DRAFT DOCUMENT

November 5, 2025

Administrative Regulation — Process for the Board of Trustees Approval of Capital Projects and Leases

This *Administrative Regulation* outlines the process for all University units to request, through the President, approval of University capital projects and leases by the Board of Trustees. This regulation applies to all units of the University, including, but not limited to, the hospital system, affiliated corporations and auxiliary enterprises.

I. Definitions

A. University Capital Project

For the purposes of this *Administrative Regulation*, "University capital project" includes those which involve University-owned land or which are for the University's use and benefit, and:

The construction, reconstruction, improvement or structural maintenance of buildings, building systems/infrastructure and University systems/infrastructure estimated to cost $1 million or more; or the acquisition or improvement of a building or real property estimated to cost $1 million or more.

B. Lease

For the purposes of this *Administrative Regulation*, "lease" means any lease of real property space by the University with an annual rental cost exceeding $200,000.

II. University Capital Project Approval Authority

A. Approval Authority

The following outlines the policies for capital project approval authority at the University:

- Prior to initiation, all University capital projects, regardless of fund source, must be approved by the Board, except for emergency University capital projects pursuant to Section V of this regulation.

- Prior to initiation, all debt financing transactions for University capital projects will be in compliance with the *University Debt Policy*.

- The President must approve any scope increases to University capital projects that do not exceed 15%.

- The Board must approve any scope increases to University capital projects that exceed 15%.

- The President will provide the Board with a quarterly capital construction report that describes the status of ongoing University capital projects.

III. Procedure for Requesting Board of Trustees Approval to Initiate a University Capital Project

A. University Capital Project Plan

Prior to requesting Board approval to initiate a University capital project, the unit will develop a University capital project plan that includes at least the following:

- Need analysis;

- Project scope;

- Financial plan for funding the University capital project and the recurring operating costs; and

- Legislative authorization.

The University capital project plan will be submitted to appropriate officials designated by the President. These officials will evaluate the proposal under process or procedures to make a recommendation to the President.

The President will make a final determination whether to recommend the University capital project to the Board.

Project scope increases or decreases and revisions to financial plans will follow the same procedures.

IV. Emergency University Capital Projects

A. Criteria

An "emergency University capital project" is a University capital project as defined by this regulation and is:

- Necessitated by injury or damage resulting from disaster;

- Necessary to maintain University operations to prevent or minimize injury or damage that could reasonably be expected to result from an impending disaster; or

- Necessitated by an unforeseen mechanical breakdown, electrical breakdown or structural defect that must be corrected to make a facility or structure usable.[1]

B. Approval and Reporting

The President will determine whether a University capital project is an emergency University capital project. Upon such determination, the emergency University capital project may be initiated and must then be reported to the Board at its next meeting.

Emergency University capital projects must be reported to the legislative Capital Projects and Bond Oversight Committee.[2]

V. Lease Approval Authority

Prior to initiation, all University leases, regardless of fund source, should be approved by the Board. The Executive Vice President for Finance and Administration (EVPFA) shall establish a process for University units with a need to lease real property space to submit a request and proposal to the EVPFA's designee (currently UK Real Estate Services).

---

[1] KRS 45.750 *et seq*.

[2] *Id*.