

July 9, 2021

Senator Rick Girdler, Co-Chair,
Representative Chris Freeland, 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 Freeland and Members of the Capital Projects and Bond Oversight Committee:

Pursuant to KRS §56.823 this is to report a lease renewal 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 (UKHC) and Kentucky Medical Services Foundation for 53,368 square feet of clinical space at 2195 Harrodsburg Road in Lexington, Fayette County. The cost of this lease is \$31.71 per square foot, with an annual cost of \$1,692,299.28, including utilities. The effective date of the lease will be July 22, 2021, with an expiration date of June 30, 2028.

This lease is for various UKHC clinics and administrative offices including Physical Therapy and the administrative offices of Family Medicine and Barnstable Brown Diabetes Center. UKHC has leased this space since 2017. This location is convenient to UKHC Departments and Clinics co-located on this same property. These specialized clinics and administrative offices require a suburban space off campus to accommodate employee and patient parking, easy access to major thoroughfares and high patient volume. This space, which is in fairly close proximity to the University Chandler campus, provides room for current needs and is an ideal location close to the New Circle Road interchange. After careful review and consideration, the University determined the space is the most cost-effective alternative and in the best interests of the University and the Commonwealth of Kentucky.

If you should have additional questions regarding the lease, please contact me at 859.221.4122 or Elizabeth Baker at 859.257.6315.

Sincerely,

A handwritten signature in blue ink that reads "G Ward". The signature is fluid and cursive, with the first name "G" being particularly prominent.

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 8388**County:** Fayette**Lessee:** UK Healthcare (UKHC)**Lessor:** KMSF 2333 Alumni Park Plaza, Suite 400 Lexington, KY 40517**Property location:** 2195 Harrodsburg Road, Lexington, Fayette County, KY**Check one:** new lease renewal addendum **Type of space:** Clinical, Administrative**Total square feet being leased:** 53,368**Cost per square foot:** \$31.71 **Annual cost:** \$1,692,299.28**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:***Effective date:** July 22, 2021**Expiration date:** June 30, 2028

Justification for lease: UKHC has leased space at this location for various UKHC Departments and Clinics for several years. This lease will provide space for the administrative offices of the Barnstable Brown Diabetes Clinic, Family Medicine as well as other clinics and units. Co-location of administrative services with the respective clinics provides maximum efficiency and service to patients and staff.

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: N/A – As the University already leases space in the same building at the same rental rate and terms, thus an RFP was not issued. This space was determined to be in the best interest of the University and the Commonwealth of Kentucky.