

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
March 27, 2019

SUBJECT: Resolution of the Board of Governors authorizing the FAU Financing Corporation to issue \$78,500,000 of revenue bonds on behalf of Florida Atlantic University to finance the construction of two new housing facilities on the Boca Raton and Jupiter campuses.

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate, tax-exempt revenue bonds, by the FAU Financing Corporation (the "DSO") on behalf of Florida Atlantic University (the "University"), in the principal amount not to exceed \$78,500,000 (the "Bonds") for the purpose of financing the construction of two new student housing facilities; one on the main Boca Raton campus and the other on the Jupiter campus (collectively, the "Project").

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, has reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Florida Board of Governors Debt Management Guidelines; Section 1010.62, Florida Statutes; and Article IX, Section 7, Florida Constitution.

BACKGROUND INFORMATION

The Project will consist of two new residence halls; one on the Boca Raton campus (the "Boca facility") and the other on the Jupiter campus (the "Jupiter facility"). The Boca facility will consist of a 7-story, 185,000 (approximate) square foot building, comprising approximately 616 beds of single and double-occupancy suite-style configuration. FAU plans for a surface parking area comprised of approximately 230 spaces reserved for on-campus residents. The Jupiter facility will be a 3-story, 51,000 (approximate) square foot building, comprising approximately 165 beds in single-occupancy full-suite configuration, as well as a dedicated 124-space surface parking area. The Jupiter design will include a kitchenette in each unit, a community kitchen on each floor and a first floor fitness center.

The Project is consistent with the University's Campus Master Plan.

Construction of the Project is estimated at a total cost of \$69.3 million; approximately \$54.1 million for the Boca facility and \$15.2 million for the Jupiter facility, including \$4.7 million in FF&E, \$3.3 million in contingencies, and approximately \$558K for surface parking (dedicated to the Jupiter facility).

The Project will be financed by fixed rate, tax-exempt bonds issued by the FAU Financing Corporation (the "DSO"), in the principal amount not exceeding \$78,500,000, inclusive of a capitalized interest and cost of issuance. The Bonds will be structured with level debt service and a final maturity no more than 30 years after issuance.

Net housing system revenues will be pledged for the payment of debt service. These revenues gross income, fees, rentals and other charges received by the DSO or the University on behalf of the DSO derived from housing system facilities, including parking facilities and the retail and commercial uses comprising a part of the housing system.

Projections provided by the University indicate sufficient net revenues will be generated to pay debt service on the Bonds.

The Project and the financing thereof was approved by the DSO's Board of Directors on October 30, 2018 as well as the University Board of Trustees on November 13, 2018.

Supporting Documentation Included:

1. Requesting Resolution
2. Project Summary
3. Estimated Sources and Uses of Funds
4. Historical and Projected Debt Service Coverage
5. IRR Calculation
6. Division of Bond Finance memorandum

Facilitators/Presenters: Mr. Chris Kinsley