

FCR 3

Office of the President
May 1, 2018

Members, Board of Trustees:

RENOVATE/UPGRADE EXISTING HOUSING (DELTA DELTA DELTA FRATERNITY)
CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the Renovate/Upgrade Existing Housing (Delta Delta Delta Fraternity) Capital Project and an internal loan to fund the project.

Background: The Delta Rho chapter of Delta Delta Delta has been part of the University of Kentucky for over 95 years. The chapter currently has 280 active members and approximately 1,800 living alumnae. The project will expand the dining room and add 10 beds to the University-owned Greek house occupied by Delta Delta Delta. The first floor of the house will be renovated to be ADA accessible. The renovation will also upgrade bathroom plumbing, water heaters, and HVAC systems.

Pursuant to Administrative Regulation 8:2, any capital project with an estimated cost of \$1,000,000 or more must be approved by the Board prior to initiation. In addition, pursuant to the Internal Loan Program Policy, any internal loan greater than \$1,000,000 must be approved by the Board. This \$2,120,000 project, authorized by the 2016 Kentucky General Assembly is well within the total legislative authorization of \$30,000,000 and will be funded with an internal loan. Auxiliary Services will repay the principal of the loan and accrued interest by August 31, 2019. The facility will be leased to the Fraternity in a structured arrangement whereby the value of the lease payments will be in excess of \$2,120,000, supporting repayment of the internal loan. In accordance with the University's Internal Loan Program Policy, the Debt Management Committee has reviewed and supports the proposed internal loan and financing plan.

Action taken: Approved Disapproved Other _____