

Request for Qualifications

Addendum 1

Student Housing and Parking Development Opportunity at Michigan Technological University in Houghton, MI

The following questions referencing the Michigan Tech RFQ for a Student Housing and Parking Development Opportunity were received via email prior to the deadline of 3:00 PM EDT on July 25, 2022.

QUESTION 1: Will Michigan Technological University own the land, or will the land be sold to the development company?

ANSWER: Michigan Technological University will continue to own the land and anticipate entering into a long-term ground lease with the future owner of the contemplated asset.

QUESTION 2: What percent of students commute versus live on campus?

ANSWER: Fall 2021 Total Enrollment was 7,009 and approximately 40% of students lived on campus.

Michigan Tech's housing capacity in its traditional residence halls (Wadsworth Hall, McNair Hall, Douglass Houghton Hall, and Hillside Place) for the fall semester of 2021 was 2205 beds. Occupancy was 103.4%, housing **2279 students**.

Michigan Tech also has 345 one-bedroom, two-bedroom, and three bedroom apartments in its Daniell Heights apartment complex with a total bedroom count of 521. For the fall semester of 2021 the apartments were 98.3% contracted. Assuming that all apartments had one adult occupant per bedroom, the total number housed in on-campus apartments can be estimated at **512 students**.

QUESTION 3: What percent of students on campus have cars?

ANSWER: Michigan Tech can report on the number of students who have purchased parking permits. For the fall semester 2021, in which the enrollment was 7,009 and the number of students housed on campus was 2791, the following permits were sold to students:

| | | |
|-------------------------------|---------------------------|------------------|
| 1415 Residential Permits Sold | 20.2% of total enrollment | 51% of residents |
| 1456 Commuter Permits Sold | 20.8% of total enrollment | |

Additionally as an information item, 1197 Faculty/Staff Permits were sold in the fall of 2021.

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QUESTION 4: Regarding the reference to Public Approvals, will local city zoning ordinances apply or will the “Project” fall under MTU's design and construction standards?

ANSWER: Local city zoning ordinances do not apply to University-owned property. Michigan Tech's design and construction standards will be communicated, if applicable, in the forthcoming RFP.

QUESTION 5: Please indicate the projected number of MTU students who could be assigned/allocated annually to the new 50- [sic] bed P3 community during the summer months, and at what housing-only rate per bed (without Board), per month, or for each of the individual or combined summer sessions. It will be important to understand the realistic number of students typically enrolled in MTU academic programs for the summer.

ANSWER: The number of students assigned to be housed in the new facility during the summer months would be subject to negotiation. Feel free to discuss the need in your Qualifications submission. During the summer of 2022, Michigan Tech's summer school, camps, conferences and other business consumed the following bed nights at the rates indicated:

MTU will collaborate with the selected partner and provide meaningful feedback to the short-listed firms during the RFP stage on how to achieve the Project's financial feasibility. This will include exploration of all possible strategies to enhance revenues as long as those are feasible in the context of MTU's residential program.

QUESTION 6: How many MTU students are likely willing or have a need to sign a 12-month housing contract annually?

ANSWER: This is not information the University has collected and any answer would be purely speculative. MTU Residence Hall contracts are currently for an academic year. Our Daniell Heights apartment complex is contracted on a 12-month basis with some exceptions for start-of-contract and departure after graduation. Generally, rental properties in the local community are on a 12-month lease.

MTU will collaborate with the selected partner and provide meaningful feedback to the short-listed firms during the RFP stage on how to achieve the Project's financial feasibility. This will include exploration of all possible strategies to enhance revenues as long as those are feasible in the context of MTU's residential program.

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QUESTION 7: Does MTU have summer camps or conferences that actually generate NET INCOME to the University, and roughly how much net income is generated each summer from these camps or conferences? Would the University be willing to allocate that housing demand and the associated net income it generates to the new P3 Community, which will help the economic viability of the P3 housing? Or, will those summer camp/conferences be operated in future years out of the University's existing housing communities, separate and apart from the P3 community(ies)?

ANSWER: MTU will collaborate with the selected partner and provide meaningful feedback to the short-listed firms during the RFP stage on how to achieve the Project's financial feasibility. This will include exploration of all possible strategies to enhance revenues as long as those are feasible in the context of MTU's residential program.

QUESTION 8: Please indicate the University's anticipated annual % increase in on-campus housing rates over the next 3 to 5 years, in order to keep pace with inflation and generate a reasonably escalating net operating income.

ANSWER: The historical increases to the combined room and board rates are shown in the table below. Room rates and board rates typically increase at approximately the same percentage with minor year-to-year differences. Developers will be encouraged to explore a pricing strategy that would reflect the new suite-style product and its features as they relate to MTU's older existing housing.

| *Double Occupancy | Combined Residential Room and Board Rate | \$ Increase | % Increase |
|-------------------|--|-------------|------------|
| 2022-2023 | \$12,028 | \$403 | 3.47% |
| 2021-2022 | \$11,625 | \$341 | 3.02% |
| 2020-2021 | \$11,284 | \$310 | 2.82% |
| 2019-2020 | \$10,974 | \$248 | 2.31% |
| 2018-2019 | \$10,726 | \$279 | 2.67% |

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|-----------|----------|-------|-------|
| 2017-2018 | \$10,447 | \$186 | 1.81% |
| 2016-2017 | \$10,261 | \$434 | 4.42% |
| 2015-2016 | \$9,827 | \$341 | 3.59% |
| 2014-2015 | \$9,486 | \$341 | 3.73% |
| 2013-2014 | \$9,145 | \$310 | 3.51% |
| 2012-2013 | \$8,835 | \$217 | 2.52% |
| 2011-2012 | \$8,618 | \$186 | 2.21% |
| 2010-2011 | \$8,432 | \$341 | 4.21% |
| 2009-2010 | \$8,091 | \$383 | 4.97% |
| 2008-2009 | \$7,708 | --- | |

QUESTION 9: Will the University consider the implementation of a sophomore live-on requirement, subject to reasonable exceptions for local students or financial hardship?

ANSWER: As indicated on the final page of Exhibit A of the RFQ, the University recognizes that there are several considerations that could increase demand or reduce the current capacity. A full 2-year live-on requirement is listed as one of those considerations.

QUESTION 10: Is the University committed to a financing strategy for the parking component of the RFQ that will NOT require the parking to be paid for out of the housing revenues generated by the new P3 housing community?

ANSWER: Yes. Parking revenue will be separate and segregated from housing revenue.

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QUESTION 11: Would the University consider making a qualifications-based selection of its housing partner after the RFQ stage, in order to allow more time for the University and its selected private sector partner to collaboratively plan, structure the financing transaction, design and build the new P3 housing community for delivery in 2025?

ANSWER: No. The University is committed to an RFP process as outlined in the Request For Qualifications.

QUESTION 12: Are you able to share who the University's auditor is?

ANSWER: The University's Board of Trustees authorized the University to engage the certified public accounting firm Plante & Moran, PLLC to conduct audits for the University fiscal year 2022.

QUESTION 13: As there are other large, national RFP deadlines for which several respondents will be competing for, will the university grant a RFQ response deadline extension by 7-14 days?

ANSWER: Based on this question, the University will extend the RFQ deadline by 7 days. The new deadline will be August 19, 2022 at 3:00 p.m. EDT. Please indicate via email to Theresa Coleman-Kaiser (tacolema@mtu.edu) your intent to respond to this RFQ no later than August 12, 2022.

QUESTION 14: Are there any specific compensation or reimbursement of expenses that the University is looking for during the development and/or operations phases?

ANSWER: . MTU is open to exploring approaches leading to the Project's financial feasibility. This includes various strategies related to the treatment of operating expenses, such as subordination, and debt repayment structuring. The University will provide feedback to short-listed developers based on the preliminary pro formas presented during the RFP stage. It is important to note, however, that one of MTU's goals for this contemplated transaction is to remain off balance sheet.

END OF QUESTIONS AND RESPONSES