

## APPENDIX B

### Disposition of Property and Lease of Housing Space – Winston-Salem State University

In 2001, Winston-Salem State University Housing Foundation, LLC leased from the State of North Carolina, pursuant to a ground lease agreement 7.5 acres of land located on the campus of Winston-Salem State University and constructed a new 448-bed student housing facility. Subsequently, in 2004, Winston-Salem State University Housing Foundation, LLC, amended the ground lease to incorporate an additional 8.5 acres in order to construct a 400-bed student housing facility.

The University now requests approval to amend the ground lease in order to lease to the Foundation approximately up to, but not to exceed, six additional acres of State land on the campus of the University, in addition to extending the term of the ground lease to a term not to exceed 37 years. The Foundation will construct a new approximately 316-bed student housing facility. Upon completion of construction, the new facility would be leased by the Foundation to the University, for a lease term not to exceed 32 years from the date of completion. The cost will be consistent with the current rate structure for comparable residence halls of the University. It is anticipated that the new facility would be available for student occupancy by the fall of 2007. This leasing arrangement will enable the University to meet the long-term projected housing demands associated with campus growth to 8,000 students by 2010. University residence halls had an occupancy rate of 96% for the 2005-2006 school year. Lease payments would be made from, in part, student housing receipts. Additional information about cash flow estimates and debt service coverage is attached.

The lease of State land and the lease of the new 316 beds will be accomplished within the guidelines, procedures, and policies of the North Carolina Department of Administration and the

Council of State. Construction documents for the new facility will be reviewed by the Office of State Construction and the Department of Insurance.

The financing of the construction of the new facility will be accomplished through the use of the proceeds of tax-exempt, long-term indebtedness.

It is requested that the Board of Governors adopt the following Resolution and that Winston-Salem State University's request be transmitted to the Council of State for final action:

A RESOLUTION AUTHORIZING AGREEMENTS RELATED TO  
THE CONSTRUCTION OF PRIVATE HOUSING FACILITIES ON  
THE CAMPUS OF WINSTON-SALEM STATE UNIVERSITY.