



Wake County Board of Education

FACILITIES **PRECIS**

Subject

LEASE AGREEMENT: LEASE OF WAREHOUSE/FLEX SPACE (EAST RALEIGH)

Staff Liaison Present

Joe Desormeaux, Betty Parker

Main Points

Terms and conditions of a Lease Agreement have been reached with Duke Realty Limited Partnership, ("Landlord") to lease all or a portion of a warehouse/flex space building containing approximately 44,000 square feet together with surface parking at 3080 Business Park Drive, Raleigh, NC. The provision of utilities and janitorial services is not included therewith. The subject property includes all or a portion of the parcel having Wake County PIN 1723-77-3224. The lease term is fifteen years from and after December 15, 2017, at a base annual rental rate of \$7.20 per square foot, which amount is inclusive of taxes, insurance and common area maintenance. The rental rate shall increase 3.0% each year. The lease also provides an opportunity for two five (5) year extensions at market rates. Lease concessions provided at Landlord's expense include 6 months of free rent (a \$121,000 value), and a tenant improvement allowance for upfitting the space of \$4.00 per square foot (a \$176,000 value), a portion of which can be attributed to the acquisition of furniture, fixtures, and equipment as may be needed to support Board operations. The intended use is as office space and warehouse space with appropriate parking areas included to support logistics of purchasing activities including but not limited to ERD furniture and equipment processing and disposition as identified in the Space Needs Analysis and Prioritization process as previously presented to the Board.

Fiscal Implications

The rent for the 2017-2018 fiscal year portion of the lease term is \$50,600. Thereafter, the rent due for the 2018-2019 fiscal year of \$342,635.33 will become due on July 1, 2018. The rental rate shall increase 3% per year. Funding from the Real Estate Service Operating Budget is temporarily available to cover the cost. Permanent funding will be made available through an operating transfer to move capital outlay funds to the local current expense fund.

Savings

None

Recommendation for Action

Staff requests Board approval, subject to approval of Board Counsel as to form.