

The background features a large, light blue circular seal. The outer ring contains the text "UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY" in a serif font, with a five-pointed star at the bottom center. Inside the ring is the coat of arms of the Commonwealth of Massachusetts, depicting a Native American figure holding a bow and arrow, with a five-pointed star above his right shoulder. A ribbon scrolls around the shield with the Latin motto "ENSE PETIT PLACIDAM SVB LIBERTATE QUIETEM".

Public-Private Partnerships

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March 30, 2016

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Public-Private Partnerships (P3)

- Capital constraints combined with short and long-term capital needs led University to explore P3s.
- P3 subcommittee of the UMass Building Authority formed in Fall of 2012 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. All of the campuses have been engaged in the Committee meetings.

UMass Lowell – Riverview Suites

Phase I – Fall 2013

- 500 Apartment Style-Beds
- Fitness Center

Phase II – Fall 2015

- 300 suite-style beds
- 10 classrooms & Health Sciences Suite

Original 10 Year Lease extended to 20 after successful completion of Phase II.

SOHO Development LLC responsible for design, construction, alterations, repair and maintenance.



Residential Hall (UMass Boston)

- The P3 project that is farthest along is the planned development of first ever on-campus housing at UMass Boston.
- A 1,000 beds residence hall at UMass Boston a parcel of land on the UMass Boston campus, off Mt. Vernon Street, near the Harbor Point and Peninsula Apartments that are privately owned and where many UMass Boston students currently live.
- The housing is expected to be available for UMass Boston freshman and transfer students by the fall of 2018 (shovels in the ground by fall of 2016).
- Estimated \$120 million project.



UMass Boston P3 Process

- RFQ issued on December 8, 2014
- Goals: Feasibility of P3 Approach and select best “partner”
- RFP was issued on March 9, 2015 to seven respondents to RFQ that were qualified
- Review of information submitted by respondents yielded two approaches:
 - (1) the creation of a non-profit entity to issue debt to construct the building and then operate the building
 - (2) 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, credit impact.

Public-Private-Partnership (P3)

Project Delivery

- 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.
- Other benefits of the P3 for the University 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.

Public-Private-Partnership (P3)

Project Delivery

- While UMass will enter into a P3 with the real estate 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) will finance 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).

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

Bond Trustee

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

University of Massachusetts Building Authority ("UMBA")

Executes Long Term Ground Lease with Project Owner
 Participates on Project Advisory Board
 Receives project improvements upon termination of Ground Lease

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
 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

University of Massachusetts - Boston ("UMASS")

Executes Cooperation and Support Agreement
 Participates on Project Advisory Board

Reserve Fund

Building Maintenance
 Student Scholarship Funds

Property Manager

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