Florida Atlantic University
Housing and Residential Life

“Innovation Village Housing Development”
Presented by David Kian, Sr. Vice President and General Counsel
July 22, 2009

Agenda

1. Invitation to Negotiate
2. Project Team
3. Innovation Village
4. Project Overview
5. Questions & Answers
INVITATION TO NEGOTIATE

In April 2008 FAU issued an Invitation to Negotiate (“ITN”) for development rights to build and operate up to 2400 new student residence beds on the Boca Raton campus.

University ITN selection committee
- Dr. Ken Jessell, Sr. Vice President for Finance, Chair
- Dr. Charles Brown, Sr. Vice President for Student Affairs
- Tom Donaudy, Vice President, Facilities
- Azita Dashtaki, Assistant Vice President, Facilities
- Jill Eckardt, Director, University Housing
- Craig Angelos, Director, University Athletics
Invitation to Negotiate

- The ITN selection committee received inquiries from numerous development teams around the country, and final proposals from four teams.

- After nearly four months of negotiations and deliberations, the committee unanimously recommended that the development rights be awarded to a team headed by Crocker Partners, LLC.
**Development Team**

Crocker Partners
Balfour Beatty Capital
Capstone Development

- Develop project scope & budgets
- Negotiate contracts & agreements
- Obtain permits & approvals
- Secure/co-ordinate project financing
- Oversee & ensure project completion

**Construction**

Balfour Beatty Construction
- Construction Management

**Architecture**

PGAL
- Master Planning
- Architectural Design
- Engineering

**Management Team**

Management/Operations

**Property Management**

Capstone On-Campus Mgmt.
Balfour Beatty Communities
- Financial Management
- Capital Planning
- Property Operations
- Facilities Maintenance

**Residential Life**

FAU Housing
- Student support services & residential life
- Property management support
- Leasing & Assignments
Crocker Partners

- Fully integrated real estate firm
- Acquired and developed over $4.5 billion of real estate.
- Over 25 years of experience as a premier owner, operator and developer.

Balfour Beatty Capital

- Industry Focus
  - University & Educational Facilities
  - Military Communities
  - Social Infrastructure
  - Renewable Energy Sources
Balfour Beatty Capital

- Leading US Public Private Partner
  - Private partner in $4B portfolio
  - $100M invested / $3B financed
  - Turn-Key Solutions:
    - Development
    - Asset Management
    - Property Management
    - Facilities Maintenance

<table>
<thead>
<tr>
<th>Organizational Highlights</th>
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</thead>
<tbody>
<tr>
<td>Projects</td>
</tr>
<tr>
<td>Locations</td>
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<tr>
<td>Units Owned/Managed</td>
</tr>
<tr>
<td>Facility Space</td>
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<tr>
<td>Residents</td>
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</tbody>
</table>

Capstone Development Corp.
Capstone Companies

- Formed 1990 exclusively for University Housing
- Headquarters in Birmingham, Alabama
- 642 Employees Nationwide
- Extensive experience in design, development, construction, management and financing structures

Most active developer to partner with universities
- 60+ Partnerships
- 50,000+ beds
- $2.3 Billion Project Costs
- Manage 14,000+ beds on 18 different campuses
### Current Management Partnerships

<table>
<thead>
<tr>
<th>Institution</th>
<th>Beds</th>
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<tbody>
<tr>
<td>Towson University - Towson, Maryland</td>
<td>1,584</td>
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<tr>
<td>University of Alabama at Birmingham - Birmingham, Alabama</td>
<td>513</td>
</tr>
<tr>
<td>University of Maryland-College Park - College Park, Maryland</td>
<td>2,529</td>
</tr>
<tr>
<td>University of Maryland - Baltimore County - Baltimore, Maryland</td>
<td>582</td>
</tr>
<tr>
<td>Green River Community College - Auburn, Washington</td>
<td>343</td>
</tr>
<tr>
<td>University of Missouri - Kansas City, Kansas City, Missouri</td>
<td>899</td>
</tr>
<tr>
<td>Francis Marion University - Florence, South Carolina</td>
<td>1,571</td>
</tr>
<tr>
<td>Frostburg State University - Frostburg, Maryland</td>
<td>406</td>
</tr>
<tr>
<td>University of South Carolina - Beaufort, Bluffton, South Carolina</td>
<td>277</td>
</tr>
<tr>
<td>East Stroudsburg University - Stroudsburg, Pennsylvania</td>
<td>541</td>
</tr>
<tr>
<td>CUNY - City College of New York and Queens College - New York, New York</td>
<td>1106</td>
</tr>
<tr>
<td>University of Maryland at Baltimore - Baltimore, Maryland</td>
<td>347</td>
</tr>
<tr>
<td>Bowie State University - Bowie, Maryland</td>
<td>459</td>
</tr>
<tr>
<td>Massachusetts College of Art - Boston, Massachusetts</td>
<td>432</td>
</tr>
<tr>
<td>Arizona State University - Phoenix, Arizona</td>
<td>1,288</td>
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<tr>
<td>Marshall University - Huntington, West Virginia</td>
<td>806</td>
</tr>
<tr>
<td>Clayton State University – Morrow, Georgia</td>
<td>451</td>
</tr>
</tbody>
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**Total Beds Managed by Capstone On-Campus** 14,134

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**University of Maryland College Park South Campus Commons**

**7 Phases 2001-2010**

- **Budget:** $144 Million
- **Size:** 2,200 Beds
- **Concrete & Steel Structure**
- **Tax Exempt Bonds**
- **Shared Governance:** UMCP Housing & Residence Life and Capstone Management
## SAMPLE - SHARED GOVERNANCE

### Capstone Management & Marshall University

#### Housing Management Responsibility Matrix

<table>
<thead>
<tr>
<th>Function</th>
<th>Capstone</th>
<th>Shared*</th>
<th>University</th>
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</thead>
<tbody>
<tr>
<td>Management and Facility Staffing</td>
<td>X</td>
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<td></td>
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<tr>
<td>Cortney Office Staffing</td>
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<td></td>
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<tr>
<td>Rental Agreement Writing, Preparation, Record Tracking,</td>
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<tr>
<td>Rent Collection</td>
<td>X</td>
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<tr>
<td>Application Process</td>
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<tr>
<td>Parking Violation Enforcement</td>
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<td>Resident Education</td>
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<tr>
<td>Maintenance Management</td>
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<td>Public Safety</td>
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<tr>
<td>Housing Information Systems</td>
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<tr>
<td>Student Services</td>
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<tr>
<td>Housing Administration</td>
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<td>Educational Services</td>
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<tr>
<td>Residential Services</td>
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<tr>
<td>Financial Aid</td>
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<tr>
<td>Housing Operations</td>
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<tr>
<td>Housing Management</td>
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**INNOVATION VILLAGE**
Innovation Village – Site Plan

Innovation Village Housing – Artist Rendering
Innovation Village Housing – Artist Rendering

PROJECT SUMMARY
Proposed Project: “Innovation Village Housing Development”

**Phase 1: Approximately 1,200 Beds**
- August 2011 delivery
- Mix of 4BR/2BA and 2BR/2BA apartments with ample common areas and amenity spaces
- LEED Silver Certification objective
- High-end, quality finishes
- Design subject to FAU approval

**Site: East Parcel North of Lee Street**
- Two 7-story, concrete and steel buildings
- Surface parking @ 70% (approximately 840 spaces)

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Proposed Project: Operational Structure

- Developer to assume operation of all existing FAU Boca Raton Campus housing inventory in addition to Innovation Village housing
- “Shared Governance” with FAU Dept. of Residential Life
- Developer to manage capital repair/replacement program through project term
- Term to run with amortization of project bonds (with early termination options)
Proposed Project: Legal Structure

FAU to ground lease East Parcel site to newly created Direct Support Organization (DSO)

- DSO to sublease site to, and contract with, Developer
- Up-front ground lease payment budgeted at $12M, to be used to support Innovation Village Projects

DSO will own Innovation Village housing, and master lease existing FAU housing

- Net operating surplus from existing housing may support debt obligations for new housing
- Financing will be non-recourse to FAU
- Debt to be repaid exclusively from housing revenues, which will be applied to all operating costs and debt obligations

Proposed Project: Financing Structure

Tax-exempt Bonds to be issued by Direct Support Organization and repaid exclusively from project revenue

- Senior Bonds (Public Offering)
  - 30-year term, fixed rate
  - Anticipated “A” rating

- Subordinate Bonds (Private Placement)
  - Developer investment
  - Payment contingent upon project performance
QUESTIONS & ANSWERS