

8. Acquisition of Real Property by Lease – UNC-CHJonathan Womer

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: The Frank Porter Graham Child Development Institute of UNC-CH is acquiring about 48,000 square feet of office space on two properties for about \$1,000,000 a year. The Institute is currently located in these properties; these are new contracts and not renewals of existing contracts.

Assessment: The properties have been modified or constructed over the years to meet the needs of the Institute, and the leases are increasing marginally from current lease rates.

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 of two acquisition leases between UNC-CH and Sheryl Mar Company, LLC for the Frank Porter Graham Child Development Institute of UNC-CH. The mission of the Frank Porter Graham Child Development Institute (FPG) is to cultivate and share knowledge that enhances child development and family well-being. For the past 45 years, FPG's research, outreach, technical assistance, and service have shaped how the nation cares for and educates children.

The request is to acquire approximately 47,950 square feet of office space located at 517 and 521 South Greensboro Street in Carrboro for use by FPG. The space will be acquired in two separate leases, one for three years and the other for 10 years with a common lessor. Two leases are being used because UNC-CH is considering renovating a nearby state-owned building to replace the three-year lease property. Details of the leases include:

- 517 South Greensboro Street, Carrboro, NC; 24,418 sf; 10-year lease; initial annual rent \$502,522.44; 2.5% annual increases beginning in year three of base lease
- 521 South Greensboro Street, Carrboro, NC; 23,532 sf; three-year lease with two one-year renewal options; initial annual rent \$499,349; 3% with annual increases beginning year two of base lease and option periods

Utility costs and janitorial services will be provided by UNC-CH at approximately \$120,000 annually.

FPG has leased both buildings for many years. The 517 building was built for FPG and the 521 building was renovated to State standards years ago. These leases were publicly bid. The proposed 517 building lease represents a 1.2% increase from the previous lease contract and the proposed 521 building lease is at the same rate as the previous lease contract.

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