



July 3, 2018

Honorable Stan Humphries, Co-Chair  
Honorable Larry Brown, Co-Chair  
Capital Projects and Bond Oversight Committee  
Legislative Research Commission  
Capitol Annex Building – Room 34  
702 Capitol Avenue  
Frankfort, KY 40601

Dear Senator Humphries, Representative Brown and Members of the Capital Projects and Bond Oversight Committee:

Pursuant to KRS §56.823, the University of Kentucky is reporting a proposed lease renewal for UK's Center on Trauma and Children (CTAC) which will exceed \$200,000 annually. The lease was authorized by the Kentucky General Assembly in the enacted 2018-20 Executive Branch Budget of the Commonwealth and was approved by the University of Kentucky Board of Trustees at their June 22, 2018 meeting.

The leased space is located at 3470 Blazer Parkway, Lexington, Kentucky comprises 11,199 square feet with an annual rent of \$207,181.50. CTAC has occupied space in this building since 2000. During lease renewal negotiations, the landlord requested a rent increase and responded during the request for proposal process with a proposed increase of \$5,823.50 per year. After careful review and consideration of all responses to the University's request for proposal, the University determined this response to be the most cost-effective alternative and in the best interests of the University.

If you should have any additional questions regarding either lease, please give me a call at the number below or Elizabeth Baker at 859-257-6315.

Sincerely,

George Ward

C: Angie Martin

Shawn Bowen

Christine O'Brien

Elizabeth Baker



University of Kentucky  
Real Estate Services Division

**REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

**LEASE WITH ANNUAL RENTAL EXCEEDING \$100,000**

(to be reported after lessor selection, but before lease execution)

LEASE NUMBER: **PR 8311** COUNTY: **FAYETTE** **Switzer Family – Blazer, LLC**

USING AGENCY: **University of Kentucky, Center for Trauma and Children**

LESSOR: ( identify all parties having 5% or more ownership. If more than three, attach list)

**Switzer Family Blazer, LLC**

PROPERTY LOCATION: **3470 Blazer Parkway, Lexington, KY**

CHECK ONE: New Lease      **Renewal X**      Addendum

TYPE OF SPACE: **Office/Research/Clinical – 11,199 square feet**

COST PER SQUARE FOOT: **\$18.50 (includes utilities)** ANNUAL COST: **\$207,181.50**

AVERAGE SQ. FT. COST OF STATE LEASED SPACE IN COUNTY: **\$18.00**

INCLUDES UTILITIES: YES **X** NO

CANCELLATION CLAUSE: YES **X** NO

If yes, explain terms: **30 days**

If no, explain why not:

EFFECTIVE DATE: **July 1, 2018** EXPIRATION DATE: **June 30, 2021**

Justification for lease: **The University complied with all statutory requirements. The department has leased at this space since 2000. After consideration of all factors, selection of this space with the minor lease modification (an increase of \$5,823.50 per year) is in the best interests of the University.**

Statements as to whether the University of Kentucky complied with statutory requirements: (If not in compliance, explain why) **The University is in compliance with statutory requirements.**

EXPLANATION OF WHY THE UNIVERSITY OF KENTUCKY CHOSE THIS LESSOR OVER THE COMPETITION: **An RFP was issued to which there were three respondents. After consideration of all factors, selection of this space/response was determined to be in the best interests of the University.**

# FCR 2

Office of the President  
June 22, 2018

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 of office space for the University of Kentucky Center for Trauma and Children (CTAC). CTAC will lease space from Switzer Family Blazer, LLC located at 3470 Blazer Parkway, Lexington, KY.

Background: At its October 2006 meeting, the Board of Trustees amended Governing Regulation II.A.6 (g) requiring that all leases in excess of \$200,000 annually be approved by the Board of Trustees. The President or his designated representative is authorized to enter into leases and easements not exceeding \$200,000 in value.

The leased space will comprise 11,199 square feet with an annual rent of \$207,181.50 which will be funded with agency funds. CTAC conducts trauma therapy with children and performs foster care and parental assessments on behalf of the Commonwealth of Kentucky. They have occupied space in this building since 2000. During lease renewal negotiations, the landlord requested a rent increase and responded during the request for proposal process with a proposed increase of \$5,823.50 per year. After careful review and consideration of all responses to the University's request for proposal, the University determined this response to be the most cost-effective alternative, and in the best interests of the University.

Kentucky Revised Statute §48.111 requires legislative authorization of all leases with an annual cost of \$200,000 or more. The lease has been authorized by the Kentucky General Assembly in the enacted 2018-20 Executive Budget of the Commonwealth. Contingent upon approval by 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 \_\_\_\_\_

July 3, 2018

Honorable Stan Humphries, Co-Chair  
Honorable Larry Brown, Co-Chair  
Capital Projects and Bond Oversight Committee  
Legislative Research Commission  
Capitol Annex Building – Room 34  
702 Capitol Avenue  
Frankfort, KY 40601

Dear Senator Humphries, Representative Brown and Members of the Capital Projects and Bond Oversight Committee:

Pursuant to KRS §56.823, the University of Kentucky is reporting a proposed lease renewal for UK Healthcare (UKHC) which will exceed \$200,000 annually. This lease was authorized by the Kentucky General Assembly in the enacted 2018-20 Executive Branch Budget of the Commonwealth and was approved by the University of Kentucky Board of Trustees at their June 22, 2018 meeting.

The leased space is located at 2301, 2317, 2325, and 2333 Alumni Park Drive, Lexington, Kentucky comprises 101,264 square feet with an annual rent of \$2,642,990.40. UKHC's administrative functions have occupied space in these buildings since 2008 as such are housed off campus to free up space for clinical and research on campus. An RFP was issued to which there was only one response from the current landlord offering the same base rent of \$16.10 per square foot with common area maintenance and utilities of \$10.00 per square foot. After consideration of all factors, selection of this space was determined to be in the best interests of the University.

If you should have any additional questions regarding either lease, please give me a call at the number below or Elizabeth Baker at 859-257-6315.

Sincerely,



George Ward

C: Angie Martin

Shawn Bowen

Christine O'Brien  
**seeblue.**

Elizabeth Baker

University of Kentucky  
Real Estate Services Division

**REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

**LEASE WITH ANNUAL RENTAL EXCEEDING \$100,000**

(to be reported after lessor selection, but before lease execution)

LEASE NUMBER: **PR 8409** COUNTY: **Fayette**

USING AGENCY: **University of Kentucky, UK HealthCare**

LESSOR: ( identify all parties having 5% or more ownership. If more than three, attach list)

**Kentucky Medical Services Foundation**

PROPERTY LOCATION: **2301, 2317, 2325, and 2333 Alumni Park Drive, Lexington, KY 40517**

CHECK ONE: New Lease  **Renewal X** Addendum

TYPE OF SPACE: **Commercial Office Buildings - 101,264 square feet**

COST PER SQUARE FOOT: **\$16.10/sf base rent, \$10/sf operating expenses (includes utilities/CAM)**

ANNUAL COST: **\$2,642,990.40**

AVERAGE SQ. FT. COST OF STATE LEASED SPACE IN COUNTY: **\$18.00**

INCLUDES UTILITIES: YES  NO

CANCELLATION CLAUSE: YES  NO

If yes, explain terms: **30 days**

If no, explain why not:

EFFECTIVE DATE: **July 1, 2018**

EXPIRATION DATE: **June 30, 2023**

Justification for lease: **The University complied with all statutory requirements. The administrative/financial services of UKHC have occupied this space since 2008. After consideration of all factors, selection of this space was determined in the best interests of the University.**

Statements as to whether the University of Kentucky complied with statutory requirements: (If not in compliance, explain why) **The University is in compliance with statutory requirements.**

EXPLANATION OF WHY THE UNIVERSITY OF KENTUCKY CHOSE THIS LESSOR OVER THE COMPETITION: **An RFP was issued to which there was one respondent. After consideration of all factors, selection of this space was determined to be in the best interests of the University.**

# FCR 1

Office of the President  
June 22, 2018

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 for office space for University of Kentucky's healthcare operations (UK HealthCare or UKHC). UKHC will lease space from the Kentucky Medical Services Foundation (KMSF) located at 2301, 2317, 2325, and 2333 Alumni Park Drive, Lexington, KY.

Background: At its October 2006 meeting, the Board of Trustees amended Governing Regulation II.A.6 (g) requiring that all leases in excess of \$200,000 annually be approved by the Board of Trustees. The President or his designated representative is authorized to enter into leases and easements not exceeding \$200,000 in value.

The leased space will comprise 101,264 square feet with an annual rent of \$2,642,990.40 to be funded with agency funds. KMSF has been UKHC's landlord in these buildings since 2008 where administrative functions of UKHC are housed. KMSF sent the only response received during the recent request for proposal process. They offered the same base rent they were currently charging, \$16.10 per square foot. Additional rent to cover operating expenses including utilities and common area maintenance was quoted at \$10.00 per square foot. The University determined that renewing this lease is in the best interests of the University.

Kentucky Revised Statute §48.111 requires legislative authorization of all leases with an annual cost of \$200,000 or more. The lease has been authorized by the Kentucky General Assembly in the enacted 2018-20 Executive Budget of the Commonwealth. Contingent upon approval by 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 \_\_\_\_\_