

Chabot-Las Positas Community College District

MARKET AND DEMAND AND FINANCIAL ANALYSIS

Submitted by
The Scion Group

Date
September 6, 2019



September 6, 2019



Mr. Owen Letcher
Vice Chancellor, Facilities and Bond Program
Chabot-Las Positas Community College District
7600 Dublin Blvd.,
3rd Floor Dublin, CA 94568

Via e-Mail: oletcher@clpccd.org

RE: Market and Demand Analysis and Potential Financial Analysis for potential new student housing at Chabot College in Hayward and Las Positas College in Livermore

Dear Owen,

It was such a pleasure to speak with you last week about the District's interest in examining potential student housing demand at Chabot College in Hayward and Las Positas College in Livermore. We sincerely appreciated being referred to you as we try our best always to deliver work relevant to our commitment to excellence as well as our sincere respect for the importance of client service.

Following up on our call on behalf of The Scion Group, I am pleased to present our interest, approach and proposal to you and Chabot-Las Positas Community College District to conduct a market and demand analysis for potential new student housing at your two College campuses. . Based on our experience with similar engagements, we have assembled a well-qualified team to achieve the outcomes you expressed during our conversation last week.

While you may have an overall understanding of The Scion Group, we thought it may be of interest to share some of our unique qualifications as follows:

- Only focus since inception in 1999 is student housing.
- Provided advisory services in over 250 campus markets throughout North America, including 20 recent community college engagements. This includes recent work in California at Ventura College, Napa Valley College, Palomar College, California College of the Arts, and Golden Gate University as well as current community college work for the developer at Orange Coast College, and Santa Rosa Junior College.
- Approximately 30% of our current clients are two-year colleges and/or institutions considering housing for the first time.
- Utilization of real-time operational data and benchmarks from the ownership and management of over 54,000 student housing beds. Scion is not a developer.
- Intentionally organized as a stand-alone advisory services practice within the company to ensure our developer and institutional clients receive the most objective analysis.
- Proven collaborative processes utilize appropriate market data and precise analysis so that our clients can make the most informed decisions.
- Well-respected by investors, underwriters and others in the capital markets

This is the work we at Scion do and have a passion for doing so. It would be a true pleasure to engage on this assignment. Should you have any questions or need any additional information, please do not hesitate to contact me at 312-909-1340 or at avolz@thesciongroup.com. I hope to meet with you and potentially your colleagues next week.

Sincerely

A handwritten signature in black ink, appearing to read "Ann Volz", is located below the word "Sincerely". The signature is written in a cursive, flowing style.

Ann Volz
Senior Project Executive
CC: Jay Pearlman, Senior Vice President

About the Scion Group

The Scion Group is North America’s only firm providing a **full suite of advisory and operational services exclusively for campus housing**. In all contexts, Scion’s expertise is focused on helping our clients to deliver exceptional student and workforce living experience while maintaining operating efficiencies and financial sustainability. Our experienced team of professionals represents diverse backgrounds, including higher education administration, real estate financing, property management, economic modeling and student focused marketing. This blend of experience enables us to make recommendations that maximize the performance of campus housing facilities while ensuring alignment with institutional mission and core values.

Scion couples state-of-the-art methods for real estate analysis and operations modeling with the understanding and sensitivity – based on actual experience in higher education – as to the unique nature and mission of colleges and universities. Our recommendations are based on real life operating experience and are characterized by a clear, practical and effective balance of the goals for both a strong financial performance and an exceptional experience for residents. While our advisory services practice is the foundation of our firm, our team is also involved in the ownership and operation of over 54,000 student beds in 92 communities and 57 campus markets in the U.S.

Scion maintains offices in Chicago, Illinois; Dallas, Texas; Irvine, California; Toronto, Canada; and Washington, D.C.. Our advisory personnel include experts in planning and feasibility, program and capital project management, operations and marketing. Since Scion’s founding in 1999, more than \$5 billion of new and renovated campus housing facilities has resulted from our work. In that time, Scion has been engaged to perform campus housing advisory services in more than 250 campus markets across North America.

SCION AT A GLANCE



Our **only focus** since inception in 1999 has been **campus housing**



Real-time operational data and benchmarks from the ownership and management of **over 54,000 campus housing beds**



Provided advisory services in more than **250 campus markets throughout North America and internationally**



Intentionally organized as a stand-alone advisory services practice within the company to ensure our clients receive the most objective analysis



Well-respected by investors, underwriters and others in the capital markets



Proven collaborative processes that utilize appropriate market data and precise analysis so that our clients can make the most informed decisions



Have worked on **19 California campuses** and have a California office location

Recent and Ongoing Northern California Experience

The Scion Group is North America’s only firm providing a full suite of advisory and operational services exclusively for student housing. In all contexts, Scion’s expertise is focused on helping our clients to deliver exceptional student living experiences while maintaining operating efficiencies and financial sustainability.



SANTA ROSA JUNIOR COLLEGE*

Santa Rosa, California

Student Housing and Faculty/ Staff Housing Market Analysis and Financial Analysis; P3 Advisory Services; Project Management



NAPA VALLEY COLLEGE

Napa Valley, California

Student Housing and Faculty/ Staff Housing Market Analysis and Financial Analysis



UC HASTINGS*

San Francisco, California

Student Housing Market and Demand Analysis



GOLDEN GATE UNIVERSITY

San Francisco, California

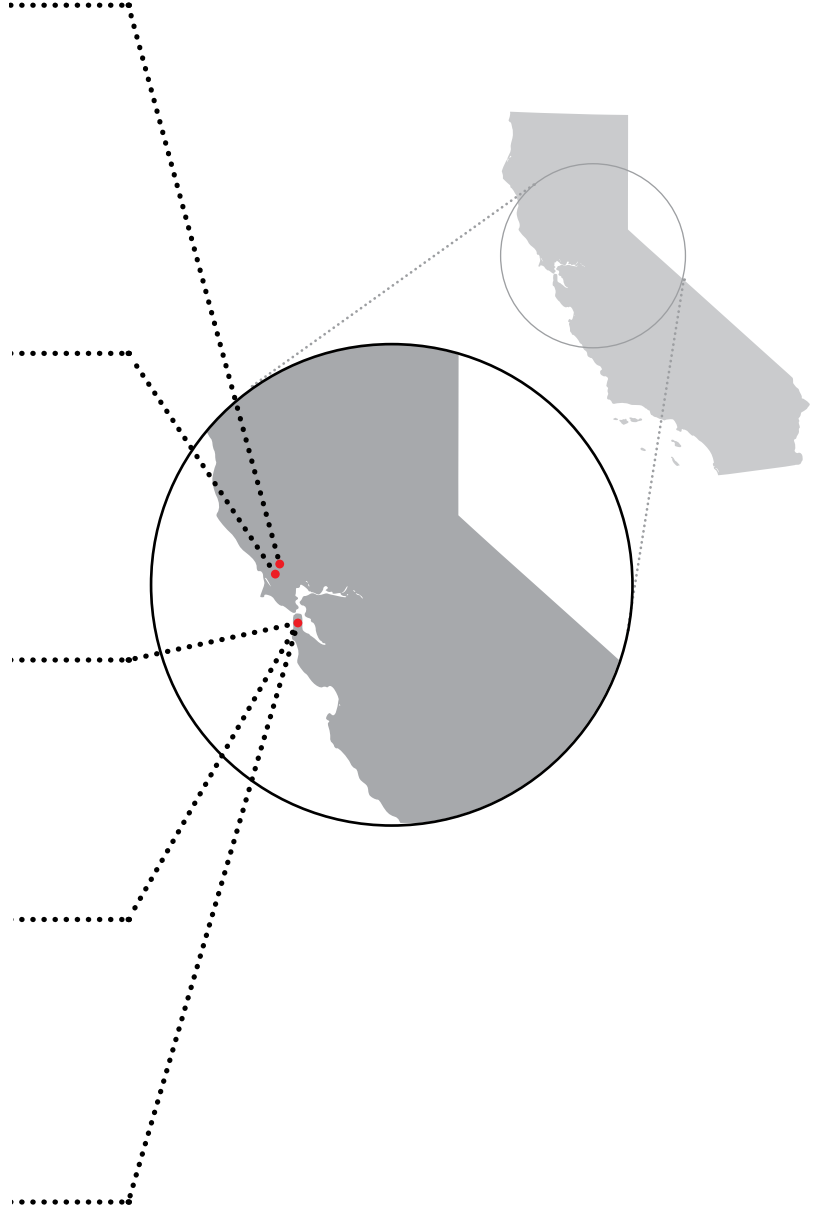
Student Housing Market and Demand Analysis



CALIFORNIA COLLEGE OF THE ARTS

San Francisco, California

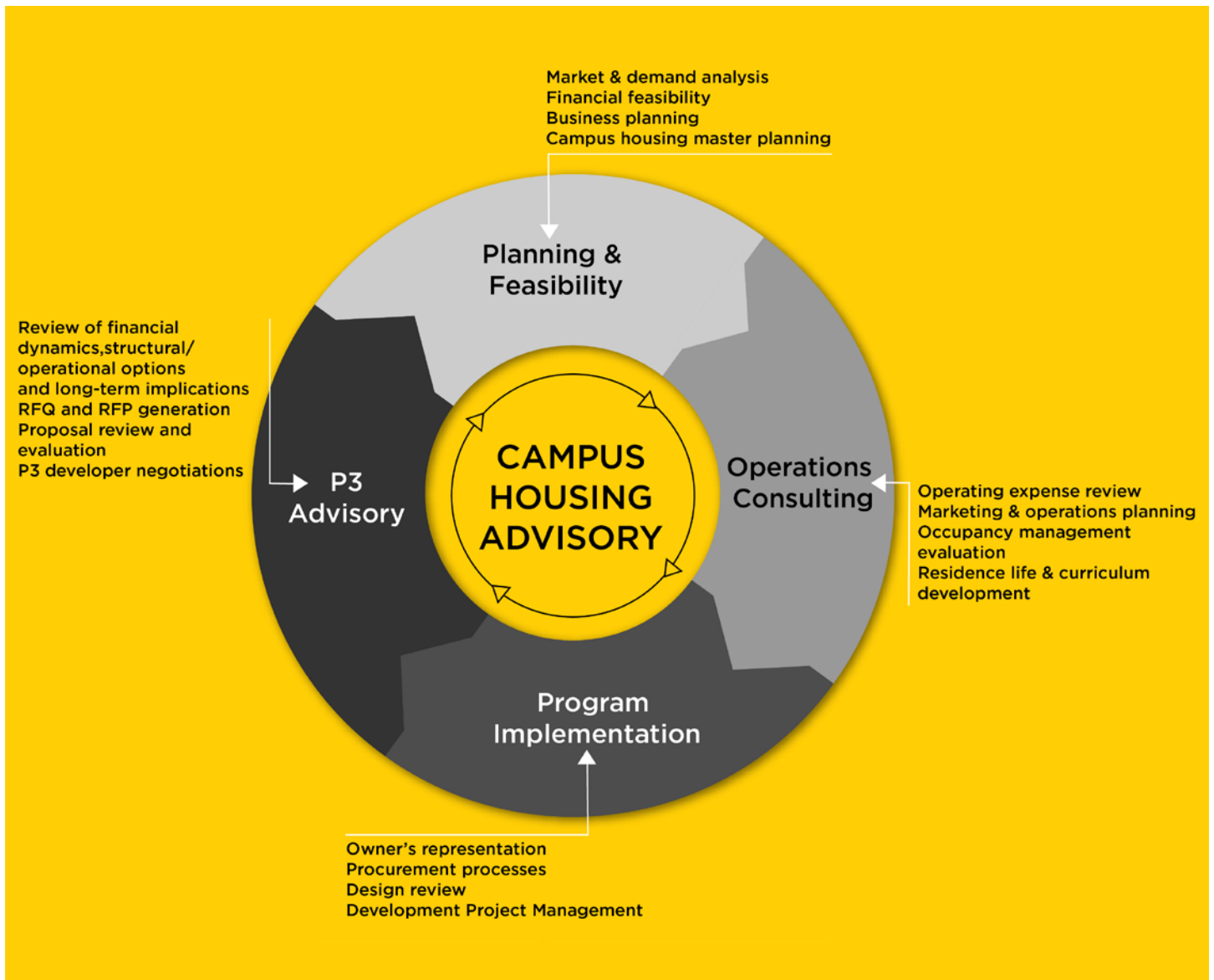
Student Housing Market and Demand Analysis and Financial Analysis; Business Plan



*Currently ongoing

Scion’s Services

Scion’s Advisory Services practice offers planning and feasibility services, operations assessment and development consulting to higher education, not-for-profit and private sector clients. The breadth of Scion’s experience in campus housing provides a high level of financial and real estate sophistication coupled with the perspectives of educators, operators and investors. We assist our clients in finding the optimal path to success using a wide array of tools within a full suite of services. Our recommendations may at times challenge our clients’ previously held assumptions, but they are always grounded in real-life practice – not just theory. We provide achievable recommendations and advice based on years of experience advising and operating campus housing. Our clients, as well as the underwriters and financial institutions often rely on our recommendations and look to our findings to inform their decisions. Our credibility as an impartial adviser is Scion’s most important attribute.



Project Plan and Schedule

Phase One: Student Housing Market and Demand Analysis

Much like any business conducts market research in order to target its customers effectively, meaningful and pointed due-diligence provides an essential foundation to the potential development of new student housing. To accurately assess campus housing demand, Scion proposes to spend significant time listening to students, faculty, staff and other stakeholders, and then gathering and synthesizing relevant data for both Chabot College in Hayward and Las Positas College in Livermore (collectively “the Colleges”). The data will be generated by two sources: the Colleges (recruitment and retention strategies, Colleges’ goals, etc.) and also by Scion through market and peer comparisons, electronic surveys, interviews and focus groups. We will develop a thorough understanding of the preferences and expectations for both the Colleges and potential student residents, particularly in relation to demand, unit-types, amenities, services, cost, and in kind supports. Evaluation of demand is ultimately an art as much as a science. With numerous success stories of predicting accurate, reliable demand projections, Scion is a nationally recognized leader in conducting such demand analyses. Through our years of experience, we use relevant market data and precise analytics so that our clients can make the most informed decisions. Scion recommends the following iterative approach to conduct the market and demand analyses.

Project Initiation and Preliminary Assessment

Advisory Committee

In order to undertake the most efficient and timely decision-making, we recommend that an Advisory Committee be identified to guide the project. The Advisory Committee should include key College administrators and decision-makers, while being small enough to meet regularly and make decisions expeditiously. Key areas from which representatives should be chosen from may include the following: President’s Office, Student Affairs, Admissions & Records, Administrative Services, Academic Affairs, Facilities, etc. It is understood that the Advisory Committees may be slightly different for each College yet include potentially mutual District involvement. In any case, we suggest that a single point-of-contact be established from each College and/or from the District.

Project Initiation Call & Preliminary Data Gathering

The beginning of the engagement will involve a project initiation call with both College’s officials leading the effort and Scion project team members. The objective of the briefing is to review the schedule and dates for the initial two or three-day, intense campus visit. Additionally, the protocol to collect both qualitative (stakeholder interviews and focus group sessions) and quantitative (electronic survey, enrollment) student data, faculty and staff data, as well as any other relevant criteria, will be discussed.

Following this call, Scion will submit to the Colleges a list of documentation and data to review prior to the first campus visit. This will include: the College Housing Project, the Main Campus Master Plan, educational and/or other master plans, enrollment trends and projections, student demographics, current student services information, prior student surveys completed by the College, competing institutions, recent and planned capital improvements, local real estate development and other relevant materials.

Campus Visit I (1-2 days)

Scion will visit the two campuses for approximately one to two days to perform the strategic objective alignment session; understand campus culture; tour the campuses and potential campus housing development sites; conduct stakeholder interviews, focus groups, and whiteboard sessions; and tour the off-campus student rental markets.

This visit will include a wrap-up meeting with the Advisory Committee(s).

Strategic Objective Alignment

Scion will conduct an interactive Strategic Objective Alignment session. During this time, we will evaluate the strategic drivers for the Colleges and District's student life as well as student residential needs and align them with the treatment of potentially new college housing as a strategic asset for the campuses. This is accomplished through an interactive process in which key participants convene as a group and assign existing and aspirational values to mission-based objectives. The discussions will note the current value of housing choices and set future targets in the categories of educational outcomes, enrollment management, faculty/staff recruitment, campus community and financial performance. The relative gaps that exist between the current state and desired conditions are translated into a narrative that will serve as a Programmatic Statement to guide subsequent planning and implementation activity. This will consist of several sections that define ideal conditions: strategic drivers for on-campus student housing, residential preferences for faculty and staff, targeted system capacity, relative location, target markets, unit types, programmatic priorities, off-campus market, financial performance, town-gown relationships, and the reconciliation between financial accessibility and quality. An initial draft of this narrative will be distributed to all session participants for review and comment, and iterations of the document will be explored, circulated and vetted among this group prior to the issuance of a final version.

Campus Tours

Scion will tour the Chabot College in Hayward and Las Positas College in Livermore campuses to view existing conditions first hand. The campus tours should include recreational gathering and social areas, campus circulation/traffic patterns, and any planned/potential housing sites under consideration by the Colleges.

Stakeholder Interviews

Scion will conduct both individual and group interviews with key College staff in areas such as the President's Office, Student Affairs, Admissions & Records, Administrative Services, Academic Affairs, Facilities, and other appropriate areas, as agreed upon during the kick-off call. Factors that will be discussed include:

- Institutional mission, vision and goals
- Enrollment trends, including short and long-term projections, and recruitment initiatives
- Campus planning implications
- Cost vs. quality vs. flexibility (relative to campus housing desirability and institutional considerations)
- Student perceptions and feedback
- Development considerations
- Contingency alternatives to fill under-utilized housing, if any
- Eligibility requirements



Off-campus market offerings for housing

Focus Group Sessions

Scion will conduct focus group sessions with selected student cohorts in order to gather qualitative data toward an array of constituent preferences. We generally conduct up to six focus group sessions with targeted student populations.

The targeted cohorts to participate in focus groups will be determined during the project kick-off call and can include:

- First-year single students
- International Students
- Family students
- Student leaders (student government representatives, etc.)
- Other students as identified by the Colleges

In concert with the Colleges and/or District, we will develop a guide to determine key decision-making factors for each cohort group.

Student Whiteboard Sessions/Intercept interviews

Scion will conduct two intercept interview sessions with students in high pedestrian traffic areas on campus using whiteboards and iPads that include high-level questions for student feedback. Feedback typically requires about two minutes for students to complete, and often leads to brief interviews that provide deeper insight into student living preferences and choices, perception of affordability and location desirability.

Off-Campus Rental Market Analysis

Scion will analyze rental housing, focusing on areas and properties that appear to attract the College's students. In addition to identifying current and projected changes to market supply, Scion will analyze rental rates, unit types, lease terms, amenities, distance from campus and transportation access. Site visits, online research and information gained from student and stakeholder interviews will be relied upon in preparing this analysis. The analysis will take into account the evolving real estate market trends and place particular emphasis on those existing and planned properties that may serve as direct competitors to any proposed College housing.

Peer Institutions and/or First-Time Housing Case Study

Scion will include a review of the housing options at up to four institutions with which the Colleges compete for enrollment and/or institutions that have provided first-time on-campus housing. We will gather data including housing capacity, inventory, unit-type and pricing options, amenities and relevant housing policies. This information will provide an additional benchmark that will be considered for developing the recommendations of the study.

Online Student Survey

Scion will develop and administer an online student survey targeted to the Colleges' students in order to quantify campus housing demand and preferences, with a particular focus on preferred unit types, potential rental rates and desired amenities. Factors that are typically considered include:

- Current living conditions
- Current class standing and enrollment status
- Past and present housing choices
- Preferred unit configurations
- Location desirability
- Projected rental rates
- Examination of academic term versus 12-month occupancy
- Preferred amenities
- Mixed-use possibilities, such as retail, maker space, office and/or academic space, as appropriate
- Other factors as desired by the Colleges

Interim Deliverable: Draft Student Housing Market and Demand Analysis Draft

Following the completion of the services described above, Scion will generate a draft of the deliverable, the Student Housing Market and Demand Analysis. This document will include a summary of the work completed to date: defined strategic objectives, student, faculty, and staff demand and preferences for housing, an analysis of the off-campus student rental market, housing options at competing institutions and summary data from focus group sessions and the survey. The Colleges and/or District will have the opportunity to provide feedback, questions, comments and suggestions. The findings will be discussed and agreed upon comments will be incorporated into the Final Student Housing Market and Demand Analysis.

On-Campus Presentation of Results and Working Session

Campus Visit II (1 day)

Scion will return to the campuses for one day to summarize and discuss the findings in the Student Housing Market and Demand Analysis in a presentation to the Colleges. We will facilitate discussion about the recommendations and considerations and address any questions from appropriate stakeholders. During the second campus visit, Scion will conduct working sessions among institutional leadership to develop consensus around the findings and directions if demand warrants a Financial Analysis/ next step to advance implementation. Scion will also lead a discussion of a potential program for units and amenities for new student housing and preferred financing options, if any. Potential site locations will also be considered.

Deliverable: Student Housing Market and Demand Analysis

Following a review and discussion of all findings and recommendations, Scion will deliver a plan, which includes all agreed upon revisions. The plan will include an executive summary, student rental market overview (off-campus market summary), survey analyses, and summarized survey data, summary of focus group sessions, overview of competing institutions and first-time housing benchmarks, demand analysis, analysis of the various recommendations.

If demand warrants at Chabot College and/or Las Positas College, Scion will proceed to perform the financial analysis. Scion will not proceed without proper, designated authorization.

Phase Two: Financial Analysis

The financial modeling will utilize the Market and Demand Analyses to inform its underlying fundamentals. This analysis will evaluate potential financing and ownership options, identify implementation strategies and articulate the viability of the financial plan to the Advisory Committee, identified stakeholders and if applicable, community stakeholders. It may also be shared with potential development and ownership partners, lenders, and credit rating agencies at a later phase.

Scion will create financial models for the development of new housing for students. These models will include the examination of various financing alternatives along with projected revenue and operating costs. Based on feedback from the College(s) and/or District, Scion will analyze and adjust program, pricing, amenities and lease terms, as necessary, to help ensure a viable program responsive to market conditions and College goals. This analysis includes an assessment of capital contributions, debt service requirements and potential bond covenants. As deemed necessary, we will also explore alternate management and leasing strategies.

Scion will assess the potential ownership and financing structures available, including options such as public-private partnerships and/or the privatization of certain operational segments. We will evaluate characteristics of each structure in terms of risk, control, flexibility and credit impact.

While it is not included in the proforma for the student housing analysis, Scion will project the financial impact that new student housing may have on one or both campus. This may include factors such as a need for additional lighting and security, campus services, extended hours or additional dining services and gathering spaces, pedestrian and vehicular connections, and infrastructure.

Campus Visit III (1 day)

Scion will return to campus to conduct an interactive working session with the Advisory Committee(s) and appropriate stakeholders at a mutually convenient time. Scion will use interactive financial models to demonstrate varying levels of risk and return to the University using different financing structures. Final decisions will tie back to the Strategic Objectives identified in the preliminary stage of the engagement.

Implementation Plan

Based on the analysis to date and Scion’s experience planning and representing the owner on similar developments, Scion will develop an implementation plan, including tasks and key milestones. The schedule will demonstrate the implications of different financing structures and delivery methods, potentially including non-brick and mortar options. It will also illustrate decision-making points associated with each approach. This essential component enables a seamless process to achieve the stated objectives.

Deliverable: Draft Report and Final Report for the Market and Demand Analysis and Financial Analysis with an Implementation Plan

Following the completion of the services described above, Scion will generate a draft of the deliverable for review by the client. This document will include an executive summary and detail of the work performed: defined strategic objectives, housing demand and preferences, an analysis of the rental market, options for non-brick and mortar solutions, summary data from focus groups and the survey results. The University will have the opportunity to provide feedback, questions, comments and suggestions prior to, and during the Presentation of Results and Working Session. The findings will be discussed, Phase II will be included, and agreed upon comments will be incorporated into the report before finalizing.

Our Process Includes:

- 1. Housing Program and Rental

scion *Recommended Program - Traditional Student Housing*

Residential Program	Units	Beds	Gross Size	Total Area
Traditional Room Double Occupancy	37	74	275	10,175.00
Traditional Room Single Occupancy	144	144	250	36,000.00
Semi-suite Single Occupancy	45	90	500	22,500.00
Four-bedroom, six person Apartment	7	42	1224	8,568.00
Community Space	-	-	4000	4,000.00
Total	233	350	-	81,243.00

Total Beds: **350**
Total GSF: **81,243**
GSF/Bed: **232**

Rent includes: Utilities and furnished



Recommended Program - Traditional Student Housing

Rental Schedule	Units	Beds	Monthly Rental Rates Per Person	Academic Yr Rent/Bed	Total AY Rent
Traditional Room Double Occupancy	37	74	\$ 700	\$ 6,300	\$ 466,200
Traditional Room Single Occupancy	144	144	\$ 800	\$ 7,200	\$ 1,036,800
Semi-suite Single Occupancy	45	90	\$ 925	\$ 8,325	\$ 749,250
Four-bedroom, six person Apartment	7	42	\$ 1,050	\$ 9,450	\$ 396,900
Total / Weighted Average - Residence Hall	233	350	\$ 841	\$ 7,569	\$ 2,649,150

Total Beds: 350 **Term Length:** Academic Year / Discounted Full Year
GSF/Bed: 232 **Weighted Avg Rent:** \$ 7,569 per bed per academic year

2. Data Gathering Questions / Financial Analysis Assumptions

Example Questions:

- Existing outstanding debt service and the debt service schedule, by residential building.
- Current academic year operating budget (income and expense) by line item, and historic actual operating expenses by line item for the prior two academic years.
- Please provide the desired resident staff to student ratio. Will staff members be provided with free housing?
- Will (College/University) be contributing any capital to the project, and, if so, under what terms?

3. Development Budget

P3 Development Budget				
<i>Site: Traditional Student Housing - 350 Beds</i>				
	GSF	PSF Cost	Total	Per Bed Cost
1. Hard Costs				
New Residential Construction	81,243	\$ 250.00	\$ 20,310,750.00	\$ 58,030.71
Sub-Total	81,243	\$ 250.00	\$ 20,310,750.00	\$ 58,030.71
2. Soft Costs				
Residential Soft Costs (25% of Hard Costs)	81,243	\$ 62.50	\$ 5,077,687.50	\$ 14,507.68
Residential FF&E	81,243	\$ 4.74	\$ 385,000.00	\$ 1,100.00
Capitalized Interest	81,243	\$ -	\$ -	\$ -
Misc. (5%)	81,243	\$ 3.36	\$ 273,134.38	\$ 780.38
Sub-Total	81,243	\$ 70.60	\$ 5,735,821.88	\$ 16,388.06
Sub-Total - Project Costs	81,243	\$ 320.60	\$ 26,046,571.88	\$ 74,418.78
3. Financing Costs				
Cost of Issuance	81,243	\$ 9.62	\$ 781,397.16	\$ 2,232.56
Sub-Total	81,243	\$ 9.62	\$ 781,397.16	\$ 2,232.56
TOTAL	81,243	\$ 330.22	\$ 26,827,969.03	\$ 76,651.34

4. Financial Modeling and Scenario Testing

scion *Recommended Program* **350-Bed Program (Traditional Student Housing)**

Cash Flow Statement - P3
Site: Traditional Student Housing

Year	1	2	3	4	5	6	7	8	9	10
Revenue Escalation	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expenses Escalation	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
REVENUE										
Gross Rental Income	\$ 2,935,258	\$ 3,023,316	\$ 3,114,015	\$ 3,207,436	\$ 3,303,659	\$ 3,402,769	\$ 3,504,852	\$ 3,609,997	\$ 3,718,297	\$ 3,829,846
Staff beds - (3%)	\$ (88,058)	\$ (90,699)	\$ (93,420)	\$ (96,223)	\$ (99,110)	\$ (102,083)	\$ (105,146)	\$ (108,300)	\$ (111,549)	\$ (114,895)
Less Vacancy/Bad Debt (5%)	\$ (146,763)	\$ (151,166)	\$ (155,701)	\$ (160,372)	\$ (165,183)	\$ (170,138)	\$ (175,243)	\$ (180,500)	\$ (185,915)	\$ (191,492)
Summer/Conference Revenue - (3%)	\$ 88,058	\$ 90,699	\$ 93,420	\$ 96,223	\$ 99,110	\$ 102,083	\$ 105,146	\$ 108,300	\$ 111,549	\$ 114,895
Ancillary Revenue - (0.5%)	\$ 13,942	\$ 14,361	\$ 14,792	\$ 15,235	\$ 15,692	\$ 16,163	\$ 16,648	\$ 17,147	\$ 17,662	\$ 18,192
Projected Total Revenue	\$ 2,802,438	\$ 2,886,511	\$ 2,973,106	\$ 3,062,299	\$ 3,154,168	\$ 3,248,793	\$ 3,346,257	\$ 3,446,645	\$ 3,550,044	\$ 3,656,546
OPERATING EXPENSES										
1. Repairs and Maintenance	\$ 65,935	\$ 66,924	\$ 67,927	\$ 68,946	\$ 69,981	\$ 71,030	\$ 72,096	\$ 73,177	\$ 74,275	\$ 75,389
2. Resident Amenities	\$ 115,697	\$ 117,433	\$ 119,194	\$ 120,982	\$ 122,797	\$ 124,639	\$ 126,509	\$ 128,406	\$ 130,332	\$ 132,287
3. General and Administrative	\$ 27,039	\$ 27,444	\$ 27,856	\$ 28,274	\$ 28,698	\$ 29,128	\$ 29,565	\$ 30,009	\$ 30,459	\$ 30,916
4. Payroll	\$ 532,564	\$ 540,553	\$ 548,661	\$ 556,891	\$ 565,244	\$ 573,723	\$ 582,329	\$ 591,064	\$ 599,930	\$ 608,928
5. Marketing	\$ 40,000	\$ 40,600	\$ 41,209	\$ 41,827	\$ 42,455	\$ 43,091	\$ 43,738	\$ 44,394	\$ 45,060	\$ 45,736
6. Turnover	\$ 77,221	\$ 78,379	\$ 79,555	\$ 80,748	\$ 81,959	\$ 83,189	\$ 84,437	\$ 85,703	\$ 86,989	\$ 88,294
7. Utilities	\$ 282,760	\$ 287,001	\$ 291,306	\$ 295,676	\$ 300,111	\$ 304,613	\$ 309,182	\$ 313,820	\$ 318,527	\$ 323,305
8. Insurance	\$ 287,177	\$ 291,485	\$ 295,857	\$ 300,295	\$ 304,799	\$ 309,371	\$ 314,012	\$ 318,722	\$ 323,503	\$ 328,355
9. Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10. Management Fees	\$ 112,098	\$ 115,460	\$ 118,924	\$ 122,492	\$ 126,167	\$ 129,952	\$ 133,850	\$ 137,866	\$ 142,002	\$ 146,262
Projected Total Operating Expenses	\$ 1,540,490	\$ 1,565,279	\$ 1,590,490	\$ 1,616,131	\$ 1,642,211	\$ 1,668,736	\$ 1,695,717	\$ 1,723,160	\$ 1,751,076	\$ 1,779,472
Debt Reserve	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
NET OPERATING INCOME (NOI)	\$ 1,191,947	\$ 1,251,232	\$ 1,312,616	\$ 1,376,168	\$ 1,441,958	\$ 1,510,057	\$ 1,580,540	\$ 1,653,485	\$ 1,728,969	\$ 1,807,074
Debt Service Payment	\$ 1,060,280	\$ 1,060,280	\$ 1,060,280	\$ 1,060,280	\$ 1,060,280	\$ 1,060,280	\$ 1,060,280	\$ 1,060,280	\$ 1,060,280	\$ 1,060,280
Debt Service Coverage Ratio	1.12	1.18	1.24	1.30	1.36	1.42	1.49	1.56	1.63	1.70
Net Cash Flow	\$ 131,667	\$ 190,951	\$ 252,336	\$ 315,888	\$ 381,677	\$ 449,777	\$ 520,260	\$ 593,204	\$ 668,688	\$ 746,793
Cumulative Cash Flow	\$ 131,667	\$ 322,619	\$ 574,954	\$ 890,842	\$ 1,272,519	\$ 1,722,296	\$ 2,242,556	\$ 2,835,760	\$ 3,504,449	\$ 4,251,242

Total Project Cost:	\$ 26,827,969
Debt Percentage:	65%
Total Debt:	\$ 17,438,180
Total Equity:	\$ 9,389,789
Amortization (Months):	360
Interest Rate:	4.50%

5. Financial Risk Evaluation / Control vs Risk

05 Control vs. Risk

Control vs. Risk Balancing To Achieve Your Goals

Non-profit/Foundation Owned (Tax Exempt Model)
Full control, risk and resources of institution

Developer Owned (Taxable Model)
Minimal institutional control, risk or resources

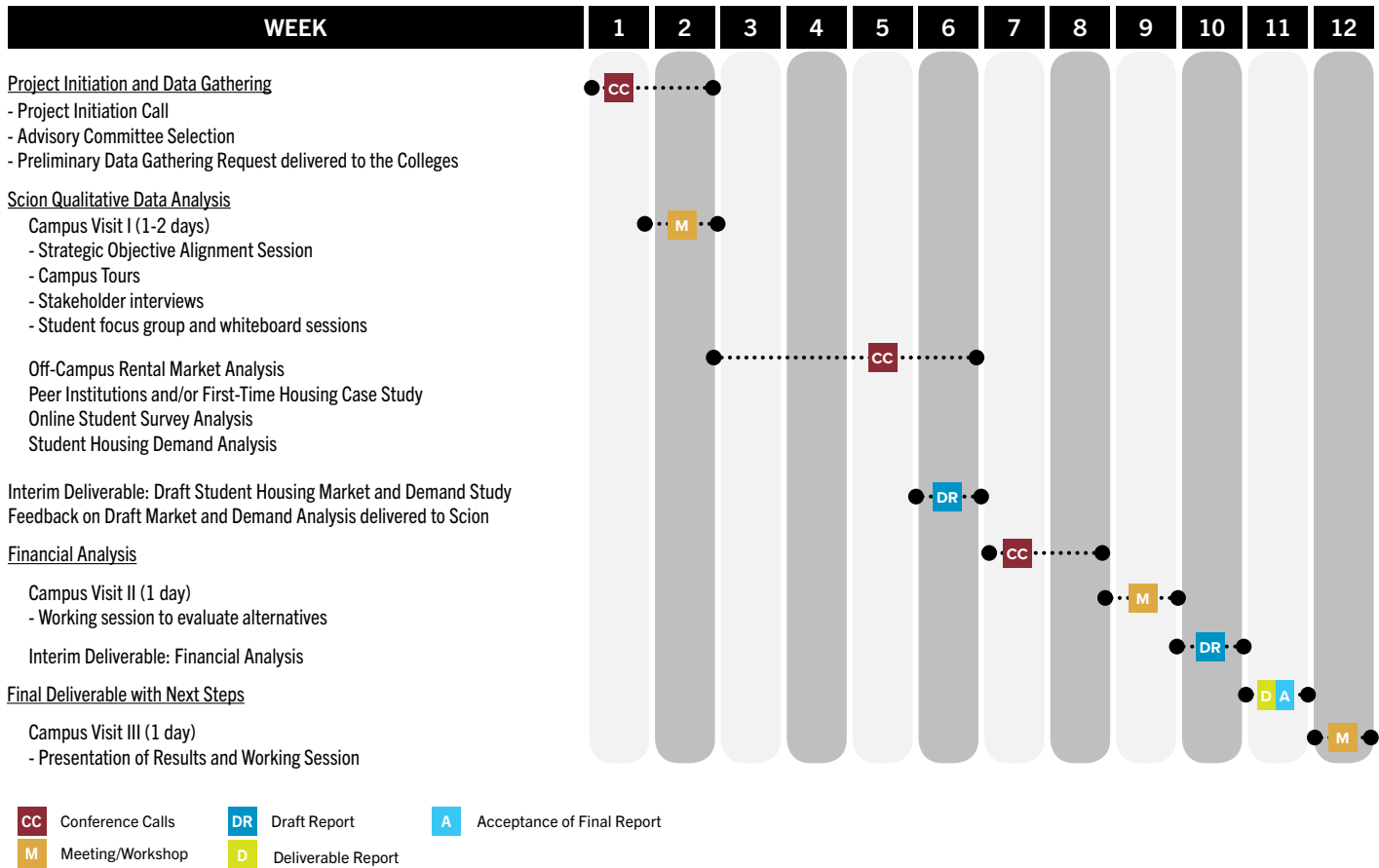
Factors

- Planning / site selection
- Residence life
- Financing
- Management
- Construction management
- Marketing / assignments
- Property management
- Learning communities

scion



Proposed Timeline



Fee Proposal

To minimize the College's exposure throughout the process, we propose a two-phase approach to this process. At the end of Phase One, it may be determined that the Market and Demand Analysis does not support student housing at this time. If the Market and Demand Analysis does prove favorable for student housing, Scion would proceed to Phase Two upon approval from the Colleges.

Scion proposes to complete the scope of services as follows:

- Phase One: Market and Demand Analyses \$40,000
- Phase Two: Financial Analysis and Programming \$25,000

If only one College proceeds to Phase Two, the fee would be \$15,000

CLPCCD would also be responsible for reimbursable expenses at cost that are directly incurred in the performance of our work; this consists primarily of travel, lodging and meals. Reimbursable expenses will be billed at cost and are not expected to exceed \$4,000 for each phase. Any expenses beyond this amount will not be incurred without client approval.

We proudly recognize that our fees are highly competitive, particularly given the broad spectrum of expertise, knowledge of the student housing market, quality work product and speed of delivery that comes with an engagement of the Scion team. We accomplish this combination of economy and excellence by avoiding waste and focusing intently on the work at hand. All draft and final versions of reports will be delivered electronically – usually Portable Document Format (PDF) – unless a printed, hard copy version is specifically requested by the College. Our report will contain detailed, specific analysis, but we do not reproduce – and we do not charge for – volumes of generic material reprinted from prior engagements. We favor substantive and professional work product over unnecessarily expensive and voluminous materials.



scion

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