

2016 Best Practices Proposal Form



CACUBO
Central Association of College
& University Business Officers

Completed proposals are to be submitted to bestpractices@cacubo.org or by contacting Donna Rohlfer, Director, CACUBO Best Practices Awards, rohlfedm@miamioh.edu.
The deadline is April 30, 2016.

Best Practices Program Submission:

Title: *Generating New Revenue Streams via a Public-Private Partnership (P3) Engagement*

Primary* Contact Information:

The primary contact must be a CACUBO member institution of higher education.

Institution: The Texas A&M University System

Address1: 301 Tarrow

Address2: Moore-Connally Building, 7th Floor

City: College Station State/Prov: Texas Zip Code: 77840

Salutation: Prof. Dr. Mr. Mrs. Ms.

First Name: Phillip Middle Name/Initial: A.

Last Name: Ray Suffix (Jr, III, etc.)

Professional Title: Vice Chancellor for Business Affairs

Email : pray@tamus.edu

Phone: 979-458-6000 Fax:

*Additional team contacts may be listed at the bottom of this form.

Institution Information:

Institution: Research Comprehensive/Doctorate Small Institutions Community College

Year Founded: 1876

Geographical Location: Headquartered in College Station, Texas

Number of Students: 140,000+

Website: www.tamus.edu

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Statement of the Problem:

Provide a brief statement identifying the challenge your institution encountered that benefited from your best practice.

Using a Public-Private Partnership, The Texas A&M University System is projected to generate in excess of \$600m which will be reinvested into Texas A&M's core mission: teaching, research and service. With 20,000 new Aggies expected in a 10-year period, Texas A&M has been investing in faculty recruitment as well as retention, research labs, classrooms, office space, deferred maintenance needs, etc.. These projects place immense cash flow needs on the institution and as part of our commitment to continued affordability and excellence, we sought other sources of revenue beyond tuition and fees. The P3 model developed in partnership with Servitas has provided such a model.

Identify the Solution (250-words maximum):

Describe how you identified and developed your best practice solution including those involved with the process, impact on the organization, finances and resources.

Land-rich, but requiring more cash flow, the Texas A&M University System issued a Request-For-Proposals seeking real estate developers to propose projects that would generate new revenue streams for our flagship campus (Texas A&M University) without requiring major commitments or guarantees from the institution. Among the proposals, the selected one stood out because it balanced a good upfront cash payment (\$18.5m) and projected cash flow to TAMU in excess of \$600m over the 32-year ground lease. The University's commitment is limited to bus service, campus security and providing utility services (at campus rates) to the development.

Chancellor John Sharp along with Phillip Ray (Vice Chancellor for Business Affairs) negotiated the transaction with Servitas (a national student housing developer based in Irving, TX) and National Campus and Community Development Corporation (a 501c3 entity based in Austin, TX). The goals were to provide desirable housing to our students, generate new revenue streams on behalf of the institution, and maintain/enhance our AAA credit rating.

The development of 3,402 beds, plus retail components (which includes two retail sites within the housing buildings in addition to an 11-acres of retail on the north part of the site), is the largest Public-Private Partnership of its type. The developer is investing over \$368M into the development and taking on all leasing, operating, resident life and capital repair & replacement responsibilities.

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Implementation Timeline:

Provide a bulleted list of the steps and implementation timeline of your best practice solution.

1. RFP was released in September 2014, seeking development ideas for the sites outlines in the document.
2. Servitas was selected in October 2014.
3. Design and negotiations took until summer of 2015.
4. July 2015, Financial closing, signing of ground lease and ground breaking. \$18M upfront payment transferred to Texas A&M University System
5. August of 2016 – first 144 beds open
6. August of 2017 – 3,258 beds open
7. 2047 – Ownership of all improvements transfer, at no cost, to the University
- 8.

Benefits & Retrospect:

Provide a brief statement of the benefits achieved by implementing the best practice solution.

The University System generated \$18.5M upfront, will generate in excess of \$600m over 32-years, maintained its AAA-credit rating and will house 3,402 more students adjacent to the flagship campus – where studies show they'll have better grades and a higher-graduation rate. All of this was negotiated in 9 months and will take delivered in less than 3 years from when the RFP was first released.

Additional Team Contact Information:

Additional Contact #2:

Institution:

Address1:

Address2:

City:

State/Prov:

Zip Code:

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Institution: Research Comprehensive/Doctorate Small Institutions Community College

Salutation: Prof. Dr. Mr. Mrs. Ms.

First Name: Middle Name/Initial:

Last Name: Suffix (Jr, III, etc.)

Professional Title:

Email :

Phone: Fax:

Additional Contact #3:

Institution:

Address1:

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City: State/Prov: Zip Code:

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Additional Contact #4:

Institution:

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updated Feb 2016