



Andy Beshear
GOVERNOR

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

Bush Building, 3rd 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: Natalie W. Brawner, Director *NWB*
Division of Real Properties

DATE: July 16, 2024

SUBJECT: PR-4804, Franklin County
Department of Agriculture
Annual Rental Exceeding \$100,000.00

Per KRS 56.823(4), attached please find notification of a pending lease agreement renewal being processed by the Division's Leased Properties Branch.

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

NWB

CC: Capital Construction Log
OSBD
PR-4804 File

Attachment

COMMONWEALTH OF KENTUCKY LEASE RENEWAL AGREEMENT

1. Subject to the limitations imposed by law and the terms set forth in the original Lease Agreement, and as designated below by signature of the parties (or their representatives), the following described Lease Agreement by and between AGRICULTURE and CENTURY INVESTMENT GROUP LLC, by mutual agreement, is hereby renewed at the same terms and conditions for further periods of twelve (12) months not to extend beyond June 30 (please check and initial your choice on the appropriate line).

2025 _____ 2026 _____ 2027 _____ 2028 _____
 2029 _____ 2030 _____ 2031 _____ 2032 *WMA*

The annual base rental rate shall remain \$12.96 per square foot for 10640 rentable square feet.

LEASE NUMBER: PR-4804	LOCATION: 109 CORPORATE DR FRANKFORT, KY
COUNTY: FRANKLIN	
ADDENDUM ATTACHED: NO (Lessor must sign Addendum if attached)	

- The Lessor agrees to notify the Commonwealth of all persons owning, or upon any change or transfer of ownership involving five percent (5%) or more in stock, in partnership, in business trust, or in corporation, including silent or limited partners. Non-compliance may result in termination of the Lease Agreement.
- The Lessor acknowledges that his property may be reinspected by the Division of Building Codes Enforcement and must comply with all applicable standards (life safety and ADA accessibility).
- The Contractor, as defined in KRS 45A.030(7), agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Furthermore, any books, documents, papers, records, or other evidence provided to the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, or the Legislative Research Commission which are directly pertinent to the contract shall be subject to public disclosure regardless of the proprietary nature of the information, unless specific information is identified and exempted and agreed to by the Secretary of the Finance and Administration Cabinet as meeting the provisions of KRS 61.878(1)(c) prior to the execution of the contract. The Secretary of the Finance and Administration Cabinet shall not restrict the public release of any information which would otherwise be subject to public release if a state government agency provides the service.
- 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.

Century Investment Group LLC
by WMA, CEO
 LESSOR

Annual Amount \$137,894.40

[Signature]
 Commonwealth of Kentucky - LEASING AGENCY REPRESENTATIVE

859-385-4110
 LESSOR'S CURRENT PHONE NUMBER

NEW ADDRESS Only If the above Address is Incorrect

ATTORNEY, FINANCE & ADMINISTRATION CABINET

SECRETARY, FINANCE & ADMINISTRATION CABINET

REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

LEASE RENEWAL WITH ANNUAL RENTAL EXCEEDING \$100,000.00

Lease No.: PR-4804		County: Franklin	
Using Agency: Department of Agriculture			
LESSOR (identify all parties having 5% or more ownership): Attached extra sheet if necessary		Century Investment Group LLC	
Property Location: 109 Corporate Drive, Frankfort, KY			
Check One: <input type="checkbox"/> New Lease <input checked="" type="checkbox"/> Renewal <input type="checkbox"/> Modification			
Type Space: Office		Cost Per Square Foot: \$12.96	
Annual Rental Cost: \$137,894.40		Average Cost Per Square Foot of Leased-In Space in County: \$8.86	
Utilities Included: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Cancellation Clause:	<input checked="" type="checkbox"/> Yes If yes, explain terms: 30 Days		<input type="checkbox"/> No If no, explain why not:
Effective Date: July 1, 2024		Expiration Date: June 30, 2032	
Justification for Lease: Lease renewal			
Has the Finance & Administration Cabinet complied with statutory requirements: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, explain:			
Explain why the Finance & Administration Cabinet chose this lessor: Lease renewal			



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT FOR FACILITIES AND SUPPORT SERVICES
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Fax: (502) 564-8108

MEMORANDUM

TO: Katherine Halloran, Committee Staff Administrator
Capital Projects and Bond Oversight Committee

FROM: Natalie W. Brawner 
Division of Real Properties

DATE: July 12, 2024

SUBJECT: PR-5250, Franklin County
Department of Public Advocacy
KRS 56.823 (11)(a) Lease Modification Report

As outlined, attached please find notification of a pending lease modification in excess of \$50,000:

PR-5250, Franklin County

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

TWD/twd
Attachment

Cc: Capital Construction Log
OSBD
PR-5250 File
NWB

**REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE
LEASE MODIFICATION (AMORTIZATION) EXCEEDING 50,000**

Date Posted in 30-Day Register: July 12, 2024	
Lease No.: PR-5250	County: Franklin
Using Agency: Department of Public Advocacy	
Lessor (identify all parties having 5% or more ownership): Attached extra sheet if necessary	Rainier Frankfort Acquisitions LLC C/O Paul Ray Smith, Receiver
Property Location:	
Existing Rental Terms	
Type Space: Office/Storage	Square Feet: 34,946 office, 8,861 storage
Annual Payment: \$495,108.40	Contract Expiration: June 30, 2026
Modified Rental Terms	
Type Space: Office/warehouse	Square Feet: 45,342 office/8,861 storage
Annual Payment: \$629,216.80	New Contract Expiration: June 30, 2031
Total Cost to be Amortized: \$56,115.00 (agency's portion of the \$168,641.00 total)	
Projected Period of Amortization – Effective: TBD through June 30, 2031	
Reason for Modification (see attached approval memo and modification): Please see attached.	
Estimate Details (see attached copies): 1. Koller Warner Construction - \$168,641.00 2. NAI Issac - \$185,505.00	

ADDENDUM

The following items are to be considered a part of lease modification agreement PR-5250, Franklin County, dated June 5, 2024.

SECTION 1

1. The building shall meet all Kentucky building codes and accessibility specifications in accordance with ADA, as enforced by the Kentucky Department of Housing, Buildings and Construction. The Department may require a set of construction plans from the Lessor. The Lessor is required to submit a copy of these plans, if/as approved by the Department, to the Division of Real Properties. The Lessor shall be responsible for determining/complying with the requirements of the Department. Issues such as fire rated corridors, fire suppression systems (if applicable), HVAC installation, etc. are not addressed in the space planning information (i.e., floor plans and specifications) provided by the Division of Real Properties.
2. All facilities with a total leased square footage of 3,000 square feet or more shall be equipped with automatic fire suppression systems (sprinklers). The system shall be installed in accordance with all applicable provisions/requirements of the Department of Housing, Buildings, and Construction. **NOTE: Access to an underground water main with a minimum diameter of six (6) inches is required for sprinkler systems serving spaces that exceed 3,000 square feet.** The Lessor shall be responsible for installation and maintenance of the fire suppression system. The Commonwealth prepares floor plans based on the presence of a suppression system. Should the Lessor submit an exception to this requirement they shall be solely responsible for any expenses associated with additional requirements as determined by the Department.
3. Central heating and air conditioning (HVAC) shall be installed throughout. The HVAC system shall be installed in conformance with Kentucky building codes, as administered by the Kentucky Department of Housing, Buildings and Construction. The Lessor shall also install an adequate fresh air handling system in accordance with applicable ASHRAE Standards. Electronic thermostats with programmable functions shall be installed for new or existing HVAC systems. A standard locking cover shall be installed on the thermostat. The local supervisor, in conjunction with the Lessor, will determine appropriate settings (i.e.: daytime/evening temperature settings, set back timer settings as required by regular office hours, etc.) for each property. Central air units, heat pumps, etc. must be ENERGY STAR qualified where available. Alternative systems (e.g., geo-thermal, etc.) may be proposed at the discretion of the lessor but are subject to review and approval by the Division of Real Properties. The Lessor shall ensure that applicable HVAC systems are serviced (e.g., clean and check) not less than twice annually and filters shall be replaced not less than once per quarter.
4. The Lessor shall insulate exterior walls at a minimum R-13 or equivalent and the ceiling at a minimum R-38 or equivalent. Weather stripping and/or other suitable insulation shall be applied to all doors and windows and all other exterior of the leased space. This shall be inspected on an annual basis and repaired/replaced as necessary. The Lessor shall provide mini-blinds for all windows.
5. Separate utility meters are needed if the using agency is to pay utilities, with service to be established in the name of the using agency. *{Agencies that are billed directly by a local utility should contact the utility company to identify their agency as "tax exempt"}* If a separate meter is not feasible, the Lessor shall bill the using agency on a pro-rated basis. If this method is used, the Lessor shall provide the using agency sufficient documentation to justify the percentage of the total bill to be charged to the using agency. *{Agencies that receive utility invoices from the Lessor (based on the percentage of space occupied) should reimburse the Lessor for the full amount of the invoice including any applicable taxes}*.
6. If a plenum ceiling is to be used, all wiring shall be housed in conduit, or plenum cable shall be used. The Lessor shall advise the Division of Real Properties as soon as possible when it is determined that plenum or a ducted ceiling is to be used. This will ensure that the agency's appointed electricians will be prepared with the right cabling. **Failure to notify the Division of Real Properties of a plenum ceiling, prior to award of a lease, shall be considered grounds for termination of the lease.**

SECTION 2

1. Existing tiled floors shall remain intact except where breakage has occurred, and that tile shall be replaced.
2. Existing carpet shall be replaced with Shaw Stonefield – Sandstone #33020 (or similar product quality and color subject to approval by the Division of Real Properties and the tenant agency).
3. The Lessor shall install interior doors and/or panic bars where indicated on the floor plan to separate the leased and non-leased portions of the facility.
4. One pass through window(s) (1/4" tempered/shatter resistant glass) and window counter(s) shall be installed if/as shown on the floor plan. The counter(s) shall be at a height of 42" from the floor, with a 16" deep laminated surface. The pass thru window shall include a voice port and a pass thru tray shall be installed on the countertop.

5. The lessor shall install ADA compliant automatic door opening equipment on the exterior door of the property as noted on the floor plan in compliance with the requirements of the Division of Building Codes Enforcement. The installation of the second door on the property will create a vestibule or airlock, automatic door opening equipment shall be installed on both sets of doors and programmed so that the doors operate simultaneously.
6. The Department of Public Advocacy requested permission to install state-owned Key Card Access Entry System on interior/exterior doors pursuant to the general provisions of Section 4.1.
7. All interior walls shall be painted with Porter Paint – Antique Parchment #317-3 and all the trim shall be painted with Pittsburgh Paint – Camel #417-4 (or similar product quality and color subject to approval by the Division of Real Properties and the tenant agency)
8. Rest rooms must comply with ADA requirements and be furnished with hot and cold water, toilet tissue holders, soap dispensers, paper towel dispensers, and mirrors. Prior to installation, verify with the using agency the type of dispensers required for products currently on Commonwealth of Kentucky price contract. Water fountain(s) shall be installed as shown on the floor plan, or as approved by the Department of Housing, Buildings, & Construction.
9. The Lessor shall provide parking for 41 additional agency staff and visitors, plus accessible space(s) as required by the Department of Housing, Buildings, & Construction. The parking lot shall be asphalted and striped with all spaces clearly marked and identified. All holes and other damage shall be repaired on a timely basis. All spaces shall be a minimum of 9' x 18' with the exception of ADA accessible spaces.
10. The Lessor shall be responsible for the maintenance and upkeep of the grounds surrounding the property, to include mowing/trimming grass and raking leaves. The Lessor shall also be responsible for maintenance and cleaning of the parking lot, including snow removal from the parking lot and snow & ice removal from the sidewalks.

SECTION 3 - Telephone/Computer Access/Electrical Fit Up

1. Adequate recessed fluorescent lighting shall be installed for office use, including telephone/storage rooms, with separate light switches for each room. Light fixtures shall be installed (or all existing fixtures shall be replaced) with T-8 fixtures equipped with direct replacement LED lamps. Alternatively, fixtures may be replaced with LED Contemporary Architectural Troffers or equivalent fixtures. Alternate fixture types may be proposed by the lessor provided that adequate lighting levels are maintained for the proposed facility use and a similar level of efficiency can be documented. The lessor will be responsible for supplying/replacing lamps as required. Sufficient fixtures must be installed to provide adequate lighting levels for the application (e.g., office, storage, clinical/laboratory, etc.).
2. All exit and directional lights shall be the LED type.
3. The Lessor shall be responsible for providing a closable HVAC vent and cold air return for the telephone equipment room.
4. Conduit, cable tray, or raceway fill rate is to comply with the National Electrical Code.
5. The Lessor shall contact the Division of Real Properties at a point when the agency's electricians can install computer cables and telephone wiring through conduit.
6. The Lessor shall provide empty conduit with pull string within the walls from the ceiling on locations shown on the floor plan as voice/data outlets. Install a cut-in box where conduit symbols are shown on the floor plan, the conduit should have smooth edged bushings at the box and above the ceiling. One inch (1") conduit shall be provided for data terminals, printers, and telephone instruments from each designated outlet location. **NOTE: In most instances, voice/data cables (from individual office conduits) merge above the ceiling and should be supported by cable trays or pass through conduits (sized by number of outlets in the building) to the telephone equipment room or controller location.**

SECTION 4

1. Due to the continuing development of new office technology the Lessor authorizes competent agency personnel to install additional security and/or access control equipment, telephone wiring, computer cabling, and conduit or wire molding (as required) to accommodate such technology during the term of the agency's occupancy. Agency will notify the Division of Real Properties for approval before commencing any of this type work.
2. All notations on the floor plan are incorporated herein by reference.
3. The office shall be thoroughly cleaned after renovation/construction and before occupancy, including vacuuming all carpeted areas, spot-cleaning carpet, mopping and waxing vinyl tile, dusting, cleaning rest rooms, washing windows, etc.
4. The exterior front of the building shall have a professional office appearance; with street number(s) of subject building displayed prominently.

5. Subsequent to the receipt of approval to begin renovations/construction from both the Division of Building Codes Enforcement and the Division of Real Properties, the lessor shall submit an estimated schedule for completion of the renovations/construction. Written progress reports, and a revised completion schedule, if appropriate, shall be submitted to the Division of Real Properties not less than once per month until complete.
6. The Division of Real Properties and/or the using agency reserves the right to inspect the facility at any time during construction/renovations/occupation.

Upon verification from the Department of Housing, Buildings, and Construction, Division of Building Codes Enforcement that all life safety regulations and all accessibility specifications (in accordance with ADA) have been satisfactorily met and verification from the Department of Public Advocacy that all renovations have been satisfactorily completed, the lease agreement effective date will be established by signature of the Director, Division of Real Properties, upon the lease agreement document.

ACKNOWLEDGED BY:

ACKNOWLEDGED BY:

Department of Public Advocacy **Date**

Rainier Frankfort Acquisitions LLC **Date**

**KOLLER
WARNER
CONSTRUCTION**

TO: Jennifer Pennington
FR: DeWayne J. Koller
RE: Millcreek # 11 Public Advocacy
DATE: April 19, 2024

.....
Koller Warner Construction proposes to perform the Scope of Work identified in the Proposal Request PR-5250 dated August 14, 2023, for the lump sum cost of **One Hundred Sixty-Eight Thousand Six Hundred Forty-One Dollars (\$168,641.00)**.

The proposed Scope of Work and associated costs are as follows:

General Conditions	7,500
Casework	500
Glass	4,725
Doors & Hardware	5,825
Automatic Door Operators	6,920
Drywall Partitions	4,500
Painting	30,785
Carpet	58,910
Plumbing/ HVAC	10,950
Electric	22,695
Contractor's Fee	15,331
Total Cost	168,641



Commercial Real Estate Services, Worldwide.

April 10, 2024

Rainier Frankfort Acquisitions, LLC
c/o Paul Ray Smith Jr.

RE: Department for Public Advocacy
11 Mill Creek Park, Frankfort, KY
PR-5250

For the sum of One Hundred Eighty-Five Thousand, Five Hundred Five Dollars (\$185,505.00), NAI proposes to perform the scope of work detailed in the PR-5250 Proposal Request dated August 14, 2023. Proposal Requested attached.

If you have any questions or concerns, please contact me at 859-224-2000.

Jennifer Pennington
Property Manager

Accepted by

Dated

771 Corporate Drive, Suite 500
Lexington, Kentucky USA 40503
+1 859 224 2000
naiisaac.com



**FINANCE AND ADMINISTRATION CABINET
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Sam Ruth
COMMISSIONER

Natalie W. Brawner
DIRECTOR

MEMORANDUM

TO: Natalie W. Brawner, Director
Division of Real Properties

FROM: Tim Driskell, Leasing Manager
Division of Real Properties

DATE: June 5, 2024

SUBJECT: PR-5250, Franklin County
Department of Public Advocacy

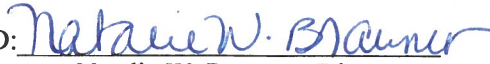
The Department of Public Advocacy presently occupies 34,946 square feet of office space, leased at a rental rate of \$12.90 per square foot and 8,861 square feet of storage space, leased at a rental rate \$5.00 per square foot (\$495,108.40 annually), excluding utilities and janitorial services with a term expiring June 30, 2026. The Department recently submitted a request for 9,334 square feet of additional space to accommodate addition staff required to service the transfer of the Louisville Metro Government Public Defenders office to the Commonwealth of Kentucky’s Department of Public Advocacy, effective July 1, 2024. Subsequent to review of plans and specifications for the proposed space, the lessor has consented to lease 10,396 square feet of space at the rental rate applicable to the existing lease agreement and they have consented to extend the lease term to June 30, 2031 as permitted under KRS 56.806(1).

The renovations necessary to accommodate the Department of Public Advocacy within the proposed space requires some demolition and renovation (e.g., demo/installation of framing and drywall, upgrade of electrical services, and all associated interior finish work. Based on the scope of work and the cost of renovations to convert the space in a manner that satisfies current specification requirements for the Department of Public Advocacy, the lessor has requested that the Department absorb \$56,115.00 of the estimated \$168,641.00 renovation cost. In accordance with applicable provisions of KRS 56.813(2), the lessor has provided two estimates for renovations (\$168,641.00 from Koller Warner Construction and \$185,505.00, from NAI Issac). The Department of Public Advocacy has recommended acceptance of the low bid from Koller Warner Construction for \$168,641.00 with the \$56,115.00 amount to be paid by the Department amortized over the extended term of the lease as defined above.

The attached lease modification therefore provides for an increase rental of 10,396 square feet (\$134,108.40 annually) in the office space under lease; from 34,946 square feet to 45,342 square feet, leased at a rental rate of \$12.90 per square foot (\$584,911.80 annually), and the existing 8,861 square feet of storage space, leased at a rate \$5.00 per square foot (\$44,305.00 annually) for a rent total of \$629,216.80 annually and the amortization cost of approximately \$8,211.96 annually (\$56,115.00/82 months). Capital Projects & Bond Oversight Committee reporting is required. Your approval of the attached lease modification is recommended to ensure that the Department of Public Advocacy secure suitable additional space as requested.

Should you have questions or require additional information, please advise.

NWB/TWD/br
Attachment

APPROVED: 
Natalie W. Brawner, Director





Andy Beshear
GOVERNOR

**FINANCE AND ADMINISTRATION CABINET
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Sam Ruth
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Natalie W. Brawner
DIRECTOR

MEMORANDUM

TO: Katherine Halloran, Committee Staff Administrator
Capital Projects and Bond Oversight Committee

FROM: Natalie W. Brawner, Director 
Division of Real Properties

DATE: July 12, 2024

SUBJECT: PR-5767, Franklin County
Energy & Environment Cabinet
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-5767, Franklin County

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

TWD/td
Attachment

Cc: Capital Construction Log
OSBD
PR-5767 File
TWD

REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

LEASE MODIFICATION AMORTIZATION

Date Posted in 30-Day Register: July 12, 2024	
Lease No.: PR-5767	County: Franklin
Using Agency: Energy & Environment Cabinet	
LESSOR (identify all parties having 5% or more ownership): Attached extra sheet if necessary	Hanna Family Trust
Property Location: 105 Sea Hero Road, Frankfort, KY	
<i>Existing Rental Terms</i>	
Type Space: Office/Warehouse/Laboratory	Square Feet: 9,012
Annual Payment: \$72,726.84	Contract Expiration: June 30, 2026
<i>Modified Rental Terms</i>	
Type Space: Office/Warehouse/Laboratory	Square Feet: 9,012
Annual Payment: \$72,726.84	New Contract Expiration: June 30, 2026
Total Cost to be Amortized: \$108,496.16	
Projected Period of Amortization – Effective: TBD Through: June 30, 2026	
Reason for Modification (see attached approval memo and modification): Please see attached	
Estimate Details (see attached copies):	
<ol style="list-style-type: none"> 1. Hanna Family Trust \$108,496.16 2. Hanna Construction, Inc \$125,576.50 	

HANNA CONSTRUCTION, INC.
 225 WALTON AVENUE
 SUITE 122
 LEXINGTON, KY 40502

Invoice

Date 6/11/2024
 Invoice # 261

Bill To

Enviornmental Energy Cabinet

Ship To

105 Sea Hero Suite 4

P.O. #
 Terms

Ship Date 6/11/2024
 Due Date 6/11/2024
 Other

Description	Qty	Rate	Amount
Remove Ceiling and walls as per plans	9,012	1.75	15,771.00
Install 12x12 automatic door	1	5,250.00	5,250.00
Raise Sprinkler Systems	9,012	2.25	20,277.00
Shop Style Lighting	9,012	2.25	20,277.00
Rework HACK Systems	9,012	3.25	29,289.00
Strip and Seal Flooring	7,850	3.25	25,512.50
Fees	0.08	115,000.00	9,200.00
		Subtotal	\$125,576.50
		Sales Tax (0.0%)	\$0.00
		Total	\$125,576.50
		Payments/Credits	\$0.00
		Balance Due	\$125,576.50

HANNA CONSTRUCTION, INC.
 Hannaconstruction@gmail.com
 hannabuilds.com

859-621-1038

Hanna Family Trust
1337 Cooper Dr
Lexington, KY 40502

Invoice

Date	Invoice #
5/10/2024	1003

Bill To
Enviornmental Cabinet

Description	Amount
7364 Square Feet Demolition	18,778.20
Garage Door	4,950.00
Raise Sprinkler System to 11 feet high	11,250.00
Fencing and Striping	4,500.00
Redo Lighting for Industrial Use	16,569.00
Rework HVAC to Accomodate 11 foot ceilings	17,500.00
Strip and Seal Flooring in Storage area	27,500.00
Contractors Fee	7,448.96
Total	\$108,496.16



Andy Beshear
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Natalie W. Brawner
DIRECTOR

MEMORANDUM

TO: Natalie W. Brawner, Director
Division of Real Properties

FROM: Tim Driskell, Leasing Manager
Division of Real Properties

DATE: June 12, 2024

SUBJECT: PR-5767, Franklin County
Energy & Environment Cabinet

The Energy & Environment Cabinet recently submitted a space request 9,261 square feet of office, storage, and laboratory space. Given the extraordinary requirements for potential 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., office, storage, and laboratory) was initiated. A proposal to lease additional space was transmitted to an existing lessor for space in a facility that provides two of three requirements (i.e., office and storage), and the lessor proposed to accommodate the agency laboratory requirements by agreeing to install agency provided equipment in the facility to serve as their laboratory. Subsequent to review of the proposed renovations, the 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). 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 same terms to PR-5347, Franklin County (\$8.07 per square foot through June 30, 2026).

The renovations necessary to accommodate the Energy & Environment Cabinet within the proposed space requires some demolition and renovation (e.g., demo/installation of framing and drywall, upgrade of electrical services, all associated interior finish work, and creation of a new overhead door equipment entrance on the front side of the proposed building). Based on the scope of work and the cost of renovations to convert the space in a manner that satisfies current specification requirements for the Energy & Environment Cabinet, the lessor has requested that the Cabinet absorb the entire renovation cost. In accordance with applicable provisions of KRS 56.813(2), the lessor has provided two estimates for renovations/construction (\$108,496.16 from Hanna Family Trust and \$125,575.50 from Hanna Construction, Inc.). The Energy & Environment Cabinet has recommended acceptance of the low bid from Hanna Family Trust for \$108,496.16 with this amount amortized over the terms of the lease as defined above.

Memo to: Natalie W. Brawner, Director
PR-5767, Franklin County
Energy & Environment Cabinet
June 12, 2024
Page Two

Based on the negotiations defined herein and in accordance with applicable provisions of KRS 56.813(1), the proposed lease agreement provides for the use of 9,012 square feet of space at a rental rate of \$8.07 per square foot (\$72,726.84 annually), excluding utilities and janitorial services with a term expiring June 30, 2026. In accordance with applicable provisions of KRS 56.813(2), the proposed lease modification provides for the amortization of \$108,496.16 in property improvement expenses per estimates submitted by Hanna Family Trust. The anticipated amortization period of twenty months (20) months results in annual amortization costs of \$65,097.72 and a total estimated annual lease cost of \$137,824.56. Capital Projects and Bond Oversight Committee reporting is not required for the proposed lease agreement; however it is required for the amortization and will be accomplished in accordance with applicable provisions of KRS 56.823. Your approval of the attached lease agreement and lease modification agreement is recommended to secure suitable space as requested by the Energy & Environment Cabinet.

Should you require additional information, please advise.

TWD/BGR/br

Attachment

APPROVED: 
Natalie W. Brawner, Director