



Memo Date: September 1, 2023

To: District Board of Trustees of Northwest Florida State College, Florida

From: Board of Directors for The Seaside School Foundation, Inc.

Re: Ground Lease Milestone Update

The purpose of this memo is to provide an update regarding the milestones outlined in Section 5 of the Ground Lease.

5. a. – Delivery of Possession. Done.

b. – Appraisal. No appraisal has been conducted on the premises. Should one be conducted at a later date, the Tenant shall promptly provide it to the Landlord.

c. – Planning. Done.

d. – Programming. Done and ongoing.

e. – Financing. Based on preliminary estimates from the contractor (Wharton-Smith) it is anticipated that the total project budget will be \$30,000,000 - \$34,000,000. The school's financing plan includes the following: (1) state legislative funding; (2) tax exempt bank bond financing; (3) Capital Campaign; and (4) Triumph Gulf Coast Grant funding.

To date the following amounts have been committed and/or secured:

- (1) State Legislative Funding - \$9,000,000.00 awarded (2022-23 session);
- (2) Tax Exempt Bank Bond Financing – Up to \$20,000,000.00 capability (gap financing to include early prepayment options without penalty);
- (3) Capital Campaign – To date \$2,340,000.00 has been secured by cash or 5-year pledge; and
- (4) Additional Capital Outlay – As a result of Chapter 2023-69 – House Bill No. 1259, charter schools shall receive additional capital outlay funds from the County School District. As a result, the school anticipates receiving approximately \$433,000.00 in additional capital outlay funds from the Walton County School District for the 2023-24 school year, representing its first 20% distribution. Next year, that amount doubles to 40%, then increases annually to 60%, 80% and 100% on a permanent basis starting in 2028. In today's tax base numbers, that amount translates to just over \$2,000,000.00 to be received each year as additional capital outlay. This additional source of funding provides an additional cushion of significant cash support for this expansion project.

Proof of financing is attached to this memo.

The following amounts have been applied for or are in process as additional financing sources:

- (1) State Legislative Funding – up to \$9,000,000.00 (2023-24 session);

(2) Triumph Gulf Coast Grant – Pre-application (drafted by Liberty Partners) to be submitted September 2023 in an amount between \$8mm-9mm; and

(3) Capital Campaign – Public launch of the Capital Campaign is October 2, 2023. Ongoing efforts shall continue throughout the life of the project. The goal is to raise \$10,000,000.00 through the Capital Campaign.

f. – Construction. Wharton-Smith, Inc. (“WSI”) is the General Contractor on the project. WSI is a Florida based general contracting firm that specializes in K-12 and higher education projects. Project architects, Williams Blackstock Architects (“WBA”), issued Design Development Drawings in mid-August. WSI is working with subcontractors to value engineer the project and complete an updated budget estimate. Using cash on hand and funds appropriated by the legislature, site work will begin in late-September. WBA and WSI will continue to refine the project design and estimated budget as site work continues. Final Construction Drawings are anticipated at the end of this year. WSI will then conduct final bidding and issue GMP pricing for vertical construction. The school will then close on its tax exempt bank bond loan (a construction loan) and begin vertical construction at some point in Q1 of 2024.

g. – Signage and Branding. The school’s marketing team has been in touch with the College’s marketing team discussing logos and various expansion project marketing materials. Prior to any signage being constructed, the two teams will agree on all approved signage designs as provided in the Ground Lease.

h. – Reporting. Done and ongoing.

The Seaside School Foundation, Inc.

By: 
Patrick McCarthy, President