

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FAU FINANCING CORPORATION
2019 Housing Facilities - Boca Raton and Jupiter campuses
Two (2)-Tier Revenue Pledge

Historical and Projected Debt Service Coverage

	<u>Historical</u> (unaudited)					<u>Projected</u>							
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
[1st Tier] *													
Total DBF Housing Revenue ¹	\$ 15,821,327	\$ 14,775,315	\$ 16,605,924	\$ 17,794,922	\$ 18,017,461	\$ 18,073,859	\$ 17,332,894	\$ 17,766,216	\$ 18,261,868	\$ 18,629,769	\$ 19,005,082	\$ 19,387,955	\$ 19,778,542
DBF Operating Expenses	<u>(7,195,131)</u>	<u>(7,915,153)</u>	<u>(9,048,242)</u>	<u>(9,741,928)</u>	<u>(10,127,364)</u>	<u>(10,718,845)</u>	<u>(9,273,140)</u>	<u>(9,481,786)</u>	<u>(9,235,721)</u>	<u>(9,443,525)</u>	<u>(9,656,005)</u>	<u>(9,873,265)</u>	<u>(10,095,414)</u>
Net Operating Income: DBF Housing	8,626,196	6,860,162	7,557,682	8,052,994	7,890,097	7,355,014	8,059,754	8,284,430	9,026,147	9,186,244	9,349,077	9,514,690	9,683,128
DBF Debt Service *	<u>(5,772,340)</u>	<u>(5,768,239)</u>	<u>(5,765,904)</u>	<u>(5,563,596)</u>	<u>(5,386,950)</u>	<u>(5,379,550)</u>	<u>(5,392,300)</u>	<u>(5,386,800)</u>	<u>(4,313,550)</u>	<u>(4,310,550)</u>	<u>(4,356,366)</u>	<u>(4,402,154)</u>	<u>(4,447,891)</u>
Surplus After DBF Bonds ^{1/2/3}	\$ 2,853,856	\$ 1,091,923	\$ 1,791,778	\$ 2,489,398	\$ 2,503,147	\$ 1,975,464	\$ 2,667,454	\$ 2,897,630	\$ 4,712,597	\$ 4,875,694	\$ 4,992,711	\$ 5,112,536	\$ 5,235,237
[2nd Tier] *													
<u>Revenues</u> *													
Surplus After DBF Bonds ^{1/2/3}	\$ 2,853,856	\$ 1,091,923	\$ 1,791,778	\$ 2,489,398	\$ 2,503,147	\$ 1,975,466	\$ 2,667,454	\$ 2,897,630	\$ 4,712,597	\$ 4,875,694	\$ 4,992,711	\$ 5,112,536	\$ 5,235,237
Existing FAUFC Housing ^{1/2}	17,810,474	17,201,796	20,793,070	21,681,712	22,117,455	20,593,186	21,933,670	22,645,501	25,269,303	25,849,459	26,490,820	27,148,097	27,821,687
Proposed Project: Boca & Jupiter ¹	-	-	-	-	-	-	-	-	8,618,879	8,830,027	9,005,427	9,184,336	9,366,823
Total FAUFC Housing Revenue	17,810,474	17,201,796	20,793,070	21,681,712	22,117,455	20,593,186	21,933,670	22,645,501	33,888,182	34,679,486	35,496,247	36,332,433	37,188,510
<u>Operating Expenses</u>													
Existing FAUFC Housing ⁴	(3,073,365)	(2,831,409)	(3,217,052)	(3,609,426)	(5,938,136)	(4,707,426)	(5,845,239)	(5,976,757)	(6,981,618)	(7,140,219)	(7,300,874)	(7,465,143)	(7,633,109)
Proposed Project: Boca & Jupiter ⁴	-	-	-	-	-	-	-	-	(2,757,506)	(2,936,825)	(2,995,532)	(3,055,412)	(3,116,491)
Total FAUFC Operating Expenses	(3,073,365)	(2,831,409)	(3,217,052)	(3,609,426)	(5,938,136)	(4,707,426)	(5,845,239)	(5,976,757)	(9,739,124)	(10,077,044)	(10,296,405)	(10,520,556)	(10,749,600)
Net Operating Income: FAUFC Housing	14,737,109	14,370,387	17,576,018	18,072,286	16,179,319	15,885,760	16,088,431	16,668,744	24,149,058	24,602,442	25,199,842	25,811,878	26,438,910
<u>Annual Debt Service</u>													
Existing FAUFC Housing Debt ⁵	8,375,104	10,810,651	11,350,494	11,342,586	11,339,677	10,695,515	10,345,675	10,345,681	10,333,381	10,337,930	10,324,781	10,325,144	10,000,125
Proposed Project Debt: Boca & Jupiter ⁶	-	-	-	-	-	-	-	-	2,976,000	4,741,500	4,743,000	4,741,250	4,741,250
Total FAUFC Housing Debt Service	8,375,104	10,810,651	11,350,494	11,342,586	11,339,677	10,695,515	10,345,675	10,345,681	13,309,381	15,079,430	15,067,781	15,066,394	14,741,375
Total FAUFC Debt-Coverage Ratio	1.76	1.33	1.55	1.59	1.43	1.49	1.56	1.61	1.81	1.63	1.67	1.71	1.79

*Prior to FY 2019, FAU had a 3-tiered bond structure, whereas DBF debt would be paid first, then 2010A bonds (Innovation Village), then 2012 Bonds (Parliament). Series 2010A was refunded in Jan. 2019; now 2019A (see FN #5 below). The 2012 and 2019A bonds are FAUFC's only outstanding housing bonds. The new Project bonds will be on parity with 2012 and 2019A. DBF Bonds (Series 2016) include residence halls Algonquin, Glades, Heritage, Indian River and University Village.

1) Revenue inflation, through rental rate increases (starting in FY 2021), is projected at an average of 1.75% annually across the University's residence halls plus increases to summer revenues / programs. It is important to note that rental rate increases have not occurred since Fall 2015.

2) Revenue dip for FY 2019 is due to revised budgets showing 98% occupancy in DBF and IVA halls; however, FAU anticipates continuing to achieve occupancy that exceeds 100%.

3) DBF debt decreases from \$5,386,800 (FY 2021) to \$4,313,550 (FY 2022) and the reduced debt service level continues through the end of the schedule. This results in increased surplus cash flow in the DBF line item.

4) Operating expenses increased in recent years due to FAU's increased spending on deferred maintenance/reinvestment, which is expected to continue for the foreseeable future to maintain targeted quality of existing assets. Beyond intentional increases to FAU's operating approach, expense inflation is projected at 2.25% annually.

5) Innovation Village debt (originally Series 2010A) was refunded in January 2019; now Series 2019A bonds. Refunding achieved PV savings of \$10,433,238 or 9.8% (calculated by Bank of America Merrill Lynch).

6) Debt interest assumption for Project is based on current market rates plus 50 basis points cushion. Project Debt has been calculated based on preliminary par amount of \$77,420,108.90, and it is FAU's intent to refine the design and development budget in order to achieve a lesser total project cost.