MEMORANDUM

TO: Katherine Halloran, Committee Staff Administrator
    Capital Projects and Bond Oversight Committee

FROM: Brien S. Hoover, Leasing Manager
    Division of Real Properties

DATE: November 27, 2018

SUBJECT: PR-3974, Jefferson County
          Transportation Cabinet
          Lease Modification Exceeding $50,000.00

As outlined, attached please find notification of a lease agreement modification being processed by our Division's Leasing Branch.

If you have any questions or require additional information concerning this matter, please advise.

BSH/bh

CC: Capital Construction Log
    OSBD
    PR-3974 File
    BSH

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

**LEASE MODIFICATION EXCEEDING $50,000.00**

<table>
<thead>
<tr>
<th>Lease No.: PR-3974</th>
<th>County: Jefferson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using Agency: Transportation Cabinet</td>
<td></td>
</tr>
<tr>
<td>Lessor (identify all parties having 5% or more ownership):</td>
<td>Louisville Underground LLC</td>
</tr>
<tr>
<td>Attached extra sheet if necessary</td>
<td></td>
</tr>
<tr>
<td>Property Location:</td>
<td>1841 Taylor Avenue, Louisville, KY</td>
</tr>
</tbody>
</table>

- Check One: [ ] New Lease  [ ] Renewal  [x] Modification

- Type Space: **Storage (Salt)**
  - Cost Per Square Foot: **$2.08 & $1.97** (See attached)

- Annual Rental Cost: **$303,019.16**
  - Average Cost Per Square Foot of Leased-In Space in County: **$ N/A** (No comparable leases)

- Utilities Included:  [x] Yes  [ ] No

- Cancellation Clause:  [x] Yes  If yes, explain terms: 30 Days  [ ] No  If no, explain why not:

- Effective Date: **July 1, 2017**  Expiration Date: **June 30, 2019**

- Justification for Lease: **Please see attached**

- Has the Finance & Administration Cabinet complied with statutory requirements:  [x] Yes  [ ] No
  If no, explain:

- Explain why the Finance & Administration Cabinet chose this lessor (see attached approval memo and modification): **Please see attached**
## COMMONWEALTH OF KENTUCKY LEASE MODIFICATION AGREEMENT

<table>
<thead>
<tr>
<th>Lessor</th>
<th>PR Number, County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louisville Underground LLC</td>
<td>PR-3974, Jefferson County</td>
</tr>
<tr>
<td><strong>PO Box 35174</strong></td>
<td><strong>KY0018942</strong></td>
</tr>
<tr>
<td>Louisville KY 40232</td>
<td>Transportation Cabinet</td>
</tr>
<tr>
<td></td>
<td>November 27, 2018</td>
</tr>
<tr>
<td></td>
<td>90410001</td>
</tr>
</tbody>
</table>

1. Lease Agreement number PR-3974, Jefferson County, dated July 1, 2007, is hereby modified as set forth in Paragraph 2.

2. This Lease is modified as follows:

**EFFECTIVE JULY 1, 2018:**

To decrease the leased space by 50,280 square feet; from 201,425 square feet to 151,145 square feet. The rental rate for the original 47,850 square feet of space shall remain $2.08 per square foot. The rental rate of $1.97 per square foot shall be applied to all additional leased space (103,295 square feet). The total annual rental cost shall decrease by $99,051.60; from $402,070.76 to $303,019.16.

3. All other terms and conditions of the lease remain unchanged.

4. The Lessor is required to sign this document and return all copies for further processing.

5. The Lessor certifies by his signature hereunder affixed that he ("he" is construed to mean "they" if more than one person in involved; and, if a firm, partnership, corporation, business trust or other organization is involved, then "he" is construed to mean any person with an interest therein) is legally entitled to enter into contracts with the Commonwealth of Kentucky and that by holding and performing this contract will not be violating either any conflict of interest statute (KRS 45A.330 - 45A.340 or 45A.390) of the Executive Branch Code of Ethics, KRS Chapter 11A, or any other applicable statute or principle by the performance of this Lease, or will he realize any unlawful benefit or gain directly or indirectly from it. The Lessor further certifies that he has not knowingly violated any provision of the campaign finance law of the Commonwealth, and that by entering into this Lease Modification Agreement he will not be in violation of the campaign finance laws of the Commonwealth.

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**STATE LEASING AGENCY REPRESENTATIVE**

**LEASOR**

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**ANALYST, LEASING BRANCH, DIVISION OF REAL PROPERTIES**

**ATTORNEY, FINANCE & ADMINISTRATION CABINET**

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**MANAGER, LEASING BRANCH, DIVISION OF REAL PROPERTIES**

**DIRECTOR, DIVISION OF REAL PROPERTIES**

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**SECRETARY, FINANCE & ADMINISTRATION CABINET**

**APPROVED THIS _____ DAY OF ___________ 20_**

All correspondence and inquiries regarding this Lease Modification Agreement are to be directed to the Division of Real Properties, Suite 300, 403 Wapping Street, Frankfort, Kentucky 40601-2607, phone 502/564-2205.
The Transportation Cabinet presently utilizes a total of 201,425 square feet of underground salt storage space, same leased at rental rates of $2.08 per square foot (47,850 square feet) and $1.97 per square foot (153,575 square feet). The combined annual cost of the existing lease is $402,070.76. The agency recently submitted a request to reduce the area under lease to a total of 151,145 square feet due to reductions in the total amount of salt in storage.

Pursuant to applicable provisions of KRS 56.813, the existing lessor has consented to a voluntary reduction of 50,280 square feet in the area under lease. The original square footage (47,850 square feet) will remain under lease at a rental rate of $2.08 per square foot ($99,528.00 annually). The additional area of 103,295 square feet will remain under lease at $1.97 per square foot, a discount of approximately five percent. The attached lease modification therefore provides for a decrease of 50,280 square feet; from 201,425 square feet to 151,145 square feet, and the corresponding decrease of $99,051.60 in the annual rental cost; from $402,070.76 to $303,019.16. Capital Projects and Bond Oversight Committee reporting is required for this lease modification pursuant to applicable requirements of KRS 56.823(11) and your approval of the attached lease modification is recommended to reduce the area under lease for salt storage space as requested by the Transportation Cabinet.

Should you require additional information, please advise.

JSA/BSH/bh
Attachment

APPROVED: Scott Aubrey, Director
MEMORANDUM

TO: Katherine Halloran, Committee Staff Administrator Capital Projects and Bond Oversight Committee

FROM: Brien S. Hoover, Leasing Manager Division of Real Properties

DATE: November 20, 2018

SUBJECT: PR-4849, Clark County Cabinet for Health & Family Services Annual Rental Exceeding $100,000.00

As outlined, attached please find notification of a lease agreement renewal being processed by our Division’s Leasing Branch.

If you have any questions or require additional information concerning this matter, please advise.

BSH/bh

CC: Capital Construction Log OSBD PR-4849 File BSH

Attachment
# REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

## LEASE RENEWAL WITH ANNUAL RENTAL EXCEEDING $100,000.00

<table>
<thead>
<tr>
<th>Lease No.: <strong>PR-4849</strong></th>
<th>County: <strong>Clark</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Using Agency</strong>: Cabinet for Health &amp; Family Services</td>
<td></td>
</tr>
<tr>
<td><strong>Lessor</strong> (identify all parties having 5% or more ownership): Attached extra sheet if necessary</td>
<td></td>
</tr>
<tr>
<td><strong>August Properties LLC</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Property Location</strong>: 1113 Pioneer Plaza, Winchester, KY, 40391</td>
<td></td>
</tr>
</tbody>
</table>

Check One: [ ] New Lease [x] Renewal [ ] Modification

<table>
<thead>
<tr>
<th>Type Space: <strong>Office</strong></th>
<th>Cost Per Square Foot: <strong>$10.00</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Rental Cost</strong>: <strong>$109,460.00</strong></td>
<td>Average Cost Per Square Foot of Leased-In Space in County: <strong>$10.00</strong></td>
</tr>
<tr>
<td><strong>Utilities Included</strong>: [ ] Yes [x] No</td>
<td></td>
</tr>
</tbody>
</table>

Cancellation Clause: [x] Yes If yes, explain terms: 30 Days [ ] No If no, explain why not:

**Effective Date:** July 1, 2019 **Expiration Date:** June 30, 2020

Justification for Lease: Lease renewal

Has the Finance & Administration Cabinet complied with statutory requirements: [x] Yes [ ] No If no, explain:

Explain why the Finance & Administration Cabinet chose this lessor: Lease renewal
COMMONWEALTH OF KENTUCKY LEASE RENEWAL AGREEMENT

1. Subject to the limitations imposed by law and the terms set forth in the original Lease Agreement, and as designated below by signature of the parties (or their representatives), the following described Lease Agreement by and between HEALTH AND FAMILY SERVICES and AUGUST PROPERTIES, LLC 106 MARY LYNN DRIVE, SUITE 18 GEORGETOWN, KY 40324, by mutual agreement, is hereby renewed at the same terms and conditions for further periods of twelve (12) months not to extend beyond June 30 (please check and initial your choice on the appropriate line):

- 2020
- 2021
- 2022
- 2023
- 2024
- 2025
- 2026
- 2027

The annual base rental rate shall remain $ 10.00 per square foot for 10,846.00 rentable square feet.

<table>
<thead>
<tr>
<th>LEASE NUMBER:</th>
<th>LOCATION:</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR04849</td>
<td>1113 PIONEER PLAZA</td>
</tr>
<tr>
<td></td>
<td>WINCHESTER, KY 40324</td>
</tr>
</tbody>
</table>

ADDENDUM ATTACHED: NO  (Lessor must sign Addendum if attached)

2. The Lessor agrees to notify the Commonwealth of all persons owning, or upon any change or transfer of ownership involving five percent (5%) or more in stock, in partnership, in business trust, or in corporation, including silent or limited partners. Non-compliance may result in termination of the Lease Agreement.

3. The Lessor acknowledges that his property may be inspected by the Division of Building Codes Enforcement and/or the State Fire Marshal and must comply with all applicable standards (life safety and ADA accessibility).

4. The contractor, as defined in KRS 45A.030 (9) agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purposes of financial audit or program review. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the contract and shall be exempt from disclosure as provided in KRS 61.878(1)(c). The contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. In the event of a dispute between the contractor and the contracting agency, Attorney General, or the Auditor of Public Accounts over documents that are eligible for production and review, the Finance and Administration Cabinet shall review the dispute and issue a determination, in accordance with Secretary's Order 11-004.

5. The Lessor certifies by his signature hereinafter affixed that he ("he") is construed to mean "they" if more than one person is involved; and, if a firm, partnership, corporation, business trust or other organization is involved, then "he" is construed to mean any person with an interest therein) is legally entitled to enter into contracts with the Commonwealth of Kentucky and that by holding and performing this contract will not be violating either any conflict of interest statute (KRS 45A.330 - 45A.340 or 45A.990) of the Executive Branch Code of Ethics, KRS Chapter 11A, or any other applicable statute or principle by the performance of this Lease, or will he realize any unlawful benefit or gain directly or indirectly from it. The Lessor further certifies that he has not knowingly violated any provision of the campaign finance laws of the Commonwealth, and that by entering into this Lease Modification Agreement he will not be in violation of the campaign finance laws of the Commonwealth.

Mark K. Gray
LESSOR
859-619-7253
LESSOR'S CURRENT PHONE NUMBER

Commonwealth of Kentucky - LEASING AGENCY REPRESENTATIVE

ATTORNEY, FINANCE & ADMINISTRATION CABINET

SECRETARY, FINANCE & ADMINISTRATION CABINET

All correspondence and inquiries regarding this Lease Modification Agreement are to be directed to the Division of Real Properties, Suite 300, 402 Wapping Street, Frankfort, Kentucky 40601-3907, phone 502-364-2319.