

7. Acquisition of Real Property by Lease – UNCC..... Beth Hardin

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

Background: UNCC proposes to acquire access to 305 parking spaces in a parking structure that is being constructed by Levine Properties and Seventh Street Investors, LLC (a Levine entity). UNCC entered into a Contribution Agreement with Levine on May 13, 2010, pursuant to which UNCC agreed to contribute \$4,270,000.00 to support the construction of a 1,420-space structured parking deck near the University’s Center City Building (320 E. 9th Street) to be located at N. Brevard Street and E. 11th Street. In early 2015, UNCC deposited the funds, which are non-appropriated funds generated through parking receipts, with an escrow agent, who is prepared to release the funds upon the final approval of the proposed lease.

Assessment: The parking spaces are essential to the successful operation of the Center City Building. The spaces are also adjacent to a two-block public park a half-block proximity to the under-construction light rail line leading to main campus, and a half-block from the University’s Center City Building.

Action: This item requires a vote.

Acquisition of Real Property by Lease – The University of North Carolina at Charlotte

The Board of Trustees of the University of North Carolina at Charlotte has requested the approval of the acquisition lease between UNCC and Levine Properties, LLC in connection with the development and construction of a 1,420-space structured parking deck.

The request is to acquire 305 parking spaces in the top floors of the structured parking deck behind a separate gate at all times when its Center City Building is in operation in order to provide permanent parking for faculty, staff, students, and visitors to classes and programs hosted at the UNC Charlotte CCB. As of Spring 2015, the Center City Building had an enrollment of 1,832 students (325 day and 560 evening) utilizing the facility. For the 2013-14 academic year, the CCB hosted 263 meetings, 100 events open to the community, 149 sponsored events, and 33 non-affiliated events. CCB also hosts UNC Charlotte Extended Academic Programs. During the 2014-15 academic year, 388 course sessions with a total enrollment of 5,836 is projected.

Details of the lease include:

- 99-year term, with right to early termination by the University;
- \$4,2170,000 (non-appropriated funds generated through parking receipts) total payment, which is to be paid by UNCC pursuant to a contribution agreement entered into with Levine in 2010 and is currently held by an escrow agent; payment to be released in connection with the construction of the structured parking deck;
- UNCC will pay Levine Entity an additional pro-rata annual maintenance/operation and capital costs incurred by Levine or its agent in managing the parking deck; Levine Entity will maintain accurate records in keeping with generally accepted accounting standards regarding all such maintenance, operation, and capital costs, and such records will be available for inspection by UNCC and by the State Auditor in accordance with NCGS 147-64.7;

- The University may terminate the Parking Agreement at any time by giving 90 days' notice. In that event, there is no further obligation to pay a maintenance/operations fee. Notwithstanding the foregoing, if the University terminates the Parking Agreement at any time during the first 10 years of the Parking Agreement, the University will be entitled to a partial refund of its \$4,270,000 payment, such repayment to be calculated as follows:
 - The sum of future cost of parking spaces from the date of termination through year 10 of the Parking Agreement (such costs calculated based on a rate of \$105 per space per month with an annual escalator of 3%), minus
 - The sum of future operating expenses from the date of termination through year 10 of the Parking Agreement (such costs calculated based on \$20 per space per month with an annual escalator of 2%).

- The Attorney General's office has given preliminary approval to the lease terms.

The Board of Trustees has approved this transaction. This item requires a vote.