

Disposition of Property by Ground Lease — NC State University

ISSUE OVERVIEW

The University of the North Carolina System institutions are required to request authority from the University of North Carolina Board of Governors to proceed with certain acquisitions and dispositions of real property. The NC State University Board of Trustees requests authorization for the disposition of property by lease of 40 acres on the Centennial Campus, Hillsborough Street, Raleigh, North Carolina.

NC State currently ground leases to the NCSU Foundation, Inc., the 40 acres that is the subject of this request. The land is subleased to the NC State University Club (UClub), an associated entity of NC State that operates a recreational club with membership of various classes serving NC State faculty, staff, alumni, and others. The new lease will be to CBC Land I, LLC, also an associated entity of NC State that manages real property for this portion of the Centennial Campus. This proposed lease supersedes the lease to the NCSU Foundation, Inc. CBC Land I, LLC, will in turn sublease the land to the UClub. The term of the proposed lease is 99 years for nominal consideration.

The superseding lease disposal moves between NC State-associated entities the responsibility to sublease to the UClub and brings the operation of similar arrangements with increased oversight and structure for real estate business operations.

The NC State Board of Trustees approved the disposition by lease on April 26, 2024.

RECOMMENDATION

It is recommended that the Board of Governors approve this request.

**DISPOSITION
OF REAL PROPERTY**

DISPOSITION OF REAL PROPERTY BY LEASE

LESSOR	The State of North Carolina, North Carolina State University
LESSEE	CBC Land I, LLC (an Associated Entity of NC State University)
LOCATION	Centennial Biomedical Campus, Raleigh, NC
SIZE	Approximately 40 acres of land
RATE	Nominal
TERM	99 years
USE	Disposition by ground lease to facilitate restructuring of sub-ground lease to the North Carolina State University Club for continued operation of a university recreation club in support of NC State University.

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
DISPOSITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University

Date: April 26, 2024

The Department of Administration is requested, as provided by GS §146-28 et seq., to dispose of the real property herein described by *purchase, lease, rental, or other (specify)*. Ground Lease

This disposition is recommended for the following reasons

This disposition allows for the restructuring of the sub-lease to the North Carolina State University Club (UClub) for continued operation of a university recreation club.

Currently the UClub operates on this property as a sub-tenant of the North Carolina State University Foundation, Inc. (NCSU Foundation) under a previously executed ground lease between the State of NC and the NCSU Foundation (1960, amended 1979) that will expire in 2059.

This new lease between the State of North Carolina and CBC Land I, LLC (CBC Land) will supersede the existing ground lease between the State of North Carolina and the NCSU Foundation and initiate a new 99-year ground lease term between the State of NC and CBC Land. Concurrent to execution of this ground lease, CBC Land will enter a new sub-ground lease with the UClub for a period of sixty (60) years and will retain the opportunity to provide additional sub ground lease term extensions to the UClub (subject to the 99-year term limit of its ground lease) as it deems appropriate.

Description of Property: *(Attach additional pages if needed.)*

Approximately 40 acres of land located on Hillsborough Street adjacent to I-440. This land is designated as part of NC State's Centennial Biomedical Campus.

Estimated value: N/A – Associated Entity Transaction

Where deed is filed, if known: N/A

If deed is in the name of agency other than applicant, state the name: N/A

Rental income, if applicable, and suggested terms: N/A

Funds from the disposal of this property are recommended for the following use: N/A

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Board of Trustees and is recorded in the meeting minutes thereof on 4/26/2024 (date).

Signature:

Title:


Asst. Secretary, Board of Trustees

TRANSMITTAL OF REQUEST FOR ACQUISITION/DISPOSITION OF REAL PROPERTY

Form

Number: PO-2

Date: April 26, 2024

Request: Disposition by Ground Lease of approximately 40 acres of land located on Hillsborough Street to CBC Land I, LLC. Disposition is recommended to allow for the restructuring of the sub-ground lease with the North Carolina State University Club, an associated entity, for continued operation of a university recreation club.

Institution NORTH CAROLINA STATE UNIVERSITY


RECOMMENDED BY CHANCELLOR, NCSU


(Chancellor's Signature)

RECOMMENDED BY COMMITTEE ON
BUILDINGS AND PROPERTY


(Chairman's Signature)

RECOMMENDED BY BOARD OF TRUSTEES,
NCSU


(Chairman's Signature)

RECOMMENDED BY BOARD OF GOVERNORS

(Secretary's Signature)

Disposition by Ground Lease of +/- 40 acres of land located along Hillsborough Street to CBC Land I, LLC to facilitate a sub-lease for the continued operation of the North Carolina State University Club, an associated entity.

