moody's Underlying	S&P
Eastern Kentucky University	Aa3	A+	A1	A
Kentucky State University	Aa3		A2	
Morehead State University	Aa3		A2	
Murray State University	Aa3		A1	
Northern Kentucky University	Aa3		A1	
University of Kentucky	Aa2	AA-	Aa3	AA-
University of Louisville	Aa2	AA-	Aa2	AA-
Western Kentucky University	Aa3	A+	A1	A



MIGNON HALL RENOVATION

\$9.2 million • 295 students impacted • 119 jobs created
Value to the Commonwealth: \$15,213,916

Impact:

295 students

Gross SF:

59,000 (renovated)

Approx. Start Date:

July 1, 2013

Est. Time to Completion:

14 months

Debt Service Source (existing):

100% supported by dining/housing revenues.

Est. Construction Jobs Created:

119

Value to the Commonwealth:

\$15,213,916



Mignon Hall was the first building constructed in Morehead State's Mignon Complex (composed of four residence halls). Mignon Hall is a six-story residence hall that houses 295 students.

It features four-person suites with a study room, bedroom and self-contained bath facilities. An elevator in the lobby accesses all floors. A patio located on the southeast side of the building is popular for hall socials and cookouts.

Mignon Hall was built in 1963 and has not had a major, comprehensive renovation.

This 50-year old structure is in need of major upgrades and improvement in order to meet the growing demand for student housing on campus. This renovation project is the sixth in a series of residence halls identified for major renovation in Morehead State's Comprehensive Housing Master Plan that was formulated in 2006. To date, major renovations have been completed on four residence halls and a fifth is currently under renovation.

The planning and design phase of the Mignon Hall renovation would begin as soon as agency bonding authorization is assured. The \$9.2 million project would be bid in the spring of 2014 and construction would start in June 2014. The construction phase of the project will take approximately 14 months.

Reasons Investment is Needed:

Safety; renovation would include upgrade/replacement of all electrical, plumbing and HVAC systems; upgrade or replacement of elevators; bathroom, floor and ceiling upgrades; information technology infrastructure upgrades; and addressing various building code compliance issues.

FACILITY RENOVATIONS & UPGRADES

\$15.4 million • 2,828 students impacted • 200 jobs created
Value to Commonwealth: \$25,516,382

Impact:

1. 318 students
2. 200 students
3. 2,310 students

Approx. Start Date:

July 1, 2013

Est. Time to Completion:

1. 14 months
2. 14 months
3. 12 months

Debt Service Source:

1. 100% supported by dining/housing revenues. (existing)
2. New.
3. 100% supported by dining/housing revenues. (existing)

Est. Construction Jobs Created:

1. 128 direct jobs
2. 8 direct jobs
3. 64 direct jobs

Value to the Commonwealth:

\$25,516,382



--- Project 1: Hester College (dorm) Renovation ---

Hester College is an eight-story residential facility that houses 318 students. The facility opened in 1967 and has not had a major, comprehensive renovation.

Reasons Investment is Needed: Safety; replacement of all major existing electrical, HVAC and plumbing systems; ADA bathroom upgrades; flooring/ceiling/lighting; ensure code compliance.

This \$9.9 million renovation could begin as early as July 1, 2013, and will take approximately 14 months.

--- Project 2: College Courts (housing) Sprinkler System Upgrade ---

College Courts consists of 12 two-story apartment-style residential units which opened between 1961 and 1966. The complex houses nearly 200 upper-class and graduate students. The \$590,000 renovation could begin in July 2013 and would take approximately 12 months.

Reasons Investment is Needed: While College Courts isn't required by state code to have a fire suppression system, the university would like to install a system for the added protection of its students and property.

--- Project 3: Capital Renewal Pool Projects ---

A number of capital renewal projects are required repairs/renovations that would be scheduled to begin after July 1, 2013, and would be planned as necessary to accommodate housing needs and issues through June 30, 2014.

- Roof Replacement – Hart College - \$400,000
- Roof Replacement – College Courts - \$240,000
- Hot water heater replacement – College Courts - \$360,000
- Exterior repairs/renovations – College Courts - \$590,000
- Replace fan coil units (heating/cooling) in five residential properties - \$2.95 million
- Asbestos abatement in two residential properties - \$400,000

Reasons Investment is Needed: Safety; roof replacements; replacement of critical facility heating/cooling/water systems; asbestos abatement.

ALBRIGHT HEALTH CENTER RENOVATION/EXPANSION
\$45 million ● 16,000 students impacted ● 625 jobs created
Value to Commonwealth: \$71,925,094

Impact:

16,000 students

Gross SF:

85,100 (new); 136,324 (renovated)

Approx. Start Date:

Upon approval, or July 1, 2013

Est. Time to Completion:

24 months

Debt Service Source (existing):

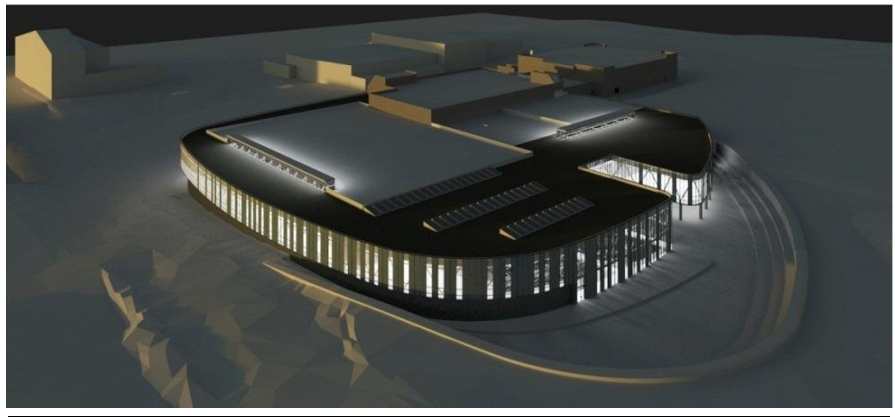
100% supported by student revenue approved in 2011; board approved and currently being collected. No new fee needed to complete.

Est. Construction Jobs Created:

625

Value to Commonwealth:

\$71,925,094



The 136,000-square-foot NKU Albright Health Center was constructed in 1984 at the west end of Regents Hall. It has three floors and is constructed primarily of concrete and glass. It houses both the campus recreation center as well as some academic programs.

Expansion of the facility was a high priority of the 2009 Master Plan and was a high recommendation of the VFA report. Expansion is further justified by benchmark comparisons. NKU has only 4 square feet per FTE student in this category. The range among Kentucky’s comprehensive institutions is 4 to 59, with 20 being the average.

Design is 75% complete and includes an expansion of 85,000 square feet, full renovation of the current recreation space as well as code, HVAC, ADA, roof and electrical upgrades to the academic space in the building. These systems and equipment have already reached the end of their useful life. Delaying the project increases NKU’s risk that emergency repairs will be required. These costs (estimated between \$200K and \$1 million) would be “sunk costs” because new systems will replace the existing ones. The repair investment would therefore be lost.

A fully-approved and in-place student fee will fund 100% of the cost of bond issuance. Construction would begin in July 2013 and be complete in 2015.

Reasons Investment is Needed: Safety; ADA/electrical code compliance; HVAC system replacement; roof replacement; space adequacy study rated the university’s student health center as unsatisfactory (currently offers half the recommended space for students); financial risk caused by delay; serious student recruitment issues when competing with Ohio institutions.

Impact of Continued Delay:

Extended delay puts NKU at greater financial risk regarding cost estimate. Because of the delay, the university has added a \$2,102,000 escalation cost (7% of the construction cost) to the current estimate. This escalation means the university will have to either reduce the project scope or request additional bonding authority to cover the escalation.

Rapidly moving the project forward will put construction workers back to work sooner. The project will create 308 direct jobs and 508 total jobs over the two-year construction period. Delaying the project will have a negative impact on local construction material suppliers as well as contractors, designers and service providers.

Delaying the project will affect recruitment of NKU students – especially among high school juniors and seniors. Prospective students seeing the new Rec Center under construction will give NKU a competitive advantage over other colleges and universities.

RESIDENCE HALL ACQUISITION/RENOVATION

\$12 million ● 200 students impacted ● 181 jobs created
Value to the Commonwealth: \$18,063,404

Impact:

200 students

Approx. Start Date:

Upon approval, or July 1, 2013

Est. Time to Completion:

12 months

Debt Service Source (existing):

100% supported by housing/dining revenue.

Est. Construction Jobs Created:

181

Value to the Commonwealth:

\$18,063,404



NKU currently houses about 1,800 students and faces tremendous demand for residential options. For several semesters, the university has turned away qualified resident students merely because it could not offer enough beds to accommodate them. Additionally, the university has intentionally limited out-of-market student recruitment, which directly impacts NKU's ability to serve its region, the commonwealth and beyond.

NKU has authorization to purchase a local residential facility and convert it to student housing. A facility, once renovated, will house a minimum of 200 students. This facility improvement investment will allow NKU to meet a growing, consistent demand for student housing.

Any facility under consideration could not be occupied without significant life safety, ADA and code upgrades. In addition, the HVAC, elevators, plumbing and interior finishes would all require upgrading.

The planning and design phase for this project can begin as soon as authorization is assured. Construction would begin in spring 2014 and be complete in August 2014.

Bonds would be fully supported by student housing fees.

NKU can save approximately \$8 million to \$13 million by completing a purchase/renovation investment as opposed to constructing a new residential facility.

Reasons Investment is Needed: Safety; ADA/electrical code compliance; mechanical/electrical systems replacement; elevator renovation; roof replacement; critical need for rapid growth; turning away resident students.



EXPAND & RENOVATE COMMONWEALTH STADIUM NUTTER TRAINING CENTER

\$110 million • 29,000 students impacted • 1,528 jobs created
Value to the Commonwealth: \$175,816,896

Impact:

29,000 students

Gross SF:

TBD (renovated)

Approx. Start Date:

2013

Est. Time to Completion:

July, 2015 (requires two seasons)

Debt Service Source (existing):

\$110M of agency bonds to be funded from new suites and club seating and UK Athletics' expanded SEC revenues.

Est. Construction Jobs Created:

1,528 for 24 months

Value to the Commonwealth:

\$175,816,896



Executive Summary

Our existing stadium was built in 1973 and is in need of upgrades and expansion to better accommodate the students, fans, and players. This expansion will provide new premium seating with revenue generating opportunities, improving the overall operational effectiveness and enhancing the fan experience.

Within the scope of this project will be many upgrades that will allow UK to lure the best student athletes to our campus. Playing in the Southeastern Conference provides great challenges for our coaches and teams; but being able to have the best high school student athletes become Wildcats gives us the chance to compete. The renovations to the stadium will be a major step forward to increase our chances of recruiting these players. These enhancements will assist in continuing to provide our department the ability to fund our other 21 varsity sports at the highest level.

The Athletics Department is a self-supporting unit and we compete in the best League in the country. The Southeastern Conference has expanded to fourteen (14) teams in recent months. This expansion, along with increased television revenue will provide us with increased League revenue in our sharing agreement. This influx of new revenue will allow us to cash flow this and other campus projects.

Project at a Glance

- Upgrades to the Nutter Training Center for the daily benefit of the Student Athletes
- Spectator driven improvements (improved concessions, restrooms, and security)
- Multi-purpose recruiting room
- 16 – 20 Private suites
- New home team facilities
- Approximately 2,000 new club seats
- New press facilities
- A team store
- New full service kitchen
- Improve the UK brand at the stadium
- Maintain or slightly reduce seating capacity while increasing the value of the remaining seats

GATTON COLLEGE OF BUSINESS AND ECONOMICS

\$65 million • 10,000 students impacted • 903 jobs created
Value to the Commonwealth: \$103,891,803

Impact:

10,000 students annually

Gross SF:

146,000 (renovated)

64,000 (new)

210,000 (total)

Approx. Start Date:

Design phase is under way.

Est. Completion Date:

Fall 2015

Debt Service Source:

Entire project is intended to be funded with private philanthropy: \$25M cash on hand and **\$40M of agency bonds** to be supported with donor pledges. Bonds are required to bridge payment of private pledges over time.

Est. Construction Jobs Created:

903 for 22 months

Value to the Commonwealth:

\$103,891,803



Executive Summary

The existing four story facility was originally built in 1963. In 1991, a three story classroom wing was added. The original building primarily houses office and administrative space while the 1991 addition houses nearly all the teaching/classroom space. The facility has been well maintained but as with most facilities of its age, some of the basic mechanical and electrical components have reached the end of their useful lives. None of the current classrooms support modern technology and the current structure of the facility allows only limited renovations or expansions of smaller classrooms. Further, the existing building's limited floor to floor heights will not allow classrooms to be outfitted with modern learning technology.

The University of Kentucky has long had this facility as a top request. Prior plans had suggested a completely new facility with estimated project costs of approximately \$100 million. The university recognizes that the prior plan cannot be achieved given the public financing reality and is turning to private philanthropy for the project. To that end, the university took a fresh look at the existing facility and reviewed the feasibility and cost of a dramatic renovation and expansion to house modern classrooms, an auditorium, and student assembly spaces. The current concept is now estimated to cost \$65 million.

Planning Criteria

- Increase capacity for enrollment and teaching
 - Plan for 50% enrollment growth in Gatton College of Business and Economics.
 - Plan for at least 50% growth in faculty and staff to meet enrollment growth and improve student: faculty ratio.
 - Grow classroom capacity by at least 40% while increasing classroom utilization through more efficient scheduling and leveraging online learning technology.
- Create more community and student study spaces to facilitate modern learning methods and collaboration.
- Enhance identity and competitiveness of the Gatton College.

Building at a Glance

- Meets demands of all academic programs.
- Meets future growth needs.
- Retains prime location at corner of Limestone and Administration Drive.
- Creates new 500 seat auditorium.
- Creates state of the art high-tech classrooms with at least 20 instructional spaces with larger seat counts.
- Creates a new Executive Education and Conference Center to facilitate outreach and continuing education to the business, government, and non-profit communities.
- Dedicated MBA center accommodates enrollment growth and proposed joint Executive MBA with UL.
- LEED Silver/Gold Project.

ACADEMIC SCIENCE BUILDING

\$100 million ● 21,000 students impacted ● 1,138 jobs created
Value to the Commonwealth: \$160,791,602

Impact:

21,000 undergraduate students

Gross SF:

263,000 GSF
(includes shell space)

Approx. Start Date:

2013

Est. Time to Completion:

December 2015

Debt Service Source (existing):

UK Athletics will annually fund the interest expense and principal payments on \$65M of the **\$100M of agency bonds**. The remaining debt service will be financed with an already achieved internal reallocation of dollars. Private funds are being solicited as well to reduce the University's contribution.

Est. Construction Jobs Created:

1,138 for 20 months

Value to the Commonwealth:

\$160,791,602



Executive Summary

The existing Chemistry- Physics building, constructed in 1963, is one of the largest and most heavily utilized buildings (2nd highest usage) on the UK campus. The facility serves all undergraduate students at the University of Kentucky, wherein they fulfill their basic science (both classrooms and laboratory) requirements. Both undergraduate and graduate students alike, spend considerable hours in the facility learning the areas of biology, chemistry and physics and conducting research. The building is dark with very limited outside day lighting, providing a less than optimal environment for student learning and research and faculty and staff efforts. The classrooms are traditional, consisting of either large, fixed seat lecture halls or small, rooms without modern instructional technology. The arrangement is not conducive to modern science teaching methods and greatly hinders the use of collaborative learning methods that are contemporary in science instruction. Furthermore, the building infrastructure has exceeded its useful life and presents significant challenges in maintaining a functional educational and research environment.

New science facilities, housing similar programs, have been constructed across Kentucky and the nation making for a challenging competitive landscape. The existing facility has become one of our greatest challenges for recruiting and retaining the best and brightest students and faculty.

Project at a Glance

- Premier interdisciplinary undergraduate science teaching labs and classrooms.
- Student oriented, open environment that encourages interaction and collaboration beyond the classroom.
- Cutting edge learning environments to carry out contemporary science teaching methods and collaborative student learning.
- Student commons space, group and individual study rooms and other amenities.
- This new building will house most of the introductory science laboratory courses allowing students to learn the commonalities of multiple science disciplines in an interdisciplinary fashion and begin modeling "team problem-solving".
- Modern Research Laboratories
- Shelled floor space



RENOVATE STUDENT ACTIVITIES CENTER

\$9.6 million • 22,250 students impacted • 133 jobs created

Value to the Commonwealth: \$15,344,020

Impact:

22,250 students

Gross SF:

55,250 (renovated)

Approx. Start Date:

September 17, 2013

Est. Time to Completion:

14 months

Debt Service Source (existing):

Student Activity Center Building Fee

Est. Construction Jobs Created:

133

Value to the Commonwealth:

\$15,344,020



The Student Activities Center, or SAC, is the main hub for student activities on the University of Louisville campus. The west wing of the SAC houses the campus bookstore, campus food services, a fast-food court, the Cardinal Corner Game Room, SAC Multipurpose room as well as the Student Activities and Dean of Students offices.

The east wing of the SAC includes the Athletics and Intramurals offices and the student recreation center. This facility includes a weight room, cardio equipment, four full size basketball courts, racquetball courts and an aerobics room. The student recreational center offers other services that keep University of Louisville students happy, healthy, and engaged.

The building's lobby will be enlarged and focuses on a reception center, creating a welcoming first experience to visitors. Located adjacent to the entrance, a lounge will provide students a casual space to hang out where they can see and be seen by their friends. The lounge connects the entry to the pre-function spaces providing continuity through the space. The pre-function spaces serve flexible multi-purpose rooms capable of hosting events from small breakout sessions to large 1,200 seat assemblies.

Recognizing the whole Student Center needs to function effectively, the University has also undertaken a space planning exercise for the West Side of the facility at the same time as the East Side renovation was being planned. Studying the existing bookstore and food service operations to see how they can best support and enhance the East Side renovations.

The mechanical, electrical and plumbing services will be renovated to meet the needs of the new programs and brought up to current code. Technology will be designed to enhance the goals of the project.

Reasons Project is Needed: The 55,250 gross square foot renovation of the Student Activities Center's east side is an important piece in the University's overall plan to support student organization meetings and activities, departmental functions and University-wide events. The tremendous growth in the UofL residential population and the increase in recognized student organizations from 230 to over 400 during the past five years have made this project an even greater priority. The project will expand the Student Activities Center meeting and conferencing facilities improving its ability to meet student needs in today's contemporary student center. The renovated facility is planned to host on and off-campus group events, provide student hang out space, include a welcoming entrance and student / staff fitness facilities.



HONORS COLLEGE/INTERNATIONAL CENTER
\$22 million • 2,100 Honors College and International
Students Impacted • 284 Jobs Created
Value to Commonwealth: \$36,381,103

Impact: 2,100 students

Gross SF: 75,000

Approx. Start Date: August 2013

Est. Time to Completion: 24 months

Debt Service Source (existing):
100% supported by Navitas tuition revenues from international students

Est. Construction Jobs Created:
284

Value to the Commonwealth:
\$36,381,103



The WKU Honors College/International Center will be a new 75,000-square-foot facility supporting the Honors College, the Office of Scholar Development, Navitas, Chinese Flagship and International Programs. The facility will be located on Normal Drive on the eastern edge of the WKU campus, centrally located to provide the greatest amount of access between housing and academic facilities.

The current accommodations for these programs are substandard and are an impediment to recruitment of both students and faculty. The Honors College serves 1,200 students and is currently housed in a 3,040-square-foot house. The office of Scholar Development, which prepares students to compete for national and international scholarships, is intended to serve all WKU students and is housed in a portable unit behind the Honors house. Several international programs, serving nearly 1,000 students, and study abroad programs are scattered across campus. In order to offer the maximum benefit to all students these programs need to be visible and centrally located and must have appropriate accommodations for group gatherings, faculty advisement and student interaction. Current facilities are inadequate for the number of students served by these programs.

Investment Progress:

The Honors College and international programs are of great strategic importance to WKU. Site selection for this facility is complete. Extensive programming has been performed and an architect has been selected. Two of the three properties needed for the building footprint have been acquired. The goal is to have the building design completed by late summer 2013 and to be ready for construction in fall 2013. Without the authority to move this project forward, WKU will not be able to properly serve its Honors students and will have to limit international enrollment. We simply do not have adequate space to serve the growing numbers of students in these programs.

Reasons Investment is Needed:

The goal of the WKU Honors College is to provide a unique academic experience for high-achieving students and to entice more of our best and brightest students to remain in Kentucky for their higher education. Studies demonstrate conclusively that good students who attend a university in Kentucky are more likely to live and work in the Commonwealth after graduation. Additionally, WKU has a responsibility to prepare Kentuckians to compete in a global economy, therefore it is imperative that our students gain experience and develop a better understanding of other countries and cultures. To that end WKU has become more focused on study abroad, recruitment of international students and preparing high achieving students to compete for prestigious national and international scholarship and study abroad programs. This facility will serve as an academic destination point for high achieving students from across Kentucky and the nation and is designed to foster an environment in which students interact with faculty and with one another. These programs are essential and strategic in WKU's effort to recruit, retain and graduate Kentucky's top students, and it is through these opportunities that our students develop leadership skills and gain experiences that will ensure their success as fully engaged and productive citizens.