

Presentation To:  
**Wake County Board of Commissioners**

Request for Approval and Funding of  
Board of Education Acquisition (Lease) of School Site:  
931 Durham Road (Current Wakefield 9<sup>th</sup> Grade Center)  
(First Reading)

Betty L. Parker, Senior Director of Real Estate Services  
Wake County Public School System  
January 4, 2016

**FRO LLC VII Lease Amendment:  
(North Raleigh – Wake Forest)**

Commercial Building Acquisition (Lease)  
931 Durham Road (Current Wakefield 9<sup>th</sup> Grade Center)

# Current Wakefield Ninth Grade Center

(931 Durham Road)





# Cash Flow Analysis

## Wake County Board of Education - Lease of 931 Durham Road

12/7/2015

Lease Term (months)

120 7/1/16 - 6/30/17 7/1/17 - 6/30/18 7/1/18 - 6/30/19 7/1/19 - 6/30/20 7/1/20 - 6/30/21 7/1/21 - 6/30/22 7/1/22 - 6/30/23 7/1/23 - 6/30/24 7/1/24 - 6/30/25 7/1/25 - 6/30/26

RSF Leased 52,474 52,474 52,474 52,474 52,474 52,474 52,474 52,474 52,474 52,474 52,474  
(Modular Unit SF in Place 9,200)

Lease Expenses Per SF	7/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/18 - 6/30/19	7/1/19 - 6/30/20	7/1/20 - 6/30/21	7/1/21 - 6/30/22	7/1/22 - 6/30/23	7/1/23 - 6/30/24	7/1/24 - 6/30/25	7/1/25 - 6/30/26	Term Effective Avg.
Base Rent	\$9.50	\$9.50	\$9.50	\$9.50	\$9.50	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$9.75
Taxes	\$1.16	\$1.20	\$1.24	\$1.29	\$1.33	\$1.38	\$1.43	\$1.48	\$1.53	\$1.58	\$1.36
Utilities (est.)	\$1.31	\$1.35	\$1.40	\$1.45	\$1.50	\$1.55	\$1.60	\$1.66	\$1.72	\$1.78	\$1.43
Janitorial (est.)	\$1.33	\$1.38	\$1.42	\$1.47	\$1.53	\$1.58	\$1.63	\$1.69	\$1.75	\$1.81	\$1.46

<b>TOTAL est. Costs/SF</b>	\$12.14	\$12.23	\$13.57	\$13.71	\$13.85	\$14.51	\$14.67	\$14.83	\$15.00	\$15.17	\$13.77
											<b>totals</b>

Lease Expenses Total \$	7/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/18 - 6/30/19	7/1/19 - 6/30/20	7/1/20 - 6/30/21	7/1/21 - 6/30/22	7/1/22 - 6/30/23	7/1/23 - 6/30/24	7/1/24 - 6/30/25	7/1/25 - 6/30/26	Term Effective Avg.
Base Rent	\$498,503.00	\$498,503.00	\$498,503.00	\$498,503.00	\$498,503.00	\$524,740.00	\$524,740.00	\$524,740.00	\$524,740.00	\$524,740.00	\$511,621.50
Taxes	\$60,869.84	\$63,000.28	\$65,205.29	\$67,487.48	\$69,849.54	\$72,294.28	\$74,824.58	\$77,443.44	\$80,153.96	\$82,959.34	\$71,408.80
Utilities (est.)	\$17,119.64	\$70,875.32	\$73,355.96	\$75,923.41	\$78,580.73	\$81,331.06	\$84,177.65	\$87,123.86	\$90,173.20	\$93,329.26	\$75,199.01
Janitorial (est.)	\$17,447.61	\$72,233.08	\$74,761.24	\$77,377.89	\$80,086.11	\$82,889.13	\$85,790.25	\$88,792.90	\$91,900.66	\$95,117.18	\$76,639.60
<b>TOTAL est. Costs</b>	\$533,070.25	\$641,611.40	\$711,825.49	\$719,291.78	\$727,019.39	\$761,254.46	\$769,532.47	\$778,100.20	\$786,967.81	\$796,145.78	\$722,481.90

<b>Total Base Rent over term</b>	\$5,116,215.00	<b>NPV @ 8%</b> \$3,416,291.38
<b>Total Estimated Taxes over term</b>	\$714,088.02	\$468,859.87
<b>Total Estimated Utilities over term</b>	\$751,990.10	\$479,912.79
<b>Total Estimated Janitorial over term</b>	\$766,396.04	\$489,106.52
<b>Total Base Rent, Estimated TICAM, Utilities &amp; Janitorial over Term</b>	<b>\$7,348,689.17</b>	<b>\$4,743,797.01</b>

### Assumptions

- \* Taxes, Utilities & Janitorial escalate at 3.5% per annum
- \* Taxes based off of 2016 actual for base year
- \* Utilities cost estimated at \$1.305/SF
- \* Janitorial cost estimated at \$1.33/SF
- \* Discount Rate of 8% used in NPV Calculation

End of first reading presentation.

Questions?