

TITLE: Interim Capital Project Request – Northern Kentucky University, Reconstruct Outdoor Tennis Complex

DESCRIPTION: The Finance Committee recommends the Council approve a \$3,000,000 private donor funds interim project at the Northern Kentucky University main campus that will demolish and reconstruct the existing outdoor tennis complex.

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COMMITTEE REVIEW & APPROVAL

The Finance Committee reviewed and endorsed for final approval the proposed interim capital project at its April 14, 2025, meeting.

SUPPORTING INFORMATION

Northern Kentucky University (NKU) staff request authorization for an interim capital project to demolish and reconstruct the existing outdoor tennis complex on the university's main campus. The project will allow the six-court complex to be demolished and reconstructed at the current site on the west side of the main campus. The NKU Board of Regents approved the project on January 15, 2025. The project may be completed in conjunction with a pickleball court project should both fit within scope. The total combined scope for the project is \$3,000,000, and it will be funded privately.

House Bill 592 (RS 18) 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: (1) the projects are funded with non-General Fund appropriations; (2) do not jeopardize funding for existing programs; and (3) are reported by the institution to the Capital Projects and Bond Oversight Committee. The relevant 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.

During the interim, the agencies involved and 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 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 EKU, MoSU, MuSU, NKU, UK, UofL, WKU and KCTCS 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 nor authorized by the General Assembly in the enacted 2024-2026 budget (RS 24, HB 6), Council approval is now required to authorize this project. NKU will use private donor funds to finance this project. Debt will not be used to finance any portion of this project; therefore, provisions of KRS 45.763 do not apply.

NEXT STEPS

Following action by the Council, CPE staff will notify the president of NKU, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee regarding this interim capital project.