BOARD OF TRUSTEES
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO

February 16, 2012

ACTION ITEM: Lease Terminations and Property Acquisition of Jefferson Suites

BACKGROUND INFORMATION:

At the September 10, 2009 meeting, this Board authorized the University to proceed with planning and constructing a new 400-bed residence hall (The "Project"). The University determined that the best method to have this facility completed in a timely manner was to proceed with a lease/build through the Capital Facilities Foundation, Inc. (CFF). At the April 15, 2010 meeting, this Board approved a site location and exterior elevations for this new residence hall on land which is part of the UNCG campus bounded by Spring Garden Street on the north and Kenilworth Street on the east.

At the April 15, 2010 meeting the Board approved and authorized the University to proceed with the ground lease of state land to the CFF for construction of the Project and a long-term lease of the Project from CFF. Lease payments would be made from Housing System net revenues.

The State of North Carolina on behalf of the University entered into a 30-year lease with a 10-year renewal option with CFF on April 22, 2010, and pursuant to a Use Agreement between CFF and the University, the University agreed to operate the Project as part of its student-housing program and to assume the responsibilities of the State under the lease. The University was also authorized, at any time during the lease, to purchase the Project.

The University has determined that this is the appropriate time to exercise its option to purchase the Project from CFF for the amount required to discharge the obligations of the CFF to Bank of America with respect to the financing of the project, in an amount not to exceed $31 million, plus any accrued interest (the "Purchase Option Price"). The Board approved the issuance of long-term debt through special obligation bonds to fund the purchase of the Project at the September 15, 2011 Board meeting.

The purpose of this action is to request approval from this Board to terminate the ground and operating leases, purchase the Project, and authorize the administration to seek appropriate approval from the Board of Governors, and notify and work with the State Department of Administration to secure approvals through the Council of State.

RECOMMENDED ACTION:

That the Board of Trustees of The University of North Carolina at Greensboro approve the termination of the ground and operating leases; proceed with the purchase of the Project from the Capital Facilities Foundation, Inc. for an amount not to exceed the Purchase Option Price; and to
authorize the administration to work within the guidelines, procedures, and policies of the Board of Governors, the North Carolina Department of Administration and the Council of State to complete this transaction.

Reade Taylor
Vice Chancellor for Business Affairs

Cheryl Callahan
Vice Chancellor for Student Affairs