

## Acquisition of Property by Lease – North Carolina School of Science and Mathematics

### ISSUE OVERVIEW

The North Carolina School of Science and Mathematics Board of Trustees requests permission to acquire property by lease of four modular housing units to be located on the Durham Campus.

NCSSM will begin a multi-year comprehensive renovation of the residential halls located on the Durham Campus. The renovation of the residence halls will include Hill Hall, Reynolds Hall, Hunt Hall, Royal Hall, and Beall Hall. Renovations will be phased over multiple years and are scheduled to begin Winter 2022. Each residence hall will be vacated to accommodate an extensive renovation, including building envelope repairs, bathroom renovations, mechanical and electrical upgrades, and upgrading interior finishes. NCSSM considered other options for temporary student housing, including locating students off-campus or leasing hotel space, but adequate, affordable housing that would allow students to live in a residential community is not available. Off-campus housing also creates additional costs associated with transporting students to and from campus and personnel costs to ensure safety and security at an off-campus location.

NCSSM is proposing to lease four modular buildings, which includes three modular dormitory housing units and one apartment building. The modular units will provide 144 student beds. The modular units will be located on-campus for the duration of construction. Site preparation for the modular units includes constructing building pads, foundation work, and utility infrastructure and is not included in the lease. The modular housing units will be custom-fabricated and delivered to the site for assembly. The lease term is for four years and includes a one-time installation cost of \$1,657,172 and an annual lease rate of \$895,196. The total lease amount is \$5,237,172 and will be funded from private donations. The modular units will be removed by the lessor at the end of the lease term.

### Property Acquisition – Lease Information

|               |  |                   |
|---------------|--|-------------------|
| LESSOR:       | VESTA Housing Solutions, LLC d/b/a VESTA Modular, LLC  |                   |
| LESSEE:       | State of North Carolina, NCSSM   |                   |
| LOCATION:     | North Carolina School of Science and Mathematics Campus, Durham, NC  |                   |
| DESCRIPTION:  | Total of 33,488 SF including three identical dormitory buildings (238' x 42') of 9,996 SF each and one apartment building (70' x 50') of 3,500 SF. |                   |
| LEASE TERM:   | Four years, estimated to begin October 14, 2022, or upon completion of installation  |                   |
| LEASE AMOUNT: | Year 1 - Installation  | \$1,657,172       |
|               | Year 1   | \$ 895,196        |
|               | Year 2   | \$ 895,196        |
|               | Year 3   | \$ 895,196        |
|               | Year 4   | <u>\$ 895,196</u> |
|               | TOTAL  | \$5,237,172       |

The NCSSM Board of Trustees approved the lease at its meeting on July 15, 2022.

### RECOMMENDATION

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