

November 1, 2019

Senator Rick Girdler, Co-Chair,
Representative Walker Thomas, Co-Chair
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capitol Annex Building – Room 34
702 Capitol Avenue
Frankfort, Kentucky 40601

Dear Senator Girdler and Representative Walker and Members of the Capital Projects and Bond Oversight Committee:

Pursuant to KRS §56.823 this is to report a new lease for the University of Kentucky that will exceed \$200,000 annually and is authorized in the 2018-2020 Executive Branch Budget Bill, House Bill 200.

This is a lease between the UK Healthcare Information Technology and WG Holdings TN, LLC for 32,550 square feet of office space at 1648 McGrathiana Parkway in Lexington. The cost of this lease is \$19.25 per square foot, with an annual cost of \$626,587.50, including utilities. The effective date of the lease will be November 14, 2019, with an expiration date of June 30, 2020.

UK HealthCare has initiated the critically needed replacement of its Electronic Health Records system, which is an approximately three-year project that will require a staff of more than 200 employees. Additional space is needed to support UK HealthCare Information Technology in this project as well as its normal operations. Following the project's completion, the space will be used to consolidate all UK HealthCare Information Technology staff.

If you should have additional questions regarding the lease, please contact me at the number below or Elizabeth Baker at 859.257.6315.

Sincerely,



George Ward
Executive Director

c: Angie Martin Katherine Halloran Christine O'Brien Elizabeth Baker

see blue.

**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 8426 **County:** Fayette

Lessee: University of Kentucky, UK Healthcare Information Technology

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

WG Holdings TN, LLC

Property Location: 1648 McGrathiana Blvd, Lexington, Kentucky

Check One: New Lease Renewal Addendum

Type of Space: Office/Administrative

Cost Per Square Foot: \$19.25 (includes furniture)

Annual Cost: \$626,587.50 (32,550 sq.ft.)

Average Sq Ft Cost of State Leased Space in County: \$19.00

Includes Utilities: YES NO

Cancellation Clause: YES NO

If yes, explain terms: 30 days

If no, explain why not:

Effective Date: November 14, 2019

Expiration Date: June 30, 2020

Justification for Lease: UK HealthCare has initiated the critically needed replacement of its Electronic Health Records system, which is an approximately three-year project that will require a staff of more than 200 employees. Additional space is needed to support UK HealthCare Information Technology in this project as well as its normal operations. Following the project's completion, the space will be used to consolidate all UK HealthCare Information Technology staff.

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

Explanation of why the University chose this Lessor over the competition: This space/Lessor was determined to be in the best interests of the Commonwealth and the University of Kentucky.

October 29, 2019

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

RE: Lease – K & I Building

Dear Senator Girdler and Representative Thomas:

In accordance with provisions of KRS 56.823, I am writing to report a new lease. The lease is with the University of Real Estate Foundation, Inc. for office space and vehicle storage. I am providing required information on the attached document.

The lease space is approximately 21,018 square feet. This lease will be replacing a lease that was terminated because the Kentucky State Fairgrounds was demolishing the rented building. The payment of the lease will be covered by restricted funds.

Thank you for your continued support. Please contact Kim Noltemeyer at 502-852-5699, if you have any questions regarding the lease.

Sincerely,



Mark Watkins
Senior Associate Vice President of Operations

cc: President Neeli Bendapudi
Dan Durbin, CFO
Vince Tyra, VP, AD
Sajid Mian, AVP
Shaun McKiernan
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.

University of Louisville Athletic Association, Inc.

(b) The name of the lessor

University of Louisville Real Estate Foundation, Inc.

(c) The terms of the lease

Term: Five-year lease with extension option of two additional periods of five years.

Annual rental cost \$112,545 for the first five years.

Total Square Feet Leased: 21,018 square feet

(d) The reason for the lease

This space use is for athletic offices and vehicle storage

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

We previously leased a building at the Kentucky State Fairgrounds from Kentucky Venues. On September 6, 2018, they gave us 120 days notice that we would need to vacate the premises. With both golf teams, transportation, sports nutrition and Learfield all occupying the space, we had to find a suitable location for them in short order.

(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.

As mentioned above, we were forced to quickly vacate the space owned by Kentucky Venues. The previous lease was \$66,500 annual.

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

The space provided the type of facility needed to accommodate our athletic office needs for office space and the large shelter for vehicles, such as buses and vans.

(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.

Office space typical price in the area from \$15-19.50/sq. ft. These rates for office spaces located in this area do not include monthly CAM charges.