



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

March 15, 2023

Salt Lake Community College – Nontraditional Arrangement

[Board Policy R712, Nontraditional Arrangements for Development of Facilities on Campuses](#), requires the Board to approve development projects by outside entities on institutional land. On January 14, 2021, Salt Lake Community College (SLCC) requested authorization to contract with a private developer to develop and operate student housing on the Taylorsville-Redwood Campus; the project was presented as self-funding. The Finance and Facilities Committee recommended the project be approved subject to approval as to form on the legal documents by the Attorney General's Office. The Board approved the project through its consent calendar on January 15, 2021.

Due to disruption in the financial markets in the wake of Covid-19, the project was put on hold until financial conditions improved.

In the October 24, 2022, Board meeting, SLCC returned to the Board to seek to move forward with a Ground Lease and Cooperation Agreement with a non-profit NCCD – Taylorsville Properties. SLCC was hoping to close the transaction by October 31, 2022.

In the Board meeting, Juliette Tennert introduced the agenda item and provided a history of the arrangement. President Huftalin reviewed further details, and then Chris Martin, CFO, went through the model and financial details. He provided the history and current state of the project and shared they had paused the project due to the market's volatility. Several questions were asked concerning the maintenance, rent setting, students selected to live in the housing, campus safety and resources, and insurance liability.

Board member Shawn Newell moved the Board to approve the Salt Lake Community College non-traditional arrangement subject to the Attorney General's Office's approval as to form of the associated contracts. He also moved that Salt Lake Community College return to the Board for further approval if there are material changes to the agreement or the agreement is not finalized within three months. Board member Sanchaita Datta seconded the motion, and the motion passed.

SLCC is returning to the Board with a project update. Due to the current market conditions, SLCC finds it not financially advantageous for the College or any of the entities associated with the project. SLCC has also determined that the contractor cannot meet the project deadline, which was also a critical component of the project's success. With much internal discussion with the Executive Cabinet and Board of Trustees, SLCC is proposing a pause on the project. To best support the students and the College, they will re-evaluate the next steps to move forward with this project. There is still a great need for a housing project for the College.

Commissioner's Recommendation

The Commissioner recommends the Committee rescind the approval for the Non-traditional student housing project at Salt Lake Community College and move to the full Board for final approval.

Attachment



March 1, 2023

Utah Board of Higher Education
c/o Commissioner Dave R. Woolstenhulme
60 South 400 West
Salt Lake City, UT 84101

RE: Update on Salt Lake Community College Student Housing P3 Project

Commissioner Wolstenhulme:

During the October 24, 2022, meeting of the Utah Board of Higher Education, in accordance with *Board Policy R712, Non-Traditional Arrangements for Development of Facilities on Campuses*, the Board approved SLCC to move forward with seeking financing for the College's P3 Student Housing Project, subject to the Attorney General's Office's approval of associated contracts and return to the Board for further approval if either there are material changes to the agreement or the agreement is not finalized within three months.

The College is providing an update on the status of the P3 Student Housing Project, informing the Board that the College is putting the project on pause and will return to the Board to seek approval at such a future time the College is ready to resume pursuing a student housing project.

While the College worked diligently with partners to see this project move forward, we were unable to complete financing within the three months outlined by the Board. This was due to the contractors' inability to meet the agreed upon timeline and continued stress on the project's financials due to ongoing market volatility and the College's primary goal to not increase rental prices for students.

The College continues to see a need for affordable student housing, and we believe strongly in the impact this type of project will have on supporting student success, increasing retention and student completion. As such, we continue to research potential options that would bring affordable student housing to SLCC.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Chris A. Martin".

Chris A. Martin

Vice President for Finance and Administration, CFO