

FLORIDA INTERNATIONAL UNIVERSITY

BISCAYNE BAY CAMPUS REPLACEMENT STUDENT HOUSING



FIU

Board of
Trustees

Background Information

- BBC Bay Vista Housing was completed in 1985 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

Background Information

- Governor Scott's February 18, 2013 letter to BOG Chairman Dean Colson:
 - *Borrowing must be thoroughly scrutinized because overreliance on debt will push the cost of a university education beyond the reach of many Florida families*
 - *Universities and the BOG have a joint responsibility to critically evaluate and justify the use of debt as a financial tool*
 - *Assess whether the private sector can offer a comparable alternative at a lower cost*
- Standard & Poors reports that rating actions for privatized student housing have more than tripled to 40 during the past 3 years and cites time and cost savings and improved efficiencies in design and operations as the reasons (9/22/2014)

Background Information

- Invitation to Negotiate / Competitive Bid Solicitation was issued October 4, 2013; Intent to Award was issued on February 26, 2014
 - 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
 - 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
 - Benefits of the collaboration with Servitas LLC include proven record of providing safe, high-quality on-campus housing facilities within close proximity to FIU classrooms, offices, and campus amenities and expediting project delivery

Housing Summary

- Bay View Hall will contain approximately 410 beds in a 9-story facility, most with views of Biscayne Bay
- 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
- Resort-style swimming pool and other amenities on 2.12 acres of land subleased by the University for 40 years
- The Project will include approximately 3,760 square feet of space for FIU's exclusive use at no cost to the University and resident parking

Housing Summary

Target Start Date: February 2015

Target Completion: July 2016

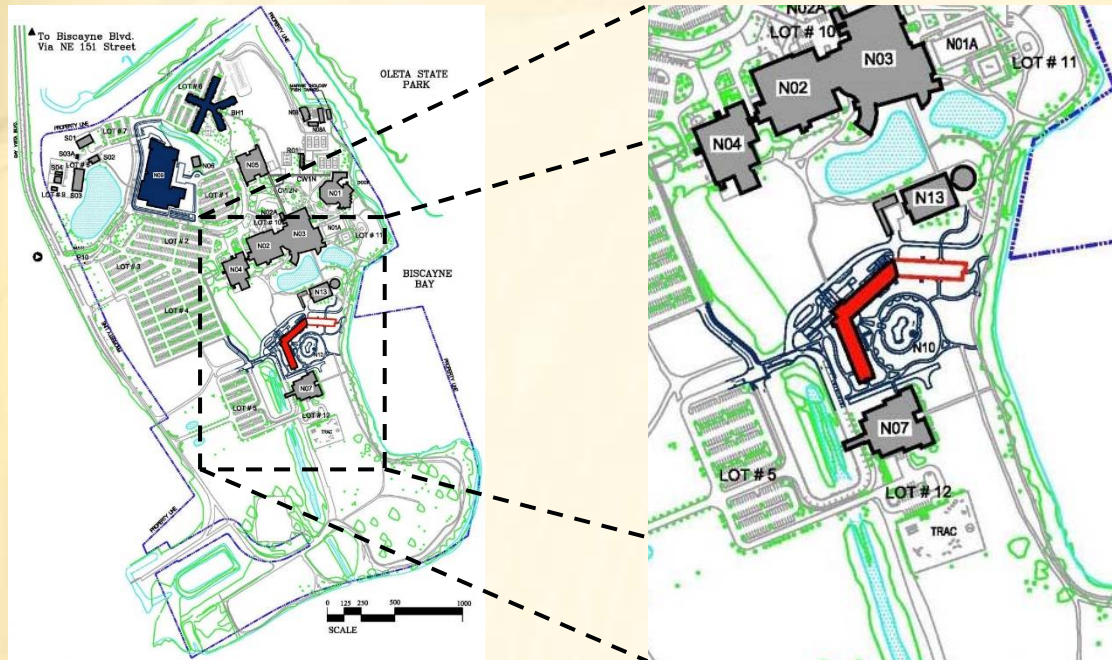
Primary Tenants	FIU Students
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Other Eligible Tenants	FIU faculty and staff
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Sponsored Programs
approved by FIU

Students enrolled at other
educational institutions

BBC Site Plan



BBC Housing Site



View Looking East



Photo Courtesy: Architect & Landscape

SERVITAS	KL <small>KALP & LINDEN ARCHITECTS</small>	PGAL <small>PGAL GROUP 1000 N. MIAMI AVE. SUITE 1000 MIAMI, FL 33136 WWW.PGAL.COM</small>	FLORIDA INTERNATIONAL UNIVERSITY STUDENT HOUSING FACILITY BISCAYNE BAY CAMPUS
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View From the Northwest



Resident Room View



Dorm Room View

Sky Lounge



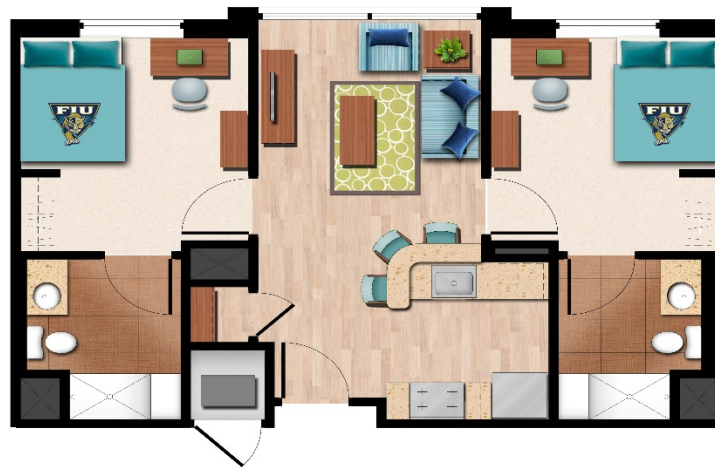
Sky Lounge

Four Bedroom Floor Plan



PGAL	SERVITAS	KL KLEINMAN ASSOCIATES PROPERTY MANAGEMENT	HOUSING FACILITY AT FIU BISCAYNE BAY CAMPUS 4 BEDROOM PLAN	FIU FLORIDA INTERNATIONAL UNIVERSITY
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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 will continue to meet the required debt service coverage ratio
- FIU will be the recipient of surplus revenues generated by the Project but will not be at risk for losses
- 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:
 - Subordination of Utilities; exposure of \$240,000 mitigated by \$375,000 in prepaid utilities
 - Processing of rental payments through FIU Housing for students; no responsibility for collections/accounts receivable
 - Inclusion of the Project in FIU Housing marketing materials and on Housing website
- Moody's Investors Service assigned investment grade rating of Baa3 to project on September 24, 2014

Minimizing Risk

- Every project has construction and operating risk, whether as an FIU-owned and operated project or a Public-Private-Partnership project
- FIU has undertaken actions to minimize construction and operating risk associated with the Project
- There are no financing guarantees, support agreements other than utilities below the line, marketing and payment processing, or FIU pledged revenues for the Project and the rating of the Project debt is not based upon the financial strength of FIU or the State of Florida

Minimizing 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 NCCD-Biscayne 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
- Payment and performance bonds for Project completion are required

Minimizing Operating Risk

- Manager is responsible for achieving a Debt Service Coverage Ratio of 1.2 times and meeting the FIU performance standard 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 for 34 years, including construction, to lower debt service and includes \$5.1M in capitalized interest to cover borrowing costs over the construction period plus 6 months and \$3.7M in debt service reserve fund to meet coverage ratios if needed

A Commitment to BBC

- Replacement housing is critical to the success of FIU's commitment to the approximately 7000 students at BBC and the need to provide an active and dynamic residential campus that is successful to student success
- FIU has recently 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 Lounge



Wine Spectator Restaurant



Hubert Library Instructional Lab



Starbucks



Food Court



RCL Performance & Production Facility



Summary

- 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