

APPENDIX E

Lease of Space – Winston-Salem State University

The Board of Trustees of Winston-Salem State University has requested approval to enter into a lease for the long-term use of the City of Winston-Salem's Bowman Gray Stadium.

The City is embarking on a project to upgrade Bowman Gray Stadium, including the construction of a new 21,000 square-foot field house. Approximately 14,500 square feet of the new field house would be used by WSSU and would provide offices, conditioning/training facilities, hospitality suites, and other support spaces for the Athletics Department. Construction would be managed by the City with participation by the university.

Improvements to the stadium complex are expected to cost \$5.1 million. The City would issue debt for the project, as a 30-year bond, and WSSU would make lease payments that would pay the costs associated for its use of the facility, with a maximum of up to \$3.1 million of principal. In addition, WSSU's annual lease payments would include negotiated operating and maintenance costs. The project and method-of-financing were approved as part of the Board of Governors' request to the 2005 General Assembly.

The term of the lease will be for 30 years and the initial lease cost is expected to be \$320,000 per year. Lease payments would be funded by a \$44.00 University student debt service fee, included as part of the 2005 Budget Request, and by university receipts. WSSU will begin collecting the fee in the fall of 2006.

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