



FLORIDA ATLANTIC UNIVERSITY

Board of Trustees

Item: BF: A-1

Tuesday, January 28, 2025

SUBJECT: Approval of the FY25-26 FAU Financial Corporation Budget.

PROPOSED BOARD ACTION

Approval of the Florida Atlantic University Finance Corporation FY2025-26 Budget.

Delegate to the University President the authority to amend this budget as appropriate during the fiscal year consistent with Legislative, Board of Governors, and Board of Trustees directives and guidelines.

Background Information

The University President is required to prepare an annual budget for approval by the Board of Trustees.

IMPLEMENTATION PLAN/DATE

July 1, 2025

Fiscal Implications

Supporting Documentation: Presentation of FY2025-26 FAU Finance Corporation Budget

Presented by: Mr. Jayson Iroff, VP of Financial Affairs and CFO

Phone: 561-297-3134



FAU FINANCE CORPORATION FY2026 BUDGET

Financial Affairs | Student Affairs

Presented By
Jayson Iroff

Presented To
FAU Board of Trustees

Date
February 4, 2025



FAU Finance Corporation Background:

University Direct Support Organization (DSO)

- Established in 2009
- Provides finance and investment-related assistance for capital projects.
- Has assisted with the financing of housing and athletics facilities.



Housing

- Financed and owns four residence halls on the Boca and Jupiter campuses.
 - Innovation Village Apartments (North & South)
 - Parliament Hall
 - Atlantic Park Towers
 - Jupiter Residence Hall 3
- Recently issued bonds for a fifth residence hall to be constructed on the Boca campus.
- Leases five existing residential facilities financed through the Division of Bond Finance and other sources.
 - Indian River Towers
 - Glades Park Towers
 - Heritage Park Towers
 - University Village Apartments
- Two other residence halls on the Jupiter Campus are not a part of the FAUFC system.
 - Jupiter Residence Hall 1 and Jupiter Residence Hall 2
 - Owned by FAU and financed by the FAU Foundation.

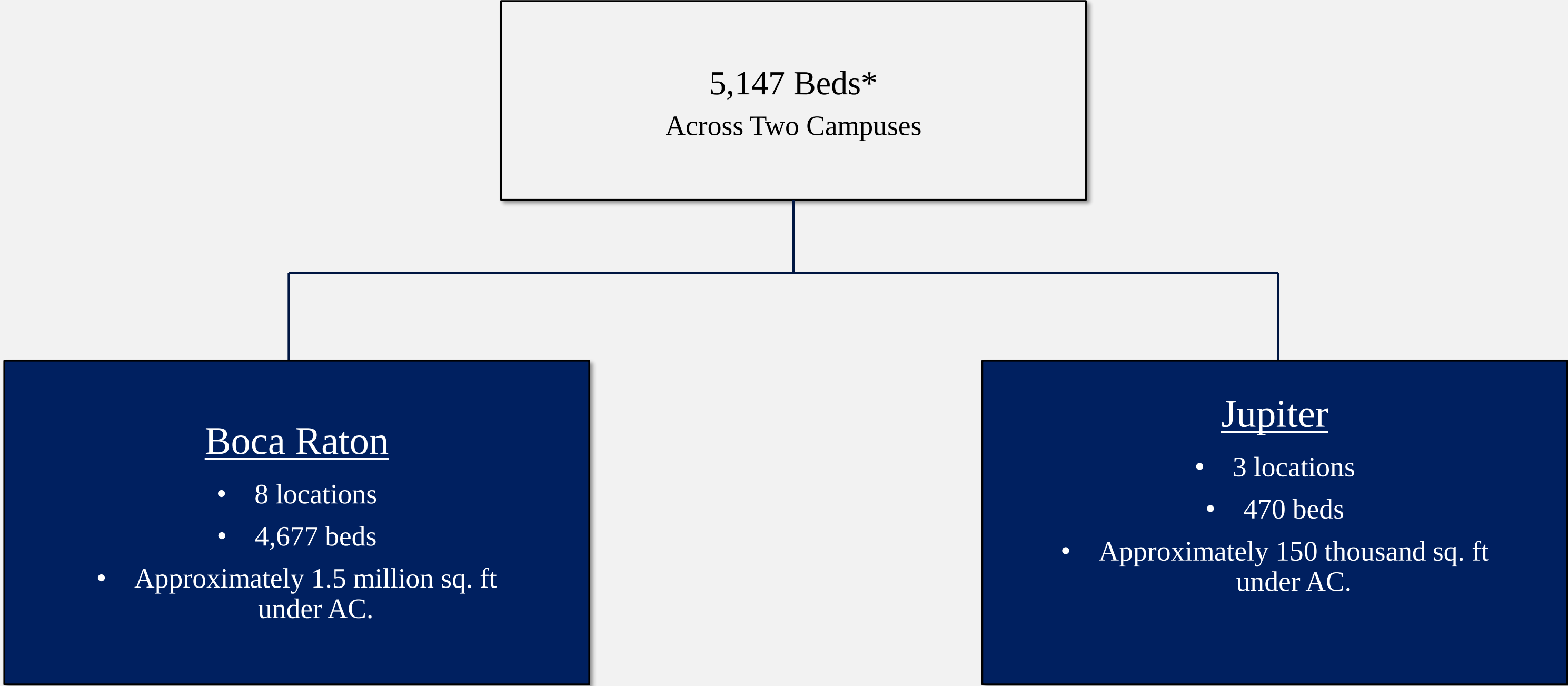
Athletics

- Opened in 2011
- Financed the Flagler Credit Union Stadium.
- 30,000 seat stadium
- Multiple premium seating options and lounge areas.



Housing Overview

Capacity



*Total bed number considers University Village Apartments utilizing rooms as studio singles.

Housing Overview

Facilities

Boca Raton Suite Style	Target Population	Opening Year	# of Beds
Indian River Towers (IRT)	First Year	2001	607
Heritage Park Towers (HPT)	First Year	2004	602
Glades Park Towers (GPT)	First Year	2007	602
Parliament Hall (PAR)	First & Second Year	2012	612
Atlantic Park Towers (APT)	First Year	2021	616
<i>Residence Hall 2026</i>	<i>Second Year</i>	<i>2026</i>	<i>670</i>

Boca Raton Apartment Style	Target Population	Opening Year	# of Beds	Jupiter Suite Style	Target Population	Opening Year	# of Beds
University Village Apartments (UVA)	Second Year - Graduate	1995	434	RH-1	First Year	1999	154
Innovation Village North (IVAN)	Second Year - Graduate	2011	605	RH-2	First & Second Year	2001	151
Innovation Village South (IVAS)	Second Year - Graduate	2011	599	RH-3	Second – Senior Year	2021	165

Total Boca Raton Beds Currently:

4,677

Total Boca Raton Beds After New Project:

5,347

Total Jupiter Beds Currently:

470

Total FAU Beds After New Project:

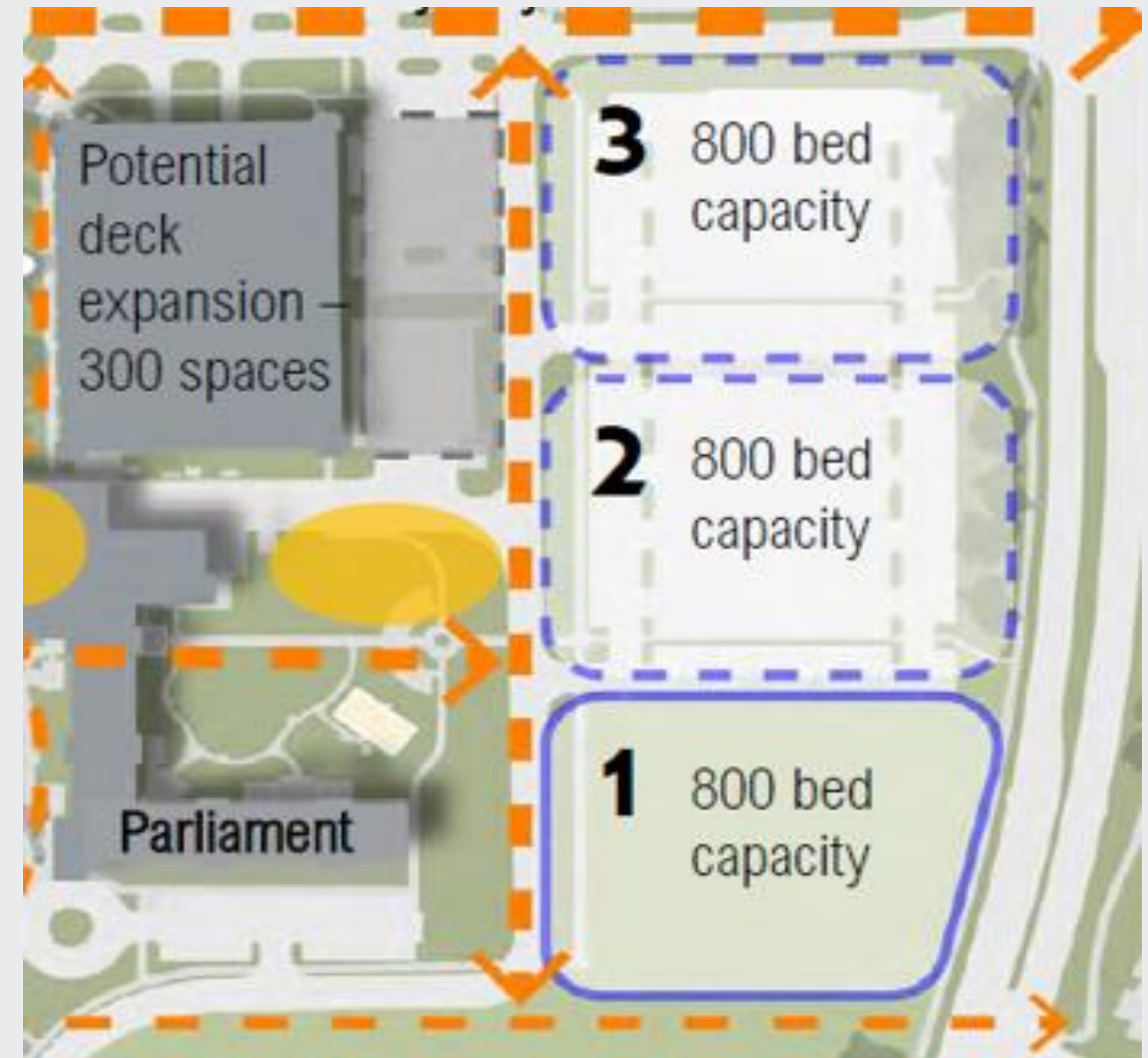
5,817

Planned Future Phases of Housing

Facilities

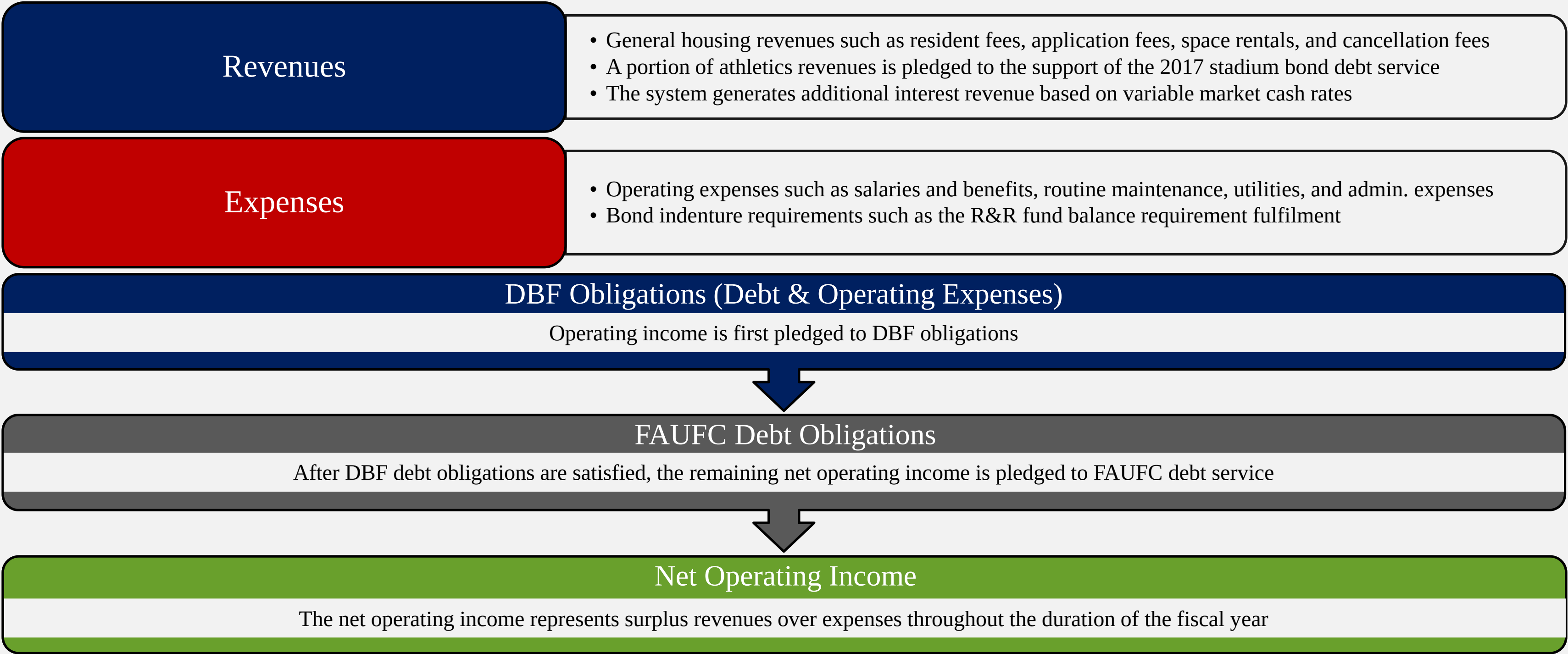
Market analyses point to demand for up to 1,153 additional students on campus in 2027 with a mix of apartment style and suite-style units

- Constructing first phase for 7 stories to house 670 students
- Target audience: Second Year (Sophomore)
 - Progress north with latter phases



FAU Finance Corporation Flow of Funds

System Structure



FAUFC FY2025 Performance

FAUFC FY25 Performance	FY25 Actuals (Through Q2)	FY25 Projection	FY25 Budget	FY25 Projected \$ +/-	FY25 Projected % +/-
Operating revenues (expenses)					
Total housing operations revenues	43,304,636	46,106,599	46,159,341	(52,742)	(0.1%)
Less: DBF debt service	(2,160,275)	(4,320,550)	(4,320,550)	-	-
Housing operations revenues, net	41,144,361	41,786,049	41,838,791	(52,742)	(0.1%)
Total housing operating expenses	(10,481,863)	(22,303,456)	(21,654,693)	(648,763)	(3.0%)
Operating income, net	30,662,498	19,482,593	20,184,097	(701,504)	(3.5%)
Nonoperating revenues (expenses)					
Gross athletics revenue	1,236,897	5,256,487	5,256,487	-	-
Less: Transfer to athletics	-	(2,895,968)	(2,895,968)	-	-
Athletics revenues, net	1,236,897	2,360,519	2,360,519	-	-
Interest income	983,852	3,130,339	1,063,731	2,066,608	194.3%
Other nonoperating expenses	(175,000)	(350,000)	(350,000)	-	-
Contributions to the University	-	(320,000)	(320,000)	-	-
Interest expense	(4,477,956)	(8,792,042)	(8,792,042)	-	-
Nonoperating expenses, net	(2,432,207)	(3,971,184)	(6,037,792)	2,066,608	34.2%
Net revenues over expenses	28,230,291	15,511,409	14,146,305	1,365,103	9.6%
<u>Non-cash adjustments and accounting entries</u>					
Unrealized gains/(losses)	169,051	169,051			
Depreciation expense	(4,680,689)	(9,361,378)			
Amortization premium & deferred outflows	-	862,353			
Audited financials reconciliation					
<u>Balance sheet allocations</u>					
Capital projects	(2,519,708)	(5,539,415)	(5,538,552)	(863)	(0.0%)
Renewal & replacement	(574,122)	(1,148,244)	(1,148,244)	-	-
Remaining principal payments	-	(6,100,000)	(6,100,000)	-	-

Highlights:

- Revenue is projected to come in immaterially under expectations. This is a conservative estimate as this growth rate models summer performance consistent with last year.
- Expenses are projected to come in slightly over budget due to higher-than-expected non-capitalized project expenses.
- Contributions to the University cover stadium renewal and replacement obligations and will be realized later in the fiscal year.
- Interest income is expected to surpass expectations due to the receipt and subsequent increased investment income from Series 2024 construction funds.

FAUFC FY2025 & FY2026 Operating Budgets

FAU Finance Corporation	FY25 Budget	FY26 Budget	Budget \$ Change	Budget % Change
Operating revenues (expenses)				
Total housing operating revenues	46,159,341	47,630,213	1,470,872	3.2%
Less: DBF debt service	(4,320,550)	(4,317,800)	2,750	(0.1%)
Housing operations revenues, net	41,838,791	43,312,413	1,473,622	3.5%
Total housing operating expenses	(21,654,693)	(22,350,470)	(695,777)	(3.2%)
Operating income, net	20,184,098	20,961,943	777,846	3.9%
Nonoperating revenues (expenses)				
Athletics revenues	5,256,487	6,361,617	1,105,130	21.0%
Less: Transfer to athletics	(2,895,968)	(3,701,842)	(805,874)	(27.8%)
Athletics revenues, net	2,360,519	2,659,775	299,256	12.7%
Interest income	1,063,731	1,891,125	827,394	77.8%
Contributions to the University	(320,000)	(320,000)	-	-
Other nonoperating expenses	(350,000)	(350,000)	-	-
Interest expense	(8,792,042)	(10,800,366)	(2,008,324)	(22.8%)
Nonoperating expenses, net	(6,037,792)	(6,919,467)	(881,675)	(14.6%)
Net revenues over expenses	14,146,306	14,042,476	(103,829)	(0.7%)
<u>Non-cash adjustments and accounting entries</u>				
Unrealized gains/(losses)				
Depreciation expense				
Amortization premium & deferred outflows				
Audited financials reconciliation				
<u>Balance sheet allocations</u>				
Capital projects	(5,538,552)	(7,020,880)	(1,482,328)	(26.8%)
Renewal & replacement	(1,148,244)	(1,182,692)	(34,448)	(3.0%)
Remaining principal payments	(6,100,000)	(6,395,000)	(295,000)	(4.8%)

Highlights:

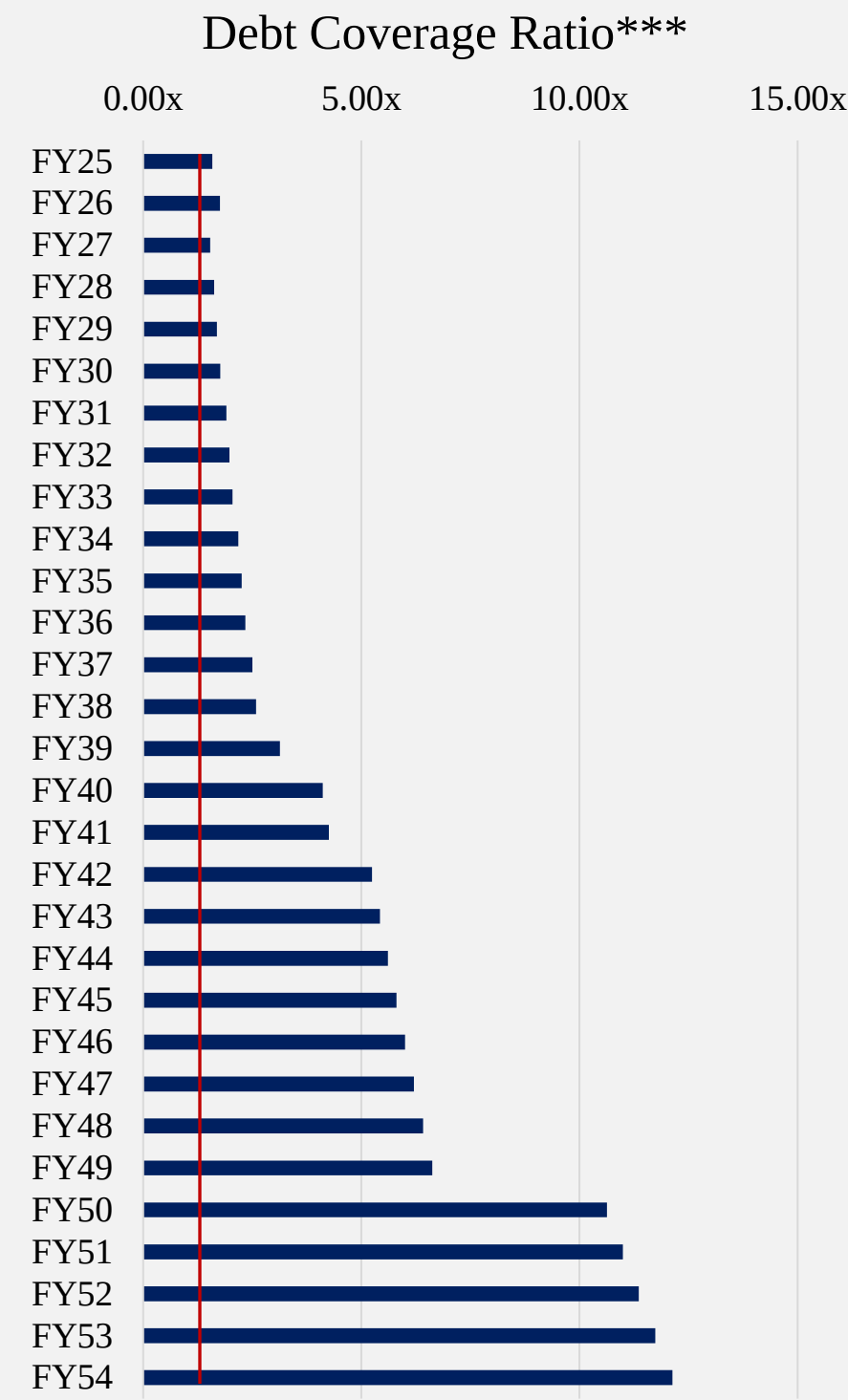
- Near full occupancy expectations remain consistent. However, a 5% increase in rental rates does not translate directly to a 5% increase in revenue due to other revenue line items remaining flat.
- Interest income expectations increase due to higher fund balances impacted by the Series 2024 financing.
- Interest expense includes upcoming 3.1M capitalized interest payment in FY26.
- Capital project expense increase is based on Student Affairs' capital project plan.
- Renewal & Replacement increased based on 3% escalator across the housing system.

Outstanding Debt Schedule

Outstanding DBF Debt Obligation Separated

*2017 Senior Series considers upcoming FY2027 expiration of 2.61% fixed rate. We expect the security to be called and for us to refinance. We modeled in a 5.00% rate on the remaining funds amortized through the remaining 13 fiscal years. This debt was utilized to finance the Flagler Credit Union Stadium.
**Series 2016A Debt is held on FAU company, therefore the debt service is separate from FAUFC debt.
***Excludes 2016A Debt.

Period Ending	Series 2024	Series 2012B	Series 2019A	Series 2019B	Series 2022A	2017 Senior Series*	2016A**	FAUFC Debt Service***
FY25	3,140,000	311,832	7,214,050	4,354,700	2,330,450	2,360,519	4,320,550	19,711,551
FY26	5,887,500		7,203,800	4,353,950	2,331,950	2,359,369	4,317,800	22,136,569
FY27	7,902,500		7,195,050	4,354,700	2,335,700	2,357,162	4,318,050	24,145,112
FY28	7,901,750		7,192,300	4,356,700	2,336,450	3,240,513	4,315,800	25,027,713
FY29	7,906,000		7,184,800	4,354,700	2,339,200	3,240,513	4,315,800	25,025,213
FY30	7,904,750		7,177,300	4,353,700	2,338,700	3,240,513	4,322,550	25,014,963
FY31	7,903,000		7,169,300	4,353,450	2,339,950	3,240,513	2,825,300	25,006,213
FY32	7,905,500		7,160,300	4,353,700	2,342,700	3,240,513	2,828,800	25,002,713
FY33	7,901,750		7,149,800	4,354,200	2,346,700	3,240,513	2,820,800	24,992,963
FY34	7,901,750		7,142,300	4,354,700	2,351,700	3,240,513	1,614,200	24,990,963
FY35	7,905,000		7,137,050	4,354,950	2,347,450	3,240,513	1,616,800	24,984,963
FY36	7,906,000		7,123,300	4,357,750	2,349,200	3,240,513	1,612,000	24,976,763
FY37	7,904,500		7,115,800	4,356,750	2,350,000	3,240,513		24,967,563
FY38	7,905,250		7,102,000	4,356,950	2,357,800	3,240,513		24,962,513
FY39	7,902,750		3,942,750	4,353,150	2,362,200	3,240,513		21,801,363
FY40	7,901,750			4,355,350	2,363,200	3,240,513		17,860,813
FY41	7,901,750			4,353,150	2,360,800			14,615,700
FY42	7,902,250			4,356,550				12,258,800
FY43	7,902,750			4,355,150				12,257,900
FY44	7,902,750			4,353,950				12,256,700
FY45	7,901,750			4,352,750				12,254,500
FY46	7,904,250			4,357,250				12,261,500
FY47	7,904,500			4,353,000				12,257,500
FY48	7,902,000			4,355,000				12,257,000
FY49	7,906,250			4,357,500				12,263,750
FY50	7,906,250							7,906,250
FY51	7,901,500							7,901,500
FY52	7,906,500							7,906,500
FY53	7,905,000							7,905,000
FY54	7,906,500							7,906,500
	230,333,750	311,832	104,209,900	108,873,700	39,884,150	49,203,725	39,228,450	532,817,057



***Debt coverage ratios as presented in the Board Resolution Authorizing the Issuance of Debt for the construction of student housing facilities on the Boca Raton Campus.

The red line represents 1.2x minimum coverage.

Boca Raton New Student Housing

Draw Schedule through FY26 and projected investment return

FY	Date	Draw %	Anticipated draw	Capitalized Interest Expense	Project Fund Balance	Invested Balance	Interest rate (50 Bps Cushion)	Additional Estimated Interest Income
FY25	Dec* 24	4%	4,756,935		114,166,437	123,058,358	0	0
FY25	Jan	2%	2,378,467		111,787,970	120,679,891	4.00%	402,266
FY25	Feb	3%	3,567,701		108,220,269	117,514,456	4.00%	391,715
FY25	Mar	5%	5,946,169		102,274,100	111,960,002	4.00%	373,200
FY25	Apr	5%	5,946,169		96,327,931	106,387,033	4.00%	354,623
FY25	May	6%	7,135,402		89,192,529	99,606,255	4.00%	332,021
FY25	Jun	7%	8,324,636		80,867,893	91,613,639	4.00%	305,379
FY26	Jul	9%	10,703,103	3,140,000	70,164,789	78,075,915	3.00%	195,190
FY26	Aug	10%	11,892,337		58,272,452	66,378,767	3.00%	165,947
FY26	Sep	9%	10,703,103		47,569,349	55,841,611	3.00%	139,604
FY26	Oct	7%	8,324,636		39,244,713	47,656,579	3.00%	119,141
FY26	Nov	5%	5,946,169		33,298,544	41,829,552	3.00%	104,574
FY26	Dec	4%	4,756,935		28,541,609	37,177,191	3.00%	92,943
FY26	Jan	4%	4,756,935		23,784,674	32,513,199	3.00%	81,283
FY26	Feb	4%	4,756,935		19,027,740	27,837,547	3.00%	69,594
FY26	Mar	7%	8,324,636		10,703,103	19,582,505	3.00%	48,956
FY26	Apr	6%	7,135,402		3,567,701	12,496,059	3.00%	31,240
FY26	May	3%	3,567,701		0	8,959,598	3.00%	22,399
FY26	June	0%	0		0	8,981,997	3.00%	22,455
FY27	July	0%	0	5,887,500	0	3,094,497	3.00%	7,736
FY total		100%	118,923,372					3,252,531

118.9M

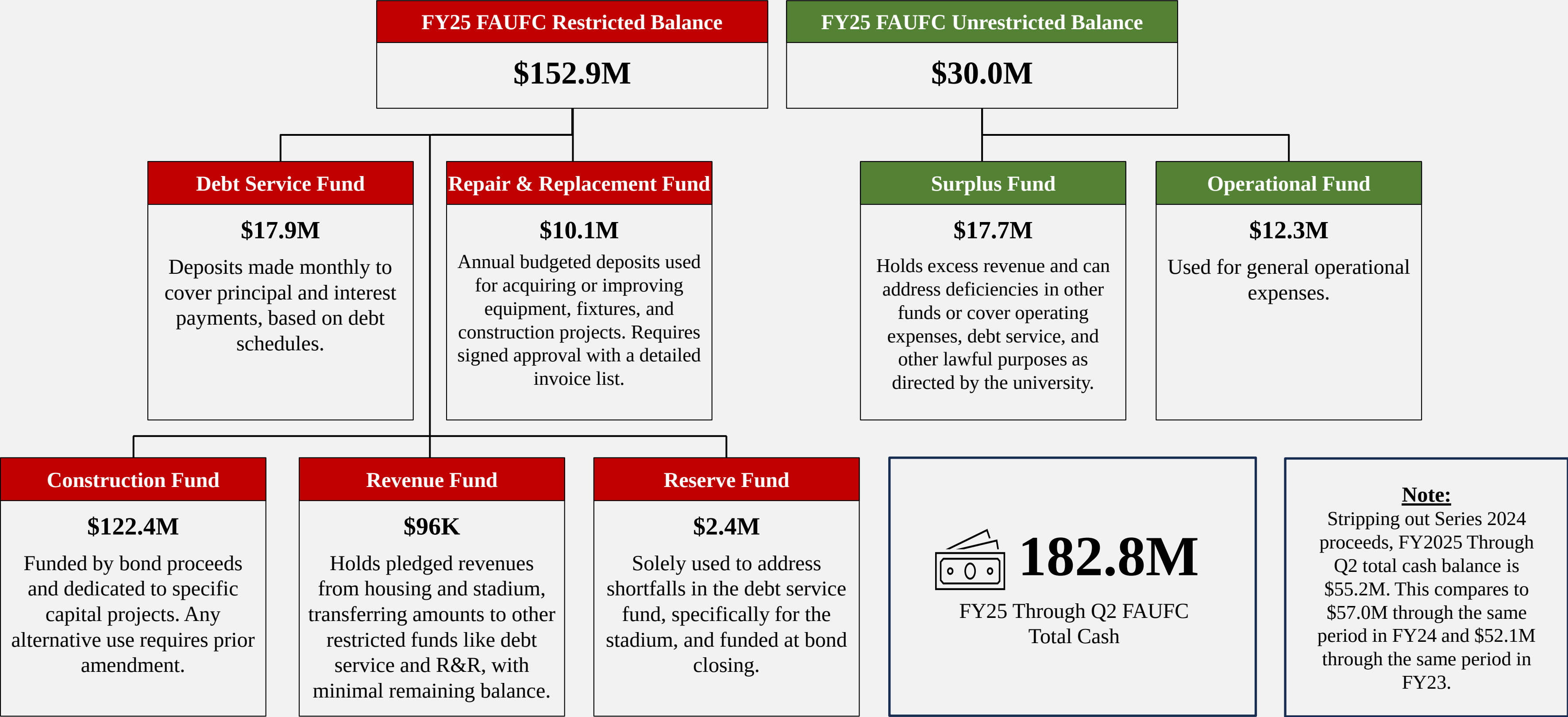
Total Boca Raton
Housing Project Fund

127.8M

Series 2024 Funds Available
(Includes Capitalized Interest Funds)

FAUFC Funds & Their Uses

Through December 31, 2024



Totals may not tie due to rounding

FAUFC FY2026 Operating Budget

Approval Request

FAUFC FY2026 Budget	
Operating revenues (expenses)	
Total housing operating revenues	47,630,213
Less: DBF debt service	(4,317,800)
Housing operations revenues, net	43,312,413
Total housing operating expenses	(22,350,470)
Operating income, net	20,961,943
Nonoperating revenues (expenses)	
Athletics revenues	6,361,617
Less: Transfer to athletics	(3,701,842)
Athletics revenues, net	2,659,775
Interest income	1,891,125
Contributions to the University	(320,000)
Other nonoperating expenses	(350,000)
Interest expense	(10,800,366)
Nonoperating expenses, net	(6,919,467)
Net revenues over expenses	14,042,476
<u>Non-cash adjustments and accounting entries</u>	
Unrealized gains/(losses)	
Depreciation expense	
Amortization premium & deferred outflows	
Audited financials reconciliation	
<u>Balance sheet allocations</u>	
Capital projects	(7,020,880)
Renewal & replacement	(1,182,692)
Remaining principal payments	(6,395,000)

THANK YOU



Historical Performance

FAUFC FY23-FY25 Performance

FAU Finance Corporation	FY23 Budget	FY23 Actuals	FY24 Budget	FY24 Actuals	FY25 Budget	FY25 Projected	FY26 Budget	Budget 4-Year % Change
Operating revenues (expenses)								
Total housing operating revenues	42,335,502	44,307,865	44,456,372	43,788,043	46,159,341	46,106,599	47,630,213	12.5%
Less: DBF debt service	(4,310,550)	(4,313,550)	(4,321,550)	(4,321,550)	(4,320,550)	(4,320,550)	(4,317,800)	0.2%
Housing operations revenues, net	38,024,952	39,994,315	40,134,822	39,466,493	41,838,791	41,786,049	43,312,413	13.9%
Total housing operating expenses	(21,573,515)	(19,243,863)	(20,629,987)	(20,551,993)	(21,654,693)	(22,303,456)	(22,350,470)	(3.6%)
Operating income, net	16,451,437	20,750,452	19,504,835	18,914,501	20,184,098	19,482,593	20,961,943	27.4%
Nonoperating revenues (expenses)								
Athletics revenues	2,359,509	5,330,863	2,357,793	6,256,487	5,256,487	5,256,487	6,361,617	169.6%
Less: Transfer to athletics	-	(4,828,670)	-	(2,056,845)	(2,895,968)	(2,895,968)	(3,701,842)	-
Athletics revenues, net	2,359,509	502,193	2,357,793	4,199,642	2,360,519	2,360,519	2,659,775	12.7%
Interest income	250,000	922,007	752,400	1,751,782	1,063,731	3,130,339	1,891,125	656.4%
Contributions to the University	-	(968,495)	-	(253,114)	(320,000)	(320,000)	(320,000)	-
Other nonoperating expenses	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	-
Interest expense	(9,280,507)	(9,280,507)	(8,960,545)	(8,960,545)	(8,792,042)	(8,792,042)	(10,800,366)	(16.4%)
Nonoperating expenses, net	(7,020,998)	(9,174,802)	(6,200,352)	(3,612,235)	(6,037,792)	(3,971,184)	(6,919,467)	1.4%
Net revenues over expenses	9,430,439	11,575,650	13,304,483	15,302,266	14,146,306	15,511,409	14,042,476	48.9%
<u>Non-cash adjustments and accounting entries</u>								
Unrealized gains/(losses)		596,050		1,267,713		169,051		
Depreciation expense		(9,096,956)		(9,394,755)		(9,361,378)		
Amortization premium & deferred outflows		862,535		862,535		862,353		
Audited financials reconciliation		3,937,279		8,037,758				
<u>Balance sheet allocations</u>								
Capital projects	(1,810,311)	(2,993,031)	(6,480,948)	(3,221,240)	(5,538,552)	(5,539,415)	(7,020,880)	(287.8%)
Renewal & replacement	(940,972)	(940,972)	(2,393,113)	(2,393,113)	(1,148,244)	(1,148,244)	(1,182,692)	(25.7%)
Remaining principal payments	(4,635,000)	(4,635,000)	(5,825,000)	(5,825,000)	(6,100,000)	(6,100,000)	(6,395,000)	(38.0%)

Highlights:

- **Net Revenues Over Expenses:** The bottom-line budget grows 48.9% as non operating revenues have aggregated flat and revenue growth has outpaced expense growth. This strength allows the company to reinvest cash flow into capital projects to support longevity and quality across the system.