

April 10, 2023

Senator Rick Girdler
Representative Deanna Frazier Gordon
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capital Annex Room 34
Frankfort, KY 40601

RE: Lease – Fairhaven Properties, LLC

Dear Senator Girdler and Representative Gordon:

In accordance with provisions of KRS 56.823, I am writing to report a proposed lease that is increasing in square footage. The lease is with Fairhaven Properties, LLC for space to accommodate expansion for the Ryan White Program in Elizabethtown, Kentucky. I am providing the required information in the attached lease agreement.

The lease will provide an additional 1,800 square feet to the current square footage of 3,280 totaling 5,080. The lease began on July 1, 2022 and expires on June 30, 2024 unless terminated sooner. Base rent for will increase from \$65,100 year to \$100,200.

Please contact Bobbi Carlton at 852-0205, if you have any questions regarding the lease. Thank you for your continued support.

Sincerely,



Meg Campbell
Assistant Vice President
Planning, Design and Construction

cc: Dan Durbin
John Tichenor
Shaun McKiernan
Carla Wright

UNIVERSITY OF LOUISVILLE
Office Lease
Report to the Capital Projects and Bond Oversight Committee

KRS 56.823(2)

(a) The name of the agency that will occupy the premises.

University of Louisville Dental School

(b) The name of the lessor

Fairhaven Properties, LLC

(c) The terms of the lease

Term: 2 years, expires June 30, 2024

(d) The reason for the lease

Adding Suite 106 comprised of 1,800 square feet increasing the square footage from 3,280 to 5,080

(e) The copy of the writing required by KRS 56.803(17)

This is an increase in square footage, where the rent has increased from \$65,100 to \$100,200 annually.

(f) A statement as to whether the University of Louisville complied with the requirement established in KRS 56.800 to 56.823 and KRS 43.050, 48.111, and 48.190. If the university has not complied with any requirement, the university shall explain why.

It was determined at the time of the lease that the University has complied with all requirements.

(g) An explanation of why the University of Louisville chose this lessor over competition

The Ryan White Clinic has been located in the office park since January 2014. The clinic treats patients from across the state and Elizabethtown is a central location. The new space is adjacent to the current space and will allow the clinic to better serve this community.

(h) A cost comparison between the cost per square foot of the leased space and the average cost per square foot of comparable space the state leases in the same county. If there are factors which make the comparison misleading, the cabinet shall inform the committee of these factors.

The proposed lease rate of \$19.50 on the new space is basically the same as the rate that UL pays for the current space. The range of \$17-\$22 per square appears to be the market rate for this type of office space in Elizabethtown, KY.

**COMMONWEALTH OF KENTUCKY
UNIVERSITY OF LOUISVILLE
LEASE AMENDMENT
RYAN WHITE PROGRAM**

THIS AMENDMENT TO LEASE AGREEMENT, is entered into this 24th day of March, 2023 between **Fairhaven Properties, LLC** (“Lessor”) and the **University of Louisville** (“University”).

WITNESSETH:

WHEREAS, under date of January 21, 2014, Lessor and University entered into a Lease Agreement for 3,280 square feet, located at 120 Helmwood Plaza Drive, Elizabethtown, KY 42701, (as amended from time to time, the “Lease”).

NOW, THEREFORE, it is agreed between the parties as follows:

1. Commencing on June 1, 2023, the University shall add the space of Suite 106 at 120 Helmwood Plaza Drive to the premises leased by the University under the Lease. Suite 106 consists of 1,800 square feet. This addition will increase the square footage from 3,280 to 5,080 square feet.
2. Rent shall increase by \$35,100.00 per year with an additional monthly payment of \$2,925.00. New rent for all of the space leased by the University under the Lease will be \$100,200 per year at a rate of \$8,350.00 per month.
3. All other terms and conditions of the Lease remain the same and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have subscribed their names as of this date first written above.

UNIVERSITY OF LOUISVILLE

FAIRHAVEN PROPERTIES, LLC

Meg Campbell
Assistant Vice President Planning,
Design and Construction

Constance Darnell
President

Date: _____

Date: _____

April 11, 2023

Senator Rick Girdler, Co-Chair,
Representative Deanna Frazier Gordon, Co-Chair
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capitol Annex Building - Room 34
702 Capitol Avenue
Frankfort, Kentucky 40601

Dear Senator Girdler, Representative Frazier Gordon and Members of the Capital Projects and Bond Oversight Committee:

Pursuant to KRS §56.823 this is to report four leases between the University of Kentucky (UK) and Kentucky Medical Services. The first two leases each will exceed \$200,000 annually and are authorized in the Executive Branch Budget Bill, House Bill 1. The third and fourth leases each exceed \$100,000 annually. All four leases are needed to provide space for hospital-based services requiring close proximity to other UK HealthCare Services as they are ancillary clinical departments supporting patients who may have appointments in other clinics. The University, after careful consideration, determined that these leases are in the best interests of UK and the Commonwealth of Kentucky.

The first lease is for 8,900 square feet of clinical space located at 2195 Harrodsburg Road in Lexington. This space is needed for the UK HealthCare's Plastic and Reconstructive Surgery Outpatient Program. The cost of the lease is \$31.71 per rentable square foot with an annual cost of \$282,219.00. The effective date of the lease will be May 1, 2023 (contingent upon the Committee's approval) with an expiration date of June 30, 2030. This lease was approved by the University's Board of Trustees at its February 17, 2023, meeting.

The second lease is for 9,000 square feet of clinical space located at 202 Bevins Lane in Georgetown. This space is needed for the UK HealthCare's Family and Community Medicine. The cost of the lease is \$28.01 per rentable square foot with an annual cost of \$252,053.42. The effective date of the lease will be May 1, 2023 (contingent upon the Committee's approval) with an expiration date of June 30, 2030. This lease was approved by the University's Board of Trustees at its February 17, 2023, meeting.

The third lease is for 3,490 square feet of clinical space located at 2195 Harrodsburg Road in Lexington. This space is needed for UK HealthCare's General and Weight Loss Surgery Clinic. The cost of the lease is \$31.71 per rentable square foot with an annual cost of \$110,667.90. The effective date of the lease will be May 1, 2023 (contingent upon the Committee's approval) with an expiration date of June 30, 2030.

The fourth lease is for 3,700 square feet of clinical space located at 2195 Harrodsburg Road in Lexington. This space is needed for UK HealthCare's Urgent Care Clinic. The cost of the lease is \$31.71 per rentable square foot with an annual cost of \$117,327.00. The effective date of the lease will be May 1, 2023 (contingent upon the Committee's approval) with an expiration date of June 30, 2030.

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

Sincerely,

A handwritten signature in blue ink that reads "G Ward". The signature is written in a cursive style with a large, stylized "G" and "W".

George Ward
Associate Vice President
Economic Development and Real Estate

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

Lease number: PR 8522**County:** Scott County**Lessee:** UK HealthCare Family and Community Medicine**Lessor:** Kentucky Medical Services Foundation, 4333 Alumni Park Plaza, Suite 400, Lexington, Fayette County, Kentucky**Property location:** 202 Bevins Lane, Georgetown, Scott County, Kentucky**Check one:** new lease renewal addendum **Type of space:** Clinical**Total square feet being leased:** 9,000**Cost per square foot:** \$28.01 (rounded) **Annual cost:** \$252,053.42**Average square foot cost of state leased cost in county:** \$29.00 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:** May 1, 2023 **Expiration date:** June 30, 2030**Justification for lease:** Space is needed for UK HealthCare (UKHC) ambulatory operations as a hospital-based service to support UKHC's offsite clinical activities to continue to provide general primary care services in the Bluegrass area in more convenient locations for patients. UKHC Family and Community Medicine offers primary care, preventative services, and continuity of care for the entire family. This location includes clinical space, exam rooms and associated administrative and support space for staff and providers.

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: There were two RFP responses and after careful consideration and review this location was determined to be in the best interest of the University and the Commonwealth of Kentucky.

824 Bull Lea Run Ste 210
Lexington, KY 40511 | P: 859-257-8649 | www.uky.edu

FCR 16

Office of the President
February 17, 2023

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 building lease for the University of Kentucky at 202 Bevins Lane, Georgetown, Kentucky from the Kentucky Medical Services Foundation.

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 to support UK HealthCare's offsite clinical activities in order to continue to provide general primary care services in the Bluegrass area in more convenient locations for patients. UK Family and Community Medicine offers primary care, preventative services and continuity of care for the entire family. This location includes clinical space, exam rooms and associated administrative and support space for staff and providers.

The leased space will comprise of 9,000 rentable square feet with an annual rent of \$252,054.

KRS § 48.111 requires legislative authorization of all leases with an annual cost of \$200,000 or more. The lease has been authorized by the Kentucky General Assembly in the enacted 2022-24 Executive Budget of the Commonwealth. Contingent upon approval from the Board of Trustees, the lease will be reported to the Kentucky Capital Projects and Bond Oversight Committee in accordance with KRS § 56.823.

Action taken: Approved Disapproved Other _____



Real Estate Services Division

Report to Capital Projects and Bond Oversight Committee

Lease with Annual Rental Exceeding \$100,000

Lease number: PR 8527 **County:** Fayette

Lessee: UK HealthCare Urgent Care Clinic

Lessor: Kentucky Medical Services Foundation, 4333 Alumni Park Plaza, Suite 400, Lexington, Fayette County, Kentucky

Property location: 2195 Harrodsburg Road, Fayette County, Lexington, Kentucky

Check one: new lease renewal addendum

Type of space: Clinical

Total square feet being leased: 3,700

Cost per square foot: \$31.71 **Annual cost:** \$117,327.00

Average square foot cost of state leased cost in county: \$36.00 for clinical space

Includes utilities: yes no

Cancellation clause: yes no

If yes, explain terms: cancellation upon 30-day notice

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

Effective date: November 18, 2022 **Expiration date:** June 30, 2030

Justification for lease: Space is needed for UK HealthCare (UKHC) ambulatory operations as a hospital-based service to support UKHC's Urgent Care outpatient program. The space includes clinic exam rooms, minor procedure spaces, and associated workspace for providers. This clinic will be co-located with other UKHC services needed to support the UKHC Urgent Care Clinic.

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:
This is cost effective due to multiple leases at this location and after careful review this space was determined to be in the best interests of the University and the Commonwealth of Kentucky.

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Real Estate Services Division

Report to Capital Projects and Bond Oversight Committee

Lease with Annual Rental Exceeding \$100,000

Lease number: PR 8529**County:** Fayette**Lessee:** UK HealthCare Plastic & Reconstructive Surgery**Lessor:** Kentucky Medical Services Foundation, 4333 Alumni Park Plaza, Suite 400, Lexington, Fayette County, Kentucky**Property location:** 2195 Harrodsburg Road, Lexington, Fayette County, Kentucky**Check one:** new lease renewal addendum **Type of space:** Clinical**Total square feet being leased:** 8,900**Cost per square foot:** \$31.71 **Annual cost:** \$282,219.00**Average square foot cost of state leased cost in county:** \$ 36.00 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:** May 1, 2023 **Expiration date:** June 30, 2030**Justification for lease:** Space is needed for UK HealthCare (UKHC) ambulatory operations as a hospital-based service to support UKHC's Plastic and Reconstructive Surgery outpatient program. The space will include clinical space, exam rooms, minor procedure spaces, and associated administrative and support space for staff and providers. This clinic will be co-located with other UKHC services necessary to support the clinic and its patients.

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: This is cost effective due to multiple leases at this location and after careful review this space was determined to be in the best interests of the University and the Commonwealth of Kentucky.

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FCR 15

Office of the President
February 17, 2023

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 building lease for the University of Kentucky at 2195 Harrodsburg Road, Lexington, Kentucky from the Kentucky Medical Services Foundation.

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.

The university has identified a need for space to support the UK HealthCare Plastic and Reconstructive Surgery outpatient program. The leased space will include clinical space, exam rooms, minor procedure spaces, and associated administrative and support space for staff and providers. This clinic will be co-located with other UK HealthCare services necessary to support the clinic and its patients.

The leased space will comprise of 8,900 rentable square feet with an annual rent of \$282,219.

KRS § 48.111 requires legislative authorization of all leases with an annual cost of \$200,000 or more. The lease has been authorized by the Kentucky General Assembly in the enacted 2022-24 Executive Budget of the Commonwealth. Contingent upon approval from the Board of Trustees, the lease will be reported to the Kentucky Capital Projects and Bond Oversight Committee in accordance with KRS § 56.823.

Action taken: Approved Disapproved Other _____

Real Estate Services Division

Report to Capital Projects and Bond Oversight Committee

Lease with Annual Rental Exceeding \$100,000

Lease number: PR 8530**County:** Fayette**Lessee:** UK HealthCare General and Weight Loss Surgery Clinic**Lessor:** Kentucky Medical Services Foundation, 4333 Alumni Park Plaza, Suite 400, Lexington, Fayette County, Kentucky**Property location:** 2195 Harrodsburg Road, Fayette County, Lexington, Kentucky**Check one:** new lease renewal addendum **Type of space:** Clinical**Total square feet being leased:** 3,490**Cost per square foot:** \$31.71 **Annual cost:** \$110,667.90**Average square foot cost of state leased cost in county:** \$ 36.00 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:** May 1, 2023 **Expiration date:** June 30, 2030**Justification for lease:** Space is needed for UK HealthCare (UKHC) ambulatory operations as a hospital-based service to support UKHC's General and Weight Loss Surgery Clinic. The space includes clinic exam rooms, minor procedure spaces, and associated workspace for providers. This clinic will be co-located with other UKHC services needed to support the UKHC General and Weight Loss Clinic.

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. The University already leases space in the same building at the same rental rate and terms, no RFP was issued.

Explanation of why the University of Kentucky chose this lessor over the competition: This is cost effective due to multiple leases at this location and after careful review this space was determined to be in the best interests of the University and the Commonwealth of Kentucky.

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