

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



**FIU**

Board of  
Trustees

# Hotel, Conference Center, and Alumni Center

- A Hotel and Conference Center is needed to serve the accommodation and conference needs of students, visitors, faculty, researchers, and the community:
  - Student campus tours, orientation, graduation, family weekend
  - Academic, Research, and Professional Conferences
  - Meeting and Seminar Rooms for Symposia and Career Fairs
  - Special Events, Award Ceremonies, Speakers Series
- An Alumni Center will be a place for alumni to call home, create affinity, and encourage alumni to mentor students and assist them with jobs, professional and leadership development and internships
- The Hotel, Conference Center, and Alumni Center have been included in FIU's 2005-15 and 2010-20 Campus Master Plans and Board of Trustees (BOT)/Florida Board of Governors (BOG) Capital Improvement Plans, and have received Legislative authorization



# Process and Timeline

**2008, 2013**

Market Demand Studies and Projected Financial Results were completed by PKF Consulting USA; room counts ranged from 150 with meeting and banquet space (2008) to 95 with minimal meeting and banquet space (2013)

**2014**

President appoints Task Force to evaluate and assess need and opportunity

**2015**

Market Study Update was completed by PKF, validating 95 rooms with minimal meeting and banquet space not considering non-FIU driven local business demand or the benefit of alumni events and services of the adjacent Alumni Center

Jones, Lang LaSalle contracted to conduct market assessment, review and assess PKF studies, estimate project cost, and evaluate amenity needs; recommended a 150 room hotel based upon additional demand through local business partnerships and Alumni Center events

# Process and Timeline

## 2016

- FIU Foundation approved \$6.8 million in support of Alumni Center, June 4
- Draft ITN submitted to BOG and Division of Bond Finance, July 8; ITN issued July 15
- Discussions with TIITF Sublease, July 21
- Step-One qualifications-based proposals received, October 13
- Evaluation Committee reviewed proposals and short-listed Respondents, November 2
- Site Location Meetings, November 22 and 23

## 2017

- Step-Two technical responses received, February 16
- Evaluation Committee reviewed proposals, March 10
- Proposal presentations by Respondents, April 12
- Negotiation meetings, April 13, May 12 and 15
- Receipt of Best and Final Offers, May 19
- Intent to Award, May 23
- Approval by FIU Board of Trustees, June 2
- Consideration by Florida Board of Governors, August 31

# Evaluation Committee

## Evaluation Committee Members

- Richard Brilliant, *Senior VP & Chief Audit Officer, Carnival Cruise Lines, FIU Foundation Vice Chair*
- Aime Martinez, *Associate Vice President, Finance and Administration*
- Eric Beckman, *Assistant Professor, Chaplin School of Hospitality and Tourism Management*
- Robert Griffith, *Director, Facilities Planning*
- Thomas Hartley, *Executive Director, Parking and Transportation*
- Patrick Meagher, *Director, Construction Management*
- David H. Snider, *Director of Budget, Auxiliary and Enterprise Development*
- Tony Vu, *University Treasurer, Office of the Treasurer*
- Duane Wiles, *Associate Vice President Advancement/Alumni Affairs Director, Alumni Relations*

## Consultants

- Jones Lang LaSalle
  - Fernando Garcia-Chacon, *Executive Vice President, Hotels and Hospitality Group*
  - Martine Combal, *Vice President, Public Institutions*
  - Tim Eachus, *Managing Director*
- Bryant Miller Olive, P.A.
  - Kenneth A. Artin, Esq.

# Selected Respondent

Concord Benchmark LLC – Developer, 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



# Hotel and Conference Center Project Funding Overview

- 150 bed upper to upper-upscale hotel, 32,700 s.f. full-service conference center, and 300 car parking will be designed, built, owned and operated by the Developer/Operator; FIU will approve design; cost of \$59.4 million
- FIU and FIU Foundation will have no financial obligation to support the hotel or conference center operations or debt obligations
- Lease term of 40 years with 2-five 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 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 academic, social and business gathering of alumni, students, and faculty
- With an alumni base of 215,000, the Alumni Center will be a community focal point – a place for alumni and their families to call home while celebrating FIU's past and visionary future
- 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 build affinity, cultivate an expanded donor base, and increase philanthropic giving
- 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



# 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): \$11.6 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

## 2010-20 Campus Master Plan-Proposed Site

BOT Approved  
Site for Hotel,  
Conference and  
Alumni Center





# Design Concept





# Design Concept





# Design Concept



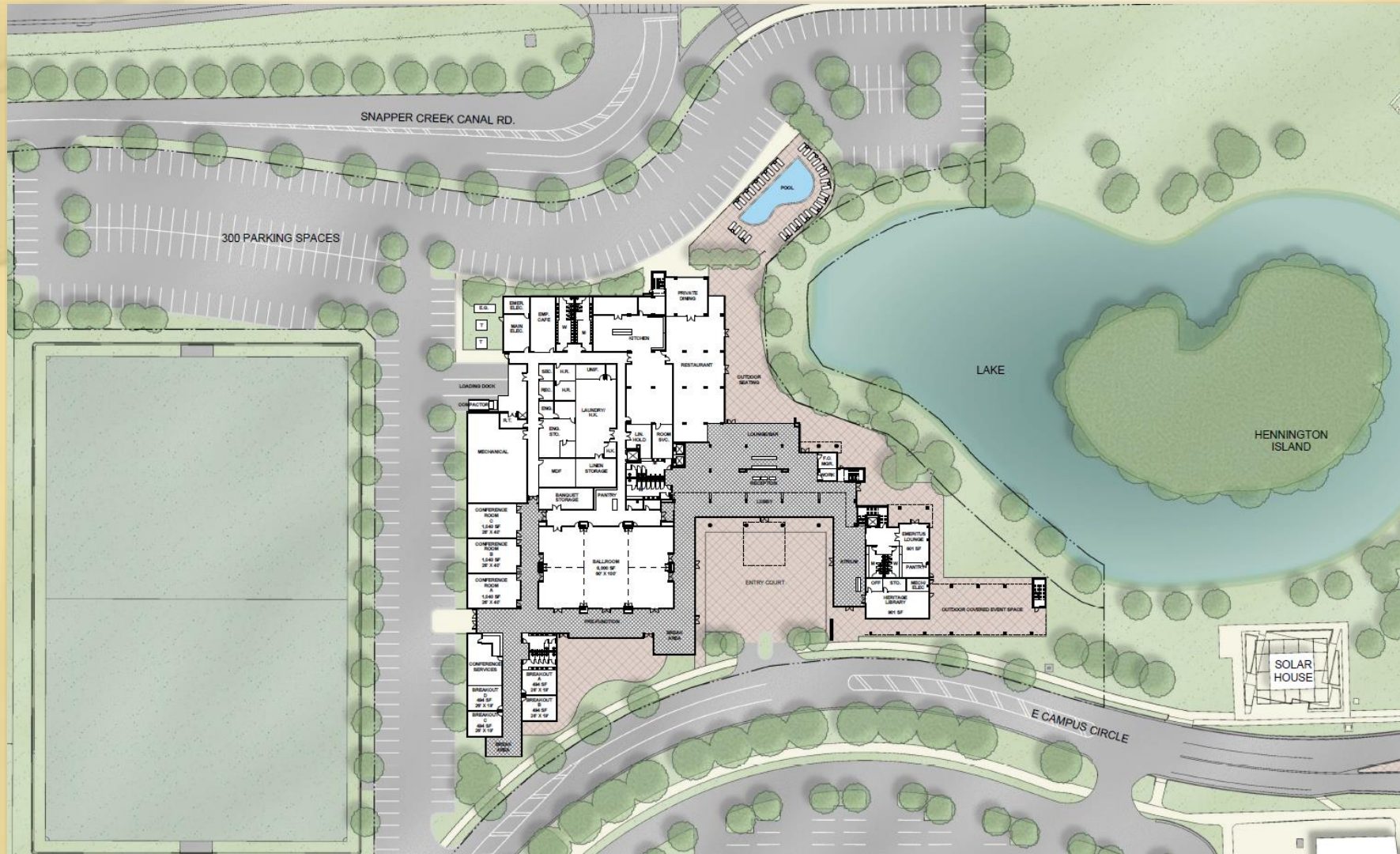


# Design Concept





# Design Concept – Ground Floor



# Division of Bond Finance Concerns

## Demand Studies

- Demand studies completed in 2008, 2013, and 2015 by PKF Consulting did not capture non-FIU driven local business demand and did not contemplate having the Alumni Center adjacent to the project creating additional demand for alumni events and services
- FIU's most recent demand assessment was completed by JLL in 2015 and captured both non-FIU driven local business demand through corporate partnerships and impact of Alumni Center; JLL found sufficient demand for 150 plus keys
- 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 beyond that identified by the consultants

## 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
- The FIU Alumni Center will be operated separately by the FIU Foundation-Alumni Association
- 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 Hotel and Conference Center supports the core mission of the university by providing student internship, work study, and post-graduate job opportunities to our students as well as curricular and research opportunities for faculty
- The Hotel and Conference Center provides lodging and conference facilities for campus visits by students and their families; research programs, conferences, and symposia; professional development conferences; career fairs; and special events
- The Alumni Center creates affinity for alumni, getting them more involved in philanthropy, and student success through jobs, internships, and professional and leadership development
- Funding received by the project will be used exclusively for undergraduate student scholarships to improve student retention and graduation as well as reduce the net tuition cost to students

## 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



# QUESTIONS

