



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

Thursday, June 12, 2014
10:00 am
Florida International University
Biscayne Bay Campus
Wolfe University Center, room 221

Committee Membership:

Sukrit Agrawal, *Chair*; Robert T. Barlick, Jr., *Vice Chair*; Cesar L. Alvarez; Gerald C. Grant, Jr.; C. Delano Gray

Liaison:

Richard Brilliant, *Foundation Board of Directors*

AGENDA

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| 1. Call to Order and Chair's Remarks | Sukrit Agrawal |
| 2. Action Item | |
| FA8. New Biscayne Bay Campus Student Housing Project | Kenneth A. Jessell |
| 3. New Business (<i>If any</i>) | Sukrit Agrawal |
| 4. Concluding Remarks and Adjournment | Sukrit Agrawal |

Next Finance and Audit Committee Meeting is scheduled for Wednesday, September 10, 2014

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
June 12, 2014

Subject: New Biscayne Bay Campus Student Housing project

Proposed Committee Action:

Recommend that the Florida International University Board of Trustees authorize the University President or designee to (i) enter into a Sublease Agreement and Operating Agreement with NCCD–Biscayne Properties LLC (“NCCD-Biscayne”), a single member limited liability company owned by National Campus and Community Development Corporation (“NCCD”), on substantially the same terms as described herein, and (ii) take all actions and execute all other incidental documents necessary or desirable in connection with NCCD-Biscayne’s development, construction and operation of the Student Housing project, including, but not limited to, granting easements and licenses on the Biscayne Bay Campus.

Background Information:

On October 4, 2013, FIU issued FIU ITN 34-003 for the development of a residence facility on Biscayne Bay Campus (BBC) to be fully planned, designed, constructed, financed, owned, operated and maintained by an outside party. The anticipated benefits of this collaboration are to fulfill students’ needs for safe, high-quality on-campus housing facilities at BBC which encompass convenient, well-appointed accommodations within proximity of FIU classrooms, offices and campus amenities.

An evaluation committee with representatives from the student body, the Office of Students Affairs, the Office of the Vice Provost at BBC, and the Office of Finance and Administration selected from a pool of eight proposals, a proposal led by Servitas LLC (“Servitas”), based on the proposed project’s fit with FIU’s priorities, consideration paid to FIU, corporate profile, development experience, and facility design. A description of the companies that make up the project team is attached hereto as Appendix A- project Team.

The selected project will be a facility containing approximately 618 beds in a 9-story facility totaling approximately 297,000 square feet, a resort-style swimming pool and other amenities constructed on approximately 3.5 acres of land (no more land than is reasonably required to accommodate the project will be provided). The project will include approximately 7,500 square feet of space for FIU’s exclusive use (classrooms, Student Services and/or Business Services) at no cost to FIU and parking spaces at a ratio of approximately one space for every two beds. Renderings of the project are attached hereto as Appendix B – Renderings of the project.

The tenants of the project will be FIU students. Should expected occupancies not be met, FIU faculty, staff, other FIU approved groups and students of other institutions of higher education may also be tenants of the project. Construction of the facility will be done in a two-phase approach to the interior buildout and finishing. The first phase, comprised of approximately 410 beds, is scheduled to be completed in August, 2015. The buildout of the second phase with the remaining 208 beds will be completed and available for occupancy in the Fall 2016 semester. The two phase approach is designed to provide the maximum number of beds at BBC for the Fall 2015 semester.

In order to provide competitive rental rates to students, tax-exempt debt up to \$82,500,000 will be issued for the development of the project. Taxable debt of up to \$500,000 will also be issued to cover the cost of issuance. The Miami-Dade Industrial Development Authority will act as the conduit issuer for this revenue-generating project where the funds generated from rental receipts will be pledged to make payments to bondholders.

Because tax-exempt debt is being issued, the project must be owned by a tax-exempt entity. A description of the structure of the transaction is attached hereto as Appendix C - Proposed project Structure.

Assessments of the feasibility of the project have been made by FIU and our financial advisors, Dunlap & Associates. An independent market demand study commissioned by NCCD and conducted by Alvarez & Marsal Real Estate Advisory Services has substantiated expected demand for the project.

FIU will grant a long-term sublease to NCCD-Biscayne for a term of 40 years. FIU will also grant easements, licenses and any other rights outside the subleased property as needed for the development and operation of the project. FIU will enter into an operating agreement with NCCD-Biscayne which establishes the various rights and responsibilities of the parties relating to the operation of the project. FIU will not have any financial or legal responsibility for the project. FIU will be limited in its ability to develop additional housing at BBC unless the project is evaluated by an outside consultant as being able to continue to meet its debt service coverage ratio. If, and when the project generates any surplus revenue, FIU will be the recipient of that surplus revenue. FIU will not make any financial commitments to the project and the credit of FIU and the State of Florida are not being used to support the project.

Section 1013.171, Florida Statutes, authorizes the FIU BOT to negotiate and enter into a long-term ground sublease of land for purposes of erecting facilities and accommodations which are necessary and desirable to serve the University needs and purposes. Upon receipt of this Board's approval, approval of the Board of Trustees of the Internal Improvement Trust Fund, through the Division of State Lands, will be obtained. Florida Board of Governors' approval is not required because this is not a University project.

Supporting Documentation:	Appendix A - project Team Appendix B – Renderings of the project Appendix C - Proposed project Structure Supplemental supporting documentation
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Facilitator/Presenter:	Kenneth A. Jessell
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Appendix A - project Team

Servitas LLC – Program and Development Management

Servitas LLC, headquartered in Irving, Texas, led the response to FIU's ITN 34-003 and serves as the primary point of contact for FIU, coordinating all details, decisions and project delivers with team members. The firm has served more than 40 universities in 15 states with the delivery of more than 40,000 on-campus beds. Key services in higher education are: market and feasibility analysis, master planning, finance coordination, in-house construction and property management. Servitas LLC has developed the 405-bed, LEED gold certified Lighthouse Commons facility for Edison State College in Fort Myers, Florida with a tax-exempt bond issue of \$26,300,000 and 338 beds for Stetson University in DeLand, Florida with a tax-exempt bond issue of \$17,015,000.

Servitas Management Group – Property Management and Residential Life Programming

Servitas Management Group manages a variety of student housing property types across the country and developed a deep understanding of student housing operations including: maintenance, marketing, leasing and residence life programming. The firm regularly survey's students to maintain an awareness of current student preferences and concerns.

Kaufman Lynn – General Contractor

Headquartered in Boca Raton and operating in the South Florida market for 25 years, Kaufman Lynn partners with the right subcontractors and suppliers and is widely experienced in the effects of a coastal environment on construction. Housing facilities are one of Kaufman Lynn's major market sectors. Kaufman Lynn has committed the same team members to the BBC housing project as managed the construction team that just completed the 1,200 bed Innovation Village Student Residence and 600 bed Parliament Hall at Florida Atlantic University.

PGAL - Architecture / Engineering

PGAL is an international practice with 170 professionals offering services in architecture, planning, interior design, engineering and program management. In Florida for more than 30 years the Boca Raton office specializes in a range of building types from on campus housing, higher education, K-12 classroom and academic buildings. In the last decade, PGAL has designed over 20,000 housing units of all sizes and configurations including dozens of campus housing options for universities. Key personnel assigned to the BBC Housing project have worked together in the development of more than 10,000 beds with almost 3,300 beds developed for Florida Atlantic University.

NCCD–Biscayne Properties LLC - Owner

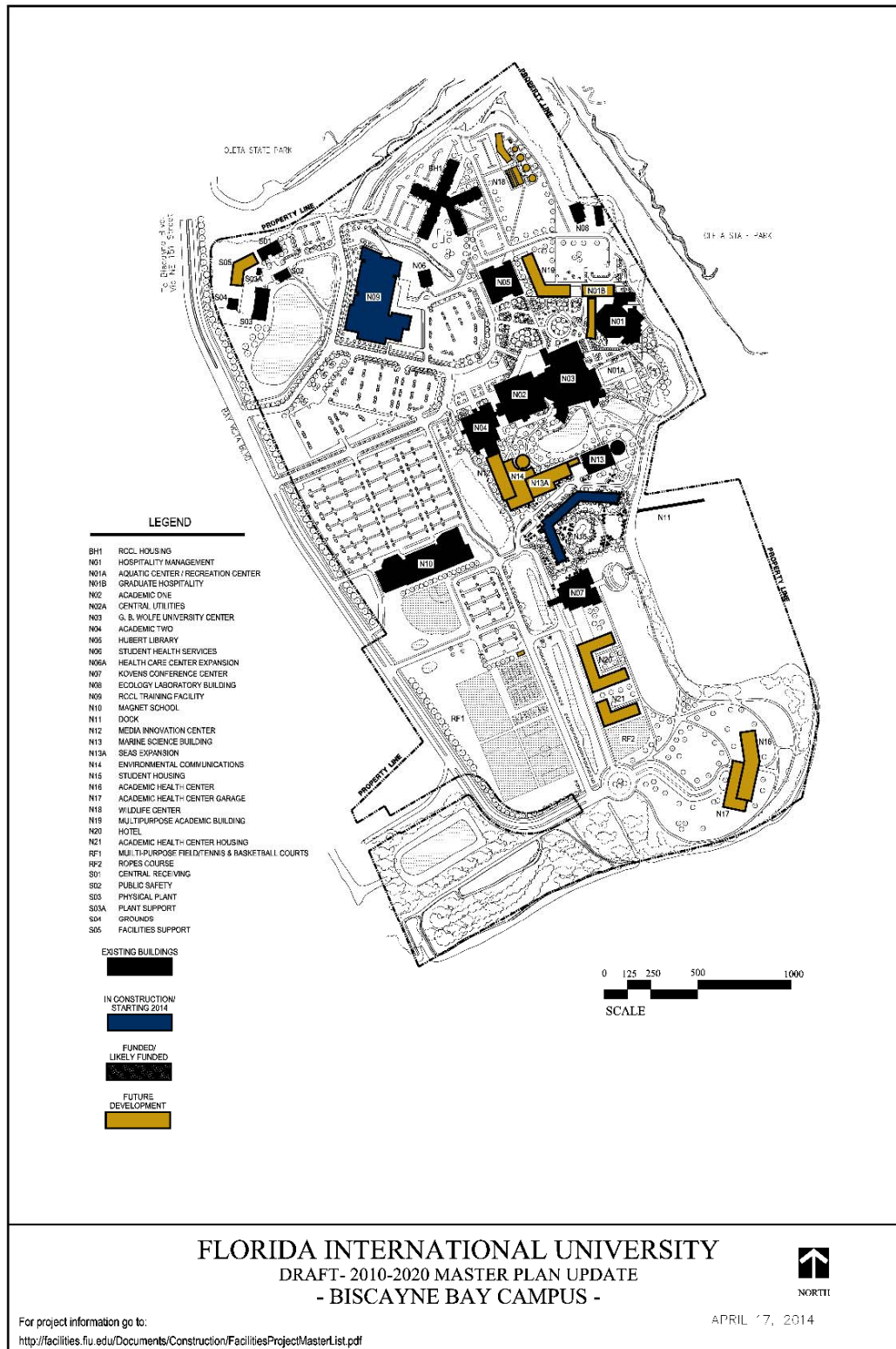
National Campus and Community Development Corporation (“NCCD”) of Austin, Texas is a not-for-profit 501(c)3 corporation founded in 2006. NCCD was organized to engage in a broad range of activities that among other things, provides support for universities by financing student housing facilities for the benefit of students, faculty and staff. NCCD will organize a single member Limited Liability Company “NCCD–Biscayne Properties LLC” in Tennessee, of which NCCD will be the only member, to own the project. NCCD–Biscayne Properties LLC will hold development and management agreements with Servitas LLC and Servitas Management Group respectively.

Raymond James – Underwriters

Raymond James is a top 10 underwriter of bond issues for both public and private institutions of higher learning throughout the United States. Since 2006, the firm has managed 528 issues for colleges and universities with a par value of \$39.1 billion. Raymond James has extensive experience in the area of privatized student housing, serving as underwriter on more than 60 issues with a total par value of \$1.4 billion since 2000. The BBC Housing project will be funded by private placement or a negotiated public offering with Raymond James serving as senior managing underwriter.

Appendix B – Renderings of the project

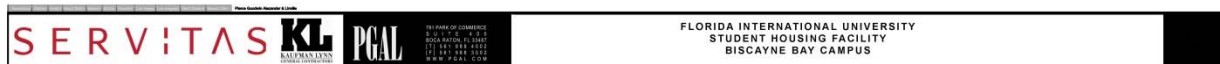
Master Plan graphic depicting the proposed development on site



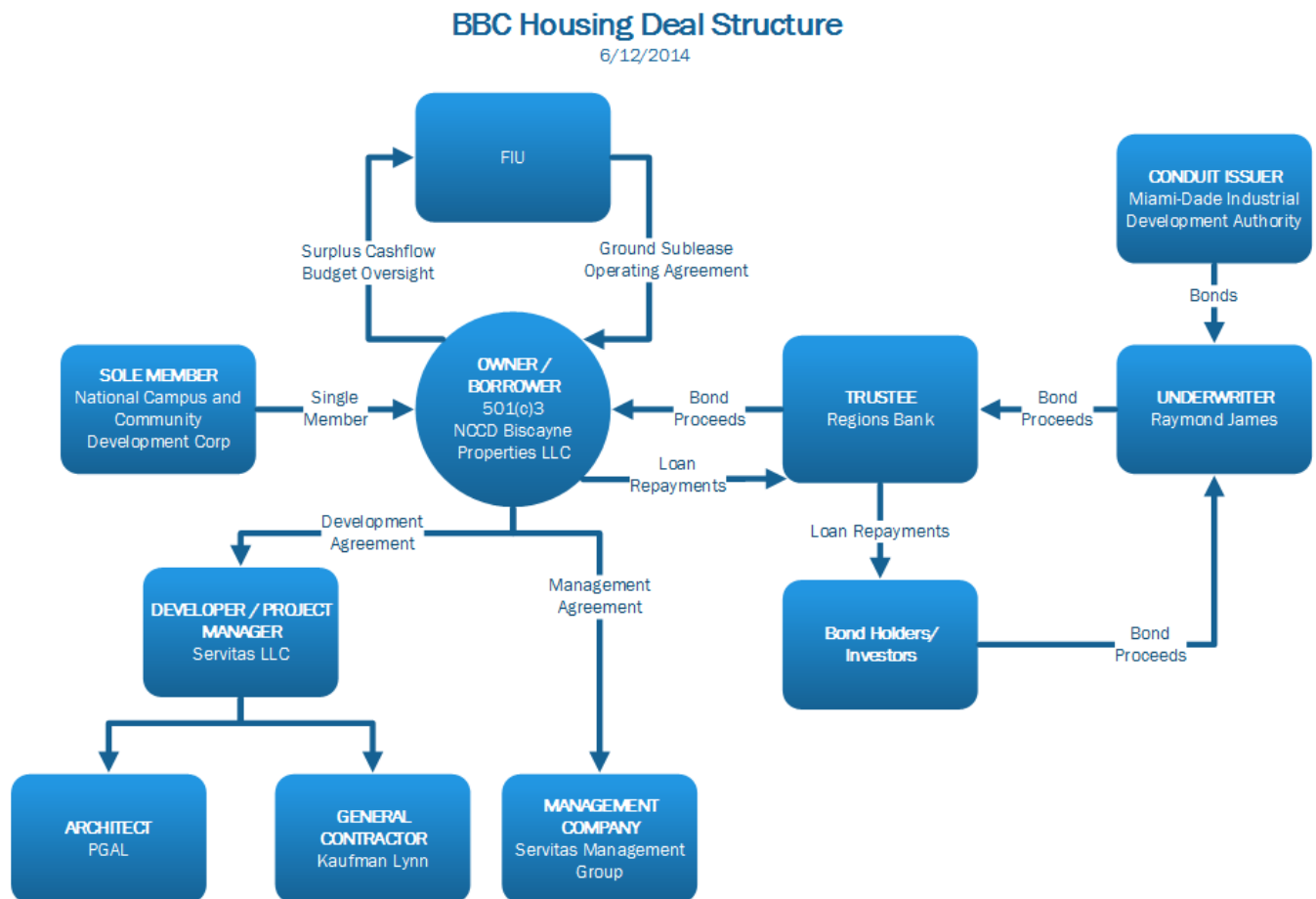
Site Detail



View from the Northwest looking toward Biscayne



Appendix C - Proposed project Structure



Methodology

Study presented analysis of the Miami-Fort Lauderdale-Pompano Beach, Florida Metropolitan Statistical Area (MSA), the City of North Miami, FIU-BBC, A&M's analysis of unit mix and unit pricing and the potential demand for student housing at the BBC Campus.

A&M relied on a student housing survey conducted by Servitas in March 2014 which received a total of 219 completed responses from student who take the majority of their classes at FIU-BBC. This sample represents 5.9% of the student population that take the majority of their classes at BBC.

Demand

Primary demand: Students who take more than 50% of their classes at BBC

Supplemental demand: Students who take 50% or fewer of their classes at BBC

	Primary Demand	Supplemental Demand
Demand considering Indicated Housing Budgets (rates respondents are willing to pay)	1,137	902
Demand considering Current Housing Budgets (rate respondents are currently paying)	412	276

Unit Mix

Unit demand assessment	Type	Units	Beds	Servitas Current Academic Year	Servitas Current 12-mo Lease
Demand may be overstated for 4/2's since BBC has fewer than average single full-time freshmen who typically prefer these units	4Bed/2Bath	80	320	\$959	\$799
Demand may be unmet for additional 2/2 units given the more mature student demographics	2Bed/2Bath	128	256	\$1,079	\$899
Demand may be unmet for additional studio units given the more mature student demographics	Studio	40	40	\$1,103	\$919

Rents

Proposed Rents are expected to be higher than current MMC and BBC on-campus housing prices and higher than the average rent survey respondents would pay. The average rent students are willing to pay (Indicated Budgets) may be skewed downward since respondents are basing their opinion on experiences with existing (older) housing options.

Students indicate a willingness to increase their housing budget for a modern, fully-furnished student housing development on FIU – BBC.

Using Current Housing Budgets likely understates demand and is not considered to be a true indication of the rental rates that could be achieved at the subject property which will be a new, modern, student oriented housing development.

Enrollment at BBC

Headcount		
100% of classes at BBC	1,914	Primary
More than 50% of classes at BBC	1,770	
50% or fewer classes at BBC	3,702	Supplemental
Total BBC Enrollment	7,386	

The University projects that enrolment will remain flat in the near term, therefore the following are vitally important for the success of the Subject Property:

- Concentrate enrollment efforts on traditional college student who live outside of the Miami metro area (single, undergraduate students between the ages of 18 to 24, they have a higher propensity to live on campus
- Recruit out-of-state and international students to FIU-BBC, as they are ideal candidates for on-campus living.
- Ensure that FIU-BBC institutes and maintains viable degree programs.

Market Overview

The Metropolitan Statistical Area (MSA) total labor force was 2,977,480 with an unemployment rate of 6.2% or 200 basis points, according to the Bureau of Labor Statistics in January 2014.

The MSA's economic strengths include strong ties to Latin America, luxury status attracts international capital, international trade poised to accelerate, well-developed shipping and distribution infrastructure. The weakness in the MSA economy is the high household debt burden, congested roads and airport, industrial structure that leaves economy susceptible to business cycle downturns.

The City of North Miami is the fourth largest city in Miami-Dade County. The city is located halfway between Miami and Fort Lauderdale and has good access to Broward and Miami-Dade goods and services and labor markets. There is also convenient access to Interstate 95, US 441, US1, the Florida Turnpike, the Gratigny Expressway, the Miami International and Ft Lauderdale International Airports, Port Everglades, Port of Miami and the Florida Fast Coast Railway.

The historical data indicates that occupancy in multifamily submarket has been strong averaging 96.8% from 2000 to 2013. As of year-end 2013 occupancy for multifamily in North Miami was 97.2%. Average occupancy forecasted from 2014 through 2019 is 95.4%. Rent growth has averaged 3.5% since 2000.

The majority of the developments in the pipeline are conventional projects and not in proximity to the BBC campus. These developments are not likely to appeal to a significant number of FIU-BBC students.

Growth in North Miami is higher than the county and the State of Florida as whole. Population and household growth is projected to be strong over the next five years in all geographic areas with the highest growth in the one mile ring. The one mile ring has the youngest residents (ages 15-24) consisting of 20.5% of the population. This is further indication of the relative percentage of college-aged student in the one mile ring.

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GROUND SUBLEASE
SUMMARY OF TERMS

Parties:	FIU, as Landlord, and NCCD-Biscayne Properties LLC, as Tenant. The sole member of Tenant is National Campus and Community Development Corporation, a tax-exempt entity.
Subleased Premises:	Approximately 3.5 acres on the FIU BBC Campus generally located between existing academic facilities and Kovens Conference Center.
Project:	Tenant is obligated to construct and operate the Series 2014 Project, pursuant to FIU's design and construction standards and plans and specifications approved by FIU.
Term:	40 Years, no automatic renewals / extensions.
Rent/Revenue to FIU:	All revenues generated by the Series 2014 Project in excess of debt service, operating costs, capital reserves and management fees are paid to FIU as rent; rent is estimated to be +/- \$195 million over 34 years with an estimated net present value of approximately \$41 million discounted at 6%. The annual value varies per year, increasing to approximately \$15 million at the end of the term. FIU's rent figure assumes the Project has a 95% academic term occupancy and the rental rates are increasing annually by 3%.
Permitted Use/ Eligible Tenants:	<p>Student housing. The following categories of occupants are eligible to rent housing units in the facility, in order of priority:</p> <ul style="list-style-type: none">• FIU students• Full-time faculty• Visiting faculty• Full-time staff approved by FIU• Sponsored programs approved by FIU• Students enrolled at other institutions of higher education which have an affiliation or cooperation agreement or an arrangement approved in writing by FIU

Note: Leasing activities must comply with IRS private use rules to avoid loss of tax-exempt status of bonds.

- Insurance: Appropriate property and general liability insurance must be carried by the Tenant.
- Maintenance: Tenant is obligated to maintain, repair and make replacements as needed to keep the project in good working order and condition. Annual condition assessment to be conducted by Tenant and FIU representative.
- Leasehold Mortgages: Tenant may grant leasehold mortgages in the subleased premises and project.
- FIU Purchase Option: FIU has the right to acquire the project at fair market value.
- University Reserved Space: Reserve approximately 7,500 square feet in each phase of the Series 2014 Project for FIU's use and benefit.
- No Sale/ Assignment: None without prior written consent of FIU.
- Guaranty: None. The obligations of NCCD-Biscayne are strictly limited to the project and project's revenues.

OPERATING AGREEMENT

SUMMARY

- Parties:** FIU and NCCD-Biscayne Properties LLC (Owner). The sole member of Owner is National Campus and Community Development Corporation, a tax-exempt entity.
- Objective:** Establish detailed standards for the operation, management, and maintenance of the Series 2014 Project to implement the general requirements in the Ground Sublease and establish operating protocols for areas in which FIU and the Owner will interface throughout the term, including, campus security, parking, utility service and physical plant.
- Term:** 40 years; co-terminus with the Ground Sublease.
- Advisory Committee:** Requires creation of an Advisory Committee made up of representatives appointed by the Manager, the Owner and FIU. The Advisory Committee will have approval rights over the budget (including rental rates), the marketing plan and the operating plan. If the Advisory Committee does not agree on a budget for a particular year, the budget for that year will be the prior year's budget plus a CPI adjustment.
- Specific Standards:**
- Must be operated, managed and maintained in accordance with the standards and practices of first class operators that operate and manage student housing facilities similar to the Series 2014 Project on behalf of institutional lessors.
 - Requires annual facility condition assessment.
 - Requires compliance with applicable rules, regulations, standards, and policies of FIU, including its Residence Life Program.
 - Establishes minimum ratio of resident assistants to residents.
 - Requires timely resolution of resident complaints.
 - Requires periodic surveys to evaluate resident satisfaction.
 - Establishes security protocols and requirements.
 - Requires FIU review and approval of the rental program policies and procedures.
 - Requires referral of misconduct to FIU's Student Conduct Office.
- Non-Compete/
Add'l Beds Test:** FIU may not construct additional housing at BBC unless debt service coverage at 1.2 times has been met for the prior two years and is estimated by an outside consultant to meet the coverage requirement for two years after any new housing is operational.

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DEVELOPMENT AGREEMENT

SUMMARY OF TERMS

- Parties are NCCD – Biscayne Properties LLC (“Owner”) and Servitas, LLC (“Developer”)
- Owner engages the Developer for the development, design, construction and equipping of the Project, Phase I (410 beds) which is to be substantially complete by July 15, 2015 and available for occupancy by Eligible Residents by August 1, 2015 and Phase II (208 beds) which is to be substantially complete by July 15, 2016 and available for occupancy by Eligible Residents by August 1, 2016.
- Developer will design the Project in accordance with all applicable codes and plans and specifications approved by University. Developer will engage an architect for such purpose. All permits will be obtained by Developer.
- Developer will engage a general contractor to construct the project on a guaranteed maximum price basis. All contractors and subcontractors require Owner approval. All change orders involving a change in cost require Owner approval.
- Each phase of the Project is to be completed on the dates provided above, subject to excusable delays. In the event Developer does not complete each phase of the Project by such dates, regardless of excusable delays, Developer shall pay Owner for temporary housing of Eligible Residents, including transportation and moving expenses.
- Developer will be paid a developer’s fee for its services as specified in the Sources and Uses Table. The Developer’s fee shall be paid (1) one-half at Bond Closing, and (2) one-half in equal monthly installments between Bond Closing and Substantial Completion of Phase II of the Project.
- Developer is at risk for all cost overruns on the design and construction of the Project, with the exception of changes requested by the University.
- A Developer’s Contingency of \$2,500,000 will be established for Developer to resolve unforeseen issues with the Project which may include unforeseen conditions and delays. Any unused portion of the Developer’s Contingency upon completion of the Project will be paid to Developer.

- Each month, Developer will submit to Owner a Request for Payment requesting payment for completed work (less prior payments) pursuant to an agreed Schedule of Values. Each Request for Payment shall include a certification from Developer that no liens are outstanding on the Project with respect to the work. Developer will also submit a monthly progress report describing the aspects of the work that have been commenced and the status thereof.
- Developer shall provide a 1 year warranty on all work.

PROPERTY MANAGEMENT AND RESIDENTIAL LIFE AGREEMENT

SUMMARY OF TERMS

- Parties are NCCD - Biscayne Properties LLC ("Owner") and Servitas Management Group, LLC ("Manager").
- Owner appoints the Manager to manage and lease the Project. Manager uses standard lease forms approved by FIU and the Owner.
- Manager is responsible for ensuring the Project achieves the Debt Service Coverage Ratio of 1.2 times required by the Bond Indenture and meets the performance standards for a high quality living/learning community as specified by FIU in the FIU/Owner Operating Agreement.
- In accordance with the Sublease and FIU/Owner Operating Agreement, the rooms will be leased to FIU students as a first priority, and, if space remains available, to the following in order of priority: regular full time faculty, visiting faculty, FIU approved staff, FIU approved groups and entities and enrolled students of other institutions of higher education with which FIU has an affiliation or other agreement.
- Manager must implement all FIU regulations and policies applicable to the University's campus, including the student code of conduct, no firearms policy, no smoking policy and the alcohol use policy and handle any resident complaints pursuant to the FIU/Owner Operating Agreement.
- The Manager is required to comply with all other terms of the Sublease and the Operating Agreements as well as all other documents of the Owner as the borrower.
- The initial term is 5 years (3 years following substantial completion of Phase Two) subject to termination by either party at the end of the initial term with 90 days' notice; or pursuant to the Bond Indenture (such as the occurrence of an event of default); or by the Owner after 3 years upon 180 days' notice; or by Manager upon 60 days' notice; or upon a sale of the Project.
- The management fee is a fixed amount through substantial completion of the Project and then, for the initial term, converts to a combination of variable and fixed compensation as shown on the Operating Revenues and Expenses statement.
- 75% of the annual management fee is subject to compliance with the Project meeting a debt service coverage ratio of 1.2 times.
- 25% of the annual management fee is paid monthly.

- The Agreement will provide for the formation of an Advisory Committee made up of representatives appointed by the Manager, the Owner and FIU. The Advisory Committee will have approval rights over the budget (including rental rates), the marketing plan and the operating plan. If the Advisory Committee does not agree on a budget for a particular year, the budget for that year will be the prior year's budget plus a CPI adjustment.
- The Manager enters into appropriate service contracts, maintains and repairs the Project pursuant to the Budget (including capital expenses) and the FIU/Owner Operating Agreement, collects and remits the revenues and pays expenses of the operation of the Project.
- The Manager must maintain adequate records and submit monthly reports to the Owner and FIU on leasing, income, operating expenses and similar data. Annually, the Manager must submit a profit and loss statement.
- There are standard provisions for termination of the Agreement in the event of a default by either the Manager or the Owner.
- The Agreement is not assignable by the Manager without the consent of the Owner.

Miami-Dade County Industrial Development Authority
Industrial Development Revenue Bonds
(NCCD-Biscayne Bay Properties LLC Project)
Series 2014 A & B

Term Sheet

Issuer:	Miami-Dade County Industrial Development Authority
Borrower:	NCCD-Biscayne Bay Properties LLC, a single member Tennessee limited liability company whose sole member is National Campus and Community Development Corporation, a Texas 501(c)-3 not-for-profit corporation.
Developer:	Servitas LLC, Irving Texas
Contractor:	Kauffman Lynn Construction, Inc., Boca Raton, Florida
Manager:	Servitas Management Group, LLC, Irving, Texas
Project Site:	The Project is to be built on the Biscayne Bay Campus of Florida International University, North Miami, Florida.
Use of Proceeds:	Proceeds will be used to (i) construct a 618 bedroom student housing facility; (ii) fund a debt service reserve fund; (iii) fund a capitalized interest fund; and (iv) pay the costs of issuing the Bonds.
The University:	The Project will be for the primary benefit of students of Florida International University (the “ <i>University</i> ”).
Closing Date:	July 17, 2014 (preliminary, subject to change)
Proposed Sale Date:	July 10, 2014 (preliminary, subject to change)
Approximate Project Cost:	\$81,855,344 (preliminary, subject to change).
Approximate Par Amount:	\$81,560,000 Series A Bonds (preliminary, subject to change). \$240,000 Series B Bonds (Taxable) (preliminary, subject to change).
Term:	34 years
Payment Dates:	Series A and B Bonds: Interest will be payable semi-annually on each June 1 and December 1, beginning on December 1, 2014. Principal and sinking fund installments will be payable annually on each June 1, beginning on June 1, 2016.
Expected Rating:	Series A & B Bonds: BBB- by Standard & Poor’s. [TBD].
Type of Sale:	Series A & B Bonds: Public offering through negotiated sale method. Underwriter for the financing will be Raymond James & Associates, Inc.

Minimum Denominations:	Series A & B \$5,000 minimum denominations and in book-entry form.
Construction Period:	June, 2014 through July, 2015 (Phase I) July, 2015 through July, 2016 (Phase II)
Capitalized Interest:	Through December 1, 2016 for the Series A and B Bonds.
Ground Lease:	The Borrower will enter into a ground sublease with the University for the property on which the Project will be built.
Optional Redemption:	The Bonds will be subject to optional redemption in whole or in part on or after June 1, [TBD], at par.
Extraordinary Redemption:	The Bonds will be subject to extraordinary redemption, at par plus accrued interest to the redemption date from insurance or condemnation proceeds that are received with respect to damage, destruction, or condemnation of the Project. The Bonds are also subject to extraordinary redemption in the event of other unforeseen circumstances as described in the Trust Indenture.
Other Redemptions at Par:	The Bonds will also be subject to redemption, at par plus accrued interest to the redemption date from excess title insurance, net proceeds of sale of obsolete equipment, and excess construction proceeds.
Security for the Bonds:	The Series A & B will be special limited obligations of the Issuer, payable solely from the Pledged Revenues (gross revenues) and amounts in certain funds and accounts held by the Trustee under the Indenture. A first leasehold mortgage to secure the obligations will be granted to the holders of the Series A and B Bonds. The Bonds are further secured during construction by a completion guaranty provided by the Developer and a Payment and Performance Bond provided by the General Contractor. The Series A & B Bonds, will not constitute a debt of the Issuer, the University, the State of Florida or any political subdivision or agency thereof. Neither the full faith and credit nor the taxing power of the Issuer, the University, the State of Florida or any political subdivision or agency thereof will be pledged to the payment of the principal of, premium, if any, or interest on the Bonds.
Funds and Flow of Funds:	<p><i>Bond Fund</i> – will require monthly payments of principal and interest and will be used to pay Bondholders.</p> <p><i>Debt Service Reserve Fund</i> – the Debt Service Reserve Fund Requirement will be equal to the lesser of (i) maximum annual debt service on the Series A Bonds, (ii) 10% of the principal amount of the Series A Bonds, and (iii) 125% of average annual debt service on the Series A Bonds. Such moneys may be withdrawn by the Trustee to pay the principal of, and interest and premium, if any, on the Series A Bonds and on any Additional Bonds that are tax-exempt to the extent that there are insufficient funds in the Bond Fund and the Redemption Fund on the date such interest, principal and premium is due.</p>

Repair and Replacement Fund – to be funded monthly from payments made by the Borrower from operating revenues of the Project. The payments into this funds will equal initially be funded at the rate of \$185 per bed and increased annually at a rate of 3.0%

Capitalized Interest – to be funded from bond proceeds to provide for required interest payments during construction of the Project plus and additional 6 months.

Surplus Fund – proceeds from operations after payments of debt service, all operating expenses and funding of all required reserve payments. After all payments have been made and a calculation of the fixed charges coverage ratio have been made certifying that the coverage is in excess of 1.20, the surplus fund will be transferred to the University.

Covenants:

Rate Covenant – Commencing in the first full year of occupancy, the Borrower must charge rents sufficient to maintain a 1.20 annual fixed charges coverage ratio on the Series A and B Bonds, as calculated and certified by the annual audit.

Annual Budget – The Manager, on behalf of the Borrower and in consultation with, and with the approval of, the University will be required to prepare and file with the Trustee a budget (operating and capital) for each fiscal year. This budget is required to project a fixed charges coverage ratio of at least 1.20 annually.

Financial Reporting – Annually an audited financial report on the facility will be filed with the Trustee within 120 days after the end of the fiscal year. All required notices will be filed with the Trustee on a timely basis.

Interest Cost:

Preliminary interest cost is estimated to be 5.317%

Sources & Uses

Sources of Funds	Tax Exempt	Taxable	Total
Par Amount of Amounts	\$81,560,000	\$240,000	\$81,800,000
Project Construction Fund Earnings	\$55,334		\$55,334
Total Sources	\$81,615,334	\$240,000	\$81,855,334
Uses of Funds			
Original Issue Discount	\$2,933,265		\$2,933,265
Total underwriter's Discount	774,820	2,280	777,100
Costs of Issuance	733,841	212,159	946,000
Deposit to Debt Service Reserve Fund	5,247,250		5,247,250
Deposit to Capitalized Interest Fund	6,657,394	14,244	6,671,638
Deposit to Construction Fund	65,267,654	10,000	65,277,653
Rounding Amount	1,110	1,317	2,463
Total Uses	\$81,614,334	\$240,000	\$81,855,344

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Preliminary

\$81,855,334.00

Florida International University Project
Student Housing Fixed Rate Revenue Bonds
Series 2014

Total Issue Sources And Uses

Dated 07/02/2014 | Delivered 07/02/2014

	Tax-exempt	Taxable	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$81,560,000.00	\$240,000.00	\$81,800,000.00
Project Construction Fund Interest	\$55,334.00	-	\$55,334.00
Total Sources	\$81,615,334.00	\$240,000.00	\$81,855,334.00
Uses Of Funds			
Original Issue Discount (OID)	2,933,265.45	-	\$2,933,265.45
Total Underwriter's Discount (0.950%)	774,820.00	2,280.00	\$777,100.00
Costs of Issuance	733,840.58	212,159.42	\$946,000.00
Deposit to Debt Service Reserve Fund (DSRF)	5,247,250.00	-	\$5,247,250.00
Deposit to Capitalized Interest (CIF) Fund	6,657,394.31	14,244.26	\$6,671,638.57
Deposit to Project Construction Fund	65,267,653.45	10,000.00	\$65,277,653.45
Rounding Amount	1,110.21	1,316.32	\$2,426.53
Total Uses	\$81,615,334.00	\$240,000.00	\$81,855,334.00

DEVELOPMENT COST

	Adjusted	2014	2015	Total
Div 00 CM Fee	2,606,634	651,658	1,954,975	2,606,634
Div 01 General Conditions	2,331,267	582,817	1,748,450	2,331,267
Div 02 Site Development	3,742,917	935,729	2,807,188	3,742,917
Div 03 Concrete	9,759,018	2,439,754	7,319,263	9,759,018
Div 04 Masonry	66,769	16,692	50,077	66,769
Div 05 Metals	1,479,284	369,821	1,109,463	1,479,284
Div 06 Woods and Plastics	835,698	208,924	626,773	835,698
Div 07 Waterproofing and Caulking	644,872	161,218	483,654	644,872
Div 08 Doors, Frames, and Hardware	4,129,225	1,032,306	3,096,918	4,129,225
Div 09 Finishes	6,421,891	1,605,473	4,816,418	6,421,891
Div 10 Specialties	301,629	75,407	226,222	301,629
Div 11 Equipment	746,144	186,536	559,608	746,144
Div 12 Furnishings	133,121	33,280	99,841	133,121
Div 13 Special Construction	250,384	62,596	187,788	250,384
Div 14 Elevators	755,324	188,831	566,493	755,324
Div 15 Mechanical	8,824,278	2,206,070	6,618,209	8,824,278
Div 16 Electrical/Voice Data System	5,046,349	1,261,587	3,784,762	5,046,349
Div 17 Sales Tax Credit	(454,680)	(113,670)	(341,010)	(454,680)
Liability Ins, Builders Risk, Payment Bonds	1,015,834	253,958	761,875	1,015,834
Contingency	1,364,044	341,011	1,023,033	1,364,044
Total Hard Costs	168.4 /sqft	50,000,000	12,500,000	37,500,000
				50,000,000

Soft Costs

A & E Fees	2,853,600	2,639,580	214,020	2,853,600
FF&E	3,704,061	-	3,704,061	3,704,061
Construction Administration	1,000,000	333,333	666,667	1,000,000
Program Management	3,351,094	2,094,434	1,256,660	3,351,094
Development Contingency	2,500,000	625,000	1,875,000	2,500,000
Total Soft Costs	13,408,755	5,692,347	7,716,408	13,408,755

Preclosing and Financing Costs

Predevelopment Costs	891,325			
Permits, Inspections, and Fees	980,000			
Original Issue Discount (OID)	2,933,265			
Cost of Issuance - Bonds	946,000			
Total Underwriter's Discount (.950%)	777,100			
Debt Service Reserve	5,247,250			
Capitalized Interest	6,671,639			
Total Preclosing and Financing Costs	18,446,579	18,446,579	-	18,446,579

Total Development Costs

275.7 /sqft	81,855,334	36,638,926	45,216,408	81,855,334
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Land Costs	
Land Size (Acres):	0.00
Land Cost:	-
Broker Commission:	-
Other Land Cost	-
Other Land Cost	-
Other Land Cost	-
Total	-

Predevelopment Costs	
Travel	125,000
Reimbursements/Fee	270,000
Market Study	55,000
Printing Costs	50,000
Marking	15,000
Office Lease	25,000
Survey	10,000
Environmental Assessment	10,000
Reprographics	5,000
Estimating	25,000
Accounting	10,000
Legal	75,000
Office Equipment/Rentals	50,000
Title Insurance	166,325
Total	891,325

Permits, Inspections & Fees	
Building Permit	680,000
Water/Sewer Meter Fees	50,000
Electric Meter Fee	50,000
Schools Impact	-
Parks Impact	-
Permit Expeditor	-
Inspections	100,000
Testing	100,000
Description	-
Description	-
Description	-
Total	980,000

Furniture, Fixtures, & Equipment	
Apartment Furniture	1,006,561
Outdoor Furniture & Equipment	100,000
TVs	200,000
Electronics	150,000
Fitness	100,000
Model Unit Décor	25,000
Interior Decorating Fees	25,000
Interior Decorating Furn	485,000
Signage	200,000
Wiring/Internet/IT	600,000
Chiller Plant	800,000
Office Supplies/Equipment	12,500
Total	3,704,061

Architectural & Engineering	
Design Architect (% of Hard Cost)	5.71%
Design Architect	2,065,000
Basic Site Services	292,000
CA for Phase I	157,000
Test Wells	10,000
CA for Phase II	140,000
Geotech/Survey	29,000
Reimbursibles	15,000
LEED	95,600
Marketing Material	50,000
Total	2,853,600
% Collected at Closing	90%
Total as % of Hard Cost	5.7%

Furniture	Units	Beds
C1-4B/2B	80	320
B1- 2B/2B	128	256
A1-Studio	40	40
Staff	1	1
Staff	1	1
0	0	0
	250	618

C1-4B/2B	Count	Unit Price	Total Cost
Mattress	320	\$143.07	45,782.40
Bed	320	184.54	59,052.80
Headboard	320	86.00	27,520.00
Night stand	320	107.12	34,278.40
Study Desk	320	116.83	37,385.60
Study Chair	320	85.00	27,200.00
Under Bed Dresser (1 each)	320	110.35	35,312.00
Loveseat	80	750.00	60,000.00
Chairs	80	303.64	24,291.20
Coffee Table	80	130.00	10,400.00
Side Table	80	114.00	9,120.00
Entertainment Table	80	130.00	10,400.00
Dining Table w 4 chairs	80	750.00	60,000.00
SUBTOTAL		3,010.55	440,742.40

B1- 2B/2B	Count	Unit Price	Total Cost
Mattress	256	\$143.07	36,625.92
Bed	256	184.54	47,242.24
Headboard	256	86.00	22,016.00
Night stand	256	107.12	27,422.72
Study Desk	256	116.83	29,908.48
Study Chair	256	85.00	21,760.00
Under Bed Dresser (1 each)	256	110.35	28,249.60
Loveseat	128	581.52	74,434.56
Chair	128	303.64	38,865.92
Coffee Table	128	130.00	16,640.00
Side Table	128	114.00	14,592.00
Entertainment Table	128	130.00	16,640.00
2 Bar Stools	128	200.00	25,600.00
SUBTOTAL		2,292.07	399,997.44

A1-Studio	Count	Unit Price	Total Cost
Mattress	40	\$143.07	5,722.80
Bed	40	184.54	7,381.60
Headboard	40	86.00	3,440.00
Night stand	40	-	-
Study Desk	40	116.83	4,673.20
Study Chair	40	85.00	3,400.00
Under Bed Dresser (1 each)	40	110.35	4,414.00
Sofa	40	-	-
Chair	40	-	-
Coffee Table	40	-	-
Side Table	40	-	-
Entertainment Table	40	-	-
2 Bar Stools	40	200.00	8,000.00
SUBTOTAL		925.79	37,031.60

Staff	Count	Unit Price	Total Cost
Mattress	1	\$143.07	143.07
Bed	1	184.54	184.54
Headboard	1	86.00	86.00
Night stand	1	-	-
Study Desk	1	116.83	116.83
Study Chair	1	85.00	85.00
Under Bed Dresser (1 each)	1	110.35	110.35
Sofa	1	750.00	750.00
Chairs	1	303.64	303.64
Coffee Table	1	130.00	130.00
Side Table	1	114.00	114.00
Entertainment Table	1	130.00	130.00
Dining Table w 2 chairs	1	500.00	500.00
SUBTOTAL		2,653.43	2,653.43

Staff	Count	Unit Price	Total Cost
Mattress	1	\$143.07	143.07
Bed	1	184.54	184.54
Headboard	1	86.00	86.00
Night stand	1	-	-
Study Desk	1	116.83	116.83
Study Chair	1	85.00	85.00
Under Bed Dresser (1 each)	1	110.35	110.35
Sofa	1	750.00	750.00
Chairs (2 each)	1	303.64	303.64
Coffee Table	1	130.00	130.00
Side Table	1	114.00	114.00
Entertainment Table	1	-	-
Dining Table w 2 chairs	1	500.00	500.00
SUBTOTAL		2,523.43	2,523.43

Subtotal		882,948
Shipping/ Handling	7.50%	66,221
Installation	6.50%	57,392
Tax	0.00%	-
Total		<u>1,006,561</u>
\$/Bed		1,628.74

Cost of Issuance	Preliminary
Financial Advisor	45,000
Bond Counsel	103,500
Underwriter's Counsel	90,000
Owner's Counsel	26,500
Developer's Counsel	32,000
University Counsel	50,000
Trustee Fees	8,500
Trustee Council	7,500
Rating Agency Fee	60,000
Disclosure Counsel	49,000
Printing	2,500
Foundation Counsel	26,500
Miscellaneous	25,000
Issuer Fee	210,000
Foundation Fee	<u>210,000</u>
 Total	 946,000

Preliminary

\$81,800,000

Florida International University Project

Student Housing Fixed Rate Revenue Bonds

Series 2014

Net Debt Service Schedule

Date		Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
06/30/2015	2015	-	-	3,635,358.61	3,635,358.61	-	(3,635,358.61)	-
06/30/2016	2016	350,000.00	3.029%	3,977,900.00	4,327,900.00	-	(3,117,612.83)	1,210,287.17
06/30/2017	2017	485,000.00	2.000%	3,967,300.00	4,452,300.00	(39,354.38)	(116,109.66)	4,296,835.96
06/30/2018	2018	735,000.00	2.000%	3,957,600.00	4,692,600.00	(78,708.76)	-	4,613,891.24
06/30/2019	2019	925,000.00	3.000%	3,942,900.00	4,867,900.00	(78,708.76)	-	4,789,191.24
06/30/2020	2020	1,140,000.00	3.000%	3,915,150.00	5,055,150.00	(78,708.76)	-	4,976,441.24
06/30/2021	2021	1,365,000.00	3.000%	3,880,950.00	5,245,950.00	(78,708.76)	-	5,167,241.24
06/30/2022	2022	1,405,000.00	5.000%	3,840,000.00	5,245,000.00	(78,708.76)	-	5,166,291.24
06/30/2023	2023	1,475,000.00	5.000%	3,769,750.00	5,244,750.00	(78,708.76)	-	5,166,041.24
06/30/2024	2024	1,550,000.00	5.000%	3,696,000.00	5,246,000.00	(78,708.76)	-	5,167,291.24
06/30/2025	2025	1,625,000.00	5.000%	3,618,500.00	5,243,500.00	(78,708.76)	-	5,164,791.24
06/30/2026	2026	1,705,000.00	5.000%	3,537,250.00	5,242,250.00	(78,708.76)	-	5,163,541.24
06/30/2027	2027	1,795,000.00	5.000%	3,452,000.00	5,247,000.00	(78,708.76)	-	5,168,291.24
06/30/2028	2028	1,885,000.00	5.000%	3,362,250.00	5,247,250.00	(78,708.76)	-	5,168,541.24
06/30/2029	2029	1,975,000.00	5.000%	3,268,000.00	5,243,000.00	(78,708.76)	-	5,164,291.24
06/30/2030	2030	2,075,000.00	5.000%	3,169,250.00	5,244,250.00	(78,708.76)	-	5,165,541.24
06/30/2031	2031	2,180,000.00	5.000%	3,065,500.00	5,245,500.00	(78,708.76)	-	5,166,791.24
06/30/2032	2032	2,290,000.00	5.000%	2,956,500.00	5,246,500.00	(78,708.76)	-	5,167,791.24
06/30/2033	2033	2,405,000.00	5.000%	2,842,000.00	5,247,000.00	(78,708.76)	-	5,168,291.24
06/30/2034	2034	2,525,000.00	5.000%	2,721,750.00	5,246,750.00	(78,708.76)	-	5,168,041.24
06/30/2035	2035	2,650,000.00	5.000%	2,595,500.00	5,245,500.00	(78,708.76)	-	5,166,791.24
06/30/2036	2036	2,780,000.00	5.000%	2,463,000.00	5,243,000.00	(78,708.76)	-	5,164,291.24
06/30/2037	2037	2,920,000.00	5.000%	2,324,000.00	5,244,000.00	(78,708.76)	-	5,165,291.24
06/30/2038	2038	3,065,000.00	5.000%	2,178,000.00	5,243,000.00	(78,708.76)	-	5,164,291.24
06/30/2039	2039	3,220,000.00	5.000%	2,024,750.00	5,244,750.00	(78,708.76)	-	5,166,041.24
06/30/2040	2040	3,380,000.00	5.000%	1,863,750.00	5,243,750.00	(78,708.76)	-	5,165,041.24
06/30/2041	2041	3,550,000.00	5.000%	1,694,750.00	5,244,750.00	(78,708.76)	-	5,166,041.24
06/30/2042	2042	3,725,000.00	5.000%	1,517,250.00	5,242,250.00	(78,708.76)	-	5,163,541.24
06/30/2043	2043	3,915,000.00	5.000%	1,331,000.00	5,246,000.00	(78,708.76)	-	5,167,291.24
06/30/2044	2044	4,110,000.00	5.000%	1,135,250.00	5,245,250.00	(78,708.76)	-	5,166,541.24
06/30/2045	2045	4,315,000.00	5.000%	929,750.00	5,244,750.00	(78,708.76)		5,166,041.24
06/30/2046	2046	4,530,000.00	5.000%	714,000.00	5,244,000.00	(78,708.76)		5,165,291.24
06/30/2047	2047	4,755,000.00	5.000%	487,500.00	5,242,500.00	(78,708.76)		5,163,791.24
06/30/2048	2048	4,995,000.00	5.000%	249,750.00	5,244,750.00	(5,325,958.76)		(81,208.76)

OPERATING REVENUES AND EXPENSES

Academic Year=>	Factor	Project Year =>	2	3	4	5	6	
		Project Total	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
		Months In year	11	12	12	12	12	
Comments								
Revenue								
Gross Potential Rent	1,018	/bed/mo	4,873,152	8,008,761	8,480,514	8,734,930	8,996,978	
Parking Income	-	/space/mo	-	-	-	-	-	
Other Income	8,000	/yr	7,780	8,721	8,982	9,252	9,529	
Vacancy Rate	5.00%	/academic year	10%	13%	14%	14%	13%	
Vacancy			509,466	1,058,290	1,198,621	1,191,436	1,182,741	
Net Rental Revenue			4,371,466	6,959,192	7,290,876	7,552,745	7,823,765	
Operating Expenses								
Admin	21,375	/year	13,791	22,664	23,999	24,719	25,461	
Marketing/Residential Life Programs	72,628	/year	46,858	77,008	81,544	83,991	86,511	
Professional Services Fees	6,650	/year	4,290	7,051	7,466	7,690	7,921	
Management Staff	326,616	/year	210,726	346,317	366,717	377,718	389,050	
Community Assistants	-	/year	-	-	-	-	-	
Cleaning/Decorarting/Turnover	151,535	/year	97,767	160,675	170,139	175,244	180,501	
Insurance	332,500	/year	214,523	352,556	373,323	384,523	396,059	
Utilities	374,300	/year	241,491	396,877	420,255	432,863	445,849	
Property Management Fee	64,202	% of NRR	41,422	68,074	72,084	74,247	76,474	
Total Operating Expense			870,868	1,431,224	1,515,530	1,560,995	1,607,825	
Deposit Into Replacement Reserve Account	185	/bed/yr	111,185	124,628	128,367	132,218	136,185	
Total Operating Expense & Reserves			982,053	1,555,852	1,643,897	1,693,213	1,744,010	
Net Operating Income			3,389,413	5,403,340	5,646,979	5,859,532	6,079,756	
IDA Fee			42,100	45,928	45,928	45,928	45,928	
Foundation Fee	-	1.0% of Net Rental Revenue	43,637	69,505	72,819	75,435	78,142	
			3,303,676	5,287,907	5,528,233	5,738,169	5,955,686	
Debt Service								
Senior Loan Debt Service			4,327,900	4,412,946	4,613,891	4,789,191	4,976,441	
Debt Service Funded by Capitalized Interest Fund			3,117,613	116,110	-	-	-	
Total Debt Service			1,210,287	4,296,836	4,613,891	4,789,191	4,976,441	
Cashflow after Debt Service			2,093,389	991,071	914,341	948,978	979,244	
Debt Service Coverage Ratio			Min->	1.20	2.73	1.23	1.20	1.20
Property Management Fee	192,606	% of NRR	124,265	204,223	216,253	222,741	229,423	
Subtotal			1,969,124	786,848	698,088	726,237	749,821	
Summer Deficiency			173,858	617,581	604,302	585,636	566,245	
Net Cash Flow to University			195,172,878	-	1,969,124	786,848	698,088	726,237
Net Present Value of Cashflow after Debt Service			6.0%	41,972,231				

OPERATING REVENUES AND EXPENSES

Project Year =>			7	8	9	10	11	12		
Academic Year=>	Factor	Project Total	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026		
		Months In year	12	12	12	12	12	12		
		Comments								
Revenue										
Gross Potential Rent	1,018	/bed/mo	9,266,887	9,544,894	9,831,240	10,126,178	10,429,963	10,742,862		
Parking Income	-	/space/mo	-	-	-	-	-	-		
Other Income	8,000	/yr	9,815	10,110	10,413	10,725	11,047	11,378		
Vacancy Rate	5.00%	/academic year	13%	12%	12%	12%	12%	12%		
Vacancy			1,172,453	1,184,403	1,219,935	1,256,533	1,294,229	1,333,056		
Net Rental Revenue			8,104,249	8,370,600	8,621,718	8,880,370	9,146,781	9,421,184		
Operating Expenses										
Admin	21,375	/year	26,225	27,011	27,822	28,656	29,516	30,402		
Marketing/Residential Life Programs	72,628	/year	89,106	91,779	94,532	97,368	100,289	103,298		
Professional Services Fees	6,650	/year	8,159	8,404	8,656	8,915	9,183	9,458		
Management Staff	326,616	/year	400,721	412,743	425,125	437,879	451,015	464,546		
Community Assistants	-	/year	-	-	-	-	-	-		
Cleaning/Decorarting/Turnover	151,535	/year	185,916	191,493	197,238	203,155	209,250	215,528		
Insurance	332,500	/year	407,941	420,179	432,784	445,768	459,141	472,915		
Utilities	374,300	/year	459,224	473,001	487,191	501,807	516,861	532,367		
Property Management Fee	64,202	% of NRR	78,769	81,132	83,566	86,073	88,655	91,314		
Total Operating Expense			1,656,060	1,705,742	1,756,914	1,809,621	1,863,910	1,919,827		
Deposit Into Replacement Reserve Account	185	/bed/yr	140,270	144,478	148,813	153,277	157,875	162,612		
Total Operating Expense & Reserves			1,796,330	1,850,220	1,905,727	1,962,899	2,021,785	2,082,439		
Net Operating Income			6,307,919	6,520,380	6,715,992	6,917,471	7,124,995	7,338,745		
IDA Fee			45,928	45,928	45,928	45,928	45,928	45,928		
Foundation Fee	-	1.0% of Net Rental Revenue	80,944	83,605	86,113	88,696	91,357	94,098		
			6,181,047	6,390,848	6,583,951	6,782,847	6,987,710	7,198,720		
Debt Service										
Senior Loan Debt Service			5,167,241	5,166,291	5,166,041	5,167,291	5,164,791	5,163,541		
Debt Service Funded by Capitalized Interest Fund			-	-	-	-	-	-		
Total Debt Service			5,167,241	5,166,291	5,166,041	5,167,291	5,164,791	5,163,541		
Cashflow after Debt Service			1,013,806	1,224,556	1,417,910	1,615,556	1,822,919	2,035,178		
Debt Service Coverage Ratio			Min->	1.20	1.20	1.24	1.27	1.31	1.35	1.39
Property Management Fee	192,606	% of NRR	236,306	243,395	250,697	258,218	265,964	273,943		
Subtotal			777,500	981,162	1,167,213	1,357,338	1,556,955	1,761,235		
			-	-	-	-	-	-		
Summer Deficiency			544,607	511,730	500,979	490,157	478,379	466,468		
Net Cash Flow to University			195,172,878	749,821	777,500	981,162	1,167,213	1,357,338	1,556,955	
Net Present Value of Cashflow after Debt Service			6.0%	41,972,231						

OPERATING REVENUES AND EXPENSES

Academic Year=>	Factor	Project Year => Project Total	13	14	15	16	17	18
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
		Months In year	12	12	12	12	12	12
		Comments						
Revenue								
Gross Potential Rent	1,018	/bed/mo	11,065,148	11,397,102	11,739,015	12,091,186	12,453,921	12,827,539
Parking Income	-	/space/mo	-	-	-	-	-	-
Other Income	8,000	/yr	11,720	12,071	12,433	12,806	13,191	13,586
Vacancy Rate	5.00%	/academic year	12%	12%	12%	12%	12%	12%
Vacancy			1,373,048	1,414,239	1,456,666	1,500,366	1,545,377	1,591,738
Net Rental Revenue			9,703,820	9,994,934	10,294,782	10,603,626	10,921,735	11,249,387
Operating Expenses								
Admin	21,375	/year	31,314	32,253	33,221	34,217	35,244	36,301
Marketing/Residential Life Programs	72,628	/year	106,397	109,589	112,877	116,263	119,751	123,343
Professional Services Fees	6,650	/year	9,742	10,034	10,335	10,645	10,965	11,294
Management Staff	326,616	/year	478,482	492,836	507,622	522,850	538,536	554,692
Community Assistants	-	/year	-	-	-	-	-	-
Cleaning/Decorating/Turnover	151,535	/year	221,993	228,653	235,513	242,578	249,856	257,351
Insurance	332,500	/year	487,102	501,715	516,767	532,270	548,238	564,685
Utilities	374,300	/year	548,338	564,788	581,732	599,184	617,159	635,674
Property Management Fee	64,202	% of NRR	94,054	96,875	99,782	102,775	105,858	109,034
Total Operating Expense			1,977,422	2,036,745	2,097,847	2,160,783	2,225,606	2,292,374
Deposit Into Replacement Reserve Account	185	/bed/yr	167,490	172,515	177,690	183,021	188,511	194,167
Total Operating Expense & Reserves			2,144,912	2,209,260	2,275,537	2,343,803	2,414,118	2,486,541
Net Operating Income			7,558,908	7,785,675	8,019,245	8,259,822	8,507,617	8,762,846
IDA Fee			45,928	45,928	45,928	45,928	45,928	45,928
Foundation Fee	-	1.0% of Net Rental Revenue	96,921	99,829	102,823	105,908	109,085	112,358
			7,416,059	7,639,919	7,870,494	8,107,987	8,352,604	8,604,560
Debt Service								
Senior Loan Debt Service			5,168,291	5,168,541	5,164,291	5,165,541	5,166,791	5,167,791
Debt Service Funded by Capitalized Interest Fund			-	-	-	-	-	-
Total Debt Service			5,168,291	5,168,541	5,164,291	5,165,541	5,166,791	5,167,791
Cashflow after Debt Service			2,247,768	2,471,377	2,706,203	2,942,445	3,185,813	3,436,769
Debt Service Coverage Ratio	Min->	1.20	1.43	1.48	1.52	1.57	1.62	1.67
Property Management Fee	192,606	% of NRR	282,161	290,626	299,345	308,325	317,575	327,102
Subtotal			1,965,606	2,180,751	2,406,858	2,634,120	2,868,238	3,109,667
			-	-	-	-	-	-
Summer Deficiency			455,207	442,834	429,338	416,375	403,018	389,211
Net Cash Flow to University		195,172,878	1,761,235	1,965,606	2,180,751	2,406,858	2,634,120	2,868,238
Net Present Value of Cashflow after Debt Service	6.0%	41,972,231						

OPERATING REVENUES AND EXPENSES

Academic Year=>	Factor	Project Year => Project Total	19	20	21	22	23	24		
			FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038		
		Months In year	12	12	12	12	12	12		
		Comments								
Revenue										
Gross Potential Rent	1,018	/bed/mo	13,212,365	13,608,736	14,016,998	14,437,508	14,870,633	15,316,752		
Parking Income	-	/space/mo	-	-	-	-	-	-		
Other Income	8,000	/yr	13,994	14,414	14,846	15,292	15,750	16,223		
Vacancy Rate	5.00%	/academic year	12%	12%	12%	12%	12%	12%		
Vacancy			1,639,491	1,688,675	1,739,336	1,791,516	1,845,261	1,900,619		
Net Rental Revenue			11,586,868	11,934,474	12,292,509	12,661,284	13,041,122	13,432,356		
Operating Expenses										
Admin	21,375	/year	37,390	38,512	39,667	40,857	42,083	43,346		
Marketing/Residential Life Programs	72,628	/year	127,044	130,855	134,781	138,824	142,989	147,278		
Professional Services Fees	6,650	/year	11,633	11,981	12,341	12,711	13,092	13,485		
Management Staff	326,616	/year	571,333	588,472	606,127	624,310	643,040	662,331		
Community Assistants	-	/year	-	-	-	-	-	-		
Cleaning/Decorarting/Turnover	151,535	/year	265,072	273,024	281,215	289,651	298,341	307,291		
Insurance	332,500	/year	581,626	599,074	617,047	635,558	654,625	674,263		
Utilities	374,300	/year	654,744	674,387	694,618	715,457	736,920	759,028		
Property Management Fee	64,202	% of NRR	112,305	115,674	119,144	122,719	126,400	130,192		
Total Operating Expense			2,361,146	2,431,980	2,504,939	2,580,088	2,657,490	2,737,215		
Deposit Into Replacement Reserve Account	185	/bed/yr	199,992	205,992	212,171	218,536	225,092	231,845		
Total Operating Expense & Reserves			2,561,137	2,637,971	2,717,111	2,798,624	2,882,583	2,969,060		
Net Operating Income			9,025,731	9,296,503	9,575,398	9,862,660	10,158,540	10,463,296		
IDA Fee			45,928	45,928	45,928	45,928	45,928	45,928		
Foundation Fee	-	1.0% of Net Rental Revenue	115,729	119,201	122,777	126,460	130,254	134,161		
			8,864,075	9,131,375	9,406,694	9,690,272	9,982,358	10,283,207		
Debt Service										
Senior Loan Debt Service			5,168,291	5,168,041	5,166,791	5,164,291	5,165,291	5,164,291		
Debt Service Funded by Capitalized Interest Fund			-	-	-	-	-	-		
Total Debt Service			5,168,291	5,168,041	5,166,791	5,164,291	5,165,291	5,164,291		
Cashflow after Debt Service			3,695,783	3,963,333	4,239,903	4,525,981	4,817,067	5,118,916		
Debt Service Coverage Ratio			Min->	1.20	1.72	1.77	1.82	1.88	1.93	1.99
Property Management Fee	192,606	% of NRR	336,915	347,023	357,433	368,156	379,201	390,577		
Subtotal			3,358,868	3,616,311	3,882,469	4,157,825	4,437,866	4,728,339		
			-	-	-	-	-	-		
Summer Deficiency			374,902	360,037	344,559	328,416	312,384	295,533		
Net Cash Flow to University			195,172,878	3,109,667	3,358,868	3,616,311	3,882,469	4,157,825	4,437,866	
Net Present Value of Cashflow after Debt Service			6.0%	41,972,231						

OPERATING REVENUES AND EXPENSES

Academic Year=>	Factor	Project Year =>	25	26	27	28	29	30		
		Project Total	FY 2039	FY 2040	FY 2041	FY 2042	FY 2043	FY 2044		
		Months In year	12	12	12	12	12	12		
		Comments								
Revenue										
Gross Potential Rent	1,018	/bed/mo	15,776,255	16,249,542	16,737,029	17,239,139	17,756,314	18,289,003		
Parking Income	-	/space/mo	-	-	-	-	-	-		
Other Income	8,000	/yr	16,710	17,211	17,727	18,259	18,807	19,371		
Vacancy Rate	5.00%	/academic year	12%	12%	12%	12%	12%	12%		
Vacancy			1,957,637	2,016,367	2,076,858	2,139,163	2,203,338	2,269,438		
Net Rental Revenue			13,835,327	14,250,387	14,677,898	15,118,235	15,571,782	16,038,936		
Operating Expenses										
Admin	21,375	/year	44,646	45,985	47,365	48,786	50,249	51,757		
Marketing/Residential Life Programs	72,628	/year	151,697	156,248	160,935	165,763	170,736	175,858		
Professional Services Fees	6,650	/year	13,890	14,307	14,736	15,178	15,633	16,102		
Management Staff	326,616	/year	682,201	702,667	723,747	745,459	767,823	790,858		
Community Assistants	-	/year	-	-	-	-	-	-		
Cleaning/Decorarting/Turnover	151,535	/year	316,509	326,005	335,785	345,858	356,234	366,921		
Insurance	332,500	/year	694,491	715,326	736,786	758,890	781,656	805,106		
Utilities	374,300	/year	781,799	805,253	829,410	854,293	879,922	906,319		
Property Management Fee	64,202	% of NRR	134,098	138,121	142,265	146,533	150,929	155,457		
Total Operating Expense			2,819,331	2,903,911	2,991,029	3,080,759	3,173,182	3,268,378		
Deposit Into Replacement Reserve Account	185	/bed/yr	238,801	245,965	253,344	260,944	268,772	276,835		
Total Operating Expense & Reserves			3,058,132	3,149,876	3,244,372	3,341,703	3,441,954	3,545,213		
Net Operating Income			10,777,195	11,100,511	11,433,526	11,776,532	12,129,828	12,493,723		
IDA Fee			45,928	45,928	45,928	45,928	45,928	45,928		
Foundation Fee	-	1.0% of Net Rental Revenue	138,186	142,332	146,602	151,000	155,530	160,196		
			10,593,081	10,912,251	11,240,997	11,579,604	11,928,370	12,287,599		
Debt Service										
Senior Loan Debt Service			5,166,041	5,165,041	5,166,041	5,163,541	5,167,291	5,166,541		
Debt Service Funded by Capitalized Interest Fund			-	-	-	-	-	-		
Total Debt Service			5,166,041	5,165,041	5,166,041	5,163,541	5,167,291	5,166,541		
Cashflow after Debt Service			5,427,040	5,747,210	6,074,955	6,416,063	6,761,079	7,121,058		
Debt Service Coverage Ratio			Min->	1.20	2.05	2.11	2.18	2.24	2.31	2.38
Property Management Fee	192,606	% of NRR	402,294	414,363	426,794	439,598	452,786	466,370		
Subtotal			5,024,745	5,332,847	5,648,161	5,976,465	6,308,293	6,654,688		
			-	-	-	-	-	-		
Summer Deficiency			278,639	260,772	242,707	116,520	-	-		
Net Cash Flow to University			195,172,878	4,728,339	5,024,745	5,332,847	5,648,161	5,976,465	6,308,293	
Net Present Value of Cashflow after Debt Service			6.0%	41,972,231						

OPERATING REVENUES AND EXPENSES

Academic Year=>	Factor	Project Year => Project Total	31	32	33	34	35	36
			FY 2045	FY 2046	FY 2047	FY 2048	FY 2049	FY 2050
		Months In year	12	12	12	12	12	12
		Comments						
Revenue								
Gross Potential Rent	1,018	/bed/mo	18,837,673	19,402,803	19,984,887	20,584,434	21,201,967	21,838,026
Parking Income	-	/space/mo	-	-	-	-	-	-
Other Income	8,000	/yr	19,952	20,551	21,167	21,802	22,456	23,130
Vacancy Rate	5.00%	/academic year	12%	12%	12%	12%	12%	12%
Vacancy			2,337,521	2,407,647	2,479,877	2,554,273	2,630,901	2,709,828
Net Rental Revenue			16,520,104	17,015,707	17,526,178	18,051,963	18,593,522	19,151,328
Operating Expenses								
Admin	21,375	/year	53,310	54,909	56,556	58,253	60,000	61,800
Marketing/Residential Life Programs	72,628	/year	181,134	186,568	192,165	197,930	203,868	209,984
Professional Services Fees	6,650	/year	16,585	17,083	17,595	18,123	18,667	19,227
Management Staff	326,616	/year	814,584	839,021	864,192	890,117	916,821	944,326
Community Assistants	-	/year	-	-	-	-	-	-
Cleaning/Decorating/Turnover	151,535	/year	377,929	389,267	400,945	412,973	425,362	438,123
Insurance	332,500	/year	829,259	854,137	879,761	906,154	933,338	961,339
Utilities	374,300	/year	933,509	961,514	990,359	1,020,070	1,050,672	1,082,193
Property Management Fee	64,202	% of NRR	160,120	164,924	169,872	174,968	180,217	185,623
Total Operating Expense			3,366,429	3,467,422	3,571,445	3,678,588	3,788,946	3,902,614
Deposit Into Replacement Reserve Account	185	/bed/yr	285,140	293,695	302,505	311,581	320,928	330,556
Total Operating Expense & Reserves			3,651,569	3,761,117	3,873,950	3,990,169	4,109,874	4,233,170
Net Operating Income			12,868,534	13,254,590	13,652,228	14,061,795	14,483,649	14,918,158
IDA Fee			45,928	45,928	45,928	45,928	45,928	45,928
Foundation Fee	-	1.0% of Net Rental Revenue	165,002	169,952	175,050	180,302	185,711	191,282
			12,657,605	13,038,711	13,431,250	13,835,566	14,252,010	14,680,949
Debt Service								
Senior Loan Debt Service			5,166,041	5,165,291	5,163,791	(81,209)	-	-
Debt Service Funded by Capitalized Interest Fund			-	-	-	-	-	-
Total Debt Service			5,166,041	5,165,291	5,163,791	(81,209)	-	-
Cashflow after Debt Service			7,491,564	7,873,420	8,267,459	13,916,774	14,252,010	14,680,949
Debt Service Coverage Ratio			Min->	1.20	2.45	2.52	2.60	
Property Management Fee	192,606	% of NRR	480,361	494,771	509,615	524,903	540,650	556,870
Subtotal			7,011,203	7,378,648	7,757,844	13,391,871	13,711,360	14,124,079
Summer Deficiency			-	-	-	-	-	-
Net Cash Flow to University			195,172,878	6,654,688	7,011,203	7,393,015	7,743,478	13,391,871
Net Present Value of Cashflow after Debt Service			6.0%	41,972,231				

OPERATING REVENUES AND EXPENSES

Academic Year=>	Factor	Project Year => Project Total	37	38	39	40
			FY 2051	FY 2052	FY 2053	FY 2054
		Months In year	12	12	12	12
		Comments				
Revenue						
Gross Potential Rent	1,018	/bed/mo	22,493,167	23,167,962	23,863,001	24,578,891
Parking Income	-	/space/mo	-	-	-	-
Other Income	8,000	/yr	23,824	24,539	25,275	26,033
Vacancy Rate	5.00%	/academic year	12%	12%	12%	12%
Vacancy			2,791,123	2,874,857	2,961,102	3,049,935
Net Rental Revenue			19,725,868	20,317,644	20,927,173	21,554,988
Operating Expenses						
Admin	21,375	/year	63,654	65,564	67,531	69,557
Marketing/Residential Life Programs	72,628	/year	216,283	222,772	229,455	236,339
Professional Services Fees	6,650	/year	19,804	20,398	21,010	21,640
Management Staff	326,616	/year	972,655	1,001,835	1,031,890	1,062,847
Community Assistants	-	/year	-	-	-	-
Cleaning/Decorating/Turnover	151,535	/year	451,267	464,805	478,749	493,111
Insurance	332,500	/year	990,179	1,019,884	1,050,481	1,081,995
Utilities	374,300	/year	1,114,658	1,148,098	1,182,541	1,218,017
Property Management Fee	64,202	% of NRR	191,192	196,928	202,836	208,921
Total Operating Expense			4,019,692	4,140,283	4,264,492	4,392,426
Deposit Into Replacement Reserve Account	185	/bed/yr	340,473	350,687	361,207	372,044
Total Operating Expense & Reserves			4,360,165	4,490,970	4,625,699	4,764,470
Net Operating Income			15,365,703	15,826,674	16,301,474	16,790,518
IDA Fee			45,928	45,928	45,928	45,928
Foundation Fee	-	1.0% of Net Rental Revenue	197,020	202,931	209,019	215,290
			15,122,755	15,577,815	16,046,528	16,529,301
Debt Service						
Senior Loan Debt Service			-	-	-	-
Debt Service Funded by Capitalized Interest Fund			-	-	-	-
Total Debt Service			-	-	-	-
Cashflow after Debt Service			15,122,755	15,577,815	16,046,528	16,529,301
Debt Service Coverage Ratio			Min->	1.20		
Property Management Fee	192,606	% of NRR	573,576	590,783	608,507	626,762
Subtotal			14,549,179	14,987,032	15,438,021	15,902,540
Summer Deficiency			-	-	-	-
Net Cash Flow to University			195,172,878	14,124,079	14,549,179	14,987,032
Net Present Value of Cashflow after Debt Service			6.0%	41,972,231	15,438,021	

Preliminary Cost Comparison

Biscayne Bay Campus Housing Facility

	FIU Projection	Servitas Projection
Beds	618	618
Construction Hard Costs	\$52,196,235	\$50,000,000
Soft Costs		
A & E Fees	2,964,746	2,853,600
FF&E	3,677,115	3,704,061
Predevelopment Costs	521,962	891,325
Development Contingency	2,609,812	2,500,000
CSR (Permits, Inspections, and Fees)	\$1,715,666	\$1,980,000
Program Management (Developer Fee)	-	3,351,094
Total Soft Costs	11,489,301	15,280,080
Total Project Cost	\$63,685,536	\$65,280,080
Financing Costs		
Cost of Issuance - Bonds	946,000	946,000
Original Issue Discount (OID)	2,861,616	2,933,265
Total Underwriter's Discount (.950%)	758,118	777,100
Debt Service Reserve	5,119,079	5,247,250
Capitalized Interest	6,508,676	6,671,639
Total Financing Costs	16,193,489	16,575,254
Total Development Cost	79,879,025	81,855,334
Construction per Bed	\$84,460	\$80,906
Total Project Costs per Bed	\$103,051	\$105,631
Total Development Costs per Bed	\$129,254	\$132,452

Development costs are preliminary; final values are subject to change

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EXCERPT FROM THE PRELIMINARY OFFICIAL STATEMENT DATED JUNE ____, 2014
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS

Limited Obligations

THE SERIES 2014 BONDS WILL BE LIMITED AND SPECIAL OBLIGATIONS OF THE ISSUER AND WILL BE PAYABLE SOLELY AND ONLY FROM THE AMOUNTS PAID TO THE ISSUER BY THE BORROWER UNDER THE LOAN AGREEMENT AND THE SERIES 2014 NOTES, FROM UNSPENT PROCEEDS OF THE SERIES 2014 BONDS, AND FROM PROPERTY PLEDGED UNDER THE LEASEHOLD MORTGAGE AND THE SECURITY AGREEMENT, AND NEITHER THE SERIES 2014 BONDS NOR THE INTEREST THEREON WILL CONSTITUTE AN INDEBTEDNESS OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE COUNTY, THE UNIVERSITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION, STATUTORY LIMITATION, OR CHARTER PROVISION AND WILL NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE COUNTY, THE UNIVERSITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF ANY OF THEM. THE ISSUANCE OF THE SERIES 2014 BONDS WILL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE ISSUER HAS NO TAXING POWER AND RECEIVES NO APPROPRIATIONS FROM THE COUNTY, THE STATE, OR ANY OTHER GOVERNMENTAL BODY.

Leasehold Mortgage, Security Agreement, and Assignment of Contracts and Agreements

As security for the obligations of the Borrower to the Issuer under Loan Agreement and the Series 2014 Notes, the Borrower will execute and deliver to the Trustee (i) the Leasehold Mortgage pursuant to which the Borrower will, subject to Permitted Encumbrances, grant to the Trustee a first mortgage lien on its interest in the real property included in the Project and the Property and will, subject to Permitted Encumbrances, grant to the Trustee a first priority security interest in the leases, rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the Project, (ii) the Security Agreement pursuant to which the Borrower will, subject to Permitted Encumbrances, grant to the Trustee a first priority security interest in the Pledged Revenues, the accounts, documents, chattel paper, instruments, and general intangibles arising in any manner from the Borrower's ownership or operation of the Project, the Inventory, and the Equipment, and (iii) the Assignment of Contracts and Agreements pursuant to which the Borrower will, subject to Permitted Encumbrances, grant to the Trustee a first priority security interest in its rights under the Development Agreement and all other contracts and agreements relating to the development, design, or construction of the Series 2014 Project. The lien created by the Leasehold Mortgage is subject to the rights of the Ground Sublessor under the Ground Sublease as the fee simple owner of the Property. The Leasehold Mortgage does not constitute a lien on the Ground Sublessor's fee simple interest in the Property. Because of certain risks associated with pledging and granting a security interest in collateral of this nature, prospective purchasers should not rely upon such collateral as providing any significant security for the Series 2014 Bonds. See "CERTAIN BONDHOLDERS' RISKS - Pledge and Assignment of, and Grant of Security Interest in, Future Revenues" herein.

Pledge of Pledged Revenues

As security for the obligations of the Borrower to the Issuer under Loan Agreement and the Series 2014 Notes, the Borrower will, subject to Permitted Encumbrances, grant to the Trustee a first priority security interest in the Pledged Revenues and the accounts, documents, chattel paper,

instruments, and general intangibles arising in any manner from the Borrower's ownership or operation of the Project.

Because of certain risks associated with granting a security interest in collateral of this nature, prospective purchasers should not rely upon such collateral as providing any significant security for the Series 2014 Bonds.

Pledge and Assignment of Trust Estate

Pursuant to the Indenture, and in order to secure the payment of the Debt Service Payments on the Bonds according to their tenor and effect and to secure the performance and observance by the Issuer of the covenants expressed in the Indenture and in the Bonds, the Issuer will grant to the Trustee a first priority security interest in the following (the "*Trust Estate*") which will consist of:

(i) all the right, title, and interest of the Issuer in and to (a) the Loan Agreement (except for Unassigned Rights) and any loan, financing, or similar agreement between the Issuer and the Borrower relating to Additional Bonds and (b) the Series 2014 Notes and any other Notes, and all extensions and renewals of the terms thereof, if any, and all amounts encumbered thereby, including, but without limitation, the present and continuing right to make claim for, collect, receive, and make receipt for payments and other sums of money payable, receivable, or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things that the Issuer is or may become entitled to do under the foregoing;

(ii) all the right, title, and interest of the Issuer in and to all cash proceeds and receipts arising out of or in connection with the sale of the Bonds and all moneys held by the Trustee in the funds created under the Indenture (excluding the Rebate Fund), including the Revenue Fund, the Bond Fund, the Redemption Fund, the Debt Service Reserve Fund, the Issuance Cost Fund, the Construction Fund, the Repair and Replacement Fund, the Insurance Fund, the Condemnation Fund, the Operations Contingency Fund, and the Surplus Fund created thereunder, or held by the Trustee as special trust funds derived from insurance proceeds, condemnation awards, payments on contractors' performance or payment bonds or other surety bonds, or any other source;

(iii) all the right, title, and interest of the Issuer in and to all moneys and securities and interest earnings thereon from time to time delivered to and held by the Trustee under the terms of the Indenture, and all other rights of every name and nature and any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned, or transferred as and for additional security thereunder by the Issuer or by anyone on its behalf or with its written consent to the Trustee; and

(iv) all other property of every name and nature from time to time by delivery or by writing mortgaged, pledged, delivered, or hypothecated as and for additional security under the Indenture by the Issuer or by anyone on its behalf or with its written consent in favor of the Trustee.

Under the Indenture, upon the occurrence of an Event of Default, the rights of the owners of the Series 2014 Bonds to the Trust Estate, to the extent provided for, are subject to a prior lien to secure the payment of all fees and expenses of the Trustee, and the Trustee may apply moneys received by it pursuant to any action taken by it in accordance with the Indenture in connection with such Event of Default to the payment of the costs and expenses of the proceedings resulting on the collection of such

moneys and to the payment of the expenses, liabilities, and advances incurred or made by the Trustee prior to its applying such moneys to the payment of Debt Service Payments on the Bonds.

Unless an Event of Default shall occur and be continuing, the Borrower will be permitted to possess and use the Security (except cash, securities, and other personal property deposited with the Trustee) and receive and use the revenues, issues, profits, and other income of the Security (except cash, securities, and other personal property required to be deposited with the Trustee).

Because of certain risks associated with granting a security interest in collateral of the nature described above, prospective purchasers should not rely solely upon such collateral as providing security for the Series 2014 Bonds. See **“CERTAIN BONDHOLDERS’ RISKS - Pledge and Assignment of, and Grant of Security Interest in, Future Revenues”** herein.

Debt Service Reserve Fund

Under the Indenture, a Debt Service Reserve Fund will be created and will be funded initially from proceeds of the Series 2014A Bonds in an amount equal to the Debt Service Reserve Requirement for the Series 2014A Bonds as of the Closing Date. Under the Indenture, the Trustee will be authorized to transfer to the Bond Fund amounts held in the Debt Service Reserve Fund to pay the Debt Service Payments then due on the Series 2014A Bonds and on any Additional Bonds that are Tax-Exempt Bonds to the extent that there are insufficient funds for said purposes in the Bond Fund, the Redemption Fund, the Surplus Fund (including the Restricted Account of the Surplus Fund), and the Operations Contingency Fund available therefor on the date such Debt Service Payments are due. Any withdrawals for this purpose from the Debt Service Reserve Fund will be required to be restored by payments of Reserve Loan Payments by the Borrower. See **“SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE INDENTURE -- Revenue Fund”** and **“SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE LOAN AGREEMENT -- Reserve Loan Payments”** in APPENDIX “E” hereto. **The moneys in the Debt Service Reserve Fund will not be available to pay Debt Service Payments on the Series 2014B Bonds.** If Additional Bonds that are Tax-Exempt Bonds are issued, the Debt Service Reserve Fund will be required to be increased by an amount equal to the Debt Service Reserve Requirement for such Additional Bonds.

Repair and Replacement Fund

The Repair and Replacement Fund will be a trust fund into which the Borrower will be required to make monthly deposits. See **“SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE INDENTURE -- Revenue Fund”** and **“SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE LOAN AGREEMENT -- Loan Payments and Other Amounts Payable”** in APPENDIX “E” hereto. The moneys in the Repair and Replacement Fund will be disbursed by the Trustee for the costs of maintenance and repair of the Project or to pay the Debt Service Payments on the Bonds to the extent there are insufficient funds on deposit in the Bond Fund, the Redemption Fund, the Surplus Fund (including the Restricted Account of the Surplus Fund), the Operations Contingency Fund, and the Debt Service Reserve Fund available on the date such payments are due. There is no minimum balance that is required to be maintained in the Repair and Replacement Fund.

Title and Property Insurance

A leasehold mortgagee’s title insurance policy will be delivered in the amount of not less than the original principal amount of the Series 2014 Bonds to insure that the Trustee will have a valid first mortgage lien on the Borrower’s leasehold interest in and to the Property, subject only to Permitted Encumbrances and the standard exclusions from the coverage of such policy. Under such title insurance policy, the Trustee will not be permitted to recover more than the fair market value of any property that is lost as a result of a title defect. The Borrower will be required under the terms of the Loan Agreement

to keep the Series 2014 Project fully insured against fire and other casualties and to maintain certain specified amounts of liability and business interruption insurance. See “**SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE LOAN AGREEMENT -- Insurance**” in APPENDIX “E” hereto.

Rate Covenant

The Borrower will be required to operate the Project as a revenue producing student housing facility on a non-discriminatory basis and to the extent permitted by law and by the Ground Sublease, to charge such fees and rates for its facilities and services and to exercise such skill and diligence as will provide Revenue Available for Fixed Charges, together with other available funds, sufficient to pay promptly all expenses of operation, maintenance, and repair of the Project and to provide all payments required to be made by the Borrower under the Loan Agreement. Such rates, fees, and charges will be required to be sufficient to produce a Fixed Charges Coverage Ratio of at least 1.20. In the event that it shall be determined, based upon the annual audited financial statements of the Borrower required by the provisions of the Loan Agreement described in APPENDIX “E” attached hereto under the heading “**THE LOAN AGREEMENT - Financial Statements**,” that for any Annual Period, such Fixed Charges Coverage Ratio shall not have been maintained, the Borrower will be required, within thirty (30) days of receipt of such financial statements, to engage a Financial Consultant to submit a report of such firm containing recommendations as to changes in the operating policies of the Borrower designed to maintain such Fixed Charges Coverage Ratio, to cause such Financial Consultant to prepare and submit such recommendations within sixty (60) days of the date of its engagement, and to implement such recommendations promptly to the extent permitted by law and by the Ground Sublease. No Event of Default under the Loan Agreement will occur as a result of the provisions of the Loan Agreement described in this paragraph if the recommendations of the Financial Consultant are followed notwithstanding that such Fixed Charges Coverage Ratio shall not subsequently be reattained, but the Borrower will continue to be obligated to employ such a Financial Consultant for such purpose until such Fixed Charges Coverage Ratio shall be reattained.

The Borrower will also be required, from time to time as often as necessary and to the extent permitted by law and the Ground Sublease, to revise the rates, fees, and charges aforesaid in such manner as may be necessary or proper so that the Revenue Available for Fixed Charges will be sufficient to meet the requirements of the Loan Agreement, and further, in order to comply with provisions of the Loan Agreement to take all action within its power to obtain approvals of any regulatory or supervisory authority to implement any rates, fees, and charges required by the Loan Agreement. See “**THE LOAN AGREEMENT - Financial Covenants -- Rate Covenant**” in APPENDIX “E” attached hereto.

Enforceability of Remedies

The realization of value from the real and personal property comprising the Project and from the other security for the Series 2014 Bonds upon any default will depend upon the exercise of various remedies specified by the Bond Documents. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. See “**CERTAIN BONDHOLDERS’ RISKS - Enforceability of Remedies**” and “**CERTAIN BONDHOLDERS’ RISKS - Pledge and Assignment of, and Grant of Security Interest in, Future Revenues**” herein.