

RESOLUTION NO. 304 2013

A RESOLUTION AUTHORIZING THE MAYOR, ON BEHALF OF THE URBAN COUNTY GOVERNMENT, TO EXECUTE A LEASE WITH METRO EMPLOYEES CREDIT UNION, FOR LEASE OF SPACE AT THE VERSAILLES ROAD CAMPUS.

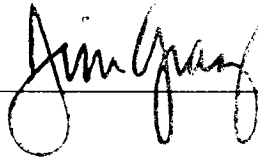
BE IT RESOLVED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 - That the Mayor, on behalf of the Lexington-Fayette Urban County Government, be and hereby is authorized to execute the lease, which is attached hereto and incorporated herein by reference, with Metro Employees Credit Union, for lease of space at the Versailles Road Campus.

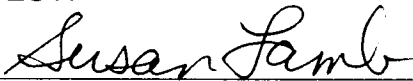
Section 2 - That this Resolution shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL: June 20, 2013

MAYOR



ATTEST:



CLERK OF URBAN COUNTY COUNCIL

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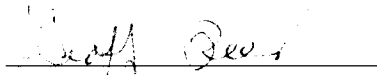
Lexington-Fayette Urban County Government
DEPARTMENT OF GENERAL SERVICES

Jim Gray
Mayor

Geoff Reed
Commissioner

MEMORANDUM

TO: Mayor Jim Gray
Sally Hamilton, CAO
Urban County Council

FROM: 
Geoff Reed
Commissioner of General Services

DATE: May 9, 2013

RE: Lease Agreement with Metro Employees Credit Union – Versailles Road Campus

I am requesting Urban County Council approval to enter into a lease agreement with Metro Employees Credit Union (MECU) for space located at 1306 Versailles Road within the Versailles Road Campus. The area is located on the first floor of the front building and consists of approximately 3,866 S/ft of space. The MECU is a non-profit entity that provides financial products and services to LFUCG employees, partner agencies, and their families and does not serve the general public. They also provide credit and financial counseling.

Council referred the initial lease proposal to the General Government Committee for further review where a recommendation was made for LFUCG to create and enter into a Memorandum of Agreement (MOA) with the credit union in order to define the relationship. MOA terms were agreed upon and it was presented to the General Government Committee on May 7, 2013. General Services now presents a revised lease agreement that will be for a period of five (5) years with an escalating rent. The initial term of the agreement will be for one year and begin on July 1, 2013 and end on June 30, 2014 with an option of automatic annual renewal for four (4) additional one (1) year terms. Chief Administrative Officer Sally Hamilton recommends that LFUCG receive an annual rental rate of \$18,977.16 during the first, \$25,608.44 during the second, \$29,587.21 during the third, \$33,565.98 during the fourth, and receive Fair Market Value of \$37,544.75 during the final year of the agreement for use of this space.

LEASE AGREEMENT OVERVIEW

Occupant: Metro Employee Credit Union

Location: Versailles Road Campus

Address: 1306 Versailles Road

OVERVIEW	
S/ft of space occupied	3,866
S/ft of shared space (occupant's pro-rata share)	0
Total S/ft	3,866
Annual pro-rata share of utilities, O&M and CIP (approx. \$2.85 S/ft)	\$11,019.62
Annual base (approx. \$6.86 S/ft)	\$26,525.13
YEAR 1 – O&M plus 30% of Base	
Established Annual Fair Market Value (\$/ft)	\$9.71
Annual Fair Market Value (FMV) of Space	\$37,544.75
Recommended Annual Adjustment to FMV	-\$18,567.59
RECOMMENDED ANNUAL RENTAL RATE	\$18,977.16
Current annual rental rate	\$0.00
Difference	\$18,977.16
YEAR 2 – O&M plus 55% of Base	
Established Annual Fair Market Value (\$/ft)	\$9.71
Annual Fair Market Value (FMV) of Space	\$37,544.75
Recommended Annual Adjustment to FMV	-\$11,936.31
RECOMMENDED ANNUAL RENTAL RATE	\$25,608.44
YEAR 3 – O&M plus 70% of Base	
Established Annual Fair Market Value (\$/ft)	\$9.71
Annual Fair Market Value (FMV) of Space	\$37,544.75
Recommended Annual Adjustment to FMV	-\$7,957.54
RECOMMENDED ANNUAL RENTAL RATE	\$29,587.21
YEAR 4 – O&M plus 85% of Base	
Established Annual Fair Market Value (\$/ft)	\$9.71
Annual Fair Market Value (FMV) of Space	\$37,544.75
Recommended Annual Adjustment to FMV	-\$3,978.77
RECOMMENDED ANNUAL RENTAL RATE	\$33,565.98
YEAR 5 – Fair Market Value	
Established Annual Fair Market Value (\$/ft)	\$9.71
Annual Fair Market Value (FMV) of Space	\$37,544.75
Recommended Annual Adjustment to FMV	-\$0.00
RECOMMENDED ANNUAL RENTAL RATE	\$37,544.75

JUSTIFICATION FOR WAIVER

Chief Administrative Officer Sally Hamilton recommends that the following rent schedule be used for lease of space to Metro Employee Credit Union:

- Year one – Pay all of the O&M costs plus 30% of the base rent
- Year two – Pay all of the O&M costs plus 55% of the base rent
- Year three – Pay all of the O&M costs plus 70% of the base rent
- Year four – Pay all of the O&M costs plus 85% of the base rent
- Year five – Pay Fair Market Value for the space

Metro Employees Credit Union is a non-profit organization

MECU serves as a benefit to LFUCG employees by providing them a service that can't be received at other financial institutions

MECU spent \$7,319.38 for the Phoenix building renovation and in 2006 they spent \$225,376.48 in renovations for the space at the Versailles Road Campus

MECU provides free checking accounts to low income citizens as part of the LFUCG Representative Payee Program and they also provide free check cashing for the 150 youth in the Summer Youth Employment Program

MECU currently pays no annual rent for use of space and the rental schedule allows an opportunity to budget and transition to Full Market Value.