

## **ACTION ITEM # 3**

### **WSU Tri-Cities, Student Housing Development Approval to Proceed (Stacy Pearson/Keith Moo-Young)**

May 5, 2017

TO ALL MEMBERS OF THE BOARD OF REGENTS

**SUBJECT:** WSU Tri-Cities, Student Housing Development Approval to Proceed

**PROPOSED:** That the Board of Regents approve the WSU Tri-Cities, Student Housing Development Approval to Proceed and further delegate authority to the President or his designee to enter into any and all contracts necessary to complete the transaction.

**SUBMITTED BY:** Stacy Pearson, Vice President for Finance and Administration

**BACKGROUND** The Tri-Cities Strategic Plan envisions affordable student housing within close proximity to the Tri-Cities Campus. WSUTC leadership has made multiple attempts to work with local developers to establish affordable student housing adjacent to the WSU Tri-Cities campus. None of these have come to fruition prior to this latest proposal.

WSU owns vacant land located on the northern portion of the WSU Tri-Cities campus totaling approximately 13.9 acres. This land lies between University Drive and the Columbia River, in proximity to the new Wine Science Center, the Consolidated Information Center, the future athletic facilities and fields, and the Student Union Building. WSU acquired this land in 1993 and it has remained vacant throughout our ownership.

An Information Item regarding this proposed project was presented to the Regents at their December, 2015, meeting. A Request For Qualifications (RFQ) was issued by WSU on December 22, 2015 seeking qualifications from interested developers to plan, design, finance, construct, develop and operate a market based Affordable Student Housing Development under an unsubordinated Ground Lease on this portion of property. The parcel would be leased to a developer under a long-term unsubordinated ground lease.

Corporate Pointe Developers submitted a proposal for this project and the ground lease terms are currently under review. The following

issues will be considered and are part of negotiations with the developer:

Ground Lease:

- Term: Initial term of thirty-five years with options for two additional thirty year terms.
- Lease revenue: Base rent to be negotiated based on appraised value.
- Lease revenue offset for a period by cost of archaeological monitoring of excavation by the local Tribes.
- Escalation of lease payments: To be negotiated for either CPI or other methods for adjusting rent over time such as re-appraisals or percentage increases.
- Tenants: Must be student housing, consistent with provisions of Request for Qualifications. An allowance may be made for WSU affiliated faculty and staff should occupancy fall below 80 percent at time designated within the lease.
- Design approval by WSU to be consistent with WSU standards.
- Negotiations of other terms in ground lease, including financing terms requested by Developer's financier. Developer has also proposed changes to the WSU standard ground lease.

# Board of Regents

## WSU Tri-Cities, Student Housing Development Approval to Proceed

### Resolution #170505-559

WHEREAS, the Board of Regents of Washington State University by virtue of RCW 28B.10.528 has authority to delegate by resolution to the President of the University, or designee, powers and duties vested in or imposed upon the Board by law and to enable the President, or designee to act on behalf of the Board of Regents in matters relating to the administration and governance of the University.

RESOLVED: That the Board of Regents approve the WSU Tri-Cities, Student Housing Development Approval to Proceed and further delegate authority to the President or his designee to enter into any and all contracts necessary to complete the transaction.

Dated this 5<sup>th</sup> day of May, 2017.

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Chair, Board of Regents

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Secretary, Board of Regents