



Item: VI-c.

Wednesday, July 22, 2009

SUBJECT: Pre-Development Agreement with Crocker Partners, LLC

PROPOSED BOARD ACTION

Approve a Pre-Development Agreement with Crocker Partners, LLC.

BACKGROUND INFORMATION

In April 2008 the University published an Invitation to Negotiate ("ITN") for the development rights of 2400 beds of University housing on the Boca Raton campus. The beds are projected in the campus master plan for the Boca campus to come online in the next seven years, and will form an integral part of Innovation Village. The beds will be marketed exclusively to upper-division undergraduate, graduate, and professional students – a market that is currently underserved. The University issued the ITN to determine whether private developers would be willing to assume responsibility for the development and construction of the units, and whether additional revenues could be derived from a development deal that could support other facets of Innovation Village.

Four development teams submitted responses to the ITN. After months of meetings with each responding team, the ITN selection committee issued a unanimous recommendation that the University award the development rights to Crocker Partners, LLC. Following this determination, the administration has been working with Crocker Partners and its development team to assess the feasibility of the proposal.

The negotiations have now advanced to the point where it is appropriate for the parties to enter into a Pre-Development Agreement. This agreement will authorize finalization of the building designs, site plans, operating agreement, and financing plan. The building design is currently envisioned to be apartment units with a mix of four-bedroom/two-bathroom and two-bedroom/two-bathroom units. The site will be two locations on the north side of the campus, in the heart of the Innovation Village area. The operating agreement will authorize the developer to operate and maintain both the new facilities and the University's existing housing inventory; the University will continue to provide all residence life functions for all units. The financing plan contemplates the creation of a not-for-profit corporation that will be certified by the University as a Direct Support Organization ("DSO"), which will operate exclusively for the benefit of the University. University DSO's are eligible to issue tax-exempt bonds in accordance with the Florida Board of Governors' Debt Management Guidelines. The University and the development team anticipate that the DSO would issue either tax-exempt or taxable

“Build America” bonds, which would be backed by the revenue stream from the housing development. **Any debt issued by the DSO would be non-recourse to the University.** The developers would also infuse the project with a to-be-determined amount of capital investment.

All components of the final development deal will be brought to the Board for final approval in the Fall. The Pre-Development Agreement only obligates the University to continue working with the development team to finalize the foregoing elements, and to reimburse the team for certain design and development costs going forward, provided the University approves such costs in advance.

IMPLEMENTATION PLAN/DATE

Immediately upon approval by the Board.

FISCAL IMPLICATIONS

The University will incur certain design and pre-development costs (i.e., fees for architectural, engineering, surveying, and other professional services). The bulk of development costs, however, will be borne by the developer and reimbursed through the bond issuance.

Supporting Documentation: Pre-Development Agreement with Crocker Partners, LLC

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