

December 3, 2020

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 Executive Branch Budget Bill, House Bill 352.

This is a lease between UK HealthCare and Kentucky Medical Services Foundation for 10,320 square feet of clinical space at 2195 Harrodsburg Road in Lexington. The cost of this lease is \$31.71 per square foot, with an annual cost of \$327,247.20, including utilities. The effective date of the lease will be December 16, 2020 (contingent upon the Committee's approval), with an expiration date of June 30, 2028.

This lease is for the University of Kentucky Markey Cancer Center which requires suburban space off campus to accommodate their high patient volume and easy access (parking, entryway, check-in). The lease for the current occupied space pursuant to a partnership initiative with Lexington Clinic has expired and the building is scheduled for demolition. After careful review and consideration of alternatives, the University learned that space is available at the same rental rate and under the same terms and conditions as other University Clinics at 2195 Harrodsburg Road. The available space will accommodate the needs of the Markey Cancer Center and is an ideal location close to other University clinics and the New Circle Road and Harrodsburg Road intersection. After careful consideration the University determined this space to be in the best interests of the University and the Commonwealth.

If you should have additional questions regarding the lease, please contact me at 859.231.8324 or Elizabeth Baker at 859.257.6315.

Sincerely,



George Ward
Executive Director

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

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 8427 **County:** Fayette

Lessee: Markey Cancer Center

Lessor: Kentucky Medical Services Foundation, Inc, 2333 Alumni Park Plaza Lexington, KY

Property location: 2195 Harrodsburg Road

Check one: new lease ☒ renewal ☐ addendum ☐

Type of space: Clinical

Total square feet being leased: 10,320

Cost per square foot: \$31.71 **Annual cost:** \$ 327,247.20

Average square foot cost of state leased cost in county: \$ 31.00

Includes utilities: yes ☒ no ☐

Cancellation clause: yes ☒ no ☐

If yes, explain terms: 30 Days

if no, explain why not: Click or tap here to enter text.

Effective date: December 16, 2020

Expiration date: June 30, 2028

Justification for lease: The current lease has expired pursuant to the terms of the partnership initiative with Lexington Clinic and the building is scheduled for demolition. Thus, the Markey Cancer Center has found another space to accommodate its needs and the needs of patients.

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: This space was determined to be in the best interests of the University and the Commonwealth. The University already leases space in this location and there was sufficient space available to meet the needs of the Markey Cancer Center at the same rental rate and under the same terms and conditions as the current leases.

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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 Executive Branch Budget Bill, House Bill 352.

This is a lease between UK HealthCare and Turf Development, LLC for 15,000 square feet of clinical and administrative space at 2195 Harrodsburg Road in Lexington. The cost of this lease is \$34.59 per square foot, with an annual cost of \$518,850. The effective date of the lease will be December 16, 2020 (contingent upon approval by the Committee), with an expiration date of June 30, 2028.

This lease is for the Sanders Brown Center on Aging which has far outgrown its current clinic location in Lexington. The number of clinical trials has substantially increased thereby increasing the number of patients and there are insufficient exam rooms to accommodate the Center's growth at its current location. The Center requires suburban space off campus to accommodate their high patient volume and easy access (parking, entryway, check-in). After careful review and consideration of all responses to the University's request for proposal, the University determined this response is the most cost-effective alternative and in the best interests of the University and the Commonwealth. This location, which is in fairly close proximity to the University, best fits the needs of the Center; will provide room for current needs; and is an ideal location close to the New Circle Road intersection.

If you should have additional questions regarding the lease, please contact me at 859.231.8324 or Elizabeth Baker at 859.257.6315.

Sincerely,



George Ward
Executive Director

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

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: 8462 **County:** Fayette

Lessee: Sanders Brown Center on Aging

Lessor: Turf Development, LLC, 811 Corporate Drive, Suite 303 Lexington, KY 40503

Property location: 2195 Harrodsburg Road, Lexington, KY 40503

Check one: new lease ☒ renewal ☐ addendum ☐

Type of space: Administrative, Clinical

Total square feet being leased: 15,000

Cost per square foot: \$34.59 **Annual cost:** \$518,850.

Average square foot cost of state leased cost in county: \$31.00

Includes utilities: yes ☒ no ☐

Cancellation clause: yes ☒ no ☐

If yes, explain terms: 30 Days

if no, explain why not: Click or tap here to enter text.

Effective date: December 16, 2020

Expiration date: June 30, 2028

Justification for lease: The Sanders Brown Center on Aging has far outgrown its current clinic location in Lexington. The number of clinical trials has substantially increased which has increased the number of employees needed. Additionally, with increased clinical trials there has been a

substantial increase in the number of patients and there are not sufficient exam rooms at the current location to meet with patients.

Statements as to whether the University of Kentucky complied with statutory requirements: 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, and several responses were received. After careful review, this location is adjacent to several other University clinics, and was determined to be in the best interests of the University and the Commonwealth of Kentucky.

December 3, 2020

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Legislative Research Commission
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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 Executive Branch Budget Bill, House Bill 352.

This is a lease between UK HealthCare and Kentucky Medical Services Foundation for 15,000 square feet of clinical space at 2400 Greatstone Point in Lexington. The cost of this lease is \$29.80 per square foot, with an annual cost of \$447,000, including utilities. The effective date of the lease will be December 16, 2020 (contingent upon the Committee's approval), with an expiration date of June 30, 2028.

This lease is for the University of Kentucky Pediatrics Clinic which requires suburban space off campus to accommodate their high patient volume with easy access (parking, entryway, check-in). After careful review and consideration of all responses to the University's request for proposal, the University determined this response for the space at 2400 Greatstone Point is the most cost-effective alternative and in the best interests of the University and the Commonwealth. This space, which is in fairly close proximity to the University, will provide room for current needs and is an ideal location close to the New Circle Road and Harrodsburg Road intersection.

If you should have additional questions regarding the lease, please contact me at 859.231.8324 or Elizabeth Baker at 859.257.6315.

Sincerely,



George Ward
Executive Director

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

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 8469 **County:** Fayette

Lessee: University of Kentucky Pediatric Clinic

Lessor: Kentucky Medical Services Foundation 2333 Alumni Park Plaza, Suite 400 Lexington, KY 40517

Property location: 2400 Greatstone Point Lexington KY 40504

Check one: new lease ☒ renewal ☐ addendum ☐

Type of space: Clinical

Total square feet being leased: 15,000

Cost per square foot: \$29.80 **Annual cost:** \$447,000

Average square foot cost of state leased cost in county: \$31.00

Includes utilities: yes ☒ no ☐

Cancellation clause: yes ☒ no ☐

If yes, explain terms: 30 Days

if no, explain why not: Click or tap here to enter text.

Effective date: December 16, 2020

Expiration date: June 30, 2022

Justification for lease: The University of Kentucky Pediatrics Clinic requires suburban space off campus to accommodate high patient volume, easy access (parking, entryway, check-in). The clinic

has been at this location for over 20 years and the patients are familiar with this location.

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 with only one response received and after careful review this space was determined to be in the best interests of the University and the Commonwealth of Kentucky.

December 3, 2020

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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 \$100,000 annually.

This is a lease between UK HealthCare and Kentucky Medical Services Foundation for 5,124 square feet of technical and administrative space at 2347 Sterlington Road in Lexington. The cost of this lease is \$26.10 per square foot, with an annual cost of \$133,736.40, including utilities. The effective date of the lease will be December 16, 2020 (contingent upon the Committee's approval), with an expiration date of June 30, 2028.

This lease is for the UK HealthCare's Enhanced Care through Advanced Technology Intensive Care Unit (eCAT ICU), which is a team of specially trained nurses and physicians located off site from the hospital that provide support to nurses working directly with patients, using advanced surveillance technology to monitor critical patients and interpret clinical algorithms and protocols that can detect changes in a patient's status earlier in real time. The demand for this service, especially during the pandemic, has required UKHC to seek space outside the hospital. Specific to Covid-19, the eICU allows close monitoring of patients without personal contact.

At its May meeting the Committee approved a lease for the University's eCAT ICU project. Unfortunately, the University subsequently learned that location did not have in place the necessary information technology infrastructure to support the eCAT ICU project. Further, to install the necessary infrastructure would have cost approximately \$500,000. Consequently, the University immediately began looking at other options. With the reorganizations and realignment of certain administrative functions for UK HealthCare, space came open at 2347 Sterlington Road in Lexington where there are other UK HealthCare units located. This location already has in place the necessary technical infrastructure to support the eCAT ICU project and this unit will lease space there under the same terms and conditions. After careful consideration the University determined this space to be in the best interests of the University and the Commonwealth.

If you should have additional questions regarding the lease, please contact me at 859.231.8324 or Elizabeth Baker at 859.257.6315.

Sincerely,

A handwritten signature in blue ink, appearing to read "G Ward".

George Ward

Executive Director

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

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 8470**County:** Fayette**Lessee:** UK HealthCare eICU**Lessor:** Kentucky Medical Services Foundation, 2333 Alumni Park Plaza, Lexington, KY**Property location:** 2347 Sterlington Road Lexington, KY**Check one:** new lease ☒ renewal ☐ addendum ☐**Type of space:** Technical/Administrative**Total square feet being leased:** 5,124**Cost per square foot:** \$26.10 **Annual cost:** \$133,736.40**Average square foot cost of state leased cost in county:** \$22.00**Includes utilities:** yes ☒ no ☐**Cancellation clause:** yes ☒ no ☐*If yes, explain terms:* 30 Days*if no, explain why not:* Click or tap here to enter text.**Effective date:** December 16, 2020**Expiration date:** June 30, 2028

Justification for lease: UK HealthCare's Enhanced Care through Advanced Technology Intensive Care Unit (eCAT ICU), is a team of specially trained nurses and physicians located off site from the hospital that provide support to nurses working directly with patients, using advanced surveillance technology to monitor critical patients and interpret clinical algorithms and protocols that can detect changes in a patient's status.

earlier in real time. The demand for this service, especially during the pandemic, has required UKHC to seek space outside the hospital. Specific to Covid-19, the eICU allows close monitoring of patients without personal contact.

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: UK HealthCare already was leasing space in the same building in which is in close proximity to the University and the necessary technical infrastructure is already in place and after careful consideration determined this location to be in the best interest of the University and the Commonwealth.



Office of the President

218 Wells Hall
Murray, KY 42071-3318
270-809-3763
270-809-3413 fax

November 18, 2020

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

RE: Interim Authorization Request-Lovett Auditorium, HVAC and Electrical Repairs

Dear Senator Girdler and Representative Thomas:

Pursuant to Kentucky Revised Statute (KRS) 165A.575(15), Murray State University is requesting review by the Capital Projects and Bond Oversight Committee for interim authorization for repairs to Lovett Auditorium. The cost estimate for this project is \$2,000,000.

Lovett Auditorium was constructed in 1926 to serve as the auditorium for the Murray State Normal and Teachers College. It is one of the four original buildings on campus and serves as the only performing arts hall for Murray State. The auditorium area remains much the same as it was nearly 100 years ago with the original seating and lighting. Significant signs of degradation to the HVAC system have surfaced. Repair/replacement of that system and electrical panels will be the focus of this project.

The Murray State University Board of Regents is expected to approve this project on December 4, 2020, and the Council on Postsecondary Education Finance Committee is expected to approve this project on December 15, 2020. This request is being submitted now in hopes that it can be added to the agenda for the December 16 meeting of the Capital Planning and Bond Oversight Committee (CPBOC). Documentation to support the approvals of these two bodies will be sent to the Legislative Research Commission as soon as it is received.

This project will not use any current general funds or any funds appropriated for another purpose.

Should you or members of the Committee have any questions, please feel free to contact me at (270) 809-3763 or rjackson@murraystate.edu. Murray State University representatives plan to attend the CPBOC's scheduled meeting on December 16, 2020, via remote access.

Sincerely,

Robert L Jackson, Ed.D.
President

cc: Jackie Dudley – Murray State University
Jordan Smith – Murray State University
Shawn McKiernan – Council on Postsecondary Education
Carla Wright – Office of the State Budget Director

murraystate.edu



Kentucky Council on Postsecondary Education

Andy Beshear
Governor

100 Airport Road, 2nd Floor
Frankfort, Kentucky 40601
Phone: 502-573-1555
<http://www.cpe.ky.gov>

Aaron Thompson, Ph.D.
President

Capital Projects and Bond Oversight Committee
Capitol Annex, Room 34
702 Capital Avenue
Frankfort, Kentucky 40601

DATE: December 15, 2020

RE: Murray State University Interim Capital Project – Lovett Auditorium

Dear Senator Girdler and Representative Thomas,

The Council on Postsecondary Education met on November 13, 2020 and delegated authority to the Council's Finance Committee to approve a \$2,000,000 restricted fund project at Murray State University to address HVAC concerns at the Lovett Auditorium. The Council's Finance Committee met on December 15, 2020 and approved this project, per KRS 164.020 (11).

Please contact me at (502) 892-3039 if you have any questions or require additional information.

Sincerely,

Shaun McKiernan
Director, Budget and Finance

C: President Bob Jackson, Murray State University
Jackie Dudley, Murray State University
Carla Wright, OSBD

BOARD OF REGENTS: 12.04.20

Agenda Item: 10.F.3.

TOPIC: Finance Committee – Lovett Auditorium HVAC and Electrical System Renovations Project Funding*

STAFF CONTACT: Jackie Dudley – Vice President for Finance and Administrative Services

BACKGROUND:

In the development of the 2020-26 Capital Plan, Murray State identified a series of asset preservation project requests. Some of the requested asset preservation funding was designated for historic buildings, with Lovett Auditorium as the priority. Due to strains on the state budget and COVID-19, this project was not authorized in the enacted 2020-21 budget (House Bill 352). However, the HVAC issues in Lovett Auditorium must be addressed in order to preserve the building for future use.

The total scope of the Lovett Auditorium project is anticipated to be \$2,000,000. The proposed funding to be utilized would be \$600,000 of Fiscal Year 2020-21 revenue from the Asset Preservation Fee, with the remaining \$1.4 million to be taken from emergency deferred maintenance funding held in the Plant Fund.

Once approved by the Board of Regents, the University will seek any necessary approvals from the Council on Postsecondary Education and the Capital Projects and Bond Oversight Committee for the \$2 million necessary for the project.

RECOMMENDATION:

That the Board of Regents, upon the recommendation of the President of the University, approve funding of \$600,000 from Fiscal Year 2020-21 Asset Preservation Fee revenue and \$1.4 million from emergency deferred maintenance funds in order to complete the Lovett Auditorium HVAC and electrical system renovations as stipulated in the Program Statement presented to the Buildings and Grounds Committee.

RECOMMEND APPROVAL: Robert L Jackson, President

COMMITTEE ACTION: Approved, Finance Committee.

BOARD ACTION: Approved.

BOARD OF REGENTS: 12.04.20

Agenda Item: 10.D.2.

TOPIC: Buildings and Grounds Committee – Lovett Auditorium HVAC and Electrical Systems Renovations Program Statement*

STAFF CONTACTS: Jackie Dudley – Vice President for Finance and Administrative Services
Jason Youngblood – Director of Facilities Management

BACKGROUND:

Per the Delegation of Authority Item #13, the Board is to approve any “Program Statement” that may be prepared for a capital construction project requiring approval by the Kentucky General Assembly prior to implementation of the Program Statement. The project identified as “Capital Renewal and Building Modernization” was initially included in the University’s *2020-26 Six-Year Capital Plan* as described below:

Brief Description/Justification:

Project includes asset preservation renovations and building system upgrades to education and general buildings. This is for a pool of deferred maintenance projects.

As part of the Capital Plan initiative, Murray State University partnered with RossTarrant Architects and Marcum Engineering to scope the planned work on Lovett Auditorium. During this process, the HVAC and electrical system modifications were identified as immediate needs. During the summer, the failing of duct work insulation created a need to expand this project and made it more of an immediate need.

Items to be addressed will be moisture remediation, attic duct cleaning and sealing to prevent further damage to the plaster ceiling, plaster repair, new hot water boilers, new air handlers to be installed in the basement, crawl space ductwork for supply air, BAS controls, new electrical transformer, switch gear and electrical distribution panels and natural gas supply system for the boilers. This work will result in the removal of Lovett Auditorium from the central steam system and its retention on the central chilled water system.

The estimated cost for phase one of the project is \$2 million. A funding request will also be made to the Board of Regents Finance Committee later today.

Once approved by the Board of Regents, the University will seek any necessary approvals from the Council on Postsecondary Education and the Capital Projects and Bond Oversight Committee for the project.

RECOMMENDATION:

That the Board of Regents, upon the recommendation of the President of the University, approve the attached Program Statement for the Lovett Auditorium HVAC and Electrical Systems Renovations Project.

RECOMMEND APPROVAL: Robert L Jackson, President

COMMITTEE ACTION: Approved, Buildings and Grounds Committee.

BOARD ACTION: Approved.

Lovett Auditorium HVAC Renovations Program Statement

12/4/2020

Background:

Lovett Auditorium was constructed in 1926 to serve as the auditorium for the Murray State Normal and Teachers College. It is one of the four original buildings on campus. The auditorium has hosted campus and community events, lectures, concerts, theatrical productions, and even a few basketball games. Prior to commencement being held at the CFSB center, graduates walked across Lovett's stage to receive their diplomas. Lovett Auditorium has received several transformations over the years, mainly to the lobby and spaces below the stage. The auditorium area remains much the same as it was nearly 100 years ago with the same seating and original lighting. In 2018, signs of degradation to the HVAC system began to surface, and repair/replacement of that system will be the focus and first phase of hopefully many future improvements.

Analysis:

As part of the 2020-2026 Capital Plan, Murray State embarked on a series of asset preservation project requests. Some of the requested asset preservation funding was planned to be set aside for historic building preservation and Lovett Auditorium was the priority. Due to strains on the State budget and COVID-19, funds did not materialize as originally planned. However, Lovett Auditorium remains a vital part of the Murray State campus and our surrounding community. The HVAC issues in this building must be addressed in order to preserve it for future use.

As part of the Capital Plan initiative, MSU Facilities Management partnered with RossTarrant Architects and Marcum Engineering to scope the planned work on Lovett Auditorium. The scope included a wish list of items from new seating, stage curtains, drapery, window and door repair, new carpet and wood floor refinishing, plaster repair, paint, lighting upgrades, to electrical and HVAC modifications. The scoping list was prioritized with HVAC and Electrical system modification being the immediate needs.

The estimated cost for phase one of the project is \$2 million. Items to be addressed in the first phase will be moisture remediation, attic duct cleaning and sealing to prevent further damage to the plaster ceiling, plaster repair, new hot water boilers, new air handlers to be installed in the basement, crawl space ductwork for supply air, BAS controls, new electrical transformer, switch gear and electrical distribution panels and natural gas supply system for the boilers. This work will remove Lovett from the central steam system, but it will remain on the central chilled water system.

Appropriate approvals will be obtained from the Council for Postsecondary Education (CPE) and Capital Projects and Bond Oversight Board (CPBOC) as needed.