

October 1, 2024

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 which exceeds \$200,000 annually and is authorized in the Executive Branch Budget Bill, House Bill 6. The University, after careful consideration, determined that this lease is in the best interests of UK and the Commonwealth of Kentucky.

The new lease is for 26,681 square feet of office/administrative space located at 138 Leader Avenue, Fayette County, Kentucky. This space is needed for UK Healthcare's office staff and meeting space. The cost of the lease will not exceed \$888,477 annually and was approved by the University's Board of Trustees at their September 13, 2024 meeting. The effective date of the lease will be November 1, 2024 (contingent upon the Committee's approval), with an expiration date of June 30, 2032.

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 number: PR 8543

County: Fayette

Lessee: University of Kentucky, UK HealthCare (UKHC)

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

Property location: 138 Leader Avenue, Lexington, Fayette County, Kentucky 40508

Check one: new lease renewal addendum

Type of space: Office/Administrative Space

Total square feet being leased: 26,681

Cost per square foot: \$33.30 (\$20.00 Base Rent + \$13.30 operating expenses)

Annual cost: \$888,477

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

Includes utilities: yes no

Cancellation clause: yes no

If yes, explain terms: 30 Days

if no, explain why not: N/A

Effective date: November 1, 2024

Expiration date: June 30, 2032

Justification for lease: The 138 Leader Avenue building will provide office space for Pediatrics, The Center for Interprofessional and Community Health Education, The Science Outreach Center, and conference rooms for use across the healthcare organization. The location is in close proximity to the Albert B. Chandler Hospital providing an excellent and convenient location.

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

FCR 7

Office of the President
September 13, 2024

Members, Board of Trustees:

APPROVAL OF LEASE

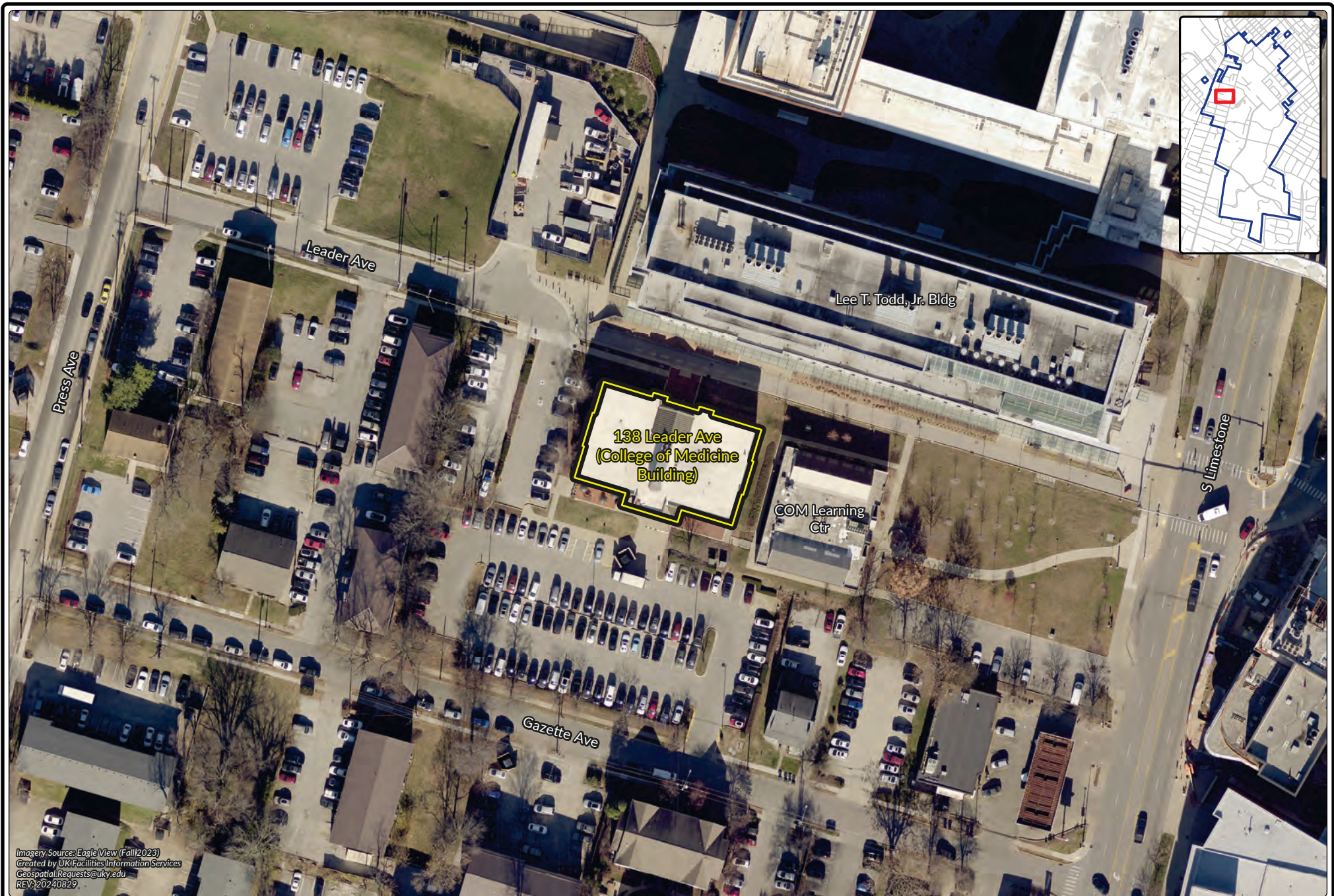
Recommendation: that the Board of Trustees authorize the Executive Vice President for Finance and Administration to negotiate and execute a lease with the Kentucky Medical Services Foundation (KMSF) for space located at 138 Leader Avenue, Lexington, Kentucky for UK HealthCare (UKHC).

Background: The Finance Committee review and recommends to the Board of Trustees on all leases exceeding \$200,000 annually pursuant to Governing Regulation II.G.3. The President or his designated representative is authorized to execute leases and easements not exceeding \$200,000 in value.

The 138 Leader Avenue building will provide office and conference space for UK HealthCare administrative staff and faculty in close proximity to the Albert B. Chandler Hospital. The leased space will include 26,681 square feet with an annual rent not to exceed \$888,477 per year and will be funded with agency funds.

Kentucky Revised Statute § 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 2024-2026 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.

Action taken: Approved Disapproved Other _____



Imagery Source: EagleView (Fall 2023)
Created by UK Facilities Information Services
Geospatial.Requests@uky.edu
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