

**Minutes of the Special Meeting of the Board of Regents Finance Committee**

the larger Stakeholder Committee to identify the desired outcomes in regard to housing and dining facilities design and functionality.

Murray State is seeking a partner to develop, design, build, finance and potentially operate and maintain student housing and dining facilities on campus to assist with the recruitment and retention of the residential student population. This goal has remained at the forefront with regard to room and space design. Before a P3 project can begin, Springer II (old Franklin) will need to be razed and the Board approved this action at the March 11, 2022, Quarterly Meeting and also authorized the President or his designee to begin negotiations with the best suited developer and necessary partners for the Public-Private Partnership with the goal of finalizing a Pre-Development Agreement for review and

concept and allow for a great deal of natural light to flow into the building. The green space will also provide an inviting atmosphere for outside activities and relaxing. The second floor of the dining hall has been designed to be utilized for meeting space with a separate entrance and will have flexibility for a large meeting space or smaller, more intimate spaces. The second floor could also be utilized for overflow seating for events such as Midnight Breakfast and Homecoming activities. The dining hall will have a different look and feel than Winslow and will contain a mix of spaces. The students who served on the Stakeholder Committee identified the need for additional meeting spaces other than what is available in the Curris Center. The upper level of the new dining hall will also look out upon the green space that will be created once Hart Hall is razed. Confirmation was provided that the building is designed to allow for expansion on the north side if needed in the future. It was expressed that students will like the proposed layout and variety of food options. Mr. Looney attended almost all Student Government Association (SGA) meetings where it was clear students want dining options. Mr. Looney indicated he has been doing this work for a long time but the students on the Stakeholder Committee and SGA have been the most interactive groups he has ever participated with in his career and they provided invaluable feedback.

The lower level of the new dining hall will exit out facing Gilbert Graves Drive at the ground level. There will also be an entrance from the lawn area into the main dining hall and the upper level will also have a separate entrance. The primary focus of the lower level is to relocate housing, dining and auxiliary offices, as well as the Racer Card office and Fast Track, to provide a central location for students to access these services. Confirmation was provided that there will be parking for students who do not live on campus. ADA access has also represented a key component of the work undertaken. The incoming SGA President – Ellie McGowan – has been very intentional with regard to ADA access in the new buildings so this being included is very much appreciated.

This project will impact the parking spaces currently located around Hart Hall but one of the requirements for this project was that there would be a net neutral effect on parking. Parking is being moved from the middle of the Hart Hall space to the outside of the new buildings and appropriate locations have been identified. Confirmation was provided that access for emergency vehicles has also been taken into consideration as part of the design process. Vice President Dudley reminded the Board that removing interior parking in these areas has been part of the Campus Master Plan for some time in an effort to reduce the risk of pedestrian-traffic conflicts. A map showing the location of the replacement parking areas was provided. Development of the green space within the residential college complex will allow for more Homecoming and Move-In events, in addition to other opportunities for social interaction in a central location to where students are living. The project also includes plans to raze Winslow Dining Hall once the new facility is completed, further enhancing green space on the residential side of campus. Students have clearly conveyed that when they cross the pedestrian bridge they want to be able to disconnect from academics and unwind in an area that feels more like home. Confirmation was provided that there is currently sufficient parking for the residence halls, although it may not necessarily be located right in front of buildings. For most students, it is less than a five-minute walk from parking to the residential college area and this does not solely involve parking in the Stewart Stadium lot. Confirmation was provided that economy parking options will remain at Stewart Stadium. President Jackson added that the lighting plan that has been developed for campus will further enhance these parking areas from a safety standpoint as this is important to families and students. Confirmation was provided that the University has been very intentional in identifying ways students can live, work and play on campus without ever having to get into their vehicles. The Franklin Drive parking area will remain and will contain ADA parking and allow for emergency vehicle access. The two new residence halls will have a sweeping curve in front which will allow students to pull up and drop off their belongings and then park. The Racer Walk that will result from this work will allow students to go from Franklin College to Stewart Stadium, the Wellness Center and the CFSSB Center in a safe, well-lit environment. Renderings of the green space and new dining hall to be developed were provided. A great deal of discussion has centered on how to accessorize the green space to develop areas where students can gather and interact and this includes a courtyard in the middle that can be utilized for residential college and other events.

Vice President Dudley outlined the project structure for the new residence halls and dining facility. The University will partner with a 501(c)(3) non-profit foundation to finance the buildings. The developer – RISE – would also be party to that agreement. From the University's standpoint, there would be a relationship between these three parties. Murray State would not have a contract with an Architectural and Engineering (A&E) firm or a General Contractor as those components would be handled by the developer. A great deal of discussion has occurred with regard to schedule variables and those include negotiating and finalizing all components of this work, obtaining Board approval on

the PDA and the financial closing/land lease agreement, meeting key dates, unknown land conditions, developer partners/subcontractors supply of labor and materials, state code approvals and inspections. All buildings are planned to be opened by fall 2024. The University and RISE will continue to work to minimize these variables as much as possible but there are situations that will be out of the developer



undertaken in the most conservative manner possible – meaning it has been based on a project stand-alone basis with no University participation. The bond investors are being asked to underwrite the demand for student housing that is being brought to market at the needed rental rate and the institution's overall story. How this needs to operate and perform in order to make the investors whole was outlined. There is a lot of room to navigate changes in the market and increased University participation will lower debt service coverage which will also lead to a lowering of the interest rate associated with the bonds. This provides a tremendous amount of flexibility that will help RISE navigate the financial markets through the process.

Vice President Dudley confirmed that as she understands the statute, a P3 arrangement can contain multiple types of financing options. The University will need to go back to the state with the final Pre-Development Agreement for approval before construction can proceed. President Jackson confirmed that the statute granting a public-private partnership arrangement is very flexible in regard to different models that can be utilized. The University has authorization through the General Assembly for the P3 arrangement but the actual contract must be presented to the appropriate committee at the state level for final approval.

A graphic of the footprint of the residence halls and dining facility was presented and outlined in terms of where they will be located, the associated parking areas and scope of the construction site. A Pre-Development Cost Schedule was also provided. Costs included on this schedule are those related to A&E, surveys and permit and developer fees and the associated total was provided. The data was broken out by month and the University is currently in Month 1. RISE has already incurred many costs for the work they have undertaken as part of the design process and those costs will have accrued. At each level, if the project were to be halted before final close, an amount was provided that represents the University's obligation. If the agreement were to end, the University would be obligated to pay actual costs incurred at that point in time. These costs include the developer's fee and RISE would be at risk at 50 percent. If the project moves forward, all costs will be included in the financing arrangement chosen and paid accordingly. If the University was handling this process, the project would go out for bid at this point. With RISE handling the project, construction would begin immediately. RISE will provide the University with a schedule of costs incurred as this process moves forward and until a financing plan is secured.

The Phase I project schedule was also presented and all must adhere to this schedule in order to meet the fall 2024 occupancy deadline. At this time, the plan is for construction to begin on December 8, 2022. As soon as the Board approves a final Pre-Development Agreement, the Ground Lease is executed and the bond closing has occurred, construction can begin, barring any difficulty with weather and taking Finals Week into consideration. Confirmation was provided that this represents a normal timeline for these types of projects. A soft start is planned until exams are over. Work will then be undertaken to install fencing and rearrange signage and parking so when students return in the spring 2023 everything is set up and ready with as little disruption to campus as possible. Communication regarding these changes will be distributed throughout the fall semester, particularly for students who live in the residential complex area. In terms of when this project will be announced to the public, President Jackson indicated it will likely be done once the Board approves the final Pre-Development Agreement this fall. This represents a major transformational event on campus and needs to be recognized and highlighted in a suitable manner. Renderings will be provided to campus constituencies in centrally-displayed locations. Regent Crigler recognizes that RISE has undertaken a number of these projects but 18 months seems to be a tight schedule. Mr. Doss agreed that an aggressive timeline has been presented, which is the norm, but that varies dependent on the scope of the project, region of the country and other variables. All these variables were taken into consideration as the construction schedule was developed and RISE feels confident with the delivery schedule presented.

Mr. Doss gave a presentation on projects RISE has undertaken. The Murray State project fits particularly well within their wheelhouse, primarily related to student housing since 1995, for mainstream Tier I institutions. The single-contract P3 approach to deliver these facilities and delegate the delivery risk to a third-party partner is proposed. The housing schedule cannot be missed due to its critical nature to campus and the lack of available housing options should the schedule be delayed. Once financing closes, RISE is guaranteeing the budget and has developed the associated schedule and responsibility falls to them if they do not deliver. To date, RISE has done over \$ed vftn.1.63Qq0.00000912 0 612.5

has purposely decided not to pursue that work and focus on work along the eastern seaboard and throughout the southeast in order to bring its skill set and work closer to home. Over the past 26 years in the southeast, RISE has over \$2.5 billion in development value and 70 of 97 projects being undertaken are within the southeast region. Team members are assembled for each project to ensure value is maximized while increasing the odds for success. Notable projects include those at Louisiana State University, University of Georgia-East Campus, Appalachian State University in North Carolina, University of North Georgia-Dahlonega and the University of Louisiana-Lafayette. University staff will be touring the Appalachian State project soon as it is very similar to what is being proposed for Murray State. It is beneficial to be able to identify criteria early in the process so developers can move forward with confidence. Two recent projects have been featured on the cover of *Student Housing Business* which is the magazine for the industry. A breakdown of team members dedicated to the Murray State project was also provided. Appreciation was expressed to the Board for trusting RISE and its team with this tremendous project. The involvement of Murray State personnel has been invaluable throughout this process and RISE has been confident in the understanding of individuals involved as part of this truly collaborate effort.

Chair Owens expressed appreciation to Vice President Dudley, General Counsel Miller, Mr. Looney and the University's partners from RISE. This project will represent a campus transformational moment and a legacy for the Board and administration. The expertise of this Board, particularly from a real estate and financial management standpoint, is very much appreciated as it only enhances the project.

**Public-Private Partnership (P3) Pre-Development Agreement, approved and authorized**

On behalf of the Finance Committee, Regent Crigler moved that the Board of Regents Finance Committee, upon the recommendation of the President of the University:

- 1) Approve the President and/or his designee(s) to execute a Pre-Development Services Agreement, as presented in this action, with Rise Development, LLC; and
- 2) Authorize the President to proceed with the development of a suitable financing model and Land Lease Agreement with a goal to finalize both in the late fall 2022 for approval of the Board before executing any final agreement(s).

Regent Tharpe seconded and the motion carried unanimously.

Regent Waldrop expressed appreciation for the amount of information that has been made available to the Finance Committee and to all the professional



