



NORTHWEST FLORIDA STATE COLLEGE

Memo

To: Board of Trustees
From: Dr. Devin Stephenson, President
Date: April 16, 2024
Re: South Walton Expansion Update

The South Walton expansion project has been moving forward since the College's last update to the Board. This update includes (1) an informational update on the project from the Seaside School, Inc., for Board discussion, and (2) a recommendation to approve assignment of the lease and MOU from the Seaside School Foundation to the Seaside School.

In September 2023, the Board of Trustees approved the Seaside School Foundation to move forward with construction based on the financing plan presented at that meeting. The Board also directed the College to work together with the Foundation and School on amending any timelines in the lease, if necessary. Since the last update in October 2023, the following activity has taken place. Considering the update presented below, the College seeks the Board's feedback regarding the progression of the expansion.

The School's Enrollment

The School ran its lottery application period from January 5 to February 15 and received more applications than available seats for each grade level. The School is continuing to recruit students with the aim of building a waitlist for each grade that is 50% of the available seats in each grade level.

Project Cost and Financing:

Key components of the planning stage have been determining a project price and progress on funding. The School and Foundation have provided an update on both:

Guaranteed Maximum Price (GMP): Wharton-Smith (WSI) received pricing from subcontractors at the end of March. WSI is scheduled to deliver GMP pricing to the School by April 19. The expected pricing may exceed \$40 million.

Appropriations: The School received a \$9 million appropriation from the State of Florida in 2023. The School has also been allocated \$500,000 by the legislature in 2024, which is pending the Governor's signature. These funds will be available to the School on a reimbursement basis from Walton County School District.

Campaign: The campaign has secured approximately \$2.6 million, including cash, pledges, and in-kind support. A detailed March 2024 update is enclosed. The campaign is ongoing.

Lending: The School intends to use a tax-free bank bond loan for project finalizing. While it is not a bond in the traditional sense, it provides a lower interest rate and more favorable terms than a traditional loan. The School has not selected a lender. The School is working with an underwriting firm to complete a project appraisal and finalize a term sheet. The School anticipates Accelerator construction may be delayed, based on the potential lending terms. Any lending terms are subject to College review and Board approval as the landowner; therefore, any future lending terms will be presented to the Board for discussion and approval.

Triumph Gulf Coast: The School has submitted a draft pre-application to Triumph for preliminary review by Triumph. The draft pre-application reflects a requested amount of approximately \$7.2 million as a portion of funding an estimated \$45 million project. The School has not finalized the total amount of the grant request. The School is seeking grant writing proposals after their prior grant writers' contract ended. At the School's request, the College recommended a grant writer.

As part of Triumph's review of the draft, the College and the School have discussed applicant eligibility with Triumph. To be eligible for Triumph funding, the School must be the applicant, not the Foundation. Therefore, the Foundation must assign the existing lease and MOU to the School to be eligible. The College has no objection and understands it is necessary for receiving Triumph funds. The assignment document is enclosed.

Beyond the assignment, there are nuances in eligibility based on type of funding. The School, as a public charter school in Florida, is eligible for education/workforce grant funds from Triumph. The School may also be eligible for infrastructure funding, provided, however, the College must have sufficient language built into the lease to satisfy Triumph's requirement that the buildings always be owned by a public entity. Triumph will review the lease through this application process, and Triumph may recommend amendments to meet its eligibility requirements.

Construction:

Drawings: The 100% construction drawings were completed in February. The remaining items are landscape and civil plans, which are being synced to incorporate drainage and change minor configuration of stormwater ponds. The landscape and civil plans should be released in the next few weeks.

Permits: The permits to begin construction have been issued, including the building permit from ECPI Code Administration Services and the Environmental Resource Program permit from the Florida Department of Environmental Protection. Approval of water and sewer permits is ongoing.

Construction Status: Site prep at the South Walton Center began in Fall 2023 and continued into 2024. The Foundation has released WSI to start on approximately \$6.4 million in work: civil site work; deep foundations (auger cast pilings under classroom buildings); and early procurement of electrical and mechanical equipment for all buildings. The civil engineers should release building locations early in April to allow WSI to stake out building corners and begin grading for deep foundations.

Construction Timeline: A detailed construction schedule will be provided with GMP pricing, at which point any necessary amendments to the lease construction timeline may be made.

In sum, the South Walton expansion project cost is anticipated to be in by April 19 and may exceed \$40 million. Currently, the School and Foundation have secured more than \$10 million and have other funding requests in progress. A detailed construction schedule is expected with the GMP. The status of the project is that construction

activities may begin prior to finalizing lending to complete construction.

RECOMMENDATION:

The Board of Trustees approves the assignment and assumption of the lease and MOU from the Seaside School Foundation to the Seaside Neighborhood School, as presented.