

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE DRS85143-LB-134B* (3/8)

Short Title: Green Square Project.-AB

(Public)

Sponsors: Senator Rand.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE GREEN SQUARE PROJECT.

Whereas, the Green Square Project is an innovative partnership that involves private and state agencies in the development of the city block in downtown Raleigh just west of the Museum of Natural Sciences (Museum); and

Whereas, this project would finance and construct a new 60,000 square foot State Employees' Credit Union (SECU) financial services center, a 170,000 square foot office building for the Department of Environment and Natural Resources (DENR), and a 95,000 square foot Nature Research Center that engages the public in understanding the scientific research that affects our daily lives; and

Whereas, the Credit Union will finance and develop the project, and The Friends of the Museum will conduct a private capital campaign to address the Museum expansion; and

Whereas, DENR currently leases 165,000 square feet of office space in Raleigh at an annual cost of \$2,435,000, and the new office building could allow the relocating of environmental staff from dispersed areas to consolidate operation in the State Government Complex; and

Whereas, this would affect approximately 615 staff; and

Whereas, the financial strategy for use of offices in this new complex could be commensurate with rental space costs to DENR; and

Whereas, the Green Square partners have been in the planning phases for the past two years, the project has received endorsements from city, county and state officials, as well as business leaders, the Capital Area Planning Commission approved the concept in November 2003 and the General Assembly approved a \$500,000 allocation of DENR capital funds in the FY 2005 Budget for planning the Green Square; and

1 Whereas, funding is in place for Schematic Design but before this phase
2 begins, two aspects of the project need to be approved: the Financing Plan and the Land
3 Transfer Plan; and

4 Whereas, at the end of Schematic Design, the Credit Union will begin
5 financing the Green Square Project, the Credit Union will be responsible for financing
6 the full cost of site preparation, design and construction of the key elements of the
7 Green Square Project, and the Credit Union intends to construct the Green Square and
8 associated parking deck in the block west of the Museum, excluding that portion of the
9 real estate occupied by the Offices of the Attorney General; and

10 Whereas, the Credit Union desires that the State sell the land in June 2006
11 (other than the property now owned by the Credit Union) to the Credit Union, in fee
12 simple, for one dollar \$1.00; and

13 Whereas, the State will retain a right to reacquire the Green Square Project
14 property for the sum of (\$1.00) in the event the Project does not go forward as planned;
15 and

16 Whereas, upon completion of construction, the Credit Union will be the
17 landlord for all of the occupants, the State will have an option to purchase all Green
18 Square property (except for the portion of property now owned by the State Employees'
19 Credit Union and rights to certain parking spaces in the parking deck) during the first 20
20 years after occupancy at the total cost of site preparation, design, and construction and
21 the land cost of \$1.00, less any Principal Payments previously made, plus any accrued
22 and unpaid interest; and

23 Whereas, if the State does not exercise its option to repurchase the land and
24 improvements within 20 years, SECU will have the right to purchase the land from the
25 State at the then current market value; and

26 Whereas, the Museum will lease, and then purchase, approximately 95,000
27 square feet in the Green Square Project for the Nature Research Center; and DENR will
28 lease approximately 170,000 square feet in the Green Square Project; and

29 Whereas, the Credit Union, Museum and DENR intend that the lease rate be
30 such that the Credit Union receives a return on its total investment for construction costs
31 for the site preparation, design and construction of the space in the building leased to the
32 Museum and DENR (Principal Investment) in accordance with the financing approved,
33 plus an agreed upon schedule for the repayment of the Principal Investment; and

34 Whereas, the Museum and DENR are allowed to repay the Principal
35 Investment at any time, without penalty, and the lease payments after such payment of
36 the Principal Investment shall be recalculated on the balance; Now, therefore,
37 The General Assembly of North Carolina enacts:

38 **SECTION 1.** The State of North Carolina shall convey to State Employees
39 Credit Union, a North Carolina Corporation, for consideration of \$1.00, title to the
40 following described property:

41 **PROJECT SITE:**

42 The Green Square Project site is located diagonally and directly northwest of the State
43 Capitol grounds and is bordered on the south by Edenton Street, on the west by
44 McDowell, on the north by Jones, and on the east by Salisbury. The perimeter property

1 lines of the Green Square Project define a square measuring approximately 420 feet per
2 side. The Green Square Project site only includes the southwest, northwest and
3 northeast quadrants of the square. The "Old Education Building" occupies the fourth
4 southeast quadrant. The Old Education Building will remain and will continue to be
5 occupied by the offices of the State Attorney General.

6 **SECTION 2.** The General Assembly makes the following findings and
7 authorizes the actions on behalf of the State set out in this section:

8 (1) The State Employees' Credit Union (SECU) owns a parcel of land
9 within the city block bounded by McDowell, Salisbury, Edenton and
10 Jones Streets in the City of Raleigh, Wake County, North Carolina.
11 The rest of the real estate contained in the aforementioned block is the
12 property of the State of North Carolina.

13 (2) The SECU desires and intends to construct a building and associated
14 parking deck upon the real estate described in subdivision (1) of this
15 section, excluding that portion of the real estate occupied by the
16 Offices of the Attorney General, such building, parking deck, and
17 adjoining real estate hereinafter referred to as the "Green Square
18 Project". The SECU will be responsible for the full costs of site
19 preparation, design and construction of the Green Square Project.
20 Construction of the Green Square Project will necessitate demolition
21 of certain structures already located thereon.

22 (3) The SECU desires that the State sell the land (other than the property
23 now owned by the SECU) to the SECU, in fee simple, upon which the
24 Green Square Project will be located to the SECU for \$1.00.

25 (4) The State will retain a right to reacquire the Green Square Project
26 property for the sum of \$1.00 in the event the project does not go
27 forward as planned, except for the portion of property now owned by
28 the SECU.

29 (5) Upon completion of construction, the SECU will be the landlord for all
30 of the occupants. The State will have an option to purchase all Green
31 Square property, excluding the property, both land and facility,
32 designed for and intended to be occupied by the SECU and the
33 SECU's ownership rights to certain parking spaces in the parking deck
34 during the first 20 years after occupancy at the total cost of site
35 preparation, design, and construction and the land cost of \$1.00, less
36 any Principal Payments previously made, plus any accrued and unpaid
37 interest. If the State does not exercise its option to repurchase the land
38 and improvements within 20 years, the SECU will have the right to
39 purchase the land from the State at the then current market value.

40 (6) The Museum desires and intends to lease approximately 95,000 square
41 feet in the Green Square Project. The Museum shall have the right to
42 consult upon and ultimately approve the design applicable to the space
43 the Museum intends to occupy within the building, and the Museum

1 will be responsible for the cost of special upfitting to suit its specific
2 Museum purposes.

3 (7) DENR desires and intends to lease approximately 170,000 square feet
4 in the Green Square Project. DENR shall have the right to consult
5 upon and ultimately approve the design applicable to the space it
6 intends to occupy within the building.

7 (8) SECU, Museum and DENR intend and desire that the lease rate be
8 such that the SECU receives a return on its total investment for
9 construction costs for the site preparation, design and construction of
10 the space in the building leased to the Museum and DENR with an
11 agreed upon schedule for the repayment of the Principal Investment.
12 The Museum and DENR are allowed to repay the Principal Investment
13 at any time, without penalty, and the lease payments after such
14 payment of the Principal Investment shall be recalculated on the
15 balance. Lease payments will be monthly, quarterly, or annually, as the
16 parties mutually determine to be agreeable after completion of
17 construction and occupancy of the space.

18 (9) The parties agree to share initial architectural design costs for the
19 Pre-Design Phase and the Schematic Design Phase with DENR and the
20 Museum paying 67% and the Credit Union paying 33%. After
21 completion of the Schematic Design Phase, DENR will obtain final
22 approval of the Green Square Project from the Capital Area Planning
23 Commission.

24 (10) Upon receipt of the approval set forth in paragraph 10, all further
25 design site preparation, design, and construction costs shall be
26 capitalized by the SECU, as part of the overall project cost and
27 apportioned appropriately among the project participants.

28 (11) All parties hereto desire, intend and agree to use best efforts to secure
29 the requisite approvals to proceed with the Green Square Project. Upon
30 securing such approvals, the parties agree that the details of the Project
31 and the responsibilities of the respective parties shall be set forth in a
32 binding contract that shall supercede this Memorandum of
33 Understanding and be executed prior to the beginning of construction.

34 (12) All parties agree and acknowledge that the SECU will at all times, now
35 and in the future, retain full ownership and title to its new facility and
36 the associated land and parking.

37 **SECTION 3.** This act is effective when it becomes law.