

# Business Affairs Committee Vice Chancellor Update



July 19, 2018



UNIVERSITY *of* NORTH CAROLINA WILMINGTON

# Agenda

- **P3 Housing Update**
- **Budget Update**

# P3 - Project Overview

- Public-private partnership between UNCW, Balfour Beatty Campus Solutions (BBCS), and Collegiate Housing Foundation (CHF)



- Four residential buildings
  - Approx. 1,800 beds
  - No standalone dining as part of P3 project
- \$121 million development budget
- Project financed and owned by CHF under a long-term Ground Lease

# P3 - Current Status

- UNCW obtained Board of Governors approval and entered into a Pre-Development Agreement with BBCS.
- UNCW signed Engagement Letter with CHF.
- Project team conducting site and environmental due diligence.
- Project team and UNCW continue to refine design prior to review by State Construction Office.

**Balfour Beatty**  
Campus Solutions  
Developer

  
CLARK NEXSEN  
Design Team

**Balfour Beatty**  
Construction  
General Contractor

 RBC  
Capital Markets  
Underwriter

 Collegiate Housing  
FOUNDATION  
Owner of Improvements

# P3 - Ground Lease to CHF

- UNCW will request delegated authority from Board of Governors to negotiate and enter into a Ground Lease Agreement with CHF.
- Ground Lease will include key terms:

<b>Financing</b>	100% of project costs financed by CHF. UNCW will not guarantee repayment of debt, and debt is non-recourse to UNCW.
<b>Ground Lease Term</b>	UNCW will ground lease project site to CHF for a term not to exceed 45 years.
<b>Ownership</b>	CHF will own the project improvements for the duration of the Ground Lease Agreement. At termination of the Ground Lease Agreement, CHF will transfer ownership of the improvements to UNCW.
<b>UNCW Option to Purchase</b>	UNCW may purchase the improvements by paying off any remaining debt, and thereby terminate the Ground Lease Agreement.
<b>Ground Rent</b>	CHF will pay UNCW ground rent amounting to all surplus revenues from the project.
<b>Mortgages and Liens</b>	No liens may encumber the State of North Carolina's fee interest in the project site. CHF may mortgage or place liens against its leasehold interest solely to secure initial financing of each phase of the project.
<b>Student Rental Fees</b>	Student tenants will pay rental fees to the project. Student fees are subject to approval by UNCW, provided that total revenues are sufficient for CHF to pay all operating expenses and debt service while complying with the required covenants.
<b>Project Governance</b>	UNCW and CHF will establish an Advisory Committee to manage the ongoing operation of the project. UNCW will control annual budgeting and capital reinvestment in the project through the Advisory Committee.

# P3 - Next Steps / Schedule

Date	Milestone
July 27, 2018	UNCW to request delegated authority from Board of Governors to negotiate & enter into a Ground Lease Agreement with CHF
September 2018	Design development complete
November 2018	BBCS to state a guaranteed maximum price (GMP)
November/December 2018	Targeted financial close
January 2019	Begin construction of Phase I
May 2020	Begin demolition of University Apartments and construction of Phase II
August 2020	Phase I ready for move-in

# Budget Update

- **State Legislature Adjourned**
- **Tuition Revenue**

# Budget Update - AY18-19 Legislative Highlights (Senate Bill 99/Session Law 2018-5)

- **Enrollment Growth** **\$48.2M R**
    - **UNCW request \$3.1M appropriation**  
**\*Allocation based on fall 2018 census date and 3-year average spring enrollment**
  
  - **Employee Compensation Salary Increase** **\$20M R**
    - **Five days bonus leave**
    - **Minimum for permanent employees \$31,200\***  
**\*Guidance pending**
  
  - **Lab Schools Operational Funding** **\$1M R**
    - **Approximately \$250K to UNCW**
  
  - **Faculty Recruitment & Retention** **\$.5M R**
- \$.5M NR**





# Budget Update - AY18-19 Legislative Highlights (Senate Bill 99/Session Law 2018-5)

- **Repairs & Renovations** **\$32.4M NR**
  - **Approximately \$1-1.5M to UNCW**
- **Capital Improvements**
  - **Randall Library Planning \$5.5M NR**
- **Other Items**
  - **NC Policy Collaboratory Research on Emerging Contaminates \$5M**  
**\*UNCW anticipates receiving a portion of this appropriation**

# Budget Update - AY17-18 Tuition Revenue

Dollars		FY 17-18 Budget	FY 17-18 Revenues	Budget to Actual Variance
Regular Term	Resident Students	\$47,645,929	\$48,864,114	\$1,218,185
	Non-Resident Students	<u>\$28,522,342</u>	<u>\$27,821,663</u>	<u>(\$700,679)</u>
	RTI Totals	\$76,168,271	\$76,685,777	\$517,506
Distance Education	Resident Students	\$12,064,340	\$11,386,106	<u>(\$678,234)</u>
	Non-Resident Students	<u>\$906,210</u>	<u>\$1,978,239</u>	<u>\$1,072,029</u>
	DE Totals	\$12,970,550	\$13,364,345	\$393,795
RTI & DE Subtotal		\$89,138,821	\$90,050,122	\$911,301