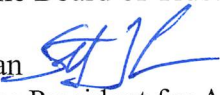


June 27, 2018

TO: Members of the Board of Trustees

FROM: Scott A. Jordan 
Executive Vice President for Administration and Chief Financial Officer

RE: Fiscal Year 2019 Capital Budget

RECOMMENDATION:

That the Board of Trustees approve a capital budget of \$360,000,000 for Fiscal Year 2019 which is comprised of \$35,000,000 of University funds, \$125,000,000 of UConn Revenue bonds, and \$200,000,000 of State bond funds.

RESOLUTION:

“Be it resolved that the Board of Trustees approve the Fiscal Year 2019 capital budget of \$360,000,000.”

BACKGROUND:

In order to manage all capital fund sources in a strategic and transparent manner, UConn is proposing an all funds capital budget for approval. Note that UConn Health includes non-State bond funds for capital projects in their annual Spending Plan proposal.

The proposed capital budget for FY19 of \$360,000,000 includes \$35,000,000 of University funds, \$125,000,000 of UConn Revenue bonds, and \$200,000,000 of UCONN 2000 State bond funds. The two attached documents reflect the capital spending plan detail:

- Attachment A - the proposed FY19 capital budget spending plan
- Attachment B - the UCONN 2000 Phase III State Bond Plan by Fiscal Year

The FY19 capital budget does not provide approval for specific projects, per our capital policies and procedures, all capital projects, no matter the fund source, costing \$500,000 or more are submitted for Board action on a project-by-project basis.

Program & Planning Adjustments:

While it is critical to have a long-term capital plan with a stable funding source, it is important to recognize that the plan is a live document which is continuously under review by senior management. This approach allows the University the flexibility to be responsive to changing

project needs as well as external market factors/drivers. Over the past year, the capital budget plan has been adjusted due to the following:

- Changes to phasing (deferral) of State bond funds
- Revised cashflows or timing changes
- Scope changes and (un)favorable bids
- New projects
- Defunding of projects/project closeouts

The third phase of the UCONN 2000 capital program, which includes the Bioscience Connecticut and Next Generation Connecticut (NextGenCT) initiatives, continues to provide critical State bond funding for the University. While the capital funding phase of the Bioscience CT initiative is complete, the NextGenCT program is well underway and meeting the objectives of the initiative. Now entering its fifth year, NextGenCT is moving at full speed, creating new construction jobs and making strategic investments in Connecticut’s future. By investing in science, technology, and engineering as well as the overall infrastructure at UConn, we will attract, train, and retain students, researchers, and future leaders in Connecticut. These individuals will work, live, start businesses and create jobs in Connecticut.

In October 2017, the enacted FY18 & FY19 State budget significantly deferred the original NextGenCT State bonding schedule and extended the bonding program by three years from FY24 through FY27. The University subsequently delayed and deferred \$334.1M of projects. The deferrals over the past two years have required us to adjust our priorities within the capital program. In order to avoid additional costs associated with further delaying or shutting down projects in construction, it is critical that future levels of capital funding remain intact to support major projects that are phased over multiple years.

The table below reflects the remaining State bond authorizations (in millions) currently in statute:

Fiscal Year	UConn	UCH	Total Bond Amount	Deferrals
2019	\$187.0	\$13.0	\$200.0	(\$51.0)
2020	291.6		291.6	22.6
2021	186.2		186.2	(5.3)
2022	101.4		101.4	(42.6)
2023	98.0		98.0	(14.0)
2024	85.0		85.0	11.5
2025	70.1		70.1	70.1
2026	63.6		63.6	63.6
2027	40.6		40.6	40.6

Indenture Amendments:

The law specifically gives the Board the authority to make revisions to project budgets and related indentures. It would be virtually impossible to manage a thirty-two-year capital program without the authority to make such adjustments. These revisions are complex because 1) there

are many projects, 2) UConn must operate within statutory annual bond caps, 3) tax-related expenditure requirements must be observed and 4) the adjustments to many lines generally involve projects which span a number of years. While revisions may affect current projects, given the annual bond caps, they also have a rollout effect over the next decade. The Board of Trustees has the authority to amend past indentures in order to reflect changes as project budgets are finalized or other events affect the capital budget for a given prior fiscal year. At this time, the University plans on making these changes to Supplemental Indentures during the fall 2018.

Statutory Changes:

The State bond bill approved in October 2017 included changes to the UCONN 2000 Act specified in statute. As previously mentioned, the bill extended the third phase of the Act by three years until FY 2027. The total State bond amount for the thirty-two-year program remains unchanged at \$4.3 billion. The proposed bill clarified the named line to be “Deferred Maintenance/Code Compliance/ADA Compliance/Infrastructure Improvements & Renovation Lump Sum and Utility, Administrative and Support Facilities” for UConn and UConn Health. In addition, the proposed bill added the following definition:

"Utility, infrastructure, administrative and support facilities" includes any project as defined in subdivision (16) of this section for such facilities at Storrs or the regional campuses or at the health center including any building or structure essential, necessary or useful for such facilities and includes, without limitation, new construction, expansion, extension, addition, renovation, restoration, replacement, repair and deferred maintenance of such facilities, and all appurtenances and facilities either on, above or under the ground that are used or usable in connection with any of such facilities and all other aspects of a project related to or in support of such facilities.

The purpose of this named line clarification and new definition was to address the construction of new facilities (e.g. new utility structures and upgrades – water pollution control processing plant, utility tunnels) and/or renovation projects that are critically important for continued operations at the campuses that are not expressly listed as named projects in the Act. There also are new construction or renovation projects that are non-academic in nature, but are essential to ensuring that the campuses can continue to serve the students, faculty and staff on a daily basis. While these changes have no fiscal impact to the State, they do allow the University greater flexibility to be responsive to the needs of the campuses.

University Funds & UConn Revenue Bonds:

Since there are not enough State bonds to fund all capital projects, it is important for UConn to utilize other fund sources for other high priority capital and maintenance initiatives. These requests are reviewed and approved in the same way as State bond funded projects. In addition, the University may choose to utilize cash balances to temporarily fund capital projects in advance of the issuance of new UConn Revenue bonds or to bridge cash flow for State bond funded projects. UConn issued Revenue bonds in the spring of 2018 for the Recreation Center & Infrastructure project and the Athletics District Development project. The proposed FY19 capital budget reflects the plan to spend \$125,000,000 of this Revenue bond issuance.

Project Summaries

A brief description of the projects included in the FY19 capital budget is included below. These are very general summaries; individual project budget descriptions (which are acted upon separately) provide much more detail regarding project scope, timetable, cost and funding sources. As always, the proposed use of capital funds for UConn Health is forwarded to you with the recommendation and endorsement of UConn Health's Board of Directors, who discussed and acted on these items on June 18, 2018.

Academic and Research Facilities

Currently, there are three major projects in various stages within this category: Babbidge Library Renovations, Gant Renovations, and STEM Research Center 1.

The Homer Babbidge Library Renovation project will complete all the remaining work identified in the Library master plan and will renovate the main plaza level and portions of three other floors in the building. The Homer Babbidge Library Renovation will be conducted within the existing footprint of the building and will be phased over a three-year period to allow the Library to remain operational during the renovation. The project is currently in Design. A five-year implementation plan was developed and portions of the work were previously released to create sufficient space to complete a larger renovation of the building (i.e. Homer Babbidge Library Level 1 Renovation, Q&W Tutorial Center Relocation and Level 4 Event Space Renovation).

The 285,000 gross square foot Gant Science Complex will be renovated to accommodate current and future University needs in response to growing student enrollment in STEM programs. These improvements will include classrooms, lecture halls, teaching and research laboratories, faculty offices and support spaces. Exterior site and plaza areas will be improved to make them more inviting and accessible to the campus community. The building envelope (façades and roofs) will be reconstructed to provide a more attractive waterproof skin with better energy performance. A new light court will be built that encloses the existing opening at the Gant Plaza. Construction on the south wing and light court began in Winter 2018 and is anticipated to be complete in Summer 2019. Planning and design of Phases 2 and 3 is underway, with construction anticipated to be complete on all phases in Fall 2023.

The STEM Research Center 1 building is a keystone in the effort to fulfill the mandates of NextGenCT and will provide critical new research facilities for the existing and new STEM faculty. The 200,000 square foot research facility will be designed to meet both the current and future programmatic requirements of the University as it seeks to balance the anticipated rise in student enrollment in STEM programs with future programmatic research needs. Design for the new facility is underway and anticipated to be complete in Fall 2019.

Deferred Maintenance/Code Compliance/ADA Compliance/Infrastructure Improvements & Renovation Lump Sum and Utility, Administrative and Support Facilities

Per statute, the "deferred maintenance" portion of the project name is defined as "repair of an infrastructure or structure that was not maintained, repaired or replaced in the usual course of maintenance and repair." In addition, the University undertakes projects to repair under-maintained facilities and infrastructure in order to bring them up to current standards, as well as

make necessary improvements to accommodate the current needs of the campuses. Also, the recently enacted statutory named line clarification and new definition allows the University to construct new utility, infrastructure, administrative and support facilities as needed. In general, projects fall into one or more of the following categories:

- Safety, code and ADA required improvements
- Roof and exterior repairs
- Building mechanical system improvements
- Utilities repairs and upgrades
- General building renovations
- Roads, walks and grounds
- Environmental remediation
- New utility, infrastructure, administrative and support facilities

Some of the major projects to be funded within this category during FY19 are the Central Utility Plant Equipment & Pumping Improvements, Infrastructure projects (Central Campus, Northwest Science Quad Phase 2, Southeast Campus, Southwest Campus, South Campus Commons), the new Northwest Quad Supplemental Utility Plant, Main Campus Parking Replacements, and various programmatic renovations.

Equipment, Library Collections & Telecommunications

The enhancement of the University's infrastructure includes its instructional and scientific equipment. The equipment replacement category permits the University to replace outdated items with state of the art laboratory devices and computers. The funding encompasses seven major categories: management information systems, computers, research equipment, instructional equipment, furnishings, operational and public safety support and library materials.

Fine Arts Phase II

Numerous planning and design studies performed since 1991 have evaluated the needs of the School of Fine Arts. In response to these studies, the Storrs Center initiative, and the dispersal of the School of Fine Arts (SFA) facilities throughout the Storrs and Depot campuses since 1991, a Master Plan has assessed the condition of the current facilities, updated the program requirements of the School, and made draft recommendations to guide the use of UCONN 2000 funds for the School. The scope of this project includes façade repair and replacement at the Drama and Drama-Music buildings and the addition of a 30,000 square foot production facility. It will centralize production functions into a multipurpose facility, which includes scene, stage, welding, lighting and costume shops. An added benefit is the creation of an interior light court at the heart of the School. The University selected an architectural team to provide existing conditions assessments, programming, design, and documentation and construction observation services. Bid drawings were completed in the Fall of 2017. Construction is expected to start in Summer 2018 with anticipated completion in the Fall 2019.

Heating Plant Upgrade

The University completed an expansion to the existing heating plant, a new cogeneration system, in 2006. At the time of construction, spaces to accommodate a future chiller and emergency generator were incorporated should the University require additional cooling and power. The

advent of the NextGenCT program necessitates several internal updates to the plant, including condensate piping repairs, new controls, the additional chilled water generator and the emergency generator. A design team has been commissioned to prepare the plans and specifications for the emergency generator project. Construction has been delayed to FY19 due to code requirements that must be completed.

Intramural, Recreational & Intercollegiate Facilities

Athletic District

The Board of Trustees approved the Campus Master Plan 2015-2035 in February 2015 and authorized its use as a basis of design for capital projects. For the Athletics District, the Master Plan stated, “Many of UConn’s athletics programs are in need of upgrades to facilities to either address deferred maintenance in existing buildings, expand seating capacity, offer new amenities, or provide more desirable space to attract top student athletes to the University.”

The Athletic District Development will replace outdated facilities with new stadia for baseball, softball and soccer. The project will include a new 50,000 square foot Performance Center housing baseball, softball, and men’s and women’s soccer locker room facilities, strength and training areas, sports medicine, a batting facility, and related support areas. Construction of enabling infrastructure work is anticipated to start in Fall 2018 with completion of stadia facilities in Summer 2020 and the Performance Center in Fall 2020.

At the existing Freitas Ice Forum facility, a renovation of existing public space, locker rooms, coach’s offices, and strength and training areas is currently in the planning phase, with construction anticipated to begin in 2019.

Recreation Center & Infrastructure Upgrade

In order to provide for the unmet recreation needs of the campus, a new 200,000 square foot building is currently under construction with completion expected in Summer 2019. The new facility will include: activity spaces for cardiovascular and strength training facilities, racquetball courts, basketball courts, a running track, multipurpose sports areas, an aquatic center, a wellness center, indoor spaces for club sports, group fitness rooms, and flexible space for events and activities for use by the students and the UConn community. The site enabling and utility infrastructure work related to the Student Recreation Center project started in Summer 2016 with the demolition of the Connecticut Commons Residence Halls, with re-routing of various utilities including chilled water, steam, and electrical service continuing through Summer 2019.

Residential Life Facilities

This named project represents the overarching authorization to undertake activities to provide housing and dining facilities for the University’s students. Although the quantity and the diversity of campus living arrangements were expanded under the first two phases of UCONN 2000, much remains to be done. A new residence hall was constructed in 2016 and renovations of the older dormitories and code improvements are continuously ongoing. Funding will support improvements to current dormitory amenities and other deferred maintenance needs in all of the residential and dining facilities.

UConn Health

Equipment, Library Collections & Telecommunications

These funds are allocated to support the UConn Health's equipment, needs and telecommunications infrastructure improvements. More specifically, the project line covers computers, management information systems, research equipment, instructional equipment, furnishings, and operational and public safety support. Outmoded items must be replaced with equipment that is necessary to support research and instructional activities, maintain building compliance, conserve energy and provide a safe environment for the students, staff, and those who use UConn Health services. The FY19 authorization will support the remainder of the Electronic Medical Record System, UConn HealthONE, implementation project.

FY19 Capital Budget Spending Plan Proposed Projects*

UCONN 2000 - Storrs & Regional Campuses

Academic and Research Facilities	
Babbidge Library Renovations	1,000,000
EEB Biodiversity Education & Research Greenhouse	2,000,000
Gant Building STEM Renovations	35,500,000
STEM Research Center Science 1	12,000,000
Other	4,500,000
Deferred Maintenance/Code Compliance/ADA Compliance/Infrastructure Improvements & Renovation Lump Sum and Utility, Administrative and Support Facilities	
Code Corrections	3,000,000
CUP Equipment Replacement & Pumping Improvements	2,200,000
ESCO (Reimbursement)	16,911,346
Infrastructure-Central Campus	2,000,000
Infrastructure-East Gant Tunnel to CUP Steam/Electrical Service	500,000
Infrastructure-North Eagleville Road Phase 3	900,000
Infrastructure-Northwest Science Quad Phase 2	6,500,000
Infrastructure-Southeast Campus	4,700,000
Infrastructure-Southwest Campus	19,100,000
Northwest Science Quad Supplemental Utility Plant	7,000,000
Parking-Main Campus Replacements	11,500,000
Parking-Stamford Campus Surface Lot	2,700,000
Pedestrian Safety Improvements-South Campus Commons	3,400,000
Programmatic Renovations	6,532,872
Other	16,405,782
Equipment, Library Collections & Telecommunications	2,000,000
Fine Arts Renovations & Improvements	23,650,000
Heating Plant - Emergency Power System Upgrade	1,000,000
Residential Life Facilities	2,000,000
Subtotal of Storrs & Regional Campuses	\$ 187,000,000

UCONN 2000 - UConn Health

Equipment, Library Collections & Telecommunications-EMR	13,000,000
Subtotal of UConn Health	\$ 13,000,000

Total UCONN 2000 State Bond Funds **\$ 200,000,000**

University Funds

Access, Appearance & Safety Repairs & Improvements	7,000,000
Central Utility Plant Improvements	9,800,000
Equipment/IT Systems	4,300,000
Facilities Repairs & Improvements	6,500,000
Other	7,400,000

Total University Funds **\$ 35,000,000**

UConn Revenue Bonds

Recreation Center and Infrastructure	98,000,000
Athletics District	27,000,000

Total UConn Revenue Bonds **\$ 125,000,000**

Grand Total FY19 Capital Budget **\$360,000,000**

*Projects less than \$500,000 are approved by UConn administrative committee. Projects costing \$500,000 or more are submitted for Board action on a project by project basis.

UCONN 2000 Bonds						
State Bond Phasing Plan for Informational Purposes Only - Revised 6/27/18						
Project	FY05-FY18	FY19	FY20-FY27	Total Phase III	Change from 6/28/17	Notes
Academic and Research Facilities	\$67,407,429	\$55,000,000	\$409,525,621	\$531,933,050	(\$55,562,248)	reallocation
Arjona and Monteith (new classroom buildings)	128,518,947			128,518,947		
Avery Point Campus Undergraduate & Library Building	10,461,246			10,461,246		
Avery Point Renovation	8,429,577			8,429,577		
Beach Hall Renovations	5,150,972			5,150,972		
Benton State Art Museum Addition	2,903,509			2,903,509		
Biobehavioral Complex Replacement	3,589,141			3,589,141		
Bishop Renovation	2,480,141			2,480,141		
Deferred Maintenance/Code Compliance/ADA Compliance/Infrastructure Improvements & Renovation Lump Sum and Utility, Administrative and Support Facilities	400,088,491	103,350,000	399,828,023	903,266,514	53,134,424	reallocation
Engineering Building	93,412,822			93,412,822	(1,000,000)	project closeout
Equipment, Library Collections & Telecommunications	145,591,656	2,000,000	86,702,190	234,293,846	(3,308,462)	reallocation
Family Studies (DRM) Renovation	2,868,306			2,868,306		
Farm Buildings Repairs/Replacement	6,408,304			6,408,304		
Fine Arts Phase II	11,128,424	23,650,000	2,478,373	37,256,797	9,999,999	reallocation
Floriculture Greenhouse	6,691,799			6,691,799		
Gant Building Renovations	12,455,770			12,455,770	(728,248)	project closeout
Gentry Renovation & Completion	9,628,209			9,628,209		
Hartford Relocation Acquisition/Renovation	140,000,000			140,000,000		
Heating Plant Upgrade	15,283,897	1,000,000	16,000,000	32,283,897		
Intramural, Recreational & Intercollegiate Facilities	31,009,921			31,009,921		
Jorgensen Renovation	3,934,475			3,934,475		
Koons Hall Renovation/Addition	1,530,057			1,530,057		
Lakeside Renovation	3,800,000			3,800,000		
Law School Renovations/Improvements	16,691,343			16,691,343		
Manchester Hall Renovation	772,577			772,577		
Mansfield Training School Improvements	3,014,780		3,201,258	6,216,038		
Natural History Museum Completion	500,000			500,000		
North Hillside Road Completion	8,200,000			8,200,000		
Old Central Warehouse Renovation	126,000			126,000		
Parking Garage #3	75,214			75,214		
Psychology Building Renovation/Addition	24,337,399			24,337,399		
Residential Life Facilities	135,472,476	2,000,000	18,764,535	156,237,011	(2,535,465)	project closeout
School of Pharmacy/Biology	6,000,000			6,000,000		
Stamford Campus Improvements/Housing	1,533,703			1,533,703		
Storrs Hall Addition	14,664,091			14,664,091		
Student Union Addition	13,000,000			13,000,000		
Support Facility (Architectural & Engineering Services)	16,583			16,583		
Torrey Life Science Renovation & Completion	1,530,373			1,530,373		
Torrington Campus Improvements	369,156			369,156		
Waterbury Downtown Campus	1,858,022			1,858,022		
West Hartford Campus Renovations/Improvements	6,774,305			6,774,305		
Young Building Renovation/Addition	23,790,884			23,790,884		
SUBTOTAL FOR STORRS & REGIONAL CAMPUS	\$1,371,500,000	\$187,000,000	\$936,500,000	\$2,495,000,000		
CLAC Renovation Biosafety Level 3 Lab	15,901,466			15,901,466		
Deferred Maintenance-UCH	50,951,264			50,951,264	2,327,741	reallocation
Dental School Renovation	3,525,000			3,525,000		
Equipment, Library Collections & Telecom-UCH	103,429,390	13,000,000		116,429,390		
Library/Student Computer Center Renovation	1,266,460			1,266,460		
Main Building Renovation	117,534,702			117,534,702	(1,370,973)	project closeout
Medical School Academic Building Renovation	39,792,488			39,792,488		
Planning & Design Costs	25,000,000			25,000,000		
Research Tower	67,992,229			67,992,229	(106,768)	project closeout
Support Building Addition/Renovation	100,000			100,000		
UCH New Construction and Renovation	387,407,001			387,407,001	(850,000)	reallocation
SUBTOTAL FOR HEALTH CENTER	\$812,900,000	\$13,000,000	-	\$825,900,000		
GRAND TOTAL	\$2,184,400,000	\$200,000,000	\$936,500,000	\$3,320,900,000		