



BOARD OF TRUSTEES

# Board of Trustees Meeting Agenda

Thursday, July 21, 2022  
9:00 AM – 10:00 AM

Virtual via WebEx

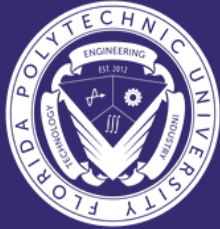
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## MEMBERS

Cliff Otto, Chair	Mark Bostick, Vice Chair	Dr. Narendra Kini
Dr. Laine Powell	Gary C. Wendt	Bob Stork
Melia Rodriguez	Beth Kigel	Dr. Susan LeFrancois
Lyn Stanfield		

## AGENDA

- |       |  |   |
|-------|--|---|
| I.    | Call to Order  | Cliff Otto, Chair   |
| II.   | Roll Call  | Kristen Wharton   |
| III.  | Public Comment   | Cliff Otto  |
| IV.   | <a href="#">Approval of the May 24, 2022 Minutes</a><br><b>*Action Required*</b>   | Cliff Otto  |
| V.    | <a href="#">Ratification of Amendment to Article 12 of the Collective Bargaining Agreement</a><br><b>*Action Required*</b> | Dr. Terry Parker<br>EVP and Provost, and<br>Alex Landback, Associate<br>General Counsel |
| VI.   | <a href="#">Pre-Development Agreement (PDA) with Capstone Development Partners</a><br><b>*Action Required*</b>             | Dr. Allen Bottorff<br>VP and CFO, and<br>Kevin Mara, Brailsford &<br>Dunlavey, Inc.     |
| VII.  | <a href="#">Student Success Plan</a><br><b>*Action Required*</b>   | Dr. Terry Parker<br>EVP and Provost   |
| VIII. | Closing Remarks and Adjournment  | Cliff Otto  |



# Board of Trustees Meeting Minutes

## **DRAFT MEETING MINUTES**

**Tuesday, May 24, 2022  
11:30 AM – 12:30 PM**

**Florida Polytechnic University  
Applied Research Center & via WebEx**

I. Call to Order

Chair Cliff Otto called the meeting to order at 11:01 am.

II. Roll Call

Kris Wharton called the roll: Chair Cliff Otto, Vice Chair Mark Bostick, Trustee Susan LeFrancois, Trustee Melia Rodriguez, Trustee Beth Kigel, Trustee Earl Sasser, Trustee Bob Stork, Trustee Narendra Kini, and Trustee Gary Wendt were present (Quorum).

Board members not present: Trustee Lyn Stanfield, Trustee Laine Powell

Staff present: President Randy Avent, Provost Terry Parker, Dr. Allen Bottorff, Gina DeIulio, Kathy Bowman, David Blanton, and Kristen Wharton were present.

III. Public Comment

There were no requests received for public comment.

IV. Board of Trustees Work Plan Review

There were no comments or questions about the Board's Work Plan.

V. Chairman's Remarks

Chair Cliff Otto did not make any formal remarks and moved to the next agenda item.

VI. Recognition of Service: Trustee Earl Sasser

Chair Otto recognized Trustee Earl Sasser whose term ends June 30, 2022. Kristen Wharton read the proclamation of appreciation, which is attached to these minutes, honoring Trustee Sasser's service. On behalf of the trustees, Chair Otto expressed his appreciation for his many contributions to the Board and the University.

Trustee Sasser recounted several University highlights that occurred during his tenure and expressed his optimism for the future of Florida Poly.

VII. President's Remarks

President Randy Avent presented a mock-up of the plaque that will be installed on the outside of the Applied Research Center (ARC). The plaque includes the names of the trustees who were seated at the time the construction contract was awarded to Skanska.

VIII. President's FY22 Operational Goals: Q3 Progress Report

President Avent provided an update to his Operational Goals FY22. He highlighted progress in the following areas of focus: admissions, student success, curriculum, graduate program, advancement, and efficient administration.

There was no additional discussion or questions.

IX. Consent Agenda

Chair Otto read the following list of items to be approved on the consent agenda:

1. Approve the Florida Polytechnic University Educational Plant Survey for 2022-2027
2. Approve the Capital Improvement Plan (CIP)
3. Approve the Florida Poly Finance Corporation's Articles of Incorporation and Bylaws and to authorize staff to file the necessary documents to establish the Corporation, if it is determined that the Corporation should obtain financing for Phases 2,3, and 4
4. Approve the Skanska Prime Contract Change Order 018, in the amount of \$246,910.00
5. Approve the Florida Polytechnic University Operating Budget FY23
6. Approve Compass Group USA, Inc. Food Services Contract Amendment No. 5
7. Approve the Legislative Budget Request for 2024
8. Approve the request for PECO funding and the approval to build a Student Achievement Center
9. Approve the Foundation's Planned Uses of University Personnel and Property (FY23)
10. Approve the President's Operational Goals for FYE2023
11. Approve the amended and restated plan documents for the Florida Polytechnic University Retirement Plan to be effective July 1, 2022
12. Approve the May 3, 2021 Board of Trustees Retreat Meeting Minutes
13. Approve the April 28, 2022 Board of Trustees Meeting Minutes

**As each of the consent agenda items comes before the Board with unanimous approval from the respective Committees, there is no need for a second. A vote was taken, and the motion passed unanimously.**

X. Committee Reports

A. Academic & Student Affairs Committee

Trustee Sasser reviewed highlights from Provost Parker's presentation. There were no items for approval.

B. Finance and Facilities Committee

Trustee Beth Kigel reported on key issues the committee reviewed and discussed. She also reviewed the committee's action items which were approved on the consent agenda.

One action item that did not receive unanimous approval at the committee level was the Debt Management Policy which was developed to provide rules for the issuance of debt by the University and its Direct Support Organizations (DSO). Trustee Kigel noted this agenda item did receive unanimous approval in the Governance Committee.

**Trustee Beth Kigel made a motion to approve the Florida Polytechnic University Board of Trustees Debt Management Policy. Trustee Melia Rodriguez seconded the motion; a vote was taken, and the motion passed unanimously.**

C. Audit and Compliance Committee

Trustee Bob Stork shared that his committee heard updates on both internal and external audits, learned the excellent results of the spring 2022 textbook adoption monitoring, and approved the external reviewer for the Quality Assurance Review (QAR).

D. Governance Committee

Board Vice Chair Mark Bostick stated the Governance Committee approved several items which were included on today's consent agenda: President Avent's Operational Goals for fiscal year 2023; changes to the University Retirement Plan for President Avent, and approval of the Articles of Incorporation and Bylaws for a finance corporation. Additionally, Kris Wharton presented a list of potential training topics which will be sent to all trustees to be ranked in order of importance.

XI. Officer Elections

Vice Chair Bostick stated the Governance Committee voted earlier today to recommend the nomination of Trustee Cliff Otto as the 2022-2024 Board of Trustees Chair and Trustee Beth Kigel as the 2022-2024 Board of Trustees Vice Chair. The floor was opened for other nominations for Chair and Vice Chair.

**With no nominations from the floor, Trustee Gary Wendt made a motion to approve Trustee Cliff Otto as Board of Trustees Chair for the term 2022-2024. Trustee Melia Rodriguez seconded the motion; a vote was taken, and the motion passed unanimously.**

**Trustee Gary Wendt made a motion to approve Trustee Beth Kigel as Board of Trustees Vice Chair for the term 2022-2024. Trustee Melia Rodriguez seconded the motion; a vote was taken, and the motion passed unanimously.**

XII. Board of Trustees FY22-23 Meeting Calendar

**Trustee Bob Stork motioned to approve the 2022-2023 Board meeting schedule as presented. Trustee Beth Kigel seconded the motion; a vote was taken, and the motion passed unanimously.**

XIII. Board of Governors Meeting Schedule

Chair Otto shared the next Board of Governors meeting will be held at the University of Central Florida (UCF) in Orlando June 29-30, 2022.

XIV. Closing Remarks and Adjournment

Trustee Stork commended Trustee Sasser for his quality work with the Academic & Student Affairs committee.

Chair Otto expressed his appreciation to David Calhoun, AVP Facilities & Safety Services, and his team for their work on the Applied Research Center.

With no further business to discuss the meeting adjourned at 11:45 a.m.



**Florida Polytechnic University  
Board of Trustees  
July 21, 2022**

**Subject: Ratification of Amendment to Article 12 of the Collective Bargaining Agreement**

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**Proposed Action**

Ratify the Amendment to *Article 12 (Salaries)* of the 2021-2024 Collective Bargaining Agreement ("CBA") with the United Faculty of Florida ("UFF"), subject to the anticipated ratification of the Amendment by the UFF-Florida Polytechnic University Chapter.

**Background Information**

The amendment to Article 12 (Salaries) provides a recurring base salary increase for eligible bargaining unit employees who received a 2021-2022 evaluation rating of Meets Expectations (-) or higher, ranging from 4.125% to 4.625% depending on the evaluation rating.

The amendment also includes a scaled salary adjustment for eligible bargaining unit employees whose 2021-2022 Academic Year annual salaries are within in the bottom quartile of all salaries for in-unit employees. This adjustment is gradually scaled from 0% for the individual at the top of the quartile described to 4% for the individual at the bottom. This increase would be cumulative to the base salary increase.

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**Supporting Documentation:**

1. Amended Article 12 (Salaries)
2. Amended Article 12 (Salaries) [Redlined]

**Prepared by:** Alex Landback, Associate General Counsel

**ARTICLE 12  
SALARIES**

(AMENDED MMMM 2022)

**12.1 Policy.** The parties of this Agreement recognize the importance of providing appropriate compensation as an essential component in the delivery of quality higher education programs and quality scholarship that is recognized nationally and internationally.

**12.2 Annual Salary Increases.**

(a) For the review period of 2021-2022 in which an evaluation was received, the employee will receive the salary increase listed in the table below:

<u>Evaluation Rating</u>	<u>Increase</u>
Deficient	0.00%
Needs Improvement	0.00%
Meets Expectations (-)	4.125%
Meets Expectations	4.125%
Meets Expectations (+)	4.125%
Exceeds Expectations	4.375%
Exemplary	4.625%

(b) Employees who were hired after August 16, 2021, but before February 15, 2022, and did not receive a performance evaluation for 2021-2022, will receive a salary increase of 3.094% (75% of Meets Expectations).

(c) Scaled Salary Adjustment.

- (1) All eligible employees whose 2021-2022 Academic Year annual salaries are within the bottom quartile of all salaries for in-unit employees will receive a scaled salary adjustment.
- (2) This adjustment is gradually scaled from 0% for the individual at the top of the quartile described to 4% for the individual at the bottom.
- (3) The scaled salary adjustment is implemented using the following formula with described criteria and eligibility conditions:

a. an employee who has a 2021-2022 Academic Year annual salary that is less than \$79,000 (“AY Salary”), AND;

For the University



Alex Landback  
Chief Negotiator

Date 06/30/2022

For the UFF



Patrick Luck  
Chief Negotiator

Date 06/30/2022

- 1                                   **b.**     who was hired on or before March 1, 2022, AND;
- 2                                   **c.**     who received a “Meets Expectations (-)” rating or above,
- 3                                   **d.**     will receive an additional salary adjustment that is equal to
- 4   **(\$79,000-AY Salary)\*(4%/23000).**<sup>2</sup>
- 5                                   **(4)**    This increase is cumulative to the salary increase described in (a).
- 6                   **(d)**    The salary increases as described will be effective upon ratification and will be
- 7                                   implemented by, or retroactive to, the pay period that begins Tuesday, August 16,
- 8                                   2022.
- 9                   **(e)**    Annual salary increases for 2023-2024 are to be determined and will be reopened
- 10                                  for negotiation as described in Article 26.


**12.3 Other Increases (OI).** The University BOT may provide annual OIs up to one percent (1.0%) of the total salary rate of the bargaining-unit.

- 13                   **(a)**    OIs may be granted at any time at any time in the following circumstances:
- 14                                   **(1)**    In response to verified written offers of outside employment;
- 15                                   **(2)**    As recognition for special achievements and/or exceptional merit, including,
- 16   but not limited to, awards from national or international
- 17   academic/professional community or funding agencies;
- 18                                   **(3)**    To address compression and inversion;
- 19                                   **(4)**    For equity and market equity considerations;
- 20                   **(b)**    No other OIs shall be provided unless negotiated with UFF and ratified by both
- 21                                  parties.
- 22                   **(c)**    The University shall notify the UFF annually of OI. In this notification, the
- 23                                  University will specify which applicable circumstance(s) from 12.3(a) (1)-(4)
- 24                                  justified the increase.

**12.4 University Awards.**

- 26                   **(a)**    The University may provide a competitive annual Employee awards program to
- 27                                  acknowledge and celebrate the efforts of Employees for their contribution in
- 28                                  making the University a world-class leader in science, technology, engineering and

<sup>2</sup> For example: Employee with AY Salary of \$56,000 will receive a 4.00% raise; Employee with AY Salary of \$67,5000 will receive a 2.00% raise; Employee with AY Salary of \$79,000 will receive a 0.00% raise.

For the University  
  
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 Alex Landback  
 Chief Negotiator

For the UFF  
*Patrick Luck*  
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 Patrick Luck  
 Chief Negotiator

Date 06/30/2022

Date 06/30/2022

- 1 math (STEM) education.
- 2 (b) Awards that have a monetary component must be awarded as the result of a
- 3 competitive process open to all Employees covered by this contract. The process
- 4 and criteria for the award must be clearly defined and shared with all eligible
- 5 Employees.
- 6 (c) The total pool for competitive awards for bargaining unit members will not exceed
- 7 \$5,000.

8 **12.5 Promotion Increases.**

- 9 (a) A bargaining-unit member who receives a promotion utilizing the promotion
- 10 procedures in this collective bargaining agreement shall receive the base-salary
- 11 increase shown below, effective August 15 following the academic year in which
- 12 the successful review takes place.
- 13 (1) A professor or instructor who is promoted will receive a base salary increase
- 14 of 10% or an increase to a minimum of 85% of median target salary (for
- 15 Associate Professors) or 82% (for Professors), whichever is greater.
- 16 (2) An Assistant Librarian or Wellness Counselor who is promoted will receive
- 17 a base salary increase of 9%.
- 18 (b) Median target salary noted in 12.5(a) is the median salary provided by College and
- 19 University Professional Association (CUPA) for the rank and field for the
- 20 individual using the following target universities, when they participate in the
- 21 salary survey, as comparators:

- 22 (1) **List 1** (*Preferred Group used whenever possible*): Alfred University,
- 23 Kettering University, Rose-Hulman Institute of Technology, South Dakota
- 24 School of Mines, University of Alaska Southeast, University of Central
- 25 Florida, University of South Florida, Clarkson University, Colorado School
- 26 of Mines, Franklin W. Olin College of Engineering, Illinois Institute of
- 27 Technology, Oregon Institute of Technology, Rochester Institute of
- 28 Technology.
- 29 (2) **List 2** (*Alternative list used when there is insufficient data in List 1*): this
- 30 will include all List 1 schools plus Bucknell University, California
- 31 Polytechnic University – San Luis Obispo, California State Polytechnic
- 32 University – Pomona, California State University – Los Angeles, Embry
- 33 Riddle Aeronautical University – Prescott campus, Florida Institute of
- 34 Technology, Gonzaga, Harvey Mudd, Lafayette, Loyola Marymount

For the University



Alex Landback  
Chief Negotiator

For the UFF



Patrick Luck  
Chief Negotiator

Date 06/30/2022

Date 06/30/2022

University Milwaukee School of Engineering, New Mexico Institute of Mining and Technology, Oregon Institute of Technology, Rowan University, San Jose State University, Stevens Institute of Technology, University of Alaska Southeast, University of San Diego, Valparaiso University.

(3) If List 2 does not provide sufficient data, the University will use all institutions that report to CUPA.

(c) Instructor Salary data is not of high quality in CUPA and the median value will be by relevant field and set at 88% of the corresponding Assistant Professor Salary.

(d) The median target salary will be updated at least annually.

**12.6 Legislatively Mandated Increases.** Any additional legislatively mandated increases shall be implemented following the corresponding law and do not conflict with this agreement.

**12.7 Salary floors.**

(a) The salary floors for all bargaining-unit members will be:

- (1) 90% for the instructor rank,
- (2) 87% for the Assistant Professor Rank,
- (3) 85% for the Associate Professor Rank, and
- (4) 82% for the Professor Rank

of the median salary (parity level) for comparable roles and comparable ranks in the target salary for peer institutions (see 12.5(b)). The median salary will be updated at least annually.

(b) Upon request, the university will provide UFF with a report that includes the salary floors determined for the previous academic year according to the process laid out in 12.5(b) and 12.7(a) for each position within the bargaining unit and filled by an in-unit employee.

**12.8 Starting Salary.** All bargaining-unit positions will be hired at a starting salary commensurate with their experience. It is expected that those salaries will typically be within 15% of employees within that unit at a similar rank and/or experience level. In exceptional cases, bargaining-unit positions may be hired at a salary above that range contingent on extraordinary experience and extramural funding.

**12.9 Grievability.** The only issues to be addressed in a grievance filed pursuant to this Agreement (Article 11) alleging violation of this Article are whether there is unlawful

For the University



Alex Landback  
Chief Negotiator

Date 06/30/2022

For the UFF



Patrick Luck  
Chief Negotiator

Date 06/30/2022

1 discrimination pursuant to state or federal law, or whether there is an arbitrary and  
2 capricious application of the provisions of one or more sections of this Article.

3 **12.10 Increases Contingent on Receipt of New Recurring/Non-Recurring Funds.** Unless the  
4 University chooses to fund the increases, and in the event the University does not receive  
5 sufficient new legislative or performance funding to fund the salary increases, they shall  
6 become void and re-opened for negotiations by the parties.

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For the University



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Alex Landback  
Chief Negotiator

Date 06/30/2022

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For the UFF



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Patrick Luck  
Chief Negotiator

Date 06/30/2022

**ARTICLE 12  
SALARIES**

(AMENDED MMMM 2022)

**12.1 Policy.** The parties of this Agreement recognize the importance of providing appropriate compensation as an essential component in the delivery of quality higher education programs and quality scholarship that is recognized nationally and internationally.

**12.2 Annual Salary Increases.**

(a) For ~~each of~~ the review periods of ~~2019-2020 and 2020-2021-2022~~ in which an evaluation was received, the employee will receive the salary ~~increase~~~~raise~~ listed in the table below:

<u>Evaluation Rating</u>	<u>Increase</u>
<del>Unsatisfactory</del>	<del>0.00%</del>
<del>Needs Improvement</del>	<del>0.00%</del>
<del>Meets Expectation</del>	<del>1.95%</del>
<del>Exceeds Expectations</del>	<del>2.17%</del>
<del>Exemplary</del>	<del>2.37%</del>

~~(b) The salary increases described in the table above are cumulative for the review periods of 2019-2020 and 2020-2021 and will be calculated in an additive manner.<sup>†</sup>~~

<u>Evaluation Rating</u>	<u>Increase</u>
<u>Deficient</u>	<u>0.00%</u>
<u>Needs Improvement</u>	<u>0.00%</u>
<u>Meets Expectations (-)</u>	<u>4.125%</u>
<u>Meets Expectations</u>	<u>4.125%</u>
<u>Meets Expectations (+)</u>	<u>4.125%</u>
<u>Exceeds Expectations</u>	<u>4.375%</u>
<u>Exemplary</u>	<u>4.625%</u>

<sup>†</sup>For example, an employee that received “Meets Expectations” in 2019-2020 and “Meets Expectations” in 2020-2021 will receive a total salary increase of 3.9%. If an employee only received an evaluation rating in 2020-21, their salary increase will be limited to the value listed in the table above.

For the University

For the UFF

Alex Landback  
Chief Negotiator

Patrick Luck  
Chief Negotiator

Date \_\_\_\_\_

Date \_\_\_\_\_

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(b) Employees who were hired after August 16, 2021, but before February 15, 2022, and did not receive a performance evaluation for 2021-2022, will receive a salary increase of 3.094% (75% of Meets Expectations).

(c) Scaled Salary Adjustment.

(1) All eligible employees whose 2021-2022 Academic Year annual salaries are within the bottom quartile of all salaries for in-unit employees will receive a scaled salary adjustment.

(2) This adjustment is gradually scaled from 0% for the individual at the top of the quartile described to 4% for the individual at the bottom.

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a. an employee who has a 2021-2022 Academic Year annual salary that is less than \$79,000 (“AY Salary”), AND;

b. who was hired on or before March 1, 2022, AND;

c. who received a “Meets Expectations (-)” rating or above,

d. will receive an additional salary adjustment that is equal to  $(\$79,000 - AY\ Salary) * (4\% / 23000)$ .<sup>2</sup>

(4) This increase is cumulative to the salary increase described in (a).

~~(e)(d)~~ The salary increases as described will be effective upon ratification ~~of this agreement~~ and will be implemented by, or retroactive to, the pay period that begins ~~Monday~~ Tuesday, August 16, ~~2021~~ 2022.

~~(d)(e)~~ Annual salary increases for ~~2022-2023 and~~ 2023-2024 are to be determined and will be reopened for negotiation ~~annually~~ as described in Article 26.

**12.3 Other Increases (OI).** The University BOT may provide annual OIs up to one percent (1.0%) of the total salary rate of the bargaining-unit.

**(a)** OIs may be granted at any time at any time in the following circumstances:

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<sup>2</sup> For example: Employee with AY Salary of \$56,000 will receive a 4.00% raise; Employee with AY Salary of \$67,500 will receive a 2.00% raise; Employee with AY Salary of \$79,000 will receive a 0.00% raise.

For the University

For the UFF

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Alex Landback  
Chief Negotiator

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Patrick Luck  
Chief Negotiator

Date \_\_\_\_\_

Date \_\_\_\_\_



- 1           (1) In response to verified written offers of outside employment;
- 2           (2) As recognition for special achievements and/or exceptional merit, including,
- 3                 but not limited to, awards from national or international
- 4                 academic/professional community or funding agencies;
- 5           (3) To address compression and inversion;
- 6           (4) For equity and market equity considerations;
- 7       (b) No other OIs shall be provided unless negotiated with UFF and ratified by both
- 8                 parties.
- 9       (c) The University shall notify the UFF annually of OI. In this notification, the
- 10                University will specify which applicable circumstance(s) from 12.3(a) (1)-(4)
- 11                justified the increase.

12 **12.4 University Awards.**

- 13       (a) The University may provide a competitive annual Employee awards program to
- 14                acknowledge and celebrate the efforts of Employees for their contribution in
- 15                making the University a world-class leader in science, technology, engineering and
- 16                math (STEM) education.
- 17       (b) Awards that have a monetary component must be awarded as the result of a
- 18                competitive process open to all Employees covered by this contract. The process
- 19                and criteria for the award must be clearly defined and shared with all eligible
- 20                Employees.
- 21       (c) The total pool for competitive awards for bargaining unit members will not exceed
- 22                \$5,000.

23 **12.5 Promotion Increases.**

- 24       (a) A bargaining-unit member who receives a promotion utilizing the promotion
- 25                procedures in this collective bargaining agreement shall receive the base-salary
- 26                increase shown below, effective August 15 following the academic year in which
- 27                the successful review takes place.
- 28           (1) A professor or instructor who is promoted will receive a base salary increase
- 29                of 10% or an increase to a minimum of 85% of median target salary (for
- 30                Associate Professors) or 82% (for Professors), whichever is greater.
- 31           (2) An Assistant Librarian or Wellness Counselor who is promoted will receive
- 32                a base salary increase of 9%.

For the University

For the UFF

Alex Landback  
Chief Negotiator

Patrick Luck  
Chief Negotiator

Date \_\_\_\_\_

Date \_\_\_\_\_

1 (b) Median target salary noted in 12.5(a) is the median salary provided by College and  
2 University Professional Association (CUPA) for the rank and field for the  
3 individual using the following target universities, when they participate in the  
4 salary survey, as comparators:

5 (1) **List 1** (*Preferred Group used whenever possible*): Alfred University,  
6 Kettering University, Rose-Hulman Institute of Technology, South Dakota  
7 School of Mines, University of Alaska Southeast, University of Central  
8 Florida, University of South Florida, Clarkson University, Colorado School  
9 of Mines, Franklin W. Olin College of Engineering, Illinois Institute of  
10 Technology, Oregon Institute of Technology, Rochester Institute of  
11 Technology.

12 (2) **List 2** (*Alternative list used when there is insufficient data in List 1*): this  
13 will include all List 1 schools plus Bucknell University, California  
14 Polytechnic University – San Luis Obispo, California State Polytechnic  
15 University – Pomona, California State University – Los Angeles, Embry  
16 Riddle Aeronautical University – Prescott campus, Florida Institute of  
17 Technology, Gonzaga, Harvey Mudd, Lafayette, Loyola Marymount  
18 University Milwaukee School of Engineering, New Mexico Institute of  
19 Mining and Technology, Oregon Institute of Technology, Rowan  
20 University, San Jose State University, Stevens Institute of Technology,  
21 University of Alaska Southeast, University of San Diego, Valparaiso  
22 University.

23 (3) If List 2 does not provide sufficient data, the University will use all  
24 institutions that report to CUPA.

25 (c) Instructor Salary data is not of high quality in CUPA and the median value will be  
26 by relevant field and set at 88% of the corresponding Assistant Professor Salary.

27 (d) The median target salary will be updated at least annually.

28 **12.6 Legislatively Mandated Increases.** Any additional legislatively mandated increases shall  
29 be implemented following the corresponding law and do not conflict with this agreement.

30 **12.7 Salary floors.**

31 (a) The salary floors for all bargaining-unit members will be:

32 (1) 90% for the instructor rank,

33 (2) 87% for the Assistant Professor Rank,

34 (3) 85% for the Associate Professor Rank, and

For the University

For the UFF

\_\_\_\_\_  
Alex Landback  
Chief Negotiator

\_\_\_\_\_  
Patrick Luck  
Chief Negotiator

Date \_\_\_\_\_

Date \_\_\_\_\_

1                   **(4)**     82% for the Professor Rank  
2                   of the median salary (parity level) for comparable roles and comparable ranks in  
3                   the target salary for peer institutions (see 12.5(b)). The median salary will be  
4                   updated at least annually.

5                   **(b)**     Upon request, the university will provide UFF with a report that includes the salary  
6                   floors determined for the previous academic year according to the process laid out  
7                   in 12.5(b) and 12.7(a) for each position within the bargaining unit and filled by an  
8                   in-unit employee.

9   **12.8**   **Starting Salary.** All bargaining-unit positions will be hired at a starting salary  
10           commensurate with their experience. It is expected that those salaries will typically be  
11           within 15% of employees within that unit at a similar rank and/or experience level. In  
12           exceptional cases, bargaining-unit positions may be hired at a salary above that range  
13           contingent on extraordinary experience and extramural funding.

14   **12.9**   **Grievability.** The only issues to be addressed in a grievance filed pursuant to this  
15           Agreement (Article 11) alleging violation of this Article are whether there is unlawful  
16           discrimination pursuant to state or federal law, or whether there is an arbitrary and  
17           capricious application of the provisions of one or more sections of this Article.

18   **12.10** **Increases Contingent on Receipt of New Recurring/Non-Recurring Funds.** Unless the  
19           University chooses to fund the increases, and in the event the University does not receive  
20           sufficient new legislative or performance funding to fund the salary increases, they shall  
21           become void and re-opened for negotiations by the parties.  
22

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For the University

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For the UFF

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Alex Landback  
Chief Negotiator

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Patrick Luck  
Chief Negotiator

Date \_\_\_\_\_

Date \_\_\_\_\_

**Florida Polytechnic University  
Board of Trustees  
July 21, 2022**

**Subject: Pre-Development Agreement with Capstone Development Partners**

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**Proposed Action**

Recommend approval of the Pre-Development Agreement with Capstone Development Partners.

**Background Information**

On March 25, 2022, the University released ITN 22-022 requesting proposals from interested parties to enter into a partnership with the University in order to develop new on-campus student housing, purchase an existing student housing facility ("Phase 2 Housing"), and operate in partnership with the University, the new and pre-existing student housing in an integrated fashion. We are now at the end of the selection process and have selected Capstone Development Partners ("Capstone") to move forward with us in the development of this student housing project. The next step in the process is Board of Trustees approval of the Pre-Development Agreement ("PDA").

The PDA is used as the initial agreement between the University and Capstone to establish basic parameters of the project and the respective obligations of the two parties through financial closing. To deliver new housing ("Phase 3 Housing") as quickly as possible, the PDA will induce Capstone to front the pre-development expenses for the project (due diligence, design and construction documents, financial pro forma, legal counsel, etc.) in advance of financial close. These pre-development expenses are estimated at \$3.4 million. The University and Capstone will pursue tax-exempt bond-financing for the project, through which the University will receive 100% of the project's net cash flow.

Under the PDA, both parties agree to a fair distribution of risks and responsibilities during the preliminary development phase of the project's evolution. During the pre-development period, the PDA allocates the risks should the project 1) not be able to receive Board of Governor's approval, 2) not be able to achieve a Guaranteed Maximum Price, or 3) not be able to achieve an economically viable financial model due to market disruptions. In those events, the University would be responsible for reimbursing Capstone for expenses incurred but the University would be delivered and given ownership of the work product. These risk-sharing provisions are generally similar to what occurs and are agreed to in these agreements at other State University System institutions.

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**Supporting Documentation:** Draft Pre-Development Agreement

**Prepared by:** Dr. Allen Bottorff, Vice President and Chief Financial Officer

## PRELIMINARY DEVELOPMENT AGREEMENT

**THIS PRELIMINARY DEVELOPMENT AGREEMENT** (the “**Agreement**”) is entered into on this \_\_\_\_ day of July 2022 (the “**Execution Date**”) by and between **THE FLORIDA POLYTECHNIC UNIVERSITY BOARD OF TRUSTEES**, a public body corporate with a principal place of business located at 4700 Research Way, Lakeland, Florida, 33805 (hereinafter “**University**”) and **CAPSTONE DEVELOPMENT PARTNERS, LLC**, an Alabama limited liability company established under the laws of the State of Alabama with a principal place of business located at 402 Office Park Drive, Suite 199, Birmingham, Alabama 35223 (hereinafter “**Capstone**” or “**Developer**”) (collectively the “**Parties**”).

### RECITALS

**WHEREAS**, the University has determined that there is both the need and demand for additional student housing on the University’s campus, as well as a strategic benefit to acquiring existing on-campus student housing. The University has also determined that the provision of quality housing and related facilities for University students will help the University in its recruitment and retention of its students and make the University experience of these students more positive and rewarding. The University’s position is consistent with its mission and purpose; and

**WHEREAS**, the University has determined that an advantageous way to facilitate the procurement of new housing is to engage a qualified firm, experienced in the development, operation and maintenance of student housing and related institutional facilities, to work in collaboration with the University to explore and develop preliminary plans and budgets for the potential acquisition, development, design, financing, construction, and facility and asset management of new student residential housing facilities consisting of approximately 419 new student housing beds (Phase 3), potentially 300 additional new student beds (Phase 4), and associated common areas, amenities and improvements as well as other uses to be determined by the University and Capstone (together, the “**New Housing**”) and the acquisition of at least one of the existing student housing facilities containing approximately 542 beds (Phase 2). (collectively, the “**Project**”). The New Housing facilities will be located on sites owned by the University which are generally depicted on Exhibit A, attached hereto and made a part hereof (the “**Sites**”); and

**WHEREAS**, the construction of Phase 3 and the acquisition of Phase 2 is referred to herein as the “**Initial Project**,” and

**WHEREAS**, assuming the successful completion of Phase 3, Developer has been selected to develop Phase 4 as contemplated in the ITN, the development of which Developer is willing to proceed at the appropriate time;

**WHEREAS**, Capstone, as the developer, together with its potential capital partners, design-build team, Consultants, as hereinafter defined, and operational partner (together referred to as the “**Capstone Team**”), based on their experience in developing, financing, constructing and operating quality student housing and related facilities, have evaluated this development opportunity and believe they are ideally

qualified and well-suited to provide the required services to the University to make the Project a reality; and

**WHEREAS**, Capstone prepared and submitted to the University a development proposal, dated May 20, 2022 (the “**Proposal**”), the Cover Letter and Overview of which Proposal is attached hereto as Exhibit B along with clarification responses submitted during the best and final offer process and Capstone’s Best and Final Offer (the “**BAFO**”), which provided baseline assumptions for the Capstone Team’s efforts in the planning and due diligence phase of the Initial Project (“**PDD Phase**”). Capstone submitted a project budget in its BAFO round that outlined anticipated project costs based on the ITN and a conceptual design; and

**WHEREAS**, Capstone presented a weighted average rental rate of \$895/month (2022\$), inclusive of utilities and furnishings, for the Initial Project in the BAFO round (“**BAFO Rental Rate**”); and

**WHEREAS**, it is the intent of the University and Capstone that the preliminary development work on the Initial Project be undertaken in two phases: first, the PDD Phase; and second, the Design and Pre-Construction Phase (the “**DPC Phase**”; the “PDD Phase” and the “DPC Phase” collectively the “**Preliminary Development Phases**”). The contemplated closing of the Initial Project Financing (the “**Financial Closing**”) will be the point of demarcation between the DPC Phase and the subsequent Construction Phase; and

**WHEREAS**, the University desires that Phase 3 be developed on a schedule that permits Phase 3 to be substantially complete no later than July 31, 2024 (the “**Target Substantial Completion Date**”); and

**WHEREAS**, the Parties acknowledge their intent, subject to the terms and provisions of this Agreement, for Capstone and the Capstone Entity (defined below), upon completion of the PDD Phase, to negotiate an agreement related to the completion of the financing, development, entitlement, design, and construction of Phase 3 (the “**Development and Construction Management Agreement**”) to be executed by the Parties not later than Financial Closing, as hereinafter defined;

**WHEREAS**, the Parties further acknowledge that the University may structure the Project and the financing plan, subject to the successful completion of the Preliminary Development Phases, as a public-private partnership, by entering into a ground lease agreement (the “**Ground Lease**”) at Financial Closing for the development of the Initial Project, with a qualified 501(c)(3) non-profit owner, either affiliated with the University or unaffiliated, (“**NFP Owner**”) (the “NFP Owner” as ground lessee, referred to hereinafter as the “**Owner**”); and

**WHEREAS**, the Parties also acknowledge that Capstone Management Partners, LLC, a subsidiary of Capstone, will provide services and support during the DPC Phase, and will also enter into an agreement no later than at Financial Closing with the Owner, for the provision of facility maintenance and asset management of the Initial Project, and other operational services mutually agreed upon by the Parties (the “**Facilities Operation and Services Agreement**”); and

**WHEREAS**, the Parties also acknowledge their intent for the University and Owner to enter into the agreements necessary to document the various relationships of the Parties prior to Financial Closing, which are expected to include the Ground Lease ; the Development and Construction Management

Agreement Construction Management Agreement” and the “Facilities Operation and Services Agreement” referred to collectively herein as the “**Definitive Agreements**”); and

**WHEREAS**, during the term of this Agreement, Capstone will provide, perform or procure certain preliminary development services (“**Preliminary Development Services**”) as more fully described herein, and the Parties agree that the Preliminary Development Expenses (hereafter defined) that Capstone incurs in the provision of such Preliminary Development Services, will be subject to reimbursement to Capstone as and when set forth herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements set forth herein, in accordance with the declarations and definitions above, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

**1. Project Proposal and Preliminary Development Activities Generally.** To the extent that the Proposal conflicts with terms or concepts presented in the BAFO, the BAFO shall supersede the Proposal.

Both Capstone and University agree to pursue all preliminary development work in cooperation with one another, in good faith and in a commercially reasonable manner, with input and support to be provided by University, with the mutual goals that this work will facilitate (i) substantial completion of the Initial Project to be achieved by August 15, 2024 (“Contractual Substantial Completion Date”), and (ii) a total Project budget that maintains affordability and adheres to the Project vision as set forth in the ITN and the BAFO and Proposal, and (iii) the financial closing for the Initial Project (the “**Financial Closing**”) on or prior to March 17, 2023 (the “**Financial Closing Deadline**”).

University and Developer must establish a baseline of expected project financials tied to the BAFO and accepted by University. The University and Capstone acknowledge that the BAFO identified a gap between the proposed project budget and the economic viability of the Initial Project (“Economic Viability Gap or “Gap”) requiring the University and Capstone to work cooperatively to close this Gap prior to the expenditure of significant funds during the PDD Phase and any subsequent Gap arising during the Preliminary Development Phases.. University and Capstone, in partnership, will identify all scope changes (design, financial, operational or otherwise), that impact the Project Budget and/or the Project operating expenses through regular weekly collaboration and Project work sessions led by Capstone, which should include timely information sufficient to clearly understand the financial impact, marketability impact, and quality/longevity impact to Phase 3. These decisions will be mutually made before changes are integrated into design, or formalized within one or more of the Definitive Agreements, as long as the collective impact of said scope changes remains within the agreed upon BAFO Rental Rate; provided, however, that the BAFO Rental Rate shall be adjusted (i) upon the mutual agreement of the Parties, and (b) if, after all other agreeable levers are pulled, as is necessary to achieve Economic Viability, as hereinafter defined. Such agreed upon project budget shall become the overall budget for the development of the Initial Project (the “**Development Budget**”), which Development Budget, when approved by the Parties as documented by the signature of the Designated Representative of each Party, shall be attached hereto as Exhibit F.

During the process of developing the Development Budget, the University shall have approval rights, not to be unreasonably withheld, conditioned or delayed, regarding material changes to the plans and specifications for Phase 3, only to the extent such changes affect the (i) the exterior building elevations and connections, (ii) exterior building design, materials and color, (iii) public realm improvements, (iv)

exterior lighting, (v) substitution of specified materials with any materials that are not of equal or greater quality and functionality (with greater latitude granted to Developer for material or product substitutions demonstrably necessary to overcome delays in the availability of specified materials or products), (vi) substitution of specified furniture, fixtures and equipment (“FF&E”) with any FF&E that are not of equal or greater quality and functionality (with greater latitude granted to Developer for material or product substitutions demonstrably necessary to overcome delays in the availability of specified materials or products), (vii) a structural change or change to the specifications for the major mechanical systems as set forth in the plans and specifications (with greater latitude granted to Developer for structural or system substitutions demonstrably necessary to overcome delays in the availability of specified materials or products, or to address cost escalations that adversely impact the Economic Viability or finance-ability of the Initial Project), (viii) building entrances, lobbies and other elements of the building that are visible from the exterior thereof, or (ix) number or layout of residential units in Phase 3; excluding, however, any changes required to comply with applicable laws or to comply with requests or requirements of governmental or quasi-governmental authorities. To the extent that specifications do not already exist with respect to the items in (i)-(ix) above, the University has initial approval rights with respect such items.

In light of the compressed schedule for design and construction of Phase 3, the Parties acknowledge and agree that the University’s approvals of each of items (i) through (ix) above shall occur in accordance with the approval schedule attached hereto as Exhibit G (the “**Design Approval Schedule**”) which schedule shall be adjusted by the actual date of submission by Developer; and the University shall not have the authority to require changes to such items following the granting of the University’s approval, unless expressly agreed to by Developer in its sole discretion. In the event that the University does not grant or deny approval for any item included in (i) through (ix) above within the timeframes designated in the Design Approval Schedule, the University shall be deemed to have granted its approval to such items.

The Parties further agree to collaborate on the creation, during the Schematic Design and Design Development Phases, of a list of mutually acceptable Value Engineering and Deduct Alternate design, material, product or construction options that may be incorporated to the extent necessary to achieve or maintain the Economic Viability and finance-ability of the Initial Project. The Parties will create a similar list of Add Alternate Upgrades that might be incorporated by mutual agreement if it is ultimately determined by the Developer that there is room in the Development Budget for any of the Add Alternate Upgrades. For purposes of this Agreement, “**Economic Viability**” shall exist if the pro forma operating model for the Initial Project reflects a debt service coverage ratio of at least 1.20 beginning in the first stabilized year of operations, and the bond underwriter determines that the Initial Project is finance-able.

Capstone retained the services of a qualified, experienced design-build team – Clancy & Theys (the “**Design-Builder**”) and Design-Collective, Inc. and the Lunz Group (the “**Architects**”), to work with Capstone on the provision of the Preliminary Development Services, and on the design and construction of Phase 3.

**2. Preliminary Development Services.** Capstone shall perform the following Preliminary Development Services during the Preliminary Development Phases:



- A. Selecting, contracting with, and supervising the team of design, engineering, and other professionals (“**Consultants**”) necessary for the planning, engineering, feasibility studies, design, and financing of the Project. By entering into this Agreement with Capstone, the University has accepted the members of the Capstone Team, including the Design-Builder, Architects, and Consultants retained by Capstone which are listed on Exhibit E. Capstone shall notify the University of any additional Consultants, including civil engineer, structural engineer, mechanical, electrical, and plumbing engineer, and any specialty sub-consultants to be utilized by Capstone in connection with the Preliminary Development Services. The costs associated with the work to be performed by the Consultants shall be included in the Development Budget.
- B. Providing ongoing evaluation of the Initial Project, and the Development Budget, along with a pro forma financial model (“Pro Forma”), which forecasts the economics of the Project assuming development and operating expenses and finance-related costs projected in good faith and based on Capstone’s historical experience, including detailed assumptions for the Initial Project advanced during the Preliminary Development Phases.. This evaluation will include, but not be limited to, ongoing analysis of student housing market demand, site constraints, soft and hard costs, development and finance-related costs, and schedule milestones related to the development, design and construction of the Project. The University will furnish, without representation or warranty, information, surveys, reports, and other relevant materials in the University’s possession related to the Project or the Sites or otherwise reasonably required for the performance of the Preliminary Development Services. As part of the Preliminary Predevelopment Services, the Capstone Team will assist the University in producing such materials as are reasonably requested for submission to the State University System and any other applicable state bodies in order to obtain the required approvals for the Initial Project.
- C. Coordinating the production and furnishing of architectural and engineering plans, specifications, drawings, documents, reports, surveys, renderings, exhibits, models, prints, photographs, and other materials, as required in connection with the Preliminary Development Services (collectively, the “**Design Plans and Specifications**”).
- D. Commissioning of a Facility Condition Assessment for Phase 2 and analyzing the capital reserves available for future capital renewal needs (repairs or replacements).
- E. Submitting periodic updates -- to the Design Plans and Specifications, the Development Budget, the Project Schedule, Pro-forma, and any other information necessary to complete the Preliminary Development Services -- to University for its review, evaluation and approval.
- F. Performing, with the active involvement of the Design-Build Team, ongoing construction cost estimating throughout the period of the Preliminary Development Phases, based on and inclusive of any changes in the design agreed upon by the University and Capstone, and ultimately submitting a final projected Development Budget to the University for its approval, such approval not to be unreasonably withheld;
- G. Identifying all permits and approvals necessary for completion of the Initial Project, including any necessary zoning, entitlements or other governmental permits or approvals from any agencies or authorities having jurisdiction thereof for the development and construction of the Initial Project (collectively, the “**Approvals**”), and providing the University a schedule setting forth the anticipated

timing for obtaining, or causing to be obtained, in the name of the University, the Owner, or the Developer, as appropriate, all Approvals necessary to construct the Phase 3.

H. In collaboration with the University and subject to mutual agreement of the Parties, coordinating and otherwise laying the foundation for and arranging and closing the Initial Project Financing, at the end of the DPC Phase, for one hundred percent (100%) of the costs of the Initial Project utilizing a transaction structure approved by the University, in its discretion, within sixty (60) days of the commencement of the DPC Phase.

I. Capstone will exercise professional skill and judgment in the performance of the Preliminary Development Services and will make its representatives available to the University on a regular basis for in-person meetings on campus, or via telephone conference calls or tele-video conferences. The purpose of these meetings will be to transparently discuss progress, challenges, and opportunities in order that the Preliminary Development Services can continue and progress -- by mutual agreement of the Parties and in conformity with the Project Schedule, as hereinafter defined -- to and through key milestones built into that schedule, as necessary to ultimately achieve Financial Closing, in the most efficient and expeditious manner possible.

**3. Access to the Site.** The University hereby grants to Capstone a license, during the term of this Agreement, for members of the Capstone Team and its Consultants to enter upon the Site for purposes of performing the foregoing Preliminary Development Services. Such license shall automatically terminate upon any termination of this Agreement. Capstone shall not unreasonably interfere with the activities or otherwise impede the quiet use and enjoyment of the Site by the University in its exercise of this license. Unless otherwise agreed to by the Parties, the University shall take responsibility for commissioning and paying for the environmental and geotechnical testing of the Site, with collaboration from the Capstone Team to inform the location and number of soil borings needed. If the Initial Project goes forward, the cost of these studies will be reimbursed to the University out of the proceeds of the Initial Project Financing. Capstone shall commission an initial boundary and topographical survey of the Site and shall be permitted to perform reasonable and customary inspections or sampling of soils, water, air or other materials, for analytical evaluation of the suitability of the Site for the contemplated Project. To the extent Capstone commissions and pays for these studies initially, these costs shall be reimbursable to Capstone as a Reimbursable Preliminary Development Expense in accordance with the terms of this Agreement or of the Definitive Agreements, if and as applicable. To the extent that Capstone or its Consultants cause any damage to the Sites or any adjoining property, Capstone shall promptly cause the restoration and/or repair of same, to the condition existing before such damage, at its sole cost; provided, however, that unless such damage was caused or exacerbated by any negligent act or omission of Capstone or its Consultants, the costs and expenses incurred by Capstone for such restoration or repair shall be reimbursable to Capstone as a Reimbursable Preliminary Development Expense in accordance with this Agreement. Capstone's obligation to restore and repair the Site shall survive the termination of this Agreement.

In the event that existing site or subsurface conditions for Phase 3, as evidenced by the results of the survey or geotechnical reports, cause a materially negative impact to either the Project Schedule or the Development Budget, the Parties will work together to negotiate mutually agreed upon, appropriate adjustments to the Project Schedule, which shall include adjusting the date of substantial completion of

Phase 3 to July 15, 2025 or such later date as is mutually agreed upon by the Parties, and the Development Budget.

#### **4. Feasibility Standard.**

A. The Parties acknowledge and agree that each of the following factors and objectives shall be taken into consideration and balanced in connection with the planning and ultimate development and operation of the Project: (i) the quality of the facilities to be developed and operated, to assure a quality residential experience for student tenants, (ii) the maintenance of financial accessibility (affordability) to students, (iii) the achievement of a mutually agreeable plan of finance that reflects the requisite Debt Service Coverage Ratio (“**DSCR**”), regardless of whether a tax-exempt debt financing structure is utilized or another debt-based P3 financing structure is utilized, without requiring any financial payments from the University except for the provision of the Site for Phase 3, via ground lease, (iv) the provision of a safe and positive residential, social, and academic environment, (v) the assurance that the facilities are well-maintained and operated throughout the term of the Ground Lease, (vi) the compliance with applicable University policies and procedures, (vii) the University’s reputation among prospective and current students, faculty and staff within the campus and Lakeland community, (viii) the useful life of Phase 3 and (ix) the desire to obtain favorable balance sheet and credit treatment from the University’s auditor and/or rating agency(ies). A disciplined, balanced and prudent approach to the development and operation of the Initial Project that considers the above-listed factors and meets the Parties’ shared goals for the Initial Project, including those outlined in this paragraph, is important to the Parties. Accordingly, the Development Budget, together with the agreed upon scope and quality of the Project, and the responsibilities of the Parties under this Agreement and the Definitive Agreements, are to be conscientiously followed by the Parties as guiding parameters for their collaborative decision-making during the development and operation of the Initial Project. All of the foregoing goals, agreements, parameters, principles, and standards are collectively referred to as the “**Feasibility Standard**”.

B. Except as may otherwise be expressly required by the terms of this Agreement, neither Party will be able to force the other Party to accept either lesser or expanded scope or quality, or higher than budgeted costs, without appropriate adjustments to the Development Budget and Project Schedule to maintain this mutually desired balance, to which the Parties are committed.

C. The Parties will also pursue the planning and design of the Initial Project so that it meets the Feasibility Standard in order to obtain approval from the relevant agencies of the State of Florida, including the State University System Board of Governors (the “**BOG**”). To the extent the BOG has issued regulations specifying or influencing the Project terms or characteristics required for its approval, such terms or characteristics shall be incorporated into the Feasibility Standard.

**5. Property Taxes.** The Parties agree and acknowledge that qualifying the Project for immunity or exemption from ad valorem property taxes and sales taxes will be very beneficial to the Project economics, particularly to goal of rental rate affordability shared by the Parties. Accordingly, the Parties pledge to work together in good faith to qualify the Project for such immunity or exemption. If achieving immunity or qualifying the Project for property tax exemption proves infeasible, the Parties agree to work together to evaluate the feasibility of, and potentially pursue agreements with the applicable taxing authorities that allow for a payment in lieu of taxes (“**PILOT**”). In any case, the Parties acknowledge that the Project

economics, including the rental rates, will be impacted and subject to adjustment depending on whether the Project is immune or exempt from property and/or sales taxes, or subject to a PILOT.

**6. Designated Representative of Each Party.** The Parties agree that in order to facilitate an efficient working relationship throughout the Preliminary Development Phases, Dr. Allen Bottorff will serve as the designated representative of and “point person” for the University, and Walker May, Executive Vice President of Capstone, will serve as the designated representative of and “point person” for Capstone. Other members of the University and Developer teams will be actively involved in the process, but for clarity and efficiency, the Parties agree that all official Initial Project-related communication should flow through these designated representatives (the “**Designated Representatives**”).

**7. Commitment of Confidentiality, Exclusivity, and Good Faith.** This Agreement, by and between the Parties, is intended to manifest the commitment of the Parties to one another and to the development of the Project, subject to mutual consent, and to evidence their promise to work together exclusively, confidentially (to the extent permitted by law), and in good faith, to plan and prepare for the development of a successful Project.

**8. Development and Construction Schedule.** Capstone has developed a preliminary project schedule (the “**Project Schedule**”) attached as Exhibit C, which reflects the timeframes allocated for the completion of each phase of work to assure the timely completion and delivery of the Project. Capstone will periodically update the Project Schedule and submit the same to the University for approval. The Parties contemplate and will work collaboratively and in good faith to achieve substantial completion of Phase 3 for student occupancy (including receipt of a certificate of occupancy) by August 15, 2024 (the “**Phase 3 Delivery Date**”), as such date may be adjusted by the mutual agreement of the Parties during the Preliminary Development Phases, and finalized on or before the date of Financial Closing. The Parties recognize that occupancy of Phase 3 by the mutually agreed upon Phase 3 Delivery Date will require collaboration and timely decisions by the Parties regarding entitlements, permits, design, construction, transaction, and finance-related issues and objectives. In order to meet the Phase 3 Delivery Date, Capstone and the University agree to work diligently, proactively and cooperatively to complete the Preliminary Development Phases in adherence with the milestones mutually established and set forth in the Project Schedule, as same may be adjusted from time to time by mutual agreement of the Parties. The Parties agree that the preliminary Project Schedule constitutes nonbinding progress goals; however, in the Development and Construction Management Agreement to be executed at Financial Closing, Capstone will commit to substantially completing the Initial Project by the Phase 3 Delivery Date set forth in the then-mutually approved Project Schedule, and will be obligated to undertake any agreed upon mitigation measures set forth in the Definitive Agreements, in the event that it fails to do so.

**9. Preliminary Development Expenses.**

A. The Parties recognize that Capstone will expend money to pay non-affiliated third parties in good faith and in furtherance of its work during the Preliminary Development Phases of the Initial Project in an effort to complete the Preliminary Development Services and to achieve the closing of the Initial Project financing in accordance with the preliminary Project Schedule. Such expenses will or may include, but will not necessarily be limited to, expenditures for environmental and geotechnical studies (unless these are undertaken and paid for by the University); architectural and engineering analyses and preliminary design of plans and specifications; permits and licenses; market/housing demand studies, various

administrative and finance-related advisory fees; as well as those other reasonable fees and expenses (such as for travel and lodging) that are customarily incurred in furtherance of preliminary development work of this nature (collectively, the “**Preliminary Development Expenses**”, or “**PDE’s**”). The preliminary budget, attached hereto as Exhibit D, includes an initial, good faith budget for the Preliminary Development Expenses, broken down by month of expenditure and line item, and the Developer Overhead and Fee. This preliminary budget, as updated based on the mutual agreement of the Parties, shall be referred to herein as the “**Preliminary Development Expense Budget**”. For the avoidance of doubt, Preliminary Development Expenses shall exclude any internal costs of Capstone such as salaries, benefits, and general corporate overhead. Capstone shall exert commercially reasonable efforts to manage all of its Preliminary Development Expenses to stay within the Preliminary Development Expense Budget. Upon request, Capstone shall provide the University with updates of all Preliminary Development Expenses expended (actual against budgeted) no less frequently than monthly. The Parties agree that to the extent the Project Schedule is modified to extend the Phase 3 Delivery Date, the Development Budget and the Preliminary Development Expense Budget will be adjusted to reflect any additional costs that will be incurred as a result of such extension, including a proportional increase in the Developer Overhead and Fee.

## **10. Term and Termination.**

A. **Term of the Agreement.** The term of this Agreement shall commence upon the Execution Date and, subject to the other terms of this Agreement, shall terminate upon the earlier to occur of the following: (i) termination by either Party for cause, (ii) termination pursuant to Section 10(C) hereof, or (iii) termination at Financial Closing and upon the execution of a Development and Construction Management Agreement.

### **B. Termination for Cause by either Party.**

(i) Either Party may terminate this Agreement for cause if the other breaches this Agreement and fails to make diligent and good faith efforts to initiate the cure of such breach within thirty (30) days (or more, if agreed upon in writing by the non-breaching party), after receipt of a notice from the non-breaching party specifying such breach. It will not be a breach of this Agreement if either party is unable to perform, and such failure to perform is caused by acts or material omissions of the other, or by causes or conditions beyond the control of either Party, including but not limited to the inability of the Parties to agree to a workable financing strategy, or if adverse market conditions or other uncontrollable or unforeseeable conditions occur or are present which prevent the Parties from achieving Financial Closing, as further addressed in Section 10(C) below.

(ii) In the event that the University terminates this Agreement for cause, the University shall have no obligation to reimburse or pay Developer for any Reimbursable Preliminary Development Expenses or Developer Overhead and Fee; provided, however that the University may elect to purchase the Work Product in exchange for payment to Developer of fifty percent (50%) of the Reimbursable Preliminary Development Expenses, and Capstone shall assign to the University all right, title and interest of Capstone in and to the Work Product to the University. Notwithstanding the foregoing, if the University terminates this Agreement pursuant to this Section 10(B) for any reason other than as a result of Work Product that is defective or otherwise does not meet the requirements set forth pursuant to this Agreement, and the University closes on financing for construction of a substantially similar project within the thirty-

six (36) month period following the effective date of the termination of this Agreement, then University shall reimburse Developer for the other fifty percent (50%) of the Reimbursable Preliminary Development Expenses in accordance with the Preliminary Development Expense Budget, with such payment being made within forty-five (45) days after the closing of the financing for the similar project.

**C. Other Termination Events.**

(i) Either Party may terminate this Agreement upon the occurrence of any of the following events:

(a) in the event that Financial Closing has not occurred through no fault of either Party by the close of business on the Financial Closing Deadline and Capstone and University; working in good faith, have not mutually agreed to a workable financing strategy for the Initial Project, this Agreement shall terminate as of the date which is the earlier of Financial Closing for the Initial Project or close of business on June 30, 2024.

(b) in the event that the Parties, having worked in good faith and having utilized all reasonably available means and methods fail to adopt and otherwise agree to modifications to the design elements of Phase 3 that are consistent with the Developer's Proposal/BAFO) and that may be reasonably necessary to reduce the total development budget of the Initial Project to an amount that maintains affordability and adheres to the vision as set forth in the ITN and the Proposal on or before the Financial Closing Deadline. For clarity, a termination due to the failure of the Parties to achieve Financial Closing as the result of adverse market conditions or other uncontrollable or unforeseeable conditions, or the inability of the Developer to secure a GMP from a Contractor prior to Financial Closing in an amount equal to or less than the GMP contemplated in the approved Development Budget, shall be governed by this Section 10(C)(i)(b).

(c) in the event that the BOG fails to approve the Initial Project on or before the 2<sup>nd</sup> quarter of 2023 (the "BOG Approval Date"), and the Parties fail to mutually agree to an adjustment to the Project Schedule, the Development Budget and an extension of the BOG Approval Date.

(ii) In the event that either Party terminates this Agreement pursuant to Section 10(C)(i) (a) or (b) above, the University shall, within thirty (30) days of such termination:

(a) reimburse Capstone for one hundred percent (100%) of Reimbursable Preliminary Development Expenses, as defined below, and

(b) pay Developer the portion of Developer Overhead and Fee identified in the Preliminary Development Expense Budget as payable in the event of a termination pursuant to Section 10(C)(i) (a) or (b) as described in Exhibit D hereto, and Capstone shall assign to the University all right, title and interest of Capstone in and to the Work Product to the University. In the event the University undertakes to complete Phase 3 in the thirty-six (36) months following the termination of this Agreement University shall pay the remaining fifty (50) percent to Capstone upon the commencement of construction of Phase 3.

(iii) In the event that either Party terminates this Agreement pursuant to Section 10(C)(i) (c) above, the University shall, within thirty (30) days of such termination:

(a) reimburse Capstone for one hundred percent (100%) of Reimbursable Preliminary Development Expenses, as defined below, and

(b) pay Developer one hundred percent (100%) of Developer Overhead and Fee earned prior to such date of termination, in accordance with the values illustrated in the Preliminary Development Expense Budget, and Capstone shall assign to the University all right, title and interest of Capstone in and to the Work Product to the University.

(iv) University's payments to Developer pursuant to this Section 10(C) shall be Developer's sole and exclusive remedy for a termination pursuant to this section, and Developer shall be obligated to assign all Work Product to University in accordance with Section 15 hereof.

**D. Termination at Financial Closing and upon the execution of a Development and Construction Management Agreement.**

(i) In the event that the Financial Closing of the Initial Project Financing for the Initial Project shall occur, the Reimbursable Preliminary Development Expenses shall be included in the total Initial Project Development Costs and shall be reimbursed to Capstone out of closing proceeds. The University will also be entitled to recover all of its reimbursable expenses incurred in connection with the development of the Initial Project out of closing proceeds, as outlined/included in the Preliminary Development Budget

E. Capstone shall submit to the University appropriate documentation evidencing the incurrance of the Reimbursable Preliminary Development Expenses, in the form of copies of invoices, receipts, vouchers, or the like, in such form and containing such information as is reasonably necessary in order for Capstone and the University to determine that such items constitute Reimbursable Preliminary Development Expenses incurred, and appropriate for payment in accordance with the terms and conditions of this Agreement.

**"Reimbursable Preliminary Development Expenses"** are the actual Preliminary Development Expenses incurred by Capstone in good faith in pursuance of the Project, in an amount not to exceed the total estimate for Preliminary Development Expenses contained in the Preliminary Development Expense Budget last approved by the University through the applicable notice of termination date. Any expenses incurred by Capstone that are not Reimbursable Preliminary Development Expenses will not be reimbursed by the University. To the extent that actual Preliminary Development Expenses are projected during the Preliminary Development Phases to exceed the amounts budgeted in the Preliminary Development Expense Budget through such termination date, Capstone shall revise the Approved Preliminary Development Expense Budget accordingly and obtain the University's approval thereof prior to incurring such expenses.

**"Work Product"** means the drawings, documents, reports, surveys, renderings, exhibits, models, prints, and photographs, including plans and specifications, budgets and schedules prepared by or for Capstone by the members of the Capstone Team or other engaged parties, related to the development of the Project.

**11. Books and Records.** All books and records relating to this Agreement shall be maintained by Capstone in accordance with generally accepted accounting principles. The University or University's

authorized representative, at the University's expense, shall as reasonably required by the University, have access to and the right to audit and the right to copy all of Capstone's books and records directly related to the Preliminary Development Services. Capstone records related to the Preliminary Development Services shall include but not be limited to accounting records; contracts; payroll records; Consultant agreements; vendor agreements; purchase orders; original estimates; estimating work sheets; correspondence; receipts; memoranda; and any other supporting evidence deemed necessary to substantiate charges under this Agreement. All such books and records shall be preserved for a period of at least five (5) years from the date of final payment under this Agreement.

**12. Collateral Assignment Permitted.** Notwithstanding anything to the contrary set forth herein, the University agrees that Capstone may collaterally assign its rights and interests to payment of all sums due to Capstone under this Agreement, including any Developer Overhead and Fee, as security for any bona fide loan to facilitate Capstone's payment of the Preliminary Development Expenses incurred in the Project, without any need for the University's consent but with written notice to the University of its intent to assign. It is expressly understood, however, that such collateral assignee shall be under no duty whatsoever to perform or carry out any of the obligations undertaken by Capstone under this Agreement, nor entitled to any rights of Capstone under this Agreement other than the right to recover the University's express payment obligations hereunder. If Capstone collaterally assigns its rights and interest to payment of all sums due to Capstone under this Agreement, Capstone shall provide in such assignment a requirement of assignee to provide notice to the University of any default by Capstone under such assignment, and Capstone shall provide the University with notice of, and a copy of, such assignment. Should the University receive notice of any such collateral assignment by Capstone, the University agrees to promptly copy collateral assignee on any notices provided under the terms of this Agreement that the University is required to send to Capstone, specifically including but not limited to any notices of default or termination. The University agrees that in the event of a collateral assignment, the collateral assignee shall be entitled to the same notice and cure rights as are otherwise available to Capstone under this Agreement. For the avoidance of doubt, Capstone may not pledge its interest in the Work Product.

**13. Liens.** Capstone will not create or permit any liens against the Site or any other University property resulting from the performance of the Preliminary Development Services. If a lien of a Consultant is filed against the Site or any University property in the performance of the Preliminary Development Services by, on behalf of, or at the direction of Capstone, Capstone shall cause such lien to be released or (solely if approved by the University in its sole discretion) bonded over, at no cost or expense to the University. If any such lien is not discharged by the Capstone within thirty (30) days following notice by the University to Capstone, the University shall have the right to cause such lien to be discharged by any reasonable means at Capstone's cost and expense, including attorneys' fees incurred by the University. Capstone shall pay the University's invoices for such costs and expenses within thirty (30) days after receipt of invoice therefor.

**14. Legal and Regulatory Compliance.** Capstone shall perform all Preliminary Development Services and prepare documents in compliance with the applicable requirements of laws, codes, rules, regulations, and ordinances.

**15. Ownership and Use of Work Product.** Except as otherwise provided herein, the Work Product shall be and shall remain the property of Capstone until Capstone's interest in such Work Product is assigned by Capstone to the University pursuant to this Section 15. Upon the full discharge of the



University's reimbursement or payment obligations in accordance with Section 10 hereof, Capstone shall assign to the University all right, title and interest of Capstone in and to the Work Product. Upon Financial Closing, Capstone shall assign all of its right, title and interest in and to the Work Product to the Owner or any other party as reasonably necessary to facilitate the Initial Project Financing.

**16. Insurance.** Capstone, at its sole cost and expense, shall insure its activities in connection with this Agreement, and/or cause the Consultants to insure such activity, as appropriate. Capstone and each of its Consultants of any tier shall obtain, keep in force and maintain insurance as follows:

A. Comprehensive or Commercial Form General Liability Insurance (contractual liability included) naming the University as additional insured as follows: Each Occurrence \$1,000,000; Products/Completed Operations Aggregate \$1,000,000; Personal and Advertising Injury \$1,000,000; General Aggregate \$2,000,000.

B. Professional (Errors & Omissions) Liability Insurance with minimum limits of \$1,000,000 for each claim and \$1,000,000 in the aggregate, naming the University as an additional insured. Such coverage shall be required of the Architects and each Consultant hired directly or indirectly to perform professional services for this Agreement and shall include University as an indemnified party for vicarious liability caused by professional services performed for this Agreement.

C. Workers' Compensation and Employer's Liability Insurance as required by Florida law. Employer's Liability limits shall not be less than \$1,000,000 for bodily injury for each accident, \$1,000,000 bodily injury by disease each employee, and \$1,000,000 policy limit for bodily injury by disease.

All insurance required under this Section 16. shall be issued by companies licensed to do business with a Best rating of A- or better and a financial classification of VIII or better (or an equivalent rating by Standard & Poor's or Moody's), or as otherwise reasonably acceptable to the University.

**17. Indemnity.** Capstone shall indemnify, defend and hold harmless the University and its officers, agents, and employees of each of them (the "**University Indemnified Parties**") from and against all claims, losses, expenses (including reasonable attorneys' fees), damages, causes of actions and liabilities, including those for personal injury (including death) or property damage (collectively, "**Losses**"), to the extent that such Losses are caused by or are attributable to: (a) the negligence of Capstone or its Consultants in their performance of the Preliminary Development Services or in their entry onto the Site, or (b) any other act or omission of Capstone or its Consultants in connection with the Pre-Development Activities that is insured (or would be insured) under the policies of insurance required under this Agreement; but excluding in each case any Losses to the extent arising from the negligence, fraud or willful misconduct of the University Indemnified Parties. Capstone's indemnification of the University Indemnified Parties hereunder shall not be limited in any way by any limitation on insurance coverage or on the amount or type of damages, compensation, penalty or benefits payable by or for Capstone under any statutory program or scheme, including without limitation, any worker's compensation, disability benefit or other employee benefit acts. Except when specifically approved otherwise by the University in writing, Capstone shall require each of its Consultants of any tier to contractually agree in writing to indemnify the University Indemnified Parties from and against all Losses to the extent caused by or attributable to the negligence of such Consultant in the performance of its services or in its entry on to the

Site, or any other act or omission of such Consultant in connection with such services that is insured (or would be insured) under the policies of insurance required under this Agreement, but excluding in each case any Losses to the extent solely arising from the negligence, fraud or willful misconduct of the University Indemnified Parties.

**18. Notice.** All notices and demands required or allowed to be given hereunder shall be given (a) in writing and delivered by U.S. certified mail, postage prepaid, and return receipt requested, in which case notices shall be deemed delivered two (2) business days after deposit in the United States mail, (b) by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with such courier (c) sent by electronic mail, in which case notice shall be deemed delivered upon receipt of confirmation transmission of such facsimile notice or electronic mail, or (d) by personal delivery in which case notice shall be deemed delivered upon receipt. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given to the address stated in that notice:

If to the University: Florida Polytechnic University  
4700 Research Way  
Lakeland, Florida 33805  
Attn: Office of the President

With a copy to: Florida Polytechnic University  
4700 Research Way  
Lakeland, Florida 33805  
Attn: Office of the General Counsel

If to Capstone: Capstone Development Partners, LLC  
402 Office Park Drive, Suite 199  
Birmingham, Alabama 35223  
[wdavis@capstonemail.com](mailto:wdavis@capstonemail.com)

with a copy to: Tonia Christensen  
Capstone Development Partners, LLC  
402 Office Park Drive, Suite 199  
Birmingham, Alabama 35223  
[tchristensen@capstonemail.com](mailto:tchristensen@capstonemail.com)

**19. Independent Contractor.** All Preliminary Development Services performed by Capstone hereunder shall be performed as an independent contractor and not as an agent or employee of the University. Notwithstanding anything to the contrary herein, no provision hereof shall create any contractual relationship between the University and the Consultants employed by Capstone under the terms and conditions of this Agreement. As between the University and Capstone, Capstone shall be the party responsible for managing, overseeing, directing, coordinating and paying for the activities of Consultants and their personnel. Nothing contained in this Agreement shall be deemed or construed by the parties or by any third person to create a relationship of principal and agent or partnership or a joint venture between the University and Capstone or between either or both of them and any third party.

**20. Successors and Assigns.** This Agreement shall be binding upon the University and Capstone and their respective successors and assigns. Neither the performance of this Agreement nor any part thereof, nor any monies due or to become due hereunder, may be assigned by either party without the prior written consent and approval of the other. In the event that Capstone is required to assign the Work Product to the University, Capstone shall secure assignment of all of Capstone's right, title and interest in development documents to the University from its Consultants.

**21. Performance.** TIME IS OF THE ESSENCE OF THIS AGREEMENT AND OF EACH PROVISION HEREOF.

**22. Entire Agreement.** This Agreement, including the Recitals and defined terms contained therein which are incorporated herein, constitutes the entire agreement between the Parties, and may be amended or modified only in writing, executed by each Party.

**23. Due Authorization; Binding Agreement.** The Parties represent and warrant that the signatories below are duly authorized by the Party each represents to enter into this Agreement on behalf of said Party, and by their signatures do bind the Party they represent to the terms of this Agreement.

**24. Controlling Law.** This Agreement is governed by and will be interpreted and enforced under the laws of the State of Florida as though made and fully performed in Florida, without regard to its conflict of law principles. Each of the parties irrevocably consents to the exclusive jurisdiction of the courts of the State of Florida, and in particular the courts in Polk County, with respect to all matters relating to this Agreement. Each party waives any objection that it may now or hereafter have to the determination of the venue for any proceeding relating to this Agreement that such court(s) is an inconvenient forum.

**25. Counterparts.** This Agreement may be executed in one or more counterparts and by the different parties hereto under separate counterparts, any one of which need not contain the signatures of more than one party, but all of which when taken together shall constitute one and the same instrument notwithstanding that all parties have not signed the same counterpart hereof.

**26. Severability.** Nothing contained herein shall be construed as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present or future statute law, ordinance, or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but the provisions of this Agreement affected shall be limited only to the extent necessary to bring it within the requirements of such law.

[balance of page intentionally left blank]

**27. Captions, Number and Gender.** The captions appearing at the commencement of the paragraphs hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the paragraph at the head of which it appears, the paragraph and not the caption shall control and govern the construction of this document. In this Agreement, the masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others whenever the context so requires.

**CAPSTONE DEVELOPMENT  
PARTNERS, LLC**

**THE FLORIDA POLYTECHNIC  
UNIVERSITY BOARD OF TRUSTEES,  
a public body corporate**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A**  
**PROJECT SITE**



Boring Location Plan



Parking

RESIDENCE HALL I

RESIDENCE HALL II

Pool

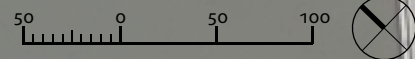
Phase 3 Site

WELLNESS CENTER

Pedestrian Promenade

Oak Grove

Student Services Building





**EXHIBIT B**

**COVER LETTER AND OVERVIEW OF PROPOSAL**



May 20, 2022

Ms. Andrea Cashell, Director of Procurement  
Florida Polytechnic University Procurement Office  
4700 Research Way, Lakeland, FL 38805

Dear Ms. Cashell, and the Florida Polytechnic University P3 Housing Developer Selection Committee:

Florida Polytechnic University ("Florida Poly") has done an excellent job in its planning, visioning and creation (with B&D guidance), of a framework for the procurement of much-needed additional housing and dining to serve its upper-division students, as well as the recapitalization and operational restructuring of Phase 2 of the existing on-campus housing, all in an effort to support Florida Poly's continued enrollment growth and the expansion of its campus facilities ("Project"). **Capstone Development Partners ("Capstone")**, is pleased and honored to be shortlisted and invited to respond to the University's ITN for the development, potential financing, and operation of this important and exciting Project. Capstone recognizes and appreciates the significant impact these new residential communities will have on the University, and on the educational experiences and personal development of thousands of Florida Poly's upper-division students over the coming decades.

Partnerships and projects like these are the reason Capstone has made on-campus student housing the focus of our business. **These opportunities inspire and motivate us to work hard, think creatively, and help craft the best housing solutions possible for each of our university partners, and for the student residents who will live and grow, academically and socially, in these communities.** Even after 30+ years in this business, we continue to find on-campus housing development both challenging and invigorating! This Florida Poly P3 Project is particularly appealing to Capstone and our 'hand-picked' design-build team as it presents an opportunity for us to (1) continue our work together in Florida, (2) improve the quality of student life at Florida Poly in a meaningful way, and (3) build a long-term, sustainable partnership with a growing, entrepreneurial STEM-focused institution poised for further growth and leadership within the State University System of Florida, the region, and nationally.

**Opportunities.** We believe in the synergy and benefits that accrue when *qualified* and motivated P3 partners align interests and collaborate effectively. *Capstone and our team are committed to transparency and to achieving the highest quality design and construction possible within mutually established rental rate affordability parameters.* With this alignment and shared commitment to quality and affordability, as P3 partners not only can we deliver two new communities of which all can be proud, but also reposition Phase 2 so that these three communities can *better* support the needs and expectations of Florida Poly students, increase the remuneration to and operational control by Florida Poly, and provide a more student-focused living-learning experience. This Project and the University's expanded and more progressive housing program will enrich the campus culture and student experience for generations to come.

As we endeavor to demonstrate to each of our university partners, Capstone and our team will be 'open book' in all facets of our work -- sharing our expertise, ideas and important lessons-learned from our P3 partnerships with 70 universities, ***including our extensive experience developing and operating P3 communities with and for FIVE (5) other institutions of the State University System of Florida ("SUS"). We will also bring our related experience with the SUS P3 and Debt Management Guidelines and our successful navigation of projects through the approval process of the Board of Governors.*** If selected, our experience and transparency will allow Florida Poly to know that its interests and goals are aligned with those of its P3 partner around the important tenets of quality, sustainability, service and affordability -- *all of which support student success and the quality of student life.*

BIRMINGHAM | DENVER

402 Office Park Dr. Ste 199, Birmingham, AL 35223



Does Florida Poly seek to be well-informed and involved in the consideration and vetting of design, construction, transaction and operational options, including the practical and financial implications of those, and wants to be sure that its P3 partner will consider and present good, better and best alternatives for every component of the Project? Further, do you want to improve student satisfaction with the on-campus student experience (specifically improving the quality of the residential units and their maintenance) by partnering with an on-campus, nationally-respected student housing developer and operator that brings an experienced team of on-campus design-build and operational professionals? **If the answer to these questions is “YES”, then Capstone and its Team are the ideal partners for Florida Poly.** Capstone and our team will make ourselves fully available so that Florida Poly officials will have the information and support needed to make sound decisions from among good, better and best options relative to design, construction, operations and asset management. This will ensure that this on-campus housing expansion **meets or exceeds** the aspirations of the University and its students in a cohesive community which will include the design, delivery and operation of:

- A safe, *affordable* home-away-from-home, with well-designed, comfortable suites and apartments;
- Appealing, functional, flexible and programmable common areas and amenity spaces;
- State-of-the-art sustainability, energy efficiency and technology features;
- Student-centric amenity/collaboration spaces meeting academic, social and ‘community-building’ needs;
- A small food service component, potentially a C-Store or ‘Grab-n-go,’ component for residents and the campus;
- A location that completes Florida Poly’s first residential quad adjacent to Phase 2 and the Wellness Center, appropriately addressing the iconic IST Building nearby.

In the pages that follow, we provide an Executive Summary of our proposal, highlighting (a) the proven, iterative and collaborative approach we will take with the Florida Poly project team during the implementation of this Project, and (b) the opportunities and challenges our teams will need to collectively address to assure the success of this Project. Beyond the Overview, we detail our team’s design, finance and operational recommendations which we hope the committee will find compelling and thoughtful.

**Challenges.** It is important to note that there are hurdles to overcome with the development of this Project -- which will make it challenging to deliver at accessible rental rates (*a key goal the Capstone team supports and shares with Florida Poly*). The Capstone team sees these challenges as ‘*opportunities for our team to excel.*’ A good bit of our work on this proposal has been to think creatively about how to devise a development, finance and operational plan that meets your goals, while overcoming these challenges to economic viability, ultimately crafting a “win-win” for the P3 partnership and the students. We look forward to working thoughtfully, creatively and transparently with you to meet these challenges!

As a final note, Capstone’s P3 communities have been recognized 3x by Student Housing Business for P3, 6x as Student Housing Project of the Year by Multifamily Executive, and earned other P3 awards including for the Village at USF. We look forward to bringing our award-winning approach to this housing initiative, and to delivering a community that will bring similar accolades to the University throughout what we hope will be a long-term, mutually beneficial partnership. We welcome your feedback to our proposal, and to taking the next steps in this procurement process. Until then, all the best!

**For and on behalf of the Capstone Team,**



L. Jeff Jones, Principal  
jjones@capstonemail.com



Walker P. May, Exec. VP  
wmay@capstonemail.com

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## Executive Summary

In developing our response to this ITN, Capstone and our team have put much of our emphasis on the following, which we consider the most important elements of our proposal to both Florida Poly and Capstone:

- Assembling and proposing the most qualified, knowledgeable, proven team possible, whose members have experience working seamlessly with university partners, on ***on-campus housing initiatives, in collaborative P3 partnerships with SUS institutions, both with Capstone and each other.***
- Crafting an attractive design-development plan, consistent with the Campus Master Plan, featuring ***architecturally contextual and sustainable buildings, and well-designed suites, apartments and common areas;***
- Establishing credible development and operating budgets and a pro forma financial model, ***based on a level of service that meets the expectations of student residents and is commensurate with comparable on-campus housing P3's,*** in order to forecast Project economics, debt-coverage ratios and achieve financial feasibility/viability; and
- Proposing two viable ownership and financing structures that meet the goals and objectives of Florida Poly as stated in the ITN, including ***preserving control over the residential experience by and maximizing cash flow to the University.*** By proposing both P3 and University-financed options, we hope this will provide optionality to allow the University to respond to the particular preferences of its Board of Trustees, the Division of Bond Finance, and the Florida SUS Board of Governors.

Capstone's response is ITN-compliant and features what we believe to be thoughtful, well-informed design, construction, and operational solutions, appropriate risk transfer to the private partner, and multiple ownership/finance options.

**Is the Capstone Team up to the challenge of helping Florida Poly craft and develop an economically viable Project?** *Absolutely.* Though the challenging market and economic climate has the ITN-compliant pro forma underwater, with effective P3 collaboration Capstone believes it is possible to overcome the economic challenge(s) and chart a path to economic viability. It will require both the University and its private partner (hopefully Capstone) to be thoughtful, disciplined and resourceful. As a national leader in on-campus development and finance structuring (*Capstone pioneered the 501c3 tax-exempt financing structure contemplated here in the late 1990's*), we have the experience to identify and help Florida Poly select from a myriad of strategies and potential economic levers that include, but are not limited to the following.

#### **Increase in Revenue**

- Increase in summer occupancy / particularly for enrolled students more so than conferences
- Increase in application fees
- If and as necessary to reach viability/ finance-ability, or annually as needed to offset unanticipated expense inflation or increases, it may be necessary to escalate rental rates above the ITN required 2.25% annual cap.

#### **Decrease in above-the-line Operating Expenses**

- Increase in sustainability to reduce utility expenses (may involve higher capital costs)
- Utilize University provided insurance through the utilization of the State of Florida insurance pool
- Subordination of a portion of the Retained Services expenses to Florida Poly (for marketing, assignments, Res Life and security services), if and as necessary, noting the University receives 100% of net operating surplus upon achieving minimum debt service coverage ratio.
- Subject to agreement by all parties, subordination of a portion of the 501c3 Owner's Fee (or possibly even eliminate by utilizing University financing)
- Subordination of a portion of utility expenses
- Subject to agreement by all parties, subordination of a portion of Capstone's management fee

#### **Reduction in Development / Capital Budget**

- Thoughtful value engineering
- Reduction in construction escalation contingency (if and as market conditions improve)
- Negotiate reduced impact fees with City and/or County (if possible and as applicable)

**Reduce surface parking contribution through parking evaluation and analysis (e.g. - former commuter spaces can now be available to on-campus residents)**



**Are there differential advantages the Capstone team offers Florida Poly?** *Absolutely. Not only does the Capstone team have the expertise and P3 track record (particularly in Florida), to meet these challenges and rise to the opportunities associated with this Project, but we will also be the most transparent and most collaborative partner for which Florida Poly could hope.*

*Additionally, our local and regional construction and design partners – Clancy & Theys, Design Collective Inc., Lunz Group, TLC Engineering, and Chastain-Skillman Engineers -- bring extensive experience from their considerable work on the campuses of other SUS institutions, with Lunz, TLC and Chastain-Skillman having direct experience working on Florida Poly’s campus. As such, our team is knowledgeable, prepared, and ready to ‘hit the ground running’ effectively and proficiently from the day we are (hopefully) selected. There will be no ‘learning curve’ for Capstone and our team, which translates to greater predictability of a successful outcome, and much less risk for Florida Poly. Most importantly, unlike the vast majority of our shortlisted competition, our development, management and design-build teams specialize in on-campus, P3 partnerships with and for institutions of higher education. As Florida Poly officials may have learned, a market-rate or off-campus development perspective and approach often does not translate to an understanding of the nuances of on-campus development and operations, or the importance of building a comprehensive, cohesive housing program with age-appropriate offerings for students as they matriculate and progress their academic careers. Capstone’s three-decade track record, and 27 years of P3 experience with over seventy (70) university partners, is a meaningful differentiation that sets us apart from our competitors.*

**How can Florida Poly be assured the Capstone Team can deliver on the University’s vision for this Project, while accepting the transfer of risk and assumption of responsibility for delivery on-schedule, at the agreed-upon level of quality, and within a cost-efficient budget that supports rental rate affordability?** We will start by drawing upon the seasoned expertise, resources and market savvy of our proven design-build team, our strong finance partner, and our university-centric facility maintenance/asset management team. The members of our Capstone team, combining the best of local, regional and national experience and capability, and their roles, are described below:



*Not only does the Capstone team have the expertise and P3 track record (particularly in Florida), to meet any Project challenges that may arise, but we will also be the most transparent and most collaborative partner for which Florida Poly could hope.*

**Capstone Development Partners (Developer)** brings two decades of successful P3 campus development experience, managing teams and leading similar partnerships and projects for 70 universities, including 7 communities for 5 SUS institutions. Known for a high level of customer service, creativity, transparency, and use of the 'developer-led design-build' structure to facilitate risk-transfer and schedule adherence, quality and affordability.

**Design Collective, Inc. (Lead Architect)** brings 30+ years of industry-leading higher-ed and student residential design experience, including two decades of successful P3 housing collaborations with Capstone. Known for its planning capabilities, exceptional design skills, strong track record of effective collaborations with universities, successful university-developer P3 partnerships, and experience on SUS campuses.

**Lunz Group (Local Architect)** has extensive design and project experience in Lakeland (and across central Florida), and has had a working relationship with Florida Poly since 2014. Capstone will rely on Lunz's valuable local knowledge and expertise -- with local entitlement and permitting agencies and processes -- to keep the Project and the permitting effort on-schedule.

**Clancy & Theys (Design-Builder)** is ranked by ENR as a top 100 CM-at-Risk Contractor and a top 100 Green Builder, and has been a valued construction partner to Capstone for 10+ years, having worked with Capstone completing 3 P3 communities together (all completed *on-time and within-budget*). With 5 offices nationally, C&T has extensive higher education experience working on complex and sustainable dining, athletic, academic, office and related facilities, including having built over 8,000 beds of student housing nationwide.

**Bank of America (underwriter)** has been the #1 senior manager for higher education transactions, having senior managed 121 financings for \$11.3 billion in par and 12.5% market share, demonstrating substantial commitment to and recent experience in this sector since 2020. Within the State of Florida, BofA has a long track record of successfully completing financings with Florida higher education issuers and their Direct support Organizations. Through this experience, BofA's bankers have developed significant expertise structuring transactions, facilitating rating agency credit reviews, and distributing bonds within the parameters of the State University System of Florida Board of Governors' Debt Management Guidelines and Public-Private Partnership Guidelines.



USF Village: Capstone, Design Collective



St. Leo University: Lunz Group



USF The Flt: Capstone, DCI, Clancy & Theys



**Capstone Management Partners (Facility Maintenance/Asset Management)**, led by former university housing/student affairs professionals with extensive higher-ed experience, who help CMP partner effectively with universities. CMP provides efficient facility maintenance and asset management, enabling our university partners to focus on 'student facing' housing assignments, conduct education, and academic, living-learning and student development programs. CMP is known for tailored operational partnerships grounded in collaboration, efficiency and accountability.

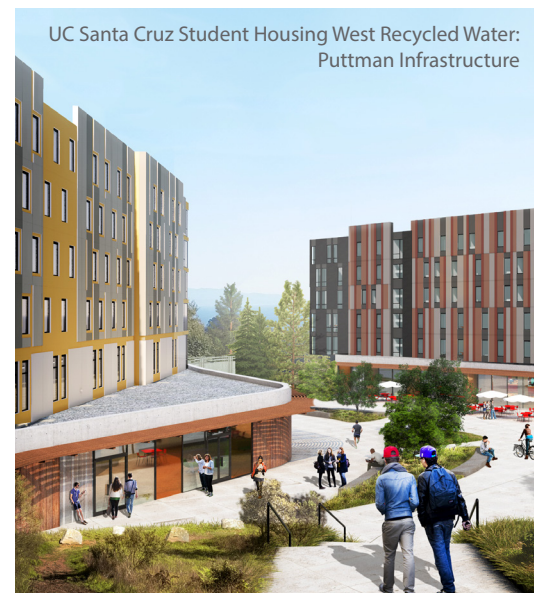
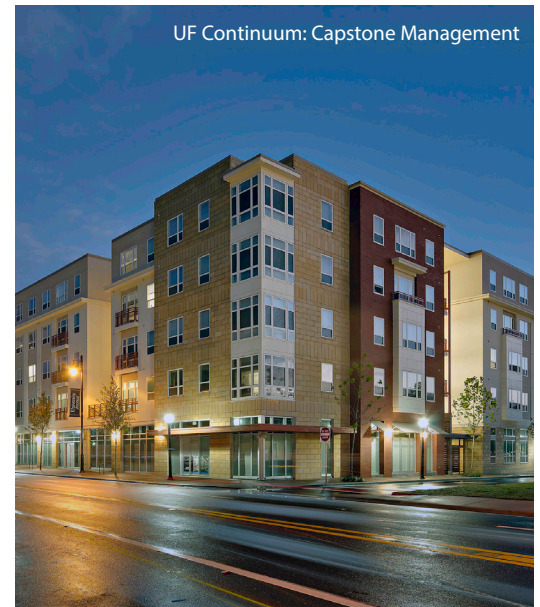
**Chastain-Skillman (Civil) and TLC Engineering (Structural and MEP)**, are our team's proposed and well-qualified specialty engineering consultants, helping us meet Florida Poly's goals for high-quality, architecturally appealing and contextual design, with purposeful, student-centric amenities, at affordable rental rates -- goals Capstone supports and shares with Florida Poly.

**Provident Resources Group (501c3 non-profit owner)** (if the 501c3 option is preferred), or CHF, or other qualified non-profit owners.

**Puttman Infrastructure (Sustainability Developer)** is one of the leading P3 campus infrastructure providers in the western US and a national leader in sustainable infrastructure P3 solutions.

**What are the Capstone team's initial thoughts about any key challenges and opportunities associated with this P3 project, and what are our suggested options or solutions to overcome those?** The current macro-economic climate that will make this Project challenging to deliver at the accessible rental rates contemplated in the ITN and to which Florida Poly and Capstone aspire. Given these challenges, which, regrettably, are mostly beyond our control, it is necessary to be creative and diligent in all aspects of our approach to developing this community -- from the selection of our design-build team, the structuring of the financing, the collaborative selection of any necessary economic "levers" to reach viability, to the management of the schedule. The key challenges, and our proposed strategies to overcome them are as follows:

**High Square Feet per bed for upper-division suites and apartments translates to a higher cost, and resulting rental rate, per bed than with most lower-division housing.** The cost to develop new, upper-division student apartments is higher today than it has ever been, and it is difficult to amortize those costs largely on academic term revenues. This is one of the reasons why virtually all new, off-campus apartment developments require 12 month leases. Our proposed solution is two-fold: First, to utilize proven, but highly-efficient residential unit plans to drive this cost-per-bed metric down,



and second, to work with Florida Poly on strategies to reliably generate meaningful net revenue during the summer months, to the greatest extent possible.

***Inflationary capital markets and supply chain market pressures on construction costs, interest rates, delivery schedule and operating expenses (salaries, utilities and insurance) represent the biggest challenges in today's marketplace.*** To address this, Capstone, C&T and our design team have assumed the followed measures:

- **Inclusion of a blended 11.2% design and construction cost escalation contingency allowance on pricing from today's market on BOTH phases (combined; or 5.6% annual).** We think and hope this will be adequate because history suggests that as interest rates increase, construction and materials markets will taper off and, ideally, come back 'down to earth.' However, this is another situation largely beyond the control of our team or the University, so we will need to be prepared to pull additional levers to the extent costs continue to rise beyond expectations;
- **Build a transaction box (schedule, revenue, expenses, financing, etc.) that has some inherent flexibility to address sudden/unexpected market shifts, commodity pricing and/ or labor force restrictions.** Our partnership should identify additional economic levers to help offset potential increases in these areas over the next 8-12 months;
- **Extension of the Phase 3 construction schedule from a more typical 14-15 months, to 16 months** to allow more schedule cushion than typical to help ensure on-time delivery;
- **Accelerated inclusion of subcontractors, vendors and suppliers early in the design process,** leading to more accurate interim pricing;
- **Early contract completion/buyout of subs, vendors and suppliers,** including the implementation of a warehousing strategy to support the pre-ordering of long-lead time and critical path construction materials;
- **Addition of Puttman Infrastructure to our team to implement a Net Zero Energy photovoltaic system at no additional capital cost to the Project,** helping reduce the risk of volatile electric utility expenses that could otherwise necessitate rental rate escalation over time; and
- **Exploration with Florida Poly of the procurement of property insurance through Florida Poly / State of Florida insurance pool, to insulate the Project from escalating insurance premiums.**

***The timeline for delivery of Phase 3 given the Phase 2 acquisition goals as well as the BoG and related approvals creates a demanding schedule to complete design, permitting, and construction of Phase 3 by mid-summer 2024.*** Capstone's ability – in concert with the Florida Poly project team -- *to chart a path to balance design and financial considerations will be critical to meeting Florida Poly's preferred Summer 2024 delivery schedule. Absent the experience, leadership and discipline of a proven P3 developer like Capstone, and a similarly committed University team, Project completion could realistically slip to 2025.* With University support, Capstone will be assertive and efficient in our pursuit of needed City, County and State approvals and permits, and will establish and manage the design and pre-construction schedules pro-actively and with discipline. Importantly, as discussed in the Implementation Approach (Tab 6) for Capstone to proceed with design work concurrently with the seeking of approvals of the Division of Bond Finance and the Florida Board of Governors, one

of the first steps we will need to undertake together is the negotiation of a customary and fair Pre-Development Agreement. While Capstone may be willing to go 'at-risk' for its Development Fee until these approvals are achieved, given that it typically takes 90 days to complete the BOG approval process, we do not think it reasonable that Capstone be at risk for the significant 3rd party due diligence, design and engineering expenses which will be incurred to move this project forward on the 2024 delivery schedule.

**The key opportunities afforded by this initiative include, but are not limited to, the following:**

- Enhancing on-campus housing program offerings by providing new, age-appropriate residential communities for upper-division undergraduate students as well as repositioning an existing residential community to support Florida Poly's enrollment growth objectives through the recruitment of new FTIC freshmen and the retention of upper-division students. **By offering a more complete, balanced and 'unit-progressive' housing inventory and assignment strategy**, the University will be better equipped to attract and retain the most qualified and motivated students to participate and succeed in its rigorous, research-based and STEM-focused academic programs.
- Thoughtfully and efficiently designing, developing and financing the existing and two new phases of housing to **improve and balance accessibility to an affordable education for a diverse population of Florida Poly students**, while achieving a financially viable project that **enhances and preserves control over the residential experience by, and maximizes cash flow to, the University**; and
- Improving the level of quality of the built environment, advancing the implementation of the Campus Master Plan, and enhancing the programming and level of operational and maintenance services in on-campus housing, **to enrich the campus housing experience and sense of community**.

## Closing

In summary, partnering with Florida Poly to plan and deliver two new, upper-division communities that aspire to high-standards of design, construction, sustainability and programmatic excellence, would be an honor for Capstone, and squarely within our 'wheelhouse.' Capstone and our team are well-suited and prepared to address ***the important challenges of a quality project delivered at rental rates in the most affordable range possible*** -- for the benefit of the student residents and their families. We aspire to be a true partner to Florida Poly, bringing our ***on-campus expertise*** to the development and long-term operation of these communities, providing lessons learned in the implementation of the plan as well as valuable facility maintenance and asset management services to assure the life-cycle efficiency and productivity of the community, for decades to come. **Capstone and our team want and desire to earn this development opportunity, and if we are fortunate to be selected as Florida Poly's partner, we cannot wait to get started!**

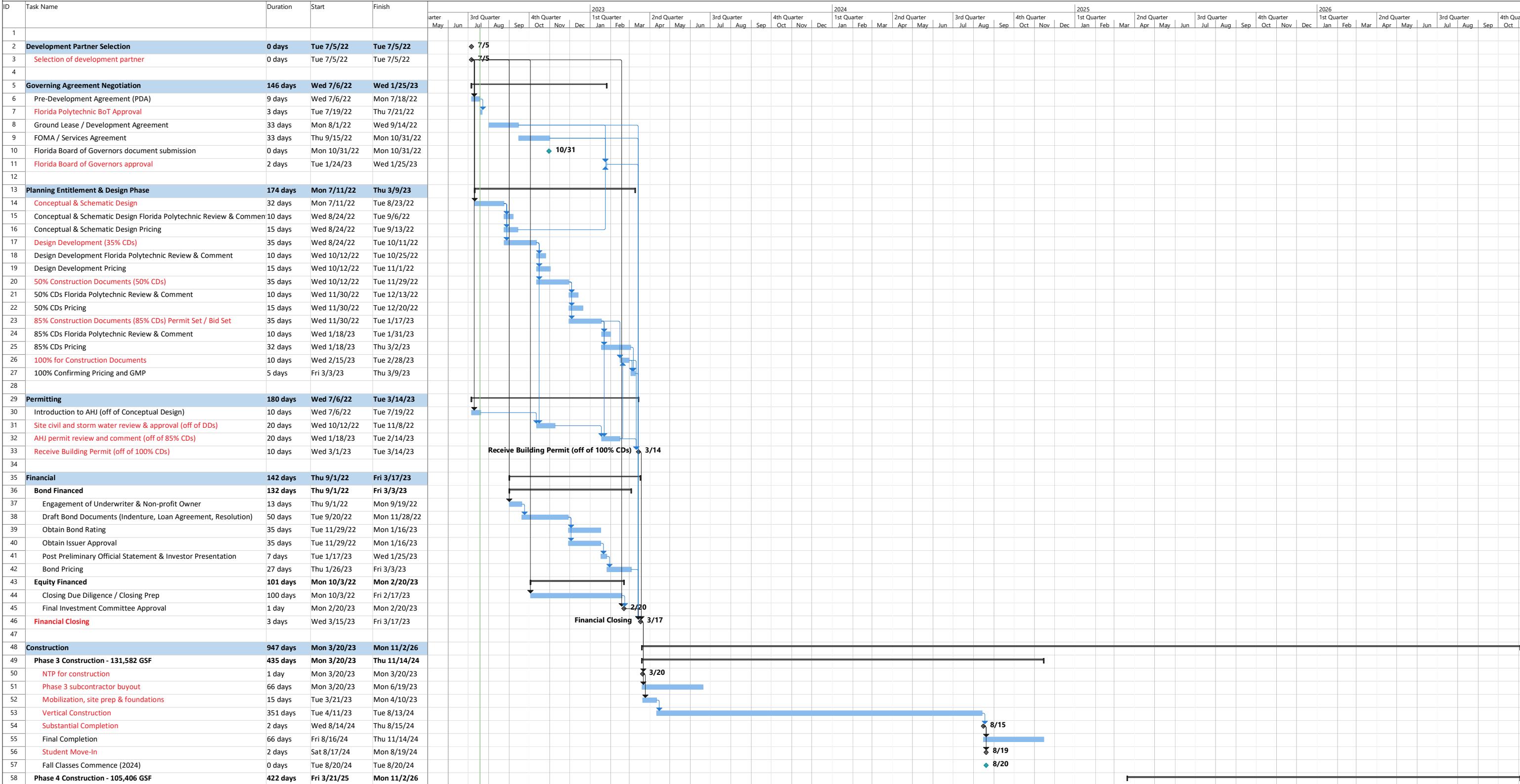


**EXHIBIT C**  
**PROJECT SCHEDULE**

# Florida Polytechnic University - Capstone Development Partners Housing P3

## Exhibit C - Project Development Schedule

July 19, 2022



Project: Florida Polytechnic - M Date: Tue 7/19/22

Task	Milestone	Project Summary	Inactive Milestone	Manual Task	Manual Summary Rollup	Start-only	External Tasks	Deadline	Manual Progress
Split	Summary	Inactive Task	Inactive Summary	Duration-only	Manual Summary	Finish-only	External Milestone	Progress	

**EXHIBIT D**

**PRELIMINARY DEVELOPMENT EXPENSE BUDGET**

Florida Polytechnic University  
 Phases 2 & 3 (ITN #22-022)  
 Exhibit D to PDA - Pre-Development Expense Budget from the Capstone Development Partners Team

The costs included herein are preliminary estimates based on fee proposals from our primary team members and good faith estimates of due diligence and other costs to be incurred (such as site due diligence, building permits, city and utility impact fees, etc.).  
 The Capstone Team will update these projections regularly for distribution to FL Poly as we commence the planning and design phase.

MONTH:	2022					2023					TOTAL (\$)	NOTES / COMMENTS:	
	July	August	September	October	November	December	January	February	March				
ANTICIPATED CLOSING (mid-March 2023):												Financial Close	
<b>Design</b>													
Schematic Design	\$217,563	\$227,563										\$445,126	
Design Development			\$217,563	\$227,563								\$445,126	
Construction Documents					\$217,541	\$217,541	\$227,541	\$179,051				\$841,674	added IT consultant to last month of each design phase
Net Zero Energy / PV design & engineering expenses*												\$0	FL Poly and Capstone to discuss whether Solar PV is of interest during Pre-Dev.
A&E Reimbursables	\$11,958	\$11,958	\$11,958	\$11,958	\$11,958	\$11,958	\$11,958	\$11,958	\$11,958			\$95,664	
A&E Contingency	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250			\$50,000	
<b>SUBTOTAL</b>												<b>\$1,877,590</b>	
<b>Site &amp; Market Due Diligence</b>													
Market Study												n/a	REPORTEDLY ALREADY PERFORMED BY B&D. Please provide Capstone a copy.
Environmental Phase I	\$5,460											\$5,460	
Site Survey (included in Design costs in above section)												\$0	Consider Phase 3 and 4 at one time
Geotechnical Report	\$16,380											\$16,380	Consider Phase 3 and 4 at one time
Facility Condition Assessment / Capital Repair & Replacement Plan (Ph 2)	\$8,463	\$8,463										\$16,926	
Capital R&R Plan (Ph 3)					\$1,743	\$1,743	\$1,743	\$1,743				\$6,971	
<b>SUBTOTAL</b>												<b>\$45,737</b>	
<b>Capstone &amp; 3rd Party Reimbursables</b>													
Tax Counsel, Transaction Counsel, Zoning/ Entitlement Counsel & Title Fees	\$10,237	\$10,237	\$10,237	\$10,237	\$10,237	\$10,237	\$10,237	\$10,237	\$10,237			\$81,898	
Travel / Reimbursable Costs	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000			\$48,000	Travel, lodging, office expenses
Project Marketing / Teambuilding				\$13,650								\$13,650	
Interest on Prepaid Dev Expenses		\$1,496	\$2,940	\$4,299	\$5,783	\$7,165	\$9,019	\$10,932				\$41,635	
CMP Startup Costs												\$0	
<b>SUBTOTAL</b>												<b>\$185,183</b>	
<b>Bidding, Permitting &amp; Review Expenses</b>													
Building, Fire, Erosion Control & SW Permits / Plan Review Fees, Etc.						\$92,979	\$92,979	\$92,979				\$278,938	Timing and amounts need to be confirmed with FL Poly as AHJ
General + Water + Sewer Impact Fees**												\$135,000	TBD CDP's proposal assumption assumed impact fees don't apply to FL Poly. To be confirmed.
Pre-construction Services (C&T)	\$16,875	\$16,875	\$16,875	\$16,875	\$16,875	\$16,875	\$16,875	\$16,875				\$135,000	
Potential Pre-order of Long lead Construction Materials***												\$0	TBD Estimated Pre-ordering of Materials (C&T to evaluate the market as design progresses)
<b>SUBTOTAL</b>												<b>\$413,938</b>	
<b>TOTAL 3rd PARTY (MONTHLY)</b>	\$ 299,186	\$ 288,842	\$ 271,823	\$ 296,833	\$ 276,387	\$ 370,749	\$ 382,602	\$ 336,025				\$2,522,448	
<b>TOTAL 3rd PARTY (CUMULATIVE)</b>	\$ 299,186	\$ 588,028	\$ 859,852	\$ 1,156,684	\$ 1,433,072	\$ 1,803,820	\$ 2,186,423	\$ 2,522,448	\$ 2,522,448			n/a	
<b>Development Overhead and Fees</b>													
Capstone Developer Overhead & Fee (Monthly for Termination Event per §10(C)(i)(c))	\$106,579	\$106,579	\$106,579	\$106,579	\$106,579	\$106,579	\$106,579	\$106,579	\$106,579			\$852,632	Pre-dev portion of Dev Fee is 45% of total
<b>TOTAL DEVELOPMENT OVERHEAD AND FEES (CUMULATIVE EARNED)</b>	\$106,579	\$213,158	\$319,737	\$426,316	\$532,895	\$639,474	\$746,053	\$852,632				\$852,632	
Capstone Developer Overhead & Fee (CUMULATIVE for Termination Events per § 10(C)(i)(a) or	\$72,474	\$144,947	\$217,421	\$289,895	\$362,369	\$434,842	\$507,316	\$579,790				\$579,790	
<b>MAXIMUM PROJECTED TOTAL 3rd PARTY + DEV O/H &amp; FEES (CUMULATIVE)</b>	\$ 405,765	\$ 801,186	\$ 1,179,589	\$ 1,583,000	\$ 1,965,967	\$ 2,443,295	\$ 2,932,476	\$ 3,375,080	\$ 3,375,080			\$3,375,080	

FINANCIAL CLOSE MID-MARCH 2023

\* Whether thru Puttman Infrastructure or an alternative consultant, if Net Zero Energy strategy / PV is desired by FL Poly, there will be design and engineering overhead and expenses to be incurred during the pre-development phase. However, it should be noted that provided FL Poly decides to move forward with the Net Zero Energy Strategy with Capstone & Puttman (or an alternative consultant), and the Project reaches financial closing, these expenses may be carried by Net Zero Energy consultant and amortized in the electric utility rate charged as an Operating Expense, NOT as part of the Project Development Budget.  
 \*\* The amount of the General, Water & Sewer Impact fees as well (as the timing of any applicable payments) will need to be confirmed with FL Poly as soon as possible, but initial input from David Calhoun is that these impact fees do not apply. Further, our proposal assumption based on evidence of utilities provided on the site tour, is that these sorts of City/County fees to not apply to FL Poly.  
 \*\*\*As referenced in the Implementation Narrative and BAFO response, to help ensure on-time delivery and adherence to the tight development schedule in a commodities market where availability of certain materials has been atypical, Capstone and C&T may determine it is necessary to pre-order certain long-lead material items in advance of construction commencement/ finance closing. The current market suggests this could be necessary for PVC utility pipe and mineral wool, however the amount and timing of pre-ordered materials will be heavily dependent upon the state of the commodities markets/ manufacturers early next year. As such, C&T and Capstone will be monitoring this closely, and any impacts to this line item can be updated around EoY.

**EXHIBIT E**

**APPROVED CONSULTANTS**

- **Clancy & Theys Construction (C&T) – Design-Builder**
- **Design Collective Inc. (DCI) – Architect of Record**
- **Lunz Group (Lunz) – local architect**
- **TLC Engineering (TLC) – Structural + MEP**
- **Chastain Skillman Inc. (CSI) – Survey + Civil + Landscape**

**EXHIBIT F**

**APPROVED DEVELOPMENT BUDGET**

**[To be attached when finalized by the Parties.]**

**EXHIBIT G**  
**APPROVAL SCHEDULE**





**Florida Polytechnic University  
Board of Trustees  
Thursday, July 21, 2022**

**Subject: Consideration of Student Success Plan**

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**Proposed Action**

Recommend approval of the Student Success Plan that will then be considered by the Board of Governors in September 2022.

**Background Information**

A student success plan is required by the Board of Governors for universities that score less than 70 on the Performance Based Funding (PBF) scale.

The plan in your supporting documents is focused on advancement in areas guided by Performance Based Funding (PBF) metrics where the University has underperformed. Florida Polytechnic University has developed six strategies that will strengthen the execution of our mission and advance performance on seven key performance metrics. Positioning Florida Poly to sustainably receive a score of at least 70 or more excellence points within the PBF system is central to this plan.

The full text of the plan is provided in the following pages.

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**Supporting Documentation:** Florida Polytechnic University Student Success Plan

**Prepared by:** Dr. Terry Parker, Provost and Executive Vice-President

# Student Success Plan

## Florida Polytechnic University

### July 2022

#### I. Executive Summary

This Student Success Plan is focused on advancement in areas guided by Performance-Based Funding (PBF) metrics where the University has underperformed. Florida Polytechnic University has developed six strategies that will strengthen the execution of our mission and advance performance on seven key performance metrics. Positioning Florida Poly to sustainably receive a score of at least 70 or more excellence points within the PBF system is central to this plan.

#### II. University Mission and Background for Performance-Based Funding

Florida Poly’s mission is to “Serve students and industry through excellence in education, discovery, and application of engineering and applied sciences.” Florida Poly is unique in the State University System (SUS) and was established to be the sole public university in Florida that grants 100% of degrees in Science, Technology, Engineering, and Mathematics (STEM). Florida Poly is a true polytechnic university, positioned to drive economic development by providing highly educated graduates to the workforce.

Having just completed its eighth academic year, the University has undergone a rapid building process **to establish** all elements of university operations from the ground up: infrastructure, personnel, students, policy, processes, and curricula. With our entry into Performance-Based Funding in the summer of 2021, Florida Poly began transitioning from a frenetic building phase into a tuning phase of its processes and procedures. This requires our scoring move from heavy dependence on improvement points to sustainable excellence points within the PBF system. Our tuning is motivated toward executing our University mission and improving student academic success. This will naturally impact our PBF scorecard positively by driving us toward excellence points across multiple metrics.

The table shows results from our two years in the PBF system (2021 and 2022) for the metrics addressed

in this plan. Florida Poly PBF scores for each of the two years and then the change in scores across these years are included. The table also shows points awarded for excellence and improvement (note that improvement points are acquired for year-over-year improvement in a metric). The precipitous drop in

		Scores based on Excellence or Improvement					
PERFORMANCE-BASED FUNDING METRIC		POINTS	2021 Score	SCORE	2022 Score	SCORE	Variance from 2021 to 2022
1	% of B.S. Grads Employed (\$30K) or Cont. their Ed.	EXCELLENCE	74.1%	10	69.6%	9 (norm)	-1
		IMPROVEMENT		10		0	
4	Four-Year Graduation Rate Full-Time FTIC Only	EXCELLENCE	34.3%	0	38.2%	1	
		IMPROVEMENT		0		7	7
5	Academic Progress Rate (APR)	EXCELLENCE	76.6%	0	64.2%	0	
		IMPROVEMENT		10		0	-10
7	University Access Rate Percent of UG w/ Pell	EXCELLENCE	33.8%	7	33.1%	7	-1
		IMPROVEMENT		8		0	
8.A.	Percent of Freshmen in Top 10% of H. S. Class	EXCELLENCE	32.0%	2	33.0%	3	-7
		IMPROVEMENT		10		2	
9.A.	2-Year Graduation Rate AA Transfer	EXCELLENCE	4.2%	0	4.0%	0	0
		IMPROVEMENT		0		0	
9.B.1	2nd Year Retention for FTIC with a Pell-Grant	EXCELLENCE	87.8%	3	66.0%	0	
		IMPROVEMENT		5		0	-5
		Total		83		66	-17

score from 2021 to 2022 is driven by performance in the first year where improvement points provided 33 of the 83 points received. For year 2022, our performance was similar to the prior year (or, in the case of APR, impacted by COVID) showing that reliance on improvement points is unsustainable. Improvement points accounted for seven of the points received in 2022, and excellence points were the basis for our score. **This plan positions Florida Poly for sustained achievement, based on excellence points, to be above 70 points; Florida Poly will use this Student Success Plan to drive excellence scores upward in critical metrics, in support of the University mission.**

Academic Progression Rate (APR, for the FTIC cohort and for Pell, metrics 5 and 9.B), FTIC four-year graduation rates (metric 4), and three-year graduation rates for Associate of Arts Transfer students (metric 9.A<sup>1</sup>) are naturally difficult metrics across all our STEM peer institutions. Beyond our focus on these critical academic success areas, Florida Poly also seeks to transition metric 8.A (fraction of incoming FTIC students in top 10% of their high school class) to Metric 8 (Fraction of graduate programs in areas of strategic emphasis).<sup>2</sup> The plan below focuses on these metrics. **We started student success activity in support of PBF improvement in summer 2021, in recognition of the longtime scales associated with academic progression and graduation rates.**

### III. The Student Success Plan

This Student Success Plan is designed to achieve a score of 70 or more excellence points by summer 2024 (noting that we expect our score to be above 70 in 2023 with the inclusion of improvement points). The Student Success Plan is based on six strategies that will create systemic change on our campus in support of improved student success performance, better achieving our mission of creating highly qualified graduates that support economic growth in Florida. The strategies are:

- A. Excellence and Achievement in the Freshman Year (PBF #4, PBF #5, PBF #9.B)**
- B. Student Culture: Supporting the Whole Student (PBF #1, PBF #4, PBF #5)**
- C. Graduate On Time (PBF #4, PBF #9.A)**
- D. Grow and Support the Graduate Program (PBF #8)**
- E. Provide Appropriate Support for Pell Students (PBF #7, PBF #9.B)**
- F. Promote Strong Employment Outcomes for Our Students (PBF #1)**

These strategies are briefly presented below with rationale for each strategy and an overview of critical elements necessary to execute the plan.

#### **A. Excellence and Achievement in the Freshman Year (PBF #4, PBF #5, PBF #9.B)**

Student progression and on-time graduation are critical areas where the University struggles; the most important issue is low retention from the freshman to sophomore year (as measured by APR) of students. An analysis of FTIC students who do not return in their sophomore year shows poor academic performance as the root cause. Florida Poly selects students with strong potential for academic success based on high school GPA and standardized test scores, though too many admitted FTIC students fall short in their academic performance. Rationale for poor performance includes the rigors of an all-STEM curriculum (noting the nationwide failure rate for calculus 1 is over 30% and that other core freshman STEM courses have similar failure rates) and the destructive effect of COVID on student academic preparation and overall maturity.

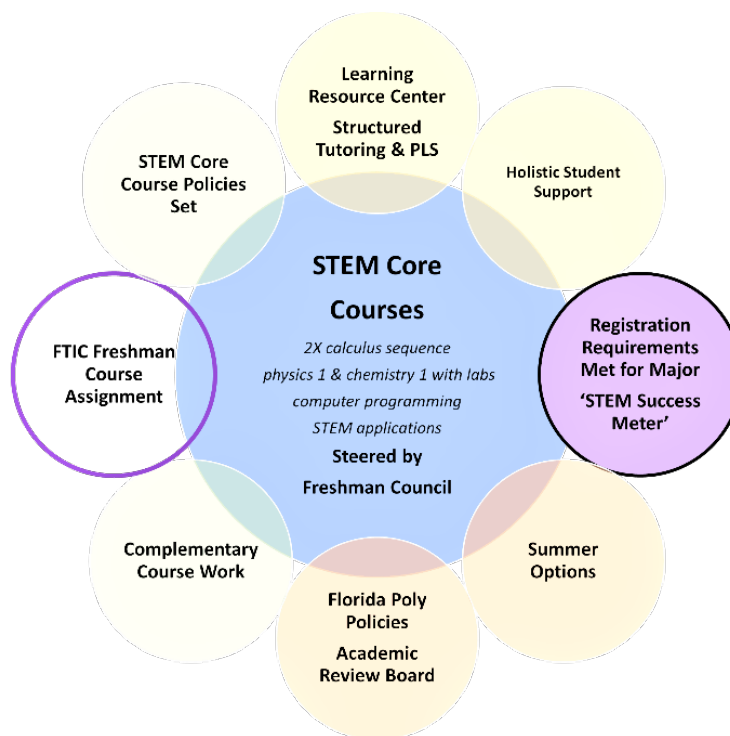
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<sup>1</sup> Note that this metric is transitioning from a two-year rate to a three-year rate starting in summer 2023.

<sup>2</sup> Metric 8 is used for ten other universities in the SUS.

Our analysis shows that Florida Poly’s fall 2020 cohort of FTIC students had an APR of 64%; our projection for fall 2021 FTIC students is significantly better with a 76% APR. This gain in APR is based in part on the Freshman Initiative, which we launched in fall 2021. The initial success of this effort gives us confidence to expand the Freshman Initiative into “Excellence and Achievement in the Freshman Year,” which is a part of this Student Success Plan. This part of the plan includes strategic change in academic organization, learning support, and policy and procedure enhancements. These elements focus on creating freshman academic success and are shown graphically in the figure and are described below. The activities center around the critical freshman year courses (the STEM core) that a student must complete to be a degree-ready sophomore.

- i. **Freshman Council:** The Freshman Council provides organizational consistency for critical freshman courses and acts as a virtual department. This Council will impact the entire first-year experience and culture with coordination and collaboration across the STEM core curriculum. Council leadership is provided by selected academic department chairs for courses delivered in the freshman year. The council, acting as the managing department for a key set of courses, is empowered to manage:



- **Policies:** Common grade scale; similar percentages assigned to homework and exams; attendance policies; student-friendly exam schedule.
- **Effective and efficient learning initiatives:** Explicit use of course learning objectives in driving curriculum; focus on process, communication, and critical thinking; focus on using course resources and textbooks to learn; emphasis on active learning in highly engaged classrooms.
- **Student support:** Frequent feedback to students through formative assessment; strong academic support network through Peer Learning Strategists (PLS) and a centralized help center; regular solicitation of student feedback to support learning.
- **Broad feedback on overall success:** Progress metered via a STEM core GPA and completion count.

- ii. **Creation of the STEM Core Curriculum:** The STEM core curriculum consists of two courses from the calculus sequence, physics 1 and chemistry 1 with labs, an introduction to computer programming, and an introductory course in STEM applications. FTIC students who matriculate through these courses over the fall, spring, and summer (if needed) of their freshman year are well positioned to confidently enter their selected degree programs as sophomores on track to graduate on time.
- iii. **Enhancing the Freshman Year with Hands-On, Team-Based Projects:** To address issues around poor student engagement, we reconfigured one course in the fall of 2021 (as part of our Freshman

Initiative), and will reconfigure an additional course, for initial delivery in the spring of 2023. These courses are intensively hands-on and team-based, providing students with a realistic experience of an ultimate STEM career environment.

- iv. ***Policy Enhancements:*** We have changed our policy execution to require students to progress toward their declared degree, augmenting the already in place traditional GPA-based probation and suspension controls. This more tightly controlled student progression has resulted in some student suspensions, but it allows us to focus resources on students who are making academic progress. In the fall 2021, as part of our Freshman Initiative, we added an Academic Review Board (ARB) with authority to mandate student remediation schedules. The ARB also asks students who demonstrate after one semester that they are not invested in their education to leave the University. While this may seem counter to attempts to boost retention, this promotes a culture of success in the student body. Finally, we have enhanced our financial aid policies to align with student success, and grade forgiveness policies to help students who stumble in their freshman year but then follow an appropriate repair path.
- v. ***Student Support Services:*** As a part of support services, we have restructured tutoring and academic support on the campus starting in fall 2021. This restructuring was driven by aligning departments and faculty for the key foundational courses with peer tutors/Peer Learning Strategists (PLS) familiar with the subject matter and trained in learning techniques. This activity, coupled with a designated place on campus for PLS, has been well received by students and faculty. We will continue with this academic support structure, with an ongoing relationship with an off-campus expert in freshman learning support. In addition, we are rebuilding our advising unit, starting with a new Assistant Vice Provost of Student Success position with direct reporting line to the Provost. Three new dedicated success coaches will also be hired (bringing the total to four). Strongly included in the mission of this success center is the “emotional and information support” that is necessary; students need a place to have their questions answered and a place to go with complicated, non-academic questions.
- vi. ***Freshman Course Assignment and Registration Requirement:*** At Florida Poly, we enroll all new students in their first semester of courses to ensure they begin on an appropriate path that will lead to optimal degree progression. As an enhancement to this initiative, starting with the 2021 FTIC cohort, we analyzed prior student admissions data and course performance data to develop schedule-based cohorts for students with varying levels of rigor. Using this data, students were registered for schedules where they are more likely to be successful. For the entering 2022 FTIC cohort, we have refined this practice with a strong focus on mathematics placement with a data-driven, multi-step process to account for our students’ varying mathematical backgrounds. Mathematics placement directs registration into one of four basic cohorts that move through the STEM core curriculum together. The summer terms are reserved as repair paths for repeating courses (and utilizing grade forgiveness policies to improve GPA), with the goal of all FTIC students completing the STEM core by the beginning of their second year.

In addition to the care taken in assigning freshman year courses, we have also changed our practice to require all students to see a faculty advisor before they register for courses in the sophomore year (and beyond), and we have additionally put in place registration hold-based intervention mechanisms to require students to take key courses that are necessary for them to maintain academic progress and graduate on time.

## **B. Student Culture: Supporting the Whole Student (PBF #1, PBF #4, PBF #5)**

Florida Poly strives to support the whole student and hone not only their academic talent, but their professional skills with guidance, engagement, and a wide range of opportunities to match the unique individuals in our student body. Leadership is a critical part of the whole student experience, as well as career development. Employers expect students to navigate the workplace seamlessly, knowing when to lead and when and how to contribute. We note that students often hear the word “leadership” and associate it with a position or title and say, “Not me. That’s for some else.” With over 80% of Florida Poly’s student body expressing a preference to "actively participate" versus "stepping up to lead” this leaves a void in their professional skillset that hampers academically successful students from reaching their full potential in the job market and workplace. Thus, career and leadership functions must be seamlessly blended with academics for different types of traditional-age students who all desire to become productive and successful STEM professionals. An active and complete program in leadership supports retention, on-time graduation, and positive employment outcomes.

As a part of this Student Success Plan, we will hire a new Director of Career and Leadership, and also a program coordinator who will organize the full suite of leadership activities at the University. These individuals will work with a department chair who has over a decade of experience with leadership programs on another campus.

The ULead program was established in fall of 2021 and has provided training and experience for students through activities sponsored by Students Affairs. Expansion of leadership opportunities includes an Emerging Leaders Program, where **academic faculty nominate highly talented students** who need “teaming and leadership” training paired with practice, and a boost in confidence to allow their best professional self to shine for job interviews and in their future career. The curricular piece reaches out to all students by mapping experiential learning activities with a leadership component throughout the curriculum.

### **C. Graduate on Time (PBF #4, PBF #9A)**

Providing students a comprehensive and timely advising experience is essential to ensure they efficiently complete the necessary coursework to graduate on time. To facilitate this integrated, holistic, and individualized advising support, Florida Poly will implement a comprehensive advising system which will become the key advising resource and tool. Facilitating progression in this strategically supported manner will lead to improvements in retention and degree completion for all populations of students, which will directly impact PBF #4 and PBF #9.A, as well as PBF #5 and PBF #9.B.

The improved academic advising system will provide key infrastructure needed to support the significant improvements to student advising that Florida Poly began to implement in fall 2021. Foundational elements of the new advising model and delivery approach (described previously) include mandatory pre-registration consultations between students and advisors; a strong move to faculty-based advising; defined and guided eight-semester student pathways to degree completion; and forward planning by academic programs to ensure they deliver sufficient course seat capacity on a per-term basis to meet the needs of students as they progress on their guided degree pathways. The creation of start-to-finish degree plans for FTIC students and AA transfers, during the first term, will provide students with a full pathway to on-schedule degree completion.

### **D. Grow and Support the Graduate Program (PBF #8)**

Metric 8.A (percentage of incoming class that is the top 10% of their high school class) is applied to Florida Poly and one other member of the SUS due to the small size of the graduate program. The threshold established to apply Metric 8 (fraction of degrees in areas of strategic emphasis) instead of

Metric 8.A was the production of 25 or more Master of Science students in a year. For the 2021-2022 year, we produced 34 M.S. degrees. Based on this achievement, we have formally requested that Metric 8 be applied to Florida Poly as it is to 10 other members of the SUS.

To continue to support the graduate program in terms of growth and management, we will hire a graduate program coordinator this year.

#### **E. Provide Appropriate Support for Pell Students (PBF #7, PBF #9.B)**

About one-third of Florida Poly students are Pell eligible, however, up to half have household incomes under \$40,000 a year. Roughly 35% of our students are also the first in their families to attend college. Most of these students attended under-resourced high schools with little academic support, no AP courses, low graduation rates, and high student-counselor ratios.

All of the opportunities for the overall student body are available to our Pell students. In addition, low-income and first-generation students will be provided a comprehensive set of academic support services that include, but are not limited to:

- Intrusive academic advisement, as necessary or required
- Identify and provide additional training for a success coach specializing in Pell
- Campus work-study programming with mentors
- Campus programming and financial aid counseling
- Additional funding opportunities for textbooks and academic materials

#### **F. Promote Strong Employment Outcomes for Our Students (PBF #1)**

To support strong employment outcomes for our students, a Director of Career and Leadership will be hired. We have elevated this position to include leadership programs based on a philanthropic gift that intends to couple a broad concept of leadership with programs across the University that promote skills and behaviors that make our students more employable. This gift allows us to recruit and pay for a seasoned professional in this unique area. A larger discussion of leadership is provided in section B (Student Culture: Supporting the Whole Student).

The Director of Career and Leadership will take a lead in streamlining, improving, and documenting the career programs that are held regularly at Florida Poly. Data tracking of all students, as well as careful measurement of the utilization of career services, will be a first focus for this role. Strong tracking practices for each student, alumni, and hiring company will further support our employment outcomes. Two staff positions will report to this director, who will work closely with existing Student Affairs programs and a key faculty member who will broaden these programs.

## **IV. Student Success Plan Strategies and Deliverables**

Florida Polytechnic University embraces the importance of student academic and career success, and the University, in response to difficulties with academic progression, dedicated additional resources and effort to increase performance in these areas starting in fall 2021. This Student Success Plan builds on this effort and will improve our performance so the University meets the required score of 70 in PBF excellence points by summer 2024. This Student Success Plan describes our strategies and tactics for continuing to build on the foundations we've already established through continuous improvement and incorporating additional key tactics, tools, and methods.

The following table summarizes the six interrelated strategic improvement strategies, identifies their relationship to specific PBF metrics targeted for high-attention improvement, and enumerates the specific deliverables to be accomplished by March 2023.

Strategy /Metric	In Progress	New Tactics	Expected Results/Status by March 2023
<p>Excellence and Achievement in the Freshman Year</p> <p><b>PBF #4</b> <b>PBF #5</b> <b>PBF #9.B</b></p>	<p>-Fall 2021 Freshman Initiative</p> <p>-Defined STEM core</p> <p>-Fine-tuned policies and created ARB</p> <p>-Restructured tutoring with PLS</p> <p>-Instituted mandatory pre-registration advising involving faculty</p>	<p>-Establish Freshman Council</p> <p>-Position STEM core to promote preparedness for degree programs by second year</p> <p>-Restructure Student Success Center</p>	<p>-Freshman Council operating and providing input to courses</p> <p>- STEM GPA &amp; STEM core provided to students</p> <p>- Hire AVP for Student Success</p> <p>-Hire minimum of two additional Success Coaches</p>
<p>Student Culture: Supporting the Whole Student</p> <p><b>PBF #1</b> <b>PBF #4</b></p>	<p>-Established ULead program for student leaders and their skill development</p> <p>-Incorporated experiential activities in courses to develop leadership skills</p>	<p>-Create Emerging Leaders Program</p> <p>-Expand curricular experiences for leadership skills development</p>	<p>-Inaugural activities for Emerging Leaders underway</p> <p>-Faculty liaison for Emerging Leaders named</p> <p>-Ongoing ULead program operation</p>
<p>Graduate on Time</p> <p><b>PBF #4</b> <b>PBF #9.A</b></p>	<p>- Fall 2021 Freshman Initiative</p> <p>-Revised academic advising model</p> <p>- Established ARB &amp; new policies</p>	<p>-Enhance Freshman Initiative to include STEM GPA</p> <p>-Procure and deploy University-wide integrated automated advising system</p> <p>-New focus on FCS AA transfer students</p>	<p>-Use STEM GPA info for spring registration</p> <p>-Initiate advising system</p> <p>-Pilot use of system in spring for fall 2023 registration</p>
<p>Grow and Support the Graduate Program</p> <p><b>PBF #8</b></p>	<p>Achieved threshold for annual graduate program graduates. Request change from metric #8.A to #8</p>	<p>-Unify all graduate program activities.</p> <p>-Coordinate with academic departments and administration</p>	<p>-Hire Graduate Program Coordinator</p>
<p>Provide Appropriate Support for Pell Students</p> <p><b>PBF # 7</b> <b>PBF #9.B</b></p>	<p>-Identify needs of Florida Poly's Pell students</p> <p>-Look for overlap with Poly's first-generation students</p>	<p>-Make appropriate resources available</p> <ul style="list-style-type: none"> <li>- Campus employment</li> <li>- Academic assistance</li> <li>- Success support</li> <li>- Financial counseling</li> </ul>	<p>-Train Success Coaches as resource for students</p> <p>-Position Success Coaches to conduct check-ins with Pell students</p> <p>-Set aside funds for on-campus jobs for Pell</p>
<p>Promote Strong Employment Outcomes for Our Students</p> <p><b>PBF #1</b></p>	<p>-Internships and career opportunities</p>	<p>-Strengthen connection of career and leadership</p> <p>-Improve tracking and metrics in employment history of students</p>	<p>-Hire Career and Leadership Director</p> <p>-Develop in-house career and leadership success measures</p>