

**Lease Authorization Request
Warriors Pharmacy, Inc.**

Recommendation

Pursuant to University Policy 04-6 Contract Signatories section 4.1.A.2 regarding the lease of real property, where the lease is for a period longer than 120 months including an unconditional right of renewal, it is recommended that the Board of Governors authorize the President, or his designee, to enter into a five-year lease agreement with additional options with Warriors Pharmacy, Inc., a Michigan corporation.

Background and Description

The Anthony Wayne Drive Apartment complex is currently under construction on the west side of Anthony Wayne Drive between Kirby Street and Warren Avenue in the residential precinct of campus. In addition to 841 beds of new campus housing and residential program and support spaces, the complex will also provide approximately 18,500 square feet of ground-floor retail space to serve the campus and surrounding communities.

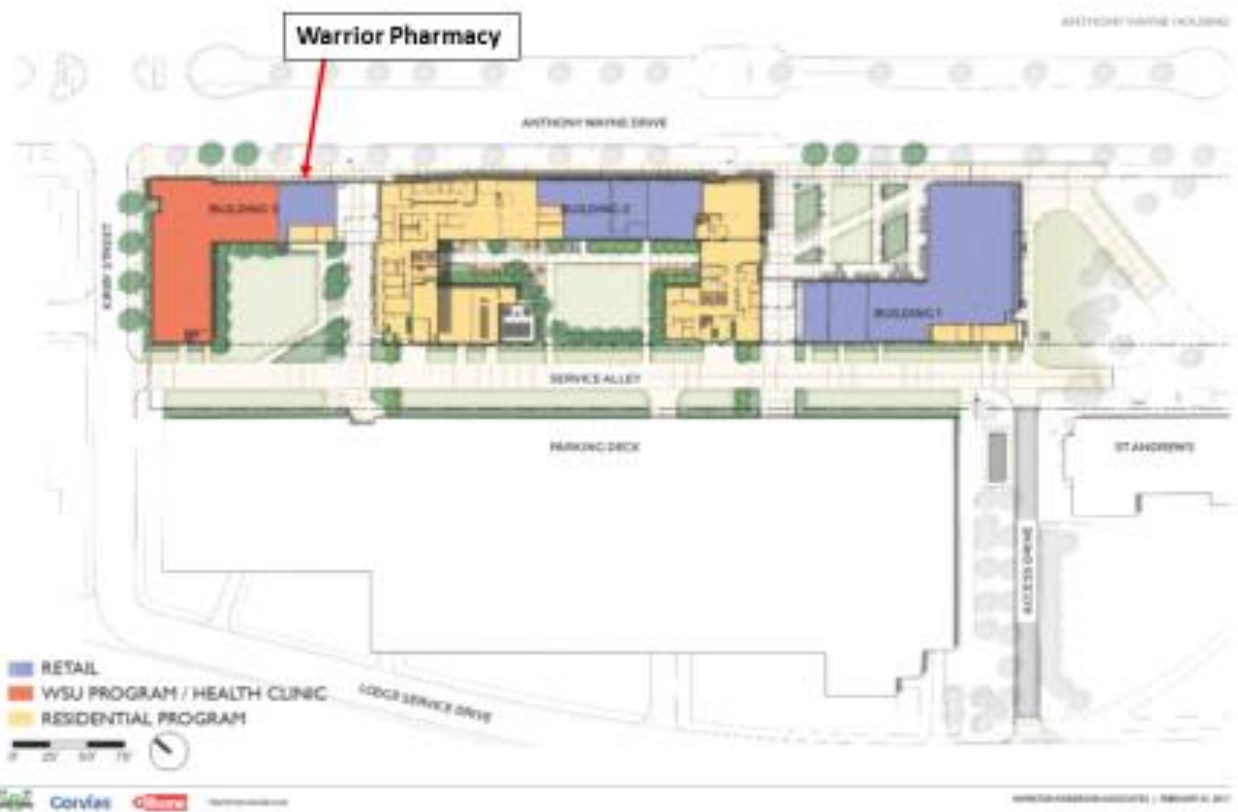
The first floor of the eight-story north tower of the complex will contain the Campus Health Center, which will relocate from Deroy Apartments when it is demolished in summer 2019. The Warriors Pharmacy seeks to lease 1,537 square feet immediately adjacent to the Campus Health Center, also in the north tower, with frontage on Anthony Wayne Drive.

Warriors Pharmacy, Inc. is a full-service retail pharmacy which will provide prescription drugs, medication and other health care products and services typically found in first-class prescription pharmacies. Mr. Riad Zahr is the principal owner of Warriors Pharmacy, Inc. with a business address of 39575 West Ten Mile Road, Suite 206, Troy, MI 48375.

The initial term of the lease is five years and five months, and the new base lease triple-net rental rate is \$23.00 per square foot (\$35,351 annually), with increases every two years averaging \$1.25 per square foot per year. There are three, five-year options for the tenant to extend the lease with similar rent escalation. The initial additional assessment for Common Area Maintenance is \$5 per square foot with 3% annual increases in all lease years. Given the current apartment complex construction schedule, the Warriors Pharmacy location will be available to the tenant in late 2018 with an anticipated retail opening in summer 2019.

The Anthony Wayne Drive Apartment complex is part of the WSU-Corvias Housing Partnership. WSU and Corvias share responsibility for the selection of tenants that add value for the campus and Midtown communities. WSU as the building owner is the signatory for this retail lease. Corvias as facility manager has been responsible for tenant recruitment and negotiation and will be responsible for managing tenant build-out according to university standards, lease performance, and tenant relations during the term of the lease.

WAYNE STATE UNIVERSITY



February 2, 2018

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