

MANAGEMENT AGREEMENT

AMONG

THE FAU FINANCE CORPORATION,

B-C MANAGEMENT, LLC

AND

FLORIDA ATLANTIC UNIVERSITY
BOARD OF TRUSTEES

MANAGEMENT AGREEMENT

This Management Agreement (this "Agreement") is dated as of February 1, 2010 and effective July 1, 2011 by and among the **FLORIDA ATLANTIC UNIVERSITY BOARD OF TRUSTEES** (the "University"), a public body corporate of the State of Florida, **THE FAU FINANCE CORPORATION** (the "Finance Corporation"), a not for profit corporation organized and existing under the laws of the State of Florida, a direct support organization of the University pursuant to Section 1004.28, Florida Statutes and an instrumentality of the University and **B-C MANAGEMENT, LLC**, a Delaware limited liability company ("B-C").

RECITALS

WHEREAS, the University currently owns and operates certain existing student housing facilities (the "Existing Facilities") located on the sites described in attached Exhibit A (the "Existing Facilities Sites") which the University has leased to the Finance Corporation pursuant to the terms of a Ground Lease Agreement dated as of February 1, 2010 (the "Ground Lease");

WHEREAS, under the Ground Lease, the University has also leased certain unimproved lands described in attached Exhibit B (the "Proposed Facilities Sites") to the Finance Corporation upon which the Finance Corporation proposes to construct certain student housing facilities consisting of a 1,218-bed student housing facility comprised of two buildings located on the campus of the University in Boca Raton, Florida (the "Proposed Facilities");

WHEREAS, the Existing Facilities and the Proposed Facilities are referred to herein as the Property;

WHEREAS, pursuant to the terms of a Trust Indenture dated as of February 1, 2010 (the "Trust Indenture") by and between the Finance Corporation and U.S. Bank National Association, as trustee (the "Trustee") the Finance Corporation has issued its Student Housing Revenue Bonds, Series 2010A in a principal amount equal to \$_____, and its Student Housing Revenue Bonds, Series 2010B in a principal amount equal to \$_____ (collectively, the "Bonds") the proceeds of which were used to finance the acquisition and construction of the Proposed Facilities and prepay the ground rent due under the Ground Lease;

WHEREAS, the Finance Corporation desires to engage the University and B-C to manage and operate the Property, and the University and B-C desire to accept such engagement, pursuant to the terms and conditions contained herein;

WHEREAS, NOW THEREFORE, for and in consideration of the foregoing, the mutual covenants and promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

**ARTICLE 1
GENERAL APPOINTMENT**

1.1. Engagement of Services. The Finance Corporation hereby engages the University and B-C beginning on the Effective Date and continuing throughout the Term to provide the services specified in this Agreement. The University and B-C are individually referred to herein as a "Manager" and jointly referred to herein as the "Managers." The Managers hereby accept such engagement and subject to the terms and conditions set forth in this Agreement agree to perform the services described herein.

**ARTICLE 2
TERM**

2.1. Term. The term of this Agreement shall commence as of July 1, 2011, (the "Effective Date") and shall expire on the day that is ten (10) years after the Effective Date (the "Term"); provided, however, the Term shall be extended for successive one (1) year periods commencing with the initial Term and each successive anniversary thereafter, unless the Finance Corporation or either Manager gives notice of non-extension at least ninety (90) days prior to such expiration or anniversary date.

**ARTICLE 3
MANAGERS' RESPONSIBILITIES**

3.1. Management. The Managers shall manage, operate, and maintain the Property, with the advice and consultation of an advisory committee established by the Finance Corporation which is composed of one representative of B-C, the University's Senior Vice President of Student Affairs or designee, the University's Senior Vice President of Financial Affairs or designee, the University's Vice President of Facilities or designee, and the University's President or designee (the "Advisory Committee"), (i) in a prudent and efficient manner consistent with the community standards of the University, as opposed to housing operated by for profit entities which do not have comparable educational missions; (ii) in accordance with customary management practices for well maintained public university student housing properties of comparable size and age, (iii) with dedication to achieving the highest quality and economic integrity possible that supports the best interests of the Property and the University and its students, and (iv) in accordance with this Agreement. The responsibilities of each Manager are generally set forth on the matrix attached hereto as Exhibit C ("Responsibility Matrix").

3.2. Leasing.

(A) The University shall be responsible for all leasing functions of the Property. The University shall lease space at the Property only to Qualified Residents (as defined below in this Section) upon the terms and conditions, and pursuant to standard University housing contract forms. The University shall have the exclusive authority to establish, change or revise any rents, fees, deposits, or other charges with respect to the Property, with the advice and consultation of the Advisory Committee. A "Qualified Resident" shall mean those occupants of the Property who are students; and, in the sole

discretion of the University, University faculty and staff and guests attending or participating in University-sponsored activities.

(B) The University shall require all new housing contracts with respect to the Property to provide that it is each resident's responsibility to maintain its Qualified Resident status during the entire term of the current semester; if the Finance Corporation advises the University or if the University otherwise acquires actual knowledge that any resident of the Property does not satisfy the Qualified Resident requirements, then the University is authorized to use reasonable efforts to evict such resident.

(C) The University shall use reasonable efforts to enforce all housing contracts pertaining to the Property and to collect all rents due thereunder. The University may in the ordinary course of business enforce any housing contract for the collection of rent or dispossess any resident who has defaulted under its housing contract. The University is authorized to sign and serve notices as it deems necessary for housing contract management. All attorneys' fees, filing fees, court costs, and other necessary expenses incurred in connection with legal actions relating to housing contracts and not recovered from residents shall be an operating expense of the Property, to be paid out of the Operating Account, defined herein.

(D) Any security or other escrow or other escrow deposits received by the University from residents of the Property shall be held in accordance with University policy and the law of the jurisdiction in which the Property is located.

(E) The University with the input of the B-C, shall develop and implement a marketing and leasing plan (the "Marketing Plan"). On or before September 1st of each year, commencing September 1, 2010 the University shall deliver to the Advisory Committee for its advice and consultation, and to the Finance Corporation for its review and approval, the Marketing Plan for the upcoming academic year. The Proposed Facilities shall be marketed exclusively to, and are intended to be occupied exclusively by, upper division undergraduate and graduate students only.

(F) The costs of implementing the Marketing Plan and such advertising by the University shall be reflected as a line item in the Budget and be paid out of the Operating Account, defined herein.

(G) The University shall set the key policy for all Property locks.

3.3. Programming & Residential Life. The University shall be responsible for residence life management including, but not by way of limitation, residence life, student conduct and guest conduct, to help facilitate the operation of the Property in a manner consistent with the community standards of the University.

3.4. Contracts. All contracts hereafter entered into pertaining to the Property (collectively, "Contracts"): (a) shall be in B-C or the University's name, as the case may be in

accordance with the Responsibility Matrix, (b) shall be the subject of competitive bidding if required by University regulations or applicable law, (c) shall include a provision for cancellation without penalty upon not more than thirty (30) days written notice, (d) shall require that all contractors provide evidence of sufficient insurance with the University, B-C and the Finance Corporation being named as additional insureds, (e) shall be within any applicable guidelines specified in the Budget, and (f) shall not conflict with any University exclusive providers on the Boca Raton Campus.

3.5. Maintenance and Repairs.

(A) B-C shall supervise, manage and pay for all maintenance, repairs, alterations, improvements, and upkeep other than capital improvements included in the Capital Improvement Plan, as herein defined, of the Property from amounts on deposit in the Operating Account. Incident thereto, the following provisions will apply:

(a) Special attention will be given to preventative maintenance, and, to the greatest extent feasible, the services of appropriately certified or trained B-C's on-site maintenance employees will be used.

(b) B-C may contract with qualified independent contractors for the maintenance and repair of heating and air conditioning systems, and for other extraordinary repairs beyond the capability of regular maintenance employees of B-C as allowed in the Budget. B-C shall review and approve all invoices for maintenance and repair expenses subject to reimbursement or payment by the Property.

(c) Unless unavoidable circumstances exist which delay B-C's ability to investigate, B-C will systematically and promptly receive and investigate all service requests from residents within one business day, take such action thereon as may be justified and as soon as reasonably practicable and will keep records of the same. Complaints of a serious nature will be reported to the Finance Corporation and the University after investigation. B-C shall maintain a record of all service requests and work orders applicable to the Property, which records shall be readily accessible by the University at the Property at all times.

(d) B-C is authorized in accordance with the Budget to purchase all materials, equipment, tools, appliances, supplies and services necessary for proper maintenance and repair of the Property. Special or preferred consideration shall be given to "green" products, supplies, and energy star appliances in keeping with the anticipated LEED Silver certification of the Proposed Facilities. B-C shall also operate a recycling program and provide easily accessible areas with space dedicated to the collection and storage of non-hazardous material for recycling, including, at a minimum, paper, corrugated cardboard, glass, plastics and metal.

(e) B-C will reflect in the Budget, amounts to be reserved by the Trustee in the Renewal and Replacement Fund as reflected in and in a manner consistent with the Indenture.

(f) B-C will record expenses as incurred in accordance with Generally Accepted Accounting Principles and monies will be spent in accordance with the allowability and allocability of the Florida Statutes.

(g) All work shall be done in accordance with University environmental, health and safety policies, including those pertaining to the disposal of hazardous waste, and subject to University permitting, as applicable.

(B) B-C shall use reasonable efforts to maintain the Property in good order, upkeep and repair, and keep the Property in a safe and sanitary condition, ordinary wear and tear excepted; and B-C shall keep the Property reasonably free from obstructions or debris. B-C/FAU shall make reasonable efforts to carry out all reasonable requests of the Finance Corporation or the University to ensure the Property is kept in a safe and sanitary condition. B-C shall perform or cause to be performed by a licensed, bonded professional pest and sanitation control service, inspections of the Property as necessary for the purposes of controlling infestations by insects, rodents and vermin. B-C shall promptly cause any corrective or extermination work reasonably recommended by such service to be performed. B-C shall refrain from committing or permitting any waste, nuisance or fire hazard with respect to the Property and will cause compliance with or exceed all applicable fire and health laws. To the extent under B-C's control, B-C shall permit no unlawful practice to be carried on, within or on the Property and shall comply with all applicable laws in the use and occupancy of the Property.

3.6. Capital Improvements.

(A) Along with the Budget and in accordance with the Budget schedule set forth in Section 4.1(A), B-C will prepare and submit to the Finance Corporation and to the University an Annual Capital Plan (the "Annual Capital Plan") and a five (5) year renewal and replacement schedule, updated annually of the proposed capital improvements and proposed work schedule and obtain the approval of the Finance Corporation and the University of the Annual Capital Plan. Subject to the provisions of the Budget, B-C is authorized to make contracts for all renovations, repairs, additions, or improvements falling under the category of capital improvements and outlined in the approved Annual Capital Plan.

(B) B-C shall provide the University and Finance Corporation with advance written notification (hereinafter "Work Notification") of any proposed work to be done in accordance with the Annual Capital Plan. The Work Notification shall be provided to the University as far in advance of the work as possible, shall be coordinated with the University to assure the minimum disruption to the University (including reasonable notice to student residents and any affected neighbors) and in accordance with and subject to University permitting and shall consist of a general description of the work, when it

will occur, its location by building and room, and building materials which the work may contact or disturb. B-C shall cooperate with University personnel to provide any other pertinent information they may request with regard to the Work Notification.

(C) Amounts required to fund the Capital Improvement Plan shall be disbursed by the Finance Corporation from amounts requisitioned from the Renewal and Replacement Fund held by the Trustee.

3.7. Payment of Taxes, Liens and Assessments; Filing for Exemptions. B-C shall obtain and pay when due all real estate and personal property taxes (if any), improvement assessments and other like charges which are or may become liens against the Property. B-C shall assist the Finance Corporation with the annual preparation, timely filing, and prosecution of any applications or documents needed to be filed for the exemption of the Property from ad valorem real estate taxes.

3.8. Licenses and Permits. Each Manager shall maintain in effect all licenses, permits and other governmental approvals with respect to (a) their respective Property responsibilities (such as, without limitation, certificates of occupancy, elevator permits, telecommunications licenses, health permits, etc.), and (b) their qualifications to perform their respective obligations hereunder.

3.9. Employees and Staffing requirements.

(A) B-C will employ the necessary staff at the Property to ensure that all B-C responsibilities as set forth on the Responsibility Matrix, including without limitation, operations, including business administration, housekeeping and maintenance, which shall be considered as "B-C Duties", are successfully implemented. The University will employ the necessary staff at the Property to ensure that all University responsibilities as set forth on the Responsibility Matrix, including without limitation the provision of resident life services and staffing, housing fee collections, marketing, housing contract contracting services, front desk operations and mail/package/delivery within the Property, which shall be considered as "University Duties", are successfully implemented. All onsite resident life personnel shall be provided fee free residential accommodations, the numbers of which onsite residential life personnel are determined and mutually agreed upon in the approved Annual Operating Budget.

(B) The University shall arrange for a sufficient number of capable employees to enable the University to carry out the University Duties hereunder. Such persons shall be the employees of the University. All matters pertaining to the employment, supervision, promotion and discharge of such employees are the responsibility of the University. The University may treat the gross salary and wages, payroll taxes, insurance, worker's compensation and other benefits and costs of any of the University's employees who are directly or indirectly involved in the management or operation of the Property as an operating expense of the Property, provided that (i) such expenses shall have been identified in the approved Budget, and (ii) such costs do not exceed the budgeted amounts shown on then current approved Budget.

(C) Subject to subparagraphs (H) and (I) below, B-C shall arrange for a sufficient number of capable employees to enable B-C to carry out the B-C Duties hereunder. Such persons shall be the employees of B-C. All matters pertaining to the employment, supervision, promotion and discharge of such employees are the responsibility of B-C. B-C may treat the gross salary and wages, payroll taxes, insurance, worker's compensation and other benefits and costs of any of B-C's employees who are directly involved in the management or operation of the Property as an operating expense of the Property, provided that (i) such expenses shall have been identified in the approved Budget, and (ii) such costs do not exceed the budgeted amounts shown on then current approved Budget. At a minimum upon completion of the Proposed Facilities the B-C on-site staff shall at a minimum consist of the following:

(a) One General Manager (GM) who is a full-time professional staff member exclusively dedicated to the management of the Property, having experience with university housing. The compensation package for the GM may include a fee-free apartment in the Proposed Facilities and an annual salary reasonably determined by B-C and approved as part of the approved Budget.

(b) Additional fee free units may be set aside for the purpose of any additional on site B-C employee or employees that may in the future be desired by mutual agreement of B-C and the Finance Corporation to live on-site. Additional housing supplied to B-C employees will be part of an approved Budget.

(D) All on-site personnel will either be employees of B-C or the University. B-C or the GM and/or University and/or qualified third party, as applicable, will hire, pay, supervise and discharge such personnel and service agreements, subject to the following conditions:

(a) The GM will coordinate activities in the interest of good overall management.

(b) The compensation, including fringe benefits, of the GM and all other B-C employees performing on-site functions will be within B-C's sole discretion. Compensation of bookkeeping, clerical, and other managerial personnel will be within B-C's sole discretion. Notwithstanding the foregoing, the anticipated compensation, including fringe benefits, of all employees expected to perform on-site functions will be included in the Budget and shall be subject to the final approval of the Finance Corporation, in its sole discretion.

(c) Compensation, including fringe benefits, payable to all employees performing on-site functions, and for all local, state and Federal taxes, assessments (including but not limited to Social Security taxes, unemployment insurance, and worker's compensation insurance), insurance deductibles, and other expenses incident to the employment of such personnel shall be Operating Expenses. Such expenses will be included in the Budget, payable solely out of

the Operating Account and will not be paid out of B-C's fee or any funds of the Finance Corporation or the University. It is understood and agreed that, for all purposes, neither the Finance Corporation nor the University is a joint or co-employer of B-C's employees. Except as specifically provided hereunder, neither the Finance Corporation nor the University shall have any liability for, with respect to, or relation to any employee of B-C, including without limitation, liabilities for compensation, bonuses or fringe benefits payable or provided to or for the benefit of any such employee.

(d) The value of any residential unit furnished fee-free to any employee of the Managers, other than University residence life live-in personnel (i.e., resident assistants and resident coordinators), will be treated as Operating Expense. No residential unit, other than those specifically identified in this Agreement, will be furnished fee-free to an employee of B-C or under a service agreement unless included in an approved Budget without the prior approval of the Finance Corporation. The Managers shall conduct criminal background checks on their respective employees living on the Property.

(e) B-C shall be an equal opportunity employer and shall conform to all applicable laws regarding employment and any applicable rules or regulations of the Finance Corporation and the University. B-C further agrees to provide full information concerning its employment practices and procedures to any government agency having jurisdiction over such matters. B-C shall not engage in or permit discrimination against any person or groups of persons on the grounds of race, color, handicap, religion, national origin, age, or sex in any manner prohibited by the laws of the United States, the State of Florida, or Palm Beach County.

(f) B-C and its employees, agents and contractors will, and will use commercially reasonable efforts to cause third parties to, strictly adhere to all policies, procedures, and regulations of the Finance Corporation and the University while on the Finance Corporation's, the University's, or Property premises (including but not limited to parking, smoking, security, drug and alcohol use, and other policies pertaining to the conduct of persons on University property).

(g) B-C and its employees will, and will require that its agents and contractors will, at all times act professionally and in a manner that does not reflect adversely on the University or the Finance Corporation or impair their operations or the fulfillment of the University's educational mission.

(E) The Managers, as to their respective employees as provided above, shall perform all acts required of an employer and shall execute and file all tax and other returns required under applicable federal, state, and local laws, regulations, and/or ordinances governing employment and all other statements and reports pertaining to its employees required under any similar federal or state law now or hereafter in force.

(F) Notwithstanding the provisions of this Agreement, the Managers may contract with third party providers to provide any of the services or actions required to be undertaken by the Manager's hereunder; provided, however that in no event shall the Managers be relieved for their respective responsibilities for such services or actions required to be taken under this Agreement.

(G) The Managers shall maintain workers' compensation insurance covering their respective employer's liability under applicable workers' compensation laws in the state of Florida and shall only have licensed, bonded professionals providing services within the interior living spaces of the Property residences.

(H) BC/FAU shall offer employment at the Property to as many University housing employees as reasonably possible who will be displaced by the implementation of BC/FAU as Manager under this Agreement for a minimum period of one (1) year after the Effective Date. Such offers of employment shall be at salaries consistent with those delineated in the approved Budget.

(I) In the event that the University or the Finance Corporation, at any time and their sole and absolute discretion, deems any employee designated by B-C unsuitable for the performance of any B-C provided services, the University or the Finance Corporation, as applicable, after consultation with the Advisory Committee, shall advise B-C of such determination, and B-C shall immediately remove such employee and provide a replacement employee acceptable to the University and the Finance Corporation to perform the services.

3.10. Limitations on B-C Authority. Notwithstanding the authority granted to B-C in the foregoing provisions of this Agreement, B-C shall not have the authority and shall not do any of the following without the prior written consent of the Finance Corporation and the University in each instance:

- (a) Enter into any contract which is not cancelable on thirty (30) days notice; or
- (b) Institute any legal action without Finance Corporation's consent; or
- (c) Expend or commit any funds other than as approved by the Finance Corporation pursuant to the Budget; or
- (d) Execute any deed, note, mortgage or security agreement binding on the Finance Corporation or the University; or
- (e) Commit or allow any act or omission which results in the imposition of any lien or encumbrance on the Property or any portion thereof; or
- (f) Sell, transfer or otherwise dispose of all or any portion of the Property (other than dispositions of minor property in the ordinary course of business); or

- (g) Commit or permit waste of the Property or any portion thereof; or
- (h) Lease or grant any concessions for any commercial operation of the Property or any portion thereof, except with Finance Corporation's written approval; or
- (i) Perform any University Duties without the University's prior written consent.

3.11. Compliance.

(A) B-C shall use reasonable efforts to cause the Property to comply with all applicable federal, state and municipal laws, ordinances, regulations or orders (including but not limited to those pertaining to the use of hazardous substances, health and safety) consistent with customary management practices for comparable properties in connection with the leasing, use, operation, maintenance, security, transportation, custodial services, and possession of the Property on behalf of the Finance Corporation. B-C shall promptly notify the Finance Corporation of any violation of any such law, ordinance, rule, regulation or order which comes to its attention. With respect to the disposal of hazardous wastes and materials, B-C shall participate in the University's Environmental Health & Safety (EH&S) Hazardous Materials Auxiliary, or other such hazardous wastes and materials disposal program implemented by the University. All hazardous wastes and materials generated at the Property shall be disposed of in coordination with EH&S.

(B) B-C shall use reasonable efforts to cause compliance with all terms and conditions binding on the Finance Corporation contained in all leases and Contracts affecting the Property. Without limitation of the foregoing, B-C shall comply with the reporting and all other requirements affecting the Property and/or its operation that are imposed by virtue of the Trust Indenture with respect to the Property and its operations. The Finance Corporation will notify B-C of all future changes to these requirements promptly after the Finance Corporation is informed of such changes.

(C) The Managers and its employees, agents and contractors shall comply with all applicable local, University, state and federal laws, ordinances and regulations applicable to the performance of their respective duties under this Agreement.

3.12. Liability. Subject to the obligations set forth Section 3.16 below, the Managers shall not be liable for the payment, out of the Manager's own funds, of any costs whatsoever relating to management or operation of the Property (whether budgeted or not).

3.13. Claims. Should any claims, demands, suits or other legal proceedings be threatened in writing or instituted by any person against the University, B-C or the Finance Corporation with respect to the Property, the recipient of notice of such claim, demand, suite or other legal proceeding shall give each of the other parties to this Agreement prompt notice and all pertinent information and reasonable assistance in the defense or other disposition thereof. B-C shall promptly investigate all alleged accidents and/or alleged claims for damages relating to the operation and maintenance of the Property, including any damage or destruction to the

Property and the estimated cost of repair and keep a written log of all investigation activities and findings. B-C shall promptly report all accidents and claims of a serious nature to the Finance Corporation and the University and B-C shall send a copy of such report to the appropriate insurance carrier if, after consultation with the Finance Corporation, deemed appropriate or if B-C believes the claim for damages or the cost of repair to be in excess of the insurance deductible permitted in Section 6.1 herein. B-C shall cooperate with the insurance carrier(s) with the processing of the reports required by the insurance carrier(s).

3.14. No Other Duties. The Housing Management Responsibility Matrix, attached hereto as Exhibit C and incorporated herein, allocates the responsibility for various duties to the University and B-C, respectively. The parties agree to perform their respective obligations as set forth in abide by such Responsibility Matrix. Such Matrix may be amended from time to time upon the mutual written consent of all the parties. The Managers shall have no other duties with respect to the Property and no other obligations to the Finance Corporation except as are specified herein or in any amendment or supplement to this Agreement hereafter signed by the Finance Corporation, B-C and the University.

3.15. Finance Corporation's Liability. Notwithstanding anything to the contrary herein contained, any claim based on or in respect of any liability of the Finance Corporation for (i) any payment hereunder or (ii) the performance of any other covenant, agreement, term or condition contained herein shall be paid solely out of, and enforced only against, the System Revenues, if any, to the extent available to the Finance Corporation pursuant to the Indenture and, in either case, not from or against any other assets, properties or funds of Finance Corporation or against any assets, properties or funds of any member, director, official, officer, employee, successor, assign or agent of Finance Corporation. The Managers agree not to seek to obtain a money judgment against Finance Corporation, or against any officer, member, official, director, employee or agent of Finance Corporation or against any of their respective heirs, administrators, executors, personal representatives, successors or assigns. No obligation or agreement of the Finance Corporation hereunder shall be construed to constitute an obligation of the State of Florida, the University or any political subdivision or public body thereof or a debt of the State of Florida, the University or any political subdivision or public body thereof, or as a pledge of the general credit, full faith or taxing power of the State of Florida, the University or any political subdivision or public body thereof. The provisions hereof shall be a limitation on all of Finance Corporation's payment and performance obligations set forth herein and shall be deemed incorporated into each section of this Agreement that provides for Finance Corporation to make a payment of any type whatsoever or carry out or perform any obligations or to cause any third party to carry out or perform any obligations and shall supersede any provision to the contrary set forth herein.

3.16. Indemnification.

(A) B-C agrees to indemnify and hold free and harmless, and defend the State of Florida, the Finance Corporation, the University, and their respective officers, employees, volunteers, contractors and agents (the "FAU Indemnified Parties"), from and against any and all actions, claims, liabilities, assertions of liability, losses, costs and expenses, including attorneys fees ("Claims"), by third parties against the FAU

Indemnified Parties on account of B-C's or its employees' or agents' actual or alleged negligent or willful acts or omissions arising from or related to those services contemplated under this Agreement, , including by way of illustration and not limitation, claims or causes of action related to discrimination, employment matters, and theft and dishonesty.

(B) To the extent provided under Section 768.28 of the Florida Statutes, University assumes any and all risks of personal injury and property damage, deprivation, or infringement (including, but not limited to, intellectual property) attributable to the negligent acts or omissions of the University and its officers, employees, servants, and agents while acting within the scope of their employment by University. Nothing contained herein shall be construed or interpreted as (1) denying to either party any remedy or defense available to such party under the laws of the State of Florida; (2) the consent of the State of Florida or its officers, employees, servants, agents, agencies, or public bodies corporate to be sued; or (3) a waiver of sovereign immunity of the State of Florida beyond the waiver provided in section 768.28 of the Florida Statutes.

ARTICLE 4 BUDGETS, REPORTS AND ACCOUNTS

4.1. Budgets.

(A) The parties acknowledge that the Budget, as defined below, for the initial year of operation commencing on the Effective Date (the "Initial Budget") needs to be prepared, reviewed and approved prior to the Effective Date. The University agrees to prepare and deliver to B-C and the Finance Corporation no later than the _____, 2011 the proposed final Initial Budget. The University agrees to submit to the Advisory Committee and B-C no later than _____, 2010 a draft of the Initial Budget complying with the requirements described below in subparagraph B of this Section. The Advisory Committee and B-C shall review and make recommendations no later than _____, 2010. Once approved by Finance Corporation B-C agrees to operate the Property in accordance with the approved Initial Budget.

(B) Commencing with the Budget for Fiscal Year commencing July 1, 2012, B-C, with the input and coordination of the University, shall prepare and deliver to the Finance Corporation no later than the _____ of each year (the "Budget Date"), a draft budget for the operation, management, maintenance for the Property (the "Budget") which complies with the Rate Covenant (as herein defined). Each proposed budget shall contain proposed operating, maintenance and capital improvement expenditures (including, without limitation, line items for "Operating Expenses" as defined in the Indenture). B-C shall provide a proposed final budget to the University and the Advisory Committee for preliminary review and comment at least 45 days prior to the Budget Date. Within thirty (30) days of receipt of the proposed final budget, the Advisory Committee shall review and make recommendations to the Finance Corporation on the proposed final budget. If the Budget as adopted by the Finance Corporation differs materially from the

recommendations of the Advisory Committee, it is subject to the consent of the University, which consent shall not be unreasonably withheld, delayed or conditioned. If the University shall fail to respond within twenty (20) business days, then the Budget as submitted shall be deemed approved by the University. In the event that the University gives notice of its refusal to consent, the Finance Corporation and University promptly, in good faith, shall develop a Budget on which they both may agree. In the event the Finance Corporation and the University fail to reach agreement not later than one hundred twenty (120) days prior to the commencement of the annual period beginning on the next July 1 and ending on the June 30 of the immediately succeeding calendar year ("Annual Period"), the Budget for the then current Annual Period, as increased by a factor equal to 3% shall be implemented for the next Annual Period until agreement is reached on the new Budget. The Managers shall manage and operate the Property pursuant to the approved Budget. The Managers shall have the option to reallocate amounts among the various categories of expenses set forth in the Budget related to their respective duties as set forth in the Responsibility Matrix; provided, however, such reallocation of amounts shall not result in a change either positive or negative of more than 20% within any category related to Budgets for the first three Fiscal Years after the Effective Date and no more than 10% in Fiscal Years thereafter.

(C) The University and B-C shall meet at least monthly to discuss the information contained in the monthly reports required by Section 4.2 below and determine if any adjustments to the Budget are required.

(D) All corporate administrative and supervisory salaries and expenses and other corporate management overhead expenses (other than expenses for on-site employees and other off-site University housing employees included within the Budget, University overhead charges, and site related supervision by the University's Associate or Assistant Dean of Student Affairs and the regional director of B-C, including the cost of travel included in the approved Budget) will be borne by the respective Manager out of its own funds and will not be treated as an Operating Expense. However, when it is to the financial benefit of the Property, normal on-site duties and expenses (including but not limited to staff, bookkeeping, accounting services, clerical, office supplies and equipment, telephone and postage) may be performed off-site and paid for, to the extent approved by the Finance Corporation, and treated as Operating Expenses. In addition, when feasible and to the financial benefit of the Property, the following functions and services (including but not limited to yard, cleaning and maintenance personnel, service and equipment, or regional director) will be shared with other properties, and the cost will be prorated on an equitable basis and charged to the Property.

(E) B-C management overhead expenses which will be borne by B-C out of its own funds and which will not be treated as Property expenses shall include:

(a) compensation of central office or off-site personnel employed or contracted by B-C;

(b) rent for off-site offices utilized by B-C; telephone and utility charges incurred at such offices; office supplies; rent for and repair and maintenance of office machines used at such offices; postage used at such offices; any rental for or allocation of depreciation or amortization of any properties owned by or leased by B-C and used in performance of its duties hereunder;

(c) premiums for employee dishonesty insurance on B-C's employees not associated with the Property; and

(d) premiums for general liability, worker's compensation, or other such insurance carried by B-C not associated with the Property.

(F) B-C shall obtain and maintain employee dishonesty insurance not less than \$100,000.

(G) The Managers (at each Manager's discretion) may maintain a management office, or other offices, classrooms, conference, computer and study rooms for the Property at the Property, and the Property will make no rental charge for the same.

4.2. Reports. Within ten (10) days after the end of each fiscal month, the University shall provide to B-C all information regarding revenues billed and collected for the Property along with outstanding balances necessary for B-C to provide an accurate reporting of monthly revenues necessary to generate accurate financial statements for the Property. Within ten (10) days after the end of each fiscal month, the University shall also provide B-C monthly expenditure reports necessary to create accurate financial statements for the Property. The expenditure reports shall include a summary of expenditures along with a corresponding general ledger that outlines expenditures by budgetary line item accounting codes. Within thirty (30) days after the end of each fiscal month, B-C shall provide to the Finance Corporation, the University and the Trustee unaudited financial reports for the Property for such month. Such financial reports must include a balance sheet, a report of income and expenditures as compared to the approved budget for the month and Fiscal Year to date, and a statement of cash flows in sufficient detail to indicate the financial condition of the Property. In addition, within one hundred twenty (120) days of the end of each Fiscal Year, B-C shall provide the Finance Corporation, the University, and the Trustee with a certified annual financial report for the Property containing a balance sheet, income statement and statement of cash, audited by and prepared in accordance with U.S. generally accepted accounting principles. With respect to each fiscal year ending during the term of this Agreement, B-C will have the annual financial report prepared by a Certified Public Accountant or other person acceptable to the Finance Corporation. The University shall cooperate with B-C and provide all information reasonably necessary for completion of the annual financial report. Compensation for the preparer's services will be paid out of the Operating Account as an Operating Expense.

4.3. Books and Records.

The Managers shall keep accurate books and records of the Property in accordance with generally accepted accounting principles. The Managers shall cooperate with and shall supply to the Finance Corporation, and its auditors, any required information to enable the Finance

Corporation, or its auditors, to prepare the year end financial statements and the audit report related thereto, all as required by the Indenture. The Finance Corporation and the University shall have the right from time to time to inspect the books and records of the Property. In addition to such inspection, the Finance Corporation and the University shall have the right, at its option and expense and during ordinary business hours, to conduct audits of all such books and records pertaining to the Property under the control of B-C, and B-C shall make all such books and records available to any reputable outside accounting firm identified by the Finance Corporation or the University. Audits may be made on a periodic basis and may be conducted by employees of the Finance Corporation or the University. B-C shall have the right from time to time to inspect the books and records of the Property in the University's office at the Property. In addition to such inspection, B-C shall have the right, at its option and expense and during ordinary business hours, to conduct audits of all such books and records pertaining to the Property under the control of the University and the University shall make all such books and records available to any reputable outside accounting firm identified by B-C. Audits may be made on a periodic basis and may be conducted by employees of B-C.

4.4. Accounts.

The University hereby covenants and agrees (a) that it shall collect all System Revenues with respect to the Property on behalf of the Finance Corporation and any successor in right to the Property and (b) to transfer all System Revenues, net of University Bond Expenses, to the Trustee for deposit in the Revenue Fund established pursuant to the Indenture, no less frequently than once per month, commencing in the month immediately following delivery of the Bonds. For the purpose of determining System Revenues generated from the Existing Facilities System, Revenues shall not include the unencumbered fund balance in the University's Housing Auxiliary Enterprise Fund as of the Effective date. The Finance Corporation hereby appoints the University as its agent to collect System Revenues and hereby directs the University to deposit all System Revenues collected with the Trustee. For purposes of this Agreement, University Bond Expenses shall mean amounts necessary to pay the debt service requirements and administrative expenses required to be paid by the University to the State of Florida Division of Bond Finance related to the following outstanding obligations: the State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003, the State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Bonds, Series 2006A, and the State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B issued pursuant to the terms and provisions of the Original State Resolution.

4.5. Processing of Invoices.

(A) B-C shall receive, review and approve all invoices for Operating Expenses and shall timely pay such invoices from amounts on deposit in the Operating Account.

(B) B-C shall organize and maintain a system of controls designed to insure the authenticity and legitimacy of bills paid by it, and the fairness and competitiveness of the prices charged. In furtherance of this goal, B-C shall authorize all purchasing and hiring of services only by supervisory personnel.

(C) The term "Operating Expenses" shall have the meaning as set forth in the Indenture.

ARTICLE 5 THE FINANCE CORPORATION'S RESPONSIBILITIES

5.1. Delivery of Property Information.

(A) The Finance Corporation, or the University if so delegated, shall be responsible for the delivery to B-C of all capital improvement records, as-built plans, surveys, environmental studies, structural reports, personal property inventories, keys and combination locks, equipment warranties and operating instructions, licenses, permits, housing contracts that affect the Property necessary to perform its functions hereunder.

(B) The Finance Corporation shall deliver to the Managers actual physical possession of the Property free of all management rights of others.

ARTICLE 6 INSURANCE REQUIREMENTS

6.1. During the term of this Agreement, the University or B-C shall procure and maintain in full force and effect and comply with at all times the property insurance policies and requirements listed in Article __ of the Trust Indenture. During the term of this Agreement, B-C shall procure and maintain in full force and effect and comply with at all times the liability and gap insurance policies and requirements listed in Article __ of the Trust Indenture and shall name both the University and the Finance Corporation as additional insureds. The cost of the insurance policies required in Article ___ of the Trust Indenture, including, without limitation, the costs of preparing the insurance reports required therein, shall be reflected as a line item in the Budget and payable as an Operating Expense of the Property, and the payment of any deductibles permitted in this Agreement shall be payable as an Operating Expense.

ARTICLE 7 MANAGEMENT FEES

7.1. Management Fees. For each year of the Term, B-C will be paid for its services under this Agreement a management fee (the "B-C Management Fee") payable from System Revenues, as such term is defined in the Trust Indenture, subject to the limitations set forth in Section 7.2 and paid in accordance with the terms of the Trust Indenture, as follows:

- A. \$250,000, subject to annual adjustment pursuant to Section 7.3 below; and
- B. 0.4% of the prior Fiscal Year's System Revenues. For the initial Term of the Agreement, the prior Fiscal Year's System Revenues for the purposes of this provision shall be \$16,000,000.00.

The Managers shall not be entitled to receive any fees or commissions with respect to the Property other than those expressly set forth in this Agreement or as subsequently agreed to by the Finance Corporation in writing.

7.2 Management Fee Limitations. The B-C Management Fee shall have the following limitations:

- A. The aggregate B-C Management Fee for any year during the Term shall not exceed 2% of the prior Fiscal Year's System Revenues (which, for the initial Term of the Agreement and for the purposes of this provision shall be \$16,000,000.00); and
- B. The portion of the B-C Management Fee set forth in Section 7.1 B shall not exceed 20% of the aggregate B-C Management Fee.

7.3 Adjustment to Management Fee. The portion of the B-C Management Fee set forth in Section 7.1A, shall be increased each year by the percentage increase in the CPI, as defined below. "CPI", as used herein, means the Consumer Price Index for All Urban Consumers 1967 = 100 for all cities, presently published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor, provided that if said index shall no longer be published, the substitute index designated by said Bureau, or if none, then an index generally recognized as authoritative shall be substituted by agreement of the parties.

ARTICLE 8 DEFAULT AND TERMINATION

8.1. The Finance Corporation's Default. The Finance Corporation shall be in default hereunder (i) should the Finance Corporation fail or refuse to perform any of its material obligations hereunder, (ii) if there is a bankruptcy, dissolution or liquidation of the Finance Corporation, (iii) should the Finance Corporation engage in any fraud, misappropriation, embezzlement or in any willful misconduct in violation of this Agreement, or (iv) should the Finance Corporation fail to timely provide its consent or approval as required hereunder.

8.2. The University's Default. The University shall be in default hereunder (i) should the University fail or refuse to perform any of its material obligations hereunder, (ii) if there is a bankruptcy, dissolution or liquidation of the University, (iii) should the University engage in any fraud, misappropriation, embezzlement or in any willful misconduct or act beyond its authority in this Agreement, (iv) should the University fail to maintain all licenses and permits necessary for the University to discharge its duties under this Agreement, or (v) should the University fail to make any payments or to provide the funds required hereunder.

8.3. B-C's Default. B-C shall be in default hereunder (i) should B-C fail or refuse to perform any of its material obligations hereunder, (ii) if there is a bankruptcy, dissolution or liquidation of B-C, (iii) should B-C fail to maintain all licenses and permits necessary for B-C to discharge its duties under this Agreement, or (v) should B-C fail to make any payments or to provide the funds required hereunder.

8.4. Termination for Cause. If any party defaults and continues such default for more than thirty (30) days after a reasonably detailed default notice from one of the other parties hereto, then notwithstanding any contrary provision of this Agreement, such other party shall have the right, in addition to all other rights and remedies, to terminate this Agreement by giving a termination notice to the defaulting party; provided, however, that if the nature of such

default is such that it cannot reasonably be cured within such 30-day period, then the defaulting party shall have such additional time as is reasonably required to cure such failure provided such defaulting party commences to cure such failure within such 30-day period and proceeds to prosecute such cure with diligence and continuity, and such cure is complete within an additional thirty (30) days; and further provided, however, that such additional thirty-day period shall not apply to defaults based on the failure to timely pay any funds due hereunder or to timely grant or withhold approvals or consents required hereunder.

8.5. Other Terminations.

(A) This Agreement shall also terminate upon any termination of the Ground Lease, or upon any total casualty or condemnation of the Property after which the Property is not restored in a manner consistent with the condition and capacity prior to the casualty or condemnation.

(B) This Agreement may be terminated by Finance Corporation upon written notice should B-C engage in any fraud, misappropriation, embezzlement or in any willful misconduct or act beyond its authority in this Agreement.

8.6. Survival of certain Provisions upon Termination.

Notwithstanding the provisions of this Article 8, in the event this Agreement is terminated by either party the provisions of Sections 3.2 (B) and (C), 3.15 3.16 and 4.4 shall survive such termination. The University and B-C covenant to cooperate with any successor manager with respect to leasing the Property and the University shall continue to remit to the Trustee all System Revenues collected on behalf of the Finance Corporation with respect to the Property.

**ARTICLE 9
MISCELLANEOUS**

9.1. Notices.

(A) All notices, demands, consents and reports and other notices provided for in this Agreement shall be in writing and shall be given by personal delivery, reputable overnight delivery service or U.S. certified mail, return receipt requested, with postage prepaid, addressed to the parties as follows:

University:	Florida Atlantic University
	777 Glades Road
	Administration Bldg. – Room ____
	Boca Raton, Florida 33431
With a copy to:	Office of General Counsel
	Florida Atlantic University
	777 Glades Road
	Administration Bldg. – Room 367

	Boca Raton, Florida 33431
If to the Finance Corporation:	The FAU Finance Corporation
	777 Glades Road
	Administration Bldg. – Room ____
	Boca Raton, Florida 33431
With a copy to:	Office of General Counsel
	Florida Atlantic University
	777 Glades Road
	Administration Bldg. – Room 367
	Boca Raton, Florida 33431
If to the Trustee:	
	Attn: Corporate Trust Department
If to B-C:	B-C Management LLC
	Attention:
With a copy to:	Capstone Companies
	Attention: Tonia N. Christensen, Esq.
	431 Office Park Drive
	Birmingham, Alabama 35223
	Telephone: (205) 414-6413
	Facsimile: (205) 414-6405
and	Balfour Beatty Capital, Inc.
	Attention: General Counsel
	10 Campus Boulevard
	Newtown Square, PA 19073
	Telephone: (610) 355-8100

(B) Any party may designate another addressee (or a different address) for notices hereunder by notice given pursuant to this Section. A notice sent in compliance with the provisions of this Section shall be deemed effective when received by the party to which it was addressed.

9.2. The Finance Corporation's Designated Representative. The Finance Corporation shall designate one individual who shall be the Finance Corporation's representative for purposes of this Agreement and who shall respond promptly to all reasonable requests of the University. The Finance Corporation's designated representative may be changed by the Finance Corporation from time to time, effective upon notice to the University. Initially, the Finance Corporation's designated representative shall be: _____.

9.3. The University's Designated Representatives. The University shall designate individuals who shall be the University's representatives for purposes of this Agreement and who shall respond promptly to all reasonable requests of the Finance Corporation. The University's designated representatives may be changed by the University from time to time, effective upon notice to the Finance Corporation. Initially, the University's designated representatives shall be: _____.

9.4. B-C's Designated Representatives. B-C shall designate individuals who shall be B-C's representatives for purposes of this Agreement and who shall respond promptly to all reasonable requests of the Finance Corporation. B-C's designated representatives may be changed by B-C from time to time, effective upon notice to the Finance Corporation. Initially, B-C's designated representatives shall be: _____.

9.5. Independent Contractor Status. It is the intention of the parties hereto that the University and B-C shall be, and remain, independent contractors. The parties do not intend and nothing contained herein shall be deemed to create a partnership, co-tenancy, joint venture or agency of any kind.

9.6. No Third-Party Beneficiary. The provisions of this Agreement are not entitled to benefit any Person who is not a party to this Agreement.

9.7. No Assignment. Neither the University, B-C nor the Finance Corporation shall assign or pledge any of their respective rights, duties or obligations under this Agreement without the consent of all parties to this Agreement.

9.8. Complete Agreement. This Agreement, including all Exhibits, is a complete and exclusive statement of the terms of the agreement between the Finance Corporation, B-C and the University related to the management of the Property and supersedes and replaces any and all previous communications and understandings between the parties relating to the subject matter hereof.

9.9. Modification. This Agreement may be effectively modified, changed or amended only by a writing signed by all of the parties hereto, which consent shall not be unreasonably withheld, delayed or conditioned.

9.10. Amendments. Except as otherwise herein provided, any and all amendments, additions or deletions to this Agreement shall be null and void unless approved by the parties in writing, which consent shall not be unreasonably withheld, delayed or conditioned).

9.11. Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

9.12. Governing Law. This Agreement shall be governed, construed and interpreted by the laws of the State of Florida.

9.13. Litigation Costs. If any legal action or other proceeding of any kind is brought for the enforcement of this Agreement or because of a default, misrepresentation, or any other dispute in connection with any provision of this Agreement or the Property, the successful or prevailing party shall be entitled to recover all fees and other costs incurred by it in such action or proceeding, in addition to any other relief to which it may be entitled, to the extent permitted by Section 768.28, Florida Statutes.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first written above:

THE FAU FINANCE CORPORATION

By: _____
Name: _____
Its: _____

FLORIDA ATLANTIC UNIVERSITY BOARD OF TRUSTEES

By: _____
Name: _____
Its: _____

B-C MANAGEMENT, LLC

By: _____

Name: _____

Its: _____

EXHIBIT A
Existing Facilities Sites

Exhibit B

Proposed Facilities Site

Exhibit C

Manager Responsibility Matrix

Under Construction

DRAFT

Housing Management Responsibility Matrix

Administration			
Function	Capstone	Shared*	University
Financial Management Staffing	X		
Security Officer Staffing - FAU Police			X
Front Desk Staffing			X
Application Process			X
Assignment Process			X
Rent Collection			X
Creation of Annual Budget - Asset Management	X		
Creation of Annual Budget - Residence Life			X
Final Budget Submittal- Owner and FAU		X	
Final Budget Approval		DSO	
Advisory Committee Support		X	
Record and Book Keeping - Asset Management	X		
Financial Aid Funding			X
Rate Development			X
Mail Distribution (FAU)			X
Insurance Maintenance - Property		TBD	
Insurance Maintenance - Liability	X		
Insurance Maintenance - Gap	X		
Insurance Maintenance - Worker's Comp (each maintains for their employees)	X		X
EBI Implementation (if used)			X
Satisfrak Satisfaction Survey Implementation	X		
Resident room key control	X		
Student ID administration - coding and replacement			X
FAU Parking Permits for Residents (Administered by FAU Parking)			X
Programming			
Function	Capstone	Shared*	University
Operation of Residential Life Program			X
Staffing of Residential Life Program			X
Training of Residential Life Program Staff			X
Supervision of Residential Life Program Staff			X
Training of Capstone Staff by Residential Life			X
Judicial			
Function	Capstone	Shared*	University
Rental Agreement Compliance			X
University Code of Conduct Compliance			X
Incident Report Copies to Designated Capstone and FAU Representatives		X	
Resident Behavioral Disputes Mediation			X
Resident Eviction Proceedings			X
Marketing			
Function	Capstone	Shared*	University
Marketing Planning		X	
Collateral Material Approval		X	
Marketing Implementation			X
Mailing Lists/Labels			X
University-level Access to Campus Events/Facilities			X
Applications & Leasing			X
Facilities			
Function	Capstone	Shared*	University
Facility Training for Residence Life Staff	X		
Establishment of Preventative Maintenance Plan	X		
Maintenance Staffing	X		
3rd Party Maintenance Contracts	X		
Investigation and Repair of Service Requests	X		
Maintenance Supplies	X		
Negotiating Vendor Contracts	X		
Internet Services for Property	TBD	TBD	TBD
Communication - Telephone (admin phones only - no student phones)	X		
Grounds Maintenance (including litter removal/recycling)	X		
Parking Lots - Maintenance, Lighting, Cleanup		X	
Safety and Health Inspections of Resident Units		X	
Damage Billing Charges- Assessment & Billing		X	
Continuity of Operations - Emergency and Contingency Planning		X	
Continuity of Operations - Resident Notifications		X	
Continuity of Operations - Prep of Buildings (Hurricane)	X		
Continuity of Operations - Emergency Building Repairs	X		
Other			
Function	Capstone	Shared*	University
Summer Conference and Intern Marketing		X	
Summer Conference and Intern Asset Management	X		
Summer Conference and Intern Operations - Booking			X
Summer Conference and Intern Operations - Billing			X
Summer Conference and Intern Operations - On site Supervision			X
Summer Continuing Student Housing - Asset Management	X		
Summer Continuing Student Housing - Residential Life			X
Retail Asset Management (if required)	X		
Retail Marketing and Leasing (if required)			X
* requires close collaboration between FAU and Capstone			