MEMORANDUM

TO: Kevin Seitz
FROM: Scott Buck
DATE: June 17, 2009
SUBJECT: Request ECU Board of Trustees Approval to Lease 44,259 SF of Clinical/Office Space

ECU Physicians seeks ECU Board of Trustees approval to strategically lease 44,259 SF of clinical/office space at a proposed three-story building to be sited at 517 Moye Boulevard, adjacent to the Moye Medical I Building utilizing ECU Physicians Property Flexibility Plan.

The proposed facility would house Pharmacy, Surgery and Bariatric Surgery on the first floor; Adult and Pediatric Healthcare, Endocrinology and Bone Density on the second floor; and Plastic and Reconstructive Surgery and Dermatology on the third floor.

At the recommendation of the Facilities and Resources Committee on April 16, 2009, we offer the revised lease agreement terms described below.

The proposed lease shall be for ten (10) years with an option to purchase at lease end based on the mean average of two qualified appraisals.

The lease rate for year one (1) shall be $784,559 for the entire 44,259 SF, of which 38,134 SF shall be $648,278 ($17/SF) per year, fixed rate for four (4) years and a 3% annual escalation rate for years five (5) thru ten (10). The additional 6,125 SF for Plastic and Reconstructive Surgery shall be leased at $136,281 ($22.25/SF) per year (rate due to special building specifications/standards of an ambulatory surgical center), fixed for three (3) years with a 3% escalation rate for years four (4) thru ten (10). ECU Physicians shall pay for $170,342 of uptifs provided by owner. ECU Physicians shall pay for janitorial and utilities. The owner shall provide 200 parking spaces on site.

This proposal has been approved by the ECU Physicians Board of Directors, the Property Review Committee and the Dean, Brody School of Medicine. Prices are subject to change after June 30, 2009. Source of funds shall be MFPP.

cc: P. Horns
    P. Cunningham
    N. Benson
    B. Jowers
    C. Erwin