



PROGRAM EVALUATION

REAL PROPERTY LEASE PROCEDURES OF THE COMMONWEALTH

Committee for Program Review & Investigation

Research Report No. 182
Legislative Research Commission
Frankfort, Kentucky

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Program Evaluation: Real Property Lease Procedures of the Commonwealth

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Research Report No. 182

Legislative Research Commission

Frankfort, Kentucky

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FOREWORD

The Committee for Program Review and Investigation, at its December 9, 1980, meeting, voted to perform a review of real property leases of the Commonwealth. A brief summary of each lease reviewed is presented at the end of this report.

We thank the Division of Real Properties, Department of Finance, the Administrative Office of the Courts and the State Fire Marshal's office for their assistance and cooperation in this study.

Brent A. Neiser, Sheila A. Mason, Larry Pittman and Sarah Hayes comprised the project staff. Legal analysis was provided by Ethel Alston and Greg Freedman of the Legislative Research Commission staff. Jeanie C. Privett prepared the manuscript. The cover was designed by University of Kentucky Art Department student, John Cox.

VIC HELLARD, JR.
Director

Frankfort, Kentucky
July, 1981

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Summary

As of April 29, 1980, the Commonwealth was a party to over 700 real property leases with private vendors and government agencies. Most of these leases are for office space, resulting in a cost of approximately \$13.8 million a year. The Division of Real Properties in the Department of Finance has been responsible for entering into real property leases for all executive branch agencies since the General Assembly amended KRS 56.800 in 1978. The Administrative Office of the Courts handles real property leasing for the judicial branch and the Legislative Research Commission has responsibility for the Legislature's needs in this area.

There has been some unfavorable commentary over the past few years aimed at particular leases that did not seem to be in the best interests of the Commonwealth. Questions have been raised about the bid selection process and political favoritism. Governor Brown's Executive Management Commission has made certain recommendations about leasing practices and pointed out the need for a comprehensive state facilities planning/management program.

This situation and related questions have resulted in a review of leasing practices and procedures by the Legislative Program Review and Investigation Committee and its staff. Many of the perceived problems with real property leasing can be linked to one of the following questions.

- Are the competitive bidding procedures used fair and comprehensive?
- Are special lease arrangements employed that circumvent established procedures to benefit particular individuals?
- Is property brought within fire code compliance before or after occupancy?
- Are lease modifications justified and are they charged back in a fair manner?
- Are records required and compiled on potential conflict of interest situations?
- Are disclosure of ownership records complete and accurate?

Recommendations concerning these issues follow. Specific illustrations and recommendations are found throughout the various chapters of this report. A summary listing of 619 real property leases with private vendors may be found in Appendix B.

RECOMMENDATIONS

1. Section 8 of 200 KAR 6:030 should be amended to delete the provision allowing for an escalation in the rental rate of expired leases which have been in effect at least five years without competitive bidding (Chapter II).

2. The Department of Finance should base its final approval of a lease upon a uniform and justifiable method where different criteria are assigned particular importance or weight. Cost factors and comparisons should be detailed as a matter of record, as well as a clear understanding of how important cost factors were in arriving at a final decision (Chapter III).

3. The Division of Real Properties within the Department of Finance, and the Administrative Office of the Courts should keep in close contact with the State Fire Marshall's Office, to ensure that all state-leased property maintains fire code compliance (Chapter IV).

4. Agencies should not be allowed to move into a facility prior to (a) a full inspection and approval by the Fire Marshal, or (b) an interim inspection by Division of Real Properties or AOC per-

sonnel to determine if sufficient hazards exist to prevent occupancy prior to compliance. If (b) option is adopted, the necessary inspection personnel would have to undergo enough training to be able to conduct rudimentary and preliminary inspections. [This recommendation will require an appropriate change to KRS 56.802(3), 200 KAR 6:030(4) and Part V of the Supreme Court of Kentucky's Administrative Procedures. Chapter IV]

5. Preliminary inspections of potential leased property by Division and AOC staff for Life Safety violations would provide a more accurate comparison of bids and assessment of the extent of renovations that may be required following a State Fire Marshal's inspection. The Division of Real Properties should consider providing Life Safety Code training for its leasing agents. Also, it should consider noting on the on-site evaluation forms that fire and safety code deficiencies have been checked for and identifying any related problems (Chapter IV).

6. The register should not be eliminated. Its lack of use up to this point is not sufficient reason to abolish it. The existence of a publicly visible record is a deterrent to the abuse of the lease modification process whether it is actually "used" or not (Chapter V).

7. No commitment should be made to execute or renew a lease for property in need of renovation until an exact itemization of renovation costs is submitted in writing by the lessor. The exact rental cost per square foot, including renovation costs, should be available to the Division of Real Properties or the Administrative Office of the Courts for making an accurate comparison and evaluation of the terms (Chapter V).

8. Lease modifications to cover the costs of improvements to bring private property into compliance with state and federal fire, health and safety laws and regulations should be carefully considered, to prevent the Commonwealth from paying for improvements that are not directly necessitated by occupancy by a particular state agency. Amortization of improvement costs over the duration of the lease with the Commonwealth should reflect this determination (Chapter V).

9. Future real property leases must contain an accurate disclosure of ownership statement prior to actual approval. [This requires an appropriate change to KRS 56.812, 200 KAR 6:030(10), and Part V of the Supreme Court of Kentucky's Administrative Procedures, Section 6(a).] The Division of Real Properties and the Administrative Office of the Courts should make every effort to follow up on existing leases with incomplete responses to disclosure of ownership requests (Chapter VII).

10. The statute and administrative regulation governing ownership disclosure KRS 56.812 and [200 KAR 6:030(10)] and Part V of the Supreme Court of Kentucky's Administrative Procedures, Section 6(a) should be amended to include the words "business trust" and "organization" as entities required to file ownership disclosure statements (Chapter VII).

11. For the sake of clarity, the conflict of interest portion (Section 12) of the standard lease agreement (Form B217-5) should be revised to include the words "business trust" (Chapter VII).

12. A new section of the standard lease agreement (Form B217-5) should be created which would cause a lease to be automatically terminated if the lessor should not disclose complete and accurate ownership information, pursuant to KRS 56.812 and 200 KAR 6:030(10), to the Department of Finance within sixty days of the effective date of the lease. This recommendation could also apply to the Administrative Office of the Courts for Judicial Branch leases pursuant to Part V of the Supreme Court of Kentucky's Administrative Procedures, Section 6(a) (Chapter VII).

13. A new disclosure of ownership statement should be submitted to the Department of Finance and AOC upon any change or transfer of ownership. The lessor should make this notification

upon any change or transfer of ownership in a partnership, business trust or other organization, and upon any change or transfer of ownership resulting in holdings of 5% or more in a corporation. Title 200 KAR 6:030(10) and KRS 56.812 should be amended accordingly (Chapter VII).

14. The Department of Finance should review the 1977 comprehensive facilities management study to ascertain key areas of the Commonwealth where state office building ownership may be feasible; the immediate and long-term fiscal consequences of such facilities should be compared, with estimates for leasing facilities (Chapter VIII).

CHAPTER I

INTRODUCTION

As the number of state government agencies and employees has grown, so has the need for office space and other facilities. Some of this has been built by the Commonwealth, and some of it has been leased from private vendors or local or federal government agencies.

The need for leased property originates with individual state agencies who, until 1978, had the responsibility for identifying and negotiating for the required space. Since 1978 the Department of Finance has had prime responsibility under KRS 56.800, for leasing properties required by any state government agency.

The 1980 General Assembly amended KRS 56.800, removing the Department of Finance from the responsibility for managing the leasing of real property for the Judicial Branch of state government. This action occurred at the request of the Administrative Office of the Courts (AOC). The AOC wanted direct responsibility for managing the sixty-one leases it holds for district courtrooms, offices, and pretrial offices.

The Supreme Court of Kentucky adopted a set of administrative procedures in June, 1980, which closely mirror the statutes and regulations governing the Department of Finance's real property lease practices. The administrative procedures govern AOC's real property leasing program, pursuant to the administrative functions of the court mentioned in Section 110(5)(b) of Kentucky's Constitution.

The 1980 amendment to KRS 56.800 also had the effect of removing the Department of Finance from official responsibility for managing the leasing of real property for the Legislative Research Commission (LRC). LRC currently holds one real property lease with the private sector. The LRC, under KRS 7:100(1), has the power to provide for office space as it may deem necessary in locations other than the State Capitol or Capitol Annex.

As of April 29, 1980, the Commonwealth was a party to 749 real property leases with private vendors and local and federal government agencies. A real property lease consists of land and all improvements on it. The majority of leases are for buildings, but some are for boat slips, acreage for parking and radio tower sites.

The total annual rent paid by the Commonwealth for real property leases approximates \$13.8 million. This includes about 3.1 million square feet of building space, and about 38,000 acres of land. The majority of the leased acreage consists of park and recreation lands leased from federal agencies for nominal fees.

The bulk of leased property is in Kentucky; however, the Commonwealth does hold office spaces in New York City, Washington, D.C., and Los Angeles. The Brussels, Belgium and proposed Tokyo offices are included in the personal service contracts with the office managers of each facility, and therefore are not included in the above totals.

There have been many questions raised recently regarding the Commonwealth's leasing policies and procedures. Buildings have been identified that are unsuited to their intended use but were leased seemingly as a favor to friends of state officials. The evaluation process for selecting particular buildings that are more expensive than suitable alternatives has also raised questions, as has the practice of modifying existing leases to pay for costs of renovation or compliance with fire code regula-

tions.

As a result of these and other aspects of the state's leasing program, the chairman of the Committee for Program Review and Investigation asked for a review of the Department of Finance's records of existing real property leases. This initial review was aimed at identifying some of the more obvious discrepancies or problems that might exist with individual leases. After preliminary findings were presented, the Committee, in its December 9, 1980, meeting, voted to expand the review to a full study of leasing procedures presently employed by the Commonwealth Committee staff therefore categorized leasing procedures according to the following issues:

- competitive bidding;
- special lease agreements
- fire code compliance;
- lease modifications;
- conflict of interest;
- disclosure of ownership; and
- long-range policy considerations

Due to time constraints and the lack of certain data it was decided to address these issues by looking for examples and illustrations rather than try to examine all 749 leases in a definitive manner. For instance, certain records are only retained in county courthouses, making an exhaustive search of ownership and control very time-consuming. A comprehensive conflict of interest determination would not only require a full ownership and control search for every vendor but would also necessitate the comparison of this data with a list of past and present state officers and employees. In the case of a corporate vendor, there could be dozens of individuals who could benefit directly or indirectly from the holding of a lease. The list of state employees would include at least 35 to 50 thousand individuals. The necessary data is not available, but even if it were, developing a computerized matching program would be a complex and lengthy procedure.

Most of the information gathered for this study was willingly supplied by the Department of Finance's Division of Real Properties. Additional data was supplied by the Administrative Office of the Courts and county courthouses.

This study is organized so that Chapters 2 through 7 each concerns a major issue. Examples used to illustrate leasing practices are cited in the chapters and are briefly described in Appendix A. Chapter 8 discusses the long-range policy considerations of leasing versus constructing needed facilities, acknowledges some recent activities affecting this question, and makes a recommendation. Appendix B contains a summary listing of 619 real property leases with private vendors, and Appendix C is the Commonwealth of Kentucky's Standard Lease Agreement Form.

CHAPTER II

COMPETITIVE BIDDING

Direct statutory authority for the lease of all real property required for use by departments, program cabinets and administrative bodies within the executive branch of the government of the Commonwealth of Kentucky is vested in the Department of Finance. As outlined in KRS 56.802, state agencies needing additional space submit a request for acquisition of the space to the Division of Real Properties, in the Department of Finance. If suitable space is not available in a state-owned or occupied building, the Division of Real Properties, upon verification of sufficient funding in the requesting agency's budget by the Office for Policy and Management, places public advertisements soliciting bids for lease of the space in pertinent area newspapers.

The Department of Finance is not required to advertise for bid proposals if suitable space to fulfill agency requests is available in a building owned by the federal government or by a political subdivision or municipal corporation of the Commonwealth. KRS 56.804 also allows the Department to dispense with soliciting lease proposals in bona fide emergency situations. Bona fide emergency situations, as outlined in the statute, occur when:

- leased premises have been damaged or destroyed by fire, windstorm or other casualty;
- leased premises are in violation of health and safety codes which cannot be corrected within thirty (30) days subsequent to citation to the lessor;
- lease premises are unsafe or unfit for occupancy due to violation of fire or health regulations and cannot be brought into compliance within a reasonable time;
- enactment or adoption of federal or state legislation and regulation necessitate additional space by a specific date; or
- agency functions will be impaired or have to be discontinued unless other quarters are located.

Any other situations necessitating the lease of real property can be classified as an emergency only upon written approval of the governor of the Commonwealth. In the past three fiscal years the Commonwealth has entered into four emergency leases with private lessors. These leases were adequately justified and seemed to be in order.

Pursuant to KRS 56.806, the Department of Finance is also not required to advertise for space if the lessor of property under a lease in its final automatic renewal period agrees to renew under the terms and conditions of the original lease. Section 8 of 200 KAR 6:030 provides for an adjustment in rent for expired leases which have been in effect for at least five (5) years. Such increase cannot, however, exceed the average prevailing rate for similar property in the community in which the leased property is located. The administrative regulation allows the Department of Finance to renew these leases at an increased rate without public advertisement for the space.

RECOMMENDATION

1. Section 8 of 200 KAR 6:030 should be amended to delete the provision allowing for an escalation in the rental rate of expired leases which have been in effect at least five years without competitive bidding.

A review of state leases indicated that statutory competitive bidding procedures were followed by the Department of Finance and the Administrative Office of the Courts. Those procedures require that at least two bids be asked for; if only one is submitted, it is accepted, providing it meets the needs of the agency.

All real property offered for lease to the Commonwealth is inspected by representatives of the Division of Real Properties and the requesting state agency to determine its suitability to the needs of the agency and its conformity to specifications listed in the public advertisement for bids. The written report of the inspection team is submitted to the director of the Division of Real Properties, who, in consultation with the agency, determines which proposal best fulfills the agency's space request and ensures the best interest of the Commonwealth. These reports are generally useful in making the final choice.

In accordance with KRS 56.802(3), the selection of real property to be leased is made by the director of the Division of Real Properties. The opinion of the requesting agency is influential and a significant factor in the selection process. In addition to agency preference, other factors involved in the determination include the property's location and public accessibility; structural condition and state of repair; conformity to statutory and regulatory health, safety and sanitation requirements; and the proposed rental rate. However, there is no formula used to rank or weigh the criteria used. Nor is there consistent evidence that utility cost comparisons are made.

Recognizing the necessity for flexibility in selecting appropriate properties, the legislature, in KRS 56.802(4), limited any judicial review of action by the Department of Finance in awarding leases to only that which is pertinent to alleged procurement of a lease by fraud.

Some proposals in response to advertisements for bids for leasing property to the state have been accepted over less expensive competitive bids. The data reviewed in the lease files of the Department of Finance and the AOC offer various reasons for accepting the higher bids:

- an offset of possible savings in rental cost by the expense of relocating;
- additional services, such as utilities, parking and janitorial services, offered as part of the higher bid proposals;
- disadvantageous interruptions in agency operations which would occur during relocation;
- inability of the owner to renovate property in accord with agency needs within a prescribed period of time; and
- agency preference to co-locate with another state agency which provides services to some of the same clients.

The vast majority of bids accepted were the low bids; a few were not. Illustrative examples of leases accepted over lower competitive bids are categorized below. Each of these examples is described briefly in Appendix A.

A. Agency site preference, resulting in acceptance of higher bid:

Campbell County, PR 1844

Fayette County, PR 1207

Fayette County, PR 1173

B. Time constraints, resulting in acceptance of higher bid:

Boone County, PR 1055

Jefferson County, PR 1730

C. Other examples of higher bid acceptance with no specific reasons given:

Franklin County, PR 591
Franklin County, PR 1702

The preference of a state agency regarding location and physical characteristics of a structure to be leased are important factors. They must be assessed, however, in light of monetary and other considerations in some regular and equitable manner, preferably using a weighted formula. The previously cited examples indicate that in some cases the Department of Finance and the Administrative Office of the Courts allow state agencies' preferences to weigh heavily in leasing decisions.

RECOMMENDATION

2. The Department of Finance should base its final approval of a lease upon a uniform and justifiable method where different criteria are assigned particular importance or weight. Cost factors and comparisons should be detailed as a matter of record, as well as a clear understanding of how important cost factors were in arriving at a final decision.

CHAPTER III

SPECIAL LEASE AGREEMENTS

The vast majority of real property leases for state agencies are executed on the basis of a standard lease agreement (Form B217-5), displayed in Appendix C. Other forms of lease agreements require special approval by the Secretary of the Department of Finance.

KRS 56.806 permits the Department of Finance to enter into an initial lease term of two years with an option for no more than three automatic extension periods of twenty-four months each. However, administrative regulation 200 KAR 6:030(8) provides for an initial lease term of up to twelve months, with an option for no more than five automatic extension periods of twelve months each. Accordingly, the total lease term possible under the statutes is two years longer than that provided under the administrative regulation.

Termination rights for the Commonwealth are not detailed in the KRS but are included as a provision in the standard lease form. This provision enables the Commonwealth to cancel most leases for any reason with thirty- or sixty-day notice. However, any negotiated termination rights for the lessor must be added to the standard lease form as a special provision.

Of over seven hundred leases reviewed for this report, only two were executed on forms other than the standard lease agreement. They are the Ramada Inn-Kentucky State University lease, Franklin County, PR 1702, and the Kentucky State Board of Registration for Professional Engineers and Land Surveyors lease, Franklin County, PR 1522. A detailed discussion of each of these leases is presented in Appendix A.

The Franklin County PR 1522 lease, executed in 1976, contains a thirty-five year advance payment in full special provision with a penalty clause. These provisions are not included in the standard lease agreement. The per square foot rental rate entered into for thirty-five years appears to be equitable for the state in comparison to prevailing rental rates. The \$3.80 per square foot annual rent is based on office and first floor storage space only. In addition, the Board of Engineers has the right of joint occupancy with the lessor of an additional 1,365 square feet of other multi-use space.

The Ramada Inn-Kentucky State University lease (Franklin County, PR 1702) also illustrates the flexibility the Commonwealth has in entering into special lease agreements. This lease agreement was not made on the standard lease form and thus carried a provision not used in other lease agreements with the Commonwealth. This provision provided Kentucky State University the option to purchase the property, applying the rental payments to a negotiable purchase price.

These leases, both recently negotiated, illustrate that the Department of Finance is willing and able to be flexible in its efforts to acquire lease terms suitable to all parties. In both these cases, however, questions of propriety have been raised, mainly due to a lack of initial documentation and justification. In the Ramada Inn lease decision there is insufficient data on why the Thistleton Apartment complex was not a preferable site. In the case of the Board of Engineers Building, the legality of the thirty-five-year aspect of the lease should have been addressed by the Attorney General before the decision was made, not after. In the latter instance, a copy of the opinion should have been included in the lease file.

CHAPTER IV

FIRE CODE COMPLIANCE

The 1978 General Assembly required under KRS 56.802(3) that each item of real property considered for leasing by the state be reviewed relevant to its conformity with the requirements of occupational health and safety regulations and its compliance with applicable state fire, health, safety and sanitation requirements. Administrative regulations were subsequently promulgated in 200 KAR 6:030(4), requiring compliance with regulations of the State Fire Marshal.

Previously the Department of Finance, in cooperation with the State Fire Marshal's Office, had inspected property leased to the Commonwealth for fire and safety hazards under the Kentucky Occupational Safety and Health Act, KRS 338.051(3), and 803 KAR 2:020, even though no specific language was included relative to leased property. A clause is included, however, in the standard lease form in which the lessor agrees to comply with all standards set by the State Fire Marshal. The following leases illustrate cases wherein the state occupied property which had not been certified by the State Fire Marshal:

Letcher County, PR 583
Madison County, PR 1385
Pike County, PR 559

A discussion of these leases is presented in Appendix A of this report.

In 1980 the Division of Real Properties within the Department of Finance, in cooperation with the State Fire Marshal's Office, made substantial progress toward having all buildings leased by the state inspected for fire code violations. This effort was initiated after the Department of Finance had reviewed each lease file to determine if a State Fire Marshal's inspection had been performed. Over three hundred buildings under lease had not been inspected by the Fire Marshal. This information was forwarded to the State Fire Marshal's Office so that inspections could proceed.

As of February, 1981, that office had completed most inspections and had determined that approximately eighty-eight leased properties were out of fire code compliance. Reinspections were planned to determine if the proper corrective action has been taken by the owners.

RECOMMENDATION

3. The Division of Real Properties within the Department of Finance, and the Administrative Office of the Courts should keep in close contact with the State Fire Marshal's Office, to ensure that all state-leased property maintains fire code compliance.

The Division of Real Properties leasing section has a staff of five, who conduct on-site evaluations of bid proposals for leased real property throughout the Commonwealth. Their written descriptions of the facilities on bid are evaluated by the Department of Finance and the state agency requesting the lease for price, location, condition and accessibility. Fire and safety code violations, however, are not generally noted on these evaluations.

The Division and AOC staff responsible for conducting evaluations and descriptions of proposed leased property could obtain some of the required training for preliminary fire code inspections at seminars sponsored by the National Fire Prevention Association. Seminar participation learn to

spot fire and safety code violations which may be encountered during building inspections, and to anticipate renovations which may be required for compliance with the Life Safety Code. These seminars last three to four days and are held throughout the United States, including the Midwest. Update seminars may be provided within the Division of Real Properties' Compliance Section, if the Life Safety Code changes after initial training. Also, it is anticipated that the State Fire Marshal's Office would help provide necessary orientation and training.

RECOMMENDATIONS

4. Agencies should not be allowed to move into a facility prior to (a) a full inspection and approval by the Fire Marshal, or (b) an interim inspection by Division of Real Properties or AOC personnel to determine if sufficient hazards exist to prevent occupancy prior to compliance. If (b) option is adopted, the necessary inspection personnel would have to undergo enough training to be able to conduct rudimentary and preliminary inspections. (This recommendation will require an appropriate change to KRS 56.802(3), 200 KAR 6:030(4) and Part V of the Supreme Court of Kentucky's Administrative Procedures.)
5. Preliminary inspections of potential leased property by Division and AOC staff for Life Safety violations would provide a more accurate comparison of bids and assessment of the extent of renovations that may be required following a State Fire Marshal's inspection. The Division of Real Properties should consider providing Life Safety Code training for its leasing agents. Also, it should consider noting on the on-site evaluation forms that fire and safety code deficiencies have been checked for and identifying any related problems.

CHAPTER V

LEASE MODIFICATIONS

The 1980 regular session of the Kentucky General Assembly repealed KRS 56.808 and KRS 56.810, and enacted KRS 56.811. The two repealed statutes had specified circumstances for lease modification and rent calculation. The newly enacted statute provided the Department of Finance with the authority to promulgate regulations dealing with the compensation of persons leasing real property to the Commonwealth. These regulations, now in effect, allow the Department of Finance greater flexibility in modifying or negotiating the terms and conditions of leases in the best interests of the state.

An agency in need of additional space at its existing location may, under 200 KAR 6:030(9), seek to modify a lease to include any additional available space in the occupied building, provided that the rental rate paid for the added space does not exceed the per square foot rate agreed to in the original lease. Conversely, a decrease in square footage may be negotiated with the lessor with a corresponding reduction in the rate. Neither process requires readvertising for bids.

The Commonwealth's involvement in capital improvements made to leased property is controlled by 200 KAR 6:030, Section 9(3). The regulation states:

No improvements of a permanent nature shall be made in privately leased property at direct public expense. No improvement of a permanent nature shall be made in publicly owned leased property at direct public expense unless the Commonwealth shall have a leasehold interest in such property of a sufficient duration to permit amortization of the cost of the improvement over the life of the lease as in cases where the lease is for a relatively nominal consideration or the full rental consideration is paid in advance for a term of years. An existing lease may also be modified to provide for an increase in the rental rate when the lessor has made improvements in the leased premises at the request of and for the benefit and convenience of the state agency occupying the leased premises; provided, however, that the Commonwealth of Kentucky shall not be bound by nor have any liability for any improvement made in leased premises unless such agency request for improvement of the premises and increase in the rent has been approved in advance by the Executive Department for Finance and Administration

Accordingly, the Department of Finance is permitted to authorize indirect state financing of improvements of either a permanent or non-permanent nature in any existing leased property from private owners upon the request and benefit of the state agency occupying the property. The department is not required to readvertise for bids. However, agency requests for improvements and rent increases must be approved in advance by the Department of Finance.

Indirect financing of improvements to leased property is accomplished by modifying the lease to amortize all or a portion of the costs of the improvements over the duration of the life of the lease. A lease modification may be executed at any point within the lease term. It is the policy of the Division of Real Properties to renegotiate the number of automatic extension periods of a lease modified at an increase in the rental rate if that lease is in or near the final automatic extension

period. While having no effect upon the total cost of the improvements, the extension of the life of the lease allows for amortization over a longer period of time and reduces the annual increase in rental costs.

Pursuant to Section 4 of 200 KAR 6:030, a register of proposed modifications or renewals of leases which, upon approval, will result in a rental payment in excess of that approved in the original lease is kept on file for public inspection and comment in the Division of Real Properties. No modification or lease renewal is effective unless the proposal for such has been on file in the register for thirty (30) calendar days. Department of Finance personnel state that the register has not been used by the public and has, therefore, not served its intended purpose as a safeguard for the public interest. The department intends to amend the administrative regulation to eliminate the provision for the register.

RECOMMENDATION

6. The register should not be eliminated. Its lack of use up to this point is not sufficient reason to abolish it. The existence of a publicly visible record is a deterrent to the abuse of the lease modification process whether it is actually "used" or not.

The Director of the Division of Real Properties, after reviewing proposed modifications and any public responses thereto, determines whether the proposed modification is in the best interest of the Commonwealth. If a negative determination is made, the space requirement of the requesting agency may be readvertised.

The standard lease form used by the Department of Finance contains a clause in which the lessor agrees to comply with all standards set by the State Fire Marshal's Office and the Kentucky Occupational Safety and Health Standards Board.

Lease modifications have been executed by the Department of Finance granting rent increases to lessors compelled to make necessary renovations in compliance with fire and safety codes. Illustrative examples of fire code renovations are listed below:

Bell County, PR 1132
Franklin County, PR 1339
Perry County, PR 1061
Franklin County, PR 1069

Descriptions of these leases are presented in Appendix A.

The Director of the Division of Real Properties must decide if requested renovations or improvements of leased property are in the best interest of the Commonwealth. It is therefore important that all pertinent factors be available for consideration. An example of a renovation request is a lease in Green County, PR 720. This lease is discussed in Appendix A.

RECOMMENDATIONS

7. No commitment should be made to execute or renew a lease for property in need of renovation until an exact itemization of renovation costs is submitted in writing by the lessor. The exact rental cost per square foot, including renovation costs, should be

available to the Division of Real Properties or the Administrative Office of the Courts for making an accurate comparison and evaluation of the terms.

8. Lease modifications to cover the costs of improvements to bring private property into compliance with state and federal fire, health and safety laws and regulations should be carefully considered, to prevent the Commonwealth from paying for improvements that are not directly necessitated by occupancy by a particular state agency. Amortization of improvement costs over the duration of the lease with the Commonwealth should reflect this determination.

CHAPTER VI

CONFLICT OF INTEREST

Some real property leases held by the Commonwealth have been acquired from state officers and employees. The existence of this relationship raises the question of whether the leasing of real property to the Commonwealth by state officers and employees constitutes a conflict of interest, where private interests, financial or otherwise, are antagonistic to the proper discharge of their public interests and duties. The Kentucky Revised Statutes address the question of conflict of interest in Chapters 6, 18, 45, and 164.

Generally speaking, state officers, as distinguished from state employees, are those persons who receive their authority under the laws of the state. They possess some delegation of sovereign power which is coextensive with the limits of the state for the exercise of their jurisdiction, duties and powers. With regard to state employees, KRS 18.110(10) defines "employee" as a person regularly appointed to a position in the state service for which he is compensated on a full-time or part-time basis. In view of these characteristics, public officers and employees of municipal corporations and political subdivisions, even though their positions may be constitutionally created, are not state officers and employees, because the performance and exercise of their duties relate exclusively to the jurisdiction in which they serve. (See 72 Am. Jur. 2d, States, Territories and Dependencies §62.)

While the state has declared that an officer's or employee's direct or indirect receipt of any unlawful benefit or gain from the performance of a lease constitutes a conflict of interest under KRS 6.795(6) and 45A.340, it is provided in KRS 45.360(9) that state officers and employees may lease real property to the state upon the approval of the Department of Finance.

KRS 45.360(9) reads as follows:

Real property or any interest therein may, subject to the provisions of KRS Chapter 45A, be purchased, leased, or otherwise acquired from any officer or employee of any agency of the state upon a finding by the executive department for finance and administration, based upon a written application by the head of the agency requesting the purchase, and approved by the secretary of the executive department for finance and administration and the governor, that the employee has not either himself or through any other person influenced or attempted to influence either the agency requesting the purchase of the property or the executive department for finance and administration in connection with such acquisition. In any case in which such an acquisition is consummated, the said request and finding shall be recorded and kept by the secretary of state along with the other documents recorded pursuant to the provisions of KRS Chapter 56.

Punishment for a violation of this provision is set out in KRS 45.990(3) and prescribes a fine of not more than five thousand dollars or a prison sentence of not more than five years, or both, at the discretion of the jury.

While KRS 45.360(9) expressly applies to an "officer or employee of any agency of the state," it is subject to the provisions of the Model Procurement Code, KRS Chapter 45A, specifically KRS 45A.330-45A.340, regarding conflict of interest of public officers and employees. Thus the term

“agency,” defined in KRS 45A.335 as any of the departments of state government or any division, board, bureau, commission, or other instrumentality within, or any independent state authority, commission, instrumentality or agency, may be liberally construed, in accordance with KRS 446.080, to include any member, officer, or employee of the general assembly or the judicial branch.

After an inspection of the properties offered for lease and the selection of the most suitable for the needs of the agency, the Department of Finance initiates a “conflict of interest statement,” which sets out the reasons for the selection of the property, the capacity in which the officer or employee serves, and the declaration that such officer or employee has not himself or through any other person influenced or attempted to influence the requesting agency or the Department of Finance in connection with the proposed awarding of the lease. This document, signed by the Secretary of the Department of Finance and the Governor, constitutes the approval of the application for the proposed acquisition of the lease.

In those instances where the procedures of KRS 45.360(9) have not been met, a contract entered into by a member, officer, or employee of the general assembly, or any other state officer or employee, to lease real property to the state would constitute a conflict of interest. These statutes were enacted to guide officials in the conduct of their employment to prevent self-dealing by public officials and to support the state’s policy that no employee shall have an interest in any business or transaction which is in substantial conflict with his public office.

KRS 6.795(6) applies to legislators’ conduct in relation to state agencies and reads as follows:

No legislator shall knowingly receive or agree to receive, directly or indirectly, compensation for any services to be rendered, either by himself or another, in negotiations with the state or any agency as defined in KRS 45A.335 for the purchase by the state or an agency of an interest in real property. This section shall not apply to appearances before any court.

Violations by legislators of this statute are punishable under KRS 6.990(11), which prescribes confinement in the penitentiary for a period of six months to two years or a fine in an amount of two hundred dollars to one thousand dollars or both, plus forfeiture of any constitutional or statutory employment the legislator may hold.

The prohibition of conflicting interests of public officers and employees is stated in KRS 45A.340(1) as follows:

No officer or employee of the general assembly or officer or employee of an agency as defined in KRS 45A.335, shall knowingly receive or agree to receive, directly or indirectly, compensation for any services to be rendered, either by himself or another, in negotiations with the state or an agency of an interest in real property. This section shall not apply to appearance before any court, except that negotiations shall be prohibited as aforesaid at any time.

Pursuant to KRS 45A.990(2), officers and employees violating the provisions of KRS 45A.340 are guilty of a Class B misdemeanor with imprisonment not to exceed ninety days, and shall forfeit any statutory office or employment upon conviction.

Moreover, KRS 164.390, referring to officers and employees of state universities or colleges, provides:

No president, professor, teacher, member of the executive council or other officer or employe shall be interested in any contract or purchase for the building or repairing of any structure or furnishings of any supplies for the use of a university or college.

Violations of this section may be punishable under KRS Chapter 522 pertaining to abuse of public office.

The standard lease agreement (Form B217-5) used regularly by the Department of Finance and Administrative Office of the Courts acknowledges, in Section 12, the conflict of interest statutes:

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 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 he is not or will not be violating any conflict of interest statute (KRS 45A.340, 164.390 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.

This section of the standard lease agreement will be discussed in Chapter 7, Disclosure of Ownership.

Although a comprehensive search was not possible, due to time and data limitations, seven leases were found to have owners who are state employees or officers. In each case the proper conflict of interest statement was filed, as required by KRS 45.360(9). A description of these leases is presented in Appendix D. Conflict of interest statements for each of these leases were handled properly by the Department of Finance. Legitimate situations exist wherein an employee or officer of the Commonwealth may lease real property to the state. Conflict of interest laws are only effective when clear and enforceable disclosure of ownership requirements exist. Ownership disclosure will be reviewed in the next chapter.

CHAPTER VII

DISCLOSURE OF OWNERSHIP

An important part of the leasing process is the conflict of interest statement as required by Chapters 6, 18, 45, and 164 of the Kentucky Revised Statutes.

A statute requiring disclosure of ownership is an essential method of discovering if a lessor has any conflict of interest with the Commonwealth.

An examination of the owners' names provided to the Department of Finance and the Administrative Office of the Courts in a sample of over 500 lease files indicates eight categories of ownership: individual owners (28%); partnerships (22%); corporations (18%); non-profit organizations and associations (12%); trusts (.5%); estates (.4%); and another 20% which cannot be classified in a particular category from the limited information in the lease folder. This chapter will review ownership disclosure as it affects this question and real property leases.

In several lease folders maintained by the Division of Real Properties no evidence of ownership disclosure could be found, although in the vast majority of cases lease folders did contain the proper ownership disclosure information. The statutory requirement is as follows (KRS 56.812):

List of owners of property to be furnished to department: Whenever the owner of real property leased to the Commonwealth is a corporation or a partnership, a list of the names of all persons owning five (5) percent or more of the shares in such corporation, and the names of all partners, including silent and limited partners, shall be furnished to the Bureau of Public Properties. The bureau shall maintain such lists in the file pertaining to the particular lease or leases of property owner by such corporation or partnership and make them available for public inspection as provided by KRS 61.870 to 61.884.

The files of the following leases had no formal request for ownership disclosure:

Bell County, PR 1203 and PR 1302; Harris Oil Company

Boone County, PR 2509; Market Place of Florence, Ltd.

Campbell County, PR 1844; H.E. Schneider and Elmer Haas, Jr. (Thirty West Fourth)

Ohio County, PR 1111; Beaver Dam Deposit Bank

At the request of the Program Review Committee staff, the Division of Real Properties in the Department of Finance contacted the owners of the above leases by telephone to determine ownership. The ownership information received by the Department of Finance for these leases is included in the Summary Descriptions of the Commonwealth's Real Property Leases, located in Appendix B of this report.

The completeness of responses to formal requests for ownership disclosure information was varied. These responses are placed in a special computerized inventory report in the Division of Real Properties and are accessible to the press and the general public. The Program Review Committee staff contacted the Secretary of State's Corporations Office to obtain available names of major stockholders to supplement the incomplete information found in some files. This information is also included in Appendix B, Summary Descriptions of the Commonwealth's Real Property Leases.

Occasionally, only the name of the executive secretary or director of a corporation is provided by the lessor in response to the ownership disclosure requirement. The Division of Real Properties generally accept such information as the official and complete response and enters it into the Division's computerized inventory reports.

A brief review of new leases between the Administrative Office of the Courts and the private sector also revealed inconsistent records of ownership disclosure information. The following new lease files did not contain disclosure of ownership.

Boyd County, PR 8007; Ashland Arcade
Bullitt County, PR 1946; Paraquet Corporation
Franklin County, PR 8009; E. Randle Company
Jefferson County, PR 8001; Central Parking Systems

RECOMMENDATION

9. Future real property leases must contain an accurate disclosure of ownership statement prior to actual approval. (This requires an appropriate change to KRS 56.812, 200 KAR 6:030(10), and Part V of the Supreme Court of Kentucky's Administrative Procedures, Section 6(a).) The Division of Real Properties and the Administrative Office of the Courts should make every effort to follow up on existing leases with incomplete responses to disclosure of ownership requests.

An example of the limited information provided in response to ownership disclosure requests is the Oldham County District Court lease, PR 1811. On August 31, 1978, the Department of Finance requested a "Disclosure of Ownership Interest" statement from the Broecker-Oldham County Trust (c/o Bruce Roth, CPA, 1015 Dupont Square, Louisville, Kentucky). Mr. Roth replied to the request:

Your letter indicated that we should disclose the ownership of the property "PR 1811 Oldham County" if it is owned by a corporation or a partnership. In this case the real property is owned by the Broecker-Oldham County Trust, not a corporation nor a partnership. I hope this answers your request.

This example illustrates a deficiency in the regulation and the statute governing ownership disclosure. Section 10 of 200 KAR 6:030 and KRS 56.812 require the disclosure of ownership whenever a corporation or partnership leases real property to the Commonwealth. This regulation and statute do not encompass a trust or "other organization," even though this broader requirement is found in Section 12 of the Standard Lease Agreement (Form B217-5). The lessor is bound by the broader requirement of the lease agreement, however, which is agreed to as a result of signing it. In this particular instance, the Department of Finance should have pointed this out to Mr. Roth.

A trust may be a business trust set up in compliance with KRS 386.370 to 386.440. A business trust differs from a pure trust in that a business trust is organized not as a means of effecting a gift or transfer but as a device for profit-making through the contribution of capital by a number of investors. There are several types of business trusts, including a real estate investment trust (REIT), a subdivision trust, and a land trust. The trustees control and manage the business of the trust and have legal title to all trust property. Trustees may be held liable for acts of fraud or bad faith. A beneficial owner is not personally liable for any debts or liabilities incurred by the trustees or business trust. A

business trust may be sued for its debts, acts of its trustees, and the negligence of the trustees. Like a corporation, it must have a resident agent upon whom process may be served. The income of the trust is taxed as that of a business corporation in Kentucky, it is an "association" under the Internal Revenue Code and taxable as a corporation under 26 USCA Section 7701(a)(3).

KRS 386.420(2) requires that a declaration of trust be recorded in the office of the Secretary of State and the county clerk. However, the Secretary of State's Office has indicated that a declaration of trust has not been filed for the Broecker-Oldham County Trust.

RECOMMENDATIONS

10. The statute and administrative regulation governing ownership disclosure [KRS 56.812 and 200 KAR 6:030(10)] and Part V of the Supreme Court of Kentucky's Administrative Procedures, Section 6(a) should be amended to include the words "business trust" and "organization" as entities required to file ownership disclosure statements.
11. For the sake of clarity, the conflict of interest portion (Section 12) of the standard lease agreement (Form B217-5) should be revised to include the words "business trust."

Since the responses to the ownership disclosure requirement are not always specific, an enforcement mechanism is necessary to induce lessors to file complete and accurate ownership disclosure statements with the Department of Finance and the Administrative Office of the Courts. Updated ownership disclosure statements are also necessary, in case there are significant changes in or transfers of ownership.

RECOMMENDATIONS

12. A new Section of the standard lease agreement (Form B217-5) should be created which would cause a lease to be automatically terminated if the lessor should not disclose complete and accurate ownership information, pursuant to KRS 56.812 and 200 KAR 6:030(10), to the Department of Finance within sixty days of the effective date of the lease. This recommendation could also apply to the Administrative Office of the Courts for Judicial Branch leases pursuant to Part V of the Supreme Court of Kentucky's Administrative Procedures, Section 6(a).
13. A new disclosure of ownership statement should be submitted to the Department of Finance and AOC upon any change or transfer of ownership. The lessor should make this notification upon any change or transfer of ownership in a partnership, business trust or other organization, and upon any change or transfer of ownership resulting in holdings of 5% or more in a corporation. Title 200 KAR 6:030(10) and KRS 56.812 should be amended accordingly.

CHAPTER VIII

LONG-RANGE POLICY CONSIDERATIONS

The Commonwealth's practice of leasing real property carries with it policy considerations with impact beyond the details of procedural and documentation discrepancies discussed in this report. KRS 56.802(2) requires that the Bureau of Public Properties of the Department of Finance determine whether suitable space may be available in a state-owned or occupied building before outside leased space is secured for a state agency. In most cases space is not available in a state-owned or occupied building, so additional lease space is acquired. There is no language in the statutes requiring a lease purchase analysis, but it is apparent that in some isolated cases such an analysis must be conducted, since some buildings are constructed or purchased instead of rented.

Although there is no clear policy, the impression given is that required facilities are leased if they are already available through the private sector. If no suitable alternative is readily available, a decision is made to take the time and effort necessary to obtain the necessary approvals for construction or purchase. If this sort of ad-hoc approach is used in the majority of cases it is certainly understandable and may be even desirable, especially in the absence of a state plan or policy. However, with approximately \$13.8 million being paid this year to private vendors for leased property, and the probability of increasing amounts being spent in years to come, the question of lease versus purchase becomes more important.

Some of the more apparent advantages and disadvantages of owning and leasing property are outlined below.

Owning Property

Advantages

- Equity is built up in the property.
- The opportunity to build complexes that house more than one agency provides for better coordination between those agencies and makes public accessibility to state agencies more efficient.
- Costs for utilities and services are usually reduced when agencies are located in a smaller number of centralized locations as opposed to their being scattered around in rental property.
- Even the ability to centralize the operations of a particular agency, whether it be headquarters or field office locations, will result in greater effectiveness and efficiency.

Disadvantages

- The state and local government would incur a loss of property tax revenues.
- The state is more locked into a particular location and might find it more difficult to respond to changes in state government structure.
- Large amounts of capital are needed to finance construction or purchase.

Leasing Property

Advantages

- State and local governments continue receiving property tax revenues from the owners of property leased to the state.
- The state can more easily adjust to shifts in government structure that require a change in location or an adjustment in square footage.
- Occupancy can usually be arranged more quickly, especially if the alternative is construction.

Disadvantages

- The Commonwealth does not build up equity in the property.
- Rental costs will probably continue to escalate, making the long term costs more expensive.
- The lack of permanent locations restricts public accessibility to state facilities, especially if they are in a location that was not designed with such accessibility in mind.
- When a single state agency is spread out in various locations in one city, transportation costs increase and employee productivity may decline.

The General Assembly, the Administrative Office of the Courts, the Governor and his Secretary of Finance exercise prime responsibility for deciding how, when, and where major facilities for state government office space are constructed, purchased, or leased. In times of economic growth and increasing revenues it is easier to consider and justify the need for purchased or constructed state facilities. Since, we are currently experiencing a decline in state revenues, it is more difficult to obtain the capital required to build or purchase.

Governor Brown's Executive Management Commission's October 1980 report addressed the question of lease versus ownership, stating that:

Leased state office facilities are widely scattered throughout the city of Frankfort and the Commonwealth. A comprehensive facilities mast plan should be developed to address the issues of current and future space needs and the most cost-effective approach to satisfy them . . . The Commonwealth contracted with a private consulting firm (S.U.A.) for the development of a comprehensive facilities management study in 1977 . . . That document reveals a thorough and credible analysis of the Commonwealth's facility management and space utilization problems. A careful review of the 1977 S.U.A. Facilities Management Study should be conducted. Moreover, the following goals should be established.

- Develop the capacity to conduct a continuing assessment of agencies' current and future facilities needs.
- Identify the most cost-effective approach to satisfy the needs based on a thorough short-term/long-term cost-benefit analysis of all feasible alter-

natives . . .

- Attempt to consolidate and centralize dispersed facilities throughout the Commonwealth. Within Frankfort, emphasis should be placed on consolidating activities by cabinet/department structure to ensure adequate coordination of related program and administrative functions.
- Evaluate cost feasibility of constructing additional central office buildings in close proximity to existing major state office facilities within Frankfort . . .

The Commission further recommended (recommendation number 184) that:

. . . the Commonwealth use the S.U.A. study to conduct a comprehensive evaluation of office space use in the major office buildings within Frankfort. The Division of Facilities Management should assume responsibility for developing this program activity on a state-wide basis.

The Department of Finance, in its response to this particular recommendation, advised the Governor (December, 1980) that this matter would require further study.

RECOMMENDATION

14. The Department of Finance should review the 1977 comprehensive facilities management study to ascertain key areas of the Commonwealth where state office building ownership may be feasible; the immediate and long-term fiscal consequences of such facilities should be compared with estimates for leasing facilities.

CHAPTER IX

CONCLUSIONS

Several conclusions resulted from the examination of leasing records and procedures maintained by the Department of Finance and the Administrative Office of the Courts. For the most part, the survey verified that the Department and the AOC are acting in accordance with current regulations and statutes. Some discrepancies noted in this report, however, could have been avoided through better recordkeeping and documentation pertaining to leasing decisions.

Many of the existing lease agreements were entered into prior to the enactment of the 1978 statutes governing lease practices. These older leases are being brought into compliance with disclosures of ownership requirements and the state fire code by the Department and the AOC.

There are some areas that need attention, however:

- When looking through the records kept on leased properties, it is sometimes difficult to determine exactly how the final choice for a particular bid was made.
- There were only two instances of special lease arrangements in those records. All other leases were executed on the standard lease form used by the Department of Finance and the AOC.
- Lease modifications are being negotiated by the Department of Finance with individual lessors for the purpose of helping pay for requested improvements and fire code compliance efforts.
- Complete records necessary to check for potential conflict of interest are not kept. Although ownership disclosure information is usually complete, it sometimes isn't. Also, the means are not available to cross-check this information with a list of state officers and employees.
- Although required by regulation and the standard lease form, disclosure of ownership information is not always secured. Also, there is a discrepancy between the requirements of the regulation governing this area and the standard lease form which needs to be reconciled to prevent misinterpretation and conflict.
- There seems to be no effort to determine an overall or individual policy for answering the question of lease versus purchase of state facilities.
- There seems to be no current effort to update or continue the development of a comprehensive state facilities planning and management program. A project in this area was initiated by the consultant firm S.U.A. in 1977.

APPENDIX A

EXAMPLES OF REAL PROPERTY LEASES COMMONWEALTH OF KENTUCKY

This appendix presents illustrative examples of real property leases which highlight various conditions and situations mentioned in a number of chapters of this report.

Chapter II - Competitive Bidding

A. Agency site preference resulting in acceptance of higher bid.

Campbell County, PR 1844

Rent \$7.55 per sq. ft.

H. E. Schneider and Elmer Haas, Jr., began leasing the ground floor of the newly constructed "Thirty West Fourth" building to the Administrative Office of the Courts for the Campbell County District Court facility on March 15, 1978. The leased property contains 6,809 square feet rented at \$7.55 per square foot, without utilities, for a total of \$51,407.95 annually, plus an additional \$5,520 paid for 23 parking spaces. This leased property was built in accordance with specifications of the Administrative Office of the Courts (the lessee). In February, 1978, the lessor offered the property to the Commonwealth at \$5.55 per square foot without utilities and parking. The Director of Real Properties estimated that utility charges for the "Thirty West Fourth" property would cost an additional \$.75-\$1.00 per square foot. Another bid of \$5.90 per square foot was submitted by Mike Kinman and included all floor plan changes and modifications required by AOC. In addition, all utilities would be furnished, but not parking. The Department did not recommend the less expensive Kinman property over "Thirty West Fourth," but rather let the Administrative Office of the Courts decide which bid proposal to accept. AOC selected the "Thirty West Fourth" property, but then changed the previously agreed upon floor plans. Consequently, Schneider and Haas requested and were granted a \$2.00 per square foot rent increase, due to the "numerous hardships and costs" incurred in complying with AOC's modification of the floor plan. Thus, the original \$5.55 per square foot bid was increased to the present \$7.55 per square foot rent charge.

Fayette County, PR 1207

Rent \$7.25 per sq. ft.

The Winmar Corporation, O. A. Bakhaus, President, leases this property to the Kentucky State Racing Commission. Mr. Bakhaus requested a rent increase in 1979. The Department of Finance advertised for bids and received four responses, ranging from \$3.93 per square foot to \$8.25 per square foot. The Director of Real Properties recommended that the Bakhaus bid of \$7.25

per square foot be granted, to accommodate the Racing Commission's desire to remain in its present facility, which is newer than the facility offered for \$3.93 per square foot. Each of these bids included utilities, but only the \$7.25 per square foot bid included parking.

Fayette County, PR 1173

Rent \$7.13 per sq. ft.

Douglas P. Johnson leases this property to the Kentucky Harness Racing Commission. In the spring of 1980, six bids were submitted to the Department of Finance in response to newspaper advertisements. Bids of \$4.50, \$4.95, and \$6.00 per square foot were among those submitted, but not accepted. Mr. Johnson's bid of \$7.13 per square foot was accepted because the agency desired to remain in their current location. The information presented in the lease folder did not contain information on utility or parking charges for these bids.

B. Time constraints resulting in acceptance of higher bids.

Boone County, PR 1055

Rent \$7.05 per sq. ft.

The Monohan Development Company leases this property to the Department for Human Resources. In the spring of 1979 Monohan requested a rent increase from \$6.85 per square foot to the present \$7.05 per square foot, which included utilities and parking. The Department of Finance received two bid proposals from its March, 1979, advertisements. In addition to Monohan's \$7.05 per square foot bid, based on 5,700 square feet, the Leroy Thompson Agency submitted a bid for 6,900 square feet at \$4.95 per square foot, including parking but not utilities. The Thompson Agency property required some renovation, which was included in the \$4.95 per square foot rate. The Department for Human Resources notified the Department of Finance of its desire to relocate in the Thompson Agency property in May, 1979. With the Monohan lease due to expire on June 30, 1979, the Thompson Agency did not have sufficient time in which to complete the necessary renovations by the July 1, 1979, occupancy date. Because of the short notice, the Monohan lease was signed and approved at \$7.05 per square foot.

Jefferson County, PR 1730

Rent \$8.10 per sq. ft.

Jim McCall leased this property to the Department of Commerce for \$6.25 per square foot, including utilities. He later asked for a rent increase of \$1.85 per square foot. On June 16, 1980, the Department of Finance advertised for bids and received three offers in response. One of these responses would have provided the Commonwealth adequate space for \$6.00 per square foot, including renovations, utilities and janitorial services. Because of a June 30, 1980, expiration date of PR 1730, the property offered for \$6.00 per square foot could not be ready in time for July 1, 1980, occupancy. Mr. McCall's

lease with the Commonwealth was renewed at the higher rate of \$8.10 per square foot.

C. Other examples of higher bid acceptance with no specific reason given.

Franklin County, PR 591

Rent \$3.50 per sq. ft.

Rodney R. Ratliff leases this property to the Department for Human Resources. Bids submitted in 1976 ranged from \$2.95 to \$3.25 per square foot, including utilities. The Director of Real Properties recommended that another piece of property be leased at \$3.15 per square foot, including utilities. A contract drawn for the \$3.15 per square foot property was later invalidated in order that the Ratliff property be leased. The higher rental rate was \$3.50 per square foot, plus the assumption of utility charges. No explanation could be found in the lease file for acceptance of the higher rental rate.

Franklin County, PR 1702

Rent \$3.92 per sq. ft.

One lease in which several discrepancies were noted involved the Ramada Inn property, owned by Rodney R. Ratliff. In 1977, Kentucky State University sought 28,000 square feet of housing space for 156 students. Of several proposals submitted, the Secretary of Finance, Russell McClure, recommended that the Thistleton Terrace Apartments bid be accepted because of its size and price. That property contained 38,000 square feet at \$3.23 per square foot, for a total cost of \$125,000 annually. Instead, the Ramada Inn property, consisting of 52,000 square feet at \$3.92 per square foot, for a total annual cost of \$203,840, was selected. The lease agreement was not made on the standard lease form used by the Department of Finance and thus carried some provisions not present in other lease agreements with the Commonwealth. One provision of the lease provided Kentucky State University (KSU) with an option to purchase the property, applying the rental payments made to the purchase price. This section of the lease contract reads:

The lessor does hereby grant unto the lessee the exclusive right and option to purchase the above described leased premises, any time during the term of this lease, at an agreed sum which will be subject to negotiation and those provisions applicable to the purchase of real estate by the Commonwealth of Kentucky and its agencies. All sums paid as rental during the term of this lease shall be applied to the purchase price in the event the option is exercised during the term of this lease, or any extensions thereof.

According to information contained in the lease file, this property was to be purchased on July 1, 1981, or no later than 10 days thereafter. KSU has

paid over \$600,000 during the last three years on this lease, which will be applied to the purchase price of \$1.5 million.

Chapter III - Special Lease Agreements

Franklin County, PR 1522

Rent \$3.80 per sq. ft.

This negotiated lease between the Kentucky State Board of Registration for Professional Engineers and Land Surveyors (lessee) and the Kentucky Society of Professional Engineers (lessor) was approved by Governor Julian Carroll and Department of Finance Secretary, William E. Scent. Under this lease, the Board paid a lump sum of \$135,000 for thirty-five years rent in advance. The 1976 payment was made prior to construction of the building. The lease contains a penalty clause stipulating that the first fifteen years' rent may be retained by the lessor if the Board voluntarily or involuntarily cancels the lease before that time. Any refund of prepaid rent beyond fifteen years by the society is to be in annual installments.

The justification used by the Department of Finance in executing the lease was KRS 45.360(8):

Except as provided in KRS Chapters 175, 176, 177, and 180, the executive department for finance and administration shall purchase or otherwise acquire all real property determined to be needed for state use, upon the approval of the secretary of the executive department for finance and administration as to the determination of need and as to the action of purchase or other acquisition, provided that the amount paid shall not exceed the appraised value as determined by the department, or the department of transportation (for such requirements of that department), or value set by eminent domain procedure.

On October 23, 1978, the State Auditor of Public Accounts requested an Attorney General's Opinion in reference to the thirty-five-year advance payment. The Opinion (OAG 78-724), by Charles W. Runyan, Assistant Deputy Attorney General, reads in part:

The Board received a lease for a term of 35 years. Now the question is: What kind of property did it get? In the creation of a term of years, a cardinal principle is that the term must be certain, i.e., there must be a beginning and end. The subject lease meets that test, thus the lease is for a term of years. 49 Am.JUR.2d, Landlord and Tenant, 66, page 107

It is our opinion that under the whole circumstances surrounding the lease, the expenditure of the \$135,000 was valid and constitutional. The state agency purchased an interest in real estate, a term of years. They got what they bargained for. Overall, the terms of the lease appear to be valid and equitable.

Chapter IV - Fire Code Compliance

Letcher County, PR 583

Rent \$2.11 per sq. ft.

The Department for Human Resources leases this building from Arthur and Alleen P. Johnson. No evidence could be found that the lessor complied with numerous requests to correct deficiencies found as a result of State Fire Marshal inspections. Notification was first sent to the Johnson's about the fire code violations on December 2, 1977.

Madison County, PR 1385

Rent \$7.88 per sq. ft.

Tom Snyder of Snyder Rentals leased property to the Department of Library and Archives. In the spring of 1978 the State Fire Marshal's Office found this building in violation of the fire code. At Snyder's request, a \$600 annual or \$3.42 per square foot rent increase was granted after proper advertising failed to produce other bids. The rent increase was approved while the facility was still out of fire code compliance. The Department of Finance cancelled this lease November 30, 1980, at the request of the Department of Library and Archives.

Pike County, PR 559

Rent \$8.42 per sq. ft.

W. R. and Daisibel Walters leased this building to the Department of Mines and Minerals. The building was found to be in violation of the state fire code in the spring of 1980. Despite requests by the State Fire Marshal's Office, Mr. Walters refused to correct any deficiencies. The lease to this building was cancelled on June 30, 1980.

Chapter V - Lease Modification

A. Fire Code Modifications:

Bell County, PR 1132

Rent \$2.00 per sq. ft.

In 1977, William C. Dillman leased this property to the Department for Human Resources for \$1.20 per square foot. The Commonwealth requested that the lessor make basic renovations, such as rewiring to conform with the National Electric Code, and provide additional electrical outlets for the leased space. Mr. Dillman requested a higher rental rate of \$2.00 per square foot before he would agree to these renovations. The Department of Finance granted Mr. Dillman the higher rate.

Franklin County, PR 1069

Rent \$4.36 per sq. ft.

Rodney R. Ratliff leases this property to the Public Protection and Regulation Cabinet. The original price per square foot was \$4.00. On April 16, 1978, the rent was increased to \$4.36 per square foot. These financed im-

provements were made by Mr. Ratliff to put the building in compliance with the state fire code. Another increase to \$4.98 per square foot requested by Mr. Ratliff on August 31, 1978, for building improvements, was refused by the Department of Finance.

Franklin County, PR 1339

Rent \$4.43 per sq. ft.

Rodney R. Ratliff was leasing this building to the Department of Local Government for \$3.95 per square foot, while in non-compliance with fire code requirements. On January 13, 1978, Mr. Ratliff requested a rent increase from \$3.95 to \$4.95 per square foot to pay for renovations required by the State Fire Marshal. The Department of Finance did raise the rent to \$4.43 per square foot to compensate Mr. Ratliff for the required renovations.

Perry County, PR 1061

Rent \$2.52 per sq. ft.

Lothair Realty Company leases this property to the Department for Natural Resources and Environmental Protection, Division of Forestry. This facility was found to be in non-compliance with the state fire code on September 8, 1977. Lothair Realty requested and was granted a \$1.52 per square foot rent increase by the Department of Finance to correct thirteen (13) fire code violations. Most of the fire code violations were corrected as a result of this rent increase. However, a June 4, 1980, State Fire Marshal inspection found three remaining violations.

B. Other Modifications:

Green County, PR 720

Rent \$1.48 per sq. ft.

The Masonic Lodge #54 leases this property to the Department for Human Resources. In 1979, the Commonwealth agreed to pay an estimated \$10,986.62 to renovate this facility to meet the needs of the Department for Human Resources. However, a total renovation on this building in 1980 cost \$16,161.81. A portion of this increase in the estimated cost was due to inflation. The managers of the Lodge have requested that the Commonwealth pay the \$5,175.19 cost overrun. If the Commonwealth agrees to do so, the \$16,166.81 renovation costs will be amortized over an extended lease period. The building is presently occupied by the state and the Department of Finance is evaluating this request.

Chapter VII - Disclosure of Ownership

Oldham County, PR 1811

Rent \$6.63 per sq. ft.

The Broecker-Oldham County Trust leases this property to the Administrative Office of the Courts-Oldham County District Court. On August 31, 1978, the Department of Finance requested a "Disclosure of Ownership

Interest” statement from the Broecker-Oldham County Trust, c/o Bruce Roth, CPA, 1015 Dupont Square, Louisville, Kentucky 40207. Mr. Roth replied to the request thus:

Your letter indicated that we should disclose the ownership of the property “PR 1811 Oldham County” if it is owned by a corporation or a partnership. In this case the real property is owned by the Broecker-Oldham County Trust, not a corporation nor a partnership. I hope this answers your request.

APPENDIX B

A SUMMARY DESCRIPTION
OF
REAL PROPERTY LEASES
COMMONWEALTH OF KENTUCKY

This summary includes all leases in force with private vendors as of April 29, 1980. An asterisk (*) indicates a full description is included in Appendix A of this report.

LEASE I. D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>ADAIR COUNTY</u>				
PR 858 (0)	City of Columbia c/o Frances Pickord	Department for Human Resources	3,060	\$ 5.31
PR 334 (0)	J. D. Harper	Department for Human Resources	3,680	\$ 2.75
<u>ALLEN COUNTY</u>				
PR 1398 (0)	Harry & Jane Reed Scottsville	Department for Human Resources	3,800	\$ 3.00
<u>ANDERSON COUNTY</u>				
PR 1413 (0)	Harold & Jean Peach	Department for Human Resources	2,500	\$ 2.66
<u>BALLARD COUNTY</u>				
PR 961 (0)	John W. Stokes, Jr.	Department for Human Resources	1,635	\$ 1.83
PR 1832 (0)	J. E. Byasse	Department of Transportation	1,680	\$ 3.57
<u>BARREN COUNTY</u>				
PR 1455 (0)	Doc & Joc Enterprises/Paul E. Biggers, Jr. & Dr. Justin MacCarthy	Department for Human Resources	6,000	\$ 3.35
PR 1510	Glasgow Publishing Company/George O. Kleier & Donald W. Reynolds	Department of Finance	180	\$ 6.66

(O) - Office
(W) - Warehouse/Storage
(R) - Residential

LEASE I. D. NO. OWNER/ LESSOR RENTER/ LESSEE SQUARE FOOTAGE PRICE PER SQUARE FOOT

BATH COUNTY

PR 1553 Arnold Miller 3,387 \$ 2.95

BELL COUNTY

PR 788 (0) Robert B. Berger & wife, Mima W. Department for Human Resources 10,800 \$ 3.35

PR 1132 (0) * William C. Dillman & Wife, Betty Jo Department for Human Resources 3,000 \$ 2.00

PR 1203 (0) Harris Oil Company } (Anne Harris; K. N. Harris, Jr.;
David M. Harris) Natural Resources & Environmental Protection 3,000 \$ 1.90

PR 1302 (0) Harris Oil Company } Department of Transportation 1,080 \$ 3.00

PR 1416 (Trailer) Bell County Juvenile Advisory Board/
County Judge Willie Henderson Department for Human Resources 1,750 \$ 2.23

PR 431 (0) Robert B. Berger Department for Human Resources 3,500 \$ 3.50

SOOHE COUNTY

PR 1732 (0) Clarke Wilson/Stevenson Road Shopping Plaza Partnership:
(Charles Palmer, Jr., Charles Palmer, Sr., William
Weber, Clarke Wilson, Weldon Harris, Steve Hanafin,
James A. Rankin, June E. McCann) Bureau of State Police 1,600 \$ 6.70

PR 1834 (0) Cecil Shelton Department of Transportation 2,304 \$ 3.12

PR 2509 (0) Market Place of Florence, Ltd./Manuel D. Mayerson; Stanley
Ducovna; Robert Marcus; Morton Seaman; Stanley Katz;
Joel Kotick; Morton Holliday; Charles Kotick. Department of Education 3,771 \$ 7.59

PR 1055 (0) * Monohan Development Company Department for Human Resources 5,700 \$ 7.05

PR 1188 (0) Edward S. Monohan; Dennis, Sean, Eleanor Monohan
Hess & Schrand, P.S.C./Dr. L. C. Hess; Dr. J. R. Schrand Natural Resources & Environmental Protection 948 \$ 4.86

PR 2370 Robert Kirby Department of Justice 624 \$ 5.28

BOURBON COUNTY

PR 807 (0) C. J. Park Department for Human Resources 1,800 \$ 4.08

LEASE I. D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>BOYD COUNTY</u>				
PR 295 (Classroom)	National Guard Armory	Ashland Community College	13,200	\$.05
PR 926 (0)	Harry Homan	University of Kentucky	1,512	\$ 3.62
PR 1404 (0)	Frank Burnette	Natural Resources & Environmental Protection	1,000	\$ 5.50
PR 1544 (0)	C. C. Price Land Company John O. Price, Josephine Dye, Louise P. Hay, Estate of Eva D. Price	Judicial Branch	650	\$ 4.76
PR 1888 (0)	Ralph Green & John Mahan	Department of Education	2,683	\$ 6.00
PR 1361 (0)	Big Sandy Furniture/John C. Stewart; Belva Jackson	Department of Revenue	2,400	\$ 6.50
PR 1788 (Classroom)	Ashland Board of Education c/o Dr. Steve Tourler, Sup.	Morehead State University		\$2,000 annually
PR 8007 (0)	Ashland Arcade Company/James J. Webb	Administrative Office of the Courts	300	\$13.00
<u>BOYLE COUNTY</u>				
PR 764 (0)	Sam Dexter, President Sam Dexter Builders	Department for Human Resources	3,000	\$ 3.00
PR 1483 (0)	Citizens National Bank, Danville	Department of Education	1,000	\$ 3.96
PR 2500 (0)	City of Danville	Division of Forestry	150	\$ 8.00
PR 1925 (0)	Boyle County Fiscal Courts c/o Mary Pendencygraph	Department of Housing, Buildings & Construction	125	\$ 5.00
PR 1270 (0)	Joe Marshal	Department of Transportation	1,160	\$ 3.62
<u>BRACKEN COUNTY</u>				
PR 1125 (0)	Kenneth & Opel Jett	Department for Human Resources	1,624	\$ 3.25
<u>BREATHITT COUNTY</u>				
PR 472 (0)	Charlie & Nem Henson	Department for Human Resources	3,000	\$ 3.00
PR 981 (0)	James Stephen Hogg	Department for Human Resources	800	\$ 2.25
PR 1298 (0)	Cecil Clair	Department of Transportation	2,282	\$ 3.28

LEASE I. D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>BRECKINRIDGE COUNTY</u>				
PR 1857 (0)	B. W. and Bonnie DeJarnette	Department for Human Resources	5,176	\$ 3.10
<u>BULLITT COUNTY</u>				
PR 1513 (0)	Bullitt Land, Inc./ James W. Hardy, Jr.; Harvey Johnson; Harold W. Hardy; Raymond G. McGruder	Department for Human Resources	7,031	\$ 3.35
PR 2382 (0)	Paraquet Corporation (Charles E. Richard)	Department of Justice	317	\$ 5.00
PR 1946 (0)	Paraquet Corporation (Charles E. Richard)	Judicial Branch	465	\$ 5.00
<u>BUTLER COUNTY</u>				
PR 347 (0)	Mrs. Electa Annis	Department for Human Resources	2,500	\$ 2.24
<u>CALDWELL COUNTY</u>				
PR 1643 (0)	A. L. Farley	Department of Transportation	1,536	\$ 3.12
PR 1126 (0)	Morgan Farms, Inc.;c/o James P. Morgan, President	Department for Human Resources	3,308	\$ 4.50
PR 708 (0)	J. Gordon Lesanby & William G. McCaslin	Department for Human Resources	1,538	\$ 4.02
<u>CALLOWAY COUNTY</u>				
PR 1424 (W)	Mr. Robert Steele	Department of Fish and Wildlife	2,000	\$ 0.21
PR 2159 (0)	Joe Cotton	Military Affairs	4,000	\$ 3.00
PR 2266 (0)	L. D. Miller & I. Wells Purdon	Department of Justice	700	\$ 3.00
PR 2282 (0)	L. D. Miller	Administrative Office of the Courts	570	\$ 5.05
PR 1424 (W)	Robert Steele		2,000	\$ 0.21

LEASE I.D. NO. OWNER/ LESSOR RENTER/ LESSEE SQUARE FOOTAGE PRICE PER SQUARE FOOT

CAMPBELL COUNTY

PR 674 (0) C & K Apartments, Mike Kinman Department of Justice 2,700 \$ 4.18
 PR 931 (0) Victoria Square Apartments, Ina W. Broeman, Owner University of Kentucky 710 \$ 2.70
 PR 2114 (0) Campbell County Courthouse Commission c/o Roy F. Whitford, Chairman Attorney General's Office 1,050 \$ 5.00
 PR 1633 (0) Bob Cull Judicial Branch 1,200 \$ 6.00
 PR 1628 (0) Matthew Toebben Department for Human Resources 12,088.5 \$ 4.05
 PR 1644 (0) * H. E. Schneider & Elmer Haas (30 West Fourth) Judicial Branch 6,809 \$ 7.54

CARLISLE COUNTY

PR 376 (0) J. L. & Reba Watson Department for Human Resources 1,400 \$ 1.28
 PR 1928 (0) Joe Watson & David Curtis Department for Human Resources 2,150 \$ 4.00

CARROLL COUNTY

PR 1206 (0) Maurine F. McGuire Department for Human Resources 3,600 \$ 3.33

CARTER COUNTY

PR 635 (0) Raymond & Claris Burton (Grayson) Department for Human Resources 2,160 \$ 1.11
 PR 1498 (0) Raymond Burton Natural Resources & Environmental Protection 3,016 \$ 3.19
 PR 2245 (0) Grayson Professional Building; Herman H. McGuire Department of Transportation 777 \$ 4.63

DAVIE COUNTY

PR 455 (0) David T. McAnnelly Department for Human Resources 1,560 \$ 1.56
 PR 993 (0) Lowell A. Purdom & Agatha Purdom Division of Forestry 1,815 \$ 1.33
 PR 1343 (0) Alton & Adell McAnnelly Department for Human Resources 3,600 \$ 3.50

OWNER/ LESSOR RENTER/ LESSEE SQUARE FOOTAGE PRICE PER SQUARE FOOT

CHRISTIAN COUNTY

PR 1038 (0)	Planters Bank & Trust Co., Trustee/W. Jeff Hammond	Department of Education	1,000	\$ 5.10
PR 1473 (0)	Pup Robertson	Department of Justice	1,277	\$ 3.43
PR 1704 (0)	J. C. Givens/Skyline Real Estate	Department for Human Resources	4,498	\$ 2.90
PR 2222 (0)	James C. Givens/Skyline Real Estate	Department for Human Resources	8,400	\$ 5.80
PR 2379 (0)	Pup Robertson	Department of Justice	523	\$ 7.00
PR 2248 (0)	James A. Stewart	Department of Transportation	1,849	\$ 3.95
PR 1852 (0)	Pup Robertson	Judicial Branch	2,600	\$ 9.10
PR 1405 (0)	Planters Bank & Trust Co., Trustee W. Jeff Hammond	Department of Revenue	3,000	\$ 3.50

CLARK COUNTY

PR 1106 (W)	Winn-Avenue Warehouse/Robert Lynch; Thomas Lynch	Department of Agriculture	15,350	\$ 0.86
PR 1887 (0)	Michael Codell	Department of Justice	621	\$15.75
PR 943 (0)	The Estate of Russell Grant	Department for Human Resources	1,360	\$ 4.75

CLAY COUNTY

PR 498 (0)	George Duff	Department for Human Resources	2,800	\$ 5.50
PR 652 (0)	Clyde Creech & Gladys Creech	Department for Human Resources	4,455	\$ 4.82
PR 1596 (0)	Daisy Ricketts	Judicial Branch	150	\$ 3.60
PR 1638 (0)	Lynn Britton (Charlottesville, VA)	Judicial Branch	1,613	\$ 6.00
PR 2365 (0)	Clay County Fiscal Court	Department of Justice	437	\$ 5.00

CLINTON COUNTY

PR 817 (0)	Jim Dyer & Tom Butran	Department for Human Resources	3,105	\$ 2.31
PR 1286 (0)	Shamrock Stone Company/Floyd Halcomb, President; R. E. Gaddie, Moorman Beard; Robin Halcomb; Jill Halcomb	Department of Transportation Division of Forestry	640 1,719	\$ 2.81 \$ 0.76
PR 1464 (W)	Mrs. Sammie McWhorter			

LEASE I. D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>CRITTENDEN COUNTY</u>				
PR 1368 (0)	Mrs. Robert Wheeler	Department for Human Resources	3,285	\$ 4.00
<u>CUMBERLAND COUNTY</u>				
PR 359 (0)	Oscar Wells	Department for Human Resources	2,400	\$ 2.50
PR 573 (0)	Ruby R. Norris & M. O. Wells	Department for Human Resources	1,401	\$ 1.92
<u>DAVIESS COUNTY</u>				
PR 1546 (0)	Donald Harrison	Judicial Branch	600	\$ 5.00
PR 1636 (0)	Morton Holbrook; Ridley M. Sandridge	Judicial Branch	916	\$ 7.40
PR 2504 (0)	Green River District Health Department	Natural Resources & Environmental Protection	150	\$ 4.00
PR 968 (0)	Owensboro Public Library	Bureau for the Blind	474	\$ 2.55
PR 673 (0)	Jack L. Ross	Department of Justice	2,665	\$ 2.47
<u>EDMONSON COUNTY</u>				
PR 1396 (0)	P & M Builders/James W. Polson; Donald R. Meers	Department for Human Resources	2,624	\$ 3.09
<u>ELLIOTT COUNTY</u>				
PR 1627 (0)	Blair & Brewer /David Blair	Department for Human Resources	1,971	\$ 2.75
PR 2246 (0)	Larry Addington	Department of Transportation	1,632	\$ 1.65
<u>ESTILL COUNTY</u>				
PR 833 (0)	Irvine & Emalene Jones	Department for Human Resources	5,450	\$ 1.33
PR 2394 (0)	Estill County Fiscal Court	Department of Justice	392	\$ 5.00

PLAT I.D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>FAYETTE COUNTY</u>				
PR 663 (0)	Alvie T. Johnson/Timeco Company	Department of Education	4,620	\$ 3.25
PR 847 (W)	BlueGrass Moving & Storage/Bill Robinson	Educational TV/KET	3,000	\$ 1.44
PR 1051 (0)	M & S Trading Company (W. M. Henderson, Jr.; J. K. Kerr)	Department of Education	2,394	\$ 3.96
PR 1207 (0) *	Winnar Corporation/G. F. Vaughan; W. M. Robb, Jr.; O. A. Bakhaus, President; T. C. Garry; A. G. Manious	Racing Commission	2,866	\$ 7.25
PR 1267 (0)	R. R. Dawson Realty, Inc./Ellis L. Hefner	Department of Transportation	1,800	\$ 2.17
PR 1409 (0)	TAC South Park, Inc. James Conner	Department of Revenue	4,000	\$ 5.35
PR 1426 (0)	Cardinal Hill Hospital	Department for Human Resources	7,084	\$ 4.50
PR 1550 (0)	J. Roy Holsclow	Department of Education	2,200	\$ 4.78
PR 1619 (0)	Commercial Investments Company William Patterson	Judicial Branch	2,796	\$ 6.05
PR 1693 (0)	M & M Construction (Robert & Albert Miller)	Department of Transportation	3,480	\$ 5.25
PR 1785 (0)	Imperial Associates/Irving Rosenstein; Steven H. Collier; David B. Stevens; Wm. K. Massie	KET Educational TV	2,228	\$ 5.60
PR 1703 Group Home	Second-Presbyterian Church	Department for Human Resources	2,400	\$ 2.75
PR 1913 (0)	TAC South Park, Inc./James Conner	Administrative Office of the Courts	1,580	\$ 5.35
PR 1792 (0)	Kendon Land Investment/Don Pearce	Department for Human Resources	6,174	\$ 5.50
PR 1924 (0)	Webb Properties/Dudley & Donald Webb	Judicial Branch	1,760	\$ 8.27
PR 2485	Lexington Center Corporation	Department of Justice	25 parking spaces @ \$23 per space.	
PR 2523	Second National Bank Trustee (Edwin Lyle Estate)	University of Kentucky	parking lot (40 spaces)	\$13.50/month (per space)
PR 1897 (0)	South Park Shopping Center (TAC-South Park, Inc.)	Department of Labor	3,816 (rev.2,235.4)	\$ 5.40
PR 2552 (0)	Thirty Eighty Development Company/Webb Properties; Joe Hawkins; Ray Rector	Department of Education	1,430	\$ 8.81

OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>WAYNE COUNTY (cont'd.)</u>			
PR 1931 (0)	Dudley & Donald Webb/Webb Properties	4,000	\$ 6.50
PR 2293 (0)	Cromwell Bloodstock Agency, Ltd./Joseph Nicholson; J. David Santen; John Bell, III; Christine Barland	776	\$ 7.00
PR 2398 (0)	Donald & Shirley Busch	2,970	\$ 7.07
PR 1173 (0) *	Douglas P. Johnson/	3,700	\$ 7.13
PR 1435 (0)	Union Homestead Services/Joyce P. Fields & Virgil Varney	1,389	\$ 3.50
PR 1782 (0)	W. M. Henderson, Jr.	648	\$ 5.00
PR 1935 (0)	Webb Properties/Dudley & Donald Webb	2,240	\$ 6.49
PR 2168 (0)	Webb Properties/Dudley & Donald Webb	4,000	\$ 5.40
PR 2252 (0)	Fuller-Mossbrager-Scott & May/Don W. Fuller; John Scott; Aubrey May; William Mossbarger, Jr.	1,800	\$ 2.67
PR 1862 (0)	The Limestone Company/E. L. Moore	3,400	\$ 7.50
PR 2402 (0)	Webb Properties/Dudley & Donald Webb	1,375	\$ 8.50
PR 2474 (0)	Metro Venture/Carrell Eakle	1,102	\$ 6.75
<u>FLEMING COUNTY</u>			
PR 1071 (0)	Farmers Mutual Aid Association/W. C. Filson; D. S. Willis; D. W. McIntyre	1,354	\$ 3.69
PR 694 (0)	Eldon T. Evans	2,400	\$ 2.80
<u>FLOYD COUNTY</u>			
PR 1833 (0)	Region II Mental Health/Mental Retardation	776	\$ 5.75
PR 1679 (0)	John Reed Engineering (Martin)	4,200	\$ 3.57
PR 1668 (0)	Robert H. Hughes & Billy R. Fannin	1,900	\$ 2.84
PR 1712 (0)	Roger Colvin, Parkway Motors	6,100	\$ 4.50
PR 1894 (0)	Prestonsburg Community College	150	\$ 4.00
PR 2300 (0)	Fiscal Court of Floyd County	7,200	\$ 2.34
PR 575 (0)	Russell & Clara Peifrey	4,130	\$ 3.19
PR 1007 (0)	Mae Turner	405	\$ 3.70

OWNER/ LESSOR RENTER/ LESSEE SQUARE FOOTAGE PRICE PER SQUARE FOOT

FLOYD COUNTY (cont'd)

PR 1437 (0) Regional Mental Health/Mental Retardation Department for Human Resources 3,201 \$ 5.75
 PR 1642 (0) Norman & Alka Allen Department of Education 1,140 \$ 4.74
 PR 1640 (0) Allen-Weddington, Inc./David Allen; John Allen; Joe Weddington Judicial Branch 1,597 \$ 6.01

WANKLIN COUNTY

PR 1375 (0) Hines & McDonald Realty/Warner Hines; Suzanne Hines; Jessie McDonald; George McDonald; Department for Human Resources 4,621
 PR 591 (0) * Rodney Ratliff Department for Human Resources 1,835 \$ 3.50
 PR 1944 (0) Georgian Corporation/Elliott Marcus Judicial Branch 378 \$ 6.50
 PR 1376 (0) Tom D. Isaac, President, Suburban Acres Development, Inc. Department of Libraries and Archives 15,000 \$ 2.82
 PR 1390 (0) Jack Browning J.B.T.J. Associates, Inc. Election Registry 3,000 \$ 3.00
 PR 1415 (0) Kentucky Association of Health Care Facilities Department of Local Government 1,000 \$ 4.10
 PR 1412 (0) (non-profit/no shareholders) John Snyder, President Mr. & Mrs. George Taylor Natural Resources & Environmental Protection 13,066 \$ 3.70
 PR 1463 (0) Mrs. Virginia Harrod Department of Labor 2,847 \$ 3.63
 PR 1486 (W) Carl W. & Ralph S. Gaines The Model Laundry Partnership Kentucky Historical Society 11,416.74 \$ 0.84
 PR 1522 (0) * Kentucky Society of Professional Engineers Professional State Board of Registration for Calvin G. Grayson, President Professional Engineers and Land Surveyors
 PR 1543 (0) Irvine and Martin Gershman Administrative Office of the Courts 1,300 \$ 2.56
 PR 1560 (0) Tera and Mary Martin Boards and Commissions 6,400 \$ 4.00
 PR 1621 (0) Elkhorn Associates, Inc. Public Service Commission 25,160 \$ 4.80
 PR 1649 (0) Dr. E. Calvert Kelsey, President, and Donald E. Bradshaw Environmental Quality Commission 238 \$ 5.04
 Georgia Corporation/Elliott Marcus

LEASE I.D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
FRANKLIN COUNTY (cont'd)				
PR 2298 (W)	Alex Cox	Department of Natural Resources	2,264	\$ 2.00
PR 2297 (0)	C & S Rentals/V. E. Comley/Glenn Singleton	Department of Natural Resources	6,266	\$ 4.25
PR 2267 (0)	Charles E. Rawlings	Kentucky State University	3,400	\$ 3.78
PR 2319 (W)	Randy Turnbull/T. G. Enterprises (Lexington)	Department for Human Resources	26,246	\$ 3.39
PR 2321 (W)	Jack Black & Bill McCoy (Frankfort)	Department of Labor	4,380	\$ 2.60
PR 2323 (W)	Burch Associates (Fred Burch, III; Jack Burch; Fred Burch, Jr.)	Department of Finance	44,729	\$ 3.31
PR 2326 (0)	ByPass Enterprises (Fred D. Meyer, President)	Department of Natural Resources	3,181.5	\$ 3.95
PR 2331 (0)	Joseph Breckel & Dallas Hagg	Governor's Office	5,000	\$ 4.25
PR 1718 (0)	Century Associates (Irving Rosenstein; Steven H. Caller; Robert S. Miller; David B. Stevens; William B. Gess; James M. Clifton, all of Lexington)	Department of Natural Resources	4,406	\$ 3.95
PR 1806 (0)	Frankfort Independent Board of Education	Department of Natural Resources	7,500	\$ 3.50
PR 2109 (0)	Marcus Furniture Company/Elliott H. Marcus	Department of Finance	2,875	\$ 3.95
PR 2094 (0)	ByPass Enterprises (Fred A. Meyer/James L. Haworth)	Department of Finance	4,000	\$ 3.95
PR 2081 (0/W)	Tom Isaac/Isaac Properties (Suburban Acres Development)	Legislative Research Commission	3,000	\$ 3.25
PR 1930 (0)	Tom Isaac (Suburban Acres Development)	Department of Libraries	7,000	\$ 2.82
PR 1910 (0)	Tom Isaac (Suburban Acres Development)	Department of Finance	3,750	\$ 4.00
PR 2309 (0)	Thompson & Wiechers Architects	Kentucky Commission on Women	1,180	\$ 5.00
PR 1425 (0)	Rodney R. Ratliff	Department of Natural Resources	5,000	\$ 1.50
PR 878 (0)	Rodney R. Ratliff	Department of Parks	5,909	\$ 2.03
PR 604 (W)	Rodney R. Ratliff	Department of Education	6,750	\$ 1.50
PR 1164 (W)	Rodney R. Ratliff	Department of Parks	7,000	\$ 2.75
PR 1339 (0) *	Rodney R. Ratliff	Attorney General's Office	18,000	\$ 4.43
PR 2320 (0)	Rodney R. Ratliff	Department of Finance	2,826	\$ 3.95
PR 1069 (0) *	Rodney R. Ratliff	Public Protection	80,000	\$ 4.36
PR 1154 (W)	Rodney R. Ratliff	Department for Human Resources	11,692	\$ 1.50

LEASE I. D. NO. OWNER/ LESSOR RENTER/ LESSEE SQUARE FOOTAGE PRICE PER SQUARE FOOT

FRANKLIN COUNTY (cont'd)

PR 1195 (0)	Rodney R. Ratliff	Department of Natural Resources & Env. Protection	15,632	\$ 4.38
PR 1200 (0)	Rodney R. Ratliff	Boards & Commissions	14,368	\$ 4.12
PR 2424 (0)	Rodney R. Ratliff	Department of Justice	5,200	\$ 3.75
PR 2520 (W)	Rodney R. Ratliff	Department of Education	6,580	\$ 2.78
PR 1384 (0)	Rodney R. Ratliff	Department of Commerce	2,500	\$ 3.95
PR 1899 (0)	Rodney R. Ratliff	Attorney General's Office	20,800	\$ 3.81
PR 1635 (0)	Rodney R. Ratliff	Kentucky Housing Authority	1,800	\$ 4.00
PR 1614 (0)	Rodney R. Ratliff	Kentucky Housing Authority	3,775	\$ 4.45
PR 1702 (R) *	Rodney R. Ratliff	Kentucky State University	52,000	\$ 3.92
PR 2399 (0)	ByPass Enterprises, Inc.; Karen J. Green, Fred A. Meyer, President	Boards and Commissions Offices	1,000	\$ 3.95
PR 1430 (0)	Virginia Harrod	Heritage Commission	8,448	\$ 4.00
PR 970 (0)	Frankfort Realty Company, Inc. Morris Brazin	Natural Resources & Environmental Protection	6,632	\$ 2.00
PR 2249 (0)	Georgian Corporation, Elliott H. Marcus	Department of Transportation	6,594	\$ 4.03
PR 1717 (0)	Century Associates-Lexington Steven H. Callier (See PR 1718)	Natural Resources & Environmental Protection	15,600	\$ 4.84
PR 1196 (W/0)	East Main Rentals Robert Wunderlich	Department of Fish & Wildlife	3,600 (W) 10,800 (0)	\$ 3.19
PR 905 (0)	Community Development Owen Caplinger	University of Kentucky	966	\$ 3.48
PR 1186 (0)	Community Development Owen Caplinger, President	University of Kentucky	966	\$ 3.48
PR 2316 (0)	Walter Hines	Kentucky Retirement Systems	8,200	\$ 3.25
PR 1104 (0)	Kentucky Pharmaceutical Association, Inc./Paul Davis; Arthur Jacob; Joseph Bessler	Kentucky Board of Pharmacists	2,200	\$ 3.28
PR 1360 (0)	V. E. Comley, Kentucky Association of Highway Contractors	Department of Education	1,196	\$ 4.75

LEASE I. D. NO.	OWNER/ LESSOR	OWNER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
FRANKLIN COUNTY (cont'd)				
PR 1848 (0)	Georgian Corporation Elliott Marcus	Department of Commerce	2,172	\$ 6.30
PR 1090 (0)	Community Development, Inc. Owen Caplinger, President; Mrs. Melvin Carter; Mrs. Lewis Cox	Department of Libraries & Archives	22,500	\$ 2.25
PR 2292 (W/0)	Edwin Randle, Jr.	Administrative Office of the Courts	16,200	\$ 2.10
PR 2314 (0)	Georgian Corporation Elliott Marcus	Department of Transportation	2,700	\$ 5.69
PR 566 (0)	Community Development, Inc./See PR 1090	Department of Libraries & Archives	18,000	\$ 2.25
PR 1354 (W)	Suburban Acres Development/Tom D. Isaac	Natural Resources and Environmental Protection	3,700	\$ 1.71
PR 178 (0)	Robert D. & Catherine Rogers	Department of Agriculture	7,600	\$ 3.04
PR 349 (0)	Hines & McDonald Realty Company/Warner Hines; Suzanne Hines; Jessie McDonald; George McDonald	Kentucky Retirement Systems	7,505	\$ 1.77
PR 1176 (0)	George W. & Neiva Taylor	Natural Resources and Environmental Protection	4,600	\$ 3.60
PR 1190 (W)	Evelyn Marston	Department of Tourism	9,120	\$ 2.00
PR 1197 (0)	Robert Wunderlich East Main Rentals	Department of Finance	12,000	\$ 2.48
PR 1213 (0)	Bronston R. Redman	Department of Banking and Securities	10,368	\$ 3.86
PR 1362 (0)	Edward F. Goins, Jr. Frankfort Leasing & Rental Company	Department of Education	16,152	\$ 4.03
PR 2115 (0)	Virginia Harrod	Attorney General's Office	990	
PR 882 (0)	Kentucky Automobile Dealers Association (non-profit corp.) (no shareholders) Robert Newberry, Exec. V-President	Alcoholic Beverage Control	5,216	\$ 5.90
PR 1105 (0)	Jean Whitaker	Department of Agriculture	17,950	\$ 1.88
PR 1102 (0)	Tera and Mary Martin	Division of Forestry	6,400	\$ 3.50
PR 879 (0)	Robert D. and Catherine Rogers	Department of Agriculture	4,800	\$ 3.00
PR 848 (0)	Hammar, Inc. Elliott Marcus	Department of Insurance	11,943	\$ 4.42
PR 870 (0)	Tera and Mary Martin	Department of Education	6,400	\$ 3.85
PR 747 (0)	Farmers Bank and Capital Trust Company Dr. John Stewart; Frank Sower; Zack Saufley; Warner Hines; John Hopkins; Charles Mitchell; Albert Dix; Dr. John Sutterlin; Joseph Yagel, Jr.	Teachers Retirement Office	7,948	\$ 3.19

LEASE I.D. NO. OWNER/LESSOR RENTER/LESSEE SQUARE FOOTAGE PRICE PER SQUARE FOOT

FRANKLIN COUNTY (cont'd)

PR 8009 (0) E. Randle Company/Edwin Randle, Jr. Administrative Office of the Courts 1,806 \$ 3.95
 PR 629 (0) Dr. E. Calvert Kelsey, Oliver Building, Capitol Properties Department of Revenue 20,000 \$ 2.06
 PR 2510 (W) Jack Black & Bill McCoy Department of Housing, Buildings & Construction 1,440 \$ 2.60
 PR 2512 (0) Dr. Dallas Hagg & Joe Breckel Department of Tourism 5,317 \$ 4.25

FULTON COUNTY

PR 2386 (0) Fulton County Fiscal Court Department of Justice 168 \$ 4.75
 PR 1469 (0) Harry Reams & George Brock Department for Human Resources 2,545 \$ 2.12
 PR 1870 (0) M. Homra, Bill Homra, S. Noffel & Edwin Noffel Department for Human Resources 3,477 \$ 5.22
 PR 1406 (0) Fulton County Fiscal Court c/o Judge Menees Department for Human Resources 1,800 \$ 1.59

GALLATIN COUNTY

PR 1950 (0) Arthur Owens Department for Human Resources 1,200 \$ 4.25

GARRARD COUNTY

PR 741 (0) Roy Pendleton Department for Human Resources 726 \$ 2.64
 PR 350 (0) H. C. Cox & W. C. Ledford/Ledco Enterprises Department for Human Resources 1,800 \$ 2.33
 PR 2080 (0) Henry Cox & John Ellis Smith Judicial Branch 956 \$ 3.76
 PR 2391 (0) Garrard County Fiscal Court Department of Justice 252 \$ 6.00
 PR 2290 (0) Pleasant Retreat Plaza/C.B. Thompson, Jr.; Minnie T. Cobb; Cleveland B. & Elizabeth Thompson. Department for Human Resources 2,100 \$ 4.15

GRANT COUNTY

PR 1939 (0) Colston B. Altman & Dorothy Department for Human Resources 3,098 \$ 3.60

CASE I. D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>GRAVES COUNTY</u>				
PR 1151 (0)	K & E Real Estate/Kenneth Crouch	Department for Human Resources	6,728	\$ 3.92
PR 1499 (0)	Graves County Fiscal Court	Military Affairs	550	\$ 3.27
PR 1597 (0)	J. S. McKelvey	Division of Forestry	4,260	\$ 2.71
PR 2389 (0)	Fiscal Courts	Department of Justice	816	\$ 5.00
<u>GRAYSON COUNTY</u>				
PR 1253 (0)	Wallace Herndon	Department of Transportation	1,200	\$ 1.50
PR 1641 (0)	South Gate Mall, Inc./William Vincent; Athel York; Norbet Hayes; William Lane	Department for Human Resources	5,380	\$ 3.42
<u>GREEN COUNTY</u>				
PR 2221 (0)	Virgil Price, Goin & Lobb Oil Company	Department for Human Resources	1,920	\$ 4.00
PR 720 (0) *	Masonic Lodge 54	Department for Human Resources	1,824	\$ 1.48
<u>GREENUP COUNTY</u>				
PR 1320 (0)	William & Jayne Vaughn	Department for Human Resources	7,380	\$ 3.42
<u>HANCOCK COUNTY</u>				
PR 811 (0)	Dan & Edna Sims	Department for Human Resources	1,643	\$ 2.49
PR 2535 (0)	Glen Powers	Department for Human Resources	7,920	\$ 3.15
<u>HARDIN COUNTY</u>				
PR 289 (0)	Paul L. & Dorothy Carnes	Department for Human Resources	5,700	\$ 3.15
PR 715 (0)	Harold K. & Joy Huddleston	Department for Human Resources	6,500	\$ 6.18
PR 996 (0)	Maurice F. & Dorothy H. Powell	Division of Forestry	3,600	\$ 1.00
PR 997 (W)	Dorsey M. & Mary Finnis	Division of Forestry	1,632	\$ 2.57
PR 1541 (0)	Elizabethtown Commercial Development Corporation Lawrence Hughes; Lamonte Hornback; George Black; John Behem; Elizabeth Faurest.	Judicial Branch	383	\$ 4.38
PR 1846 (0)	R. D. Boone	Judicial Branch	6,706	\$ 8.95
PR 2353 (0)	Mid-American Warehouse & Distribution Center / Robert A. Short	Department of Justice	1,800	\$ 7.93

PLAT I.D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>HARLAN COUNTY</u>				
PR 284 (0)	Earl Francis & Louise Middleton Croushorn	Department of Education	2,977	\$ 3.04
PR 636 (0)	Vernon Ackley	Department of Justice	490	\$ 1.59
PR 1183 (0)	Dr. & Mrs. R. S. Howard	Department of Mines and Minerals	3,142	\$ 3.00
PR 2240 (0)	LP Gas Company #1 (Baxter)/E. Bird	Department of Transportation	1,600	\$ 3.36
PR 440 (0)	Lewis E. Bianchi	Department for Human Resources	4,275	\$ 5.22
PR 723 (0)	Robert Hoskins, Jr.	Department for Human Resources	1,841	\$ 5.75
<u>HARRISON COUNTY</u>				
PR 1652 (0)	Tracey Farmer	Department for Human Resources	3,960	\$ 3.50
<u>HART COUNTY</u>				
PR 1370 (0)	Mrs. Vincent Carrao (Mary)	Department for Human Resources	5,375	\$ 3.40
<u>HENDERSON COUNTY</u>				
PR 1208	Mary Butler Tyler Winters/Matilda Jaynes Tyler	Department of Parks		art collection for park museum; \$1800 annually.
PR 1349 (0)	Prentice Brown	Department for Human Resources	3,000	\$ 3.60
PR 1501 (0)	Harvey Ershig	Department of Justice	900	\$ 3.33
PR 1859 (0)	K.O.S.T.S., Inc./Dr. J. W. McClellan	Department for Human Resources	3,259	\$ 6.66
PR 2469 (0)	William H. & Lilla Shields; Maurice E. & Jane Mason	Department for Human Resources	3,200	\$ 5.50
<u>HENRY COUNTY</u>				
PR 1204 (0)	George Mason	Department for Human Resources	1,800	\$ 1.00
PR 379 (0)	Mrs. Vernon Valentine	Department for Human Resources	1,150	\$ 1.04
PR 1259 (0)	Hugh T. Brown	Department of Transportation	1,373	\$ 3.27
<u>HICKMAN COUNTY</u>				
PR 1451 (0)	Bob & Dorothy Brown	Department for Human Resources	3,300	\$ 2.50-

LEASE I.D. NO. OWNER/LESSOR RENTER/LESSEE SQUARE FOOTAGE PRICE PER SQUARE FOOT

HOPKINS COUNTY

PR 1571 (0)	H.R. & B. Rentals James A. Bryant; Stanley Baldwin; Joseph Ballard; Robert Hawkins; Meredith Henninger; Kermit Reed	Judicial Branch	576	\$ 3.95
PR 1701 (0)	Department of Justice			\$ 6.50
PR 1839 (0)	James A. Bryant/Mrs. Juanita W. Badgett	Department of Transportation	1,346	\$ 2.22
PR 2264	W. M. Hales Company (Danville, IL)	Mines & Minerals Tower Site		\$ 600 annually
PR 2368 (0)	James A. Bryant	Department of Justice	642	\$ 3.64
PR 709 (0)	H.R. & B. Rentals (See PR 1571)	Department for Human Resources	3,330	\$ 3.93
PR 1089 (0)	Curtis McCoy, Jr., & Mina C. McCoy	Department of Education	1,380	\$ 4.50
PR 1109 (0)	Charles D. McCoy, Jr.	Natural Resources & Environmental Protection	2,280	\$ 2.00
PR 1148 (0/W)	O. T. Rudd	Department of Education	13,350	\$ 8.53
PR 1344 (0)	H.R. & B. Rentals (See PR 1571)	Department of Revenue	576	\$ 3.85

JACKSON COUNTY

PR 291 (0)	Carl G. Cunnagin & Elmer Cunnigan	Department for Human Resources	1,631	\$ 1.43
PR 858 (0)	Bert Dunsil	Department for Human Resources	2,300	\$ 1.30

JEFFERSON COUNTY

PR 826 (0)	Morrissey Building, Inc./Jim & Kay Morrissey	Boards & Commissions	1,066	\$ 6.25
PR 1041	Eton Services, Inc./Edward Dodd; James Donahue; Farmer Summers; William Kelly; Edward Galtschalk	Department for Human Resources	8 rooms	\$250/month
PR 1048 (0)	Liberty Partners (See PR 2337)	Boards and Commissions	2,745	\$ 9.06
PR 873 (0)	YWCA	Department for Human Resources	216	\$ 3.06
PR 875 (0)	Louisville & Jefferson County CAC Office/Rose Henderson		3,530	\$ 2.25
PR 1065 (0)	Downtown Devco } Susan Adams	Judicial Branch	2,210	\$ 7.50
PR 1070 (0)	Downtown Devco }	Department for Human Resources	30,320	\$ 7.50
PR 1340 (0)	St. Anthony Professional Plaza, Inc./Thomas Nolan; Thomas Nolan, Jr.; Robert Nolan; Robert Nolan, Jr.	University of Louisville (Medical)	5,200	\$ 8.50
PR 1345 (0)	St. John's Church	Department for Human Resources	5,000	\$ 3.00

LEASE I.D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>JEFFERSON COUNTY (cont'd.)</u>				
PR 1609 (0)	Kentucky Towers (See PR 1949)	Corp. Bodies & Instrumentalities	2,063	\$ 7.00
PR 1904 (0)	Thomas J. McDonough, Roman Catholic Bishop of Louisville	Department for Human Resources	13,125	\$ 2.00
PR 659 (0)	Norton Childrens Hospital, Inc./Fed. Land Bank Bldg.	Department for Human Resources	7,559	\$ 4.53
PR 727 (0)	Legal Arts Building /Susan Adams	Department of Revenue	5,700	\$ 7.50
PR 864 (0)	Kosair Charities Committee, Inc.	Department for Human Resources	11,000	\$ 6.00
PR 871 (0)	William F. Burbank/Goldsmith Office Center	Department of Education	5,702.5	\$ 4.88
PR 886 (0)	The Morrissey Building, Inc. Kay Morrissey, Jim Morrissey	Boards and Commissions	1,066	\$ 6.25
PR 1076 (0)	Louisville Shopping Center, Inc./The Rouse Company	Department for Human Resources	790	\$ 5.01
PR 1129 (0)	Community Action Commission	Department for Human Resources	185	\$ 2.77
PR 1160 (0)	Kentucky Medical Association/Robert Cox; John Stewart; Robert Howell; James Holloward, Jr.	Boards and Commissions	750	\$ 6.00
PR 1461	Methodist Evangelical Hospital, Inc.		13 parking spaces/\$3900 yearly	
PR 1677 (0)	J. D. Farley & Associates/Jean Farley; Harry Ranier	Department for Human Resources	26,753	\$ 5.50
PR 1730 (0) *	Interchange Partnership c/o Jim McCall/John Tim McCall; Thomas Crawford; Donald A. Vocke	Department of Commerce	1,763	\$ 8.10
PR 1842 (0)	Kentucky Home Life Building/J. B. Klump; H. G. Writtenberg	Boards and Commissions	570	\$ 6.55
PR 2082 (0)	Kentucky Trust Company/Franklin F. Starks, Jr.	Department of Justice	14,450	\$ 3.75
PR 875	Louisville & Jefferson County Action Committee	Department for Human Resources	3,530	\$ 2.25
PR 104 (0)	Neighborhood House; Nellie Edgerly, Director		550	\$ 1.80
PR 1337 (0)	Brown-Noltmeyer Company/Charles Brown, Jr.; Norman Noltmeyer	Bureau for the Blind	6,225	\$ 7.00
PR 1839 (0)	Kentucky Towers (See PR 1949)	Boards and Commissions	750	\$ 3.68
PR 1723 (0)	Lee Mattingly/Warehouse Investors Limited	Department for Human Resources	21,000	\$ 3.55
PR 2483 (0)	Caudill Seed & Warehouse Company/Forrest, Mary and Pat Caudill	Bureau for the Blind	2,500	\$ 2.16

LEASE I.D. NO. OWNER/LESSOR RENTER/LESSEE SQUARE FOOTAGE PRICE PER SQUARE FOOT

JEFFERSON COUNTY (cont'd.)

LEASE I.D. NO.	OWNER/LESSOR	RENTER/LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
PR 2541 (0)	Starks Building Company/Franklin Starks	Development Cabinet	913	\$ 7.89
PR 1521 (0)	William R. Mapother	Department of Labor	6,408	\$ 5.68
PR 2312 (0)	Downtown Devco/Susan Adams	Office of Attorney General	4,650	\$ 7.50
PR 1683 (0)	Gateway to the South; F. Ray Payne	Boards and Commissions	1,400	\$ 3.42
PR 223 (0)	The Morrissey Building, Inc./Jim and Kay Morrissey	Boards and Commissions	4,108	\$ 6.25
PR 233 (0)	Louisville and Jefferson County Air Board; John A. Hamilton	Department of Fish and Wildlife	289	\$ 5.69
PR 453 (0)	Mr. G. O. Haynes, Chairman Lions Lodge House Commission	Bureau for the Blind	420	6.80
PR 475 (0)	Kathleen E. Whittenberg	Department for Human Resources	14,538	\$ 3.42
PR 529 (0)	Kosair Charities Committee, Inc.	Department for Human Resources	5,185	\$ 3.00
PR 530 (0)	Kosair Charities Committee, Inc.	Department for Human Resources	5,366	\$ 3.50
PR 565 (W/O)	Bourbon Stockyards Company/Bruce M. Pearce	Department of Agriculture	837	\$ 3.32
PR 1156 (0)	Cowger & Miller Mortgage Company, Inc. (Wesley Schissler; Nelson Miller; A.R. Boden, Jr. Jack Farley; Alfred Fazio)	Department for Human Resources	11,750	\$ 6.00
PR 1159 (0)	Kentucky Dental Association (owned by 1423 members; A.B. Coxwell, DMD, Exec. Director)	Boards and Commissions	960	\$ 4.12
PR 1211 (0)	Eline Development Company/Aton J. Eline	Department for Human Resources	1,544	\$ 4.90
PR 2439 (0)	Jefferson County Fiscal Courts/Susan Adams	Office of Attorney General	4,400	\$ 3.50
PR 2445 (0)	Kentucky Towers	Department for Human Resources	5,870	\$ 7.00
PR 1949 (0)	Kentucky Towers/G. T. Underhill, Jr.; Frank Crawley; Monroe Cox; H. W. Whittenberg, Jr.; Ollie Windhorst; Edgar Anderson; Douglas Stephens; Jack Voight; Al Thomas; John McGriffin; Western Dry Wall Company; Roland Hawkey; Marion S. Pinckney; Richard Rademaker; Donald Martin; J. G. Gallis; Midwest Mortgages Co.; Vorman Sykes; Catherine Westerman; Donald Lynch.	Judicial Branch	1,848	\$ 3.50
PR 2105 (0)	Saint Williams Center	Department for Human Resources	3,210	\$ 3.49
PR 2261 (0)	Archdiocese of Louisville	University of Kentucky office	5,500	\$ 1.81

11-A-1-D-10. OWNER/ LESSOR RENTER/ LESSEE SQUARE FOOTAGE PRICE PER SQUARE FOOT

JEFFERSON COUNTY (cont'd.)

PR 2337 (0)	Liberty Partners-Vermont American Building James E. Milliman; H. Hewett Brown; Louis Kosse; Nolen Allen; A. Scott Hamilton; E. J. Schickli; Art Tafel; Larry Schneider; David Chervenak; John Rogers.	Department of Education	2,800	\$ 8.45
PR 1519 (0)	Woodward, Hobson & Fulton	Department of Commerce	987	\$10.00
PR 2489 (0)	Jefferson County Board of Education	University of Kentucky office	1,680	\$ 1.98
PR 749 (0)	Housing Authority of Louisville	Department for Human Resources	300	\$ 2.20
PR 1118 (0)	Starks Building Company/Franklin Starks	Department of Insurance	658	\$ 6.38
PR 2281 (0)	Dr. William Wayne Dehoney	University of Louisville office	5,300	\$ 6.00
PR 1099	Cowger & Miller Mortgage Company, Inc./Wesley Schissler; Nelson Miller; A.R.Boden, Jr.; Jack Farley; Alfred Fazio Marilyn Schumacher	Boards and Commissions	6,980	\$ 6.37
PR 532 (0)		Department of Education	3,650	\$ 1.39
PR 1198 (0)	Jefferson County Board of Education	University of Kentucky education	16,272	\$ 1.51
PR 2406 (0)	Professional Towers, Inc./Bill Green	Boards and Commissions	3,605	\$ 7.50
PR 2435 (0)	Downtown Devco	Office of Attorney General	3,324	\$ 7.50
PR 1918 (0)	J. D. Farley & Associates/Jean Farley, Harry Ranier	Department of Labor	15,691	\$ 5.50

JESSAMINE COUNTY

PR 1352 (0)	Commercial Services Rodney Ratliff & Mary Ann Hulette	Department for Human Resources	3,500	\$ 3.50
PR 1565 (0)	Veal Realtors Auctioneers, Inc./Harlan Veal, Sr.; Press Veal	Judicial Branch	250	\$ 9.60

JOHNSON COUNTY

PR 547 (0)	Kenneth, Buell & Cecil Williams	Department for Human Resources	3,266	\$ 1.23
PR 778 (0)	Robert & James Meek, Jr.	Department for Human Resources	2,026	\$ 3.56
PR 1033 (0)	Coleman Realty Company/James A. Coleman	Department of Education	1,892	\$ 5.00
PR 2325	City of Paintsville day care center	Department of Education	572	\$ 2.09

LEASE I. D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>KENTON COUNTY</u>				
PR 681 (0)	Jim Peluso	Department for Human Resources	1,400	\$ 2.27
PR 1023 (0)	Covington Kenton County Public Properties Corporation	Department of Justice	954	\$ 5.75
PR 1080 (0)	General Savings & Loan Association/John J. Asterman, Pres; (no 5% stockholders)	Alcoholic Beverage Control Board	378	\$ 4.76
PR 1264 (W/O)	Kenny Realty Development Company, Inc./Bill Scheben, Jr.; Ray Keeney; Dennis Keeney.	Department of Transportation	4,922	\$ 1.46
PR 1379 (0)	Michael L. Grunkemeyer	Department of Education	3,189	\$ 3.16
PR 1645 (0)	Keeney Realty & Investment Company/Dennis Keeney	Corporate Bodies & Instrumentalities	450	\$ 5.20
PR 1781 (0)	Doyle Grimes, Inc./Kenneth & Linda Schneider	Bureau for the Blind	325	\$ 5.42
PR 2103 (0)	Doyle Grimes Investment Company/Kenneth & Linda Schneider	Public Protection & Regulation	308	\$ 5.43
PR 2418 (0)	Ardyth Flatman		1,156	\$ 6.90
PR 1766 (0)	Coppin Building Company (Paul W. Hemmer; Wm. R. J. M. Hemmer Construction Company Hemmer; John Curtin, Jr.)	Department for Human Resources	12,926	\$ 6.25
PR 834 (W)	Northern Kentucky Mental Health Retardation Regulations Board, Inc./c/o Steve Newport.	Department for Human Resources	780	\$.77
PR 152 (0)	Covington-Kenton County Public Properties Corporation (non-profit public organization)	Department for Human Resources	5,303	\$ 5.75
PR 762 (0)	Covington Trust & Banking Company/Mr. Tabelaing; Charles Deter; Giles & Don Conrad; Orion Nunn	Natural Resources and Environmental Protection	1,200	\$ 3.33
PR 1091 (0)	John Hodge & Michael Ruh	Department for Human Resources	10,560	\$ 5.85
PR 1509 (0)	Covington-Kenton County Public Properties Corporation (Non-profit public organization)	Department of Revenue	3,012	\$ 4.25
<u>KNOTT COUNTY</u>				
PR 1158 (0)	The Bank of Hindman/K. J. Day Estate; W. R. Smith	Department of Justice	336	\$ 2.67
PR 579 (0)	Mr. & Mrs. Sidney Williams	Department for Human Resources	2,825	\$ 2.72
PR 225 (0)	Carmen and Eva Niece	Department for Human Resources	5,040	\$ 1.42
PR 1598 (0)	Arthur S. Stewart	Judicial Branch	264	\$ 3.18
<u>KNOX COUNTY</u>				
PR 11 (0)	William Detherage & Wife, Bernice	Department for Human Resources	6,000	\$ 3.75
PR 1527 (0)	Gilmore Phelps & Wife, Jessie	Division of Forestry	455	\$ 2.63

LEASE I.D. NO	OWNER/LESSOR	RENTER/LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>KNOX COUNTY (cont'd.)</u>				
PR 1559 (0) 1560 (0)	City of Barbourville/Mayor Jack Ketcham	Department for Human Resources	1,560	\$ 1.92
PR 574 (0)	Mary M. White	Department for Human Resources	3,000	\$ 3.75
<u>LARUE COUNTY</u>				
PR 819 (0)	T. M. & Beulah Hazel	Department for Human Resources	1,256	\$ 2.22
PR 1397 (0)	James Larue	Department for Human Resources	1,000	\$ 3.30
PR 2263 (0)	Ella Grace Mather	Administrative Office of the Courts	945	\$ 4.44
<u>LAUREL COUNTY</u>				
PR 2275 (0)	Elmer Cunnagin and Willis C. Cunnagin	Department of Justice	2,400	\$ 5.80
PR 2366 (0)	Laurel County Fiscal Court	Department of Justice	360	\$ 5.00
<u>LAWRENCE COUNTY</u>				
PR 782 (0)	Russell Dobyns	Department for Human Resources	1,448	\$ 1.99
PR 1348 (0)	Louisa Medical Center/Dr. Phillip Carter, Dr. William McRabb	Department for Human Resources	4,060	\$ 3.46
PR 2169 (0)	Sammie R. Thompson	Department of Transportation	720	\$ 2.50
<u>LEE COUNTY</u>				
PR 1650 (0)	Lee County Board of Education	Department for Human Resources	240	\$ 2.50
PR 2156 (0)	Lee County Fiscal Court	Department for Human Resources	4,150	\$ 4.50
<u>LESLIE COUNTY</u>				
PR 777 (0)	Hyden Citizens Bank/W. F. Brashear; L.B. Brashear; R. B. Cambell; A. E. Cornett	Department for Human Resources	1,263	\$ 2.42
PR 880 (0)	Richard & Diana Melton	Department for Human Resources	4,000	\$ 3.45
<u>LETCHER COUNTY</u>				
PR 583 (0) *	Arthur H. and Alleen P. Johnson	Department for Human Resources	5,112	\$ 2.11
<u>LEWIS COUNTY</u>				
PR 1382 (0)	Avery L. Stanley	Department for Human Resources	5,494	\$ 3.25
<u>LINCOLN COUNTY</u>				
PR 2345 (0)	H. R. Saufley	Department for Human Resources	5,560	\$ 4.74

LEASE I. D. NO.	OWNER/ LESSOR	OWNER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>LIVINGSTON COUNTY</u>				
PR 2563 (0)	Lynn Travelstead (Smithfield, KY)	Department for Human Resources	3,566	\$ 4.82
<u>LOGAN COUNTY</u>				
PR 1691 (0)	Bob Guion	Department for Human Resources	6,847	\$ 2.95
PR 2384 (0)	Logan Fiscal Court	Department of Justice	600	\$ 6.00
PR 564 (0)	G. H. Kluss and Willette Kluss	Division of Forestry	644	
<u>LYON COUNTY</u>				
PR 1230 (0)	Swanee Lodge =190/Joseph Hodges; Henry Yates; R. A. Smith	Department of Transportation	1,495	\$ 8.00
PR 1145 (0)	Dr. Steve Hiland	Department for Human Resources	1,500	\$ 2.80
<u>MADISON COUNTY</u>				
PR 1385 (0) *	Snyder Rentals-Tom Snyder	Department of Libraries and Archives	175	\$ 7.88
PR 1443 (0)	The Bank of Richmond/G.D. Kincaid Estate, Al Florence	Department for Human Resources	3,456	\$ 5.50
PR 1470 (0)	Cummins & Kesner, Inc./Joseph Chowning; James Gilbert; William Wagers	Department for Human Resources	1,750	\$ 3.08
PR 2253 (0)	Snyder Rentals-Tom Snyder	Department of Transportation	831	\$ 5.13
PR 2396 (0)	Lee's Little Inn, Inc./Lee Murphy	Department of Justice	1,800	\$ 6.00
<u>MAGOFFIN COUNTY</u>				
PR 1374 (0)	John Arnett	Department for Human Resources	5,472	\$ 2.50
<u>MARION COUNTY</u>				
PR 1077 (0)	David Yeiser, Louisa Yeiser, Maurice Spaulding, Mary Spaulding	Department for Human Resources	3,900	\$ 4.00
<u>MARSHALL COUNTY</u>				
PR 1474 (0)	A. A. Nelson (Benton, KY)	Department of Justice	600	\$ 3.00
PR 1366 (0)	J. A. Owen	Department for Human Resources	3,708	\$ 5.65
PR 2223 (0)	Boyce G. Clayton	Department for Human Resources	324	\$ 6.00
<u>MARTIN COUNTY</u>				
PR 1395 (0)	E. R. Ward, W. T. Williamson, Clay Wells	Department for Human Resources	3,200	\$ 3.75

PLAT I. D. NO.	OWNER/LESSOR	RENTER/LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>MASON COUNTY</u>				
PR 737 (0)	John & Elizabeth Clark	Department of Revenue	560	\$ 5.00
PR 1008 (0)	Betty J. Chain	Department of Education	3,200	\$ 9.37
PR 1342 (0)	Mrs. James Wilson	Department of Education	1,200	\$ 6.75
PR 1434 (0)	Farmers Mutual Insurance Company (no shareholders) Rosemary Reetz, Secretary	Department of Justice	850	\$ 1.76
PR 2163 (0)	Gary Himes & David Hughes	Department for Human Resources	2,135	\$ 5.90
PR 2486 (0)	State National Bank/John Clarke; Elizabeth Clarke	Judicial Branch	784	\$ 4.51
PR 2503 (0)	E. B. Hillenmeyer Company /S. Alex Parker, Jr. Elizabeth Parker; Wm. Chamness; Zorayda Chamness; E. B. Hillenmeyer; Mary Hillenmeyer	Department of Education	834	\$ 6.00
PR 632 or PR 2163 (0)	Dr. Frank Brisley	Department for Human Resources	2,400	\$ 3.66
PR 1562 (0)	E. S. Power	Judicial Branch	442	\$ 3.39
<u>MCCRACKEN COUNTY</u>				
PR 1014 (0)	Charles A. and Ruth Williams (Paducah)	Department of Education	2,151	\$ 5.00
PR 1350 (0)	Binford (Dale & Shirley) & Churchwell (Paducah, KY)	Department for Human Resources		\$ 5.25
PR 1358 (0)	Patrick J. Cvengros (Paducah)	University of Kentucky	800	\$ 4.00
PR 1778 (0)	Mark Bryant & Albert Jones	Department of Justice	1,063	\$ 6.66
PR 1793 (0)	Mark Bryant & Albert Jones	Department of Justice	1,244.5	\$ 6.07
PR 1802 (0)	Mark Bryant & Albert Jones	Bureau for the Blind	640	\$ 5.90
PR 1900 (0)	James L. McBride	Judicial Branch	1,380	\$ 6.05
PR 1120 (0)	Brad Arterburn	Natural Resources and Environmental Protection	1,050	\$ 6.00
PR 1525 (0)	Roblyn Company/Dr. Lynn Hobacken; Robert Morris	Department of Labor	2,300	\$ 5.00
PR 1356 (0)	Lourdes Hospital Medical Building, Ltd./Harold Jenks	Judicial Branch	1,545	\$ 7.75
<u>MCCREARY COUNTY</u>				
PR 1680 (0)	Joe Jackson & Gladys Jackson	Department for Human Resources	5,600	\$ 3.00

LEASE I.D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>McLEAN COUNTY</u>				
PR 714 (0)	Margaret Edwards	Department for Human Resources	1,450	\$ 1.57
PR 842 (0)	Margaret Edwards	Department for Human Resources	687	\$ 2.36
<u>MEADE COUNTY</u>				
PR 608 (0)	Brandenburg Mall, Inc./Alec G. Stone	Department for Human Resources	2,686	\$ 3.00
<u>MENIFEE COUNTY</u>				
PR 543 (0)	Hillbilly Enterprises } J. S. Rhodes, Donald Graves,	Department for Human Resources	1,351	\$ 2.50
PR 701 (0)	Hillbilly Enterprises } Raymond Brant, Ronnie Little	Department for Human Resources	1,032	\$ 3.50
PR 1444 (0)	Saint Claire Medical Center, Inc./John G. Scherger	Department of Education	210	\$ 5.71
<u>MERCER COUNTY</u>				
PR 600 (0)	Emmett & J. P. Hatchett	Department for Human Resources	3,328	\$ 2.88
PR 1937 (0)	United States Postal Service	Department for Human Resources	742	\$ 2.90
PR 2157 (0)	United States Postal Service	Department of Education	1,525	\$ 2.90
<u>METCALFE COUNTY</u>				
PR 1220 (0)	Clarence Martin	Division of Forestry	700	\$ 1.71
PR 1644 (0)	John & Nell Thompson	Department for Human Resources	2,516	\$ 2.78
PR 1807 (0)	John Blevins & J. H. Shay	Judicial Branch	1,220	\$ 5.30
<u>MONROE COUNTY</u>				
PR 592 (0)	Morris Pickerel, Jr.	Department for Human Resources	6,000	\$ 2.60
PR 540 (0)	Morris Pickerel, Jr.	Department for Human Resources	1,700	\$ 2.82
<u>MONTGOMERY COUNTY</u>				
PR 2354 (0)	Montgomery County Fiscal Court	Department of Justice	660	\$ 6.00
PR 1417 (0)	Harold E. Shrout	Department for Human Resources	4,000	\$ 3.50
PR 2406 (0)	Dale Shrout	Department of Transportation	1,487	\$ 5.47

LEASE I.D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>MORGAN COUNTY</u>				
PR 580 (0)	Walter Brown & Harold Fredrick	Department for Human Resources	2,520	\$ 4.00
PR 1503 (0)	Oldfield Real Estate/John Oldfield, Jr.	Department of Education	915	\$ 2.75
PR 1606 (0)	Mrs. S. E. Craft and Mrs. Bernice Craft	Department for Human Resources	3,500	\$ 2.75
PR 2244 (0)	Mrs. James Perry, Mrs. Heleen Wells, Mrs. Francis Peyton, Mr. Joe Stacy	Department of Transportation	1,500	\$ 2.00
<u>MUHLENBERG COUNTY</u>				
PR 1371 (0)	London Construction Company/Alfred & Greebo London	Department for Human Resources	6,200	\$ 3.75
<u>NELSON COUNTY</u>				
PR 1146 (0)	Bardstown Shopping Center/Joe Pat Downs	Department for Human Resources	5,680	\$ 5.00
PR 1688	Motherhouse c/o Nazareth Central Accounting Sister Eleliana Cryan, Provincial Superior	Department of Education	classrooms	\$150 per class- room per semester
PR 2377 (0)	Nelson County Fiscal Court	Department of Justice	340	\$ 6.00
<u>NICHOLAS COUNTY</u>				
PR 1028 (0)	Meredith Evans & Helen Evans	Department for Human Resources	2,200	\$ 2.45
<u>OHIO COUNTY</u>				
PR 2383 (0)	Martin Tichenor		744	\$ 4.44
PR 682 (0)	J. H. Higginbotham/Hartford Bank & Trust Company	Department for Human Resources	2,550	\$ 2.62
PR 963 (0)	Mr. & Mrs. Charles R. Hagerman	Department for Human Resources	2,535	\$ 3.00
PR 1111 (0)	Beaver Dam Bank/Marshall Barnes, Noah Phelps, John Burnes	Boards and Commissions	800	\$ 2.40
PR 1845 (0)	C. Dale Bartlett & Gregory B. Hill	Judicial Branch	1,400	\$ 5.25
<u>OLDHAM COUNTY</u>				
PR 1811 (0) *	Brocker Oldham County Trust	Judicial Branch	7,700	\$ 6.63
PR 1605 (0)	Oldham County Fiscal Court	Department for Human Resources	1,758	\$ 1.35
PR 2374 (0)	Oldham County Fiscal Court	Department of Justice	852	\$ 3.00

LEASE I.D. NO. LESSOR

PIKE COUNTY

PR 8000 (0)	Johr S. Cline, Jr.	Administrative Office of the Courts	200	\$ 9.00
PR 2361 (0)	Pike County Fiscal Court	Department of Justice	500	\$ 7.18
PR 2272 (0)	R. H. & Droxie E. England	Natural Resources and Environmental Protection	4,200	\$ 8.00
PR 559 (0) *	W. R. & Daisibel Walters	Mines and Minerals	1,424	\$ 8.42
PR 1149 (0)	Pikeville Medical Building, Inc./Ballard W. Cassidy	Department of Education	1,049	\$ 6.50
PR 1205 (0)	Mrs. Terra Faulkner, Bertha Francisco, Flosella Sowards	Department for Human Resources	3,365	\$ 6.00
PR 1602 (0)	Mrs. Terra Faulkner, Bertha Francisco, Flosella Sowards	Department of Labor	710	\$ 4.22
PR 1729 (0)	Myrtle Johnson	Department of Revenue	2,994	\$ 6.44

POWELL COUNTY

PR 756 (0)	Mrs. Celia Billings	Department for Human Resources	1,230	\$ 3.00
PR 1130 (0)	J. T. and Cecil Walters	Department for Human Resources	2,000	\$ 3.60

PULASKI COUNTY

PR 478 (0)	Joe and Gladys Jackson	Department for Human Resources	7,900	\$ 4.29
PR 1101 (0)	Correll Properties, Inc./Richard & Ward Correll	Department of Education	1,805	\$ 4.87
PR 2367 (0)	Pulaski County Fiscal Court	Department of Justice	762	\$ 1.50
PR 1388 (0)	Oscar Hornsby	Division of Forestry	1,900	\$ 2.52

ROBERTSON COUNTY

PR 1901 (0)	Robertson County Fiscal Court	Department for Human Resources	195	\$ 4.00
PR 1410 (0)	Warren Massey	Department for Human Resources	1,2-0	\$ 2.50

ROCKCASTLE COUNTY

PR 960 (0)	David H. McCauley and John G. Hamm	Department for Human Resources	5,450	\$ 3.50
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ROWAN COUNTY

PR 572 (0)	Rowan Properties/E. M. Hogge & Norma Hogge	Department for Human Resources	2,157	\$ 4.47
PR 940 (0)	T. W. S. Company, Inc./Eugene White, Herschel Taylor, TheIma Lofton	Division of Forestry	1,800	\$ 2.00
PR 1095 (0)	Rowan County Board of Education	Department for Human Resources	3,600	\$ 6.00
PR 1432 (0)	Russ Perry/Perry's Hardware	Department for Human Resources	2,394	\$ 3.25

LEASE I.D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>ROWAN COUNTY (cont'd)</u>				
PR 1454 (0)	Richard Eversole	Department for Human Resources	2,100	\$ 2.00
PR 1471 (0)	Ed Maybry	Natural Resources and Environmental Protection	1,537	\$ 4.00
PR 1681 (0)	Ed Mabry	Department of Education	2,326	\$ 4.00
PR 2160 (0)	Ed Mabry	Department of Transportation	1,792	\$ 5.00
PR 2335 (0)	Ed Mabry	Department for Human Resources	739	\$ 4.00
PR 2385 (0)	Ed Mabry	Department of Justice	760	\$ 4.25
PR 1639 (0)	Rowan Properties/E. M. Hogge and Norma Hogge	Judicial Branch	1,350	\$ 4.00
PR 2449 (0)	Ed Mabry	Judicial Branch	760	\$ 4.25
<u>RUSSELL COUNTY</u>				
PR 1013 (0)	Virginia Bates	Department for Human Resources	3,504	\$ 3.75
PR 1678 (0)	C. C. Hudson, Jack M. Hudson, Hallie P. Hudson	Judicial Branch	1,140	\$ 5.00
<u>SCOTT COUNTY</u>				
PR 2487 (0)	Mrs. Edna McKnight	Judicial Branch	700	\$ 2.74
PR 322 (0)	Credit Bureau of Scott County/Sidney Hisle & Gladys Hisle	Department for Human Resources	3,212	\$ 1.15
PR 915 (W)	Stamping Ground Ruritan Club/Glenn Juett, J. C. Cassity, Marty Reynolds	Division of Forestry	3,200	\$ 1.23
PR 1620 (0)	Joe Worthington	Department for Human Resources	2,440	\$ 3.25
<u>SHELBY COUNTY</u>				
PR 888 (0)	Federal Land Bank and Assoc. of Shelbyville	University of Kentucky office	250	\$ 3.08
PR 1885	Ottis Turner (Group Home)	Department for Human Resources	4,700	\$ 2.04
PR 1855 (0)	Malcolm Bleivins and Tom Hower Enterprises, Inc.	Department for Human Resources	5,621	\$ 4.04
PR 2372 (0)	Shelby County Fiscal Court	Department of Justice	200	\$ 6.00
<u>SIMPSON COUNTY</u>				
PR 1705 (0)	Simpson County Realty (Franklin, KY)/Larry Jerrigan, William H. Young	Department for Human Resources	3,410	\$ 4.24
PR 2373 (0)	Clyde M. and Evelyn B. Thomas	Department of Justice	416	\$ 6.00

LEASE I.D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>SPENCER COUNTY</u>				
PR 1529 (0)	Charles Glasscock & Robert Coots	Department for Human Resources	3,162	\$ 3.50
<u>TAYLOR COUNTY</u>				
PR 1515 (0)	John Hickey	Department for Human Resources	4,000	\$ 4.00
PR 1526 (0)	Donald Gaines	Division of Forestry	6,325	\$ 2.52
PR 2112 (0)	John Hickey	Department of Transportation	1,079	\$ 4.00
PR 2369 (0)	Taylor County Fiscal Court	Department of Justice	288	\$ 5.00
<u>TODD COUNTY</u>				
PR 1369 (0)	E. H. Traugher	Department for Human Resources	2,520	\$ 4.74
<u>TRIGG COUNTY</u>				
PR 1367 (0)	Virginia Alexander	Department for Human Resources	2,200	
PR 1886 (0)	Robert E. Francis	Judicial Branch	611	
PR 2108 (0)	Robert E. Francis	Judicial Branch	941	\$ 4.75
PR 1932 (0)	Robert E. Francis	Judicial Branch	170	
<u>TRIMBLE COUNTY</u>				
PR 952 (0)	Kenneth Foree and Lena Foree	Department for Human Resources	730	\$ 4.60
<u>UNION COUNTY</u>				
PR 1918 (0)	Michael F. and William F. Geiger	Department for Human Resources	3,700	\$ 4.50
<u>WARREN COUNTY</u>				
PR 693 (0)	Potter Realty Company, Inc./Sam C. Potter & Marilyn M. Potter	Department of Education	1,644	\$ 3.79
PR 1098 (0)	Cecil Whitenead	Department of Education	9,000	\$ 1.60
PR 1477 (0)	Harold B. and Novio C. McGuffey; Harold Lee and Gail Wright McGuffey	Military Affairs	800	\$ 4.50
PR 1489 (0)	Clinic Building, Inc./Ron Ford & J. T. Gilbert	University of Kentucky	1,600	\$ 4.06
PR 1491 (0)	Fred Kramer (The Kids Building)	Department of Labor	1,041	\$ 6.67

LEASE I. D. NO.	OWNER/LESSOR	RENTER/LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>WARREN COUNTY (cont'd.)</u>				
PR 1545 (0)	Park Row Executive Building/George R. Justice Biggers & Associates, Inc.	Judicial Branch	764	\$ 6.14
PR 1551 (0)	TVB Mortgage Corporation/Harry J. Grimes	Bureau for the Blind	550	\$ 5.25
PR 1637 (0)	John M. Milliken and F. D. Milliken, Jr.	Judicial Branch	1,480	\$ 4.05
PR 1808 (0)	COVA Properties /Mike Cobb, Mattie Cobb, George Niva, Gretchen Niva	Judicial Branch	2,650	\$ 6.00
PR 633 (0)	Park Row Executive Building/George R. Justus	Department of Justice	1,394.8	\$ 6.00
PR 1134 (0)	Chancery Building, Inc.	Department for Human Resources	6,570	\$ 6.25
PR 1187 (W)	Mrs. Harold Smith	Department of Agriculture	6,400	\$ 59
PR 1906 (0)	Neal Turner	Natural Resources and Environmental Protection	1,313	\$ 6.17
PR 2107 (0)	Neal Turner	Department for Human Resources	3,700	\$ 4.82
PR 369 (0) & Storage	Ray and Mary Hendrick	Division of Forestry	7,000	\$ 2.14
PR 2113 (0)	Huddleston Investment Company/Phillip Huddleston	Office of Attorney General	1,730	\$ 3.12
PR 2409 (0)	Ron Ford	Department for Human Resources	3,000	\$ 2.80
PR 2493	Dr. John O'Brien, Jr.	Western Kentucky University	43,000 (Horse barn & Paddock area)	\$ 0.11
<u>WASHINGTON COUNTY</u>				
PR 1776 (0)	Dr. John W. Ceconi	Department for Human Resources	3,500	\$ 4.95
<u>WAYNE COUNTY</u>				
PR 1630 (0)	Tradeway, Inc./Ward F. Correll	Department for Human Resources	6,000	\$ 3.00
PR 2417 (0)	James F. and Ruth H. Patrick	Department of Justice	356	\$ 4.50
PR 2431 (0)	Neva Conley	Judicial Branch	944	\$ 3.30
<u>WEBSTER COUNTY</u>				
PR 410 (0)	Edgar M. Jones	Department for Human Resources	1,860	\$ 3.70
PR 1472 (0)	Wayne & Georgianna Ridley/Edward & Georgia Wilkerson	Department for Human Resources	1,500	\$ 3.00

LEASE I.D. NO.	OWNER/ LESSOR	RENTER/ LESSEE	SQUARE FOOTAGE	PRICE PER SQUARE FOOT
<u>WHITLEY COUNTY</u>				
PR 1507 (0)	Paul Van Laudingham	Department of Education	900	\$ 3.50
PR 1805 (0)	Trade Mart, Inc./Blaine S. Correll	Bureau for the Blind	432	\$ 6.00
PR 1814 (0)	Paul Van Laudingham	Department of Education	450	\$ 4.25
PR 1881 (0)	Downtown Plaza, Inc./Marvin Bryant/Don Adkins	Judicial Branch	1,650	\$ 3.25
PR 554 (0)	Terry Forcht	Department for Human Resources	3,636	\$ 2.33
PR 556 (0)	Whitley Lodge/Knights of Pythias	Department of Revenue	2,100	\$ 2.28
PR 1027 (W)	Friendship Center, Inc./Georgia Hambrick	Department of Fish and Wildlife	1,200	\$.60
PR 1373 (0)	Downtown Plaza, Inc./Marvin Bryant, Don Adkins	Department for Human Resources	5,850	\$ 4.75
PR 2241 (0)	Downtown Plaza, Inc./Marvin Bryant, Don Adkins	Department of Transportation	1,280	\$ 3.28
PR 1506 (0)	Peace Realty Company, Inc./Mrs. Don Peace; Pat Peace; Don Peace	University of Kentucky	1,000	\$ 4.32
PR 2433 (0)	Paul Van Laudingham	Department of Education	450	\$ 6.75
<u>WOLFE COUNTY</u>				
PR 2390 (0)	Wolfe County Fiscal Court	Department of Justice	452	\$ 6.00
PR 1138 (0)	C. W. Murphy	Department for Human Resources	2,250	\$ 2.50
PR 771 (0)	C. W. Murphy	Department for Human Resources	2,165	\$ 2.65
<u>WOODFORD COUNTY</u>				
PR 1890 (0)	Jim Owen Gaines/Woodford County P.V.A.	Judicial Branch	396	\$ 7.20
PR 2344 (0)	Jim Owen Gaines/Woodford County P.V.A.	Department for Human Resources	1,375	\$ 7.20
PR 1414 (0)	Bobby Mathews	Department for Human Resources	3,515	\$ 4.81

(TO BE COMPLETED BY REAL PROPERTIES)

No. PR
Acct. No. _____
Initial Encumbrance _____
Annual Encumbrance _____
Agency or Dept. _____
Division _____
Date _____

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF FINANCE
DIVISION OF REAL PROPERTIES

LEASE AGREEMENT

THIS LEASE, entered into between _____ Home Phone _____

whose address is _____ Business Phone _____
his heirs and assigns, hereinafter called the Lessor, and the COMMONWEALTH OF KENTUCKY, hereinafter referred to as the Commonwealth,
WITNESSETH: That for the consideration hereinafter mentioned, the parties hereto agree as follows:

1. The Lessor hereby leases to the Commonwealth and agrees to keep it in quiet and peaceful possession of the following described premises with its appurtenances:

(Address-Street, City and Zip Code) _____ (County)

Said premises consisting of _____ sq. ft. are to be rented at the cost of \$ _____ per sq. ft. and will be used by the

Commonwealth for: Warehouse Office Other _____

2. The Commonwealth agrees to pay rent to the Lessor for the leased premises at the rate of \$ _____
payable Monthly Quarterly Annually. The Lessor shall provide the Commonwealth with the following:

Gas Electricity Water Janitorial Services No. of Parking Spaces _____

3. Subject to the limitations imposed by law and as provided in paragraphs 5 and 6 of this lease, the term during which the lease shall be effective shall begin _____ and end _____

4. This lease shall be extended automatically upon the same terms and conditions herein for further periods of 12 months not to exceed _____ extension periods unless the Commonwealth shall give the Lessor written notice, _____ days prior to the expiration of the term or any extension, that it will not be extended; no extension shall prolong the period of occupancy of the leased premises beyond the _____ day of _____, 19_____. The Lessor understands that the Commonwealth's Funds cannot be committed beyond its current fiscal year and its applicable appropriation and the related allotment from the rental payments will be made.

5. The Commonwealth shall have the further right to terminate this lease at any time upon _____ days written notice, time to be computed from date of mailing notice; termination under this Paragraph shall not be considered effective until the last day of the month in which the notice period ends.

6. The Commonwealth agrees not to assign this lease, or to sublet the premises except to a desirable tenant and for a similar purpose, and will not permit the use of the premises by anyone other than the Commonwealth, the Federal Government, or such sublessee, and the agents and servants of the Commonwealth, the Federal Government, or such sublessee.

7. The Commonwealth shall have the right during the existence of this lease to make alterations, attach fixtures, and erect additional structures, or signs, in or upon the leased premises, provided such alterations, additions, structures, or signs shall not be detrimental to or inconsistent with rights granted to other tenants on the property or in the building in which the premises are located. Fixtures, additions, structures or signs placed in or upon or attached to the premises shall remain the Commonwealth's property and may be removed by it prior to the termination of this lease.

8. Unless otherwise specified, the Lessor shall maintain the premises in good repair and tenable condition, including heating and/or air conditioning equipment, except in case of damage arising from the negligent acts of the Commonwealth's agents or employees. For the purpose of maintaining the premises and to make necessary repairs, the Lessor reserves the right to enter and inspect the premises at reasonable times.

9. The Commonwealth agrees to take good care of the premises and to return them at the expiration of their lease in as good order as received, ordinary wear and tear and natural decay excepted.

10. If the premises are destroyed by fire or other casualty, this lease shall immediately terminate. In case of partial destruction or damage so as to render the premises untenable, the Commonwealth may terminate or suspend this lease by giving written notice to the Lessor within 15 days after such partial destruction or damage, and if so suspended, no rent shall accrue to the Lessor after the date of such partial destruction or damage until such damage is repaired and premises are considered tenable.

11. It is agreed by the parties hereto that if any one of the provisions of this lease shall contravene or be invalid under the laws of the Commonwealth of Kentucky such contravention or invalidity shall not invalidate the whole lease but it shall be construed as if not containing that particular provision or provisions and the rights and obligations of the parties shall be construed accordingly.

12. 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 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 he is not or will not be violating any conflict of interest statute (KRS 45A.340, 164.390 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.

13. Lessor shall comply with all standards set by the State Fire Marshal's Office and that of the Kentucky Occupational Safety and Health Standards Board.

IN WITNESS WHEREOF, the parties hereto have subscribed their names:

LESSOR

RECOMMENDED

Leasing Agency Representative

Property Analyst, Leasing Section, Division of Real Properties

Supervisor, Leasing Section, Division of Real Properties

Lessee - Secretary of Finance, Commonwealth of Kentucky

When executed by the Secretary of Finance, this instrument constitutes a finding and order pursuant to KRS Chapters 45 and 56 that the leased property is needed for use by the Commonwealth of Kentucky.

NOTICE: All correspondence and inquiries regarding this lease are to be directed to the Division of Real Properties, Department of Finance, Frankfort, Kentucky 40601, Area Code 502-564-4313.

ACCOUNTS (White) - PROPERTIES (Green) - LESSOR (Canary) - AGENCY (Pink) - FILE (Goldenrod)

Leasing Agency Representative

Property Analyst, Leasing Section, Division of Real Properties

Supervisor, Leasing Section, Division of Real Properties

Lessee - Secretary of Finance, Commonwealth of Kentucky

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ACCOUNTS (White) - PROPERTIES (Green) - LESSOR (Canary) - AGENCY (Pink) - FILE (Goldenrod)

Approved this _____ day of _____, 19 _____

Director, Division of Real Properties

APPENDIX D

SAMPLE OF LEASES HAVING OWNERS
WHO ARE STATE EMPLOYEES OR OFFICERS

County/PR #	Agency	State Officer Or Employee (Lessor)	Terms or Circumstances of Lease Agreement	KRS 45.360(9) Conflict of Interest Statement
Clay/498	Dept. for Human Resources	Dept. Transportation Employee	Renewal/Increase of Rental Rate	Required & Filed
Carroll/1206	Dept. for Human Resources	Governor's Staff	Lease acquired prior to state employment	Not required until renewal of lease
Warren/1477	Dept. of Military Affairs	Commissioner of Insurance (10/79)	Purchase of leased property	Not required until renewal of lease
Rowan/1639	Admin. Office of the Courts	District Court Judge	Only response to public advertisement found suitable for needs of agency	Required & filed
Ohio/1845	Admin. Office of the Courts	Judge, Court of Justice/AOC	Only response to public advertisement found suitable for needs of agency	Required & Filed
Marshall/2223	Dept. for Human Resources	Supreme Court Judge	Property selected as best accommodation for agency's needs	Required & Filed
Woodford/2344	Admin. Office of the Courts	Property Valuation Administrator	Only responses to public advertisements	Required & Filed

SOURCE: Kentucky Department of Finance, Division of Real Properties.

