



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

**Andy Beshear**  
GOVERNOR

**Holly M. Johnson**  
SECRETARY

Bush Building, 3<sup>rd</sup> 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 *BSH*  
Division of Real Properties

**DATE:** March 7, 2022

**SUBJECT:** PR-5683, Jefferson County  
Transportation Cabinet  
Annual Rental Exceeding \$100,000.00

As outlined, attached please find notification of a lease agreement being processed by the Division's Leasing Branch.

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

BSH/bh  
Attachment

**CC:** Capital Construction Log  
OSBD  
PR-5683 File  
BSH

**REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

LEASE WITH ANNUAL RENTAL EXCEEDING \$100,000.00

Lease No.: <b>PR-5683</b>		County: <b>Jefferson</b>	
Using Agency: <b>Transportation Cabinet</b>			
Lessor (identify all parties having 5% or more ownership): Attached extra sheet if necessary		<b>Louisville Jefferson County Metro Government</b>	
Property Location: <b>3501 Roger E. Schupp Street, Louisville KY 40205</b>			
Check One: <input checked="" type="checkbox"/> New Lease <input type="checkbox"/> Renewal <input type="checkbox"/> Modification			
Type Space: <b>Office</b>		Cost Per Square Foot: <b>\$15.00</b>	
Annual Rental Cost: <b>\$113,910.00</b>		Average Cost Per Square Foot of Leased-In Space in County: <b>\$10.61</b>	
Utilities Included: <input checked="" type="checkbox"/> Yes <input 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: <b>January 18, 2022</b>		Expiration Date: <b>June 30, 2023</b>	
Justification for Lease: <b>Please see attached</b>			
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): <b>Please see attached</b>			

**COMMONWEALTH OF KENTUCKY LEASE AGREEMENT**

LEASE/PR #	PR-5683, JEFFERSON	AGENCY/DEPARTMENT	Transportation Cabinet
INITIAL ENCUMBRANCE	\$	DIVISION	Division of Driver Licensing
ANNUAL ENCUMBRANCE	\$113,910.00	DATE	March 4, 2022
VENDOR #	KY0029841	BUILDING CODE #	

THIS LEASE, entered into between: **Louisville-Jefferson County Metro Government**, whose address is: **611 West Jefferson Street, Louisville KY 40202** (Business Phone: **502.574.2020**, 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 **3501 Roger E. Schupp Street, Louisville KY 40205**, in the County of **Jefferson**.
- 1b. Said premises consisting of **7,594** square feet are to be rented at the cost of **\$15.00** per square foot 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 **\$28,477.50**, payable **Quarterly**. The Lessor shall provide the Commonwealth with the following services: **Utilities and Janitorial Services**; with **54** reserved 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 **January 18, 2022**, and end **JUNE 30, 2022**.
4. This Lease shall be extended automatically upon the same terms and conditions herein for further periods of 12 months, not to exceed **One (1)** 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 **30<sup>TH</sup>** day of **June 2023**. 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 tenable 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 502/564-2205.

BGR



**Andy Beshear**  
GOVERNOR

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

Bush Building, 3<sup>rd</sup> 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:** Scott Aubrey, Director  
Division of Real Properties

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

**DATE:** March 4, 2022

**SUBJECT:** PR-5683, Jefferson County  
Transportation Cabinet

The Transportation Cabinet recently submitted a request to obtain space to accommodate implementation of the Real ID Act, same indicating a need for approximately 4,584 square feet. It should be noted that our space allocations are based on the employee classification and count; however, the Cabinet will utilize specially designed license issuance workstations. Space planning considerations relative to efficient functionality are therefore expected to result in square footage deviations that would warrant additional review in regular lease projects. We are noting the deviation herein in lieu of attempting to define a workstation specific space standard that will vary based on the actual dimensions of each proposed property. The Transportation Cabinet specifically requested space for this agreement in a facility owned by Louisville-Jefferson County Metro Government (LJCMG) to allow for a transition in operations from the County Clerk to the Cabinet. The Cabinet requested this location be operational not later than January 18, 2022, therefore it was necessary to process an initial lease agreement for the immediate use with the understanding that additional lease agreement modifications may be necessary if the Transportation Cabinet requests upgrades/renovations post occupancy.

In accordance with applicable provisions of KRS 56.805(2), the attached lease agreement therefore provides for use of 7,594 square feet of space at a rental rate of \$15.00 per square foot (\$113,910.00 annually), including utilities and janitorial services, with a term expiring June 30, 2023. Capital Projects and Bond Oversight Committee reporting is required for the proposed Lease agreement and your approval is recommended to secure space for expedited occupancy as requested by the Transportation Cabinet.

Should you require additional information, please advise.

JSA/BSH/BGR/br  
Attachment

**APPROVED:**

Scott Aubrey, Director



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

**Andy Beshear**  
GOVERNOR

Bush Building, 3<sup>rd</sup> 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:** Katherine Halloran, Committee Staff Administrator  
Capital Projects and Bond Oversight Committee

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

**DATE:** February 22, 2022

**SUBJECT:** PR-4095, Boone County  
Department of Revenue  
Annual Rental Exceeding \$100,000.00

As outlined, attached please find notification of a lease agreement being processed by the Division's Leasing Branch.

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

BSH/bh  
Attachment

**CC:** Capital Construction Log  
OSBD  
PR-4095 File  
BSH

**REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**  
**LEASE WITH ANNUAL RENTAL EXCEEDING \$100,000.00**

Lease No.: <b>PR-4095</b>		County: <b>Boone</b>
Using Agency: <b>Department of Revenue</b>		
Lessor (identify all parties having 5% or more ownership): Attached extra sheet if necessary	<b>Lessor: DOS Lagos Asset CVG, LLC</b>	
Property Location: <b>7310 Turfway Drive, Suite 190; Florence, KY</b>		
Check One: <input checked="" type="checkbox"/> New Lease <input type="checkbox"/> Renewal <input type="checkbox"/> Modification		
Type Space: <b>Office</b>	Cost Per Square Foot: <b>\$19.18</b>	
Annual Rental Cost: <b>\$135,813.60</b>	Average Cost Per Square Foot of Leased-In Space in County: <b>\$13.85</b>	
Utilities Included: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Cancellation Clause:	<input checked="" type="checkbox"/> Yes If yes, explain terms: <b>30 Days</b>	<input type="checkbox"/> No If no, explain why not:
Effective Date: <b>July 1, 2022</b>	Expiration Date: <b>June 30, 2030</b>	
Justification for Lease: <b>Please see attached</b>		
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): <b>Please see attached</b>		

**COMMONWEALTH OF KENTUCKY LEASE AGREEMENT**

LEASE/PR #	PR-4095, Boone County	AGENCY/DEPARTMENT	Department of Revenue
INITIAL ENCUMBRANCE	\$	DIVISION	
ANNUAL ENCUMBRANCE	\$135,813.60	DATE	February 22, 2022
VENDOR CODE #	KY0037217	BUILDING CODE #	90187001

THIS LEASE, entered into between: **DOS Lagos Asset CVG, LLC** whose address is: **810 E. Pico Blvd., #B24, Los Angeles CA 90021** (Business Phone: **213-614-8887**), 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 **7310 Turfway Drive, Suite 190; Florence KY 41042**, in the County of **Boone**.
- 1b. Said premises consisting of **7,081** square feet are to be rented at the cost of **\$19.18** per square foot 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 **\$33,953.40**, payable **Quarterly**. The Lessor shall provide the Commonwealth with the following services: **all utilities, sanitation and janitorial services, with Forty (40) reserved 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 **July 1, 2022** and end **JUNE 30, 2023**.
4. This Lease shall be extended automatically upon the same terms and conditions herein for further periods of 12 months, not to exceed **Seven (7)** 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 **30<sup>TH</sup>** day of **June 2030**. 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 tenable 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 untenantable, 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.
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 inquires 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 502/564-2205. BGR



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

**Andy Beshear**  
GOVERNOR

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**Holly M. Johnson**  
SECRETARY

**Sam Ruth**  
COMMISSIONER

**Scott Aubrey**  
DIRECTOR

MEMORANDUM

**TO:** Scott Aubrey, Director  
Division of Real Properties

**FROM:** Brien S. Hoover, Leasing Manager, *[Signature]*  
Division of Real Properties

**DATE:** February 22 2022

**SUBJECT:** PR-4095, Boone County  
Department of Revenue

The Department of Revenue currently occupies 7,081 square feet of space leased at a rental rate of \$15.55 per square foot (\$110,109.56 annually), including utilities and janitorial services, with a term expiring June 30, 2022. In the course of regular renewal processing the lessor advised that they would require a rental rate increase and the resulting competitive bid project produced a single best and final proposal as follows:

1. Dos Lagos Asset CVG, LLC proposed to lease 7,081 square feet of space at a rental rate of \$19.18 per square foot (\$135,813.58 annually), including utilities and janitorial services, with a lease term through June 30, 2030.

Efforts to negotiate more favorable terms were not successful and the Department of Revenue has approved the proposed terms as defined herein. In accordance with applicable provisions of KRS 56.803, the attached lease agreement therefore provides for use of 7,081 square feet of space, leased at a rental rate of \$19.18 per square foot (\$135,813.58 annually) including utilities and janitorial services, with a term expiring June 30, 2030. Capital Projects & Bond Oversight Committee reporting is required for the proposed lease agreement pursuant to applicable provisions of KRS 56.823. Your approval of the attached lease agreement is recommended to resolve the request for a renewal rental rate increase and to secure continued use of the leased premises for benefit of the Department of Revenue.

Should you require additional information, please advise.

JSA/BSH/br  
Attachment

*Scott Aubrey*

APPROVED: \_\_\_\_\_  
**TEAM KENTUCKY** Aubrey, Director





**Andy Beshear**  
GOVERNOR

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

Bush Building, 3<sup>rd</sup> Floor  
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**Holly M. Johnson**  
SECRETARY

**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:** February 22, 2022

**SUBJECT:** PR-5671, Boyle County  
Transportation Cabinet  
Statutory Lease Modification Report

As outlined, attached please find notification of a lease modification reflecting amortization of monies in excess of \$50,000.00 that is being processed by the Leased Properties Branch:

PR-5671, Boyle County

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

BSH/BGR/bh

**Cc:** Capital Construction Log  
OSBD  
PR-5671 File  
BSH

Attachment

**REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

**LEASE MODIFICATION AMORTIZATION EXCEEDING \$50,000.00**

Date Posted in 30-Day Register: <b>February 22, 2022</b>	
Lease No.: <b>PR-5671</b>	County: <b>Boyle</b>
Using Agency: <b>Transportation Cabinet</b>	
Lessor (identify all parties having 5% or more ownership): Attached extra sheet if necessary	<b>McAnly Commerical Properties</b>
Property Location: <b>1714 Perryville Road, Suite 108, Danville, KY</b>	
<i><b>Existing Rental Terms</b></i>	
Type Space: <b>Office</b>	Square Feet: <b>2,707</b>
Annual Payment: <b>\$25,499.96</b>	Contract Expiration: <b>June 30, 2029</b>
<i><b>Modified Rental Terms</b></i>	
Type Space: <b>Office</b>	Square Feet: <b>2,707</b>
Annual Payment: <b>\$25,499.96</b>	New Contract Expiration: <b>June 30, 2029</b>
Total Cost to be Amortized: <b>\$79,600.00</b>	
Projected Period of Amortization – Effective: <b>April 1, 2022 (estimated)</b> Through: <b>June 30, 2029</b>	
Reason for Modification (see attached approval memo and modification): <b>Please see attached</b>	
Estimate Details (see attached copies): 1. Mobley's: \$79,600.00 2. McAnly Commercial Properties: \$95,520.00	

**COMMONWEALTH OF KENTUCKY LEASE MODIFICATION AGREEMENT**

LESSOR	McAnly Commercial Properties	PR NUMBER, COUNTY	PR-5671, BOYLE COUNTY
ADDRESS	1000 East Lexington Road, Suite 2 Danville KY 40422	VENDOR NUMBER	KY0023274
		AGENCY/DEPARTMENT	Transportation Cabinet
		DIVISION	
		DATE	September 17, 2020
		BUILDING CODE	90344001

1. Lease Agreement number PR-5671, Boyle County, dated January XX, 2022, is hereby modified as set forth in Paragraph 2.
2. This Lease is modified as follows:
  1. To amortize the \$79,600.000 cost for specified renovation expenses; per estimate submitted by Mobley's), same attached and incorporated herein by reference.
  2. The amortization effective date will be established by signature of the Director, Division of Real Properties, upon this modification once verification has been received that all renovations have been satisfactorily completed and will extend through the lease expiration date of June 30, 2029. The effective date shall be further defined as the first day of the month following the completion of renovations unless that date is otherwise the first day of a month.
  3. All other terms and conditions of the lease remain unchanged.
  4. The Lessor is required to sign this document and return all copies for further processing.
  5. 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 Modification Agreement he will not be in violation of the campaign finance laws of the Commonwealth.

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 \_\_\_\_\_

APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_

SECRETARY, FINANCE & ADMINISTRATION CABINET \_\_\_\_\_ Date

All correspondence and inquiries regarding this Lease Modification Agreement are to be directed to the Division of Real Properties, Bush Building, 3rd Floor, 403 Wapping Street, Frankfort, Kentucky 40601-2607, phone 502/564-2205. BGR



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

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

**Andy Beshear**  
GOVERNOR

**Holly M. Johnson**  
SECRETARY

**Sam Ruth**  
COMMISSIONER

**Scott Aubrey**  
DIRECTOR

**MEMORANDUM**

**TO:** Scott Aubrey, Director  
Division of Real Properties

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

**DATE:** February 22, 2022

**SUBJECT:** PR-5671, Boyle County  
Transportation Cabinet

The Transportation Cabinet recently submitted a request to obtain space to accommodate implementation of the Real ID Act, same indicating a need for approximately 2,597 square feet. It should be noted that our space allocations are based on the employee classification and count; however, the Cabinet will utilize specially designed license issuance workstations. Space planning considerations relative to efficient functionality are therefore expected to result in square footage deviations that would warrant additional review in regular lease projects. We are noting the deviation herein in lieu of attempting to define a workstation specific space standard that will vary based on the actual dimensions of each proposed property. A review of properties currently leased by the Commonwealth indicated that suitable space to accommodate this request was available in a facility containing a lease agreement for the Cabinet for Health and Family Services (reference PR-4240, Boyle County). Subsequent to review of plans and specifications for the proposed space, and in accordance with applicable provisions of KRS 56.813(1), the lessor consented to lease the necessary space at terms that exceed those applied to the existing lease agreement. Specifically, they have agreed to extend the proposed lease term to the maximum permitted under KRS 56.806(1) as opposed to the current expiration date of June 30, 2025.

The renovations necessary to accommodate the Transportation Cabinet in the identified space include electrical upgrades; the demolition and installation of a number of interior walls; new plumbing for restrooms and a janitorial closet; and removal of existing floor coverings, leveling of the floors, and the installation of new floor coverings consistent with the Cabinets established standards for regional office locations. Based on the scope and cost of renovations for the project the lessor has requested that the Cabinet absorb the entire renovation cost. In accordance applicable provisions of KRS 56.813(2), the lessor provided two estimates for the proposed renovations (i.e., \$79,600.00 from Mobley's and \$95,520.00 from McAnly Commercial Properties) and the Transportation Cabinet has recommended acceptance of the low bid from Mobley's with the \$79,600.00 amount to be amortized over the term of the lease as specified under KRS 56.813(2).



Memo to: Scott Aubrey, Director  
PR 5671, Boyle County  
Transportation Cabinet  
February 22, 2022  
Page Two

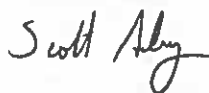
The attached lease agreement therefore provides for use of 2,707 square feet, leased at a rental rate of \$9.42 per square foot (\$25,499.96 annually), excluding utilities and janitorial services, with a term expiring June 30, 2029. The attached lease modification then provides for the amortization of \$79,600.00 in leasehold improvement expenses as described herein. Capital Projects and Bond Oversight Committee reporting is not required for the proposed lease agreement; however it is required after terms are defined and prior to execution of the lease modification. Your approval of both the attached lease agreement and modification is recommended based on the following:

1. An estimated amortization period of eighty-seven (87) months (i.e., a completion date of April 1, 2022) results in an estimated annual amortization cost of \$10,979.28, a total estimated annual base rent and improvement cost of \$36,479.24, and results in a projected effective rental rate of \$13.48 per square foot. Recognizing that the lease agreement includes partial utilities, and that the most recent competitive bid project in Boyle County resulted in a lease award at a rental rate of \$17.50 per square foot excluding all utilities and janitorial services (reference PR-5462, Boyle County), we believe use of the recommended space offers the most expeditious and the most cost effective means of securing space of accommodating the Transportation Cabinet's request for space.
2. The proposed leased premises is located in a strip center located near the Danville By-Pass (US Hwy 127) and provides convenient access for regional clients.
3. The proposed lessor has maintained the lease rental rate of \$9.42 per square foot since 1998, presently holds several leases for various agencies, and has repeatedly demonstrated that they are a responsive and responsible property owner.

Should you require additional information, please advise.

JSA/BSH/br  
Attachment

APPROVED:



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Scott Aubrey, Director

Mobley's  
2912 Copper Creek Rd  
Crab Orchard, KY 40419

11-19-21

Quote is for materials and labor agreements in plans. Material will be same like kind and materials in Quote.

Materials will be ordered and lead times will be determined by date of starting contract. All work performed by licensed and insured professionals.

Electric includes new outlets and circuits to panel boxes.

Install conduit from ceiling to data outlets

New panel board for new communications in office

During Installation of office furniture, be present while installed by the state

\$20,600.00

Demolition of walls and electric.

\$8,600.00

New construction of walls and Drywall installed new doors installed .

\$21,900.00

Plumbing to one sink on water all

1 hot and 1 cold water 1 2 inch drain. Cabinets and sink provided per Lessor on 12/8/2021.

\$3,500.00

Flooring includes new carpet tiles and glue according to plans specified by state removal of ceramic tile and floor leveled

\$13,700.00

Trim and paint All colors and trim Materials paint walls and base trim

\$8,500.00

Permits dumpster fees lift rentals ceiling tile and cleaning services

\$2,800.00

Total cost \$79,600.00

Thanks for the opportunity  
Aaron Mobley

MCANLY COMMERCIAL PROPERTIES, DANVILLE, KENTUCKY

ESTIMATE FOR RENOVATIONS STATE OFFICE  
DANVILLE SQUARE, 1714 PERRYVILLE ROAD  
DANVILLE, KY 40422

Materials and labor to make changes as per plans submitted by Commonwealth of Kentucky for the  
Transportation Cabinet:

**Demolition of walls and electric:**

\$10,320.00

**Electric:**

Electric includes new outlets and circuits to panel boxes.

Install conduit from ceiling to data room

New panel board for new communications in office

Be present during Installation of office furniture by the state

\$24,720.00

**New Construction:**

New construction of walls and Drywall installed new doors installed.

\$26,280.00

**Break Room:**

Plumbing to one sink on water wall

1 hot and 1 cold water with a 2 inch drain. Cabinets or sink provided per Lessor on 12/8/2021.

\$4,200.00

**Flooring:**

New carpet tiles and glue according to plans specified by state removal of ceramic tile and floor leveled

\$16,440.00

**Paint:**

Paint Walls and trim, paint and materials

\$10,200.00

**Misc.:**

Permits dumpster fees lift rentals ceiling tile and cleaning services

\$3,360.00

**Total cost \$95,520.00**

Materials will be ordered and lead times will be determined by date of starting contract. All work performed by licensed and insured professionals.



**Andy Beshear**  
GOVERNOR

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

Bush Building, 3<sup>rd</sup> Floor  
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**Holly M. Johnson**  
SECRETARY

**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 *BSH*  
Division of Real Properties

**DATE:** February 28, 2022

**SUBJECT:** PR-5358, Fayette County  
Department of Military Affairs/Bluegrass Station Division  
Statutory Lease Modification Report

As outlined, attached please find notification of a lease modification reflecting amortization of monies that have been processed by our Leased Properties Branch:

PR-5358, Fayette County

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

BSH/NEB

Cc: Capital Construction Log  
OSBD  
PR-5358 File  
BSH

Attachment



**REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

**LEASE MODIFICATION AMORTIZATION**

Date Posted in 30-Day Register: February 28, 2022	
Lease No.: PR-5358	County: Fayette
Using Agency: Department of Military Affairs/Bluegrass Station Division	
Lessor (identify all parties having 5% or more ownership): Attached extra sheet if necessary	Setzer Properties Bluegrass Station II, LLC, Brett T. Setzer 100% ownership
Property Location: Bluegrass Station Division, 5751 Brian Hill Road, Lexington, KY 40516	
<b><i>Existing Rental Terms</i></b>	
Type Space: outdoor storage areas, reinforced concrete storage areas, non-climate controlled semi-open structure 6/23/14	Square Feet: <b>260,000</b>
Annual Payment: <b>\$1,112,376</b>	Contract Expiration: <b>5/22/27</b>
<b><i>Modified Rental Terms</i></b>	
Type Space: secured storage/vault/warehouse	Square Feet: 299,041 (39,041sf difference = occupied portions of construction project)
Annual Payment: \$1,274,016 (through 4/30/27); then \$1,238,040 (when psf rate reverts to original \$4.14/sf)	New Contract Expiration: <b>11/30/49</b>
<b>Total Cost to be Amortized:</b> The construction project cost is \$14,120,890.00; however, after taking the existing debt/equity at the end of the construction and refinancing it with the new construction and financing costs, the amount is \$16,046,685.00.	
Projected Period of Amortization – Effective: <b>(estimated 4/2/23)</b> Through: <b>11/30/49</b>	
<b>Reason for Modification</b> Please see attached.	
Estimate Details (see attached copies): 1. \$14,120,890.00; however, after taking the existing debt/equity at the end of the construction and refinancing it with the new construction and financing costs, the amount is \$16,046,685.00.	

**LEASE MODIFICATION #3  
PR-5355 – FAYETTE COUNTY**

**THIS LEASE MODIFICATION #3** is made this 14<sup>th</sup> day of February, 2022, by and between Setzer Properties BGS II, LLC, 354 Waller Avenue, Suite 200, Lexington, KY 40504, hereinafter 'LESSOR" and the Commonwealth of Kentucky, acting by and through Holly M. Johnson, Secretary of the Finance and Administration Cabinet, for the use and benefit of the Department of Military Affairs, Bluegrass Station Division, 100 Minuteman Parkway, Frankfort, Kentucky 40601-6168, hereinafter "LESSEE" or "COMMONWEALTH"

**WITNESSETH:**

**WHEREAS**, the Lessee administers property in Fayette County, Kentucky, identified as Bluegrass Station Division; and,

**WHEREAS**, the Lessor was awarded a project for the construction of Buildings #341 and #344 through a solicitation in compliance with the KRS 56.8161, et seq., Kentucky built-to-suit statutes;

**WHEREAS**, the parties entered into a Lease Agreement, PR-5355, dated August 27, 2013, and recorded in Fayette County Clerk's office in Deed Book 3180 Page 215, for the construction of 240,000 square foot non-climate controlled warehouse and related infrastructure, a 203,000 square foot gravel storage area, a 100,000 square foot reinforced concrete storage area, a 20,000 square foot non-climate controlled semi-open storage structure (LEASE AREA A - Building #341) and), and a 51,000 square foot gravel storage area and a 29,000 square foot reinforced concrete storage area (LEASE AREA B – BUILDING #344), at Bluegrass Station Division, (collectively "Improvements"); and,

**WHEREAS**, the rental consideration for the Lease Agreement was \$89,789.00 per month, or \$1,077,468.00 annually for one hundred, fifty-five months (twelve years and eleven months); and,

**WHEREAS**, the Lease was amended by Lease Amendment #1, dated November 26, 2013, and recorded in Fayette County Clerk's office in Deed Book 3203, Page 114, revising the construction project, at the federal tenant's request, from gravel to reinforced concrete of Lot "S" adjacent to Building #344, revising the final completion date to February 11, 2014, revising the substantial completion date to January 31, 2014, and granting the Lessee, without cost, the unmanned use of 60,000 square feet for approximately fifteen days in January and the first eleven days in February. The \$451,050.00 cost of the improvement project was amortized over the life of the Lease Agreement, through May 31, 2027, increasing the monthly rental from \$89,789.00 to \$92,698.00 or \$1,112,376.00 annually; and,

**WHEREAS**, the Lease was amended by Lease Amendment #2, dated June 30, 2014, and recorded in Fayette County Clerk's office in Deed Book 3252, Page 207, establishing the effective date of the Lease Agreement as June 23, 2014; and,

**WHEREAS**, the Department of Military Affairs, Bluegrass Station Division, requested, at the federal subtenant's behest and for national security purposes, the modification of Building #344 through the construction of a two-story, 65,327 square foot building, with the second floor connected to a new 5,846 square feet warehouse that will then be connected to Building 344. The first floor of the two-story building will contain 33,195 square feet and the second floor will contain 32,132 square feet. The first floor will be finished out as a secured storage facility with a complex scope. The second floor will be an open conditioned warehouse that for the time being will contain mainly mechanical rooms. The 5,846 square foot building will be finished as warehouse space and will have two drive through doors on each end. This building will provide additional indoor storage for vehicles and equipment that is in and around Building 344. This modification project will provide 39,041 usable square feet to Building #344, calculated using the occupied portions of the first floor and the connector, totaling 39,041 square feet; and,

**WHEREAS**, the Department of Military Affairs, Bluegrass Station Division, has requested that the existing Lessor be allowed to construct the federally requested modification, without solicitation, in accordance with KRS 56.820(4)(a); and,

**WHEREAS**, KRS 56.820(4)(a) allows that the, "... the secretary of the Finance and Administration Cabinet, on behalf of the Department of Military Affairs, may approve modifications to existing buildings if the source of the payments by the Department of Military Affairs for the improvements are made through an agreement with an agency of the United States government, or through an increase in the term of the lease, provided that the improvements are procured by the Department of Military Affairs pursuant to the provisions of KRS Chapter 45A; and (b) Any lease modification approved by the secretary of the Finance and Administration Cabinet pursuant to this subsection shall be reported by the cabinet to the Legislative Research Commission for referral to an appropriate legislative committee within thirty (30) days of the execution of the lease modification." and,

**WHEREAS**, the Finance and Administration Cabinet determined that a solicited construction project for the federally requested annex building would be impractical, since the location of the annex structure is required by the federal subtenant to be in close proximity to Building #344 and that land is currently under lease with the Lessor, through CLR-1979 – Fayette County; and,

**WHEREAS**, the practical resolve is to modify this Lease Agreement to allow for construction of the federally requested Annex, as a modification to Building #344, to increase the amount of leased space by 39,041 square feet of usable/rentable square feet in the constructed Annex, and to extend the Lease Agreement and Ground Lease by twenty-two and one-half (22.5) years, which amount of time is required by the Lessor to amortize the cost of the Annex over the life of the Lease Agreement; and,

**WHEREAS**, the resolve is in accordance with KRS 56.820(4)(a); and,

**WHEREAS**, it is acknowledged by the parties that the existing Ground Lease Agreement, as amended, will be simultaneously modified, allowing for the construction of the annex by increasing the leased land by an additional 58,340 square feet (1.339 acres) for a total of 160,244 square feet (3.678 acres) and extending the Ground Lease Agreement for an additional twenty-two and one-half (22.5) years, to coincide with the term of this Lease Agreement.

**NOW, THEREFORE**, for and in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged by the parties, it is hereby understood and agreed by and between the Lessor and the Lessee as follows:

I. The legal description for LEASE AREA 'B' - BUILDING #344 is deleted in its entirety and replaced with the following:

**NEW LEGAL DESCRIPTION FOR LEASE AREA B**

Bluegrass Station Division

**AMENDED DESCRIPTION FOR LEASE AREA 'B' - BUILDING 344**

Being a parcel of land located in the Avon community of Fayette County, Kentucky, on the Northerly side Briar Hill Road (KY Highway 57), approximately 0.7 mile Easterly of Haley Road (KY Highway 857), inside the Bluegrass Station site and more particularly described as follows:

Beginning on a point on the Westerly side of Club Road (previously referred to as Burma Road), said point having KY State Plane Coordinates (KY North Zone) of 210,440.80 North and 1,621,335.96 East, said point being located on land conveyed to the Commonwealth of Kentucky by Deed from the United States of America as recorded in Deed Book 2835, Page 242, Office of the County Clerk, Fayette County, Kentucky, said point being the Point of Beginning of original Lease 'B'; thence, with the original line of Lease 'B' running parallel to and 50 feet from the centerline of Club Road, as currently constructed, S22°21'31"W, crossing the boundary Line of another tract of land conveyed to the Commonwealth of Kentucky by Deed from the United States of America as recorded in Deed Book 2713, Page 639 at 426.40 feet, a total distance of 528.00 feet to a point, said point being the original Southeasterly boundary corner of Lease 'B'; thence, with the original Southerly line of Lease 'B' and as extended herein, N67°38'29"W, passing through the Southwesterly corner of the original Lease boundary at 193.00 feet, a total distance of 294.43 feet to a point at the new Lease boundary corner as being amended hereto; thence, N17°16'18"E, along the Easterly edge of the existing pavement of 13th Avenue, a distance of 426.96 feet to a point, a new Lease boundary corner as amended hereto; thence, N75°57'02"E along the Southerly side of Burma Road as originally constructed, crossing back onto the property conveyed to the Commonwealth of Kentucky as recorded in Deed Book 2835, Page 242, aforesaid, at 70.09 feet, a total distance of 173.07 feet to the Northwesterly boundary corner of original Lease 'B'; thence,

with the Northerly boundary line of the original Lease 'B', S67°38'29"E, a distance of 193.00 feet to the point of beginning, containing 160,244 square feet.

The above description amends the original Lease Land Area by adding 58,340 square feet to the original Lease Area of 101,904 square feet, for a total of 160,244 square feet.

The above-described Lease Area is located on two tracts of land conveyed to the Commonwealth of Kentucky, by Deeds from the United States of America, said Deeds are recorded in Deed Book 2835, Page 242 and Deed Book 2713, Page 639, Office of the County Clerk, Fayette County, Kentucky.

AMENDED DESCRIPTION FOR LEASE AREA 'B' - BUILDING 344 is further described on the survey shown on Exhibit B, attached hereto and made a part hereof.

I. The Lessor covenants and agrees that it shall build or cause to be built the federally requested Annex, containing 39,041 square feet of usable/rentable space, which shall be physically attached to Building #344 upon the area identified as "LEASE AREA B – Building 344," as revised herein, in strict compliance with the plans and specification submitted by the Lessor, and the Lessor hereby leases, lets, and demises said Improvement to the Lessee for the term as herein set forth.

II. The term of this Lease Agreement, as amended, is hereby extended twenty-two and one-half (22.5) years, from May 31, 2027 to November 30, 2049.

III. Paragraph 6 of the Lease is hereby deleted and substituted with the following:

"6. The Lessee agrees to pay annual rent for the Improvements as follows:

Buildings 341 and 344, from the date of this Modification until May 31, 2027: \$4.28 per square foot for 260,000 square feet, or \$92,733.34 per month, or \$1,112,800.00 annually, which amount includes amortization cost for long-term financing for a federally requested reinforced concrete project; but less the Annex usable space of 39,041 square feet.

Building 344 Annex: Subject to the provisions in Paragraph 4 of the original Lease Agreement, as amended, through November 30, 2049, the Lessee agrees to pay annual rent for the Annex usable square footage (39,041 square feet), in the amount of \$4.14 per square foot, or \$13,469.15 monthly, or \$161,629.74 annually, which per square foot amount is the original bid amount for RFP#041513. The lease payments for Building 344 Annex will begin upon Certificate of Occupancy, which is estimated to be April 2023.

Buildings 341 and 344, from June 1, 2027 to November 30, 2049: \$4.14 per square foot for 299,041 square feet, \$103,169.14 per month, or \$1,238,029.74 annually, which per square foot amount is the original per square foot rental amount for RFP#041513.

The rent shall be paid in advance in monthly installments and shall be sent by United States Mail, first class postage paid, in time to reach the Lessor at its above mailing address not later than the 15th day of each month after the commencement of the initial lease term. See Exhibit A, "Amortization Schedule," attached hereto and made a part hereof."

**IV. Performance and Payment Bonds**

The Lessor shall procure payment and performance bonds in favor of the Commonwealth, as Lessee, in the amount of one hundred percent (100%) of the designated amount of the project as security for the faithful performance of the construction required including liquidated damages and penalties and the payment of all persons who have and fulfill subcontracts which are directly with the Lessor. Such payment and performance bonds shall be issued by a reputable insurance company, authorized to do business in the Commonwealth. The Lessor shall, before beginning the construction/development of facilities, require of any subcontractor employed by the Lessor to construct said facilities, a surety bond or bonds in form satisfactory to the Commonwealth. These bonds shall protect the leased premises against the imposition of mechanics and materialmen's liens and guarantee performance of the construction subcontract. All bonds shall be executed by a surety company authorized to do business in the Commonwealth.

**Performance and Payment Bonds Requirements:**

1. Each bond furnished by the Lessor shall incorporate, by reference, the terms of the Contract as fully as though they were set forth verbatim in such bonds. In the event a Change Order(s), executed by the Lessor, adjusts the Contract Sum, the penal sum of both the performance bond and the payment bond shall be deemed increased by like amount.

**V.** All other terms and conditions of the Lease Agreement, dated November 26, 2013, and recorded in Fayette County Clerk's office in Deed Book 3203, Page 114, as amended by Amendment #1 dated November 26, 2013, and recorded in Fayette County Clerk's office in Deed Book 3203, Page 114, and Amendment #2 dated June 30, 2014, and recorded in Fayette County Clerk's office in Deed Book 3252, Page 207, applicable to Buildings #341 and #344 and Lease Areas A and B, as amended herein.

**VI.** The parties acknowledge that Amendment #2 to the Ground Lease Agreement (CLR-1979) is simultaneously executed, revising the legal description LEASE AREA B and extending the Ground Lease by twenty-two and one-half (22.5) years, to November 30, 2049.

IN TESTIMONY WHEREOF, the Lessor and the Lessee have subscribed hereto for convenience as of the date hereinbefore set forth, but actually on the dates shown in the notary's acknowledgement of their respective signatures.

**RECOMMENDED:**

*Haldane B. Lamberton*

Haldane B. Lamberton, Brig. General  
KYNG  
The Adjutant General

**LESSOR:**

**SETZER PROPERTIES BGS II, LLC**

*Brett T. Setzer*

Brett T. Setzer, Managing Member

BY: \_\_\_\_\_

**RECOMMENDED:**

*Steve Collins*

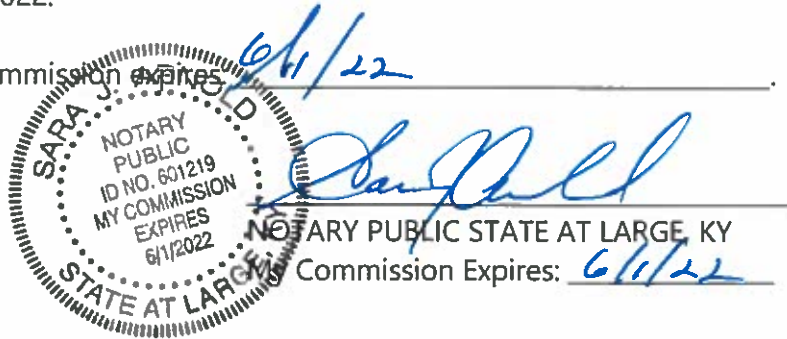
Steve Collins, Director  
Bluegrass Station Division  
Department of Military Affairs

**COMMONWEALTH OF KENTUCKY**

**COUNTY OF FAYETTE**

I, the undersigned certify that the foregoing Lease Modification #3 was produced before me in my said County and State and duly acknowledged and sworn to by Brett T. Setzer, as Managing Member of Setzer Properties BGS II, LLC, as Lessor, on this 24 day of January, 2022.

My commission expires 6/1/22



**REVIEWED:  
DEPARTMENT OF MILITARY AFFAIRS**

  
Katherine J. Fitzpatrick  
Staff Attorney III  
Office of Management and Administration  
Kentucky Department of Military Affairs

**LESSEE:  
COMMONWEALTH OF KENTUCKY  
APPROVED:**

  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet

**REVIEWED AS TO FORM AND LEGALITY:**

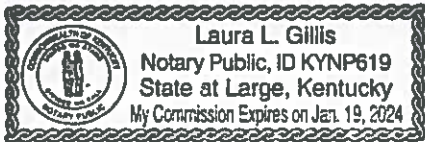
  
Patrick McGee, Assistant General  
Counsel  
Finance and Administration Cabinet

**COMMONWEALTH OF KENTUCKY**

**COUNTY OF FRANKLIN**

I, the undersigned certify that the foregoing Lease Modification #3 was produced before me in my said County and State and duly acknowledged and sworn to by Holly M. Johnson, Secretary of the Finance and Administration Cabinet, as Lessee, on this 14<sup>th</sup> day of February, 2022.

My commission expires: 1-19-2024



  
NOTARY PUBLIC STATE AT LARGE, KY  
My Commission Expires: 1-19-2024



**REVIEWED:**



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COUNSEL TO GOVERNOR

**APPROVED:  
COMMONWEALTH OF KENTUCKY**



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**ANDY BESHEAR, GOVERNOR**

**Prepared by:**



---

Patrick McGee, Attorney  
Finance & Administration Cabinet  
Transportation Cabinet Building  
200 Mero Street  
Frankfort, Kentucky 40601  
502-564-6660

# Setzer Properties BGS II, LLC

## EXHIBIT "A"

### PRELIMINARY

<u>Payment Date</u>	<u>Month</u>	<u>Rent</u>	<u>Early Buy-Out Price</u>
4/1/2023	1	\$106,168.00	\$21,064,288.95
5/1/2023	2	\$106,168.00	\$21,023,876.96
6/1/2023	3	\$106,168.00	\$20,983,336.50
7/1/2023	4	\$106,168.00	\$20,942,667.15
8/1/2023	5	\$106,168.00	\$20,901,868.50
9/1/2023	6	\$106,168.00	\$20,860,940.15
10/1/2023	7	\$106,168.00	\$20,819,881.68
11/1/2023	8	\$106,168.00	\$20,778,692.68
12/1/2023	9	\$106,168.00	\$20,737,372.74
1/1/2024	10	\$106,168.00	\$20,695,921.43
2/1/2024	11	\$106,168.00	\$20,654,338.34
3/1/2024	12	\$106,168.00	\$20,612,623.05
4/1/2024	13	\$106,168.00	\$20,570,775.14
5/1/2024	14	\$106,168.00	\$20,528,794.19
6/1/2024	15	\$106,168.00	\$20,486,679.78
7/1/2024	16	\$106,168.00	\$20,444,431.47
8/1/2024	17	\$106,168.00	\$20,402,048.85
9/1/2024	18	\$106,168.00	\$20,359,531.49
10/1/2024	19	\$106,168.00	\$20,316,878.96
11/1/2024	20	\$106,168.00	\$20,274,090.83
12/1/2024	21	\$106,168.00	\$20,231,166.68
1/1/2025	22	\$106,168.00	\$20,188,106.05
2/1/2025	23	\$106,168.00	\$20,144,908.53
3/1/2025	24	\$106,168.00	\$20,101,573.68
4/1/2025	25	\$106,168.00	\$20,058,101.06
5/1/2025	26	\$106,168.00	\$20,014,490.23
6/1/2025	27	\$106,168.00	\$19,970,740.76
7/1/2025	28	\$106,168.00	\$19,926,852.20
8/1/2025	29	\$106,168.00	\$19,882,824.11
9/1/2025	30	\$106,168.00	\$19,838,656.05
10/1/2025	31	\$106,168.00	\$19,794,347.57
11/1/2025	32	\$106,168.00	\$19,749,898.23
12/1/2025	33	\$106,168.00	\$19,705,307.57
1/1/2026	34	\$106,168.00	\$19,660,575.16
2/1/2026	35	\$106,168.00	\$19,615,700.53
3/1/2026	36	\$106,168.00	\$19,570,683.24
4/1/2026	37	\$106,168.00	\$19,525,522.83
5/1/2026	38	\$106,168.00	\$19,480,218.84
6/1/2026	39	\$106,168.00	\$19,434,770.83
7/1/2026	40	\$106,168.00	\$19,389,178.34
8/1/2026	41	\$106,168.00	\$19,343,440.89

<u>Payment Date</u>	<u>Month</u>	<u>Rent</u>	<u>Early Buy-Out Price</u>
9/1/2026	42	\$106,168.00	\$19,297,558.04
10/1/2026	43	\$106,168.00	\$19,251,529.32
11/1/2026	44	\$106,168.00	\$19,205,354.27
12/1/2026	45	\$106,168.00	\$19,159,032.42
1/1/2027	46	\$106,168.00	\$19,112,563.30
2/1/2027	47	\$106,168.00	\$19,065,946.45
3/1/2027	48	\$106,168.00	\$19,019,181.40
4/1/2027	49	\$106,168.00	\$18,972,267.67
5/1/2027	50	\$106,168.00	\$18,925,204.80
6/1/2027	51	\$103,170.00	\$18,877,992.31
7/1/2027	52	\$103,170.00	\$18,833,717.66
8/1/2027	53	\$103,170.00	\$18,789,302.25
9/1/2027	54	\$103,170.00	\$18,744,745.64
10/1/2027	55	\$103,170.00	\$18,700,047.38
11/1/2027	56	\$103,170.00	\$18,655,207.01
12/1/2027	57	\$103,170.00	\$18,610,224.09
1/1/2028	58	\$103,170.00	\$18,565,098.16
2/1/2028	59	\$103,170.00	\$18,519,828.77
3/1/2028	60	\$103,170.00	\$18,474,415.46
4/1/2028	61	\$103,170.00	\$18,428,857.77
5/1/2028	62	\$103,170.00	\$18,383,155.25
6/1/2028	63	\$103,170.00	\$18,337,307.43
7/1/2028	64	\$103,170.00	\$18,291,313.85
8/1/2028	65	\$103,170.00	\$18,245,174.06
9/1/2028	66	\$103,170.00	\$18,198,887.57
10/1/2028	67	\$103,170.00	\$18,152,453.94
11/1/2028	68	\$103,170.00	\$18,105,872.68
12/1/2028	69	\$103,170.00	\$18,059,143.33
1/1/2029	70	\$103,170.00	\$18,012,265.43
2/1/2029	71	\$103,170.00	\$17,965,238.49
3/1/2029	72	\$103,170.00	\$17,918,062.04
4/1/2029	73	\$103,170.00	\$17,870,735.61
5/1/2029	74	\$103,170.00	\$17,823,258.73
6/1/2029	75	\$103,170.00	\$17,775,630.90
7/1/2029	76	\$103,170.00	\$17,727,851.66
8/1/2029	77	\$103,170.00	\$17,679,920.52
9/1/2029	78	\$103,170.00	\$17,631,837.01
10/1/2029	79	\$103,170.00	\$17,583,600.62
11/1/2029	80	\$103,170.00	\$17,535,210.88
12/1/2029	81	\$103,170.00	\$17,486,667.31
1/1/2030	82	\$103,170.00	\$17,437,969.40
2/1/2030	83	\$103,170.00	\$17,389,116.68
3/1/2030	84	\$103,170.00	\$17,340,108.65
4/1/2030	85	\$103,170.00	\$17,290,944.81
5/1/2030	86	\$103,170.00	\$17,241,624.67
6/1/2030	87	\$103,170.00	\$17,192,147.74

<u>Payment Date</u>	<u>Month</u>	<u>Rent</u>	<u>Early Buy-Out Price</u>
7/1/2030	88	\$103,170.00	\$17,142,513.51
8/1/2030	89	\$103,170.00	\$17,092,721.48
9/1/2030	90	\$103,170.00	\$17,042,771.16
10/1/2030	91	\$103,170.00	\$16,992,662.04
11/1/2030	92	\$103,170.00	\$16,942,393.61
12/1/2030	93	\$103,170.00	\$16,891,965.37
1/1/2031	94	\$103,170.00	\$16,841,376.81
2/1/2031	95	\$103,170.00	\$16,790,627.42
3/1/2031	96	\$103,170.00	\$16,739,716.69
4/1/2031	97	\$103,170.00	\$16,688,644.10
5/1/2031	98	\$103,170.00	\$16,637,409.15
6/1/2031	99	\$103,170.00	\$16,586,011.31
7/1/2031	100	\$103,170.00	\$16,534,450.08
8/1/2031	101	\$103,170.00	\$16,482,724.91
9/1/2031	102	\$103,170.00	\$16,430,835.31
10/1/2031	103	\$103,170.00	\$16,378,780.74
11/1/2031	104	\$103,170.00	\$16,326,560.68
12/1/2031	105	\$103,170.00	\$16,274,174.61
1/1/2032	106	\$103,170.00	\$16,221,621.99
2/1/2032	107	\$103,170.00	\$16,168,902.29
3/1/2032	108	\$103,170.00	\$16,116,014.99
4/1/2032	109	\$103,170.00	\$16,062,959.56
5/1/2032	110	\$103,170.00	\$16,009,735.45
6/1/2032	111	\$103,170.00	\$15,956,342.14
7/1/2032	112	\$103,170.00	\$15,902,779.07
8/1/2032	113	\$103,170.00	\$15,849,045.72
9/1/2032	114	\$103,170.00	\$15,795,141.55
10/1/2032	115	\$103,170.00	\$15,741,066.00
11/1/2032	116	\$103,170.00	\$15,686,818.54
12/1/2032	117	\$103,170.00	\$15,632,398.62
1/1/2033	118	\$103,170.00	\$15,577,805.69
2/1/2033	119	\$103,170.00	\$15,523,039.19
3/1/2033	120	\$103,170.00	\$15,468,098.59
4/1/2033	121	\$103,170.00	\$15,412,983.32
5/1/2033	122	\$103,170.00	\$15,357,692.83
6/1/2033	123	\$103,170.00	\$15,302,226.56
7/1/2033	124	\$103,170.00	\$15,246,583.96
8/1/2033	125	\$103,170.00	\$15,190,764.45
9/1/2033	126	\$103,170.00	\$15,134,767.49
10/1/2033	127	\$103,170.00	\$15,078,592.51
11/1/2033	128	\$103,170.00	\$15,022,238.93
12/1/2033	129	\$103,170.00	\$14,965,706.20
1/1/2034	130	\$103,170.00	\$14,908,993.74
2/1/2034	131	\$103,170.00	\$14,852,100.98
3/1/2034	132	\$103,170.00	\$14,795,027.36
4/1/2034	133	\$103,170.00	\$14,737,772.28

<u>Payment Date</u>	<u>Month</u>	<u>Rent</u>	<u>Early Buy-Out Price</u>
5/1/2034	134	\$103,170.00	\$14,680,335.18
6/1/2034	135	\$103,170.00	\$14,622,715.48
7/1/2034	136	\$103,170.00	\$14,564,912.60
8/1/2034	137	\$103,170.00	\$14,506,925.95
9/1/2034	138	\$103,170.00	\$14,448,754.95
10/1/2034	139	\$103,170.00	\$14,390,399.02
11/1/2034	140	\$103,170.00	\$14,331,857.56
12/1/2034	141	\$103,170.00	\$14,273,129.99
1/1/2035	142	\$103,170.00	\$14,214,215.72
2/1/2035	143	\$103,170.00	\$14,155,114.14
3/1/2035	144	\$103,170.00	\$14,095,824.68
4/1/2035	145	\$103,170.00	\$14,036,346.72
5/1/2035	146	\$103,170.00	\$13,976,679.67
6/1/2035	147	\$103,170.00	\$13,916,822.93
7/1/2035	148	\$103,170.00	\$13,856,775.90
8/1/2035	149	\$103,170.00	\$13,796,537.97
9/1/2035	150	\$103,170.00	\$13,736,108.53
10/1/2035	151	\$103,170.00	\$13,675,486.97
11/1/2035	152	\$103,170.00	\$13,614,672.69
12/1/2035	153	\$103,170.00	\$13,553,665.07
1/1/2036	154	\$103,170.00	\$13,492,463.50
2/1/2036	155	\$103,170.00	\$13,431,067.35
3/1/2036	156	\$103,170.00	\$13,369,476.02
4/1/2036	157	\$103,170.00	\$13,307,688.88
5/1/2036	158	\$103,170.00	\$13,245,705.31
6/1/2036	159	\$103,170.00	\$13,183,524.68
7/1/2036	160	\$103,170.00	\$13,121,146.37
8/1/2036	161	\$103,170.00	\$13,058,569.75
9/1/2036	162	\$103,170.00	\$12,995,794.18
10/1/2036	163	\$103,170.00	\$12,932,819.05
11/1/2036	164	\$103,170.00	\$12,869,643.70
12/1/2036	165	\$103,170.00	\$12,806,267.51
1/1/2037	166	\$103,170.00	\$12,742,689.83
2/1/2037	167	\$103,170.00	\$12,678,910.04
3/1/2037	168	\$103,170.00	\$12,614,927.47
4/1/2037	169	\$103,170.00	\$12,550,741.49
5/1/2037	170	\$103,170.00	\$12,486,351.46
6/1/2037	171	\$103,170.00	\$12,421,756.72
7/1/2037	172	\$103,170.00	\$12,356,956.62
8/1/2037	173	\$103,170.00	\$12,291,950.51
9/1/2037	174	\$103,170.00	\$12,226,737.74
10/1/2037	175	\$103,170.00	\$12,161,317.64
11/1/2037	176	\$103,170.00	\$12,095,689.56
12/1/2037	177	\$103,170.00	\$12,029,852.84
1/1/2038	178	\$103,170.00	\$11,963,806.82
2/1/2038	179	\$103,170.00	\$11,897,550.82

<u>Payment Date</u>	<u>Month</u>	<u>Rent</u>	<u>Early Buy-Out Price</u>
3/1/2038	180	\$103,170.00	\$11,831,084.18
4/1/2038	181	\$103,170.00	\$11,764,406.24
5/1/2038	182	\$103,170.00	\$11,697,516.31
6/1/2038	183	\$103,170.00	\$11,630,413.73
7/1/2038	184	\$103,170.00	\$11,563,097.82
8/1/2038	185	\$103,170.00	\$11,495,567.91
9/1/2038	186	\$103,170.00	\$11,427,823.30
10/1/2038	187	\$103,170.00	\$11,359,863.32
11/1/2038	188	\$103,170.00	\$11,291,687.29
12/1/2038	189	\$103,170.00	\$11,223,294.51
1/1/2039	190	\$103,170.00	\$11,154,684.30
2/1/2039	191	\$103,170.00	\$11,085,855.97
3/1/2039	192	\$103,170.00	\$11,016,808.82
4/1/2039	193	\$103,170.00	\$10,947,542.16
5/1/2039	194	\$103,170.00	\$10,878,055.28
6/1/2039	195	\$103,170.00	\$10,808,347.50
7/1/2039	196	\$103,170.00	\$10,738,418.11
8/1/2039	197	\$103,170.00	\$10,668,266.39
9/1/2039	198	\$103,170.00	\$10,597,891.66
10/1/2039	199	\$103,170.00	\$10,527,293.19
11/1/2039	200	\$103,170.00	\$10,456,470.27
12/1/2039	201	\$103,170.00	\$10,385,422.20
1/1/2040	202	\$103,170.00	\$10,314,148.26
2/1/2040	203	\$103,170.00	\$10,242,647.72
3/1/2040	204	\$103,170.00	\$10,170,919.87
4/1/2040	205	\$103,170.00	\$10,098,963.99
5/1/2040	206	\$103,170.00	\$10,026,779.34
6/1/2040	207	\$103,170.00	\$9,954,365.21
7/1/2040	208	\$103,170.00	\$9,881,720.86
8/1/2040	209	\$103,170.00	\$9,808,845.57
9/1/2040	210	\$103,170.00	\$9,735,738.59
10/1/2040	211	\$103,170.00	\$9,662,399.19
11/1/2040	212	\$103,170.00	\$9,588,826.64
12/1/2040	213	\$103,170.00	\$9,515,020.18
1/1/2041	214	\$103,170.00	\$9,440,979.08
2/1/2041	215	\$103,170.00	\$9,366,702.60
3/1/2041	216	\$103,170.00	\$9,292,189.97
4/1/2041	217	\$103,170.00	\$9,217,440.46
5/1/2041	218	\$103,170.00	\$9,142,453.30
6/1/2041	219	\$103,170.00	\$9,067,227.75
7/1/2041	220	\$103,170.00	\$8,991,763.05
8/1/2041	221	\$103,170.00	\$8,916,058.43
9/1/2041	222	\$103,170.00	\$8,840,113.13
10/1/2041	223	\$103,170.00	\$8,763,926.39
11/1/2041	224	\$103,170.00	\$8,687,497.44
12/1/2041	225	\$103,170.00	\$8,610,825.51

<u>Payment Date</u>	<u>Month</u>	<u>Rent</u>	<u>Early Buy-Out Price</u>
1/1/2042	226	\$103,170.00	\$8,533,909.83
2/1/2042	227	\$103,170.00	\$8,456,749.61
3/1/2042	228	\$103,170.00	\$8,379,344.10
4/1/2042	229	\$103,170.00	\$8,301,692.50
5/1/2042	230	\$103,170.00	\$8,223,794.03
6/1/2042	231	\$103,170.00	\$8,145,647.90
7/1/2042	232	\$103,170.00	\$8,067,253.34
8/1/2042	233	\$103,170.00	\$7,988,609.55
9/1/2042	234	\$103,170.00	\$7,909,715.74
10/1/2042	235	\$103,170.00	\$7,830,571.11
11/1/2042	236	\$103,170.00	\$7,751,174.87
12/1/2042	237	\$103,170.00	\$7,671,526.21
1/1/2043	238	\$103,170.00	\$7,591,624.34
2/1/2043	239	\$103,170.00	\$7,511,468.45
3/1/2043	240	\$103,170.00	\$7,431,057.72
4/1/2043	241	\$103,170.00	\$7,350,477.19
5/1/2043	242	\$103,170.00	\$7,269,640.49
6/1/2043	243	\$103,170.00	\$7,188,546.78
7/1/2043	244	\$103,170.00	\$7,107,195.27
8/1/2043	245	\$103,170.00	\$7,025,585.13
9/1/2043	246	\$103,170.00	\$6,943,715.54
10/1/2043	247	\$103,170.00	\$6,861,585.67
11/1/2043	248	\$103,170.00	\$6,779,194.69
12/1/2043	249	\$103,170.00	\$6,696,541.78
1/1/2044	250	\$103,170.00	\$6,613,626.10
2/1/2044	251	\$103,170.00	\$6,530,446.82
3/1/2044	252	\$103,170.00	\$6,447,003.10
4/1/2044	253	\$103,170.00	\$6,363,294.10
5/1/2044	254	\$103,170.00	\$6,279,318.97
6/1/2044	255	\$103,170.00	\$6,195,076.87
7/1/2044	256	\$103,170.00	\$6,110,566.95
8/1/2044	257	\$103,170.00	\$6,025,788.37
9/1/2044	258	\$103,170.00	\$5,940,740.25
10/1/2044	259	\$103,170.00	\$5,855,421.75
11/1/2044	260	\$103,170.00	\$5,769,832.02
12/1/2044	261	\$103,170.00	\$5,683,970.17
1/1/2045	262	\$103,170.00	\$5,597,835.36
2/1/2045	263	\$103,170.00	\$5,511,426.71
3/1/2045	264	\$103,170.00	\$5,424,743.36
4/1/2045	265	\$103,170.00	\$5,337,784.42
5/1/2045	266	\$103,170.00	\$5,250,549.03
6/1/2045	267	\$103,170.00	\$5,163,036.30
7/1/2045	268	\$103,170.00	\$5,075,245.35
8/1/2045	269	\$103,170.00	\$4,987,175.30
9/1/2045	270	\$103,170.00	\$4,898,825.26
10/1/2045	271	\$103,170.00	\$4,810,194.34

<u>Payment Date</u>	<u>Month</u>	<u>Rent</u>	<u>Early Buy-Out Price</u>
11/1/2045	272	\$103,170.00	\$4,721,281.65
12/1/2045	273	\$103,170.00	\$4,632,086.30
1/1/2046	274	\$103,170.00	\$4,542,607.37
2/1/2046	275	\$103,170.00	\$4,452,843.98
3/1/2046	276	\$103,170.00	\$4,362,795.21
4/1/2046	277	\$103,170.00	\$4,272,460.16
5/1/2046	278	\$103,170.00	\$4,181,837.92
6/1/2046	279	\$103,170.00	\$4,090,927.58
7/1/2046	280	\$103,170.00	\$3,999,728.23
8/1/2046	281	\$103,170.00	\$3,908,238.93
9/1/2046	282	\$103,170.00	\$3,816,458.77
10/1/2046	283	\$103,170.00	\$3,724,386.83
11/1/2046	284	\$103,170.00	\$3,632,022.18
12/1/2046	285	\$103,170.00	\$3,539,363.88
1/1/2047	286	\$103,170.00	\$3,446,411.01
2/1/2047	287	\$103,170.00	\$3,353,162.62
3/1/2047	288	\$103,170.00	\$3,259,617.79
4/1/2047	289	\$103,170.00	\$3,165,775.55
5/1/2047	290	\$103,170.00	\$3,071,634.98
6/1/2047	291	\$103,170.00	\$2,977,195.12
7/1/2047	292	\$103,170.00	\$2,882,455.02
8/1/2047	293	\$103,170.00	\$2,787,413.73
9/1/2047	294	\$103,170.00	\$2,692,070.28
10/1/2047	295	\$103,170.00	\$2,596,423.72
11/1/2047	296	\$103,170.00	\$2,500,473.08
12/1/2047	297	\$103,170.00	\$2,404,217.40
1/1/2048	298	\$103,170.00	\$2,307,655.71
2/1/2048	299	\$103,170.00	\$2,210,787.03
3/1/2048	300	\$103,170.00	\$2,113,610.39
4/1/2048	301	\$103,170.00	\$2,016,124.81
5/1/2048	302	\$103,170.00	\$1,918,329.31
6/1/2048	303	\$103,170.00	\$1,820,222.90
7/1/2048	304	\$103,170.00	\$1,721,804.59
8/1/2048	305	\$103,170.00	\$1,623,073.39
9/1/2048	306	\$103,170.00	\$1,524,028.31
10/1/2048	307	\$103,170.00	\$1,424,668.35
11/1/2048	308	\$103,170.00	\$1,324,992.51
12/1/2048	309	\$103,170.00	\$1,224,999.78
1/1/2049	310	\$103,170.00	\$1,124,689.16
2/1/2049	311	\$103,170.00	\$1,024,059.64
3/1/2049	312	\$103,170.00	\$923,110.19
4/1/2049	313	\$103,170.00	\$821,839.82
5/1/2049	314	\$103,170.00	\$720,247.48
6/1/2049	315	\$103,170.00	\$618,332.17
7/1/2049	316	\$103,170.00	\$516,092.85
8/1/2049	317	\$103,170.00	\$413,528.49



<u>Payment Date</u>	<u>Month</u>	<u>Rent</u>	<u>Early Buy-Out Price</u>
9/1/2049	318	\$103,170.00	\$310,638.07
10/1/2049	319	\$103,170.00	\$207,420.54
11/1/2049	320	\$103,170.00	\$103,874.86

**LEGAL DESCRIPTION**  
For  
**COMMONWEALTH OF KENTUCKY**  
Bluegrass Station Division

**AMENDED DESCRIPTION FOR LEASE AREA 'B' – BUILDING 344**

Being a parcel of land located in the Avon community of Fayette County, Kentucky, on the Northerly side Briar Hill Road (KY Highway 57), approximately 0.7 mile Easterly of Haley Road (KY Highway 857), inside the Bluegrass Station site and more particularly described as follows:

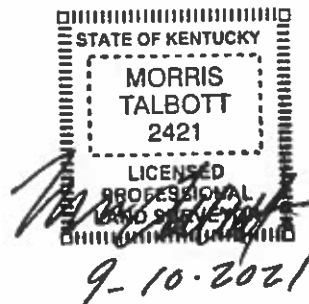
Beginning on a point on the Westerly side of Club Road (previously referred to as Burma Road), said point having KY State Plane Coordinates (KY North Zone) of 210,440.80 North and 1,621,335.96 East, said point being located on land conveyed to the Commonwealth of Kentucky by Deed from the United States of America as recorded in Deed Book 2835, Page 242, Office of the County Clerk, Fayette County, Kentucky, said point being the Point of Beginning of original Lease 'B'; thence, with the original line of Lease 'B' running parallel to and 50 feet from the centerline of Club Road, as currently constructed, S22°21'31"W, crossing the boundary line of another tract of land conveyed to the Commonwealth of Kentucky by Deed from the United States of America as recorded in Deed Book 2713, Page 639 at 426.40 feet, a total distance of 528.00 feet to a point, said point being the original Southeasterly boundary corner of Lease 'B'; thence, with the original Southerly line of Lease 'B' and as extended herein, N67°38'29"W, passing through the Southwesterly corner of the original Lease boundary at 193.00 feet, a total distance of 294.43 feet to a point at the new Lease boundary corner as being amended hereto; thence, N17°16'18"E, along the Easterly edge of the existing pavement of 13<sup>th</sup> Avenue, a distance of 426.96 feet to a point, a new Lease boundary corner as amended hereto; thence, N75°57'02"E along the Southerly side of Burma Road as originally constructed, crossing back onto the property conveyed to the Commonwealth of Kentucky as recorded in Deed Book 2835, Page 242, aforesaid, at 70.09 feet, a total distance of 173.07 feet to the Northwesterly boundary corner of original Lease 'B'; thence, with the Northerly boundary line of the original Lease 'B', S67°38'29"E, a distance of 193.00 feet to the point of beginning, containing 160,244 square feet.

The above description amends the original Lease Area by adding 58,340 square feet to the original Lease Area of 101,904 square feet, for a total of 160,244 square feet.

The above described Lease Area is located on two tracts of land conveyed to the Commonwealth of Kentucky, by Deeds from the United States of America, said Deeds are recorded in Deed Book 2835, Page 242 and Deed Book 2713, Page 639, Office of the County Clerk, Fayette County, Kentucky.

This Legal Description prepared by:

Morris A. Talbott, KY PLS #2421  
319 Tucker Station Road  
Louisville, KY 40243  
(502) 244-3876  
aels@bellsouth.net



EXCEPTIONS TO DRAWING  
 THIS DRAWING IS SUBJECT TO ALL RIGHTS OF WAY, EASEMENTS, CONVEYANCES AND RESTRICTIONS THAT A TITLE EXAMINATION WOULD REVEAL. NO TITLE REPORT WAS PROVIDED BY OWNER.

NUM	BEARING	DISTANCE
L-7	S72°29'58"W	75.00'
L-8	N63°53'40"W	334.01'
L-9	N16°30'28"E	381.49'
L-10	N16°20'31"W	29.98'

BOUNDARY LINE CALLS  
 (THIS SURVEY)

LEGEND

- COMA. OF KY BOUNDARY LINE (THIS SURVEY)
- EXISTING LEASE BOUNDARY LINE
- CONSOLIDATED LEASE BOUNDARY LINE
- Z-Z- EASEMENT LINE (TYPE NOTED)
- ROADWAY CENTERLINE
- EDGE OF EXISTING PAVEMENT
- STATE PLANE COORDINATES AT LEASE BOUNDARY CORNER (KY NORTH ZONE) (N22°21'31"E) (528.00')
- RETIRED LEASE LINE IN PARENTHESES (528.00')

- ▲ MONUMENTS
- ▲ ALL PROPERTY CORNERS HAVE BEEN MONUMENTED WITH 1/2" RE-BAR WITH PLASTIC CAP STAMPED "PLA 01 2421" SET THIS SURVEY UNLESS OTHERWISE NOTED.
- ▲ CALCULATED BOUNDARY CORNER
- ▲ 1/2" REBAR (FOUND) - CAP STAMPED "CORPS 100-KY"
- ▲ 1/2" REBAR (FOUND) - NO CAP

EXISTING BUILDING 221

COMMONWEALTH OF KENTUCKY  
 DEED BOOK 2713 PAGE 639

13TH AVENUE

COMMONWEALTH OF KENTUCKY  
 DEED BOOK 2713 PAGE 639

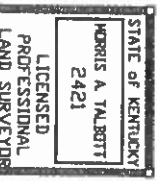
CLUB ROAD

COMMONWEALTH OF KENTUCKY  
 DEED BOOK 2835 PAGE 242

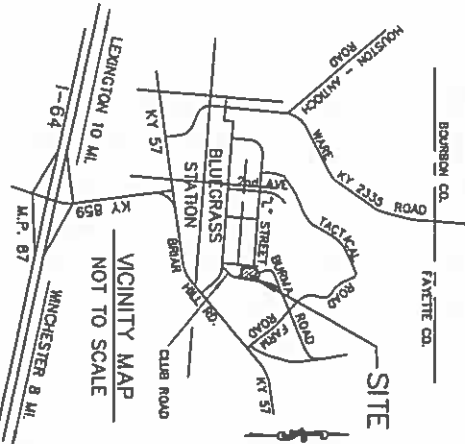
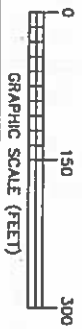
NOTES

1. THE HORIZONTAL COORDINATES SHOWN HEREON ARE BASED ON NAD (83) HORIZONTAL DATUM, KENTUCKY NORTH ZONE (1860), WGS 84 ELLIPSOID, WITH GRID MODEL G202807 (1). ELEVATIONS ARE BASED ON NAVD 83 DATUM. A SONAR GRID (OUL FERGUSON) RECEIVER UTILIZING REAL TIME WMS CORRECTIONS FROM THE KNOT CORS NETWORK WAS USED TO DETERMINE GRID NORTH AND COLLECT DATA FOR THIS TOPOGRAPHIC SURVEY.

2. I HEREBY CERTIFY THAT THIS BOUNDARY SURVEY AND PLAT WERE MADE UNDER MY SUPERVISION AND THAT THE ANGULAR AND LINEAR MEASUREMENTS OF THE BOUNDARY ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. THIS SURVEY AND PLAT MEET OR EXCEEDS THE MINIMUM STANDARDS OF GOVERNING AUTHORITIES. THIS SURVEY IS ONLY FOR THE LEASE AREA, AS IT RELATES TO THE BOUNDARY LINE AND IS NOT A COMPLETE BOUNDARY SURVEY. THE BOUNDARY LINE SURVEY SHOWN HEREON WAS PERFORMED ON 5-23-2013.



MORRIS A. TALBOT, KY #LS 82421  
 DATE 9-16-2021  
 319 TUCKER STATION ROAD, LOUISVILLE, KY 40243  
 (502) 244-3876  
 ota@moa.surveyor.net



RECAPITULATION  
 BUILDING 344 - LEASE 'B'  
 AREA OF ORIGINAL LEASE 'B' 101,904 SQ. FT.  
 AREA ADDED TO LEASE 'B' 58,340 SQ. FT.  
 (THIS SURVEY)  
 AMENDED AREA 160,244 SQ. FT.

IN CONNECTION WITH: DECA PROJECT 095C8D2B10601  
 PLAT OF AMENDED LEASE AREA SURVEY  
 BUILDING 344

COMMONWEALTH OF KENTUCKY (OWNER & CLIENT)  
 BLUEGRASS STATION DIVISION  
 5251 BRIAR HILL ROAD  
 LEXINGTON, KY 40516

TITLE REFERENCE D.B. 2713 PAGE 639  
 D.B. 2835 PAGE 242  
 COUNTY OF FALETTE, KENTUCKY  
 SITE ADDRESS: 5721 BRIAR HILL RD.  
 319 TUCKER STATION ROAD  
 LOUISVILLE, KY 40243  
 (502) 244-3876

THIS PLAT REPRESENTS A PARTIAL BOUNDARY SURVEY & COMPARES WITH 201 MAR 18 190 SURVEYED B-7-2021 REV. 1  
 DRAWN 9-28-2021 REV. 2  
 ENGINEERING AND SURVEYING, LLC  
 319 TUCKER STATION ROAD  
 LOUISVILLE, KY 40243  
 (502) 244-3876



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

**Andy Beshear**  
GOVERNOR

**Holly M. Johnson**  
SECRETARY

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

**Sam Ruth**  
COMMISSIONER

**Scott Aubrey**  
DIRECTOR

January 26, 2022

**M E M O R A N D U M**

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

**FROM:** Scott Aubrey, Director *SA*  
Division of Real Properties

**SUBJECT:** Bluegrass Station Division  
Built-to-Suit Building #344  
Department of Military Affairs  
Lease Modification #3 and Ground Lease Amendment #2  
PR-5355 and CLR-1979 - Fayette County

Attached for your review and approval are Lease Modification #3 to PR-5355 and Ground Lease Amendment #2 to CLR-1979, between the Commonwealth of Kentucky, Department of Military Affairs, Bluegrass Station Division, and Setzer Properties BGS II, LLC.

Buildings #341 and #344 at Bluegrass Station Division were constructed through the award of a built-to-suit solicitation to Setzer Properties II, LLC. As part of the award, the parties entered into a Ground Lease Agreement, dated August 27, 2013, with the Commonwealth as Lessor and Setzer as Lessee, for 101,904 square feet of land (or 2.34) acres at Bluegrass Station Division to provide property for Setzer to construct a 240,000 square foot non-climate controlled warehouse and related infrastructure, a 203,000 square foot gravel storage area, a 100,000 square foot reinforced concrete storage area, a 20,000 square foot non-climate controlled semi-open storage structure (LEASE AREA A - Building #341). and a 51,000 square foot gravel storage area and a 29,000 square foot reinforced concrete storage area (LEASE AREA B – BUILDING #344), at Bluegrass Station Division. Additionally, the Commonwealth entered into a Lease Agreement, PR-5355, dated August 27, 2013, leasing from Setzer the constructed improvements. The original rental consideration for the Lease was \$4.14 per square foot or \$89,789.00 per month, or \$1,077,468.00 annually for a lease term of one hundred, fifty-five months (twelve years and eleven months). Bluegrass Station built-to-suit structures are typically subleased to federal occupants, and this project is no exception. The rental received from federal tenants pays for Bluegrass Station’s rent to the Lessors of the built-to-suit structures.

MEMORANDUM TO  
Holly M. Johnson  
January 26, 2022  
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The Lease was amended by Lease Amendment #1, dated November 26, 2013, revising the construction project, at the federal tenant's request, from (the RFP-required) gravel to reinforced concrete of Lot "S" adjacent to Building #344, revising the final completion date to February 11, 2014, revising the substantial completion date to January 31, 2014, and granting the Lessee, without cost, the unmanned use of 60,000 square feet for approximately fifteen days in January and the first eleven days in February. The \$451,050.00 cost of the improvement project was amortized over the life of the Lease Agreement, through May 31, 2027, increasing the monthly rental from \$89,789.00 to \$92,698.00 or \$1,112,376.00 annually. The Lease was subsequently amended by Lease Amendment #2, dated June 30, 2014, establishing the effective date of the Lease Agreement as June 23, 2014. The Ground Lease was amended by Lease Amendment #1, dated June 30, 2014, establishing the term of the Ground Lease as June 30, 2014 through May 31, 2027.

The Department of Military Affairs, Bluegrass Station Division, requested, at the federal subtenant's behest and for national security purposes, the modification of Building #344 through the construction of a two-story, 65,327 square foot building, with the second floor connected to a new 5,846 square feet warehouse that will then be connected to Building 344. The first floor of the two-story building will contain 33,195 square feet and the second floor will contain 32,132 square feet. The first floor will be finished out as a secured storage facility with a complex scope. The second floor will be an open conditioned warehouse that for the time being will contain mainly mechanical rooms. The 5,846 square foot building will be finished as warehouse space and will have two drive through doors on each end. This building will provide additional indoor storage for vehicles and equipment that is in and around Building 344. This modification project will provide 39,041 usable square feet to Building #344 (calculated using the occupied portions of the first floor and the connector).

SOFSA, the subtenant for whom this structure is required, is operating under a waiver for the storage facility, which waiver expires in April, 2022. Bluegrass Station has advised that the federal government will continue the waiver, as long as the annex building is under construction.

Bluegrass Station Division requested that Setzer, the existing Lessee of the Ground Lease and Lessor of the Lease Agreement, be allowed to construct the federally requested modification, without solicitation, in accordance with KRS 56.820(4)(a). KRS 56.820(4)(a) allows that, "... the secretary of the Finance and Administration Cabinet, on behalf of the Department of Military Affairs, may approve modifications to existing buildings if the source of the payments by the Department of Military Affairs for the improvements are made through an agreement with an agency of the United States government, or through an increase in the term of the lease, provided that the improvements are procured by the Department of Military Affairs pursuant to the provisions of KRS Chapter 45A...".

MEMORANDUM TO  
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The Finance and Administration Cabinet determined that a solicited construction project for the federally requested annex building would be impractical, since the location of the annex structure is required by the federal subtenant to be in close proximity to Building #344 and that land is currently under lease with the Lessor, through CLR-1979 – Fayette County.

The practical resolve is to modify both the Ground Lease (CLR-1979) to increase the amount of leased land and the Lease Agreement (PR-5355) to allow for construction of the federally requested Annex, as a modification to Building #344. Amendment #2 to CLR-1979 will modify “Area B” the existing Ground Lease Agreement by increasing the leased land area by 58,340 square feet (1.339 acres) to allow for the federally requested Annex and access thereto. The Lease Modification #3 to the Lease will increase the amount of leased space by 39,041 square feet of usable/rentable square feet into the constructed Annex. Both Amendment #2 and Modification #3 will extend the term of both the Lease Agreement and the Ground Lease Agreement by twenty-two and one-half (22.5) years, which amount of time is required by the Lessee to amortize the cost of the Annex over the life of the agreements. The resolve is in accordance with KRS 56.820(4)(a).

Setzer’s final cost proposal and plans for the proposed project have been reviewed by both the Office for Financial Management (OFM) and the Division of Engineering and Contract Administration (DECA). Attached are both agencies’ comments regarding the proposed cost of the project and review of the plans, both of which are affirmative in nature.

KRS 56.820(4)(b) Construction on state-owned land under built-to-suit lease agreements -- Leases without conveyance of title -- Buildings located in Fayette County, requires that any, “... lease modification approved by the secretary of the Finance and Administration Cabinet pursuant to this subsection shall be reported by the cabinet to the Legislative Research Commission for referral to an appropriate legislative committee within thirty (30) days of the execution of the lease modification.”

As such, the attached Ground Lease Amendment #2, revising Leased Area B and extending the Ground Lease by twenty-two and one-half years, and Lease Modification #3, revising Leased Area B, allowing for the construction of the Annex project, establishing the rental for the Lease Agreement, and extending the Lease by twenty-two and one-half years, are both hereby presented for your approval. Please note that

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Exhibit A to the Lease Modification #3, is a preliminary exhibit establishing the amortization schedule for the project, beginning April 1, 2023. Should the Annex project not be completed by April 1, 2023, a revised amortization schedule will be attached as an exhibit to the future modification #4, which modification #4 will establish the actual effective date of the Annex project.

RECOMMENDED:



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Sam Ruth, Commissioner  
Department of Facilities and Support Services

354 Waller Avenue | Suite 200 | Lexington, KY 40504  
phone 859.514.7767  
fax 859.281.6335

November 16, 2021

Ms. Nancy E. Brownlee  
Division of Real Properties  
Finance and Administrative Cabinet  
403 Wrapping Street  
3<sup>rd</sup> Floor, Bush Building  
Frankfort, KY 40601

RE: Bluegrass Station, Building 344 Expansion – Secured Storage Facility

Dear Nancy:

The purpose of this letter is to update our previous letter dated July 21, 2021, that outlined a proposal to expand Building 344 at Bluegrass Station. The expansion includes a new two story 65,327 square foot building, with the second floor connected to a new 5,846 square feet warehouse that will then be connected to Building 344. The first floor of the two-story building will contain 33,195 square feet and the second floor will contain 32,132. The first floor will be finished out as a secured storage facility with a complex scope. The second floor will be an open conditioned warehouse that for the time being will contain mainly mechanical rooms. The 5,846 square foot building will be finished as warehouse space and will have two drive through doors on each end. This building will provide additional indoor storage for vehicles and equipment that is in and around Building 344.

After discussions with Bluegrass Station and the end users, the most efficient structure would be to amend the lease of Buildings 341 and 344 to incorporate the expansion of 344. The original lease rate on 341 and 344 was \$4.14 per square foot and was amended to \$4.28 per square foot when we installed the reinforced concrete. The current lease term expires May 22, 2027 (less than six years).

Under a new amendment to the lease, we are assuming a construction start date of January 2022, and a construction duration of 15 months. The monthly rent would go from \$92,698 to \$106,168 through April 2027 (expiration of current lease). The increase is calculated using the occupied portions of the new buildings, which includes the first floor and the connector building totaling 39,041 square feet at \$4.14 per square foot. Starting May 1, 2027, the new monthly lease payment would be reduced to \$103,170. At this time the original rental rate of \$4.14 would go back into effect on the original 260,000 square feet and the expanded area 39,041 square feet would remain at \$4.14.

The amended lease would go into effect April 1, 2023, and the expiration date would be extended to November 30, 2049, or an additional 22.5 years past the current expiration. This considers taking the existing debt and equity at the end of construction and refinancing it with the new construction and financing costs totaling \$16,046,685.

Sincerely,



R. Banks Hudson, IV



## BUILD-TO-SUIT

### Bluegrass Station - Expansion Building 344

Developer's Name: Brett Construction Co. / Setzer Properties, LLC

Address: 354 Waller Avenue, Suite 200

Lexington, KY 40504

Telephone: 859-255-7901 / 859-514-7767

2nd Floor Warehouse SF	39,446
Vault SF	33,195
Total Building SF	72,641

	Price	Price Per Square Foot
<b>GENERAL CONTRACTOR COSTS</b>		
1. Building Cost		
A. General Conditions	\$ _____	_____
B. Site Work	\$ _____	No Rock Clause
C. Concrete	\$ _____	Extensive Retaining Wall
D. Masonary	\$ _____	_____
E. Metals	\$ _____	_____
F. Woods & Plastics	\$ _____	_____
G. Thermal & Moisture Protection	\$ _____	_____
H. Openings	\$ _____	_____
I. Finishes	\$ _____	_____
J. Specialties	\$ _____	_____
K. Equipment	\$ _____	_____
L. Conveying Systems	\$ _____	_____
M. Mechanical	\$ _____	Exhaust in Gunsmith Rm
N. Electrical	\$ _____	_____
<b>TOTAL: GENERAL CONTRACTOR</b>	<b>\$ 12,555,890.00</b>	<b>\$ #REF!</b>
<b>DEVELOPER COSTS</b>		
14. Soft Costs		
A. Survey and Phase I	\$ 10,000.00	\$ _____
B. Legal Costs	\$ 60,000.00	\$ _____
C. Title Insurance	\$ 35,000.00	\$ _____
D. Closing Costs	\$ 15,000.00	\$ _____
E. Construction Interest	\$ 350,000.00	\$ _____
F. Construction Financing Fees	\$ 60,000.00	\$ _____
G. Prepayment Penalty	\$ 130,000.00	\$ _____
H. Developer Profit	\$ 500,000.00	\$ _____
I. Insurance Escrow	\$ 240,000.00	\$ _____
J. Special Inspections	\$ 60,000.00	\$ _____
K. Note Payment Reserve	\$ 105,000.00	\$ _____
<b>TOTAL: DEVELOPER COSTS</b>	<b>\$ 1,565,000.00</b>	<b>\$ #REF!</b>
<b>TOTAL PROJECT COSTS</b>	<b>\$ 14,120,890.00</b>	<b>\$ #REF!</b>