



Andy Beshear
GOVERNOR

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

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


Holly M. Johnson
SECRETARY

Sam Ruth
COMMISSIONER

Scott Aubrey
DIRECTOR

MEMORANDUM

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

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

DATE: October 26, 2022

SUBJECT: PR-5706, Fayette County
Education & Labor 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-5706 File
BSH

REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

LEASE WITH ANNUAL RENTAL EXCEEDING \$100,000.00

Lease No.: PR-5706		County: Fayette	
Using Agency: Education & Labor Cabinet			
LESSOR (identify all parties having 5% or more ownership): Attached extra sheet if necessary		Bluegrass Area Development District	
Property Location: 2473 Fortune Drive, Suite 180, Lexington, KY			
Check One: <input checked="" type="checkbox"/> New Lease <input type="checkbox"/> Renewal <input type="checkbox"/> Modification			
Type Space: Office		Cost Per Square Foot: \$28.36	
Annual Rental Cost: \$114,943.08		Average Cost Per Square Foot of Leased-In Space in County: \$14.96	
Utilities Included: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Cancellation Clause:	<input checked="" type="checkbox"/> Yes If yes, explain terms: 30 Days		<input type="checkbox"/> No If no, explain why not:
Effective Date: To be determined		Expiration Date: June 30, 2029	
Justification for Lease: Please see attached			
Has the Finance & Administration Cabinet complied with statutory requirements: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, explain:			
Explain why the Finance & Administration Cabinet chose this lessor (see attached approval memo and modification): Please see attached			

COMMONWEALTH OF KENTUCKY LEASE AGREEMENT

LEASE/PR #	PR-5706, Fayette County	AGENCY/DEPARTMENT	Education and Labor Cabinet
INITIAL ENCUMBRANCE	\$	DIVISION	
ANNUAL ENCUMBRANCE	\$114,943.08	DATE	October 7, 2022
VENDOR CODE #	KY0040960	BUILDING CODE #	

THIS LEASE, entered into between: **Bluegrass Area Development District**, whose address is: **699 Perimeter Drive, Lexington, KY, 40517** (Business Phone: **859-269-8021**), his heirs and assigns, hereinafter called the "Sub 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 Sub 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 **2473 Fortune Drive, Suite 180, Lexington KY 40509**, in the County of **Fayette**.
- 1b. Said premises consisting of **4,053** square feet are to be rented at the cost of **\$28.36** per square foot and will be used by the Commonwealth for **Office** space.
2. The Commonwealth agrees to pay rent to the Sub Lessor for the leased premises at the rate of **\$28,735.77**, payable **Quarterly**. The Sub Lessor shall provide the Commonwealth with the following services: **None**, with **Thirty-Three (33)** non designated 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 **as specified in the attached addendum**, 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 **Six (6)** extension period(s) unless the Commonwealth shall give the Sub 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 **30TH** day of June **2029**. The Sub 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 and the Sub Lessor 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.
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 Sub 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 Sub 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 Sub 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 Sub Lessor within 15 days after such partial destruction or damage, and, if so suspended, no rent shall accrue to the Sub 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 Sub 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 Sub 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 Sub 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. The Sub 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

SUB 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. BS11/bb



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

Andy Beshear
GOVERNOR

Holly M. Johnson
SECRETARY

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

Sam Ruth
COMMISSIONER

Scott Aubrey
DIRECTOR

MEMORANDUM

TO: Scott Aubrey, Director
Division of Real Properties

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

DATE: October 7, 2022

SUBJECT: PR-5706, Fayette County
Education and Labor Cabinet

The Education and Labor Cabinet submitted a space request to be co-house with the Bluegrass Area Development District in Fayette County to accommodate thirteen employees, same indicating a need for approximately 4,958 square feet of space. The Division of Real Properties recently received a preliminary floor plan for the facility proposed for lease from the Development District. The immediately apparent variances between space allocations in the floor plan generated at the request of the Cabinet and the standards applied to the space request submitted by the agency indicated the use of 4,053 square feet in dedicated space and approximately 3,763 square feet in shared space (reception area, resource room, training room, conference room, break room and restrooms).

The rental cost per square foot includes cost consideration for the Cabinet use of the share space. The initial space distribution in the proposed facility is 35% Education and Labor Cabinet and 31% Bluegrass Area Development District, and results in a proposed lease agreement that will reflect payments based on the use of 4,053 square feet of space while allowing the Cabinet access to a total of 11,388 square feet. A pro rata application of the common/shared space in the proposed facility (i.e., the formula typically applied to standard commercial lease agreements and the formula that would otherwise be applied to a facility occupied exclusively by state agencies) results in space utilization totals of 7,816 square feet for the Cabinet. Based on total annual costs of \$114,943.08, the effective rental rate for the projected space utilization square footage is approximately \$28.36 per square foot and the effective rental rate for the total actual square footage the Cabinet will gain use of is approximately \$14.71 per square foot. The analysis of effective rental rates is included to allow for evaluation of the cost effectiveness of the Development District's proposal. The current average rental rate in Fayette County is \$16.32 per square foot and the last two competitive bid projects have produced proposed rental rates of \$16.50 and \$16.40 per square foot in Fayette County.

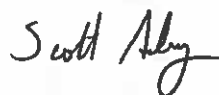


Memo to: Scott Aubrey, Director
PR-5706, Fayette County
Education and Labor Cabinet
October 7, 2022
Page Two

In accordance with applicable provisions of KRS 56.805(2), the attached lease agreement therefore provides for the use of 4,053 square feet of space at a rental rate of \$28.36 per square foot (\$114,943.08 annually), excluding utilities and janitorial services, with a term expiring June 30, 2029. Capital Projects and Bond Oversight Committee reporting is required for the proposed lease agreement and your approval of the proposed lease agreement is recommended to secure suitable space as requested by the Education and Labor Cabinet

JSA/BSH/br
Attachment

APPROVED:



Scott Aubrey, Director



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

Andy Beshear
GOVERNOR

Holly M. Johnson
SECRETARY


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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: October 31, 2022

SUBJECT: PR-5747, Perry County
Transportation Cabinet
Emergency Lease

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

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

BSH/bh
Attachment

Cc: Capital Construction Log
OSBD
PR-5747 File
BSH

REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

EMERGENCY LEASE AGREEMENT

KRS 56.823(5)/KRS 56.823(11)(b)

Lease No.: PR-5747		County: Perry
Using Agency: Transportation Cabinet		
LESSOR (identify all parties having 5% or more ownership): Attach extra sheet if necessary	ICG Natural Resources LLC	
Property Location: Williams Branch of Troublesome Creek, Perry County, KY		
Check One: <input checked="" type="checkbox"/> New Lease <input type="checkbox"/> Renewal <input type="checkbox"/> Modification		
Type Space: Flood Debris Storage	Cost Per Square Foot: \$500.00 per acre per month	
Annual Rental Cost: \$30,000.00	Average Cost Per Square Foot of Leased-In Space in County: \$N/A No Comparable Lease Agreements	
Utilities Included: <input type="checkbox"/> Yes <input type="checkbox"/> No (N/A)		
Cancellation Clause:	<input checked="" type="checkbox"/> Yes If yes, explain terms: 30 Days	<input type="checkbox"/> No If no, explain why not:
Effective Date: August 12, 2022	Expiration Date: To be determined	
Justification for Lease: Please see attached		
Has the Finance & Administration Cabinet complied with statutory requirements: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, explain:		
Explain why the Finance & Administration Cabinet chose this lessor (see attached approval memo and modification): Please see attached		

2022 FLOOD DEBRIS STORAGE LEASE AGREEMENT

WHEREAS, the COMMONWEALTH OF KENTUCKY, TRANSPORTATION CABINET, DEPARTMENT OF HIGHWAYS, pursuant to KRS 177.020(7), by and through its Commissioner of Highways, hereinafter DEPARTMENT, is required to maintain and repair state maintained highways within the Commonwealth, and ICG NATURAL RESOURCES, LLC, C/O ARK LAND, LLC hereinafter OWNER, is the owner of approximately 30 acres of vacant land located on Williams Branch of Troublesome Creek in Perry County, Kentucky; and

WHEREAS, the 2022 Flooding has created the need for extensive cleanup of vegetative debris from state and county maintained right-of-way within Perry, Knott and surrounding Counties;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

This Lease Agreement is made this 8th day of August, 2022, by and between ICG Natural Resources, LLC, One City Place Dr., Suite 300, St. Louis, MO 63141 as Lessor, and the Commonwealth of Kentucky, Transportation Cabinet, Department of Highways, 200 Mero Street, Frankfort, Kentucky as Lessee.

1. The DEPARTMENT does hereby lease approximately 5 acres of land from the OWNER which is located at Williams Branch of Troublesome Creek, Perry County, Kentucky, for the purpose of storing 2022 Flooding tree and brush debris until such time as removal of such materials by the DEPARTMENT is effectuated. The DEPARTMENT shall have full control of said leased space and, to any extent required under the aforesaid Contract, is hereby granted a temporary easement in and to said leased space.
2. The term of this lease shall be month to month commencing on the 12th day of August, 2022, but shall run from this date until such time as said materials are removed by the DEPARTMENT. The DEPARTMENT shall give thirty (30) days written notice of termination of the lease to OWNER.
3. The only debris to be received at this location will be tree and brush debris collected as a result of flood damage from highway right-of-way through the county wide storm debris removal contract.
4. ~~To the extent permitted by law, the OWNER agrees to indemnify and hold harmless the DEPARTMENT and all of its officers, agents, and employees from any and all damages, suits, actions and/or claims of any nature made by any person, entity, agency or party specifically including but not limited to those claims resulting from actions of the OWNER or any of its agents, guests, or invitees of whatsoever nature.~~
5. The DEPARTMENT agrees to remove all debris and return said land to its original condition including any necessary grading and vegetative cover/damage repair.

6. The sole consideration for this Lease Agreement is the payment of \$500 per month per acre by the DEPARTMENT to the OWNER and no cash or other payment shall be required of or made by the DEPARTMENT to the OWNER.

7. The undersigned, authorized representatives of both the OWNER and DEPARTMENT, certify that he/she accepts and acknowledges the aforementioned terms and conditions of this Lease Agreement.

Matthew Mignini 8/8/2022
Owner/Lessor Date
Vice President and Treasurer - ICG Natural Resources, LLC

DocuSigned by:
Todd Shipp 8/15/2022

Approved as to form & legality:
Attorney, Transportation Cabinet Date

DocuSigned by:
[Signature] 8/15/2022

Secretary, Transportation Cabinet Date

Patricia M. [Signature] 9/12/2022

Approved as to form & legality:
Attorney, Finance & Administration Cabinet Date

Heather M. Cannon 9-13-2022

Secretary, Finance & Administration Cabinet Date

Approved as to site and use (See Attached)
Energy & Environment Cabinet
Department of Environmental Protection
Division of Waste Management

License ID: SR# 22-044

PR# 5747



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

Andy Beshear
GOVERNOR

Holly M. Johnson
SECRETARY

Sam Ruth
COMMISSIONER

Scott Aubrey
DIRECTOR

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

MEMORANDUM

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

FROM: Scott Aubrey, Director SA
Division of Real Properties

DATE: September 7, 2022

SUBJECT: PR-5747, Perry County
Transportation Cabinet

The Kentucky Transportation Cabinet has submitted the attached lease agreement for execution pursuant to KRS 56.805 (3)(e) to promptly secure temporary debris storage site(s). The sites are used for temporary storage of debris resulting from the July/August 2022 flooding event(s) pending reduction or destruction of the collected material and restoration of the site. Capital Projects & Bond Oversight Committee reporting is required within thirty days of execution pursuant to KRS 56.823(5). The subject lease agreement provides for the use of 5 acres of land at a cost of \$500.00 per acre per month (\$30,000.00 annually) effective August 12, 2022 and continuing on a month to month basis until terminated by the Commonwealth. Your approval of the attached lease agreement is recommended to facilitate flood recovery activities as requested by the Transportation Cabinet.

Should you require additional information, please advise.

JSA/BSH/bh
Attachment

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



COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
transportation.ky.gov

Andy Beshear
GOVERNOR

Jim Gray
SECRETARY

August 1, 2022

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

Dear Secretary Johnson:

The Transportation Cabinet is requesting that an emergency declaration, under the provision of KRS 56.805, Section 3(e), be issued for the Commonwealth of Kentucky pursuant to the Governor's State of Emergency Declaration (attached).

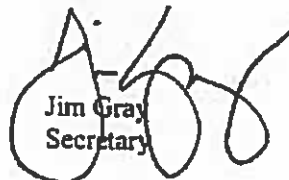
Beginning July 25, 2022, several counties in Kentucky, along with several other states, were hit with devastating flash floods. In addition to the power outages and other damage created by this storm, the storm left most public streets and roads in these counties littered and/or blocked by trees and limbs. Transportation Cabinet crews and contractors worked continuously for several days to reopen the roads. However, much of the debris still exists and in several places it is still blocking parts of roads or is immediately adjacent to the roadway.

The staff of both of our Cabinets has been working with local governments to establish contracts for the removal of this debris. However, several of the counties do not have approved areas to collect the debris and stage the destruction/reduction of the material. Leases with private landowners are reimbursable expenses through FEMA for this disaster as long as reasonable rates are arranged.

The Transportation Cabinet is using established and approved waste areas wherever possible. However, we need to make other arrangements in the counties that do not have in-place arrangements. Time is of the essence to restore public safety on our roadways and the lack of appropriate sites is preventing our contractors and our state forces from completing this mission.

Please contact Tracy Nowaczyk, Assistant State Highway Engineer, for any questions or additional information at tracy.nowaczyk@ky.gov.

Cordially,


Jim Gray
Secretary

Enc.



ANDY BESHEAR
GOVERNOR

EXECUTIVE ORDER

Secretary of State
Frankfort
Kentucky

2022-457
July 28, 2022

STATE OF EMERGENCY

Beginning on July 26, 2022, and continuing, a severe weather system generating multiple rounds of heavy torrential rain, creating flooding, flash flooding, mudslides, and landslides is impacting the Commonwealth of Kentucky; creating dangerous conditions and damage to public infrastructure, utility distribution systems, and private properties.

These conditions are endangering public health and safety and public and private property; and

State and local governments share responsibility for protection of public health, safety, and security as well as for the protection of public and private property and for taking appropriate actions to ensure the provision of essential public services;

NOW, THEREFORE, I, Andy Beshear, Governor of the Commonwealth of Kentucky, by virtue of the authority vested in me by the Constitution of Kentucky and by KRS Chapter 39A, do hereby declare a State of Emergency in the Commonwealth of Kentucky and do hereby ORDER and DIRECT that:

1. The Division of Emergency Management within the Department of Military Affairs shall execute the Kentucky Emergency Operations Plan and, from the Kentucky Emergency Operations Center, shall coordinate the response and relief activities of all state agencies and private relief organizations in response to this emergency.
2. The Adjutant General is authorized to issue active duty orders for the mobilization of such National Guard personnel and equipment as he may determine to protect life and safety, to continue essential public services and to prevent undue loss and suffering.
3. All state agencies shall coordinate any and all public and emergency information and/or activities/releases related to this emergency and the response efforts of state agencies with the Division of Emergency Management.
4. All state agencies shall provide sufficient personnel required for the staffing of the Kentucky Emergency Operations Center or other command, control, and coordination points as may be designated by the Division of Emergency Management's Director and shall provide such personnel, vehicles, equipment, and other resources needed to protect life and property and to ensure continuation, restoration and recovery of essential public services.
5. The Finance and Administration Cabinet is directed to provide assistance with incident/disaster resource management, procurements and contracting and to fund the urgent operational and/or response of the Division of Emergency Management and the unbudgeted expenditures and obligations of other state agencies that are incurred in response to and recovery from this emergency incident and in executing the provisions of this Executive Order.



ANDY BESHEAR
GOVERNOR

EXECUTIVE ORDER

Secretary of State
Frankfort
Kentucky

2022-457
July 28, 2022

6. The Division of Emergency Management is authorized to request assistance, federal, state, local, private sector, volunteer, and donated resources as may be available to minimize human suffering and to restore essential services to the general population and to assist state and local governments and individuals impacted by this emergency.
7. The Division of Emergency Management shall consult with the American National Red Cross and local officials to determine the need for emergency shelters for displaced families and shall coordinate with local government, school boards, and other organizations to determine the availability of schools and other facilities to be used as shelters during this emergency.
8. Transportation on and access to any and all public roadways in affected areas may be restricted or prohibited in the interest of public health and safety.

This order shall be effective July 28, 2022.

A handwritten signature in black ink, appearing to read "Andy Beshear", written over a horizontal line.

ANDY BESHEAR, Governor
Commonwealth of Kentucky

MICHAEL G. ADAMS
Secretary of State



Andy Beshear
GOVERNOR

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

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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: October 28, 2022

SUBJECT: PR-5400, Fayette County
Education & Labor Cabinet
Statutory Lease Modification Report

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

PR-5400, Fayette County

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

BSH/bh
Attachment

Cc: Capital Construction Log
OSBD
PR-5400 File
BSH

REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

LEASE MODIFICATION AMORTIZATION

Date Posted in 30-Day Register: October 28, 2022	
Lease No.: PR-5400	County: Fayette
Using Agency: Education & Labor Cabinet	
LESSOR (identify all parties having 5% or more ownership): Attached extra sheet if necessary	Wellington BBC LLC
Property Location: 1055 Wellington Way, Lexington, KY	
Existing Rental Terms	
Type Space: Office	Square Feet: 4,533
Annual Payment: \$75,206.24	Contract Expiration: June 30, 2028
Modified Rental Terms	
Type Space: Office/Hearing Site	Square Feet: 4,533
Annual Payment: \$75,206.24	New Contract Expiration: June 30, 2028
Total Cost to be Amortized: \$49,999.00	
Projected Period of Amortization – Effective: November 1, 2022 Through: June 30, 2028	
Reason for Modification (see attached approval memo and modification): Please see attached	
Estimate Details (see attached copies):	
1. Elaine Allen - \$74,468.00	
2. areaLEX Real Estate - \$55,729.00 (reduced to \$49,999.00 per terms negotiated with lessor)	

COMMONWEALTH OF KENTUCKY LEASE MODIFICATION AGREEMENT

LESSOR	Wellington BBA LLC	PR NUMBER, COUNTY	PR-5400, Fayette County
ADDRESS	Suite 201 380 South MHI Street Lexington KY 40508	VENDOR NUMBER	KY0020923
		AGENCY/DEPARTMENT	Cabinet for Health & Family Services
		DIVISION	
		DATE	July 12, 2022
		BUILDING CODE	01648001

1. Lease Agreement number PR-5400, Fayette County, dated July 31, 2015, is hereby modified as set forth in Paragraph Two.
2. This Lease is modified as follows:
 1. To rescind the notice of lease termination dated January 28, 2022/effective February 28, 2022, and to place the lease agreement in suspension effective March 1, 2022.
 2. To reflect a change in tenant agency; from the Cabinet for Health & Family Services to the Education & Labor Cabinet.
 3. To provide for the amortization of \$49,999.00 in leasehold improvement expenses per estimate submitted by AreaLex Real Estate, same attached and incorporated herein, and reduced from \$55,729.00 to \$49,999.00 pursuant to the lessors offer to absorb \$5,730.00 of the total estimated cost of the requested improvements.
 4. To provide for phased effective dates for possession of the space/lease agreement by the Education & Labor Cabinet and for the amortization of expenses described in item three as defined herein: The effective date for possession of the space/lease agreement shall be established by signature of the Director, Division of Real Properties, upon this modification in the standard signature panel(s) at the bottom of this modification document. If the effective date for the entire modification is established by application of a single signature by the Director as described above, the effective date for the amortization portion of the modification shall be further defined as the first day of the month following that effective date unless that date is otherwise the first day of a month. Should phased utilization of the space prove feasible, the effective date for possession/reinstatement as referenced herein shall be established by signature of the Director, Division of Real Properties, upon this modification in the standard signature panel(s) at the bottom of this modification document. The effective date for the amortization portion of the modification shall then be established by signature of the Director, Division of Real Properties, in the signature block incorporated in this section of the modification and shall be further defined as the first day of the month following that effective date unless that date is otherwise the first day of a month.

DIRECTOR, DIVISION OF REAL PROPERTIES APPROVED THIS _____ DAY OF _____, 20____

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.

Astrud Masterson 7/25/2022
CABINET FOR HEALTH & FAMILY SERVICES Date

Jarvis Lick _____
EDUCATION & LABOR CABINET Date

Brian S. Hunter 09AUG2022
ANALYST, LEASING BRANCH, DIVISION OF REAL PROPERTIES Date

Brian S. Hunter 09AUG2022
MANAGER, LEASING BRANCH, DIVISION OF REAL PROPERTIES Date

Kelley M. Connor 8-11-2022
SECRETARY, FINANCE & ADMINISTRATION CABINET Date

[Signature] 7/22/22
LESSOR Date

Patrick Miller 8/10/2022
ATTORNEY, FINANCE & ADMINISTRATION CABINET Date

Scott Almy _____
DIRECTOR, DIVISION OF REAL PROPERTIES

APPROVED THIS 10th DAY OF October, 2022

All correspondence and inquiries regarding this Lease Modification Agreement are to be directed to the Division of Real Properties, Suite 300, 403 Wapping Street, Frankfort, Kentucky 40601-2607, phone 502/564-2205. BSH

MR 7/22/22



Andy Beshear
GOVERNOR

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

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

Holly M. Johnson
SECRETARY

Sam Ruth
COMMISSIONER

Scott Aubrey
DIRECTOR

MEMORANDUM

TO: Holly Johnson, Secretary
Finance & Administration Cabinet

FROM: Scott Aubrey, Director SA
Division of Real Properties

DATE: August 9, 2022

SUBJECT: PR-5400, Fayette County
Cabinet for Health & Family Services
Education & Labor Cabinet

The Cabinet for Health & Family Services (CHFS) previously occupied 4,533 square feet of space leased at a rental rate of \$16.59 per square foot (\$75,206.24 annually), including partial utilities and excluding janitorial services, with a term expiring June 30, 2028. The Cabinet determined that it would be feasible to consolidate staff housed in the referenced leased facility in space leased under PR-5425, Fayette County and subsequently requested termination of the lease agreement. In the course of examining floor loading restrictions in the facility leased under PR-5425, and recognizing that the space leased under PR-5400 provided a potential opportunity to resolve a pending request from the Department of Workers Claims to secure replacement space for a hearing site presently located in Franklin County and a potential opportunity to consolidate existing Department leases in Fayette and Franklin County, we extended an offer to evaluate the feasibility of transferring the subject agreement in addition to processing a regular termination notice to preserve the Cabinet for Health & Family Services interest in reducing duplicative rental payments under PR-5425 and this agreement.

The Education & Labor Cabinet (ELC), Department of Workers Claims has provided individual space requests for the hearing site function as well as the office space necessary to provide appropriate office space for Administrative Law Judges (ALJ) and support staff, the combined total of the space requests indicated a need for approximately 4,239 square feet of space. An inspection of the facility by ELC and Division staff confirmed that the property provided sufficient space to accommodate both office and hearing site functions and the physical attributes of both the leased premises and the facility as a whole provided an opportunity to house both operations under a single lease agreement. The Department began incorporating requests to incorporate physical barriers or secure physically distinct locations for the respective operational requirements due to concerns about unrestricted access between both types of space in the early 2000's. The Department requested moderate renovations to areas originally designed as conference and file areas to convert both for use as two individual hearing sites (i.e., controlled access from the designated public waiting area, separate access for ALJ staff from the office portion of the space, access control doors in the common corridors, and physically separated public and staff restroom facilities). In accordance with applicable provisions of KRS 56.813(2), the lessor provided two estimates for the proposed renovations as follows: \$55,729.00 from AreaLex Real Estate and \$74,468.00 from Elaine Allen LLC.

Memo to: Holly Johnson, Secretary
PR-5400, Fayette County
Cabinet for Health & Family Services
Education & Labor Cabinet
August 9, 2022
Page Two

The Department of Workers Claims recommended the low estimate from AreaLex Real Estate. Subsequent to receipt of the aforementioned estimates, and upon being advised of the reporting requirements defined under KRS 56.823 for modifications that exceed \$50,000 they offered to absorb \$5,730.00 of the low estimate in the interest of expediting the Department's occupancy of the facility and resulting reinstatement of rental obligations for the lease agreement. Based on the requests from both tenant agencies, the proposed lease modification provides for the following actions:

1. Rescission of the notice of lease termination dated January 28, 2022 and effective February 28, 2022.
2. The suspension of the lease agreement effective March 1, 2022 pending occupancy by the Department of Workers Claims. The proposed modification is structured in a manner that would allow the Department to take possession of the lease/facility while renovations to the hearing site portion of the space are completed such as that provides more convenient operational alternatives for the relocation of existing functions presently housed in separate locations and/or opportunities for additional savings based on differing termination dates for the existing lease agreements that would be consolidated as a result of this action.
3. The change in tenant agency; from the Cabinet for Health & Family Services to the Education & Labor Cabinet.
4. The amortization of \$49,999.00 in expenses associated with the improvements described herein.

Efforts to secure a term extension through the maximum allowable under KRS 56.806(1) were not successful, however based on an estimated timeline of sixty days to complete the improvements and the resulting projected amortization schedule beginning September 1, 2022 and ending June 30, 2028, the improvements are projected to add \$8,695.44 to the regular annual base lease cost of \$75,206.24 applicable to PR-5400. The Department would vacate existing lease agreements (reference PR-4708, Fayette County (office) and PR-5084, Franklin County (hearing site)) having a combined annual rental cost total of \$94,486.84. The resulting annual savings base rent savings of \$19,280.60 results in a projected payback period of approximately thirty-one months for the total cost of the requested improvements. Capital Projects and Bond Oversight Committee reporting is required for the amortization in accordance with applicable provisions of KRS 56.823(11) and your approval of the attached lease modification is recommended to provide for the consolidation of lease agreements/facilities and to secure the recurring annual savings identified herein for benefit of the Education & Labor Cabinet.

Should you require additional information, please advise.

JSA/BSH/bh
Attachment

RECOMMENDED:



Sam Ruth, Commissioner
Dept. for Facilities & Support Services



March 25, 2022

Co: 1055 Wellington Way

Attn: David Allen

Re: Workers Comp Office Fit-up

Elaine Allen proposes the following per the documentation provided. Elaine Allen has included the following in the base bid scope of work.

The scope includes

- Demo of new door openings
- New insulated walls per drawing & scope description
- Painting the entire facility
- Doors & Hardware
- Door Access control (push button code only)
- Glazing
- Acoustical Ceiling modifications
- Bathroom Renovation and proper toilet accessories for code.
- Electrical/ Data
- HVAC Modifications
- Cleaning per scope

Base Bid: \$74,468.00

Exclusions/ Qualifications:

- Base bid excludes structural, windows, mechanical, sprinkler etc. and associated fixtures with divisions identified.
- New Doors and Hardware included in scope of work (16-week lead time).
- Elaine Allen determines that on Electrical permit is needs followed by a Certificate of Occupancy Permit request is need. A Building permit is not required due to not modify structural or egress changes.
- Elaine Allen provided proposal base on a 4-week schedule. (Not including doors)

Respectfully submitted,

Bishop Carter

areaLEX

REAL ESTATE

QUOTE

INVOICE # 03022022
DATE: 3/2/2022

207 East Reynolds Road, Lexington, KY 40503
(859) 420-3974
david@arealex.com

EXPIRATION DATE 4/1/2022

TO Matt Burton
Wellington BBA, LLC

Lexington, KY

SALESPERSON	JOB	PAYMENT TERMS	DUE DATE
JA	1055 Wellington Labor Cab	Due on receipt	Upon Completion

QTY	DESCRIPTION	UNIT PRICE	LINE TOTAL
	5 commercial doors installed with hardware per attached plans and specs		
	50 Lineal Feet of finished walls, insulated for sound and extended to decking above		
	Electrical Outlets and Data rough in per attached plans and specs		
	Single occupancy restroom as noted on plans and specs, relocate toilet rough plumbing, install toilet and sink fixtures, install lighting, mirror, ventilation, flooring and electrical.		
	Cleaning Space, strip/wax VCT and Shampoo Clean All Carpet		
	Paint Interior All interior walls		
	Design and Permits as needed		
	HVAC ducting and controls relocated as necessary		
	All work to be completed within 30 days of permit issue date.		
		SUBTOTAL	\$55,729
		SALES TAX	
		TOTAL	\$55,729

