

**DESCRIPTION OF INTERIM CAPITAL PROJECT FOR CONSIDERATION**

August 7, 2014

**COASTAL CAROLINA UNIVERSITY**

**PROJECT NAME:** University Place Acquisition  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$80,000  
**INITIAL CHE APPROVAL DATE:** N/A

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
Renovation Reserve/Plant Expansion	\$0	\$80,000	\$80,000
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$80,000</i></b>	<b><i>\$80,000</i></b>

**DESCRIPTION:**

The University requests approval to establish a project to start the phase I environmental and building condition assessment on 54.338 acres located half a mile from the main campus that includes 573 apartments with 2,079 beds and 11 activity/pool house/support/storage spaces known as University Place. Currently, the University has a lease purchase arrangement for this facility with the Coastal Housing Foundation. The University pays 1.3 times debt service through 2042 with a \$1 purchase option which can be exercised in 2042. With approval of this project, the University plans to cancel the current lease and release the outstanding JEDA bonds issued by the housing foundation. The debt service would then be supported by the current operations of University Place. The overall savings to the University on the lease arrangement would be \$66.9M through 2042. Savings on debt service would be approximately \$17M due to the University's higher bond rating. By lowering the amount required to be paid through the lease, the University can utilize the housing revenue funds not paid as lease payments for renovations. This project is not included in the institution's FY 2014-15 CPIP year one; however, renovations of University Place were included in the institution's FY 2014-15 CPIP years one through five. The total projected cost of the project, including acquisition cost is \$98,335,000 to be funded with Revenue Bonds.

**E&G MAINTENANCE NEEDS:**

N/A – Land/Building Acquisition

**ANNUAL OPERATING COSTS/SAVINGS:**

The project is not expected to generate additional operating costs. These costs are already included in the existing budget since the University currently leases the units.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.