

# FCR 10

Office of the President  
December 2, 2025

Members, Board of Trustees:

## APPROVAL TO ACQUIRE 2301 LEXINGTON AVENUE CONDO 220, ASHLAND, KY/CONFLICT OF INTEREST

Recommendation: that the Board of Trustees approve an exception to Kentucky Revised Statutes (KRS) 164.131(7), pursuant to KRS 164.367, and authorize the Executive Vice President for Finance and Administration to acquire real property and improvements located at 2301 Lexington Avenue Condo 220, Ashland, Kentucky, for the use and benefit of UK King's Daughters (UKKD).

Background: The University of Kentucky and the sellers, Jamal Merhy, M.D. Properties, L.L.C., have held intermittent discussions regarding the purchase of the property located at 2301 Lexington Avenue Condo 220, Ashland, Kentucky, which includes approximately 1,873 square feet of clinical space. This property is located within the Ashland Medical Arts Building on the UKKD campus and is one of three condos not currently owned by UKKD. This property will provide clinical space for oncology services and this purchase is in the best interest of the University and the Commonwealth.

UKKD engaged an appraiser qualified by the Commonwealth of Kentucky and appearing on the pre-approved appraiser list. This appraiser rendered an opinion that the fair market value of the parcel was \$270,000. The total consideration for the acquisition will not exceed \$270,000 plus customary due diligence and the cost of appraisals, land surveys, closing fees and other capitalized costs of acquisition. While the consideration amount is less than that requiring Board of Trustee approval, the current owner of the property is a University of Kentucky HealthCare physician in Lexington, thus raising a potential conflict of interest under KRS §164.131(7) and UK/UKKD policies.

KRS 164.131(7) prohibits an employee from having an interest in a contract with the University, unless approved by the Board as permitted by KRS 164.367. The recommendation to approve the purchase as an exception to KRS 164.131(7) is based on a finding that the purchase is in the best interest of the University, UKKD and the Commonwealth.

The potential purchase and conflict were reported at the November 2025 meeting of the Board of Governors for Royal Blue Health, LLC, at which the Board of Governors agreed to recommend a waiver of the conflict and approval of the purchase to the UK Board of Trustees. This proposed purchase was also reviewed by the University's General

Counsel and Chief Accountability Officer and Audit Executive, both of whom recommend a waiver of conflict and approval of the purchase.

The recommendation to approve the purchase as an exception to KRS 164.131(7) is based on a finding that the purchase is in the best interest of the University, UKKD and the Commonwealth, and that the employee's interest in the property was fully disclosed. The property is located in an office building in which UKKD already owns most of the office space. The proximity to UKKD's main campus will provide ready access to UKKD services for the community it serves. There are no other alternative parcels in the immediate vicinity that would serve the same purpose without requiring a greater investment of funds to locate and prepare another property for the intended use. The property, purchased for the appraised value, provides the best value for the University and UKKD.

KRS §164A.575 states that upon the approval of the secretary of the Finance and Administration Cabinet, the governing board may purchase or otherwise acquire all real property determined to be needed for the institution's use. Pending Board and Cabinet approval, the University will finalize negotiations and enter into all agreements necessary to complete acquisition.

---

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



