

FCR 11

Office of the President
May 3, 2016

Members, Board of Trustees:

APPROVAL OF LEASE

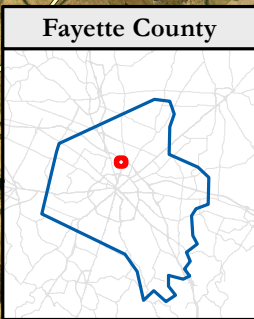
Recommendation: that the Board of Trustees authorize the Executive Vice President for Finance and Administration to negotiate and execute a Lease Addendum expanding the amount of space currently leased by UK HealthCare from VIII FS Lexington, LLC (VIIIIFS).

Background: At its October 2006 meeting the Board of Trustees amended Governing Regulation II.A.6(g) requiring that all leases in excess of \$200,000 annually be approved by the Board of Trustees. The President or his designated representative is authorized to enter into leases and easements not exceeding \$200,000 in value.

On July 21, 2015, UK HealthCare (UKHC) leased 9,160 square feet in the 1648 McGrathiana Parkway building on the Coldstream Research Campus from VIIIIFS. The facility houses four of UK HealthCare's integrated business units. Additional space is needed to provide adequate office space for over 90 employees. UKHC is requesting authorization to lease an additional 2,995 square feet. With the addendum, UKHC will be leasing a total of 12,155 square feet at a price of \$17.25/rsf which includes common area maintenance charges, property taxes, and utilities. The total annual rent following the addendum will be \$209,673.75, an increase of \$51,663.75 from the original lease amount of \$158,010. The leased space will be funded with agency funds.

Kentucky Revised Statute (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 2014-16 Executive Budget of the Commonwealth. Contingent upon approval from the Board of Trustees, the lease will be reported to the Capital Projects and Bond Oversight Committee.

Action taken: Approved Disapproved Other _____



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