

**Item Title:** Approval of Lease Extension at Southgate Library

**Specific Action Requested:**

**That the Board of Commissioners:**

- 1. Approve the Third Amendment to the Southgate Library Lease to extend the lease term through June 30, 2021, in accordance with the terms and conditions listed below;**
- 2. Authorize the County Manager to execute the lease amendment on behalf of Wake County, subject to terms and conditions acceptable to the County Attorney.**

**Item Summary:**

In 1985, Wake County entered into the original lease agreement with Rock Quarry Road Associates, a North Carolina General Partnership, to establish the Southgate Community Library located at 1601 Cross Link Road, Raleigh, NC. The lease has been amended two times since 1985 to include an expansion of services and leased area. The most recent lease amendment was set to terminate May 30 of this year but occupancy has continued on a month to month basis awaiting approval of this proposed amendment.

Additionally, County staff has been working with a commercial realtor to evaluate the projected space needs for library services in this area. No other existing properties were available for lease in the general proximity which would meet those requirements. Based upon this evaluation, negotiations were established with the current landlord to reconfigure the present lease terms. Based on current market conditions, staff was able to negotiate a competitive lease rate. The landlord has also agreed to pay for an update of tenant space as a further rent concessions, as set out more particularly below.

The terms of the proposed lease amendment are as follows:

1. Commencement Date: June 1, 2017
2. Term: 48 month term extension, through June 30, 2021, with an early termination allowed after June 30, 2020 (after written notice to vacate)
3. Initial Rental Rate: \$15.50/square foot (\$7,056.38/month or \$84,676.50/year)
4. Landlord will be reimbursed for taxes, insurance, common area maintenance and utilities (currently \$1,595/month or \$19,151/year)
5. Escalation: \$.50/square foot, which amounts to \$2,731.50/year
6. Landlord Concessions: \$10,000 for Tenant Improvement allowance to refurbish space pursuant to the attached improvements proposal

Funds for this lease are available in the current operating budget.

**Attachments:**

1. Proposed Lease Amendment
2. Proposed Improvements to Southgate Library Space