

### Acquisitions of Property by Lease — NC State University

#### ISSUE OVERVIEW

The University of the North Carolina System institutions are required to request authority from the University of North Carolina Board of Governors to proceed with certain acquisitions and dispositions of real property. The NC State University Board of Trustees requests authorization for the acquisitions of property by lease of approximately 28,000 square feet of high bay/research lab and office space in the Keystone Science Center, 1791 Varsity Drive, Suites G-100, 100, and 160, Raleigh, North Carolina, on the Centennial Campus.

Since 2010, NC State has leased the spaces for strategically located high bay/research lab and office space. The current leases and the remaining option terms expire in 2025 and alternative spaces that meet the requirements are not available on the Centennial Campus. The University of North Carolina System Office granted the use of a strategic lease process for the space selection.

The acquisitions will be divided between two research areas for the College of Engineering: approximately 5,600 SF for the Biomanufacturing Training and Education Center and approximately 22,400 SF for the Future Renewable Electric Energy Delivery and Management Systems Engineering Research Center, allowing each program to exercise options during the lease periods independent of each other. Both leases are for a term of 10 years plus one five-year option term. The total combined annual value of the leases is \$1,155,000.

For both leases, the lessor, VTR LS KSC, LP, c/o Ventas, Inc., includes utilities, janitorial, and maintenance of the office areas with a base year operating expense cap in the lease rate. Rent is net of utilities and certain equipment repair/maintenance in the lab areas and includes five months' rent abatement and a three percent annual rent escalation. The lessor will provide at the start of year five, a \$50/SF tenant improvement allowance. Funding for the rent is from the College of Engineering supplemented by fee-for-services generated.

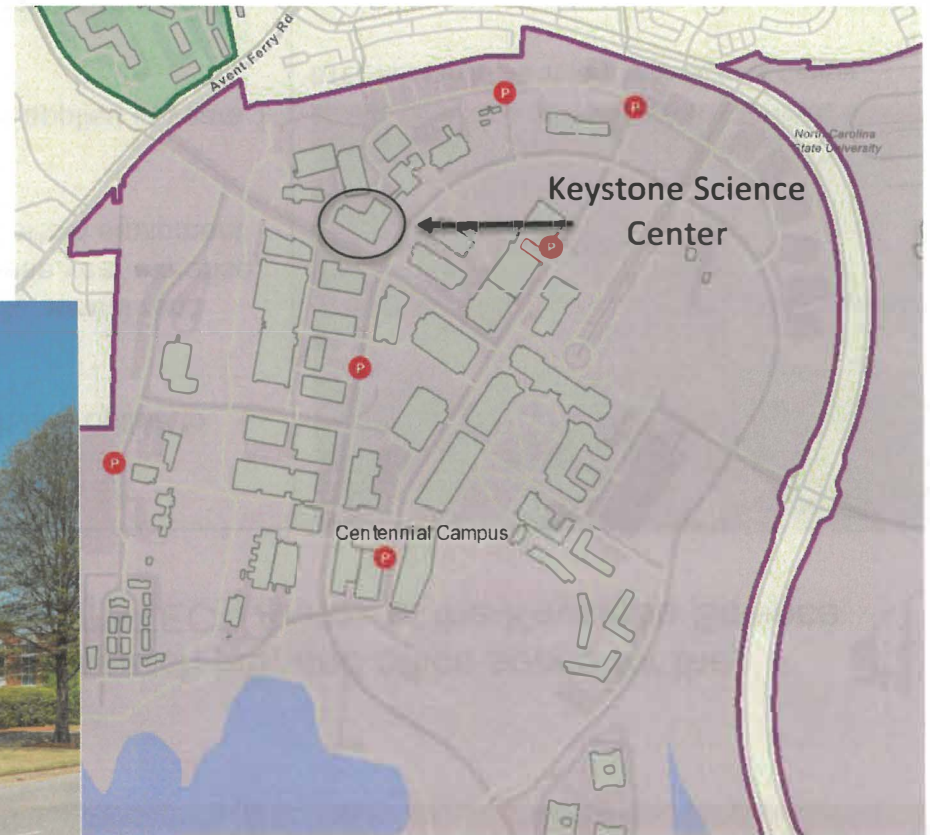
The NC State Board of Trustees approved the acquisitions by lease on July 18, 2024.

#### RECOMMENDATION

It is recommended that the Board of Governors approve this request. This item will need approval by the Council of State.

# Acquisition by Lease

Keystone Science Center  
(Centennial Campus)



STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION

**\*ACQUISITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University

Date: June 14, 2024

The Department of Administration is requested, as provided by GS §146-22 et seq., to acquire the real property herein described by ~~purchase, lease, rental, or other~~ (specify): lease

**This Property is needed for the following reasons and purposes:** North Carolina State University requests permission to execute a new space lease to continue its occupancy of research lab and office space for the Biomanufacturing Training and Education Center ("BTEC") Annex at the Keystone Science Center on Centennial Campus.

**Name and Address of Present Owner:** VTR LS KSC, LP (Landlord), c/o Ventas, Inc. 353 N. Clark Street, Suite 3300, Chicago, Illinois 60654

**Description of Property:** Approximately 5,600 rentable square feet located at the Keystone Science Center, 1791 Varsity Drive, Suite 160. *Note: Given the location requirements for this need, this transaction is considered a site-specific, strategic location in accordance with UNC Policy Manual 600.1.3.1[R]*

**Term:** Lease term of ten (10) years, with one five (5) year renewal option at fair market value.

**Rental price (if applicable):**

- Year 1 rental rate of \$41.25 per rentable SF with an annual rent escalation of 3% per year
- Rate includes utilities, janitorial services, and required maintenance in the office areas within the Premises, with 2025 base year operating expense stop.
- Rate is net of utilities and certain equipment repair/maintenance in the lab areas.
- Landlord will paint, replace carpet, and replace light fixtures with LED fixtures throughout the Premises upon lease execution. Landlord to provide \$50/RSF of Tenant Improvement Allowance at start of year five to be used by Tenant toward hard and soft costs of renovations for the Premises.
- Five (5) months' rent abatement applied to months 1-3 and 13-14 of the Term.

**Funding:** State appropriated funding supplemented by income from fee-for-services generated by BTEC Annex

**Item:**

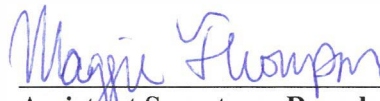
**In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details.** No.

*(Complete if Agency has a Governing Board.)*

Action recommending the above request was taken by the Board of Trustees and is recorded in the minutes thereof on 7/18/24 (date).

Signature:

Title:

  
Assistant Secretary, Board of Trustees

\*The term "real property" includes timber rights, mineral rights, etc. (GS §146-64)

STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION

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Date: June 14, 2024

The Department of Administration is requested, as provided by GS §146-22 et seq., to acquire the real property herein described by ~~purchase, lease, rental, or other~~ (specify). Lease.

**This Property is needed for the following reasons and purposes:** North Carolina State University requests permission to execute a new space lease to continue its occupancy of research/lab, and office space for the Future Renewable Electric Energy Delivery and Management Systems Engineering Research Center ("FREEDM") at the Keystone Science Center on Centennial Campus.

**Name and Address of Present Owner:** VTR LS KSC, LP (Landlord), c/o Ventas, Inc. 353 N. Clark Street, Suite 3300, Chicago, Illinois 60654

**Description of Property:** Approximately 22,400 rentable square feet located at the Keystone Science Center, 1791 Varsity Drive, Suites G-100 & 100. *Note: Given the location requirements for this need, this transaction is considered a site-specific, strategic location in accordance with UNC Policy Manual 600.1.3.1[R]*

**Term:** Initial lease term of ten (10) years, with one five (5) year renewal option at fair market value.

**Rental price (if applicable):**

- Year 1 rental rate of \$41.25 per rentable SF with an annual escalation of 3% per year
- Rate includes utilities, janitorial services, and required maintenance in the office areas within the Premises, with 2025 base year operating expense stop.
- Rate is net of utilities and certain equipment repair/maintenance in the lab areas.
- Landlord will paint, replace carpet, and replace light fixtures with LED fixtures throughout the Premises upon lease execution. Landlord to provide \$50/RSF of Tenant Improvement Allowance at start of year five to be used by Tenant toward hard and soft costs of renovations for the Premises.
- Five (5) months' rent abatement applied to months 1-3 and 13-14 of the Term.

**Funding:** College of Engineering


**Item:**

**In the event the above-described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details.** No.

*(Complete if Agency has a Governing Board.)*

Action recommending the above request was taken by the Board of Trustees and is recorded in the minutes thereof on 7/18/24 (date).

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