RESOLVED, That the Board of Trustees of the City University of New York request the Dormitory Authority of the State of New York to enter into a ground lease with The College of Staten Island Auxiliary Services Corporation, Inc. or a subsidiary thereof for the leasing of a parcel of property on the campus of the College of Staten Island to allow for the construction of a student housing facility of approximately 458 beds thereon (the “Project”); and be it further

RESOLVED, That the Board of Trustees of the City University of New York agrees to provide credit support for a proposed facility in the form of a support agreement covering shortfalls in debt service and operating expenses and certain other guarantees and indemnities (collectively, the “Guarantees”) and authorizes the General Counsel to execute any documents necessary or related or which may be required in connection with the Guarantees, the Project and the Project financing; and be it further

RESOLVED, That the Board of Trustees of the City University of New York authorize the General Counsel to negotiate, approve as to form, and execute agreements among The College of Staten Island Auxiliary Services Corporation, Inc. or a subsidiary thereof, American Campus Communities Operating Partnership LP, ACC SC Development LLC, and any other necessary parties, and the City University of New York, for development services and for the subsequent management and operation of the residence facility on the campus of the College of Staten Island.

EXPLANATION: The Chancellor and the College President have determined that providing a residence facility on the College of Staten Island campus would promote and enhance the educational mission of the college and university. After completing a demand analysis, CUNY issued a Request for Proposals seeking proposals from experienced dormitory development/management firms to finance, develop and operate - on a self supporting basis - a 3 building, 600 bed campus residence on an approximately 8.6 acre campus site located in the west part of the North Campus, north of Building 3N and west of Building 4N, now used for basketball and handball courts (which will be relocated to other campus sites). 3 firms responded to the RFP, 2 were interviewed by a committee of central office and college representatives and American Campus Communities ("ACC") was selected for the development and management of the residence. The project was delayed in 2008 due to poor market conditions and has been on hold. (Approved by resolution adopted June 23, 2008, Cal No. 6C.)
Market conditions have improved and interest rates have fallen to a point that it will now be possible to finance the project. However, it is not possible to do so on a “non-recourse” basis and CUNY will need to provide credit support in the form of the Guarantees. It is anticipated that lease payments by students and faculty will cover the cost of servicing the bonds and operating the facility. Only in the event that all of these sources of funds are insufficient will CUNY be liable under the Guarantees.

In order to advance the project and minimize any risk to CUNY, the Office of Facilities Planning, Construction, and Management has negotiated an arrangement as follows: Only a first phase of the project (2 of the 3 proposed buildings) will be implemented at this time reducing the bed count from 600 to 458, require the CSI Auxiliary Services Corp. and/or the CSI Foundation to commit $1.6 million and ACC to commit $5.0 million (secured by a bank letter of credit) to provide a total of $6.6 million which would be used to fund any revenue shortfall prior to any support payments from CUNY. With these provisions in place, the risk of providing any payments from CUNY is minimal.

The deal structure is as follows: The Dormitory Authority will lease the proposed site to the CSI Auxiliary Services Corporation, Inc. or a subsidiary thereof, which in turn, with CUNY's approval and/or participation, will enter into separate development and management agreements with ACC and its related entities. The CSI Auxiliary Services Corporation, Inc. or a subsidiary thereof, as owner/borrower, will enter into a loan agreement with a lender which will issue long term tax exempt bonds to finance the project. ACC (pursuant to its development agreement with the CSI Auxiliary Services Corporation, Inc. or a subsidiary thereof) will use the bond proceeds to engage architects, contractors, furniture suppliers, etc. to design, construct and furnish the building. When construction of the building is completed, an affiliate of ACC (pursuant to its management agreement) will collect rents, will operate the facility and will accrue reserves for future repairs.

It is currently estimated that the project will provide 458 student, staff and faculty beds in 2 buildings of about 170,000 square feet. It is expected to contain primarily 4 bedroom/2 bath units and 3 bedroom/2 bath units to house undergraduate students. It will also offer one bedroom and studio units for graduate and resident assistant students and several faculty/staff apartments. Multiple common spaces will be provided within the building including private and open study lounges, a laundry room, cafe, multi-purpose space and a fitness center. The total construction cost is estimated at approximately $53 million and a bond issue is anticipated at approximately $70 million (to include design and other fees, construction supervision, required reserves, financing costs, etc.). It is anticipated the financing will be completed later this year and construction will be completed for a summer 2013 opening.

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