

September 16, 2022

Senator Jason Howell, Co-Chair,
Representative Chris Freeland, Co-Chair
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capitol Annex Building - Room 34
702 Capitol Avenue
Frankfort, Kentucky 40601

Dear Senator Howell, Representative Freeland and Members of the Capital Projects and Bond Oversight Committee:

Pursuant to KRS §56.823 this is to report a lease for the University of Kentucky (UK) that will exceed \$100,000 annually. The University, after careful consideration, determined that this lease is in the best interests of UK and the Commonwealth of Kentucky.

This lease is between UK and Easter Seals Society, Inc., for 25,017 square feet of clinical and administrative space at 1900 Richmond Road in Lexington. The cost of this lease is \$39.53 per rentable square foot (\$22.00 base rent + \$17.53 amortized fit up), with an annual cost of \$988,922.01. The effective date of the lease will be October 1, 2022 (contingent upon the Committee's approval) with an expiration date of June 30, 2030.

UK requires space to support UK HealthCare's (UKHC) Pediatrics outpatient programs including a complex care clinic, developmental pediatrics and the NICU graduate clinic. UKHC is partnering with Easter Seals on a new comprehensive model of multidisciplinary care for children with special healthcare needs. Currently, families struggle with the logistics of caring for their children as there is not a Kentucky model where these services are provided in one location. Thus, families must go to multiple sites to obtain the appropriate care for their children. The children who will be served have multiple medical and social needs and bringing these services together will ease the burden on their families. This partnership will increase patient access to these pediatric services and will create programmatic synergy to better serve the children of the Commonwealth. There will also be opportunities for community partners to work together to pool resources. This location is an excellent as it provides easy access (parking, entryway, check-in) and close to main campus.

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

Sincerely,



George Ward
Executive Director

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

Real Estate Services Division

Report to Capital Projects and Bond Oversight Committee

Lease with Annual Rental Exceeding \$100,000
(to be reported after lessor selection, but before lease execution)

Lease number: PR8502

County: Fayette

Lessee: University of Kentucky, UK HealthCare Pediatric Development Program

Lessor: Easter Seals Society, Inc, 2050 Versailles Road, Lexington, Kentucky 40504

Property location: 1900 Richmond Road, Fayette County, Lexington, Kentucky

Check one: new lease renewal addendum

Type of space: Clinical/Administrative

Total square feet being leased: 25,017

Cost per square foot: Base Rent = \$22.00/rentable square foot, Additional Rent Amortized fit up = \$17.53/rentable square foot

Annual cost: \$988,922.01

Average square foot cost of state leased cost in county: \$36.00/sf Clinical Space

Includes utilities: yes no

Cancellation clause: yes no

If yes, explain terms: 30 Days

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

Effective date: October 1, 2022

Expiration date: June 30, 2030

Justification for lease: A need has been identified to provide space to support UK HealthCare's Pediatrics outpatient programs including a complex care clinic, developmental pediatrics and the NICU graduate clinic. UK HealthCare is partnering with Easter Seals on a new comprehensive model of multidisciplinary care for children with special healthcare needs for this location. Currently, families struggle with the logistics of caring for their children as there is not a Kentucky model where these services are provided in one location. Thus, families must go to multiple sites to obtain the appropriate care for their children. The children who will be served have multiple medical and social needs and bringing these services together will ease the burden on their families. This partnership will increase patient access to these pediatric services and will create programmatic synergy to better serve the children of the Commonwealth. There will also be opportunities for community partners to work together to pool resources.

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

Explanation of why the University of Kentucky chose this lessor over the competition: An RFP was issued with four responses, but only one best and final response received. After careful review this space was determined to be in the best interests of the University and the Commonwealth of Kentucky.

FCR 6

Office of the President
September 16, 2022

Members, Board of Trustees:

APPROVAL OF LEASE

Recommendation: that the Board of Trustees authorize the Executive Vice President for Finance and Administration to negotiate and execute a lease for the University of Kentucky for space located at 1900 Richmond Road, Lexington, Kentucky with the Easter Seals Society.

Background: All leases in excess of \$200,000 annually are approved by the Board of Trustees pursuant to Governing Regulation II.E.2 (d)(4)(f). The president or his designated representative is authorized to enter into leases and easements not exceeding \$200,000 in value.

A need has been identified to provide space that supports UK HealthCare's (UKHC) Pediatrics outpatient programs including a complex care clinic, developmental pediatrics and the Neonatal Intensive Care Unit (NICU) graduate clinic. UKHC is partnering with Easter Seals on a new comprehensive model of multidisciplinary care for children with special health care needs. Currently, families struggle with the logistics of caring for their children as there isn't a model in Kentucky where these services are provided in one location. Families must go to multiple sites to obtain the appropriate care for their children. The children who will be served have multiple medical and social needs and bringing these services together will ease the burden on families. This partnership will increase patient access to these services and will create programmatic synergy to better serve the children. This co-location will also create opportunities for community partners to work together to pool resources.

The leased space will comprise 25,017 square feet with an annual base rent of \$550,374 plus amortized rent of \$438,555 as repayment of fit up costs to be funded with agency funds and Children's Miracle Network donations.

KRS §48.111 requires legislative authorization of all leases with an annual cost of \$200,000 or more. This lease was authorized by the 2022 Session of the Kentucky General Assembly. Contingent upon the of Trustees' approval, the lease will be reported to the Kentucky Capital Projects and Bond Oversight Committee pursuant to KRS §56.823.

Action taken: Approved Disapproved Other _____

UK HealthCare (/uk-healthcare)

KCH, Easterseals partner to expand services for kids with special health care needs

By Hilary Brown (/authors/hilary-brown-0) Sept. 15, 2022



KCH will lease space from Easterseals Bluegrass to house clinics for children with complex medical needs.

LEXINGTON, Ky. (Sept. 15, 2022) — UK HealthCare's Kentucky Children's Hospital (KCH) (<https://ukhealthcare.uky.edu/kentucky-childrens-hospital>) and Easterseals Bluegrass (<https://www.easterseals.com/>) (formerly known as Easterseals Cardinal Hill) are partnering to expand services for children who require complex medical and developmental care.

Easterseals Bluegrass, a Lexington-based nonprofit recently purchased the former Shriners Children's Hospital property on Richmond Road in Lexington to expand services.

As part of the plan, KCH will lease 25,000 square feet in the Richmond Road facility for three specialty clinics. The lease agreement was approved Thursday by the University Health Care Committee and will be executed pending approval Friday by the University of Kentucky Board of Trustees.

The clinics include:

- Complex Care Clinic (<https://ukhealthcare.uky.edu/kentucky-childrens-hospital/services/pediatric-specialty-services/infant-complex-care-clinic>), which provides medical and developmental follow-up care for infants and young children up to age 5 with medical complexity.
- Developmental Pediatrics Clinic (<https://ukhealthcare.uky.edu/kentucky-childrens-hospital/services/developmental-pediatrics>), which offers screening, diagnostic and therapeutic services for children with complex developmental-behavioral conditions such as autism.
- NICU Graduate Clinic (<https://ukhealthcare.uky.edu/kentucky-childrens-hospital/services/neonatal-intensive-care-unit/nicu-graduate-clinic>), a clinical site for babies and young children with special medical needs. The clinic not only serves babies who were cared for in the KCH Neonatal Intensive Care Unit (NICU), but also children born prematurely who are at risk for developmental problems.

“Families struggle with the logistics of caring for their children because there isn’t a model in Kentucky where these services are provided in one location,” said Scottie B. Day, M.D., physician-in-chief at Kentucky Children’s Hospital. “They must go to multiple sites to get the appropriate care for their children. This partnership will increase patient access to these services and better serve the children of the Commonwealth.”

Designed with patients with special health care needs in mind, the space features a single floor layout, family restrooms with adult-sized changing tables, observation rooms so providers and families can observe the care being provided and quiet waiting rooms for patients with complex sensory needs.

“From the beginning, our mission has been to ensure all children and adults have access to high quality health care and services,” said Jamie Ellis, executive director of Easterseals Bluegrass.

Funding for the new clinical spaces for KCH is made possible in part by a generous donation from Children’s Miracle Network Hospitals local partners. Additional donor opportunities will be available as the facility and patient base expands.

“Without our Children’s Miracle Network Hospitals partnerships, this new space and our ability to expand our clinics wouldn’t be possible,” said Day. “This will be the only facility of its kind in the state; with Easterseals Bluegrass, we’re building this with growth in mind so that we can continue to

expand complex, multidisciplinary care.”

Construction and renovations of the facility are expected to be complete in 2023.

“Our goal in purchasing this iconic property was to find a health care partner who shares the vision of providing quality care in a center of excellence,” said Gregg Thornton, chair of Easterseals Bluegrass Board of Directors. “With this new facility and partnership, we will be able to bridge the gap between providers and Kentucky families will have access to more health care services in one convenient location.”

Easterseals Bluegrass will expand services that are currently offered and add additional services at the new location including:

- Creative Beginnings Child Development Center which offers child care for children typically developing and with special needs ages 6 weeks to kindergarten.
- Pediatric outpatient physical therapy, occupational therapy and speech therapy.
- Adaptive recreation that promotes healthy and active lifestyles for people with disabilities.
- Adult Day Health which offers medical care and social services for individuals who have developmental, intellectual and/or physical disabilities.
- HorseAbility, a summer day program for school aged children with health care needs.
- A day program for medically fragile children (also called Prescribed Pediatric Extended Care) will be added in February 2023.

About KCH

Kentucky Children's Hospital, part of UK HealthCare, is committed to providing the best care possible, for children as well as families. With the region's only Level I pediatric trauma center and Level IV neonatal intensive care unit, more than 30 advanced subspecialty programs such as pediatric oncology and pediatric surgery and nationally ranked by the U.S. News and World Report in both pediatric heart care and orthopaedics, KCH is equipped to provide the highest level of care to young patients, close to home.

About Easterseals

For nearly a century, Easterseals has served individuals with disabilities and special needs throughout Kentucky. The organization built and operated Cardinal Hill Rehabilitation Hospital until 2015 when it was sold to Encompass Health. The inpatient hospital will remain at its current location. The programs operated by Easterseals Bluegrass will relocate to Richmond Road. Easterseals Bluegrass is dedicated to creating environments that foster inclusion and empowerment for all regardless of circumstance.

The University of Kentucky is increasingly the first choice for students, faculty and staff to pursue their passions and their professional goals. In the last two years, Forbes has named UK among the best employers for diversity, and INSIGHT into Diversity recognized us as a Diversity Champion four years running. UK is ranked among the top 30 campuses in the nation for LGBTQ inclusion and safety. UK has been judged a "Great College to Work for" three years in a row, and UK is among only 22 universities in the country on Forbes' list of "America's Best Employers." We are ranked among the top 10 percent of public institutions for research expenditures — a tangible symbol of our breadth and depth as a university focused on discovery that changes lives and communities. And our patients know and appreciate the fact that UK HealthCare has been named the state's top hospital for five straight years. Accolades and honors are great. But they are more important for what they represent: the idea that creating a community of belonging and commitment to excellence is how we honor our mission to be not simply the University of Kentucky, but the University **for** Kentucky.*