

Disposition of Property by Ground Lease and Demolition – The University of North Carolina at Chapel Hill

The Board of Trustees of the University of North Carolina at Chapel Hill has requested approval to ground lease 3.4 acres of state-owned land to The Educational Foundation, Inc. (the Foundation) for the time required to complete the Kenan Stadium Improvements, Phase 2 project. UNC-CH has also requested approval to demolish the Student Athlete Development Center, Kenan Field House and Kenan Stadium Southeast and Southwest Toilet Towers to accomplish the Phase 2 project.

Anticipated to be approved as part of the 2010 Non-Appropriated (self-liquidating) Capital Improvements request, the Kenan Stadium Improvements, Phase 2 would construct the Carolina Student Athlete Center for Excellence. This 214,000 square-foot center would include new and expanded academic support services for all student-athletes, a home for the Carolina Leadership Academy, new and expanded strength and conditioning facilities for all student-athletes, office and operations space for Carolina athletics, and the Blue Zone premium seating areas (approximately 3,270 seats). In addition to the six story building, site improvements include a new concourse level that connects the north and south sides of the stadium and improves pedestrian circulation around the stadium. As part of the project, demolition of the following facilities is required: the Student Athlete Development Center (1986, 18,883 square feet), Kenan Field House (1928, 33,432 square feet), Kenan Stadium Southeast (1995, 4,000 square feet), and Southwest Toilet Towers (1995, 4,000 square feet). The demolition of the Student Athlete Development Center and Kenan Field House needs to start by May 2010 to maintain the Phase 2 project schedule that works with the 2010 football season schedule. The activities in these two buildings will be relocated to other space on campus. The demolition of

the Kenan Stadium Southeast and Southwest Toilet Towers would occur sometime after the 2010 football season.

Contingent upon Board of Governors and General Assembly approval, UNC-CH would issue up to \$80,000,000 in long-term indebtedness to refund the Foundation for the cost of construction. Construction plans for the project would be developed to State and UNC-CH standards and would be reviewed and approved by the Department of Administration. Commencement of construction is dependent on fund raising and premium seat sales and would not begin until final approval of the UNC-CH Board of Trustees and the Board of Directors of the Foundation. The improvements would revert to UNC-Chapel Hill at the termination of the ground lease.

After the completion of the renovation and improvement and acquisition of the project by the institution, and notwithstanding any provision of the General Statutes governing the negotiation and execution of contracts or leases for the operation and management of a facility, UNC-Chapel Hill may provide for the operation and management of all or part of the renovated and improved portion of Kenan Stadium by contracting with the Educational Foundation, Inc., or by leasing that portion of Kenan Stadium to the Educational Foundation, Inc., or by contracting with or leasing to any other special purpose entity created for that purpose.

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