

FCR 15

Office of the President
September 10, 2013

Members, Board of Trustees:

UNIVERSITY OF KENTUCKY GROUND LEASE
TO SHRINERS HOSPITALS FOR CHILDREN

Recommendation: that the Board of Trustees authorize the President, or his designee, to enter into a long-term ground lease with Shriners Hospitals for Children (“SHC”) for the purpose of the construction of a new Shriners Hospital facility.

Background: At the Board of Trustees meeting in September, 2012, the Board approved a proposal to authorize the President to finalize a development plan under which SHC would relocate its Lexington hospital (“SHC Lexington”), and its critical children’s health care services, to the University campus.

The University of Kentucky and SHC Lexington have a long-standing relationship. SHC Lexington provides pediatric orthopedic care to children of Kentucky and surrounding states. The majority of the medical staff at SHC Lexington are faculty in the Department of Orthopedics in the College of Medicine. The faculty in the Department of Anesthesia as well as several other College of Medicine department faculty, provide services at SHC Lexington. SHC Lexington also supports several medical resident and student rotations.

SHC Lexington’s hospital on Richmond Road currently provides care to 10,800 patients. The hospital, now in its 85th year of operation, has a 180,000 square foot facility. The facility has 50 inpatient beds, two operating rooms, physical therapy services and outpatient clinics.

The majority of the services provided by SHC Lexington are outpatient. In 2011, the hospital performed 689 out-patient surgeries and 198 inpatient surgeries. The movement of the majority of its surgical cases to an outpatient setting has significantly diminished the need for SHC Lexington to operate an inpatient hospital service.

The parties have agreed to the key terms of a ground lease by which the University will lease land to SHC Lexington, who will develop a new facility to provide outpatient surgical services, outpatient clinics, physical therapy and other related services. All inpatient care for the children SHC Lexington serves will be provided in the Kentucky Children’s Hospital.

Action taken: Approved Disapproved Other _____