

# FCR 8

Office of the President  
May 3, 2016

Members, Board of Trustees:

FUNDING REVISION TO CONSTRUCT GREEK PARK  
(ALPHA GAMMA RHO FRATERNITY) CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the Funding Revision to Construct Greek Park (Alpha Gamma Rho Fraternity) Capital Project.

Background: Pursuant to Administrative Regulation 8:2, any capital project with an estimated cost of \$600,000 or more must be approved by the Board prior to initiation. This project will construct a 21,000 square foot facility for the Alpha Gamma Rho (AGR) Fraternity at the corner of Rose Lane and Woodland Avenue in Lexington, Kentucky on land owned by the University of Kentucky. The Fraternity currently occupies a facility at the corner of Huguelet Drive and University Drive in Lexington, Kentucky. The University also owns this parcel of land and the existing facility.

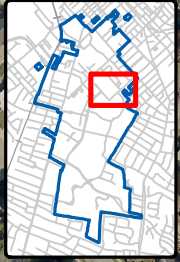
At its June 2015 meeting, the Board of Trustees approved the initiation of the \$6,000,000 project with \$3,060,000 of private funds and a \$2,940,000 internal loan. The new facility will house 42 members in two four-bed suites and 17 two-bed units. In addition, the new facility will include living and dining areas; a commercial kitchen; laundry area; study room; and a house mother's apartment. The facility also will employ a geothermal heating and cooling system.

The University must accelerate AGR's move due to the opportunity to build the new Lewis Hall on the site of the existing facility. As a result, AGR has not had sufficient time to complete their fundraising activities. The revised funding plan includes \$1,093,888.88 of private funds raised by AGR to date, \$1,000,000 of University agency funds, and a \$3,906,111.12 internal loan assigned to Auxiliary Services. Additional gifts may be received prior to the completion of the project thereby reducing the internal loan amount. The University will own the new facility. The facility will be leased to the AGR Fraternity in a structured arrangement which will fund the repayment of the internal loan. The annual lease payment will be adjusted annually as AGR contributes additional private funds. Pursuant to the University of Kentucky Debt Policy, the Debt Management Committee has reviewed the financing plan and supports the proposed recommendation.

The \$6,000,000 project was authorized by the 2014 Session of the Kentucky General Assembly. Contingent upon approval by the Board of Trustees, the funding revision will be submitted to the Capital Projects and Bond Oversight Committee.

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



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