



# NORTHWEST FLORIDA STATE COLLEGE

## Memo

To: Board of Trustees  
From: Dr. Devin Stephenson, President  
Date: June 18, 2024  
Re: South Walton Expansion Update

---

Seacoast has made much progress on financing for the South Walton Expansion since the College's last update to the Board in April. On June 18, the Walton County Board of County Commissioners will hold a public hearing to vote on being the issuer of bonds for the project. At the trustees' June meeting, the College presents for the Board's consideration the following:

1. An update memo from Seacoast Collegiate High School addressing the status of the project to date.
2. Amended provisions to the Seacoast-NWFSC Ground Lease at the lender's request to permit Seacoast to move forward with financing the construction phase of the project. The materials also include the current lease between Seacoast and NWFSC for reference.
3. The Wharton-Smith Guaranteed Maximum Price (GMP) for the project, which covers construction of the two educational facilities and all associated infrastructure except vertical construction of the Accelerator.
4. The construction timeline for the product.
5. The commitment letter from the lender.
6. The most recent update on The Seaside Foundation's capital campaign.

Related to the amendment document, the lender has requested amendments to the ground lease to protect its interests. The College engaged public finance/bond counsel, who has reviewed the amendments provided in your Board materials. The modifications (1) permit Seacoast to move forward with this specific leasehold mortgage, reserving to the Board the right to review and approve any future leasehold mortgages; (2) protect the College's interest in the case of default by adding CHS as the default replacement tenant, in addition to retaining the College's preexisting rights to remove the bank through a buyout or to agree on an alternate replacement tenant that will fit the terms of the Ground lease; and (3) cover provisions related to the leasehold mortgage. The amendment presented to the Board covers the key changes and, if the Board approves, the College through counsel will finalize the remaining questions related to CHS as a replacement tenant and environmental provisions that are outstanding with the bank.

The leasehold mortgage will encumber the 5-acre leasehold interest Seacoast has through the ground lease, not the College's underlying ownership of the real property. If the Board approves the proposed amendments, the College will move forward to finalize them and review the leasehold mortgage submitted by the bank.

After consideration of the enclosed materials, to move forward, the Board of Trustees would approve the amendments to the Ground Lease, authorize the College to finalize all necessary documents with Seacoast and the lender, and authorize the College President and Board Chair to sign all necessary documents to approve the leasehold mortgage.