

Board of Governors Facilities Committee

KYLE CLARK ■ FSU VICE PRESIDENT FOR FINANCE & ADMINISTRATION

RANDY HANNA ■ DEAN FOR FSU PANAMA CITY CAMPUS

JANUARY 30, 2020

FSU Panama City Campus
Public-Private Partnership (P3)
Student Housing Project

Student Housing Overview

There are currently no student housing facilities available at the FSU Panama City Campus.

The convenience of living on campus will provide students easy access to numerous campus resources such as faculty and academic advisors, the library, computer labs, and student organizations.

Students who live on campus vs. commuting to campus do better academically and are more likely to remain enrolled.

While Gulf Coast State College will not be a party to the agreement, their students will be permitted to request housing in these facilities.

FSU Panama City Campus and Gulf Coast State College generate significant housing demand, which is currently limited throughout Bay County.

FSU Panama City Campus

Florida State University Panama City Campus (FSU PC) is a four-year satellite campus, founded in 1982. The Campus enrolled its first freshman class in 2013, after the FSU Board of Trustees approved a four-year academic plan, which allowed the Campus to offer low-level courses that are focused on upper-level majors and a limited range of general education courses.

FSU PC offers more than 36 undergraduate and 10 graduate degree programs. The Campus academic calendar year is based on a fall semester (August through December), spring semester (January through May), and 3 summer terms.

FSU Panama City Campus Fall Headcount Enrollment						
	2014	2015	2016	2017	2018	2019
Full-Time	453	457	438	467	535	500
Part-Time	402	515	516	473	436	426
Totals	855	972	954	940	971	926
Source: FSU Institutional Research. Includes online students)						

Gulf Coast State College

Gulf Coast State College (GCSC) is a two-year institution founded in 1957. GCSC is located directly across the street from the FSU Panama City Campus and students take classes and participate in activities on both campuses.

GCSC offers 75 associate degrees and 4 bachelor's degrees. The College's academic calendar year is based on a fall semester (August through December), spring semester (January through May), and multiple summer terms (May through August).

Gulf Coast State College Fall Headcount Enrollment						
	2014	2015	2016	2017	2018	2019
Full-Time	2,199	1,999	1,873	1,862	1,640	1,709
Part-Time	4,242	4,198	4,197	3,814	3,721	3,569
Totals	6,441	6,197	6,070	5,676	5,361	5,278
<i>(Source: 2014 - 2018 GCSC Fact Books, 2019 estimates)</i>						

University Strategic Plan

The Project is consistent with the FSU Strategic Plan and will support our overarching goals of increasing student success and growing revenue streams that will support the University. There are several benefits directly tied to the Plan:

- Providing additional pathways for enrollment.
- Continuing to be a national leader in student retention, satisfaction, engagement, and completion, building on FSU's successful programs in these areas.
- Increase and diversify the University's operating income, improve operational efficiency, and streamline administrative processes and procedures.
- Increase sustainable transportation options that support a bicycle and pedestrian friendly campus.

Public-Private Partnership (P3)

A Public-Private Partnership (P3) provides an ideal structure for the University to pursue the design, construction, and management of student-housing facilities at the FSU Panama City Campus. Through a P3 the University is able to:

- Transfer development and operating risks to the private sector.
- Preserve the University Housing System's strong credit rating and debt capacity.
- Accelerate the delivery of the Housing Development Program at the FSU Panama City Campus.

Selection Process

The University engaged a top team of legal and financial advisors with national reputations with P3s: Bryant Miller Olive and Hilltop Securities.

The University has an experienced internal team to manage the process and negotiate terms.

Our strategy focused on attracting a national-scale developer who:

1. Has successful student housing facilities, and
2. Has the financial strength to fund the initial construction and long-term operations and maintenance of the facilities.

We evaluated responses from five respondents and awarded the Project to Zimmer Development Company on May 2, 2019

Company

Zimmer Development Company is a diversified real estate company, with commercial and multi-family projects in 18 states.

They have ground leases with Western Carolina University and Arkansas State University and they recently signed a ground lease with Florida Keys Community College.

Most of their other student campus projects are off-campus, including two near the FSU Tallahassee Campus (Stadium Enclave and Urban Enclave).

Project Summary

The Student Housing Facilities will consist of 2 buildings with apartment-style housing, containing approximately 132 units with 400 beds.

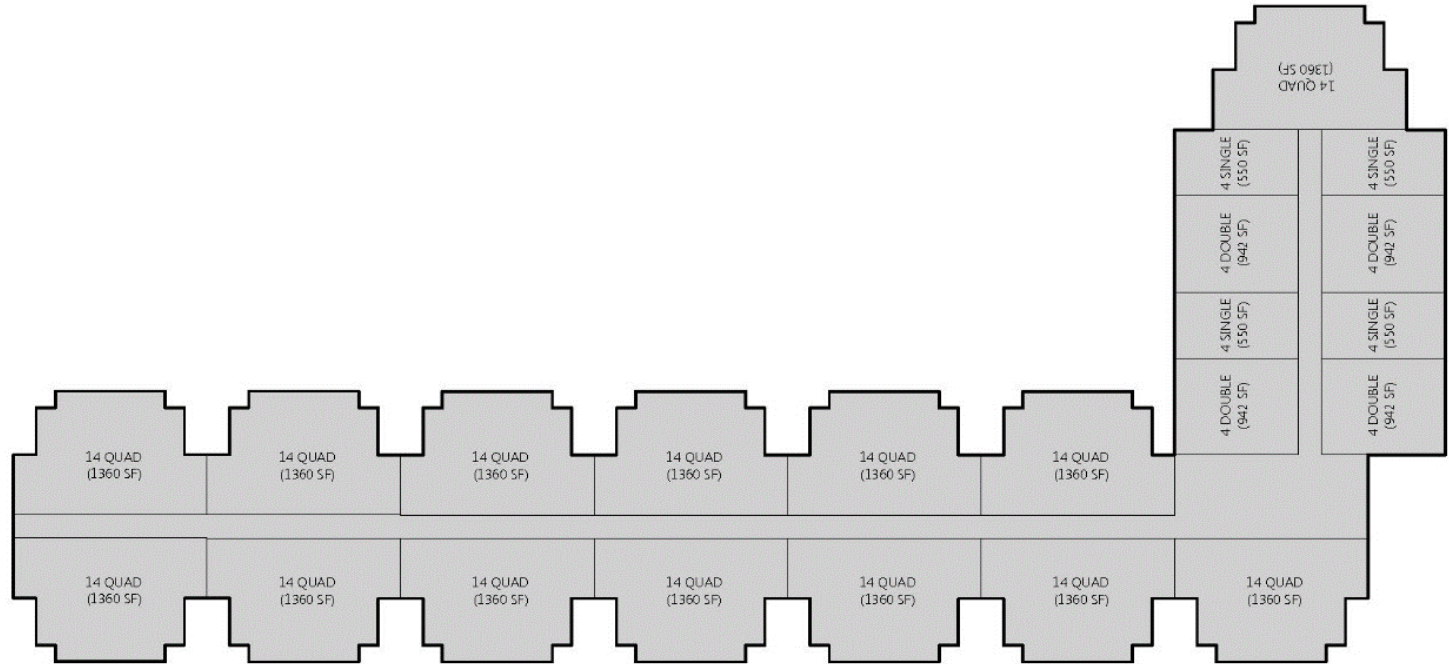
<u>Style</u>	<u>Units</u>	<u>Beds</u>	<u>SF.</u>
4x4	82	328	1,360
2x2	22	44	942
1x1	28	28	550
Totals	132	400	

Total Anticipated Cost = \$23,145,344

Housing Complex Layout



Floor Plan (Building 1 of 2)



PRELIMINARY BUILDING
PLATE(28,000 SF)

Estimated Project Timeline

- University BOT Approval – November 2019
- Predevelopment Agreement Execution – November 2019
- Department of Environmental Protection Approval – January 2020
- Board of Governors Approval – January 2020
- Design and Permitting – January 2020 – July 2020
- Ground Sublease Execution – February 2020
- Construction Start – July 2020
- Construction End – July 2021
- Occupancy – August 2021

Rents

Year 1 Monthly Rental Rates per Bed:

- One Bedroom = \$1,025
- Two Bedroom = \$725
- Four Bedroom = \$650

Rates shall increase annually by no more than the greater of 3% or CPI, plus any increases in uncontrollable expenses.

Tenant shall conduct market rental rate benchmarking every 5 years and decrease rental rates to be not greater than market rates.

Financial Returns to University

Annual Ground Rent = \$87,100 (increases every 5 years based on CPI)

Additional Ground Rent in Lieu of Property Taxes = \$232,000
(increases every 5 years based on CPI)

2% Annual Revenue Share = \$40,687 Year 1 Estimate (Based on
maintaining 1.2X coverage)

Payment in Lieu of Impact Fees = \$533,481 Estimate

Request for Approval:

Authorize Florida State University to enter into a ground sublease agreement and other related agreements as needed, for the Student Housing Facilities, located on the FSU Panama City Campus.