

**Council on Postsecondary Education  
February 11, 2010**

**Eastern Kentucky University  
Performing Arts Center: Hotel Facility**

**ACTION: The staff recommends that the Council approve the request of Eastern Kentucky University to construct a hotel on the university's main campus with \$40,000,000 of private/other funds. The total project scope is \$40,000,000.**

Eastern Kentucky University proposes to use a public/private partnership to construct a hotel to complement the performing arts center with \$40,000,000 of other funds. The hotel facility will be programmed to house various types of space to serve academic, sports, and performing arts activities. The total project cost is \$40,000,000. The ECU Board of Regents approved the project at its January 25, 2010, meeting.

The Council has the statutory responsibility to review and approve postsecondary education capital projects costing \$600,000 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 \$600,000 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 the requirements established by KRS 45.760(14) and KRS 45.763.

This project will construct a 175,000 square foot facility. The project is scheduled to be completed by 2012. The project requires interim authorization because the federal grant has become available after the 2010-12 budget request process was completed and to allow the university time to properly design the hotel construction, go through the project bid process, award a contract, and complete the work. The project will result in an improvement to state-owned property with ownership of the improvements to accrue to the university.

Eastern Kentucky University states that funding for the project will come from funds provided through a public/private partnership. The university further confirms that the funds are available to implement the project. The cost of operations and maintenance for this project is provided by the university and does not represent a demand on the General Fund.

The project meets the requirement of KRS 45.760(14) that the source of funds be at least 50 percent federal or private. The university does not anticipate debt financing any portion of this project, thus, the provisions of KRS 45.763 do not apply. The ECU Capital Project Management Division will implement the project in collaboration with the Division of Facilities

Management of the Finance and Administration Cabinet, and the university will negotiate the terms of the operations and maintenance with the prospective lessee.

Following Council approval, 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.