

**BOARD OF REGENTS**  
EASTERN MICHIGAN UNIVERSITY

<b>SECTION: 17</b>
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<b>DATE:</b> December 15, 2017
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**RECOMMENDATION**  
**REGARDING THE APPROVAL AND EXECUTION OF A PARKING SYSTEM**  
**CONCESSION AGREEMENT AND RATIFICATION OF THE SELECTION**  
**OF THE CONCESSIONAIRE THEREUNDER**

**ACTION REQUESTED**

It is requested that the Board of Regents (1) approve the Concession Agreement for Eastern Michigan University Parking System (the Concession Agreement), which grants a concession to the Concessionaire named therein to operate, maintain and improve the University's parking assets for thirty-five years, and (2) approve Preston Hollow Capital, LLC, a Delaware limited liability company, as the Concessionaire under the Concession Agreement.

**STAFF SUMMARY**

As reported to the Board of Regents at its last meeting, the University had submitted to prospective partners a Request for Qualification regarding a concession for the operation, maintenance and improvement of all parking assets of the University (the Parking System), which has since been followed by a Request for Proposals, the negotiation of terms and conditions, the receipt of bids from candidates, and the finalization of an agreement, in the form of the Concession Agreement. The Concession Agreement grants to the Concessionaire the exclusive right to operate, maintain and improve the Parking System, subject to the comprehensive "Operating Standards" which are part of the Concession Agreement. Under the Concession Agreement, the Concessionaire will have the exclusive responsibility for operating and maintaining the Parking System, including the sale of permits, the setting of rates within agreed-upon parameters, maintenance and staffing of parking facilities, enforcement of rules regarding use of parking facilities, and future improvement of facilities as required. The University will have no material responsibility for, and will receive no material future income from, the Parking System during the term of the Concession Agreement.

The principal objectives of the concession arrangement embodied in the Concession Agreement are to provide quality parking facilities and services for students, staff and faculty of the University at no cost to the University, and provide substantial upfront compensation to the University for investment in the education of its students.

In consideration of the grant of the Parking System concession, the University will receive from the Concessionaire, upon closing of the transaction no later than April 30, 2018, immediately available funds in the amount of \$55,000,000, for use by the Board in furtherance of its core educational mission and enhancement of the University's financial position.

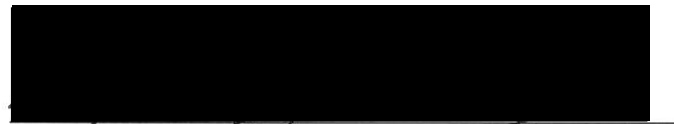
Preston Hollow Capital, LLC has been proposed as the Concessionaire, based on the University Administration's determination that Preston Hollow Capital, LLC would best provide the financial support for proper maintenance and improved and expanded parking facilities and the most efficient and student-friendly services under the Concession Agreement.

**FISCAL IMPLICATIONS**

The Concession Agreement, upon closing of the transaction no later than April 30, 2018, will be incorporated into the 2018 fiscal year budget.

**ADMINISTRATION RECOMMENDATION**

The Action Requested has been reviewed and recommended for Board approval.

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**University Executive Officer**

*December 15, 2017*  
Date



# Eastern Michigan Parking Concession

Finance and Investment Committee  
December 15, 2017






# Eastern Michigan Parking Concession

## Process:

- Extensive public bid process, with pre-qualified parties receiving RFP
  - Extensive operational expertise and financial capacity required
  - Team of professionals supported EMU team in process
    - PFM Financial Advisers, LLC (Financial Adviser)
    - Desman, Inc. (Parking Consultants)
    - DickinsonWright (Legal)
  - EMU team included Procurement, Legal, Parking Operations, and Business and Finance
  - Defined operating standards ensures performance is maintained or improved
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# Eastern Michigan Parking Concession Recommendations

- **Concessionaire: Preston Hollow Capital**
    - Dallas based non-bank specialty finance company with more than \$1 billion in capital
    - Long-term Investors; real estate, and infrastructure assets
  
  - **Parking Operator: LAZ Parking**
    - Operator of over 2500 parking locations across US
    - Operator for Ohio State University and numerous municipal public-private partnerships
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# Eastern Michigan Parking Concession

## Key Terms:


- 35 year agreement
  - \$55 million upfront payment
  - \$4.2 million in capital expenditures in first 2 years
  - Exclusive parking system operator (with certain exceptions)
  - Future Rates
    - Rate increases are less than EMU 7 year average (17 %)
    - No greater than 5% increase, each of first 5 years of Agreement
    - Future years, greater of 4% or CPI
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# Eastern Michigan Parking Concession

## Key Terms (Continued):

- Maintain affordable parking option/shuttle
  - Concessionaire has substantial technology development plans
  - Transition period TBD
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# Eastern Michigan Parking Concession

## Expected Timeline:

- With Board Approval, expect to sign Agreement before year end.
  - Financial Closing no later than April 30, 2018
  - Transition planning to begin immediately after award
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