

**ITEM:**

**FLORIDA BOARD OF EDUCATION**

May 14, 2002

**SUBJECT:** Resolution of the Florida Board of Education Authorizing the Incurrence of Indebtedness by the Florida Atlantic University Foundation, Inc. in an Amount Not to Exceed \$9,000,000 to Refinance Outstanding Promissory Notes Issued to Finance the President's Residence and Events Center and a Co-Educational Athletics Facility

---

**UNIVERSITIES AFFECTED:** Florida Atlantic University

**PROPOSED BOARD ACTION**

Adopt a resolution authorizing the Florida Atlantic University Foundation, Inc. ("the Foundation") to refinance two outstanding promissory notes with a consolidated loan in an amount not to exceed \$9,000,000.

**BACKGROUND INFORMATION**

Pursuant to Chapter 2000-166, Section 21, Laws of Florida and based upon approval granted by the Board of Regents on July 20-21, 2000, the Foundation issued two promissory notes in the aggregate amount of \$9,000,000 to finance the construction of the President's Residence and Events Center and a Co-Educational Athletics Facility. The financial obligations associated with the promissory notes were to be paid from donor contributions over a five year period. The outstanding debt is currently \$7,392,742, with an interest rate of 6.227%.

The Foundation proposes to refinance the outstanding debt by executing a loan agreement with an interest rate of 4.25% for a period of ten years. The proposed restructuring of the debt obligations will result in a maturity schedule that aligns with the revised cash flow payment schedules of the donors. Due to the events of September 11, 2001 and the ensuing market downturn, several major donors to the projects requested that pledge payments be extended over a longer period of time. The refinancing will cause annual principal and interest payments to be lower, however, the overall interest cost will increase by approximately \$1,425,000 due to the duration of the loan. The University Board of Trustees approved the refinancing at its April 16, 2002 meeting.

---

**Supporting Documentation Included:** Requesting Resolution

**Other Support Documents Available:** Original Promissory Notes  
Amortization Schedule

**Facilitators/Presenters:**

Carl W. Blackwell