SUBJECT: REQUEST FOR APPROVAL OF A RESOLUTION RESTRICTING THE ISSUANCE OF FUTURE DEBT SECURED BY EXISTING HOUSING REVENUES AND DESIGNATING THE FAU FINANCE CORPORATION AS THE AGENT OF THE UNIVERSITY FOR THE DEVELOPMENT AND CONSTRUCTION OF THE INNOVATION VILLAGE PHASE I HOUSING FACILITIES

PROPOSED COMMITTEE ACTION

Recommend approval of a resolution (i) imposing certain restrictions on the issuance of future debt secured by existing housing revenues and (ii) designating The FAU Finance Corporation as the agent of the University for the development and construction of the Innovation Village Phase I housing facilities.

BACKGROUND INFORMATION

On December 16, 2009, this Board adopted a resolution, among other things, approving the development of the Innovation Village Housing Project (“Housing Project”), and authorizing the construction and installation of Phase I of the Housing Project, by and through The FAU Finance Corporation (“FAUFC”), an FAU direct-support organization, with the proceeds of certain Capital Improvement Revenue Bonds in an amount not to exceed $140,000,000 (the “Debt”).

The Debt shall be secured by revenues generated by the Housing Project and surplus operating revenues of the existing student housing facilities located on the Boca Raton campus to be leased by the University to the DSO subject to the University’s prior claim on such revenues to pay its obligations on its outstanding Housing Revenue Bonds, Series 2000, 2003, 2006A and 2006B (the “University Bonds”). The University Bonds have been issued by the State of Florida Division of Bond Finance (“DBF”) pursuant to the provision of its resolution adopted on July 21, 1992, as amended and supplemented (the “DBF Bond resolution”).

In order to obtain the best possible rating on the Debt, the financing plan requires that no further University Bonds be issued pursuant to the DBF Bond Resolution. As such, pursuant to
the proposed resolution, the University agrees that so long as the Debt remains outstanding the University will not request that the DBF issue any additional series of housing revenue bonds pursuant to the DBF Bond Resolution. This restriction, however, in no way prohibits the University from requesting the assistance of DBF with the future issuance of housing revenue bonds secured by a lien on the revenues to be generated by any proposed housing facilities to be financed with the proceeds from the sale of such bonds.

Also on December 16, 2009, this Board approved the form of Development Agreement by and between FAUFC and B-C Development, LLC, a Delaware limited liability company related to the construction of the Housing Project. The University now desires to authorize and direct the FAUFC to enter into such agreement as its agent and to designate the FAUFC as its agent for the purpose of acquiring all materials deemed necessary to construct and equip the Housing Project, including the acquisition of all materials pursuant to the state’s direct purchase program.

**IMPLEMENTATION PLAN/DATE**

The closing of the DBF Bond Resolution will become effective immediately upon Board approval. The Debt issuance is scheduled to occur on March 4, 2010. The Development Agreement will become effective upon the issuance of the Debt and construction under the Development Agreement, including the ordering of materials, will commence immediately upon the receipt of bond funds. Preliminary site work and mobilization is already underway. The Housing Project is scheduled to be completed and open for the fall 2011 semester.

**FISCAL IMPLICATIONS**

The closing of the DBR Resolution will only prohibit the issuance of additional series of housing revenue bonds pursuant to the DBF Bond Resolution. This restriction will not prohibit the University from requesting the assistance of DBF with the future issuance of housing revenue bonds secured by a lien on the revenues to be generated by any proposed housing facilities to be financed with the proceeds from the sale of such bonds. The designation of the FAUFC as the University’s agent for the construction of the Housing Project is anticipated to have significant tax savings on material purchases.

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**Supporting Documentation:** Proposed Resolution

**Presented by:** David L. Kian, General Counsel  
**Phone:** 561-297-3007
A RESOLUTION RELATED TO THE RESTRICTION ON THE I S S U A N C E OF FUTURE SERIES OF HOUSING REVENUE BONDS THAT ARE SECURED BY A PLEDGE OF HOUSING SYSTEM REVENUES ON A PARITY WITH THE LIEN GRANTED TO HOLDERS OF CERTAIN OUTSTANDING HOUSING REVENUE BONDS PREVIOUSLY ISSUED BY THE DIVISION OF BOND FINANCE ON BEHALF OF THE FLORIDA ATLANTIC UNIVERSITY; DESIGNATING THE FAU FINANCE CORPORATION AS ITS AGENT FOR PURPOSES OF DEVELOPMENT AND CONSTRUCTION OF THE PROJECT DESCRIBED HEREIN; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Florida Atlantic University Board of Trustees (the “Board of Trustees”) previously authorized and directed The FAU Finance Corporation (the “Finance Corp”) to develop and undertake a financing plan to finance, on its behalf, Phase I of the development of a student support complex on the Boca Raton campus of the Florida Atlantic University commonly referred to as Innovation Village (the “Project”); and

WHEREAS, based on such authorization and direction the Finance Corp proposes to issue its Capital Improvement Revenue Bonds (the “Series 2010 Bonds”) in an aggregate par amount not to exceed $140,000,000 pursuant to a Trust Indenture between the Corporation and U.S. Bank National Association, as trustee, to be secured by revenues generated by Phase I of the Project and surplus operating revenues of the existing student housing facilities located on the Boca Raton campus (the “Existing Facilities”) to be leased by the University to the DSO subject to the University’s prior claim on such revenues to pay its obligations on its outstanding Housing Revenue Bonds, Series 2000, 2003, 2006A and 2006B (the “University Bonds”); and

WHEREAS, the University Bonds have been issued by the State of Florida Division of Bond Finance (“DBF”) pursuant to the provision of its resolution adopted on July 21, 1992, as amended and supplemented (the “DBF Bond resolution”); and

WHEREAS, in order to obtain the best possible rating on the Series 2010 Bonds the financing plan requires that no further University Bonds be issued pursuant to the DBF Bond Resolution; and

WHEREAS, The Board of Trustees previously approved the form of Development Agreement by and between the Finance Corp and B-C Development, LLC, a Delaware limited liability company related to the construction of Phase I of the Project and now desires to authorize and direct the Finance Corp to enter into such agreement as its agent; and the Board of Trustees further desires to designate the Finance Corp its agent for the purpose of acquiring all materials deemed necessary to construct and equip Phase I of the Project; and
NOW, THEREFORE, BE IT RESOLVED by The Board of Trustees of Florida Atlantic University (the “Board of Trustees”) as follows:

Section 1. The Board of Trustees hereby agrees that so long as the Series 2010 Bonds remain outstanding the Board of Trustees will not request DBF issue any additional series of housing revenue bonds pursuant to the DBF Bond Resolution; provided, however, this restriction in no way prohibits the Board of Trustees from requesting the assistance of DBF with the future issuance of housing revenue bonds secured by a lien on the revenues to be generated by any proposed housing facilities to be financed with the proceeds from the sale of such bonds.

Section 2. The Board of Trustee hereby designates the Finance Corp as its agent for purposes of developing and constructing Phase I of the Project for all purposes including the acquisition of all materials pursuant to the direct purchase program. The President of the University is hereby authorized to enter into an agreement related to the agency relationship authorized and created hereby to further document the authority of the Finance Corp to act with respect to the development and construction of Phase I of the Project. Such agreement shall be in a form acceptable to the University General Counsel.

Section 3. The Board of Trustees hereby ratifies and confirms all prior actions taken by the Finance Corp, in the capacity as agent, related to developing and constructing Phase I of the Project.

Section 4. This Resolution shall be effective immediately upon its adoption.

CERTIFICATE OF THE CORPORATE SECRETARY

The Undersigned, Corporate Secretary of the Florida Atlantic University Board of Trustees, does hereby certify that the attached resolution is a true and accurate copy as adopted by the Florida Atlantic University Board of Trustees on March 24, 2010.

THE FLORIDA ATLANTIC UNIVERSITY BOARD OF TRUSTEES

Dated: ___________________ By: ____________________________
Corporate Secretary