

## **Disposition of Property by Ground Lease (Amendment) – UNC-Chapel Hill**

### **ISSUE OVERVIEW**

The University of North Carolina at Chapel Hill, on behalf of the State of North Carolina and the Family House at UNC Hospitals (SECU Family House), entered into a 25-year ground lease agreement on June 1, 2006. The SECU Family House is a non-profit corporation that operates affordable family accommodations for patients of the UNC Health Care Systems. The SECU Family House accommodates approximately 2200 people each year from all over North Carolina and operates at 95-97% capacity. The current facility includes 39 rooms, and the SECU Family House requires additional land in order to increase the total number of rooms to 75. The change to the lease would allow for the construction and operation of a planned expansion to the existing facility of +/- 26,868 SF and for the construction of a ¼ - ½ mile exercise loop, a new meditation garden, and new common areas for guests. The SECU Family House will be responsible for all costs of construction, maintenance, and operation of the expanded facility.

The lease amendment specifically includes the following changes:

- Increases the acreage from 5.76 acres to 9.36 acres to include an adjacent ±3.6 acre tract
- Extends the current lease for an additional 5 years at the current rate of \$1/year with no renewal option. The ending date of the lease would change from May 31, 2031 to May 31, 2036.
- Allows for a 36-room expansion of the current facility. The SECU Family House will be responsible for all costs of construction, maintenance and operation of the expanded facility.

The amendment was approved by the Board of Trustees of the University of North Carolina at Chapel Hill on May 19, 2016. The amendment was submitted and approved by the Council of State on July 10, 2018 and has been reported to the Joint Legislative Commission on Governmental Operations.

### **RECOMMENDATION**

It is recommended that the Board of Governors approve this amendment.