

FLORIDA INTERNATIONAL UNIVERSITY

## BISCAYNE BAY CAMPUS REPLACEMENT STUDENT HOUSING



**FIU**

Board of  
Trustees

# 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
  - 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, 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

Target Start Date: March 2015

Target Completion: July 2016

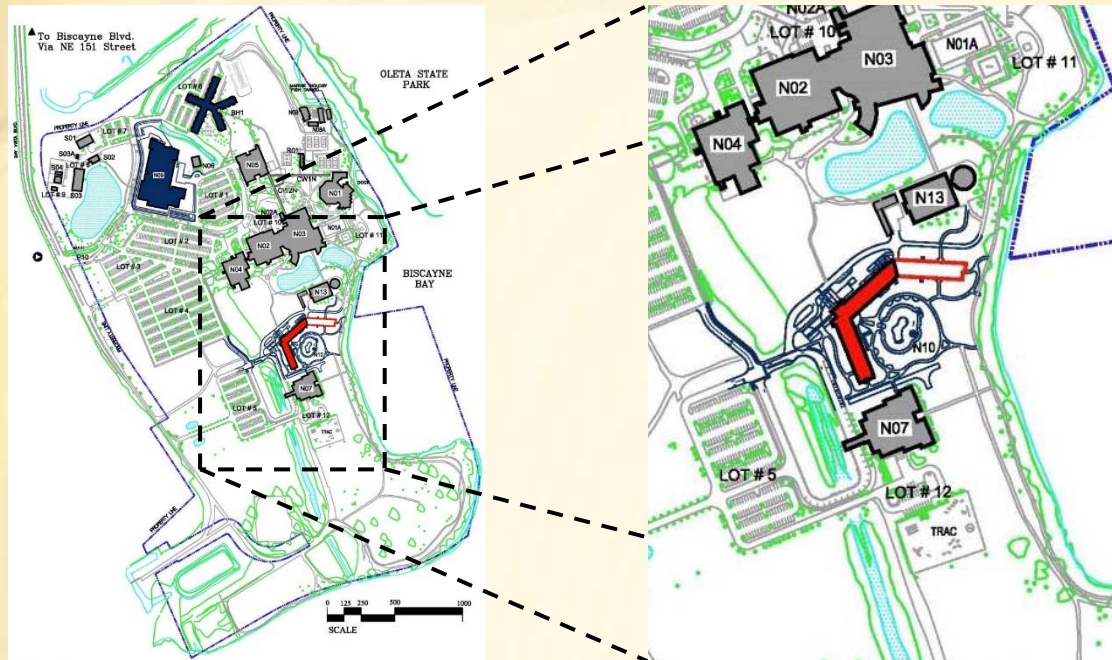
<b>Primary Tenants</b>	FIU Students
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<b>Other Eligible Tenants</b>	FIU faculty and staff
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Sponsored Programs  
approved by FIU

Students enrolled at other  
educational institutions

# BBC Site Plan





# BBC Housing Site



# View Looking East



Photo Courtesy: Architect & Landscape

<b>SERVITAS</b>	<b>KL</b> KLEINFELDER ASSOCIATES ARCHITECTS	<b>PGAL</b> PGAL ASSOCIATES ARCHITECTS	<small>100 PARK DRIVE, SUITE 200 MIAMI, FL 33131 TEL: 305.375.1000 WWW.PGAL.COM</small>	<b>FLORIDA INTERNATIONAL UNIVERSITY</b> STUDENT HOUSING FACILITY BISCAYNE BAY CAMPUS
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# View From the Northwest



# Resident Room View



Dorm Room View



## Second Floor Room View



# Sky Lounge



Sky Lounge

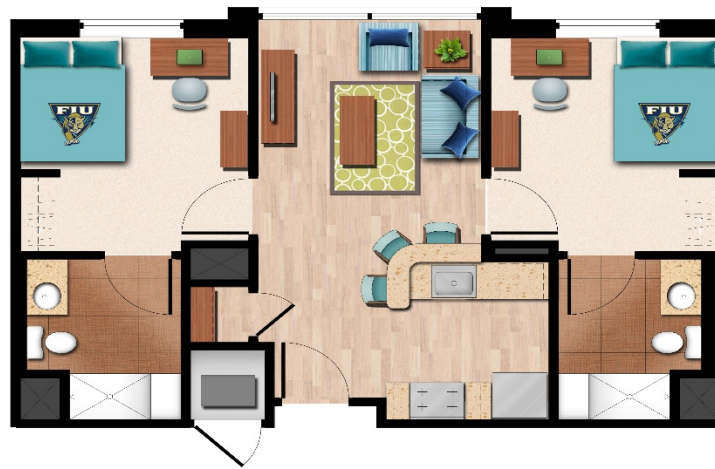
# Four Bedroom Floor Plan



<b>PGAL</b>	<b>SERVITAS</b>	<b>KL</b> KLEINMAN LAYMAN REAL ESTATE SERVICES	HOUSING FACILITY AT FIU BISCAYNE BAY CAMPUS 4 BEDROOM PLAN	<b>FIU</b> 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 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:
  - 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
- 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





# Wine Spectator Restaurant



# Hubert Library Instructional Lab





# 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