

STATE BOARD OF EDUCATION

March 18, 2003

SUBJECT: A Resolution of the State Board of Education Requesting The Division of Bond Finance of the State Board of Administration to Issue Revenue Bonds on Behalf of Florida Atlantic University to Finance the Construction of a Student Housing Complex at the Boca Raton Campus of the University

UNIVERSITY AFFECTED: Florida Atlantic University

PROPOSED BOARD ACTION

Approve the financing plan and adopt a resolution authorizing the issuance of fixed rate, tax-exempt revenue bonds by Florida Atlantic University in an amount not to exceed \$24,045,000 to finance additional student housing facilities at the Florida Atlantic University, Boca Raton campus. Authorize the Chair, the Vice Chair, the Chief Financial Officer and other authorized representatives of the State Board of Education to execute the necessary contractual documents related to the financing of the project. Agenda item approval by the State Board of Education, and subsequently the Board of Governors, will be contingent upon approval by the 2003 Legislature. Approval by the Legislature, if granted, will be effective July 1, 2003.

AUTHORITY FOR STATE BOARD ACTION

Section 11, Chapter 2002-394, Laws of Florida, Section 1010.60(2), Florida Statutes, and proposed legislative action during 2003 Session.

BACKGROUND INFORMATION

In the Spring of 2001, a Housing Feasibility Study was completed by a team of private-sector companies (Capstone Development Corporation, Brailsford and Dunlavey, PGAL Architects, and C. R. Klewin Southeast) at the request of Florida Atlantic University. The Feasibility Study Team concluded that the original “seven halls had reached the end of their useful life, and without substantial investment, will cease to serve a contributing function to the FAU housing stock”. It was determined that renovation of the smaller residence halls constructed in the sixties – Algonquin, Seminole, Modoc, Mohave, Sekani, and Naskapi, would be a more costly approach, while also decreasing the overall number of beds. The largest housing facility, Timucua, is scheduled to be renovated during 2004-2005.

The master plan for housing includes the construction of a new 600 bed residence hall to accommodate the demand for housing on the Boca Raton campus. The construction of the new housing complex will necessitate the removal of existing residence halls. The three residence halls to be razed first, Modoc, Mohave, and Sekani, cannot be renovated efficiently to provide suite-style housing accommodations which the students currently demand. Additionally, deficiencies exist in the life safety, electrical, plumbing and air-handling systems. The outstanding debt service is scheduled to be satisfied in 2004. There is currently a principal amount of \$103,000 outstanding. The remaining debt service payments will be held in escrow in

accordance with instructions from the Division of Bond Finance of the State Board of Administration.

The second phase of the Housing Master Plan calls for additional residence halls (Seminole and Neskapi) to be razed to allow for planning and completion of the Housing Master Plan. These halls were also built in the sixties and the outstanding principal amount of \$455,000 is scheduled to be entirely paid in 2006. It is anticipated that these halls will be razed in 2004. The University has not made a final determination regarding the demolition of Algonquin residence hall.

Florida Atlantic University has requested approval to issue revenue bonds to finance the construction of student housing facilities with a designed capacity of 600 beds. This request is based on the University's determination that adequate housing in terms of both quantity and quality is not available. Currently, the University enrolls approximately 17,000 students exclusively on the Boca Raton campus and approximately 25,000 students on all campuses. University projections include an increase to over 20,000 students on the Boca Raton campus (over 42,000 total university enrollment) within the next 10 years. Currently, the designed capacity of on-campus housing on the Boca Raton campus is approximately 2,176. Of this amount, 1,889 beds are in service. The new facility is scheduled for occupancy during the Fall 2004 semester. At that time, the Florida Atlantic University housing system will have a designed capacity for 2,776 beds, which represents 16 percent of the Boca Raton campus student enrollment.

The financial plan includes the issuance of \$24,045,000 fixed rate, tax exempt revenue bonds through the Division of Bond Finance of the State Board of Administration. The project will be financed from net bond proceeds and interest earnings. The revenue generated from the operation of the housing system, including primarily rental income, conference revenues, late fees and vending revenues, will be pledged to satisfy the debt service obligation.

The Florida Atlantic University Board of Trustees, on November 20, 2002, approved construction of the new student housing complex on the Boca Raton campus.

Florida Atlantic University requested and received approval from the 2002 Legislature to sell bonds for \$15,500,000 to construct a 300-bed student dormitory at the Boca Raton campus. During due diligence, financial feasibility, and market analysis reviews, the University determined that the housing program needs to be revised to reflect a growing undergraduate student population and the financial obsolescence of existing dormitories that were constructed in the early sixties. The Department of Education has provided the revised information in the 2003-2004 legislative budget request.

Supporting Documentation Included: Requesting Resolution
Project Summary
Financial Plan for the FAU Housing System
Financial Plan for the FAU New Student Housing
Complex

Facilitator/Presenter: Wayne V. Pierson