

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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SENATE BILL 692*
Appropriations/Base Budget Committee Substitute Adopted 6/1/05
House Committee Substitute Favorable 7/13/05
Fourth Edition Engrossed 7/21/05

Short Title: Green Square Project.-AB

(Public)

Sponsors:

Referred to:

March 21, 2005

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE GREEN SQUARE PROJECT.

Whereas, the Green Square Project is an innovative partnership that involves private and State agencies in the development of the city block in downtown Raleigh just west of the Museum of Natural Sciences (Museum); and

Whereas, this project would finance and construct a new 60,000-square-foot State Employees' Credit Union (SECU) financial services center, a 170,000-square-foot office building for the Department of Environment and Natural Resources (DENR), and a 95,000-square-foot Nature Research Center that engages the public in understanding the scientific research that affects our daily lives; and

Whereas, the Credit Union will finance and develop the project, and The Friends of the Museum will conduct a private capital campaign to address the Museum expansion; and

Whereas, DENR currently leases 165,000 square feet of office space in Raleigh at an annual cost of \$2,435,000, and the new office building could allow the relocating of environmental staff from dispersed areas to consolidate operation in the State Government Complex; and

Whereas, this would affect approximately 615 staff; and

Whereas, the financial strategy for use of offices in this new complex could be commensurate with rental space costs to DENR; and

Whereas, the Green Square partners have been in the planning phases for the past two years, the project has received endorsements from city, county, and State officials, as well as business leaders, the Capital Area Planning Commission approved the concept in November 2003, and the General Assembly approved a \$500,000 allocation of DENR capital funds in the FY 2005 Budget for planning the Green Square; and

1 Whereas, funding is in place for Schematic Design, but before this phase
2 begins, two aspects of the project need to be approved: the Financing Plan and the Land
3 Transfer Plan; and

4 Whereas, at the end of Schematic Design, the Credit Union will begin
5 financing the Green Square Project, the Credit Union will be responsible for financing
6 the full cost of site preparation, design, and construction of the key elements of the
7 Green Square Project, and the Credit Union intends to construct the Green Square and
8 associated parking deck in the block west of the Museum, excluding that portion of the
9 real estate occupied by the Offices of the Attorney General; and

10 Whereas, the Credit Union desires that the State sell the land in 2005 (other
11 than the property now owned by the Credit Union) to the Credit Union, in fee simple,
12 for one dollar; and

13 Whereas, the State will retain a right to reacquire the Green Square Project
14 property for the sum of one dollar in the event the Project does not go forward as
15 planned; and

16 Whereas, upon completion of construction, the Credit Union will be the
17 landlord for all of the occupants, the State will have an option to purchase all Green
18 Square property (except for the portion of property now owned by the State Employees'
19 Credit Union and rights to certain parking spaces in the parking deck) during the first 20
20 years after occupancy at an amount to be agreed upon between the State and the Credit
21 Union, such amount not to exceed the Credit Union's investment in the portion of the
22 Green Square Project to be leased to the Museum and DENR (calculated as described
23 below); and

24 Whereas, SECU will agree that if the improvements described above are
25 constructed as so described and the State does not exercise its option to repurchase the
26 land and improvements within 20 years, SECU will make a payment to the State in an
27 amount that reflects the then current market value of the land at the time of payment;
28 and

29 Whereas, the Museum will lease, with an option to purchase (under the State's
30 option to purchase described above), approximately 95,000 square feet in the Green
31 Square Project for the Nature Research Center; and DENR will lease, with an option to
32 purchase (under the State's option to purchase described above), approximately 170,000
33 square feet in the Green Square Project; and

34 Whereas, the Credit Union, Museum, and DENR intend that the lease
35 payments to be paid by the Museum and DENR be such that the Credit Union receives a
36 return on its total investment for construction costs for the site preparation, design, and
37 construction of the space in the building leased to the Museum and DENR; Now,
38 therefore,

39 The General Assembly of North Carolina enacts:

40 **SECTION 1.** The State of North Carolina shall convey to the State
41 Employees' Credit Union, a North Carolina Corporation, for consideration of one dollar
42 (\$1.00), title to the following described property:

43 **PROJECT SITE:**

1 The Green Square Project site is located diagonally and directly northwest of the State
2 Capitol grounds and is bordered on the south by Edenton Street, on the west by
3 McDowell, on the north by Jones, and on the east by Salisbury. The perimeter property
4 lines of the Green Square Project define a square measuring approximately 420 feet per
5 side. The Green Square Project site only includes the southwest, northwest, and
6 northeast quadrants of the square. The "Old Education Building" occupies the fourth
7 southeast quadrant. The Old Education Building will remain and will continue to be
8 occupied by the offices of the State Attorney General.

9 **SECTION 2.** The General Assembly makes the following findings and
10 authorizes the actions on behalf of the State set out in this section:

- 11 (1) The State Employees' Credit Union (SECU) owns a parcel of land
12 within the city block bounded by McDowell, Salisbury, Edenton, and
13 Jones Streets in the City of Raleigh, Wake County, North Carolina.
14 The rest of the real estate contained in the aforementioned block is the
15 property of the State of North Carolina.
- 16 (2) The SECU desires and intends to construct a building and associated
17 parking deck upon the real estate described in subdivision (1) of this
18 section, excluding that portion of the real estate occupied by the
19 Offices of the Attorney General, such building, parking deck, and
20 adjoining real estate hereinafter referred to as the "Green Square
21 Project". The SECU will be responsible for the full costs of site
22 preparation, design, and construction of the Green Square Project.
23 Construction of the Green Square Project will necessitate demolition
24 of certain structures already located thereon.
- 25 (3) The SECU desires that the State sell the land (other than the property
26 now owned by the SECU) to the SECU, in fee simple, upon which the
27 Green Square Project will be located to the SECU for one dollar
28 (\$1.00).
- 29 (4) The State will retain a right to reacquire the Green Square Project
30 property for the sum of one dollar (\$1.00) in the event the project does
31 not go forward as planned, except for the portion of property now
32 owned by the SECU.
- 33 (5) Upon completion of construction, the SECU will be the landlord for all
34 of the occupants. The State shall have an option to purchase all Green
35 Square property, excluding the property, both land and facility,
36 designed for and intended to be occupied by the SECU and the SECU's
37 ownership or other rights to certain parking spaces in the parking deck
38 during the first 20 years after occupancy. The purchase price shall be
39 an amount to be agreed upon between the State and the Credit Union,
40 such amount not to exceed the Credit Union's investment in the portion
41 of the Green Square Project to be leased to the Museum and DENR
42 (calculated as described below). SECU will agree that if the
43 improvements described above are constructed as so described and if
44 the State does not exercise its option to repurchase the land and

- 1 improvements within 20 years, the SECU will make a payment to the
2 State in an amount that reflects the market value of the land at the time
3 of payment.
- 4 (6) The Museum desires and intends to lease, with option to purchase
5 (under the State's option to purchase required by subdivision (5) of this
6 section), approximately 95,000 square feet in the Green Square
7 Project. The Museum shall have the right to consult upon and
8 ultimately approve the design applicable to the space the Museum
9 intends to occupy within the building, and the Museum will be
10 responsible for the cost of special upfitting to suit its specific Museum
11 purposes.
- 12 (7) DENR desires and intends to lease, with option to purchase (under the
13 State's option to purchase required by subdivision (5) of this section),
14 approximately 170,000 square feet in the Green Square Project. DENR
15 shall have the right to consult upon and ultimately approve the design
16 applicable to the space it intends to occupy within the building.
- 17 (8) SECU, The Museum and DENR intend and desire that the lease
18 payments to be paid by the Museum and DENR be such that the SECU
19 receives a return on its total investment for construction costs for the
20 site preparation, design, and construction of the space in the building
21 leased to the Museum and DENR, as the case may be, including
22 associated parking for those respective portions of the building. Lease
23 payments will be monthly, quarterly, or annually, as the parties
24 mutually determine to be agreeable after completion of construction
25 and occupancy of the space. The State, on behalf of the Museum or
26 DENR, may exercise its option to purchase all Green Square property,
27 excluding the property, both land and facility, designed for and
28 intended to be occupied by the SECU and the SECU's ownership or
29 other rights to certain parking spaces in the parking deck at any time.
- 30 (9) The parties agree to share initial architectural design costs for the
31 Pre-Design Phase with DENR and the Museum paying sixty-seven
32 percent (67%) and the Credit Union paying thirty-three percent (33%).
33 After completion of the Schematic Design Phase, DENR will obtain
34 final approval of the Green Square Project from the Capital Area
35 Planning Commission.
- 36 (10) Upon receipt of the approval set forth in paragraph 9, all further design
37 site preparation, design, and construction costs may be included by the
38 SECU, as part of its overall investment in the project and apportioned
39 appropriately among the project components (and included in the
40 calculation of lease payments or the purchase price of the Green
41 Square Project).
- 42 (11) All parties hereto desire, intend, and agree to use best efforts to secure
43 the requisite approvals to proceed with the Green Square Project. Upon
44 securing such approvals, the parties agree that the details of the Project

1 and the responsibilities of the respective parties shall be set forth in a
2 binding contract that shall be executed prior to the beginning of
3 construction. That contract will follow State laws and policies
4 concerning historically underutilized businesses. Such agreement may
5 contain the details of the lease payments to be paid by DENR and the
6 Museum during any period the facilities are leased by them, the terms
7 under which the State may exercise its options to purchase portions of
8 the building, and such other details as shall be necessary or
9 appropriate. Such agreement shall be entered into on behalf of the
10 State by the Secretary of Administration, subject to the approval of the
11 State Treasurer and the State Budget Officer.

12 (12) The State agrees and acknowledges that the SECU will at all times,
13 now and in the future, retain full ownership and title to the portion of
14 the new facility under the control of SECU and the associated land and
15 parking.

16 **SECTION 3.** This act is effective when it becomes law.