

# FCR 4

Office of the President  
May 14, 2013

Members, Board of Trustees:

## APPROVAL OF LEASE

Recommendation: that the Board of Trustees authorize the Executive Vice President for Finance and Administration to negotiate and execute a lease between the University of Kentucky and Courtyards University of Kentucky, LLC, for space located at 845 Red Mile Road, Lexington, Kentucky.

Background: At its October 10, 2006 meeting, the Board of Trustees amended Governing Regulation II.E.2(c), requiring that the Board of Trustees approve all leases in excess of \$200,000. The President or his designated representative is authorized to enter into leases and easements not exceeding \$200,000 in value.

The University's housing stock currently includes 5,154 undergraduate beds and 816 efficiency one- and two-bedroom apartments for graduate students and family housing. The average age of the residence halls and apartments is 45 years and 49 years, respectively. On-campus land is limited; thus, incremental replacement of undergraduate housing is essential.

In February 2012, the Board of Trustees approved the President or his designee to enter into the first long-term lease with Education Realty Trust, Inc. (EdR) for purposes of development and management of student housing (Phase I). As part of the Phase II-A and Phase II-B Housing Projects, the Cooperstown apartments will be demolished to make way for new student housing. This planned demolition will displace some graduate students and thus, it is recommended that the University enter into a lease to provide housing for these displaced students. The proposed lease is for 36 beds for the month of June 2013 and 196 beds for July 1, 2013 through June 30, 2014. The 196 beds are a mix of two and four bedroom apartments. The total cost of the proposed lease is \$1,058,400 and will be funded from the housing auxiliary revenues.

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

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