

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

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**SENATE BILL 692\***

Short Title: Green Square Project.-AB (Public)

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Sponsors: Senators Rand; Berger of Franklin, Bingham, Cowell, Dorsett, Graham, Horton, Malone, Purcell, and Stevens.

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Referred to: Appropriations/Base Budget.

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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 June 2006  
11 (other than the property now owned by the Credit Union) to the Credit Union, in fee  
12 simple, for one dollar \$1.00; and

13           Whereas, the State will retain a right to reacquire the Green Square Project  
14 property for the sum of (\$1.00) in the event the Project does not go forward as planned;  
15 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 the total cost of site preparation, design, and construction and  
21 the land cost of \$1.00, less any Principal Payments previously made, plus any accrued  
22 and unpaid interest; and

23           Whereas, if the State does not exercise its option to repurchase the land and  
24 improvements within 20 years, SECU will have the right to purchase the land from the  
25 State at the then current market value; and

26           Whereas, the Museum will lease, and then purchase, approximately 95,000  
27 square feet in the Green Square Project for the Nature Research Center; and DENR will  
28 lease approximately 170,000 square feet in the Green Square Project; and

29           Whereas, the Credit Union, Museum and DENR intend that the lease rate be  
30 such that the Credit Union receives a return on its total investment for construction costs  
31 for the site preparation, design and construction of the space in the building leased to the  
32 Museum and DENR (Principal Investment) in accordance with the financing approved,  
33 plus an agreed upon schedule for the repayment of the Principal Investment; and

34           Whereas, the Museum and DENR are allowed to repay the Principal  
35 Investment at any time, without penalty, and the lease payments after such payment of  
36 the Principal Investment shall be recalculated on the balance; Now, therefore,  
37 The General Assembly of North Carolina enacts:

38           **SECTION 1.** The State of North Carolina shall convey to State Employees  
39 Credit Union, a North Carolina Corporation, for consideration of \$1.00, title to the  
40 following described property:

41 **PROJECT SITE:**

42 The Green Square Project site is located diagonally and directly northwest of the State  
43 Capitol grounds and is bordered on the south by Edenton Street, on the west by  
44 McDowell, on the north by Jones, and on the east by Salisbury. The perimeter property

1 lines of the Green Square Project define a square measuring approximately 420 feet per  
2 side. The Green Square Project site only includes the southwest, northwest and  
3 northeast quadrants of the square. The "Old Education Building" occupies the fourth  
4 southeast quadrant. The Old Education Building will remain and will continue to be  
5 occupied by the offices of the State Attorney General.

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

8 (1) The State Employees' Credit Union (SECU) owns a parcel of land  
9 within the city block bounded by McDowell, Salisbury, Edenton and  
10 Jones Streets in the City of Raleigh, Wake County, North Carolina.  
11 The rest of the real estate contained in the aforementioned block is the  
12 property of the State of North Carolina.

13 (2) The SECU desires and intends to construct a building and associated  
14 parking deck upon the real estate described in subdivision (1) of this  
15 section, excluding that portion of the real estate occupied by the  
16 Offices of the Attorney General, such building, parking deck, and  
17 adjoining real estate hereinafter referred to as the "Green Square  
18 Project". The SECU will be responsible for the full costs of site  
19 preparation, design and construction of the Green Square Project.  
20 Construction of the Green Square Project will necessitate demolition  
21 of certain structures already located thereon.

22 (3) The SECU desires that the State sell the land (other than the property  
23 now owned by the SECU) to the SECU, in fee simple, upon which the  
24 Green Square Project will be located to the SECU for \$1.00.

25 (4) The State will retain a right to reacquire the Green Square Project  
26 property for the sum of \$1.00 in the event the project does not go  
27 forward as planned, except for the portion of property now owned by  
28 the SECU.

29 (5) Upon completion of construction, the SECU will be the landlord for all  
30 of the occupants. The State will have an option to purchase all Green  
31 Square property, excluding the property, both land and facility,  
32 designed for and intended to be occupied by the SECU and the  
33 SECU's ownership rights to certain parking spaces in the parking deck  
34 during the first 20 years after occupancy at the total cost of site  
35 preparation, design, and construction and the land cost of \$1.00, less  
36 any Principal Payments previously made, plus any accrued and unpaid  
37 interest. If the State does not exercise its option to repurchase the land  
38 and improvements within 20 years, the SECU will have the right to  
39 purchase the land from the State at the then current market value.

40 (6) The Museum desires and intends to lease approximately 95,000 square  
41 feet in the Green Square Project. The Museum shall have the right to  
42 consult upon and ultimately approve the design applicable to the space  
43 the Museum intends to occupy within the building, and the Museum

1 will be responsible for the cost of special upfitting to suit its specific  
2 Museum purposes.

3 (7) DENR desires and intends to lease approximately 170,000 square feet  
4 in the Green Square Project. DENR shall have the right to consult  
5 upon and ultimately approve the design applicable to the space it  
6 intends to occupy within the building.

7 (8) SECU, Museum and DENR intend and desire that the lease rate be  
8 such that the SECU receives a return on its total investment for  
9 construction costs for the site preparation, design and construction of  
10 the space in the building leased to the Museum and DENR with an  
11 agreed upon schedule for the repayment of the Principal Investment.  
12 The Museum and DENR are allowed to repay the Principal Investment  
13 at any time, without penalty, and the lease payments after such  
14 payment of the Principal Investment shall be recalculated on the  
15 balance. Lease payments will be monthly, quarterly, or annually, as the  
16 parties mutually determine to be agreeable after completion of  
17 construction and occupancy of the space.

18 (9) The parties agree to share initial architectural design costs for the  
19 Pre-Design Phase and the Schematic Design Phase with DENR and the  
20 Museum paying 67% and the Credit Union paying 33%. After  
21 completion of the Schematic Design Phase, DENR will obtain final  
22 approval of the Green Square Project from the Capital Area Planning  
23 Commission.

24 (10) Upon receipt of the approval set forth in paragraph 10, all further  
25 design site preparation, design, and construction costs shall be  
26 capitalized by the SECU, as part of the overall project cost and  
27 apportioned appropriately among the project participants.

28 (11) All parties hereto desire, intend and agree to use best efforts to secure  
29 the requisite approvals to proceed with the Green Square Project. Upon  
30 securing such approvals, the parties agree that the details of the Project  
31 and the responsibilities of the respective parties shall be set forth in a  
32 binding contract that shall supercede this Memorandum of  
33 Understanding and be executed prior to the beginning of construction.

34 (12) All parties agree and acknowledge that the SECU will at all times, now  
35 and in the future, retain full ownership and title to its new facility and  
36 the associated land and parking.

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