

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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**SENATE BILL 692*
Appropriations/Base Budget Committee Substitute Adopted 6/1/05**

Short Title: Green Square Project.-AB

(Public)

Sponsors:

Referred to:

March 21, 2005

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE GREEN SQUARE PROJECT.

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

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

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

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

18 Whereas, this would affect approximately 615 staff; and

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

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

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

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

7 Whereas, the Credit Union desires that the State sell the land in June 2005
8 (other than the property now owned by the Credit Union) to the Credit Union, in fee
9 simple, for one dollar; and

10 Whereas, the State will retain a right to reacquire the Green Square Project
11 property for the sum of one dollar in the event the Project does not go forward as
12 planned; and

13 Whereas, upon completion of construction, the Credit Union will be the
14 landlord for all of the occupants, the State will have an option to purchase all Green
15 Square property (except for the portion of property now owned by the State Employees'
16 Credit Union and rights to certain parking spaces in the parking deck) during the first 20
17 years after occupancy at an amount to be agreed upon between the State and the Credit
18 Union, such amount not to exceed the Credit Union's investment in the portion of the
19 Green Square Project to be leased to the Museum and DENR (calculated as described
20 below); and

21 Whereas, SECU will agree that if the improvements described above are
22 constructed as so described and the State does not exercise its option to repurchase the
23 land and improvements within 20 years, SECU will make a payment to the State in an
24 amount that reflects the then current market value of the land at the time of payment;
25 and

26 Whereas, the Museum will lease, with an option to purchase (under the State's
27 option to purchase), approximately 95,000 square feet in the Green Square Project for
28 the Nature Research Center; and DENR will lease, with an option to purchase (under
29 the State's option to purchase), approximately 170,000 square feet in the Green Square
30 Project; and

31 Whereas, the Credit Union, Museum, and DENR intend that the lease
32 payments to be paid by the Museum and DENR be such that the Credit Union receives a
33 return on its total investment for construction costs for the site preparation, design, and
34 construction of the space in the building leased to the Museum and DENR; Now,
35 therefore,

36 The General Assembly of North Carolina enacts:

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

40 **PROJECT SITE:**

41 The Green Square Project site is located diagonally and directly northwest of the State
42 Capitol grounds and is bordered on the south by Edenton Street, on the west by
43 McDowell, on the north by Jones, and on the east by Salisbury. The perimeter property
44 lines of the Green Square Project define a square measuring approximately 420 feet per

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

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

- 7 (1) The State Employees' Credit Union (SECU) owns a parcel of land
8 within the city block bounded by McDowell, Salisbury, Edenton, and
9 Jones Streets in the City of Raleigh, Wake County, North Carolina.
10 The rest of the real estate contained in the aforementioned block is the
11 property of the State of North Carolina.
- 12 (2) The SECU desires and intends to construct a building and associated
13 parking deck upon the real estate described in subdivision (1) of this
14 section, excluding that portion of the real estate occupied by the
15 Offices of the Attorney General, such building, parking deck, and
16 adjoining real estate hereinafter referred to as the "Green Square
17 Project". The SECU will be responsible for the full costs of site
18 preparation, design, and construction of the Green Square Project.
19 Construction of the Green Square Project will necessitate demolition
20 of certain structures already located thereon.
- 21 (3) The SECU desires that the State sell the land (other than the property
22 now owned by the SECU) to the SECU, in fee simple, upon which the
23 Green Square Project will be located to the SECU for one dollar
24 (\$1.00).
- 25 (4) The State will retain a right to reacquire the Green Square Project
26 property for the sum of one dollar (\$1.00) in the event the project does
27 not go forward as planned, except for the portion of property now
28 owned by 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 SECU's
33 ownership or other rights to certain parking spaces in the parking deck
34 during the first 20 years after occupancy. The purchase price shall be
35 an amount to be agreed upon between the State and the Credit Union,
36 such amount not to exceed the Credit Union's investment in the portion
37 of the Green Square Project to be leased to the Museum and DENR
38 (calculated as described below). SECU will agree that if the
39 improvements described above are constructed as so described and if
40 the State does not exercise its option to repurchase the land and
41 improvements within 20 years, the SECU will make a payment to the
42 State in an amount that reflects the market value of the land at the time
43 of payment.

- 1 (6) The Museum desires and intends to lease, with option to purchase
2 (under the State's option to purchase), approximately 95,000 square
3 feet in the Green Square Project. The Museum shall have the right to
4 consult upon and ultimately approve the design applicable to the space
5 the Museum intends to occupy within the building, and the Museum
6 will be responsible for the cost of special upfitting to suit its specific
7 Museum purposes.
- 8 (7) DENR desires and intends to lease, with option to purchase (under the
9 State's option to purchase), approximately 170,000 square feet in the
10 Green Square Project. DENR shall have the right to consult upon and
11 ultimately approve the design applicable to the space it intends to
12 occupy within the building.
- 13 (8) SECU, The Museum and DENR intend and desire that the lease
14 payments to be paid by the Museum and DENR be such that the SECU
15 receives a return on its total investment for construction costs for the
16 site preparation, design, and construction of the space in the building
17 leased to the Museum and DENR, as the case may be, including
18 associated parking for those respective portions of the building. Lease
19 payments will be monthly, quarterly, or annually, as the parties
20 mutually determine to be agreeable after completion of construction
21 and occupancy of the space. The State, on behalf of the Museum or
22 DENR, may exercise its option to purchase all Green Square property,
23 excluding the property, both land and facility, designed for and
24 intended to be occupied by the SECU and the SECU's ownership or
25 other rights to certain parking spaces in the parking deck at any time.
- 26 (9) The parties agree to share initial architectural design costs for the
27 Pre-Design Phase with DENR and the Museum paying sixty-seven
28 percent (67%) and the Credit Union paying thirty-three percent (33%).
29 After completion of the Schematic Design Phase, DENR will obtain
30 final approval of the Green Square Project from the Capital Area
31 Planning Commission.
- 32 (10) Upon receipt of the approval set forth in paragraph 9, all further design
33 site preparation, design, and construction costs may be included by the
34 SECU, as part of its overall investment in the project and apportioned
35 appropriately among the project components (and included in the
36 calculation of lease payments or the purchase price of the Green
37 Square Project).
- 38 (11) All parties hereto desire, intend, and agree to use best efforts to secure
39 the requisite approvals to proceed with the Green Square Project. Upon
40 securing such approvals, the parties agree that the details of the Project
41 and the responsibilities of the respective parties shall be set forth in a
42 binding contract that shall be executed prior to the beginning of
43 construction. Such agreement may contain the details of the lease
44 payments to be paid by DENR and the Museum during any period the

1 facilities are leased by them, the terms under which the State may
2 exercise its options to purchase portions of the building, and such other
3 details as shall be necessary or appropriate. Such agreement shall be
4 entered into on behalf of the State by the Secretary of Administration,
5 subject to the approval of the State Treasurer and the State Budget
6 Officer.

- 7 (12) The State agrees and acknowledges that the SECU will at all times,
8 now and in the future, retain full ownership and title to the portion of
9 the new facility under the control of SECU and the associated land and
10 parking.

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