



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT FOR FACILITIES AND SUPPORT SERVICES
DIVISION OF REAL PROPERTIES**

Andy Beshear
GOVERNOR

Holly M. Johnson
SECRETARY


Sam Ruth
COMMISSIONER

Scott Aubrey
DIRECTOR

Bush Building, 3rd Floor
403 Wapping Street
Frankfort, Kentucky 40601
Phone: (502) 564-2205
Fax: (502) 564-8108

MEMORANDUM

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

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

DATE: January 18, 2022

SUBJECT: PR-5719, Graves County
Department of Corrections
Emergency Lease

As outlined, attached please find notification of a lease agreement being processed by our division's Leased Properties Branch.

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

BSH/bh
Attachment

Cc: Capital Construction Log
OSBD
PR-5719 File
BSH

REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

**EMERGENCY LEASE AGREEMENT
KRS 56.823(11)(b)**

Lease No.: PR-5719		County: Graves County	
Using Agency: Department of Corrections			
LESSOR (identify all parties having 5% or more ownership): Attach extra sheet if necessary		Waldrop & Waldrop LLC	
Property Location: 337/345 Charles Drive, Mayfield, KY			
Check One: <input checked="" type="checkbox"/> New Lease <input type="checkbox"/> Renewal <input type="checkbox"/> Modification			
Type Space: Office		Cost Per Square Foot: \$1.00 Flat Fee	
Annual Rental Cost: \$1.00 Flat Fee		Average Cost Per Square Foot of Leased-In Space in County: \$12.25	
Utilities Included: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Cancellation Clause:	<input checked="" type="checkbox"/> Yes If yes, explain terms: 30 Days		<input type="checkbox"/> No If no, explain why not:
Effective Date: December 23, 2021		Expiration Date: February 28, 2022	
Justification for Lease: Please see attached			
Has the Finance & Administration Cabinet complied with statutory requirements: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, explain:			
Explain why the Finance & Administration Cabinet chose this lessor (see attached approval memo and modification): Please see attached			



Andy Beshear
GOVERNOR

**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT FOR FACILITIES AND SUPPORT SERVICES
DIVISION OF REAL PROPERTIES**

Bush Building, 3rd Floor
403 Wapping Street
Frankfort, Kentucky 40601
Phone: (502) 564-2205
Fax: (502) 564-8108

Holly M. Johnson
SECRETARY

Sam Ruth
COMMISSIONER

Scott Aubrey
DIRECTOR

MEMORANDUM

TO: Holly M. Johnson, Secretary
Finance and Administration Cabinet

FROM: Scott Aubrey, Director
Division of Real Properties

DATE: January 18, 2022

SUBJECT: PR-5719, Graves County
Department of Corrections
PR-5720, Graves County
Cabinet for Health & Family Services

Beginning on December 10, 2021, and continuing through December 11, 2021, a powerful severe weather system generating heavy rain, thunderstorms, tornadoes, and strong straight-line winds impacted the Commonwealth of Kentucky, causing flash flooding, loss of power, damage to public infrastructure and private properties. (Executive Order 2021-923). During the Division of Real Properties’ (“Real Properties”) initial damage assessment immediately following the storms, we received confirmation that the leased facility occupied by the referenced agencies and the Mayfield State Office Building which was occupied by Cabinet for Health & Family Services staff experienced significant damage (i.e., roof damaged or partially removed, most windows destroyed, associated interior wind and water damage, etc.). Until such time as a preliminary structural evaluation of the facilities were completed staff was directed not to enter the property, and we received confirmation on December 17th that the aforementioned evaluation on the leased facility completed by the property owner’s insurance company indicated that it would not be practical to effect repairs. The City of Mayfield subsequently restricted access around the entire perimeter of the property due to the risk of falling debris and/or collapse of the building. The preliminary structural evaluation of the Mayfield State Office Building indicated that the facility was structurally sound but would require moderate to extensive roof, HVAC, and interior repairs.

Beginning on December 13th and continuing through December 16th. Real Properties staff completed as many standard procedural actions associated with identifying and securing emergency replacement space to expeditiously restore agency operations as feasible. These included the following: review of online sources (e.g., Loopnet, Cityfeet, etc.); where feasible given the absence of utility and network services contacts with local real estate offices, references from local agency, and a physical examination of the city. The Highway 58 (Broadway) corridor and those portions of the city extending approximately one to one and one-half miles north and south of the Highway 58 corridor were excluded from consideration based on the concentration of damaged or destroyed properties in these areas and the potential risk for subsequent structural failures, water damage, etc. to properties located in proximity to the projected ground path of the tornado. A number of small (i.e., 2,000 square feet or less) commercial properties located on the south end of town (Cuba Road area) and a property listed for sale at 1210 State Route 45 North were examined on December 16th and noted as occupied or in the process of being occupied.

FILE COPY



Property located in the 1100 block of Paris Road that was known to Real Properties staff (i.e., Old Mayfield Plaza) was excluded from consideration based on confirmation from multiple sources indicating that the City of Mayfield and Graves County were actively pursuing and subsequently secured temporary replacement space at the facility. Property located at the former Mid-Continent Bible College campus in the Hickory community was known to Real Properties staff and excluded from consideration based on distance (i.e., approximately four miles) from the northern boundary of the City of Mayfield. Property located at 335 to 365 Charles Drive was known to Real Properties staff due to a prior response to an Invitation to Lease already in progress for the Transportation Cabinet. Examination of this facility on December 16th confirmed the absence of storm related damage and the availability of three additional suites containing a total of approximately 10,000 square feet of space (approximately 7,500 square feet in a single suite, and two non-contiguous suites containing approximately 1,500 square feet each).

Based on current occupancy levels (i.e., 4,032 square feet) in leased property by the Department of Corrections and in leased and owned properties (2,973 square feet and approximately 5,500 square feet respectively) by the Cabinet for Health & Family Services, negotiations for the temporary use of space located at 351 Charles Drive for benefit of the Cabinet for Health & Family Services commenced. Those negotiations led to a proposed lease to include 7,410 square feet at a rental rate of \$15.00 per square foot (\$111,150.00 annually) excluding utilities and janitorial services, effective December 22, 2021 and expiring June 30, 2023. Subsequent negotiations for the temporary use of space located at 337 and 345 Charles Drive for benefit of the Department of Corrections led to a proposed lease to include 2,919 square feet total at a rental rate of \$16.75 per square foot (\$48,893.24 annually) excluding utilities and janitorial services, effective December 23, 2021 and expiring June 30, 2023.

In the course of engaging in negotiations described herein under applicable provisions of KRS 56.805(3) and for benefit of agencies displaced from tornado damaged facilities, our office was advised that the property was owned and controlled by a Limited Liability Corporation ("LLC"). One of the principal partners in the LLC is Mr. Thomas Waldrop, who is also a member of the Murray State University Board of Regents.

Given Mr. Waldrop's status as a Murray State Regent, the provisions of KRS 45A.340 were reviewed. KRS 45A.340(5) states that,

- (5) No officer or employee of an agency or appointee shall knowingly himself or by his partners or through any corporation which he controls or in which he owns or controls more than ten percent (10%) of the stock, or by any other person for his use or benefit or on his account, undertake, execute, hold, or enjoy, in whole or in part, any contract, agreement, sale, or purchase of the value of twenty-five dollars (\$25) or more, made, entered into, awarded or granted by any agency, unless said contract, agreement, sale or purchase:
 - (a) Was made or let after public notice and competitive bidding; or
 - (b) Results from the sale of a craft item to a state park if the employee is an interim state park employee designated as a craftsperson under KRS 148.257.

Following internal review of KRS 45A.340, Mr. Waldrop was notified of the statute and its possible applicability given his status as a Regent. Recognizing the need to secure leased property to expeditiously restore partial or full operational capacity for agencies in the storm ravaged communities, Mr. Waldrop agreed to lease to the Commonwealth the above described spaces at a flat rental rate of \$1.00 each, excluding utilities and janitorial, with terms beginning December 22 and December 23, 2021 respectively and ending February 28, 2022. This short-term lease will facilitate the immediate restoration of critical services to the City of Mayfield and Graves County and provide time for the Commonwealth to complete an expedited competitive bid project (reference KRS 56.803) for use of space on a longer term temporary basis.

Memo to: Holly M. Johnson, Secretary
PR-5719, Graves County
Department of Corrections
PR-5720, Graves County
Cabinet for Health & Family Services
January 18, 2022
Page Two

Moreover, due to proposed lessors' appointment as a Murray State Regents, the proposed award requires a "Finding of No Improper Influence" pursuant to KRS 45A.045 (9). To that end, the associated certifications from the Department of Corrections and the Cabinet for Health & Family Services are attached for review evidencing "no improper influence."

Finally, Capital Projects and Bond Oversight Committee reporting is required for each proposed lease agreement in accordance with applicable provisions of KRS 56.823(5).

Subsequent to an internal review of conditions unique to the circumstances but more specifically relative to ensuring compliance with all applicable provisions of KRS 56.803, we have arrived at a determination that an expedited competitive bid is feasible. It is our intent to utilize the competitive bidding process applied to this occurrence to determine if portions of that process may enhance our ability to locate and secure temporary replacement space in response to future emergency events or requests. Accordingly, given the nature of the proposed use, agency staff confirmed suitability for temporary use, and the need to immediately secure space to allow impacted persons access those services provided by the Department of Corrections and the Cabinet for Health & Family Services; your approval of the proposed lease agreements at the terms defined herein, in accordance with applicable provisions of KRS 56.805(3)(a), is recommended.

Should you require additional information, please advise.

JSA/BSH/bh
Attachment

RECOMMENDED: _____

Sam Ruth, Commissioner
Dept. for Facilities & Support Services



JUSTICE AND PUBLIC SAFETY CABINET

Andy Beshear
Governor

Department of Corrections

P.O. Box 2400
Frankfort, Kentucky 40602
Phone (502) 564-4726
Fax (502) 564-5037
www.kentucky.gov

Cookie Crews
Commissioner

Kerry Harvey
Secretary

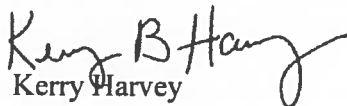
December 21, 2021

Ms. Holly M. Johnson, Secretary
Finance and Administration Cabinet
200 Mero Street, 5th Floor
Frankfort, Kentucky 40622

Dear Secretary Johnson:

Due to inclement weather that began on December 10, 2021, and continued through December 11, 2021, leased space occupied by the Department of Corrections, Division of Probation and Parole in Mayfield, Kentucky (PR 4795) was severely damaged by a tornado and the space is no longer tenable. As a result of the damage, I am requesting permission for the Division of Real Properties to locate and negotiate temporary replacement space for our displaced agency, pursuant to KRS 56.805, Section 3(a).

Sincerely,


Kerry Harvey

Secretary



An Equal Opportunity Employer M/F/D

COMMONWEALTH OF KENTUCKY LEASE AGREEMENT

LEASE/PR #	PR-5719, Graves County	AGENCY/DEPARTMENT	Department of Corrections
INITIAL ENCUMBRANCE	\$	DIVISION	
ANNUAL ENCUMBRANCE	\$1.00	DATE	January 7, 2022
VENDOR CODE #	KY0024635	BUILDING CODE #	

THIS LEASE, entered into between: **Waldrop & Waldrop LLC DbA Property Development Account** whose address is: **935 Paris Road, Mayfield, KY, 42066** (Business Phone: **270-247-2734**), his heirs and assigns, hereinafter called the "Lessor", and the COMMONWEALTH OF KENTUCKY, hereinafter referred to as the "Commonwealth";

WITNESSETH, that for the consideration hereinafter mentioned, the parties hereto agree as follows:

- The Lessor hereby leases to the Commonwealth and agrees to keep in quiet and peaceful possession the following described premises with its appurtenances; property located at **337/345 Charles Drive, Mayfield, KY 42066**, in the County of **Graves**.
- Said premises consisting of **2,919** square feet are to be rented at the cost of **\$1.00** flat rate for the term defined in paragraph three (3) and will be used by the Commonwealth for **Office** space.
- The Commonwealth agrees to pay rent to the Lessor for the leased premises at the rate of **\$1.00**, payable **One-Time Payment**. The Lessor shall provide the Commonwealth with the following services: **None**; with **Sixteen (16)** non-designated reserved parking spaces.
- Subject to the limitations imposed by law and as provided in paragraphs 5 and 6 of this Lease, the term during which the Lease shall be effective shall begin **December 23, 2021**, and end **February 28, 2022**.
- This Lease shall be extended automatically upon the same terms and conditions herein for further periods of 12 months, not to exceed **Zero (0)** extension period(s) unless the Commonwealth shall give the Lessor written notice **30** days prior to the expiration of the term or any extension that it will not be extended, no extension shall prolong the period of occupancy of the leased premises beyond the **28TH** day of **February 2022**. The Lessor understands that the Commonwealth's funds cannot be committed beyond its current fiscal year and its applicable appropriation, and the related allotment from rental payments will be made.
- The Commonwealth shall have the further right to terminate this Lease at any time upon **30** days written notice, time to be computed from date of mailing notice; termination under this paragraph shall not be considered effective until the last day of the month in which the notice period ends.
- The Commonwealth agrees not to assign this Lease, or to sublet the premises except to a desirable tenant and for a similar purpose and will not permit the use of the premises by anyone other than the Commonwealth, the Federal Government, or such sub-lessee, and the agents and servants of the Commonwealth, the Federal Government, or such sub-lessee.
- The Commonwealth shall have the right during the existence of this Lease to make alterations, attach fixtures and erect additional structures or signs in or upon the leased premises, provided such alterations, additions, structures or signs shall not be detrimental to or inconsistent with rights granted to other tenants on the property or in the building in which the premises are located. Fixtures, additions, structures or signs placed in or upon or attached to the premises shall remain the Commonwealth's property and may be removed by it prior to the termination of this Lease.
- Unless otherwise specified, the Lessor shall maintain the premises in good repair and tenantable condition, including heating and/or air conditioning equipment, except in case of damage arising from the negligent acts of the Commonwealth's agents or employees. For the purpose of maintaining the premises and to make necessary repairs, the Lessor reserves the right to enter and inspect the premises at reasonable times.
- The Commonwealth agrees to take good care of the premises and to return them at the expiration of their Lease in as good order as received, ordinary wear and tear and natural decay excepted.
- The Lessor shall be responsible for procuring and continuously maintaining casualty and liability insurance on the leased premises.
- If the premises are destroyed by fire or other casualty, this Lease shall immediately terminate. In case of partial destruction or damage so as to render the premises untenable, the Commonwealth may terminate or suspend this Lease by giving written notice to the Lessor within 15 days after such partial destruction or damage, and, if so suspended, no rent shall accrue to the Lessor after the date of such partial destruction or damage until such damage is repaired and premises are considered tenantable.
- It is agreed by the parties hereto that if any one of the provisions of this Lease shall contravene or be invalid under the laws of the Commonwealth of Kentucky, such contravention or invalidity shall not invalidate the whole Lease, but it shall be construed as if not containing that particular provision or provisions, and the rights and obligations of the parties shall be construed accordingly.
- 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 law of the Commonwealth, and that by entering into this Lease Agreement he will not be in violation of the campaign finance laws of the Commonwealth.
- The Lessor agrees to notify the Commonwealth of all persons owning or upon any change or transfer of ownership involving 5% or more in stock, in partnership, business trust, or corporation, including silent or limited partners. Non-compliance may result in termination of the Lease Agreement.
- Lessor shall comply with all standards set by the Department of Housing, Buildings and Construction, Division of Building Codes Enforcement, and that of the Kentucky Occupational Safety and Health Standards Board and the Americans with Disabilities Act (ADA).
- 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 purpose 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.

IN WITNESS WHEREOF, the parties hereto have subscribed their names:

STATE LEASING AGENCY REPRESENTATIVE _____ Date _____

LESSOR _____ Date _____

ANALYST, LEASING BRANCH, DIVISION OF REAL PROPERTIES _____ Date _____

ATTORNEY, FINANCE & ADMINISTRATION CABINET _____ Date _____

MANAGER, LEASING BRANCH, DIVISION OF REAL PROPERTIES _____ Date _____

DIRECTOR, DIVISION OF REAL PROPERTIES _____

SECRETARY, FINANCE & ADMINISTRATION CABINET _____ Date _____

APPROVED THIS _____ DAY OF _____, 20____

When executed by the Secretary, Finance & Administration Cabinet, this instrument constitutes a finding and order, pursuant to KRS Chapters 45A and 56, that the leased property is needed for use by the Commonwealth of Kentucky. All correspondence and inquiries regarding this lease shall be directed to the Division of Real Properties, Bush Building, 3rd Floor, 403 Wapping Street, Frankfort, Kentucky 40601-2607, phone 502/561-2205.





**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT FOR FACILITIES AND SUPPORT SERVICES
DIVISION OF REAL PROPERTIES**

Andy Beshear
GOVERNOR

Holly M. Johnson
SECRETARY


Bush Building, 3rd Floor
403 Wapping Street
Frankfort, Kentucky 40601
Phone: (502) 564-2205
Fax: (502) 564-8108

Sam Ruth
COMMISSIONER

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: January 18, 2022

SUBJECT: PR-5720, Graves County
Cabinet for Health & Family Services
Emergency Lease

As outlined, attached please find notification of a lease agreement being processed by our division's Leased Properties Branch.

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

BSH/bh
Attachment

Cc: Capital Construction Log
OSBD
PR-5720 File
BSH

REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

EMERGENCY LEASE AGREEMENT
KRS 56.823(11)(b)

Lease No.: PR-5720		County: Graves County	
Using Agency: Cabinet for Health & Family Services			
Lessor (identify all parties having 5% or more ownership): Attach extra sheet if necessary		Waldrop & Waldrop LLC	
Property Location: 351 Charles Drive, Mayfield, KY			
Check One: <input checked="" type="checkbox"/> New Lease <input type="checkbox"/> Renewal <input type="checkbox"/> Modification			
Type Space: Office		Cost Per Square Foot: \$1.00 Flat Fee	
Annual Rental Cost: \$1.00 Flat Fee		Average Cost Per Square Foot of Leased-In Space in County: \$12.25	
Utilities Included: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Cancellation Clause:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
	If yes, explain terms: 30 Days		If no, explain why not:
Effective Date: December 22, 2021		Expiration Date: February 28, 2022	
Justification for Lease: Please see attached			
Has the Finance & Administration Cabinet complied with statutory requirements: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, explain:			
Explain why the Finance & Administration Cabinet chose this lessor (see attached approval memo and modification): Please see attached			



Andy Beshear
GOVERNOR

**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT FOR FACILITIES AND SUPPORT SERVICES
DIVISION OF REAL PROPERTIES**

Bush Building, 3rd Floor
403 Wapping Street
Frankfort, Kentucky 40601
Phone: (502) 564-2205
Fax: (502) 564-8108

Holly M. Johnson
SECRETARY

Sam Ruth
COMMISSIONER

Scott Aubrey
DIRECTOR

MEMORANDUM

TO: Holly M. Johnson, Secretary
Finance and Administration Cabinet

FROM: Scott Aubrey, Director
Division of Real Properties

DATE: January 18, 2022

SUBJECT: PR-5719, Graves County
Department of Corrections
PR-5720, Graves County
Cabinet for Health & Family Services

Beginning on December 10, 2021, and continuing through December 11, 2021, a powerful severe weather system generating heavy rain, thunderstorms, tornadoes, and strong straight-line winds impacted the Commonwealth of Kentucky, causing flash flooding, loss of power, damage to public infrastructure and private properties. (Executive Order 2021-923). During the Division of Real Properties’ (“Real Properties”) initial damage assessment immediately following the storms, we received confirmation that the leased facility occupied by the referenced agencies and the Mayfield State Office Building which was occupied by Cabinet for Health & Family Services staff experienced significant damage (i.e., roof damaged or partially removed, most windows destroyed, associated interior wind and water damage, etc.). Until such time as a preliminary structural evaluation of the facilities were completed staff was directed not to enter the property, and we received confirmation on December 17th that the aforementioned evaluation on the leased facility completed by the property owner’s insurance company indicated that it would not be practical to effect repairs. The City of Mayfield subsequently restricted access around the entire perimeter of the property due to the risk of falling debris and/or collapse of the building. The preliminary structural evaluation of the Mayfield State Office Building indicated that the facility was structurally sound but would require moderate to extensive roof, HVAC, and interior repairs.

Beginning on December 13th and continuing through December 16th Real Properties staff completed as many standard procedural actions associated with identifying and securing emergency replacement space to expeditiously restore agency operations as feasible. These included the following: review of online sources (e.g., Loopnet, Cityfeet, etc.); where feasible given the absence of utility and network services contacts with local real estate offices, references from local agency, and a physical examination of the city. The Highway 58 (Broadway) corridor and those portions of the city extending approximately one to one and one-half miles north and south of the Highway 58 corridor were excluded from consideration based on the concentration of damaged or destroyed properties in these areas and the potential risk for subsequent structural failures, water damage, etc. to properties located in proximity to the projected ground path of the tornado. A number of small (i.e., 2,000 square feet or less) commercial properties located on the south end of town (Cuba Road area) and a property listed for sale at 1210 State Route 45 North were examined on December 16th and noted as occupied or in the process of being occupied.

FILE COPY



Memo to: Holly M. Johnson, Secretary
PR-5719, Graves County
Department of Corrections
PR-5720, Graves County
Cabinet for Health & Family Services
January 18, 2022
Page Two

Property located in the 1100 block of Paris Road that was known to Real Properties staff (i.e., Old Mayfield Plaza) was excluded from consideration based on confirmation from multiple sources indicating that the City of Mayfield and Graves County were actively pursuing and subsequently secured temporary replacement space at the facility. Property located at the former Mid-Continent Bible College campus in the Hickory community was known to Real Properties staff and excluded from consideration based on distance (i.e., approximately four miles) from the northern boundary of the City of Mayfield. Property located at 335 to 365 Charles Drive was known to Real Properties staff due to a prior response to an Invitation to Lease already in progress for the Transportation Cabinet. Examination of this facility on December 16th confirmed the absence of storm related damage and the availability of three additional suites containing a total of approximately 10,000 square feet of space (approximately 7,500 square feet in a single suite, and two non-contiguous suites containing approximately 1,500 square feet each).

Based on current occupancy levels (i.e., 4,032 square feet) in leased property by the Department of Corrections and in leased and owned properties (2,973 square feet and approximately 5,500 square feet respectively) by the Cabinet for Health & Family Services, negotiations for the temporary use of space located at 351 Charles Drive for benefit of the Cabinet for Health & Family Services commenced. Those negotiations led to a proposed lease to include 7,410 square feet at a rental rate of \$15.00 per square foot (\$111,150.00 annually) excluding utilities and janitorial services, effective December 22, 2021 and expiring June 30, 2023. Subsequent negotiations for the temporary use of space located at 337 and 345 Charles Drive for benefit of the Department of Corrections led to a proposed lease to include 2,919 square feet total at a rental rate of \$16.75 per square foot (\$48,893.24 annually) excluding utilities and janitorial services, effective December 23, 2021 and expiring June 30, 2023.

In the course of engaging in negotiations described herein under applicable provisions of KRS 56.805(3) and for benefit of agencies displaced from tornado damaged facilities, our office was advised that the property was owned and controlled by a Limited Liability Corporation ("LLC"). One of the principal partners in the LLC is Mr. Thomas Waldrop, who is also a member of the Murray State University Board of Regents.

Given Mr. Waldrop's status as a Murray State Regent, the provisions of KRS 45A.340 were reviewed. KRS 45A.340(5) states that,

- (5) No officer or employee of an agency or appointee shall knowingly himself or by his partners or through any corporation which he controls or in which he owns or controls more than ten percent (10%) of the stock, or by any other person for his use or benefit or on his account, undertake, execute, hold, or enjoy, in whole or in part, any contract, agreement, sale, or purchase of the value of twenty-five dollars (\$25) or more, made, entered into, awarded or granted by any agency, unless said contract, agreement, sale or purchase:
 - (a) Was made or let after public notice and competitive bidding; or
 - (b) Results from the sale of a craft item to a state park if the employee is an interim state park employee designated as a craftsman under KRS 148.257.

Following internal review of KRS 45A.340, Mr. Waldrop was notified of the statute and its possible applicability given his status as a Regent. Recognizing the need to secure leased property to expeditiously restore partial or full operational capacity for agencies in the storm ravaged communities, Mr. Waldrop agreed to lease to the Commonwealth the above described spaces at a flat rental rate of \$1.00 each, excluding utilities and janitorial, with terms beginning December 22 and December 23, 2021 respectively and ending February 28, 2022. This short-term lease will facilitate the immediate restoration of critical services to the City of Mayfield and Graves County and provide time for the Commonwealth to complete an expedited competitive bid project (reference KRS 56.803) for use of space on a longer term temporary basis.

Memo to: Holly M. Johnson, Secretary
PR-5719, Graves County
Department of Corrections
PR-5720, Graves County
Cabinet for Health & Family Services
January 18, 2022
Page Two

Moreover, due to proposed lessors' appointment as a Murray State Regents, the proposed award requires a "Finding of No Improper Influence" pursuant to KRS 45A.045 (9). To that end, the associated certifications from the Department of Corrections and the Cabinet for Health & Family Services are attached for review evidencing "no improper influence."

Finally, Capital Projects and Bond Oversight Committee reporting is required for each proposed lease agreement in accordance with applicable provisions of KRS 56.823(5).

Subsequent to an internal review of conditions unique to the circumstances but more specifically relative to ensuring compliance with all applicable provisions of KRS 56.803, we have arrived at a determination that an expedited competitive bid is feasible. It is our intent to utilize the competitive bidding process applied to this occurrence to determine if portions of that process may enhance our ability to locate and secure temporary replacement space in response to future emergency events or requests. Accordingly, given the nature of the proposed use, agency staff confirmed suitability for temporary use, and the need to immediately secure space to allow impacted persons access those services provided by the Department of Corrections and the Cabinet for Health & Family Services; your approval of the proposed lease agreements at the terms defined herein, in accordance with applicable provisions of KRS 56.805(3)(a), is recommended.

Should you require additional information, please advise.

JSA/BSH/bh
Attachment

RECOMMENDED: _____
Sam Ruth, Commissioner
Dept. for Facilities & Support Services



CABINET FOR HEALTH AND FAMILY SERVICES
Office of the Secretary

Andy Beshear
Governor

275 East Main Street, 5W-A
Frankfort, KY 40621
502-564-7042
502-564-7091
www.chfs.ky.gov

Eric C. Friedlander
Secretary

December 12, 2021

Ms. Holly M. Johnson, Secretary
Finance and Administration Cabinet
200 Mero Street, 5th Floor
Frankfort, Kentucky 40622

Dear Secretary Johnson:

Due to inclement weather that began on December 10, 2021, and continued through December 11, 2021, state-owned and leased space occupied by the Cabinet for Health and Family Services (CHFS), Department for Community Based Services (DCBS) in Mayfield, Kentucky (PR 9951 and PR 5554, respectively) were severely damaged by a tornado and the spaces are no longer tenable. As a result of the damage, I would like to request permission for the Division of Real Properties to locate and negotiate temporary replacement space for our displaced agencies, pursuant to KRS 56.805, Section 3(a).

Should additional information be needed, please do not hesitate to contact the CHFS Facilities Management Division, Leasing & Design Services Branch at 502-564-6631.

Sincerely,

DocuSigned by:

Eric C. Friedlander

0AEA1D6C15D6431...

Eric C. Friedlander
Secretary



**KENTUCKY CABINET FOR
HEALTH AND FAMILY SERVICES**

COMMONWEALTH OF KENTUCKY LEASE AGREEMENT

LEASE/PR #	PR-5720, Graves County	AGENCY/DEPARTMENT	Cabinet for Health & Family Services
INITIAL ENCUMBRANCE	S	DIVISION	
ANNUAL ENCUMBRANCE	\$1.00	DATE	January 7, 2022
VENDOR CODE #	KY0024635	BUILDING CODE #	

THIS LEASE, entered into between: **Waldrop & Waldrop LLC Db a Property Development Account** whose address is: **935 Paris Road, Mayfield, KY, 42066** (Business Phone: **270-247-2734**), his heirs and assigns, hereinafter called the "Lessor", and the COMMONWEALTH OF KENTUCKY, hereinafter referred to as the "Commonwealth";

WITNESSETH, that for the consideration hereinafter mentioned, the parties hereto agree as follows:

- 1a. The Lessor hereby leases to the Commonwealth and agrees to keep in quiet and peaceful possession the following described premises with its appurtenances; property located at **351 Charles Drive, Mayfield, KY 42066**, in the County of **Graves**.
- 1b. Said premises consisting of **7,410** square feet are to be rented at the cost of **\$1.00** flat rate for the term defined in paragraph three (3) and will be used by the Commonwealth for **Office** space.
2. The Commonwealth agrees to pay rent to the Lessor for the leased premises at the rate of **\$1.00**, payable **One-Time Payment**. The Lessor shall provide the Commonwealth with the following services: **None**; with **Sixty (60)** reserved non-designated parking spaces.
3. Subject to the limitations imposed by law and as provided in paragraphs 5 and 6 of this Lease, the term during which the Lease shall be effective shall begin **December 22, 2021**, and end **February 28, 2022**.
4. This Lease shall be extended automatically upon the same terms and conditions herein for further periods of 12 months, not to exceed **Zero (0)** extension period(s) unless the Commonwealth shall give the Lessor written notice **30** days prior to the expiration of the term or any extension that it will not be extended; no extension shall prolong the period of occupancy of the leased premises beyond the **28TH** day of **February 2022**. The Lessor understands that the Commonwealth's funds cannot be committed beyond its current fiscal year and its applicable appropriation, and the related allotment from rental payments will be made.
5. The Commonwealth shall have the further right to terminate this Lease at any time upon **30** days written notice, time to be computed from date of mailing notice; termination under this paragraph shall not be considered effective until the last day of the month in which the notice period ends.
6. The Commonwealth agrees not to assign this Lease, or to sublet the premises except to a desirable tenant and for a similar purpose and will not permit the use of the premises by anyone other than the Commonwealth, the Federal Government, or such sub-lessee, and the agents and servants of the Commonwealth, the Federal Government, or such sub-lessee.
7. The Commonwealth shall have the right during the existence of this Lease to make alterations, attach fixtures and erect additional structures or signs in or upon the leased premises, provided such alterations, additions, structures or signs shall not be detrimental to or inconsistent with rights granted to other tenants on the property or in the building in which the premises are located. Fixtures, additions, structures or signs placed in or upon or attached to the premises shall remain the Commonwealth's property and may be removed by it prior to the termination of this Lease.
8. Unless otherwise specified, the Lessor shall maintain the premises in good repair and tenantable condition, including heating and/or air conditioning equipment, except in case of damage arising from the negligent acts of the Commonwealth's agents or employees. For the purpose of maintaining the premises and to make necessary repairs, the Lessor reserves the right to enter and inspect the premises at reasonable times.
9. The Commonwealth agrees to take good care of the premises and to return them at the expiration of their Lease in as good order as received, ordinary wear and tear and natural decay excepted.
10. The Lessor shall be responsible for procuring and continuously maintaining casualty and liability insurance on the leased premises.
11. If the premises are destroyed by fire or other casualty, this Lease shall immediately terminate. In case of partial destruction or damage so as to render the premises untenable, the Commonwealth may terminate or suspend this Lease by giving written notice to the Lessor within 15 days after such partial destruction or damage, and, if so suspended, no rent shall accrue to the Lessor after the date of such partial destruction or damage until such damage is repaired and premises are considered tenable.
12. It is agreed by the parties hereto that if any one of the provisions of this Lease shall contravene or be invalid under the laws of the Commonwealth of Kentucky, such contravention or invalidity shall not invalidate the whole Lease, but it shall be construed as if not containing that particular provision or provisions, and the rights and obligations of the parties shall be construed accordingly.
13. 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 law of the Commonwealth, and that by entering into this Lease Agreement he will not be in violation of the campaign finance laws of the Commonwealth.
14. The Lessor agrees to notify the Commonwealth of all persons owning or upon any change or transfer of ownership involving 5% or more in stock, in partnership, business trust, or corporation, including silent or limited partners. Non-compliance may result in termination of the Lease Agreement.
15. Lessor shall comply with all standards set by the Department of Housing, Buildings and Construction, Division of Building Codes Enforcement, and that of the Kentucky Occupational Safety and Health Standards Board and the Americans with Disabilities Act (ADA).
16. 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 purpose 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.

IN WITNESS WHEREOF, the parties hereto have subscribed their names:

STATE LEASING AGENCY REPRESENTATIVE _____ Date _____

LESSOR _____ Date _____

ANALYST, LEASING BRANCH, DIVISION OF REAL PROPERTIES _____ Date _____

ATTORNEY, FINANCE & ADMINISTRATION CABINET _____ Date _____

MANAGER, LEASING BRANCH, DIVISION OF REAL PROPERTIES _____ Date _____

DIRECTOR, DIVISION OF REAL PROPERTIES _____

SECRETARY, FINANCE & ADMINISTRATION CABINET _____ Date _____

APPROVED THIS _____ DAY OF _____, 20____

When executed by the Secretary, Finance & Administration Cabinet, this instrument constitutes a finding and order, pursuant to KRS Chapters 45A and 56, that the leased property is needed for use by the Commonwealth of Kentucky. All correspondence and inquiries regarding this Lease are to be directed to the Division of Real Properties, Bush Building, 3rd Floor, 403 Wapping Street, Frankfort, Kentucky 40601-2607, phone 502/864-2700.

BGR

FILE COPY