



Enclosure 2.
August 10, 2016

Minutes of the Council on Postsecondary Education Meeting
Wednesday, July 13, 2016 5:30 p.m.
Office of the Postsecondary Commissioner
560 Jefferson Boulevard
Warwick, RI 02886

The Finance/Facilities Committee of the Council on Postsecondary Education met on Wednesday, July 13, 2016, at the Office of the Postsecondary Commissioner at 560 Jefferson Boulevard, Warwick, RI. At 5:32 p.m., Chair Heather Crosby welcomed everyone. She then took roll call.

Present: Michael Bernstein, Heather Crosby, Dennis Duffy, and Dr. Jeffery Williams.

Absent:

1. ACCEPTANCE OF THE AGENDA

Chair Crosby entertained a motion to accept the agenda. On a motion duly made by Mr. Duffy and seconded by Mr. Bernstein, it was

VOTED:	THAT	The Finance/Facilities Committee of the Council on Postsecondary Education accept the agenda for the meeting of July 13, 2016 as presented.
	VOTE:	4 members voted in the affirmative and no members voted in the negative as follows:
	YEAS:	Michael Bernstein, Heather Crosby, Dennis Duffy, and Dr. Jeffery Williams.
	NAYS:	0
	ABSTAIN:	0

2. APPROVAL OF THE MINUTES

Minutes of the Facilities Committee of the Council on Postsecondary Education's January 27, 2016 Meeting.

On a motion duly made by Mr. Bernstein and seconded by Mr. Duffy, it was

VOTED: **THAT** *The Finance/Facilities Committee of the
Council on Postsecondary Education accept the
minutes of the Finance/Facilities Committee
meeting of January 27, 2016.*

VOTE: 4 members voted in the affirmative and 0
members voted in the negative as follows:

YEAS: Michael Bernstein, Heather Crosby, Dennis
Duffy, and Dr. Jeffery Williams.

NAYS: 0

ABSTAIN: 0

3. CHAIR'S REPORT

Chair Crosby deferred her remarks to a later meeting in favor of starting the evening's agenda.

4. ACTION ITEMS.

- a) **Discussion and Recommendation for the Approval of the Proposed Amendment to add Suite-N to the Kinesiology Lease in Independence Square III in Kingston, Rhode Island.**

Dr. LaPanne presented a proposal from the University of Rhode Island related to a second amendment to the lease with Independence Square III. This amendment would provide for the addition of Suite-N to the total leased space for the Kinesiology Department. This 2,269 square foot space will allow the Kinesiology's new faculty members to be housed in space that is contiguous with the Department's current footprint. This new lease will also allow for future growth and will position the

University to be able to plan for the best footprint to house the Health Professions program as it expands.

Independence Square III is willing to include this space under the terms and conditions applicable to the present lease for the space occupied by the Kinesiology Department dated in October 2007 via an Amendment to the associated 25-year Lease Agreement with a favorable exception as detailed by Mr. Ryan Carrillo in his presentation to the Committee. The rental rate for this space is reflective of attributable base operating expenses only and does not carry additional rent associated with construction financing expenses.

On an annualized basis, it is estimated that operating rent from this new space would be approximately \$37,000.

Dr. LaPanne reported that the remaining obligations under this amendment are consistent with the terms of the Lease as approved by the Board of Governors and the State Properties Committee in 2007 and later in 2012, with the required Executive and Legislative authorization.

On a motion duly made by Mr. Bernstein and seconded by Mr. Duffy, it was:

VOTED: THAT *The Finance/Facilities Committee recommends that the Council on Postsecondary Education approves the Proposed Amendment to add Suite-N to the Kinesiology Lease in Independence Square III in Kingston, Rhode Island.*

VOTE: 4 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Michael Bernstein, Heather Crosby, Dennis Duffy, and Dr. Jeffery Williams.

NAYS: 0

ABSTAIN: 0

4b.) Discussion and Recommendation for the approval of the Resolutions of the Council on Postsecondary Education in support of Rhode Island Health and Education Building Corporation (RIHEBC) Revenue Bond New Financing for the University of Rhode Island's Fraternity Circle Infrastructure Project Phase

I and Refinancing of prior RIHEBC Revenue Bonds for the University and Rhode Island College.

Dr. LaPanne reported that an opportunity for refinancing existing bonds has been identified by the finance staffs of the Office of the Postsecondary Commissioner, University of Rhode Island, Rhode Island College, and the Community College as part of the regular monitoring process.

She reminded the Committee that the Council on Postsecondary Education had approved the system's application to Rhode Island Health and Education Building Corporation (RIHEBC) to seek revenue bond financing for the University's Fraternity Circle Infrastructure Project Phase I and to seek revenue bond financing to refinance selected Series from prior RIHEBC revenue bond issuances for URI and RIC projects.

With the May 12, 2016 meeting of the RIHEBC Board and its approval of this application, the system has undertaken a solicitation for bond underwriters. This selection has taken place with the input of the institutions and the Office. This appointment completes the professional team that will research and develop the financial information and full documentation with attorney Paul Campellone of Adler Pollack and Sheehan serving as bond counsel for the Council and the institutions.

Dr. LaPanne referred the committee back to the approved Capital Improvement Plan for FY 2017-2021 as it relates to the University's Fraternity Circle Infrastructure Project Phase I. The approval for the plan had been received from both the Council and the Board of Education at their October 2015 meetings.

The opportunity to take advantage of favorable bond market conditions to achieve debt service savings on existing revenue bond obligations for prior issuances also exists. Since the initiation of our first request, market conditions have further improved which has motivated us to advance these efforts to optimize debt service saving through the balance of the terms on the Series issued in 2005 and 2008.

As such, the draft "Resolutions" for the refinancing transaction that were included in the packet could change upward or downward of the identified \$90,000,000 when the Council's "Authorizing Agent" executes the resolution prior to the bond transaction going to market. The \$5,100,000 value for the new financing transaction is fixed per the authorizing legislation.

On a motion duly made by Mr. Duffy and seconded by Mr. Bernstein, it was:

VOTED: THAT *The Finance and Facilities Committee recommends
that the Council on Postsecondary Education*

approves the resolutions authorizing the borrowing of approximately \$90,000,000 in connection with the issuance of Rhode Island Health and Education Building Corporation Higher Education Facility Revenue Bonds.

VOTE: 4 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Michael Bernstein, Heather Crosby, Dennis Duffy, and Dr. Jeffery Williams.

NAYS: 0

ABSTAIN: 0

4c.) Discussion and Recommendation for the approval of a second amendment to the Lease Agreement between the Council on Postsecondary Education and CV SSL Master Tenant LLC, Successor in Interest to Commonwealth Ventures South Street Landing Master Tenant, LLC and Related Document, in support of the Development and Lease of Space for a Shared Nursing Education Center for the University's College of Nursing and the Rhode Island College School of Nursing in the former South Street Power Station in Providence, RI.

At the Board of Education's June 16, 2014 meeting, the Board voted to authorize the Chair to execute the Lease Agreement between the Board (and now its successor, Council on Postsecondary Education) and Commonwealth Ventures Master Tenant, LLC, which later went on to receive the appropriate approval of the State Properties Committee and the General Assembly in accordance with §37-6-2(d).

The Landlord/Developer subsequently proposed certain amendments to the Lease Agreement which were reviewed and approved by the Council on Postsecondary Education at its meeting of October 14, 2015. Mr. Sean Coffey of Burns and Levinson, LLP provided a significant and detailed review of that amendment.

The matter of a Second Lease Amendment is now coming to the Council through the Finance and Facilities Committee related to the delay that will impact the schedule for construction of the Base Building and the Tenant Improvements of the premises to be leased by the Council. Mr. Sean Coffey of Burns and Levinson, LLP presented a summary of this negotiation and proposed agreement as well as the amendment to the Ground Lease about which the Council needs to receive notice.

Mr. Coffey explained that this amendment will defer delivery of the premises to the Council until no sooner than December 2017 with the major elements being the State's rent will not become payable before August 2017. The complete text of the Second Amendment as well as the Amended Ground Lease had not been included in the Committee packet in favor of the summary presented in the letter from Presidents Dooley and Sánchez

On a motion duly made by Mr. Duffy and seconded by Mr. Bernstein, it was:

VOTED: THAT *The Finance/Facilities Committee recommends that the Council on Postsecondary Education approves a second amendment to the Lease Agreement between the Council on Postsecondary Education and CV SSL Master Tenant LLC, Successor in Interest to Commonwealth Ventures South Street Landing Master Tenant, LLC and Related Document, in support of the Development and Lease of Space for a Shared Nursing Education Center for the University's College of Nursing and the Rhode Island College School of Nursing in the former South Street Power Station in Providence, RI, pending the review of the original documents.*

VOTE: 4 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Michael Bernstein, Heather Crosby, Dennis Duffy, and Dr. Jeffery Williams.

NAYS: 0

ABSTAIN: 0

5. ADJOURNMENT

On a motion duly made by Dr. Williams and seconded by Mr. Bernstein, it was:

VOTED: THAT *The Finance/Facilities Committee of the Council on Postsecondary Education adjourn its meeting.*

VOTE: 4 members voted in the affirmative and 0
members voted in the negative as follows:

YEAS: Michael Bernstein, Heather Crosby, Dennis
Duffy, and Dr. Jeffery Williams.

NAYS: 0

The meeting adjourned at 6:06 p.m.