

# FCR 11

Office of the President  
June 14, 2011

Members, Board of Trustees:

## AUTHORIZATION TO NEGOTIATE TO ACQUIRE UNIVERSITY LOFTS

Recommendation: that the Board of Trustees authorize the Executive Vice President for Finance and Administration to enter into negotiations to acquire University Lofts located at 236 Bolivar Street at a price not to exceed \$6,700,000.

Background: The Executive Vice President for Finance and Administration requests the authority to negotiate the acquisition of University Lofts to house student instructional space for the College of Fine Arts.

The College's instructional space is currently housed in the facility known as "Reynolds #1." Reynolds #1 was constructed in 1934 as a tobacco warehouse and processing facility. The University acquired the facility in 1962. The primary use of the building is class labs and studios for art instruction and hands-on learning for the College of Fine Arts. But because the facility has never received a major renovation, the ventilation, electrical, and mechanical systems and the lighting, restrooms, and flooring still are similar to that of an old tobacco warehouse. In addition, over the last several years the number of students and faculty using the building has increased substantially. The scope of the necessary renovation is estimated to cost \$17 million.

University Lofts, a facility of similar size as Reynolds #1 (105,000 sq. ft.), is situated on 1.57 acres of land at 236 Bolivar Street in Lexington. The property to be negotiated also includes a parking lot containing approximately 0.7039 acres. University Lofts is a former tobacco processing facility that was converted into an 86 unit, loft style apartment building in 2004. As a result, it has significantly fewer capital renewal/deferred maintenance needs than Reynolds #1. The proposed purchase price of \$6,700,000 and later renovations (estimated at \$8,000,000) is cost-effective compared to the \$17 million cost of renovating Reynolds #1. The additional cost of relocating the College's instructional activities to another facility during a year-long renovation to Reynolds #1 also will be avoided by the purchase and renovation of University Lofts. An external architectural consultant has confirmed that current instructional activities in Reynolds #1 can fit within the existing footprint of the University Lofts facility.

The proposed acquisition will be funded by University funds. Pending Board of Trustees approval and successful negotiation for acquisition, the University will request authorization for the renovation of University Lofts from the 2012 Kentucky General Assembly.

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