

Out-Lease of Space – North Carolina State University

In 1998, the General Assembly passed House Bill 1737 to provide North Carolina State University with expanded flexibility for the development of the Centennial Campus. One of the changes included in the Bill enabled the Board of Governors to approve certain out-leases of space on the Centennial Campus and then report the leases to the Council of State rather than secure the approval of the Council of State in advance. This change provided the University with the ability to execute leases in a shorter time period than had previously been possible. Once the Board had approved a lease, the Vice President for Finance was authorized to execute the lease on behalf of the Chairman of the Board of Governors.

The Board of Trustees of North Carolina State University has requested approval of the out-lease of space to ABB, Inc. (Enriquee Santacana, President). This lease will provide approximately 28,000 square feet of office and research space in Corporate Research I Building\* on the Centennial Campus. The term of the lease is three years. The initial annual rent is approximately \$511,000 (or \$18.25 per square foot). The rent will be adjusted in year two and year three by increases up to 3% plus a proportional share of any increase in annual operating expenses.

It is recommended that the request of the Board of Trustees be approved and, once executed, reported to the Council of State.

*\* Since 2007 MeadWestvaco Corporation has leased all of the Corporate Research I Building. Due to corporate restructuring, MeadWestvaco Corporation has vacated the property and wishes to terminate its lease. NCSU, working with the State Property Office, is in negotiations with MeadWestvaco for the cancellation of the remaining term of the lease in exchange for a termination fee to be paid to NCSU. The mutual termination of lease agreement would return control of the building to NCSU.*