

BOARD OF REGENTS
BRIEFING PAPER

AGENDA ITEM TITLE: University Gateway Project Update, UNLV

MEETING DATE: November 30 – December 1, 2017

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

At its December 5, 2014 meeting, the Board of Regents approved the “Implementing Agreements” for the University Gateway Project, which included UNLV entering into a certain Lease of a to-be built Parking Structure and Police Services Space. The Lease provides UNLV with the Option to purchase the Parking Structure and Police Services Building ‘Shell’ and a Purchase & Sale Agreement to govern that purchase is attached to the Lease as an exhibit. The Lease also allows for the Developer to “Put” the Parking Structure and Police Services Building ‘Shell’ to UNLV, which “Put” is also to be governed by the same Purchase & Sale Agreement. Subsequent to this approval, the Board of Regents approved, at its June 12, 2015 meeting, a correction to the Lease Agreement that eliminated UNLV’s right to terminate the Purchase & Sale Agreement when the Purchase & Sale Agreement is entered into upon exercise of Landlord’s “Put”, and an extension to the date by which the Landlord must deliver possession of a completed Parking Structure and Police Services Building ‘Shell’ from May 30, 2016 to December 31, 2016, to reflect an update to the Landlord’s development schedule. At its October 23, 2015 meeting, the Board approved additional revisions to the University Gateway Project Lease and Purchase and Sale Agreement, to provide clarifications that were both consistent with the intent of these agreements and supportive of the Landlord’s process to obtain financing for the project. Ultimately, UNLV has referred to the Parking Structure and Police Services Building ‘Shell’ agreements as University Gateway Phase I.

At its December 2, 2016 meeting, the Board approved implementing agreements related to a separate but related component of the University Gateway Project, referred to as University Gateway Phase II. The implementing agreements approved at this Board meeting included: (1) an Office Lease and associated Purchase Agreement; (2) a Declaration of Gateway Condominium and Bylaws of the Gateway Condominium Association (the Condo Documents); (3) A First Amendment to the Reciprocal Easement Agreement (“**REA**”). The REA was established as part of Phase 1 of the Gateway project and governs the use and operation of the parking garage for the benefit of both UNLV and the Phase 2 building. The First Amendment to the REA specifically allocated parking among UNLV (as owner and operator of the garage) and the other units’ owners of the building. Phase II of the University Gateway Project was always anticipated as part of the overall development and involved the construction of a mixed-use building immediately fronting the parking garage, on the Maryland Parkway frontage of the site. Approval of the University Gateway Phase II implementing agreements supported UNLV’s ability to enter into a Lease and Purchase Agreement for approximately 21,880 gross square feet of this portion of the project, encompassing the entirety of the second floor of University Gateway Phase II. This space not only helps in addressing some of UNLV’s space shortage, but also is consistent with the UNLV Campus Master Plan, and our Midtown UNLV efforts. The intent is to locate the UNLV Graduate College, the UNLV Office of Community Engagement, and potentially other occupants, as feasible, in this University Gateway Phase II. This will not only support these program’s ability to fulfill their missions in suitable and well-located space, but will also result in some existing space being vacated in the locations where these programs currently reside, provide some additional benefits through reassignment of their existing space on campus.

To date, the Landlord/Developer has successfully fulfilled their obligations related to University Gateway Phase I, delivering the Parking Structure and Police Services Building ‘Shell’ to UNLV in October 2016. The Parking Structure has been a welcome addition to UNLV Parking assets, and continues to be well utilized by UNLV students, as the Parking Structure is convenient for use and well located for access to the campus.

Information Update:

For the remaining University Gateway Phase I project items, UNLV has been working on the Tenant Improvement (“**TI**”) plan for the Police Services Building ‘Shell’ space, the only remaining item related to University Gateway Phase I. This is an internal UNLV process, and is not related to the Landlord/Developer’s responsibilities. The planning concept, scope, anticipated funding model and direction have evolved over the past 12 months for this space, to plan and provide efficient and effective improvements to support UNLV Police’s function and operations. UNLV is currently proceeding with design documents to be completed for plan review, bidding, construction, and Furniture, Fixture and Equipment (“**FF&E**”) activities, to undertake the improvements and complete the project for occupancy by UNLV Police.

For the University Gateway Phase II project, the Landlord/Developer has completed design, pre-construction activities and plan review submission to the Building Official for this portion of the project, and, as of early October 2017, is completing the Building Official plan review process in order to receive building permits to construct the University Gateway Phase II improvements.

As a part of the final design for the University Gateway Phase II project, the Landlord/Developer has also made accommodations for potential office type space on the third floor of the project, directly above the second-floor space that UNLV has secured through a lease agreement and purchase agreement. UNLV is considering if pursuing a lease agreement and/or purchase agreement for the third-floor office type space, for UNLV use, is feasible, is in our best interests, and has a suitable occupancy option for UNLV use. If UNLV were to pursue this item, UNLV would submit a separate agenda item for Board of Regents consideration of this item.

The design, pre-construction and plan review process has taken the Landlord/Developer more time than anticipated, due to their efforts to maximize the density and urban nature of the project – an item consistent with the Midtown UNLV vision that supports increased vibrancy of the development in the neighborhood. On this basis, UNLV is also planning on submitting a future revision to the Board for the implementing agreement terms for University Gateway Phase II, to extend the delivery date from the current March 15, 2018 agreement date, to a later date, i.e. December 31, 2018 or March 15, 2019, to better dovetail with the Landlord/Developer’s current project delivery schedule. This is not anticipated to impact other terms of the implementing agreements. The implementing agreement does specify that the purchase agreement for the UNLV second floor purchase agreement component of the University Gateway Phase II will not proceed until the Landlord/Developer meets certain construction completion targets related to a delivery date change – accordingly, UNLV does not anticipate financial impacts related to a change of this nature, although it will result in the second floor ‘shell’ space being provided to UNLV later than originally anticipated.

Overall, UNLV considers the University Gateway project to be a successful public-private partnership project related to the delivered project components, and project components in-progress.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

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

4. IMPETUS (WHY NOW?):

The University Gateway Project Phase I public-private partnership activities are complete (notwithstanding UNLV’s own internal development activities related to remaining Tenant Improvements to be conducted in Phase I), and University Gateway Project Phase II public-private partnership activities are ongoing, with progress related to the Landlord/Developer’s construction activities anticipated to be significant, starting in the latter part of 2017 and into 2018. On this basis, it is timely and important to provide an information update on this project to the Board of Regents.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

With this information-only update, UNLV intends to provide a general update to the status of this project.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

None.

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

None.

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:_____