

BOARD OF REGENTS
BRIEFING PAPER

AGENDA ITEM TITLE: University Park Apartments Project Update, UNLV

MEETING DATE: November 30 – December 1, 2017

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

At its December 4, 2014 meeting, the Board of Regents Investment and Facilities Committee approved a Memorandum of Understanding (“MOU”) to define the parameters for a public/private partnership between UNLV and the Midby Companies for a student housing project on the University Park Apartments 14-acre site (the “Project”). Subsequently, at its April 24, 2015 special meeting, the Board approved the following agreements relating to the Project: (1) the Assignment and Assumption Agreement for the purchase of the subject property, (2) the Lease Agreement for University Park – Phase One (“Phase One Lease”), (3) the Lease Agreement for University Park – Futures Phases, and (4) the Project Development Agreement (collectively the “Implementing Agreements”). Attached as reference materials to this item is an overall summary of the University Park Apartments Redevelopment Plan WITHOUT ATTACHMENTS (previously submitted as part of the April 24, 2015 Board of Regents Special Meeting agenda materials). Later, at its September 11, 2015 meeting, the Board approved the project developer’s proposal for Asset Campus Housing (“ACH”), a property management company with appropriate expertise in managing student housing facilities, to serve as the housing management entity of the Phase 1 redevelopment of the University Park Apartments, in accordance with Section 14.6 for the Phase One Lease for the Project. Lastly, at its December 4, 2015 meeting, the Board of Regents approved an assignment, assumption and modification of the Phase One Lease to UPA 1, LLC, a wholly owned subsidiary of University Park, LLC (where Section 26.1 of the Phase One Lease contemplated such structures and required the Board’s consent to any assignment, providing that such consent shall not be unreasonably withheld), and the Tenant’s financing for the Project as required by Section 24.2 of the Phase One Lease, the Board of Regents having been assured that the Tenant’s financing was consistent with the terms of the Implementing Agreements.

UNLV, in accordance with the Implementing Agreements, is not responsible for the financing, development or operations of this Project. As such, UNLV is sharing its understanding of the project development activity issues. However, the Tenant has full responsibility related to representations, activities, oversight and management of these items.

Information Update:

The Tenant, UPA 1, LLC, has proceeded with several activities for the University Park Apartments Project, consistent with the Implementing Agreements, including renovation of existing housing units that remain on the site (branded as ‘The Legacy’), and design and construction activities for the new housing being developed on the eastern portion of the site (branded as ‘The Degree’). The housing at The Legacy portion of the site (providing approximately 360 beds of student housing in apartment style housing) went into service for occupancy as of the Fall Semester 2016. Housing units at The Legacy have had very strong demand and occupancy by UNLV students, as UNLV campus housing demand has grown over the past few years. This is a direct result of increased product exposure and UNLV recruitment and enrollment trends. While the property has been transitioning from traditional multi-family to student housing, the percentage of residents who are UNLV students has increased from approximately 15% in 2015 to 60% currently, with occupancy targeted to be 100% UNLV

students for Fall Semester 2018. Overall, The Legacy is currently 100% leased.

The Tenant's abatement, demolition and construction activities at The Degree commenced at the Project site in January 2016. The Tenant designed The Degree to provide approximately 760 beds of new UNLV student housing, in addition to the bed count at The Legacy. Pre-construction activities were undertaken in advance of construction activities (*i.e.* design, pre-construction planning, receipt of permits, *etc.*). The Tenant's Project schedule indicated the anticipated substantial completion of construction of The Degree improvements in June 2017, immediately followed by final construction completion, installation of furnishings and equipment at the Project and formal operations commencement. Under this schedule, occupancy would occur in time for the start of the Fall 2017 semester, with a reasonable advance move-in period by UNLV students prior to the first day of classes for this semester.

A variety of issues have surfaced during the Tenant's construction process. Construction is a complex activity with unique risks that require management; it is not uncommon for construction projects to have issues that need to be resolved. Several of the issues to-date for the Project have been of some significance, including (1) concerns noted by the Building Official related to project document submittals (which UNLV understands were ultimately resolved), (2) concerns related to construction compliance with the approved plans (where UNLV understands the work in place ultimately achieved compliance), (3) insufficient site fire protection coverage during construction (which was quickly resolved), (4) Notices of Intent to Lien/Filing of Liens and/or Mechanic's Liens (which have largely been addressed) and (5) Intent to Stop Work Notices during the construction period from two subcontractors and the General Contractor.

Some of the more significant items resulted in Stop Work Notices and Notices of Non-Compliance ("NNC") being issued by the Building and Fire Officials. The Building and Fire Official Stop Work Notices have been rescinded, and the Tenant and its development team have worked to address NNCs. As of the first week of October 2017, Mechanic's Liens and/or other Liens known to UNLV to have existed, had been satisfied and discharged/released.

UNLV is of the general understanding that disagreements and disputes have arisen between the Tenant and their General Contractor, which have impacted the construction progress and the Tenant's ability to meet the original construction progress and completion milestones for the project. For instance, as of September 2017, UNLV had been made aware that the Tenant's General Contractor had ceased work on the project, and had vacated the site. Subsequently, the Tenant formally advised UNLV on October 10, 2017, that the Project's General Contractor terminated its construction agreement with the Tenant on October 9, 2017, and had also filed a lien against the property for the balance of the Tenant's original construction contract, total amount of all additional or changed work, materials and equipment, less total amount of all payments received to date – resulting in a lien amount of \$20,366,490.22. The Tenant further informed UNLV that it strongly disputes the General Contractor's allegations represented by the lien. UNLV discussed with the Tenant its obligations to address all liens in accordance with the Implementing Agreements. The Tenant confirmed that it will take action to maintain compliance with the Implementing Agreement provisions for all liens.

To move the Project forward and get the construction process and completion target dates back on track to support a Fall 2018 semester occupancy date, the Tenant has been considering and reviewing alternate courses of action and resolutions, including potential targeted modifications to their project development team to address outstanding issues (which may include the Tenant proceeding with its original General Contractor, or changing its General Contractor), while also working to maintain reasonable and effective continuity and performance of its development team.

UNLV's students have been significantly impacted by the construction delays at The Degree. The Tenant had advised UNLV throughout the first half of 2017 that it was proceeding with construction under an accelerated construction recovery schedule to address previous delays in construction progress, and was still maintaining the schedule for the occupancy of The Degree for the Fall 2017 semester. However, UNLV was advised in early June 2017 by the Tenant that The Degree construction and project activities would not be completed in time for occupancy for the Fall 2017 semester. The Tenant changed its targeted occupancy to Summer 2018, and proceeded with notifications to UNLV students who had signed leases for The Degree of this change. This was very problematic timing for UNLV students, many of whom had left campus in mid-May 2017 with the completion of the Spring 2017 semester with the expectation that their housing arrangements for the Fall 2017 semester were in place. Those students had very limited time to make alternate housing arrangements. The Tenant contacted and provided support to the students who needed to find alternate housing arrangements and worked in close coordination with UNLV Housing and Residential Life to ensure no UNLV students were without housing accommodations for the Fall 2017 semester.

For additional context with respect to student impact, 428 UNLV students had entered into leases for The Degree as of June 2017. Some of these UNLV students became residents of The Legacy portion of the project in lieu of their plans to reside at The Degree. During June/July 2017, approximately 200 UNLV students indicated that they had not secured alternative housing arrangements for the Fall 2017 semester, and needed assistance. By August 2017, all UNLV students who had signed leases at The Degree were confirmed to have alternate housing arrangements in place.

UNLV's focus continues to be on working with the Tenant, within the terms of the Implementing Agreements, to achieve performance of this project to expand and enhance UNLV student housing. The Tenant advises it is proceeding with a modified plan to complete The Degree, targeting a Fall 2018 semester occupancy. Once the inability to complete the construction and related project for the Fall 2017 semester became apparent to the Tenant, they suspended all new leasing activities at The Degree. Leasing activities remain suspended at The Degree at this time, and will not recommence until both UNLV and the Tenant have sufficient confidence and evidence that Project completion timelines can be met to support successful Project occupancy. The Tenant anticipates completing modifications to their development schedule and team, to support a successful and timely conclusion for this development project, in the near future.

Although this project has presented significant challenges related to the Tenant's delivery of The Degree portion of the project, which the Tenant is focused on addressing and resolving, there have been other successes in the Project, such as the successful renovation and occupancy of The Legacy portion of the Project. As of Fall 2016, The Legacy has added, approximately 360 new beds to UNLV student housing (a 20% +/- increase in bed count over existing UNLV housing), in an apartment style living setting, which was not previously available as part of the UNLV housing system.

The Tenant has provided a status report of the Project from its perspective as a part of this information update, and is planning to participate in the information update agenda item presentation in order to provide additional information, and respond to questions.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

UNLV President Len Jessup presents for information only an update related to the University Park Apartments Project.

4. IMPETUS (WHY NOW?):

This Project has experienced significant challenges related to the Tenant's construction activities, which directly impact completion of the Project and consequently, UNLV student housing occupancy and availability. Although several Regent alerts have been sent out for this project in conjunction with significant Tenant Project issues and the attendant activities undertaken to assist impacted UNLV students during Summer 2017, an update to the Board of Regents Business, Finance and Facilities Committee is timely and important.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

With this information only update, UNLV intends to provide a general status update for this Project.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

None.

7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

Do not provide an update, or provide it at a later date.

8. COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title #_____ Chapter #_____ Section #_____
 - Amends Current Board Policy: Title #_____ Chapter #_____ Section #_____
 - Amends Current Procedures & Guidelines Manual: Chapter #_____ Section #_____
 - Other: _____
- X Fiscal Impact: Yes_____ No **X**
Explain: _____

UPA 1, LLC
8275 S. Eastern Avenue, Suite 103
Las Vegas, Nevada 89123

University Park Student Apartment Project Update-October 11, 2017

The Public Private Partnership between University Park, LLC and its affiliate UPA 1, LLC (collectively, “University Park”) and UNLV is a new approach in Southern Nevada to developing housing for the benefit of UNLV students, albeit an approach used at other Universities throughout the country. A significant amount of due diligence was undertaken for this effort, but, with any new approach in a marketplace, there is risk. All parties were confident that it would be successful, but there were several unknowns:

1. Would financing be possible given the arm’s length nature that was a requirement of UNLV?
2. Would student interest make the project financially feasible, and would students move back to the campus neighborhood?
3. Would new housing negatively affect the current dormitory style housing on-campus?

Project Financing Achieved

- Loan commitment secured in August 2015
- Loan closed in February 2016
- Lender is TIAA-Teachers Insurance and Annuity Association of America
- Lender is working cooperatively with University Park

Renovation and Rebranding of Legacy LV

- University Park has been very successful in renovating and repositioning the existing dilapidated 1960’s era apartments to attract students back to campus.
- Site improvements have increased safety and attracted more students to return to live on campus.
- The unit renovations have been very well received by students.
- Student occupancy for the renovated apartments (renamed “Legacy LV”) has increased from 15% (2015) to 60% for Fall 2017 and is projected for 100% by Fall 2018.

Student Demand Proven

- Marketing for “U District,” which includes the existing renovated apartments and the newly constructed project, was launched just prior to the start of the Fall 2016 semester.
- U District was introduced as UNLV’s newest on campus student living community, featuring two distinct student apartment options: renovated units known as Legacy LV and newly constructed units called “The Degree.” Legacy LV apartment units were immediately available in Fall 2016 and The Degree units were promoted for Fall 2017 occupancy.
- Leasing and pre-leasing efforts for both properties were very successful and The Degree was on track to achieve full occupancy for the Fall 2017 semester.
- Excitement has been building for the entire neighborhood. Thanks to the investment and launch of U District, several neighboring projects have launched significant renovations and are now marketing their units to students.
- UNLV on-campus housing has maintained its occupancy, even as U District communities have been successful in attracting residents.

UPA 1, LLC
8275 S. Eastern Avenue, Suite 103
Las Vegas, Nevada 89123

Construction Delays/Current Status

- Construction for The Degree commenced Spring 2016 and was slated for completion just prior to start of the Fall 2017 semester.
- University Park learned the general contractor, The Korte Company (“Korte”), would not be able to complete construction of The Degree as scheduled due to unanticipated delays during the Spring 2017 semester. Pre-leasing for the project was immediately suspended and University Park partnered with a nationally renowned property management firm to ensure all those who had already signed leases for The Degree were provided a list of alternate housing options in close proximity to UNLV’s campus. Student lease holders were all personally contacted by the property management firm who provided notification of the delay, discussed lease cancellation or postponement options, provided full refunds of all deposits and advance payments and offered assistance for finding alternate accommodations. The estimated delivery date of the project was revised to Summer 2018.
- Unfortunately, despite the University Park’s exhaustive good faith efforts to correct course with Korte over the summer and accelerate project completion, further disputes between the two parties developed, which have culminated in a termination of the construction contract by Korte, effective October 9, 2017.
- Korte recorded a Notice of Lien that same day, a copy of which is attached. The substance of Korte’s claim and the amounts claimed in the Notice of Lien are disputed by University Park.
- Relative to the filing of the lien, University Park has confirmed to UNLV its commitment to abide by Article 20 of the *Lease Agreement for University Park Phase One by and between UNLV and University Park, LLC*, which requires University Park to cause any claim of mechanic’s lien to be removed or bonded off the Premises prior to any execution or enforcement of the lien. Further, University Park has committed to regular communication with UNLV staff to keep them apprised of the status of this lien dispute and its efforts to remove the lien.
- University Park is in active negotiation with a general contractor to replace Korte and anticipates having the new general contractor under contract in the near future to complete the current construction. University Park and the new general contractor will negotiate with existing subcontractors to maintain as much continuity as feasible and prudent. Preliminary discussions with the new general contractor have indicated a willingness to retain most if not all subcontractors.
- The funds to complete the current project are held in a construction escrow account by the lender and are deemed to be more than sufficient to complete construction. The lender has been very cooperative and maintains a good working relationship with University Park.
- As of the writing of this update, the project stands at 73% complete at the point of work stoppage.
- University Park is having the building “status confirmed” by an independent third party (Simpson, Gumpertz & Heger), to confirm quality and conformance with plans and specifications.

Moving Forward

- Best information available projects a Summer 2018 completion. Until such time that construction has resumed and University Park is confident of a completion date, new leases for The Degree will not be offered to students.
- University Park is currently working to mobilize a new General Contractor to complete work.
- University Park will continue to keep UNLV informed of its efforts and ongoing project status.

Overall Summary of University Park Apartments Redevelopment Plan
WITHOUT ATTACHMENTS
(Previously submitted as part of April 24, 2015 Board of Regents Special Meeting Agenda
Materials)

Existing Property - University Park Apartments:

- ~14 acres of land immediately north of the main campus (across Cottage Grove Avenue).
- 280 existing units (part of 4-plexes) which are over 50 years old (built in 1963). Approximately 15% of current occupants are UNLV students and/or related directly to UNLV (data is as of 2013).
- Last purchased in June 2006 and ownership of property taken back by lender (Wells Fargo) in January, 2014.
- University Park Apartment site is within the UNLV Campus Master Plan area for student housing priority and the recent Master Plan update noted UNLV is well below housing numbers compared with peer institutions.

Wells Fargo/CBRE Process for Marketing the Site:

Wells Fargo hired CBRE as their broker for this property. Initially there were meetings with Wells Fargo and CBRE to talk about their marketing plan for the property, and the role of UNLV. CBRE set up many meetings with UNLV (G. Bomotti) and interested parties (19, both in person and on the phone). CBRE and Wells Fargo solicited bids/responses on the purchase of the property and the development of the site for student housing. Wells Fargo alerted UNLV that John Midby of the Midby Companies (Midby) was the winner of their process to purchase the property.

Overall UNLV Goals for University Park Apartments Project:

- *Support the purchase of a strategic property in our current campus masterplan.
- *Create a public/private partnership that allows us to deliver new student housing units, but where UNLV does not take on the risk to finance or operate them.
- *Create an “Arms-Length” structure whereby UNLV can have reasonable confidence the development will meet our needs, but such that it is not considered our debt for ratings purposes.

Due-Diligence Activities:

1. Property Appraisal. Completed by the DiFederico Group and value determined to be \$20.97M based on market value of the fee simple estate with the assumption that the improvements are of average condition.
2. Phase 1 Environmental Site Assessment has been completed and no recognized environmental concerns were identified. The report recommended that the property be tested for asbestos containing materials prior to demolition which will be conducted by the developer. Midby Companies provided previously completed asbestos and lead based paint reports that are fairly comprehensive in identifying the scope of these materials on-site, so it was felt that there's not great value in conducting additional testing for these items. However it's believed that conducting a mold assessment makes sense due to the age, use, configuration and condition of the property (scheduled for completion before February 6, 2015).

3. Title. A review was completed and no major issues were identified. The title commitment identifies some set back and utility encroachment issues that exist at the property. Many of the encroachment issues will ultimately be resolved as part of redevelopment of the site, as the developer will be required by Clark County to meet current zoning and set back regulations.
4. Independent review of Developer financial and business plan. This review was commissioned by UNLV and we used Guy Hobbs and his team (Hobbs, Ong and Associates, Inc. Please see attached background information on this firm)
5. Previous independent report (by John Restrepo – see attached) that this type of development would not represent “competition” for existing on campus housing, as per the previous bond covenants (Hobbs also reviewed this as part of their overall evaluation of the project). A copy of the Restrepo report is attached.
6. Any “Internet Liability” associated with residents of the Midby project using the UNLV network. The agreements indicate that Midby could use our internet structure to serve the residents of the housing units, if we can agree upon price terms and provisions of such connection (pursuant to the terms of a separate agreement to be executed by the Parties), The separate agreement shall include, among other things, a requirement that Tenant permit and pay for the cost of managing user compliance with Landlord’s rules, regulations and policies in place from time to time on the same basis as other Campus users in general and other on-campus housing, specifically.
7. Student Housing Market Demand Study. This study was commissioned by Midby and was completed by Brailsford & Dunlavey, a national group that has specific expertise in student housing markets. The current design of Phase 1 is based on the results of this study, as is the review conducted by Hobbs and Ong. (copy of report attached).

Summary Outline of Proposed Development Project and Agreement on University Park Apartment Project with the Midby Team.

1. Current assumption is three (3) phases for the project. First phase is 6 acres (~40%) of property starting at Maryland Parkway and going west. Approximately 215 units and 730 beds and 425 parking spaces (.58 ratio). First phase delivery projected for Fall semester 2016. Future phases for the remaining part of the property (approximately 8 of the total of 14 acres) would be developed based on a schedule that tracks the success of Phase 1 (and existing units would be transitioned to support UNLV students).
2. Current assumptions on the full build-out described as approximately 806 secure and private student housing units amongst three, five story wrap-style student housing buildings (2,500 - 3,000 beds). The project includes an on-site convenience and retail store, a resort style central pool and clubhouse complex, as well as onsite covered parking (1,250 – 1,500 spaces). In addition each building will include study cubes, team rooms, exercise rooms and media lounges.
3. Phase 1 is projected to include three specific unit types: 2 bedroom, 2 bath units with double occupancy bedrooms, 2 bedroom, 2 bath units with single occupancy bedrooms, and 4 bedroom, 4 bath units with single occupancy bedrooms.
4. UNLV would purchase the property for \$18.5M, and subject to a 40 year lease for the project. The full purchase price is \$20.5M and Midby will pay \$2M of this total. UNLV must have clear title to the property, the financing must be non-recourse to UNLV (and non-subordination of land) and we would not backstop the financing in any way or have financial responsibility for any

aspect of the project. Our goal is to keep an arms-length distance from this so as not to have it impact our financial statements or our debt rating.

5. Midby would also operate the limited retail/commercial improvements on the property, and the remaining units on the property.
6. Proposed 40 year land and improvements lease term (for Phase 1 the start date would be the earlier of two years after the land lease was approved or C of O for the first phase), after which the improvements would be fully transferred to UNLV for operations. Midby would have two years to start Phase 1 (financing and all permits and start construction) or the lease expires. The existing units would be under a separate ground lease, and managed by the Developer towards the overall financial benefit of the entire project. Future development phases would also have 40 year land leases, but the Developer would have a total of 10 years from the commencement of the Phase 1 lease in which to fully develop the entire property.
7. Lease/Rent rate for land at 3% (\$550k/year), which first goes against \$2M developer cash on the land purchase (~3.6 year period). The land rent rate would increase by 3% every four (4) years.
8. Freshman Housing: This project would not meet the requirements of our freshman live on campus policy. UNLV would need to retain that authority and the flexibility to build any additional freshmen housing capacity. We understand the need to limit additional non-freshman housing in order to assure this project is successful and we would allow an exclusive right to market this property as on campus housing. UNLV would not negotiate with anyone else for non-freshman housing for up to a 10 year period (depending on performance of the Phase 1 project). UNLV could add freshmen housing at any time.
9. UNLV would not have any responsibility for pre-development costs.
10. This development would be subject to the recent CC&R's developed by UNLV relative to "Midtown" and as part of the Gateway project.
11. The Phase 1 project to be designed and constructed to meet or exceed the standard for modern campus student housing being constructed at peer institutions (e.g. the specific property used as the model is Sterling Alvarado, a private off-campus development near SDSU). Although this SDSU housing project achieved "LEED GOLD", our requirement is "LEED Silver or equivalent"
12. The project is subject to prevailing wage and other applicable requirements of NRS Chapter 338.
13. The existing units retained are not part of Phase 1 and would be transitioned within two (2) years to student/University centric housing and Midby must provide UNLV a detailed transition plan for these units. The transition plan will also address how Midby will work with existing residents so they can relocate in a reasonable manner, and not feel somehow the University was at fault for their requirement to move very quickly. The transition agreement would be finalized by Midby no later than 12/31/15 and submitted to UNLV for review and approval.
14. Parking would be provided by the Developer, but UNLV would agree to offer up to 300 residential parking passes for UNLV students to purchase only once the Developer's parking meets certain occupancy requirements.
15. The Developer (UNLV recommends this be done through AVS, who has our contract for housing marketing and leasing, as this would be the most efficient method to market to our students) would market and lease the new apartments to eligible students, bill and collect rent, and operate and maintain the project. Priority would be given to students, however, in the absence of student demand the units could be rented to non-students. The Developer would also market and manage the existing units that would remain on the site, as well as the limited retail activity that would be part of the Phase 1 project. UNLV would receive ground rent for the entire property, and there is a water fall of the overall cash flow that depending on project success would provide rebates for UNLV students living in the new units.

16. UNLV is not responsible for backstopping the financing of the property or the operation and maintenance (O&M) of the property.
17. UNLV would be protected that the project will be fully completed and operational after financing is approved and purchase of land is made (completion guarantee).
18. What happens if the Phase 1 project is built but ends up not performing? – Recourse is to Developer and lender remedies under the ground lease.
19. The Proposed project waterfall of gross revenue is as follows:
 - a. Monthly Trustee and servicing fee (estimated at about \$500/month)
 - b. Payment of land rent to UNLV
 - c. Payment of interest on the Financing
 - d. Payment of principal and other amounts due on the Financing, including debt service and other reserves required by the Financing.
 - e. Payment of Maintenance and Renewal reserve
 - f. Budgeted monthly operating expenses
 - g. On a monthly basis, pay the Management Fee
 - h. Surplus Fund/Project Success Fund (25% allocated to benefit UNLV students in the housing)
20. The Project Success fund is essentially a portion of the net income of the entire property (Phase 1 new construction and Phase 2 and 3 existing income) which would be directed back to rebates/reductions in rent for UNLV students. Success funding to begin after repayment of preferred equity amount to investors (\$6.2M+) in phase 1 (~ year 7).
21. Tier 1 and 2 Disadvantaged Business reporting requirements will be required by Midby, per Board policy.
22. Restrepo report on competition relative to existing bonds. The Regents will have to make a finding that the new project will not affect the System's ability to meet its coverage requirement under existing bond covenants. The report provided from an independent consultant for the 2013 evaluation combined with the new demand/feasibility studies will likely provide enough backup for the Regents to make their determination. The existing study is not very old and it concluded a new project of this type will not take away from the demand for the existing dorm rooms.
23. Assumption that internet connected to UNLV if we can agree on price. No other utilities would be connected into UNLV systems (meaning no utilities would have billings come to UNLV and have it as our responsibility to recover costs from Midby).
24. Base level Police services provided by UNLV, since we will own this land.
25. Prohibited uses – the standard ones we exclude from all agreements and as defined by UNLV's CC&R's that will be incorporated in the development agreement.
26. Restricted use under the ground lease of only being able to use it for housing and agreed upon retail.
27. Major R&M reserve level. The lender will have requirements for R&M reserves and Midby will develop an engineering review of each phase of development at the 30 year mark of the lease so as to identify major R&M needs through the end of the lease and assure funds are set aside to meet these requirements. This is done to help assure UNLV will be getting an asset at the end of the lease term.
28. Can't refinance without our approval.
29. Building official – SPWB.
30. **Four Implementing Agreements:** Approval by the Board of Regents for the MOU was the first step in moving this project forward, however, several other implementing agreements are now

presented to the Board of Regents for action before the project could be fully approved. These implementing agreements include the documents noted below.

***Ground and Improvement Leases.** Two in total: one for the Phase 1 development and one for the remaining property. Assume the “transition agreement assumptions” about the transition of existing housing units over to serving UNLV student/staff are covered in the lease for the remaining property.

***Assignment Agreement for Purchase and Sale Agreement between Midby and Wells.** Grants UNLV the right to purchase the property from Wells Fargo subject to certain terms and conditions.

***Project Development Agreement** (addressing demolition of existing apartments, parking issues and design and development of new units).

30. **How would UNLV come up with \$18.5M to pay for the purchase of the property?** We would seek Board approval to use existing balances. The main sources are as follows:
*Allocate the balance in our land acquisition reserve account, which was built up since the GIF fee was established and the President could allocate \$1/SCH for any purpose (the purpose defined, which continues today, was land acquisition). When we account for the Police Station purchase, the remaining balance in this account is \$6.4M
*CIF funds. We would need to use a significant amount of CIF funds towards this purchase. \$4.8M
*GIF funds. We would need to use a significant amount of GIF funds towards this purchase. \$6.9M
*Additional non-state institutional funds. We would piece together the remainder of the funding needed. \$.4M
31. **What are the major risks of this project to UNLV?** The structure of this proposal attempts to limit our risks, but some always exist, including the following:
*The project could be unsuccessful, and this would at least be a reputation risk to UNLV. The lender could come in and take over the project, subject to the ground lease.
*The new housing could end up having a negative impact on existing campus housing, although we have received an independent review of this issue (as this is a required action item by the Board based on existing bond covenants) and it was not deemed to be a risk. Since our existing campus housing is at full capacity with a waiting list, we do not believe this is a significant risk.
*While the principals of the Midby Companies have extensive relevant experience with financing and delivering projects, this would be their first “student housing” project.
*The schedule proposed could be delayed, given the fact that public/private partnerships are complex by their nature.