

Acquisition of Space by Lease - NCA&TSU and UNCG

North Carolina A&T State University and The University of North Carolina at Greensboro (“the Universities”) have requested approval to enter into a ten-year lease to acquire space for their nursing programs from Union Square Campus, Inc. (“USCI”).

USCI is a non-profit entity formed for this collaboration as an initiative of Opportunity Greensboro, a local economic development non-profit. USCI members include the two Universities, Cone Health, Guilford Technical Community College, the City of Greensboro, and other institutions. The general purpose of USCI is to create a joint downtown campus to:

- Drive economic development
- Capture efficiencies
- Encourage collaboration

The facility is intended to focus on healthcare professionals and will house expansion of the Universities’ programs in nursing, and Greensboro’s healthcare system, Cone Health, will use the facility to train staff. This collaboration is expected to help ensure that future healthcare workforce needs are met.

The facility is expected to cost about \$37 million including equipment. Approximately \$15-\$19 Million is planned to be from outside sources (government, commercial, non-profit). To date, fund-raising efforts by Opportunity Greensboro have secured over \$6.5 million in pledges from benevolent sources; current discussions include significant contributions toward the project from the City of Greensboro. The balance will be paid by debt service funded by lease payments from the tenants.

USCI will construct academic, laboratory, and support facilities for the benefit of the Universities and other partners. It is envisioned to include shared state-of-the-art healthcare simulation education labs in about 100,000 square feet of space. The USCI is reviewing

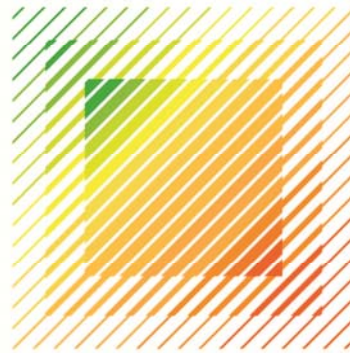
APPENDIX G

Requests for Qualifications (RFQs) from design firms. Construction is expected to begin in early 2015 and planned to be complete by fall 2016.

NCA&TSU anticipates to lease approximately 25,000 sq. ft. at between \$18 and \$23.50 per sq. ft. per year. Total yearly lease payments would be between \$450,000 and \$587,500. This space would house enrollment expansion in the Bachelor of Science in Nursing program and allow current students more access to state-of-the-art laboratory space. UNCG anticipates to lease approximately 33,000 sq. ft. at between \$18 and \$23.50 per sq. ft. per year. Total yearly lease payments would be between \$594,000 and \$775,500. This space would house the new Doctor of Nursing Practice program, approved by the Board of Governors on February 21, 2014, as well as enrollment expansion in the Bachelor of Science in Nursing program.

These lease rates would be competitive with or below current market rates for similar health care education and laboratory space. Multiple participants allow a much higher level simulation center than one institution could afford; it also allows for intense space utilization. Because health care education space is so specialized, often new space is required when programs expand. Usually it is more costly to repurpose existing generic academic space. The leases would be for 10 years with no further obligation.

It is recommended that North Carolina A&T State University be approved to lease up to 25,000 square feet at no more than \$587,500 a year for 10 years and that The University of North Carolina at Greensboro be approved to lease up to 33,000 square feet at no more than \$775,500 a year for 10 years, from USCI.



UNION SQUARE
CAMPUS

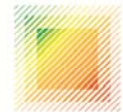


A project of **Opportunity Greensboro: A Business and Collegiate Partnership**

Collaborating to Meet Needs

Demand for Nurses

- Nursing is one of the nation's fastest-growing occupations.
- The U.S. Bureau of Labor Statistics projects that the number of employed RNs will expand by 26 percent, or 712,000, from 2010 to 2020.
- NC will need 30,978 new nurses over the next 10-15 years.
- 24% of NC nurses are expected to retire over the next 5-10 years (28,595 of 119,147 NC nurses will leave the workforce).
- By 2020 NC's elderly population will double, creating increased demand for highly skilled nurses
 - Healthcare agencies throughout the state report increased need for nurses in emergency rooms, operating rooms, critical care facilities and long-term care settings.

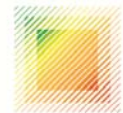


Collaborating to Meet Needs

Need For Space

This facility will support a unique blend of educational programs that are designed to reach students in a collaborative and cost effective way. It will contain sophisticated technology within a simulated hospital and healthcare-provider environment. By collaborating, the objectives of the four institutions are to:

- Meet the immediate need for space for our nursing programs that cannot be met in existing, on-campus facilities
- Maximize resources by not duplicating facilities on individual campuses
- Maximize utilization of the center by education programs designed to meet the current and future nursing needs of the community, the region and the state
- Develop a simulation center that will be a national benchmark in healthcare education





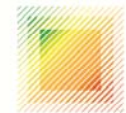
NC A&T / UNCG Success in Collaboration Together



Gateway University Research Park - facilitating collaborations between world-class researchers and businesses – to move scientific discoveries from the lab to the marketplace by transforming cutting-edge intellectual properties into thriving business ventures.

Joint School of Nanoscience and Nanoengineering - offering an innovative, cross-disciplinary graduate program that trains scientists in emerging areas of nanoscience and nanoengineering.

Joint Masters in Social Work - preparing professional social workers for advanced generalist practice; providing culturally-competent, ethical, and effective social work services; collaborating with consumers and colleagues in the development of practices that promote social and economic justice and benefit the citizens of North Carolina; and conducting research and community-engaged scholarship.



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Union Square Campus

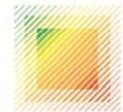
A Unique Public-Private Partnership

- Cone Health, UNCG, NC A&T, GTCC
- City Of Greensboro / Redevelopment Commission
- Private Master Developer – South Elm Development Group
- Local Foundations and Private Supporters
- Business Community
- State and Federal Assistance



Efficient Use of Resources

- Collective cost of construction much less than separate projects
- Private gap funds further reduce capital costs
- Intense space utilization by multiple partners (6 days per week, 12-14 hours per day)
- Shared overhead costs
- Simulation Center at a much higher level than any of the institutions could produce on their own



Financial

- Leases by institutions
- City support (land, parking, infrastructure, streetscape)
- Foundation / Corporate donations
- Grants (federal and state)
- Possible State funds for equipment and possibly construction

Financial

PROJECT COSTS	Total
Land (by City)	\$1,000,000
Design	\$1,400,000
Parking (by City)	\$3,000,000
Building	\$23,100,000
FF&E	\$500,000
SIM Equipment	\$8,000,000
TOTAL PROJECT	\$37,000,000

FUNDING SOURCES	Total
Benevolent Sources and Grants	\$10-\$15 million
City of Greensboro	\$3-\$4 million
Debt Service covered by lease payments from tenants	\$24-\$18 million
TOTAL PROJECT	\$37,000,000

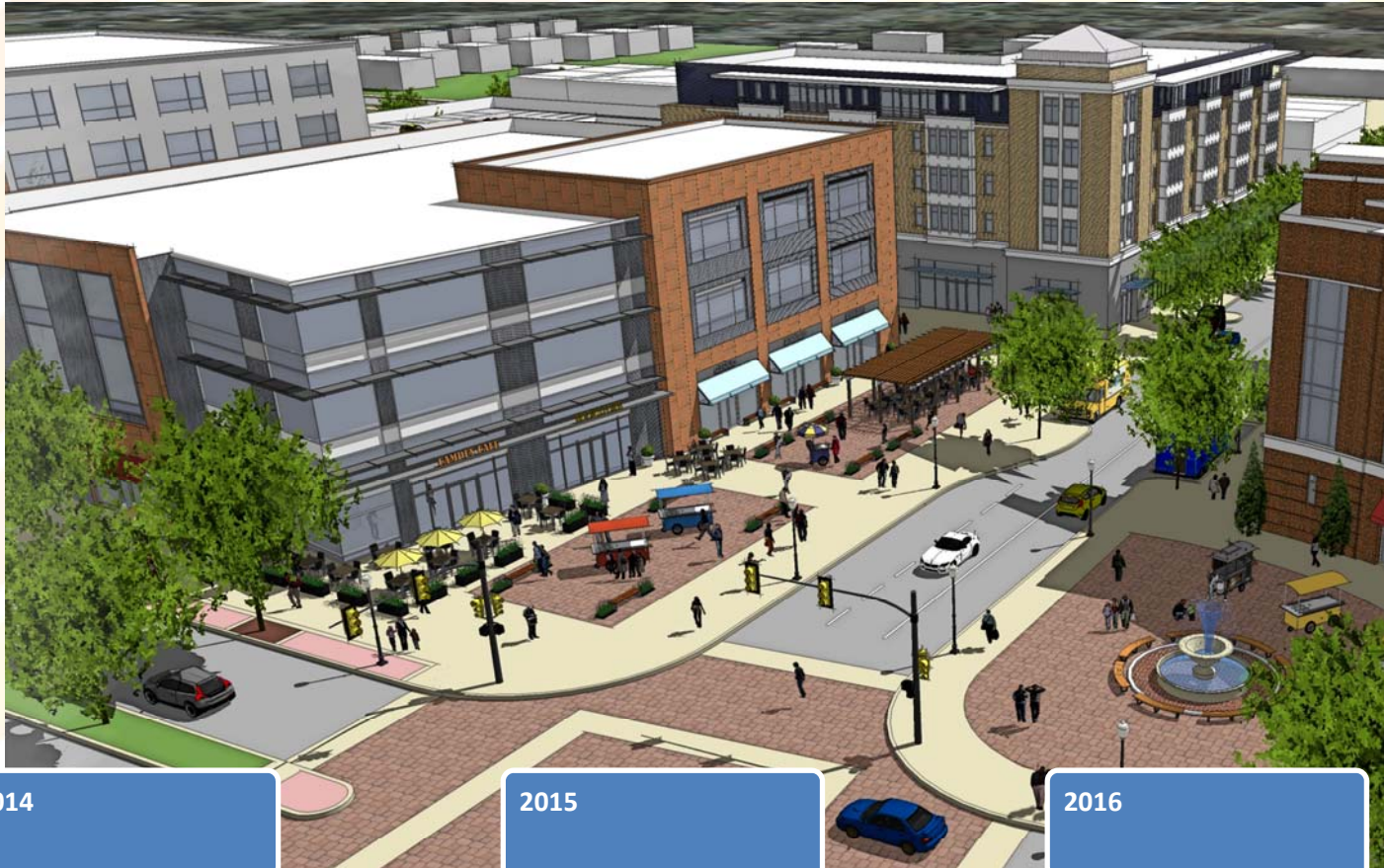
NOTE: It is anticipated that \$15-\$19 Million will be from outside sources. The balance will be paid through leases.

Financial

Tenant	Square Feet (approximately)	Lease per year (not to exceed)	Approximate annual cost if this partnership were not leveraged*
UNCG	33,000	\$775,500	\$1,006,500
NCA&T	25,000	\$587,500	\$762,500
GTCC	25,000	\$587,500	\$762,500
Cone	20,000	\$470,000	\$610,000
TOTAL	103,000	\$2,420,500	\$3,141,500

NOTE* This estimation still fails to take into account the additional losses associated with economies of scale (by working together vs. separate projects, including the synergy achieved by sharing a larger sim lab and any potential collaborative programs that may emerge).

Union Square Campus Rendering and Timeline



2014

- **February**
Formal Design Starts
- **April**
Selection of Partners/Providers
- **December**
Complete Design

2015

- **February**
Construction starts

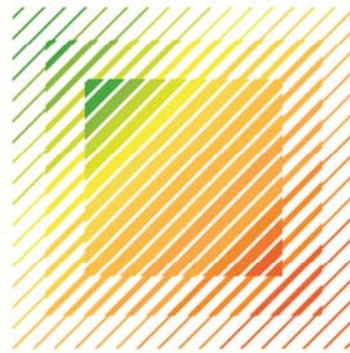
2016

- **May**
Construction Completion
- **June**
Occupancy

Action Requested by UNC Board of Governors

Authorize NCA&T and UNCG to acquire space by lease for ten years as part of a public-private partnership in the Union Square Campus, Inc. facility to house expansion of their respective nursing programs





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UNCG Pedestrian Underpass Location Before



UNCG Pedestrian Underpass Location After



UNCG Spartan Village Location at Highland Avenue and Union Streets - Before



UNCG Spartan Village Location at Highland Avenue and Union Streets - After



UNCG Spartan Village Location at Union Street - Before



UNCG Spartan Village Location at Union Street - After



Looking West on Lee Street at UNCG Spartan Village Location - Before



Looking West on Lee Street at UNCG Spartan Village Location - After



Intersection of W. Lee Street and Lexington Avenue - Before



Intersection of W. Lee Street and Lexington Avenue - After

