



TO: Mayor Linda Gorton
Honorable Members, Urban County Council

FROM: 
Chris Ford, Commissioner of General Services

DATE: November 13, 2025

SUBJECT: **Public – Private Partnership for the New Government Center Project**

Request:

Request Council authorization for the Mayor to execute necessary documents for a Public – Private Partnership (P3) with Lexington Opportunity Fund for construction and leasing of a new Government Center located at 200 West Vine Street and 260 West Vine Street, Suite 400.

Purpose:

Pursuant to Request for Proposal (RFP) #51-2024, LFUCG has negotiated with the Lexington Opportunity Fund to renovate and construct a 104,000 square foot facility to serve as the new government center. The project site is approximately 1.77-acres, which includes a 3-level parking garage with 286 spaces. LFUCG will take ownership of the site upon final approval of the agreement and provide a ground lease to the developer for construction of the facility. The facility lease is a term of 35 years. LFUCG will own the government center building's capital improvements at the conclusion of the lease term.

The Public – Private Partnership for the new Government Center project is constituted by a core series of documents which include: (1) Development Agreement, (2) Real Estate Purchase and Sales Agreement, (3) Ground Lease, and (4) Facilities Lease. 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 for minimum project cost thresholds subject to state jurisdiction.

Budgetary Implication:

A budget amendment is in process at accounting string 1105 – 707101 – 0001 – 91017, to establish this project and to transfer \$30 million from the capital reserve account. LFUCG will provide an initial contribution of \$30 million toward project development to pay the cost of site acquisition, including land and structures, as well as a portion of construction costs and tenant improvements. The estimated total redevelopment project budget, including site control, construction, and financing costs is \$86.6 million. The estimated annual lease payment is \$3.5 million. Annual lease payments will begin once the project is completed and LFUCG occupies the building, which is anticipated during FY 2028. The estimated annual lease payment is less than one percent (1%) of the government's budgeted General Fund revenues.

File Number: 1082-25

Director/Commissioner: Chris Ford

