



**FAMU's Housing Project Plan-Phase 1A
Executive Summary for Board of Governors
June 27, 2018**





Challenge: PaddyFote Complex, Truth Hall and Palmetto North

- FAMU is facing urgent need to replace aging housing facilities and infrastructure in the PaddyFote Complex, Truth Hall and Palmetto North
 - Deferred maintenance burden of approximately \$24M
 - Inefficient and outdated facility infrastructure
 - Cost benefit analysis rules out renovation leading to decommissioning as the option
- 60 year old housing no longer provides the optimum environment for student learning
- ***Primary deficiencies include:*** Poor window system, an unsatisfactory HVAC system, deteriorating piping and plumbing systems, insufficient electrical systems, poor lighting, inadequate room size, insufficient ventilation in bathrooms, asbestos floor tiles, and inadequate fire sprinkler protection





Other Facilities: Gibbs, Palmetto Phase III, Palmetto South, Village, Sampson, and Young

Gibbs, Palmetto Phase III, and Palmetto South

- Deferred maintenance burden of approximately \$22M
- Cost benefit analysis justifies need for reinvestment and renovation

Village, Sampson, and Young

- Invested in newer construction (FAMU Village)
- Renovated older dormitories (Sampson and Young halls)

The repairs/renovation needs in these buildings are minimal and could be addressed through the operational expense allocation

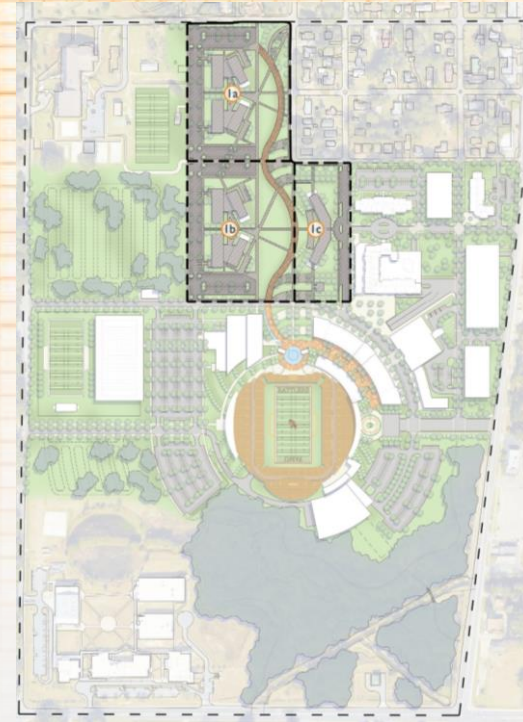




FAMU Student Housing Project Phase 1A

Phase 1A – Student Housing and Dining:

- 700 beds (500 replacement/200 new) which includes a new dining facility
- FAMU will manage student experience such as Residential Life and Education
- Project supports ACUHO-I 21st Century Project four defining concepts: community, flexibility, sustainability, and technology
- Anticipated Project Start Date: Jan 2019
Anticipated Project Completion: Fall 2020
- Current Estimated Project Cost: \$54.5M, including Estimated Dining Cost: \$2.7M





Alignment with FAMU's Master Plan/Strategic Plan

MASTER PLAN 2010-2020 (ELEMENT #7 HOUSING: GOAL 1)

Objective 1.2 – FAMU shall provide and ensure the availability of an adequate supply of affordable on-campus student housing units and support facilities, located within walking distance of the University's academic buildings, and shall strive to maintain a housing bed space inventory for up to approximately thirty (30) percent of the University's student enrollment, based on headcount.

- Current On-Campus Housing Rate is 26%
- Goal is to increase to 30%

STRATEGIC PLAN- FAMU RISING

Strategic Priority 1 - Exceptional Student Experience, Goal 5-Strategy: Develop plan for increasing on-campus housing capacity

The rationale for the desired increase in on-campus student housing is based on research studies that show that students that live on campus:

- Earn higher grades
- More involved in activities
- Have a higher graduation rate than those that chose to live off campus





Impact of “Live-in Requirement”

FAMU Living-Learning Communities (LLCs)

LLCs - Residential housing programs that incorporate academically based themes and build community through student learning

- FAMU’s Living-Learning Communities (LLCs) provide a holistic and diverse style to student growth and education.
- Our residents live in housing facilities which support these ideals through academic partnerships, service-learning opportunities and in-hall education.
- Each community facilitates a uniquely-designed platform which connects students, faculty, and staff through the classroom, programming and personal interaction.





Impact of “Live-in Requirement” FAMU LLCs



- Smooth academic transition to college
- Feel a sense of belonging to the institution
- Smooth social transition to college
- Higher college grades
 - **Specifically, at FAMU, the launch of the new LLC Programs resulted in a cumulative GPA for LLC freshmen of 2.95 compared to a 2.64 GPA for non-LLC freshmen**
- Increased first year retention rates
- Increased levels of student engagement
- Increased interactions with faculty
- Increased persistence and graduation rates



*Data Source: The National Study of
Living-Learning Programs*





Enrollment Growth/Housing Demand

- The plan is to reach an enrollment of 12,000 students by 2022 per the current strategic plan
- Approximately 3,600 beds are required to meet the goal of a on-campus rate of 30% by 2022
- Currently, there are 2579 beds (approximately 26% of the enrollment)
- University has experienced enrollment growth (9,614 headcount FY 16-17 compared to 9,909 headcount for FY 17-18) thereby placing a greater demand for adequate student housing, leading us to reopen previously closed facilities. Even with the additional beds, the end result was a waiting list for campus housing
- The University is experiencing approximately 20% increase in applications for FY 18-19

The addition of the new 700-bed facility will increase the number of beds from 2,579 to 2,779 in Fall 2020





Financial Overview/Considerations – Comparison of Financing Options

Options→	Bond Financing	Public-Private Partnership (P3)	DOE HBCU Capital Financing
Pros	<ul style="list-style-type: none">-Low cost of funds-Maintains single housing system-Allows for additional cash-flow for system deferred maintenance	<ul style="list-style-type: none">-Financing provided by P3 provider-Net cash-flow to University for other housing needs	<ul style="list-style-type: none">-Lowest cost of funds-Maintains single housing system-Ability to refinance all debt-Ability to restructure debt provides annual cash-flow for deferred maintenance-No bond rating required
Cons	<ul style="list-style-type: none">-Limited ability to refinance outstanding debt under current tax law-Requires maintenance of bond rating and could result in downgrade	<ul style="list-style-type: none">-Not a comprehensive solution to housing system needs-Creates competition between project and existing housing system- existing debt repayment at risk-Likely higher cost of funds-Most likely results in rating downgrade on existing debt	<ul style="list-style-type: none">-Acceleration and offsets of federal funds required under US DOE loan documents in the event of payment default
Other Considerations	<ul style="list-style-type: none">-Deviation from BOG guidelines needed to restructure debt	<ul style="list-style-type: none">-What level of control of facility (including operating budget and rate setting) would University retain?	<ul style="list-style-type: none">-The 2018 Legislature and Governor approved legislation allowing offsets of Federal funds.-Deviation from BOG guidelines needed to restructure debt



Financial Overview

DOE HBCU Capital Financing Program

- Program is designed to provide low-cost capital to finance improvements to the infrastructure of the nation's HBCUs
- Privately placed fixed-rate loan with US Department of Education
- Lowest cost of funds based on financing alternatives available
- **Preserves single housing system and full University control**
- **Overall finance plan would include solution for entire housing system deferred maintenance needs – critical under any funding option**
- All existing debt (approximately \$55M) would be refinanced to provide adequate cash-flow to help meet housing system's deferred maintenance needs
- Deviation from BOG debt guidelines may be needed to restructure debt
- No bond ratings needed





New Project Phase 1A Financing

New Project Financing - \$54 Million

- FAMU intends to finance a new 700-bed facility (\$54M) and restructure existing debt (\$55M) using the HBCU Capital Financing Program administered by the U.S. Department of Education
- The new money bonds include capitalized interest through 2020 with principal slightly deferred so that coverage ranges between 1.3x and 1.4x
- The interest rates for the HBCU Capital Financing Program are estimated based on the 30- year treasury rates plus an additional 22.5bps HBCU loan credit spread. As of May 30, 2018 that rate would be approximately 3.35%





Debt Restructure and Additional Funds for Renovation/Deferred Maintenance

Restructuring of Existing Housing Revenue Bonds - \$55 Million

- We plan to restructure existing housing revenue bonds to gain the capital needed to address current deferred maintenance
- We anticipate restructuring our 2010 Series A, 2010 Series B, and 2012 Series A bonds. The 2010A and 2010B bonds are refinanced using a level savings structure with no change in final maturity debt or overall debt structure. The final maturity of the 2012A bonds (which originally had a 20-year final maturity) is extended 5 to 10 years to 2037 or 2042 and the remaining principal is re-amortized to achieve a level debt structure
- Restructuring of existing debt and new project financing could create approximately \$30 million available cash flow after debt service over the next 10 years (based on current revenue and expense projections) that will be applied towards annual maintenance and deferred maintenance projects of the housing system





Housing Project Plan - Phase 1A

Project Team

The team is led by CTG (Construct Two Group). CTG offers construction management, design/build, and program management services.

The firm has been established since 1990 and is headquartered in Orlando, Florida. To ensure the success of the project, CTG has in place a development team to perform specific services, including firms with extensive experience in the State of Florida and on university campuses.

Key members of the development team include:

- FINFROCK Design, Inc. (Design build Contractor)
- MANICA architecture (Architect)
- SKS Studio (Site Development)
- Kimley Horn (Civil Engineering)





Housing Project Plan-Phase 1A

Key Actions	Timeline
Request For Qualifications Process	September 2015 – February 2016
Feasibility Study	March - May 2016
Student Housing Market Demand Study (Novogradac)	June – September 2016
Invitation To Negotiate Process	August 2016 - Present
Invitation To Negotiate Process: Contract Negotiations	May 2017 - Present
Key Workshops / Meetings <ul style="list-style-type: none">• BOT Meeting (June 2017)• BOT Workshop for Student Housing (October 2017)• Workshop with CTG (October 2017)• Design Workshops with FAMU, CTG and City of Tallahassee (January 2018)• CTG, Design/Builder and others kicked off the Pre-Development Process to assure a Third Quarter 2020 building delivery (Jan 2018)• BOT Workshop and Meeting (March and June 2018)	June 2017 - Present





Phase 1A - 700 Bed Project Status

- **Contract Status – FAMU/Master Developer Non-Binding Term Sheet has been developed**
 - Resolution and Debt Management Packet has been approved by FAMU Board of Trustees (June 2018)
 - CTG and project vendors have come to terms on the Pre-Development Services required to develop a firm-fixed Guaranteed Maximum Price contract (“GMP”)
- **Design and Cost**
 - Conceptual and schematic plans are in place along with the cost data





Proposed Next Steps

- Our goal is to close on the refinancing and new project by September 30, 2018
- Continue with design phase for the project
- FAMU will continue to work with Division of Bond Finance and the Board of Governors staff collaboratively to secure financing through the DOE HBCU Capital Finance program

Key Workshop and Meeting Dates	Timeline
<ul style="list-style-type: none">• FAMU Board of Trustees (Information Item) June 6-7, 2018• FAMU Board of Trustees (Approved) June 15, 2018• Division of Bond Finance SBA (Action Item) September 11, 2018• Board of Governors (Action Item) September 12-13, 2018	Present – November 2018





Housing Project Phase 1A – Summary

Scope:

- 700 beds (Phase 1a) to be developed including a new dining facility
- **(approximately 500 replacement and 200 net new beds)**

Schedule:

Anticipated Project Start Date: Jan 2019; Project Completion: Fall 2020

Budget Cost:

Current Estimated Project Cost: \$54.5M, Estimated Dining Cost: \$2.7M (included)

Phase 1A – Proposed Request for Approval

The BOG request for approval would include authorization for:

- Restructuring \$55 M in existing debt
- Adding \$54 M in debt for Phase 1A





Housing Project Plan-Phase 1A



BUILDING PERSPECTIVE

FAMU STUDENT HOUSING

ORLANDO, FLORIDA | A1
01-22-18



FINFROCK
FINFROCK DESIGN, INC.

MANICA
architecture

Kimley»Horn
SKB STUDIO





“At FAMU, Great Things Are Happening Every Day.”

established 1887

