Why the Need for Replacement Housing?

- BBC Bay Vista Housing, containing 235 units accommodating 510 students, opened fall 1984 to recruit high-performing students for BBC programs.
- Due to poor construction, the detrimental effects of the coastal location, and deficient electrical, plumbing, and mechanical systems, including window-wall A/C, the project experienced significant structural inadequacies and health-safety issues almost from opening day.
- Engineering studies in 1997 required $7.5 million in critical repairs; a request to demolish and rebuild was denied by the Board of Regents.
- A new study in 2008 reflected almost $15 million in code and building deficiencies and amenities improvements and recommended replacement.
- BBC housing was repurposed for the RCL partnership in 2014 rather than being demolished, saving FIU $2 million in demolition costs.
Why the Need for Replacement Housing?

- Quality replacement housing is an essential part of FIU’s vision for an active and dynamic campus at the Biscayne Bay Campus
- FIU’s plan for replacement housing has been in development for several years
- Long-term campus sustainability at BBC is dependent upon a continued residential population
- FIU students at BBC deserve a high-quality residence hall that will support student success
Why Public-Private Partnership Housing?

- Governor Scott’s February 18, 2013 letter to BOG Chairman Dean Colson:
  - Assess whether the private sector can offer a comparable alternative at a lower cost
- BOG has explicitly required consideration of PPP opportunities as a delivery method in Housing and Parking projects since March 2013
- FIU committed to Executive Office of Governor in April 2013 that a competitive solicitation for PPP housing at BBC would be undertaken
- FIU believes that the PPP model will provide both high quality housing facilities and efficient operations and is the best housing delivery option for FIU at BBC
- Standard & Poor’s reported that rated privatized student housing transactions have tripled in the past three years and, citing time and cost efficiencies, they expect the trend to continue (9/22/14)
Public-Private Partnership Process

• Invitation to Negotiate began in June 2013 and was issued October 4, 2013; Intent to Award was issued on February 26, 2014
  o Evaluation Committee selected Servitas LLC from a pool of eight proposals based on the proposed Project’s fit with FIU’s priorities, consideration paid to FIU, corporate profile, development experience, and facility design
  o Servitas LLC, headquartered in Irving, Texas, has served more than 40 universities in 15 states with the delivery of more than 40,000 on-campus beds
  o Benefits of the collaboration with Servitas LLC include proven record of providing safe, high-quality, and efficiently operated on-campus housing facilities along with expedited project delivery
Housing Executive Summary

• “Bay View Hall” will contain approximately 410 beds in a 9-story facility, most with views of Biscayne Bay

• The Project will be located on approximately 2.12 acres of land subleased by FIU for 40 years

• Rental rates are subject to FIU approval and will be comparable to other FIU housing rates; while there is maximum 10 percent difference, we currently anticipate this difference will be 2.5 percent

• The Project will include approximately 3,760 square feet of space for FIU’s exclusive use at no cost, resident parking, and a resort-style swimming pool
## Housing Executive Summary

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<tr>
<td><strong>Primary Tenants</strong></td>
<td>FIU Students</td>
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<tr>
<td><strong>Other Eligible Tenants</strong></td>
<td>FIU faculty and staff</td>
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<td>Sponsored Programs approved by FIU</td>
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<td>Students enrolled at other educational institutions</td>
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<td><strong>Target Start Date:</strong></td>
<td>March 2015</td>
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BBC Site Plan
View Looking East
View From the Northwest
Resident Room View
Second Floor Room View
Four Bedroom Floor Plan
Two Bedroom Floor Plan
Agreement Terms

• FIU will have limited financial responsibility for the Project (utilities and chilled water provided on a reimbursement basis subordinate to operating expenses and debt service)

• FIU will be limited in the development of additional housing at BBC unless the Project continues to meet the required debt service coverage ratio

• FIU will receive surplus revenues generated by the Project but will not be at risk for losses

• The Project has an investment grade rating and the credit of FIU and the State of Florida are not being used to support the Project
Agreement Terms

• FIU responsibilities in the operating agreement in order to obtain investment grade rating:
  o Subordination of Utilities; exposure of $240,000 mitigated by $375,000 in prepaid utilities
  o Processing of rental payments through FIU Housing for students; no responsibility for collections/accounts receivable
  o Inclusion of the Project in FIU Housing marketing materials and on Housing website

• There are no FIU financing guarantees, support agreements or pledged revenues on the project other than described above

• Moody’s Investors Service assigned investment grade rating of Baa3 to the project on September 24, 2014
Minimizing Project Construction Risk

• FIU Facilities Management has estimated total Project costs for comparison purposes

• Developer is at risk for all cost over-runs on design and construction, except changes requested by the University

• Developer’s fee paid 35% at closing and the remainder in equal monthly installments between bond closing and substantial completion of the Project

• Developer pays for temporary housing and transportation of residents if the Project is not completed on time

• Regions Bank will serve as Project Trustee and will disburse funds according to agreed upon schedule and performance milestones

• Payment and performance bonds for Project completion are required
Minimizing Project Operating Risk

• Manager is responsible for achieving a Debt Service Coverage Ratio of 1.2 and meeting FIU performance standards of a high quality living/learning community.

• FIU has representation on Advisory Committee with approval rights over the budget (including rental rates), marketing plan and operating plan.

• Management fee is a fixed amount through substantial completion and then converts to variable (2.5% of Net Rental Revenues) + fixed compensation.

• A percentage of the annual management fee is subject to compliance with the Project meeting a debt service coverage ratio of 1.2 times; annual utility costs are reimbursed from funds in excess of 1.0 times debt service coverage.

• Financing includes $4.7M in capitalized interest to cover borrowing costs over the construction period plus 6 months and $3.5M in debt service reserve fund to meet coverage ratios if needed.
Minimizing Project Operating Risk

- Tax exempt, permanent financing for 34 years and ascending debt service payments are being used to provide lower housing rates associated with a smaller project in a high cost market.

- The 34 year financing term includes the construction period of approximately 18 months; in most private developments, a construction loan followed by permanent financing is the typical model.

- The ascending debt service payments, allowable under Debt Management Guidelines if in the best interest of the university, are slightly below the level debt model; 2017-18 is 11 percent below and the average of the first 5 years is only 7 percent below the level payment.

- The combined impact is an 11 percent reduction to the housing rates paid by students.
A Commitment to BBC

- Replacement housing is needed to provide an active and dynamic residential campus that will enhance the learning environment of all students.
- As recommended in the 2012 Brailsford & Dunleavy “Quality of Life Master Plan,” FIU has made numerous strategic investments to ensure students have access to the same high-quality education, support, and campus life opportunities that exist at MMC:
  - Expansion of the Chaplin School of Hospitality & Tourism Management including the Advanced Food Laboratory and Wine Spectator Restaurant.
  - Expansion of STEM programs in our School of Environment, Arts and Society (SEAS).
  - Development of an Environmental Center in partnership with the Patricia and Phillip Frost Museum in collaboration with SEAS.
A Commitment to BBC

- MAST Academy, a STEM high school in partnership with Miami-Dade County School Board that provides an extensive dual enrollment program with FIU to enable these students to graduate college in 2-3 years
- Renovation and expansion of the Wolfe University Center and Panther Plaza
- Creation of the RCL Partnership providing internships, career placement, workshops and research opportunities for students
- Renovation and improvements in the Hubert Library to encourage student success, including the Center for Excellence in Writing and Instructional Lab
- Expansion and renovation of student amenities, including Starbucks, Subway, and Barnes and Noble Bookstore and Café
- Expanded and restructured academic programs to support a residential student population at BBC
Panther Plaza
Wolfe University Center Lobby
Wolfe University Center Lobby
Wolfe University Center Lounge
Wolfe University Center Auditorium
Starbucks
Food Court
RCL Performance & Production Facility
Summary

- FIU completed a two year open and competitive process for replacement housing at BBC in compliance with all State procurement and leasing statutes

- A PPP model was utilized to ensure an exceptional, high quality and efficient housing program in terms of construction and operations

- Combined with other “Quality of Life” investments, the replacement housing is an essential part of FIU’s vision for an active and dynamic campus at BBC

- FIU students at BBC deserve a high-quality residence hall that will support student success