

In the opinion of Bond Counsel, assuming continuing compliance by the Issuer with various covenants in the Trust Indenture (as defined herein), under existing statutes, regulations, and judicial decisions, the interest on the Series 2010A Bonds will be excluded from gross income for federal income tax purposes of the holders thereof. Interest on the Series 2010A Bonds is exempt from individual and corporate federal alternative minimum tax ("AMT"), and is not includable in the adjusted current earnings for purposes of corporate AMT. See "TAX EXEMPTION" herein for a description of AMT and certain other tax consequences to holders of the Series 2010A Bonds. [TO BE REVISED BY BOND COUNSEL IF NECESSARY – ADD FLORIDA STATE LANGUAGE?]

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**THE FAU FINANCE CORPORATION
CAPITAL IMPROVEMENT REVENUE BONDS
(INNOVATION VILLAGE PROJECT), SERIES 2010A**

Dated: Date of Delivery

Due: As shown on inside cover

The Capital Improvement Revenue Bonds (Innovation Village Project), Series 2010A (the "Series 2010A Bonds") offered hereby by The FAU Finance Corporation (the "Issuer") pursuant to the provisions of a Trust Indenture dated as of March 1, 2010 (the "Trust Indenture", or alternatively, the "Indenture") by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee") will be issued as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2010A Bonds. Individual purchases of the Series 2010A Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Interest on the Series 2010A Bonds is payable on July 1, 2010 and semiannually thereafter on each January 1 and July 1. Payments of principal of, redemption premium, if any, and interest on the Series 2010A Bonds are to be made to purchasers by DTC through the Participants (defined herein). Purchasers will not receive physical delivery of the Series 2010A Bonds. Payments of principal of and redemption premium, if any, on the Series 2010A Bonds will be made upon presentation and surrender of such 2010A Bonds at the office of the Trustee in Orlando, Florida, as Trustee. See "THE SERIES 2010A BONDS" herein.

The Series 2010A Bonds are subject to optional and mandatory redemption as described herein. See "THE SERIES 2010A BONDS" herein.

Proceeds from the Series 2010A Bonds being issued pursuant to the Trust Indenture will be used to (i) acquire a leasehold interest in the site on which certain existing housing facilities are located and the site on which a proposed student housing facility will be constructed, all on the campus of Florida Atlantic University in Boca Raton, Florida, (ii) finance the acquisition, construction and installation of a new housing facility which includes approximately 504,000 square feet and 1,218 beds and related infrastructure as further described herein (the "Proposed Facilities"), (iii) fund a deposit to the Series 2010A Subaccount of the Debt Service Reserve Fund, (iv) pay capitalized interest on the Series 2010A Bonds, and (v) pay the cost of issuance of the Series 2010A Bonds and the below referenced Subordinate Bonds. The Issuer is simultaneously issuing its \$_____ Capital Improvement Revenue Bonds (Innovation Village Project), Subordinate Series 2010B Bonds (the "Subordinate Bonds" and together with the Series 2010A Bonds, the "Series 2010 Bonds") for the purpose of financing a portion of the costs of the Proposed Facilities. **This Official Statement does not constitute an offer to sell the Subordinate Bonds.**

The Series 2010A Bonds, together with interest thereon, are limited obligations payable solely and only from the Pledged Revenues. Pledged Revenues means (i) the System Revenues (as defined herein), (ii) moneys on deposit in the funds and accounts established under the Trust Indenture and investment earnings thereon, but excluding moneys on deposit in the 2010 Rebate Account and the Cost of Issuance Fund, and (iii) with respect to any Series 2010A Bonds designated as Direct Subsidy Bonds (as defined herein), the Direct Pay Subsidies (as defined herein). See "SECURITY FOR THE SERIES 2010A BONDS" herein.

The Series 2010A Bonds, together with interest thereon, are not general or moral obligations of the Issuer, and do not constitute an obligation, either general or special of the State of Florida (the "State"), or The Florida Atlantic University Board of Trustees (the "Board of Trustees"). Neither the full faith and credit of the State, the Board of Trustees, nor any other political subdivision or agency of the State is pledged to the payment of the principal of, redemption premium, if any, or interest on the Series 2010A Bonds, and the Series 2010A Bonds and all other obligations of the Issuer under the Trust Indenture shall not constitute an indebtedness of the State, the Board of Trustees, or any political subdivision or agency of the State within the meaning of any State constitutional provision or statutory limitation. The issuance of the Series 2010A Bonds does not directly or indirectly or contingently obligate any such governmental entity or agency to levy any ad valorem taxes whatsoever or to make any appropriation for their payment except from the Pledged Revenues. The Series 2010A Bonds and all other obligations of the Issuer under the Trust Indenture and the transactions contemplated thereby shall not be a charge against the general credit or taxing powers of the State, the Board of Trustees, or any political subdivision or agency of the State. The Series 2010A Bonds and all other obligations of the Issuer under the Trust Indenture and the transactions contemplated thereby shall not give rise to a pecuniary liability of the Issuer, the State, the Board of Trustees, or any political subdivision or agency of the State. The Issuer has no taxing power.

The Series 2010A Bonds are offered for delivery when, as and if issued by the Issuer and received by the Underwriter (as defined herein), subject to the approval of legality by Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel. Certain legal matters will be passed upon for the Issuer by Bryant Miller Olive P.A. Certain legal matters will be passed upon for the University by the Office of General Counsel. Certain legal matters will be passed upon for the Underwriter by Ballard Spahr LLP. Dunlap and Associates, Inc., Winter Park, Florida is serving as Financial Advisor to the Issuer. It is expected that the Series 2010A Bonds in definitive book entry form will be available for delivery through DTC in New York, New York on or about March [], 2010.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

RBC CAPITAL MARKETS [LOGO]

Dated: February [], 2010.

*Preliminary, Subject to Change. The Issuer may determine, in its sole discretion, to issue, depending on market conditions on the day of pricing, the Series 2010A Bonds as "Build America Bonds" for the purposes of the American Recovery and Reinvestment Act of 2009, for which the Issuer will elect to receive cash subsidy payments from the United States Treasury. See "THE SERIES 2010A BONDS" and "TAX EXEMPTION" herein.

The information contained in this Preliminary Official Statement is subject to completion and amendment. The Series 2010A Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2010A Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

[To be printed on left hand side of cover]

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THE FAU FINANCE CORPORATION
CAPITAL IMPROVEMENT REVENUE BONDS
(INNOVATION VILLAGE PROJECT), SERIES 2010A

MATURITIES, AMOUNTS, INTEREST RATES, PRICES OR
YIELDS AND INITIAL CUSIP NUMBERS*

Maturity (July 1)	Serial Bonds				Initial CUSIP Number**
	Amount	Interest Rate	Price	Yield	
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					

Term Bonds

\$ _____ % Term Bonds due July 1, 2034, Yield ____% CUSIP** : _____
\$ _____ % Term Bonds due July 1, 2040, Yield ____% CUSIP** : _____

* Preliminary, Subject to Change. The Issuer may determine, in its sole discretion, to issue, depending on market conditions on the day of pricing, the Series 2010A Bonds as "Build America Bonds" for the purposes of the American Recovery and Reinvestment Act of 2009, for which the Issuer will elect to receive cash subsidy payments from the United States Treasury. See "THE SERIES 2010A BONDS" and "TAX EXEMPTION" herein.

** The Issuer is not responsible for the use of CUSIP Numbers, nor is a representation made as to their correctness. The CUSIP Numbers are included solely for the convenience of the readers of this Official Statement, and are copyright 2010 by the American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Bureau Service, a division of the McGraw Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services.

THE FAU FINANCE CORPORATION

BOARD OF DIRECTORS

ISSUER'S COUNSEL

David L. Kian, Esquire
Office of General Counsel
Boca Raton, Florida

BOND COUNSEL

Bryant Miller Olive P.A.
Orlando, Florida

FINANCIAL ADVISOR

Dunlap & Associates, Inc.
Winter Park, Florida

No dealer, broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations in connection with the Series 2010A Bonds other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2010A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Issuer, The Depository Trust Company, and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Issuer with respect to any information provided by others. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2010A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2010A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2010A Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

The Underwriter listed on the cover page hereof has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2010A BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2010A BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE ISSUER FOR PURPOSES OF RULE 15c2-12 ISSUED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(B)(1).

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**THE FAU FINANCE CORPORATION
CAPITAL IMPROVEMENT REVENUE BONDS
(INNOVATION VILLAGE PROJECT), SERIES 2010A**

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices, is to provide information concerning the proposed issuance by The FAU Finance Corporation (the "Issuer") of its Capital Improvement Revenue Bonds (Innovation Village Project), Series 2010A (the "Series 2010A Bonds").

The Series 2010A Bonds are issued under the authority of and in full compliance with the Constitution and the laws of the State of Florida (the "State"), particularly Chapter 617, Section 1004.28 and Section 1010.62, Florida Statutes and other applicable provisions of law (collectively, the "Act"), a resolution adopted by the Board of Directors of the Issuer on February [____], 2010, as may be amended and supplemented from time to time, and the Trust Indenture dated as of March 1, 2010 (the "Trust Indenture", or alternatively, the "Indenture") by and between the Issuer and U.S. Bank National Association with a designated corporate trust office in Orlando, Florida (the "Trustee").

Capitalized terms not otherwise defined which are used in this Official Statement shall have the same meanings as ascribed to them in the Trust Indenture. See "APPENDIX C – FORM OF TRUST INDENTURE" attached hereto.

The description of the Series 2010A Bonds and of the documents authorizing and securing the same do not purport to be comprehensive or definitive. All references herein to such documents, agreements and reports are qualified in their entirety by reference to such documents, agreements and reports. All summaries herein of the Series 2010A Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements. Copies of documents and reports not reproduced in this Official Statement and further information with regard to the Issuer may be obtained from the Issuer at the following address: The FAU Finance Corporation, c/o Florida Atlantic University, 777 Glades Road, Boca Raton, Florida 33431-0991.

THE ISSUER

The Issuer which was organized in 2009 as a not-for-profit corporation organized under the Chapter 617, Florida Statutes, created to directly support the activities of the Board of

*Preliminary, Subject to Change. The Issuer may determine, in its sole discretion, to issue, depending on market conditions on the day of pricing, the Series 2010A Bonds as "Build America Bonds" for the purposes of the American Recovery and Reinvestment Act of 2009, for which the Issuer will elect to receive cash subsidy payments from the United States Treasury. See "THE SERIES 2010A Bonds" and "TAX EXEMPTION" herein.

Trustees pursuant to Section 1004.28, Florida Statutes. The Issuer is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University.

AUTHORIZATION FOR BONDS

The Issuer is authorized under the Act to issue revenue bonds to finance capital projects to provide facilities necessary and desirable to serve the needs and purposes of the Florida Atlantic University (the "University"). Additionally, The Florida Atlantic University Board of Trustees (the "Board of Trustees") adopted a resolution on January 20, 2010 recommending the plan of finance to the Florida Board of Governors (the "Board of Governors"), and the Board of Governors approved the issuance of the Series 2010A Bonds for the purposes set forth herein by resolution adopted on January 28, 2010.

PLAN OF FINANCE

The Proposed Facilities

Proceeds from the Series 2010A Bonds being issued pursuant to the Trust Indenture, together with the proceeds of the Subordinate Bonds, will be used to (i) acquire a leasehold interest in the site on which the Existing Facilities are located and the site on which a proposed student housing facility will be constructed, all on the campus of Florida Atlantic University in Boca Raton, Florida, (ii) finance the acquisition, construction and installation of a new housing facility which includes approximately 504,000 square feet and 1,218 beds and related infrastructure (the "Proposed Facilities"), (iii) fund a deposit to the Series 2010A Subaccount of the Debt Service Reserve Fund, (iv) pay capitalized interest on the Series 2010A Bonds, and (v) pay the cost of issuance of the Series 2010 Bonds.

The Proposed Facilities, which are part of a new student life expansion initiative by the Board of Trustees known as "Innovation Village", consist of the construction, installation and equipping of two buildings, totaling approximately 504,000 square feet and containing approximately 1,218 beds. The Proposed Facilities will be located in the northeast portion of the University campus in Boca Raton, and will include amenities for student activities such as meeting rooms, barbeque pavilion, computer lab, swimming pool, fitness room, and a large open green space for recreational activities. The Proposed Facilities are reflected on the approved master plan for the University and are consistent with the mission of the University by providing necessary student housing. Construction of the Proposed Facilities is expected to begin in March of 2010 and to be completed by August of 2011.

Simultaneously with the issuance of the Series 2010A Bonds, the Issuer is issuing its Capital Improvement Revenue Bonds (Innovation Village Project), Subordinate Series 2010B (the "Subordinate Bonds"). The Subordinate Bonds are being issued to finance a portion of the costs of the Proposed Facilities. Additional Subordinate Bonds in excess of the principal amount of the Subordinate Bonds may be issued from time to time pursuant to the terms of the Indenture and the Act. **THE SUBORDINATE BONDS ARE NOT BEING OFFERED**

PURSUANT TO THIS OFFICIAL STATEMENT. The Subordinate Bonds are being sold in a private placement for a purchase price equal to the par amount of the Subordinate Bonds.

The principal, premium, if any, and interest on the Subordinate Bonds will be junior in lien priority, will be subordinated in right of payment to principal, premium, if any, and interest payments on the Series 2010A Bonds and the payments of Operating Expenses. The Holders of the Subordinate Bonds expressly agree and acknowledge that no payment shall be payable on the Subordinate Bonds if the Trustee does not hold sufficient funds correctly allocated for such purpose in the accounts in the Subordinated Debt Service Fund which benefit the Subordinate Bonds.

The Existing Facilities

The Issuer will lease the Existing Facilities from the Board of Trustees, pursuant to the terms of the Ground Sublease Agreement. The lease of the Existing Facilities is being undertaken to consolidate student housing into one system and allow the University to realize certain benefits in connection thereto. See "THE HOUSING SYSTEM" herein for a description of the Existing Facilities, and for a description of the prior claim on revenues generated by the Existing Facilities to pay the amounts due on the outstanding State Bonds and other amounts due under the State Bond Resolution.

SOURCES AND USES OF FUNDS*

The table that follows summarizes the sources and uses of funds to be derived from the sale of the Series 2010A Bonds.

Sources:

Principal Amount of Series 2010A Bonds	\$ _____
[Original Issue Premium]	_____
[(Original Issue Discount)]	
Total Sources	\$ _____

Uses:

Deposit to Capitalized Interest Account	_____
Deposit to Reserve Fund	_____
Deposit to Costs of Issuance Fund ⁽¹⁾	_____
Deposit to Construction Fund	_____
Total Uses	\$ _____

(1) Includes Underwriter's Discount, legal fees and miscellaneous costs of issuance.

*Preliminary, Subject to Change

THE SERIES 2010A BONDS

General

The Series 2010A Bonds will be initially issued in the form of a single fully registered Bond for each maturity of the Series 2010A Bonds. Upon initial issuance, the ownership of each such Bond will be registered in the registration books kept by the Bond Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "THE SERIES 2010A BONDS - Book-Entry Only System" below. The Series 2010A Bonds will be dated the date of delivery, and will bear interest at the rates and mature in the amounts and at the times set forth on the inside cover page of this Official Statement. The Series 2010A Bonds are to be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof. Interest will be payable on July 1, 2010 and semiannually thereafter on January 1 and July 1 of each year. Principal of, and redemption premium, if any, on the Series 2010A Bonds are payable at the designated corporate office of the Trustee, at 500 W. Cypress Creek Road - Suite 560, Fort Lauderdale, FL 33309, which is also acting as Paying Agent and Registrar. Interest on the Series 2010A Bonds shall be payable by check or draft mailed to the registered Owners at their addresses as they appear on the registration books of the Issuer maintained by the Registrar; however, in the case of a registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2010A Bonds, upon written request of such registered Owner to the Registrar ten (10) days prior to the Record Date relating to such Interest Payment Date, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer, at the expense of the registered Owner.

The Series 2010A Bonds are also authorized to be issued, in whole or in part, as Direct Subsidy Bonds (as defined herein), such Series 2010A Bonds if issued in part to be designated "Series 2010A Bonds-BAB." The Chairperson of the Issuer is authorized to make the irrevocable election to designate all or a portion of the Series 2010A Bonds as Direct Subsidy Bonds and have the provisions of Section 54AA(g)(2) of the Code apply to such Series 2010A Bonds so long as the net (after the Direct Pay Subsidies (as described below)) true interest cost rate to issue such Series 2010A Bonds as Direct Subsidy Bonds would be lower than issuing the Series 2010A Bond as a tax exempt bond.

With respect to Series 2010A Bonds registered in the name of Cede & Co., as nominee of DTC, neither the Issuer nor the Trustee will have any responsibility or obligation to any DTC Participant or to any Indirect DTC Participant. See "THE SERIES 2010A BONDS - Book-Entry Only System" for the definition of "DTC Participant." Without limiting the immediately preceding sentence, neither the Issuer, the Registrar nor the Trustee will have any responsibility or obligation with respect to: (i) the accuracy of the records of DTC or any DTC Participant with respect to any ownership interest in the Series 2010A Bonds; (ii) the delivery to any DTC Participant or any other person other than a registered Owner, as shown in the registration books kept by the Registrar, of any notice with respect to the Series 2010A Bonds, including any notice of redemption; or (iii) the payment to any DTC Participant or any other person, other than a registered Owner, as shown in the registration books kept by the Registrar, of any

amount with respect to principal of, redemption premium, if any, or interest on the Series 2010A Bonds. The Issuer, the Registrar and the Trustee may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Series 2010A Bond for the purpose of payment of principal of, redemption premium, if any, and interest with respect to such Series 2010A Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2010A Bond, for the purpose of registering transfers with respect to such Series 2010A Bond, and for all other purposes whatsoever. The Trustee will pay all principal of, redemption premium, if any, and interest on the Series 2010A Bonds only to or upon the order of the respective registered Owners, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided in the Trust Indenture, and all such payments will be valid and effectual to satisfy and discharge the Issuer's obligations with respect to payment of principal of, redemption premium, if any, and interest on the Series 2010A Bonds to the extent of the sums so paid. No person other than a registered Owner, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of the Issuer to make payments of principal of, redemption premium, if any, and interest on the Series 2010A Bonds pursuant to the provisions of the Trust Indenture.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE ISSUER BELIEVES TO BE RELIABLE, BUT THE ISSUER TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the Series 2010A Bonds. The Series 2010A Bonds will be registered in the name of Cede & Co. (DTC's partnership nominee). Purchases of beneficial ownership interests in the Series 2010A Bonds will be made in book-entry only form, in the denominations hereinbefore described. Purchasers of beneficial ownership interests in the Series 2010A Bonds ("Beneficial Owners") will not receive bond certificates representing their ownership interests in the Series 2010A Bonds, except in the event that use of the book-entry only system for the Series 2010A Bonds is discontinued. One fully registered certificate will be issued for each maturity of the Series 2010A Bonds, and deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct

Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers, dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard and Poor's highest rating: AAA. The DTC rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtc.org.

Purchases of Series 2010A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2010A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2010A Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2010A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial interests in the Series 2010A Bonds, except in the event that use of the book-entry system for the Series 2010A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2010A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2010A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010A Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2010A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Series 2010A Bonds are being redeemed, DTC's

practice is to determine by lot the amount of the interest of each Direct Participant in such bonds, as the case may be, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2010A Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2010A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2010A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participants and not of DTC, the Registrar or the Issuer, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer and/or the Paying Agent for the Series 2010A Bonds. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2010A Bonds at any time by giving reasonable notice to the Issuer. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) upon compliance by the Issuer with all applicable policies and procedures of DTC regarding the discontinuation of the book-entry only system of registration. In that event, certificates will be printed and delivered.

Optional Redemption

The Series 2010A Bonds maturing on or before July 1, 2020 are not subject to optional redemption prior to maturity. The Series 2010A Bonds maturing on or after July 1, 2021 are subject to redemption prior to maturity at the option of the Issuer, in whole or in part on any date on or after July 1, 2020, and if in part, in such manner as determined by the Trustee, at the redemption price of 100% of the principal amount of the Series 2010A Bonds to be redeemed, without redemption premium, plus accrued interest to the redemption date.

Mandatory Redemption

The Term Series 2010A Bonds maturing on July 1, [____] are subject to mandatory redemption in part (including portions of Term Series 2010A Bonds), by lot, at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon, without redemption premium, on the dates and in the Amortization Installments set forth below:

Dates

Amortization Installments

* Final Maturity

Extraordinary Mandatory Redemption

Any Series of Bonds issued as Direct Subsidy Bonds shall be subject to redemption on any date prior to their maturity at the option of the Issuer, in whole or in part upon the occurrence of an Extraordinary Event, at a redemption price equal to the greater of:

- (1) 100% of the principal amount of the Direct Subsidy Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Direct Subsidy Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Direct Subsidy Bonds are to be redeemed, discounted to the date on which the Direct Subsidy Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points;

plus, in each case, accrued interest on the particular Direct Subsidy Bond to be redeemed to the redemption date.

Notice of Redemption

Notice of the call for any redemption, identifying the Series 2010A Bonds or portions thereof to be redeemed, shall be given by the Trustee by mailing a copy of the redemption notice by first-class mail at least 20 days but not more than 60 days prior to the date fixed for redemption to the registered Owner of each Series 2010A Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee. Any notice mailed as provided in the Trust Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives the notice. Failure to mail any such notice or the

mailing of defective notice to any Owner, shall not affect the proceeding for the redemption as to any Owner to whom proper notice is mailed.

Effect of Redemption

Not later than the Business Day prior to the date fixed for redemption, funds shall be deposited with the Trustee to pay, and the Trustee is authorized and directed by the terms and provisions of the Trust Indenture to apply such funds to the payment of the Series 2010A Bonds or portions thereof called, together with accrued interest thereon to the redemption date, and expenses in connection with such redemption. Upon the giving of notice and the deposit of funds for redemption, interest on the Series 2010A Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption. No payment shall be made by the Trustee upon any Series 2010A Bond or portion thereof called for redemption until such Series 2010A Bond or portions thereof shall have been delivered for payment or cancellation or the Trustee shall have received the items required by the Trust Indenture with respect to any mutilated, lost, stolen or destroyed Series 2010A Bond.

SECURITY FOR THE SERIES 2010A BONDS

Limited Obligations

The Series 2010A Bonds are limited obligations of the Issuer that are payable solely from Pledged Revenues (as herein defined). The Series 2010A Bonds shall never be payable out of any other funds of the Issuer other than the Pledged Revenues.

THE SERIES 2010A BONDS, TOGETHER WITH INTEREST THEREON, ARE NOT GENERAL OR MORAL OBLIGATIONS OF THE ISSUER AND DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE, THE BOARD OF TRUSTEES OR ANY POLITICAL SUBDIVISION THEREOF, BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY AND ONLY FROM THE PLEDGED REVENUES. SUCH MONEYS ARE PLEDGED AND ASSIGNED AS SECURITY FOR THE EQUAL AND RATABLE PAYMENT OF THE SERIES 2010A BONDS AND SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2010A BONDS. THE SERIES 2010A BONDS SHALL IN NO EVENT BE PAYABLE FROM THE GENERAL REVENUES OF THE ISSUER OR THE BOARD OF TRUSTEES AND SHALL NOT CONSTITUTE A DEBT, LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FAITH OR LOAN OF CREDIT OF THE UNIVERSITY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS; THE BOARD OF TRUSTEES, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON; NOR IN ANY EVENT SHALL SUCH SERIES 2010A BONDS OR OBLIGATIONS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER, AND THEN ONLY TO THE EXTENT PROVIDED IN THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR

THE REVENUES OR TAXING POWER OF THE BOARD OF TRUSTEES, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2010A BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO. THE ISSUER HAS NO TAXING POWER.

Trust Estate

The obligations of the Issuer under the Indenture and the Series 2010A Bonds will be secured by the Indenture to which the Issuer will grant a security interest in all right, title and interest of the Issuer in, to and under the following (the "Trust Estate") which will consist of:

(1) The Management Agreement, including the Issuer's right to receive System Revenues collected thereunder. See "THE MANAGEMENT AGREEMENT" herein for a description of the Management Agreement. "System Revenues" means all gross income and revenues including fees, rentals or other charges received by the Issuer or the University on behalf of the Issuer derived from the ownership and/or operation of the Housing System from students, faculty members, the Issuer and others using or being served by or having the right to use, or having the right to be served by, the Housing System, and all parts thereof including parking facilities and the retail and commercial uses comprising a part of the Housing System, without any deductions whatever, and specifically including, without limiting the generality of the foregoing, room rental income, any special rental fees or charges for services or space provided, and any income paid to the Issuer related to use of the retail and commercial areas of the Housing System. Notwithstanding the foregoing, System Revenues shall not include (i) Direct Pay Subsidies, (ii) any other subsidy, incentives or rebate payments from the United States Treasury or (iii) gross income and revenue including rates, fees and other charges received by the University with respect to the Existing Facilities prior the University's receipt of sums sufficient to pay 100% of the University Bond Expenses (See "FLORIDA ATLANTIC UNIVERSITY" and THE HOUSING SYSTEM" herein);

(2) The Ground Sublease Agreement. See "THE GROUND SUBLEASE AGREEMENT" herein for a description of the Ground Sublease Agreement;

(3) The Development Agreement. See "THE DEVELOPER AND THE DEVELOPMENT AGREEMENT – The Development Agreement" herein for a description of the Development Agreement; and

(4) The Pledged Revenues, which are comprised of (i) the System Revenues, (ii) moneys on deposit in the funds and accounts established under the Indenture and investment earnings thereon, but excluding moneys on deposit in the 2010 Rebate Account and the Cost of Issuance Fund, and (iii) with respect to any Series of Bonds designated as Direct Subsidy Bonds, the Direct Pay Subsidies received with respect to that particular Series of Bonds. See "TRUST INDENTURE" herein for a description of the funds and accounts established under the Indenture.

“Direct Subsidy Bonds” means any Series 2010A Bonds designated by the Issuer as “Build America Bonds” under and pursuant to the authority provided for in the American Recovery and Reinvestment Act of 2009, enacted on February 17, 2009, and in accordance with the guidance included in the Internal Revenue Service’s Notice 2009-26, published on April 3, 2009, as that act and implementing regulations may be extended and expanded from time to time. “Direct Pay Subsidies” means payments received by the Issuer from the United States Treasury or the Internal Revenue Service with respect to Direct Subsidy Bonds pursuant to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009), as such Sections may be expanded or modified from time to time.

The Existing Facilities were financed in part with proceeds from the sale of the State Bonds issued pursuant to the terms and provisions of the State Bond Resolution which pledges as security for such State Bonds the [net] revenues from the Existing Facilities. Pursuant to the Management Agreement, the Issuer appointed the Board of Trustees as its agent to collect System Revenues, which includes the revenues from the Existing Facilities. The Board of Trustees is required to remit to the Trustee the revenues generated from the Existing Facilities after the Board of Trustees has paid to the State the amounts necessary to pay the debt service requirements, repair and replacement fund requirements and administrative expenses required to be paid related to the State Bonds. In addition, for the purpose of determining System Revenues generated from the Existing Facilities, System Revenues shall not include the unencumbered fund balance in the Board of Trustees’ Housing Auxiliary Enterprise Fund as of the date the Proposed Facilities are placed in service. These funds will not be pledged to secure the Series 2010 Bonds.

The Pledged Revenues, including investments thereof and the proceeds of such investments, if any, but not including moneys on deposit in the 2010 Rebate Account and in the Cost of Issuance Fund, are pledged pursuant to the Indenture and assigned as security for the payment of the Series 2010A Bonds and shall be used for no other purposes than to pay the principal of, redemption premium, if any, and interest on the Series 2010A Bonds, in the order and priority expressly authorized in the Indenture or to pay the Rebate Amount. Notwithstanding anything in the Indenture to the contrary, nothing provided in the Indenture shall be deemed to grant or create a lien on any subaccount in the Reserve Fund created with respect to a particular Series of Bonds in favor of the Bondholders of any other Series and each account in the Reserve Fund shall secure only the Series of Bonds with respect to which it was created.

Satisfaction and Discharge

If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the owners of the Series 2010 Bonds the principal of and interest due or to become due thereon at the times and in the manner stipulated in the Indenture, and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions of the Indenture (including any fees of the Trustee and expenses in connection

therewith), then the Indenture and all rights granted therein shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the Issuer such instruments in writing provided by the Issuer as determined by the Issuer to be requisite to cancel and discharge the lien, and release, assign and deliver to the Issuer any and all the estate, right, title and interest therein, or otherwise subject to the lien of the Indenture, except money or securities held by the Trustee for the payment of the principal of and interest on the Series 2010 Bonds and the 2010 Rebate Amount and shall notify the Rating Agencies and the Bond Insurer of such cancellation and discharge.

Any Series 2010 Bond shall be deemed to be paid within the meaning of the Indenture when payment of the principal of such Series 2010 Bond, redemption premium, if any, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (i) shall have been made or caused to have been made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment (a) moneys in an amount sufficient (as determined by an independent certified public accounting firm) to make such payment; or (b) Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and the Issuer pertaining to the Series 2010 Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Series 2010 Bond shall be deemed to be paid under the Indenture, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Governmental Obligations.

Enforceability of Remedies

The realization of value from the security for the Series 2010A Bonds upon any default will depend upon the exercise of various remedies specified by the Indenture. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. See “BONDHOLDERS’ RISKS – Enforceability of Remedies” and “BONDHOLDERS’ RISKS” herein.

THE STATE UNIVERSITY SYSTEM

The Constitution of the State of Florida provides that adequate provision shall be made by law for, among other things, the operation and maintenance of institutions of higher learning within the State of Florida. Under this authority, the State of Florida has formulated a State University System that is governed by the Board of Governors.

The Board of Governors was established by Article IX, Section 7 of the Florida Constitution, effective January 7, 2003. The Board of Governors is authorized to operate, regulate, control and manage the State University System. The responsibilities of the Board of Governors include defining the mission of each university, ensuring the coordination and

operation of the university system and avoiding wasteful duplication of facilities or programs. The Board of Governors' management of the State University System is subject to the power of the legislature to appropriate funds. The Board of Governors consists of seventeen members, fourteen of whom are appointed by the Governor to staggered seven year terms as provided by law, subject to confirmation by the Florida Senate. The Commissioner of Education, the Chair of the Advisory Council of Faculty Senates, and the President of the Florida Student Association are *ex officio* members of the Board of Governors.

Pursuant to Chapter 1001, Part IV, Florida Statutes (2006), each college or university in the State University System has a thirteen (13) member Board of Trustees. Each Board of Trustees is a public body corporate with all the powers of a body corporate, including a corporate seal, the power to contract and be contracted with, to sue and be sued, to plead and be impleaded in all counts of law or equity and to give and receive donations. Each Board of Trustees is also vested with the authority to govern and set policy for its respective university, as necessary, to provide proper governance and improvement of the university in accordance with the law and with the rules of the Florida Board of Education. The Board of Trustees at the University is known as the "The Florida Atlantic University Board of Trustees."

The State University System is comprised of the Board of Governors, the Board of Trustees at each college or university and in addition to the University, each of the following entities: the Florida State University, the University of North Florida, the University of Florida, the Florida Agricultural and Mechanical University, the University of South Florida, the University of West Florida, the University of Central Florida, the Florida International University, Florida Gulf Coast University and New College of Florida. There are approximately 150 private degree granting colleges and universities in the State of Florida which are not part of the State University System. Additionally, community colleges within the State, offering two-year degree programs, are not part of the State University System.

FLORIDA ATLANTIC UNIVERSITY

General

Florida Atlantic University was established by the Florida State Legislature in 1961 as the fifth university in the State University System. When it opened in 1964, the University was the first university in the country to offer only upper-division and graduate-level work, on the theory that freshmen and sophomores could be served by the community college system. Located in rapidly growing Southeast Florida, the University responded to the need to provide increased access to educational opportunities by opening its doors to freshmen in 1984. Today, its developed system of distributed campuses, which offers students the same high-quality degree programs at seven different locations, allows the University to offer an array of undergraduate and graduate programs, enrolling more than 27,000 students.

The University offers a wide range of degrees through ten different colleges including College of Architecture, Urban & Public Affairs, the Dorothy F. Schmidt College of Arts &

Letters, the College of Business, the College of Education, the College of Engineering & Computer Science, the Graduate College, the Christine E. Lynn College of Nursing, the Charles E. Schmidt College of Biomedical Science, the Charles E. Schmidt College of Science, and the Harriet L. Wilkes Honors College. Together, these colleges offer 145 degree programs.

As part of its commitment to providing access to educational opportunities, the University offers an expanding collection of online and video-conference graduate and undergraduate courses. The University also participates in the Southern Regional Board's Electronic Campus which lists college programs and courses from across the Southern region of the U.S. Online courses are available to students as "anywhere, any time" courses which may be completed within the confines of FAU semesters but do not require traditional classroom attendance.

The University is a member of the Southern Association of Colleges and Schools, the National Association of State Universities and Land-Grant Colleges, and the Council of Graduate Schools in the United States.

Enrollment

Fall 2009 undergraduate enrollment totaled 21,620 students, of which approximately 60% were full-time undergraduate students and approximately 94% of the University's students were from Florida. Enrollment at the Boca Raton campus, where the Proposed Facilities will be located, for Fall 2009 totaled 20,309 students, a 12.5% increase over Fall 2005 and represented approximately 73% of the University's total enrollment. Overall, total enrollment has increased by 6.6% from Fall 2005 to Fall 2009. The following table depicts the enrollment at the Boca Raton campus and the total enrollment from Fall 2005 through Fall 2009:

	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009
Enrollment - Boca Raton	18,047	18,180	18,277	19,162	20,309
Total enrollment	25,994	25,657	26,525	27,021	27,700

Admissions

For the Fall of 2005, 60% of applicants were accepted to the University. The admissions process has become more selective in recent years and 52% of applicants for the Fall of 2008 were admitted. The following table provides admissions information for 2005 through 2009:

	2005	2006	2007	2008	2009
Applied	18,700	18,115	18,556	21,724	22,886
Admitted	11,209	10,619	11,167	11,068	11,825
Selectivity	60%	59%	60%	51%	52%
Registered	5,689	5,742	5,903	6,147	6,074
Matriculation	51%	54%	53%	56%	51%

Limited Role of Board of Trustees in Connection with the Series 2010A Bonds

The Board of Trustees, as ground sublessor is entering into Ground Sublease Agreement dated as of March 1, 2010, with the Issuer, as ground sublessee (the "Ground Sublease Agreement"). Pursuant to the Ground Sublease Agreement, the Issuer will prepay ground rent in the amount of \$12,000,000 in order to obtain a leasehold interest in certain land encompassing the Existing Facilities (as defined in the Indenture) and the Proposed Facilities (as defined in the Indenture). The Existing Facilities and the Proposed Facilities (collectively, referred to herein as the "Housing System") will comprise the current combined housing system for the University. The Board of Trustees has reserved the right to finance additional student housing for undergraduate students on a "stand-alone" basis and not as part of the Housing System. See "THE HOUSING SYSTEM" herein. The Issuer will also enter into a Management Agreement dated March 1, 2010 (the "Management Agreement"), with the Board of Trustees and B-C Management, LLC (each a "Manager" and collectively, the "Managers") pursuant to which the Managers will manage and operate the Housing System.

The Existing Facilities were financed in part with proceeds from Housing Revenue Bonds issued by the State of Florida Division of Bond Finance on behalf of the Board of Trustees which include the following outstanding obligations: the State of Florida, Florida Education System, Florida Atlantic Board of Trustees Housing Revenue Bonds, Series 2003 currently outstanding in the principal amount of \$_____, the State of Florida, Board of Governors, Florida Atlantic Board of Trustees Dormitory Revenue Bonds, Series 2006A currently outstanding in the principal amount of \$_____, and the State of Florida, Board of Governors, Florida Atlantic Board of Trustees Dormitory Revenue Refunding Bonds, Series 2006B currently outstanding in the principal amount of \$_____ (collectively, the "State Bonds"), each issued pursuant to the terms and provisions of a master bond resolution (the "State Bond Resolution") which pledges as security for such State Bonds the [net] revenues from the Existing Facilities. Pursuant to the Management Agreement, the Issuer appointed the Board of Trustees as its agent to collect System Revenues. The Board of Trustees is required to remit to the Trustee the revenues generated from the Existing Facilities after the Board of Trustees has paid to the State the amounts necessary to pay the debt service requirements, repair and replacement fund deposits, and administrative expenses required to be paid related to the State Bonds (collectively, the "University Bond Expenses"). In addition, for the purpose of determining System Revenues generated from the Existing Facilities, System Revenues shall not include the unencumbered fund balance in the Board of Trustees' Housing Auxiliary Enterprise Fund as of the date the Proposed Facilities are placed in service. These funds will not be pledged to secure the Series 2010 Bonds.

No obligation or agreement of the Issuer under the Indenture shall be construed to constitute a debt, liability, general or moral obligation or a pledge of the faith or loan of credit of the Board of Trustees, the State or any political subdivision of the State within the meaning of any constitutional or statutory provisions; the Board of Trustees, the State nor any political subdivision thereof shall be liable thereon; nor in any event shall the Series 2010A Bonds or obligations be payable out of any funds or properties other than those of the Issuer, and then

only to the extent provided in the Indenture. Neither the faith and credit nor the revenues or taxing power of the Board of Trustees, the State or any political subdivision thereof, is pledged to the payment of the principal of the Series 2010A Bonds or the interest thereon or other costs incident thereto.

THE HOUSING SYSTEM

General

The Housing System means the Existing Facilities and the Proposed Facilities, and may include additional housing facilities added at a future date. The Existing Facilities are currently operated by the Department of Housing and Residential Life, which employs 61 full-time and 106 part-time employees consisting of administrative, professional, clerical, maintenance, custodial and student personnel. The University currently offers six on-campus residence halls with a total occupancy of 2,446 students.

The Existing Facilities were financed in part with proceeds from the sale of the State Bonds issued pursuant to the terms and provisions of the State Bond Resolution which pledges as security for such State Bonds the [net] revenues from the Existing Facilities. Pursuant to the Management Agreement, the Issuer appointed the Board of Trustees as its agent to collect System Revenues, which includes the revenues from the Existing Facilities. The Board of Trustees is required to remit to the Trustee the revenues generated from the Existing Facilities after the Board of Trustees has paid to the State the amounts necessary to pay the University Bond Expenses related to the State Bonds. In addition, for the purpose of determining System Revenues generated from the Existing Facilities, System Revenues shall not include the unencumbered fund balance in the Board of Trustees' Housing Auxiliary Enterprise Fund as of the date the Proposed Facilities are placed in service. These funds will not be pledged to secure the Series 2010 Bonds.

Existing Facilities

The Existing Facilities offer the following on-campus opportunities:

Algonquin Hall: Algonquin Hall is a suite style building available to both upperclassmen and freshmen, was renovated in 2007 in order to update the facilities and provides solely single rooms. Each suite has four single bedrooms with a common bathroom dividing the suite in two. Each side of the suite includes a common area used by the two students, adjoining the two single bedrooms. Every student is provided a microwave and compact refrigerator. In addition, every bedroom is equipped with unlimited Ethernet access and basic cable television service. Algonquin Hall also provides students with a study lounge, computer lab, laundry facilities and multipurpose room with a large screen TV. Algonquin Hall is only available to students who choose the 12 month contract option.

Business & Professional Women's Scholarship House: The FAU Business and Professional Women's Scholarship House ("BPWSH") was established to provide campus

housing for women with strong academic promise and substantial outside financial assistance in order to attend the University. The BPWSH is a cooperative living/learning facility where 16 women share leadership experience, develop life skills, and community responsibilities. To be eligible for the program, an applicant must meet certain academic criteria.

Glades Park Towers: Glades Park Towers is specifically designated for students who will be taking college courses for the very first time. Glades Park Towers is a suite-style residence hall consisting of both double and single rooms and a bathroom facility for every four residents. Every room in Glades Park Towers is fully furnished and all bedrooms feature unlimited access Ethernet connections and basic cable television service. Wireless Ethernet access is also available throughout the building. Additionally, Glades Park Towers offers a 24 hour desk operation, floor study lounges, multipurpose room with large screen TV, laundry facilities, conference room, computer lab, classroom and convenience store.

Heritage Park Towers: Heritage Park Towers is a suite-style residence hall for both freshmen and upperclassmen. Suites are comprised of fully furnished double and single bedrooms, and in most cases, four residents share a bathroom. Each bedroom is equipped with unlimited access Ethernet connections and basic cable television service. Wireless Ethernet access is also offered throughout the building. Heritage Park Towers also offers a 24 hour desk operation, academic support center, community kitchen, classroom, computer lab, multipurpose room with large screen TV, laundry facilities, study lounges and conference room.

Indian River Towers: Indian River Towers is a suite-style residence hall featuring both double and single rooms. This building is open to both upperclassmen and freshmen and all suites feature a living area and two bathroom facilities. All bedrooms are equipped with unlimited access Ethernet connections and basic cable television service. Wireless Ethernet access is also available throughout the building. Located adjacent to the barbeque pits and sand volleyball court, Indian River Towers offers unique amenities such as a two story lofted lobby area and a furnished sun deck as well as a 24 hour desk operation, community kitchen, multipurpose room with large screen TV, laundry facilities, study lounges, classroom and computer lab.

University Village Apartments: University Village Apartments accommodates more than 500 upper-division undergraduate and graduate students. Generally, first-year college students are not eligible to reside in the apartment community, however some exceptions may be granted for students who have been out of high school for more than one year. The University Village Apartments area offers students a multipurpose room with a large screen TV, laundry facilities, community kitchen and computer lab. University Village Apartments provides four bedroom apartments and studio efficiency apartments. The four bedroom apartments offer each student a private bedroom, designed to accommodate four same-gender residents, on two floors, featuring a furnished living/ dining area and kitchen on one floor and the bedrooms on a separate floor. All bedrooms are fully furnished and provide unlimited access Ethernet connection and basic cable television service. The studio efficiency apartments offer a large, open area that serves as both a bedroom and living area for two same-gender

students. The efficiency apartments are fully furnished and offer unlimited access Ethernet connections and basic cable television service. Both floor plans are available with an academic year or 12 month contract option.

Rental Rates

Students living in on-campus housing have two contract options. An academic year contract, which is available in every residence hall except Algonquin Hall, is the standard University housing contract that provides an assignment for both the Fall and Spring semesters. A 12-month contract, which is only available at Algonquin Hall and University Village Apartments, allows students to occupy the same space for the Fall, Spring and Summer terms. The rental rates per semester for [2009-2010] are as follows:

- Algonquin Hall: Single - \$2,373
- Glades Park Towers: Single - \$3,305; Double - \$2,712; Super Double - \$3,051
- Heritage Park Towers: Single - \$3,305; Double - \$2,712; Super Double - \$3,051
- Indian River Towers: Single - \$3,616; Double - \$2,995
- University Village Apartments: Double (Studio) - \$2,769; 4-Bedroom (Single) - \$3,249

Demand for On-Campus Housing

There is a demonstrated demand for on-campus housing. For Fall 2009, the University filled 2,423 out of 2,446 beds for an occupancy rate of 96%. In addition, by University policy, all full-time freshmen are required to reside in University Housing. Exemptions from this policy are made for students who are 21 or older by the first day of class, reside with parent(s) or legal guardian(s) within a 50-mile radius of the Boca Raton campus or are married.

The University has consistently maintained a waiting list for students wishing to live in on-campus housing. The University has had a waiting list for the last five years, growing each year. Even with the addition of 500 beds in 2007, the University had a waiting list of nearly 200. In 2008, the waiting list topped over 600 and in 2009, the University limited the number of returning students able to live on campus to make room for freshman. For Fall 2009, the University has nearly 400 students on the waiting list.

The following table provides occupancy statistics for each of the six residence halls at the Boca Raton campus of the University:

Residence Hall	Capacity	2004	2005	2006	2007	2008	2009	AVG
Algonquin*	96	94%	96%	92%	97%	98%	96%	96%
Glades Park Towers	600	N/A	N/A	N/A	100%	100%	95%	98%
Heritage Park	602	99%	100%	97%	100%	100%	96%	99%
Indian River Towers	604	100%	100%	96%	99%	100%	95%	98%
University Village Apts.	528	98%	97%	95%	95%	96%	96%	96%
BPW House	16	100%	106%	69%	100%	94%	98%	94%

Total **2,446**

*In Fall 2007, all double occupancy suites were reconfigured into single occupancy rooms, resulting in 88 fewer beds.

**The occupancy percentages above are calculated based on revenue producing beds and do not take into consideration occupancy in RA staff beds.

Historical Revenues and Expenses for Existing Facilities

The table below contains a statement of revenues and expenses, including debt service requirements, for the Existing Facilities for Fiscal Years 2004-2005 through 2008-2009:

BOARD OF GOVERNORS					
STATE UNIVERSITY SYSTEM OF FLORIDA					
HISTORICAL DEBT SERVICE COVERAGE ¹					
Fiscal Year Ending June 30,	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> ⁵
Gross Revenues:					
Housing Fees and Other Operating Revenues	9,274,760	10,094,802	10,961,792	13,779,979	14,013,965
Investment Revenue ²	<u>710,985</u>	<u>101,157</u>	<u>312,007</u>	<u>333,260</u>	<u>98,546</u>
Total Revenues	9,985,745	10,195,959	11,273,799	14,113,239	14,112,511
Less: Current Expenses & Prior Lien Debt Service ^{3 4}	<u>4,086,149</u>	<u>5,102,787</u>	<u>5,246,616</u>	<u>6,388,714</u>	<u>7,217,605</u>
Pledged Revenues	5,899,596	5,093,172	6,027,183	7,724,525	6,894,906
Less: Annual Debt Service on the State Bonds	<u>4,118,299</u>	<u>4,117,299</u>	<u>4,060,310</u>	<u>5,761,693</u>	<u>5,761,093</u>
Net Cash Flow Available	1,781,297	975,873	1,966,873	1,962,832	1,133,813
Annual Debt Service Coverage	1.43	1.24	1.48	1.34	1.20

¹The financial information related to revenues and expenses was provided by the University based on audited financial statements.

²Investment revenue includes interest on the available cash balances in the operating accounts related to Existing Units financed with the State Bonds.

³Current Expenses are operating expenses of the Existing Units as defined in the Resolution for the State Bonds

⁴Obligations related to the Prior Lien matured on July 1, 2006. There are no Prior Lien Obligations outstanding.

⁵2009 operating expenses include \$2.3 million in capital expenditures related to the renovation of University Village Apartments & Algonquin Hall that should be excluded for the purpose of calculating the Debt Service Coverage Ratio under the State Bond Resolution. When such amounts are excluded, the required rate covenant is achieved.

BONDHOLDERS' RISKS

Introduction

AN INVESTMENT IN THE SERIES 2010A BONDS INVOLVES A DEGREE OF RISK BECAUSE OF THE VARIOUS RISKS DESCRIBED IN THIS OFFICIAL STATEMENT. No person should purchase any of the Series 2010A Bonds without carefully reviewing the following information, which summarizes some, but not all, of the factors that should be carefully considered prior to such a purchase. [Furthermore, the tax-exempt feature of the Series 2010A Bonds is relatively more valuable to high tax bracket investors than to investors

who are in the lower tax brackets, and so the value of the interest compensation to any particular investor will vary with his or her marginal tax rate. Each prospective investor should, therefore, determine his or her present and anticipated marginal tax rate before investing in the Series 2010A Bonds.] Each prospective investor should also carefully examine this Official Statement and his or her own financial condition (including the diversification of his or her investment portfolio) in order to make a judgment as to whether the Series 2010A Bonds are an appropriate investment.

Identified and summarized below are a number of “Bondholders’ Risks” that could adversely affect the operation of the Housing System and/or the Series 2010A Bonds and that should be considered by prospective investors. The following discussion is not intended to be exhaustive, but includes certain major factors that should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto.

Revenues from Operation of the Housing System

If the Issuer is unable to generate sufficient Pledged Revenues to pay principal of and interest on the Series 2010A Bonds for any reason, including because of a failure to generate sufficient revenues from the operation of the Housing System, an Event of Default will occur under the Indenture. Upon an Event of Default, the Series 2010A Bonds may not be paid or may be paid before maturity or applicable redemption dates and a forfeiture of redemption premiums may result. The Housing System’s ability to generate revenues and the overall financial condition of the Housing System may be adversely affected by a wide variety of future events and conditions, including but not limited to, (i) a decline in the enrollment of the University, (ii) increased competition from other schools, (iii) loss of accreditation, (iv) failure to meet applicable federal guidelines or some other event that results in students being ineligible for federal financial aid, and (v) cost overruns in connection with the Housing System or other capital improvements.

Limited Obligations of the Issuer

The Series 2010A Bonds constitute limited obligations of the Issuer. The sources of payment are only from the Pledged Revenues, which in turn are comprised of: (i) System Revenues, (ii) moneys on deposit in the funds and accounts established under the Indenture and investment earnings thereon, but excluding moneys on deposit in the 2010 Rebate Account and Cost of Issuance Fund, and (iii) with respect to any Series 2010A Bonds designated as Direct Subsidy Bonds, the Direct Pay Subsidies.

The Issuer is obligated to make payments on the Series 2010A Bonds only from the Pledged Revenues, which includes System Revenues. System Revenues are derived from the ownership and operation of the Housing System. Furthermore, the Issuer’s ability to meet its obligations under the Indenture will depend upon achieving and maintaining certain occupancy levels at the Housing System throughout the term of the Series 2010A Bonds. Even if the Housing System is operating in an efficient manner, other factors could affect the Issuer’s

ability to make payments under the Indenture and the Series 2010A Bonds. No assurance can be made that the Housing System will generate sufficient revenues to pay maturing principal of, premium, if any, and interest on the Series 2010A Bonds and the payment of operating expenses of the Housing System.

The Issuer has no obligation to pay the Series 2010A Bonds except from the Pledged Revenues. The Series 2010A Bonds and the interest thereon constitute limited obligations of the Issuer and are payable solely from the Pledged Revenues. Pursuant to the Management Agreement, the Board of Trustees is required to remit to the Trustee the revenues generated from the Existing Facilities only after the Board of Trustees has paid to the State the amounts necessary to pay the debt service requirement, repair and replacement requirements and administrative expenses required to be paid related to the State Bonds which financed the Existing Facilities. In addition, for the purpose of determining System Revenues generated from the Existing Facilities, System Revenues shall not include the unencumbered fund balance in the Board of Trustees' Housing Auxiliary Enterprise Fund as of the date the Proposed Facilities are placed in service. These funds will not be pledged to secure the Series 2010 Bonds.

THE SERIES 2010A BONDS, TOGETHER WITH INTEREST THEREON, ARE NOT GENERAL OR MORAL OBLIGATIONS OF THE ISSUER AND DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE, THE BOARD OF TRUSTEES OR ANY POLITICAL SUBDIVISION THEREOF, BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY AND ONLY FROM THE PLEDGED REVENUES. SUCH MONEYS ARE PLEDGED AND ASSIGNED AS SECURITY FOR THE EQUAL AND RATABLY PAYMENT OF THE BONDS AND SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS. THE BONDS SHALL IN NO EVENT BE PAYABLE FROM THE GENERAL REVENUES OF THE ISSUER OR THE BOARD OF TRUSTEES AND SHALL NOT CONSTITUTE A DEBT, LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FAITH OR LOAN OF CREDIT OF THE BOARD OF TRUSTEES, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS; THE BOARD OF TRUSTEES, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON; NOR IN ANY EVENT SHALL SUCH SERIES 2010A BONDS OR OBLIGATIONS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER, AND THEN ONLY TO THE EXTENT PROVIDED IN THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE REVENUES OR TAXING POWER OF THE BOARD OF TRUSTEES, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2010A BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO. THE ISSUER HAS NO TAXING POWER.

Required Occupancy Levels and Rents

In order for the Issuer to generate sufficient revenues to enable it to make the required payments on the Series 2010A Bonds, the Housing System must meet certain occupancy levels and achieve certain rents. There can be no assurance, however, that the Housing System will be able to meet and maintain such required occupancy and rent levels.

Insurance and Legal Proceedings

The Issuer is required by the Ground Sublease Agreement to procure and maintain or cause to be procured and maintained policies of fire, extended risk, and liability insurance coverage if reasonably available from a commercial carrier or the State Risk Management Pool. The extended risk and fire insurance coverage shall be in an amount which is obtainable at commercially reasonable rates. The liability insurance coverage shall be in amounts not less than \$100,000 per person and \$200,000 per incident or occurrence for personal injury, death, and property damage on the subleased premises. However, there can be no assurance that any current or future claims will be covered by or will not exceed applicable insurance coverage. A claim against the Issuer not covered by, or in excess of, the Issuer's insurance could have a material adverse effect upon the Housing System.

Governmental Regulation

The housing industry is significantly regulated by the federal and local government. Regulations and conditions affecting the acquisition, development and ownership of residential real estate, including environmental regulations, the Americans with Disabilities Act, the Fair Housing Amendments Act of 1988 and general conditions in the multi-family residential real estate market, could reduce the revenues or increase the operating and other expenses of the Housing System, require significant capital investment and expenditures, or otherwise could have a material adverse effect on the financial condition of the Housing System or the results of its operations.

Risks of Construction; Delay

The Issuer believes that the proceeds of the Series 2010 Bonds will be sufficient to complete the Proposed Facilities; however, the cost of construction of the Proposed Facilities may be affected by factors beyond the control of the Issuer, including strikes, material shortages, adverse weather conditions, subcontractor defaults, delays, and unknown contingencies.

[The Construction Contract (as hereinafter defined) between the General Contractor (as hereinafter defined) and the University, as assigned by the University to the Developer will obligate the General Contractor to complete the Proposed Facilities within a specified time where the basis for payment is the cost of the work plus a fee with a guaranteed maximum price. The cost of the Proposed Facilities may be increased, however, if there are change orders. The Construction Contract requires the General Contractor to furnish performance and

payment bonds; however, there can be no assurance that the obligations of the surety under such bonds can be enforced without costly and time-consuming litigation.]

[If cost overruns resulting from (i) delays attributable to the Developer or those for whom the Developer is responsible, (ii) change orders not resulting from changes in the project requested by Issuer, or (iii) other causes that do not entitle the Developer to an adjustment in the Development Sum (as defined in the Development Agreement), the Developer will be obligated, subject to acts of *force majeure* and as otherwise provided in the Development Agreement, to complete the Proposed Facilities at its own expense. To the extent that construction is delayed or halted due to acts of *force majeure*, neither the University, the Issuer, the Developer, nor the General Contractor will have any obligation to provide for such completion.]

Clean-up Costs and Liens under Environmental Statutes

Miller Legg (the “Environmental Engineer”) conducted a Phase I Environmental Site Assessment (the “Phase I Assessment”) of the site for the Proposed Facilities (the “Proposed Facilities Site”). The Environmental Engineer identified no major concerns with respect to the Proposed Facilities Site and made no recommendations that further investigations be made with respect to the Proposed Facilities Site. Prospective purchasers of the Series 2010A Bonds may obtain a copy of the Phase I Assessment from the Underwriter; however, prospective purchasers of the Series 2010A Bonds may not rely upon the findings contained in the Phase I Assessment.

Neither the University nor the Issuer is aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the site of the Proposed Facilities or the Existing Facilities. However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions were initiated, the University or the Issuer could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Housing System. In addition, under applicable environmental statutes, in the event an enforcement action were initiated, a lien superior to the Trustee’s lien on behalf of the Bondholders could attach to the Housing System.

Certain Interests and Claims of Others

Certain interests and claims of others may be on a parity with or prior to the pledge made in the Indenture and certain statutes and other provisions may limit the Issuer’s rights to make such pledges and/or grants of security interests. Examples of such claims, interests, and provisions are:

- (i) the University Bond Expenses;
- (ii) statutory liens

(iii) constructive trusts, equitable liens, or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction,

(iv) federal bankruptcy laws as they affect amounts earned with respect to the Housing System after any effectual institution of bankruptcy proceedings by or against the Issuer,

(v) as to those items in which a security interest can be perfected only by possession, including items converted to cash, the rights of third parties in such items not in the possession of the Trustee,

(vi) items not in possession of the Trustee, the records to which are located or moved outside the State of Florida, which are thereby not subject to or are removed from the operation of Florida law, and

(vii) the requirement that appropriate continuation statements be filed in accordance with Florida Statutes, Chapter 679.

Enforceability of Remedies

The practical realization of value upon any default will depend upon the exercise of various remedies specified by the Indenture. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Under existing law (including, particularly, federal bankruptcy law), the remedies specified by the Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Indenture. The various legal opinions to be delivered concurrently with the delivery of the Series 2010A Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

Effect of Determination of Taxability

The Issuer will covenant not to take any action that would cause the Series 2010A Bonds to be arbitrage bonds or that would otherwise adversely affect the federal income tax status of interest in the Series 2010A Bonds. The Issuer will also make representations with respect to certain matters within their knowledge that have been relied on by Bond Counsel and that Bond Counsel has not independently verified. Failure to comply with such covenants could cause interest on the Series 2010A Bonds to become subject to federal income taxation retroactively from their date of issuance.

It is possible that a period of time may elapse between the occurrence of the event that causes interest to become taxable and the determination that such an event has occurred. In such a case, interest previously paid on the Series 2010A Bonds could become retroactively

taxable from the date of their issuance. Additionally, certain owners of Series 2010A Bonds are subject to possible adverse tax consequences. There is no provision for acceleration of the indebtedness evidenced by the Series 2010A Bonds or for payment of additional interest if interest on the Series 2010A Bonds becomes included in gross income for federal tax purposes. See "TAX EXEMPTION" herein.

Market for the Series 2010A Bonds

There can be no assurance that a secondary market exists, or that the Series 2010A Bonds can be sold for any particular price. Accordingly, a purchaser of the Series 2010A Bonds should recognize that an investment in the Series 2010A Bonds will in all likelihood be illiquid and be prepared to have his or her funds committed until the Series 2010A Bonds mature or are redeemed.

Actual Results May Differ From Market Study and Cash Flow Forecast

The Market Study and its forecast of future demands included in Appendix "A" hereto, and the Cash Flow Forecast and its forecast of future revenues and expenses with respect to the Housing System, are based upon assumptions concerning future events, circumstances and transactions. The Market Study should be read in its entirety. In addition, the Cash Flow Forecast contained herein only covers the approximate six-year period ending June 30, 2016 and consequently does not cover the entire period during which the Series 2010A Bonds may be Outstanding. The achievement of any results of the Market Study or of any cash flow forecast or other forecast is dependent upon future events, the occurrence of which cannot be assured. Realization of the results forecasted will depend, among other things, on the implementation by the Issuer of policies and procedures consistent with the assumptions. Future results will also be affected by events and circumstances beyond the control of the Issuer. For the reasons described above, it is likely that the actual results of the Housing System will be different from the results forecast in the Market Study and the Cash Flow Forecast included herein, and those differences may be material and adverse.

Forward Looking Statements

This Official Statement, particularly the information contained in the Market Study and under the caption "CASH FLOW FORECAST" contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated include (1) the ability of the Issuer to market the Housing System, (2) the ability of the Housing System to maintain substantial occupancy at projected increased rent levels of the Housing System, (3) the ability of the residents of the Housing System to meet their financial obligations, (4) lower than

anticipated revenues, (5) higher than anticipated operating expenses, (6) litigation, (7) changes in governmental regulation, (8) loss of federal tax exempt status, (9) loss of state property tax exemption, (10) changes in demographic trends, (11) competition from other residential rental and student housing facilities, (12) changes in the student housing industry and (13) general economic conditions. No representation or assurances can be made that revenues will be generated from the operation of the Housing System in amounts sufficient to pay maturing principal and interest on the Series 2010A Bonds.

The investment earnings of, and accumulations in, certain funds and accounts established by the Indenture have been estimated and are based on assumed earnings' rates. While these assumptions are believed to be reasonable in view of the rates of return presently available, there is no assurance that similar interest rates will be available on such investments in the future, nor is there any assurance that the potential accumulations assumed will be realized.

Additional Bonds

The Issuer has the right to issue Additional Senior Bonds under the Indenture that will be equally and ratably secured on a parity basis with the Series 2010A Bonds. See "TRUST INDENTURE – ADDITIONAL BONDS herein. **SUCH ADDITIONAL SENIOR BONDS COULD DILUTE THE SECURITY FOR THE SERIES 2010A BONDS.**

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. Certain types of transactions are being targeted for audit, including financings of student housing facilities.

No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Series 2010A Bonds. No ruling with respect to the tax-exempt status of the Series 2010A Bonds has been or will be sought from the Internal Revenue Service, and the opinion of Bond Counsel as to the excludability from gross income of the interest on the Series 2010A Bonds for federal income tax purposes is not binding on the Internal Revenue Service or the courts. See "TAX EXEMPTION" herein. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Bondholders may have no right to participate in such procedure. Neither the Underwriter nor Bond Counsel is obligated to defend the tax-exempt status of the Series 2010A Bonds. Neither the Issuer nor Bond Counsel is responsible to pay or reimburse the cost of any Bondholders with respect to any audit or litigation relating to the Series 2010A Bonds. In addition, if the Series 2010A Bonds were to be audited, the market for and the market value of the Series 2010A Bonds could be adversely affected during the pendency of the examination and thereafter, even if the outcome of the audit were to be favorable.

Taxation of Series 2010A Bonds

An opinion of Bond Counsel will be obtained as described under "TAX EXEMPTION" herein. Such an opinion is not binding on the Internal Revenue Service. Application for a ruling from the Internal Revenue Service regarding the status of the interest on the Series 2010A Bonds has not been made. The opinion of Bond Counsel contains certain exceptions and is based on certain assumptions described herein under the heading "TAX EXEMPTION." Failure by the Issuer to comply with certain provisions of the Code and covenants contained in the Indenture could result in interest on the Series 2010A Bonds becoming includable in gross income for federal tax purposes.

THE GROUND SUBLEASE AGREEMENT

General

The Proposed Facilities and the Existing Facilities will be leased by the Board of Trustees to the Issuer pursuant to the Ground Sublease Agreement (as defined above). The term of the Ground Sublease Agreement will end on the date all obligations under the Indenture have been satisfied. The Issuer will prepay the sum of \$12,000,000 to the Board of Trustees as an upfront ground lease payment, which the Issuer will use for certain capital expenditures related to the Housing System. Possession and use of the premises, together with all improvements thereon, including without limitation the Existing Facilities and the Proposed Facilities and any modifications thereto, shall, upon the last day of the term of the Ground Sublease Agreement, automatically revert and/or transfer to the Board of Trustees.

Default/Remedies

Each of the following events shall be deemed a default by the Issuer under the terms of the Ground Sublease Agreement: (1) If the Issuer or its assignee shall fail to pay, when due, any sum, if any, which the Issuer or its assignee is obligated to pay under the terms and provisions of the Ground Sublease Agreement, and such sums, if any, remain unpaid for a period of thirty (30) days after receipt of written notice to the Issuer from the Board of Trustees; (2) If the Issuer or its assignee shall attempt to mortgage its leasehold estate in violation of the Ground Sublease Agreement or to assign the Ground Sublease Agreement, or any portion thereof, or to sublease any portion of the leased facilities in violation of the Ground Sublease Agreement; or (3) If the Issuer or its assignee shall use the premises for any purposes not permitted by the Ground Sublease Agreement, and such use shall continue for a period of thirty (30) days after the Board of Trustees shall have given written notice to the Issuer or its assignee to desist from such use.

In the event that the item of default set forth in item (3) above is of such a nature that it cannot be remedied within the time limits therein set forth, then the Issuer shall have such additional time as is reasonably necessary to cure such default, provided the Issuer diligently commences the curing of such default within said time limits and proceeds to completely cure the same in a timely and diligent manner.

Upon the occurrence of any event of default which has not been cured (and is not in the process of being cured) as set forth in the paragraph above, but not otherwise, the Board of Trustees may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under the Ground Sublease Agreement; provided, the Board of Trustees shall not have the right to terminate the Ground Sublease Agreement until such time as the Series 2010 Bonds have been paid or provision for payment has been made pursuant to the terms and provisions of the Trust Indenture. The Board of Trustees shall have recourse solely against the leasehold estate of the Issuer in the Housing System, and any proceeds thereof, for the payment of any liabilities of the Issuer under the Ground Sublease Agreement.

TRUST INDENTURE

Creation of Funds and Accounts

The Trust Indenture creates and establishes the Revenue Fund, the Construction Fund within which there is created a Series 2010 BABs Bonds Account and a Series 2010 Bond Account, the Costs of Issuance Fund, the Debt Service Fund, within which there is created and established a Senior Bonds Principal Account and a Senior Bonds Interest Account, the Reserve Fund, the Subordinate Debt Service Fund within which there is created and established a Subordinate Bonds Principal Account and a Subordinate Bonds Interest Account, the Repair and Replacement Fund, the Rebate Fund, and the 2010 Rebate Account established thereunder and the accounts therein authorized by the Indenture. The Debt Service Fund, the Costs of Issuance Fund, the Construction Fund, the Reserve Fund, the Subordinate Debt Service Fund and the Repair and Replacement Fund created under the Indenture, and all accounts therein hereafter created shall constitute trust funds for the purposes provided in the Indenture, shall be held by the Trustee and shall at all times be kept separate and distinct from all other funds of the Issuer and used only as provided in the Indenture. Moneys held in the Construction Fund, the Debt Service Fund, the Reserve Fund, the Subordinate Debt Service Fund and the Repair and Replacement Fund and the accounts therein shall be subject to a lien and charge in favor of the Bondholders in the manner and to the extent provided in the Indenture; provided, however, that the Bondholders shall have no lien on or right to payment from amounts on deposit in the 2010 Rebate Account and the Cost of Issuance Fund.

Flow of Funds

Commencing in July, 2011, the Issuer shall or cause the Board of Trustees, in its capacity as a Manager under the Management Agreement to transfer to the Trustee no later than the 20th day of each month for deposit into the Revenue Fund all System Revenues collected with respect to the Proposed Facilities. Commencing in July, 2011, the Issuer shall or cause the Board of Trustees, in its capacity as a Manager under the Management Agreement to transfer to the Trustee no later than the 20th day of the month for deposit into the Revenue Fund all System Revenues collected with respect to the Existing Facilities; provided, however, the obligation to transfer System Revenues shall commence in the month of each Fiscal Year following the month in which the University has collected sufficient rates, fees and charges with respect to the Existing Facilities sufficient to allow the University to pay 100% of the University Bond Expenses. The Issuer covenants in the Indenture that so long as the Series 2010A Bonds are Outstanding, it will cause to be paid by the University directly to the Trustee for deposit, as provided in the Indenture, to the Revenue Fund all System Revenues collected by the University under the Management Agreement. The Trustee shall promptly upon the receipt of System Revenues and Direct Pay Subsidies deposit such money in the Revenue Fund. The Trustee shall disburse the amounts deposited in the Revenue Fund at the times and in the order of priority as follows:

On the date specified by the Rebate Agent in accordance with the provisions of the Tax Agreement, an amount or amounts shall be transferred to the Rebate Fund in order to timely pay the rebate installment (if any) coming due;

Beginning July 25, 2011 and on the 25th day of each month thereafter, an amount equal to the Operating Expenses for the next ensuing month as set forth in the Operating Budget shall be paid to the operating account established by the Managers pursuant to the Management Agreement;

Beginning July 25, 2011 and on the 25th day of each month thereafter, an amount equal to one-sixth (1/6) of the interest payable on the Senior Bonds on the next succeeding Interest Payment Date (or in the case of the first Interest Payment Date, equal accruals of such interest payable and less accrued interest on deposit) shall be transferred to the Senior Bonds Interest Account of the Debt Service Fund;

Beginning July 25, 2012 and on the 25th day of each month thereafter, a transfer shall be made into the Senior Bonds Principal Account of the Bond Fund in an amount equal to one-twelfth (1/12) of the principal amount payable on the Senior Bonds on the next ensuing July 1, whether by maturity or mandatory sinking fund redemption;

Beginning July 25, 2011 and on each July 25th of each year thereafter the Trustee shall withdraw from the Revenue Fund an amount sufficient to pay the Trustees annual fees and expenses;

On the 25th day of each month following any draw that has been made on a sub account in the Debt Service Reserve Fund to pay debt service on the applicable series of the Senior Bonds, a transfer shall be made into such subaccount in the Debt Service Reserve Fund in an amount necessary in order to maintain on deposit therein the Reserve Requirement for the applicable series of Senior Bonds;

Beginning July 25, 2011 and on the 25th day of each month, a transfer shall be made to the Repair and Replacement Fund equal to one-twelfth (1/12th) of the Repair and Replacement Fund Deposit Requirement for such Fiscal Year, plus an amount equal to any prior withdrawals from such fund which were applied to cure shortfalls and which have not been previously replenished;

Beginning July 25, 2011 and on the 25th day of each month thereafter, an amount equal to one-sixth (1/6) of the Management Fee payable on the next succeeding Interest Payment Date (or in the case of the first Interest Payment Date, equal accruals of such interest payable and less accrued interest on deposit) shall be transferred to the Management Fee Fund;

Beginning July 25, 2011 and on the 25th day of each month thereafter, an amount equal to one-sixth (1/6) of the interest payable on the Series 2010B Bonds on the next succeeding Interest Payment Date (or in the case of the first Interest Payment Date, equal accruals of such interest payable and less accrued interest on deposit) shall be transferred to the Series 2010B

Bonds Subaccount of the Subordinate Bonds Interest Account of the Subordinate Debt Service Fund, plus an amount equal to any prior withdrawals from such fund which were applied to cure shortfalls and which have not been previously replenished;

Beginning July 25, 2011 and on the 25th day of each month thereafter, a transfer shall be made into the Series 2010B Subaccount of the Subordinate Bonds Principal Account of the Subordinate Debt Service Fund in an amount equal to one-twelfth (1/12) of the principal amount payable on the Subordinate Bonds on the next ensuing July 1, whether by maturity or mandatory sinking fund redemption, plus an amount equal to any prior withdrawals from such fund which were applied to cure shortfalls and which have not been previously replenished; and

On the 25th day of each month, all remaining Pledged Revenues shall be deposited into the Surplus Fund.

Deficiencies in the Revenue Fund on any date specified for application of Pledged Revenues shall be satisfied in the reverse order of priority described above, such that, such deficiencies shall be cured from the following sources and in the following order: (1) from deposits in the Surplus Fund, (2) from deposits in the Subordinate Bonds Principal Account of the Subordinate Debt Service Fund, (3) from deposits in the Subordinate Bonds Interest Account of the Subordinate Debt Service Fund, (4) from deposits in the Management Fee Fund and (5) from deposits in the Repair and Replacement Fund (except that the Repair and Replacement Fund shall not be applied to funds and accounts securing the Subordinate Bonds). The Trustee is authorized and directed to withdraw funds from the Revenue Fund as described in the Indenture automatically without any requisition from the Issuer.

The Issuer shall not be required to make any further payments into the Debt Service Fund, including the accounts therein, and the Reserve Fund when the aggregate amount of funds in the Debt Service Fund, including the accounts therein, are at least equal to the aggregate principal amount of Bonds issued pursuant to the Indenture and then Outstanding, plus the amount of interest then due or thereafter to become due on said Bonds then Outstanding, or if all Bonds then Outstanding have otherwise been defeased pursuant to the Indenture.

For purposes of the above paragraph, in determining that moneys held in the Debt Service Fund and Reserve Fund are at least equal to the principal of and interest on a particular Series of Bonds, the Issuer shall take into account moneys in the Reserve Fund only to the extent that such moneys are held in an account therein related to such Series of Bonds.

Debt Service Fund

Moneys on deposit in the respective subaccounts of Debt Service Fund shall be used solely for the payment of the principal of, redemption premium, if any, and interest with respect to the respective Series of Bonds; provided, however, that if such principal and interest payments, or a portion thereof, have been made on behalf of the Issuer by a Bond Insurer,

Reserve Product Provider or other entity insuring or guaranteeing or providing a Reserve Product for the payment of the Bonds, or any Series or maturity thereof, moneys on deposit in the respective subaccount of the Debt Service Fund and allocable to such Series or maturity shall be paid to such entity having theretofore made a corresponding payment on the related Bonds. Capitalized interest, if any, for each Series of the Bonds deposited in the Capitalized Interest Account of the Debt Service Fund and any income and profits derived therefrom shall be used, to the extent necessary, to pay interest on each of the Bonds of such Series. With respect to the Series 2010 Bonds, the Trustee shall withdraw from the Capitalized Interest Account on July 1, 2010, January 1, 2011, July 1, 2011 and January 1, 2012 and the remaining balance on July 1, 2012 to pay a portion of the interest on the Series 2010 Bonds coming due on such dates. In the event of a deficiency in the Debt Service Fund on any Interest Payment Date Trustee may withdraw capitalized interest to make up such deficiency. Any moneys on deposit in the Debt Service Fund for capitalized interest with respect to the Bonds of a Series not needed to pay interest on the Bonds of such Series pursuant to the preceding sentence may be used in the same manner as any other moneys on deposit in the Debt Service Fund. Investment earnings posted to the Capitalized Interest Account of the Debt Service Fund after July 1, 2012 shall be transferred to the Debt Service Fund and thereafter the Capitalized Interest Account shall be closed.

At the maturity date or redemption date of each Bond and at the due date of an Amortization Installment and installment of interest on the Bonds, the Trustee shall transfer from the Debt Service Fund to the Paying Agent, for such Bonds sufficient moneys to pay all principal of, redemption premium, if any, and interest then due and payable with respect to such Bonds. If on the Business Day prior to any payment date on which principal of, redemption premium, if any, or interest is due on the Bonds, the amount then on deposit in the Debt Service Fund shall not be at least equal to the sum of the interest, principal and redemption payments due on such payment date, the Trustee shall deposit amounts from the applicable account or accounts in the Reserve Fund in accordance with the Trust Indenture to the Debt Service Fund in an amount necessary to cure such deficiency.

Moneys on deposit in the Debt Service Fund for the redemption of Bonds shall be applied to the retirement of Bonds issued under the provisions of the Trust Indenture and then Outstanding in the following manner:

- (i) The Issuer may purchase Outstanding Term Bonds redeemable from Amortization Installments during such Bond Year, and pro rata (based on the principal amount of the Amortization Installments due in such Bond Year for each such Series of Term bonds) among all such Bonds if more than one Series of such Term Bonds are Outstanding, or if no such Term Bonds are then Outstanding, the Issuer may purchase Serial Bonds whether or not such Bonds shall then be subject to redemption, but only to the extent moneys are available therefor, at the most advantageous price obtainable, such price not to exceed the principal of such Bonds plus accrued interest (or with respect to Capital Appreciation Bonds, the Compounded Amount) but no such purchase shall be made by the Issuer within a period of thirty (30) days next preceding any

Interest Payment Date on which such Bonds are subject to call for redemption under the provisions of the Trust Indenture;

(ii) Then, to the extent moneys remain on deposit in the Debt Service Fund that are held for the redemption of Bonds, the Issuer may call for redemption on each Interest Payment Date on which Bonds are subject to redemption, with or without redemption premium, from such moneys, such amount of Term Bonds subject to the Amortization Installments for such Bond Year that have not been purchased pursuant to subparagraph (i) above as will nearly as may be possible exhaust the remainder of the Amortization Installment for such Bond Year; and

(iii) Then, to the extent moneys remain on deposit in the Debt Service Fund that were deposited therein pursuant to the Trust Indenture for the purpose of redeeming Bonds, the Issuer may call any remaining Bonds then subject to redemption, in such order and by such selection method as the Trustee, in its discretion, may determine, from such funds as will exhaust the money then held for the redemption of such Bonds as nearly as may be possible.

(iv) Then, to the extent moneys remain on deposit in the Debt Service Fund that were deposited therein pursuant to the Trust Indenture for the purpose of redeeming Bonds, the Issuer may, in its discretion from time to time (a) use such moneys to make capital improvements to the Dormitory Facilities (as defined in the Indenture), or (b) keep such moneys on deposit in the Debt Service Fund for future use pursuant to the terms of the Trust Indenture; provided, however, that such moneys shall be used for any purpose or purposes allowed pursuant to clause (a) above only if the Issuer shall obtain an opinion of Bond Counsel to the effect that such use will not, in and of itself, cause the interest on any Bond (other than any Taxable Bond) to become included in the gross income of the Owners thereof for federal income tax purposes.

If Term Bonds are purchased or redeemed pursuant to the Trust Indenture in excess of the Amortization Installments for such Bond Year, such excess principal amount of such Term Bonds so purchased or redeemed shall be credited against subsequent Amortization Installments for such Term Bonds in such Bond Year or Bond Years as the Issuer may determine and as may be reflected in the Issuer's permanent accounting records.

Notwithstanding the foregoing, to the extent that moneys are deposited into the Debt Service Fund in a given Bond Year in an amount equal to the Amortization Installment for such Bond Year and are applied to purchase or redeem Term Bonds to which such Amortization Installment applies, then all moneys thereafter deposited to the Debt Service Fund in such Bond Year may be applied as provided in subparagraphs (i) through (iv) above.

Reserve Fund

Prior to the issuance of each Series of Bonds, the Issuer shall designate the Reserve Requirement that it may determine be required with respect to such Series of Bonds. The Issuer

shall establish one or more accounts within the Reserve Fund which accounts shall secure only those Series of Bonds as shall be designated by the Issuer. Each Series of Bonds shall be secured only by the account in the Reserve Fund created and established with respect to such Series of Bonds and shall have no lien on or right to payment from any other account in the Reserve Fund. Funds on deposit in the separate accounts in the Reserve Fund, if any, shall be used solely to cure deficiencies in the Debt Service Fund with respect to the Series of Bonds to which such account pertains. If funds on deposit in any account within the Reserve Fund exceed the Reserve Requirement with respect to the Series of Bonds secured thereby, such excess shall be applied as provided in the Indenture.

If the Issuer shall have determined, or be required, to fund an account in the Reserve Fund with respect to a Series of Bonds, notwithstanding the foregoing, the Issuer shall not be required to fully fund such account in the Reserve Fund at the time of issuance of such Series of Bonds under the Indenture if it provides at any time with respect to such Series of Bonds in lieu of all or a portion of such funds, a Reserve Product issued by a Reserve Product Provider in an amount following the provision of such Reserve Product which, together with other amounts that will remain on deposit in the applicable account in the Reserve Fund, will equal the Reserve Requirement with respect to such Series of Bonds. Such Reserve Product as provided above must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held thereunder for a payment with respect to such Series of Bonds secured thereby which cannot be cured by funds in any other account held pursuant to the Indenture and available for such purpose, and which shall name the Paying Agent or the Issuer as the beneficiary thereof for the benefit of the Bondholders of such Series of Bonds.

The Reserve Fund secures only the Series 2010A Bonds and does not secure the Subordinate Bonds.

Costs of Issuance

Moneys in the Costs of Issuance Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and proceeds of Bonds on deposit in the Costs of Issuance Fund shall be disbursed by the Trustee from the Costs of Issuance Fund and applied by the Issuer to pay the costs of issuance upon the delivery to the Trustee of a Requisition For Payment substantially in the form attached as Exhibit A to the Trust Indenture, executed by the Authorized Officer of the Issuer and containing the information required to complete Schedule A to such Requisition for Payment. At the written direction of the Authorized Officer of the Issuer, any amounts deposited to the Costs of Issuance Fund which are not needed to pay costs within six months of the date of issuance of the related Series of Bonds shall be transferred to the Construction Fund and used for purposes permitted therefore. Thereafter, the Costs of Issuance Fund shall be closed.

Any funds on deposit in the Costs of Issuance Fund, that, in the opinion of the Issuer, are not immediately necessary for expenditure, may be invested in Investment Obligations (as

that term is defined in the Trust Indenture), provided that such investments mature or are redeemable at not less than par on or before the date such funds are estimated to be needed.

Upon completion of any Project, as certified by the Authorized Officer of the Issuer, any amounts then remaining in the Construction Fund, and not reserved by the Issuer for the payment of eligible costs shall be transferred to the Debt Service Fund and used to pay principal next coming due on the Bonds maturing or subject to mandatory redemption in the manner described in the Indenture.

Construction Fund

Moneys in the Construction Fund and in each account thereof shall be kept separate and apart from all other funds and accounts of the Issuer, and proceeds of the appropriate Series of Bonds on deposit in the Construction Fund, shall be disbursed by the Trustee from the Construction Fund and applied by the Issuer to pay the cost of any Project upon the delivery to the Trustee of a Requisition For Payment substantially in the form attached as Exhibit A of the Trust Indenture, executed by the Authorized Officer of the Issuer and containing the information required to complete Schedule A to such Requisition For Payment. In making any such disbursement from the Construction Fund, the Trustee may rely conclusively on such Requisition for Payment and the Trustee shall be relieved of all liability with respect to making such disbursement in accordance with such Requisition for Payment without any investigation.

Any funds on deposit in the Construction Fund that, in the opinion of the Issuer, are not immediately necessary for expenditure, as hereinabove provided, may be invested in Investment Obligations, provided that such investments mature or are redeemable at not less than par on or before the date such funds are estimated to be needed for the purposes hereof.

Any liquidated damages or settlement payments received by the Issuer as a result of the breach by any contractor, subcontractor or supplier working or supplying goods for any Project of any representation, warranty or performance guaranty, and all insurance and condemnation proceeds received with respect to damages to or the taking of any Project during construction or any moneys received by the Issuer as contributions towards or reimbursements of Cost of any Project shall, at the discretion of the Issuer, be deposited into the appropriate account or accounts in the Construction Fund to insure completion of such Project or shall be deposited into the Debt Service Fund for the redemption of Bonds.

Upon completion of any Project, as certified by the Authorized Officer of the Issuer, any amounts then remaining in the Construction Fund and not reserved by the Issuer for the payment of eligible costs shall be transferred to the Debt Service Fund and used to pay principal next coming due on the Bonds maturing or subject to mandatory redemption in the manner described in the Indenture. The Series 2010 Project amounts transferred to the Construction Fund as provided above shall be used to pay principal next coming due on the Series 2010A Bonds maturing or subject to mandatory redemption in the manner described in the Indenture.

2010 Rebate Account

The Issuer shall deposit into the 2010 Rebate Account, from investment earnings on moneys deposited in the other funds and accounts created under the Indenture, or from any other legally available funds of the Issuer, an amount equal to the 2010 Rebate Amount for such Rebate Year. The Issuer shall engage a qualified rebate analyst to calculate the 2010 Rebate Amount. Such moneys deposited in the Rebate Account shall be used only for the payment of the 2010 Rebate Amount to the United States as required by the Indenture as directed in writing by the Issuer. In complying with the foregoing, the Issuer may rely upon any written instructions or opinions from Bond Counsel.

If any amount shall remain in the 2010 Rebate Account after payment in full of all Series 2010 Bonds issued under the Indenture that are not Taxable Bonds and after payment in full of the 2010 Rebate Amount to the United States in accordance with the terms of the Indenture at the written direction of the Issuer, such amounts shall be paid to the Issuer and used to make capital improvements to the Dormitory Facilities, to defease Taxable Bonds or to pay principal and interest on Taxable Bonds.

Repair and Replacement Fund

All amounts on deposit in the Repair and Replacement Fund may be withdrawn by the Issuer or the Managers, from time to time, (i) for the payment of the costs of acquisition of equipment, fixtures or furnishings and construction, rehabilitation, repair, replacement or improvement of the Project, or (ii) to satisfy deficiencies in certain events in the application of Pledged Revenues from the Revenue Fund under the Indenture. The Repair and Replacement Fund shall not be applied to funds and accounts securing the Subordinate Bonds. Withdrawals for repairs and replacements under clause (i) above shall be made upon the delivery to the Trustee of a Requisition For Payment in the form attached to the Indenture, executed by the Authorized Officer of the Issuer or the Manager and containing certain information, including a certification that such costs have a capitalizable useful life greater than one year under generally accepted accounting principles. In making any such disbursement from the repair and Replacement Fund, the Trustee may rely conclusively on such Requisition for Payment and the Trustee shall be relieved of all liability with respect to making such disbursement in accordance with such Requisition for Payment without any investigation. The Issuer shall deliver a certificate to the Trustee signed by the Authorized Officer of the Issuer prior to each July 1st commencing July 1, 2011 setting forth the Repair and Replacement Fund Requirement for the ensuing Fiscal Year. The Trustee may conclusively rely on such certificate in determining the amounts required to be deposited into the Repair and Replacement Fund for the respective Fiscal Year.

Management Fee Fund

All amounts on deposit in the Management Fee Fund may be transferred by the Trustee, from time to time, (i) to satisfy any deficiencies in the application of System Revenues as

required by the Indenture; and (ii) to pay the Management Fee to the Manager on each Interest Payment Date. The Trustee shall suspend transfers to the Manager in the event the Issuer shall be unable to deliver the certificate required by the Indenture certifying compliance with the rate covenant. Trustee may rely on the written direction of the Board of Trustees regarding transfers of amounts on deposit in the Management Fee Fund. Upon delivery of the certificate required by the Indenture the Trustee may recommence transfer to the Manager to pay the Management Fee as provided in the Indenture.

Surplus Fund

Amounts on deposit in the Surplus Fund shall be applied by the Trustee in the following order of priority: (1) to satisfy any deficiency in any application of Pledged Revenues from the Revenue Fund, such deficiency shall be transferred, from time to time, to the Revenue Fund in accordance with the Trust Indenture, provided, however, that no amount shall be transferred for the benefit of the Subordinate Bonds during the pendency of an Event of Default under the Trust Indenture, (2) to deposit in the operating account established pursuant to the Management Agreement an amount equal to the Operating Expenses for the then current Fiscal Year, (3) to deposit in the interest accounts in the Senior Bonds Interest Account of the Debt Service Fund an amount sufficient to pay the interest payments coming due on all Senior Bonds during the current Fiscal Year, (4) to deposit in the Senior Bonds Principal Accounts of the Debt Service Fund an amount sufficient to pay the principal payments to be paid during the current Fiscal Year on all Senior Bonds, (5) to deposit an amount sufficient to restore any deficiency in the Reserve Fund, (6) to deposit in the interest accounts in the Subordinate Bonds Interest Account of the Subordinate Debt Service Fund an amount sufficient to pay the interest payments coming due on all Subordinate Bonds during the current Fiscal Year, (7) to deposit in the Subordinate Bonds Principal Accounts of the Subordinate Debt Service Fund an amount sufficient to pay the principal payments to be paid on all Subordinate Bonds during the current Fiscal Year, and (8) used by the Issuer for any lawful purpose at the written direction of the University.

Additional Bonds

The Issuer may issue Additional Senior Bonds if the Issuer complies with the conditions set forth below:

(a) The Authorized Officer of the Issuer shall certify that (i) the Issuer is not in Default in the performance of any of the covenants and obligations assumed by it under the Trust Indenture, and (ii) all payments required by the Trust Indenture to have been made into the funds and accounts provided by the Trust Indenture shall have been made in full to the extent required.

(b) Legal counsel to the Issuer shall submit an opinion addressed to the Governing Body of the Issuer to the effect that the issuance of such Additional Senior Bonds has been duly

authorized and that all conditions precedent to the delivery of such Additional Senior Bonds have been fulfilled.

(c) (i) Each supplemental indenture authorizing the issuance of Additional Senior Bonds issued pursuant to the Trust Indenture and unless all Outstanding Bonds shall be refunded, will contain a provision to the effect that all of the covenants contained in the Trust Indenture (except as to details expressly applicable to the Series 2010A Bonds) will be fully applicable to such Additional Senior Bonds as if originally issued under the Trust Indenture.

(ii) The Series 2010A Bonds and all Additional Bonds issued pursuant to the Trust Indenture, regardless of time or times of their issuance, shall rank equally without preference of any Senior or Additional Senior Bonds over any other; provided, however, that such Series of Bonds issued under the Trust Indenture shall, with respect to the Reserve Fund, have rights only to moneys therein in the subaccount therein created with respect to such Series of Bonds. Such subaccounts, if any, in the Reserve Fund may be funded as determined by the Issuer.

(d) An opinion of Bond Counsel shall be delivered to the Governing Body of the Issuer to the effect that the issuance of Additional Senior Bonds will not impair the exclusion from gross income for federal income tax purposes of interest paid on any Bonds issued under the Trust Indenture and then Outstanding that are not Taxable Bonds.

(e) Additional Senior Bonds payable from the Pledged Revenues on a parity with the Series 2010A Bonds, as provided in the Trust Indenture, can be issued and delivered to finance Projects or to refund Outstanding Bonds only if there shall have been obtained and filed with the Governing Body of the Issuer and the Trustee a certificate of the Authorized Officer of the Issuer:

(i) setting out the Maximum Bond Service Requirement with respect to the Senior Bonds proposed to be Outstanding under the Trust Indenture following the issuance of the Additional Senior Bonds proposed to be issued for each Bond Year through the final maturity of such Bonds;

(ii) setting out the amount of Net Revenues Available for Debt Service of the Issuer from the immediately preceding Fiscal Year available for payment of the principal of, redemption premium, if any, and interest on Senior Bonds, in each such year;

(iii) certifying that (a) the Net Revenues Available for Debt Service collected by the Issuer during the Fiscal Year immediately preceding the date of issuance of such Additional Senior Bonds were not less than one hundred and twenty-five percent (125%) of the Maximum Bond Service Requirement with respect to the then outstanding Senior Bonds and the Additional Senior Bonds proposed to be issued and (b) the projected Net Revenues Available for Debt Service for the two Fiscal Years following the Fiscal Year in which the project financed with the proceeds of the Additional Senior Bonds is scheduled to be placed in service will not be less than one hundred and twenty-five

percent (125%) of the Maximum Bond Service Requirement with respect to the then outstanding Senior Bonds and the Additional Senior Bonds proposed to be to be issued. In determining the Net Revenues Available for Debt Service for the purposes of this clause (iii), System Revenues may be adjusted by adding thereto, in the event the Issuer shall have made or put in effect any increase in the rates, fees or charges constituting System Revenues and such increase shall not have been in effect during all of the previous Fiscal Year immediately preceding the date of delivery of the proposed Additional Senior Bonds, the estimated amount of additional System Revenues which would have resulted from the increase in the rates, fees and charges constituting System Revenues during such prior Fiscal Year had such rate, fee or charge increase been in effect for the entire period.

(f) The proceeds of Additional Senior Bonds shall be used to finance the Projects and improvements thereto or expansion thereof or to refund Outstanding Bonds as described in the supplemental indenture authorizing such Additional Senior Bonds.

(g) Notwithstanding satisfaction of the other conditions to the issuance of Additional Senior Bonds set forth in this Trust Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the applicable account in the Reserve Fund is fully funded at the applicable Reserve Requirement upon the issuance of such Additional Senior Bonds.

Refunding Outstanding Bonds

Notwithstanding the preceding subsection regarding the issuance of Additional Senior Bonds, the Issuer may issue, at any time, and from time to time, Additional Senior Bonds for the purpose of refunding Outstanding Senior Bonds, or any maturity or portion of a maturity of Senior Bonds within a Series, without having to comply with the above requirements regarding the issuance of Additional Senior Bonds provided that prior to the issuance of such Additional Senior Bonds, there shall be filed with the Governing Body of the Issuer a certificate from a Qualified Independent Consultant to the effect that (i) the net proceeds from such Additional Senior Bonds will be sufficient to cause the lien created by the Trust Indenture with respect to the Outstanding Bonds to be refunded to be defeased pursuant to the Trust Indenture, and (ii) the Bond Service Requirement, with respect to such Additional Senior Bonds, in each Bond Year following the issuance thereof through the Bond Year in which the latest maturing Senior Bond then outstanding matures, shall be equal to or less than the Bond Service Requirement for such Bond Year with respect to the Senior Bonds which would have been Outstanding in that Bond Year had the same not been refunded pursuant to this paragraph.

Prior to or concurrently with the issuance of such Senior Bonds, there shall be filed with a representative of the Issuer, an opinion of Bond Counsel to the effect that (i) the net proceeds from the sale of such Additional Senior Bonds have been set aside in irrevocable escrow for the payment of the Outstanding Senior Bonds to be refunded in the manner described in the Trust

Indenture, and (ii) the issuance of such Additional Senior Bonds and the use of the proceeds thereof as described above will not have the effect of causing the interest on any Outstanding Senior Bond under the Trust Indenture (other than any Taxable Bond) including the Outstanding Senior Bonds to be refunded, to become includable in gross income for federal income tax purposes.

Covenants of the Issuer

The Issuer covenants in the Trust Indenture that it will promptly pay the principal of, redemption premium, if any, and interest on every Bond issued thereunder, at the place, on the dates and in the manner and to the extent provided therein and in the Bonds according to the true intent and meaning thereof; provided, however, that the principal, redemption premium, if any, and interest are payable by the Issuer solely from funds derived from the Pledged Revenues in the manner and to the extent provided therein and nothing in the Bonds or the Trust Indenture shall be considered as assigning or pledging any other funds or assets of the Issuer other than such Pledged Revenues as provided therein.

The Issuer covenants in the Trust Indenture that it will faithfully perform, at all times, any and all covenants, undertakings, stipulations and provisions contained therein, in any and every Bond executed, authenticated and delivered thereunder, and in all of its proceedings pertaining thereto and the Management Agreement. The Issuer covenants in the Trust Indenture that it is duly authorized under the Constitution and laws of the State, including particularly the Act, to issue the Bonds authorized thereby, and to execute the Trust Indenture, the Management Agreement, if any, and the Continuing Disclosure Undertaking, if applicable, and to pledge the amounts thereby pledged in the manner and to the extent set forth therein. The Issuer further covenants in the Trust Indenture that all action on its part for the issuance of the Bonds and the execution and delivery of the Trust Indenture has been duly and effectively taken, and that the Bonds, held by the Owners thereof, are and will be valid and enforceable limited obligations of the Issuer according to the terms thereof and in the Trust Indenture.

The Issuer covenants in the Trust Indenture to comply, in accordance with the provisions of Rule 15c2-12, in effect from time to time and applicable to the Bonds, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, to comply with the provisions of the Continuing Disclosure Undertaking; provided, however, that failure to comply shall not constitute an Event of Default under the Indenture. See "CONTINUING DISCLOSURE" herein.

The Issuer covenants that it will fix, establish and collect such fees, rentals and other charges from students, faculty members and others using or being served by the Housing System, and revise them from time to time whenever necessary, so that the Net Revenues Available for Debt Service shall be sufficient in each Fiscal Year to pay at least one hundred twenty five percent (125%) of an amount equal to the Bond Service Requirement for all Senior Bonds coming due in such Fiscal Year. For purposes of calculating compliance with the rate covenant set forth above, System Revenues may be adjusted by including (i) investment

earnings on the amounts on deposit in the Series 2010 Account of the Reserve Fund and (ii) proceeds received by the Trustee from any business interruption policy. The Issuer shall annually, but in no event later than January 25th of each year, deliver a certificate to the Trustee certifying compliance with the rate covenant set forth above based on the audited financial statements of the Issuer for the previous Fiscal Year.

If in any Fiscal Year the Issuer shall fail to comply with the requirement in the immediately preceding paragraph, it shall immediately cause the Housing Consultant to review its rates, fees and charges, income, System Revenues, Operating Expenses and methods of operation and to, within 60 days of such request by the Issuer, make written recommendations to the Issuer and the Managers as to the methods by which the Issuer and the Managers may promptly seek to comply with such provisions set forth in the immediately preceding paragraph. The Issuer shall or shall cause the Managers within 30 days of receipt of the recommendations commence to implement such recommendations to the extent required so as to cause it to thereafter comply with such requirements. The Issuer shall withhold the payment of Management Fees following the failure to comply with the requirements of the immediately preceding paragraph until such time as the Issuer is again in compliance with such provisions. The unpaid Management Fees shall continue to accrue until paid without interest.

Investment of Moneys

Moneys held for the credit of the funds and accounts established under the Trust Indenture may be invested and reinvested at the written instruction of the Issuer in Investment Obligations (as that term is defined in the Trust Indenture). Such investments or reinvestments shall mature or become available not later than the respective dates, as estimated by the Issuer, that the moneys held for the credit of said funds and accounts will be needed for the purposes of such funds or accounts.

Obligations so purchased as an investment of moneys in any such fund or account shall be deemed at all times to be a part of such fund or account, and shall at all times, for the purposes of the Trust Indenture, be valued by the Issuer annually on June 30 of each year at the market value thereof, exclusive of accrued interest as determined by the Issuer.

Except as otherwise expressly provided in the Trust Indenture, including specifically the rebate payment obligations of the Issuer, all income and profits derived from the investment of moneys in the Debt Service Fund shall remain in such Fund. All income and profits derived from the investment of funds in the Reserve Fund, if any, shall be retained in the applicable subaccount therein until amounts on deposit in such subaccount equal the applicable Reserve Requirement, and thereafter shall be paid to the Issuer to be used to make capital improvements to the related Project, to defease the Senior Bonds, or to pay principal and interest on the Senior Bonds. All income and profits derived from the investment of funds in the Construction Fund shall be retained in the applicable account therein until completion of the Project being funded from such account. All income and profits derived from the investment of funds in the Costs of Issuance Fund shall be retained therein until all costs of issuance of the related Series of Bonds

have been paid. All income and profits derived from the investment of funds in the Repair and Replacement Fund, if any, shall be retained in the applicable subaccount therein until amounts on deposit in such subaccount equal the applicable Repair and Replacement Fund Requirement, and thereafter all shall be transferred to the Debt Service Fund to pay principal and interest on the Senior Bonds. The Trustee shall have no responsibility to assure that the Issuer so deposits any funds transferred in accordance with the preceding two sentences. Notwithstanding the foregoing, income and profits derived from the investment of moneys in the funds and accounts created under the Trust Indenture may, at the option of the Issuer, be transferred to the Issuer in order to satisfy its rebate payment obligations.

Amounts Remaining in Funds and Accounts

After full payment (or provision for payment) of the Bonds and all rebate payment obligations and discharge of the Trust Indenture, payment of all fees and expenses of the Trustee and the charges, expenses and attorneys fees of the Trustee, the Issuer and any paying agent, and all other amounts required to be paid under the Trust Indenture, all amounts thereafter remaining in any fund or account shall be paid to the Issuer to be used to make capital improvements to the Project.

THE MANAGEMENT AGREEMENT AND THE MANAGER

The Issuer will enter into the Management Agreement (as defined above) with the Board of Trustees and B-C Management, LLC (“B-C Management”), a Delaware limited liability company formed on _____, 2010 and comprised of two members, BBCS Management, LLC, a wholly owned subsidiary of Balfour Beatty Capital, Inc., and Capstone Development Corp. The initial term of the Management Agreement shall be ten (10) years, commencing as of July 1, 2011; after such initial term, the Management Agreement shall be automatically extended for successive one-year terms until terminated by either party in accordance with the terms of the Management Agreement.

Management fees will be paid to B-C Management in the amount of \$_____, subject to annual percentage increases as set forth in the Management Agreement plus .4% of the prior Fiscal Year’s System Revenues (as defined herein) per year, paid in accordance with the Indenture, and subject to certain limitations as set forth in the Management Agreement. B-C Management shall supervise, manage and pay for all maintenance, repairs, alterations, improvements, and upkeep other than capital improvements included in the Capital Improvement Plan (as defined in the Management Agreement), of the Housing System from amounts on deposit in the Operating Account.

The Board of Trustees will be responsible for residence life management including, but not limited to, residence life, student conduct and guest conduct, and to help facilitate the operation of the Housing System in a manner consistent with the community standards of the University. In addition, the Board of Trustees will be responsible for all leasing functions of the Housing System and shall lease housing units pursuant to standard University housing contract

forms. All System Revenues with respect to the Housing System will be collected by the Board of Trustees on behalf of the Issuer. The Board of Trustees will then transfer all System Revenues to the Trustee for deposit in the Revenue Fund established pursuant to the Indenture, no less frequently than once per month, commencing in the month immediately following delivery of the Series 2010A Bonds. The Issuer, under the Management Agreement, appoints the Board of Trustees as its agent to collect System Revenues and deposit the same with the Trustee.

[NEED INFORMATION ON MANAGER TO INSERT]

THE DEVELOPERS AND THE DEVELOPMENT AGREEMENT

General

The Developers is B-C Development, LLC (the “Developer”), a Delaware limited liability company formed on _____ and comprised of two members, Balfour Beatty Capital, Inc. and Capstone Development Corp. (each as more fully described below).

Balfour Beatty Capital, Inc. (“Balfour Beatty”) is a Delaware Corporation, and a subsidiary of Balfour Beatty plc, a UK Public Limited Company. Balfour Beatty plc, founded in 1909, has annual world-wide revenues of approximately \$13 billion, a third of which is generated in the U.S. Balfour Beatty has invested over \$100 million of its own equity into the U.S. Private Public Partnership (PPP) market and has raised over \$3 billion in project debt. Balfour Beatty has developed and operates over \$4 billion in multi-family development at 44 locations, in 20 states; 3 of these locations house higher education students, faculty and staff.

Key Personnel: A brief description of the education and professional background of the officers of Balfour Beatty having primary responsibility for the development of the Proposed Facilities follows:

[TO BE PROVIDED BY BALFOUR BEATTY]

Capstone Development Corp. (“Capstone”) is an Alabama subchapter S corporation formed in 1990 for the express purpose of developing student housing communities. As of the present date, Capstone has developed (or has been selected to develop) [28,266] [TO BE UPDATED] student beds, on 52 separate collegiate campuses (including the Proposed Facilities). Capstone’s corporate headquarters are located in Birmingham, Alabama. The original founding members of Capstone had completed six previous projects, beginning in 1985. These members were employed with an Alabama based development/construction company, and left that firm in 1989 to form Capstone. Since the formation of Capstone, staff has been added to specialize in marketing, design and engineering, finance, and construction management in order to assure that all necessary disciplines are captive to Capstone. Capstone has a staff of two hundred fifty (250) full-time employees, including in-house legal counsel, three architects, three CPA’s, and an MAI.

Key Personnel: A brief description of the education and professional

background of the officers of Capstone having primary responsibility for the development of the Proposed Facilities follows:

Michael A. Mouron, President

Mr. Mouron participated in the formation of Capstone in 1990 and has been the President of Capstone since its inception. He was graduated from the University of Alabama in 1972, and is a Certified Public Accountant. He supervises the operations of Capstone's development and management companies, and works with lenders and owners on all financial aspects of each of Capstone's projects.

L. Jeff Jones, Executive Vice President

Mr. Jones joined Capstone in January of 1991. Mr. Jones is a graduate of the University of Alabama and its School of Law (1982). He is or has been involved in all aspects of Capstone's off-campus development program, including investigation and selection of markets and sites, securing debt and equity capital, structuring partnerships, and regulatory, zoning, legal, and financing work related to Capstone's projects.

Joe Harrison, Executive Vice President - Construction

Mr. Harrison joined Capstone in September of 1998 with over twenty years of experience in development and general contracting. Mr. Harrison is a graduate of Virginia Polytechnic Institute and State University (Virginia Tech) with a degree in Building Construction and a Master's in Business Administration. He manages the construction management functions of Capstone's college housing developments to include budgeting, contract administration, scheduling, and quality control. He works closely with Capstone's construction managers and development team.

The Development Agreement

The Issuer and the Developer will enter into a Development Agreement dated as of March 1, 2010 (the "Development Agreement") that will set forth certain terms and conditions relating to the development of the Proposed Facilities.

The Development Agreement requires that the total development cost will not exceed, subject to the terms of the Development Agreement, \$_____, and that the Developer develop the Proposed Facilities in accordance with the Construction Contract (as defined below) and the Architect's Contract (as defined in the Development Agreement). If the Proposed Facilities are not substantially complete on or before the Guaranteed Date, as defined and as may be extended as provided in the Development Agreement, then the Developer shall provide alternative housing, transportation of students to and from the campus of the University, and storage facilities until substantial completion is achieved. In addition, the Developer shall cause to be provided a performance bond and payment bond, as described in the Development Agreement, with the General Contractor as contractor and principal and the

Developer as owner/obligee, together with a dual obligee rider naming the Issuer, the University and the Trustee as dual obligees. The Developer consents to the collateral assignment of the Issuer's rights under the Development Agreement to the Trustee and recognizes the Trustee as the party entitled to exercise or enforce the Issuer's rights (including consent rights), and agrees to make payment of all sums assigned by the Issuer directly to the Trustee without defense or set-offs by reason of any dispute between the Issuer or Trustee.

[TO BE REVISED]

THE GENERAL CONTRACTOR AND THE CONSTRUCTION CONTRACT

The University and Balfour Beatty Construction, LLC (the "General Contractor") have entered into a construction contract (the "Construction Contract") dated July 21, 2008, as amended on _____, and as assigned by the University to the Developer, pursuant to which the General Contractor has agreed to construct the Proposed Facilities. The Construction Contract will have a guaranteed maximum price of \$_____. The General Contractor is a general contractor licensed in _____, commenced business in _____, and has advised the Issuer that during the past five (5) years it has served or is serving as general contractor for approximately _____ other student housing projects having an aggregate construction cost of approximately \$_____. These student housing projects include the following:

[LIST OF REPRESENTATIVE PROJECTS TO BE PROVIDED BY GENERAL CONTRACTOR]

DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule for the Series 2010A Bonds:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
Totals	_____ \$	_____ \$	_____ \$

CASH FLOW FORECAST

A Cash Flow Forecast (the "Cash Flow Forecast") relating to the Housing System and the Housing System's ability to generate revenues from the operations of the Housing System sufficient to pay principal and interest on the Series 2010A Bonds for each of the years ending June 30, 2010 through 2016 has been prepared based on operating budgets formulated by the Manager. The Issuer makes no representations with respect to the Cash Flow Forecast.

The Cash Flow Forecast, presented below, assumes that the Series 2010A Bonds will be issued in the aggregate principal amount of \$_____ and will bear interest at a yield of approximately __%. The Reserve Fund is assumed to be gross funded and is assumed to bear interest at 2%, with investment earnings thereon available to pay debt service. The Construction Fund and the Capitalized Interest Account are assumed to be gross funded.

The 2010 through 2016 operating projections are based on the operating budgets prepared by B-C Management in consultation with the Board of Trustees and are based on certain assumptions relating to the Existing Facilities and the Proposed Facilities as summarized herein. With respect to the Existing Facilities, for the Fiscal Year ending June 30, 2010, System Revenues assume a 5% growth rate over actual System Revenues collections for the Fiscal Year ending June 30, 2009. For the Fiscal Year ending June 30, 2011, rental revenues for the Existing Facilities assume an annual growth rate of 2% over the projection for Fiscal Year 2010. Thereafter, projections for rental revenues for the Existing Facilities assume an annual growth rate of 3%. Other income related to the Existing Facilities is projected based on a growth rate of 3% over actual amounts received or expended for the Fiscal Year ending June 30, 2009. Operating expenses for the Fiscal Years ended 2010 and 2011 are projected based on annual growth rates of 3% over actual operating expenditures for the Fiscal Year ending June 30, 2009 [and have been adjusted to exclude projections for depreciation expense and capital expenditures]. Operating expenses related to the Existing Facilities are budgeted to include deposits for renewal and replacement of the facilities at an amount of 3% of revenues for each building and are funded in conjunction with a five-year renewal and replacement plan reviewed annually by the University's Department of Housing and Residential Life. Commencing with the Fiscal Year ending June 20, 2012, operating expenses are based on amounts provided by B-C Management, which are forecasted to grow annually at a rate of 3%.

Projections relating to the Proposed Facilities are based on information provided by B-C Management, including revenues associated with the operation of 1,218 beds of housing at rental rates outlined in the table below, assuming a 95% occupancy rate during the academic term. Summer Term income has been included commencing with the Fiscal Year ending June 30, 2013 assuming an occupancy rate of 15%. The 2013 through 2016 operating projections assume a 3% annual growth rate to the 2012 budgeted revenues.

{unit mix table to be inserted}

Operating expenses for the Proposed Facilities are based on a budget prepared by B-C Management and include annual deposits to the Repair and Replacement Fund totaling \$200 per bed. Operating expenses, including deposits to the Repair and Replacement Fund have been projected to grow annually at a rate of 3%, excluding payroll related expenses which assume a 4% annual growth rate.

The achievement of any financial forecast is dependent upon future events, the occurrence of which cannot be assured. Therefore, the actual results achieved may vary from the Cash Flow Forecast. Such variation could be material. See "BONDHOLDERS' RISKS – Actual Results May Differ from Cash Flow Forecast and–Forward Looking Statements."

[INSERT CASH FLOW FORECAST]

MARKET STUDY

A Market Study relating to the Housing System (the "Market Study") and an analysis of the housing market in Boca Raton, Florida near the campus of the University has been prepared by Brailsford & Dunleavy (the "Market Consultant"). The Market Study is attached hereto as Appendix "A". The Market Study as presented in Appendix "A" should be read in its entirety. The Market Study includes forecasts as to the demographical, socioeconomic and housing development trends in and around the area where the Housing System will be. The achievement of any forecast is dependent upon future events, the occurrence of which cannot be assured. See "BONDHOLDERS' RISKS-Actual Results May Differ from Market Study and Cash Flow Forecast" herein. The Trustee and the Issuer make no representation as to any aspect of the Market Study or the ability of the Issuer to pay amounts sufficient to satisfy the principal, premium, if any, and interest due on the Series 2010A Bonds.

LEGAL MATTERS

Certain legal matters incident to the issuance of Series 2010A Bonds and with regard to the treatment of interest on Series 2010A Bonds for federal tax purposes (see "TAX EXEMPTION" herein) are subject to the legal opinion of Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of Series 2010A Bonds, will be delivered to the Underwriter at the time of original delivery.

The proposed text of the legal opinion is set forth as Appendix D hereto. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of the opinion by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

Certain legal matters will be passed on by Bryant Miller Olive P.A, as counsel to the Issuer. Certain legal matters will be passed on by Ballard Spahr LLP, counsel to the

Underwriter. Certain legal matters incident to the issuance of Series 2010A Bonds will be passed upon for the University by the University's Office of General Counsel.

TAX EXEMPTION

[TO BE REVISED AS APPLICABLE]

General

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance and delivery of the Series 2010A Bonds in order that interest on the Series 2010A Bonds will be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2010A Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2010A Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2010A Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The Issuer has covenanted in the Trust Indenture to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2010A Bonds.

In the opinion of Bond Counsel, assuming compliance with the aforementioned covenants, under existing statutes, regulations and judicial decisions, interest on the Series 2010A Bonds (including original issue discount) is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2010A Bonds. Interest on the Series 2010A Bonds is exempt from individual and corporate federal alternative minimum tax ("AMT"), and is not includable in the adjusted current earnings for purposes of corporate AMT. Bond Counsel expresses no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Series 2010A Bonds.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2010A BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS. PROSPECTIVE SERIES 2010A BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2010A Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2010A Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2010A Bonds and

their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2010A Bonds.

Tax Treatment of Original Issue Discount

Certain of the Series 2010A Bonds ("Discount Bonds") may be offered and sold at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a Discount Bond accrues periodically over the term of the Discount Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the owner's tax basis in the Discount Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Owners of Discount Bonds should consult their tax advisers for an explanation of the accrual rules.

Tax Treatment of Bond Premium

Certain of the Series 2010A Bonds ("Premium Bonds") may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Premium Bond through reductions in the owner's tax basis for the Premium Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Bond rather than creating a deductible expense or loss. Owners should consult their tax advisers for an explanation of the amortization rules.

RATINGS

Standard and Poor's Ratings Group ("S&P") and Moody's Investors Service ("Moody's") are expected to assign their municipal bond ratings of "[____]" and "[____]," respectively, to the Series 2010A Bonds. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Series 2010A Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: S&P, 55 Water Street, New York, New York 10041, and Moody's, 99 Church Street, New York, New York 10007-2796.

UNDERWRITING

RBC Capital Markets Corporation (the "Underwriter") has agreed, subject to certain conditions, to purchase the Series 2010A Bonds from the Issuer at an aggregate purchase price of \$[_____] (which includes a par amount of \$[_____] plus original issue premium of \$[_____] ,

less original issue discount of \$[____], less an Underwriter's discount of \$[____]). The Underwriter's obligations are subject to certain conditions precedent contained in a contract of purchase, and the Underwriter will be obligated to purchase all of the Series 2010A Bonds if any Series 2010A Bonds are purchased. The Series 2010A Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2010A Bonds into investment trusts) at prices lower than the public offering prices, and such public offering prices may be changed from time to time by the Underwriter.

CONTINGENT FEES

The Issuer has retained Issuer's Counsel and Bond Counsel with respect to the authorization, sale, execution and delivery of the Series 2010A Bonds. Payment of the fees of such professionals, the Financial Advisor to the Issuer, counsel to the Underwriter, and an underwriting discount to the Underwriter are each contingent upon the issuance of the Series 2010A Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2010A Bonds upon an event of default under the Trust Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Trust Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2010A Bonds, including Bond Counsel's approving opinion, will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX C – FORM OF TRUST INDENTURE" attached hereto for a description of events of default and remedies.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, and the rules promulgated thereunder, no person may directly or indirectly offer or sell securities of the Issuer except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Florida Department of Banking and Finance (the "Department"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the Issuer, and certain additional financial information, unless the Issuer believes in good faith that such information would not be considered material by a reasonable investor. The Issuer is not and has not been in default on any bond issued since December 31, 1975 which would be considered material by a reasonable investor.

CONTINUING DISCLOSURE

The Issuer and the University have covenanted for the benefit of the Series 2010A Bondholders to provide certain financial information and operating data relating to the Housing System and the Series 2010A Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The Issuer and the University have agreed to file annual financial information and operating data and its audited financial statements with the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board. The Issuer and the University have agreed to file notices of certain enumerated material events, when and if they occur, with EMMA.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E - FORM OF CONTINUING DISCLOSURE UNDERTAKING" attached hereto. The Continuing Disclosure Undertaking shall be executed by the Issuer and the University prior to the issuance of the Series 2010A Bonds. These covenants have been made in order to assist the Underwriter in complying with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

With respect to the Series 2010A Bonds, no parties other than the Issuer and the University are obligated to provide, nor are expected to provide, any continuing disclosure information with respect to the Rule. This is the initial undertaking of the Issuer. During the past five years, the University has complied in all material respects with their existing continuing disclosure agreements in accordance with the Rule.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the Issuer and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2010A Bonds, the security for the payment of the Series 2010A Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2010A Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

[Remainder of page intentionally left blank]

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the Issuer. At the time of delivery of the Series 2010A Bonds, the Issuer will furnish a certificate to the effect that nothing has come to their attention which would lead it to believe that the Official Statement (other than information herein related to DTC, the book-entry only system of registration and the information contained under the caption "TAX EXEMPTION" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2010A Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

THE FAU FINANCE CORPORATION

By: _____

APPENDIX A

MARKET STUDY

The Market Study includes a review of data on current housing and off-campus market analysis in the area where the Proposed Facilities are to be located, as well as a student survey and demand analysis. The achievement of any financial forecasts is dependent upon future events, the occurrence of which cannot be assured. Therefore, the actual results achieved may vary from the forecasts. Such variation could be material. See "**BONDHOLDERS' RISKS – Actual Results May Differ from Market Study and Cash Flow Forecast**" and "**ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT.**"

APPENDIX B

**MANAGEMENT DISCUSSION AND ANALYSIS AND FINANCIAL STATEMENTS
RELATING TO HOUSING SYSTEM FOR FISCAL YEARS ENDED 2005 - 2009**

APPENDIX C

FORM OF TRUST INDENTURE

APPENDIX D

[FORM OF MANAGEMENT AGREEMENT]

APPENDIX E

FORM OF BOND COUNSEL OPINION

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

