

September 27, 2019

Senator Rick Girdler
Representative Walker Thomas
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capital Annex Room 34
Frankfort, KY 40601

RE: L00277 – Trager Institute–Dulworth Building Lease – 204A E Market St, Louisville, KY

Dear Senator Girdler and Representative Thomas:

In accordance with provisions of KRS 56.823, I am writing to report a new lease with University of Real Estate Foundation, Inc. for office space. Lease space is 9,199 square feet for a total rent per year of \$110,388.00 for years one through five. In years six through ten, the lease space is 18,645 square feet for a rent amount of \$172,673.52 per year.

This lease is not a lease-purchase, and therefore will abide by the provisions of KRS 56.806(6).

Funding for the lease to be provided by the Trager Institute, and will not require the use of any current general funds or any funds appropriated for another purpose.

Please contact Kim Noltemeyer at 502-852-8186, if you have any questions regarding this lease.

Sincerely,



Mark J. Watkins, M.S.M.
Senior Associate Vice President for Operations

cc: President Neeli Bendapudi
Dan Durbin, CFO
Sajid Mian, AVP Fac. Mgt.
Dr. Anna Faul, Executive Director
Carla Wright (OSBD)

UNIVERSITY OF LOUISVILLE
Office Lease
Report to the Capital Projects and Bond Oversight Committee

KRS 56.823(2)

(a) The name of the agency that will occupy the premises.

The University of Louisville Trager Institute and its Republic Bank Optimal Aging Clinic (both entities are dedicated to the promotion of optional aging for all Kentuckians)

(b) The name of the lessor

University of Louisville Real Estate Foundation, Inc.

(c) The terms of the lease

- \$12.00 per square feet of space comprising the First Floor Premises per annum for Lease Years one (1) through (5);
- \$13.00 per square feet of space comprising the First Floor Premises per annum for Lease Years six (6) through ten (10);
- \$14.00 per per square feet of space comprising the First Floor Premises per annum for Lease Years eleven (11) through fifteen (15), if Tenant exercises its first Extension Option in accordance with terms of this Lease; and
- \$15.00 per square feet of space comprising the First Floor Premises per annum for Lease Years sixteen (16) throught twenty (20), if Tenant exercises its first Extension Option in accordance with terms of this Lease.

(d) The reason for the lease

This space will be used for operation of office space and medical office space, including a wellness clinic, a lifestyle medicine kitchen, elder law clinic, lifestyle wellness space and community space.

(e) The copy of the writing required by KRS 56.803(17)

It was determined at the time of the lease that this space was best location that was suitable due to the close proximity of the Thrive Center.

(f) A statement as to whether the University of Louisville complied with the requirement established in KRS 56.800 to 56.823 and KRS 43.050, 48.111, and 48.190. If the university has not complied with any requirement, the university shall explain why.

It was determined at the time of the leave, the University has complied with all requirements.

(g) An explanation of why the University of Louisville chose his lessor over his competition

The University chose this property because it is located next to Thrive Center, which is dedicated to the promotion of technology for older adults. The space has easy access parking and will provide to be a hub for research and clinical care in the optimal aging space. The placement next to Thrive provides a complete eco system for the promotion of optimal aging for adult with a specialized emphasis on aging care, disease prevention and research.

(h) A cost comparison between the cost per square foot of the leased space and the average cost per square foot of comparable space the state leases in the same country. If there are factors which make the comparison misleading, the cabinet shall inform the committee of these factors.

According to a local real estate consultant, the rate is favorable. Medical space in the downtown area typically is priced from \$16 - \$26/sq. ft.