P3 Student Housing Presentation

$130,080,000
Massachusetts Development Finance Agency
Revenue Bonds
Provident Commonwealth Education Resources Issue
UMass Boston Student Housing Project
Series 2016
Table of Contents

1. UMass Boston Student Housing Project .................................................. 2

2. Introduction to P3 Financing ............................................................... 9

3. Transaction Structure and Summary .................................................... 15

4. Financing Results .................................................................................. 22

   Appendix – Select Provident Case Studies
<table>
<thead>
<tr>
<th>Presentation Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>University of Massachusetts Building Authority</strong></td>
</tr>
<tr>
<td>Patricia Filippone - Executive Director</td>
</tr>
<tr>
<td>(617) 287-3202 / <a href="mailto:pfilippone@umassp.edu">pfilippone@umassp.edu</a></td>
</tr>
<tr>
<td><strong>Providence Resources Group</strong></td>
</tr>
<tr>
<td>Steve Hicks - (225) 766-3977 / <a href="mailto:hicks@provident.org">hicks@provident.org</a></td>
</tr>
<tr>
<td><strong>Citi</strong></td>
</tr>
<tr>
<td>John Malpiede - (617) 346-9252 / <a href="mailto:john.malpiede@citi.com">john.malpiede@citi.com</a></td>
</tr>
</tbody>
</table>
1. UMass Boston Student Housing Project
Public-Private Partnerships (P3)

Why UMass decided to explore Public-Private Partnerships

- Capital constraints combined with short and long-term capital needs led University to explore P3s
- A P3 subcommittee of the UMass Building Authority formed in Fall of 2012
  - Established to review and investigate potential use of P3s for construction of capital facilities that have been approved by the Board of Trustees of UMASS
- This is a University wide initiative, with all five campuses engaged in the Committee meetings
- The University’s first P3 was for the Riverview Suites project on the UMass Lowell campus
  - Phase I (Fall 2013) of the project included 500 apartment style beds and a Fitness Center
  - Phase II (Fall 2015) included 300 suite-style beds, 10 classrooms and a Health Sciences Suite
- SOHO Development LLC is responsible for design, construction, alterations, repair and maintenance
- After successfully completing Phase II, the original 10-year lease was extended to 20-years

UMass Boston Student Housing Project
UMass Boston P3 Process

Detailed and thorough process to determine both the best partner and the most beneficial approach to achieving the University’s objectives

- Request for Qualifications to provide development, finance, maintenance and operation services was issued in December 2014
- The University’s objective was to determine the feasibility of the P3 approach and select best “partner”
- Final Request for Proposal was issued in March 2015 to seven qualified respondents
- A review of the information submitted by respondents yielded two approaches:
  - The creation of a non-profit entity to issue debt to construct the building and then operate the building
  - A transaction where the developer financed the building with their own equity and privately operated the building as a for profit entity
- Next steps were to prepare information for review by University auditor and credit rating agencies to determine whether transaction would be “off balance sheet” and to determine what, if any, impact the transaction would have on the University’s credit
UMass Boston P3 Process

A successful procurement process yielded positive results for the University

- The potential P3 allows UMass Boston to provide residence halls for its students without having to consolidate the debt of the 501(c)(3) entity onto its balance sheet

- Additional benefits include having experienced professionals with a track record of developing and managing on-campus housing as partners, and the transfer of the risk associated with the project from the University to the developer

- The University and developer will jointly create a 501(c)(3), a nonprofit whose mission will be to provide affordable housing to the UMass Boston community

- The nonprofit will work in tandem with the developer and its management arm to construct and operate the residence hall

- The 501(c)(3) financed the project through its own borrowing and will then pay the developer to build the student housing. The nonprofit will also collect the rent payments. The developer will work closely with both the University and the nonprofit

- Room rates will be established by the 501C (3) board and will take into consideration that rates will need to cover operating expenses as well as debt service costs and coverage ratio (1.2 coverage)
Development Team

The development team assembled for the Project includes a group of seasoned professionals, with expertise in all areas most relevant to the student housing, higher education and Boston markets.

Provident Resources Group Inc.

Founded in 1999, Provident is a national nonprofit organization that serves 5 mission areas including it Education Resources Division with the mission to advance higher education and its CitiState Resources Division with the mission to assist in lessening the burdens of state and local government and its institutions, such as UMass and UMBA. Provident also works in the housing, healthcare and senior living sectors. Provident has accessed almost $2 Billion in capital over the past 15 years to advance projects that serve its missions in 18 states and the District of Columbia. In advancing higher education Provident has served in the development of multi-use, mixed use developments at colleges and universities across the country while providing almost 15,000 beds of apartment style student housing.

Capstone Development Partners - Developer

Capstone Development Partners ("CDP") is a real estate development company exclusively focused on working with colleges and universities to address their real estate development and housing challenges. CDP, as a successor of the Capstone Development Corp. that was founded in 1990, is exclusively focused on the development of student housing projects located either on-campus or near campus and through public private partnerships or close affiliations with colleges and universities. CDP or its predecessor has developed 86 student housing projects totaling more than 41,000 beds on or near 67 college campuses nationwide. CDP’s corporate headquarters are located in Birmingham, Alabama.

Capstone On-Campus Management - Manager

Capstone On-Campus Management ("COCM") is a group of student housing professionals focused exclusively on the management of housing communities owned by non-profits and/or highly affiliated with a university. COCM is headquartered in Birmingham, Alabama, with regional managers located throughout the country and on-site property managers at each on-campus student housing community. 100% of the communities in COCM’s portfolio are located on-campus, with active university participation. COCM’s management services range from turn-key to custom arrangements in which they share roles and responsibilities with university clients (shared governance). Since 2003, COCM has grown from 2,186 student residents at three campuses to their current 27,453 beds of housing on 31 separate collegiate campuses.
Development Team (Continued)

The development team assembled for the Project includes a group of seasoned professionals, with expertise in all areas most relevant to the student housing, higher education and Boston markets.

Elkus Manfredi Architects - Architect

Founded in 1988, Elkus Manfredi Architects has undertaken projects in a wide variety of sectors, including civic, public projects, as well as numerous projects within the higher education space, many of which have been in the Massachusetts market for institutions like the University of Massachusetts Lowell, Emerson College and Harvard University. The firm maintains its headquarters in the Seaport District of Boston, only minutes from the proposed project site. To date, Elkus Manfredi has designed over 8,484 beds on eight separate collegiate campuses, having an aggregate construction cost of approximately $350 million.

Shawmut – Design Builder

Shawmut Design and Construction, a Boston-based company, was formed in 1982. As of the present date, Shawmut has constructed (or has been selected to construct) over 5,500 student housing beds/units contained in more than 60 projects. Shawmut's headquarters are in Boston, Massachusetts. Shawmut Design and Construction is a national construction management firm with eight offices nationwide and $1.2 billion in revenue. The organization has adopted a lean culture, promoting innovation and collaboration, removing waste and rework, and establishing an environment of continuous learning. Shawmut is currently engaged in highly collaborative and lean project delivery on complex projects for leading institutional clients. Shawmut's portfolio spans the academic, health care, life sciences, corporate, retail, hospitality sectors, sports venue, and cultural and historic sectors.
Student Housing at UMass Boston

The project at UMass Boston consists of two separate residential buildings on one conveniently located site on the edge of campus.

- The 175-acre UMass Boston is located three miles from downtown Boston on a harbor peninsula that also houses the John F. Kennedy Presidential Library, the Edward M. Kennedy Institute for the United States Senate, the Massachusetts State Archives and the Commonwealth Museum.

- The University has had a long-held goal of providing students with an on-campus residential option. Historically students have either commuted or relied on off-campus housing options.

- After commissioning a market study in 2013, the University determined that sufficient demand existed to pursue a public private partnership to develop, construct and operate a new 1,082-bed student housing facility.
The Project will provide nearly 1,100 beds of new student housing

- The buildings will range in height from 7 stories to 12 stories with contemporary architecture, built to achieve minimum LEED Silver certification.
- The buildings are complementary to the traditional and more current campus buildings.
- The buildings will enclose a total of approximately 249,000 square feet (including separately financed Dining Facility).
- The buildings will house primarily freshmen and first year students.
- In addition to the enclosed building areas, community building spaces continue outside as a major element of site design/landscape.

### Project Statistics

| 1,077 beds  | 481 units |
| (exclusive of RD apartments / inclusive of RAs) | (exclusive of RD apartments) |
| 139,376 of net rentable SF | (exclusive of common areas, live-learn, dining) |

### Dining Facility Statistics

23,038 SF  
(financed from funds contributed by UMBA)
2. Introduction to P3 Financing
Traditional Debt Structures

- **Direct Debt**
  - ▲ General Revenue Pledge
  - ▲ Auxiliary Revenue Pledge

- **Master Lease**
  - ▲ Triple Net Lease
  - ▲ Contingent Lease

- **Project Financing**
  - ▲ Tax-exempt Revenue Bonds
  - ▲ Developer Equity/Debt
Public-Private Partnerships

Public-Private Partnerships are cooperative ventures between the public and private sectors to provide facilities or services through contractual agreements.

- Transfer of Ownership  Transfer of Responsibility & Risk
- Availability of Revenue  Funds Development and/or Operations
  - **Housing Facilities**
  - Recreation Facilities
  - Parking Facilities
  - Student Unions
  - Dining Facilities
  - Business Incubators / Research Facilities
  - Conference Centers / Hotels
  - Alternative Energy
  - Mixed Use ("Fusion") Buildings
Revenue Sources

Revenue sources for Public-Private Partnerships vary greatly in type and credit quality. The ultimate credit quality of the Partnership depends on the strength of the underlying revenues.

- University Lease Payments
- Mandatory Student Fees
- Meal Plan Revenues
- Parking Revenues
- Student Housing Rental Income
- Tax Credits, Subsidies & Grants
- Utility Purchase Contracts
- Private Sector Lease Payments
- Retail Revenues
Reasons to Privatize

- **Traditional financing may not be available**
  - (Many states are reserving their debt capacity strictly for mission critical buildings)

- **Potentially lower development costs**
  - (Privatized projects often do not have the stringent building requirements of public facilities)

- **Potentially faster development process**
  - (Privatized projects are often not subject to state procurement processes)

- **Potentially lower operating costs**
  - (Many third-party managers can operate the facilities more efficiently than a University)

- **Potential revenue producer for the University**

- **Reduced liability to the University**

- **Flexibility of involvement by the University**

- **Mechanism to expand campus**
## Tax-Exempt Ownership Structure

### Project Ownership
- Non-Profit Organization
- Owns project for the public purpose
- Contracts with Developer to develop the project
- Contracts with the Manager to operate the project
- Ownership can revert to the public purpose entity at the end of the financing

### Fixed Rate Financing
- 100% Low Cost Financing

### Ground Lease
- Protects land from foreclosure
- Gives public purpose entity control

### Purchase Option
- Public purpose entity can acquire the Project at any time by defeasing debt

### Operating Surplus
- The public purpose entity can receive all of the surplus revenue
Project Finance Structure

- Bonds are secured solely by the revenues and other assets of the project
  - Non-recourse to the University
  - Requires 3rd Party Market Study to Prove Demand

- **University enters into Marketing / Support Agreement**
  - Provide marketing assistance
  - Agreement not to overbuild market
  - Enforce policies for delinquencies
  - May require covenant to mitigate start-up risk

- **Minimum Debt Service Coverage Ratio = 1.20x**
  - Surplus revenue paid to University as ground rent
3. Transaction Structure and Summary
Student Housing at UMass Boston

The 2016 financing will fund a growing need for housing at the University of Massachusetts Boston campus, which has historically relied on off-campus options for students.

- Provident Resources Group, a national 501(c)(3) organization, created Provident Commonwealth Education Resources Inc., a Massachusetts nonprofit corporation to develop, construct, own and operate a new 1,082-bed student housing facility and a fully-furnished and equipped dining and food services facility on the campus of the University of Massachusetts Boston.

- $130 million of Student Housing Revenue Bonds were issued through MassDevelopment to finance the development costs of the Project, a debt service reserve fund, capitalized interest, a utility reserve fund, a start-up expense fund, and costs associated with issuance of the bonds.
  - Bonds will be payable solely from revenues of the Project with a Fixed Charges Coverage Ratio of 1.20x or greater.

- UMBA, as sub-lessee, will sub-lease the land where the Project will be built to the Institution as sub-lessee for a term of 40 years from delivery of the Series 2016 Bonds.
  - Under the Ground Lease and the Cooperation & Support Agreement, UMass Boston will provide certain support for the Project.
  - The Project improvements will revert to UMBA upon termination of the Ground Lease and the full repayment of outstanding Bonds.
  - The Project will be developed by Capstone Development Partners.
  - The Project will initially be managed by Capstone On-Campus Management, LLC.

- In addition to the Project, UMBA will contribute the funds to cover costs of the interior build out of an approximately 23,038 square foot food services facility within the student residence facility (the “Dining Facility”).
Financing & Document Structure

University of Massachusetts
Building Authority

Issuer
MASSDEVELOPMENT

Bond Purchase Agreement

Loan & Trust Agreement

Trustee
BNY MELLON

Underwriters
citi
RAYMOND JAMES®
WELLS FARGO

Ground Lease

Developed by
COCM
CAPSTONE DEVELOPMENT PARTNERS LLC

Manager

Loan & Trust Agreement

Management Agreement

Development Agreement

Provider Commonwealth Education Resources Inc.

Issuer

Loan & Trust Agreement

Design / Builder

ELKUS MANFREDI ARCHITECTS

Construction Contract

Architect’s Agreement

Architect

Loan & Trust Agreement

Construction Contract

Manager

Management Agreement

Development Agreement

Providence Commonwealth Education Resources Inc.
Key Security Documents

P3 transactions have a more detailed security structure than the University’s stand alone credit

- Loan and Trust Agreement
  - Flow of Funds
  - Rate Covenant
  - Debt Service Reserve Fund
  - Capitalized Interest
  - Utility Reserve Fund
  - Environmental Reserves
  - Construction Contingency
  - Weekly Project Revenue Transfers to Trustee

- Master Lease, Ground Lease and Management Agreement
  - Creates the foundation for the ownership, development and management of the Project

- Cooperation and Support Agreement
  - Outlines UMBA and UMass Boston involvement in marketing and supporting the Project

- Independent Market Study – Brailsford & Dunlavey
  - Critical component of credit quality
  - Assesses market demand and competitive landscape
Responsibility by Party

**Underwriter**
Prepares plan of finance
Secures Bond credit rating
Purchases Bonds from Issuer and places Bonds with investors

**MassDevelopment: Issuer**
Issues non-recourse Project revenue Bonds on behalf of non-profit.
Loans Bond proceeds to Project Owner

**University of Massachusetts - Boston ("UMASS")**
Executes Cooperation and Support Agreement
Participates on Project Advisory Board

**University of Massachusetts Building Authority ("UMBA")**
Executes Long Term Ground Lease with Project Owner
Participates on Project Advisory Board

**Non-Profit (501c3)**
Executes Ground Lease with UMBA
Owns Project Improvements
Executes Cooperation and Support Agreement with UMASS
Contracts with Underwriter to underwrite the Bonds
Guarantees cost & delivery date of Project
Contracts with Developer to coordinate development of Project
Contracts with Property Manager to manage Project operations
Transfers Project improvements to UMBA upon termination of Ground Lease.

**Developer**
Coordinates design, development and construction of Project
Coordinates transaction and financing structure
Guarantees cost & delivery date of Project
Contracts with general contractor to build Project
Performance and payment bond through the general contractor
Provides project/construction management and construction draw administrative services

**Bond Trustee**
Receives Bond Proceeds
Disburses Bond Proceeds for payment of Project development costs
Receives Project revenues
Remits principal and interest payments to Bondholders

**Property Manager**
Serves as Project Manager
Collects Project Revenues
Pays Project Operating Expenses
Leases beds to students

**Reserve Fund**
Building Maintenance
Student Scholarship Funds

Receives project improvements upon termination of Ground Lease

---

18  
Transaction Structure and Summary
## Required Documentation

<table>
<thead>
<tr>
<th>Document/Due Diligence Item</th>
<th>Document/Due Diligence Item</th>
<th>Document/Due Diligence Item</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Massachusetts Development Finance Agency</strong></td>
<td><strong>Management &amp; Support Agreements</strong></td>
<td><strong>Construction, Real Estate &amp; Project Documents</strong></td>
</tr>
<tr>
<td>a. Secretary's Certificate</td>
<td>23. Management Agreement</td>
<td>91. Environmental Site Assessment/Phase I</td>
</tr>
<tr>
<td>b. Official Action and Final Approval Resolutions</td>
<td>24. Master Lease</td>
<td>92. Pro Forma Income &amp; Expenses / Projections</td>
</tr>
<tr>
<td>e. By-Laws</td>
<td>27. Dining Facility Lease</td>
<td>95. UCC, Lien, Litigation, Judgment and Bankruptcy Searches</td>
</tr>
<tr>
<td>3. Form 8338 and Evidence of Mailing</td>
<td>29. Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing</td>
<td>97. Market Study</td>
</tr>
<tr>
<td><strong>Provident Commonwealth Education Resources, Inc.</strong></td>
<td>30. UCC Financing Statement (State level filing as to mortgage)</td>
<td>98. New Utility or Access Easements</td>
</tr>
<tr>
<td>5. Opinion of Institution’s Counsel, with Reliance Letter [as to due authorization, execution and delivery]</td>
<td>32. Assignment of Contracts, Licenses, Permits and Agreements (including consents from University, Developer and Manager)</td>
<td>100. Pro Forma Leasehold Title Policy including specimen endorsements</td>
</tr>
<tr>
<td>6. The Institution’s By-Laws</td>
<td>33. Assignment of Construction Contract</td>
<td>101. Escrow and Title Closing Instructions Letter to Title Agent</td>
</tr>
<tr>
<td>7. Certificate of Good Standing</td>
<td>34. Assignment of Architects Agreement</td>
<td>102. ALTA / ACSM Land Title Survey</td>
</tr>
<tr>
<td>9. Long-form Certificate of the Secretary of The Commonwealth of Massachusetts attesting to the Institution’s legal existence (FH/PCER)</td>
<td>36. Continuing Disclosure Agreement</td>
<td><strong>Public Approval</strong></td>
</tr>
<tr>
<td>10. The Institution’s Articles of Organization</td>
<td>37. Purchase Contract</td>
<td>64. Governor’s Approval with Notice and Record of Public Hearing; Affidavit Regarding Publication of Notice</td>
</tr>
<tr>
<td>11. Certificate of Good Standing</td>
<td><strong>Construction, Real Estate &amp; Project Documents</strong></td>
<td>65. Massachusetts Historical Commission Approval</td>
</tr>
<tr>
<td>12. Incumbency Certificate</td>
<td><strong>The Bonds</strong></td>
<td><strong>Official Statement</strong></td>
</tr>
<tr>
<td>b. Corporate Standards Relative to Business Interests in China</td>
<td>42. Construction Budget</td>
<td>73. Underwriter’s Counsel’s Opinion as to the Official Statement</td>
</tr>
<tr>
<td>d. Contractor Policy Certification</td>
<td>44. GMP Contract</td>
<td><strong>Miscellaneous</strong></td>
</tr>
<tr>
<td>a. Certificate of Underwriters</td>
<td>46. Engineering Agreement</td>
<td>76. Form of Requisition</td>
</tr>
<tr>
<td>17. Opinion of UMBA Counsel</td>
<td>47. Building Permit</td>
<td>77. Letter filing the Loan and Trust Agreement with the Agency</td>
</tr>
<tr>
<td>a. Property and Premises Liability Insurance</td>
<td></td>
<td>80. Ratings Letters</td>
</tr>
<tr>
<td>b. General Liability Insurance</td>
<td></td>
<td>81. Closing Memorandum</td>
</tr>
<tr>
<td>c. Umbrella Policy</td>
<td></td>
<td>82. Distribution List</td>
</tr>
<tr>
<td>d. Business Interruption Insurance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Market Study

In June 2016, the University of Massachusetts engaged Brailsford & Dunlavey (“B&D”) to update its 2013 Student Housing Market Study to quantify demand for the Project.

- UMass Boston remains the only institution in the Urban 13, a research sharing association among 22 institutions located in major U.S. metropolitan areas, that does not provide some form of student housing.
  - On-campus housing is seen as an essential component to UMass Boston’s continued academic excellence and the advancement of campus programs.
  - An increasing number of students are from out-of-state and from outside of the United States.
  - The lack of on-campus housing is forcing these students to live off-campus and limiting on-campus community interaction and collaboration.

- B&D’s analysis identified maximum potential demand for approximately 2,000 beds, well in excess of the proposed Project.
  - Of the targeted freshman and sophomore markets, this demand level was 1,127 beds, still in excess of the Project’s scope.
Key Aspects of Market Study

Market Study provided strong support for UMass Boston dormitory project

Comparative Housing Analysis

Enrollment Trend Analysis

Demand Analysis

<table>
<thead>
<tr>
<th>Cohort</th>
<th>Traditional (Single)</th>
<th>Traditional (Double)</th>
<th>Subtotal</th>
<th>1-Bed Semi-Suite (Single)</th>
<th>1-Bed Semi-Suite (Double)</th>
<th>Subtotal</th>
<th>1-Bed Semi-Suite (Triple)</th>
<th>1-Bed Semi-Suite (Quad)</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshmen</td>
<td>51</td>
<td>193</td>
<td>244</td>
<td>64</td>
<td>154</td>
<td>218</td>
<td>64</td>
<td>244</td>
<td>308</td>
</tr>
<tr>
<td>Sophomores</td>
<td>47</td>
<td>76</td>
<td>123</td>
<td>64</td>
<td>82</td>
<td>146</td>
<td>29</td>
<td>59</td>
<td>88</td>
</tr>
<tr>
<td>Combined Demand</td>
<td>98</td>
<td>269</td>
<td>367</td>
<td>128</td>
<td>236</td>
<td>364</td>
<td>93</td>
<td>303</td>
<td>396</td>
</tr>
<tr>
<td>Proposed Program</td>
<td>6</td>
<td>384</td>
<td>390</td>
<td>37</td>
<td>286</td>
<td>323</td>
<td>144</td>
<td>220</td>
<td>364</td>
</tr>
<tr>
<td>Difference</td>
<td>(92)</td>
<td>115</td>
<td>23</td>
<td>(91)</td>
<td>50</td>
<td>(41)</td>
<td>51</td>
<td>(83)</td>
<td>(32)</td>
</tr>
</tbody>
</table>
4. Financing Results
Summary of Financing Results

- The transaction was priced by Citi on Wednesday, October 26th
- The transaction was well-received by investors with 26 firms placing orders for the bonds totaling nearly $500 million in investor demand
- The 2041 and 2048 term bonds were both 5x subscribed for, allowing the underwriters to tighten yields by 5 basis points
  - The balance of the transaction was 1x – 3x subscribed for, except the 2025 – 2028 range which saw limited demand – Citi underwrote the unsubscribed maturities totaling $12 million
- The yield adjustments resulted in a 4.21% All-In TIC with a 21.3 year average life

Bond Summary

<table>
<thead>
<tr>
<th>Par Amount</th>
<th>$130,080,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Series 2016</td>
</tr>
<tr>
<td>Structure</td>
<td>Tax-exempt fixed rate revenue bonds with a final maturity in 2048</td>
</tr>
<tr>
<td></td>
<td>First Maturity: October 1, 2019</td>
</tr>
<tr>
<td>Optional Redemption</td>
<td>October 1, 2026 at par</td>
</tr>
<tr>
<td>Capitalized Interest</td>
<td>Through January 1, 2019</td>
</tr>
<tr>
<td>Project Completion</td>
<td>Expected August 2018, with occupancy scheduled for August 2018</td>
</tr>
<tr>
<td>Security</td>
<td>Bonds will be payable from revenues of the Project, a Leasehold Mortgage on the Project and all other funds held under the bond indenture</td>
</tr>
</tbody>
</table>
Appendix – Select Provident Case Studies
Select Case Studies – Education Resources Division Projects

LOUISIANA STATE UNIVERSITY

NICHOLSON GATEWAY PROJECT
Baton Rouge, Louisiana

University Affiliated Student Housing
7 New Student Apartments Buildings
780 Units
1,571 Beds
34,000 Square Feet Retail
Scheduled for Completion Fall 2018

Overview

LSU is embarking on a project to transform the Nicholson Drive corridor, the largest underdeveloped tract of university-owned property that is adjacent to the campus core. The project will turn what has traditionally been the back of the campus into an exciting new gateway district. The first phase, Nicholson Gateway, is a 28-acre site between West Chimes Street and Skip Bertman Drive. LSU has partnered with Provident Resources Group Inc. and RISE Real Estate Development to undertake in this first phase the development of a new student housing complex and related amenities. Provident, in coordination with RISE and LSU, will finance the design, development, construction and equipment of this new student housing complex that will consist of seven new student apartment buildings providing nearly 1,600 new beds benefiting students attending LSU. The project will be located on the west side of LSU’s campus along Nicholson Drive, in close proximity to Tiger Stadium, the LSU Pete Maravich Assembly Center, and a key roadway linking LSU to the Baton Rouge downtown area and the Louisiana State Capital complex. Financing for the development is expected to close in late summer of 2016 allowing for a delivery date of the completed project before the fall 2018 semester commences.
Anticipated Financing Structure

The proposed financing structure for the Project consists of approximately $180 million of tax-exempt and taxable bonds. The Bonds are expected to be issued by the Louisiana Public Facilities Authority on or about September 30, 2016 and will have a maturity of approximately 30 years. RBC Capital Markets is serving as the underwriter for the placement of the bonds.

Management

Once completed, the student housing complex will be owned and operated by Provident with management services also being provided by RISE and LSU.
The Heights
Montclair State University
Montclair, NJ
University Affiliated Student Housing
1,008 Units
1,978 Beds
25,000 Sq. Ft. Dining Facility
567,271 Gross Sq. Ft.
Completed Fall 2011

Overview

The on-campus student housing development known as The Heights is a public-private partnership between Montclair State University (“MSU”) and Provident. This project was the first public-private partnership for the benefit of a public university in the State of New Jersey under the New Jersey Economic Stimulus Act of 2009. Provident was selected to develop, finance, own, equip, operate and maintain two residence hall facilities and a dining facility on the campus of MSU exclusively for the benefit of MSU and its students. The state-of-the-art residential complex has approximately 548,000 square feet of living quarters and a 24,000 square foot dining area. The Heights opened in September of 2011, and can accommodate nearly 2,000 students. The project is designed to achieve a LEED Silver certification as defined by the United States Green Building Council.

Financing

The $211 million development budget was financed through The New Jersey Economic Development Authority (“NJEDA”) issued tax-exempt student housing revenue bonds with senior and subordinate series of bonds. The senior Series 2010A Bonds were issued and structured as 30-year fixed rate bonds, secured by a leasehold mortgage on the project to be paid primarily from project revenues, lease payments from MSU for the dining space and other funds available under the indenture, with no recourse to NJEDA or to MSU. The senior bonds are rated “Baa3” by Moody’s and were underwritten by RBC Capital Markets and Citi. To reduce the initial cost of the project and therefore, the associated debt service, the developer accepted subordinate Series 2010B tax-exempt bonds of $23,600,000, which will mature in 30 years, in lieu of an upfront development fee. Upon retirement of the bonds, the Ground Lease will terminate and the project improvements will revert to MSU.

Development and Management

The project was developed by Capstone Development Corporation of Birmingham, Alabama, with Terminal Construction Corporation of Wood-Ridge, New Jersey, serving as general contractor. Responsibility for the day-to-day management of the residential complex will be shared between Capstone On-Campus Management, L.L.C. and MSU.
Awards

The New Jersey Alliance for Action awarded The Heights project the New Jersey Leading Infrastructure Public Private Partnership Project Award for 2011, in recognition of the project’s contribution to the future economy and quality of life in New Jersey.
Overview

Valentine Commons is a residential community targeted to upper-division undergraduate students at North Carolina State University (“NCSU”) in Raleigh, North Carolina. Valentine Commons is situated on an approximate 3.15 acre site contiguous to and within a 5 minute walk from the academic core of the NCSU campus and within the Hillsborough Street Municipal Service District (“Hillsborough Street MSD”) established by the City of Raleigh in 2008 as a means of promoting economic development. The project is comprised of buildings ranging from six to ten stories, and consists of 277 apartment style units with a total of 928 beds. Valentine Commons also includes an adjacent, on-site 231,348 square foot parking garage with approximately 750 parking spaces and roughly 9,050 square feet of “active use” street-level space to be used for either commercial retail or University-related office space. While units will be marketed solely to NCSU students, they will be made available to students attending other universities and colleges within the Hillsborough Street MSD. The project closing occurred on July 1, 2011 and construction was complete and operations began prior to the 2012 fall semester.

Financing

The project was financed through the issuance of $95,715,000 of multiple series of senior and subordinate tax-exempt and taxable revenue bonds by the Public Finance Authority. The senior Series 2011A Bonds were privately placed with Bank of America and BBVA Compass and have a 30-year stated maturity. The bonds are secured by a mortgage and pledge of revenues.
Development and Management

The project was developed by Capstone Development Corporation. Capstone also manages the day-to-day operations of the facility. A local board of managers representing the interests of the various stakeholders, including the City, Hillsborough Street Community Service Corporation, NCSU and Provident, will oversee operations of the project, approve annual budgets and establish policies.
Overview
Provident was selected by Rowan University to develop, own and operate two new on-campus student housing facilities to consist of a total of approximately 744 units containing approximately 1,418 beds. The project consists of two buildings interconnected with bridges above ground level on Rowan University’s campus. The facility will include 36 residential pods, each of which will contain approximately 18 double occupancy rooms, one RA room, and two single occupancy rooms, a common lounge, and shared bathrooms. The proposed buildings will also include apartments for the Resident Director and for faculty or visiting scholars as well as offices for management staff. The site on which the project is constructed has been leased to Provident for the duration of the financing. Construction of the facilities is expected to be completed in advance of the Fall 2016 semester.

Financing
The project is financed through the issuance of tax-exempt and taxable bonds in two series aggregating $124,920,000 by the New Jersey Economic Development Authority (‘NJEDA”). The bonds are secured by a Leasehold Mortgage and other security agreements on the project and are to be paid solely from project revenues and other funds available under the Indenture. The bonds are issued with no recourse to the NJEDA or Rowan University. The bonds are rated “Baa3” by Moody’s and “BBB-” by S&P and were underwritten by RBC Capital Markets.

Development and Management
University Student Living LLC, Marlton, NJ is serving as the developer of the project and, along with Rowan University, is serving as the manager of the project. The developer is a company of The Michaels Organization, Marlton, NJ. Torcon Inc., Red Bank, NJ is serving as the general contractor and Erdy McHenry Architecture, Philadelphia, PA is the architect.

Awards
The New Jersey Alliance for Action awarded the project the New Jersey Leading Infrastructure Public Private Partnership Project Award for 2016.