

FCR 15

Office of the President
April 28, 2023

Members, Board of Trustees:

AUTHORIZATION OF LEASE AMENDMENT FOR UK HEALTHCARE SPECIALTY PHARMACY SERVICES

Recommendation: that the Board of Trustees authorize the Executive Vice President for Finance and Administration to negotiate and execute a building lease amendment between the University of Kentucky and Wellington Properties III, LLC at 531 Wellington Way in Lexington, Kentucky, to be used by UK HealthCare Specialty Pharmacy Services.

Background: At its October 2006 meeting, the Board 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.

At its June 21, 2019 meeting, the Board approved a building lease for UK HealthCare (UKHC) Specialty Pharmacy Services at 531 Wellington Way. The approved lease was not to exceed 31,000 square feet of space and the annual cost was not to exceed \$1,150,000. In June 2022, 4,507 square feet were added to accommodate a call center.

UKHC Specialty Pharmacy Services provides specialty medications to UKHC patients including medication counseling, sourcing of these medications, and delivery of the medications/supplies to patient's homes. This business has grown significantly requiring additional staff to support the increase in demand for these services. The increased activity requires improvements to the existing mechanical system to maintain proper temperature and humidity controls in the pharmacy clean room. A retro-commissioning of the pharmacy clean rooms was performed resulting in a recommendation to modify the existing system to maintain both temperature and humidity levels within the required code parameters for this sensitive environment. This system only supports the Specialty Pharmacy Services spaces, not the general building. The improvements will include modifications to the existing mechanical system to supplement cooling and provide additional dehumidification.

The lease amendment will include the additional square footage and the necessary improvements to the mechanical system. The amended lease will be for 35,219 square feet and a total annual rent not to exceed \$1,360,000.

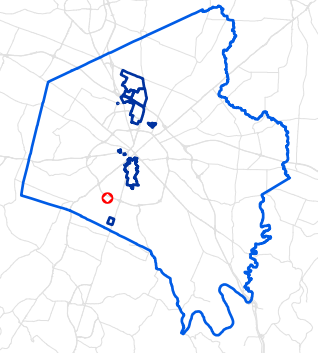
Pursuant to Kentucky Revised Statute §48.111, this amended lease has been authorized by the 2022 Session of the Kentucky General Assembly. Contingent upon approval by

the Board, the amended lease will be reported to the Capital Projects and Bond Oversight Committee.

Action taken: Approved Disapproved Other _____



Fayette County



531
WELLINGTON
WAY

531
WELLINGTON
WAY

Imagery Source: Pictometry (Spring 2022)
Created by UK ITS Geospatial
Geospatial.Requests@uky.edu
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