

Disposition of Property by Lease – East Carolina University

Since 1984, the Leo Jenkins Cancer Center at East Carolina University's Brody School of Medicine has been providing a spectrum of outpatient cancer services for the region. The Center provides care to over 6,000 patients annually including over 19,000 chemotherapy visits and 35,000 radiation treatments annually.

Due to the fact that cancer remains widely untreated across the region, or remains undiagnosed until it has advanced, ECU and Pitt County Memorial Hospital (PCMH) have, with the approval of UNC General Administration, recently created NewCo Cancer Services, LLC (the LLC). The LLC can bring together the resources of ECU and PCMH to provide optimal cancer care delivery by improving patient outcomes with early diagnosis, faster access to the latest treatments, lower death rates, and longer lives for cancer survivors.

The Board of Trustees of East Carolina University has requested approval to enter into two leases of State property to support the joint venture, one to the PCMH and one to the LLC (Officers: Dean of the Brody School of Medicine Paul Cunningham and President of Pitt County Memorial Hospital Steve Lawler).

Disposition by Lease #1: This request will lease approximately 3,928 square feet of clinical space within the first and second floors of the Leo Jenkins Cancer Center to Pitt County Memorial Hospital. The average lease rate will be \$18.97 per square foot per year, not including janitorial services and utilities which will be billed separately, for an annual lease rate of \$74,514. After the first year term, the lease may be increased annually in accordance with the Consumer Price Index. Lease term will be for five years with one, five-year renewal option.

Disposition by Lease #2: The request will lease approximately 32,353 square feet of clinical space within the first and second floors of the Leo Jenkins Cancer Center to NewCo

Cancer Services, LLC. The average lease rate will be \$16.62 per square foot per year, not including janitorial services and utilities which will be billed separately, for an annual lease rate of \$537,690. After the first-year term, the lease may be increased annually in accordance with the Consumer Price Index. Lease term will be for five years with one, five-year renewal option.

The first floor of the Leo Jenkins Cancer Center was built with State funds. Net lease proceeds received by ECU for joint venture activities on the first floor will be deposited with the State Treasurer per G.S. 146-30. ECU Physicians, the Brody School of Medicine's clinical operations identity, will seek legislative authority to retain these lease proceeds. The second floor was built with ECU Physicians (formerly known as the Medical Faculty Practice Plan) funds and ECU Physicians will retain these lease proceeds.

It is recommended that the request of the Board of Trustees of East Carolina University be approved and transmitted to the Council of State for final action.