



**Andy Beshear**  
GOVERNOR

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

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


**Holly M. Johnson**  
SECRETARY

**Sam Ruth**  
COMMISSIONER

**Natalie W. Brawner**  
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 3, 2023

**SUBJECT:** PR-5611, Franklin County  
Department of Alcoholic Beverage Control  
Statutory Lease Modification Report

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

PR-5611, Franklin County

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

BSH/bh  
Attachment

Cc: Capital Construction Log  
OSBD  
PR-5611 File  
BSH

**REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

**LEASE MODIFICATION AMORTIZATION**

Date Posted in 30-Day Register: <b>October 3, 2023</b>	
Lease No.: <b>PR-5611</b>	County: <b>Franklin</b>
Using Agency: <b>Department of Alcoholic Beverage Control</b>	
LESSOR (identify all parties having 5% or more ownership): Attached extra sheet if necessary	<b>Hanna Family Trust 09-05-03</b>
Property Location: <b>105 Sea Hero Road, Frankfort, KY</b>	
<i>Existing Rental Terms</i>	
Type Space: <b>Office/Secured Warehouse</b>	Square Feet: <b>5,164</b>
Annual Payment: <b>\$41,673.48</b>	Contract Expiration: <b>June 30, 2026</b>
<i>Modified Rental Terms</i>	
Type Space: <b>Office/Secured Warehouse</b>	Square Feet: <b>5,164</b>
Annual Payment: <b>\$41,673.48</b>	New Contract Expiration: <b>June 30, 2026</b>
Total Cost to be Amortized: <b>\$35,000.00 (negotiated/not to exceed)</b>	
Projected Period of Amortization – Effective: <b>October 1, 2023 Through: June 30, 2026</b>	
Reason for Modification (see attached approval memo and modification): <b>Please see attached</b>	
Estimate Details (see attached copies):	
1. <b>Hanna Family Trust \$104,425.00</b>	
2.	

**COMMONWEALTH OF KENTUCKY LEASE MODIFICATION AGREEMENT**

LESSOR	Hanna Family Trust 09-05-03	PR NUMBER, COUNTY	PR-5611, FRANKLIN COUNTY
ADDRESS	PO Box 54497 Lexington KY 40555-4497	VENDOR NUMBER	KY0036849
		AGENCY/DEPARTMENT	Public Protection Cabinet
		DIVISION	Department of Alcoholic Beverage Control
		DATE	September 8, 2022
		BUILDING CODE	90265001

1. Lease Agreement number PR-5611, Franklin County dated September 8, 2022, is hereby modified as set forth in Paragraph 2.

2. This Lease is modified as follows:


To provide for the amortization of \$35,000.00 in leasehold improvement expenses per estimate submitted by Hanna Family Trust, same attached and incorporated herein. That portion of the total cost of improvements subject to amortization is a negotiated/not to exceed amount therefore the lessor may utilize any combination of contractors/subcontractors at their discretion. The effective date for this modification shall be established by signature of the Director, Division of Real Properties below, and shall be further defined as the first day of the month following that designated effective date unless that date is otherwise the first day of a month.

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.

  
 STATE LEASING AGENCY REPRESENTATIVE  
 Date 10/26/22

  
 LESSOR  
 Date 10/24/22

  
 ANALYST, LEASING BRANCH, DIVISION OF REAL PROPERTIES  
 Date 28OCT2022

  
 ATTORNEY, FINANCE & ADMINISTRATION CABINET  
 Date 11/01/2022

  
 MANAGER, LEASING BRANCH, DIVISION OF REAL PROPERTIES  
 Date 28OCT2022

  
 DIRECTOR, DIVISION OF REAL PROPERTIES

  
 SECRETARY, FINANCE & ADMINISTRATION CABINET  
 Date 11-02-2022

APPROVED THIS 1 DAY OF October, 20 23

All correspondence and inquiries regarding this Lease Modification Agreement 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.

BSH

# QUOTE

## Hanna Family Trust

225 Walton Ave, Lexington, KY. 40502  
859-621-1038  
Hannaconstruction@gmail.com

INVOICE # 1141  
DATE: 10/04/2022

EXPIRATION DATE DATE

TO Brien Hoover  
Division of Real Properties

SALESPERSON	JOB	PAYMENT TERMS	DUF DATE
	PR-5611	Due on receipt	

QTY	DESCRIPTION	UNIT PRICE	LINE TOTAL
	Demolition of existing walls, carpet, ceiling electrical, HVAC as per plan dated 9/28/21		12500
	Haul Off trash		3550
	Build back Walls as per plan 9/28/21		6500
	Electrical		7525
	Plumbing Demolition		4745
	New Plumbing and fixtures		4855
	Concrete demolition and replace inside and out and sealing		7750
	Garage Door		7550
	HVAC rework and ventilation		14500
	New fire doors and hardware		8400
	Painting		9450
		OVERHEAD	4600
		PROFIT	12500
		TOTAL	104425

Quotation prepared by: 

This is a quotation on the goods named, subject to the conditions noted below: Describe any conditions pertaining to these prices and any additional terms of the agreement. You may want to include contingencies that will affect the quotation.

To accept this quotation, sign here and return: \_\_\_\_\_

THANK YOU FOR YOUR BUSINESS!



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

**Andy Beshear**  
GOVERNOR

**Holly M. Johnson**  
SECRETARY

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

**Sam Ruth**  
COMMISSIONER

**Scott Aubrey**  
DIRECTOR

**MEMORANDUM**

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

**FROM:** Scott Aubrey, Director *SA*  
Division of Real Properties

**DATE:** October 11, 2022

**SUBJECT:** PR-5611, Franklin County  
Public Protection Cabinet

The Public Protection Cabinet, Department of Alcoholic Beverage Control currently occupies 2,495 square feet of warehouse space that is utilized for evidence reception and storage purposes. The current lease provides for a rental rate of \$4.68 per square foot (\$11,676.60 annually), including partial utilities and excluding janitorial services, with a term expiring June 30, 2024. The facility is a pre-engineered steel structure that does not meet current agency requirements relative to the amount of space, operational areas (e.g., controlled evidence delivery areas), and general building security features (e.g., concrete block or other hardened perimeter walls). The space request provided by the agency indicates a need for approximately 5,079 square feet of space.

Given the extraordinary requirements for potential replacement space, primarily the need for hardened walls around the entire perimeter, and in accordance with applicable provisions of KRS 56.813(1) a review of properties containing sufficient space to accommodate the agency in a facility offering the most compatible existing conditions (i.e., concrete block/brick/etc. perimeter walls) was initiated. A proposal to lease additional space was transmitted to an existing lessor for space in a facility that provides three of four hardened walls, a suitable area for installation of an overhead door, sprinkler coverage, and completely separate HVAC systems. Subsequent to review of the proposed renovations that lessor advised that the proposed conversion was not financially feasible given the rental rate limitations associated with lease agreements awarded under KRS 56.813(1). The second best identified facility provides two block exterior walls, a floor to deck fire rated wall, but will require installation of four inch block or steel mesh within floor to ceiling walls on the remaining interior demising walls. The facility otherwise provides sprinkler coverage, a separate HVAC system, and sufficient space to install a steel overhead door.

Subsequent to review of plans and specifications for the proposed space except as noted below, and in accordance with applicable provisions of KRS 56.813(1), the lessor consented to lease the space at terms that exceed those applied to PR-5347, Franklin County. Specifically they have agreed to extend the proposed lease term through June 30, 2026 as opposed to the current expiration date of June 30, 2023.

Memo to: Holly M. Johnson, Secretary  
PR-5611, Franklin County  
Public Protection Cabinet  
October 11, 2022  
Page Two

The renovations necessary to accommodate the Cabinet require the items noted above and moderate interior renovations to the secured evidence delivery area, four separate evidence storage areas in addition to the primary storage section, and installation of a shower and emergency eyewash station. Based on the scope of work and preliminary estimates of \$60,000 to \$80,000, the fact that they have maintained the applicable rental rate since the mid 1990's, and the fact that they have consented to maintain that rate through 2026, the lessor has requested that the Department absorb a portion of the renovation expenses. Subsequent negotiations with the lessor produced an agreement that would require the agency to absorb costs not to exceed thirty-five thousand (\$35,000.00) of the total renovation expenses. Given that the proposed renovation costs are defined as a not to exceed amount and that they are within if not below reasonable renovation cost estimates obtained during the prior eighteen to twenty-four months, we recommend a waiver of our standard requirement for multiple estimates relative to the amortization portion of proposed lease award.

Based on the negotiations defined herein, the proposed lease agreement provides for the use of 5,192 square feet of space at a rental rate of \$8.07 per square foot (\$41,899.44 annually), excluding partial utilities, with a term expiring June 30, 2026. The proposed lease modification provides for the amortization of \$35,000.00 in property improvement expenses necessary to accommodate the agency as described above. Capital Projects and Bond Oversight Committee reporting is not required for the proposed lease agreement; however it is required for the amortization and that will be accomplished upon completion of the renovations in accordance with applicable provisions of KRS 56.823. Your approval of both the attached lease agreement and modification is recommended based on the following:

1. The proposed location best satisfies the agency's unique requirements for facility specific security and operational requirements as defined herein. A total of four facilities containing space that could be obtained under the provisions of KRS 56.813(1) were inspected/evaluated in conjunction with this request. Two were eliminated from consideration due to the extensive renovations required to provide hardened perimeter walls and one owner declined to consider a lease award based on anticipated renovation costs. The recommended facility appears to offer the most extensive degree of operational suitability as presently constructed and therefore also necessitates the least extensive renovations to accommodate the agency.
2. The anticipated amortization period of forty-two months results in an estimated annual amortization cost of \$9,999.96 and a total annual estimated rent cost of \$51,899.40, which results in an effective total rental rate of \$10.00 per square foot. We do not have experience specific to Franklin County, however awards secured via competitive bidding during the two prior years have produced an average rental rate of \$13.21 per square foot.
3. The proposed facility provides potential access to a similar amount of expansion space in an appropriately demised portion of the facility subject to relocation of a portion of the area contained under the existing lease agreement in the facility.

Should you require additional information, please advise.

JSA/BSH/bh  
Attachment

**RECOMMENDED:** \_\_\_\_\_

  
Sam Ruth, Commissioner  
Dept. for Facilities & Support Services