

# UConn

UNIVERSITY OF CONNECTICUT

*Board of*



# TRUSTEES

VOL. 244 MAY 22, 2024

**AGENDA**  
**UNIVERSITY OF CONNECTICUT**  
**BOARD OF TRUSTEES**  
**VIRTUAL MEETING**

May 22, 2024

Public Streaming Link (with live captioning upon request):

<http://ait.uconn.edu/bot>

*(A recording of the meeting will be posted on the Board website  
<https://boardoftrustees.uconn.edu/> within seven days of the meeting.)*

Call to order at **9:00 a.m.**

1. Public Participation\*

\*Individuals who wish to speak during the Public Participation portion of the Wednesday, May 22, meeting must sign up 24 hours in advance of the meeting's start time (i.e., 9:00 a.m. on Tuesday, May 21 ) by emailing [boardoftrustees@uconn.edu](mailto:boardoftrustees@uconn.edu). Speaking requests must include a name, topic, and affiliation with the University (i.e., student, employee, member of the public). Per the University By-Laws, the Board may limit the entirety of public comment to a maximum of 30 minutes. As an alternative, individuals may submit written comments to the Board via [boardoftrustees@uconn.edu](mailto:boardoftrustees@uconn.edu), and all comments will be transmitted to the Board.

2. Executive Session (*as needed*)


3. Hartford Housing

4. Other Business

5. Adjournment

PLEASE NOTE: *If you are an individual with a disability and require accommodations, please e-mail the Board of Trustees Office at [boardoftrustees@uconn.edu](mailto:boardoftrustees@uconn.edu) prior to the meeting.*

May 22, 2024

TO: Members of the Board of Trustees 

FROM: Jeffrey P. Geoghegan, CPA  
Executive Vice President for Finance and Chief Financial Officer

RE: Term Sheet and Master Lease with Shelbourne Pratt Development for Student Housing at UConn Hartford

RECOMMENDATION:

Should the Board of Trustees approve of the material terms as outlined herein and in the draft Term Sheet attached, that the Board of Trustees provide approval for the Administration to enter into a Term Sheet, Master Lease and any other auxiliary and necessary documents to effectuate the development, occupancy, and operation of student housing at 242 Trumbull Street in Hartford, CT.

RESOLUTION:

“Be it resolved that the Board of Trustees provides approval for the Administration to enter into a Term Sheet, Master Lease and any other auxiliary and necessary documents to effectuate the development and occupancy of student housing at 242 Trumbull Street in Hartford, CT.”

BACKGROUND:

Shelbourne Pratt Development (“Shelbourne”) is the owner of an existing eight-story commercial office building located at 242 Trumbull Street, approximately one-half mile northwest of the UConn Hartford campus. Shelbourne has proposed to convert the existing office building to residential units. The rear portion of the building, which is known as the Annex and fronts Pratt Street, is four stories high and is ideally suited in width and size for student housing. New apartment units can be constructed and customized for approximately 200 beds of student housing, and this represents a unique opportunity to attain contiguous and segregated student space within a building near the campus. Shelbourne will be responsible for designing, building and financing the development of the student housing, and the University will enter into a long-term lease when it is complete. The University has the power to lease real property with Board approval pursuant to Connecticut General Statutes section 10a-109d(7).

The University conducted a survey of the students at the UConn Hartford campus regarding their interest in university-provided housing in early 2023. 430 of the 1250 undergraduate students at the campus responded to the survey, which was an unusually high participation rate. 70% of the respondents expressed interest in university-provided housing, but since most live with their parents currently, over 50% indicated that housing expenses would need to be at or below

\$750/month or \$7,500 per academic year for it to be affordable. Rent subsidies will therefore be required for some students to be incentivized to take university-provided housing.

#### FINANCIAL COMMITMENT:

The term of the Master Lease for approximately 50 apartment units and 200 beds of student housing is twenty (20) years, with two 5-year extension options at the University's discretion. The Year One rent payment is approximately \$2.2 million and the rent escalates 2.75% per year. There is no capital monetary commitment from the University and the costs of all construction and fit-out of the apartment units will be borne by Shelbourne. Shelbourne is also responsible for installing all security monitoring systems, access control systems, and cable/Wi-Fi. The University is responsible for providing any audio-visual devices for non-apartment spaces and furniture for the apartments, which is estimated at approximately \$500,000 combined.

Given projected housing rates, which will be consistent with housing rates at the Storrs campus for comparable housing, and estimating maintenance expenses and rent subsidies, and if the housing operates at full occupancy, it is anticipated that the new housing will run at an annual deficit in the range of \$1.5 million. Philanthropy and/or naming rights of the residence hall may potentially off-set some or all of this operating deficit.

#### OTHER PERTINENT LEASE TERMS:

Other pertinent terms of the Master Lease are as follows:

- The Master Lease commencement will be at the beginning of an academic year and upon substantial completion of the construction, which is currently targeted for August 2026
- The unit mix and unit design are subject to the University's approval
- The University will have the right to install signage with the name of the residence hall on the exterior portion of the building that is occupied
- The construction will be done utilizing prevailing wage labor rates
- Shelbourne will endeavor to meet the Universities S/MBE contracting goals
- In addition to the Master Lease base rent, the University is responsible for the payment of expenses from utility usage, cable, telephone and Wi-Fi directly to service providers
- Shelbourne is responsible for the payment of property taxes and insurance on the building
- Maintenance and appliance repairs/replacement are generally the responsibility of Shelbourne, but the University would be responsible for intentional or negligent damage caused by its employees, agents, students or guests.
- Occupants are required to remove trash from the units to a central location, but Shelbourne is responsible for dumpster rentals and off-site trash removal
- The University will have the right to sublet the units to the market if they are not all rented by students (but this practically might cause some operational issues in mixing students and the public within the same premises)

Attachments: Draft Term Sheet dated May 17, 2024 (without Exhibits)

End.

**UCONN HARTFORD STUDENT HOUSING**  
**AT 242 TRUMBULL STREET**  
**TERM SHEET**

This term sheet (the “Term Sheet”) is a statement of intentions and potential terms and conditions pertaining to the development and master leasing of a portion of the existing 242 Trumbull Street Building (the “Building”) for use as residential student housing in Hartford, CT. It is intended to provide the basis for the parties to negotiate specific agreements to effectuate same. Until such time as a master lease (the “Master Lease”), acceptable to each party in its sole discretion, have been executed and delivered by each of the parties, neither party may take any action based upon any assumption that an agreement or obligation exists, and each party shall have the right to terminate discussions at any time, with or without cause. This Term Sheet itself is not binding on either party, except for the confidentiality provisions set forth herein.

**PARTIES AND PROPERTY**

- Landlord: Shelborne Pratt Development LLC or entity controlled by current entity and having an address of 2362 Nostrand Avenue, Suite 7, Brooklyn NY 11210 (“Landlord”).
- Tenant: The University of Connecticut, a constituent unit of the State of Connecticut (“Tenant”).
- Leased Premises: Approximately 87,150 square feet of the rear “annex” portion of 242 Trumbull Street, comprised of an entry corridor and elevator access on the 1<sup>st</sup> floor, plus space on the 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> floors as more particularly depicted in Exhibit A hereto (the “Leased Premises”).
- Development: The turn-key design, construction and financing of approximately 50 units totaling approximately 202 beds, including congregational and circulation spaces on the Leased Premises (the “Development”). The unit mix is generally shown in Exhibit B hereto.

**TRANSACTION INTENT**

A transaction in which Tenant will make a long-term commitment in the form of the Master Lease to have Landlord design, construct and finance the Development to Tenant’s standards and for the purpose for Tenant to operate as student housing.

**MASTER LEASE TERMS**

Master Lease Term: 20 years from the Commencement Date

**TERM SHEET**

**Renewal Options:** Tenant shall have the option at its sole discretion and with proper notice to extend the Master Lease up to two (2) times for a period of five (5) years each extension period.

**Commencement Date:** The Master Lease commencement date shall be on August 1<sup>st</sup> following the substantial completion and receipt of a certificate of occupancy for the Development (the "Commencement Date"). As an example, if the Development is substantially complete and receives a certificate of occupancy on March 31, 2026, the Commencement Date shall be August 1, 2026. Construction shall commence on the Development no later than 60 days post entitlements including building permit, and substantial completion and a certificate of occupancy shall be achieved by twenty-four (24) months after commencement of construction, otherwise the Master Lease shall be terminated and considered null and void.

**Rent Commencement:** Rent shall be paid monthly in advance commencing on the Commencement Date. Tenant requires a unique invoice for each monthly payment however Landlord shall have the right to submit 12 payment requests in advance for each year of the Master Lease.

**Master Lease Rent:** Tenant shall pay to Landlord the following Master Lease rent payments:

	<u>Annual Amount</u>	<u>Paid Monthly</u>
Year 1	\$2,197,872.00	\$183,156.00
Year 2	\$2,258,313.48	\$188,192.79
Year 3	\$2,320,417.10	\$193,368.09
Year 4	\$2,384,228.57	\$198,685.71
Year 5	\$2,449,794.86	\$204,149.57
Year 6	\$2,517,164.22	\$209,763.68
Year 7	\$2,586,386.23	\$215,532.19
Year 8	\$2,657,511.85	\$221,459.32
Year 9	\$2,730,593.43	\$227,549.45
Year 10	\$2,805,684.75	\$233,807.06
Year 11	\$2,882,841.08	\$240,236.76
Year 12	\$2,962,119.21	\$246,843.27
Year 13	\$3,043,577.49	\$253,631.46
Year 14	\$3,127,275.87	\$260,606.32
Year 15	\$3,213,275.95	\$267,773.00
Year 16	\$3,301,641.04	\$275,136.75
Year 17	\$3,392,436.17	\$282,703.01
Year 18	\$3,485,728.17	\$290,477.35
Year 19	\$3,581,585.69	\$298,465.47
Year 20	\$3,680,079.30	\$306,673.27

If the Master Lease is renewed for one or two additional five (5) year periods (the "First Renewal Option" and the "Second Renewal Option," respectively), the Master Lease rent shall be based on the Fair Market Value rental rates for apartments of similar size, type and occupancy in the manner of determination

to be mutually agreed to by Landlord and Tenant, however such amount shall not be less than the previous year's rent.

- Development Cost:** Landlord shall be wholly and solely responsible for all costs associated with and management of the Development, including but not limited to the costs of design, construction, operational start-up and financing.
- Min. Investment:** A preliminary development budget and expected sources and uses of funds for the Development is included as Exhibit C hereto. In addition to the minimum investment stated herein, Landlord shall be required to acquire and provide financing and equity sufficient to full cover all costs of the Development and to provide a fully functional and operational student housing facility. Tenant shall have no obligations to directly provide any investment or equity toward the Development of the Leased Premises.
- Parking:** On-site parking for five (5) spaces is included in the Master Lease rent and shall be provided to the Tenant at no additional cost, including during the First Renewal Option and the Second Renewal Option. Any parking spaces provided over the five (5) included spaces shall be charged at market rates.
- Allowable Occupancy:** Tenant shall be allowed to occupy all Studio and 1 Bedroom Units with up to 2 individuals, 2 Bedroom Units with up to 4 individuals, and 3 Bedroom Units with up to 6 individuals. If Tenant cannot lease the entire Leased Premises to students, then it shall have the right to sublease the units in the market at its sole discretion. If Tenant requests that Landlord be the leasing agent for the market-rate units, Landlord shall provide leasing services and shall receive an administration fee of one month's rent for each 12-month lease executed by Tenant or pro-rata for a shorter-term lease.
- Naming Rights:** Tenant shall have the exclusive right to name the portion of the Building subject to the Master Lease and to install exterior signage consistent with City of Hartford sign ordinances with such name or designation. Signage will be consistent with the guideline attached in Exhibit D. Landlord reserves the right to review and approve the name, which consent shall not be unreasonably withheld, to ensure that no names are inappropriate for the community. Landlord shall have no claim or rights to any revenue received by Tenant for such naming rights. Similarly, Tenant shall have the exclusive right within the Leased Premises to name any room or space as long as the naming agreement is not a permanent encumbrance on Landlord's property and as long as the naming does not violate any community standards.
- Signage:** Tenant shall have the right to install signage identifying the Building as part of the University, both on the exterior and interior, of a size and quantity allowed by ordinance and zoning so long as signage is consistent with the guidelines in Exhibit D. Landlord shall provide interior directional signage and to identify rooms and spaces within the Building at no additional cost to Tenant. Electric service and structural support for the exterior sign shall be included by Landlord in the Development, but an allowance of \$25,000 will be included in the Master

Lease to cover the cost of the Tenant-specific building exterior sign and any additional non-code related or wayfinding interior signage required by Tenant.

- Zoning:** Landlord shall be wholly responsible for attaining zoning approval for the Development. If zoning approval is not received from the authority(s) having jurisdiction within 6 months of the date of the execution of the Master Lease shall be terminated and considered null and void.
- Design Approvals:** Tenant shall have the right to approve the design documents for the Leased Premises at the end of the schematic design, design development and construction document phases, which approval shall not be unreasonably withheld, conditioned or delayed.
- Design Standards:** The Landlord shall design and construct the Leased Premises to Tenant's design standards as of the date of the execution of the Master Lease and as outlined on the website: <http://updc.uconn.edu/contractors-working-at-uconn>.
- Design Completion:** Landlord shall endeavor to complete the design of the Development within six (6) months of the date of the execution of the Master Lease.
- ADA Compliance:** The building, site and unit designs (including appliances, furniture and furnishings) shall meet all necessary federal and state accessibility codes and requirements. Several units will need to meet specific accessible requirements to serve a diverse student population.
- Construction Oversight:** Tenant shall have no authority for the direction and control of any design or construction activity of the Development. The direction and control of design and construction shall be the sole right and responsibility of Landlord. Tenant will not enter into any design or construction contracts directly. If Tenant decides to appoint an internal or external owners' representative to oversee its interests in the design and/or construction of the Development or the Leased Premises, the cost of such representative will be Tenant's responsibility.
- Construction Labor:** The Development will be subject to labor regulations for public projects in the State of Connecticut and shall utilize prevailing wage labor rates for construction personnel working on the Development and the Leased Premises.
- Compliance:** The Landlord shall meet minimum participation requirements as required by CHRO, including SBE participation of 25% of the contract value and MBE participation of 6.25% of the contract value, and will endeavor to meet Tenant's goals of 30% SBE participation and 10% MBE participation.
- Environmental:** Landlord shall survey and test, as appropriate, all existing materials at the Building (including the Leased Premises) for environmental contaminants and shall remediate any known or discovered environmental conditions or hazards at its sole cost prior to occupancy of the Leased Premises by Tenant.



**Construction Insurance:** Landlord shall provide builder's risk insurance, as well as general liability and workman's compensation insurance, during the construction of the Development and the Leased Premises. Landlord shall indemnify and hold harmless Tenant during the development and construction period from any and all claims.

**Prohibited Uses:** Landlord and Tenant agree that the none of the prohibited uses identified in Exhibit E hereto shall be allowed to operate in the Building.

**Reversion:** At the end or termination of the Master Lease, the Leased Premises and all improvements therein, excluding all Tenant-owned furniture, fixtures and equipment which shall be removed by Tenant, shall revert to Landlord.

### **OPERATIONAL PROVISIONS**

The following shall be incorporated into the Master Lease regarding the operation of the Leased Premises.

**Utilities:** Electrical and gas consumption are excluded from the Master Lease rent payment and shall be paid directly to the utility company by Tenant. All units shall be sub-metered for these utilities. The amounts that Tenant charges its tenants, and to the extent that Tenant gets reimbursement from tenants for utility and/or any other expenses, shall be at Tenant's sole discretion. Water and sewer use and consumption shall be paid by Landlord as a part of the Master Lease rent payment.

**Real Estate Taxes:** The Master Lease rent payment includes the costs of all real estate taxes, which shall be borne and paid by the Landlord.

**Insurance:** Landlord shall provide and bear the cost of property and general liability insurance for the Building, the Development and the Lease Premises, which shall be at coverage values as mutually agreed to between the parties but may exclude coverage of the furniture and personal belongings of the occupants. The Master Lease will require that Landlord include Tenant as an additional insured on the policy and that Lessor shall deliver to Tenant proof of timely payment for insurance. Tenant shall provide general liability insurance to cover any damage or loss to the premises from actions of Tenant's occupants, which requirement may be covered by self-insurance.

**Maintenance:** Maintenance shall be per the Expense Responsibility Matrix in Exhibit F hereto. The intent is that Landlord, as the long-term owner of the Building, be responsible for normal wear and tear within the Leased Premises, while Tenant is responsible for damages from intentional actions or negligence, whether occurring in the units or in the common areas.

**Custodial/Trash:** Landlord shall be responsible for custodial services in the common areas and all non-unit spaces within the Leased Premises. Tenant and Tenant's occupants

### **TERM SHEET**

shall be responsible for custodial services within the units in the Leased Premises. Trash shall be removed by Tenant's occupants to dumpsters provided by Landlord at no additional cost to Tenant.

**Turn-Over Costs:** Landlord shall manage the annual maintenance and repairs of units at turn-over. Landlord shall be responsible for normal wear and tear, while Tenant shall be responsible for all damage to the units caused by Tenants or its agents. If Tenant requires repainting of the units on an annual basis at turn-over (except with respect to the 7<sup>th</sup>, 14<sup>th</sup>, 21<sup>st</sup> and 28<sup>th</sup> (if applicable) Lease years), Tenant shall reimburse Landlord for the actual costs of the annual unit repainting.

**Capital Expenses:** Landlord shall be responsible for all capital expenses to maintain the Building in habitable condition, including the MEPFP systems, elevators, building infrastructure, roofing and exterior envelope, at no additional cost to Tenant. Every seven years of the Master Lease, Landlord shall conduct a refresh of the Leased Premises, which shall include replacement of carpeting and flooring, repainting walls and ceilings, as needed as mutually agreed by Landlord and Tenant and other work as applicable for installations that are not anticipated to last another seven years.

**Tenancy Management:** Tenant shall be responsible for assigning and coordinating the tenancy of the units. Tenant shall provide Landlord with contact information of Tenant's occupants for coordinating maintenance or emergency entry into the units.

**Property Management:** Landlord shall be responsible to provide property management services to oversee the operation and maintaining of the Building and the Leased Premises in a first-class manner at no additional cost to Tenant. Tenant and Landlord shall designate individuals to work with each other on a daily basis to address any issues that arise during the term of the Master Lease.

**Appliances:** Landlord shall provide at no additional cost to Tenant all appliances and fixtures required for the Leased Premises, including but not limited to dishwashers, refrigerators, microwaves, ovens, and washer/dryers. Landlord shall be responsible for the maintenance and repair/replacement of appliances unless they are damaged by Tenant's tenants or other occupants.

**Furniture:** Tenant shall provide the furniture and other furnishings for the Leased Premises, which shall include all beds, seating, tables and desks for the units, study areas, offices, lobby, common areas and meeting rooms. An allowance of \$500,000 has been included for the purchasing and delivery of Tenant's furniture, fixtures and equipment.

**Security:** Tenant shall specify and Landlord shall be responsible for installing security systems and access controls systems for the Leased Premises as part of the Development to a level to be agreed to between the Parties in the Master Lease. Wiring for these systems shall be included by Landlord in the construction of the Leased Premises at no additional cost to Tenant. An allowance of \$150,000 has been included for the installation of security and

access control equipment and devices. Operation and maintenance of the security and access control systems after installation shall be the responsibility of the Tenant. Should Tenant require contracted security for the Leased Premises, Landlord shall provide same and Tenant will reimburse Landlord for their costs.

**Audio Visual:** The Tenant shall specify and the Landlord shall be responsible for installing audio-visual systems for the Leased Premises as part of the Development to a level to be mutually agreed to between the parties in the Master Lease. Wiring for these systems shall be included by Landlord in the construction of the Leased Premises at no additional cost to Tenant. An allowance of \$125,000 has been included for the installation of audio-visual equipment and devices. Operation and maintenance of the audio-visual systems after installation shall be the responsibility of Tenant.

**Allowances:** If actual costs exceed the amount of an established Allowance, then Tenant shall pay to Landlord the exceedance, subject to the exceedance having been previously authorized by Tenant in writing. If an Allowance is not fully utilized, then Tenant shall have the right to direct Landlord to utilize the underage for purchase of other systems or furnishings to be specified by Tenant. Allowance use shall be restricted to so-called "hard costs of construction", and allowance costs shall include overhead, profit, general conditions (if applicable), insurance, and bond costs.

**IT Infrastructure:** All units and common spaces shall be wired for data, telephone and cable, and shall have wireless internet service capability available at no additional cost to Tenant. The cost of the telephone, cable and wireless service is excluded from the Master Lease rent payment and shall be paid directly by Tenant to the service provider.

**University Name:** Landlord shall not utilize Tenant's name, logos or trademarks in any marketing or advertising without Tenant's prior written approval.

## **LEGAL TERMS**

**Security Deposits:** None

**Agreement Timing:** The parties shall immediately pursue the negotiation of the Master Lease after execution of this Term Sheet, with a target completion of not more than ninety (90) days thereafter.

**Document Drafting:** The initial draft of the Master Lease shall be prepared by Tenant.

**No Partnership:** The Master Lease shall not be deemed to create, as between Landlord and Tenant, any partnership, joint venture or agency relationship.

## **TERM SHEET**

- No Beneficiaries:** The Master Lease is for the exclusive benefit of Landlord and Tenant (and Landlord's lenders to the extent applicable) and no third-party beneficiaries are created thereby.
- Approvals:** The Master Lease will require approvals by the Board of Trustees of The University of Connecticut and the Office of Attorney General of the State of Connecticut prior to becoming effective.
- State Terms:** The Master Lease shall contain the mandatory State of Connecticut terms and conditions set forth in Exhibit G hereto.
- Confidentiality:** The parties agree that neither party will publicize or voluntarily disclose this Term Sheet or the related negotiations without the consent of the other party, provided, however, that it is understood and agreed that Landlord may disclose such data and information to the employees, consultants, accountants and attorneys of Landlord and any person or entity which Landlord anticipates will invest in or provide financing for the Development. Tenant is subject to the Connecticut Freedom of Information Act as set forth in Chapter 14 of the Connecticut General Statutes ("FOIA") and nothing herein shall be construed to constitute a promise by Tenant to violate FOIA and Landlord recognizes that Tenant may be compelled by FOIA to disclose information on this potential transaction. Nothing herein be construed to constitute a waiver of any applicable exemptions to the disclosure requirements under FOIA.
- Other Requirements:** The obligation of Tenant to enter into the Master Lease is conditioned on satisfaction of the requirements of all laws of the State of Connecticut, as applicable, and including, without limitation, and if applicable, the public notice requirements of Section 4b-47 of the Connecticut General Statutes, the Connecticut Environmental Policy Act, and the approval of the Office of the Attorney General of the State of Connecticut.
- Negotiations:** The parties acknowledge that this Term Sheet is intended merely as a statement of present intentions and understandings of the parties, pursuant to which Tenant may consider negotiating and executing the Master Lease. Neither party shall have any obligation to proceed to the completion of such agreements. Upon termination of negotiations, neither party shall have any further obligation to the other. All costs incurred by either party in connection with these negotiations or otherwise in connection with this Term Sheet shall be the responsibility of the party incurring such costs.

REST OF PAGE LEFT BLANK

The terms and conditions herein are agreed and accepted as of the date of execution by both parties.

TENANT  
THE UNIVERSITY OF CONNECTICUT

LANDLORD  
SHELBORNE COMPANIES LLC

\_\_\_\_\_  
BY: Jeff Geoghegan  
UConn of Connecticut  
Executive VP and CFO  
Duly Authorized

\_\_\_\_\_  
BY: \_\_\_\_\_  
Duly Authorized

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

DRAFT

EXHIBIT A  
LEASED PREMISES

DRAFT

EXHIBIT B  
UNIT MIX/DESIGN

DRAFT

EXHIBIT C  
DEVELOPMENT BUDGET

DRAFT



EXHIBIT D  
SIGNAGE GUIDELINES

DRAFT

EXHIBIT E  
PROHIBITED USES

DRAFT

EXHIBIT F

EXPENSE RESPONSIBILITY MATRIX

DRAFT

EXHIBIT G

STATE OF CONNECTICUT TERMS AND CONDITIONS

---

DRAFT