AUTHORIZATION TO CORVIAS CAMPUS LIVING – WSU, LLC CONDITIONAL TERM EXTENSION

Recommendation
The Administration recommends that the Board of Governors adopt the attached Resolution authorizing the conditional extension of the approved term of agreements with Corvias Campus Living – WSU, LLC for the financing, construction, renovation, management, operation, maintenance, and repair of on-campus student housing facilities.

Background and Project Description
At the September 23, 2016 Board of Governors meeting, the Board authorized the formation of a public-private partnership with Corvias Campus Living, LLC for the financing, construction, renovation, management, operation, maintenance, and repair of the University’s on-campus student housing facilities for a term of not to exceed forty (40) years. The bond issue by the LLC is expected to have a 35 year amortization. The lenders require that if the bonds are not paid off by year 40 as anticipated, the 40 year agreement with Corvias renews annually beyond the 40 year term until such time as the bonds are paid off.
RESOLUTION OF THE BOARD OF GOVERNORS OF WAYNE STATE UNIVERSITY
AUTHORIZING THE CONDITIONAL EXTENSION OF THE APPROVED TERM OF
AGREEMENTS WITH CORVIAS CAMPUS LIVING – WSU, LLC FOR THE
CONSTRUCTION AND OPERATION OF ON-CAMPUS STUDENT HOUSING
FACILITIES

WHEREAS, the Board of Governors of Wayne State University (the “Board”) is a constitutional body corporate established pursuant to Article VIII, Section 5 of the Constitution of Michigan of 1963, as amended, with general supervision of Wayne State University (the “University”) and the control and direction of all expenditures from the University’s funds; and

WHEREAS, by resolution adopted on September 23, 2016, the Board authorized the formation of a public-private partnership with Corvias Campus Living, LLC for the development, improvement and management of the University’s on-campus student housing facilities for a term of not to exceed forty (40) years (the “Original Term”); and

WHEREAS, under the terms of agreements (the “Agreements”) to be entered into between the Board and Corvias Campus Living – WSU, LLC, as concessionaire (the “Concessionaire”), the Concessionaire will be responsible for, among other things, obtaining project indebtedness (the “Project Indebtedness”) to provide financing for the construction of new student apartment buildings on Anthony Wayne Drive, the demolition of the Helen L. DeRoy Apartments, the renovation of the Chatsworth Apartments, the defeasance of certain existing indebtedness of the Board, and the funding of related operational and transaction costs and expenses; and

WHEREAS, the University has been advised by the Concessionaire that, in order to facilitate the successful marketing and sale of the Project Indebtedness and to provide additional assurances to prospective investors of the full and complete repayment of the Project Indebtedness, it is necessary for the Agreements to be subject to automatic extensions of the Original Term in the event that the Project Indebtedness is not paid in full as of the expiration date of the Original Term; and

WHEREAS, any required automatic extensions of the Original Term of the Agreements would be for successive periods of one (1) year each, until all Project Indebtedness has been paid in full; and

WHEREAS, in the exercise of its constitutional duties, the Board has determined that it is necessary and in the best interests of the University to authorize automatic extensions of the Original Term of the Agreements upon the terms and conditions provided herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF GOVERNORS OF WAYNE STATE UNIVERSITY, AS FOLLOWS:

1. The Original Term of the Agreements shall be for a period of not to exceed forty (40) years from the date on which the Concessionaire assumes full operational control of all of the
University’s existing on-campus student housing facilities in accordance with the terms of the Agreements; *provided, however, that* if it is determined to be in the best interests of the University by the President or the Vice President for Finance and Business Operations, Treasurer and Chief Financial Officer, the Agreements may provide that if all Project Indebtedness has not been paid in full as of the end of the Original Term, the Original Term of the Agreements shall be subject to automatic extensions for successive periods of one (1) year each, with an expiration date not later than the end of the one (1) year extension period in which all Project Indebtedness is paid in full.

2. All resolutions or parts of resolutions in conflict herewith are hereby repealed insofar as such conflict exists.