

Council on Postsecondary Education
April 28, 2011

Replace Video Boards at Commonwealth Stadium
University of Kentucky

ACTION: The staff recommends that the Council approve, contingent on favorable action by the University of Kentucky Board of Trustees at its May 3, 2011, meeting, the request of the University of Kentucky to replace video boards at Commonwealth Stadium with \$3.15 million of UK Athletic Association private funds and a \$3.1 million loan from the university. The project scope is \$6,250,000.

The University of Kentucky is requesting that the Council, out of sequence and contingent on favorable action by the University Board of Trustees May 3, 2011, approve this interim capital project to replace video boards at Commonwealth Stadium with new Light-Emitting Diode (LED) technology video panels and sound system. The Cathode Ray Tube (CRT) technology that supports the existing video boards is over ten years old (installed in July 1999) and the boards are approaching their useful life expectancy. Parts and service are becoming difficult to obtain. CRT technology is no longer available for the type of video boards at Commonwealth Stadium. The university plans to replace the electronic components of the two (2) existing structures with LED technology video panels, install ring or strip board video on the upper deck sidelines and suite corners, and replace the sound system. Ribbon boards will increase advertising revenue along with providing additional spectator requested information (statistics, score updates, and closed captioning information). The project will include all "front end" production equipment to generate production level video. The existing scoreboard structures will remain. The existing utility infrastructure will be used or upgraded to service the new video boards.

The scope of this project is \$6,250,000 and will be funded with \$3,150,000 in private funds from the University of Kentucky Athletics Association (UKAA) and a \$3,100,000 internal loan from the university. UKAA will repay the loan over a period not to exceed five years.

The University of Kentucky Board of Trustees has not acted on this project but is expected to do so at its meeting May 3, 2011. Typically, the Council considers capital projects after the institution governing board has approved the project and prior to action by the Capital Projects and Bond Oversight Committee. However, the university indicates that in order to complete this project prior to the beginning of the 2011 football season the project is being submitted to the Council on Postsecondary Education for approval at its April 28, 2011, meeting contingent upon approval by the Board of Trustees. Timing of the meetings of the UK Board of Trustees, the CPE, and the Capital Projects and Bond Oversight Committee and a willingness of the Council to consider the project out of sequence will allow the university to complete the project prior to the beginning of the 2011 football season.

The university confirms that the private and institutional loan funds are available to implement the project. The project will result in improvements to state-owned property with ownership of the improvements to accrue to the university upon completion. The University of Kentucky's Capital Project Management Division will implement the project, the university will pay the operations and maintenance, and it does not represent a demand on the General Fund.

The Council has the statutory responsibility to review and approve postsecondary education capital projects costing \$600,000 or more and equipment items costing \$200,000 or more, regardless of fund source, that have been approved by an institution's governing board. Since the estimated cost of this project exceeds the threshold, the Council and the Capital Projects and Bond Oversight Committee must approve the project before it is initiated. During the interim, capital projects are evaluated under KRS 45.760 (5), (7) and KRS 45.763. The project meets the requirement of KRS 45.760 (5), (7) that the source of funds be at least 50 percent federal or private.

Following Council action and upon receipt of evidence of subsequent favorable action by the University of Kentucky Board of Trustees, the staff will forward the Council's recommendation to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.