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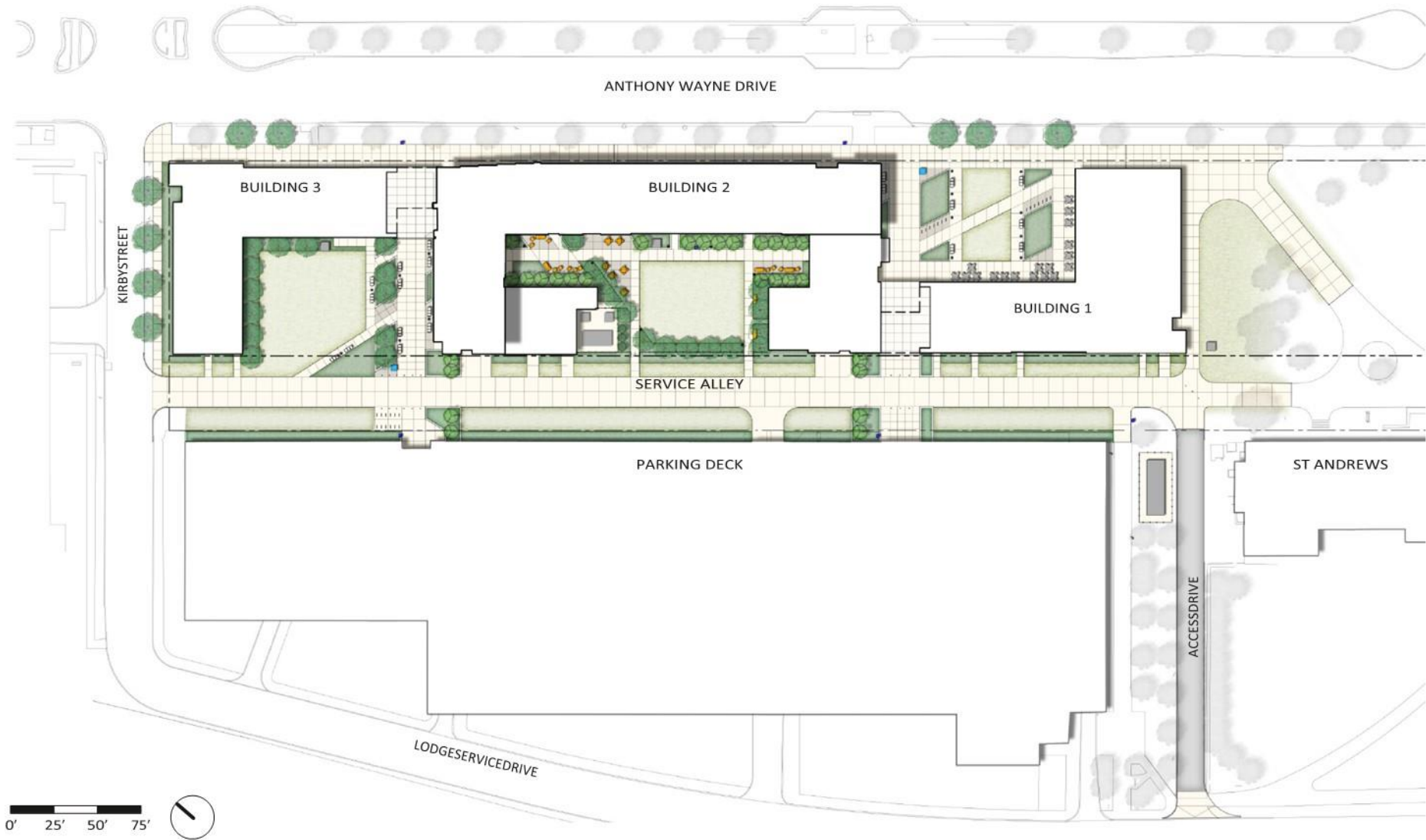
Corvias Housing Update

The following is an update to the Board of Governors regarding the Corvias partnership agreement and student housing transaction that the board approved on September 23, 2016

This update provides current renderings of the new student housing. In addition, during negotiations with Corvias there were some revisions to the original proposal. The accompanying PowerPoint and commentary will provide an update of those negotiations.

Board of Governors Corvias Housing Partnership Update

March 24, 2017






















Update on Key Financial Terms as of February 24, 2017

Transaction Structure & Key Terms

Comparison of P3 Models against WSU partnership goals

	OFF BALANCE SHEET	LIMITS CREDIT IMPACT	MAINTAIN INSTITUTIONAL CONTROL & IDENTITY	CASH FLOW TO UNIVERSITY	UNIVERSITY OWNS ASSETS
CONCESSION MODEL					
TAX EXEMPT PARTNERSHIP					
EQUITY PARTNERSHIP					

Partnership Terms	As Proposed	As of 2/8/17
Total Transaction	\$296.3m	\$298.0m
Project Cost	\$113.9m	\$119.0m
Debt Defeasance	\$102m	\$102m
Interest Rate	5.30%	6.00% (Approx. \$24.5m increase)
Corvias Fees	\$29.6m	\$23.5m (\$24.5m cap); \$7.4m at close and \$16m deferred with 0% interest. Pymts begin in Yr 5
Corvias Indirect Costs over 40 Yrs	\$31.3m	\$0m
Corvias Project Management Fees for life of program	\$123.1m	\$109.3m
Cash Flows to WSU over 40 Yrs	\$803m	\$648m
Residence Life Payments	100% before debt service	50% before debt service and 50% after debt service
Housing Rate Increases	Up to 3% per year. Any amount over 3% requires BoG approval	Stays the same with an additional increase of 2% in year one.

Approaches to Handle 90 Days of Interest Rate Risk

The current pro forma senior debt has an \$11m capital funding shortage for the program

- The ¼% of interest cushion equals approximately \$9m. If rates do not increase WSU can either add \$2.0m to the funding or a slight increase in subordinated residence life payments to cover the shortage
- Step-Coupon Bond Issuance: (Additional \$14.5m capital) Allows for a 15-year maturity which would have a lower rate of interest subject to reset or refinance. Locks in an interest rate at year 15 to protect from any interest rate volatility.
- Line of Credit: If interest rates increase the SPE could take out a line of credit to fund the Chatsworth renovation which is scheduled to start in 2019. The university would guarantee the loan. (2% Interest Rate)

Resolutions for Board Approval

- Increase of \$5.1m for Project
- One-time increase in housing rates
- Approval for possible line of credit guarantee.

Questions?