

May 10, 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. 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. The first three leases are needed to provide space for hospital-based clinical and financial/administrative services requiring close proximity to other UK HealthCare Services. The fourth lease is needed for the Kentucky Injury Prevention Center. The University, after careful consideration, determined that these leases are in the best interests of UK and the Commonwealth of Kentucky.

The addendum to the existing lease is for UK Healthcare Specialty Pharmacy Services which encompasses 35,219 square feet of clinical and office space located at 531 Wellington Way in Lexington. This service has increased significantly requiring additional staff to support the increase in demand. The increased activity requires improvements to the existing mechanical system to maintain proper temperature and humidity controls in the pharmacy clean room. The existing system will be modified to maintain both temperature and humidity levels within the required code parameters for this sensitive environment. This mechanical system only supports the Specialty Pharmacy Spaces, not the general building. The cost of the lease will be \$38.61 (includes fit up costs) per rentable square foot with an annual cost not to exceed \$1,360,000. The effective date of the lease addendum will be June 1, 2023 (contingent upon the Committee's approval) with an expiration date of June 30, 2026. This lease addendum was approved by the University's Board of Trustees at its April 28, 2023, meeting.

The second lease is a renewal for 101,264 square feet of office/administrative space located in three adjacent buildings at 2301, 2317, 2325, 2333 Alumni Park Plaza and 2347 Sterlington Road in Lexington. This space is needed for the UK HealthCare's administrative and financial services. The cost of the lease is \$26.10 per rentable square foot with an annual cost of \$2,744,254.40. The effective date of the lease will be July 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 April 28, 2023, meeting.

The third lease is for 6,851 square feet of clinical space located at 1000 Ashland Drive, Suite 102 in Ashland. This space is needed for UK HealthCare King's Daughters Pediatric Clinic. The cost of the lease is \$16.50 per rentable square foot with an annual cost not to exceed \$133,041.44. The effective date of the lease will be June 1, 2023 (contingent upon the Committee's approval) with an expiration date of June 30, 2030.

The fourth lease is for 7,893 square feet of clinical space located at 2365 Harrodsburg Road, Suites B325 and B475, in Lexington. This space is needed for the Kentucky Injury Prevention Center. The cost of the lease is \$16.50 per rentable square foot with an annual cost not to exceed \$130,234.50. The effective date of the lease will be July 1, 2023 (contingent upon the Committee's approval) with an expiration date of June 30, 2024.

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
Associate Vice President
Economic Development and Real Estate

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

Report to Capital Projects and Bond Oversight Committee

Lease with Annual Rental Exceeding \$100,000

Lease number: PR 8542

County: Fayette

Lessee: Kentucky Injury Prevention

Lessor: Southcreek Park LLC, 2365 Harrodsburg Road, Lexington, Kentucky 40504

Property location: 2365 Harrodsburg Road, B325 and B475, Lexington, Fayette County, Kentucky

Check one: new lease renewal addendum

Type of space: Administrative/Office Space

Total square feet being leased: 7,893

Cost per square foot: \$16.50

Annual cost: \$130,234.50

Average square foot cost of state leased cost in county: \$22.00 for administrative/office

Includes utilities: yes no

Cancellation clause: yes no

If yes, explain terms: Click or tap here to enter text.

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

Effective date: July 1, 2023

Expiration date: June 30, 2024

Justification for lease: KIPRC, established in 1994, is a partnership between the Kentucky Department for Public Health (KDPH) and the University of Kentucky's College of Public Health. KIPRC serves both as an academic injury prevention research center and as the KDPH's designee or "bona fide agent" for statewide injury prevention and control, focusing on injury prevention translation and practice. This commonwealth-university partnership provides KIPRC access to expertise and support in injury and violence-related research, data, services, outreach, communications, interventions, evaluation techniques, and policy development, at both the state government and academic levels. KIPRC's unique partnership uses injury

prevention research to inform and implement targeted interventions that are evaluated and adopted into local and state injury prevention practice. This ready translation of research into practice, in turn, informs further research to reduce injury and related death and disability. KPRIC has been located off campus in excess of 20 years as there was no available space for them on campus. There are currently 38 faculty and staff located in the current leased space. The Southcreek location is close to a New Circle Road interchange easily accessible by statewide stakeholders with convenient parking and accessibility. KPRIC represents the KDPH in the majority of their grants and hosts many meetings with representatives from the Cabinet for Health and Family Services, Justice Cabinet, Transportation Cabinet, Labor Cabinet, and other state and local community stakeholders in the intervention studies.

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 not issued as the University has several leases located in the property with the same terms.

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

Report to Capital Projects and Bond Oversight Committee

Lease with Annual Rental Exceeding \$100,000

Lease number: 316412, WB Bellefonte LLC, KDMC PBB, 2030 **County:** Greenup

Lessee: UK - Royal Blue Health LLC, for its Ashland Hospital Corporation d/b/a King's Daughters Medical Center (KDMC)

Lessor: W. B. Bellefonte LLC, 1000 Ashland Drive, Suite 102, Ashland, Kentucky 41101,

Property location: 1000 Ashland Drive, Suite 102, Ashland, Greenup County, Kentucky 41101

Check one: new lease renewal addendum

Type of space: Clinical

Total square feet being leased: 6,851

Cost per square foot: \$16.50 base rent + any operating expenses over \$5/sf

Annual cost: \$113,041.44 + additional operating expenses if any (should not exceed an additional \$20,000/yr.)

Average square foot cost of state leased cost in county: \$18

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: June 1, 2023

Expiration date: June 30, 2030

Justification for lease: This location has served as a pediatrics practice prior to KDMC's assumption of the lease from Our Lady of Bellefonte Hospital (OLBH). OLBH closed in early 2020 and KDMC assumed the lease to continue providing pediatric care to the population served by that location. 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 was only one RFP response and after careful consideration and review this location was determined to be in the best interest of the University and the Commonwealth of Kentucky.

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Report to Capital Projects and Bond Oversight Committee

Lease with Annual Rental Exceeding \$100,000

Lease number: 8409 **County:** Fayette

Lessee: UK HealthCare Enterprise

Lessor: Kentucky Medical Services Foundation, Inc, 2333 Alumni Park Plaza, Suite 200, Lexington, Kentucky

Property location: 2301, 2317, 2325, 2333 Alumni Park Plaza and 2347 Sterlington Rd, Lexington, Fayette County, Kentucky

Check one: new lease renewal addendum

Type of space: Office/Administrative

Total square feet being leased: 101,264

Cost per square foot: \$26.10 (\$16.10 base, \$11.00 CAM)

Annual cost: \$2,744,254.40

Average square foot cost of state leased cost in county: \$ 22.00 Office/Administrative

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: 7/1/2023 **Expiration date:** 6/30/2030

Justification for lease: The administrative/financial services of the UK HealthCare Enterprise have occupied this space since 2008. After consideration of all factors, selection of this space was determined in the best interests of the University as this space is within close proximity to Chandler Campus with easy access and parking.

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 a renewal of an existing lease that was renegotiated per KRS 164A.575 (7)(a), thus an RFP was not issued.

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Report to Capital Projects and Bond Oversight Committee

Lease with Annual Rental Exceeding \$100,000

Lease number: 8419 **County:** Fayette

Lessee: UK Healthcare Specialty Pharmacy Services

Lessor: Wellington Properties III, LLC, 531 Wellington Way, Lexington, Kentucky 40504

Property location: 531 Wellington Way Lexington, Fayette County, Kentucky

Check one: new lease renewal addendum

Type of space: Office

Total square feet being leased: 35,219

Cost per square foot: \$38.61 (includes fit up cost) - \$18.61 base rent

Annual cost: Not to exceed \$1,360,000

Average square foot cost of state leased cost in county: \$36 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: Lease amendment effective June 1, 2023 **Expiration date:** June 30, 2026

Justification for lease: Specialty Pharmacy has grown significantly requiring additional staff to support the increase in demand for their services. The increased activity requires improvements to the existing mechanical system to maintain proper temperature and humidity controls in the pharmacy clean room. A retro-commissioning of the pharmacy clean rooms was performed resulting in a recommendation to modify the existing system to maintain both temperature and humidity levels within the required code parameters for this sensitive environment. This mechanical system only supports the Specialty Pharmacy Services spaces, not the general building. The improvements will include modifications to the existing mechanical system to supplement cooling and provide additional dehumidification.

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 an amendment to an existing lease.

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May 3, 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 – Libeccio Limited Co

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 Libeccio Limited Co. for space to accommodate expansion for the Ryan White Program located at 1212 4th Street, Louisville, Kentucky. I am providing the required information in the attached lease agreement.

The lease will provide an additional 2,920 square feet to the current square footage of 5,238 totaling 8,248. The lease begins on June 1, 2023 and expires on May 31, 2024 unless terminated sooner. Base rent for will increase from \$68,094 year to \$107,224.

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

Sincerely,

Meg Campbell

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 Department of Medicine of Infectious Diseases

(b) The name of the lessor

Libeccio Limited Co

(c) The terms of the lease

Term: 1 year

(d) The reason for the lease

Adding 2,920 square feet to the current 5,238 square feet for a total of 8,248

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

This is a renewal, where the rent has increased from \$68,094 to \$107,224 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 his lessor over his competition

The program had significant difficulties identifying alternative locations able to effectively accommodate the needs of the existing and constantly growing staff and client community we serve to include safe parking and easy access via multiple public transit lines.

(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 country. If there are factors which make the comparison misleading, the cabinet shall inform the committee of these factors.

Following unsuccessful attempts to identify options, the program submitted the project for a competitive bid (request for distribution) to identify appropriate space. However, only one bid was received. The bid received provided adequately for the needs of the program.