

P3 DONE RIGHT

Unlocking Value from Institutional Real Estate and Infrastructure Assets



A&M designs integrated portfolio strategies to capture value in underutilized assets.

TODAY'S CHALLENGES

Public entities and institutions face a unique set of challenges in maximizing the value and useful life of real estate assets. Capital and operating budget limitations often inhibit adequate maintenance, renovation and expansion of needed facilities, eventually hindering core business operations. However, many of these underutilized assets have significant market value, which can be leveraged to fund facility improvements and expansions, promote economic development and job creation, and generate revenue.

25+

**P3 DEVELOPER SOLICITATIONS
& SELECTIONS**

A&M's PROFESSIONALS AND EXPERIENCE

A&M professionals possess a unique blend of public and private sector commercial real estate experience. Our professionals have worked in federal, state and local government agencies, and are familiar with the public sector and institutions from the inside out. We possess a deep understanding of the government operating environment and the constraints that public sector clients encounter. After 100+ results-driven engagements with public sector and higher education clients, our dedicated team is well-equipped to identify issues and structure the right solutions for your needs.

60+

P3 FEASIBILITY STUDIES

THE A&M ADVANTAGE

Unlike other real estate advisers, A&M's operational heritage fuels our distinct "speed to execution" approach. We believe that swiftly implementing an action plan most effectively increases asset performance and minimizes risk. Furthermore, we apply two decades of company restructuring approaches to achieve optimal results and unlock value for public entities.

A&M provides independent advisory services, not tied to the value or execution of a transaction, enabling us to provide impartial recommendations that benefit our public sector clients. Our interests are always aligned with the economic and policy objectives of our clients.

50+

**STUDENT HOUSING
MARKET STUDIES**

CASE STUDIES

	CHALLENGE	ACTION AND RESULTS
FEDERAL	<p>Office of the Secretary of Defense</p> <p>Over 60% of family military housing was inadequate and would require \$20 billion and 30 years to be renovated or replaced through Military Construction. Additionally, undertaking a portfolio-level modernizations project was a challenge for the Department of Defense (DOD) because housing construction and management were not core competencies.</p>	<p>Over two decades, A&M staff advised on transactions that ultimately privatized 99% of military family housing through DOD's Military Housing Privatization Initiative (MHPI). Today, we advise on program oversight of the MHPI program by assisting with policy and budget development and portfolio management of the more than 205,000 privatized family housing units. Our team reviews the feasibility and suitability of all new transactions and proposed restructuring of current contracts for the Office of the Secretary of Defense. A&M has shifted MHPI data collection and reporting from a retrospective method to one that projects future needs and risks to ensure that the homes remain in good condition and the projects remain economically viable long term.</p>
INSTITUTIONAL	<p>California Polytechnic University</p> <p>Cal Poly sought an advisor to support strategic planning, project vetting, partner selection and other matters related to the formulation and execution of P3s. Having been offered numerous P3 project recommendations from the private sector, Cal Poly's leaders were skeptical of their feasibility.</p>	<p>A&M participated in Cal Poly's Master Plan revision process and identified eleven "edge" and "core" campus sites with P3 monetization potential. Our team then determined the highest and best use for these sites and estimated the value to Cal Poly through residual land analyses. Considering development costs such as utilities and replacement costs of existing uses, as well as regulatory, environmental, community factors and compatibility with campus uses, we ranked and prioritized the sites based on highest potential value. A&M's analyses included in-depth discussions with market participants to bring real-world metrics to the evaluation process.</p> <p>Cal Poly and A&M are currently executing a project at the most highly ranked site, a 21.8 acre multifamily site. For this project, A&M prepared a market and feasibility study, achieved approval from the Board of Trustees, and crafted a Request for Qualifications/Proposals.</p>
LOCAL	<p>Travis County, Texas</p> <p>Faced with a Civil and Family Court House that was operating with significant space and configuration deficiencies, Travis County aimed to enter into a public-private partnership to defray the cost of building a new courthouse on public land.</p>	<p>A&M determined the strategic and financial feasibility and most valuable transaction structure for a public-private development to subsidize a courthouse in downtown Austin. Our team performed a highest & best use market analysis for a mixed use development to determine construction and financing costs associated with the project, contingency costs, density requirements, and general development regulations, specific to the Travis County real estate market. Following requests from the electorate to relocate the courthouse site, A&M performed a secondary highest & best use analysis and valuation of the full 70,000 sf city block previously proposed to be split between private and courthouse uses. Our team is currently assisting the County with selection of a private development partner that can offer maximum value for the site.</p>
INSTITUTIONAL	<p>Howard University</p> <p>As part of a broader transformation plan, Howard is aggressively capturing the value of underutilized real estate and animating the campus through a variety of partnerships with private developers. The real estate strategy seeks to eliminate soaring deferred maintenance costs, create new revenue streams to fund mission critical activities, leverage assets off-balance sheet to increase debt capacity, and minimize time to market.</p>	<p>A&M stood-up a project management office reporting directly to Howard's senior executive for real estate development to create and execute the university's real estate and monetization strategy. A&M performed highest and best use valuations of the seven highest priority assets, which included multi-family, retail, office, and hotel uses totaling more than \$200 million in potential value.</p> <p>A&M monetized Howard's first asset, Meridian Hill Hall, which generated \$22 million in upfront proceeds under a long-term, unsubordinated ground lease. Our team is in final negotiations with Corvias Campus Living for the privatization of three residence halls totaling 2,273 beds, which represent more than 40 percent of the University's on-campus housing stock. This privatization effort will generate nearly \$150 million in off-balance sheet, non-recourse debt. A&M is supporting Howard in three other P3 transactions estimated to generate more than \$150 million in value.</p>

A&M structures public-private partnerships (P3) to attract industry expertise and private capital with transparency and public accountability.

ALVAREZ & MARSAL REPRESENTATIVE CLIENTS

FEDERAL GOVERNMENT

- Office of the Secretary of Defense
- U.S. Department of the Navy
- U.S. Department of the Air Force
- Federal Bureau of Investigation

STATE GOVERNMENT

- State of Louisiana
- Hawaii Public Housing Authority
- Pennsylvania Department of Transportation
- State of Kansas

LOCAL GOVERNMENT

- Travis County, Texas
- Fairfax County, Virginia
- New York City Economic Development Corporation
- Grand Forks County, North Dakota
- District of Columbia

HIGHER EDUCATION

- Howard University
- California Polytechnic University
- Kamehameha Schools
- South Orange County Community College

PORTFOLIO MANAGEMENT OF

205,000+

PRIVATIZED HOUSING UNITS

A&M offers a full range of real estate services, providing customized solutions that address your unique fiscal and operational needs.

ALVAREZ & MARSAL SERVICES

STRATEGY

- School Facilities Expansion and Privatization
- Feasibility Studies and Business Case Development
- Strategic Portfolio Planning
- Site Selection Advisory
- Alternative Delivery
- Financing Options for Capital Improvement Projects

TRANSACTIONS

- Valuation / Highest and Best Use Analyses
- Public / Private Partnerships Structuring and Negotiations
- Value for Money / Whole Life Cycle Cost Analyses
- Financial Pro Forma Model and Cash Flow Analyses
- Solicitation Development and Evaluations
- Transaction Negotiations and Closings

OPERATIONS

- Portfolio and Asset Management
- Real Estate Restructuring and Dispute Resolution
- Program Management

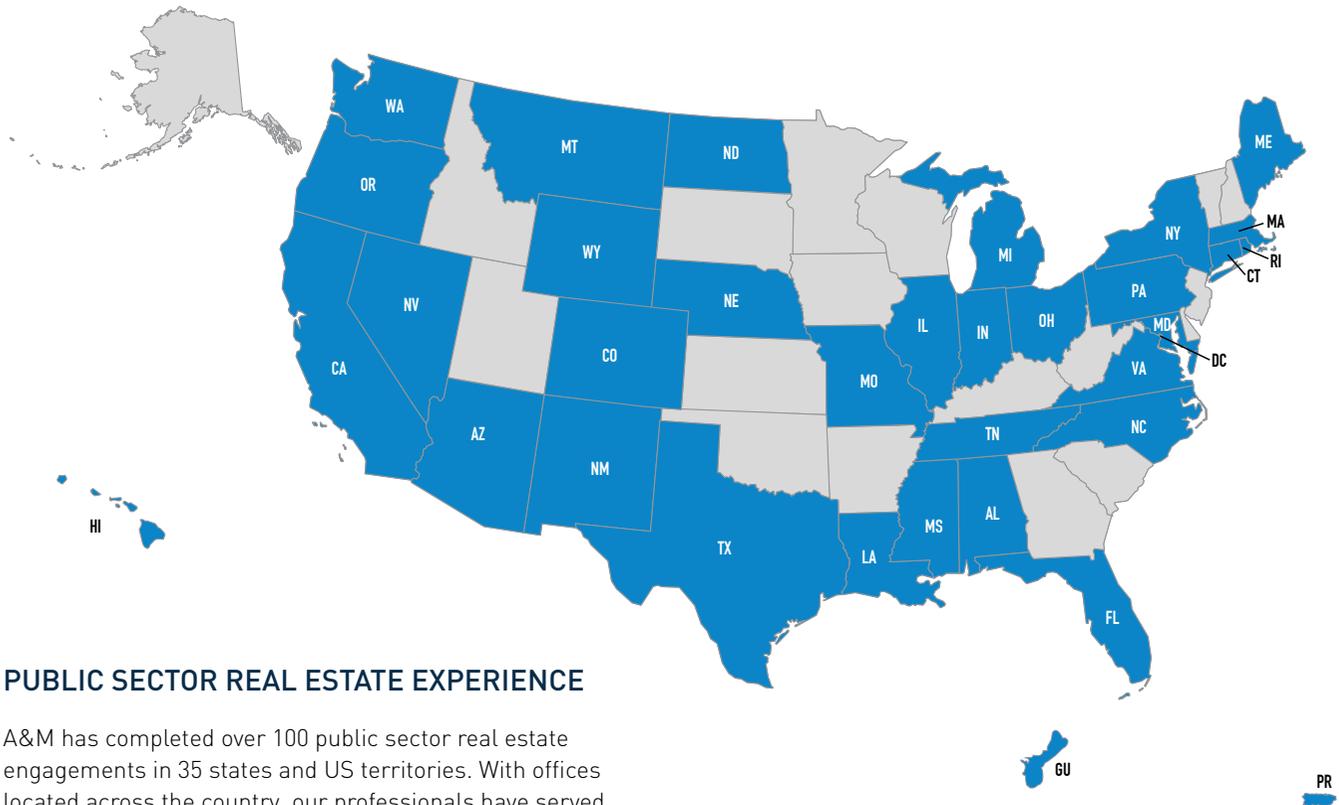
ASSET CLASSES

- Higher Ed Facilities
- Student Housing
- Mixed-use
- Hotel
- Residential
- Parking
- Retail
- Office
- Industrial
- Military Installations

100+

PUBLIC SECTOR REAL ESTATE
ENGAGEMENTS

We're in your corner.



PUBLIC SECTOR REAL ESTATE EXPERIENCE

A&M has completed over 100 public sector real estate engagements in 35 states and US territories. With offices located across the country, our professionals have served public and institutional clients throughout the life-cycle of their real estate and infrastructure projects. This map represents the markets where A&M has worked on public and institutional real estate projects over the last 10 years.



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