

December 1, 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 136  
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 three new leases and an amendment to a current lease. Two 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 first new lease is for 8,850 square feet of clinical space located at 2019 Corporate Drive, Richmond, Madison County, Kentucky. This space is needed for UK HealthCare's Markey Cancer Center at Lexington Clinic in Richmond. The annual cost of the lease will not exceed \$159,300. The effective date of the lease will be January 1, 2024 (contingent upon the Committee's approval), with an expiration date of June 30, 2030.

The second new lease is for 5,401 square feet of clinical space located at 279 Kings Daughters Drive, Frankfort, Franklin County, Kentucky adjacent to the Frankfort Regional Medical Center. This space is needed for UK HealthCare's Frankfort Primary Care and rotating clinical services from the Kentucky Neurological Institute, Nephrology, and other clinics as needed to best serve the patient population. The annual cost of the lease will not exceed \$108,020. The effective date of the lease will be January 1, 2024 (contingent upon the Committee's approval), with an expiration date of June 30, 2030.

The third new lease is for 12,841 square feet of office/administrative space located at 2353 Alexandria Drive, Lexington, Fayette County, Kentucky. This space is needed for UK's Philanthropy and Alumni Engagement Office. The annual cost of the lease will not exceed \$256,820. The effective date of the lease will be February 1, 2024 (contingent upon the Committee's approval), with an expiration date of June 30, 2030.

The lease amendment is for UK HealthCare's Barnstable Brown Diabetes Center located at 2195 Harrodsburg Road, Fayette County, Kentucky. The amendment will add 2,830 square feet bringing the total leased space to 21,575 square feet. This additional space is needed as the patient population, both Pediatrics and Adults, has grown significantly, and additional space is critical to accommodate the current and future growth of the program. The total annual cost of the lease will be \$684,143.25 which is an additional \$89,740 annually. The effective date of the amended lease will be March 1, 2024 (contingent upon the Committee's approval) with an expiration date of June 30, 2028.

If you should have additional questions regarding the leases, 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:** PR 8538**County:** Madison**Lessee:** University of Kentucky, UK HealthCare, (UKHC), Markey Cancer Center at Lexington Clinic in Richmond**Lessor:** Kentucky Medical Services Foundation, 2333 Alumni Park Plaza, Suite 400, Lexington, Fayette County, Kentucky**Property location:** 2019 Corporate Drive, Richmond, Madison County, Kentucky 40475**Check one:** new lease  renewal  addendum **Type of space:** Clinical**Total square feet being leased:** 8,850**Cost per square foot:** \$18**Annual cost:** \$159,300**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:* N/A**Effective date:** January 1, 2024**Expiration date:** June 30, 2030

**Justification for lease:** Space is needed for UKHC ambulatory and clinical operations to support offsite activities to provide patient care services in the Bluegrass area in more convenient locations for patients. The space at 2019 Corporate Drive, Richmond, Madison County, Kentucky includes a comprehensive layout and space which will allow UKHC to provide essential care to patients engaged in the battle against cancer. UKHC will be the sole tenant and the abundance of parking spaces and excellent and convenient location will allow Markey Cancer Center at Lexington Clinic to provide needed services to Madison County area cancer patients in a location closer to their homes.

**Statements as to whether the University of Kentucky complied with statutory requirements:** (if not in

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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 issued with only one responsive to the RFP requirements. After careful review, this space was determined to be in the best interests of the University and the Commonwealth of Kentucky.

## Report to Capital Projects and Bond Oversight Committee

Lease with Annual Rental Exceeding \$100,000

**Lease number:** PR 8560

**County:** Franklin

**Lessee:** University of Kentucky, UK HealthCare

**Lessor:** Frankfort Hospital, Inc., 299 Kings Daughters Drive, Frankfort, Franklin County, Kentucky

**Property location:** 279 Kings Daughters Drive, Frankfort, Franklin County, Kentucky

**Check one:** new lease  renewal  addendum

**Type of space:** Clinical

**Total square feet being leased:** 5,401

**Cost per square foot:** \$20

**Annual cost:** \$108,020

**Average square foot cost of state leased cost in county:** \$20

**Includes utilities:** yes  no  (with the exception of electric and custodial services)

**Cancellation clause:** yes  no

*If yes, explain terms:* 30 days

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

**Effective date:** January 1, 2024

**Expiration date:** June 30, 2030

**Justification for lease:** Space is needed for UKHC ambulatory and clinical operations to support offsite activities to provide patient care services in the Bluegrass area in more convenient locations for patients closer to their homes. This space is located in a building adjacent to the Frankfort Regional Medical Center which has excellent accessibility and parking. The clinical units to be located in the space include UKHC Frankfort Primary Care and rotating clinical services from the Kentucky Neurological Institute, Nephrology and other clinical services as needed to serve the patient population.

**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 issued to which there was one response. After careful review and given the close proximity of the space to the main hospital, Frankfort Regional Medical Center, this space was determined to be in the best interests of the University and the Commonwealth of Kentucky.

**Report to Capital Projects and Bond Oversight Committee**

Lease with Annual Rental Exceeding \$100,000

**Lease number:** PR 8557**County:** Fayette**Lessee:** University of Kentucky, Philanthropy & Alumni Engagement**Lessor:** Cygnus, LLC, 104 Foxborough Court, Nicholasville, Jessamine County, Kentucky**Property location:** 2353 Alexandria Drive, Suite 100, Lexington, Fayette County, Kentucky 40504**Check one:** new lease  renewal  addendum **Type of space:** Office/Administrative**Total square feet being leased:** 12,841**Cost per square foot:** \$20**Annual cost:** \$256,820**Average square foot cost of state leased cost in county:** \$22**Includes utilities:** yes  no **Cancellation clause:** yes  no *If yes, explain terms:* 30 Days*if no, explain why not:* N/A**Effective date:** February 1, 2024**Expiration date:** June 30, 2030

**Justification for lease:** In July of 2023, the UK Healthcare Philanthropy team transitioned to report directly to the Vice President for Philanthropy & Alumni Engagement resulting in two off-site lease locations for our teams. One location is not a viable option for occupancy due to the condition of the building. The other location is not large enough for all off-site team members. By consolidating the two units into one location we will realize improved efficiencies and an enhanced culture.

**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 issued with five responses received. After careful review this space was determined to be in the best interests of the University and the Commonwealth of Kentucky.

# FCR 14

Office of the President  
December 5, 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 from Cygnus, LLC at 2353 Alexandria Drive, Suite 100, Lexington, Fayette County, Kentucky.

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.

In July 2023, the UK Healthcare Philanthropy team transitioned to report directly to the Vice President for Philanthropy and Alumni Engagement. This resulted in two off-site lease locations in Lexington, Kentucky for the Philanthropy teams (210 Malabu Drive and the downtown Central Bank Building). To realize cost savings and improve efficiencies, the Office of Philanthropy will consolidate the two teams into one location. The existing locations are not viable options due to space limitations and conditions. Consequently, a new location which can accommodate both teams has been identified.

The recommended leased space includes 12,841 rentable square feet with an annual rent of \$256,820. 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 by the Board of Trustees, the lease will be reported to the Kentucky Capital Projects and Bond Oversight Committee in accordance with KRS § 56.823.

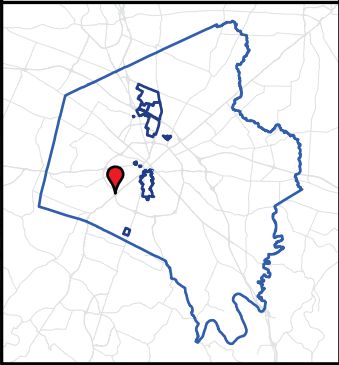
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Action taken:     Approved     Disapproved     Other \_\_\_\_\_





Fayette County



Imagery Source: Pictometry (Spring 2022)  
Created by UK Facilities Information Services  
Geospatial.Requests@uky.edu  
REV:20231117



# FCR 14 - APPROVAL OF LEASE



## Report to Capital Projects and Bond Oversight Committee

Lease with Annual Rental Exceeding \$100,000

Lease number: PR 8465

County: Fayette

Lessee: University of Kentucky, UK HealthCare Barnstable Brown Diabetes Center

Lessor: Kentucky Medical Services Foundation, 2333 Alumni Park Plaza, Suite 400, Lexington, Fayette County, Kentucky

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

Check one: new lease  renewal  addendum

Type of space: Support/Clinical

Total square feet being leased: 21,575

Cost per square foot: \$31.71

Annual cost: \$684,143.25 total (an additional \$89,740 annually)

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

Includes utilities: yes  no

Cancellation clause: yes  no

*If yes, explain terms:* 30 Days

*if no, explain why not:* N/A

Effective date: March 1, 2024

Expiration date: June 30, 2028

**Justification for lease:** This addendum will add 2,830 square feet for the Barnstable Brown Diabetes Center which has leased at this location since October 2020. The patient population, both Pediatrics and Adults, has expanded significantly, and additional space is critical to accommodate the current and continued growth. The current location has sufficient space to allow for an expansion.

**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 required as the rental terms and conditions of the expansion are the same as the current lease.