

Hotel, Conference Center, and Alumni Center Presentation to Florida Board of Governors



FIU

Hotel, Conference Center, and Alumni Center

- A Hotel and Conference Center will serve accommodation and conference needs of students, visitors, faculty, researchers, and the community:
 - Academic, research, and professional conferences
 - Student campus tours, orientations, graduations, and family weekends
 - Meeting and seminar rooms for symposia, and career fairs
 - Special events, award ceremonies, and speaker series
- An Alumni Center will be a place for FIU's 215,000 alumni to call home, create affinity, and celebrate FIU's past and visionary future

Hotel and Conference Center Project Funding Overview

- 150 bed upper to upper-upscale hotel, 32,700 s.f. full-service conference center, and 300 parking spaces will be designed, built, owned and operated by the Developer/Operator; FIU will approve design; cost of \$59.4 million
- The Developer/Operator assumes all financial and operating risk of the Hotel and Conference Center
- Lease term of 40 years with two 5-year renewals, and will not be subordinated to any debt
- FIU will receive market value ground rent and net income in return for leasing the parcel of land to the hotel Developer/Operator
- FIU will agree to refer campus visitors requiring overnight accommodations to the Hotel and will direct all FIU-paid/reimbursed local lodging to the Hotel on a best-price match basis
- FIU will not guarantee any number of room nights or any level of revenue operating support

Alumni Center Amenity Overview

- Vision of the Alumni Center is to be the premier multi-purpose facility for the academic, social and business gathering of alumni, students, and faculty
- The Alumni Center will contain 13,700 s.f., cost \$6.8 million funded by \$1.3 million from Bank of America royalties and \$5.5 million from FIU Foundation, and be managed by FIU Foundation-Alumni Association
- The Alumni Center will offer a wide range of student and alumni mentoring, career services and study centers, library and lounge
- The Alumni Center will cultivate an expanded donor base and increase philanthropic giving

Benefits to FIU

- Sublease Ground Rent: \$210,000 per year, escalation of 5% every five years
- FIU Profit Share: Cash-on-Cash Return: \$157,000 Y-6; \$168,000 Y-7; \$251,000 Y-8
- NPV (5%, 40 years): \$11.5 million
- Use of Funds: Funds will be used exclusively for undergraduate student scholarships
- Student Opportunities: Part-time jobs, internships and work-study
- Graduate Opportunities: Jobs in multiple areas: management, finance, accounting
- Curriculum and Research: Hotel leadership will work with faculty on innovative curricula and research studies
- Preferential Rates: FIU related room nights will receive, in general, a 15% discount to overall transient rates; Conference Center rates on a case-by-case basis

Developer Selection

- Four companies submitted qualifications-based proposals
- Three companies submitted technical-based proposals
 - Jupiter Properties
 - KUD
 - Concord Benchmark LLC
- Project awarded to Concord Benchmark LLC (Developer), which consists of the following companies:
 - *Concord Eastridge, Inc.*
 - *Benchmark Management Company, LLC*
- Benchmark Management Company, LLC – Operator
- Rabun Architects, Inc. – Architectural services
- Moss & Associates, LLC – Construction services

2010-20 Campus Master Plan-Proposed Site

BOT Approved
Site for Hotel,
Conference and
Alumni Center



Detail of Proposed Site Location



Design Concept



Design Concept



Division of Bond Finance Concerns

Demand

- Demand studies completed by PKF in 2008, 2013, and 2015 did not capture non-FIU driven local business and transient demand and did not contemplate having the Alumni Center adjacent to the project, creating additional demand for alumni events and services
- The 2015 JLL demand assessment of 150 beds captured non-FIU driven local business demand through corporate partnerships, the impact of the adjacent Alumni Center, and high local demand for transient accommodations in the South Florida market
- The two other short-listed developers as part of the ITN, Jupiter Properties and KUD, proposed 168 and 155 beds, respectively, based upon their independent assessment of market demand

Physical Attachment of the University's Alumni Center to the Hotel

- Hotel, Conference Center, and Alumni Center have not been designed
- Design concepts, as have been presented, show the FIU Alumni Center as a separate facility connected to the lobby of the Hotel and Conference Center but under a separate ground lease
- Integration with the Hotel and Conference Center was intentional in order to achieve synergies through access to meeting rooms, conference rooms, dining facilities and catering supporting the Alumni Center without the need to incorporate the amenities as part of the Alumni Center

Division of Bond Finance Concerns

Core Mission

- The Project supports the core mission of the university by providing student internship, work study and post-graduate job opportunities; curricular and research opportunities for faculty; lodging and conference facilities for campus visits; research programs, conferences, and symposia; professional development conferences; career fairs; and special events
- Funding received will be used exclusively for undergraduate student scholarships to improve student retention and graduation as well as reduce the net tuition cost to students

Location

- Site is on the furthest NW corner of campus between a man-made preserve, recreation fields, and a parking garage and is not suitable for academic space
- The current master plan includes a stand-alone Alumni Center on 1.84 acres in the core of campus; net site needed for Hotel and Conference Center is approximately 3.37 acres

Project Risk

- Hotel and Conference Center debt will not be an obligation of FIU or a University DSO
- Financial risk will be minimized as developer is providing 40 percent equity to the project (60 percent debt) and has agreed to limit future indebtedness to a maximum of 75 percent loan-to-value without university approval and up to 80 percent with FIU approval

FLORIDA INTERNATIONAL UNIVERSITY

QUESTIONS

FIU

