

Fayetteville State University

Housing Market Assessment

RFP 58-RFP240005



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Title Page + Firm Info



RIETH JONES
ADVISORS



Pleasure to meet you

WHO WE ARE.

Rieth Jones Advisors (“RJA”) provides institutions of higher education and municipalities with customized advisory services for facility development, including academic, auxiliary, athletic, and student life assets. Throughout their careers, the principals of RJA have worked with over 100 institutional partners across the country to ensure that projects meet their strategic and financial objectives. RJA’s principals have nearly 25 years of higher education advisory experience and launched RJA in 2017. Using a tailored approach that is customized for each project, the RJA team has advised on more than \$13.0 billion worth of projects, including \$1.5+ billion in public-private partnerships (“P3”) and 290,000+ beds of student housing. RJA currently operates six office locations in Atlanta, Charlotte, Columbus, Detroit, Fayetteville, and Sun Valley.

WHAT WE DO.

RJA provides a unique offering of customized advisory services that position our partners to solve complex financial and real estate issues. While there is a general framework to achieve successful outcomes, every project requires a flexible and nimble approach.

Strategic Planning

Using a combination of quantitative and qualitative tools, RJA helps our partners (colleges, universities, non-profits, municipalities) develop long-term, sustainable plans to maximize the impact these facilities have on their constituents.

Financial + Business Operations Analysis

Our involvement through all aspects of the development process allows RJA to create complex, integrated economic models that accurately capture all project costs and operating variables. Evaluating and comparing operational paradigms is the best way to understand the real-time economic impact of all project-related decisions.

Real Estate + Infrastructure Advisory

As our partners seek to maximize the value of their existing assets or acquire additional real estate, RJA will evaluate various opportunities to determine the highest and best use of physical and financial resources. RJA has in-depth experience identifying, leading, and negotiating complex real estate transactions to ensure the greatest value is realized.

Transaction Advisory

RJA's advisory expertise and strong relationships rank among the leading development and investment firms. Our understanding of tax-exempt, equity, and concessionaire models allows RJA to lead the P3 process from conception through execution.

Design & Construction Advisory

Our talented design and construction advisory team - complete with licensed architects and contractors - serves as an extension of the owner. From pre-design through opening, our team is with you at every step of the way, ensuring that the final product achieves your strategic and financial goals. We facilitate collaboration between everyone on the project, proactively identifying and solving issues to maintain efficiency and effectiveness with the process.

WHAT WE'VE DONE.

- 290,000+ beds of student housing
- 3.5M+ square feet of student union and recreation facilities
- 1.3M+ square feet of intercollegiate and professional athletics venues
- 1.0M+ square feet of mixed-use space (retail + hotel + office)
- 625,000+ square feet of higher education academic buildings
- 400,000 square feet of on-campus dining facilities
- 30,000 on-campus parking spaces (structured + surface)



Relevant Experience

The following projects are a representative sample of the diverse array of advisory and planning experience that the RJA team members have been involved in. As noted below, RJA is frequently engaged by our institutional partners for an extended period of time, supporting them through the initial project and other strategic initiatives. We would strongly encourage the University to reach out to the references provided herein as there is no better testament to our dedication and expertise than from our institutional partners. We are happy to provide additional references should the FSU team desire to speak with other individuals about our work and projects in North Carolina and beyond.

Rieth Jones Advisors (RJA) is a one-stop shop for P3 transaction leadership, coordination, analysis, and advice. From the initial investigation phase through closing and the transition of operations to the concessionaire, RJA took the lead on coordinating and managing a team of over 30 advisors and experts in crafting a concession agreement that will provide financial and operational flexibility and sustainability for the next 50 years. As key negotiators working on behalf of the University of Idaho, their breadth of knowledge and expertise in financial, legal, operational, and technical matters allowed them to advocate for our best interests at every milestone, resulting in valuations as much as 35% higher than expected. Their ability to act on behalf of University leadership allowed us to manage the affairs of the institution with confidence while RJA pushed key tasks across the finish line. RJA also brings a level of refinement in communication to all of their interactions. Their ability to translate complex financial and technical information into digestible concepts and meaningful presentations was key to winning broad support from staff, faculty, board members, and the community. Professional and accommodating in all they do, RJA was key to our P3 success.

— Brian Foisy, Vice President for Finance and Administration. University of Idaho



Relevant Experience

Eastern Michigan University (Ypsilanti, MI)

- 4,300+ beds, demolition/renovation/new construction for entire housing system, ~\$200mm

Description of Services

- RJA was engaged by EMU in 2018 to develop a comprehensive student housing master plan with a goal of addressing deferred maintenance needs across the entire 4,300+ bed on-campus housing system through specific demolition, renovation, and new construction projects. The strategy is to re-balance EMU's inventory in response to student demand by removing and/or modernizing traditional- and suite-style inventory, while focusing new construction on apartments for non-first-year students.
- The plan calls for the delivery of \$200M+ in capital projects over the next 5 years in collaboration with a P3 partner.
- EMU is seeking a master development partner who possesses the capabilities to oversee the implementation of multiple asset types and investment initiatives. RJA is collaborating with EMU to analyze potential energy and other partnership opportunities to bundle into the master development structure.
- **Outcome:** : RJA has been leading the efforts on behalf of the University for the largest capital program in its history (\$200+mm). With multiple projects and delivery partners, RJA has served as the primary liaison between the Board of Regents, President's Office, Senior Administration, campus community, and development team. The project is anticipated to achieve financial close in September 2022 and RJA will be providing owner's representation advisory services upon the start of construction.



North Carolina Central University (Durham, NC)

- 1,274 beds, demolition/new construction, \$126mm

Description of Services

- RJA has served as the University's housing and development advisor since 2017 when NCCU's Housing Master Plan (completed by Mr. Jones at a previous firm) identified a need for approximately 1,300 additional on-campus beds to accommodate their newly implemented two-year live-on policy.
- The RJA team led NCCU through a P3 procurement process to advance the master plan findings. Richard Rieth and Wilson Jones led the procurement of a partner and negotiation of all transaction documents on behalf of the University. These agreements and partnership documents include pre-development, design-build, ground lease, property management, asset management, corporate guaranty, and financing documents.
- RJA's relationship with NCCU expanded in 2020 to analyze the financial performance and third-party operator performance for several of the University's auxiliary services. This effort is on-going and has required extensive contract review, creation of economic models, and comparative analyses with industry benchmarks. The goal is to ensure optimization and follow-through of existing third-party contracts.
- **Outcome:** Phase I of the housing P3 (800 beds) opened in fall 2020, and Phase II (440 beds) opened in fall 2021. The total project cost for both phases was \$126mm. The dining locations are in varying stages of completion, with the final projects scheduled to open in 2022 and 2023.



Relevant Experience

Colorado School of Mines, Golden, Colorado (6,250+ students)

- 1,025 beds, demolition/renovation/new construction, ~ \$170mm

Description of Services

- RJA was engaged by the Colorado School of Mines in October 2019 after a competitive procurement to help develop a strategy and vision for the Mines Park apartments, a 538-bed apartment community located on the periphery of campus. Implementation strategies for Mines Park will have a residual impact to housing demand/performance throughout the on-campus housing system. RJA's role expanded to provide guidance on the collective strategy for on-campus housing.
- The institution has a desire and plan to increase graduate and professional student enrollment. Given the lack of available on- and off-campus housing supply, Mines needs to facilitate development of additional housing as a part of the strategy to recruit and retain these students. RJA collaborated with senior administration at Mines to evaluate P3 opportunities, transaction structures, and elements of risk transfer.
- RJA continues to support Mines in evaluating the redevelopment opportunity and analyze short-term impacts due to fluctuating enrollment projections that may occur due to the COVID-19 pandemic. The potential partnership/project opportunity is still being considered by Mines.
- Outcome: RJA is leading Mines through a competitive procurement process for the re-development of Mines Park. The 1,000 - 1,200 bed project, which consists of demolition, renovation, and new construction is anticipated to be completed for the fall 2024 semester.



University of North Carolina School of the Arts, Winston-Salem, North Carolina (1,100+ students)

- 458 beds, demolition/renovation/new construction, ~\$46mm

Description of Services

- RJA was engaged by UNCSA, the country's first public arts conservatory, to perform a housing master plan in fall 2018. The University had previously solicited P3 partners but elected to perform an internal analysis that identified self-funding as the preferred delivery method.
- The 458-bed semi-suite project replaced existing, outdated facilities and provides expanded housing offerings to meet student needs. RJA, in conjunction with the institution's financial advisor, performed a detailed funding analysis to ensure that the project was financially self-sufficient. The RJA team also identified and negotiated a master lease with a nearby apartment community on behalf of UNCSA to provide swing space.
- Separate from the new residence hall, RJA was engaged in Spring 2022 to serve as the Capital Projects Advisor for UNCSA's \$25mm renovation of the historic Stevens Center. The performing arts center, located in downtown Winston-Salem, has served as an anchor of the community while providing a historic venue for the UNCSA students to showcase their work. RJA is currently leading the procurement of the architecture, engineering, and construction partners for the project.
- Outcome: RJA performed an extensive review of the projects design that resulted in savings of more than \$5mm+ for the institution while still meeting the core objectives. Artist Village opened under budget in 2022 after navigating complexities associated with the COVID-19 pandemic.



Relevant Experience

University of North Carolina at Chapel Hill (Chapel Hill, NC)

- Housing Master Plan*, P3 Development Advisory Services*

Description of Services

- As the premier land grant institution in North Carolina, Carolina offers 10,000+ beds to its undergraduate and graduate students. UNC's residential program has positively impacted students'

on-campus experience for generations; however, many of its facilities were originally constructed in the early- and mid-1900s. The University needed to create a plan that strategically and sequentially deploys capital resources that best responds to future demand and preferences. This will be done through a series of projects outlined in the Master Plan comprised of new construction, renovation, and demolition throughout North, Mid, and South Campuses.

- As part of the Master Plan, a detailed analysis was conducted to determine the optimal financing and delivery strategy. The effort revealed that UNC's implementation strategy should consider multiple financing options, including the utilization of different solutions for undergraduate and graduate / family housing. The advisory team was well-prepared to advise UNC on that State's P3 enabling legislation and use of the 'Millennial Campus' designation that has been utilized elsewhere in North Carolina.



University of South Carolina (Columbia, SC)

- Housing Master Plan*, P3 Development Advisory Services*, Special Projects Advisor

Description of Services

- Mr. Jones has completed numerous planning and advisory analyses for USC dating back to 2012. These efforts include the University's Housing Master Plan, a Bridge/Transfer Student Housing Study, the West Campus/650 Lincoln mixed-use P3 Project, pre-planning and procurement for the Campus Village P3 Project, the Parking and Transportation Master Plan, the Foodservice vendor selection and contract negotiations, and the Union Feasibility Study.

- Mr. Jones was the University's lead advisor during the creation of the comprehensive housing master plan. As a result of the planning process, Mr. Jones led the University through a competitive procurement process that culminated with P3 agreements for the \$110+ million West Campus/650 Lincoln projects (housing and office space) and a 3,600-bed new development/replacement housing project.
- RJA continues to serve USC in an advisory capacity as a "Special Projects Advisor." In this role, RJA is consistently engaged with the University to evaluate P3 opportunities related to dining, parking/transportation, and student union facilities as well as the off-campus real estate holdings of the University and USC Real Estate Foundation.



*DENOTES WORK PERFORMED WHILE AT A PREVIOUS FIRM

Relevant Experience

Central Michigan University (Mount Pleasant, MI)

- New Biosciences Building* (26,950+ students)
- 170,000 SF new construction, ~\$95mm

Description of Services

- Through its Master Plan, Anthony's team at a previous global architecture and engineering firm was engaged by Central Michigan University to design and implement institution's largest Capital Project in its 120-year history.
- The building provides advanced technology and access for numerous departments including biomedical, genetics, biochemistry, physiology, wildlife biology, botany and zoology, fisheries and ecology and includes spaces for 40 faculty and research scientists. Each space is designed to foster interaction between students and faculty and provide flexible use for current and future research.
- Comprised of green roofs, natural terra cotta rain screens, efficient HVAC systems, low-impact landscaping and interior biophilia principles, the facility serves as an example of sustainable design that creates a healthy indoor environment to promote learning and reduced consumption and environmental impacts.
- Outcome: The Biosciences building is a one-of-a-kind research facility that is used as a model nationwide for the design of collegiate research and teaching laboratories and is a great illustration of the positive impact a building can have on the success of its students and staff.



University of Idaho (Moscow, ID)

- Campus-wide P3 Evaluation, Utility P3 Advisory Services

Description of Services

- RJA was engaged by the University of Idaho to evaluate the feasibility of and desire to enter into a P3 for various asset classes. These include, but are not limited to, utilities, parking, student housing, and general real estate monetization. RJA led Idaho through a planning process that aimed to achieve the University's primary and secondary objectives for multiple P3 endeavors. The assessment concluded with a recommendation to pursue a utility P3 that encompassed all nine utilities at the University.
- RJA served as Idaho's strategic advisor, coordinating the efforts of the University and advisory (finance, legal, technical) teams. This included economic modeling of the transaction itself and the impacts of the transaction on the University. RJA worked directly with the President's Office and Division of Finance & Administration to model the revenues associated with investments in strategic initiatives, defining the business case for the transaction, and prepare/present materials to the Board of Regents.
- RJA co-led the Request for Proposals process, including participating in/leading all technical, legal, and economic work sessions with the shortlisted firms.
- Outcome: This P3 achieved commercial close in November 2020 after an RJA-developed presentation to the Board. In December 2020, the transaction reached financial close providing the University with an upfront payment (\$225mm) that Idaho will use to pursue several campus-wide strategic investments that will continue to strengthen campus programs and services for decades to come.



*DENOTES WORK PERFORMED WHILE AT A PREVIOUS FIRM

Relevant Experience

The Pennsylvania State University (State College, PA)

- Capital Project & Development Advisory Services
- 523 hotel room renovation, ~\$50mm

Description of Services

- RJA was engaged by Penn State to examine the operations at the University's two on-campus hotel properties to identify their highest and best use and strategic opportunities to realize operational efficiencies. The University Hotels analysis was part of a larger, multi-year Resource Optimization Initiative at Penn State to examine how various services and resources, including the University's physical assets, align with the University's core functions of teaching, research, and service.
- As a result of RJA's analysis and recommendations, the University elected to pursue a public-private partnership to renovate both hotel properties and transfer ownership and operation risk to a third party. The partnership will allow the University to focus on its core mission while enabling investments that will support the continuous modernization needed for the hotels to attract guests and conferences to State College while also continuing to support educational opportunities through Penn State's School of Hospitality Management.
- RJA continues to support the University with finalizing the deal terms as well as providing ongoing oversight and support for the hotel design and pre-construction services.
- Outcome: The University's Board of Trustees approved a letter of intent for the University to enter into a purchasing agreement and ground lease with a private party to renovate both properties and assume ownership of all hotel operations. The project remains on schedule and is expected to close in fall 2022 with hotel renovations commencing prior to the end of the year.



Wayne State University (Detroit, MI)

- 3,750 beds + 30,000 SF retail, demolition/renovation/new construction for entire housing system, \$307.5mm

Description of Services

- Richard Rieth led Wayne State through a student housing master plan and evaluation of comprehensive P3 structures to address the entirety of the on-campus residential program (approx. 3,000 beds).
- After determining unmet demand for approximately 1,000 beds, a master plan created a strategy to address the demolition and renovation of existing housing assets and development of a new, 842-bed apartment-style housing project. Investment in the housing system was focused on serving WSU's undergraduate population.
- Richard led the RFP development and subsequently performed a detailed analysis of various transaction structures proposed by the private market for WSU. These analyses included operating assumptions, governance structures, alignment with institutional goals and objectives, and the overall economics of the transaction.
- Outcome: The \$307.5M P3 achieved financial close in November 2017 and the first two phases opened in fall 2018 and fall 2019. Both phases opened in excess of 99% occupancy. The final phase was completed for occupancy in advance of the fall 2020 semester, but was not utilized due to the COVID-19 pandemic.



*DENOTES WORK PERFORMED WHILE AT A PREVIOUS FIRM

Diversity + Inclusion

RJA is committed to fostering, cultivating, and preserving a culture of diversity, equity and inclusion. Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and company's achievement.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

RJA's diversity initiatives are applicable - but not limited - to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Work/life balance through flexible work schedules to accommodate employees' varying needs.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for their diversity.

All employees of RJA have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events. All employees are also required to attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility.

All of the above also applies to our partners that we will bring on-board as part of the advisory team. RJA will work closely with FSU to ensure that any and all members uphold these same values to deliver an inclusive process for the University, its students, faculty, staff, and the overall community.

Proposal, Team, + Approach

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ADVISORS

PROJECT APPROACH

Project Organization

One of the key pillars of RJA is Principal-led involvement. This is not a marketing or sales tactic – this is who we are and how we best advise our institutional partners. Wilson Jones will be the day-to-day point person for the University during all phases of this effort along with Kate Lutz and David Boone from our Charlotte office. Anthony Sikora, our Associate Director of Design & Construction, and Justin Foy, our Project Manager located in Fayetteville, will support all facility and cost-related inputs on the Master Plan. This immediate project team will also receive support from other RJA staff members based on the final scope, schedule, and sequencing of phases and projects.

Scope + Approach

The team that will be serving FSU on this effort has prepared the following planning approach based on the Specifications outlined in the RFP, how we typically scope housing market assessments, and what we know about FSU’s existing system and future growth plans. Our detailed efforts are broken down into the following high-level categories:

- *Information Request.* RJA will distribute an information request to obtain details regarding the University’s current housing inventory, historical occupancy, enrollment trends, facility conditions, and several more critical details. This will be sent to select individuals from different departments in early March so that stakeholders can begin compiling the data.
- *Kick-Off Campus Visit.* RJA will schedule stakeholder meetings and student focus groups to better understand the unique perspectives of University constituents about advancing the FSU experience and strategic priorities that must be accomplished through the future delivery of on-campus housing. This would ideally be done in mid-March.
- *Off-Campus Market Assessment.* RJA will analyze rental rates, amenities / quality, lease terms, etc. to understand local competition for FSU students. This will begin immediately following selection and notification to proceed.
- *Peer Benchmarking.* RJA will analyze select FSU peer and cross-applicant institutions to understand their housing options, rental rates, amenities, live-on requirement policies, and other factors that may impact a student’s enrollment decision. This will begin in late March (once FSU confirms the 6-8 school peer group) and continue into April.
- *Student Survey Development, Implementation, & Analysis.* RJA will issue a customized survey to all students to better understand demand, preferences, and price point sensitivity. Broad participation in the survey is critical and RJA will collaborate with the University to develop a strategy that will encourage student feedback. This will be drafted in late March and launched in early April (prior to FSU’s standard end-of-semester surveys). The survey will remain open for 1-2

weeks or until a sufficient response rate is achieved. The survey will then be analyzed with the results presented to FSU in May.

- *Supply-Demand Reconciliation.* Housing demand that is derived from the student survey and other market analysis data will be reconciled with the University’s existing inventory and enrollment projections to determine how responsive current offerings are/are not meeting preferences. This will be the baseline for informing potential inventory changes that should be considered by FSU. This analysis will begin once the survey closes. The results will be presented in May along with the survey analysis and market research (off-campus and peers).
- *Housing System Economic Model.* RJA will work closely with Housing & Residence Life and the Division of Business & Finance to build a systemwide financial model. This will allow the planning team and University stakeholders to analyze the impact of the addition of the New Residence Hall on the housing system and model future renovation, demolition, and new construction projects through various funding methods. The model will also allow the team to assess Housing & Residence Life’s current rental rates, operating margins, and annual obligations to better position the department to reinvest in their assets over the next 10+ years. Building the model – and more importantly collecting the data points required – takes time, but this effort will begin in March and be completed by the end of May. The model will be shared with FSU and be a tool for them to utilize moving forward.
- *Campus Master Plan Integration.* We commend FSU for recently updating and completing its strategic and campus master planning efforts. Both plans are very impressive and provide guidance and benchmarks to inform this housing-specific analysis. RJA will work closely with the University to ensure that all outcomes from this Housing Master Plan will be integrated into the FSU Campus Mater Plan and any future Millennial Campus designation pursuits. This will also include high-level considerations of how additional housing could impact the University’s existing dining and parking operations. This will begin in April and continue through June as the Housing Master Plan is finalized.
- *Presentation of Findings.* RJA will deliver a presentation of findings that will serve as the primary deliverable of the master planning effort. This will be made to University stakeholders – including campus leadership – in June and then to the Board of Trustees at a later date (if requested by the Administration).

If selected, we will sit down immediately with the University to finalize the advisory services scope and schedule with the goal of determining the most efficient and effective path forward. We want to be sure that the proposed scope – which was created in response to the RFP document – is specifically tailored to the needs, wants, and desires of Housing & Residence Life, Business & Finance, Facilities, and the Administration. RJA can achieve the May 1, 2024 completion deadline outlined in the RFP; however, we would like to discuss the challenges and opportunities of that deadline with the FSU team before finalizing the schedule.

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