

THE
SEASIDE
SCHOOL™

To: Northwest Florida State College

From: Dr. Tom Miller, Executive Director, Seaside School, Inc.
Kav Tucker, Chair, Seaside School Inc. Board of Directors
Patrick McCarthy, President, The Seaside School Foundation, Inc.

Date: June 10, 2024

RE: Construction & Financing Update of Seacoast Collegiate High School at Northwest Florida State College Expansion

The expansion project at Northwest Florida State College's South Walton Center has made significant progress since the last update provided to the Board of Trustees in April 2024. Construction is underway and permanent financing for the project is expected to close by the end of June 2024. This update provides details on the status and schedule of construction and closing on the financing to complete the project.

Construction

Construction of the project by the general contractor Wharton-Smith Inc. ("WSI") is underway in order to achieve the target opening and enrollment of students by the Fall semester of 2025. As discussed in the April Board of Trustees meeting, the cost of this project has continued to increase throughout the design and bidding phase. As a result, the school has developed a plan to break the total expansion project into two phases to facilitate financing and maintain the schedule. Phase I will include the Northwest Florida State College classroom building, the Seacoast Collegiate High School ("Seacoast") classroom building, and all associated infrastructure (including parking spaces, roadways, sidewalks, landscape, hardscape, and stormwater retention facilities). Phase II will include vertical construction of the Accelerator building.

Project Pricing

After competitively bidding the material and sub-contractor scopes of work, the current hard cost guaranteed maximum price to construct Phase I as presented by WSI is \$33,358,591 (see detailed GMP on Attachment 1). The total project cost for Phase I including soft costs and financing costs is approximately \$37,758,545. Seacoast, WSI, and Williams Blackstock Architects have identified several potential ways to reduce the overall hard cost through value engineering. This is an ongoing process but all involved expect savings to total over \$1 million. The estimated hard cost for the vertical construction of the Accelerator building is \$7,500,000. However, this will be rebid closer to the start of Phase II.

Project Schedule

WSI's current project schedule for Phase I shows a substantial completion date of July 25, 2024 (see detailed WSI schedule on Attachment 2). The GMP construction agreement contains a contractual obligation to reach substantial completion by August 8, 2025.

Seacoast is continuing to actively and diligently pursue funds to complete construction of the Accelerator building as soon as possible, but we anticipate completion of vertical construction of the Accelerator building will not be complete prior to the 2025 academic school year. We will continue to update the college as to funding efforts as well as anticipated construction schedules as they become available.

Project Financing

Over the last several months Seacoast has diligently pursued finalizing the financing for the expansion project. It is pleased to announce that a closing date of June 27, 2024 has been scheduled to close the loan to construct Phase I of the expansion project with First Citizens Bank & Trust ("FCB") as the lender and Walton County as the bond issuer.

Walton County as Bond Issuer

During a recent special meeting of the Walton County Board of County Commissioners, the commissioners voted unanimously to support the Seacoast expansion project by directing staff to create the process and documents by which the county could hold another special meeting to vote on issuing the bonds. The final meeting of the Board of County Commissioners necessary to accomplish this goal has been scheduled for June 18 during which time the commissioners will vote on the ordinance which will allow Walton County to issue the bonds. As the issuer of tax-free bonds, Walton County will be instrumental in making the expansion of the South Walton Center a reality and Seacoast is grateful for the unanimous support of the commissioners.

First Citizens Bank & Trust

FCB issued a commitment letter and granted final credit approval to Seacoast for the purpose of financing the construction of the expansion project (see commitment letter in Attachment 3). FCB will purchase the tax-free bonds issued from Walton County and in turn lend those funds to Seacoast. The total amount of permanent financing is \$26,947,500. The balance of funds needed to construct Phase I of the expansion project will be comprised of \$9,500,000 in state appropriations and cash raised by Seacoast and the Seaside School Foundation.

As a condition to close the loan, FCB has requested Northwest Florida State College amend the terms of the ground lease to clarify some terms and protect the interest of the lender. Counsel for the college, Seacoast, and FCB have been working together to accomplish this goal and have agreed on the language to be amended. Seacoast requests the Board of Trustees adopt the agreed upon language to amend the lease. Additionally, FCB and Seacoast request the Board of Trustees amend the ground lease with respect to the construction milestones to be consistent with the current schedule for the project.

Additional Paths for Funding

In addition to the FCB loan, existing state appropriations, and capital campaign funds raised to date, Seacoast is pursuing several additional paths to raise funds so that it may begin Phase II. These include the following:

- Triumph Gulf Coast – Seacoast, in tight partnership with the college, is finalizing its application for a significant grant to Triumph Gulf Coast. Under a new grant writing partnership, TSG Advisors, our grant writing team has met with critical friends from NWFSC, WCSD, and other Triumph grant recipients. Our main focus is raising the impact our high performing dual enrollment model accelerates the closing of the workforce gaps locally to globally through the teaching and practical experiences to enhance critical life skills. The focus of the Accelerator Building will be a collaborative “Think Tank” that brings a public/private partnership, residency experts, job fairs and conferences to our campus. The school anticipates filing that application by August 2024.
- State Appropriations FY2026 – Seacoast will seek additional state appropriations for this project in the legislative session set to begin in March 2025 for fiscal year 2026.
- Capital Campaign – Seacoast continues its long-term capital campaign to raise funds for the expansion project. We partnered with a consulting firm, DAR Partners, with vast experience in communication and strategic fundraising planning. Over the last 45 days we have had a strong increase in donor meetings and contributions to the campaign.