



Florida Atlantic University
Housing and Residential Life

“Innovation Village Housing Development”

Presented by David Kian, Sr. Vice President and General Counsel

July 22, 2009

FLORIDA ATLANTIC UNIVERSITY FLORIDA ATLANTIC UNIVERSITY

Agenda

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



INVITATION TO NEGOTIATE

Invitation to Negotiate

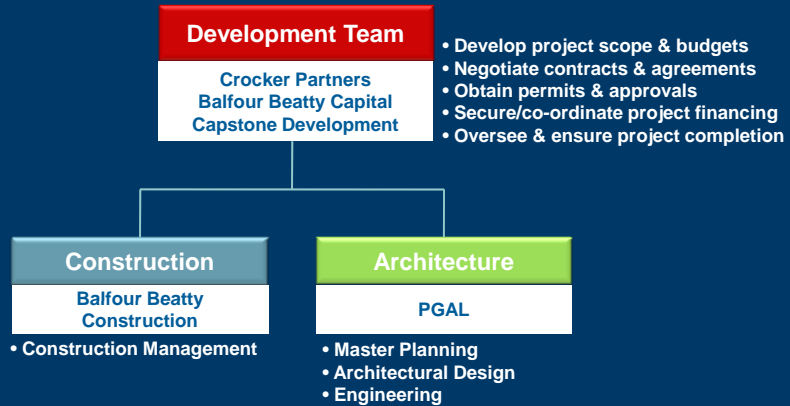
- In April 2008 FAU issued an Invitation to Negotiate ("ITN") for development rights to build and operate up to 2400 new student residence beds on the Boca Raton campus
- University ITN selection committee
 - Dr. Ken Jessell, Sr. Vice President for Finance, Chair
 - Dr. Charles Brown, Sr. Vice President 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

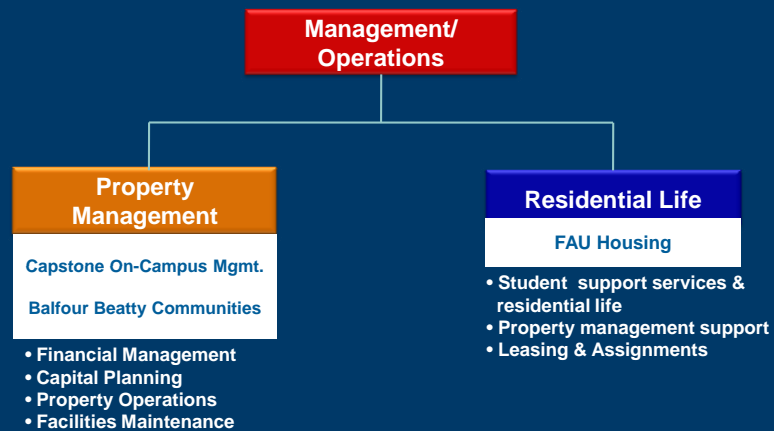
- The ITN selection committee received inquiries from numerous development teams around the country, and final proposals from four teams
- After nearly four months of negotiations and deliberations, the committee unanimously recommended that the development rights be awarded to a team headed by Crocker Partners, LLC

PROJECT TEAM

Development Team



Management Team



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

Organizational Highlights

Projects	18
Locations	44
Units Owned/Managed	35,000
Facility Space	51,700,000 sf
Residents	100,000

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



Capstone Companies

- 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



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




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

Administration			
Function	Capstone	Shared*	University
Management and Facilities Staffing	X		
Courtesy Officer Staffing	X		
Rental Agreement Writing, Preparation, Record Tracking,			
Rental Collection	X		
Application Process	X		
Rental Collection Assistance (Holds on Student Records)			X
Rental Agreement Compliance	X		X
University Code of Conduct Compliance			
Creation of Annual Budget - Asset Management	X		
Creation of Annual Budget - Residence Life			X
On-Site Employee Compensation and Benefits - Asset Management	X		
On-Site Employee Compensation and Benefits - Residence Life			X
Record and Book Keeping - Asset Management	X		
Financial Aid Funding/Disbursement Notification			X
Rate Approval		X	
Mail Distribution (USPS/Campus Mail)		X	
Evaluation of Property Manager Performance	X		
Room Assignments	X		
Insurance Maintenance	X		
Eviction Proceedings	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
Liaison w/ Management Staff		X	

INNOVATION VILLAGE



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)

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