

# FCR 4

Office of the President  
October 14, 2012

Members, Board of Trustees:

## APPROVAL OF LEASE

Recommendation: that the Vice President for Financial Operations and Treasurer be authorized to negotiate and execute a lease between the University of Kentucky and Royal Lexington Apartments, 695 Winnie Street, Lexington, Kentucky, for space located at 695 Winnie Street, Lexington, Kentucky.

Background: At its October 10, 2006 meeting, the Board of Trustees amended governing Regulation II.A.6(g), requiring that all leases in excess of \$200,000 be approved by the Board of Trustees. The President or his designated representative is authorized to enter into leases and easements not exceeding \$200,000 in value.

The University is experiencing a significant increase in undergraduate enrollment. The fall 2012 entering class exceeds 4,600 students, an increase of almost 500 students over the prior fall semester. The fall 2013 entering class is expected to be even larger. The increased enrollment is causing a surge in demand for on-campus housing.

On December 13, 2011, the University announced that it would negotiate with EdR, a third-party developer, to improve, expand, and potentially manage student housing beginning with Phase I to construct two new buildings on Haggin Field. The authorized Phase I project is under construction by EdR with 601 beds scheduled to house University of Kentucky students in August 2013. The University is currently in negotiations with EdR for the development and management of Phase II-A. This next phase will involve the demolition of older housing stock. The University's housing stock will not materially increase until fall 2014.

Given the increase in enrollment and the timing of the housing project, it is recommended that the University enter into a lease to provide additional student housing. The proposed lease is for 364 beds in 3-bedroom and 4-bedroom apartments effective August 1, 2013 through June 30, 2014 at a cost of \$2,208,180. The proposed lease will be funded from housing revenues.

Kentucky Revised Statute §48.111 requires legislative authorization of all leases with an annual cost of \$200,000 or more. This lease is authorized in the enacted 2012-14 Executive Budget. Contingent upon the Board of Trustees' approval, the lease will be reported to the Capital Projects and Bond Oversight Committee.

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Action taken:      Approved      Disapproved      Other \_\_\_\_\_