

Submitted by: William Decatur, Vice President, Finance and Business Operations

**AUTHORIZATION TO FORM A PUBLIC-PRIVATE PARTNERSHIP WITH CORVIAS
CAMPUS LIVING, LLC TO OPERATE CAMPUS HOUSING FACILITIES**

Recommendation

It is recommended that the Board of Governors approve the following resolution:

Resolution

WHEREAS Wayne State University's on-campus housing facilities have been fully occupied since 2009; and

WHEREAS in 2014, 2015 and 2016, student occupancy exceeded on-campus capacity at fall opening, requiring WSU to house residents in temporary spaces on campus and in a local hotel; and

WHEREAS WSU desires to provide on-campus housing for all students who request it; and

WHEREAS in December 2014, WSU completed a student housing market demand analysis conducted by an external expert which identified a projected demand by 2020 for on-campus housing exceeding current capacity by nearly 800 beds; and

WHEREAS in January 2016 WSU completed a ten-year housing facilities' master plan to expand and improve all on-campus housing by 2026 through a combination of new construction and renovation and/or demolition of existing housing facilities; and

WHEREAS a goal of the housing facilities master plan is to minimize, to the extent possible, the impact on WSU's balance sheet and debt capacity; and

WHEREAS WSU wishes to retain ownership of its on-campus housing facilities and control of the residence life staffing and educational program; and

WHEREAS the Helen L. DeRoy Apartment Building has exceeded its useful life and the cost of renovations to that building is estimated to be over 65% of its replacement value; and

WHEREAS following extensive Request for Qualifications and Request for Proposals processes, WSU identified a private company, Corvias Campus Living, LLC ("Corvias") that WSU believes is best qualified to complete the construction, demolition and renovation activities in the housing facilities master plan and manage the on-campus housing portfolio over a 40-year term; and

WHEREAS, under the proposed arrangement, Corvias will be responsible for all aspects of housing property and asset management, including maintenance, janitorial, capital budgeting, and repair and replacement services, while WSU will retain responsibility for residence life staffing and programming and operations; and

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WHEREAS the arrangement contemplates that a non-WSU dedicated funding source will be created to provide funds for housing facility capital requirements, and for future renovations and/or construction during the 40-year term; and

WHEREAS initial funding of approximately \$300 Million in new, non-recourse debt will be obtained by an entity other than WSU, and will be used to defease WSU's existing housing facility debt, fund the construction of two new apartment buildings on Anthony Wayne Drive, fund the demolition of the Helen L. DeRoy Apartments on Anthony Wayne Drive, and fund the renovation of the Chatsworth Apartments; and

WHEREAS Corvias is liable for all pre-development costs to date, including design and pre-construction costs, and will remain so unless WSU elects for its own convenience to withdraw from this arrangement after Board approval and prior to finalization of contracts.

WHEREAS, the Administration will present to the Board of Governors for approval the design of the two new apartment buildings and the renovation of Chatsworth; and

WHEREAS nothing in this resolution is intended to authorize the Administration to undertake the construction or renovation of existing facilities using WSU funds, except in accordance with Board of Governors policy;

NOW THEREFORE the Board of Governors hereby authorizes WSU to enter into agreements with Corvias as described in this resolution, and authorizes the President or his designee to enter into contracts with Corvias Campus Living, LLC to obtain financing, design and construct two new apartment buildings on Anthony Wayne Drive, demolish the Helen L. DeRoy Apartments on Anthony Wayne Drive, renovate the Chatsworth Apartments, and manage WSU's housing facilities.