Here's some insight to the timeline of Councils and committee who will review the feasibility study.
Administrative Services – supported (2/19)
Student Services – supported (2/20)
Instruction council – tabled to allow for responses (2/21)
Planning and Budget – scheduled for March 6th
College Council – March 11th
Board of Trustees – April 7th

Questions from councils:

**Members of the instruction council would like a second study by a third party?**

The Executive Summary of the Servitas feasibility study is Stage 1 of the Servitas deliverable. The findings show that there is adequate demand to move forward with a Student Housing Project.

Servitas would suggest now moving to Stage Two, where a third party, will create the basis for a "Full Student Housing Feasibility Study." This final, expanded third-party study is necessary for project financing proposes. Stage two requires an on-site visit to your campus, COS officials interfacing with an analyst, and supplying them with official school data. They will also detail the off-campus housing market and will produce data detailing rents and occupancies for the local student housing market. Stage two will also investigate any known projects in the development pipeline and incorporate their timing and size into the overall demand analysis for the market.

The Full Student Housing Feasibility Study would also include a Full-color hard copy of the student survey, a full-color hard copy of the results of the student survey, a full detailed list of each survey respondents information as well as any other exhibits or data collected in the course of the study. Unfortunately, the financial institutions require the full feasibility student to be completed no more than six months before project financing. The DSA process complicates this timeline because it takes 8-10 months and a set of 100% design drawings to get approval for a project. DSA approval is required to get financing.

**With a local budget deficit looming because of the decrease in FTES from Instructional Support Agreements (ISA) in San Francisco and the Central Valley of California, why is COS considering spending money on housing?**

Upon selection, our Team will immediately work with COS stakeholders towards design and programming that will foster students' wellbeing and both their personal and educational growth. Proposed programs address the following:

- The "1st year experience."
- Personal development
- Civic engagement

- Career development
- Homelessness & hunger
- Leadership skills
- Entrepreneurship
- Work/life balance
- Active and collaborative learning
- Innovative teaching practices
- Faculty-student interaction
- International/multicultural experiences
- New living-learning initiatives

**Student-Centered**

***Affordability***

We will present an affordable solution designed with a variety of unit types that meet the needs of different student demographics. Our proposed design provides rents that start low and stay low, increasing academic success by mitigating housing insecurity and fostering social interaction through on-campus living.

These four fundamental pillars guide every planning decision:

- Connection and integration with the broader campus
- Providing enrichment – not just a place to live
- Appealing and affordable to a comprehensive set of cohorts
- Quality in appearance, construction, and operations

***Promote Student Equity, Access, and Success***

Our proposed student housing project will enhance campus life by creating a vibrant neighborhood hub, offering opportunities for engagement of the COS student population as a whole. Its student life programs will appeal to a diverse group of students, supporting the College's mission of ensuring student equity, access, and success by engaging students in an enriching and secure living-learning environment.

To close the gap between available financial resources and necessary projects, public institutions like the College of the Siskiyous are increasingly exploring and engaging in P3 transactions. P3s come in many forms and are used to fund an array of projects across a broad spectrum of industries.

In a P3, private entity partners with a public entity to provide project funding. In addition to the financing, the private entity generally provides expertise and guidance in developing and potentially operating and maintaining that

Project. The entities in a P3 form a medium- to a long-term arrangement regarding certain obligations carried out by the private partner, such as services or capital improvements. The private sector provides capital investment and usually assumes some of the risks. Through the private partner, the public entity might receive upfront payments, future revenue sharing, and access to the private sector's resources.

The P3 relationship doesn't end with the Project's design and construction. The partnership continues for a prescribed period of time in which the private entity may assume responsibility for accounting on the Project and providing Asset Management services.

**The Servitas P3 Process**

Simultaneously with the design process, Servitas works with the College to determine the preferred transaction structure and financing plan based on the project objectives. This would include the following steps:

- Finalize ownership structure
- Financing structure analysis
- Negotiation of significant business terms and ground rent
- Negotiation of transactional documents (ground lease, financing documents, etc.)
- Develop a credit package, if required
- Commission third-party market and feasibility study, if required
- Project pro forma refinement
- Monitor GMP delivery and Budget sign off
- Pricing of debt
- Closing of financing
- Commencement of construction

Servitas uses several financial models that have been vetted by student housing underwriters and rating agencies. We will use these models to develop and update the Project proforma with each change in the program, project scope, schedule, financing plan, and Budget. We will track every decision made by the project team and determine its potential impact on the overall financial performance of the Project.

We will run numerous scenarios and examine several financing options before closing. In close consultation with our underwriters and equity fund managers, we will closely monitor fluctuations in financial, regulatory, bond, and equity markets and immediately adjust our financial models accordingly to ensure we are always pegged to current market conditions. Several times each week, our senior executives review the overall project progress and study the latest financial models to ensure compliance with our internal risk management and development procedures.

**Financing Your Project**

As a full-service national student housing development firm, Servitas has delivered projects under a variety of transaction types and structures. Servitas has extensive experience in P3 tax-exempt financing that funds 100% of project costs from bond proceeds, as well as conventional structures using taxable debt and equity. Regardless of the option ultimately identified as the best suited for COS, Servitas can provide the financial solution.

In the last 29 months, Servitas has secured more than $575M in tax-exempt debt for P3 developments, including approximately $100M more for Orange Coast College in California. For an on-campus project in which COS wishes to maximize cash flow, minimize rents, maintain control, and deeply integrate the housing facility into the campus experience, each structure should be carefully considered. The table below shows the available financing options. They are in order, from left to right, of the most direct credit impact to less impact.

We recommend to COS that a not-for-profit borrower/ owner, conduit structure utilizing tax-exempt financing, will most completely fulfill the vision for affordable housing that COS has for this Project.

There is no question that building housing is more challenging to finance than additional housing at a flagship four-year institution.

Strong connectivity between the development team and the sponsor institution is essential to succeed in securing the most favorable terms for the debt on such projects.

Servitas will assist in the selection of a not-for-profit conduit that would borrow the funds and own the Project, on a bankruptcy-remote basis. The Team recommends that COS consider the use of their local 501(c)(3) that does not contribute funds but serves as the owner of the Project.

There are several alternatives COS can consider, and the Team will ensure alignment of objectives, professionalism in service, and efficiency in delivery on the transaction.

Balance Sheet and Credit Impact: All of Servitas' recent projects have been off-balance sheet and to have no credit impact on the institution. This approach represents a natural/healthy 'tension' between the sponsor institution and the Project. Greater financial connectivity results in a lower cost of funds, and therein lower rents. Less financial connectivity can result in a higher cost of funds, which can lead to higher rents bourn by students.

Servitas will show COS financial models for every transaction structure it wishes to explore, engage rating agencies, and work with COS to select and use its preferred transaction structure. Not only should this development offer positive cash flow to COS and therefore have a positive impact on its finances, the property may be able to provide an upfront ground lease payment, a cash amount disbursed from bond proceeds at closing to help COS fund any programs it believes necessary as part of getting the campus ready for having more students living on campus.

Is there a minimum occupancy requirement? Yes and No

Debt Service Schedule
To sufficiently meet coverage in the first few years, cash flow projections employ a technique used in many P3 student housing financings known as "ramping." Ramping allows the borrower to modify the principal payments in the early years of the Project. Starting with lower payments in the first few years, principal incrementally increases, allowing the Project to meet coverage. This technique removes the debt service burden from the Project and helps strengthen coverage in the initial years, giving the Project a sufficient amount of time to get up and running smoothly.

Will Siskiyous be held responsible for any occupancy shortfall? No

Isolation from Project Liability
The entire structure is designed to limit the liability of the District. The 501(c)(3) entity assumes the ownership and borrower role in this structure. The 501(c)(3) is the entity obligated to pay the interest and principal on the borrowed debt; the revenues to support these payments come from student housing rent receipts generated by the Project. This structure is what makes the bonds "nonrecourse" to the District.
The term nonrecourse refers to structures involving debt for which an institution (the District) has no obligation to pay. Another entity (the 501(c)(3)) is obligated to repay the debt, and creditors have no ability to obtain payment from the District. Under this structure, the District, its students, or employees benefit from a project developed, constructed, and/or operated by a 501(c)(3) third party (who is obligated to repay the debt). The 501(c)(3) third party exists to fulfill the institutions' need for new or upgraded facilities for various purposes. This structure, or one substantively equivalent, has been used by numerous higher-education institutions.

The Ground Lease and the Affiliation Agreement define the District's relationship/entanglement with the Project. The Ground lease payments to the District will be subordinated to tax-exempt bonds, but the District's land for the Project will not be subordinated or mortgaged to the bond owners. The Affiliation Agreement will define the linkage between the District and the Project, including all of the elements addressed above. While District support of the Project, would support the credit and lower the cost of the project, it would not include an obligation to pay debt service on the Project given the nonrecourse nature of the structure.

What is the estimated payoff time table? 35 years

What are the fiscal cost to Siskiyous moving forward?

The subordinated expense is the total dollar cost of the anticipated expenses that the Project requires COS to subordinate to debt service in order to meet the 1.20x Debt Service Coverage Ratio test required by the 100% tax-exempt bond financing proposed.

Current assumptions use the electric utility, internet, and existing resources at the College, including Residence Life and Student Services, as the vehicle for COS to fund subordinated expenses. These expenses were specifically chosen because they have the most potential to provide additional financial benefits beyond allowing the Project to meet the debt coverage requirements. In past developments, the Project has received added savings by receiving electricity and insurance coverages at discounted rates if the public entity is the purchasing entity. These discounts are a direct dollar for dollar benefit to the College as it flows down to the Net Cash Flow to COS. The maximum amount of savings are achieved when all of the development stakeholders work together to find the best method to meet the financing requirements.

Net Cash Flow to COS
The Net Cash Flow to COS is the anticipated annual cash flow COS will receive as the annual ground lease payment. The lease payments are displayed as Cash Flow after Debt Service less the Subordinate Expenses. This guarantees that the anticipated ground lease payment that is available to the District's other mission objectives are not overstated.

What are the fiscal costs to Siskiyous if we don't move forward now?

The cost of conducting the feasibility analysis approximately $5000 and reimbursable travel expenses of approximately $2500

What are the fiscal costs to Siskiyous at various stop out points (Design, Funding, Site prep, construction)

One of the next steps is to negotiate a pre-development agreement between the College and Servitas. The costs to the College to stop the Project vary by the amount of time and design plans that have been accomplished.

As part of the project development, will we be able to address the capacity of the foodservice operations?

Potentially, Servitas has experience developing and incorporating Dining into the projects. Thoughtful planning and design will need to begin immediately to determine if Dining can be incorporated into the Student Housing Project.

What is the College committing to?

These answers have been incorporated into the other questions.

Is 302 beds too many?

The feasibility study indicates that there is sufficient demand

Will the District be indemnified if the financial obligations to the debt holders are not met

Yes, information is contained in the other questions

Can you list obligations the District may have (Internet, garbage, site lease, electric, water sewer, etc.) will these fees be covered by the student rents.

The final list will need to be discussed and placed in the operating proforma.