

October 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 a new lease and an amendment to a current lease. Both leases exceed \$200,000 annually and are authorized in the Executive Branch Budget Bill, House Bill 1. The University, after careful consideration, determined that these leases are in the best interests of UK and the Commonwealth of Kentucky.

The new lease is for 11,500 square feet of clinical space located at Eastern State Hospital, 1350 Bull Lea Road, Fayette County, Kentucky. This space is needed for UK HealthCare's Emergency Psychiatric Assessment Treatment Health program. The cost of the lease will not exceed \$310,000 annually (\$12.30 Base Rent + \$14.68 Amortized Fit-up). The effective date of the lease will be no later than June 1, 2024 (contingent upon the Committee's approval), with an expiration date of June 30, 2028.

The lease amendment is for 15,277 square feet of clinical space located at 912 Park Avenue, Ironton, Lawrence County, Ohio. This space is needed for UK HealthCare King's Daughters' Family Practice and Urgent Care clinics. The cost of the lease is \$481,716 annually (\$18 Base Rent + \$13.53 Amortized Fit-up). The effective date of the lease will be November 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,



George Ward
Associate Vice President
Economic Development and Real Estate

c: Angie Martin Katherine Halloran Lindsay Simpson Elizabeth Baker

Report to Capital Projects and Bond Oversight Committee

Lease with Annual Rental Exceeding \$100,000

Lease number: 8561 **County:** Fayette

Lessee: University of Kentucky, UK HealthCare

Lessor: Commonwealth of Kentucky, Finance and Administration Cabinet

Property location: Eastern State Hospital 1350 Bull Lea Road, Fayette County, Lexington, KY 40511

Check one: new lease renewal addendum

Type of space: Clinical

Total square feet being leased: 11,500

Cost per square foot: \$12.30 Base Rent plus Amortized Fit-up not to exceed \$14.68.

Annual cost: Not to Exceed \$310,000

Average square foot cost of state leased cost in county: \$31 (clinical)

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: No later than June 1, 2024

Expiration date: June 30, 2028

Justification for lease: UK HealthCare's EmPATH program is the Emergency Psychiatric Assessment Treatment Health program which helps alleviate volume pressures in an Emergency Department by providing safe, effective behavioral health care in the proper setting which promotes improved outcomes and quality of care. This leased space will be on the first floor at Eastern State Hospital and will provide a single point of entry into the behavioral health system for individuals experiencing a mental health crisis. This program will expedite treatment in the right clinical setting and promote improved outcomes and quality of

care. Additionally, the EmPATH program will help eliminate unnecessary admissions to both Eastern State Hospital and the Good Samaritan Behavioral Health Unit.

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 no RFP as the lessor is the Commonwealth of Kentucky. The patient population being served is best suited in this location which was determined to be in the best interest of the University and the Commonwealth of Kentucky

Office of the President
October 20, 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 Eastern State Hospital, 1358 Bull Lea Road, Lexington, Kentucky.

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

UK HealthCare's Emergency Psychiatric Assessment Treatment Health (EmPATH) program which helps alleviate volume pressures in an Emergency Department by providing safe, effective behavioral health care in the right setting which promotes improved outcomes and quality of care. EmPATH creates a single point of entry into the behavioral health system by providing faster access to treatment for individuals experiencing a mental health crisis. This leased space will support the EmPATH program at the Eastern State Hospital location and will help eliminate unnecessary admissions to both Eastern State Hospital and the Good Samaritan Behavioral Health Unit.

The leased space will comprise of 11,500 rentable square feet with an annual rent not to exceed \$310,000.

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
(to be reported after lessor selection, but before lease execution)

Lease number: 320818, Park Avenue Properties, LLC, UKKD, PBB, 2030

County: Lawrence County, Ohio

Lessee: UK HealthCare King's Daughters Medical Center (KDMC)

Lessor: Park Avenue Properties, LLC, 70 David Branch Road, Prichard, WV 25555

Property location: 912 Park Avenue, Ironton, Lawrence County, Ohio 45638

Check one: new lease renewal addendum

Type of space: Clinical

Total square feet being leased: 15,277

Cost per square foot: \$18 (base rent) + \$13.53 (fit-up amortization) = \$31.53 total

Annual cost: \$481,716.00

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: November 1, 2023 **Expiration date:** June 30, 2030

Justification for lease: This space houses UKHC King's Daughters' Family Practice and Urgent Care clinics. The Family Practice Clinic has been housed at this location since 2009 with the Urgent Care Clinic added in 2021. With this amendment the Lessor



will complete a renovation to upgrade two unused exam rooms into a pediatric exam room with sinks to ensure Joint Commission compliance.

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.