



Item: AF: A-2

Wednesday, December 12, 2007

SUBJECT: REQUEST APPROVAL OF A RESOLUTION AUTHORIZING THE ISSUANCE OF DEBT AND REQUESTING THE FLORIDA BOARD OF GOVERNORS TO APPROVE THE ISSUANCE OF SUCH DEBT TO FINANCE THE CONSTRUCTION OF AN APARTMENT STYLE RESIDENCE HALL ON THE BOCA RATON CAMPUS OF FLORIDA ATLANTIC UNIVERSITY, PROVIDING AN EFFECTIVE DATE.

PROPOSED BOARD ACTION

Recommend approval of a financial plan and adoption of a requesting resolution for financing and construction of apartment style residence halls (Innovation Village Apartments) at the Boca Raton campus of Florida Atlantic University to the Board of Trustees.

Authorize the President or his designee to execute all documents required for the issuance of the revenue bonds and to amend documents as required by the Board of Governors and the Division of Bond Finance of the State Board of Administration. Authorize the Chair of the FAU Board of Trustees to modify the bond amount in accordance with project cost and bond requirements.

BACKGROUND INFORMATION

Florida Atlantic University does not have an adequate supply of housing to meet the current demand for space by incoming resident students. Currently, FAU enrolls approximately 18,186 students exclusively on the Boca Raton campus (approximately 26,245 total enrollment on all campuses); projections call for an increase to over 23,000 students on the Boca Raton campus (over 30,000 total university enrollment) within the next ten years. The immediate need is to house approximately 600 additional full-time, upper division undergraduate and graduate students.

The financial plan includes the issuance of fixed rate, tax exempt revenue bonds through the Division of Bond Finance of the State Board of Administration. The project will be financed from the proceeds of the bond sale in an expected amount of \$55,300,000. The bonds will be issued in a single series. The revenue generated from the operation of the housing system, including primarily rental income, summer revenues, and miscellaneous income, will be pledged to satisfy the debt service obligation.

As of the Fall 2007 semester, Florida Atlantic University's housing system has a designed capacity for 2,525 beds, which represents 13.9 percent of the Boca Raton campus student enrollment. With the proposed 600 additional beds opening Fall 2009, housing capacity will increase to 3,125 and will serve approximately 16 percent of campus enrollment.

C. H. Johnson Consulting Inc. and Focus Real Estate Advisors completed the Florida Atlantic University Housing Analysis which was presented to the Board of Trustees at its September 18, 2007 Annual Retreat. The analysis demonstrates a need of an additional 1,545 beds on the Boca Raton campus through 2011. The immediate need is for 618 beds opening Fall 2009.

IMPLEMENTATION PLAN/DATE

Upon approval by the Board of Trustees.

FISCAL IMPLICATIONS

Tax-exempt debt of approximately \$55,300,000 will be issued by the University, with an annual debt service payment of approximately \$3,597,344.

Supporting Documentation: Proposed Resolution, Project Summary and Analysis of Financial Plan.

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