



Item: BF: A-1

Tuesday, November 13, 2018

**SUBJECT: APPROVAL OF THE INNOVATION VILLAGE HOUSING
REFINANCE.**

PROPOSED Board ACTION

Approval of the Resolution for the Innovation Village housing refunding.

BACKGROUND INFORMATION

FAUFC currently has \$106.95 million in outstanding debt principal for the Innovation Village Apts. Through an advance refunding, FAUFC expects to save approximately \$5.37 million (present value) during the loan term. By achieving greater than 5% present value savings (estimated 5.02%) and not extending the loan term, FAUFC does not need to submit package to BOG for approval. The refunding will be accomplished under the 2012 Indenture and will eliminate the prior lien from the 2010 Indenture.

IMPLEMENTATION PLAN/DATE

Anticipate issuing the Series 2019 bonds in January of 2019.

FISCAL IMPLICATIONS

See above.

Supporting Documentation: Innovation Village Refunding Presentation.

Presented by: Mr. Jeff Atwater, VP for Financial Affairs and CFO

Phone: 561-297-3267



FLORIDA ATLANTIC
UNIVERSITY

Student Housing Update – IVA Advance Refunding

FAU BOARD OF TRUSTEES
MEETING

November 2018



Innovation Village Refunding

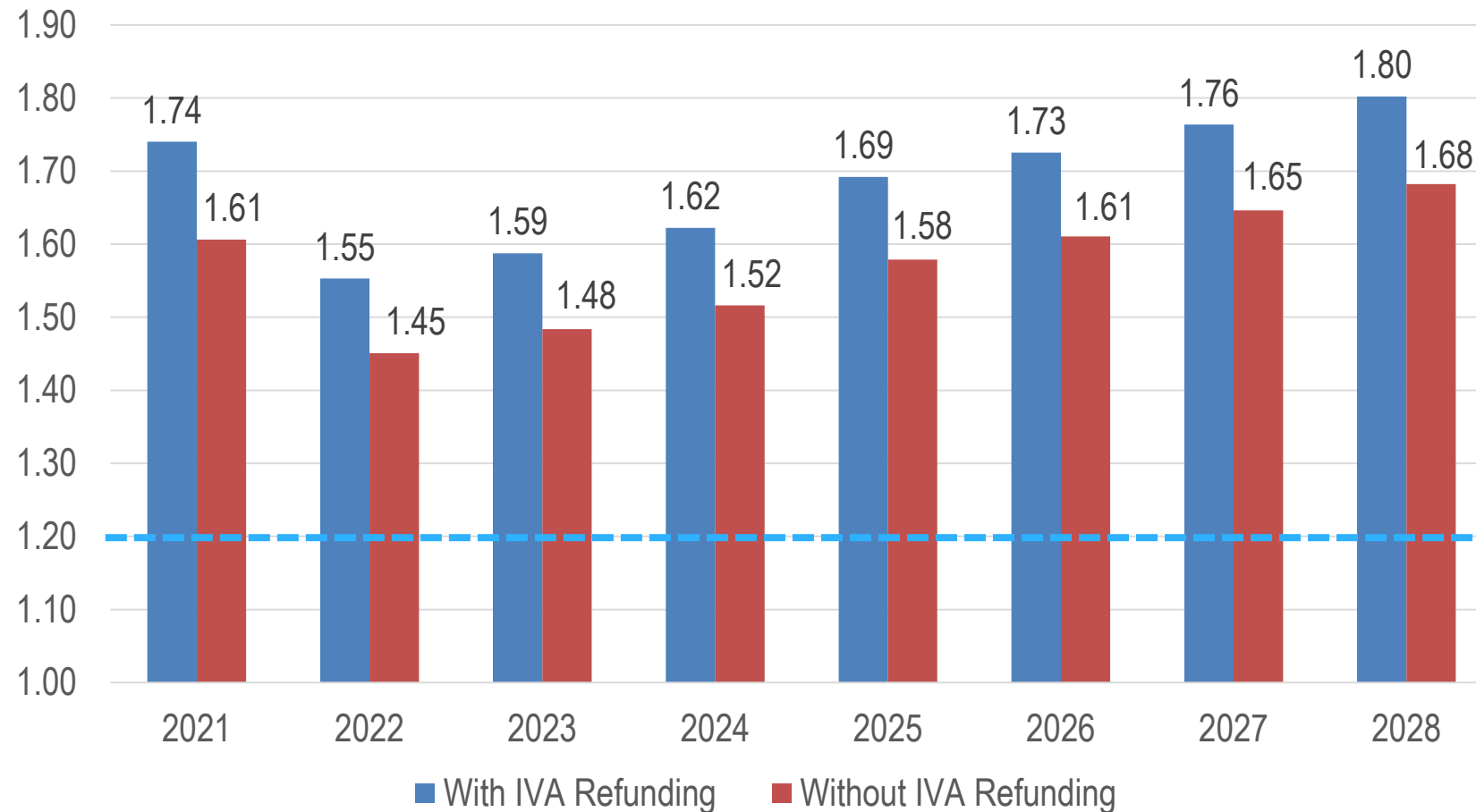
SERIES 2010 BONDS

FAUFC will be pursuing an advance refunding of the IVA Series 2010 bonds, which will be called on July 1, 2020

- › FAUFC currently has \$106.95 million in outstanding debt principal for Innovation Village Apts.
- › Through an advance refunding, FAUFC expects to save approximately \$5.37 million (present value) during the loan term
 - Interest rates as of 10/17/2018
- › By achieving greater than 5% present value savings (estimated 5.02%) and not extending the loan term, FAUFC does not need to submit package to BOG for approval
 - $\$5,370,000 / \$106,955,000 = 5.02\%$
- › FAUFC will be the issuer of the Series 2019 bonds for the Project and IVA refunding together, which will reduce underwriter's fee by \$600,000 (relative to the fee proposal for the standalone Project)
 - 10 underwriter firms submitted bids to participate in this effort

Innovation Village Refunding

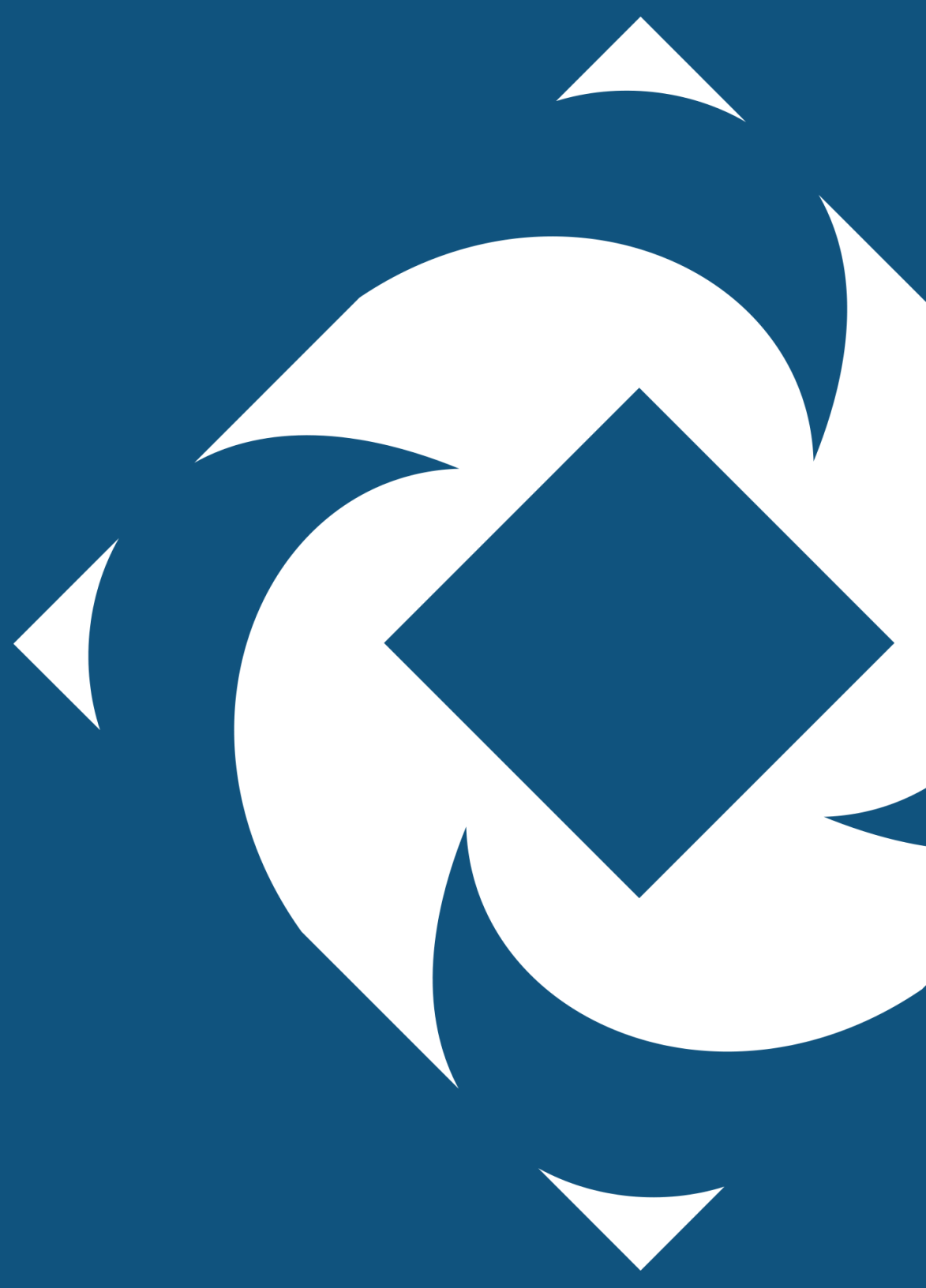
SERIES 2010 BONDS



Refunding IVA will save more than \$1,100,000 annually in debt service - positively impacting debt-coverage by at least 0.13x annually

Refunding helps support minimum DCR needed for BOG approval (1.20x)

Thank you.



A RESOLUTION OF THE FLORIDA ATLANTIC UNIVERSITY BOARD OF TRUSTEES AUTHORIZING THE BOARD OF DIRECTORS OF THE FAU FINANCE CORPORATION TO REFINANCE THE FINANCE CORPORATION'S OUTSTANDING CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2010A THROUGH THE ISSUANCE OF ONE OR MORE SERIES OF THE FINANCE CORPORATION'S CAPITAL IMPROVEMENT REFUNDING REVENUE BONDS; AND PROVIDING AN EFFECTIVE DATE.

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

WHEREAS, the Corporation previously issued its Capital Improvement Revenue Bonds (Innovation Village Project), Series 2010A-BAB (the "Series 2010 Bonds") to finance the cost of a student residence facility as part of a new student life expansion initiative;

WHEREAS, the Corporation desires to issue one or more series of its Capital Improvement Refunding Revenue Bonds, Series 2019A (the "2019A 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 in order to achieve debt service savings; and

WHEREAS, the 2019A 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 Raymond James contain the provisions most favorable to the Corporation; and

WHEREAS, the 2019A 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

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

Section 1. The Florida Atlantic University Board of Trustees hereby authorizes the Corporation to advance refund the Series 2010 Bonds and to issue the 2019A Bonds provided the initial interest rate for the 2019A Bonds results in an aggregate present value debt service savings of at least 5% 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 November 13, 2018.

THE FLORIDA ATLANTIC UNIVERSITY
BOARD OF TRUSTEES

Dated: November 13, 2018

By: _____
Corporate Secretary