

## **Acquisition of Property by Deed (Raven Rocks Residence Hall) – Appalachian State University**

### **ISSUE OVERVIEW**

The Board of Trustees of Appalachian State University requests approval to purchase Raven Rocks Residence Hall (Building 200) from Beyond Boone 200, LLC, under an option in the P3 agreement.

Appalachian State University entered into a ground lease with Beyond Boone 200 LLC to develop, construct, furnish, equip, and operate a P3 housing project. The construction of Raven Rocks Residence Hall (also referred to as Building 200) was included in the P3 agreement and included an option for Appalachian State University to purchase Raven Rocks Residence Hall upon completion. The new residence hall is 84,362 gross square feet, four stories with a basement, and includes 322 beds. The building was constructed under the jurisdiction of the State Construction Office and was granted a certificate of beneficial occupancy on August 6, 2020.

Appalachian State University has unapplied proceeds of General Revenue Bonds, Series 2016C, that were previously issued to finance the replacement of Winkler Hall, an existing residence hall on campus. The project was unable to proceed because the bids were not within budget when the bonds were issued. The proceeds of the 2016 C Bonds, together with additional funds from university housing reserves, will be used to acquire Raven Rocks Hall. Following purchase, the building will be operated and maintained by the university. The appraised value is \$28,845,000.

The Board of Trustees for Appalachian State University approved the resolution to purchase Raven Rocks Residence Hall on September 25, 2020.

### **RECOMMENDATION**

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

**STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION**

**\*ACQUISITION OF REAL PROPERTY**

Institution or Agency: **Appalachian State University**

Date: **September 16, 2020**

The Department of Administration is requested, as provided by GS §146-22 et seq., to acquire the real property herein described by *purchase, lease, rental, or other (specify)*. **Purchase**

This Property is needed for the following reasons and purposes: *(Attach additional pages if needed.)*

**The property is a 322-bed residence hall constructed as a part of a three-phase public private partnership re-developing 14 acres of Appalachian State University's campus. The new residence hall is a leasehold improvement made by Beyond Boone 200 LLC on existing property owned by the State of North Carolina for the benefit of Appalachian State University, currently leased to Beyond Boone 200 LLC.**

**The State of North Carolina holds the fee simple title to existing property on the campus of Appalachian State University designated as a Millennial Campus pursuant to Article 21B of Chapter 116 of the NC General Statutes. The University of North Carolina System delegated authority to Appalachian State University to lease real property located on a Millennial Campus for a period up to 99 years on October 10, 2018, and after receiving this authority, Appalachian State University entered into a ground lease agreement with Beyond Boone 200 LLC to develop, finance, construct, furnish, equip and operate a student housing facility called Raven Rocks Residence Hall (also referred to as Building 200) on the property. PNC Bank, NA provided interim financing to Beyond Boone 200 LLC on February 1, 2019 for the purpose of financing the costs of designing, acquiring, constructing, furnishing and equipping the improvements on the property, called Raven Rocks Residence Hall. Under the terms of the Ground Lease between Appalachian State University and Beyond Boone 200 LLC, the University has the option to either purchase Raven Rocks Residence Hall or amend the terms of the existing Ground Lease to accommodate the long-term operation of Raven Rocks Residence Hall as privatized housing.**

**The University intends to execute the option for purchase by terminating the ground lease with Beyond Boone 200 LLC, paying the principal and associated interest and fees for the construction loan between Beyond Boone 200 LLC and PNC Bank, NA. The ground lease between Appalachian State University and Beyond Boone 200 LLC defined the purchase price of Beyond Boone 200 LLC's right, title, and interest in Raven Rocks Residence Hall as the principal balance then outstanding of the construction loan, plus all interest accrued through the date of payment, plus any other charges due and payable under the Loan Agreement with PNC Bank, NA, along with any associated closing costs.**

**The Raven Rocks Residence Hall was constructed under the jurisdiction of the State Construction Office who reviewed and approved all plans and specifications prior to**

APPENDIX E

construction. The State Construction Office assigned a construction monitor and provided regular monitoring visits. Raven Rocks Residence Hall received a certificate of beneficial occupancy from the State Construction Office on August 6, 2020 and will receive a final occupancy certificate from the State Construction Office within ninety (90) days of the receipt of beneficial occupancy.

Name and Address of Present Owner:

**Beyond Boone 200 LLC**

**2600 Willow Street Pike N, PMB 218**

**Willow Street, PA 17584**

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

**The improvements on the ground leased property are a 322-bed residence hall constructed between February 2019 and August 2020. It is located at 176 Jack Branch Road in Boone, North Carolina.**

**The building is 84,362 gross square feet with a net square footage of 69,134. The building is constructed as four stories with a basement; occupancy uses of R-2, A-3 and S-2; Wood trusses with wood studs; Single-ply roof above deck over insulation on sheathing and engineered wood trusses; and, full NFPA 13 sprinkler system.**

Estimated value: **\$28,845,000**

Rental price *(if applicable)*: **N/A**

Funds for the acquisition of this property are available in our budget under Code: \_\_\_\_\_, Item: \_\_\_\_\_, Other: **Proceeds from Appalachian State University's General Revenue Bonds, Series 2016C together with funds available in a Trust Fund held by Appalachian State University for the purpose of University Housing on Appalachian's campus.**

In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details.

**There are no other alternative properties available that meet the requirements of the university.**

*(Complete if Agency has a Governing Board.)*

Action recommending the above request was taken by the Governing Board of **the University of North Carolina System** and is recorded in the minutes thereof on \_\_\_\_\_ (date).

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

\*The term "real property" includes timber rights, mineral rights, etc. (GS §146-64)

## Location and Overview of Raven Rocks Residence Hall Appalachian State University

