

**FSU PANAMA CITY CAMPUS P3 STUDENT HOUSING PROJECT
STATEMENT OF KEY TERMS**

Project:	<p>Public-Private Partnership for a Student Housing Complex at Florida State University Panama City Campus (ITN #5978-6) (the “Project”).</p> <p>The Student Housing Complex will consist of apartment-style housing containing a total of approximately 132 units with 400 beds.</p> <p>The Student Housing Complex will be designed, privately financed, developed, constructed, owned, maintained, and operated by the Tenant.</p>
Parties:	<p>Florida State University Board of Trustees, as Landlord / University, and ZP NO. 350, LLC, an affiliate of Zimmer Development Company (“ZDC”), as Tenant / Developer.</p>
Housing Operator:	<p>Landmark Properties, as Operator</p>
Subleased Premises:	<p>2.65 acres of land at the Florida State University Panama City Campus.</p>
Sublease Term:	<p>The sublease term will be for forty years (40) following substantial completion of the Student Housing Complex.</p>
Permitted Use:	<p>Student Housing Complex at Florida State University Panama City Campus.</p>
Leasehold Interest Only:	<p>Tenant shall only hold a leasehold interest in the Property. In no event shall Tenant be deemed to hold or encumber the fee simple title to the Property.</p>
FSU Purchase Option and Sublease Expiration:	<p>Upon the expiration of the Ground Sublease, the Student Housing Complex will revert to the FSU at no cost to the University.</p> <p>Landlord shall have the option to terminate the Ground Sublease at its convenience any time after June 30 of the seventh (7th) full annual period following the substantial completion date. The termination payment will be the greater of fair market value or the project debt termination amount, less any excess debt. In addition, Landlord shall have right of first refusal based on the Tenant receiving an offer from a qualified purchaser.</p>
Qualified Purchaser:	<p>Tenant shall have the right to sell its interest in this Sublease to a Qualified Purchaser any time after June 30 of the seventh (7th) full annual period following the substantial completion of the Project.</p>
Guarantees:	<p>The University will not be obligated to provide any construction or operating guarantees.</p>

Agreements: In addition to the Ground Sublease Agreement between Landlord and Tenant, a Facility Operating and Management Agreement may be executed as part of this transaction.

Anticipated Schedule: The current project schedule is as follows:

- University Board of Trustees approval – November 2019
- Predevelopment agreement execution – November 2019
- Florida Board of Governors approval – January 2020
- Design and Permitting – January 2020 – July 2020
- Ground Lease agreement execution – February 2019
- Financing Period (financial close) – May 2020
- Construction Start – July 2020
- Construction Completion – July 2021
- Student Housing Complex Occupancy – August 2021

Project Cost: The total development cost for the Project is anticipated to be \$23,145,344 (\$20,202,405 hard costs and \$2,942,939 soft costs), which includes all costs associated with the development and construction of the Student Housing Complex, including outdoor amenities and additional site work. Cost per bed is approximately \$57,863, compared to around \$67,215 per bed for FSU's most recent residence hall, opened in fall 2017 on the Tallahassee Campus. Tenant will be paid a developer's fee of no more than two percent (2%) of total costs for the Student Housing Project for development services.

Developer is at risk for all cost overruns on the design and construction of the Project, with the exception of changes requested by the University.

If all or any portion of Facility is not habitable, no later than 10 days prior to the first day of classes for the 2021 fall semester, then Tenant shall provide and fund temporary housing, for eligible residents, based on the terms of their lease.

Financing Options and Parameters: Financing Restrictions:

- Tenant may finance no more than eighty percent (80.0%) of the total development costs of the Project with project debt that will have a final maturity date of no more than 30 years after the first full annual period of operations of the Project;
- Tenant may replace or refinance Tenant Common Equity after the Project receives a permanent certificate of occupancy or its equivalent, allowing occupancy of the Project exclusive of immaterial "punch-list" work that does not prevent Tenant from safely possessing, occupying and using, on a continuous and uninterrupted basis, the Improvements for the intended purposes and uses permitted by the Lease.
- Project Debt shall be structured as on a substantially level debt basis, unless Tenant reasonably determines that they will be

unlikely or unable to obtain substantially level debt service financing on otherwise commercially reasonable terms.

- Tenant may grant a leasehold mortgage encumbering the leasehold estate created by the Ground Lease, but may not use its interest in the Ground Sublease as collateral for any public financing or as security for loans not relating to the Student Housing Complex.

Financial Projections:

Projected Occupancy Year 1 - 95%

Monthly Rental Rates per Bed Year 1:

One Bedroom \$1,025

Two Bedroom \$725

Four Bedroom \$650

Rental 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.

Projected Net Operating Income Year 1 - \$2,034,368

Projected Internal Rate of Return for Tenant / Developer 23.5%

Ground Rent Payments, Escalation, and Participation:

Annual Base Rent, Escalations, and Participation:

- Annual Ground Rent \$87,100, increased every 5 years based on CPI.
- Additional Ground Rent \$232,000, increased every 5 years based on CPI. In any Annual Period, where Tenant is assessed ad valorem taxes, this payment will be reduced to \$0.
- Annual revenue share based on two percent (2%) of net operating income as defined in Ground Lease. Revenue share is based on maintaining a debt service coverage ratio of 1.2x.
- In the event Panama City waives the payment of any impact fees, capacity charges, or connection fees for the Project, Tenant shall pay to Landlord an amount equal to the amount waived by the City.

Parking:

Landlord agrees to grant eligible residents the same level of access to parking spaces located on areas of the Campus. Landlord shall have the exclusive and absolute right to establish the terms and conditions of the access to, occupancy and use of parking spaces on Campus.

Utilities:

Tenant shall pay for all rates, fees, charges and surcharges for utility, information technology, communication, cable, telephone and data service for any improvement located on the Project.

Payment of Taxes:

Tenant is responsible for the payment of all appropriate taxes.

Insurance:

As outlined in Ground Sublease based on requirements in the ITN #5978-6.

Maintenance and Operations:

Tenant will operate and maintain Student Housing Complex in a good and competent manner in accordance with the standards required by applicable laws, governmental authorizations, university standards, and good industry practice.

Tenant agrees to fund a repair and replacement reserve account in the amount of \$80,000 annually, increased by five percent (5%) every five (5) years. Funding for the repair and replacement reserve account will be capped at maintaining a balance of \$400,000, increased by five percent (5%) every five (5) years.

Not less than six (6) years prior to the expiration of the term of this Sublease, a facilities condition report shall be prepared by a nationally recognized independent engineer, detailing the nature, scope, and cost of all work and procurement necessary to assure that such structural elements and building systems meet or exceed the condition required by this Sublease for handback to Landlord at the end of the lease term. Tenant agrees to fund a Handback Reserve Account to cover the required improvements detailed in the facilities condition report.

Other University Benefits:

Tenant has agreed to work with University to develop shorter leases for eligible residents, who live more than 100 miles from Campus and for eligible residents who will graduate at the end of the following spring semester.

Tenant acknowledges and agrees that the building structure is being designed such that it will have at least twenty-five percent (25%) of its useful life remaining at the expiration of the lease term.

Approvals:

The program, design, and site layout are subject to the approval of the Florida State University President and, to the extent required, by the Florida State University Board of Trustees, the State of Florida Board of Governors, and the State of Florida Department of Environmental Protection Trustees of the Internal Improvement Trust Fund.

Tenant will design the Project in accordance with all applicable codes and plans and specifications approved by University. Tenant will engage an architect for such purpose. All permits will be obtained by Tenant.

Access to Property:

Landlord may have free access to all public areas of the Property at all reasonable times, and to all private areas upon reasonable notice and coordination with Tenant, for the purpose of inspecting the same for compliance with this Ground Lease.

Future Development:

Landlord agrees not to add any additional beds on campus for a period of five (5) years after substantial completion of the Project. After that time, Landlord agrees that such additional new beds shall be undertaken only if

there is evidence that for each of the two (2) Annual Periods immediately preceding the construction or acquisition of the proposed additional new beds, the debt service coverage ratio was greater than or equal to 1.20X.

**Summary of Terms
Only:**

This Statement of Key Terms is only a summary of material terms, and remains subject in all respects to negotiation and execution of definitive agreements.