

56.820 Construction on state-owned land under built-to-suit lease agreements.

- (1) This section shall apply when the built-to-suit process involves the construction of a building on state-owned land.
- (2) Upon the execution of a lease awarded under this section, the Commonwealth shall convey to the individual or firm to whom such lease has been awarded, in fee simple with covenant of general warranty of title, the real estate upon which the building is to be constructed under this lease. The lease shall provide for an initial lease term commencing on the date the building is accepted for occupancy by the Commonwealth, but not later than thirty (30) days after the owner's architect has certified that construction of the building has been completed, and ending June 30 of the second year of the then current fiscal biennium of the Commonwealth, with an option in the Commonwealth, as lessee, to extend the term of the lease for a term of two (2) years from the expiration of the original term of the lease and for two (2) years from the expiration of each extended term of the lease, until the original term of the lease has been extended for a total number of years to be agreed upon by the parties at a rental which, if paid for the original term and for each of the full number of years for which the term of the lease may be extended, will amortize the total cost of the erection of the building and appurtenances. The rent shall be paid at such times as the parties to the lease agreed upon. The lease shall provide that the lessee may, at the expiration of the original or any extended term, purchase the leased premises at a stated price, which shall be the balance of the total cost of erection of the building and appurtenances not amortized by the payments of rent previously made by the lessee. The lease shall provide that in the event of the exercise of the option to purchase the leased premises or in the event the lease has been extended for the full number of years which it is agreed the same may be extended, and all rents and payments provided for in the lease have been made, the lessor shall convey the premises to the lessee in fee simple with covenant of general warranty of title. The lease may provide that the lessee shall, as additional rent for the leased premises, pay all taxes assessed against the leased premises, and the cost of insuring the building erected thereon against loss or damage by fire and windstorm in such sum as may be agreed by the parties thereto.

Effective: July 14, 1992

History: Amended 1992 Ky. Acts ch. 54, sec. 9, effective July 14, 1992. -- Created 1978 Ky. Acts ch. 231, sec. 11, effective June 17, 1978.