

19 September 2024

Commissioner Geoffrey Landward
Utah System of Higher Education
Board of Regents Building,
The Gateway 60 South 400 West
Salt Lake City, Utah 84101

Dear Commissioner Landward:

The University of Utah hereby requests approval from the Utah Board of Higher Education for the public private partnership between American Campus Communities and the University of Utah that will result in the development of ~1,450 new student beds on campus.

Pursuant to Policy R712-5 below are the details of the proposal:

Student Housing at Annex Location

- Square Footage: ~350,000
- Number of Beds: ~1,450
- Student Amenity Space: ~17,000 SF
- Cost to Developer: ~\$136,000,000
- Cost to University: ~\$10,400,000
- Estimated Completion: Fall of 2026

5.1 Program Benefits: To advance the University of Utah's mission, which includes transitioning from a commuter to a residential campus, the University needs to build approximately 5,000 additional on-campus beds within the next 60-72 months. This will allow the University to guarantee on-campus-housing for freshman and additional beds for sophomores, juniors or seniors who wish to live on campus. Studies suggest that on-campus housing enhances graduation rates and the student experience.

This partnership allows the University to transfer development and ownership risk to a third party while maintaining full utilization of the property, the ability to earn income from the project, credit neutrality, and preserving bonding capacity for other initiatives.

5.2 Proper Developer and Use: American Campus Communities (ACC) is the nation's largest developer, owner and manager of high-quality student housing communities. Founded in 1993, ACC owns and manages over 140,000 beds in 205 properties and has worked on 93 campuses across North America. The majority of ACC's beds are located on public and private university campuses. Their expertise in developing and managing on-campus student housing is vital to complete the University of Utah's 5,000-bed goal.

The project architectural team and general contractor have completed many projects on the University of Utah's campus including the recently completed 775 bed Impact and Prosperity Center. This experience with the University has helped maintain design cohesion with other buildings and projects on campus.

5.3 Adequate Compensation: The University will receive full utilization of ~1,450 beds and the opportunity to participate in project income through a ground lease. The University is not subject to any guarantees or

financial obligations related to occupancy or project performance. All financial obligations related to building occupancy, operations, maintenance and capital improvements are the responsibility of the developer.

The University has elected to include ~17,000 square feet of student space in the ground floor of the project. This space will be paid for, programmed, operated and managed by the University and will include dining, recreation and gathering spaces. The anticipated cost of this space is ~\$10,400,000 and will be paid for with proceeds from the ground lease.

5.4 Contractual Provisions:

5.4.1 – \$10,400,000 is financially feasible for the University of Utah.

5.4.2 – The University's interests are protected in this partnership via the contractual protections and obligations set forth in the ground lease between the University of Utah and ACC (see slide deck for summary of key terms).

5.4.2.1 The ground lease establishes the parties' relationship as lessor and lessee.

5.4.2.2 The ground lease includes a dispute resolution process consistent with other University of Utah leases and contracts.

5.4.2.3 Pursuant to the ground lease, the project will be constructed by ACC consistent with plans approved by the University of Utah. In addition, the ground lease requires that once the project is constructed, ACC shall maintain the project consistent with a mutually agreed upon maintenance standard. ACC's access and connection to institutional utilities is also addressed in the ground lease.

5.4.2.4 Termination rights, renewal options, and ACC's surrender of the project upon termination are all addressed under the terms of the ground lease.

5.5 Construction Requirements – University of Utah Facilities (U Facilities) is providing oversight of the design and construction phases of this project; as well as being the Building Official responsible for permitting and code compliance. The project is being designed to meet the State of Utah University Housing Design Requirements and the State of Utah High Performance Building Standard. U Facilities and ACC have agreed upon a facility maintenance standard, and U Facilities will provide auditing for compliance with the standard. U Facilities will also conduct periodical Facility Condition Assessments (FCA's).

5.6 Attorney General Approval – The ground lease is subject to Attorney General review and approval for form and legal authority.

The University of Utah is looking forward to presenting this proposal at the October 4, 2024 meeting of the Board of Higher Education. Our Board of Trustees reviewed and approved the acquisition on September 10, 2024

Thank you, as always, for your consideration and support.

Sincerely,



Cathy Anderson

Chief Financial Officer and Vice President for Administrative Services

cc: Taylor Randall
Malin Francis
Jeff Labrum
John Creer