ACTION ITEM: Ground Lease and Lease Back for Tower Village II

BACKGROUND INFORMATION:

The Strategic Housing Plan presented to the Board of Trustees on August 17, 2009, includes construction of additional residence halls on campus. The university intends to proceed with the planning and construction of a new residence hall with approximately 400 beds. The University has determined that the best method to have this facility completed is a lease/build through the Capital Facilities Foundation.

In April 2007 the Board of Trustees approved the 2007 Campus Master Plan Update, which identified sites at the corner of Spring Garden and Kenilworth Streets as sites for future residence halls. The Board of Trustees was asked to reaffirm this site in action item BAC-1 of this meeting.

The purpose of this action is to request approval from this Board to (1) enter into a 30-year lease/build arrangement with the Capital Facilities Foundation, on land owned by the State of North Carolina (UNCG campus), on which an approximately 400-bed student residential facility will be constructed and (2) enter into a 30-year lease-back arrangement with the Foundation in which the University will have the option to lease back the facility or purchase back the facility using its legislative authority to issue bonds to finance the purchase.

RECOMMENDED ACTION:

That the Board of Trustees of The University of North Carolina at Greensboro approve financing and constructing a new residence hall located on a portion of the land bounded by Spring Garden Street, Kenilworth Street, Oakland Avenue, and the existing Tower Village complex under the lease/build structure as follows:

- That land is leased by the State of North Carolina to the Capital Facilities Foundation, for a period of 30 years with one 10 year renewal option.
- That the Capital Facilities Foundation contracts for the construction of an approximately 400-bed student housing facility according to plans and specifications approved by the University, the Foundation, and the North Carolina Department of Administration.
- Upon completion of the building, in accordance with the plans and specifications approved by the University, the Foundation, and the North Carolina Department of Administration, the University is authorized to enter into a 30-year lease-back with one 10 year renewal option with the Capital Facility Foundation, Inc. The University will lease-back the approximately 400-bed residential facility and
operate it as part of the student housing program. The University will pay the Foundation rental for the student housing facility in an amount sufficient to totally amortize the cost of the project over the 30-year term of the lease or upon future approval of the UNCG Board of Trustees, purchase of the facility from the foundation.

Reade Taylor
Vice Chancellor for Business Affairs