

# FAU FINANCE CORPORATION

## BOARD OF DIRECTORS

### MINUTES

Wednesday, March 14, 2012

(Approved during the June 12, 2012 FAUFC BOD meeting.)

#### 1. ROLL CALL FOR THE FAU FINANCE CORPORATION BOARD OF DIRECTORS MEETING.

The meeting of the FAU Finance Corporation Board of Directors (FAUFC BOD) was convened by the Chair, Mr. Anthony Barbar, at 3:04 p.m. Roll call commenced, confirming quorum, with the following FAUFC BOD members in addition to Mr. Barbar, participating:

Mr. Scott Adams (via teleconferencing) and Mr. Peter LoBello.

The following officers were in attendance:

Mr. Dennis Crudele, Executive Director and Ms. Stacey Semmel, Secretary/Treasurer.

The following guests were in attendance:

Ms. Jill Eckardt, Director-Florida Atlantic University (FAU) Housing and Residential Life; Ms. Elizabeth Rubin, FAU Associate General Counsel; and, Ms. Linda Elliott, FAU Administrative Assistant/Financial Affairs.

#### 2. REQUEST FOR APPROVAL OF THE UNDERGRADUATE HOUSING PROJECT FINANCING PLAN.

**Handout:** Proposed Resolution, Project Summary, Market Study, Financing Plan for Undergraduate Housing Project - Pro-Forma.

Mr. Crudele advised that this is a request to approve the financing plan to construct a new undergraduate housing facility which will add 600 resident beds and 14 resident assistant units on the south side of campus near existing undergraduate housing. Members learned that increasing freshman enrollment is part of the FAU Strategic Plan. Over 3,300 first-time-in-college (FTIC) students registered in Fall 2011 with only 1,800 beds dedicated to freshman; overflow students were placed in the Innovation Village (IV) South facility which was intended for upper class students. The facility infrastructure will incorporate computer labs, classroom,

multi-purpose rooms and parking. In addition, it will differ from existing undergraduate residence halls with the inclusion of a food service and a retail component in the building. This additional facility will increase bed inventory from 3,664 to 4,278 and is planned to open in the Fall 2013.

The architect selected for this project is PGAL and the Construction Manager will be Balford Beatty/JA Cummings; the same companies involved with the successfully completed IV Housing and Stadium projects.

Mr. Crudele explained the financing plan as issuing debt at approximately \$50 million through the FAU Finance Corporation (FAUFC). The financing plan consists of approximately \$31 million in construction cost, \$11 million in soft costs (permitting/inspections, surveys/testing, furniture and equipment, etc.) and a fully funded debt reserve fund of \$3.55 million. The estimated average annual debt service is \$3.2 million based on a percentage rate of 4.75; which meets the minimum standard debt service test ratio of 1.25 which is under what is required by the Board of Trustees' (BOT) Debt Service Guidelines. No financial contribution is required of FAU.

The project meets established housing, food service and occupancy demands for students as outlined in the Brailsford & Dunlavy Housing Market Study. It will be managed as a system which includes all Boca Raton residence halls with Capstone Management responsible for repair and maintenance issues and FAU Housing and Residential Life responsible for leasing functions, student contracting and student life programming.

The FAUFC BOD is being asked to approve a resolution authorizing the issuance of debt and requesting the FAU BOT to approve the issuance of such debt in an amount not to exceed \$50 million to construct certain student housing facilities on the Boca Raton campus of FAU (**See ATTACHMENT A**); approve a resolution declaring the intent to be reimbursed for expenditures related to these student housing facilities from bond proceeds; and, while recognizing that the FAUFC will own these student housing facilities, delegating to the FAU Facilities Division the authority to contract with the Architect and Construction Manager selected to construct these student housing facilities.

It was established that separate votes on each issue is best to ensure clear articulation of the intent for the record.

Discussion followed on issues including:

- Receiving written progress reports on the operating and financial status of the IV Housing.
- How and where constructing additional housing were originally planned since had not been previously incorporated within the FAUFC.
- Justification in expending monies for new housing with the current extensive budget reductions.
- Verifying that this housing project will eliminate an existing parking lot which is why the infrastructure planning of this new facility includes a parking garage.
- Requesting information on eligibility criteria in buying these bonds from the FAU General Counsel's office.

Ms. Eckardt provided copies of the housing and parking schematics being considered (**See ATTACHMENT B**).

Mr. Crudele advised members that the final financing documents would be presented to them again in June after continuing due diligence with representatives of the DBF/BOG and the FAU BOT.

Upon call, a motion was made by Mr. Adams and seconded by Mr. LoBello to approve a resolution authorizing the issuance of debt and requesting the BOT to approve the debt in an amount not to exceed \$50 million for the purpose of financing and constructing a new 600 bed undergraduate residence hall on the Boca Raton campus. **The motion passed unanimously.**

Upon call, a motion was made by Mr. LoBello and seconded by Mr. Adams to approve a resolution declaring the intent to be reimbursed for expenditures occurring prior to issuance of the debt but related to these student housing facilities from bond proceeds. **The motion passed unanimously.**

Upon call, a motion was made Mr. Adams and seconded by Mr. LoBello to approve delegation to the FAU Facilities Division the authority to contract with the Architect and Construction Manager selected to construct these student housing facilities. **The motion passed unanimously.**

3. **ADJOURNMENT OF MEETING.** With no further issues to discuss, **the meeting was adjourned at 3:30 p.m.**

**RESOLUTION OF THE BOARD OF  
DIRECTORS OF THE FAU FINANCE  
CORPORATION TO DECLARE INTENT TO  
BE REIMBURSED FOR EXPENDITURES  
RELATED TO CERTAIN CAPITAL  
PROJECTS**

WHEREAS, The FAU Finance Corporation (the "Corporation") expects to incur capital expenditures for a student housing project and related infrastructure (the "Project"); and

WHEREAS, funds for the Project will be provided on an interim basis from existing cash resources of Florida Atlantic University ("University") (the "Temporary Advances"); and

WHEREAS, pursuant to the budgetary and financial policies and practices of the University and the Corporation, the Temporary Advances are not available to fund the Project on a long-term basis; and

WHEREAS, it is reasonably expected that the Project will be financed on a long-term basis with tax-exempt or taxable debt; and

WHEREAS, except for architectural, engineering and similar preliminary expenditures, this Resolution is being adopted prior to or within 60 days after payment of the capital expenditure to be reimbursed; and

NOW, THEREFORE, it is resolved as follows:

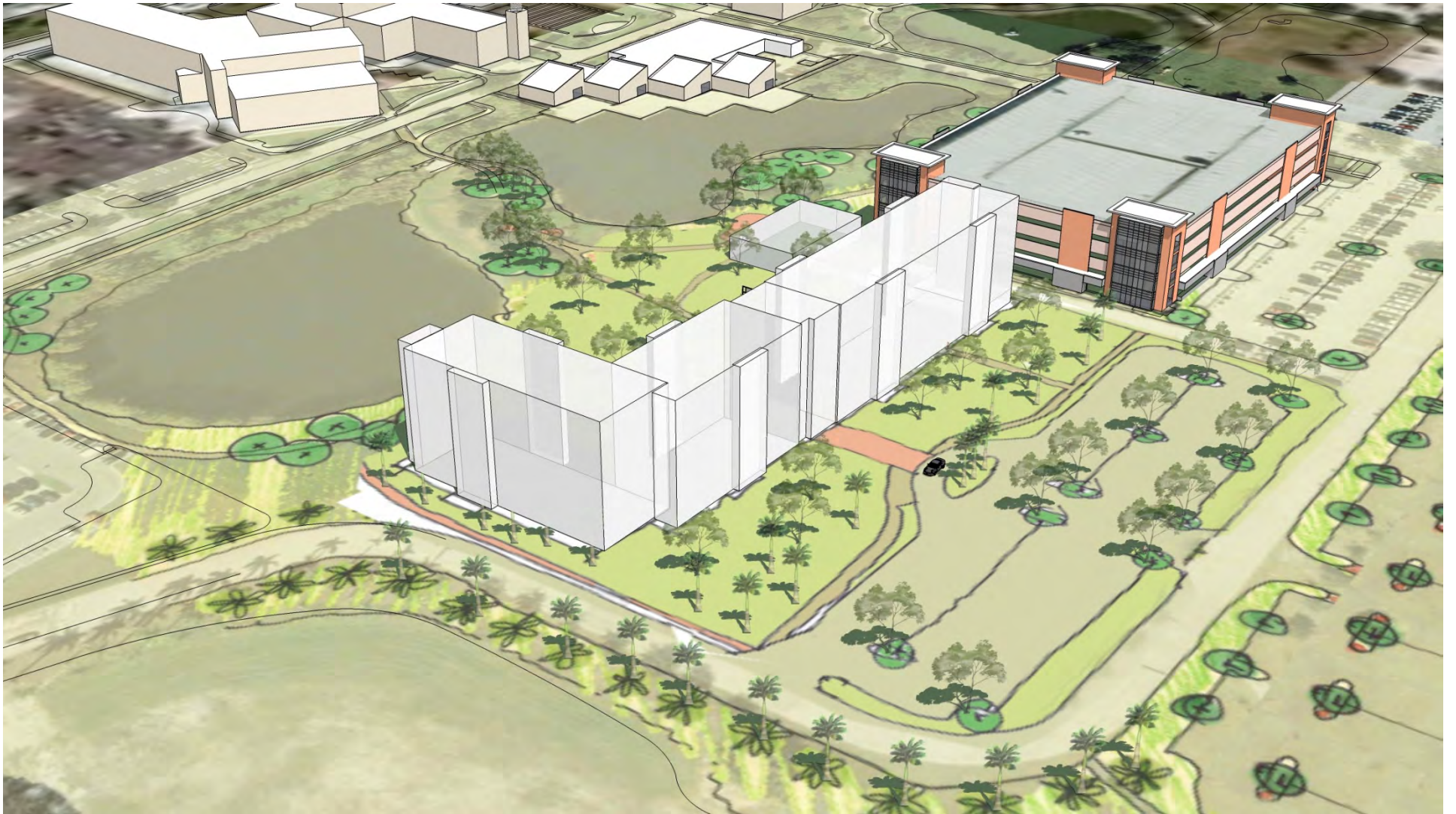
RESOLVED, the Corporation hereby declares official intent for the purposes of Section 1.150-2 of the Treasury Regulations, as follows: it is reasonably expected that (a) Temporary Advances for the Project will be reimbursed, in whole or in part, from the proceeds of debt to be incurred by the Corporation; (b) the principal amount of such debt will not exceed \$50,000,000.00 in aggregate for the Project (which amount includes the capital expenditures paid for with the Temporary Advances, plus an allowance for reserve funds, financing costs and original issue discount); (c) the debt for the Project will be incurred within 18 months following the later of (i) the date the capital expenditure to be reimbursed was paid, or (ii) the date on which the Project is placed in service, but no later than three years after the date of such capital expenditure for the Project; and (d) the authorization and terms of the debt shall be subject to corporate approval in accordance with the bylaws and policies of the Corporation.

IN WITNESS WHEREOF, the undersigned Secretary of the Board of Directors of the Corporation has hereunto affixed his hand this 14th day of March, 2012.

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Secretary



Option 1



Option 1



Option 1

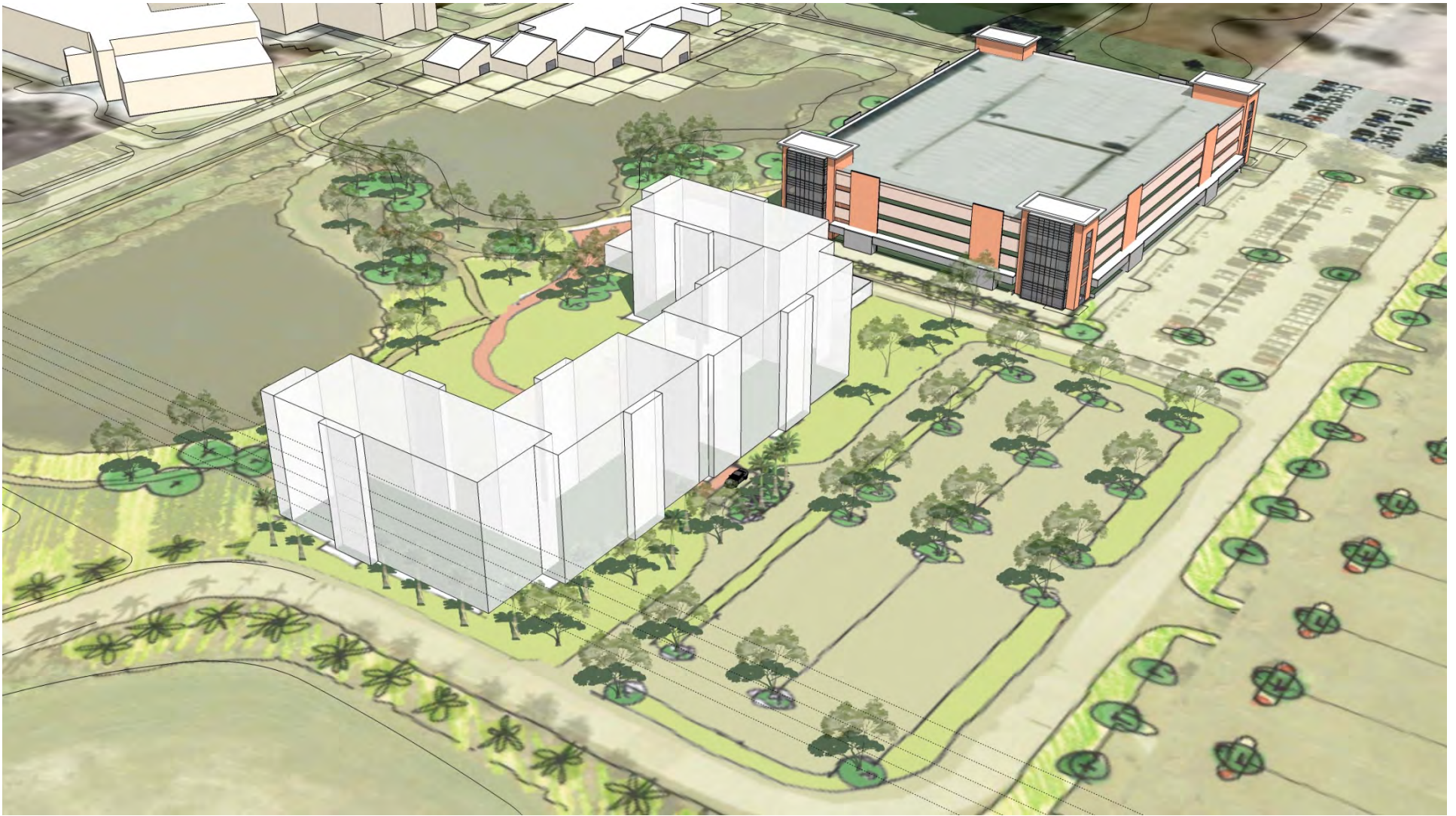


Option 1A





Option 2



Option 2



Option 2



Option 3



Option 3



Option 3