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ADDENDUM # 3

1/10/18

Solicitation #7577481

Title: “Request for Qualifications (RFQ) and Expressions of Interest for Real Estate Development on the URI Kingston Campus under a Ground Lease”

Submission Deadline: February 8, 2018 @ 11:00 AM (Eastern Time)

Per the issuance of ADDENDUM #3 the following are noted:

Submitted Questions and Responses - See Attached:

Interested Parties should monitor this website on a regular basis, for any additional information that may be posted.

Thomas Bovis
Interdepartmental Project Manger

RFQ 7577481

TITLE: "Request for Qualifications (RFQ) and Expressions of Interest for Real Estate Development on the URI Kingston Campus under a Ground Lease"

Questions and Answers

1. SECTION 1 – BIDDER INFORMATION

Q1: While titled a request for qualifications, this reads more like a request for proposals with actual plans, design, project economics and lease proposal being part of this response. A response of this nature and magnitude would typically take 60 – 90 days at minimum and cost tens of thousands of dollars. This is a tremendous amount of effort to undertake for a qualifications package. Is it the intent of the University to directly select from this process?

A1: The University's intent is to qualify 3-4 development teams to respond to a project proposal request.

2. SECTION 2 – EXECUTIVE SUMMARY

D. "Parcel A accommodates approximately 80,000 gross square feet with the following proposed program including:

Q2: "Original concept restaurant and lounge, to include 100 seats in the dining area, 20 to 25 seats bar/lounge, and a private dining room to double as a sales closing room or second bathroom"

- *Must developer be restaurant operator? Can space be subleased to a tenant?*

A2: The restaurant gross leasable area may be subleased to a tenant food & beverage operator.

Q3: "Self parking on site"

- *If feasible, is structured/subgrade parking permitted for site/building location?*

A3: If feasible, structured parking might be an acceptable improvement.

3. SECTION 4 – SITE

Q4: "The subject site is across the street from a historic quadrangle, which is in the process of obtaining National Landmark Status."

- *What are the implications of this Status on surrounding developments (within a certain radius)?*

A4: The national landmark status does not apply to the subject site. Nonetheless, design quality and character are subject to the Design Guidelines (Exhibit C).

Q5: Site Circulation

- *Will the University entertain any modifications to the public rights of way to accommodate new development and enhance user/pedestrian experience?*

A5: Yes

4. Technical Review Committee Assessment Criteria

Q6: Given the detailed nature of the submittal requirements, can you please advise on the make-up and expertise of the technical review committee in reviewing a development proposal of this nature – i.e. review of real estate pro-forma, lease, development team qualifications and financials.

A6: The TRC is comprised of:

Abigail Rider, Vice President Administration & Finance

Vern Wyman, Assistant Vice President Business Services

Patricia Casey, Controller

Ryan Carrillo, Director Capital Planning & Real Estate Development

Christopher McMahan, Director Campus Planning & Design, University Architect

Q7: At this notional project stage, the project financing structure is conceptual at best. A developer at this phase of a project would only have soft commitments on debt and equity. These sources would not be solidified until well into the construction document phase once project certainty (cost, economics, etc.) are better understood. Is it acceptable to provide a narrative on financing approach and detailed history of recent equity participation?

A7: Yes.

5. Exhibit D – Summary of Key Terms of Ground Lease, states:

Q8: *Rent Levels: Residential rental and hotel room rates will be set by the ground lessee annually and will not exceed (1) for residential units, 120% of the University rental rate for comparable units or (2) for hotel rooms, 120% of the room rate at the Hampton Inn in Wakefield, RI, or the successor “highest end” hotel of 100 or more bedrooms located within a 10 mile radius of the intersection of Route 138 and Upper College Road.*

Is “University rental rate” to be understood to be the rental rates found on the URI website: <https://web.uri.edu/housing/housing-rates/> and shown below?

Housing Rates for Fall 2017 - Spring 2018. All rates are **per student per semester** unless otherwise noted.

Rates are preliminary and subject to change pending final Board of Governors review

FIRST YEAR STUDENT HOUSING RATES

Building	Type	Rate
Adams Barlow Bressler Browning Butterfield Fayerweather Gorham Heathman Hutchinson Merrow Peck Tucker Weldin	Standard Freshman Rate*	\$3,887
Hillside Hall	Hillside Freshman Rate*	\$4,501

* First Year Student rates listed are for double room occupancy, though first year students should expect to live with two other roommates, in what's commonly called a "triple." First year students are billed at either the Standard or Hillside Freshman Rate, but a **triple room discount** will be credited to their bill for any period of time they reside in a triple.

UPPERCLASS HOUSING RATES

Building	Type	Rate
Aldrich	Single Room	\$4,081
Burnside Coddington Dorr Ellery Hopkins	Double Room	\$3,887
Heathman	Double Room	\$3,887
Merrow	Single Room	\$4,081
Peck	Double Room	\$3,887

Hutchinson Tucker		
Eddy	Suite of 5 Singles	\$4,748
	Suite of 10 Singles	\$4,641
	Suite of 2 Doubles	\$4,472
Garrahy Wiley	Suite of 4 singles w/Kitchen	\$4,976
	Suite of 5 singles w/Kitchen	\$4,904
	Suite of 10 singles w/Kitchen	\$4,904
Gateway Apartments	Small double	\$3,887
	Large double	\$3,925
	Single	\$4,081

GRADUATE HOUSING

Building	Type	Rate
University Village First Floor	2 Bedroom Apartment	\$968/month
	3 Bedroom Apartment	\$1,084/month
University Village Second/Third Floor	2 Bedroom Apartment	\$1,026/month
	3 Bedroom Apartment	\$1,116/month

In our experience, ground leases have a much longer term, typically 85-99 years. This is necessary to satisfy both equity investors and lenders. Is the 39-year term stated in the RFQ strict, or flexible?

A8: Section 6 of the RFQ is amended to include the following paragraph at the end of the section.

The final Ground Lease terms will be established in consultation with the prequalified Developers selected by way of this RFQ process. Final Ground Lease terms will then be incorporated into the RFP for proposal submission.

The first paragraph of Exhibit D is stricken and replaced with:

The final Ground Lease terms will be established in consultation with the prequalified Developers selected by way of this RFQ process. The terms of this ground lease *may* include, but will not be limited to the following:

Q9: In our experience, ground lessor approval is not required for financing or transfer/assignment of the property. Can URI be flexible, or is this requirement strict?

A9: Ground lessor approval, not to be unreasonably withheld, will likely be required for transfers of the property or the leasehold interest, but not for financing.

Q10: For hotel projects such as this one, we are accustomed to universities providing either a minimum room night guarantee or NOI guarantee. This is necessary for the developer's ability to secure financing and it aligns incentives. Is URI in a position to make this type of commitment to the project?

A10: URI is not in a position to guarantee room nights or net operating income. URI can provide strong brand association and identity to marketing and promotions.

Q11: Why is there a stated limit on the hotel's ADR, and why is it tied to a 20% premium over the Hampton Inn? Our properties typically fetch rate premiums of 30-50% relative to their competitive sets.

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Q12: What does the process and timeline look like for rezoning the property to allow for a hotel? What are the key risks and approvals required?

A12: Parcels A and B are state-owned property and use groups have not historically been subject to local zoning regulations on the Kingston Campus. For other requirements, please refer to RFQ, section 6A - Developer Responsibilities. Additionally, it is the Developer's responsibility to negotiate with the municipality for other relevant requirements, regulations, or licenses.

Q13: A large part of what distinguishes Graduate Hotels from others in the industry is our design, which we manage with our in-house design team. We are extremely invested in controlling and perfecting the design process. As such, will URI show more flexibility with regard to the stated design approval rights?

A13: The language in the RFQ relative to design guidelines and University design approval shall pertain.