



Item: AF: A-2

Tuesday, December 15, 2015

SUBJECT: APPROVAL OF RESOLUTION AUTHORIZING THE REFINANCING BY FLORIDA ATLANTIC UNIVERSITY FINANCE CORPORATION OF DIVISION OF BOND FINANCE SERIES 2003, SERIES 2006A AND SERIES 2006B BONDS.

PROPOSED BOARD ACTION

Approval of the proposed refinancing of the Division of Bond Finance Series 2003, 2006A and 2006B Bonds.

BACKGROUND INFORMATION

At the Board of Trustees Retreat in September, the Board was made aware of the desire to refinance selected bonds. Subsequently, the FAU Finance Corporation (FAUFC) solicited proposals for the purpose of refinancing the Series 2003, 2006A and 2006B Bonds ("Bonds") issued originally through the State of Florida, Division of Bond Finance (DBF). Because (i) the Authorizing Resolution under which these Series 2003, 2006A and 2006B Bonds were issued was "closed" in 2010 and (ii) the FAUFC issued the Series 2010 and 2012 Bonds for the financing of Innovation Village and Parliament Hall, these Bonds will now be moved to the FAUFC to consolidate all Boca Raton housing bonds under one legal entity. The refinanced Bonds will be secured on a parity basis with the FAUFC bonds issued in 2012.

FAU engaged a financial advisor, Dunlap & Associates, Inc., to prepare and distribute proposals for the refinancing; and bond counsel, Bryant, Miller & Olive, to review the legal structure. The FAUFC issued a competitive Request for Proposal to Financial Institutions and Investment Banking Firms. Responses were received on October 30, 2015. The evaluation of these responses was completed on November 7, 2015 by FAU's financial advisor and members of the financial affairs staff.

At their November 20, 2015 meeting, the FAUFC approved Bank of America Merrill Lynch as Senior Manager and Morgan Stanley as Co-manager for these refunding for the following reasons:

1. Bank of America offered the lowest aggregate underwriters discount fee.
2. Bank of America provided the greatest amount of savings on a combined basis for the Series 2003, Series 2006A and Series 2006B. The estimated aggregate savings as of October 22, 2015 were \$4,767,635.

3. Both firms offer strong retail and institutional marketing capabilities, both nationally and within the State of Florida.

This refinancing is in compliance with the BOG and FAU Debt Management Guidelines.

IMPLEMENTATION PLAN/DATE

The closing will be scheduled upon final execution of the documents by the FAUFC.

FISCAL IMPLICATIONS

Based upon the proposals received, the present value savings are estimated to be \$4,767,635 over the remainder of the term.

Supporting Documentation: Summary of Refunding Results

Presented by: Ms. Dorothy Russell, V.P. for Financial Affairs and CFO

Phone: 561-297-3267

A RESOLUTION: AUTHORIZING THE REFUNDING BY THE FAU FINANCE CORPORATION OF THE DIVISION OF BOND FINANCE SERIES 2003, SERIES 2006A AND SERIES 2006B BOND; PROVIDING AN EFFECTIVE DATE.

WHEREAS, The FAU Finance Corporation (the "Corporation") has been certified by the Board of Trustees of the Florida Atlantic University (the "University Board of Trustees") as one of its direct support organizations; and

WHEREAS, the Division of Bond Finance ("DBF") previously issued its \$35,285,000 State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003 (the "2003 Bonds"), the \$27,640,000 State of Florida, Board of Governors, Florida Atlantic University Housing Revenue Bonds, Series 2006A (the "2006A Bonds") and the \$21,775,000 State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B (the "2006B Bonds," and together with the 2003 Bonds and the 2006A Bonds, the "University Bonds") pursuant to the provisions of a master bond resolution adopted on July 21, 1992, as amended and supplemented; to finance a portion of the costs of the student housing facilities and to refund prior bond issues; and

WHEREAS, due to declining interest rates the Corporation may refinance the University Bonds and reduce the aggregate debt service payments due on such bonds; and

WHEREAS, the Corporation desires to issue one or more series of its Capital Improvement Refunding Revenue Bonds, Series 2016 (the "2016 Bonds") pursuant to the terms and provisions of the Trust Indenture dated July 1, 2012 (the "2012 Indenture") by and between the Corporation and U.S. Bank National Association (the "Indenture"); and

WHEREAS, the 2016 Bonds will be secured by a lien on and payable from the Pledged Revenues, as defined in the 2012 Indenture, on a parity status to the lien granted to the holders of the Corporation's Capital Improvement Revenue Bonds (Student Housing Project), Series 2012A Bonds and Capital Improvement Revenue Bonds (Student Housing Project), Series 2012B; and

WHEREAS, the Corporation solicited and received bids from interested financial institutions; and

WHEREAS, it has been determined, based in part on the recommendation of the Corporation's financial advisor, that the bids received from Bank of America Merrill Lynch and Morgan Stanley contain the provisions most favorable to the Corporation; and

WHEREAS, the 2016 Bonds, together with interest thereon, will not be general or moral obligations of the Corporation and do not constitute an obligation, either general or special, of the State, the University Board of Trustees or any political subdivision thereof, but are limited obligations payable solely and only from the Pledged Revenues; and

WHEREAS, pursuant to the debt management policy of the University Board of Trustees, all direct support organizations are required to seek the approval of the University Board of Trustees prior to the issuance of debt.

NOW THEREFORE BE IT RESOLVED BY THE FLORIDA ATLANTIC UNIVERSITY BOARD OF TRUSTEES AS FOLLOWS:

Section 1. The University Board of Trustees hereby authorizes the Corporation to refinance the University Bonds and to issue the Series 2016 Bonds provided the initial interest rate for the 2016 Bonds results in an aggregate present value debt service savings of at least 3% of the par amount of the University Bonds outstanding.

Section 2. This Resolution shall become effective immediately upon passage.

CERTIFICATE OF THE CORPORATE SECRETARY

The Undersigned, Corporate Secretary of the Florida Atlantic University Board of Trustees, does hereby certify that the attached resolution is a true and accurate copy as adopted by the Florida Atlantic University Board of Trustees on December _____, 2015.

THE FLORIDA ATLANTIC UNIVERSITY
BOARD OF TRUSTEES

Dated: December _____, 2015

By: _____
Corporate Secretary

**Summary of Refunding Results
Market As of October 22, 2015**

Firm	Bank of America	RBC	Morgan Stanley	Raymond James	Wells Fargo
Par Amount of Loan					
2015A (2003)	19,375,000	19,525,000	19,635,000	-	19,910,000
2015B (2006A)	21,530,000	21,190,000	21,070,000	-	21,640,000
Combined	40,905,000	40,715,000	40,705,000	40,800,000	41,550,000
2015C (2006B)	17,230,000	17,230,000	17,230,000	17,230,000	17,230,000
Total	58,135,000	57,945,000	57,935,000	58,030,000	58,780,000
Current Par per FAU as of 6/30/15	61,880,000	61,880,000	61,880,000	61,880,000	61,880,000
All-in TIC					
2015A/2015B	3.40%	3.52%	3.44%	3.45%	3.37%
2015C	3.21%	3.26%	3.17%	3.20%	3.34%
Present Value Savings	\$ 4,767,635	\$ 4,258,779	\$ 4,482,582	\$ 4,542,407	\$ 4,622,042
Total Capital	\$217,538,000,000	\$6,089,258,046	\$212,100,000,000	\$15,508,830,000	\$147,568,000,000
Florida Retail Offices	82	7	56	256	76
Palm Beach County Retail Offices	10	2	6	20	3
Retail Brokers in Florida	1,247	70	1,373	1,130	1,285
Institutional Brokers Nationally	22	41	221	203	200
Institutional Brokers in Florida	0	0	10	19	0