ORDINANCE NO. ____- 2025

AN ORDINANCE RELATED TO CONSTRUCTING AND LEASING TO OWN A NEW GOVERNMENT CENTER (AWARDED PURSUANT TO RFP #51-2024 GOVERNMENT CENTER DEVELOPMENT & LEASE PROPOSAL) TO BE LOCATED AT 200 WEST VINE STREET AND 260 WEST VINE STREET, SUITE 400, AND AUTHORIZING THE MAYOR OR HER DESIGNEE, ON BEHALF OF THE URBAN COUNTY GOVERNMENT, TO EXECUTE THE FOLLOWING DOCUMENTS, AND ANY ADDITIONAL NECESSARY DOCUMENTS RELATED TO THIS PROJECT, WITH LOF DEVELOPMENT, LLC AND/OR THE LEXINGTON OPPORTUNITY FUND, LLC, OR THEIR AFFILIATE(S), AND/OR A TO-BE-FORMED KENTUCKY NON-PROFIT CORPORATION OR LIMITED LIABILITY COMPANY: (1) DEVELOPMENT AGREEMENT, (2) REAL ESTATE PURCHASE AND SALE AGREEMENT, (3) GROUND LEASE, AND (4) FACILITIES LEASE; WITH AN INITIAL PAYMENT OF $30 MILLION TOWARDS THE PURCHASE OF THE PROPERTIES AND THE CONSTRUCTION OF THE PROJECT, AND THE TERMS OF THE GROUND LEASE AND FACILITIES LEASE NOT TO EXCEED 35 YEARS FROM THE ISSUANCE OF THE LEASE OBLIGATIONS OR AN ESTIMATED ANNUAL PAYMENT OF $3.5 MILLION PER YEAR; AUTHORIZING THE TAKING OF ANY ADDITIONAL NECESSARY ACTIONS RELATED TO THIS MATTER; AND APPROPRIATING FUNDS PURSUANT TO SCHEDULE NO. 0017; WITH THE FINAL CLOSING AND FULL NOTICE TO PROCEED WITH THE PROJECT CONTINGENT UPON THE APPROVAL OF THE KENTUCKY LOCAL GOVERNMENT PUBLIC-PRIVATE PARTNERSHIP BOARD PURSUANT TO KRS 65.028(12), IF APPLICABLE.

WHEREAS, Lexington’s current Government Center, located at 200 East Main Street, was originally a hotel constructed more than one hundred years ago;

WHEREAS, the current Government Center was intended only to be a temporary solution when purchased in 1982 but has been utilized for more than forty years;

WHEREAS, the deferred maintenance costs of the Government Center are estimated to be at least $55 million;

WHEREAS, in the past five years alone, the Lexington-Fayette Urban County Government has held public meetings, commissioned space studies to determine organizational needs, allocated significant reserves for large capital projects like a new government center, and called for multiple iterations of development proposals, to determine a transition into a new government center;

WHEREAS, the government has determined that it would be most advantageous for it to utilize a public-private partnership method (“P3”) of procurement provided under KRS 65.028 and solicited proposals under that statutory section (RFP No. 51-2024 Government Center Development & Lease Proposal);

WHEREAS, in addition to being the most transparent method of procurement for the Project and the one that would best serve the public, the majority of the qualitative regulatory evaluation factors contained in 200 KAR 5:355 weigh in favor of using a P3;

WHEREAS, RFP No. 51-2024 included all requirements provided in KRS 65.028(7);

WHEREAS, the agreements referenced herein include all requirements provided in KRS 65.028(5); and

WHEREAS, a quantitative analysis pursuant to 200 KAR 5:355 is currently being performed which should verify that the P3 procurement method is most advantageous to the government.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 - That this Ordinance is related to constructing and leasing to own a new Government Center (awarded pursuant to RFP #51-2024 Government Center Development & Lease Proposal) to be located at 200 and 260 West Vine Street, Suite 400 (hereinafter the "Project"), and it is the intent of the Urban County Council that the Mayor or her designee be fully authorized to take any and all actions necessarily related to the Project so long as they are consistent with the provisions of this Ordinance.

Section 2 - That the Mayor, on behalf of the Lexington-Fayette Urban County Government, be and hereby is authorized to execute the following documents, related to the Project with LOF Development, LLC and/or the Lexington Opportunity Fund, LLC, or their affiliates(s), and/or, in the case of the Ground Lease and Facilities Lease, a to-be-formed Kentucky non-profit corporation or limited liability company: (1) Development Agreement, (2) Real Estate Purchase and Sale Agreement, (3) Ground Lease, and (4) Facilities Lease, the substantial forms of which are attached hereto and incorporated herein by reference, with the final documents subject to the approval of the Department of Law and the Department of General Services; with an initial payment of $30 million towards the purchase of the properties and the construction of the Project, and the terms of the Ground Lease and Facilities Lease not to exceed 35 years from the issuance of the Lease Obligations or an estimated annual payment of $3.5 million per year; and that the Mayor or her designee is further authorized to execute any other documents necessary for completion of the Project or to take any and all necessary actions towards the furtherance of the Project.

Section 3 - That certain of the Budgets of the Lexington-Fayette Urban County Government are amended and funds are appropriated pursuant to Budget Schedule No. 0017, which is attached hereto and incorporated herein by reference.

Section 4 – That an amount, not to exceed the sum of $30,000,000.00, be and hereby is approved for payment from account #1105-707101-91017, (i) in part to Lexington Opportunity Fund, LLC, as owner of the associated real property and related interests as the acquisition cost thereof (estimated to be $23.6 million) pursuant to the terms of the Real Estate Purchase and Sale Agreement, and (ii) in part to pay a portion of the construction and related costs, pursuant to the terms of the Development Agreement, with the annual lease and other related payments to be provided under future budgets.

Section 5 – That the final closing and full notice to proceed with the Project is contingent upon the approval of the Kentucky Local Government Public-Private Partnership Board pursuant to KRS 65.028(12), if applicable.

Section 6 - That this Ordinance shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL:

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MAYOR

ATTEST:

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CLERK OF URBAN COUNTY COUNCIL

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