ADDENDUM NO. 3

Request for Qualifications/Proposals
To Enter Into a
Real Estate Development Agreement
for
On-Campus Student Housing
at the
University of Hawai'i at Mānoa
(Issued on December 20, 2004)

In accordance with the provisions of Sections 3.3, 3.4.4 and 5.1.1, the Request for Qualifications/Proposals is hereby modified as follows:

- **2.2 Program Specifications**: replace section in its entirety with the attached revised text.
- **2.3 Design Guidelines**: replace section in its entirety with the attached revised text.
- **3.3 Schedule**: replace the schedule for Step Two with the attached revised dates.
- **3.4.6 Submission of Responses**: after second paragraph, add the attached text.
2.2  Program Specifications

2.2.1  Objective

The University maintains a substantial inventory of existing student housing beds; however, it recognizes the need for additional housing capacity, as well as the preferences of students. Existing university housing is in substandard condition for lower-division students and does not provide accommodations that are attractive to upper-division students. In order to meet the needs of the University and its students, the development of housing must meet the following objectives.

- Increase the supply of affordable on-campus housing for students
- Construct a quality-built housing development at a competitive cost
- Benefit from private sector creativity and experience
- Develop age-appropriate student housing that addresses the needs and preferences of its students, including more private accommodations and a semi-independent living experience
- Deliver the first phase of the new housing no later than summer 2007
- Assist the University in obtaining project financing that minimizes the impact of the project on the credit of the University and the State of Hawai‘i

A study of the off-campus market and student preference for on-campus housing was conducted as part of the process to develop the Master Plan and is included as Attachment 1.

2.2.2  Development Plan

2.2.2.1  Cycle 1 Projects

The first cycle of projects in the Master Plan will address the most immediate needs of the student housing system, which include increasing the number of rentable beds and the renovation or replacement of the halls in the worst physical condition. The University anticipates the phased completion of the Cycle 1 projects to be:

- **Frear Hall**: renovate 144 existing beds in cluster configuration or replace with a minimum of 400 new beds in a semi-suite configuration
- **Johnson Hall**: replace with a new facility for a minimum of 400 students also in a semi-suite configuration
- **Campus Center Site**: Build a new residence hall on a site adjacent to the campus center for 300 students
- **Hale Noelani**: replace with a new residence hall for approximately 600 students in a suite or apartment-style configuration
- **International Gateway House**: renovate keeping its existing configuration
Note: Project phasing is subject to change pending finalization of the Master Plan. Not all projects in Cycle 1 are included in this Request; see the following section for a description of the projects to be included in the Developer’s proposal.

### 2.2.2.2 Proposal Projects

The Frear Hall site and the Dole Street neighborhood are the focus of this Request. The following projects were selected to expedite the delivery of the first project for no later than the summer of 2007 and to provide information helpful in the evaluation of (1) renovation versus new construction, (2) public versus private financing, and (3) University versus private sector management and operations. The neighborhood site study has been requested to provide information on site development costs and assure the continuity of design and curb appeal of the student housing along Dole Street.

Specifically, Developers shall submit a proposal for the following projects:

- **Frear Hall Renovation**: Evaluate the renovation of Frear Hall restoring it to “like-new” condition capable of providing quality student housing for a minimum of 25 years. The renovation should not include major reconfiguration of the residential units; however, minor conversions of rooms may be recommended to provide improved community space, increase the number of beds, and/or reduce the student to bath ratios.

- **Frear Hall Replacement**: Evaluate the replacement of Frear Hall with a new residence hall for a minimum of 400 students in a semi-suite configuration. This scenario should assume private financing with ownership by an unaffiliated non-profit entity and management by the Developer. Program details are provided in Section 2.2.3.

- **Frear, Johnson, and Gateway Site Study**: Develop a master site plan for the Frear Hall, Johnson Hall and International Gateway House neighborhood. The purpose of this study is to focus on the planning of exterior spaces, pedestrian and vehicular circulation, landscaping and amenities to assure a cohesive site design for these three contiguous halls. In addition to a conceptual site design, the Developer shall provide a construction cost estimate for the proposed site improvements.

Note: Although the University intends to renovate Gateway and replace Johnson A&B as part of the Cycle 1 projects, Developers should not submit proposals on these facilities.
2.2.3 General Requirements

The focus of these General Requirements is the construction of new semi-suite housing for a minimum of 400 students on the Frear site. Infrastructure and site development that accommodate the Project are included in the scope of the work. The following minimum requirements must be achieved, and greater consideration shall be given to proposals that exceed these requirements.

2.2.3.1 Architectural Design

The exterior design shall complement the character of existing campus buildings. The design of interior and exterior spaces shall encourage and facilitate social interaction among residents. The design shall comply with all applicable building codes, environmental laws, and the Americans with Disabilities Act.

2.2.3.2 Site Design

The University would like to maximize the number of beds on the site consistent with sound planning principles, zoning regulations, and the creation of a quality living environment for the students. Site design shall consider the following requirements.

- On-site parking must be adequate to meet the needs of visitors and housing management staff. Parking areas should be safe and secure with lighting that exceeds code, and may incorporate other security measures such as fencing, electronic access, etc. Circulation must satisfy all requirements for emergency access.
- Project accessibility must comply with all Federal, State of Hawai‘i and local laws for persons with disabilities.

2.2.3.3 Security

Safety is a paramount concern for the Project. The Project must be constructed taking into highest consideration all student safety issues. Specifically, the Project shall include the following enhancements.

- Staffed 24-hour front desk
- Card access at exterior entries and crucial doorways throughout the building fully compatible with the University’s proposed security system
- Fire exits alarmed and electro-magnetically secured and monitored remotely
- CCTV cameras at lobby area, each elevator and all other critical areas

2.2.3.4 Environmental Considerations

The University views the Project as an opportunity to show its commitment to environmentally responsible design and construction, while balancing such values with economic constraints. The University
is a recognized leader in resource conservation and recycling. Accordingly, the Developer shall demonstrate support of University programs in these areas. Guidelines for sustainability and energy performance are included at Attachment 2.

2.2.4 Building Program

A detailed tabulation of the building program for Frear Hall is provided in Attachment 3, Frear Redevelopment Pro Forma. Generally, the project shall include:

- Semi-Suite housing for a minimum of 400 students
- Single and double bedrooms with two to four beds per unit and no more than four students per bathroom
- Common residential areas that provide opportunities for student socialization in a semi-independent living environment

The dwelling units and common areas shall be fully furnished and include the following components.

2.2.4.1 Student Rooms

- One built-in closet or wardrobe per occupant with shelving for storage
- Door hardware with privacy locks
- Telephone, data and cable TV ports for each resident
- Sound transmission between units shall be attenuated to minimum practical levels

2.2.4.2 Semi-Private Bathrooms

- One full bathroom for a maximum of four occupants with appropriate light, ventilation, and storage
- Compartmentalized configuration to allow simultaneous usage of fixtures
- Privacy locks for bathroom doors
- Ample electrical outlets adjacent to the counter space

2.2.4.3 Common Areas

Common areas for laundry facilities, recreation, socialization, and property management functions shall be provided and be fully furnished. Amenities including bicycle storage racks, mailboxes for letters and packages, storage space for students, vending space, trash/recycling room, etc. A detailed list of common areas is provided in Attachment 3.
2.2.5 Financial Criteria

2.2.5.1 Rent Structure

The Market Study included a student survey that determined unit preferences and the future demand for student housing. Preferences for various unit configurations were tested at specific rent levels. As a result, the following rents are the maximum that can be charged for an academic year lease:

- Traditional Double (renovated): $5,220
- 2-Double Bedroom Semi-Suite: $6,390
- 4-Single Bedroom Semi-Suite: $7,560
- 2-Single Bedroom Semi-Suite: $8,130

For the purpose of this proposal, Developers should assume an average occupancy for the academic year of 96%. The University does not currently use traditional halls, which include semi-suite units, for summer housing; therefore, no revenues should be considered for the summer. Other revenues, however, should be assumed at 5% of net rental income.

2.2.5.2 Operating Expenses

For projects that will be operated by the University, Developers should assume an operating cost (exclusive of all capital expenses, debt service, and replacement reserves) of $7.50 per gross square foot. For projects managed by the Developer, the management fee shall be carried as a line item above the net operating income line.

2.2.5.3 Financing Terms

The Developer shall propose the rate and term of financing for both public and private financing scenarios. Debt service coverage for a publically financed project should equal or exceed 1.0x the net operating income. For a privately financed project, the debt service should be consistent with the other terms of the financing.

While the University’s goal is to minimize the impact of any financing on the balance sheet and credit rating of the institution, it does encourage the presentation of multiple financing options that vary the potential participation of the University. The final decision on ownership and financing structure will consider both the risk and return to the University.

2.2.5.4 Renewals and Reserves

The cost of renewals and reserves may be omitted from the publicly financed scenario; however, these costs need to be considered in the privately financed scenario consistent with customary underwriting criteria.
2.2.5.5 Construction Costs

Rents tested in the student survey were based on a construction cost of $225 per gross square foot for new construction, which was subsequently verified by a cost estimator. In all financial scenarios, the developer shall determine the construction cost that is necessary to support the proposed project and quality of construction. Since it is desirable to maximize the value of student housing, if the Developer’s proposal meets all other criteria set forth in this Request and results in excess debt capacity, the rents should be reduced and/or construction quality increased to eliminate the excess debt capacity.

2.3 Design Guidelines

The University seeks to provide quality student housing at affordable rents that are consistent with the guidelines set forth in this Request. Proposals will be evaluated on how well developers solve this “value equation.” The rents tested in the student survey and restated in Paragraph 2.2.5.1 should be considered an absolute maximum. Subject to this limitation, proposals will balance the program, construction budget, operating costs, and the cost of financing to yield a project of maximum value. To help evaluate the quality component of value, the developer shall also provide outline specifications to define the quality of the proposed construction. Proposals that exceed the guidelines and increase value will be ranked higher than proposals that do not achieve the guidelines and reduce value.

The following documents are available for reference in preparing the proposal. If the document is not available in electronic format and attached to this addendum, contact the University to view a hard copy.

- Attachment 1: University of Hawaii at Manoa Market Report, Anderson Strickler, LLC, draft of December 17, 2004
- Attachment 2: Sustainability and Energy Performance Guidelines
- Attachment 3: Frear Redevelopment Pro Forma
- Attachment 5: Student Housing Facility Assessment for Frear Hall, Gateway House and Johnson Hall A & B, Mitsunaga and Associates, draft of February 1, 2005.
- Attachment 6: Site Assessment Documentation
  a) Existing and Proposed Residence Hall Location Map
  b) Existing Building Plans – Frear Hall
  c) General Site Plan
  d) Partial Site Plan – Frear Hall
  e) Partial Site Plan – Gateway House
  f) Partial Site Plan – Johnson Hall
3.3 Schedule

Step Two

- Pre-proposal conference  
  February 23, 2005
- Deadline for submission of questions  
  March 2, 2005
- Response to submitted questions  
  March 8, 2005
- Deadline for submission of proposals  
  5:00 PM HST; April 6, 2005
- Developer presentations  
  April 18-19, 2005
- Approval of Developer by Board of Regents  
  April 21, 2005
- Occupancy of first phase of Project  
  Summer 2007

3.4 Process Requirements

3.4.6 Submission of Responses

One (1) additional copy shall be delivered to:

Gregory Strickler  
Anderson Strickler, LLC  
18310 Montgomery Village Avenue  
Suite 520  
Gaithersburg, MD  20879