

CAMPUS POINTE *a mixed-use urban village*

Progress Report for Board of Regents

September 25, 2008

PRESENTATION OBJECTIVES

- Provide a progress report on Campus Pointe
- Provide an update on the student apartments location and design

BENEFITS TO TEXAS A&M

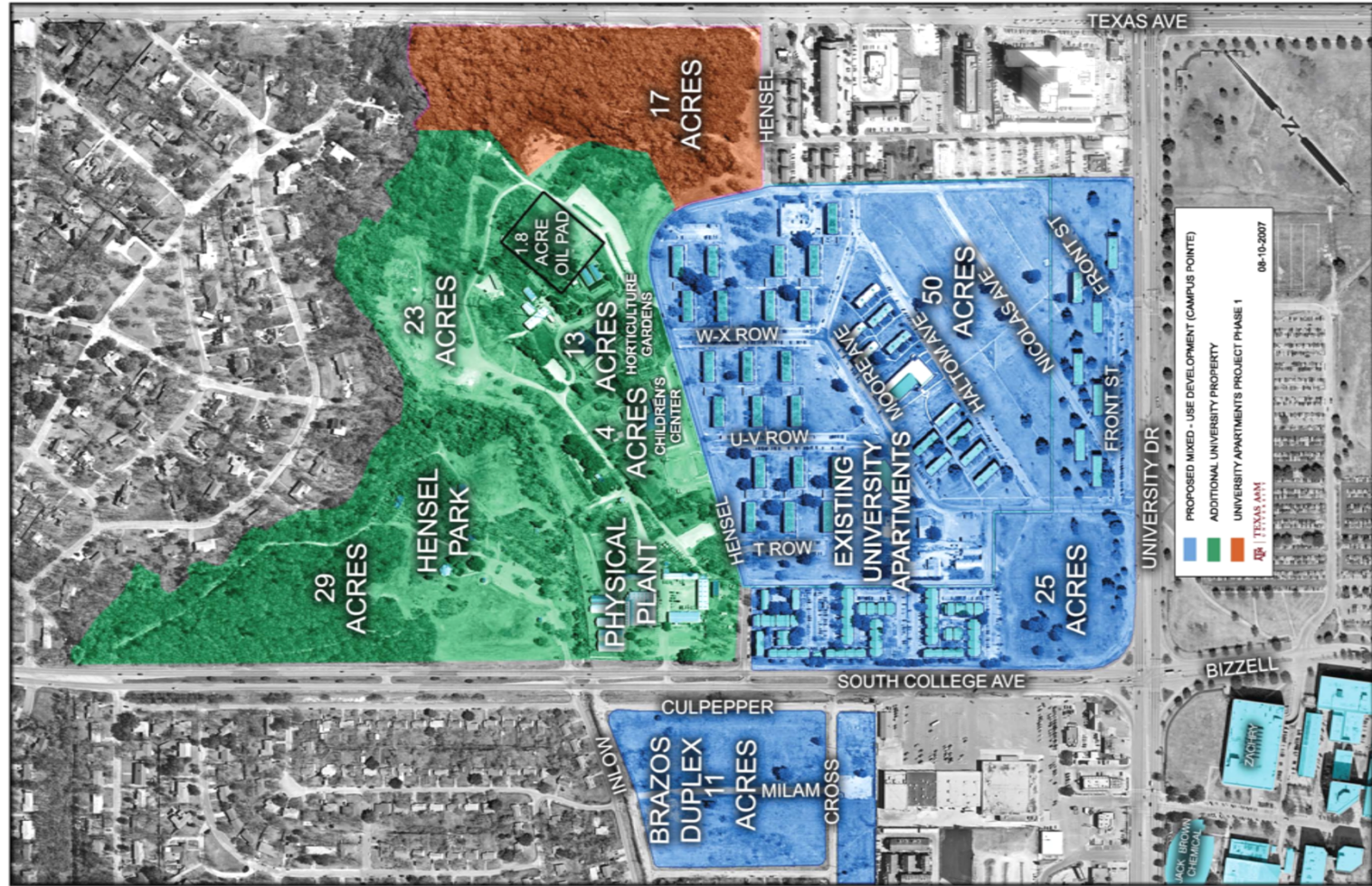
- Helps meet the critical housing needs for international and graduate student housing
- Provides additional revenue for support of students, faculty, and staff
- Enhances quality of life for University community
- Helps in the recruitment and retention of faculty, staff, and students (especially those from urban areas)

HISTORICAL CONTEXT

- Approximately 88.5 acre site
- Location of married student and international student housing for many years
- As density around the site increased, so has the value of the property
- Appraised value (undeveloped) – \$22,000,000 (between \$17,400,000* and \$26,100,000**)

*Holtkamp Realty Consultants, October 2007

**Paramount Property Analysts, October 2007



DEVELOPMENT OPPORTUNITY

- Proximity to campus and Northgate creates enormous value potential
- \$400 to \$600 million in developable value with potential annual revenue to TAMU
- To maximize land value and generate substantial revenue for university, TAMU seeks relationship with third-party developer

UNIVERSITY APARTMENTS

- The existing University Apartments (UA) site is within the footprint of Campus Pointe
- Existing 650 University Apartments were constructed between 1957 and 1980
- Current facilities do not include amenities desired by today's students
- Project to construct new UA was originally approved by the Board of Regents as a part of the University's Capital Plan.
- Several sites have been considered in or around the Campus Pointe development

GUIDING PRINCIPLES

Texas A&M desires to maximize its financial returns while minimizing risks. In order to achieve this objective, the following guiding principles are proposed:

- Ensure the needs of the student apartment tenants are addressed
- Avoid absolute direction of land use decisions; the developer will perform the work and will substantiate with market data
- Avoid large financial investment in the project other than the investment in land
- Allocate the first net revenue generated by the project to offset costs associated with the relocation of married student housing that currently exists on the site and any costs borne by the university in developing and supporting the venture
- The call on ultimate net revenue from the project will be for the benefit of the university's faculty, students, and staff, as determined by university administration
- Assure the project compliments and is synergistic with the demographics of the university community
- Entertain proposals on business relationships with the City of College Station involving the hotel/conference center

RFQ PROCESS

- Request for Qualification (RFQ) released May 9, 2005
- Standard, open procurement process in accordance with TAMU operating procedures
- 60+ initial expressions of interest
- 14 responses received and the evaluation criteria used:
 - University missions: academic benefit to students and faculty
 - Economic benefit to university
 - Support student residences
 - Support and benefit community relations

RFQ PROCESS (CONT.)

- 8 of 14 firms selected to move to Request for Proposals (RFP) phase
- Capabilities of those selected:
 - Experience in:
 - Mixed-use developments
 - Office buildings
 - Residences of multiple types
 - Hotels and conference centers
 - Retail / restaurants
 - Experience with municipalities, universities, private sector
 - Financial strength

RFP PROCESS

- The RFP was to be issued to the 8 qualified development teams in October 2007
- 2 teams were disqualified during the term of the response period due to organizational changes
- Out of 6 responses received, 4 were deemed responsive
- After an in-depth analysis and developer team oral presentations, the University entered into an exclusive negotiating agreement with the highest ranked team, Midway Companies, Inc.

RFP PROCESS (CONT.)

The evaluation criteria for the RFP process was:

- Responsiveness of development concept
- Financial feasibility of the proposal and preliminary ground lease offer
- Development team qualifications
- Project schedule

CONVERGING PROJECTS

88+ acre mixed-use urban village

Potential land uses may include:

- Full-service hotel
- Conference/Convention Center
 - In partnership with the City of College Station
- Residential component
 - Student Housing
 - Upscale faculty staff housing
- Retail component
- Office component
 - University occupied
 - Community occupied
- Open space and green pedestrian corridors

Student Apartments

- The existing UA site is within the footprint of Campus Pointe
- Several sites have been considered in or around the Campus Pointe development
- The university desires to incorporate the University Apartments into the Campus Pointe Master Plan

COORDINATION IS PARAMOUNT

- University Apartments location should take a prominent role and integrated proximity to overall development plan for Campus Pointe master plan
- Demolition must be “surgically” coordinated to prevent the large scale loss of apartment units during construction
- Highest and best use of land has been considered for all proposed land uses and Master Plan
- Apartment rental rates will be below the market rate in College Station, if possible, and will provide excellent location for students
- Support for graduate students will be of utmost importance in the planning and design of the spaces
- Fit and finish requirements are of importance given that the development of the site will be of highest-quality and will be harmonious with surrounding architecture

ADVANTAGES OF MASTER PLANNING CONCEPT



TEXAS A&M
UNIVERSITY

- Students will be included in the project and their concerns will be documented and addressed during the design phase of the project
- There is good potential for substantial savings on construction costs due to common project management team, concurrent construction scheduling and execution, common development standards and timely building techniques
- By utilizing a common project management team and developing development standards concurrent with Residence Life input, the possibility of coordination and phasing issues can be reduced if not eliminated
- Land swap provides increased value to the project

DISADVANTAGES OF MASTER PLANNING CONCEPT

- We have already slowed the apartment project by ensuring total master planned coordination, but the overall result will be beneficial to the students and to TAMU
- By requiring that students remain housed in existing and relocated apartments, the remainder of the Campus Pointe project construction will be delayed to the degree that the apartment project will take precedent over retail and hotel construction
- Revenue from the Campus Pointe ground lease may be delayed until the developer can actually start construction on hotel and retail spaces

CAMPUS POINTE PROJECT

CURRENT SCOPE



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- **Phase I:**
 - Streets, infrastructure and green spaces
 - 600 University Apartments with a new Community Center and maintenance building
- **Phase II:**
 - 250-room premium quality hotel with approximately 50,000 s.f. conference/convention center
 - 150,000 s.f. of retail space
 - 500 high-quality luxury apartment units located over retail space
 - 100,000 s.f. of Class A office space
- **Phase III +:**
 - More streets and infrastructure
 - Additional 150,000 s.f. of retail space
 - Corporate Campus
 - Additional high-end residential units
 - Possible expansion of hotel and conference center

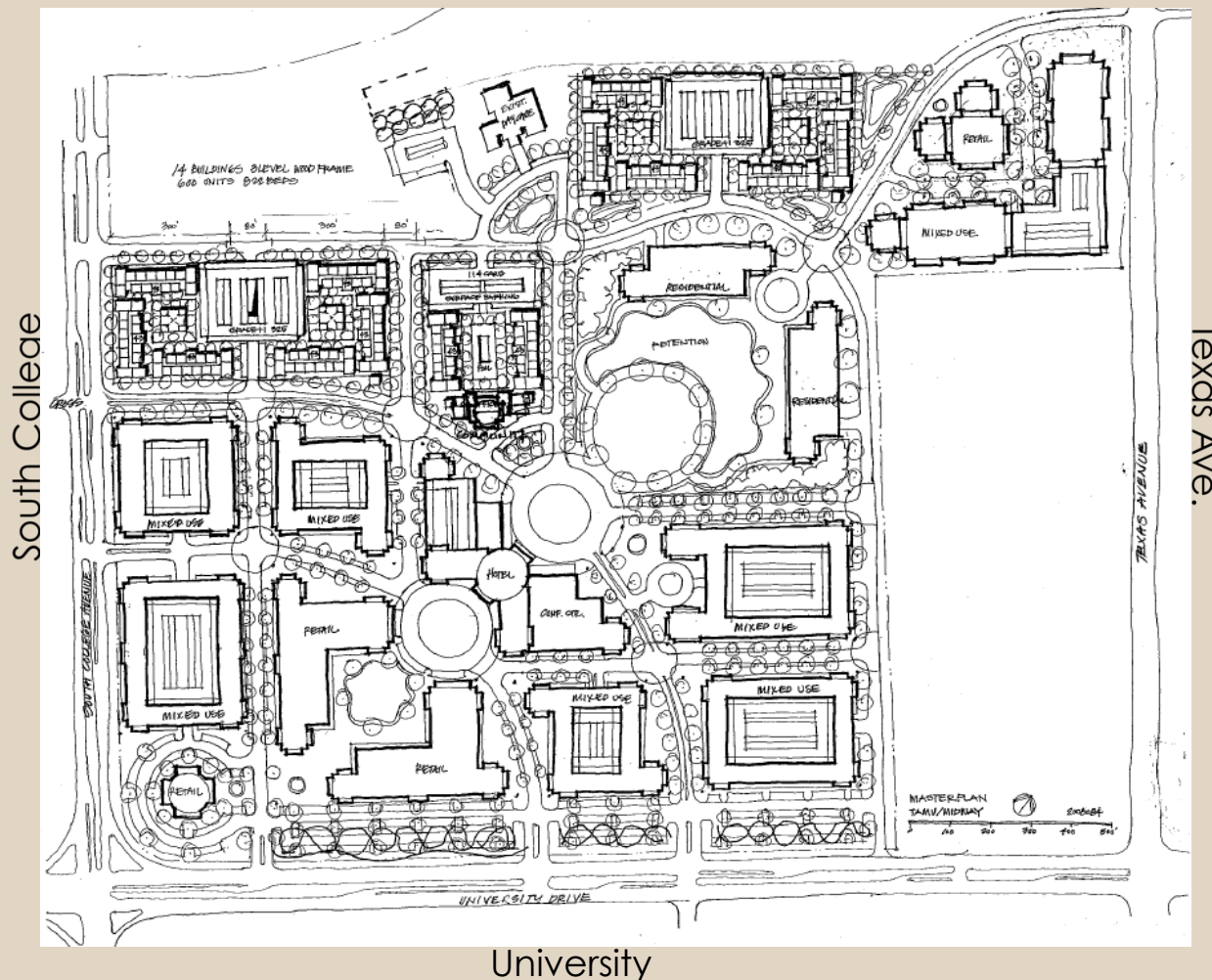
DEVELOPMENT CONCEPT



TEXAS A&M
UNIVERSITY

MASTER PLAN – CONCEPT 4

Hensel
(re-alignment)

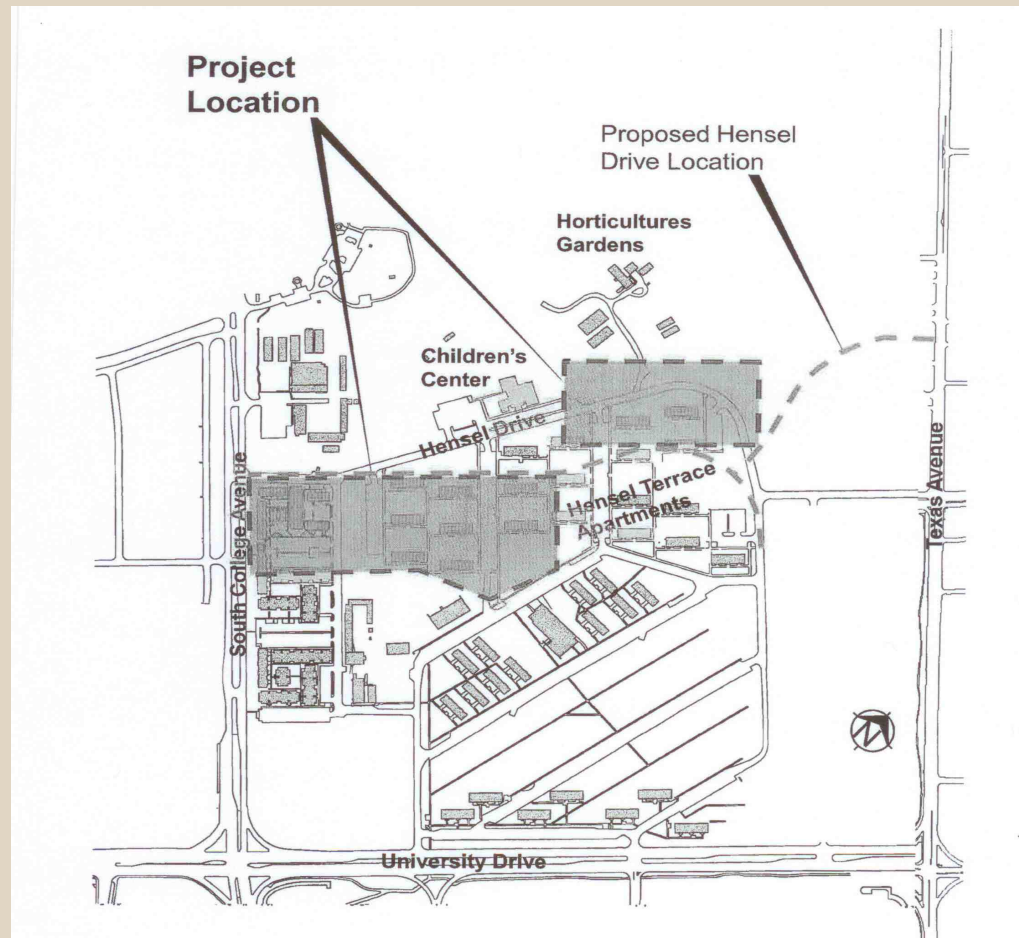


PRELIMINARY DEVELOPMENT CONCEPT



TEXAS A&M
UNIVERSITY

UNIVERSITY APARTMENTS PHASE I FOOTPRINT



MIXED USE CONSIDERATIONS

TAMU may desire a Hotel and Conference Center in the Campus Pointe Project

- Provides valuable meeting space for TAMU faculty, staff and the Bryan/ College Station community
- A premium hotel is needed for the region
- Will attract more hotel/conference center business to area

Trade-Off

- Conference/convention centers usually require subsidies

TAMU may enter an agreement with City of College Station for the Hotel and Conference Center

- Hotel and conference center could be included within a Tax Incremental Reinvestment Zone (TIRZ), which could provide funds for debt service

TAMU may be willing to license its trademarks and/or image to help promote this development

LOCAL TAX REVENUES

- The project is focused on commercial real estate development and “for profit” commercial ventures. Therefore this leasehold will be subject to ad valorem property taxes by the various taxing authorities*
- Projected annual tax revenue:
 - Sales Taxes \$6 million
 - Hotel Occupancy Taxes \$1 million
 - Property Taxes \$2 million

Total annual tax revenue - \$9 million

Total tax revenue over twenty years - \$180 million

NEXT STEPS

- Establish phasing plan
- Negotiate land lease and construction pricing for Phase I
- Presidential approval – Fall 2008
- Board of Regents approval – Fall 2008
- Finalize Development Agreement – End of 2008
- Start design – January 2009
- Start construction – Summer of 2009
- Estimated University Apartments completion – Summer 2010
- Estimated grand opening of hotel and retail space – Fall of 2012

A stylized, abstract landscape graphic on the right side of the page. It features rolling hills in shades of green and olive, a teal wavy line representing a river or path, and several small, dark geometric shapes (squares and rectangles) scattered across the hills. A white, curved line resembling a path or a stylized 'C' is also visible.

campus pointe
a mixed-use urban village



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INTRODUCTION

MIDWAY PROJECT TEAM

Brad Freels

Bo Sanford

Jonathan Brinsden

Brandon Houston

Shon Link

Connie Carey

Jamie Bryant

Shawn Merecki

Jerry Ulke

Chairman and CEO*

President

Chief Operating Officer*

Program Manager*

Design Manager*

Marketing Manager

Hospitality Manager

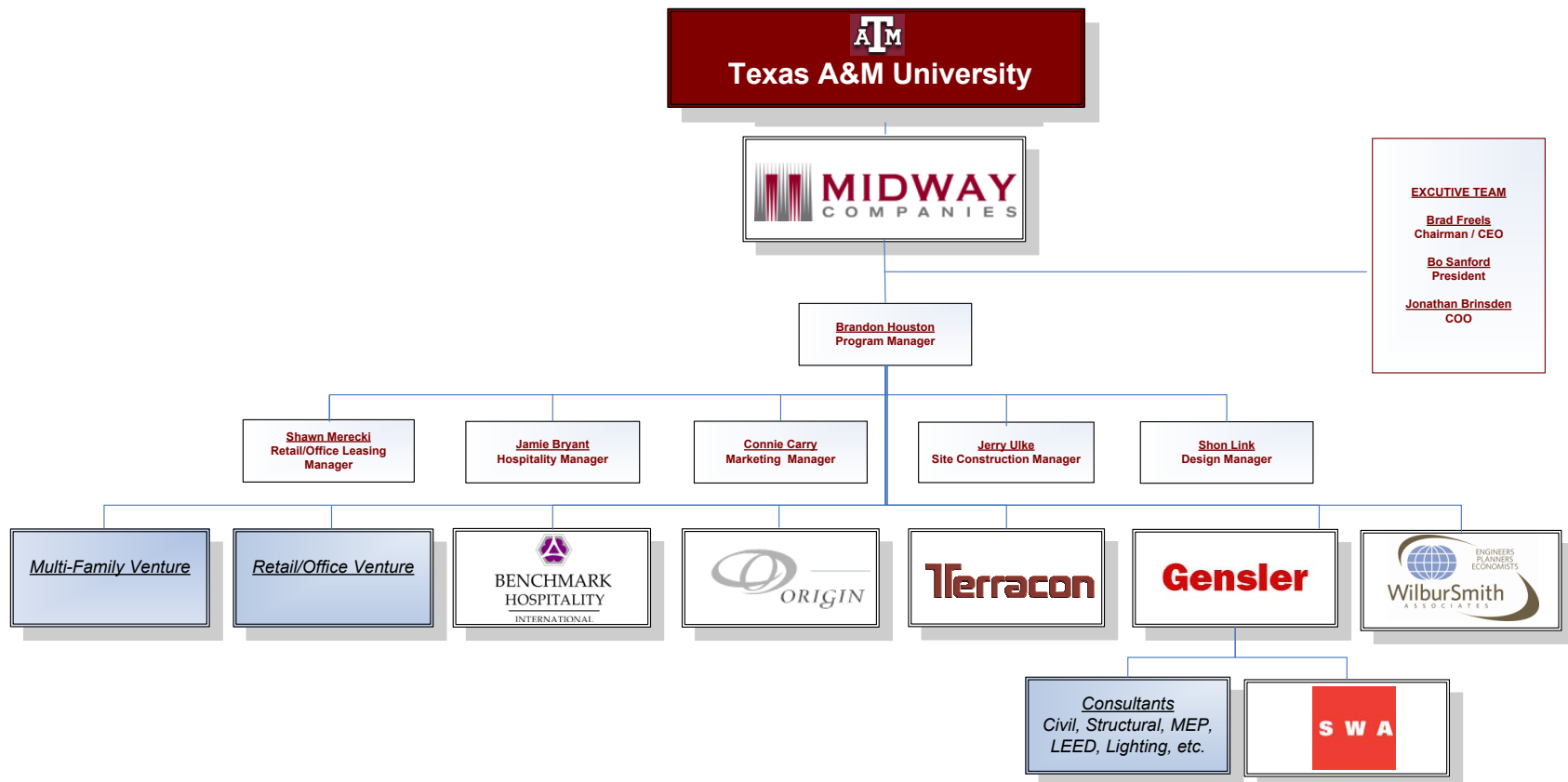
Leasing Manager

Site Construction Manager

* = Team members in attendance today.

INTRODUCTION

DEVELOPMENT TEAM



We will meet or exceed the HUB requirements for this project, as defined in the RFP.



MIDWAY OVERVIEW



MIDWAY OVERVIEW

STEWARDSHIP

SUSTAINABLE. ETHICAL. APPROPRIATE.

QUALITY

PEOPLE. PROJECTS. PROCESS.

MIXED-USE EXPERIENCE

RESEARCH. EXPERIENCE. PRODUCT DIVERSITY.



DEVELOPMENT VISION

DEVELOPMENT VISION

ORCHESTRATE A RICH MIX OF USES



Synergy – embrace the synergies that exist between uses to create a dynamic place and maximize economic benefits



DEVELOPMENT VISION

RESPECT THE EXISTING

Physical Planning – leverage natural relationships and account for future flexibility

Partnership – long term planning and collaboration with the University and local community

Quality – align with the standards established by the University



DEVELOPMENT VISION

FLEXIBILITY AND ADAPTABILITY

Bridge – the site has the responsibility to be a gateway that connects other University and Community properties

Value – the connection will add value to the connected

Future Density – the site and buildings must account for future phasing and unidentified uses





OVERVIEW OF PROJECT

OVERVIEW OF PROJECT – SURROUNDING CONTEXT

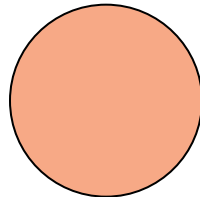
Pedestrian
External



Vehicular
External



High
Visibility



Strategic
Intersection



OVERVIEW OF PROJECT – SITE IMPACT

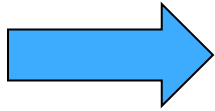
Pedestrian Internal



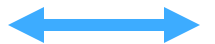
Pedestrian External



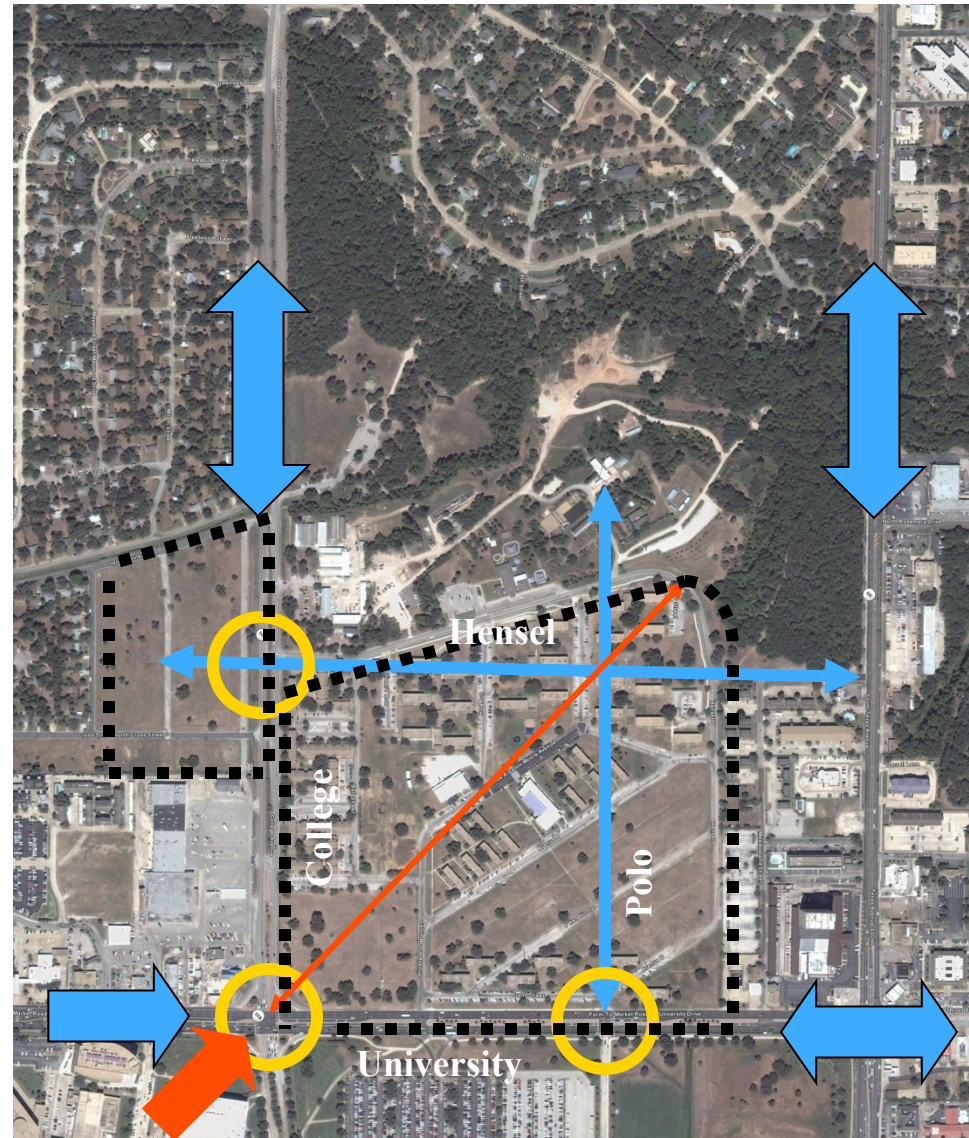
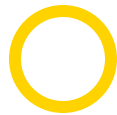
Vehicular External



Vehicular Internal



Strategic Intersection

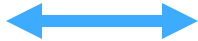


OVERVIEW OF PROJECT – CIRCULATION IMPACT

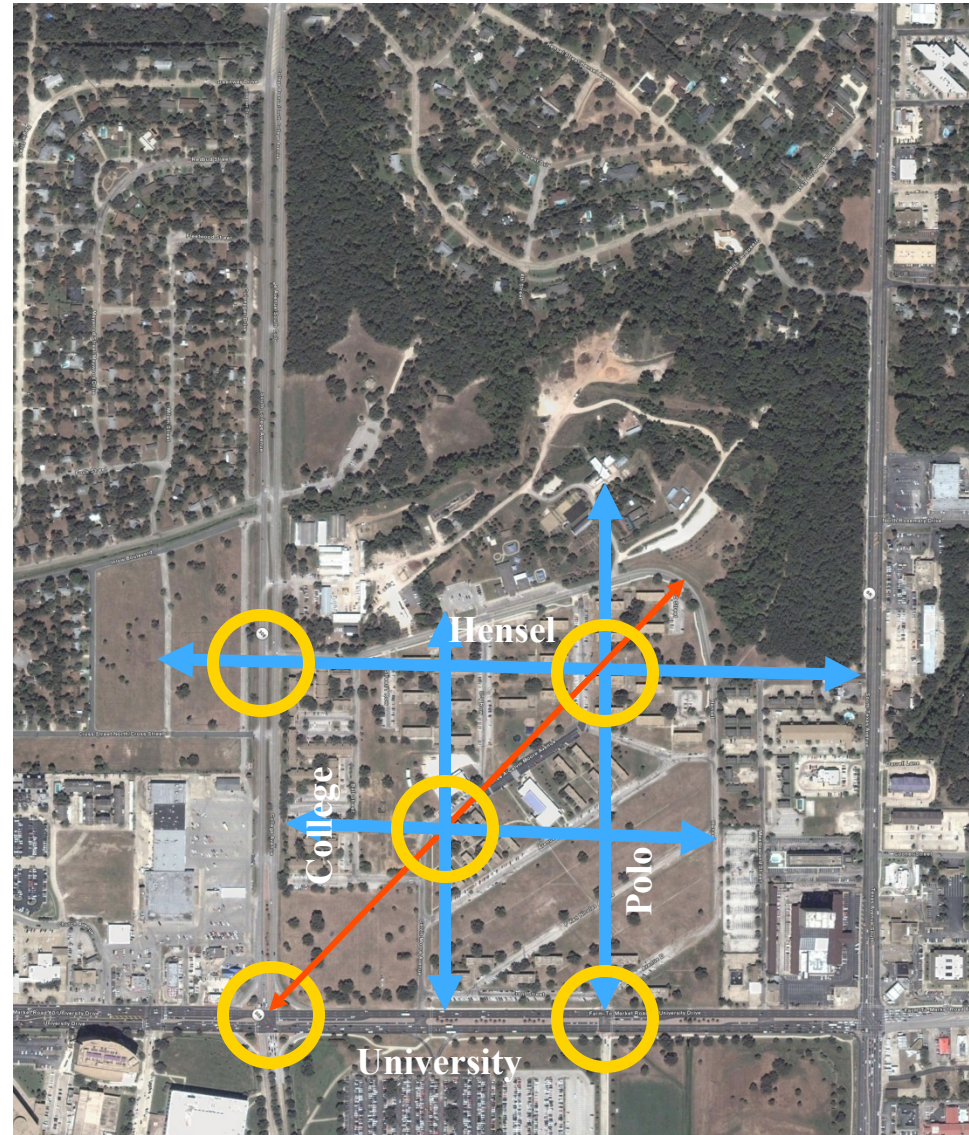
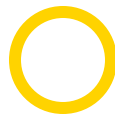
Pedestrian
Internal



Vehicular
Internal



Strategic
Intersection

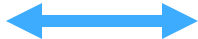


OVERVIEW OF PROJECT – CONCEPTUAL FRAMEWORK

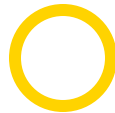
Pedestrian
Internal



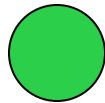
Vehicular
Internal



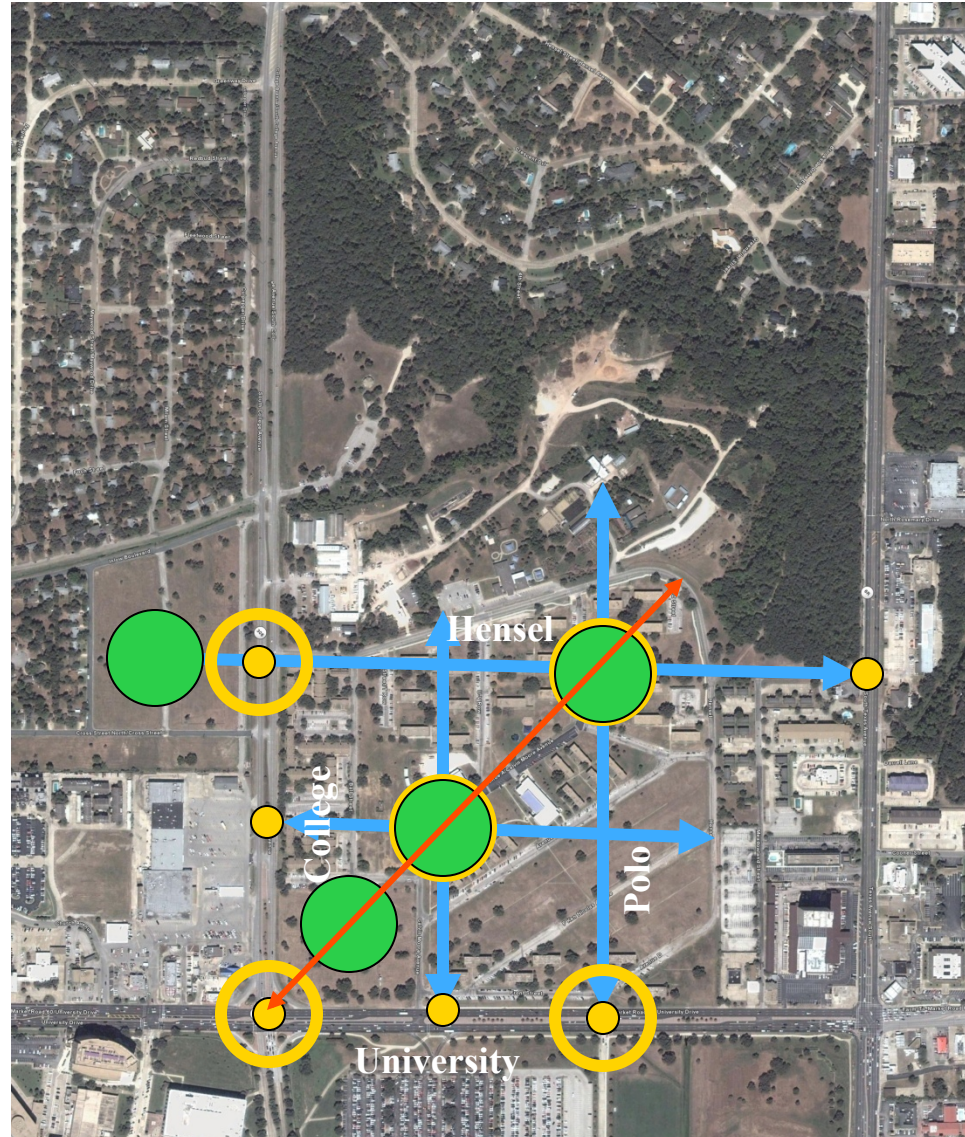
Strategic
Intersection



Strategic
Place



Strategic
Entry





MARKET STUDY

KEY FINDINGS

- Average family household income is \$71,705, when the local student incomes are removed
- There are 32,400 households that earn more than \$50,000 in a 30-mile radius
- The average household income of a Texas A&M student household is \$91,200
- The top 19% of Texas A&M student households earn an average of \$122,000 per year

REASONS FOR DEVELOPMENT

- Economic impact of students on College Station/Bryan is \$385 million. \$131 million of that is spent on shopping center goods
- Economic impact of “direct visitors” to Texas A&M will be \$317 million by 2012
- Existing market gap of ~600,000 SF of high-end retail and restaurant space
- College towns are becoming an ideal place for “baby boomers” to move to for retirement
- Align with Vision 2020 to provide the University with key facilities to enhance faculty and student recruitment / retention



ACCOMPLISHMENTS

ACCOMPLISHMENTS

March

- Signed ENA and paid deposit
- Met with City of Bryan officials
- Initiated market study
- Began site due diligence study

April

- Met with City of College Station officials
- Met with TAMU Physical Plant
- Met with University Apartment Project Team

May

- Completed market study
- Attended ICSC convention in Las Vegas
- Began land due diligence
- Completed site due diligence study

June

- Developed prospective tenant list
- Met with TAMU Center for Retailing Studies
- Identified key stakeholders
- Met with Brazos County officials
- Conducted third master plan study

July

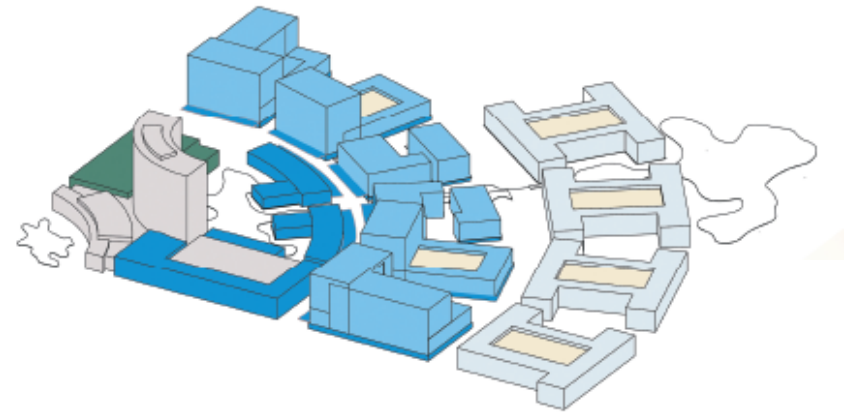
- Finalized term sheet
- Submitted economic investments proposal to City of College Station
- Attended University Apartment Project Design Charette



DEVELOPMENT CONCEPT

DEVELOPMENT CONCEPT

MASTER PLAN – CONCEPT 1



- HOTEL
- CONVENTION CENTER
- PARKING
- RETAIL/RESTAURANT
- ADMINISTRATION/TEACHING
- UNIVERSITY HOUSING

DEVELOPMENT CONCEPT

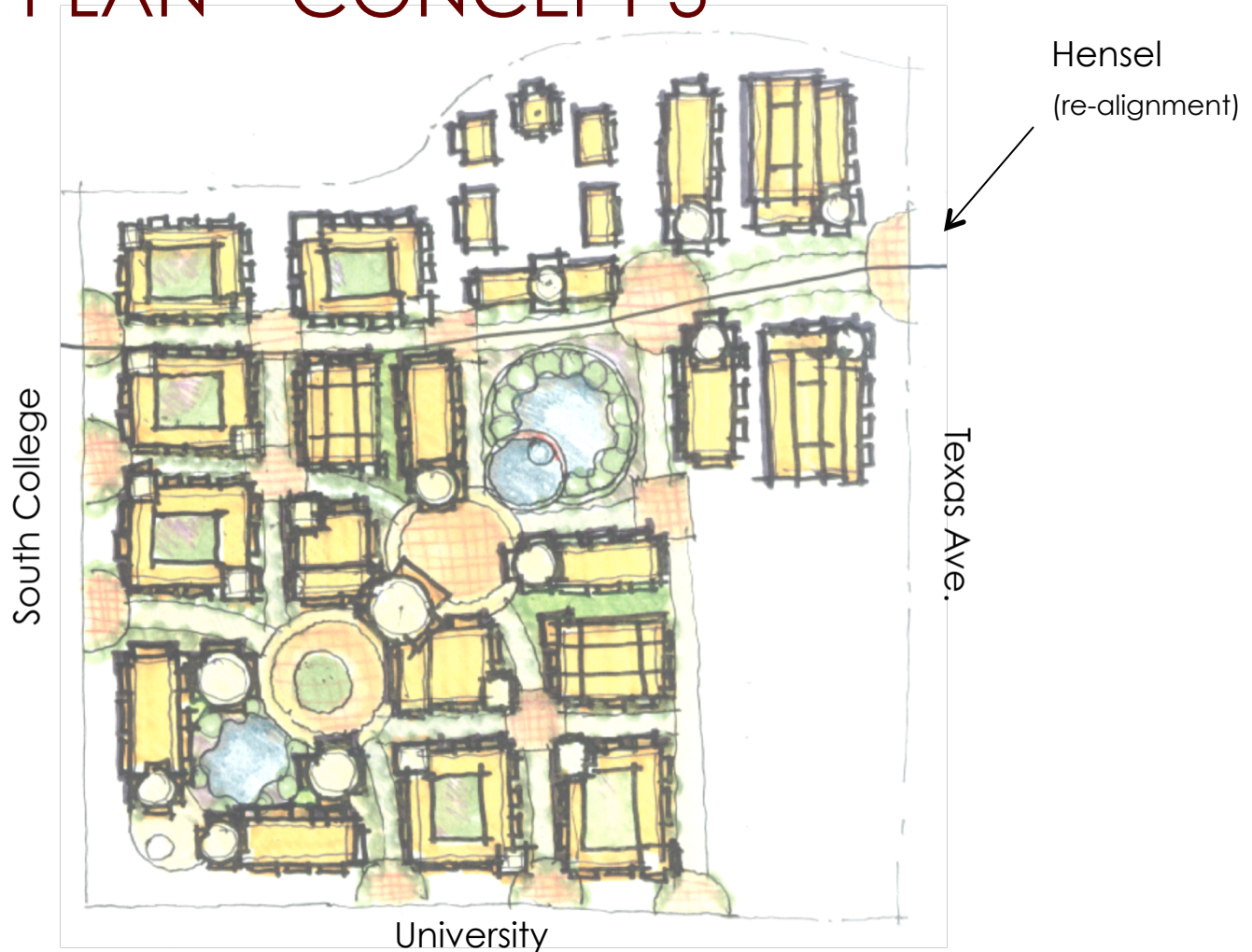
MASTER PLAN – CONCEPT 2



- Residential
- Office
- Retail
- Garage
- Hotel

DEVELOPMENT CONCEPT

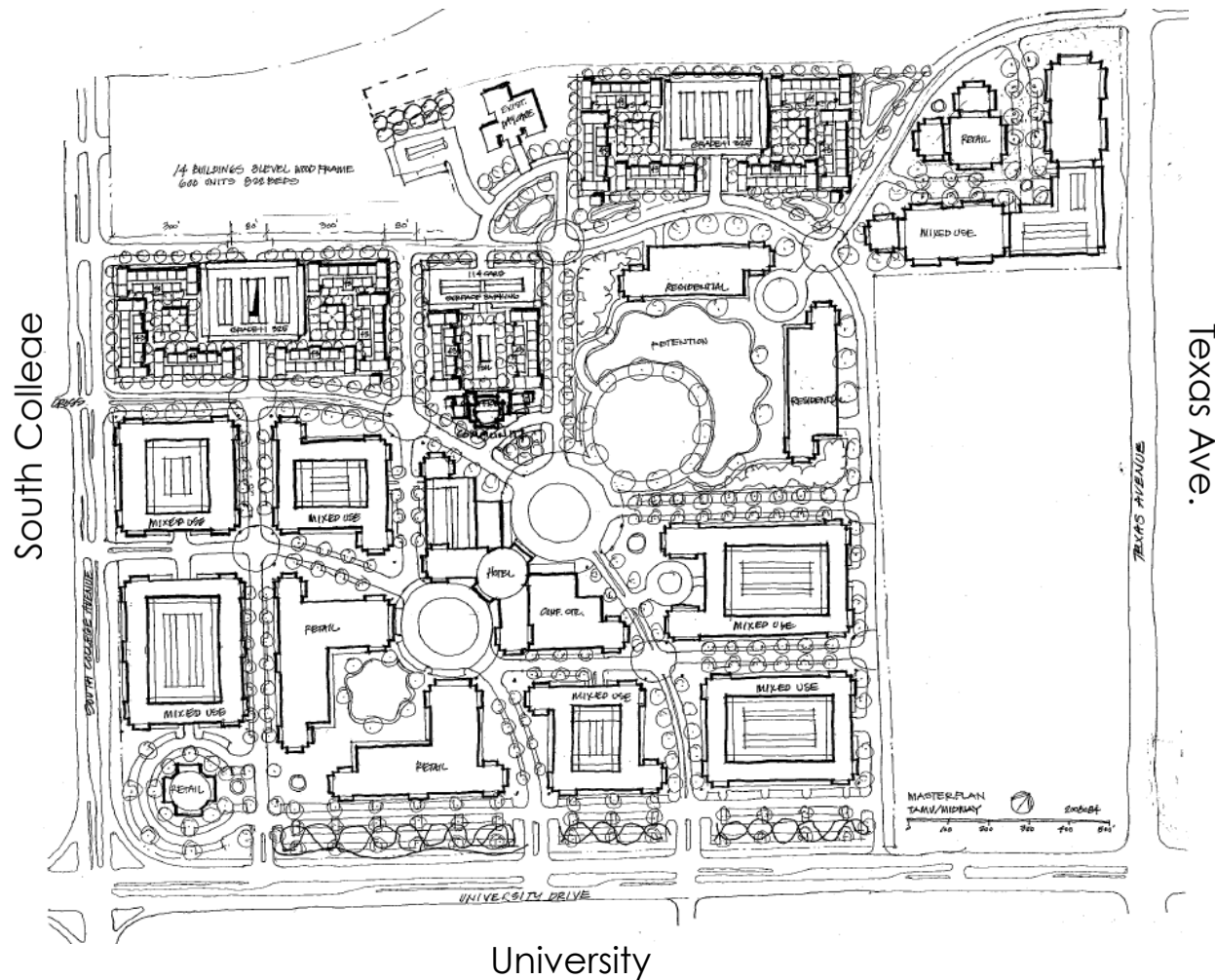
MASTER PLAN – CONCEPT 3



DEVELOPMENT CONCEPT

MASTER PLAN – CONCEPT 4

Hensel
(re-alignment)



DEVELOPMENT CONCEPT

MASTER PLAN – CONCEPT 4 AERIAL





PROJECT PHASES

PROJECT PHASES

Phase 1A

OBJECTIVES:

- University Apartment project design and construction
- Design street and infrastructure for Campus Pointe project

Phase 1B

OBJECTIVES:

- Streets, infrastructure, and green space
- 250 room hotel with 30,000 SF of conference center space
- 150,000 SF of retail and restaurant space
- 100,000 SF of Class A office space
- 500 units of high-end multi-family apartments

Phase 2+

OBJECTIVES:

- Additional SF of retail and restaurant space
- Build-to-suit office campus
- Additional high-end multi-family apartments
- Additional streets, parking garages, infrastructure and green space



CLOSING & QUESTIONS