



MEETING OF THE BOARD OF GOVERNORS  
Committee on Budget and Finance  
March 20, 2018

## AGENDA ITEM

A-7. Authorization of Predevelopment Agreement – UNCW .....Rick Whitfield

**Situation:** The University of North Carolina Wilmington requests that the Board of Governors authorize UNCW to enter into a predevelopment agreement in connection with the development of up to 1,800 beds on UNCW's Millennial Campus.

**Background:** The Board of Governors is authorized under G.S. 116-198.34 (1) to designate real property held by a constituent institution as a "Millennial Campus" of the institution, (2) to provide for the acquisition and construction of projects located on the Millennial Campus, and (3) to enter into contracts and agreements related to the acquisition and construction of such projects.

At UNCW's request, the Board previously designated a portion of the campus as a Millennial Campus to facilitate the development of a new student housing village. UNCW conducted a competitive RFQu and RFP process to solicit public-private partnership proposals for the development of the project. Based on the results of that process, UNCW determined that, when compared to UNCW's traditional delivery and financing options, a public-private partnership model would deliver additional value and savings to UNCW, reduce the timeframe for project delivery, and lower student rental rates necessary to support the project.

UNCW is requesting the Board's authorization to enter into a predevelopment agreement with the developer selected through a competitive procurement process.

**Assessment:** The predevelopment agreement will allow UNCW and the developer to continue to refine design concepts and related cost estimates to ensure project feasibility and affordability without causing a delay in the project's anticipated timeline. Under the predevelopment agreement, UNCW will be responsible for up to \$373,500 of the developer's advance planning costs prior to the negotiation and approval of the ground lease, but only if the project fails to move forward. If owed, such funds will be payable from housing reserves funded from housing receipts. If the project reaches financial close, all advance planning costs will be assumed by the nonprofit owner of the project. UNCW will request Board approval of the ground lease's terms and conditions once those terms have been finalized.

**Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.