

FCR 11

Office of the President
April 30, 2002

Members, Board of Trustees:

COLDSTREAM RESEARCH CAMPUS GROUND LEASE FIRST ALLIANCE CORPORATION

Recommendation: that the Administration be authorized to execute a ground lease between the University of Kentucky and approximately one acre on Lot 21 of the Coldstream Research Campus for the purpose of developing a 16,500 square foot commercial building to house First Alliance Corporation.

Background: First Alliance Corporation was organized on February 16, 1993 for the purpose of forming, owning and managing life insurance companies.

KEY TERMS OF GROUND LEASE

PARTIES

Lessor - University of Kentucky

Lessee – First Alliance Corporation

TERM OF GROUND LEASE

Not to exceed 75 years

SIZE OF PARCEL

Lot 21, approximately 1 acre; as shown on the Coldstream Research Campus Development Plan.

GROUND RENT

Until the last day of the calendar month in which commencement of construction of the improvements has occurred, the annual rent to be paid by the lessee shall be at the rate of \$300.00 per month.

After commencement of construction of the improvements has occurred, Lessee will pay Lessor monthly at the rate of \$1,500 per acre per year (annual lease payment \$18,000) (Value per acre \$200,000 times 1 = \$200,000 x 9%=\$18,000).

Rent increases or decreases by 25% of the Consumer Price Index every five years.

OPTION TO PREPAY RENT

At any time during the initial five-year period, Lessee will have the option of prepaying all of the annual rent due for the initial term and thereby extinguishing its obligation to pay annual rent by paying Lessor the sum of \$200,000 (approximately 1 acre times \$200,000/acre). Lessor shall be entitled to retain any monthly lease payments made to the date of prepayment.

DESIGN GUIDELINES

To ensure a quality project and compatibility with the University's long-term development concepts for the Coldstream Research Campus, the lease requires Lessee to comply with Architectural and Landscape Guidelines and be granted final approval by the Coldstream design review committee for its proposed infrastructure, building design and landscaping.

UNSUBORDINATED LEASE

The University's interest in the property or the Lease will not be subordinated.

INFRASTRUCTURE

The University of Kentucky will provide utilities to the site line; the lessee is responsible for road and parking infrastructure.

Action taken: Approved Disapproved Other _____