

Leases for Student Housing – Fayetteville State University

With approval from the Board of Governors and the Council of State in 2006 and 2007, Fayetteville State University is currently leasing 341 student residential beds at University Place Apartments. The facility is owned by the Fayetteville State University Housing Foundation, LLC, a special purpose entity created by the Fayetteville State University Foundation. In 2006, FSU leased 190 beds and 151 beds were added in 2007.

At this time, Fayetteville State University requests approval to renew the previously approved lease of 341 beds and approval to enter into a new long-term lease to acquire an additional 350 beds. The renewal of the existing lease will allow existing debt to be refinanced with significant savings in the cost of debt service. FSU students living on campus will benefit from the savings.

The additional beds will allow Fayetteville State University to replace Vance Residence Hall. Built in the 1960s, Vance Hall does not conform to current life safety code requirements or student expectations for collegiate housing. While Vance Hall is equipped with functioning smoke and fire alarms, structural issues prevent the building from being retrofitted with fire sprinklers and other life safety code measures. FSU's Chancellor and Board of Trustees have a goal of increasing retention and graduation rates at FSU to levels achieved at other comparably competitive institutions. The replacement of Vance Hall will enhance recruitment strategies that target and attract undergraduate students with a high probability of completing a degree, while continuing FSU's commitment to access, affordability, and diversity. Improved residential space will also entice a larger percentage of FSU students to live on campus.

FSU will lease no more than 10 acres of land on campus to Fayetteville State University Housing, LLC, which will construct up to 350 beds which would then be leased back to FSU at a projected annual cost equal to the required annual debt service plus incidental expenses

(consisting primarily of the cost of an annual audit). Current estimates are \$1.1 million per year. The cost charged to students would be consistent with the current rate structure for comparable FSU housing. Lease payments would be funded from student housing receipts.

This project is part of FSU's Campus Master Plan and was approved by the Board of Trustees. The lease of state land and the lease of the beds will be accomplished within the guidelines, procedures, and policies of the North Carolina Department of Administration and will be subject to approval by the Council of State.

It is recommended that the request from Fayetteville State University be approved and transmitted to the Council of State for final action.

RESOLUTION AUTHORIZING AGREEMENTS RELATED TO THE  
CONSTRUCTION AND LEASING OF PRIVATE HOUSING FACILITIES AT  
FAYETTEVILLE STATE UNIVERSITY.