

Board of Trustees
The University of North Carolina at Greensboro
February 19, 2015

Action Item

BOT-3

Authorization of project and lease for Spartan Village Student Housing – Phase II

Background Information

The Capital Facilities Foundation, Inc., (CFF) a North Carolina nonprofit corporation wholly controlled by UNCG intends to construct 330 beds of student housing and retail space on land owned by the foundation, contiguous to an existing 870 beds student housing complex (Spartan Village Student Housing Phase I) owned by UNCG. The location of the proposed project is consistent with UNCG's Master Plan. The total budget for the project is \$48 million. When completed, this project will link the Phase I development to the new Student Recreation Center and the new pedestrian underpass. It is anticipated that the new housing will be available for occupancy in the fall of 2017.

Spartan Village is being developed in support of the UNCG Strategic Housing Plan approved by UNCG Board of Trustees. The plan recognizes the correlation between on campus living and student success and recommends housing up to 45% of enrollment. UNCG students that live on campus have graduation rates between 5% and 15% higher than their counterparts that did not live on campus. Records also show that on-campus residents are retained at UNCG from 5% to 11% more than those that live off campus.

During the last three years, UNCG has housed between 33% and 36% of full-time enrollment with occupancy rates at or above 100% at fall move-in. Based on current projections, UNCG's enrollment is expected to grow 2% in the fall of 2016. The additional 330 beds will bring the total number of student beds at UNCG to 5,670. Under the lease, UNCG will operate and manage the facility through the housing and campus enterprises systems.

The CFF will secure financing for construction using UNCG's commitment to lease the project. UNCG's most recent bond rating review completed in the summer of 2014 included the commitment to this lease.

The purpose of this action is to request this Board to authorize this project and the University administration to enter into a 30 year lease arrangement with the CFF for Spartan Village Student Housing Phase II. Under the terms of the lease the University will lease these facilities and operate the residential facilities as part of their student-housing program. The University will pay to the CFF rental for these facilities in an amount sufficient to totally amortize the cost of the project or upon future approval of the UNCG Board of Trustees, purchase the facility from the CFF.

Requirement

In accordance with the legislation contained in North Carolina General Statutes concerning the acquisition and leasing of property, action is needed by the Board of Trustees to proceed.

Recommended Action

The Board of Trustees of The University of North Carolina at Greensboro authorizes the University administration to proceed with this project and to approve the following resolution that allows UNCG to enter into lease arrangements with the Capital Facilities Foundation, Inc. for Spartan Village Student Housing Phase II. Further, the Board authorizes the administration to seek approvals from the President/Board of Governors and work with the State Property Office as required under State law and Board of Governors regulations.



Charles Maimone
Vice Chancellor for Business Affairs

RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO AUTHORIZING AGREEMENTS RELATED TO THE ACQUISITION AND CONSTRUCTION OF PRIVATE HOUSING FACILITIES ADJACENT TO THE CAMPUS OF THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO

WHEREAS, the Board of Trustees (the “*Board*”) of The University of North Carolina at Greensboro (“*UNCG*”) has requested the State of North Carolina (the “*State*”), on behalf of UNCG, to enter into a lease agreement (the “*Lease*”) to be dated on or about June 1, 2015 (the “*Lease*”) by and between the Capital Facilities Foundation, Inc. (the “*Corporation*”), as lessor, and the State, as lessee, whereby the Corporation will lease to the State for a term of approximately thirty years (subject to renewal periods) the real property (the “*Project Site*”) on which the Corporation intends to construct student housing facilities containing approximately 330 beds and related common areas and retail facilities (the “*Project*”) and whereby UNCG will agree to pay Base Rentals and any Additional Rentals (as those terms are defined in the Use Agreement, hereinafter defined) to the Corporation;

WHEREAS, UNCG will operate and manage the Project under the terms of a Use Agreement dated on or about June 1, 2015 (the “*Use Agreement*”) between UNCG and the Corporation, whereby UNCG will agree to operate and manage the Project as part of its campus dormitory system and whereby UNCG has and will assume the obligations of the State under the Lease to pay Base Rentals and any Additional Rentals to the Corporation. Base Rentals are to be paid from (1) revenues of the Project and (2) to the extent such revenues are insufficient therefor, revenues received by UNCG from its dormitory system as described in the Use Agreement;

WHEREAS, UNCG and the Corporation will select a financial institution or institutions (collectively, if more than one, the “*Bank*”), and such Bank will advance an amount to the Corporation (the “*Advance*”) in order to enable the Corporation to acquire, construct and equip the Project;

WHEREAS, the Corporation, as assignor, will enter into an Assignment of Base Rentals, Leases and Use Agreement with the Bank, as assignee, to be dated on or about June 1, 2015 (the “*Assignment*”) whereby the Corporation will unconditionally and absolutely assign to the Bank all of its right, title and interest in the Lease and the Use Agreement (except for certain reserved rights under the Use Agreement) and whereby UNCG agrees to make Base Rental payments directly to the Bank with interest accruing on the principal amount of the Advance at a variable or fixed rate of interest, as described in the Use Agreement. Base Rentals will be paid from (1) Net Project Revenues and (2) Housing System Revenues after payment of UNCG’s General Revenue Debt as described in the Use Agreement;

WHEREAS, to further secure its obligation under the Assignment, the Corporation will execute and deliver a Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing (the “*Deed of Trust*”) to the deed of trust trustee named therein for the benefit of the Bank;

WHEREAS, there has been presented to the Board the Use Agreement, the Assignment, the Lease and the Deed of Trust;

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Authorization of Use Agreement and Assignment. That the form and content of the Use Agreement and Assignment be and the same hereby are in all respects authorized, approved and confirmed, and the Chancellor or Vice Chancellor for Business Affairs of UNCG be and they hereby are authorized, empowered and directed to execute, approve and deliver the Use Agreement and Assignment,

including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as shall to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the Use Agreement and Assignment, and the Chancellor or Vice Chancellor for Business Affairs of UNCG are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Use Agreement and Assignment as executed.

Section 2. Authorization of the Lease and Deed of Trust. That the form and content of the Lease and the Deed of Trust be and the same hereby are in all respects authorized, approved and confirmed.

Section 3. General Authority. From and after the execution and delivery of the documents hereinabove authorized, the Chancellor and Vice Chancellor for Business Affairs of UNCG are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to complete the transaction contemplated by the Use Agreement, the Assignment, the Deed of Trust or the Lease.

Section 4. Effective Date. This Resolution is effective on its adoption.

ADOPTED AND APPROVED this 18th day of February, 2015.

**THE BOARD OF TRUSTEES OF THE UNIVERSITY OF NORTH
CAROLINA AT GREENSBORO**

By: _____
Secretary

STATE OF NORTH CAROLINA)
)
COUNTY OF GUILFORD)

I, _____, the duly elected Secretary of the Board of Trustees of The University of North Carolina at Greensboro, ***DO HEREBY CERTIFY*** that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Trustees of The University of North Carolina at Greensboro at its meeting of February 18, 2015 and appearing in the minutes of such meeting.

WITNESS, my hand and the seal of The University of North Carolina at Greensboro this ____ day of February, 2015.

[SEAL]

Secretary