

# FAU FINANCE CORPORATION

## BOARD OF DIRECTORS

### AGENDA

Annual Meeting

Tuesday, October 30, 2018 9:15 a.m.

President's Conference Room

Boca Raton Campus, Building 10, Room 340

Call in Number: 1-888-670-3525 / Passcode: 5632496359#

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1. Roll Call and Approval of the Draft Minutes of the July 31, 2018 Meeting  
of the FAUFC Board of Directors ..... Mr. Barbar
2. Nomination and Election of Officers ..... Mr. Barbar
3. Review of the Audited FAU Finance Corporation Financial Report for  
the Year Ended June 30, 2018.....Auditors
4. Request for Approval of New Student Housing Financing ..... Dr. King
5. Request for Approval of the Innovation Village Housing Refinance .....Mr. Kite
6. Housing Report as of September 30, 2018..... Dr. King
7. Request for Approval of the 2019-20 Housing Budget and Rental Rates ..... Dr. King
8. Request for Approval of Office of Information Technology (OIT) Funding .....Mr. Kite
9. Request for Approval of the Increase to the HVAC Project.....Mr. Kite

# FAU FINANCE CORPORATION

**Item: 1**

## **BOARD OF DIRECTORS**

**Tuesday, October 30, 2018**

**SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES OF THE JULY 31, 2018 MEETING OF THE FAU FINANCE CORPORATION BOARD OF DIRECTORS.**

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### **PROPOSED BOARD ACTION**

Initiate roll call to document member participation to ensure that appropriate quorum numbers are achieved and to approve the minutes of the July 31, 2018 FAU Finance Corporation board of Directors meeting.

### **BOARD MEMBERS**

Mr. Anthony Barbar, Chair \_\_\_\_\_

Mr. Robert K. Rollins, Jr. \_\_\_\_\_

Mr. Michael Woody \_\_\_\_\_

Mr. Thomas Workman \_\_\_\_\_

# **FAU FINANCE CORPORATION**

## **BOARD OF DIRECTORS**

### **DRAFT MINUTES**

**Tuesday, July 31, 2018 2:00 p.m.**

#### **1. ROLL CALL AND APPROVAL OF THE DRAFT MINUTES OF THE APRIL 30, 2018 MEETING OF THE FAUFC BOARD OF DIRECTORS.**

The meeting of the FAUFC BOD was convened at 2:00 p.m. by Mr. Anthony Barbar, Chair. Roll call commenced, confirming quorum, with the following members, in addition to Mr. Barbar, participating: Mr. Michael Woody, Mr. Thomas Workman and Mr. Robert Rollins.

The following officers were in attendance: Mr. Art Kite, Executive Director and Ms. Stacey Bell, Secretary/Treasurer.

The following guests were in attendance: Mr. Jeff Atwater, VP Strategic Initiatives and CFO; Dr. Corey King, Vice President for Student Affairs and Enrollment Management; Michael Cocuzza, Executive Director Finance, Shared Services and Housing Operations; and Ms. Jessica Cohen, Assistant Vice President and University Controller.

A motion was made and seconded to approve the minutes of the April 30, 2018 meeting without change or correction. The motion passed unanimously.

#### **2. REVIEW AND APPROVAL OF THE AMENDED FY19 HOUSING BUDGET.**

Dr. King addressed the board regarding the increase in enrollment and the desire for on campus housing for freshman and returning students. Housing occupancy for the fall semester is currently at 112% occupancy and instead of turning students away, 62 off campus hotel rooms have been secured for 108 students starting on August 15<sup>th</sup>. Half of these students should be moved out and on campus by September 30<sup>th</sup> due to the melt and the other half remaining the full fall semester. Students who were selected for housing at the hotel had three options: accept, deny and be put on the waitlist, or cancel their housing contract without penalty.

Mr. Cocuzza explained that the amended FY19 budget includes programming, staffing, and safety/security for those students at the hotel. Shuttles will also be provided. The budget now includes an "off campus" column to reflect revenues generated and operating expenses to support this option.

A conversation regarding the spring semester may need to take place as enrollment has increased for spring as well and there is less of a melt. Last year, in spring of 2018, occupancy held steady at 98%.

A motion was made by Mr. Rollins and seconded by Mr. Woody to amend the FY19 housing budget revenue and expenses for a total of \$219k. The motion passed unanimously.

With no other issues to discuss, a motion was made and seconded to adjourn the meeting. The meeting was adjourned at 2:11 p.m.

# FAU FINANCE CORPORATION

Item: 2

## BOARD OF DIRECTORS

Tuesday, October 30, 2018

**SUBJECT: NOMINATION AND ELECTION OF OFFICERS.**

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### PROPOSED BOARD ACTION

Nomination and election of Officers.

### BACKGROUND INFORMATION

The FAU Finance Corporation By-laws require the nomination and election of Officers (Chair, Vice Chair, Secretary/Treasurer) to the board every two years.

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**Supporting Documentation:** N/A

**Presented by:** Anthony Barbar, Chair FAUFC

# FAU FINANCE CORPORATION

Item: 3

## BOARD OF DIRECTORS

Tuesday, October 30, 2018

**SUBJECT: REVIEW OF THE AUDITED FAU FINANCE CORPORATION FINANCIAL  
REPORT FOR THE YEAR ENDED JUNE 30, 2018.**

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### PROPOSED BOARD ACTION

Information Only.

### BACKGROUND INFORMATION

The audited financial statements of the Florida Atlantic University Finance Corporation (FAUFC) are presented to keep the Board of Directors informed about the financial status of the FAUFC. The audited financial statements are for the fiscal year ending June 30, 2018.

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**Supporting Documentation:** FAUFC Financial Report Year Ended June 30, 2018

**Presented by:** Keefe McCullough CPA's + Trusted Advisors

**FAU Finance Corporation**  
**(A Component Unit of Florida**  
**Atlantic University)**

Financial Report  
For the Year Ended June 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
FAU Finance Corporation  
Boca Raton, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of FAU Finance Corporation (the "Corporation"), a direct support organization and component unit of Florida Atlantic University, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of June 30, 2018, and the changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Corporation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements, in our report dated October 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2018, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
October 23, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the FAU Finance Corporation, a component unit of Florida Atlantic University (hereafter "University") for the fiscal years ended June 30, 2018 and 2017, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of the FAU Finance Corporation's management. Pursuant to GASB Statement No. 35, the FAU Finance Corporation's financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

### **FINANCIAL HIGHLIGHTS**

The FAU Finance Corporation was incorporated on August 12, 2009 as a not-for-profit organization. It was established to assist the activities and educational purposes of the University by providing finance and investment - related assistance in connection with the acquisition or construction of capital or other University projects.

In November 2010, the FAU Finance Corporation issued \$44.5 million of Capital Improvement Revenue Bonds (Football Stadium) Series 2010 to finance the construction of a 30,000 seat stadium. The 2010 Series was subsequently refinanced in August 2017 totaling \$40,035,000. This bond bears an interest rate of 2.61% (subject to adjustment) through maturity on July 1, 2040. In July 2012, the FAU Finance Corporation issued Capital Improvement Revenue Bonds (Student Housing Project) Series 2012A totaling \$46,205,000 which mature beginning in July 2014 through 2042. The bond has interest rates ranging from 3% to 5% with semiannual interest payments due on the first of July and January beginning in January 2013. In addition, the FAU Finance Corporation issued Capital Improvement Revenue Bonds (Student Housing Project) Series 2012B, which refunded the Series 2010B - Taxable Bonds in November 2012. The Capital Improvement Revenue Bonds (Student Housing Project) Series 2012B total \$3,440,000 and mature beginning in July 2013 through 2025, with an interest rate ranging from 2.17% to 2.64%. Additionally, the FAU Finance Corporation issued \$120.9 million of Capital Improvement Revenue Bonds (Student Housing Project) Series 2010 which mature beginning in July 2013 through 2040, with interest rates ranging from 4% to 7.64%.

The FAU Finance Corporation's assets totaled approximately \$186.5 million and \$189.5 million at June 30, 2018 and 2017, respectively. These balances reflect \$46.4 million and \$50.7 million of deposits with a fiscal agent held in connection with the sale of bonds at June 30, 2018 and 2017, respectively. The FAU Finance Corporation's net revenues totaled approximately \$38.3 million and \$38.6 million representing earnings on funds held with fiscal agent, IRS interest credits, housing revenues, and athletic fees, less unrealized losses for the years ended June 30, 2018 and 2017, respectively. All funds held with fiscal agent are invested in the State of Florida Special Purpose Investment Account (SPIA). Expenses totaled approximately \$35.8 million and \$38.4 million, for the years ended June 30, 2018 and 2017, respectively.

### **REQUESTS FOR INFORMATION**

Questions concerning information provided in the MD&A, financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Financial Affairs, Florida Atlantic University, 777 Glades Road, Boca Raton, Florida 33431.

# FINANCIAL STATEMENTS

**FAU Finance Corporation**  
**Statement of Net Position**  
**June 30, 2018**  
**(with comparative totals as of June 30, 2017)**

	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
Current Assets:		
Cash in bank	\$ 5,162,758	\$ 2,086,174
Cash with fiscal agent – restricted	28,621,893	32,029,084
Due from University - cash collected	1,105,299	997,762
Due from University - students receivable	1,592,706	1,464,318
Due from IRS	-	384,230
<b>Total current assets</b>	<b>36,482,656</b>	<b>36,961,568</b>
Noncurrent Assets:		
Cash with fiscal agent – restricted	17,764,093	18,682,441
Prepaid land lease and other	8,666,667	9,070,167
Capital assets, on leased land (net of depreciation)	123,574,431	124,712,176
<b>Total noncurrent assets</b>	<b>150,005,191</b>	<b>152,464,784</b>
<b>Total assets</b>	<b>\$ 186,487,847</b>	<b>\$ 189,426,352</b>
<b>Liabilities:</b>		
Current Liabilities:		
Accounts payable	\$ 532,990	\$ 1,266,995
Interest payable	5,479,367	6,224,742
Due to University	2,290,565	671,779
Unearned revenue	1,139,689	2,208,909
Bonds payable – due within one year	5,155,000	5,000,000
<b>Total current liabilities</b>	<b>14,597,611</b>	<b>15,372,425</b>
Long-term liabilities:		
Bonds payable – due in more than one year	189,465,000	194,100,000
Unamortized premiums, net	1,091,169	1,139,078
<b>Total long-term liabilities</b>	<b>190,556,169</b>	<b>195,239,078</b>
<b>Total liabilities</b>	<b>205,153,780</b>	<b>210,611,503</b>
<b>Net Position (Deficit):</b>		
Net investment in capital assets	(30,620,830)	(32,629,307)
Restricted for debt service and reserve	20,551,413	23,691,340
Restricted for repair and replacement of capital assets	4,951,198	3,863,901
Unrestricted (deficit)	(13,547,714)	(16,111,085)
<b>Total net position (deficit)</b>	<b>\$ (18,665,933)</b>	<b>\$ (21,185,151)</b>

The accompanying notes to the financial statements are an integral part of these statements.

**FAU Finance Corporation**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2018**  
**(with comparative totals for the year ended June 30, 2017)**

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	<b>2018</b>	<b>2017</b>
<b>Operating Revenues (Expenses):</b>		
Housing revenue	\$ 32,013,943	\$ 31,219,640
Operating expenses	(18,839,093)	(20,059,670)
Depreciation expense	(5,701,624)	(5,525,073)
<b>Total operating income</b>	<u>7,473,226</u>	<u>5,634,897</u>
<b>Nonoperating Revenues (Expenses):</b>		
Athletic revenues	2,948,025	4,149,395
IRS interest credit	2,762,777	3,452,966
Interest income	771,199	697,222
Unrealized gains (losses)	(207,930)	(906,779)
Contributions to the University, net	(37,026)	(338,425)
Interest expense	(11,191,053)	(12,469,031)
<b>Nonoperating expenses, net</b>	<u>(4,954,008)</u>	<u>(5,414,652)</u>
<b>Changes in net position</b>	2,519,218	220,245
<b>Net Position (Deficit):</b>		
Beginning of year	(21,185,151)	(21,405,396)
End of year	<u>\$ (18,665,933)</u>	<u>\$ (21,185,151)</u>

The accompanying notes to the financial statements are an integral part of these statements.

**FAU Finance Corporation**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2018**  
**(with comparative totals for the year ended June 30, 2017)**

	<b>2018</b>	<b>2017</b>
<b>Cash Flow From Operating Activities</b>		
Cash paid to suppliers	\$ (18,687,665)	\$ (19,420,140)
Housing contracts – dormitory fees	31,864,128	31,502,509
<b>Net cash provided by operating activities</b>	<u>13,176,463</u>	<u>12,082,369</u>
<b>Cash Flow From Capital and Related Financing Activities</b>		
Receipt of IRS interest credit	2,638,339	2,678,051
Payment of interest	(9,999,327)	(10,181,028)
Acquisition of capital assets	(3,474,935)	(2,323,954)
Payment of principal	(3,930,000)	(3,760,000)
<b>Net cash used in capital and related financing activities</b>	<u>(14,765,923)</u>	<u>(13,586,931)</u>
<b>Cash Flow From Non-capital and Related Financing Activities</b>		
Contributions to the University, net	(37,026)	(338,425)
Receipt of IRS interest credit	508,668	390,685
Payment of interest	(1,937,101)	(2,415,154)
Payment of principal	(1,070,000)	(1,035,000)
Athletic fees	2,312,695	3,167,512
<b>Net cash used in non-capital and related financing activities</b>	<u>(222,764)</u>	<u>(230,382)</u>
<b>Cash Flow From Investing Activities</b>		
Interest received	771,199	697,222
<b>Net cash provided by investing activities</b>	<u>771,199</u>	<u>697,222</u>
<b>Non-Cash Investing Activities</b>		
Unrealized gain (loss) on cash held in SPIA	(207,930)	(906,779)
<b>Net non-cash used in investing activities</b>	<u>(207,930)</u>	<u>(906,779)</u>
<b>Net decrease in cash</b>	(1,248,955)	(1,944,501)
<b>Cash:</b>		
Beginning of year	52,797,699	54,742,200
End of year	<u>\$ 51,548,744</u>	<u>\$ 52,797,699</u>
<b>Classified as:</b>		
Cash with fiscal agent – restricted (Note 2)	\$ 46,385,986	\$ 50,711,525
Cash in bank	5,162,758	2,086,174
	<u>\$ 51,548,744</u>	<u>\$ 52,797,699</u>

The accompanying notes to the financial statements are an integral part of these statements.

**FAU Finance Corporation**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2018**  
**(continued)**  
**(with comparative totals for the year ended June 30, 2017)**

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**Reconciliation of Operating Income to Net Cash**

**Provided by Operating Activities:**

Net operating income	\$ 7,473,226	\$ 5,634,897
Depreciation expense	5,701,624	5,525,073
Loss on disposal of capital assets	1,042	5,394
(Increase) decrease in due from University, net	(149,814)	282,869
(Increase) decrease in prepaid land lease and other	403,500	396,500
Increase (decrease) in accounts payable	(741,342)	520,583
Increase (decrease) in due to University, net	536,136	(235,039)
Increase (decrease) in unamortized premiums	(47,909)	(47,908)
<b>Net cash provided by operating activities</b>	<u><u>\$ 13,176,463</u></u>	<u><u>\$ 12,082,369</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

**FAU Finance Corporation**  
**Notes to Financial Statements**  
**June 30, 2018**

**(with comparative totals for the year ended June 30, 2017)**

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**Note 1. Description and Nature of Organization and Significant Accounting Policies**

On August 12, 2009, the FAU Finance Corporation (the "Corporation") was incorporated as a not-for-profit organization under the laws of the State of Florida. The Corporation is a direct support organization of the Florida Atlantic University (the "University"), a part of the State university system of public universities. The Corporation has been organized to assist the activities and educational purposes of the University by providing finance and investment-related assistance in connection with the acquisition or construction of capital or other University projects, including but not limited to the structuring of debt relating thereto. The governing body of the Corporation is its Board of Directors (the "Board"). The Board is responsible for managing, supervising and controlling the business, property, affairs and funds of the Corporation. The Directors of the Corporation are appointed in the following manner – (a) one appointed Director shall be the President of the University or the President's designee; (b) one appointed Director shall be appointed by the chair of the University Board of Trustees; and (c) a minimum of three (3) additional Directors shall be appointed by the President of the University and must be approved by the University's Board of Trustees. Each Director must have demonstrated outstanding qualities of leadership or managerial ability. The University's Board of Trustees can unilaterally allow for a decertification of the Corporation and cause for dissolution of the Corporation, resulting in all assets reverting to the University. Consequently, the Corporation meets the criteria for inclusion in the University's reporting entity as a component unit.

A summary of the Corporation's significant accounting policies follows:

**Basis of presentation:** The Corporation is engaged in a single business-type activity whose operations are primarily supported by user fees and charges. The statements were prepared in accordance with the Government Accounting Standards Board ("GASB") codification section 2100, which establishes standards for defining and reporting of the financial reporting entity. The Corporation maintains a proprietary fund which reports transactions related to activities similar to those found in the private sector. As such, the Corporation presents only the statements required of enterprise funds, which include the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows.

The Corporation previously adopted GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 requires that the statement of net position report assets plus deferred outflows of resources, liabilities plus deferred inflows of resources and the difference between them as net position/deficit. Net position represents the residual interest in the Corporation's assets and consists of three sections: net invested in capital assets, restricted net position and unrestricted net position/deficit. The net position component, net invested in capital assets, consists of all capital assets, net of accumulated depreciation, less the outstanding balances of any outstanding debt that is attributable to the acquisition, construction or improvements of those assets. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation.



**FAU Finance Corporation**  
**Notes to Financial Statements**  
**June 30, 2018**

**(with comparative totals for the year ended June 30, 2017)**

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**Note 1. Description and Nature of Organization and Significant Accounting Policies (continued)**

The accounting and financial reporting treatments applied to a fund are determined by its measurement focus. The Corporation's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The Corporation's revenues are generated primarily from operations of the dormitory and stadium facilities. The Corporation's policy is to use restricted resources first, then unrestricted resources when both are available for use to fund activity.

**Accounting estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows/outflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income taxes:** The Corporation is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

**Date of management review:** The Corporation's management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 23, 2018, the date the financial statements were available to be issued.

**Restricted assets:** Assets required to be segregated by contractual obligations are identified as restricted assets. Restricted assets at June 30, 2018, represent funding required to be segregated by the Series 2010A – Taxable BAB Bonds, Series 2012B – Tax-Exempt Capital Improvement Revenue Bonds (Student Housing Project), Series 2012A – Tax-Exempt Capital Improvement Revenue Bonds (Student Housing Project), and the Series 2017 – Tax-Exempt Capital Improvement Revenue Refunding Bonds (Football Stadium Project) contractual obligations.

**Cash:** For purposes of the statement of cash flows, cash and cash equivalents include the State of Florida Special Purpose Investments ("SPIA") accounts and cash on hand at the statement date. The fair value of the Corporation's position in the SPIA is the same as the value of the pooled shares. SPIA funds are combined with State funds and invested in various fixed income components. These components include Certificates of Deposit and Securities Lending program as well as short-term liquidity, cash enhanced, conservative core and core strategies. The funds can be withdrawn at any time and are reported at fair value, which seeks to maintain a \$1.00 per share value. The Corporation considers all highly liquid investments with a maturity of 3 months or less when purchased, to be cash equivalents.

FAU Finance Corporation  
Notes to Financial Statements  
June 30, 2018

(with comparative totals for the year ended June 30, 2017)

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**Note 1. Description and Nature of Organization and Significant Accounting Policies (continued)**

**Prepaid land lease and other:** In 2010, the Corporation prepaid to the University the sum of \$12,000,000 which represents the total sum for the ground rent of a facility site located on the Boca Raton Campus of the University on which student housing facilities and related surface parking was constructed. The lease also provided the Corporation with a leasehold interest in certain existing student dormitory housing facilities on the Boca Raton Campus of the University. The prepaid land lease balance is being amortized on a straight-line basis over the original lease term of 30 years. The unamortized prepaid lease balance at June 30, 2018 and 2017 was \$8,666,667 and \$9,066,667, respectively.

**Capital assets, on leased land:** Capital assets, which include property, plant, and equipment assets, are reported in the statement of net position. The Corporation capitalizes all capital assets with a cost in excess of a \$5,000 threshold and an estimated life greater than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation on buildings and improvements, furniture, fixtures, and equipment are computed on the straight-line basis over the lesser of the useful life of the asset or the land lease term. Depreciation of buildings and improvements, furniture, fixtures and equipment are being computed over useful lives ranging from 7 to 30 years.

**Construction in progress:** Construction in progress is stated at cost and included costs related to construction and capital projects on the University Dormitories.

**Unearned Revenue:** Cash collected in advance for services that have not yet been provided. Stadium ticket revenues collected in advance are deferred until the relevant football season has commenced in which period the revenue is then recognized.

**Bond premium:** Bond premiums are amortized using the effective interest method over the life of the related bond.

**Expenses:** Operating expenses are those costs incurred for the day to day operation of the Corporation. All other expenses, including contributions made to the University, are reported as non-operating expenses.

Operating expenses as reported on the statement of revenues, expenses and changes in net position is comprised of the following categories of expenses:

Category	2018	2017
Salaries and Benefits	\$ 6,291,989	\$ 5,457,488
Utilities	2,171,569	2,072,926
Repairs and maintenance	1,292,292	1,880,727
Communications	735,977	675,608
Supplies	561,165	562,883
Institutional support	4,100,000	6,000,000
Other operating costs	3,686,101	3,410,038
	<u>\$ 18,839,093</u>	<u>\$ 20,059,670</u>

**FAU Finance Corporation**  
**Notes to Financial Statements**  
**June 30, 2018**

**(with comparative totals for the year ended June 30, 2017)**

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**Note 1. Description and Nature of Organization and Significant Accounting Policies (continued)**

**Revenues:** Operating Revenues – Housing contract dormitory revenues are recognized in the period in which housing is provided to students.

Nonoperating revenues – In general, athletic fees are recognized in the period in which goods/services are provided and when seating is made accessible for stadium facility events. IRS interest credit revenue is recognized in the period in which related interest expense is incurred and reported in the financial statements. Contributions from University, including capital contributions, are recognized as revenues when eligibility requirements are met. Interest income and related gains (losses) are recognized in the period earned.

**Reclassifications:** Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format. Total net position and change in net positions are unchanged due to these reclassifications.

**Note 2. Cash**

**Investments:** The Corporation is authorized to invest in State of Florida Special Purpose Investment Accounts (SPIA), U.S. Treasury Bills, Notes, Bonds and Strips and other obligations whose principal interest is fully guaranteed by the United States of America or any of its agencies or instrumentalities, Government Sponsored Enterprises, Asset-Backed Securities rated "AAA" by either S&P or Moody's, Money Market Instruments rated "A1/P", Corporate Notes rated single A or higher, Money Market Funds registered with the Securities and Exchange Commission (SEC) or other investments authorized by the Corporation's Board of Directors.

SPIA pooled investments with the State Treasury are not registered with the SEC. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.575, Florida Statutes. SPIA pooled investments are recorded at fair value based on net asset value of the pool, which is consistent with the treatment of "2a-7 like" pool.

Cash and investments with fiscal agent are amounts restricted by debt agreements and are held in the following accounts at June 30, 2018 and 2017:

Account	Noncurrent	Current	2018 Total	2017 Total
Construction Fund	\$ 1,480,908	\$ -	\$ 1,480,908	\$ 2,312,595
Revenue Fund	-	322	322	442,444
Debt Service Fund	-	10,832,596	10,832,596	14,616,236
Reserve Fund	16,283,185	-	16,283,185	16,369,846
Repair and Replacement Fund	-	4,951,198	4,951,198	3,863,901
Surplus Fund*	-	12,837,777	12,837,777	13,106,503
<b>Total</b>	<b>\$17,764,093</b>	<b>\$ 28,621,893</b>	<b>\$46,385,986</b>	<b>\$ 50,711,525</b>

\* The Corporation segregates funds from the Surplus Fund for housing repair purposes in addition to debt agreement restrictions on repair and replacement funds. The balance internally restricted for Housing Repair purposes was \$1,090,778 and \$2,241,932 for fiscal years 2018 and 2017, respectively.

**FAU Finance Corporation**  
**Notes to Financial Statements**  
**June 30, 2018**

**(with comparative totals for the year ended June 30, 2017)**

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**Note 2. Cash (continued)**

**Interest rate risk:** Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Corporation's investment policy does have a provision which limits investment maturity as a mean of managing exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair value of the Corporation's investments and market interest rate fluctuations is provided by the following table that shows the distribution of the Corporation's investments by effective duration at June 30, 2018 and 2017:

Investment Type	2018	2018	2017	2017
	Fair Value	<u>Effective Duration</u> (In Years)	Fair Value	<u>Effective Duration</u> (In Years)
State of Florida Special Purpose Account (SPIA)	\$46,385,986	3.00	\$50,711,525	2.80

**Credit risk:** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Corporation's investment policy limits credit risk by requiring all fixed-income securities to be rated as AAA or better. As a SPIA participant, the Corporation invests in the Florida Treasury Investment Pool. The Florida Treasury Pool is rated A+f as of June 30, 2018 and 2017.

**Foreign currency risk:** State law and investment policy do not authorize the Treasury Investment Pool to purchase investments in foreign currencies; therefore, the Treasury Investment Pool is not exposed to foreign currency risk.

**Custodial credit risk:** Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. It is the Corporation's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Under Florida statutes, Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution, eligible collateral to equal between 50% and 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. government and agency securities, state or local government debt, corporate bonds) to public deposits is dependent upon the depository institution's financial history and its compliance with Florida Statutes, Chapter 280.

In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (for example, a broker-dealer) to a transaction, an entity will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Consistent with the Corporations investment policy, the investments are held by the Corporation's custodial institution and registered in the Corporation's name. Investments in the State of Florida Special Purpose Investment funds are not subject to custodial credit risk.

**FAU Finance Corporation**  
**Notes to Financial Statements**  
**June 30, 2018**

**(with comparative totals for the year ended June 30, 2017)**

**Note 3. Capital Assets, on Leased Land**

The following is a summary of changes in capital asset balances for the year ended June 30, 2018:

Asset	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Construction in progress	\$ 990,377	\$ 3,813,221	\$ (1,511,994)	\$ 3,291,604
Buildings and improvements	149,825,445	751,700	1,511,994	152,089,139
Furniture, fixtures and equipment	1,544,403	-	(6,258)	1,538,145
<b>Property and equipment, gross</b>	152,360,225	4,564,921	(6,258)	156,918,888
Less accumulated depreciation	(27,648,049)	(5,701,624)	5,216	(33,344,457)
<b>Property and equipment, net</b>	<u>\$ 124,712,176</u>	<u>\$ (1,136,703)</u>	<u>\$ (1,042)</u>	<u>\$ 123,574,431</u>

**Note 4. Bonds Payable**

Pursuant to the Balanced Budget and Emergency Deficit Control Act enacted, on March 1, 2013, the President of the United States issued a sequestration order which required automatic spending cuts ("sequestration") as the result of the United States Congress' failure to enact legislation to reduce the federal budget deficit. Among the federal expenditures affected by these cuts are the subsidies due to state and local governments which issued bonds pursuant to several bond programs authorized by the United States Congress during the depths of the economic downturn. As a result of the sequestration, federal subsidy payments for the Corporation's Build America Bonds ("BAB") were reduced. The most recent bill passed extends the sequester through fiscal 2024. The subsidy payments for direct-pay bonds were cut by 6.6% in fiscal 2018 and 6.9% in fiscal 2017.

**Series 2010—A&B Bonds (Innovation Village)**

Series 2010A – Tax-Exempt Bonds, Series 2010A – Taxable BAB Bonds, and Series 2010B Taxable Bonds were issued in March 2010 for construction of the Innovation Village Dormitory facility. The Issuance of the bonds provided the Corporation with a federal subsidy through a refundable tax credit paid to the Corporation each fiscal year by the Internal Revenue Service ("IRS"), in an amount equal to 35% of the total coupon interest payable to investors on these taxable bonds, which was subsequently reduced by 6.6% and 6.9% as a result of the sequestration for the years ended June 30, 2018 and 2017, respectively.

The Series 2010A – Tax-Exempt Bonds total \$8,475,000 and matured beginning in July 2013 through 2016, with interest rates ranging from 4% to 5%. The Series 2010A – Taxable BAB Bonds total \$112,455,000 and mature beginning in July 2017 through 2040, with interest rates ranging from 5.48% to 7.64%. The Series 2010B – Taxable Bonds totaling \$3,365,000 were refunded in November 2012 with the issuance of the Series 2012B – Capital Improvement Revenue Bond in the amount of \$3,440,000. The refunding resulted in an economic gain of \$2.1 million to the Corporation.

**FAU Finance Corporation**  
**Notes to Financial Statements**  
**June 30, 2018**

**(with comparative totals for the year ended June 30, 2017)**

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**Note 4. Bonds Payable (continued)**

**Series 2012B – Tax-Exempt Capital Improvement Revenue Bonds (Parliament Hall)**

The Series 2012B – Capital Improvement Revenue Bonds (Student Housing Project) in the amount of \$3,440,000 were issued in November 2012. The bonds mature beginning in July 2013 through 2025, with an interest rate ranging from 2.17% to 2.64% as of June 30, 2018.

**Series 2012A – Tax-Exempt Capital Improvement Revenue Bonds (Parliament Hall)**

The Series 2012A – Capital Improvement Revenue Bonds in the amount of \$46,205,000 were issued in July 2012 for construction of Student Housing Project – Parliament Hall dormitories. The bonds mature beginning in July 2014 through 2042, with interest rates ranging from 3% to 5%.

The Corporation is required to establish and collect fees, rentals and other charges from students, faculty members and others, in order for the net revenues available for debt service to be sufficient to cover at least 125% of the amount equal to the annual bond service requirement for the Series 2010A and 2012A&B student housing bonds, net of direct pay subsidies expected to be received on each respective interest payment date.

**Series 2017 – Tax-Exempt Capital Improvement Revenue Refunding Bonds (Football Stadium)**

Previously, the Corporation issued \$44,500,000 of Taxable Capital Improvement Revenue Bonds (BAB Bonds), Series 2010, maturing in 2040, with an interest rate of 5.78%. The Bonds were issued in connection with construction of a 30,000 seat stadium facility, parking improvements, and other associated athletic and onsite and offsite infrastructure improvements and projects. On August 30, 2017, the Corporation issued Capital Improvement Refunding Revenue Bonds (Football Stadium Project), Series 2017, amounting to \$40,035,000, to refund the then outstanding Series 2010 Bonds. At August 30, 2017, the Series 2010 Bonds were considered retired/fully defeased. The Series 2017 Bonds bear interest at a 10-year fixed rate of 2.61%, subject to adjustment through maturity.

Interest is paid semiannually on each January 1 and July 1. Principal on the debt is paid annually commencing July 2018 through July 2040.

The Corporation refunded the Series 2010 Bonds to reduce its total debt service payments over the next twenty-three years by approximately \$8,337,200 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$6,370,500.

The Corporation is required to adopt an operating budget for each fiscal year covering all operations and operating expenses of the project which shall assure that pledged revenues will exceed all contemplated expenses by at least 25%. In addition, the Corporation is required to certify on a bi-annual basis that the operating and nonoperating revenues from the previous twelve month period are sufficient to cover at least 125% of an amount equal to the annual bond service requirements.

**FAU Finance Corporation**  
**Notes to Financial Statements**  
**June 30, 2018**

**(with comparative totals for the year ended June 30, 2017)**

**Note 4. Bonds Payable (continued)**

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

Debt	Beginning Balance	Additions	Repayments	Ending Balance	Due Within One Year
Bonds, Series 2010A Innovation Village	\$ 112,455,000	\$ -	\$ 2,700,000	\$ 109,755,000	\$ 2,800,000
Bonds, Series 2010 Stadium	40,585,000	-	40,585,000	-	-
Bonds, Series 2012A Parliament Hall	43,530,000	-	970,000	42,560,000	1,005,000
Bonds, Series 2012B Innovation Village	2,530,000	-	260,000	2,270,000	265,000
Bonds, Series 2017 Stadium	-	40,035,000	-	40,035,000	1,085,000
	<u>\$ 199,100,000</u>	<u>\$ 40,035,000</u>	<u>\$ 44,515,000</u>	<u>\$ 194,620,000</u>	<u>\$ 5,155,000</u>

The Corporation's expected debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	2018 Total
2019	\$ 5,155,000	\$ 10,847,407	\$ 16,002,407
2020	5,550,000	10,598,174	16,148,174
2021	5,745,000	10,334,472	16,079,472
2022	5,955,000	10,049,091	16,004,091
2023	6,175,000	9,741,651	15,916,651
2024-2028	34,125,000	43,432,584	77,557,584
2029-2033	40,680,000	33,056,034	73,736,034
2034-2038	50,200,000	19,800,464	70,000,464
2039-2043	41,035,000	4,297,250	45,332,250
<b>Total</b>	<u>\$ 194,620,000</u>	<u>\$152,157,127</u>	<u>\$ 346,777,127</u>

The previous table does not include the \$1,091,169 and \$1,139,078 in unamortized bond premiums in the total principal outstanding for the years ended June 30, 2018 and 2017, respectively.

*Pledged Revenue*

The Corporation has pledged revenues to repay bonds outstanding as of June 30, 2018. The following table reports the revenues pledged for each debt issue, the amounts of such revenue received in the current year (net of operating expenses), the principal and interest recorded on the debt, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenue for each debt, which is the amount of the remaining principal and interest on the bonds at June 30, 2018:

**FAU Finance Corporation**  
**Notes to Financial Statements**  
**June 30, 2018**

**(with comparative totals for the year ended June 30, 2017)**

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**Note 4. Bonds Payable (continued)**

<u>Debt Issue</u>	<u>Pledged Revenue</u>	<u>Net Available* Revenue</u>	<u>Principal and ** Interest Recorded</u>	<u>Outstanding*** Principal and Interest</u>	<u>Pledged Through</u>
Bonds, Series 2010A Innovation Village	Housing Revenues	\$ 12,880,099	\$ 8,232,443	\$ 223,965,154	2040
Bonds, Series 2012A & 2012B Parliament Hall	Housing Revenues	\$ 7,946,876	\$ 3,107,236	\$ 69,311,763	2025 - 2042
Bonds, Series 2017 Stadium	Athletic Revenues	\$ 2,948,025	\$ 1,970,274	\$ 53,500,210	2040

\*Net available revenues are defined as recognized revenue less applicable operating expenses. In addition, the amount includes reserve fund interest and repair and replacement expense per bond trust indenture.

\*\*Federal subsidiaries are netted in this calculation.

\*\*\*Represents principal and interest payments outstanding from 7/1/2018 and beyond.

**Note 5. Commitments**

**Operating Lease:** The Corporation leases land under a non-cancelable operating lease agreement dated March 4, 2010 with Florida Atlantic University with terms extending through July 2040. The lease was prepaid in March 2010 by the Corporation to Florida Atlantic University for the sum of \$12,000,000 which represents the total sum for the ground rent of the facility site located on the Boca Raton Campus of the University upon which the Corporation constructed student housing facilities and related surface parking. The lease is being amortized to rent expense over the life of the lease. The total rental expense for the years ended June 30, 2018 and 2017 was \$400,000, respectively.

**Construction:** During fiscal year 2017, the Corporation approved a \$5.7 million HVAC project. As of June 30, 2018, approximately \$3.3 million was expended. The project is expected to be completed in fiscal year 2019.

The Corporation has awarded various other construction contracts. As of June 30, 2018, commitments on uncompleted construction contracts totaled approximately \$77,000.



**FAU Finance Corporation**  
**Notes to Financial Statements**  
**June 30, 2018**

**(with comparative totals for the year ended June 30, 2017)**

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**Note 6. Stadium Operating Agreement**

Previously, the University and the Corporation entered into an operating agreement whereby the Corporation issued Series 2010 – Taxable Capital Improvement Revenue Bonds to finance the acquisition, installation and construction of a 30,000 seat stadium facility (parking improvements, and other associated athletic and onsite and offsite infrastructure improvements and projects) (thereafter “facility”) and the University agreed to operate and manage the facility for use as an athletic stadium to generate revenue to service the related debt. The Series 2010 Bonds were subsequently refinanced by the Series 2017 Tax-Exempt Capital Improvement Revenue Refunding Bonds, in August 2017. The University and the Corporation entered into a new operating agreement in August 2017, whereby, the University continues to operate and manage the facility for use as an athletic stadium to generate revenue to service the related debt. Under the terms of the operating agreement, the University will collect and deposit all pledged revenues from operations of the facility in specified accounts as defined in the bond trust indenture agreement. The operating agreement will terminate on the date all obligations of the Corporation and University under the bond trust indenture agreement have been fulfilled which is expected to be July 2040 (maturity date of the bonds).

**Note 7. Related Party Transactions**

Due to University

Certain construction and related costs are paid for by the University and then reimbursed by the Corporation. The balance due to the University related to these costs at June 30, 2018 and 2017, amounted to \$2,290,565 and \$671,779, respectively. The University provides personnel and administrative support to the Corporation to aid in its operation. The costs of these services are not material to the Corporation, and therefore are not recognized in these financial statements.

Due from University

At June 30, 2018 and 2017, the University owed the Corporation \$2,698,005 and \$2,462,080 respectively, for amounts collected on behalf of the Corporation.

OTHER REPORTS FROM  
INDEPENDENT AUDITORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
FAU Finance Corporation  
Boca Raton, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of FAU Finance Corporation (the "Corporation"), a direct support organization and component unit of Florida Atlantic University, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated October 23, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
October 23, 2018

# FAU FINANCE CORPORATION

**Item: 4**

## **BOARD OF DIRECTORS**

**Tuesday, October 30, 2018**

**SUBJECT: REQUEST FOR APPROVAL OF NEW STUDENT HOUSING FINANCING.**

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### **PROPOSED BOARD ACTION**

Review and recommend approval of new student housing financing.

### **BACKGROUND INFORMATION**

Total Project Total Cost \$88M (Not-to-Exceed)

Boca Project: 616 Total Beds, \$69.8M Project Budget, Opening Fall 2021  
(Former Algonquin site – Algonquin demolition Summer 2019)

Boca Objective: Maintain and enhance existing housing by the elimination of substandard student housing. Ensure adequate future housing and support facilities on campus for FAU needs.

Jupiter Project: 155 Total Beds, \$18.2M Project Budget, Opening Fall 2021

Jupiter Objective: To ensure provision of public and private housing facilities on the campus and within the host community adequate to meet the needs of FAU's enrollment.

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**Supporting Documentation:** Presentation of Student Housing Project Update

**Presented by:** Dr. Corey King, VP for Student Affairs and Enrollment Management

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30-Year Level Debt Service (2049 Final Maturity)

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**SOURCES AND USES OF FUNDS**

FAU FINANCE CORPORATION  
Capital Improvement Revenue Bonds, Series 2019B

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30-Year Level Debt Service (2049 Final Maturity)

Dated Date	11/01/2019
Delivery Date	11/01/2019

Sources:

Bond Proceeds:	
Par Amount	87,915,000.00
	<u>87,915,000.00</u>

Uses:

Project Fund Deposits:	
Boca Phase 1 Project Fund	57,758,875.00
Jupiter Phase 1 Project Fund	<u>15,154,675.00</u>
	72,913,550.00

Other Fund Deposits:	
Capitalized Interest Fund	8,722,203.75
Debt Service Reserve Fund	<u>5,734,607.50</u>
	14,456,811.25

Delivery Date Expenses:	
Cost of Issuance	353,059.82
Underwriter's Discount	<u>191,578.93</u>
	544,638.75
	<u>87,915,000.00</u>

Notes:

Preliminary, subject to change, based on estimated A1/A+ rates as of 10/22/18.

Debt sizing reflects bonds issued at par based on current market conditions plus 50 basis points.

**BOND SUMMARY STATISTICS**

FAU FINANCE CORPORATION  
Capital Improvement Revenue Bonds, Series 2019B

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30-Year Level Debt Service (2049 Final Maturity)

Dated Date	11/01/2019
Delivery Date	11/01/2019
First Coupon	07/01/2020
Last Maturity	07/01/2049
Arbitrage Yield	4.748965%
True Interest Cost (TIC)	4.767316%
Net Interest Cost (NIC)	4.807725%
All-In TIC	4.801292%
Average Coupon	4.796244%
Average Life (years)	18.982
Duration of Issue (years)	12.165
Par Amount	87,915,000.00
Bond Proceeds	87,915,000.00
Total Interest	80,038,045.00
Net Interest	80,229,623.93
Total Debt Service	167,953,045.00
Maximum Annual Debt Service	5,760,782.50
Average Annual Debt Service	5,661,338.60
Underwriter's Fees (per \$1000)	
Average Takedown	1.750000
Other Fee	0.429138
Total Underwriter's Discount	2.179138
Bid Price	99.782086

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
2019 Serial Bond	43,420,000.00	100.000	4.402%	12.235	38,932.80
2019 Term Bond 2044	19,565,000.00	100.000	4.950%	22.763	27,782.30
2019 Term Bond 2049	24,930,000.00	100.000	5.000%	27.765	38,392.20
	87,915,000.00			18.982	105,107.30

	TIC	All-In TIC	Arbitrage Yield
Par Value	87,915,000.00	87,915,000.00	87,915,000.00
+ Accrued Interest	-	-	-
+ Premium (Discount)	-	-	-
- Underwriter's Discount	-191,578.93	-191,578.93	-
- Cost of Issuance Expense	-	-353,059.82	-
- Other Amounts	-	-	-
Target Value	87,723,421.07	87,370,361.25	87,915,000.00
Target Date	11/01/2019	11/01/2019	11/01/2019
Yield	4.767316%	4.801292%	4.748965%



# BOND PRICING

FAU FINANCE CORPORATION  
Capital Improvement Revenue Bonds, Series 2019B  
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30-Year Level Debt Service (2049 Final Maturity)

Bond Component	Maturity Date	Amount	Rate	Yield	Price
2019 Serial Bond:					
	07/01/2022	1,735,000	3.000%	3.000%	100.000
	07/01/2023	1,785,000	3.150%	3.150%	100.000
	07/01/2024	1,840,000	3.300%	3.300%	100.000
	07/01/2025	1,900,000	3.500%	3.500%	100.000
	07/01/2026	1,970,000	3.600%	3.600%	100.000
	07/01/2027	2,040,000	3.700%	3.700%	100.000
	07/01/2028	2,115,000	3.650%	3.650%	100.000
	07/01/2029	2,190,000	4.000%	4.000%	100.000
	07/01/2030	2,280,000	3.850%	3.850%	100.000
	07/01/2031	2,365,000	4.300%	4.300%	100.000
	07/01/2032	2,470,000	4.400%	4.400%	100.000
	07/01/2033	2,580,000	4.500%	4.500%	100.000
	07/01/2034	2,695,000	4.550%	4.550%	100.000
	07/01/2035	2,815,000	4.600%	4.600%	100.000
	07/01/2036	2,945,000	4.650%	4.650%	100.000
	07/01/2037	3,085,000	4.700%	4.700%	100.000
	07/01/2038	3,230,000	4.750%	4.750%	100.000
	07/01/2039	3,380,000	4.800%	4.800%	100.000
		43,420,000			
2019 Term Bond 2044:					
	07/01/2040	3,545,000	4.950%	4.950%	100.000
	07/01/2041	3,720,000	4.950%	4.950%	100.000
	07/01/2042	3,905,000	4.950%	4.950%	100.000
	07/01/2043	4,095,000	4.950%	4.950%	100.000
	07/01/2044	4,300,000	4.950%	4.950%	100.000
		19,565,000			
2019 Term Bond 2049:					
	07/01/2045	4,510,000	5.000%	5.000%	100.000
	07/01/2046	4,735,000	5.000%	5.000%	100.000
	07/01/2047	4,975,000	5.000%	5.000%	100.000
	07/01/2048	5,225,000	5.000%	5.000%	100.000
	07/01/2049	5,485,000	5.000%	5.000%	100.000
		24,930,000			
		87,915,000			

Dated Date	11/01/2019	
Delivery Date	11/01/2019	
First Coupon	07/01/2020	
Par Amount	87,915,000.00	
Original Issue Discount	-	
Production	87,915,000.00	100.000000%
Underwriter's Discount	-191,578.93	-0.217914%
Purchase Price	87,723,421.07	99.782086%
Accrued Interest	-	
Net Proceeds	87,723,421.07	

# NET DEBT SERVICE

## FAU FINANCE CORPORATION Capital Improvement Revenue Bonds, Series 2019B

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### 30-Year Level Debt Service (2049 Final Maturity)

Period Ending	Principal	Coupon	Interest	Total Debt Service	Capitalized Interest Fund	Debt Service Reserve Fund	Net Debt Service	Annual Net D/S
07/01/2020	-	-	2,683,755.00	2,683,755.00	2,683,755.00	-	-	-
01/01/2021	-	-	2,012,816.25	2,012,816.25	2,012,816.25	-	-	-
07/01/2021	-	-	2,012,816.25	2,012,816.25	2,012,816.25	-	-	-
01/01/2022	-	-	2,012,816.25	2,012,816.25	2,012,816.25	-	-	-
07/01/2022	1,735,000	3.000%	2,012,816.25	3,747,816.25	-	-	3,747,816.25	3,747,816.25
01/01/2023	-	-	1,986,791.25	1,986,791.25	-	-	1,986,791.25	-
07/01/2023	1,785,000	3.150%	1,986,791.25	3,771,791.25	-	-	3,771,791.25	5,758,582.50
01/01/2024	-	-	1,958,677.50	1,958,677.50	-	-	1,958,677.50	-
07/01/2024	1,840,000	3.300%	1,958,677.50	3,798,677.50	-	-	3,798,677.50	5,757,355.00
01/01/2025	-	-	1,928,317.50	1,928,317.50	-	-	1,928,317.50	-
07/01/2025	1,900,000	3.500%	1,928,317.50	3,828,317.50	-	-	3,828,317.50	5,756,635.00
01/01/2026	-	-	1,895,067.50	1,895,067.50	-	-	1,895,067.50	-
07/01/2026	1,970,000	3.600%	1,895,067.50	3,865,067.50	-	-	3,865,067.50	5,760,135.00
01/01/2027	-	-	1,859,607.50	1,859,607.50	-	-	1,859,607.50	-
07/01/2027	2,040,000	3.700%	1,859,607.50	3,899,607.50	-	-	3,899,607.50	5,759,215.00
01/01/2028	-	-	1,821,867.50	1,821,867.50	-	-	1,821,867.50	-
07/01/2028	2,115,000	3.650%	1,821,867.50	3,936,867.50	-	-	3,936,867.50	5,758,735.00
01/01/2029	-	-	1,783,268.75	1,783,268.75	-	-	1,783,268.75	-
07/01/2029	2,190,000	4.000%	1,783,268.75	3,973,268.75	-	-	3,973,268.75	5,756,537.50
01/01/2030	-	-	1,739,468.75	1,739,468.75	-	-	1,739,468.75	-
07/01/2030	2,280,000	3.850%	1,739,468.75	4,019,468.75	-	-	4,019,468.75	5,758,937.50
01/01/2031	-	-	1,695,578.75	1,695,578.75	-	-	1,695,578.75	-
07/01/2031	2,365,000	4.300%	1,695,578.75	4,060,578.75	-	-	4,060,578.75	5,756,157.50
01/01/2032	-	-	1,644,731.25	1,644,731.25	-	-	1,644,731.25	-
07/01/2032	2,470,000	4.400%	1,644,731.25	4,114,731.25	-	-	4,114,731.25	5,759,462.50
01/01/2033	-	-	1,590,391.25	1,590,391.25	-	-	1,590,391.25	-
07/01/2033	2,580,000	4.500%	1,590,391.25	4,170,391.25	-	-	4,170,391.25	5,760,782.50
01/01/2034	-	-	1,532,341.25	1,532,341.25	-	-	1,532,341.25	-
07/01/2034	2,695,000	4.550%	1,532,341.25	4,227,341.25	-	-	4,227,341.25	5,759,682.50
01/01/2035	-	-	1,471,030.00	1,471,030.00	-	-	1,471,030.00	-
07/01/2035	2,815,000	4.600%	1,471,030.00	4,286,030.00	-	-	4,286,030.00	5,757,060.00
01/01/2036	-	-	1,406,285.00	1,406,285.00	-	-	1,406,285.00	-
07/01/2036	2,945,000	4.650%	1,406,285.00	4,351,285.00	-	-	4,351,285.00	5,757,570.00
01/01/2037	-	-	1,337,813.75	1,337,813.75	-	-	1,337,813.75	-
07/01/2037	3,085,000	4.700%	1,337,813.75	4,422,813.75	-	-	4,422,813.75	5,760,627.50
01/01/2038	-	-	1,265,316.25	1,265,316.25	-	-	1,265,316.25	-
07/01/2038	3,230,000	4.750%	1,265,316.25	4,495,316.25	-	-	4,495,316.25	5,760,632.50
01/01/2039	-	-	1,188,603.75	1,188,603.75	-	-	1,188,603.75	-
07/01/2039	3,380,000	4.800%	1,188,603.75	4,568,603.75	-	-	4,568,603.75	5,757,207.50
01/01/2040	-	-	1,107,483.75	1,107,483.75	-	-	1,107,483.75	-
07/01/2040	3,545,000	4.950%	1,107,483.75	4,652,483.75	-	-	4,652,483.75	5,759,967.50
01/01/2041	-	-	1,019,745.00	1,019,745.00	-	-	1,019,745.00	-
07/01/2041	3,720,000	4.950%	1,019,745.00	4,739,745.00	-	-	4,739,745.00	5,759,490.00
01/01/2042	-	-	927,675.00	927,675.00	-	-	927,675.00	-
07/01/2042	3,905,000	4.950%	927,675.00	4,832,675.00	-	-	4,832,675.00	5,760,350.00
01/01/2043	-	-	831,026.25	831,026.25	-	-	831,026.25	-
07/01/2043	4,095,000	4.950%	831,026.25	4,926,026.25	-	-	4,926,026.25	5,757,052.50
01/01/2044	-	-	729,675.00	729,675.00	-	-	729,675.00	-
07/01/2044	4,300,000	4.950%	729,675.00	5,029,675.00	-	-	5,029,675.00	5,759,350.00
01/01/2045	-	-	623,250.00	623,250.00	-	-	623,250.00	-
07/01/2045	4,510,000	5.000%	623,250.00	5,133,250.00	-	-	5,133,250.00	5,756,500.00
01/01/2046	-	-	510,500.00	510,500.00	-	-	510,500.00	-
07/01/2046	4,735,000	5.000%	510,500.00	5,245,500.00	-	-	5,245,500.00	5,756,000.00
01/01/2047	-	-	392,125.00	392,125.00	-	-	392,125.00	-
07/01/2047	4,975,000	5.000%	392,125.00	5,367,125.00	-	-	5,367,125.00	5,759,250.00
01/01/2048	-	-	267,750.00	267,750.00	-	-	267,750.00	-
07/01/2048	5,225,000	5.000%	267,750.00	5,492,750.00	-	-	5,492,750.00	5,760,500.00
01/01/2049	-	-	137,125.00	137,125.00	-	-	137,125.00	-
07/01/2049	5,485,000	5.000%	137,125.00	5,622,125.00	-	5,734,607.50	-112,482.50	24,642.50
	87,915,000		80,038,045.00	167,953,045.00	8,722,203.75	5,734,607.50	153,496,233.75	153,496,233.75

Note: FAUFC calculates debt service coverage based on when debt service is accrued in each period rather than when it is paid.

**FORM 8038 STATISTICS**

**FAU FINANCE CORPORATION**  
**Capital Improvement Revenue Bonds, Series 2019B**

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30-Year Level Debt Service (2049 Final Maturity)

Dated Date 11/01/2019  
Delivery Date 11/01/2019

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
2019 Serial Bond:						
	07/01/2022	1,735,000.00	3.000%	100.000	1,735,000.00	1,735,000.00
	07/01/2023	1,785,000.00	3.150%	100.000	1,785,000.00	1,785,000.00
	07/01/2024	1,840,000.00	3.300%	100.000	1,840,000.00	1,840,000.00
	07/01/2025	1,900,000.00	3.500%	100.000	1,900,000.00	1,900,000.00
	07/01/2026	1,970,000.00	3.600%	100.000	1,970,000.00	1,970,000.00
	07/01/2027	2,040,000.00	3.700%	100.000	2,040,000.00	2,040,000.00
	07/01/2028	2,115,000.00	3.650%	100.000	2,115,000.00	2,115,000.00
	07/01/2029	2,190,000.00	4.000%	100.000	2,190,000.00	2,190,000.00
	07/01/2030	2,280,000.00	3.850%	100.000	2,280,000.00	2,280,000.00
	07/01/2031	2,365,000.00	4.300%	100.000	2,365,000.00	2,365,000.00
	07/01/2032	2,470,000.00	4.400%	100.000	2,470,000.00	2,470,000.00
	07/01/2033	2,580,000.00	4.500%	100.000	2,580,000.00	2,580,000.00
	07/01/2034	2,695,000.00	4.550%	100.000	2,695,000.00	2,695,000.00
	07/01/2035	2,815,000.00	4.600%	100.000	2,815,000.00	2,815,000.00
	07/01/2036	2,945,000.00	4.650%	100.000	2,945,000.00	2,945,000.00
	07/01/2037	3,085,000.00	4.700%	100.000	3,085,000.00	3,085,000.00
	07/01/2038	3,230,000.00	4.750%	100.000	3,230,000.00	3,230,000.00
	07/01/2039	3,380,000.00	4.800%	100.000	3,380,000.00	3,380,000.00
2019 Term Bond 2044:						
	07/01/2040	3,545,000.00	4.950%	100.000	3,545,000.00	3,545,000.00
	07/01/2041	3,720,000.00	4.950%	100.000	3,720,000.00	3,720,000.00
	07/01/2042	3,905,000.00	4.950%	100.000	3,905,000.00	3,905,000.00
	07/01/2043	4,095,000.00	4.950%	100.000	4,095,000.00	4,095,000.00
	07/01/2044	4,300,000.00	4.950%	100.000	4,300,000.00	4,300,000.00
2019 Term Bond 2049:						
	07/01/2045	4,510,000.00	5.000%	100.000	4,510,000.00	4,510,000.00
	07/01/2046	4,735,000.00	5.000%	100.000	4,735,000.00	4,735,000.00
	07/01/2047	4,975,000.00	5.000%	100.000	4,975,000.00	4,975,000.00
	07/01/2048	5,225,000.00	5.000%	100.000	5,225,000.00	5,225,000.00
	07/01/2049	5,485,000.00	5.000%	100.000	5,485,000.00	5,485,000.00
		87,915,000.00			87,915,000.00	87,915,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	07/01/2049	5.000%	5,485,000.00	5,485,000.00	-	-
Entire Issue	-	-	87,915,000.00	87,915,000.00	18.9816	4.7490%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	544,638.75
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	5,734,607.50

**COST OF ISSUANCE**

FAU FINANCE CORPORATION  
Capital Improvement Revenue Bonds, Series 2019B

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30-Year Level Debt Service (2049 Final Maturity)

Cost of Issuance	\$/1000	Amount
Bond Counsel (BMO)	0.90997	80,000.00
Bond Counsel Expenses	0.02275	2,000.00
Disclosure Counsel (BMO)	0.63698	56,000.00
Disclosure Counsel Expenses	0.01706	1,500.00
Financial Advisor (Dunlap)	0.71660	63,000.00
Financial Advisor Expenses	0.02275	2,000.00
Moody's	0.65973	58,000.00
Fitch	0.65973	58,000.00
Trustee Fees (U.S. Bank)	0.05687	5,000.00
Official Statement Printing	0.05687	5,000.00
Miscellaneous	0.25661	22,559.82
	4.01592	353,059.82

**UNDERWRITER'S DISCOUNT**

FAU FINANCE CORPORATION  
Capital Improvement Revenue Bonds, Series 2019B

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30-Year Level Debt Service (2049 Final Maturity)

Underwriter's Discount	\$/1000	Amount
Average Takedown	1.75000	153,851.25
i-Deal Bookrunning	0.06728	5,915.34
i-Deal Wire Charges	0.00130	114.32
i-Deal Order Monitor	0.03266	2,871.52
CUSIP Charge and Disclosure Fee	0.01168	1,026.50
DTC Service Fees	0.00910	800.00
Out of Pocket Expenses	0.02275	2,000.00
Underwriter's Counsel	0.28437	25,000.00
	2.17914	191,578.93

**DISCLAIMER**

FAU FINANCE CORPORATION  
Capital Improvement Revenue Bonds, Series 2019B

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30-Year Level Debt Service (2049 Final Maturity)

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# Student Housing Update

FAUFC BOARD OF DIRECTORS  
MEETING

October 2018



# Meeting Objectives

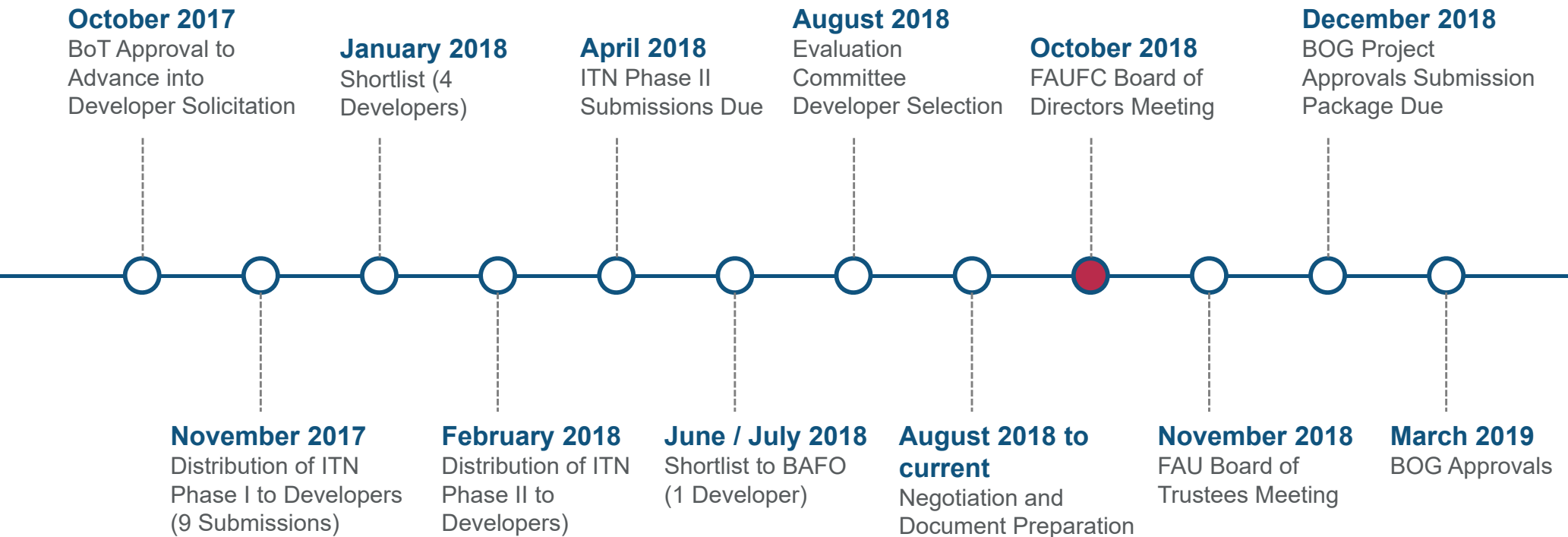
OCTOBER 30, 2018

- 1 Schedule, Partnership Selection, and Project Scope Update
- 2 Project Financing Strategy / Innovation Village Debt Advance Refunding Update
- 3 Approvals Process and Timeline Update



# Process & Schedule Update

## SOLICITATION / SELECTION PROCESS



BOCA CAMPUS RENDERING (DIVERSITY WAY)



## Project Overview

### BOCA PROJECT

<b>616</b>	<b>\$69.8M</b>	<b>2021</b>
Total Beds	Project Budget (Not-to-Exceed)	Fall Opening

- › Suite-style configuration
- › Targeted towards sophomore students
- › Former Algonquin site (Algonquin demolition Summer 2019)
- › Construction begins January 2020
- › Development budget includes future parking deck contribution (\$3.66M) and elevated contingencies due to current design stage
- › Pro forma assumes 75 basis points of interest rate cushion and other elevated contingencies



BOCA CAMPUS RENDERING (EAST ELEVATION)





JUPITER RENDERING (VIEW FROM RH2)

## Project Overview

### JUPITER PROJECT

<b>155</b>	<b>\$18.2M</b>	<b>2021</b>
Total Beds	Project Budget (Not-to-Exceed)	Fall Opening

- › Apartment-Style Configuration
- › Targeted towards upper division Honors College students
- › Adjacent to Residence Hall 2
- › Construction Begins April 2020
- › Development budget includes surface parking and elevated contingencies due to current design stage
- › Pro forma assumes 75 basis points of interest rate cushion and other elevated contingencies

# Project Overview

## BOCA AND JUPITER PHASE II UPDATE

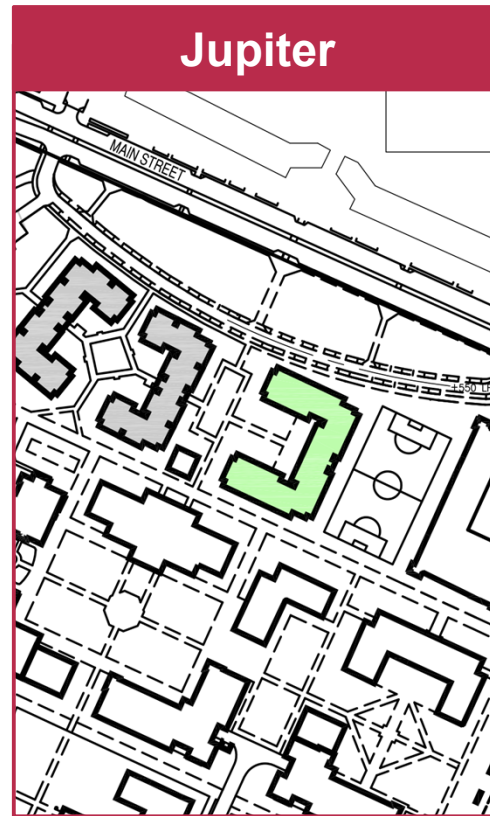
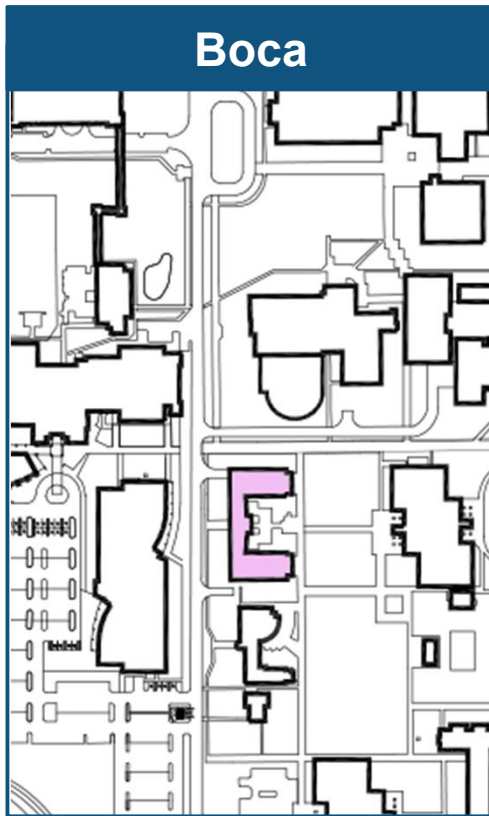


Boca Phase II: Redevelopment of University Village Apartments



Jupiter Phase II: Redevelopment of University Village Apartments

**Phase II projects to be considered / submitted to the BOG at a later date (TBD) –  
Advanced design not yet occurred**



**Both Projects align with the Campus MP –  
Critical for both FAU internal and BOG  
approvals**

## Strategic Alignment

### CAMPUS MASTER PLAN

#### Campus MP (2008) / 2018 Update (In-Progress)

- › **Boca Objective 1A:** Maintain and enhance existing housing by the elimination of substandard student housing
- › **Boca Objective 1C:** Ensure adequate future housing and support facilities on campus for FAU needs
- › **Jupiter Goal 1:** To ensure provision of public and private housing facilities on the campus and within the host community adequate to meet the needs of FAU's enrollment

# Strategic Alignment

## STRATEGIC PLANS

*A Strategic Plan for the  
Race to Excellence*



*“We’re All About  
Students!”*

### FAU Strategic Plan (2015-2025)

- › **Mission Statement:** FAU is a multi-campus public research university that pursues excellence in its missions of research, scholarship, creative activity, teaching, and active engagement with its communities.

### Division of Student Affairs Strategic Plan (2017-2020)

- › **Goal 2:** Develop students holistically by engaging in meaningful collegiate experiences.
- › **Goal 4:** Deepen the integration of Student and Academic Affairs to enhance the student experience and contribute to academic success.



# Strategic Alignment

## WHY IS HOUSING IMPORTANT?

### Why must FAU invest in housing on Boca Campus?

- 1** Overflow housing is currently being provided in a hotel (mis-aligned student experience / negative cash flow)
- 2** Boca Raton is regarded as one of the most expensive off-campus rental markets in the country
- 3** Ability to support demand at below-market rates is critical to support FAU's enrollment management objectives

### Why must FAU invest in housing on Jupiter Campus?

- 1** Ability to grow the Honors College requires additional housing – no off-campus rental opportunities
- 2** Student residential environment does not progress – same unit configuration in RH1 and RH2
- 3** Existing housing will require re-investment, and additional inventory supports implementation flexibility



# Development Team Experience



**GREYSTAR™**

- ◆ 54 years of development & operations experience
- ◆ Over \$2.5B of on-campus housing successfully financed
- ◆ Second-largest student housing firm in the U.S.
- ◆ Largest operator of U.S. apartments with more than 410,000 units under management

**ksqdesign**

- ◆ \$1B in construction of higher education facilities on 75+ campuses

**WEITZ**

**/// BUILD A BETTER WAY.™**

- ◆ Built \$500M in student housing across the country

HOLMES HALL / KENTUCKY

# FAU FINANCE CORPORATION

## FINANCING APPROACH

The Projects will be financed through the FAUFC



### WHAT DOES THIS MEAN?

- › FAUFC will become the Project owner
- › FAUFC would now own the **Projects, Innovation Village, and Parliament**

## WHY FINANCE THE PROJECTS THROUGH THE FAUFC, AS OPPOSED TO A P3?

1

### Affordability is a key driver

*Access to lower interest rates (compared to a P3)*

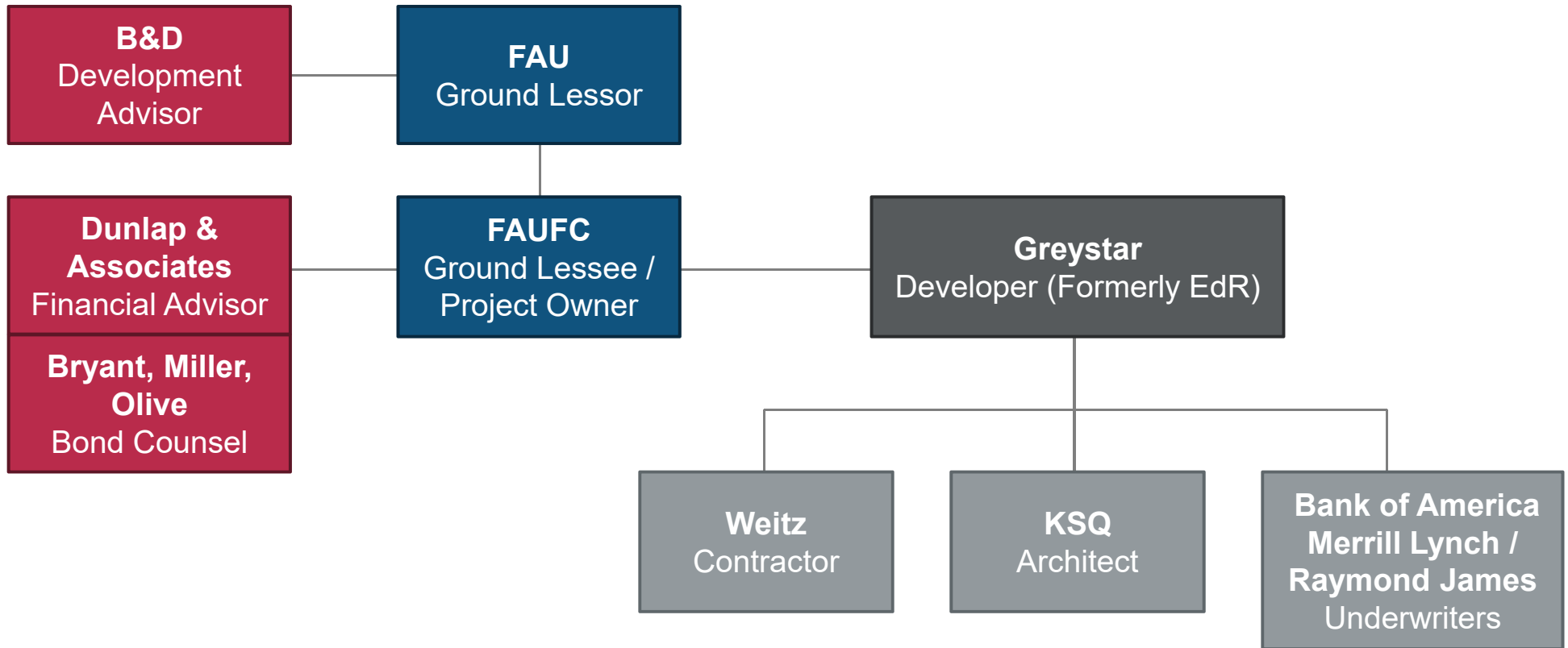
*DBF approvals are based on entire FAUFC housing system – not project-based financing – allows for more financial flexibility / lower rental rates*

2

### FAU wants to best position the Projects for approvals – additional housing is mission-critical

# Project Team

## ORGANIZATIONAL CHART



# BOG Debt Management Guidelines

## SUBMISSION REQUIREMENTS



STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

**BOG submission due by December 27th –  
Seeking approvals during March 27th-28th  
meeting**

## DEBT MANAGEMENT GUIDELINES REQUIRE 20 ITEMS FOR SUBMISSION (NOTABLE ITEMS LISTED BELOW):

- FAUFC Board of Directors Resolution and FAU Board of Trustee approval
- Housing demand assessment
- FAUFC system-wide financials and evidence of achieving greater than 1.20x debt-coverage
- Evidence of strategic importance
- Comparison to private (P3) funding alternatives that were considered

# Key Topics

## FEASIBILITY & AFFORDABILITY

**FAUFC FINANCIAL PERFORMANCE**  
(DEBT COVERAGE PROJECTION)



**RENTAL RATE AFFORDABILITY**  
( BY SEMESTER, IN 2021 DOLLARS)

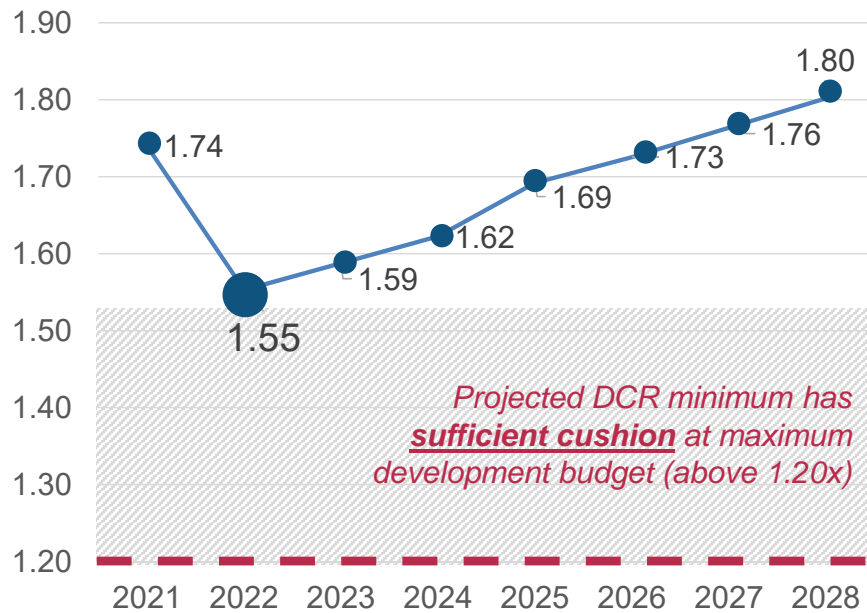


**FAU will need to “check the box” on both of these items for BOG submission / approvals**

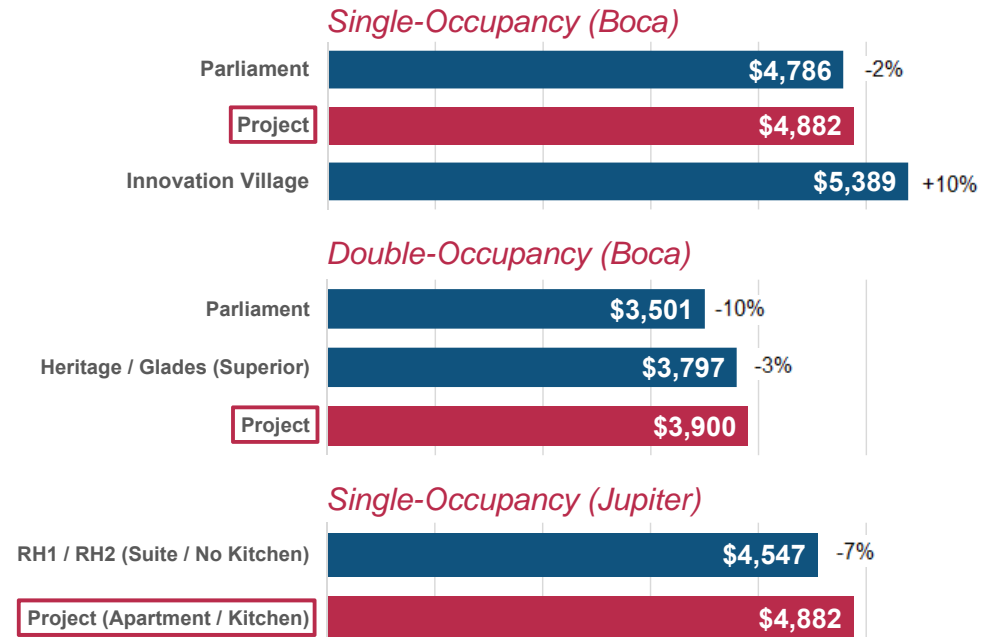
# Key Topics

## FEASIBILITY & AFFORDABILITY

**FAUFC FINANCIAL PERFORMANCE**  
(DEBT COVERAGE PROJECTION)



**RENTAL RATE AFFORDABILITY**  
(BY SEMESTER, IN 2021 DOLLARS)



# Innovation Village Refunding

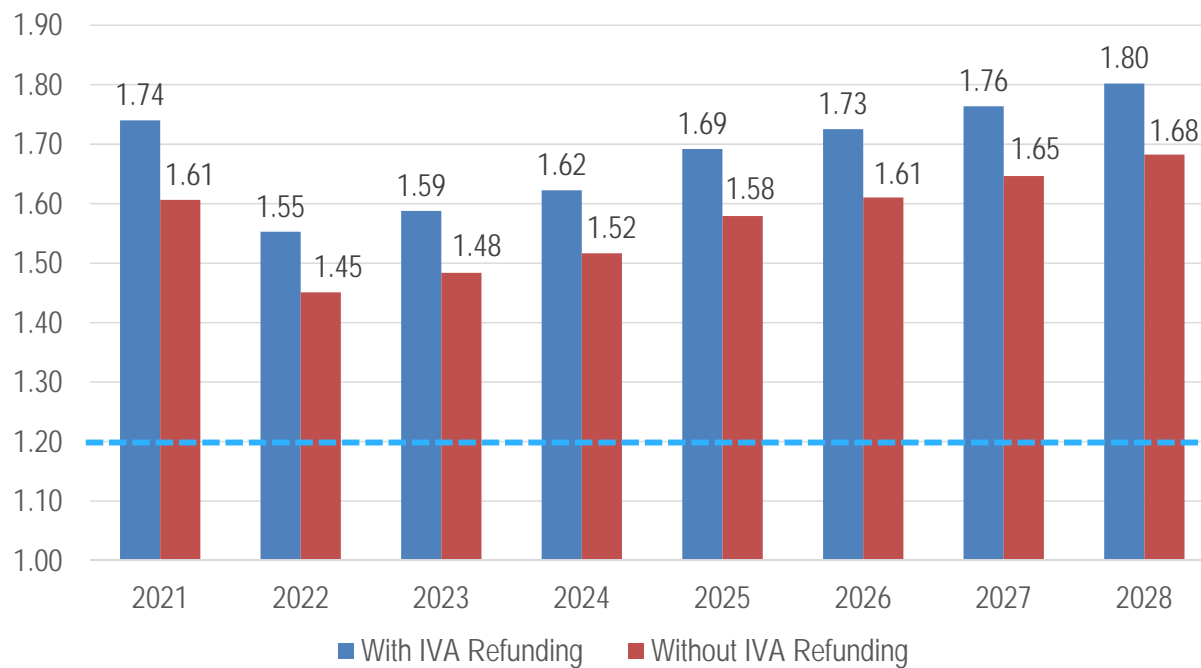
## SERIES 2010 BONDS

**FAUFC will be pursuing an advance refunding of the IVA Series 2010 bonds, which will be called on July 1, 2020**

- › FAUFC currently has \$106.95 million in outstanding debt principal for Innovation Village Apts.
- › Through an advance refunding, FAUFC expects to save approximately \$5.37 million (present value) during the loan term
  - Interest rates as of 10/17/2018
- › By achieving greater than 5% present value savings (estimated 5.02%) and not extending the loan term, FAUFC does not need to submit package to BOG for approval
  - $\$5,370,000 / \$106,955,000 = 5.02\%$
- › FAUFC will be the issuer of the Series 2019 bonds for the Project and IVA refunding together, which will reduce underwriter's fee by \$600,000 (relative to the fee proposal for the standalone Project)
  - 10 underwriter firms submitted bids to participate in this effort

# Innovation Village Refunding

## SERIES 2010 BONDS

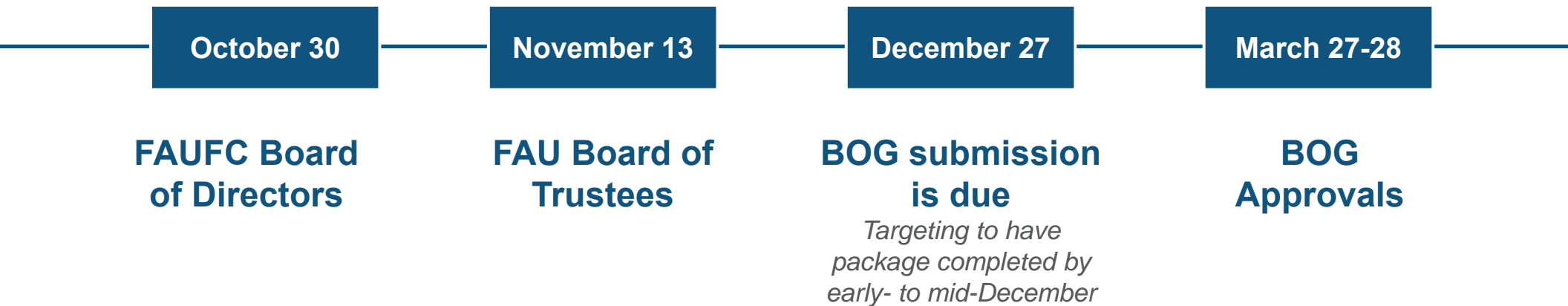


Refunding IVA will save more than \$1,100,000 annually in debt service - positively impacting debt-coverage by at least 0.13x annually

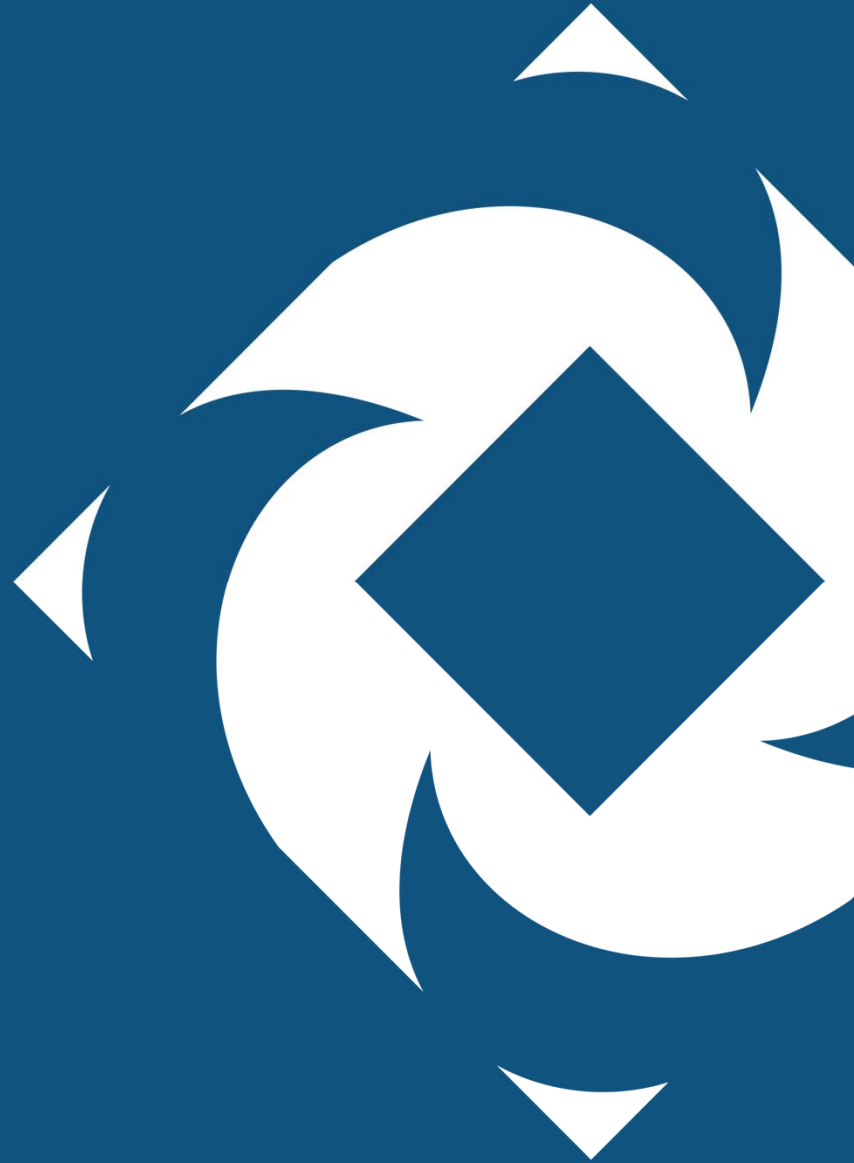
*Refunding helps support minimum DCR needed for BOG approval (1.20x)*



## Next Steps



**Thank you.**



# FAU FINANCE CORPORATION

Item: 5

## BOARD OF DIRECTORS

Tuesday, October 30, 2018

**SUBJECT: REQUEST FOR APPROVAL OF THE INNOVATION VILLAGE HOUSING REFINANCE.**

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### PROPOSED BOARD ACTION

Review and recommend approval of the Innovation Village Housing Refinance.

### BACKGROUND INFORMATION

- FAUFC currently has \$106.95 million in outstanding debt principal for Innovation Village Apts.
- Through an advance refunding, FAUFC expects to save approximately \$5.37 million (present value) during the loan term
  - Interest rates as of 10/17/2018
- By achieving greater than 5% present value savings (estimated 5.02%) and not extending the loan term, FAUFC does not need to submit package to BOG for approval
  - $\$5,370,000 / \$106,955,000 = 5.02\%$
- FAUFC will be the issuer of the Series 2019 bonds for the Project and IVA refunding together, which will reduce underwriter's fee by \$600,000 (relative to the fee proposal for the standalone Project)

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**Supporting Documentation:** Presentation of Student Housing Project Update

**Presented by:** Mr. Art Kite, Deputy CFO

# Innovation Village Refunding

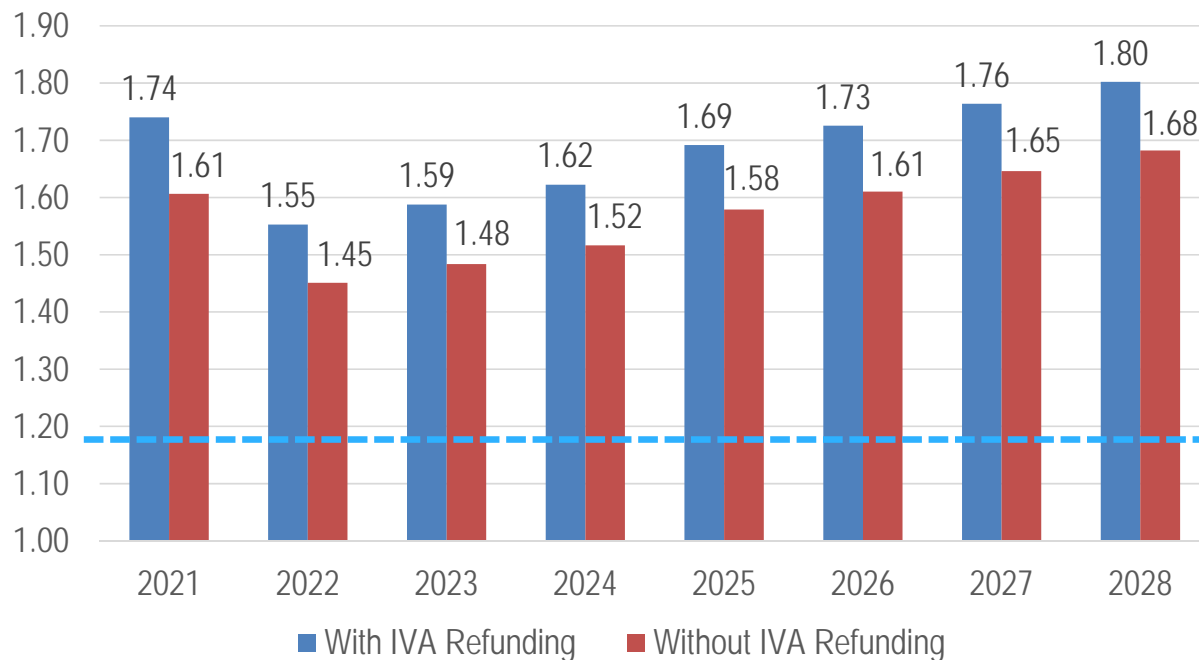
## SERIES 2010 BONDS

**FAUFC will be pursuing an advance refunding of the IVA Series 2010 bonds, which will be called on July 1, 2020**

- › FAUFC currently has \$106.95 million in outstanding debt principal for Innovation Village Apts.
- › Through an advance refunding, FAUFC expects to save approximately \$5.37 million (present value) during the loan term
  - Interest rates as of 10/17/2018
- › By achieving greater than 5% present value savings (estimated 5.02%) and not extending the loan term, FAUFC does not need to submit package to BOG for approval
  - $\$5,370,000 / \$106,955,000 = 5.02\%$
- › FAUFC will be the issuer of the Series 2019 bonds for the Project and IVA refunding together, which will reduce underwriter's fee by \$600,000 (relative to the fee proposal for the standalone Project)
  - 10 underwriter firms submitted bids to participate in this effort

# Innovation Village Refunding

## SERIES 2010 BONDS



Refunding IVA will save more than \$1,100,000 annually in debt service - positively impacting debt-coverage by at least 0.13x annually

*Refunding helps support minimum DCR needed for BOG approval (1.20x)*

# FAU FINANCE CORPORATION

Item: 6

## BOARD OF DIRECTORS

Tuesday, October 30, 2018

**SUBJECT: HOUSING REPORT AS OF SEPTEMBER 30, 2018.**

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### PROPOSED BOARD ACTION

Information only.

### BACKGROUND INFORMATION

The interim financial data of the Florida Atlantic University Finance Corporation (FAUFC) is presented to keep the Board of Directors informed about the financial status of the FAUFC.

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**Supporting Documentation:** FAU Housing System – Financial Comparisons

**Presented by:** Dr. Corey King, VP for Student Affairs and Enrollment Management

# FAU Housing System

For the Period Ended September 30, 2018

BUDGET vs. ACTUAL (FY19)	Annual Budget FY18	YTD FY19 (25%)	Budget vs. Actual % Variance
<b>Total Revenues</b>	<b>37,010,027</b>	<b>18,093,398</b>	<b>49%</b>
Operating Expenses:			
Payroll	5,367,055	1,516,917	28%
Other Expenses	7,956,769	1,331,739	17%
<b>Total Operating Expenses</b>	<b>13,323,824</b>	<b>2,848,657</b>	<b>21%</b>
Non-Operating Expenses			
Reserves	748,847	187,211	25%
Overhead	1,812,295	475,848	26%
Capital Projects *	1,408,000	42,706	3%
<b>Total Non-Operating Expenses</b>	<b>3,969,142</b>	<b>705,765</b>	<b>18%</b>
<b>Total Expenses</b>	<b>17,292,967</b>	<b>3,554,422</b>	<b>21%</b>
<b>Revenue over Expense</b>	<b>19,717,060</b>	<b>14,538,976</b>	<b>74%</b>

YEAR OVER YEAR CHANGE (FY19 vs. FY18)	YTD FY18(25%)	YTD FY19 (25%)	FY19 vs. FY18 \$ Variance
<b>Total Revenues</b>	<b>17,272,645</b>	<b>18,093,398</b>	<b>820,753</b>
Operating Expenses:			
Payroll	1,233,735	1,516,917	283,182
Other Expenses	1,036,687	1,331,739	295,052
<b>Total Operating Expenses</b>	<b>2,270,421</b>	<b>2,848,657</b>	<b>578,236</b>
Non-Operating Expenses			
Reserves	183,229	187,211	3,982
Overhead	121,399	475,848	354,449
Capital Projects *	407,653	42,706	(364,947)
<b>Total Non-Operating Expenses</b>	<b>712,281</b>	<b>705,765</b>	<b>(6,516)</b>
<b>Total Expenses</b>	<b>2,982,703</b>	<b>3,554,422</b>	<b>571,719</b>
<b>Revenue over Expense</b>	<b>14,289,942</b>	<b>14,538,976</b>	<b>249,033</b>

\* Capital Projects are presented for budget puposes only. Capital projects are capitalized and included on the Balance Sheet.

# FAU FINANCE CORPORATION

Item: 7

## BOARD OF DIRECTORS

Tuesday, October 30, 2018

**SUBJECT: REQUEST FOR APPROVAL OF THE 2019-20 HOUSING BUDGET AND RENTAL RATES.**

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### PROPOSED BOARD ACTION

Review and recommend approval of the proposed Housing rental rates and projected budget for 2019-20.

### BACKGROUND INFORMATION

The Department of Housing and Residential Life is not proposing any rate increases for the 2019-20 fiscal year.

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**Supporting Documentation:** Housing Powerpoint Presentation

**Presented by:** Dr. Corey King, VP for Student Affairs and Enrollment Management



October, 2018

Division of Student Affairs and Enrollment Management  
Department of Housing and Residential Education

FAUFC Meeting  
Housing Updates/Budget Proposal



## Occupancy Evaluation

	Actual FY14	Actual FY15	Actual FY16	Actual FY17	Actual FY18	Actual FY19	Budgeted FY20
Total Revenue (available beds)	4,102	4,055	4,165	4,165	4,165	4,165	4,165
4 <sup>th</sup> week of classes	3,617	3,512	3,988	4,117	4,182	4,361	4,165
% Occupancy	88.2%	86.6%	95.9%	98.8%	100.4%	104.7%	100.0%

# FLORIDA ATLANTIC UNIVERSITY

## FY20 Proposed Rates

No Proposed Rate Increases for FY20

Florida Atlantic University Finance Corporation On-Campus Rates - Per Semester - NO Proposed Rate Increase for FY20															Increase	Pro Forma FY21	Pro Forma FY22	Pro Forma FY23
	2007-08	2008-09	2009-10	2010-11	Historical Rates 2011-12	2012-13	FY14	FY15	FY16	FY17	FY18	Current FY19	Budgeted FY20	% Change FY19 vs. FY20				
<b>Algonquin Hall</b>																		
Single	2,260	2,260	2,373	2,519	2,684	2,825	2,966	3,000	3,300	3,300	3,300	3,300	NA	0.0%	NA	-	4,800	4,884
Double									3,050	3,050	3,050	3,050	NA	0.0%	NA	-	4,300	4,375
<b>Indian River Towers</b>																		
Double	2,882	2,882	2,995	3,085	3,147	3,237	3,237	3,300	3,365	3,365	3,365	3,365	3,365	0.0%	59	3,424	3,484	3,545
Single	3,418	3,418	3,616	3,836	4,068	4,271	4,407	4,500	4,600	4,600	4,600	4,600	4,600	0.0%	81	4,681	4,762	4,846
<b>University Village Apartments</b>																		
4-Bedroom (Single)	3,108	3,108	3,249	3,447	3,661	3,842	4,045	4,100	4,200	4,200	4,200	4,200	4,200	0.0%	74	4,274	4,348	4,424
4-Bedroom (Single, 12 months)									4,330	4,330	4,330	4,330	4,330	0.0%	76	4,406	4,483	4,561
Double (Studio)	2,712	2,712	2,769	2,853	2,910	2,995	3,085	3,100	3,100	3,100	3,100	3,100	3,100	0.0%	54	3,154	3,209	3,266
1-Bedroom (Single)	-	-	-	-	-	-	4,500	4,500	4,600	4,600	4,600	4,600	4,600	0.0%	81	4,681	4,762	4,846
Studio (12 months)									5,100	5,100	5,100	5,100	5,100	0.0%	89	5,180	5,280	5,372
<b>Heritage Park Towers</b>																		
Double (Suite A)	2,656	2,656	2,712	2,797	2,853	2,938	2,938	3,000	3,050	3,050	3,050	3,050	3,050	0.0%	53	3,103	3,158	3,213
Double (Suite C)	2,938	2,938	3,051	3,237	3,435	3,537	3,537	3,600	3,650	3,650	3,650	3,650	3,650	0.0%	64	3,714	3,779	3,845
Single (Suite B)	3,164	3,164	3,305	3,503	3,712	3,899	4,012	4,100	4,160	4,160	4,160	4,160	4,160	0.0%	73	4,233	4,307	4,382
<b>Glades Park Towers</b>																		
Double (Suite A)	2,656	2,656	2,712	2,797	2,853	2,938	2,938	3,000	3,050	3,050	3,050	3,050	3,050	0.0%	53	3,103	3,158	3,213
Double (Suite C)	2,938	2,938	3,051	3,237	3,435	3,537	3,537	3,600	3,650	3,650	3,650	3,650	3,650	0.0%	64	3,714	3,779	3,845
Single (Suite B)	3,164	3,164	3,305	3,503	3,712	3,899	4,012	4,100	4,160	4,160	4,160	4,160	4,160	0.0%	73	4,233	4,307	4,382
<b>Innovation Village Apartments North</b>																		
4-Bedroom (Single)	-	-	-	-	4,599	4,859	5,006	5,100	5,180	5,180	5,180	5,180	5,180	0.0%	91	5,271	5,363	5,457
2-Bedroom (Single)	-	-	-	-	4,803	5,057	5,311	5,400	5,480	5,480	5,480	5,480	5,480	0.0%	96	5,576	5,673	5,773
1-Bedroom (Single)	-	-	-	-			5,537	5,600	5,680	5,680	5,680	5,680	5,680	0.0%	99	5,779	5,881	5,983
<b>Innovation Village Apartments South</b>																		
4-Bedroom (Single)	-	-	-	-	4,475	4,690	4,690	4,800	5,180	5,180	5,180	5,180	5,180	0.0%	91	5,271	5,363	5,457
1-Bedroom (Single)	-	-	-	-	5,085	5,424	5,537	5,600	5,680	5,680	5,680	5,680	5,680	0.0%	99	5,779	5,881	5,983
<b>Parliament Hall</b>																		
Double	-	-	-	-	-	-	3,237	3,300	3,365	3,365	3,365	3,365	3,365	0.0%	59	3,424	3,484	3,545
Single	-	-	-	-	-	-	4,407	4,500	4,600	4,600	4,600	4,600	4,600	0.0%	81	4,681	4,762	4,846
<b>Average Rate</b>	<b>2,658</b>	<b>2,658</b>	<b>2,761</b>	<b>2,901</b>	<b>3,465</b>	<b>3,622</b>	<b>4,049</b>	<b>4,116</b>	<b>4,206</b>	<b>4,206</b>	<b>4,206</b>	<b>4,206</b>	<b>4,206</b>		74	4,280		
* Rate type eliminated.															-	-		
<b>Jupiter</b>																		
4-Bedroom Suite	-	-	-	-	-	-	3,237	3,300	4,370	4,370	4,370	4,370	4,370	0.0%	76	4,446	4,524	4,603



## Revenue & Expense Analysis

FAU Finance Corporation						
Housing FY2019-20 Budget Summary						
	Actual FY15	Actual FY16	Actual FY17	Actual FY18	Budget FY19	Proposed FY20
<b>OPERATING REVENUES:</b>						
Resident Housing Fees	30,026,721	34,591,281	36,053,816	36,579,297	35,563,292	36,491,028
Student Repair Fees	85,865	85,361	101,005	70,043	110,000	66,672
Application Fees	0	316,500	291,400	351,100	300,000	360,000
Conference/Guest Housing Fees/Orientation	720,315	427,413	340,280	400,452	370,000	505,129
Interest Income	52,287	186,660	200,736	54,230	200,000	54,231
<b>TOTAL OPERATING REVENUES</b>	<b>30,885,188</b>	<b>35,607,215</b>	<b>36,987,237</b>	<b>37,455,122</b>	<b>36,543,292</b>	<b>37,477,060</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>10,746,562</b>	<b>11,516,646</b>	<b>12,016,750</b>	<b>12,190,739</b>	<b>12,643,749</b>	<b>15,781,413</b>
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>913,415</b>	<b>1,610,881</b>	<b>1,561,063</b>	<b>1,776,527</b>	<b>3,962,875</b>	<b>3,753,517</b>
<b>TOTAL EXPENSES</b>	<b>11,659,977</b>	<b>13,127,527</b>	<b>13,577,813</b>	<b>13,967,266</b>	<b>16,606,624</b>	<b>19,534,930</b>
<b>TOTAL DEBT SERVICE</b>	<b>17,068,930</b>	<b>17,090,381</b>	<b>16,909,447</b>	<b>17,117,843</b>	<b>16,720,400</b>	<b>15,612,175</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>2,156,281</b>	<b>5,389,307</b>	<b>6,499,977</b>	<b>6,370,014</b>	<b>3,216,268</b>	<b>2,329,956</b>
Budgeted Occupancy	87%	91%	93%	94%	96%	100%
Occupancy Rate as reported 4th Week of Classes	87%	96%	99%	100%		
DBF Budgeted Debt Service Coverage Ratio	1.30	1.49	1.29	1.27	1.37	1.49
DBF Continuing Disclosure Debt Service Coverage	1.26	1.48	1.62	1.93		

## FY20 Housing Maintenance - \$3.3 Million

	ALG	HPT	GPT	IRT	UVA	IVA-N	IVA-S	PAR	Admin
Exterior Windows					X				
Lighting Fixtures									
Roofing/Restorations		X	X	X	X				
Plumbing Fixtures					X				
Furniture/Bed Frames/Mattresses							X		
Walkways/Paintings		X	X	X	X	X	X		
LVT Flooring/Carpet					X	X	X	X	
Appliances				X		X	X		
HVAC Maintenance		X		X	X				

\$2.4M R&R/Maintenance Projects + \$900K Capital Projects (Security Locks – GPT, HPT, IRT)

## FY20 Proposed Hotel Program

- Total Revenue \$877,950
- Hotel Lease (50 rooms) \$1,302,450
- Operating/OH Expenses \$82,527
- Algonquin Expense Savings \$300,000

Florida Atlantic University Finance Corporation Housing FY 19-20 Budget													
OPERATING REVENUES:	ALG	UVA	IRT	HPT	GPT	IVAN	IVAS	PAR	Off Campus	Total FY20 Residence Halls	Admin.	Total FY20 - All Operations	Total FY19
Resident Housing Fees	-	3,574,200	4,769,850	3,761,400	4,536,044	6,252,548	7,569,706	5,074,330	877,950	36,416,028	75,000	36,491,028	36,025,027
Student Repair Fees	-	4,658	4,145	8,195	7,771	8,082	12,006	21,815	-	66,672	-	66,672	115,000
Application Fees	-	-	-	-	-	-	-	-	-	-	360,000	360,000	300,000
Conference/Guest Housing Fees	-	2,400	100,000	75,000	-	7,939	100,000	219,790	-	505,129	-	505,129	370,000
Interest Income	-	528	1,055	754	1,432	-	-	-	-	3,769	50,462	54,231	200,000
TOTAL OPERATING REVENUES	-	3,581,786	4,875,050	3,845,349	4,545,247	6,268,569	7,681,712	5,315,935	877,950	36,991,598	485,462	37,477,060	37,010,027
OPERATING EXPENSES:													
Salaries and Benefits	-	358,488	324,744	282,266	360,932	612,455	606,550	621,019	30,000	3,196,454	1,370,000	4,566,454	3,764,016
OPS	-	174,668	249,526	280,717	293,193	250,000	250,000	174,668	37,943	1,710,715	238,578	1,949,293	1,603,039
Management Fee	-	76,452	102,888	102,036	102,036	102,552	101,532	18,180	-	605,676	-	605,676	1,199,636
Utilities	-	355,512	437,692	315,844	321,976	343,204	270,508	338,932	-	2,383,668	127,996	2,511,664	2,600,726
Maintenance	-	149,323	121,433	259,767	312,855	118,087	115,077	251,375	-	1,327,917	11,396	1,339,313	681,548
Service Contracts	-	142,296	128,932	149,868	163,916	218,948	167,860	188,572	-	1,160,392	159,387	1,319,779	589,252
Admin and Supplies	-	17,471	17,402	34,615	32,770	19,577	19,509	34,016	1,500	176,860	67,745	244,605	193,158
Marketing and Printing	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	500	7,500	50,000	57,500	108,000
Training and Development	-	6,716	6,716	6,716	6,716	6,716	6,716	6,716	2,500	49,512	29,008	78,520	94,500
Technology	-	5,513	39,019	9,954	9,397	2,893	3,200	1,381	2,000	73,357	35,286	108,643	307,000
Residential Life	-	4,970	3,642	7,260	5,750	4,021	4,728	5,424	-	35,795	195,257	231,052	251,000
Academic Partnerships/Initiatives	-	-	26,936	27,508	17,255	-	-	1,786	1,000	74,485	55,112	129,597	125,000
Maintenance/R&R/PD Costs	-	64,863	87,209	86,580	86,580	87,011	86,148	88,018	-	586,409	650,457	1,236,866	1,706,950
Off Campus Hotel/Contingency	-	-	-	-	-	-	-	-	1,302,450	1,302,450	100,000	1,402,450	100,000
TOTAL OPERATING EXPENSES	-	1,357,272	1,547,139	1,564,131	1,714,376	1,766,464	1,632,828	1,731,088	1,377,893	12,691,191	3,090,222	15,781,413	13,323,825
Net Operating Revenue Over Operating Expense	-	2,224,514	3,327,911	2,281,218	2,830,871	4,502,105	6,048,884	3,584,847	(499,943)	24,300,407	(2,604,760)	21,695,647	23,686,202
Non-Operating Expenses													
Repair and Replacement Fund	-	71,484	95,397	75,228	90,721	135,006	135,006	146,630	-	749,472	1,500	750,972	748,847
Capital Projects	-	100,000	100,000	100,000	150,000	150,000	100,000	100,000	-	800,000	100,000	900,000	1,408,000
Overhead	-	37,621	52,320	53,773	53,787	71,150	75,817	67,279	7,084	418,831	283,549	702,380	612,295
Student Affairs Allocation - Transfers Out	-	162,153	218,241	216,443	216,443	217,522	215,364	154,000	-	1,400,166	-	1,400,166	1,200,000
TOTAL NON-OPERATING EXPENSES	-	371,258	465,958	445,444	510,951	573,678	526,188	467,908	7,084	3,368,468	385,049	3,753,517	3,969,142
TOTAL EXPENSES	-	1,728,531	2,013,096	2,009,575	2,225,327	2,340,142	2,159,016	2,198,996	1,384,977	16,059,659	3,475,271	19,534,930	17,292,967
Net Revenue Over Expenses	-	1,853,255	2,861,954	1,835,774	2,319,920	3,928,427	5,522,696	3,116,939	(507,027)	20,931,939	(2,989,809)	17,942,130	19,717,060
DEBT SERVICE:													
Principal	-	648,800	870,000	951,200	740,000	1,290,000	1,290,000	1,365,000	-	7,155,000	-	7,155,000	7,265,000
Interest	-	279,146	618,500	409,254	875,400	2,265,625	2,265,625	1,743,625	-	8,457,175	-	8,457,175	12,031,444
Babs Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	(2,576,042)
Total Debt Service	-	927,946	1,488,500	1,360,454	1,615,400	3,555,625	3,555,625	3,108,625	-	15,612,175	-	15,612,175	16,720,402
Net Revenue Over Expenses before Depreciation	-	925,309	1,373,454	475,321	704,520	372,802	1,967,071	8,314	(507,027)	5,319,765	(2,989,809)	2,329,956	2,996,658
Depreciation Expense	-	-	-	-	-	-	-	-	-	-	6,000,000	6,000,000	6,000,000
TOTAL REVENUES OVER EXPENSES	-	925,309	1,373,454	475,321	704,520	372,802	1,967,071	8,314	(507,027)	5,826,792	(8,989,809)	(3,670,044)	(3,003,342)
Total Bed Design	-	544	607	602	602	605	599	612	93	4,264	-	4,264	4,264
Less Non-Revenue Beds:	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff	-	1	1	-	-	1	2	-	1	6	-	-	6
Tour Rooms	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue Bed Design	-	543	606	602	602	604	597	612	92	4,258	-	4,258	4,258

1 Labor increases in facilities/maintenance, overtime Summer activity/turn volumes, new Certified Public Accountant, and Director for New Faculty in Residence  
2 Student employment increases for Student Success Initiatives - Career/Academic/Tutoring staff support  
3 Reallocation of maintenance, service contracts and maintenance/R&R/PD Costs line items with an increase in total of \$900K due to increase in security (\$650K) and maintenance (\$270K)  
4 Increased Academic/Student Success Initiatives through GET WISE, Residential Student Scholars and Faculty Fellows  
5 Budgeted decreases to actual spending  
6 Budgeted decreases to actual spending  
7 Budgeted decreases to actual spending  
8 Budgeted decreases to actual spending  
9 Increased Off Campus Housing Program from Fall only to Fall and Spring  
10 Decrease in projects  
11 Increased proportionate to budgeted expenses  
12 Student Affairs Programming, Initiatives, and Dean of Students staff support

# FAU FINANCE CORPORATION

Item: 8

## BOARD OF DIRECTORS

Tuesday, October 30, 2018

**SUBJECT:     REQUEST FOR APPROVAL OF OFFICE OF INFORMATION TECHNOLOGY  
                 (OIT) FUNDING.**

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### PROPOSED BOARD ACTION

Review and recommend approval of OIT funding.

### BACKGROUND INFORMATION

Office of Information Technology has completed an extensive evaluation of various phone systems to replace the aging Unify phones. This process took close to two years to complete. It seems that the best solution to meet our requirements with the highest value of return on the investment as well as market share and functionalities is the CISCO's Unified Solution.

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**Supporting Documentation:**   OIT Funding Presentation

**Presented by:** Art Kite, Deputy CFO



# FLORIDA ATLANTIC UNIVERSITY



## FAU Finance Corporation Presentation

October 30, 2018

## Request for Approval - Use of funds

Request from the Office of Information Technology to support funding up to \$2,200,000 for the infrastructure of the university's phone system.

Office of Information Technology has completed an extensive evaluation of various phone systems to replace the aging Unify phones. This process took close to two years to complete. It seems that the best solution to meet our requirements with the highest value of return on the investment as well as market share and functionalities is the CISCO's Unified Solution.

This system will be hosted on-site and we have negotiated a five-year maintenance contract built-in to the purchase price to take advantage of the savings plan. Furthermore, we have negotiated close to \$1M below the original purchase price and we are ready to execute the order. A big push to complete this purchase within the current month is highly recommended, since we will be experiencing an increase of between 10% to 25% on the hardware due to tariff on Chinese made products. The total cost of this system, including servers, phones (close to 4,000 devices), call center operations, fax system, analog devices and licensing for five years is \$1.8M.

Please note that this cost does not include the implementation that is likely to span close to two fiscal years. We are estimating that the expertise and the external support to successfully deploy this system will be close to an additional \$320,000 in consulting engagements.

# FAU FINANCE CORPORATION

Item: 9

## BOARD OF DIRECTORS

Tuesday, October 30, 2018

**SUBJECT: REQUEST FOR APPROVAL OF THE INCREASE TO THE HVAC PROJECT.**

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### PROPOSED BOARD ACTION

Review and recommend approval of the increase to the HVAC project.

### BACKGROUND INFORMATION

The cost of the contract increased due to needed repairs and replacement of equipment as well as safety reasons:

- Change in Refrigerant and Fire Alarm System
- Indian River Tower Chillers
- Fire Hydrant line stop and new valve needed

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**Supporting Documentation:** HVAC Project Presentation

**Presented by:** Art Kite, Deputy CFO

# FLORIDA ATLANTIC UNIVERSITY



## FAU Finance Corporation Presentation- HVAC Project

October 30, 2018

## Request for Approval – Increase FAU Housing ESCO Project

The FAU Finance Corporation (FAUFC) board, at the October 26, 2016 meeting, approved the upcoming HVAC project through an ESCO agreement of approximately \$5.2M. At a subsequent FAUFC board meeting, on April 19, 2017, the board approved and confirmed the HVAC project totaling \$5.7M.

Today's request is to approve an increase of \$74,764 for a new total of \$5,774,764 for the HVAC project. Below outlines the reason for the increase.

### **Change in Refrigerant & Fire Alarm system**

Change in refrigerant – recommended by FAU Engineering & Utilities to be consistent with new HVAC codes

Addition of Fire Alarm system within Housing Central Energy Plant building – to provide added level of safety given the location of building within the center of the housing complex.

### **Indian River Tower chillers**

The location of IRT chillers were designated as the site for the new cooling towers. In order to avoid relocating IRT chillers onto the Housing lawn, due to safety concerns; the decision was made to install temporary cooling towers to service the building until the new chillers were installed and the space became accessible for installation of the new towers. This cost was later directed towards installing temporary chillers for IRT due to the failure of the existing chillers and the need to maintain cooling for the building.

### **Fire Hydrant line stop and new valve**

Project required repair to an existing fire hydrant. A shutoff valve to the line was identified; therefore a change order was processed to install a stop and new valve to isolate the Fire Hydrant for necessary repairs.