

FAU FINANCE CORPORATION

BOARD OF DIRECTORS

DRAFT MINUTES

Wednesday, March 14, 2012

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 & Dunlavey 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.**

A RESOLUTION AUTHORIZING THE ISSUANCE OF DEBT AND REQUESTING THE FLORIDA ATLANTIC UNIVERSITY BOARD OF TRUSTEES TO APPROVE THE ISSUANCE OF SUCH DEBT TO FINANCE THE CONSTRUCTION OF CERTAIN STUDENT HOUSING FACILITIES ON THE CAMPUS OF FLORIDA ATLANTIC UNIVERSITY, PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FAU FINANCE CORPORATION:

Section 1. The Board of Directors (the "Board of Directors") of The FAU Finance Corporation (the "DSO") established by The Florida Atlantic University Board of Trustees (the "Board of Trustees") of Florida Atlantic University (the "University") hereby authorizes the issuance of debt by the DSO and requests the Board of Trustees to approve the issuance of debt in an amount not exceeding \$55,000,000 (the "Debt") for the purpose of financing the construction of certain student housing and related facilities (the "Project") on the Boca Raton campus of the University and refinancing the DSO's outstanding Capital Improvement Subordinate Revenue Bonds (Innovation Village Project), Series 2010B (the "Refunded Bonds").

Section 2. The Project will consist of the construction of a 614 bed freshman student housing facility comprised of one building containing approximately 190,000 total square feet located on the campus of the University in Boca Raton, Florida. The seven- or eight- story building will contain 50 double-double suites housing 200 students, 100 four single bedroom suites housing 400 students, 14 single bedroom/single bath units for Resident Assistants and a food services area. The Project is reflected on the approved master plan for the University and is consistent with the mission of the University because it will provide needed student housing facilities. Construction of the Project is expected to begin between April and June of 2012 and to be completed by August of 2013. Proceeds of the Debt are anticipated to be sufficient to complete the construction of the Project without the use of additional funds. Legislative approval of the Project has been obtained pursuant to section 1010.62, Florida Statutes. No proceeds of the Debt will be used to finance operating expenses of the University or the DSO.

Section 3. The Debt will be issued as additional bonds under an existing Trust Indenture (the "Master Indenture") dated as of March 1, 2010 by and between the DSO and U.S. Bank National Association, as trustee (the "Trustee"), as amended and supplemented, particularly, as supplemented by a First Supplemental Trust Indenture to be entered into between the DSO and Trustee and dated the first day of the month in which the Debt is issued (the "First Supplement" and, together with the Master Indenture, the "Trust Indenture"). The Debt will be secured by a trust estate created under the Trust Indenture which includes a lien on (i) pledged revenues as defined in the Trust Indenture to include the net operating revenues of the DSO's housing system, which will include the Project and

the existing student housing facilities located on the Boca Raton campus that are 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, and (ii) the DSO's interest in the Ground Lease from the University related to the Project site and the existing units' land. The University is committed to ensuring that sufficient revenues will be generated to fulfill the University's obligations with respect to the Debt. The University is legally authorized to secure the Debt with the revenues to be pledged pursuant to section 1010.62, Florida Statutes.

The lien on the trust estate established under the Trust Indenture will be on parity with the lien granted to the holders of the DSO's outstanding Capital Improvement Revenue Bonds (Innovation Village Project), Series 2010A (the "Parity Bonds") currently outstanding in the aggregate principal amount of \$120,930,000. Currently, the aggregate principal amount outstanding on the University's student housing bonds is \$71,131,373.

Section 4. The Debt will mature not more than 30 years after issuance, including any extensions or renewals thereof. The Project has an estimated useful life of 40 years, which is beyond the anticipated final maturity of the Debt. The Debt will bear interest at a fixed interest rate.

Section 5. The Debt, which consists of Capital Improvement Revenue Bonds, Series 2012 (the "Bonds") to be issued by the DSO, will be sold through negotiated sale. A negotiated sale is necessary due to the fact that the structure is unique and requires additional marketing as well as volatility of the tax exempt bond market. The underwriter was selected as part of a competitive process in February 2012. An analysis showing that a negotiated sale is desirable is attached in Appendix A.

Section 6. The Board of Directors will comply, and will require the DSO to comply, with all requirements of federal and state law relating to the Debt, including but not limited to, laws relating to maintaining the exemption from taxation of interest payments on the Bonds issued as tax exempt obligations, and continuing secondary market disclosure of information regarding the Bonds.

Section 7. The DSO will comply with the Debt Management Guidelines and the debt management policy of the University.

Section 8. The Chairperson or Vice Chairperson, Executive Director and Secretary or other authorized officer, and other authorized representatives of the Board of Directors and the DSO are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other actions as they may deem necessary or desirable, in connection with the execution, sale and delivery of the Debt.

Section 9. In making the determination to finance the Project, the Board of Directors has reviewed the information attached to Appendix A and finds that the issuance of the Debt is in compliance with the Debt Management Guidelines, the University's debt management policy, and applicable law.

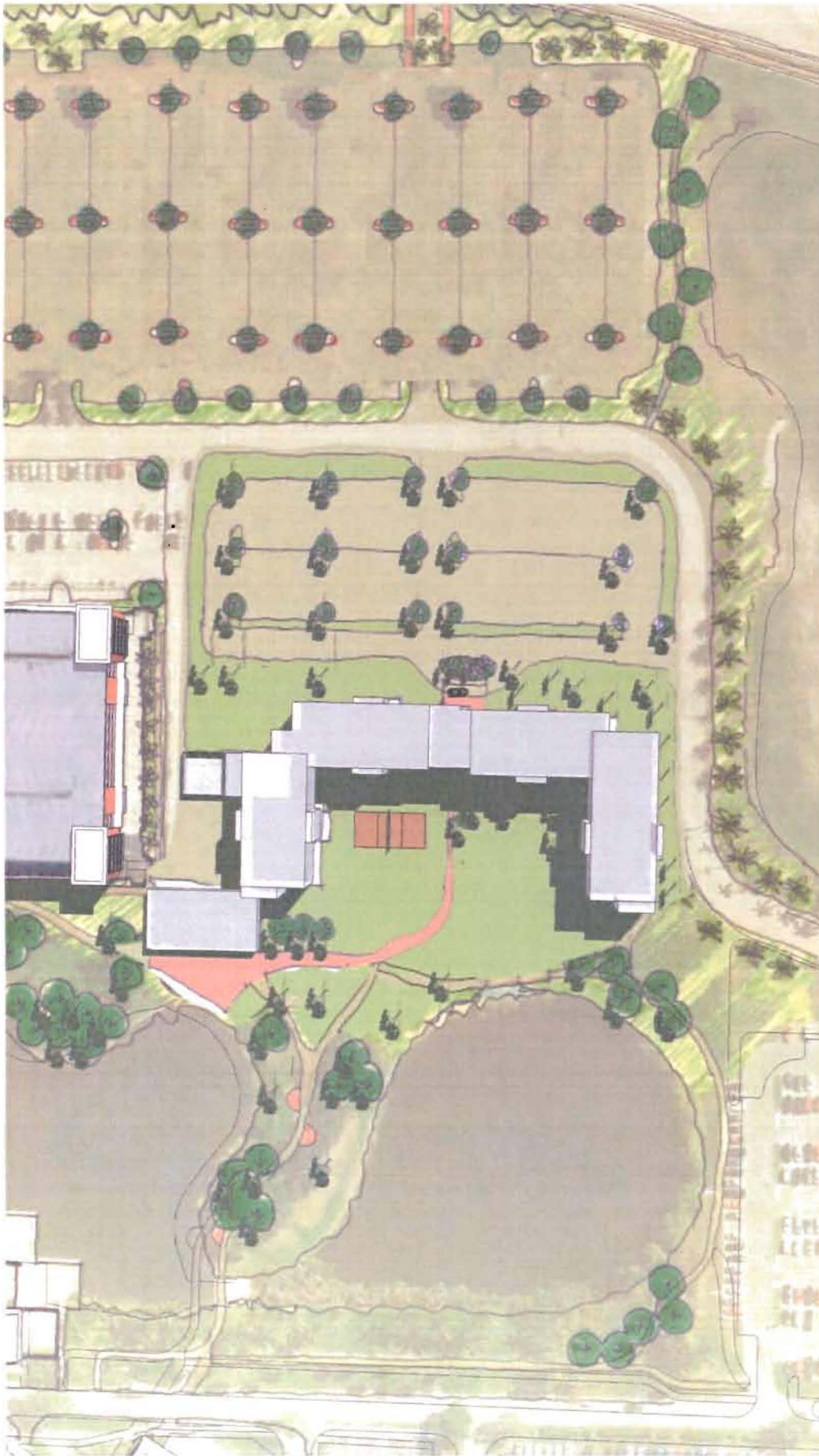
Section 10. This Resolution shall take effect immediately upon its adoption.

Adopted this _____ day of _____, 2012.

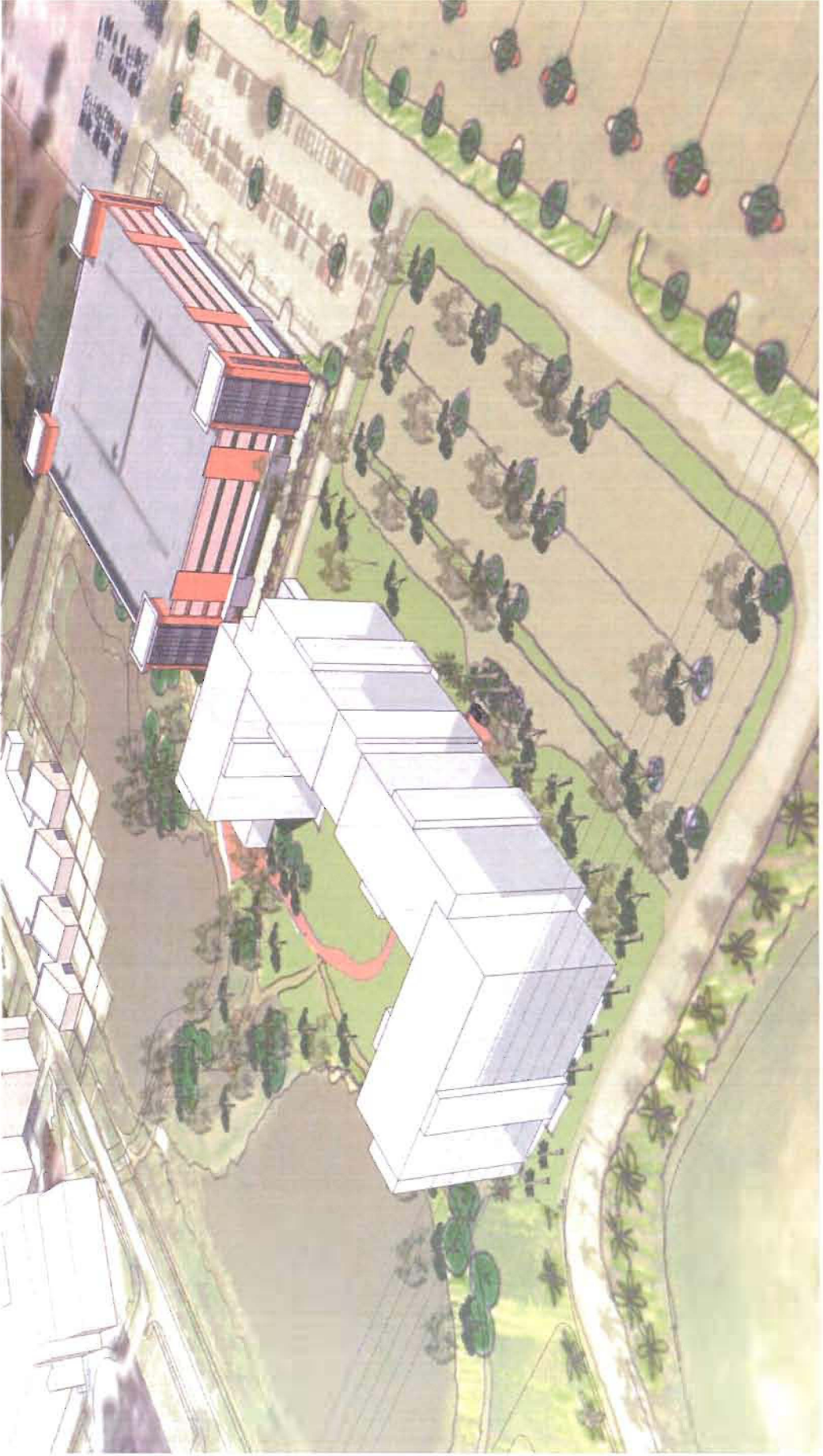
Appendix A

The following documents have been reviewed by the Board of Directors prior to the execution of this Resolution:

- a. the project program, feasibility study, or consultant report; (SEE TAB 2 OF THIS SUBMISSION)
- b. a draw schedule for the project; (SEE TAB 3 OF THIS SUBMISSION)
- c. sources and uses of funds for the project; (SEE TAB 4 OF THIS SUBMISSION)
- d. an estimated debt service schedule; (SEE TAB 5 OF THIS SUBMISSION)
- e. a description of the security supporting repayment and the lien position the debt will have on that security; (SEE TAB 7 OF THIS SUBMISSION)
- f. a five year history, if available, and a five year projection, of the pledged revenues and the debt service coverage; (SEE TAB 9 OF THIS SUBMISSION)
- g. any negotiated sale analysis. (SEE TAB 15 OF THIS SUBMISSION)



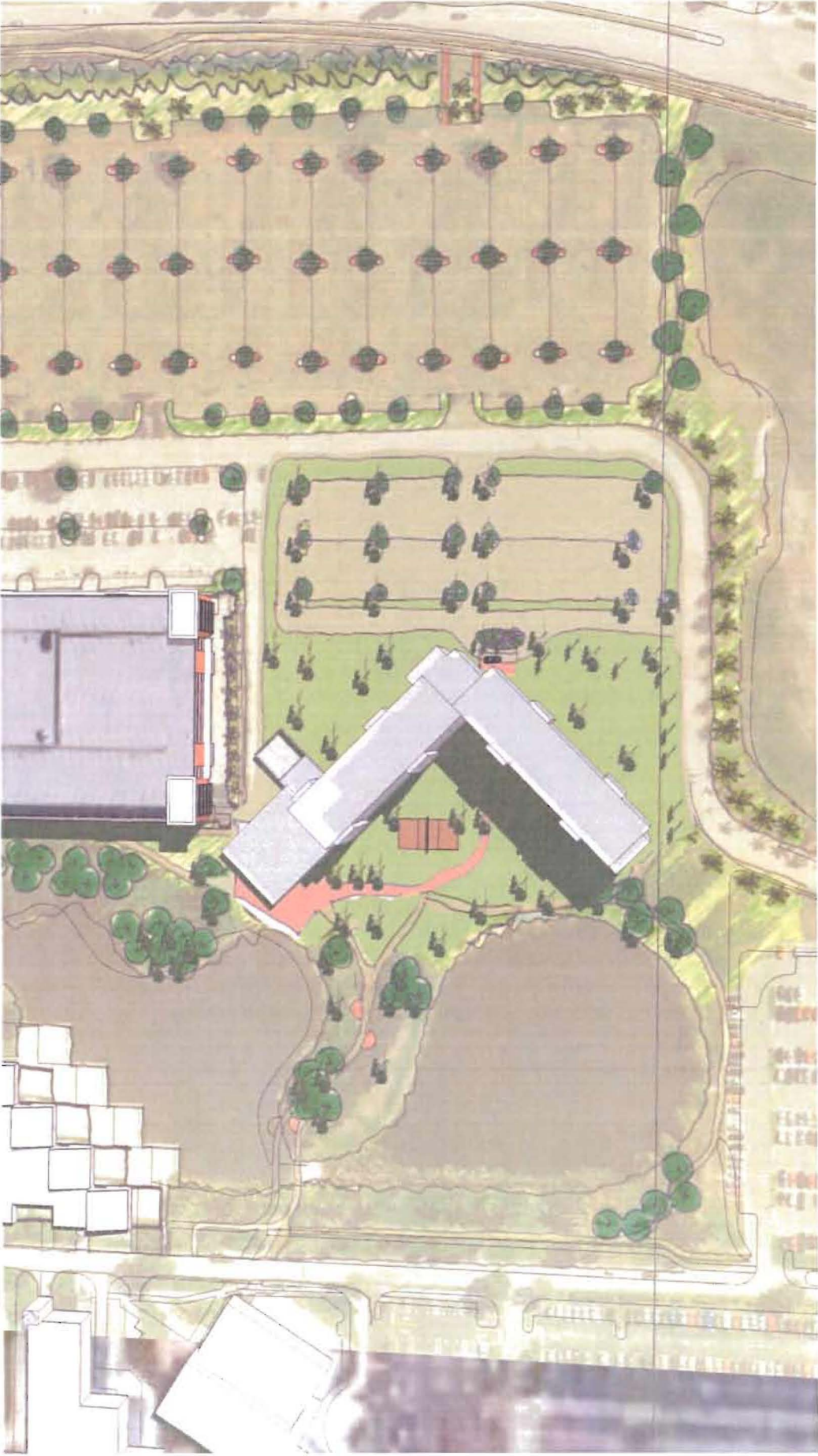
Option 2



Option 2



Option 2



Option 3



Option 3



Option 3