

8. Acquisition of Real Property by Lease - UNC-CH..... Will Johnson

Situation: The acquisition of real property by lease was approved by the UNC-CH Board of Trustees and requires Board of Governors' approval because it is over \$500,000.

Background: This request is to acquire approximately 63,471 square feet of office space from The Endowment Fund of The University of North Carolina at Chapel Hill. The space is within three separate buildings, each with an individual lease.

Assessment: These buildings are currently leased to the University and were initially purchased by the Endowment Fund for that general purpose. Leasing these buildings in their entirety allows the University to allocate space within each building to various departments as needed throughout the lease term.

Action: This item requires a vote.

Acquisition of Real Property by Lease - The University of North Carolina at Chapel Hill

The Board of Trustees of the University of North Carolina at Chapel Hill has requested the approval to acquire office space from The Endowment Fund of The University of North Carolina at Chapel Hill. The space is within three separate buildings, each with an individual lease.

The request is to acquire approximately 63,471 square feet of office space located at 720 (9,350 SF), 725 (34,777 SF), and 730 (19,344 SF) Martin Luther King, Jr. Boulevard in Chapel Hill, and collectively known as the Bolin Creek office buildings.

These buildings are currently leased to the University and were initially purchased by the Endowment Fund for that general purpose. Leasing these buildings in their entirety allows the University to allocate space within each building to various departments as needed throughout the lease term. These buildings currently house the following research units: the Cecil G. Sheps Center for Health Services Research, the Highway Safety Research Center, the Office of Survey Research, the Office of Clinical Trials, and the Office of Human Research Ethics.

The lease terms are for ten years with an initial aggregate annual cost of \$1,364,626.50, or \$21.50 per square foot, inclusive of utilities and janitorial service. This represents a lease rate that is consistent with market rental rates of similar properties in Chapel Hill. Rent will increase 2.5% per annum beginning in year two of the lease.

It is recommended that the request of the Board of Trustees be approved.