

Development/Leasing Authority at Centennial Campus – North Carolina State University

The Board of Trustees of North Carolina State University has requested permission to execute three related transactions that will provide facilities to support the continued development of the Centennial Campus.

Transaction One: This transaction will approve NCSU's Board of Trustees' request for a ground lease of approximately 30 acres of land on Centennial Campus to the NC State University Partnership Corporation (NCSUPC). Wholly controlled by NCSU, the NCSUPC will assign subleases through limited liability corporations (LLC) wholly owned by NCSUPC to private developers. The subleasing of the ground through the LLCs will allow NCSU to provide the assurances and meet the timing requirements that attract private investment to the Centennial Campus while insulating NCSU from financial risk on a project-by-project basis. This initial ground lease to the NCSUPC will be developed with oversight from the State Property Office, approved by the Council of State, and executed by the Governor. This lease will have a term of 99 years with no renewals and a \$1 cost for the term. Subsequent ground subleases of smaller parcels from the NCSUPC-controlled LLCs to private developers will be developed by the LLCs at market rates and with terms, including renewals, not exceeding the remaining years in the ground lease and will be approved by the NCSU Board of Trustees and reported to the UNC Board of Governors. Upon the expiration of this lease, the land and any improvements upon the land will revert to the State. Any net proceeds realized by NCSU from the ground subleases will be retained by the Centennial Campus Trust Fund for continued development of the Centennial Campus.

Transaction Two: This transaction will approve an assignable, reciprocal easement between NCSU and the NCSUPC for the 30 acres noted in transaction one. This agreement will provide cross-access between the 30 acres and the remaining acreage on Centennial Campus for both parties and will provide that all subleases assure initial and future partners the use of paved areas to access building sites and designated common areas. These easements will be incorporated into the subleases described in Transaction One. There will be no additional charge for the easements and the term will not exceed the remaining years in the ground lease.

Transaction Three: This transaction will report the NCSUPC-controlled LLC sublease of approximately 10 acres to a private developer, the Bozzuto Group, for the development, construction, and operation of a market rate apartment complex. The Bozzuto Group was selected through a Request for Qualifications/Proposal process by NCSU. In accordance with City of Raleigh master planned zoning requirements for the Centennial Campus, this project provides residential housing targeted (but not limited) to faculty, staff, and corporate partners on Centennial Campus.

NC State's partner in this venture, the NCSUPC's sublessee, is The Bozzuto Group. The Bozzuto Group specializes in the development of multi-family rental communities in both urban and suburban settings. The Bozzuto Group is based in Greenbelt, Maryland and its officers are Thomas S. Bozzuto, CEO; Richard L. Mostyn, COO, and John B. Slidell, Vice Chairman.

These transactions, in whole and parts, will be accomplished within the guidelines, procedures, and policies of the North Carolina Department of Administration and will be approved by the Council of State, when required.

It is recommended that the request of the Board of Trustees be approved and transmitted to the Council of State for final action.