

October 2, 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 for the UK Office of Philanthropy (Philanthropy) which will exceed \$100,000 annually.

The leased space is located at 210 Malabu Drive, Suite 200, Lexington, Kentucky. Philanthropy currently occupies space within this building and with the launch of the President's "Kentucky Can: The 21st Century Campaign" to raise a total of \$2.1 Billion for UK, additional staff will need to be hired and additional space is needed. Therefore, a new lease is desired.

An RFP was issued to which there was only one response from the current landlord offering 8,067 square feet at a base rent of \$14.00 per square foot plus fit up amortization of \$1.90 per square foot, for a total annual rent of \$128,265.30. After consideration of all factors, selection of this space was determined to be in the best interests of the University and the Commonwealth.

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

seeblue.

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 8384** COUNTY: **FAYETTE**

USING AGENCY: **UNIVERSITY OF KENTUCKY Office of Philanthropy**

LESSOR: (identify all parties having 5% or more ownership. If more than three, attach list): **Creech and Stafford Property Group, Inc**

PROPERTY LOCATION: **210 Malabu Drive, Suite 200, Lexington, Kentucky**

CHECK ONE: **New Lease/Addition of Space** Renewal TYPE OF SPACE: **Office**

COST PER Square foot: **8,067 sf at \$14.00/sq ft plus \$1.90/sq ft in fit up costs for a total annual rent of \$128,265.30**

INCLUDES UTILITIES: YES NO

CANCELLATION CLAUSE: YES NO

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

If no, explain why not:

EFFECTIVE DATES: **Approximately January 1, 2019 (upon completion of fit-up) – June 30, 2020 with three automatic renewals.**

Justification for lease: **The launch of the President's "Kentucky Can: The 21st Century Campaign", requires the hiring of additional staff. The group currently leases space in the property and an adjacent space has become available which is sufficient to house the needed additional employees.**

Statements as to whether the University of Kentucky complied with statutory requirements: (If not in compliance, explain why): **An RFP was issued in pursuant to applicable Kentucky Revised Statutes.**

EXPLANATION OF WHY THE UNIVERSITY OF KENTUCKY CHOSE THIS LESSOR OVER THE COMPETITION: **There was only one respondent to the RFP and this location is adjacent to the unit's current location and after consideration of all factors the University determined it to be in the best interests of the Commonwealth.**



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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 for the UK HealthCare Beyond Birth Program (Beyond Birth) which will exceed \$100,000 annually.

The University's Beyond Birth program is a holistic approach for women with substance abuse disorders which incorporates educational groups, individual counseling, group counseling, peer support and the medical treatment of substance use and mental health disorders. Patients are encouraged to bring their infants and children with them to appointments which allows UK to offer guidance on infant and toddler care as the family adjusts to the new roles and routines. The program is currently housed in UK's Polk Dalton clinic in downtown Lexington. Beyond Birth needs additional space to increase access and expand its comprehensive treatment program and plans to relocate to 1382 Bull Lea Road, Lexington, Kentucky (adjacent to Eastern State Hospital), a facility owned by the Commonwealth of Kentucky. This additional treatment facility will enable Beyond Birth to expand the existing services including trauma informed care, nurse navigation, medication assisted treatment, Buprenorphine/naloxone, and peer support.

An RFP was not required as the Lessor is the Commonwealth of Kentucky. The facility consists of 11,500 square feet at a base rent of \$12.30 per square foot, for a total annual rent of \$141,450. After consideration of all factors, selection of this space was determined to be in the best interests of the University and the Commonwealth.

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 8411** COUNTY: **Fayette**

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

LESSOR: (identify all parties having 5% or more ownership. If more than three, attach list): **Commonwealth of Kentucky, Health and Family Services**

PROPERTY LOCATION: **Eastern State Hospital, 1382 Bull Lea Rd. Lexington, 40511**

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

TYPE OF SPACE: **11,500 square foot Personal Care Home to be used for clinic space.**

COST PER SQUARE FOOT: **\$12.30** ANNUAL COST: **\$ 141,450.00**

AVERAGE SQ. FT. COST OF STATE LEASED SPACE IN COUNTY:

INCLUDES UTILITIES: **YES X** NO

CANCELLATION CLAUSE: **YES X** NO

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

If no, explain why not:

EFFECTIVE DATE: **10/1/2018**

EXPIRATION DATE: **6/30/20**

Justification for lease: **The Beyond Birth Program provides services to peri-natal women with substance abuse disorders. The program needs additional space to increase access and expand its program.**

Statements as to whether the University of Kentucky complied with statutory requirements: (If not in compliance, explain why): **The University followed applicable Kentucky Revised Statutes and pursuant to such a RFP was not required as the Lessor is the Commonwealth of Kentucky.**