



DEBT MANAGEMENT PACKET

as of 5/30/2018

Items are in order of the 20-Item “Checklist of Information Required for Submission to the Board Pursuant to Debt Management Guidelines”

**Checklist of Information Required for
Submission to the Board Pursuant to
Debt Management Guidelines**

1. A resolution of the DSO board of directors approving the debt issuance, if applicable, and a resolution of the university Board of Trustees (the "BOT") approving the debt issuance and authorizing the university to request Board approval of the debt issuance. *For debt to be issued by DBF, at the request of the university, DBF staff will work with Board staff and the university to determine a not-to-exceed amount of debt to be included in the BOT requesting resolution to the Board and in preparing required debt service and source-and-use schedules.*
2. The project program, feasibility studies or consultant reports (if available), and an explanation of how the project being proposed is consistent with the mission of the university.
3. Estimated project cost, with schedules drawn by month and including start and completion dates, estimated useful life, and the date bond proceeds are required.
4. The sources-and-uses of funds, clearly depicting all costs, funding sources expected to be used to complete the project and the estimated amount of the debt to be issued. *This information must follow the Board model template and be provided in Microsoft Excel format to Board staff.*
5. An estimated debt service schedule with the assumed interest rate on the debt clearly disclosed. *If the proposed debt service is not structured on a level debt service basis, an explanation shall be provided which gives the reason why it is desirable to deviate from a level debt structure.*
6. One consolidated debt service schedule separately showing all outstanding debt related to or impacting the debt being proposed, the proposed debt and the new estimated total debt service.
7. A description of the security supporting the repayment of the proposed debt and the lien position the debt will have on that security. If the lien is junior to any other debt, the senior debt must be described. Furthermore, a description of why the debt is proposed to be issued on a junior lien basis must be provided. A statement citing the legal authority for the source of revenues securing repayment must also be provided.

8. If debt is to be incurred on a parity basis with outstanding debt, a schedule showing estimated compliance with any additional bonds requirement set forth in the documents governing the outstanding debt. The applicable provisions of the documents for bonds of DSOs should be provided.
9. Financial statements for five years, if available, for the auxiliary, if auxiliary revenues are pledged.
10. A five-year history, if available, and five-year projection of the revenues securing payment. The 10 years must be shown on one table and debt service coverage ratios must be included. *The information should also be provided to Board staff in Microsoft Excel format and:*
- i) to the extent applicable, the projections must be shown on the individual project as well as the entire system;
 - ii) all revenue items securing repayment must be clearly set forth as separate line items;
 - iii) an explanation must be provided with regard to growth assumptions, and to the amount and status of approval of any rate increases;
 - iv) the effect of the rate increases on the projections and expected revenues and expenses for the new facility should be clearly set forth as a separate line item;
 - v) if rate increases are necessary, a commitment must be made to increase rates to the needed levels; and
 - vi) major categories of any operating expenses should be set forth as separate line items with an explanation of assumptions regarding increases or decreases.
11. Evidence that the project is consistent with the university's master plan or a statement that the project is not required to be in the master plan.
12. For variable rate debt proposals:
- i) the expected reduction in total borrowing costs based on a comparison of fixed versus variable interest rates;

- ii) a variable rate debt management plan that addresses liquidity and interest rate risks and provides, at a minimum: a description of budgetary controls, a description of liquidity arrangements, a discussion of why the amount of variable rate debt being proposed is appropriate, and a plan for hedging interest rate exposure. *If interest rate risks are to be mitigated by the use of derivatives, then evidence that the counterparty has a long term rating of at least an A/A2 and a swap management plan as set forth in the Board's Debt Management Guidelines must be submitted;*
 - iii) a pro forma showing the fiscal feasibility of the project using current market interest rates plus 200 basis points;
 - iv) the total amount of variable rate debt including the proposed debt as a percentage of the total amount of university and DSO debt outstanding; and
 - v) the individual or position that will be responsible for the reporting requirements for variable rate debt as set forth in these guidelines.
13. If all or any portion of the financing is contemplated to be done on a taxable basis, then evidence demonstrating that the issuance of taxable debt is in the best interest of the university must be submitted.
14. A statement explaining whether legislative approval is required, and if required, an explanation as to when legislative approval will be sought or evidence that legislative approval has already been obtained.
15. A statement that the debt issuance is in accordance with the university's debt management policy or, if not, an explanation of the specific variances as well as the reasons supporting the variances.
16. If a request is made to employ a negotiated method of sale, an analysis must be provided supporting the selection of this method that includes a discussion of the factors set forth in section IV of these Guidelines.
17. A description of the process used to select each professional engaged in the transaction, showing compliance with the competitive selection process required by these Guidelines. Specific contact information for each selected professional, must be included, and at a minimum, should disclose the professional's name, firm name, address, email address, phone number and facsimile number.

18. The most recent annual variable rate debt report.
19. An analysis must be prepared and submitted which provides quantitative metrics justifying the need for the construction or acquisition of the project and explains why the project is essential to the university's core mission. There must also be a detailed assessment of private sector alternatives and a determination of whether the private sector can offer a comparable alternative at a lower cost. This information may be included as part of a project feasibility study or may be a stand-alone report.
20. An analysis must be prepared which calculates the expected return on investment or internal rate of return for a revenue-generating project or another appropriate quantitative measure for a non-revenue generating project.

- 1 A resolution of the DSO board of directors approving the debt issuance, if applicable, and a resolution of the university Board of Trustees (the “BOT”) approving the debt issuance and authorizing the university to request Board approval of the debt issuance.

STATUS:

In-Progress

Attorney Self, Division of Bond Finance and representatives of Bryant, Miller and Oliver are working to complete the resolution.

- 2 The project program, feasibility studies or consultant reports (if available), and an explanation of how the project being proposed is consistent with the mission of the university.

STATUS:

Completed



A STUDENT HOUSING MARKET STUDY FOR

**FLORIDA A&M UNIVERSITY
1601 S. MARTIN LUTHER KING JR. BOULEVARD
Tallahassee, Florida 32307**

Effective Date: May 18, 2016

Report Date: June 16, 2016

Prepared For

**Mr. Craig Talton
Director of Facilities Planning & Construction
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Prepared By

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June 16, 2016

Mr. Craig Talton
Director of Facilities Planning & Construction
Florida A&M University
2400 Wahnish Way
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Re: Student Housing Market Demand Study in Tallahassee, Florida

Dear Mr. Talton:

At your request, Novogradac & Company LLP has performed a study of student housing market demand for Florida A&M University (FAMU) in Tallahassee, Florida. We have been asked to make recommendations for potential future student housing at FAMU, including specifics such as unit mixes, amenities, rent levels, and other applicable property characteristics based upon our collected market data. We have considered current on-campus available space and older existing housing space for any potential housing construction or redevelopment. The purpose of this report is to assist University leaders and planners in determining how to move forward with student housing plans at FAMU. Note that no specific potential project designs have been provided to us, and therefore, recommendations and suggestions are hypothetical in nature and are based on our review of current school and market facilities and infrastructure. Nor was any particular site provided, so we have not considered infrastructure, utilities, environmental conditions, or geologic conditions in our analysis. Those site specific investigations are beyond the scope of this analysis.

The scope of the study is based on agreed upon procedures as outlined in the job engagement letter and as summarized below:

- An Executive Summary that outlines the report findings, conclusions, and any recommendations for the Client, specifically with regards to student housing at FAMU.
- A Regional and Demographic Analysis that discusses the economic and demographic trends impacting the area.
- A summary of the enrollment trends and housing options at FAMU, including fees and condition of on-campus housing.
- Detail the off-campus comparable rental properties in the market. From the survey of properties, Novogradac will identify the projects deemed most comparable to the proposed Student Housing development. A competitive analysis will detail occupancy rates, rents, unit sizes, bathrooms, and amenities at the comparables. Novogradac will also present the client with Rent Comparability Grids that will be utilized in the determination of achievable rents for the potential units under consideration.

Mr. Craig Talton
 Florida A&M University
 June 16, 2016
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- A review of any planned, proposed or under construction projects in the market area that could impact the potential lease-up and marketability of the potential development.
- We evaluate the demand for the potential on-campus beds based on projected future enrollment and housing capacity assumptions provided by FAMU officials for the anticipated time of opening for a new project. Novogradac will provide a capture rate that considers the a potential new Subject property and a penetration rate that considers the new, under construction, and planned student housing beds in a market that would compete with a new student development.
- We provide a demand analysis of ancillary facilities including dining space, recreational center space, and retail space by evaluating enrollment at FAMU and examining similar facilities and enrollment figures at other institutions to provide conclusions regarding appropriate amounts of ancillary facilities for the FAMU campus.
- We undertook two forms of student surveys in order to capture the most students: an online method, which utilized a web-based survey tool to send emails to and gather information from current students, and an intercept method, which involved in-person surveys conducted on-campus over a three-day period between May 16 to 18, 2016. We have provided the summary findings of the surveys as part of this report, as well as the aggregate findings of the survey as an Addendum.

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The depth of discussion contained in the report is specific to the needs of the client. Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company LLP can be of further assistance. It has been our pleasure to assist you with this project.

We appreciate this opportunity to be of service. Please contact us if you have any comments or questions.

Respectfully submitted,



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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Based on our findings contained in this report, it is our opinion that with a generally aging on-campus housing stock, and with the success of the recently completed FAMU Village, we believe there is potential demand for a modern student housing for FAMU students. It is our opinion that the 1,400 beds being considered by FAMU for potential future development or renovation should be phased into existence. We would suggest a gradual, staggered approach, rather than an opening over one or two years, given the capture rates indicated for a new on-campus development. With the school's projected enrollment trends through 2020, we would anticipate approximately 600 new beds could be delivered in fall 2018, with an additional total of approximately 400 beds to follow in 2021 and another total of approximately 400 beds could be developed by 2023. Note the need for this many new beds on-campus at FAMU is based significantly on the University's projected enrollment increases that are expected to begin in fall 2017 and continue through fall 2020, as well as our opinion of the need for modernization of on-campus stock in order to compete with area off-campus alternatives. This also assumes the University continues to require freshmen to live on campus. We believe offering modern, apartment-style living options on-campus at a reasonable rental rate will likely attract some students who are currently living off-campus. The development of new on-campus housing should also prove beneficial to marketing efforts in recruiting new students to attend FAMU.

It is our opinion that new on-campus housing for FAMU should be developed to be similar to Palmetto South and Palmetto III, which offer apartment-style on-campus housing with three-bedroom/two-bath and four-bedroom/two bath floor plans, where it is of note that the three-bedroom units are double-occupancy. Based on our review of student surveys we conducted, many students prefer having their own bedroom, and as a result a design with private bedrooms would likely best suit a new student development on campus. While many comparables we surveyed in the off-campus housing market have a bathroom for each bedroom, we believe that for on-campus housing at FAMU, which will most likely target underclassmen, offering one bath for two-bedroom units, and two baths for three and four-bedroom units will not have a significant negative impact on marketability, as the lack of a bathroom per bedroom will be offset by convenience to campus facilities.

In terms of sizes, based on our review of the off-campus market, as well as the existing on-campus housing stock, we suggest apartment units that are at least 800 square feet for two-bedroom units, 1,050 square feet for three-bedroom units, and 1,200 square feet for four-bedroom units. These sizes would allow new FAMU apartments to compete well against off-campus options in Tallahassee.

The rents we recommend for new on-campus apartments at FAMU have been determined by evaluating the area off-campus apartment alternatives that could be considered most comparable to the future student housing to be developed as suggested in this report, as well as a review of existing on-campus housing options for FAMU students. We have also considered current housing costs reported by students and what students of FAMU have indicated they would consider paying for new housing in our student surveys. We have recommended opening day rents for a new on-campus apartment-style development with single bedroom occupancy as follows:

Student Housing Market Study, Tallahassee, FL

AT POTENTIAL OPENING ACHIEVABLE MARKET RENTS		
Bedrooms	Square Feet	Fall 2018 Achievable Per Bedroom Rent
Two-Bedroom/One-Bath	800	\$730
Three-Bedroom/Two-Bath	1,050	\$680
Four-Bedroom/Two-Bath	1,200	\$620

The opening day, per bedroom rents for new on-campus apartments at FAMU are positioned such that they will allow the school to attract many students who are no longer required to live on campus, but who prefer the convenience of living on-campus coupled with a new housing option. Note that as on-campus housing, we would anticipate a typical student rental contract period that would span between mid-August and mid-May, for approximately nine months.

In terms of a potential unit mix, the design of new student apartments will have an influence on likely bedroom type totals and configurations. For this analysis, we have assumed an elevator-served midrise structure, similar in design to the existing FAMU Village building. This is also comparable to the newest student housing in the Tallahassee off-campus market. We have suggested the following unit mix for the three-phased approach to new on-campus apartment development at FAMU (Note we have assumed 1.5 percent annual rent increases based on market rent growth trends and the supply of new proposed student housing in the Tallahassee market.):

FALL 2018 NEW STUDENT HOUSING SUGGESTED MIX				
Bedrooms	Square Feet	Suggested Unit Mix	Suggested Beds	Fall 2018 Achievable Per Bedroom Rent
Two-Bedroom/One-Bath	800	55	110	\$730
Three-Bedroom/Two-Bath	1,050	30	90	\$680
Four-Bedroom/Two-Bath	1,200	100	400	\$620
Total		185	600	\$3,505,500*

*Potential total rental income assumes full occupancy and a nine month rental contract period.

FALL 2021 NEW STUDENT HOUSING SUGGESTED MIX				
Bedrooms	Square Feet	Suggested Unit Mix	Suggested Beds	Fall 2021 Achievable Per Bedroom Rent
Two-Bedroom/One-Bath	800	36	72	\$760
Three-Bedroom/Two-Bath	1,050	24	72	\$710
Four-Bedroom/Two-Bath	1,200	64	256	\$650
Total		124	400	\$2,450,160*

*Potential total rental income assumes full occupancy and a nine month rental contract period.

FALL 2023 NEW STUDENT HOUSING SUGGESTED MIX				
Bedrooms	Square Feet	Suggested Unit Mix	Suggested Beds	Fall 2023 Achievable Per Bedroom Rent
Two-Bedroom/One-Bath	800	42	84	\$780
Three-Bedroom/Two-Bath	1,050	20	60	\$730
Four-Bedroom/Two-Bath	1,200	64	256	\$670
Total		126	400	\$2,527,560*

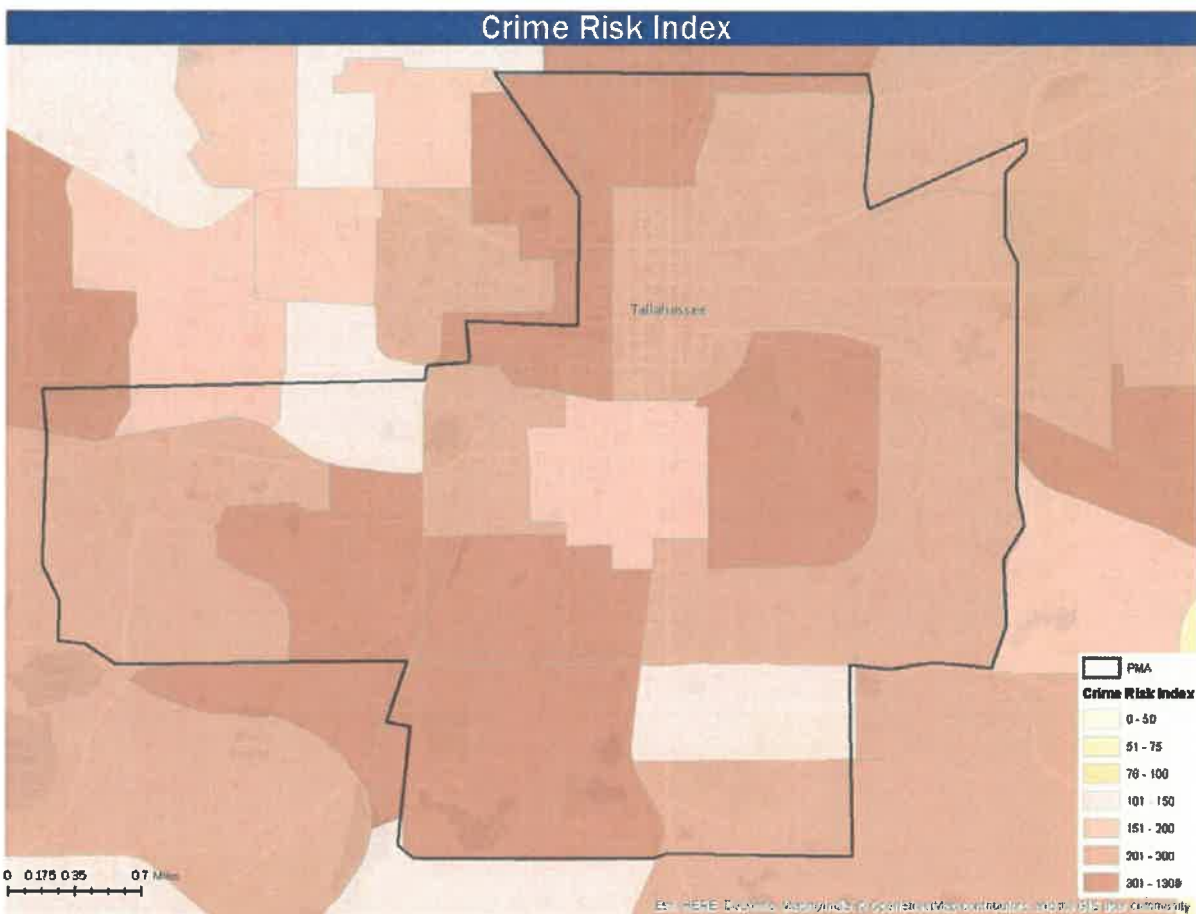
*Potential total rental income assumes full occupancy and a nine month rental contract period.

Location

The potential new student housing will be located on the Florida A&M University campus in central Tallahassee. As such, it is assumed based on our inspection that new student housing would be in close proximity to campus facilities, including the library, student services center, various academic buildings, recreational facilities, the University Commons (student union), and dining halls. The majority of the improvements on campus are in average to good condition. The retail uses on main arterial roadways surrounding the site appear to be approximately 90 to 95 percent occupied.

To the north of the FAMU campus, land uses primarily consist of multifamily housing and retail uses in good to excellent condition. The primary commercial corridor to the north of campus is West Gaines Street, which includes various restaurants, retail clothing stores, and government buildings. Land uses directly east of the FAMU campus include commercial in retail uses in average to good condition. The main commercial corridor to the east is located along South Monroe Street, which includes uses such as Walgreen's Pharmacy, the Southside Shopping Plaza, auto repair shops, convenience stores, and several restaurants. Land uses to the south of the campus consist of commercial and retail uses in average to good condition. Uses south of campus along West Orange Avenue consist of a post office, middle school, various restaurants, places of worship, a public library, and apartments. Of note, two of the comparables utilized in our analysis of the Subject, The Pointe at Adams Place and College Club Townhomes, are located south of the FAMU campus. Land uses on the western border of the FAMU campus consist primarily of single-family homes in poor to average condition. Additionally, the retail and commercial uses located to the west of campus along Lake Bradford Road are in generally poor to average condition. Based on our site inspection and review of crime risk index data and maps, it appears that the potential for crime is most significant to the west and southwest of the FAMU campus, in comparison to other surrounding areas of the campus. Following is a crime risk index map for the PMA.

Student Housing Market Study, Tallahassee, FL



The dark red area generally west and southwest of the FAMU campus is one of the highest crime risk areas of the PMA. Based on our inspection, this area was the least desirable of the neighborhoods surrounding the FAMU campus given the condition and age of the housing stock and the elevated amount of vacant commercial space.

The new potential student housing being considered in this report would be located on the Florida A&M University campus. The general borders of the campus include FAMU Way to the north, South Martin Luther King Jr. Boulevard and South Adams Street to the east, Orange Avenue to the south, and Wahnish Way and Perry Street to the west. Wahnish Way is the main north/south thoroughfare inside the campus, from which most campus facilities and buildings may be accessed. Uses along Wahnish Way include the Bragg Memorial Stadium, intramural recreational fields, academic buildings, parking garage, and the Paddyfote dormitory. Gamble Street is the main east/west thoroughfare and is located on the northern portion of campus. The Student Services Center, the newly constructed FAMU Village on-campus apartments, and a variety of academic buildings are located along Gamble Street. We assume any new student housing would be located within walking distance of all these campus uses.

Student Housing Market Study, Tallahassee, FL

Primary Market Area Demographic Trends

Population and households in both the PMA and MSA increased between 2000 and 2015. Population and household growth is anticipated to increase at similar rates in the PMA and MSA through 2020. It should be noted that the Subject's target tenancy are students living in Tallahassee. As households and population grow in the PMA, the potential support for housing in proximity to the target school, particularly on or nearby campus, will also continue to grow.

In 2015, 69.9 percent of households in the PMA were renter-occupied, compared to 30.1 percent owner-occupied. The percentage of renter-occupied households in the PMA is high and is expected to increase through 2020 both as a percentage and in terms of the number of renters. The number of area renter households in the PMA is expected to increase by approximately 163 households over the next five years, which will increase demand for high quality rentals.

Enrollment Trends

The following table summarizes student enrollment at FAMU from fall 2010 through fall 2015.

Annual Fall Semester Enrollment					
Classification	2011	2012	2013	2014	2015
Undergraduate	10,402	9,333	8,281	7,975	7,695
Graduate/PhD	2,629	2,571	2,315	1,726	1,764
Unclassified	176	147	138	532	461
Total	13,207	12,051	10,734	10,233	9,920
Percent Change	-	-8.8%	-10.9%	-4.7%	-3.1%

Source: Florida A&M University Fact Book

Since 2011, overall enrollment at Florida A&M University has declined by 3,287 students, or an average annual decrease of 657 students annually, or 5.0 percent. Note that undergraduate enrollment declined at its lowest rate from 2014 to 2015, the year in which FAMU Village opened for occupancy. In addition to declining undergraduate enrollment, graduate enrollment has declined by approximately 6.6 percent annually since 2011. The University is seeking to develop strategies to get enrollment trending in an upward direction, such as developing new on-campus housing and other facilities. We have asked FAMU officials to comment on the decline in enrollment and have yet to receive a response. Our projections within this report assume the enrollment projections provided by FAMU. Our conclusions could be different if these FAMU-provided projections are inaccurate.

At FAMU, the share of full-time students is 85 percent. The share of full-time undergraduate and graduate students was unavailable; however, many students pursuing graduate degrees often do so on a part-time basis. As such, we believe the majority of part-time students at FAMU are enrolled in graduate degree programs. Given that many graduate students are enrolled part-time, as well as the fact that most graduate students are over age 22, we would expect new on-campus student housing would receive almost no support from graduate students. Additionally, support from part-time undergraduate students would likely be limited. Frequently, part-time undergraduates may be living at home or with relatives or are price sensitive in housing choices and seek very affordable alternatives, and as such are typically not likely to respond to an upscale student housing property with rents that will be among the highest in the area. We have only considered full-time students at FAMU in projecting demand estimates for new potential student housing developments.

Student Housing Market Study, Tallahassee, FL

In the most recent fall semester, approximately 78 percent of enrolled students were undergraduates, which are those students most likely to respond to new on-campus student housing being potentially considered. The most significant shares of students were among freshman and seniors.

On-Campus Housing Supply

We spoke with Craig Talton, Director of Facilities Planning and Construction with FAMU, who provided information on available on-campus housing, historical housing trends, and the need for additional housing for students of FAMU. Mr. Talton noted that only freshman at FAMU are required to live in on-campus housing. Typically in recent years the school has not kept a waiting list of students seeking on-campus housing. According to Mr. Talton, a total of 98.3 percent of the on-campus student housing spaces were occupied entering fall 2015. Mr. Talton noted that after fall semester, many students graduate, leave school, or take time off, and there may be select vacancies in on-campus housing during spring semester. All of the on-campus student housing contracts cover only the main academic year and none of the contracts require students to abide by a 12-month lease period.

The University is currently considering several locations for the development of new student housing. Existing residence halls including Diamond, MC Guinn, Wheatley, and Cropper Halls have been mothballed for the last three years and will either be demolished or renovated. *Note that the rents provided in the following table are per bed, and the fees reported by FAMU do not include a meal plan, but are inclusive of furnishings and utilities.*

On-Campus Housing at FAMU

Name	Address	Beds	Unit Types	Semester Fees/Student*	Monthly Per Bed Rent	Unit Size (SF)	Year Built	Notes
Residence Halls								
Paddyfote Complex	1529 Wahnish Way	231	Double	\$2,839	\$710	N/Av	1967	Fully furnished, limited access, utilities included, bike racks
Gibbs Hall	1596 Gibbs Hall Trail	302	Double	\$2,631	\$658	173 - 220	1955	Fully furnished, limited access, utilities included, bike racks
Young Hall	1591 Gibbs Hall Trail	79	Double/Single	\$3,275/\$3,685	\$819/\$921	203 - 218	1929	Fully furnished, limited access, utilities included, bike racks
Sampson Hall	1599 Gibbs Hall Trail	159	Double/Single	\$3,275/\$3,685	\$819/\$921	N/Av	1938	Fully furnished, limited access, utilities included, bike racks
Truth Hall	1699 S. MLK Jr. Blvd.	103	Double	\$2,631	\$658	N/Av	1958	Fully furnished, limited access, utilities included, bike racks
Palmetto North	221 Palmetto Street	124	Double	\$2,614	\$654	N/Av		Fully furnished, utilities included
On-Campus Apartments								
FAMU Village	667 Gamble Street	796	Single; Suite Style	\$3,596	\$899	313 per suite	2014	No kitchens, furnished, computer labs, study rooms, limited access, wifi, utilities included, bike racks
Palmetto South	255 Palmetto Street	356	3BR/2BA & 4BR/2BA	\$2,719/\$3,065	\$680/\$766	1,035-4BR 1,305-3BR	1993	Fully furnished, limited access, utilities included, 3BR is double-occupancy, 4BR is single
Palmetto Phase III	277 Palmetto Street	356	3BR/2BA & 4BR/2BA	\$2,790/\$3,135	\$698/\$784	1,035-4BR 1,305-3BR	1996	Fully furnished, limited access, utilities included, 3BR is double-occupancy, 4BR is single

*Rates are per student/per semester and reflect the 2016-2017 academic year fees

N/Av - Not Available

Source: Florida A&M University

Student Housing Market Study, Tallahassee, FL

The rental rates per semester, per student for each area of FAMU on-campus housing have been displayed without the inclusion of meal plans that are required for residents. The monthly rates for a bed on campus range from a low of \$654 for a double occupancy room in one of the older residence halls to \$921 for a single-occupancy room at Young and Sampson Residence Halls. The apartment and suite-style units operated by FAMU have monthly fees per bed ranging from \$680 for a double occupancy room at Palmetto South to \$899 for a single-occupancy room at FAMU Village.

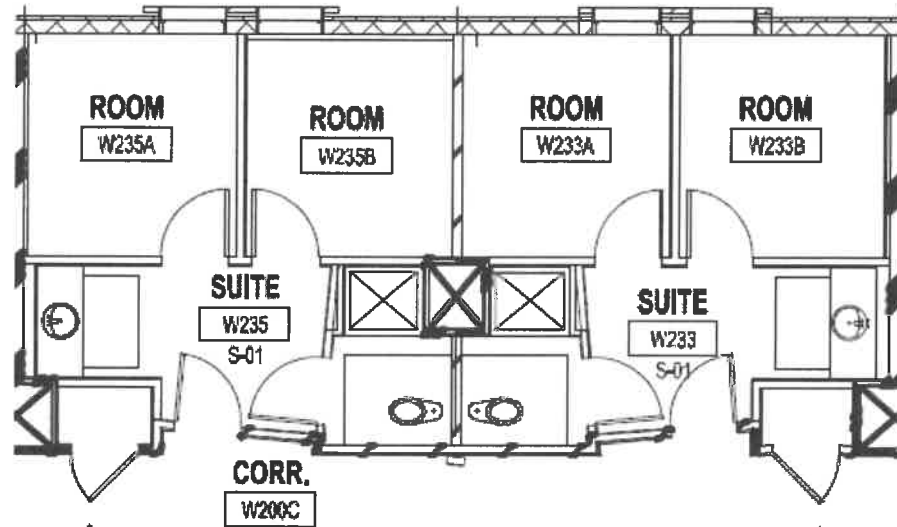
The on-campus rental rates cover furnishings and all utilities, including cable television, high-speed internet, heat, hot water, electricity, water, sewer, and trash. In total, there is a current supply of 2,506 beds spaces on campus at FAMU for the upcoming fall 2016 semester. The pre-leased occupancy versus current bed capacity for fall 2016 is 65.3 percent according to Mr. Talton. However, this figure does not include the on-campus rooms that will house student athletes and residence assistants. According to Mr. Talton, the on-campus housing should operate at greater than 93 percent occupancy for fall 2016 based on performance the past two years.

In terms of age, FAMU Village is the newest on-campus housing. These on-campus units were completed in 2014 and are intended for upperclassmen attending Florida A&M University. FAMU Village is a six-story midrise that features two-bedroom/one bath suites with no kitchen area. In-unit amenities include tile flooring, blinds, twin beds, desk and chair, dresser, and closet. Common area amenities include two computer labs, two multi-purpose activity rooms, a game room with three 80 inch televisions, and private study rooms. Following is a photograph of FAMU Village.



Student Housing Market Study, Tallahassee, FL

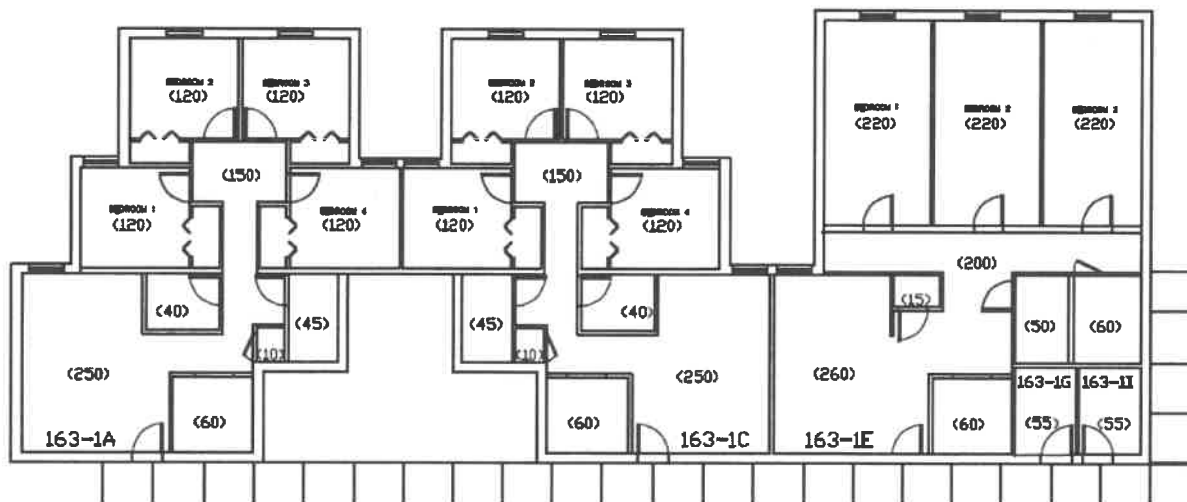
According to fee information provided by Mr. Talton, FAMU Village's academic year 2016 and 2017 fees are \$3,596 per person, per semester. These fees equate to monthly per person rents of approximately \$899. Following is a sample of a typical suite for FAMU Village.



Source: Florida A&M University

The two-bedroom/one bath suites at FAMU Village are approximately 313 square feet based on the previous floor plans and our interview with Mr. Talton.

The second newest on-campus housing is Palmetto Phase III, which offers three and four-bedroom furnished apartments that include a kitchen, living/dining room, three or four bedrooms, and two bathrooms. The bedrooms in the three-bedroom units at Palmetto Phase III are larger (220 square feet) than the four-bedroom unit bedrooms (120 square feet) due to the single-occupancy type for the four-bedroom units and the double-occupancy type for the three-bedroom units. Following is a portion of the Palmetto Phase III floor plan that illustrates the three and four-bedroom unit layouts.



Source: FAMU

Student Housing Market Study, Tallahassee, FL

The units at Palmetto Phase III are the newest apartment style units, complete with furnishings, a kitchen with refrigerator, oven, and microwave oven, tile flooring, central air conditioning, blinds, twin beds, desk and chair, dresser, and closet. These units are the largest on-campus rental option with three-bedroom (double-occupancy bedrooms) units at 1,305 square feet and the four-bedroom (single-occupancy) units at 1,035 square feet. The units at Palmetto Phase III would be considered most comparable to new potential on-campus apartment housing being considered for new development.

Off-campus Rental Housing Supply

In addition to the on-campus housing rents, we have examined off-campus housing options. We have surveyed a total of 16 properties that are located in the area surrounding Florida A&M University that have significant shares of student renters. Some of the properties surveyed have lesser shares of FAMU students than students from FSU, but do serve some FAMU students nonetheless. We believe these properties are the most appropriate due either to their proximity to the FAMU campus, the number of student tenants, or their age/condition/design/location. We have utilized these properties to develop conclusions and recommendations relating to what we believe will position and new future on-campus housing development to be competitive in the Tallahassee marketplace. Later in this off-campus supply analysis we have narrowed these surveyed properties down to nine of the most comparable properties in the PMA in order to establish achievable market rents for the Subject.

The following table outlines the 16 surveyed off-campus rental housing options in the surrounding Tallahassee market. Note distance to campus reflects each property's as-the-crow-flies proximity to the FAMU Student Services Center, which was also used in evaluating distance to area community services.

COMPARABLE OFF-CAMPUS PROPERTIES

#	Property Name	Miles to FAMU Campus
1	601 Copeland	0.6
2	College Club Townhomes	1.4
3	College Town Phase I & II	0.7
4	Cottages At Magnolia	0.9
5	Hillside Apartments	0.2
6	Kingston Square	0.3
7	Onyx Apartments	0.9
8	Rattler Pointe	0.2
9	Tally Square	1.7
10	The Alliance At 400	1.0
11	The Block	0.6
12	The Boulevard At Tallahassee	2.1
13	The Court	0.6
14	The Eclipse On Madison	0.6
15	The Pointe At Adams Place	1.4
16	University Courtyard	1.8

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Vacancy Levels

The following table details vacancy levels for all the surveyed properties in the Tallahassee market.

OVERALL VACANCY

Property Name	Total Units	Vacant Units	Vacancy Rate
601 Copeland	81	0	0.0%
College Club Townhomes	136	6	4.4%
College Town Phase I & II	159	N/A	N/A
Cottages At Magnolia	152	58	38.2%
Hillside Apartments	58	7	12.1%
Kingston Square	50	2	4.0%
Onyx Apartments	233	46	19.7%
Rattler Pointe	13	0	0.0%
Tally Square	225	7	3.1%
The Alliance At 400	320	138	43.1%
The Block	124	0	0.0%
The Boulevard At Tallahassee	264	0	0.0%
The Court	54	N/A	N/A
The Eclipse On Madison	50	0	0.0%
The Pointe At Adams Place	246	2	0.8%
University Courtyard	96	2	2.1%
Total	2,261	268	11.9%

N/A - Unit vacancies not shown as portions of property under construction and will not open until 8/2016

The current weighted average vacancy rate among the 16 surveyed student housing rental properties is 11.9 percent. This is an elevated current vacancy rate for Tallahassee student housing that is created by the vacancies at The Alliance at 400, Onyx Apartments, and Cottages at Magnolia. Additionally, vacancies in this student housing market increase in the summer months, as some properties do not require 12-month leases. In other cases, evictions have created several vacancies. Of note, the two properties with the highest reported vacancies, Cottages at Magnolia and The Alliance at 400, recently underwent changes in management. The new management in place at both properties said eviction sweeps were necessary upon taking control of their properties. Cottages at Magnolia and The Alliance at 400 are 26 percent and 40 percent pre-leased for the fall 2016 semester, respectively. Additionally, both properties are located in close proximity to the FAMU campus and property managers stated that a significant portion of their tenant base is comprised of FAMU students, and declines in enrollment in recent years have resulted in a smaller pool of potential student renters for properties near FAMU and specifically targeting FAMU students. We believe it is appropriate to include these properties in our analysis of area rental trends, despite their currently high vacancy rates. Management at The Alliance at 400 anticipates they will be more than 90 percent occupied by August, while management at Cottages at Magnolia could not provide insight on when they anticipate being able to re-stabilize. Onyx Apartments opened many of its units late, after the fall 2015 semester and thus still has vacancy of 19.7 percent. However, management stated the property is almost fully preleased. When excluding the two struggling older properties that performed an eviction sweep and the late-opening Onyx Apartments, the overall vacancy rate falls to 1.9 percent.

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Two of the comparables, College Town Phase I & II and The Court, currently have units under construction that will not be available until the fall 2016 semester. As such, the current vacancies at these properties have also been excluded from our analysis. The first phase of College Town is 91 percent pre-leased for the fall 2016 semester, while its second phase is approximately 50 percent pre-leased. Additionally, The Court is approximately 98 percent pre-leased for the fall 2016 semester. These two properties will be the newest addition of student-oriented housing in the Tallahassee market. As such, despite not being fully leased or occupied, we believe these properties offer valuable data points in determining the feasibility of new student housing in the area.

Most Similar Comparable Selection

From our survey of area rental housing properties that serve students, we identified nine properties listed in the previous table as those most comparable to potential new on-campus apartment housing at FAMU. These nine selected comparable properties offer unit types most similar to those that will be offered at a potential new on-campus development and are among the more modern rental options in the area for students. These selected properties have amenities that are generally among the most similar to what we would suggest for new housing at FAMU, are performing well in most cases, have some FAMU students for tenants, and offer the bedroom types we would suggest for new on-campus apartments.

Evaluation of Unit Mix

The following table details the unit mixes of the nine selected comparable properties by unit type.

SELECTED MOST COMPARABLE PROPERTIES

Map #	Property Name	Year Built/ Renovated	Units	Vacancy Rate	Unit Mix				
					Studio	One-BR	Two-BR	Three-BR	Four-BR
1	601 Copeland	2013	81	0.0%	-	9	7	-	65
2	College Club Townhomes	1996	136	4.4%	-	-	-	-	136
5	Hillside Apartments	2002	58	12.1%	-	-	58	-	-
6	Kingston Square	2002	50	4.0%	-	-	50	-	-
8	Rattler Pointe	2006	13	0.0%	-	-	-	13	-
12	The Boulevard at Tallahassee	2003	264	0.0%	-	-	-	132	132
13	The Court	2016	54	2.0%	10	4	4	4	32
15	The Pointe at Adams Place	2006	246	0.8%	-	62	104	80	-
16	University Courtyard	2000	96	2.1%	-	-	-	-	96
Total			998	2.0%	10	75	223	229	461

The nine selected most comparable properties have 20 total vacancies among 998 existing rentable units, indicating generally high demand for the properties in closest proximity to the on-campus administrative, recreational, and academic buildings. Only the hotel-style Hillside Apartments has an elevated vacancy rate at 12.1 percent, with most vacancies a result of recent end-of-the-year move-outs. According to management, this property is usually 95 percent occupied by the start of the fall semester.

The average unit mixes of the nine most comparable properties to a new potential FAMU housing development are illustrated in the following table.

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SHARES OF UNIT TYPES

Property	Studio	One-BR	Two-BR	Three-BR	Four-BR
Comparables	1.0%	7.5%	22.3%	22.9%	46.2%

In terms of unit types, the greatest shares of unit types are in the two, three, and four-bedroom units, which represent 22.3, 22.9, and 46.2 percent, respectively, of all units at the most comparable properties. Given the shares of unit types at the most comparable off-campus housing, and student preferences for a reasonably priced rental option, we believe new student housing at FAMU would be best-served in offering a mix of two, three, and four-bedroom units, similar to the most comparable properties we identified and surveyed. We have suggested a potential mix of bedroom types for new student housing later in this report. Note that unlike most of the larger bedroom types surveyed, we expect new housing at FAMU would offer shared bathrooms, rather than the private bathrooms available to many students living off-campus. We have based this assumption on factors such as student cost preferences as indicated by our student surveys, rental price points of off-campus comparables, and recent trends for on-campus student housing being developed elsewhere in the nation.

Achievable Market Rents Determination

In order to determine the achievable rents for new on-campus housing being considered for FAMU, we have prepared Rent Comparability Grids that allow for comparison of condition, location, bedrooms, baths, unit sizes, unit and project amenities, security features, parking options, and utilities. The use of Rent Comparability Grids allows us to provide a determination of achievable rents for a new potential on-campus student housing development as suggested. We assumed the following bedroom, bath and square footages for a new on-campus student housing development:

HYPOTHETICAL NEW STUDENT APARTMENTS

Bedroom Type	Baths	Square Feet
2BR	1	800
3BR	2	1,050
4BR	2	1,200

In addition to the size and bath assumptions above, we assume that new student housing on-campus will include central air conditioning, window blinds, faux wood vinyl and carpet flooring, furnishings, oven/range, refrigerator, microwave, dishwasher, and cable and Internet service. We assume unit and building finishes will be of good quality, but will not include features such as granite countertops or stainless steel appliances, which some of the newer properties in Tallahassee are offering. Property amenities we have assumed will be in place include laundry facilities, off-street lot parking, secure, limited access entry, clubroom space, a game room with pool table, a computer lab, picnic area with grill, on-site management, and 24-hour study rooms. Lastly, we assume all utilities will be included in the rent and units will be furnished, similar to the existing on-campus housing.

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Based on the findings included in our Rent Comparability Grids for a hypothetical new on-campus student apartment development, we have determined achievable rents. We considered the comparability and similarity of each comparable project to the potential new student housing development in determining the achievable market rents. In this analysis, we gave the most weight to properties in proximity to FAMU that had significant shares of FAMU students and were among the better condition properties we surveyed that attract primarily FAMU students. These properties include College Club, The Pointe at Adams Place, and University Courtyard, which were built or renovated between 1996 and 2006. In addition, they include some of the unit and property amenities reflective of off-campus options that are popular among FAMU students based on the share of students at these apartment communities.

The following table illustrates the current achievable market rent levels for a potential new student housing development.

POTENTIAL ON-CAMPUS APARTMENTS COMPARISON TO ACHIEVABLE MARKET RENTS					
Bedrooms	Square Feet	Surveyed		Current	
		Min Adjusted Rent	Surveyed Max Adjusted Rent	Achievable Market Rent	Current Achievable Rent Per Bedroom
Two-Bedroom/One-Bath	800	\$1,358	\$1,482	\$1,420	\$710
Three-Bedroom/Two-Bath	1,050	\$1,830	\$2,071	\$1,980	\$660
Four-Bedroom/Two-Bath	1,200	\$2,268	\$2,532	\$2,400	\$600

Using Rent Comparability Grids and our consideration of rent differences for various unit sizes at the comparables, we have estimated current achievable rents for a hypothetical new on-campus housing development of \$1,420 for two-bedroom units, \$1,980 for three-bedroom units, and \$2,400 for four-bedroom units. These achievable market rents equate to current achievable per bedroom rents of \$710 for two-bedroom units, \$660 for three-bedroom units, and \$600 for four-bedroom units. Note that these rents were determined by evaluating per month rents at area off-campus properties that generally require 12-month lease periods. As such, in offering on-campus housing that may be available for nine months (during the main academic calendar year), any on-campus units may be able to achieve a moderate premium over a 12-month lease rate due to many students only requiring student housing during the school year.

We would not anticipate development of new on-campus student housing prior to fall 2018 at FAMU. Based on recent increases in rents at the selected off-campus comparable properties, we anticipate rents for off-campus housing will increase an average of 1.5 percent annually between now and fall 2018 when any new student housing could likely be opened. The table below illustrates the potential fall 2018 rents for a hypothetical new on-campus apartment development.

AT POTENTIAL OPENING ACHIEVABLE MARKET RENTS		
Bedrooms	Square Feet	Fall 2018 Achievable
		Per Bedroom Rent
Two-Bedroom/One-Bath	800	\$730
Three-Bedroom/Two-Bath	1,050	\$680
Four-Bedroom/Two-Bath	1,200	\$620

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City of Tallahassee Planning Department

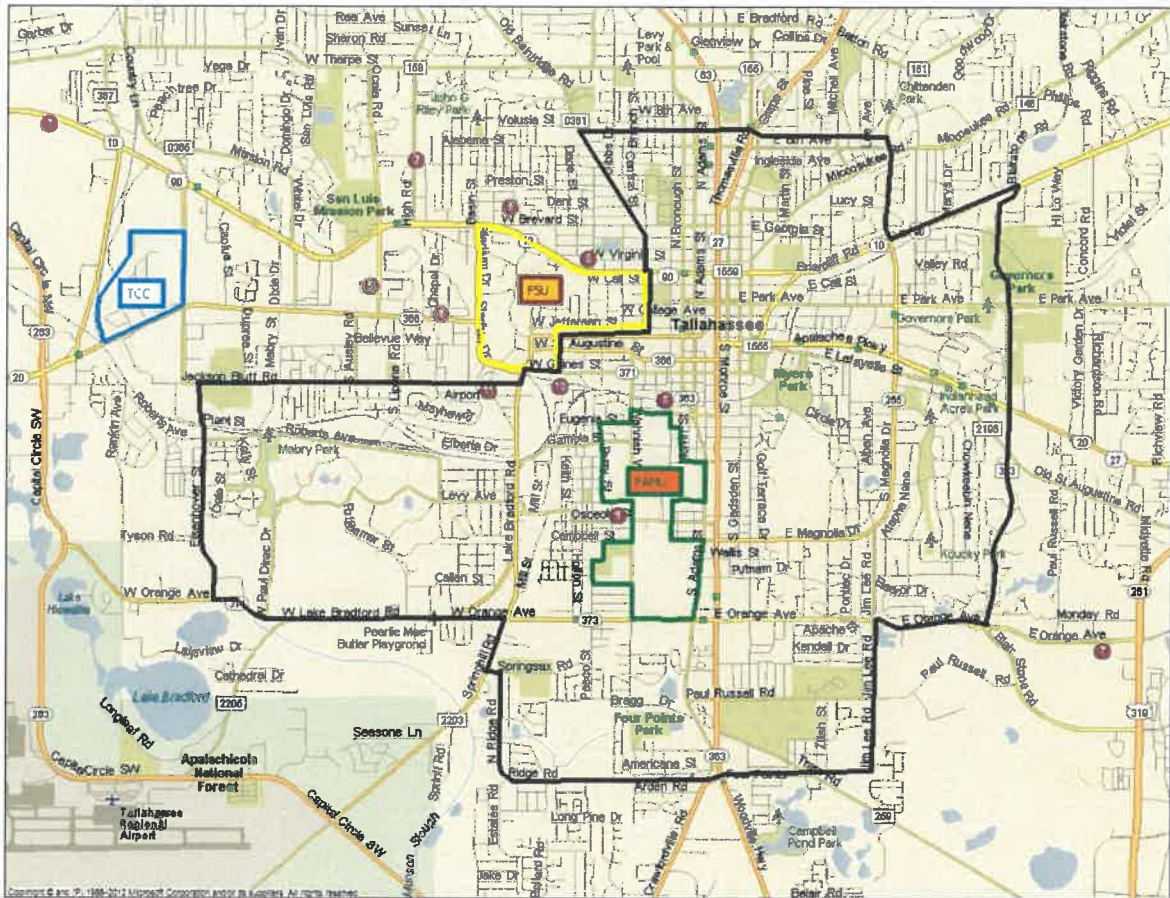
We spoke with John Reddick senior planner, and Bill Pebble, planner, with the City of Tallahassee Planning Department regarding any new multifamily developments that are planned, proposed or under construction at this time in the city that might attract student renters. Following is a list of planned or proposed developments in the Tallahassee market, as well as a corresponding map displaying which projects are in the PMA.

TALLAHASSEE AREA APARTMENT DEVELOPMENT PIPELINE

Map #	Project Name	Location	Distance to		Units	Beds	Status	Notes
			FAMU	Campus*				
1	Hancock Avenue Residential	NW corner of Richmond & Hancock Streets	1.7 miles		14	56	Proposed	4BR/4BA apartments
2	The Highlands	NE corner of High Road & Green Tree Lane	2.3 miles		17	78	Approved	Seven 4BR/4BA, 10 5BR/5BA apartments
3	University Green FSU Condominiums	3250 West Tennessee Street	4.2 miles		404	1,212	Under Construction	217 units completed, eight units currently under construction; \$398 per bed
4	Chapel Terrace Redevelopment	100 Chapel Drive	1.5 miles		272	891	Approved	Demo of former Chapel Terrace
5	Player's Club	222 Ocala Road	2.0 miles		174	600	Proposed	Redevelopment of existing apartments
6	The Domain at Tallahassee	700 & 736 West Virginia Street	1.2 miles		125	434	Approved	Demo of Carolina Square Apartments
7	Evergreen at Southwood	2229 Orange Avenue East	3.2 miles		288	504	Clearing Site	108 1BR, 144 2BR, 36 3BR
8	The Station at Railroad Avenue	440 FAMU Way	0.4 miles		300	900	Proposed	Proposed two-phase development with 5-story parking garage
9	Wahnish Way	SW corner of Kissimmee Street & Wahnish Way	0.4 miles		53	210	Proposed	Five-story mixed-use building with restaurant, retail, apartments, and parking garage
10	Stadium Overlook	NW corner of Stearns & Mosley Streets	0.6 miles		192	600	Proposed	Demo of existing structures for apartments; 533 parking spaces, 96 bicycle spaces
11	Eppes Redevelopment	SW corner of Eppes Drive West & Jackson Bluff Road	1.0 mile		49	196	Approved	Four-story mixed-use building with retail and office space; 4BR units
	Total				1,888	5,681		
	Total in PMA				594	1,906		

*Distances calculated from Student Services Center

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After reviewing the list of planned developments in the area, four properties are proposed in the PMA that would potentially attract FAMU students based primarily on their locations. The other seven properties are outside the PMA and would not likely attract FAMU students based on their locations. Of the 594 units/1,906 beds proposed within the PMA, we would anticipate based on location the following shares of support from FAMU students, based on our survey of existing apartments. Note that if developed, the two properties within 0.2 miles of the FAMU campus are expected to attract nearly all of their tenant bases from student who attend FAMU. The other two properties would be expected to receive relatively small shares of support from FAMU students based on our off-campus housing survey and interviews with area property managers.

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ANTICIPATED SUPPORT FOR PROPOSED PROJECTS FROM FAMU STUDENTS

Project Name	Location	Units	Beds	Share of FAMU Students	Beds for FAMU Students	Status
The Station at Railroad Avenue	440 FAMU Way	300	900	95%	855	Proposed
Wahnish Way	SW corner of Kissimmee Street & Wahnish Way	53	210	100%	210	Proposed
Stadium Overlook	NW corner of Stearns & Mosley Streets	192	600	10%	60	Proposed
Eppes Redevelopment	SW corner of Eppes Drive West & Jackson Bluff Road	49	196	10%	20	Approved
Total in PMA		594	1,906		1,145	

Of the four proposed projects targeting students within the PMA, we would anticipate approximately 1,145 bed spaces may potentially be filled by FAMU students if these properties are all developed. While it is quite possible that all four projects may not actually be developed, we have considered the estimated number of beds that could be occupied by FAMU students in our penetration rate calculation.

Demand Analysis

Florida A&M University currently offers a total of approximately 2,506 on-campus beds in university-operated residence halls. Note that FAMU only requires freshmen to live on campus, but still typically operates at high occupancy (93 percent or more) at the start of each fall semester according to Mr. Talton. We have removed the students residing in on-campus housing from our demand calculations for off-campus student housing.

Additional deductions are needed to account for the number of students who are graduate students or are part-time undergraduate students who would not be likely to consider new housing off-campus options such as the Subject. Note that in estimating the number of graduate/professional students at the time of the Subject's opening, we considered the declining trend in graduate enrollment at FAMU.

According to the 2016 University Work Plan provided by Mr. Talton of FAMU, the planned fall 2016 enrollment at FAMU is 9,375 students. However, by fall 2019, planned enrollment is 10,086. We have applied the planned enrollment figures provided by FAMU to estimate demand for on-campus housing at FAMU.

The following table illustrates the projected undergraduate, graduate, and unclassified student enrollment totals for fall 2016 through 2020 based on data provided by the FAMU office of planning for years 2016 through 2019, while our estimates for fall 2020 are based on projected trends for enrollment figures provided by FAMU. Note that we are relying on projections provided by FAMU to be accurate and have not analyzed or independently reviewed the projections for reasonableness.

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Projected Annual Fall Semester Enrollment					
Classification	2016	2017	2018	2019	2020
Undergraduate	7,186	7,186	7,456	7,705	7,859
Graduate/PhD	1,814	1,916	1,991	2,031	2,072
Unclassified	375	350	350	350	350
Total	9,375	9,452	9,797	10,086	10,281
Percent Change	-5.5%	0.8%	3.7%	2.9%	1.9%

Source: FAMU and Novogradac & Company LLP (2020 estimate only)

The projections provided by FAMU for fall semesters 2016 through 2019 along with our estimates for year 2020, as illustrated in the preceding table, suggest a general upward trend in enrollment is expected at FAMU over the next five years. The projected enrollment is expected to decrease by an additional 5.5 percent in fall 2016, but is expected to grow slightly (0.8 percent) in fall 2017 and then experience more significant growth in fall 2018 through fall 2020, as new on-campus housing options and other facilities are anticipated to become available by 2018, which should create a moderate surge in enrollment.

With only freshmen currently required to live on-campus, and based partially on our recommendations for new housing beds on-campus, we have suggested a total bed capacity of approximately 2,700 beds per 10,000 FAMU students. This is also based on our case study research of other similar schools illustrated later.

As mentioned previously, we would anticipate the soonest new housing would be available on campus at FAMU would be for fall 2018. The following table summarizes our demand calculations for student housing at the time of anticipated opening for a new student housing development, prior to the fall 2018 semester at FAMU.

Student Housing Market Study, Tallahassee, FL

FLORIDA A&M UNIVERSITY STUDENT HOUSING DEMAND FOR FALL 2018	
Demand Component	Demand Summary
Target School's Projected Fall 2018 Enrollment	9,797
Minus Projected Fall 2018 Graduate/PhD & Unclassified Student Enrollment	-2,341
Equals Anticipated Fall 2018 Undergraduate Enrollment	8,213
Anticipated Fall 2018 Undergraduate Enrollment	8,213
Minus Projected Fall 2018 Part-time Undergraduate Enrollment	-1,230
Equals Projected Fall 2018 Full-time Undergraduate Enrollment	6,983
Anticipated Fall 2018 Full-time Undergraduate Enrollment	6,983
Minus Existing On-campus Housing Beds	-2,506
Equals Fall 2018 Full-time Undergraduate Students Not Potentially Housed On-campus	4,477
Fall 2018 Full-time Undergraduate Students Not Potentially Housed On-campus	4,477
Minus Planned On-campus Student Housing Beds	0
Equals Anticipated Fall 2018 Full-time Student Potential Support Base	4,477
Proposed Student Housing Beds to be added to the FAMU Campus	1,400
Divided by the Fall 2018 Full-time Student Potential Support Base	/ 4,477
Equals New Student Housing Capture Rate for Fall 2018	31.3%

Data sources: FAMU Fact Book, officials, Novogradac & Company LLP

As shown in the previous calculations, it is estimated that in fall 2018 there will be an estimated potential full-time, undergraduate student support base of 4,477 students attending FAMU. Note that according to housing representatives and our survey of FAMU students, several students are living at home or with friends given the number of students who reported having no housing expenses. Dividing the 1,400 new potential beds being considered by FAMU by the potential support base of 4,477 students yields a required capture rate of 31.3 percent. This is considered a high capture rate for a new on-campus student housing development. However, based on our discussions with FAMU officials, the most likely scenario would be gradual phasing of new student housing beds as some of the older housing stock on campus is demolished and replaced, or else significantly renovated. Based on our recommendations, if we assume a 600-bed development were to replace the 124 existing beds at Palmetto North, as suggested in our conclusions, the capture rate for a new 600-bed project would be 13.4 percent, which is considered an achievable capture rate for a new on-campus student housing development, assuming it is built with features, unit sizes, and amenities that allow it to compete with modern off-campus housing options in Tallahassee.

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In order to provide another level of analysis, we have considered the penetration rate for the existing, under construction, planned, or proposed purpose-built student housing units in the PMA. Note that we have considered the estimated share of units pre-leased by Florida A&M University students at some of the under construction purpose-built properties due to the fact that the majority of the future residents at some of these properties are Florida State University students, rather than FAMU students. Additionally, for the proposed projects, we have estimated the anticipated number of beds that would potentially be occupied by FAMU students based on our field survey observations and FAMU student shares we gathered. Including all units at the under construction properties that are primarily attracting FSU students would overstate the new competition in the market that would be competing for FAMU students. The new properties that are under construction, as well as any planned new off-campus area apartments are summarized in the following table:

PURPOSE-BUILT OFF-CAMPUS STUDENT HOUSING COMPETITORS

Property Name	Units	Beds	Estimated % FAMU Students	Estimated FAMU Beds	Preleased Occupancy
College Town Phase II	88	199	10%	20	50.0%
The Court	54	162	10%	16	98.0%
The Station at Railroad Avenue	300	900	95%	855	N/Ap
Wahnish Way	53	210	100%	210	N/Ap
Stadium Overlook	192	600	10%	60	N/Ap
Eppes Redevelopment	49	196	10%	20	N/Ap
Total	736	2,267		1,181	

N/A - Not Applicable as it is proposed

In total, there are an estimated 1,181 student housing beds at new or proposed off-campus apartment properties that are approximated to be occupied upon opening by FAMU students. These new or proposed off-campus student apartments attracting, or likely to attract FAMU students have been deducted as new competitive supply from our penetration rate analysis for a new student housing development at FAMU. The new potential student housing units/beds at FAMU, as well as other planned or proposed off-campus student-oriented apartment beds that have or are expected to be leased by FAMU students, and the supply of under construction competitive beds that have been preleased by FAMU students are considered in the following penetration rate calculation.

FAMU STUDENT HOUSING PENETRATION RATE FOR FALL 2018	
Demand Component	Demand Summary
Fall 2018 Full-time Undergraduate Students for New Potential Housing	4,477
Minus Proposed & Under Construction Off-campus Beds with FAMU students	-1,181
Equals Anticipated Fall 2018 Full-time Undergraduate Student Support Base	3,296
Proposed Student Housing Beds in Fall 2018	600
Divided by the Fall 2018 Full-time Student Potential Support Base	/ 3,296
Equals Subject Capture Rate for Fall 2018	18.2%

Data sources: FAMU

The 18.2 percent penetration rate for potential new student housing at FAMU, which considered the under construction and proposed units in the PMA that we surveyed that have been pre-leased by

FAMU students, or estimated would likely be leased by FAMU students, is considered good and achievable, provided the new beds and housing facility are designed with modern amenities and student features in mind, and offer single-occupancy living at reasonable rent levels for the market.

Ancillary Facilities Findings

We have been asked to recommend the amount of ancillary space that should be offered to students at FAMU. In order to determine such numbers and estimates, we contacted 36 colleges and universities in the southeastern portion of the nation to request data on square footage of various school facilities, enrollment, and typical housing occupancy. Of the 36 schools we contacted for school facilities information, four schools responded to our email and follow-up telephone call requests. These schools include East Tennessee State University (ETSU) in Chattanooga, Tennessee, Florida Gulf Coast University (FGCU) in Fort Myers, Florida, James Madison University (JMU) in Harrisonburg, Virginia, and Valdosta State University (VSU) in Valdosta, Georgia.

Based on our review of the data we received, enrollment at James Madison University has more than 21,000 students, and as a school with an enrollment more than double FAMU's enrollment, we have opted to exclude the data for this much larger school from our space analysis.

In order to best compare to current facilities offered at FAMU, we analyzed the square footage reported and housing beds on each campus to be reflective of a per 10,000 students total, which is similar to enrollment in fall 2015 at FAMU. The averages for various types of space per 10,000 students are also presented. We have drawn our conclusions for the estimated amount of necessary ancillary facilities space based largely on the data collected from ETSU, FGCU, and VSU.

Of the three schools we have analyzed, enrollment is lowest at VSU and is greatest at FGCU. Enrollment ranges from 11,302 to 14,824 students, which is larger than the most recent enrollment total for FAMU. Two schools, ETSU and VSU, reported a declining enrollment trend, while FGCU reported enrollment is increasing.

Retail Space

The retail space offered on-campus at the three comparable schools providing data ranges from 5,540 to 19,820 per 10,000 students, with an average total of 11,280 square feet. We would suggest that with approximately 10,000 students, FAMU should offer approximately 12,000 square feet of retail space on campus. Note that while above the average, we believe a modern campus such as being given future consideration by FAMU should offer slightly more retail space than is indicated by the average. We believe offering more retail stores on-campus could enhance marketability of living on-campus and would be attractive to upperclassmen that may currently prefer living off-campus in part due to being closer to retail opportunities.

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Dining Halls/Food Services Space

Among the three comparable schools providing data, dining hall and food service space totaled between 21,520 and 53,442 square feet, with an average of 34,838 square feet per 10,000 students. The average figure appears appropriate and is similar to the current dining hall and food service space offered at FAMU. As such, we believe approximately 35,000 square feet of dining hall and food service space to be appropriate for a school with FAMU's enrollment of approximately 10,000. Note this space includes both public areas and "back of house" support areas.

Indoor Recreation Space

The total indoor recreation area space available to students attending the three comparable schools ranges from 23,703 to 74,369 per 10,000 students enrolled. This is a relatively wide range, with two of the three schools reporting more than 67,000 square feet of indoor recreation space per 10,000 students. Currently, FAMU offers 55,261 square feet of indoor recreation space to students. Based on our examination of the comparable schools and recreation spaces, it is our opinion that slightly more recreation space (approximately 5,000 square feet) might be appropriate for FAMU, but would not be required to improve marketability. Such space could possibly be incorporated into a new housing development, and would not necessarily need to be added at existing recreational facilities.

Library Space

Among the three comparable schools, library space per 10,000 students enrolled ranges from 34,396 to 160,454 square feet, which is a very wide range. Two of the three schools have library space of greater than 125,000 square feet, and the average among the three schools is 107,721 square feet. Currently, FAMU offers 134,757 square feet of library space, which is considered adequate and appropriate for a school of its size. We do not believe more library space is necessary at this stage for FAMU, given recent and projected enrollment trends.

Student Union Space

For student union space, FAMU offers University Commons, which is 68,496 square feet. The comparable schools offer between 49,905 and 116,583 square feet of student union space per 10,000 students, with an average of 88,971 square feet per 10,000 students. This is approximately 20,000 more square feet than the FAMU student union currently offers. As FAMU works to attract more students, a renovation or expansion of the current student union could improve the school's appeal to visiting potential students, which could be a factor in potentially increasing enrollment. We have suggested student union space of approximately 85,000 square feet of total space per 10,000 students at FAMU.

Housing

The three comparable schools reported bed capacities of 2,258 to 3,189 per 10,000 enrolled students, with an average capacity of 2,637 beds per 10,000 students. All three schools reported on-campus housing occupancy is typically at least 95 percent, with an average of 96 percent.

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With only freshmen currently required to live on-campus, and based partially on our recommendations for new housing beds on-campus, we have suggested a total bed capacity of approximately 2,700 beds per 10,000 FAMU students. In order to achieve this capacity per 10,000 students at FAMU, it is our opinion that the following existing and in use, older residence halls should be demolished or significantly renovated in order to improve the housing stock and allow for development of housing that is capable of competing with modern housing alternatives offered off-campus in Tallahassee.

Suggested Residence Halls to be Replace or Renovated at FAMU

Name	Address	Beds	Unit Types	Year Built
Paddyfote Complex	1529 Wahnish Way	231	Double	1967
Gibbs Hall	1596 Gibbs Hall Trail	302	Double	1955
Young Hall	1591 Gibbs Hall Trail	79	Double/Single	1929
Sampson Hall	1599 Gibbs Haill Trail	159	Double/Single	1938
Truth Hall	1699 S. MLK Jr. Blvd.	103	Double	1958
Palmetto North	221 Palmetto Street	124	Double	
Total Beds		998		

In total, the older residence halls at FAMU have 998 beds that in our opinion should be replaced or renovated. All of these beds are in facilities that are almost 50 years old or more and have passed their prime as serviceable institutional grade housing based on our inspection of the campus. Note that this determination is not a reflection of maintenance or engineering issues.

We would anticipate FAMU may be able to develop as many as 1,400 new on-campus housing beds between fall 2018 and fall 2023 based on our findings and enrollment projections provided by FAMU. When we consider the approximately 1,500 beds at Palmetto South, Palmetto III, and FAMU Village (the most modern on-campus housing properties), as well as the 1,400 estimated beds that may be needed at FAMU by fall 2023, this yields a total on-campus bed capacity of approximately 2,900 beds at a time when FAMU enrollment may total more than 11,000 students, assuming a gradual upward enrollment trend. This number of beds (2,900), assuming enrollment of nearly 11,000 students, equates to a similar ratio of beds to enrollment with the 2,700 beds estimated above per 10,000 students.

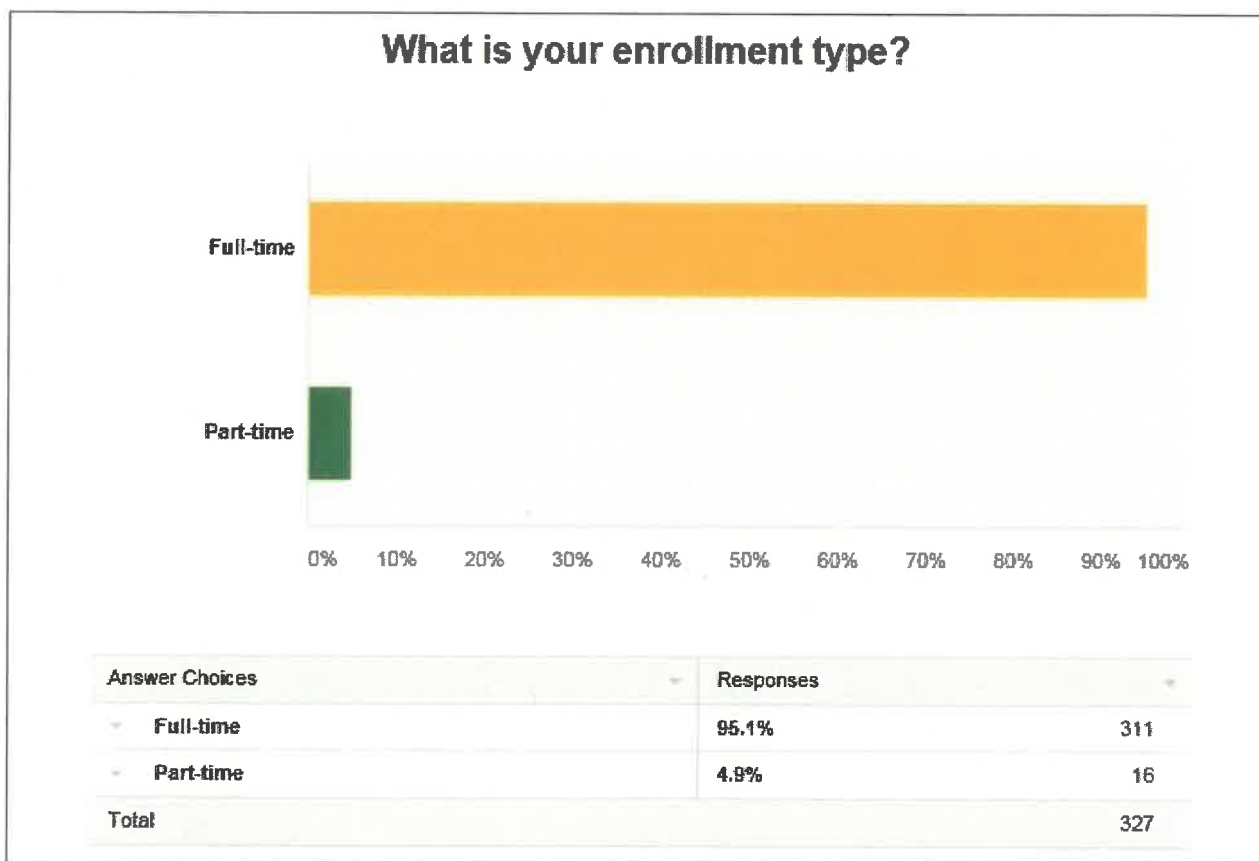
If developed as such, by fall 2023 we would anticipate no housing stock on-campus would be more than 30 years old in terms of effective age (assuming any existing older residential buildings are updated to modern standards), and this should be a significant benefit to FAMU in attracting students who consider housing a significant factor in their choice of schools.

Student Housing Market Study, Tallahassee, FL

Critical Student Housing Survey Results

Addendum C of this report includes the results of our online and intercept survey findings. This information was gathered online (using a SurveyMonkey.com platform) from Florida A&M University students between May 9, 2016 and May 20, 2016, and in person via intercept surveys, between May 16 and 18, 2016. In total we surveyed 328 current FAMU students who provided details on the enrollment status and class rank, as well as input regarding where students currently live and what options influence their housing choices. These findings are considered significant factors in our projections of future housing needs and demand for students attending FAMU.

Of the 328 FAMU students surveyed, 29 percent were sophomores and juniors, and 21 percent were seniors. Freshman represented less than 10 percent of those surveyed, and graduate/professional students were 11.6 percent of those surveyed. The range of students surveyed is considered to be a good representation of the student body at FAMU.



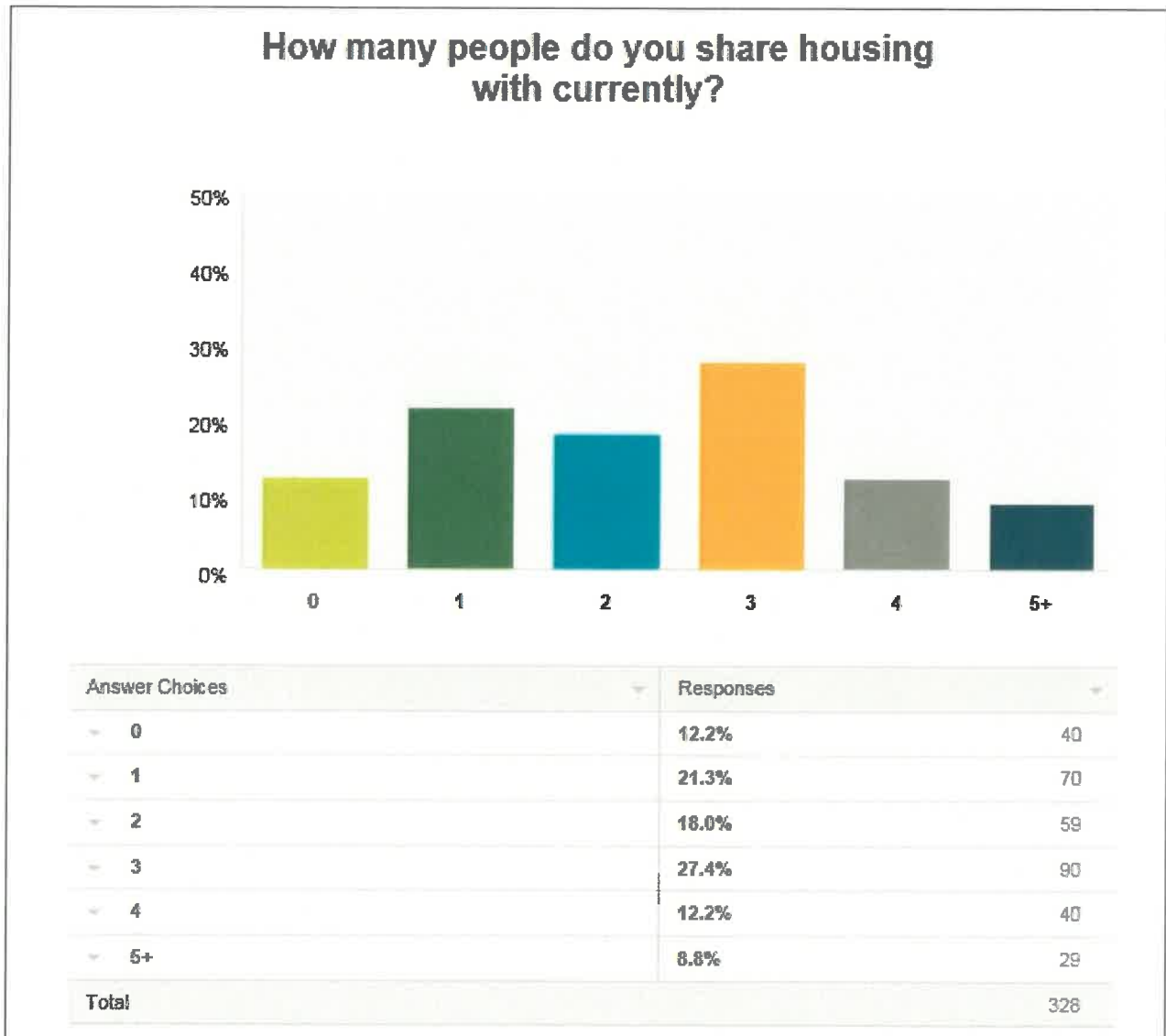
Of the 327 students responding to the question of enrollment type, slightly more than 95 percent were enrolled full-time, with less than five percent enrolled part-time. Since part-time students are typically less responsive to on-campus or off-campus student housing, we believe this survey has sampled a large share of students who would at least potentially consider student-oriented housing.

Student Housing Market Study, Tallahassee, FL

A total of almost 48 percent of the students surveyed rent an off-campus apartment or condominium unit, while almost 23 percent of the respondents live on-campus in a residence hall at FAMU and 19.5 percent live in an on-campus apartment, such as the newest on-campus housing, FAMU Village. The share of students living in off-campus apartments is greater than the share of students surveyed who live on-campus.

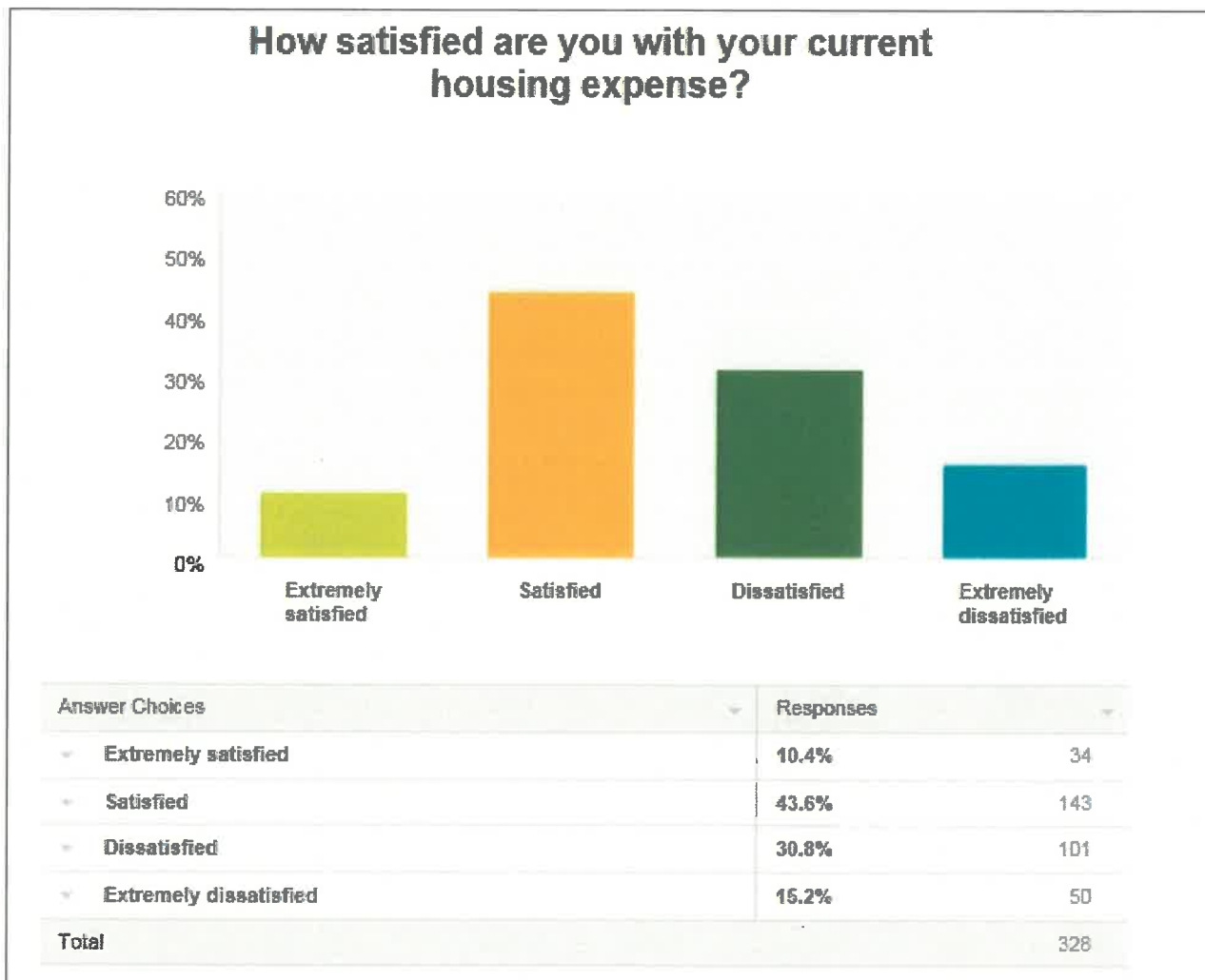
A total of more than 82 percent of students surveyed reported having a private bedroom, while almost 18 percent have a shared bedroom, as is typical in the residence halls at FAMU. Given the share of students with a private bedroom currently, it can be implied that modern student housing options should generally offer private sleeping areas for each student, as that is the general preference of students. Rarely are off-campus housing options now developed that require renters to share bedrooms, and when they are offered, it is typically at a significant discount to a private bedroom in the same unit. We have considered the surveyed students' preferences for private bedrooms in our suggestions for future student housing at FAMU.

Student Housing Market Study, Tallahassee, FL



A total of 27.4 percent of students surveyed reported sharing housing with three other persons, suggesting they reside in a four-bedroom rental unit, either on or off-campus. The second highest share of students surveyed (21.3 percent) reported having one roommate, and 18 percent of students reported living with two other persons. Somewhat surprisingly, 21 percent of the student surveyed indicated they live with four or more roommates, suggesting there could potentially be demand for large bedroom types.

Student Housing Market Study, Tallahassee, FL



Almost 44 percent of the students surveyed reported being satisfied with their current housing expense, and 10.4 percent reported being extremely satisfied. However, a total of 46 percent of students, or nearly half, reported being at least dissatisfied with their housing expense. This suggests that with most students who pay for housing reportedly paying less than \$600 in most cases, students are price sensitive in this market, where there are numerous rental options at a wide range of rent ranges. Given this apparent housing cost sensitivity among FAMU students, future FAMU student housing will have to be considered a reasonably priced alternative in order to compete favorably against the Tallahassee rental market. As indicated later in our survey findings, most students would prefer to live off-campus if given the option, and as a result on-campus housing would need to represent a value compared to similar quality off-campus housing in order to attract students to live on-campus, where rules and regulations for housing are generally more rigid than off-campus rental properties.

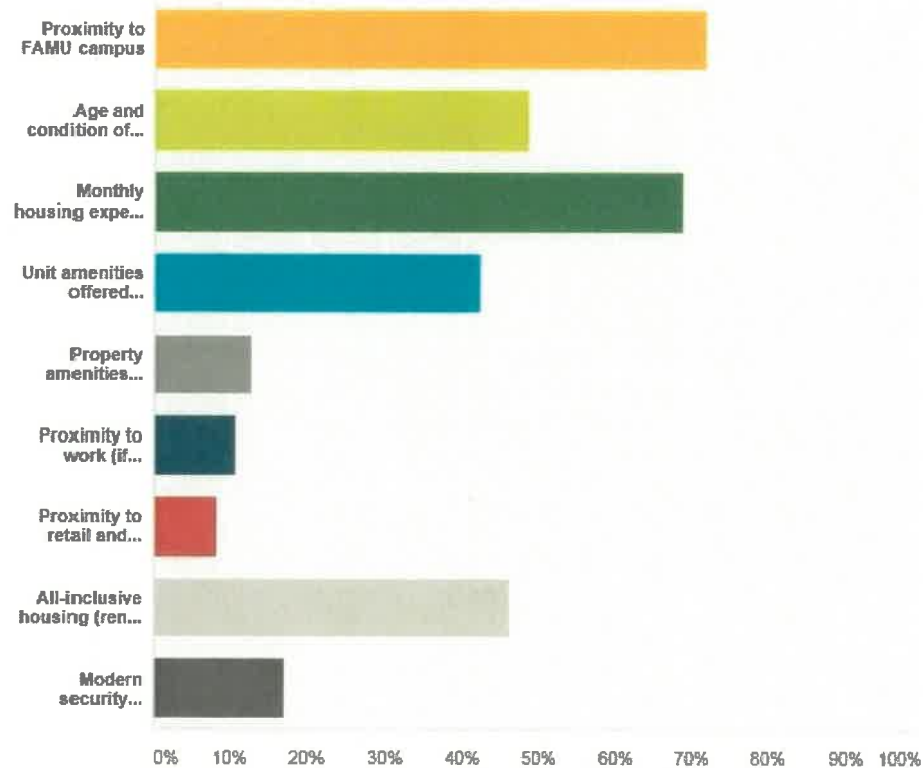
Student Housing Market Study, Tallahassee, FL

Of the 326 students who responded, almost 89 percent reported having lived on-campus during their tenure at FAMU. This is not all that surprising since freshmen are required to live on campus. This indicates that the responses to follow are generally indicative of students who are familiar with the on-campus housing options at FAMU, and for whom an opinion on the on-campus housing is considered to be reasonably determined.

Given that nearly 89 percent of students surveyed have lived on campus at FAMU, it is telling that if all things were equal in terms of costs, almost 73 percent of students would prefer to live off-campus, compared to 27.1 percent who responded that they would opt for on-campus housing if costs were generally equal to off-campus options of similar caliber. While the share of students preferring to live on-campus is not high, the share does represent more than one-quarter of the respondents.

Student Housing Market Study, Tallahassee, FL

**What are the three most important factors you consider in selecting your housing?
(Please select only three choices)**



Answer Choices	Responses
Proximity to FAMU campus	71.6% 235
Age and condition of housing	48.5% 159
Monthly housing expense (including utility costs)	68.6% 225
Unit amenities offered (appliances, washer and dryer, wood floors, patio, etc...)	42.1% 138
Property amenities offered (swimming pool, exercise room, computer lab, etc...)	12.8% 42
Proximity to work (if employed off-campus)	10.7% 35
Proximity to retail and dining options	8.2% 27
All-inclusive housing (rent, utilities, and furnishings all covered by one payment)	46.0% 151
Modern security features	17.1% 56

Total Respondents: 328

The three most important factors to FAMU students in their housing selection are monthly housing expense, proximity to the FAMU campus, and the age and condition of the housing. Also of significant consideration are “all-inclusive housing” and unit amenities offered.

Student Housing Market Study, Tallahassee, FL

When asked what students would be willing to pay in total housing costs for new student housing at FAMU, more than 29 percent responded between \$400 and \$499 and 28.4 percent responded less than \$400. A total of 16.5 percent of students would consider paying \$500 to \$599 for on-campus housing and 6.7 percent reported willingness to pay \$600 to \$699 for on-campus housing. Of note, just 9.8 percent of students surveyed reported a willingness to pay as much as \$700 or more to live on-campus. This is a limited share of the students surveyed that we have considered in our suggestions of potential unit mixes for future on-campus housing at FAMU.

REGIONAL AND LOCAL AREA ANALYSIS

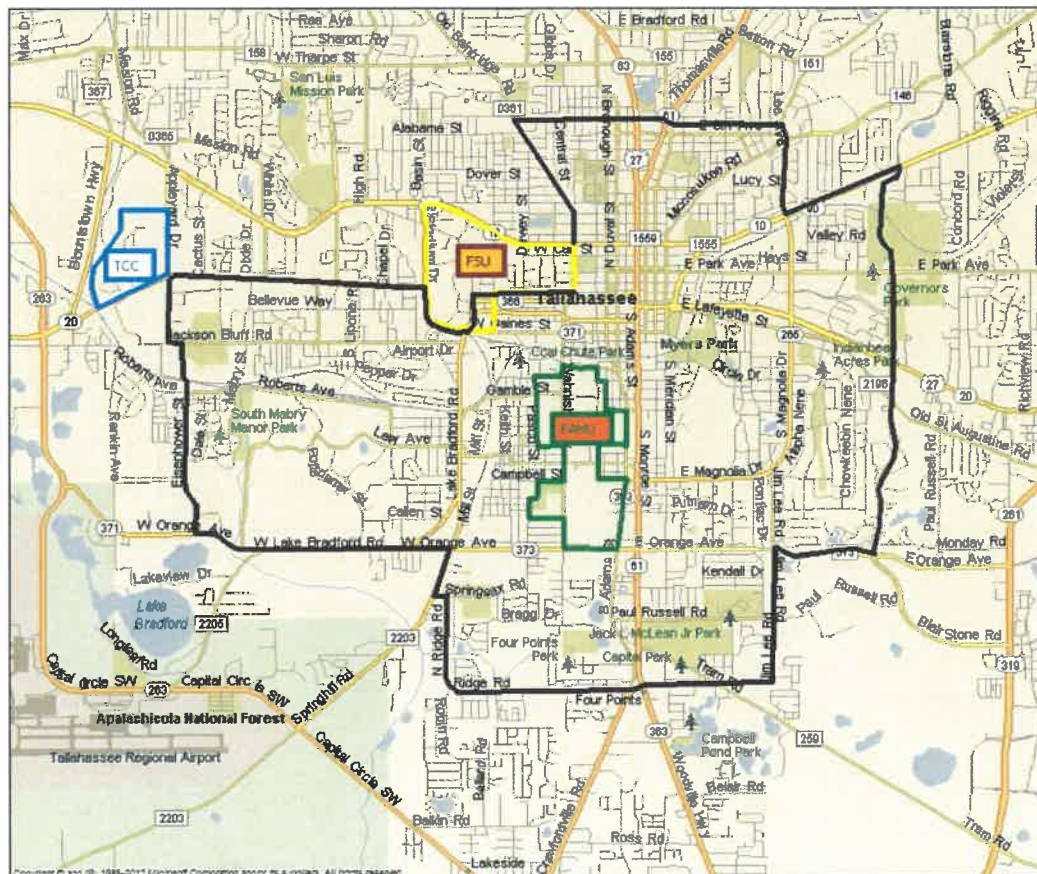
REGIONAL AND LOCAL AREA ANALYSIS

PRELIMINARY PRIMARY MARKET AREA (PMA)

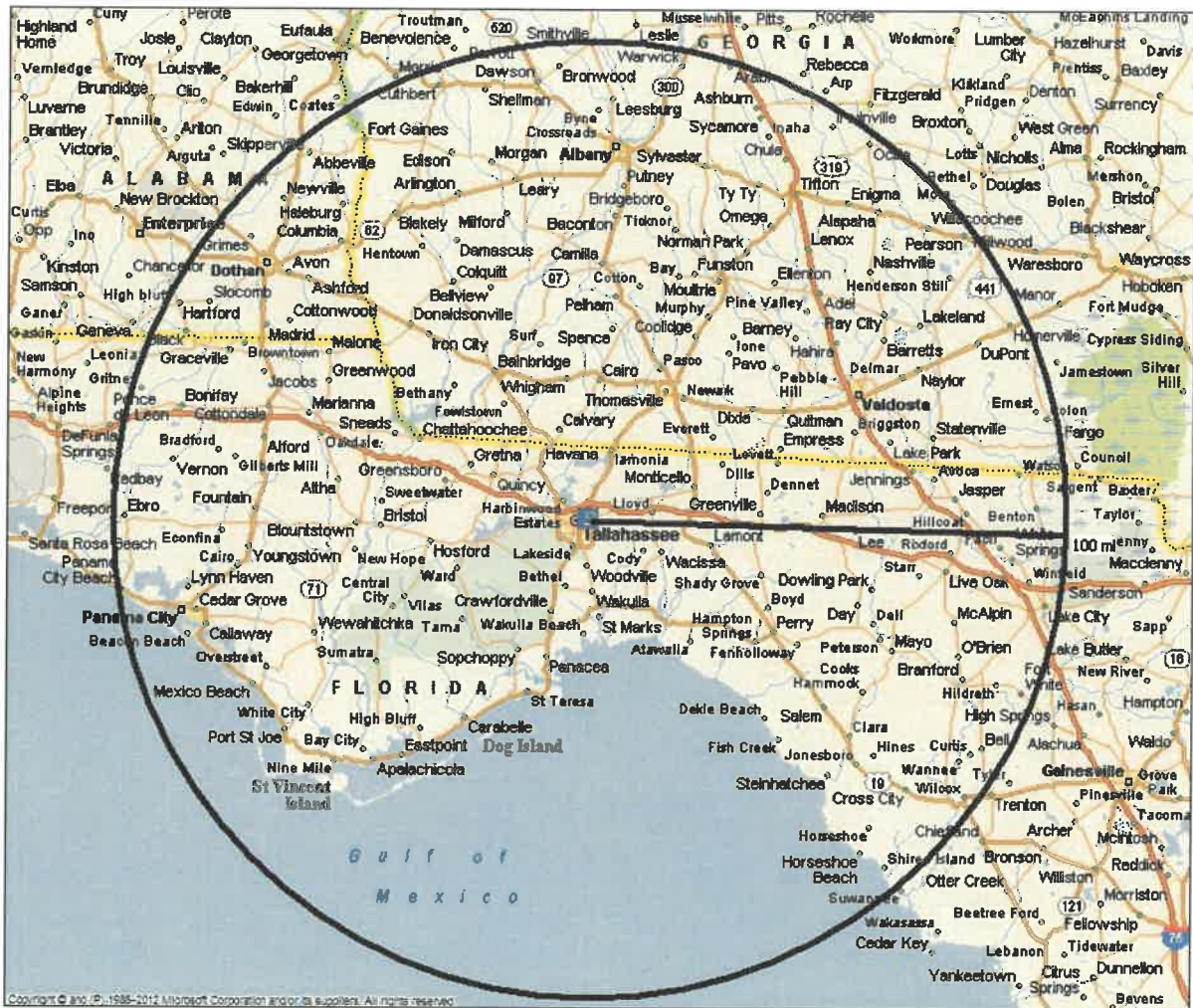
The Primary Market Area for an off-campus student housing project is typically defined as the geographic area where at least 60 to 70 percent of the students attending the targeted university or college will consider residing during their tenure at the school.

For a new project, which would feature modern amenities and conveniences for students and an on-campus location, we would anticipate support will originate from students already living on-campus and in surrounding areas of the city of Tallahassee, Florida. Apartment managers and leasing agents at area comparables said that most students attending Florida A&M University (FAMU) prefer to be within a relatively short distance of the campus if possible, depending on area security and housing cost.

Specifically, the PMA for FAMU student housing includes the central portion of Tallahassee, excluding the Florida State University campus area. The PMA is bounded by the Florida State University campus and 7th Avenue to the north; Blair Stone Road to the east; Ridge Road and West Lake Bradford Road to the south; and Eisenhower Street, Chipley Street, and Appleyard Drive to the west. The PMA is as follows.



REGIONAL MAP



Overview

The Subject is located in Tallahassee, Leon County, Florida. According to the U.S. Census, the 2010 population of Tallahassee was 181,376, making it the 126th largest city in the United States. Leon County is bordered by the state of Georgia to the north, Jefferson County to the east, Wakulla County to the south and Liberty and Gadsden Counties to the west. For the purposes of this report, we have defined central Tallahassee and the vicinity as the Subject's Primary Market Area (PMA). Leon, Gadsden, Jefferson, and Wakulla Counties are included in the Tallahassee, FL Metropolitan Statistical Area (MSA).

Location and Proximity to Metropolitan Areas

Leon County is located in the panhandle of North Florida. The Subject is located approximately 17.0 miles south of the Georgia state border near the state capital. The following table illustrates distances to surrounding large cities.

Student Housing Market Study, Tallahassee, FL

PROXIMITY TO MAJOR CITIES	
Location	Distance
Panama City, FL	85 miles
Jacksonville, FL	157 miles
Tampa, FL	203 miles
Orlando, FL	217 miles

Transportation

Highway: FAMU is located in central Tallahassee, in close proximity to several highways, including State Route 319, State Route 27, State Route 90, and Interstate 10. Interstate 10 provides east-west access throughout North Florida, from Jacksonville in the east to Mobile, Alabama in the west. State Route 319 runs in a north-south direction on the eastern boundary of Tallahassee, connecting to Interstate 10 approximately 5.5 miles north of the Subject. Additionally, State Route 90 provides east-west access across the northern portion of Tallahassee and connects to Interstate 10 approximately 8.4 miles northeast of the Subject.

Air: The closest airport to FAMU is the Tallahassee International Airport (TLH). The airport provides transportation to over 690,000 passengers a year through Delta, American Airlines, and Silver Airways. The airport is located approximately 3.5 miles southwest of the Subject. The nearby location and easy access to the airport is a valued amenity for students who may use air travel to get home or for other frequent uses.

Higher Education

Hypothetical new housing being evaluated in this report would be located on the Florida A&M University (FAMU) campus. As such, new on-campus housing will be in close proximity to most campus academic buildings, athletic facilities, the library, and administrative buildings. The university offers 54 undergraduate programs, 29 graduate programs, three professional programs, and 12 doctoral programs. Some of the most popular undergraduate programs at FAMU include architecture, journalism, computer information sciences, and psychology. Florida State University, with a fall 2015 enrollment of 41,473 students, and Tallahassee Community College, which serves more than 37,000 students, are also located in Tallahassee.

Healthcare

Tallahassee Memorial HealthCare (TMH) is a full-service, nationally ranked hospital located approximately 2.3 miles northeast of the Florida A&M University campus. Tallahassee Memorial HealthCare is the leading healthcare system in the region, serving the surrounding 17 counties in North Florida and South Georgia. TMH offers 772 beds and over 500 medical staff members, making it the seventh largest hospital in the state of Florida. Services offered include primary care, heart and vascular services, comprehensive cancer services, and a wide range of surgical services. Additionally, the student health services center provides outpatient primary care to students at FAMU.

Student Housing Market Study, Tallahassee, FL

Population and Households

The following tables illustrate population and household trends in the PMA, MSA, and the nation from 2000 to 2020.

POPULATION

Year	PMA		Tallahassee, FL MSA		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	31,061	-	320,274	-	281,421,906	-
2010	33,527	0.8%	367,413	1.5%	308,745,538	1.0%
2015	33,682	0.1%	374,301	0.4%	318,536,439	0.6%
2020	34,142	0.3%	380,358	0.3%	330,622,575	0.8%

Source: ESRI Demographics 2015, Novogradac & Company LLP, May 2016

HOUSEHOLDS

Year	PMA		Tallahassee, FL MSA		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	13,196	-	125,532	-	105,480,101	-
2010	13,789	0.4%	144,033	1.5%	116,716,292	1.1%
2015	13,864	0.1%	146,601	0.3%	120,746,349	0.7%
2020	14,073	0.3%	149,208	0.4%	125,477,562	0.8%

Source: ESRI Demographics 2015, Novogradac & Company LLP, May 2016

As indicated in the previous tables, population and households in both the PMA and MSA increased between 2000 and 2015. Population and household growth is anticipated to increase at similar rates in the PMA and MSA through 2020. It should be noted that the Subject's target tenancy are students living in Tallahassee. As households and population grow in the PMA, the potential support for housing in proximity to the target school, particularly on or nearby campus, will also continue to grow.

Median Household Income Levels

The following table illustrates the median household income in the PMA, the MSA, and the nation.

MEDIAN HOUSEHOLD INCOME

Year	PMA		Tallahassee, FL MSA		USA	
	<i>Amount</i>	<i>Annual Change</i>	<i>Amount</i>	<i>Annual Change</i>	<i>Amount</i>	<i>Annual Change</i>
2000	\$23,606	-	\$36,367	-	\$42,164	-
2015	\$27,390	1.1%	\$44,381	1.4%	\$53,217	1.7%
2020	\$30,653	2.4%	\$51,753	3.3%	\$60,683	2.8%

Source: ESRI Demographics 2015, Novogradac & Company LLP, May 2016

As demonstrated, median household income in the PMA is significantly below that of the MSA and the nation. However, this can be attributed to the large share of student households in the PMA, many of whom have low incomes.

Student Housing Market Study, Tallahassee, FL

The following table depicts general tenure patterns from 2000 through 2020.

TENURE PATTERNS PMA

Year	Owner-Occupied	Percentage	Renter-Occupied	Percentage
	Units	Owner-Occupied	Units	Renter-Occupied
2000	5,123	38.8%	8,073	61.2%
2015	4,168	30.1%	9,696	69.9%
2020	4,214	29.9%	9,859	70.1%

Source: ESRI Demographics 2015, Novogradac & Company LLP, May 2016

In 2015, 69.9 percent of households in the PMA were renter-occupied, compared to 30.1 percent owner-occupied. The percentage of renter-occupied households in the PMA is high and is expected to increase through 2020 both as a percentage and in terms of the number of renters. The number of area renter households in the PMA is expected to increase by approximately 163 households over the next five years, which will increase demand for high quality rentals.

ECONOMIC ANALYSIS

Leon County, Florida is the home of Florida A&M University (FAMU) and Florida State University (FSU), both higher education institutions located in Tallahassee, the state capital of Florida. According to “Economic Contributions of the State University System of Florida in Fiscal Year 2009-10”, annual output related to Florida A&M University is approximately \$49.3 million, with an additional \$309.1 million in value added to the community. It is estimated that FAMU is responsible for the maintenance of more than 1,700 jobs in the area economy. Apart from FAMU, educational services provide over 18,000 jobs for the area. The educational services sector is a historically stable industry that has enabled the area to quickly recover from the most recent national recession.

Major Employers

The following table details the major employers in Tallahassee, Florida.

MAJOR EMPLOYERS

Tallahassee, FL

#	Employer	Industry	Number Employed
1	State of Florida	Public Administration	22,612
2	Florida State University	Educational Services	12,512
3	Leon County Schools	Public Administration/Educational Services	4,550
4	Publix Supermarket	Retail	3,439
5	Tallahassee Memorial HealthCare	Health Care	3,190
6	City of Tallahassee	Public Administration	2,736
7	WalMart Stores	Retail	2,117
8	Leon County	Public Administration	1,919
9	Florida A&M University	Educational Services	1,759
10	Tallahassee Community College	Educational Services	1,631
11	Capital Regional Medical Center	Health Care	1,151

Source: Economic Development Council of Tallahassee/Leon County, Inc; taledc.com

Student Housing Market Study, Tallahassee, FL

The major employers in Tallahassee are primarily concentrated within the public administration, education, and retail sectors. According to local sources, the diverse industries represented by major employers in this community provide stability to the local economy. Florida A&M University and Florida State University are major drivers of economic growth in the area, generating a total economic impact of more than \$1,351 million and sustaining over 14,000 jobs in the regional economy.

Employment and Unemployment Trends

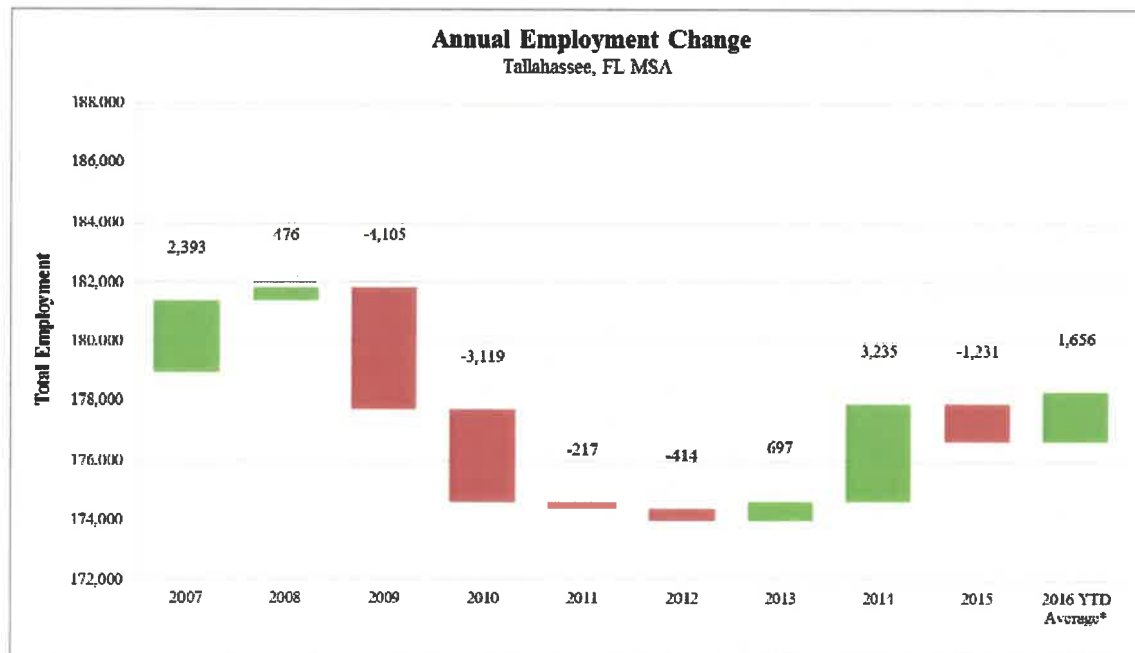
The following table details employment and unemployment trends for the MSA from 2006 to year-to-date 2016.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

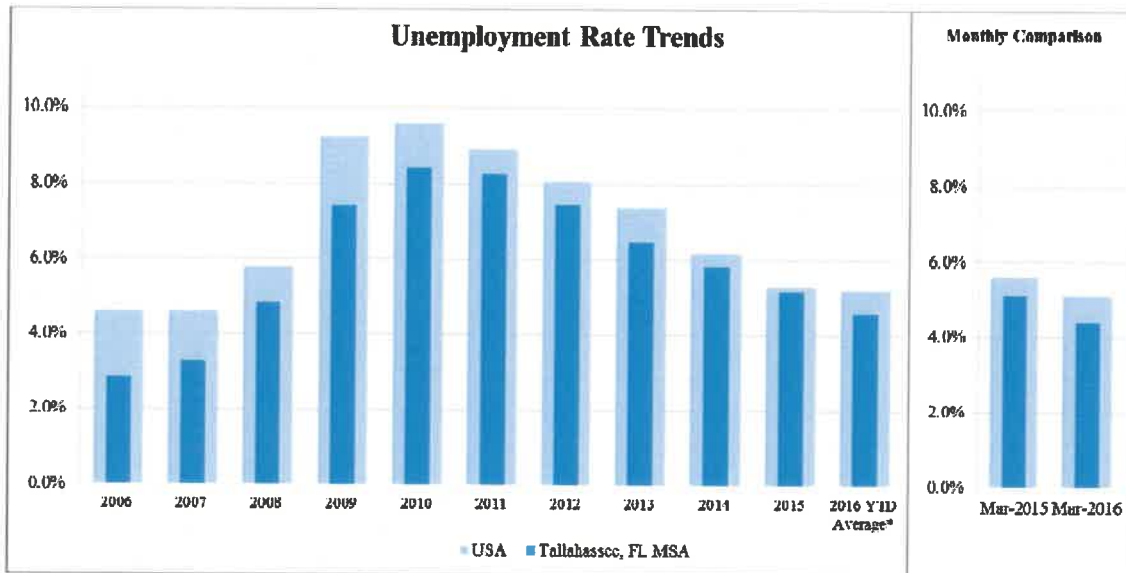
Year	Tallahassee, FL MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2006	178,955	-	2.8%	-	144,427,000	-	4.6%	-
2007	181,348	1.3%	3.3%	0.5%	146,047,000	1.1%	4.6%	0.0%
2008	181,824	0.3%	4.8%	1.6%	145,363,000	-0.5%	5.8%	1.2%
2009	177,719	-2.3%	7.4%	2.6%	139,878,000	-3.8%	9.3%	3.5%
2010	174,600	-1.8%	8.4%	1.0%	139,064,000	-0.6%	9.6%	0.3%
2011	174,383	-0.1%	8.3%	-0.2%	139,869,000	0.6%	9.0%	-0.7%
2012	173,969	-0.2%	7.4%	-0.8%	142,469,000	1.9%	8.1%	-0.9%
2013	174,666	0.4%	6.5%	-1.0%	143,929,000	1.0%	7.4%	-0.7%
2014	177,902	1.9%	5.8%	-0.6%	146,305,000	1.7%	6.2%	-1.2%
2015	176,671	-0.7%	5.2%	-0.7%	148,833,000	1.7%	5.3%	-0.9%
2016 YTD Average*	178,326	0.9%	4.6%	-0.6%	148,833,417	0.0%	5.2%	-0.1%
Mar-2015	177,215	-	5.1%	-	147,635,000	-	5.6%	-
Mar-2016	179,727	1.4%	4.4%	-0.7%	150,738,000	2.1%	5.1%	-0.5%

Source: U.S. Bureau of Labor Statistics May 2016

*2016 data is through Dec



Student Housing Market Study, Tallahassee, FL



Employment trends in the Tallahassee, FL MSA have been better than national trends since 2005, with lower unemployment rates than the national average. The MSA saw significant job losses in 2008 and 2009 during the national recession, and while employment has not recovered to pre-recession levels, Tallahassee has added 9,000 new jobs in the last three years. The unemployment rate in the MSA has decreased each year since 2010, and is currently estimated at 4.5 percent, which is below the national average. These are signs of economic improvement with employment approaching pre-recession levels.

Employment by Occupation/Industry

The following table illustrates employment by industry for the PMA and the nation, as of 2015.

2015 EMPLOYMENT BY INDUSTRY

	PMA	SMA	USA
Agric/Forestry/Fishing/Hunting	0.6%	0.8%	1.3%
Mining	0.0%	0.1%	0.7%
Construction	3.7%	5.2%	6.4%
Manufacturing	1.8%	2.9%	10.6%
Wholesale Trade	0.8%	1.2%	2.5%
Retail Trade	11.1%	11.1%	11.6%
Transportation/Warehousing	1.9%	2.3%	4.2%
Utilities	0.2%	0.6%	0.8%
Information	1.4%	1.6%	2.0%
Finance/Insurance	3.6%	3.8%	4.8%
Real Estate/Rental/Leasing	1.1%	2.0%	1.9%
Prof/Scientific/Tech Services	7.5%	8.0%	6.8%
Mgmt of Companies/Enterprises	0.0%	0.0%	0.1%
Admin/Support/Waste Mgmt Svcs	3.9%	3.8%	4.2%
Educational Services	20.0%	14.4%	9.2%
Healthcare/Social Assistance	9.2%	11.2%	13.7%
Arts/Entertainment/Recreation	2.2%	2.1%	2.2%
Accommodation/Food Services	13.7%	8.6%	7.4%
Other Services (excl Publ Adm)	6.0%	5.3%	5.1%
Public Administration	11.3%	14.8%	4.8%
Total Employment	14,763	174,390	147,789,353

Source: Esri Demographics 2015, Novogradac & Company LLP, May 2016

The previous table reflects the workforce for the PMA compared to national employment concentrations by sector. As expected due to the large number of education and related sector jobs in the area, employment in educational services in the PMA and SMA exceeds national employment in this sector. The next three largest sectors of the economy are the accommodation/food services, public administration, and retail trade sectors. In total, the top four sectors of the economy account for approximately 56 percent of total employment in the PMA.

Conclusion

The local economy is generally stable, with a fairly diverse employment base in historically stable industries such as education and public administration. Additionally, the presence of Florida A&M University and Florida State University are major drivers of economic growth in the area, sustaining more than 14,000 jobs in the regional economy. The local area has seen increasing trends in population and household growth, which is projected to continue through 2020. The MSA experienced significant job losses in 2008 and 2009 during the national recession, but has since recovered significantly and continues to grow. The unemployment rate in the MSA has decreased each year since 2010, and was estimated at 4.4 percent for March 2016, which is slightly below the national average. These trends are positive signs for the continuing development of the Tallahassee area. Note that with several potential retail, service, and FAMU jobs within a short bicycle or car ride, new on-campus housing would generally have a good location for students who may be working part-time while attending school.

Florida A&M University Campus Map

The following is a map of the Florida A&M University campus.

Florida A&M University Map



Source: Florida A&M University (FAMU)

The new potential student housing being considered in this report would be located on the Florida A&M University campus. The general borders of the campus include FAMU Way to the north, South Martin Luther King Jr. Boulevard and South Adams Street to the east, Orange Avenue to the south, and Wahnish Way and Perry Street to the west. Wahnish Way is the main north/south thoroughfare inside the campus, from which most campus facilities and buildings may be accessed. Uses along Wahnish Way include the Bragg Memorial Stadium, intramural recreational fields, academic buildings, parking garage, and the Paddyfote dormitory. Gamble Street is the main east/west thoroughfare and is located on the northern portion of campus. The Student Services Center, the newly constructed FAMU Village on-campus apartments, and a variety of academic buildings are located along Gamble Street. We assume any new student housing would be located within walking distance of all these campus uses.

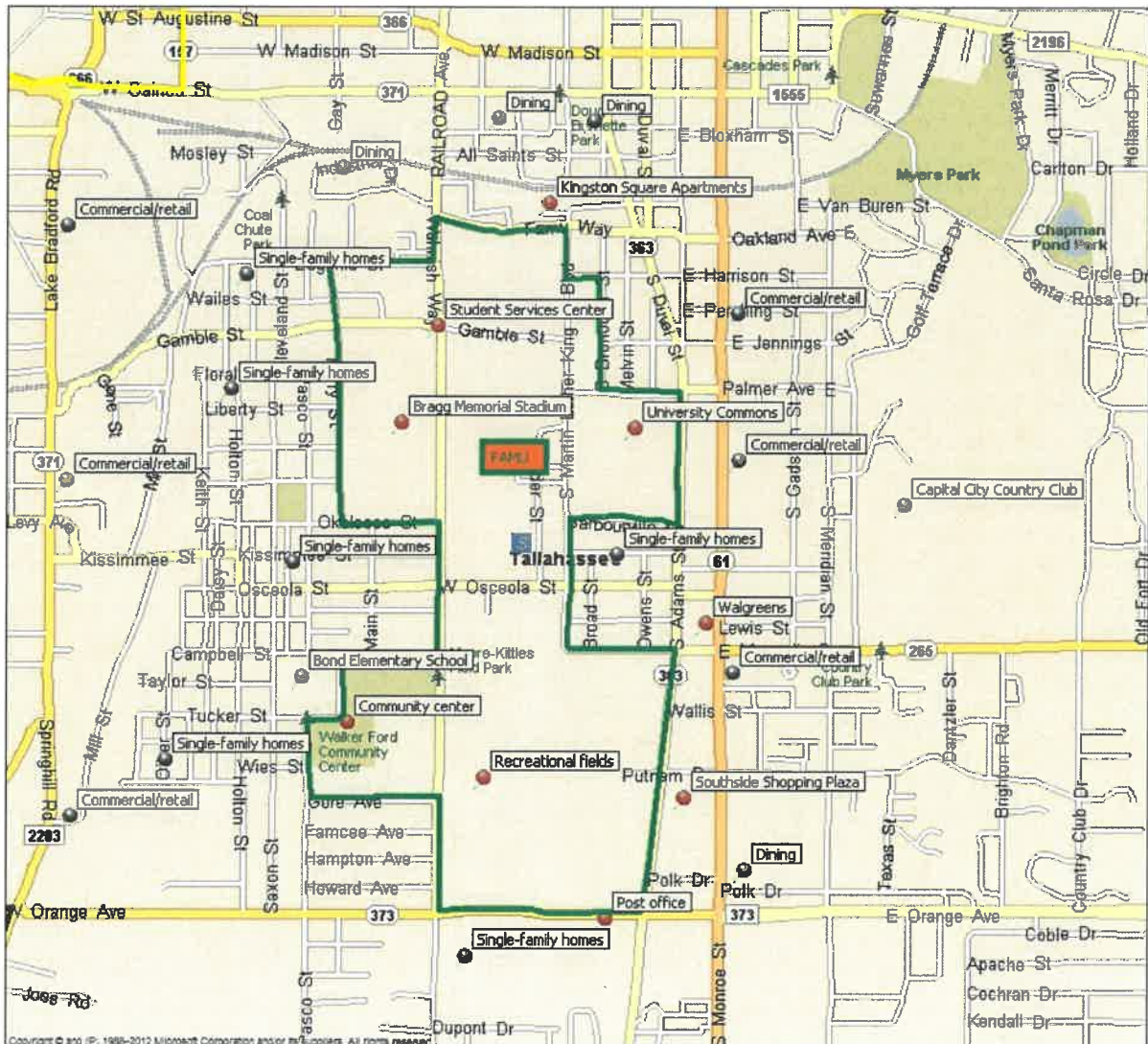
According to Craig Talton, Director of Facilities Planning and Construction with FAMU, the University is currently considering several locations for the development of new student housing. These plans include the demolition of Palmetto North, which are on-campus apartments with 124 beds spaces located in the southeastern quadrant of campus, to construct a 418-bed residence hall, complete with retail, food services, and computer labs. There are also plans for the demolition of McGuinn, Diamond, Cropper, Wheatley, and Truth Halls, located in the central core of the FAMU campus, which would as proposed allow FAMU to construct a 660-bed residence hall. The number of existing beds that are mothballed and will be replaced at McGuinn, Diamond, Cropper, and Wheatley Halls is unknown, while Truth Hall has a current capacity for 103 students. Additionally, there are plans to eventually renovate the Paddyfote dormitory complex (231 beds) and Gibbs Hall (302 beds), which are located in the central core of campus. At least 124 bed spaces at Palmetto North and 103 spaces at Truth Hall, along with mothballed bed spaces not included in current campus housing capacity at McGuinn, Diamond, Cropper, and Wheatley Halls, would likely be eliminated to accommodate construction of new student housing as suggested in this report.

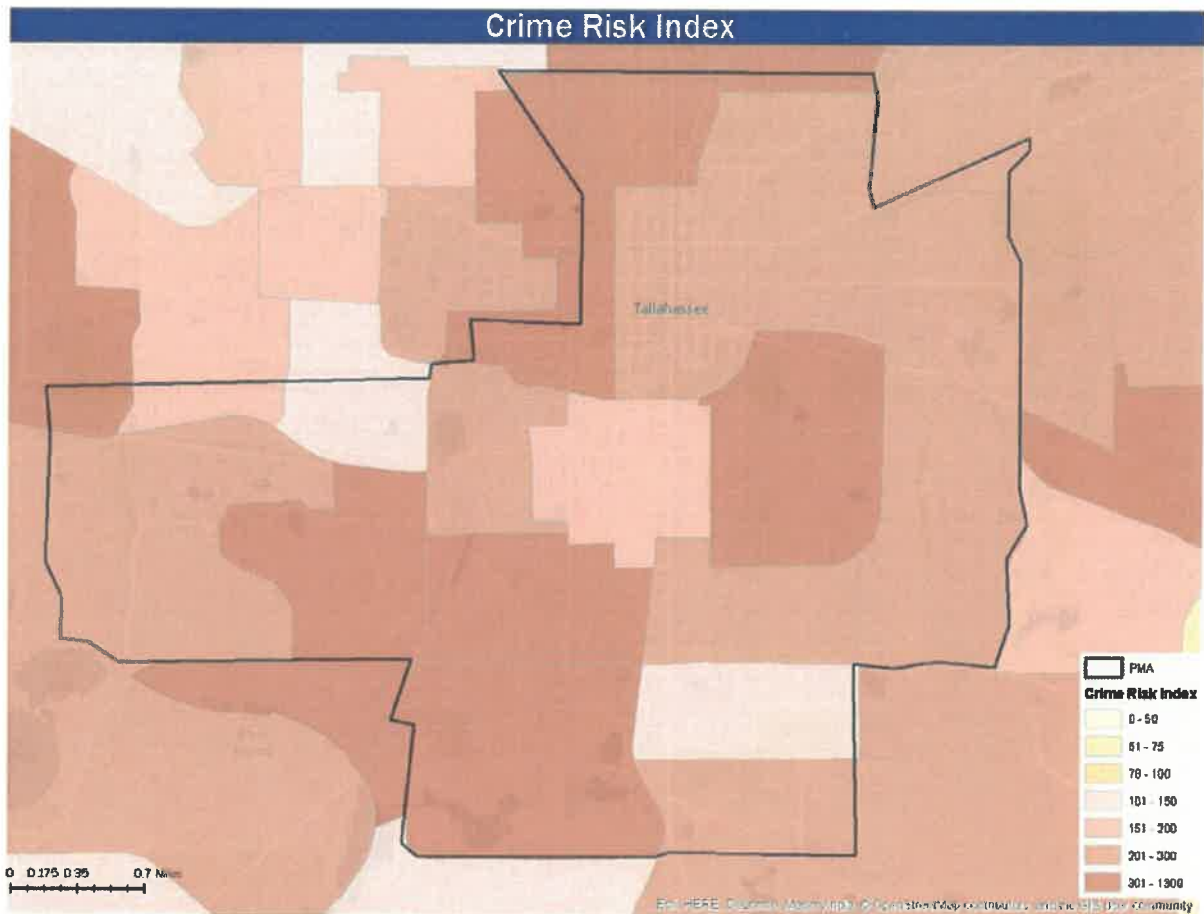
Predominant Land Uses

The potential new student housing will be located on the Florida A&M University campus in central Tallahassee. As such, it is assumed based on our inspection that new student housing would be in close proximity to campus facilities, including the library, student services center, various academic buildings, recreational facilities, the University Commons (student union), and dining halls. The majority of the improvements on campus are in average to good condition. To the north of the FAMU campus, land uses primarily consist of multifamily housing and retail uses in good to excellent condition. The primary commercial corridor to the north of campus is West Gaines Street, which includes various restaurants, retail clothing stores, and government buildings. Land uses directly east of the FAMU campus include commercial in retail uses in average to good condition. The main commercial corridor to the east is located along South Monroe Street, which includes uses such as Walgreen's Pharmacy, the Southside Shopping Plaza, auto repair shops, convenience stores, and several restaurants. Land uses to the south of the campus consist of commercial and retail uses in average to good condition. Uses south of campus along West Orange Avenue consist of a post office, middle school, various restaurants, places of worship, a public library, and apartments. Of note, two of the comparables utilized in our analysis of the Subject, The Pointe at Adams Place and College Club Townhomes, are located south of the FAMU campus. Land uses on the western border of the FAMU campus consist primarily of single-family homes in poor to average condition. Additionally, the retail and commercial uses located to the west of campus along Lake Bradford

Student Housing Market Study, Tallahassee, FL

Road are in generally poor to average condition. Based on our site inspection, it appears that the neighborhoods to the west of campus do not present desirable housing options for FAMU students. Additionally, based on our site inspection and experience scouring the area, it appears that the potential for crime is most significant to the west and southwest of the FAMU campus, in comparison to other surrounding areas of the campus. The retail uses on main arterial roadways surrounding the site appear to be approximately 90 to 95 percent occupied. Following is a map of land uses surrounding FAMU and a crime risk index map for the PMA.





The dark red area generally west and southwest of the FAMU campus is one of the highest crime risk areas of the PMA. Based on our inspection, this area was the least desirable of the neighborhoods surrounding the FAMU campus given the condition and age of the housing stock and the elevated amount of vacant commercial space.

Age/Condition of Surrounding Properties

The structures on campus at FAMU range from average to excellent condition. Land uses north of the FAMU campus in the area surrounding West Gaines Street are in good to excellent condition. Land uses to the east and south are generally in average to good condition, while land uses west of the FAMU campus are in generally poor to average condition. There are no infrastructural changes ongoing surrounding the FAMU campus that would impact accessibility.

The Court, a new student-oriented property that will open prior to fall 2016 semester, is completing construction to the north of the FAMU campus along West Gaines Street. The Court, which is a 54-unit development in a five-story midrise building, is currently 98 percent pre-leased for the fall 2016 semester. Additionally, College Town Phase II, an off-campus student property, is completing construction this year and will open prior to the fall semester. This property is also located to the north of the FAMU campus along West Madison Street. College Town Phase II, which is a 159-unit development in a five-story midrise building, is currently 50 percent pre-leased for the upcoming fall semester. Of note, we have included these properties in our survey of off-campus apartments. These will be among the most upscale student properties in the Tallahassee area when completed. The development of these new off-campus student-oriented apartments suggests there is active demand for additional student-oriented housing in the area.

Following are photographs of land uses surrounding the FAMU campus.



Retail center east of campus



Retail center east of campus

Student Housing Market Study, Tallahassee, FL



Grocery store east of campus



Pharmacy east of campus



Typical retail east of campus



Subway east of campus



Gas station south of campus



Library south of campus

Student Housing Market Study, Tallahassee, FL



Gas station south of campus



Place of worship west of campus



Single-family west of campus



Typical commercial use west of campus



Office building north of campus



Typical retail uses north of campus

Proximity to Local Services

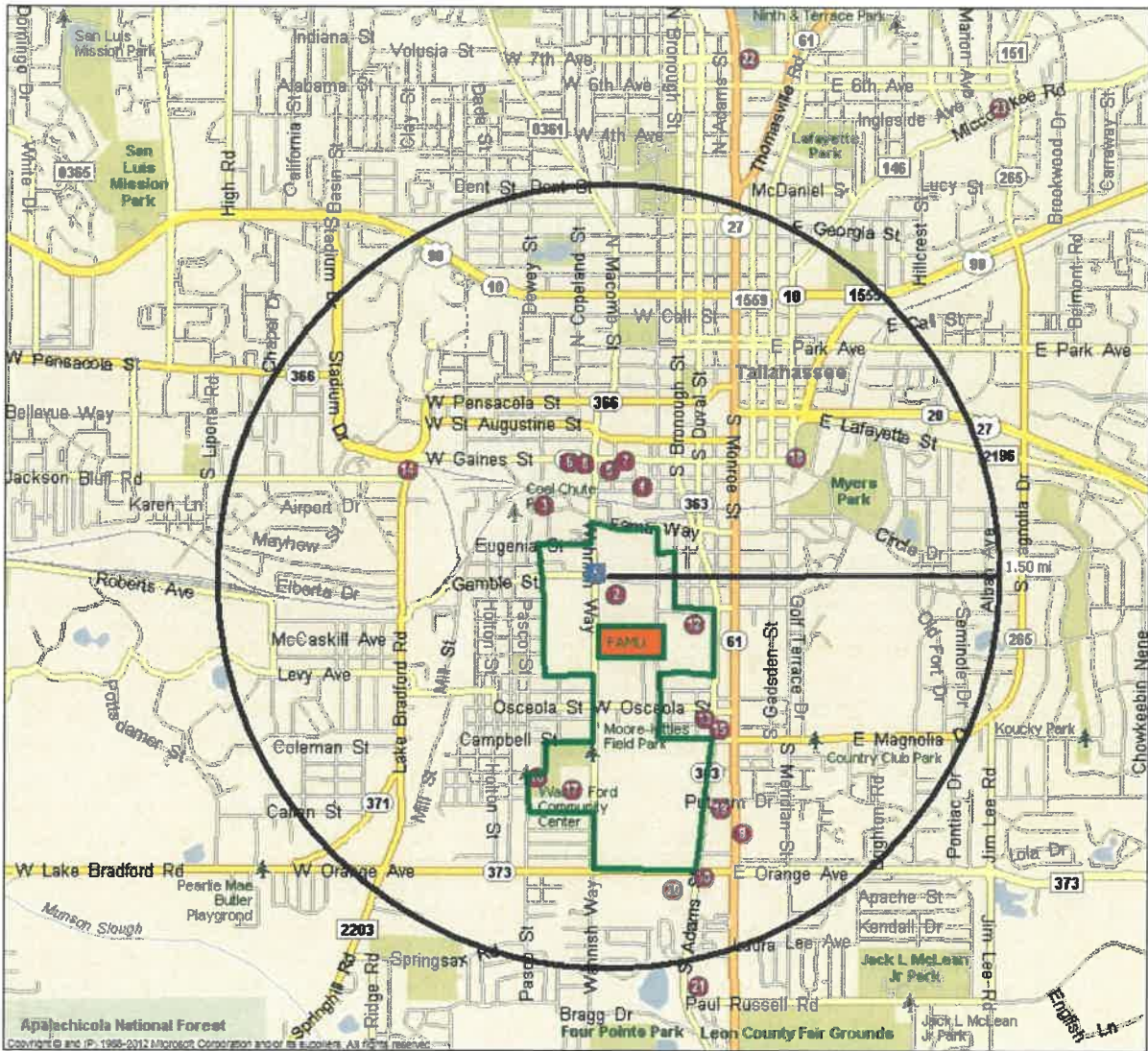
The following table illustrates the proximity to community services that are applicable to student renters. Map numbers in the table correspond with the *Locational Amenities Map* that follows. To calculate distances to community services, we considered the location of the student services center. Any new student housing at FAMU with an on-campus location would be within close proximity to academic buildings, recreational facilities, dining halls, and other on-campus amenities. Additionally, we assume any new student housing will be located within close proximity to a bus stop that serves campus and the city of Tallahassee. On or near the FAMU campus are a bank, a convenience store/gas station, the university police department, a local city park, retail stores, nightlife, and dining opportunities, as well as numerous amenities in downtown. Most amenities are within less than a 1.0 mile walk of the FAMU student services center.

LOCATIONAL AMENITIES

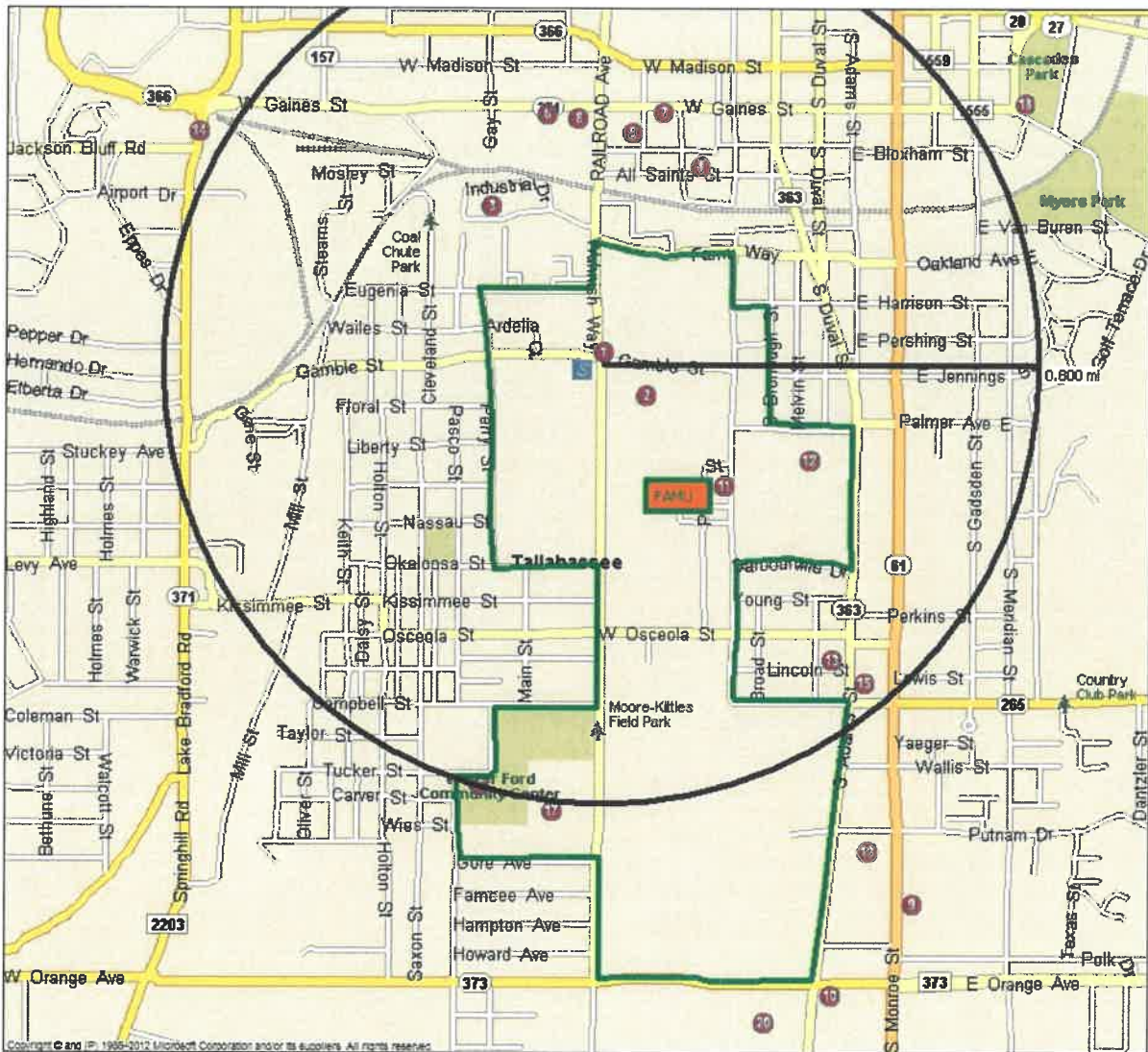
Map #	Service	Amenity	Miles from Subject*	
1	Public Transportation	Bus Stop	Adjacent	
2	Library	Samuel H. Coleman Memorial Library	0.1	
3	<i>Entertainment/Dining</i>	<i>Proof Brewing Company</i>	0.3	
4		<i>Fermentation Lounge</i>	0.4	
5		<i>Nefetari's</i>	0.4	
6		<i>GrassLands Brewing Company</i>	0.5	
7		<i>Voodoo Dog</i>	0.5	
8		<i>Gaines Street Pies</i>	0.5	
9		<i>Wendy's</i>	1.1	
10		<i>Hungry Howie's Pizza and Subs</i>	1.2	
11		Student Union	University Commons	0.3
12		Medical Center	FAMU Student Health Services Center	0.4
13	Convenient Store/Gas Station	Marathon Gas Station	0.7	
14	Bank	Bank of America	0.8	
15	Pharmacy	Walgreens Pharmacy	0.8	
16	Community Center	Walker Ford Community Center	0.8	
17	Police Station	FAMU Police Department	0.8	
18	Park	Cascades Park	0.9	
19	Grocery Store	Piggly Wiggly	1.0	
20	Post Office	U.S. Post Office	1.2	
21	Fire Station	Tallahassee Fire Department	1.6	
22	Police Station	Tallahassee Police Department	2.0	
23	Hospital	Tallahassee Memorial Healthcare	2.4	

*All distances calculated from FAMU Student Services Center

Student Housing Market Study, Tallahassee, FL



Student Housing Market Study, Tallahassee, FL



Public Transportation

Florida A&M University contracts with the City of Tallahassee's StarMetro bus system to provide transportation to students around the campus, in addition to stops offered in Tallahassee. StarMetro buses run every 15 minutes Monday through Friday from 7:30 a.m. to 4:45 p.m. and every 30 minutes until 10:00 p.m. The route runs from Gaile Avenue to the south to Gamble Street and Wahnish Way/South Martin Luther King Jr. Boulevard to the north. Bus services are provided free of charge to FAMU personnel and students with a valid FAMU ID.

Conclusion

A potential on-campus student housing development at FAMU would be considered to have a good location, similar to superior to properties east, south, and west of the campus, and similar to inferior to properties north of the campus, depending on proximity to downtown as well as desirable distance to FSU and FAMU students. Based on our area inspection, the developments north of the Florida A&M University campus appear to be in the most desirable location for student housing, due to the abundance of retail, dining, and nightlife options in the area, the majority of which are in good to excellent condition. The primary commercial/retail corridor to the north of campus is located along West Gaines Street. The desirability of this location is further evidenced by the significant multifamily development occurring in that area of Tallahassee. The neighborhoods to the east and south of the campus feature a variety of commercial/retail uses, multifamily, and single-family homes, the majority of which are in average to good condition. The majority of commercial/retail uses that border the campus are concentrated along South Monroe Street to the east and Orange Avenue to the south. The neighborhood to the west of the FAMU campus, based on our site inspection, is the least desirable neighborhood surrounding the University. Uses in this neighborhood consist predominately of single-family homes in poor to average condition. Additionally, commercial/retail vacancy was highest in this area during our inspection and the crime risk index map presented previously indicates this area west of the campus to be an elevated crime risk area for Tallahassee.

Based on our review of the University's planned and proposed residence hall developments and renovations, it is our opinion the location in the east central portion of campus currently occupied by McGuinn, Diamond, Cropper, Wheatley, and Truth Halls, would be best-suited for modern, on-campus student housing. As mentioned previously, FAMU has plans to demolish these residence halls, as well as Palmetto North, and replace them with 660 beds in one location and 418 beds at another location as currently proposed. It is our opinion that based on the findings of our off-campus supply analysis, the findings of our student surveys, and based on our observations of on-campus housing trends in other student housing markets we have analyzed, we recommend that the future on-campus housing at FAMU be more similar to an apartment-style property discussed in the upcoming portion of this report, rather than a more traditional residence hall design or suite unit.

COMPETITIVE RENTAL/DEMAND ANALYSIS

COMPETITIVE RENTAL ANALYSIS

Introduction

This analysis discusses the local student housing market in Tallahassee, Florida. For the following analysis, we have assumed that students attending Florida A&M University would be those most likely to provide support for new potential on-campus student housing. The following provides an overview of FAMU and a summary of the current on-campus housing options. Later, we detail the recent enrollment trends and characteristics of the students enrolled for the most recent fall semester.

Florida A&M University

Florida A&M University was established in 1887 in Tallahassee. The charter for the school was granted with the passage of House Bill 133 in 1884, which established an all-white university in Gainesville and an all-black college in Jacksonville, which was later moved to Tallahassee. Founded as the State Normal College for Colored Students, the University began with just fifteen students and two instructors. Nearly 130 years later, the school has an enrollment of over 10,000 students. In 2014, Florida A&M University was among the U.S. News & World Report's "Best National Universities". Additionally, the 2015 U.S. News & World Report lists FAMU as the top public historically African-American university in the nation.

The boundaries of the FAMU campus are generally defined as FAMU Way to the north, the Martin Luther King Jr. Boulevard and South Adams Street to the east, West Orange Avenue to the south, and Wahnish Way and Perry Street to the west, although there are some portions of the campus that extend beyond these roadways. Following are photographs of some of the on-campus buildings at FAMU.



Signage at the entrance to FAMU



University Commons

Student Housing Market Study, Tallahassee, FL



Recreational fields



Student Services Center



Teaching and Learning Center



Business Building



ROTC Building



Alfred Lawson Multipurpose Center

Florida A&M University On-Campus Housing

We spoke with Craig Talton, Director of Facilities Planning and Construction with FAMU, who provided information on available on-campus housing, historical housing trends, and the need for additional housing for students of FAMU. Mr. Talton noted that only freshman at FAMU are required to live in on-campus housing. Typically in recent years the school has not kept a waiting list of students seeking on-campus housing. According to Mr. Talton, a total of 98.3 percent of the on-campus student housing spaces were occupied entering fall 2015. Mr. Talton noted that after fall semester, many students graduate, leave school, or take time off, and there may be select vacancies in on-campus housing during spring semester. All of the on-campus student housing contracts cover only the main academic year and none of the contracts require students to abide by a 12-month lease period.

The University is currently considering several locations for the development of new student housing. Existing residence halls including Diamond, MC Guinn, Wheatley, and Cropper Halls have been mothballed for the last three years and will either be demolished or renovated.

The current proposed projects include the planned demolition of Palmetto North (124 beds), an older residence hall located in the southeastern quadrant of campus, which would allow for construction of a 418-bed residence hall as proposed, complete with retail, food services, and computer labs. There are also plans proposed for the eventual demolition of McGuinn, Diamond, Cropper, Wheatley, and Truth Halls, located in the central core of the FAMU campus, to construct a 660-bed residence hall. Additionally, the Paddyfote dormitory complex and Gibbs Hall, also located in the central core of campus, are planned for eventual renovation.

Following is map of the various on-campus student housing options at FAMU and a table outlining on-campus rental rates.

Florida A&M University On-Campus Housing Locations



Student Housing Market Study, Tallahassee, FL

On-Campus Housing at FAMU

Name	Address	Beds	Unit Types	Semester	Monthly	Unit Size (SF)	Year Built	Notes
				Fees/Student*	Per Bed Rent			
Residence Halls								
Paddyfote Complex	1529 Wahmish Way	231	Double	\$2,839	\$710	N/Av	1967	Fully furnished, limited access, utilities included, bike racks
Gibbs Hall	1596 Gibbs Hall Trail	302	Double	\$2,631	\$658	173 - 220	1955	Fully furnished, limited access, utilities included, bike racks
Young Hall	1591 Gibbs Hall Trail	79	Double/Single	\$3,275/\$3,685	\$819/\$921	203 - 218	1929	Fully furnished, limited access, utilities included, bike racks
Sampson Hall	1599 Gibbs Hall Trail	159	Double/Single	\$3,275/\$3,685	\$819/\$921	N/Av	1938	Fully furnished, limited access, utilities included, bike racks
Truth Hall	1699 S. MLK Jr. Blvd.	103	Double	\$2,631	\$658	N/Av	1958	Fully furnished, limited access, utilities included, bike racks
Palmetto North	221 Palmetto Street	124	Double	\$2,614	\$654	N/Av		Fully furnished, utilities included
On-Campus Apartments								
FAMU Village	667 Gamble Street	796	Single; Suite Style	\$3,596	\$899	313 per suite	2014	No kitchens, furnished, computer labs, study rooms, limited access, wifi, utilities included, bike racks
Palmetto South	255 Palmetto Street	356	3BR/2BA & 4BR/2BA	\$2,719/\$3,065	\$680/\$766	1,035-4BR 1,305-3BR	1993	Fully furnished, limited access, utilities included, 3BR is double-occupancy, 4BR is single
Palmetto Phase III	277 Palmetto Street	356	3BR/2BA & 4BR/2BA	\$2,790/\$3,135	\$698/\$784	1,035-4BR 1,305-3BR	1996	Fully furnished, limited access, utilities included, 3BR is double-occupancy, 4BR is single

*Rates are per student/per semester and reflect the 2016-2017 academic year fees

N/Av - Not Available

Source: Florida A&M University

The rental rates per semester, per student for each area of FAMU on-campus housing have been displayed without the inclusion of meal plans that are required for residents. The monthly rates for a bed on campus range from a low of \$654 for a double occupancy room in one of the older residence halls to \$921 for a single-occupancy room at Young and Sampson Residence Halls. The apartment and suite-style units operated by FAMU have monthly fees per bed ranging from \$680 for a double occupancy room at Palmetto South to \$899 for a single-occupancy room at FAMU Village.

The on-campus rental rates cover furnishings and all utilities, including cable television, high-speed internet, heat, hot water, electricity, water, sewer, and trash. In total, there is a current supply of 2,506 beds spaces on campus at FAMU for the upcoming fall 2016 semester. The pre-leased occupancy versus current bed capacity for fall 2016 is 65.3 percent according to Mr. Talton. However, this figure does not include the on-campus rooms that will house student athletes and residence assistants. According to Mr. Talton, the on-campus housing should operate at greater than 93 percent occupancy for fall 2016 based on performance the past two years.

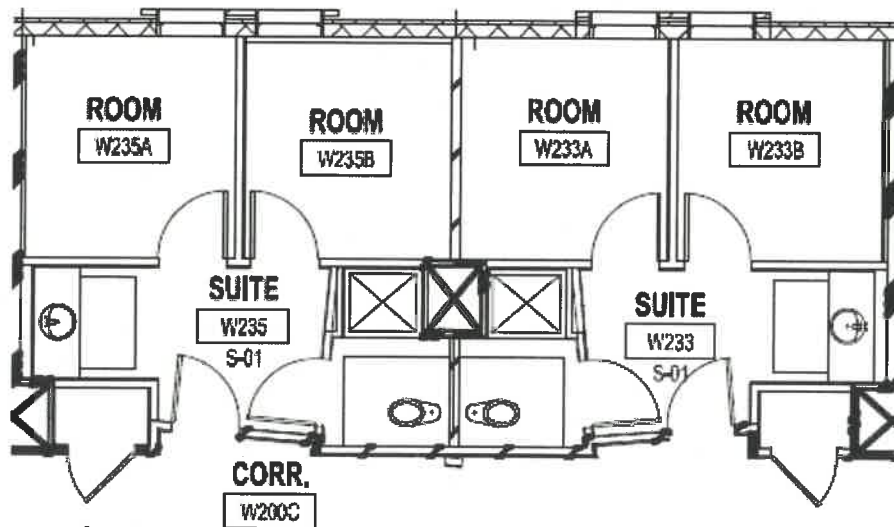
Typical in-room amenities in the residence halls include: bunkable twin beds, desk, chair, chest of drawers, and closet. In addition, the residence halls also feature common area laundry facilities and vending machines. All residence halls include central heat and air conditioning.

FAMU Village

In terms of age, FAMU Village is the newest on-campus housing. These on-campus units were completed in 2014 and are intended for upperclassmen attending Florida A&M University. FAMU Village is a six-story midrise that features two-bedroom/one bath suites with no kitchen area. In-unit amenities include tile flooring, blinds, twin beds, desk and chair, dresser, and closet. Common area amenities include two computer labs, two multi-purpose activity rooms, a game room with three 80 inch televisions, and private study rooms. Following is a photograph of FAMU Village.



According to fee information provided by Mr. Talton, FAMU Village's academic year 2016 and 2017 fees are \$3,596 per person, per semester. These fees equate to monthly per person rents of approximately \$899. Following is a sample of a typical suite for FAMU Village.

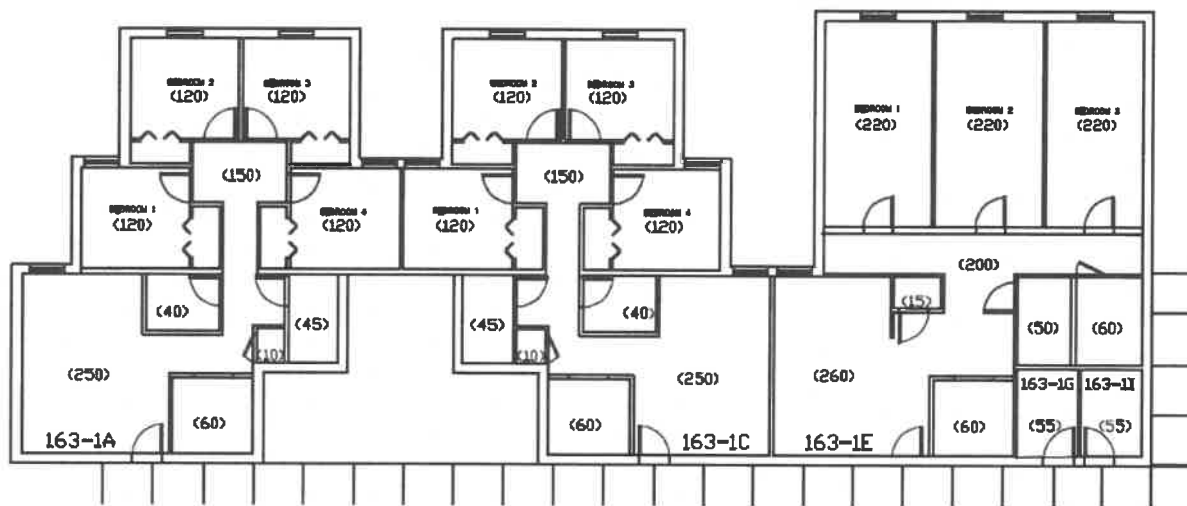


Source: Florida A&M University

The two-bedroom/one bath suites at FAMU Village are approximately 313 square feet based on the previous floor plans and our interview with Mr. Talton.

Palmetto Phase III

The second newest on-campus housing is Palmetto Phase III, which offers three and four-bedroom furnished apartments that include a kitchen, living/dining room, three or four bedrooms, and two bathrooms. The bedrooms in the three-bedroom units at Palmetto Phase III are larger (220 square feet) than the four-bedroom unit bedrooms (120 square feet) due to the single-occupancy type for the four-bedroom units and the double-occupancy type for the three-bedroom units. Following is a portion of the Palmetto Phase III floor plan that illustrates the three and four-bedroom unit layouts.

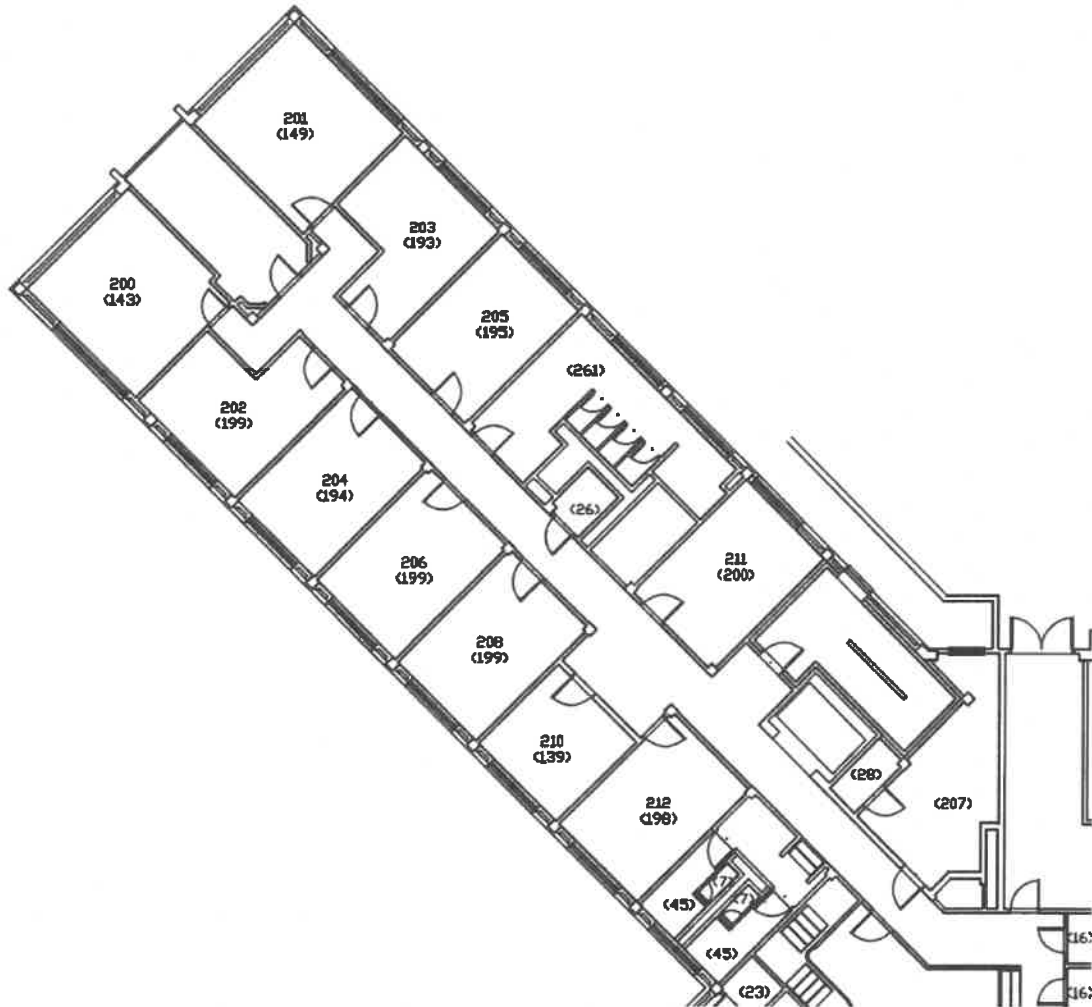


Source: FAMU

The units at Palmetto Phase III are the newest apartment style units, complete with furnishings, a kitchen with refrigerator, oven, and microwave oven, tile flooring, central air conditioning, blinds, twin beds, desk and chair, dresser, and closet. These units are the largest on-campus rental option with three-bedroom (double-occupancy bedrooms) units at 1,305 square feet and the four-bedroom (single-occupancy) units at 1,035 square feet. The units at Palmetto Phase III would be considered most comparable to new potential on-campus apartment housing being considered for new development.

Typical Residence Halls

The following is an illustration of typical double-occupancy units for the on-campus dormitories. The average size of residence hall units in Gibbs Hall (illustrated below) is approximately 200 square feet. These plans are reflective of typical older residence hall rooms on-campus at FAMU.



Source: Florida A&M University

FAMU Housing Stock

Following are photographs of the Florida A&M University on-campus housing stock.

Student Housing Market Study, Tallahassee, FL



FAMU Village



FAMU Village



Palmetto Phase III



Palmetto Phase III



Palmetto North



Palmetto North

Student Housing Market Study, Tallahassee, FL



Palmetto South



Palmetto South



Paddyfote



Paddyfote



Young Hall



Sampson Hall

Student Housing Market Study, Tallahassee, FL



Gibbs Hall



Truth Hall



Diamond Hall



Cropper Hall



Wheatley Hall



McGuinn Hall

SURVEY OF COMPARABLE OFF-CAMPUS PROPERTIES

Description of Property Types Surveyed

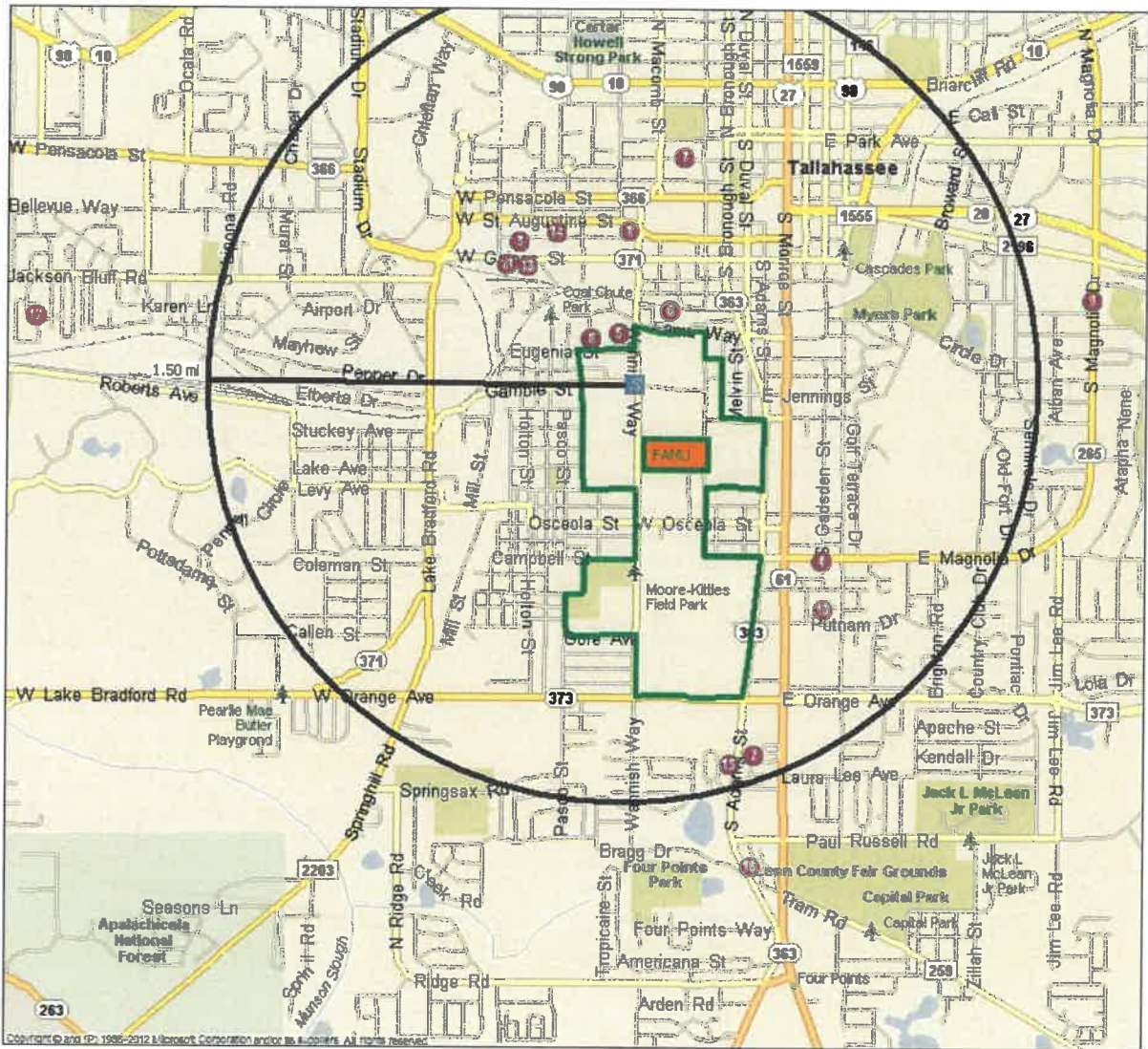
In addition to the on-campus housing rents, we have examined off-campus housing options. We have surveyed a total of 16 properties that are located in the area surrounding Florida A&M University that have significant shares of student renters. Some of the properties surveyed have lesser shares of FAMU students than students from FSU, but do serve some FAMU students nonetheless. We believe these properties are the most appropriate due either to their proximity to the FAMU campus, the number of student tenants, or their age/condition/design/location. We have utilized these properties to develop conclusions and recommendations relating to what we believe will position and new future on-campus housing development to be competitive in the Tallahassee marketplace. Later in this off-campus supply analysis we have narrowed these surveyed properties down to nine of the most comparable properties in the PMA in order to establish achievable market rents for the Subject.

The following table outlines the 16 surveyed off-campus rental housing options in the surrounding Tallahassee market. Note distance to campus reflects each property's as-the-crow-flies proximity to the FAMU Student Services Center, which was also used in evaluating distance to area community services.

COMPARABLE OFF-CAMPUS PROPERTIES

#	Property Name	Miles to FAMU Campus
1	601 Copeland	0.6
2	College Club Townhomes	1.4
3	College Town Phase I & II	0.7
4	Cottages At Magnolia	0.9
5	Hillside Apartments	0.2
6	Kingston Square	0.3
7	Onyx Apartments	0.9
8	Rattler Pointe	0.2
9	Tally Square	1.7
10	The Alliance At 400	1.0
11	The Block	0.6
12	The Boulevard At Tallahassee	2.1
13	The Court	0.6
14	The Eclipse On Madison	0.6
15	The Pointe At Adams Place	1.4
16	University Courtyard	1.8

SURVEYED RENTAL PROPERTY MAP



Student Housing Market Study, Tallahassee, FL

SUMMARY MATRIX

Comp #	Project	Distance	Type / Built / Renovated	Units	#	%	Restriction Rent (Adj)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Florida A&M Apartments Lee Hall Drive Tallahassee, FL 32307 Leon County County	n/a	n/a n/a / n/a	2BR / 1BA	N/A	N/A	Market	800	n/a	No	N/A	N/A
				3BR / 2BA	N/A	N/A	Market	1,050	n/a	No	N/A	N/A
				4BR / 2BA	N/A	N/A	Market	1,200	n/a	No	N/A	N/A
2	601 Copeland 601 South Copeland Street Tallahassee, FL 32304 Leon County County	0.6 miles	Midrise (5 stories) 2013 / n/a	1BR / 1BA	100%	9	Market	541	n/a	No	N/A	N/A
				2BR / 2BA	11.10%	7	Market	924	n/a	No	0	0.00%
				4BR / 4BA	8.60%	65	Market	1,422	n/a	No	0	0.00%
3	College Club Townhomes 2833 South Adams Street Tallahassee, FL 32301 Leon County County	1.4 miles	Townhouse (2 stories) 1996 / n/a	4BR / 4BA	100%	81	Market	1,500	n/a	No	0	0.00%
				1BR / 1BA	100.00%	136	Market	1,758	n/a	No	6	4.40%
				2BR / 2BA	100%	136	Market	1,321	n/a	No	6	4.40%
4	College Town Phase I & II 815 West Madison Street Tallahassee, FL 32304 Leon County County	0.7 miles	Midrise (5 stories) 2012/2016 / n/a	1BR / 1BA	6.90%	11	Market	564	n/a	No	0	0.00%
				2BR / 2BA	3.10%	5	Market	916	n/a	No	N/A	N/A
				3BR / 3BA	34.60%	55	Market	1,716	n/a	No	N/A	N/A
5	Hillside Apartments 600 Eugenia Street Tallahassee, FL 32310 Leon County County	0.2 miles	Garden (2 stories) 2002 / n/a	2BR / 2BA	2.50%	4	Market	912	n/a	No	0	0.00%
				3BR / 3BA	17.60%	28	Market	1,125	n/a	No	0	0.00%
				4BR / 4BA	100%	159	Market	2,491	n/a	No	N/A	N/A
6	Kingston Square 410 West Van Buren Street Tallahassee, FL 32301 Leon County County	0.9 miles	Single Family 1973 / n/a	4BR / 2BA	100%	152	Market	1,500	n/a	No	N/A	N/A
				2BR / 2BA	100.00%	58	Market	850	n/a	No	58	38.20%
				2BR / 2BA	100%	58	Market	1,173	n/a	No	7	12.10%
7	Onyx Apartments 444 West College Avenue Tallahassee, FL 32301 Leon County County	0.3 miles	Garden (2 stories) 2002 / n/a	2BR / 2BA	100%	50	Market	800	n/a	No	7	12.10%
				Studio / 1BA	7.70%	18	Market	386	n/a	No	2	4.00%
				1BR / 1BA	10.30%	24	Market	460	n/a	No	N/A	N/A
8	Rattler Pointe 636 Eugenia Street Tallahassee, FL 32310 Leon County County	0.2 miles	Townhouse (2 stories) 2006 / n/a	3BR / 3.5BA	100%	233	Market	1,276	n/a	No	46	19.70%
				2BR / 2BA	17.20%	40	Market	647	n/a	No	0	0.00%
				3BR / 3BA	20.60%	48	Market	796	n/a	No	0	0.00%

Student Housing Market Study, Tallahassee, FL

SUMMARY MATRIX

Comp #	Project	Distance	Type / Build / Renovated	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
9	Tully Square 1112 S Magnolia Drive Tallahassee, FL 32301 Leon County	1.7 miles	Various (2 stories) 1970s / 2012	IBR / IBA (Garden)	30	13.30%	Market	\$956	586	n/a	No	0	0.00%
				IBR / IBA (Garden)	30	13.30%	Market	\$1,016	754	n/a	Yes	4	13.30%
				2BR / IBA (Garden)	53	23.60%	Market	\$1,118	948	n/a	Yes	2	3.80%
				2BR / 2BA (Garden)	56	24.90%	Market	\$1,153	1,063	n/a	Yes	0	0.00%
				3BR / 2BA (Garden)	40	17.80%	Market	\$1,395	1,603	n/a	Yes	1	2.50%
4BR / 2.5BA (Townhouse)	16	7.10%	Market	\$1,607	1,777	n/a	Yes	0	0.00%				
10	The Alliance At 400 400 Purnam Drive Tallahassee, FL 32310 Leon County	1 miles	Garden (3 stories) 1994 / n/a	4BR / 4BA	225	100%	Market	\$1,465	1,596	n/a	No	7	3.10%
					320	100.00%							N/A
11	The Block 799 West Gaines Street Tallahassee, FL 32304 Leon County	0.6 miles	Midrise (5 stories) 2014 / n/a	Studio / IBA	16	12.90%	Market	\$1,167	500	n/a	No	0	0.00%
				IBR / IBA	29	23.40%	Market	\$1,195	600	n/a	No	0	0.00%
				2BR / 2BA	59	47.60%	Market	\$1,716	950	n/a	No	0	0.00%
				4BR / 4BA	20	16.10%	Market	\$3,303	1,300	n/a	No	0	0.00%
					124	100%							
12	The Boulevard At Tallahassee 2421 Jackson Bluff Boulevard Tallahassee, FL 32304 Leon County	2.1 miles	Garden (3 stories) 2003 / n/a	3BR / 3BA	132	50.00%	Market	\$1,798	1,309	n/a	No	0	0.00%
				4BR / 4BA	132	50.00%	Market	\$2,303	1,696	n/a	No	0	0.00%
13	The Court 799 West Gaines Street Tallahassee, FL 32304 Leon County	0.6 miles	Midrise (5 stories) 2016 / n/a	Studio / IBA	264	100%	Market	\$1,147	500	n/a	No	0	0.00%
				IBR / IBA	4	7.40%	Market	\$1,175	600	n/a	No	N/A	N/A
				2BR / 2BA	4	7.40%	Market	\$1,836	900	n/a	No	N/A	N/A
				3BR / 3BA	4	7.40%	Market	\$2,638	1,300	n/a	No	N/A	N/A
				4BR / 4BA	32	59.30%	Market	\$3,263	1,500	n/a	No	N/A	N/A
14	The Eclipse On Madison 742 West Madison Street Tallahassee, FL 32304 Leon County	0.6 miles	Midrise (5 stories) 2015 / n/a	Studio / IBA	54	100%	Market	\$933	390	n/a	No	0	0.00%
				IBR / IBA	3	6.00%	Market	\$1,246	538	n/a	No	0	0.00%
				2BR / 2BA	4	8.00%	Market	\$1,296	602	n/a	No	0	0.00%
				3BR / 3BA	12	24.00%	Market	\$1,728	926	n/a	No	0	0.00%
				4BR / 4BA	3	6.00%	Market	\$2,476	1,257	n/a	No	0	0.00%
15	The Pointe At Adams Place 3000 South Adams Street Tallahassee, FL 32301 Leon County	1.4 miles	Garden (3 stories) 2006 / n/a	IBR / IBA	50	100%	Market	\$871	504	n/a	No	0	0.00%
				2BR / 2BA	62	23.20%	Market	\$1,265	1,037	n/a	No	1	1.60%
				3BR / 3BA	104	42.30%	Market	\$1,520	1,264	n/a	No	1	1.00%
				4BR / 2BA	80	32.50%	Market	\$1,464	1,190	n/a	No	0	0.00%
					246	100%							
16	University Courtyard 3025 South Adams Street Tallahassee, FL 32301 Leon County	1.8 miles	Garden (3 stories) 2000 / n/a	4BR / 2BA	96	100%	Market	\$1,464	1,190	n/a	No	2	0.80%
					96	100%							

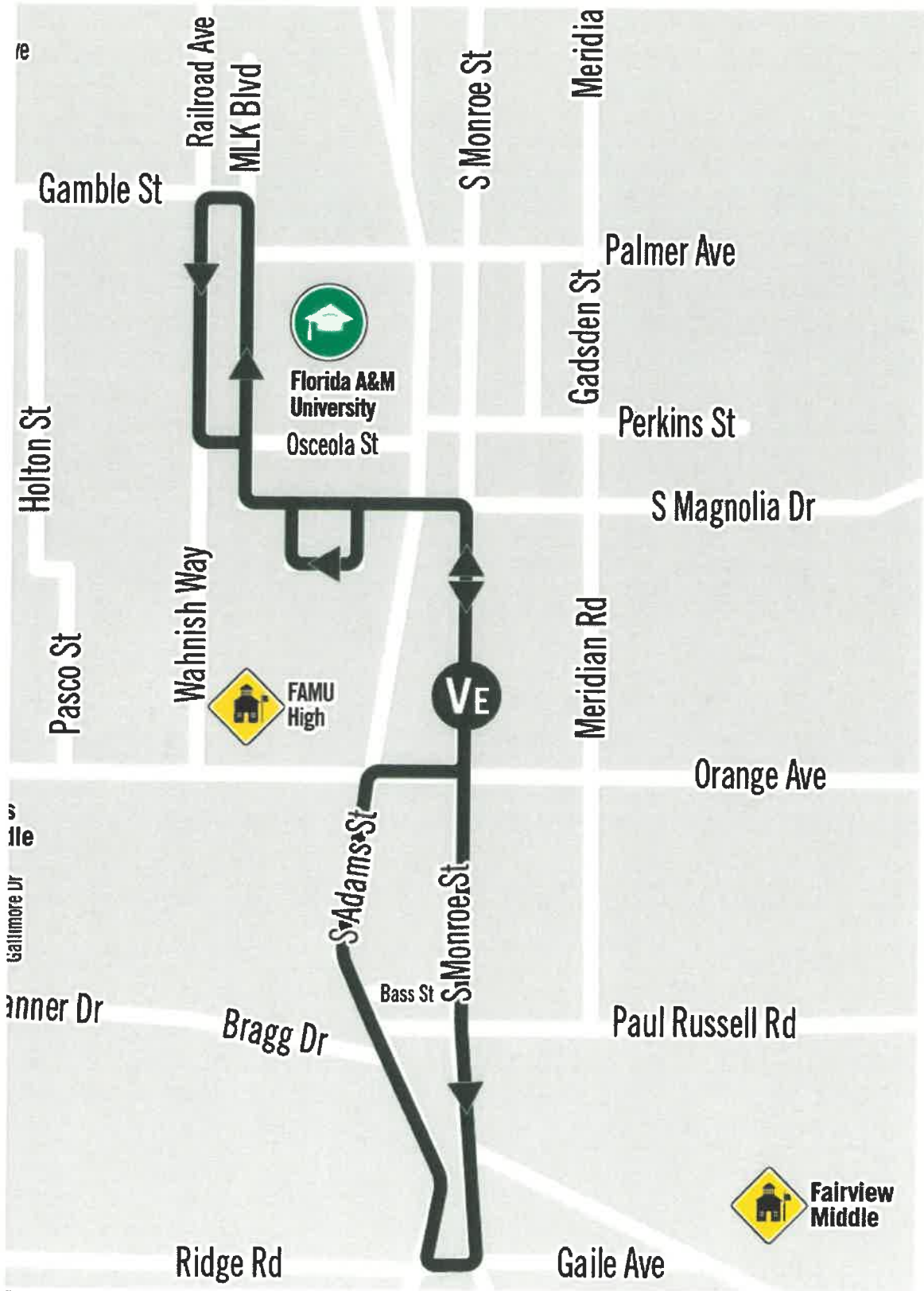
Location

New potential on-campus student housing will most likely be located where older current housing in need of demolition exists. An on-campus location with a generally desirable surrounding area for college students, with essential services located within walking distance, would be a preference among many students, particularly underclassmen. In terms of off-campus locations in Tallahassee, the neighborhood north of the Florida A&M University campus appears to be the most desirable location for student housing, due to the abundance of retail, dining, and nightlife options in the area, the majority of which are in good to excellent condition. There are numerous modern student properties in this area north of campus. The primary commercial/retail corridor to the north of campus is located along West Gaines Street. The neighborhoods to the east and south of the campus feature a variety of commercial/retail uses, multifamily, and single-family homes, the majority of which are in average to good condition. The majority of commercial/retail uses that border the campus are concentrated along South Monroe Street to the east and Orange Avenue to the south. The neighborhood to the west of the FAMU campus, based on our site inspection, is the least desirable neighborhood surrounding the University. Uses in this neighborhood consist predominately of single-family homes in poor to average condition. Additionally, commercial/retail vacancy was significantly greater west of campus than in the other neighborhoods.

Accessibility

As stated previously, the FAMU campus can be accessed via several roadways, the most prominent of which are Wahnish Way, Gamble Street, FAMU Way, Orange Avenue, and South Martin Luther King Junior Boulevard. All major roads leading into campus have adequate traffic control measures in place and our analyst did not experience any issues entering or exiting campus during our inspection and intercept surveys. There are no dedicated bike lanes along these major roadways, but our student surveys found that less than two percent of students surveyed bike to class, so the lack of bicycle lanes should not be a significant hindrance to accessibility for most students. In addition, on-campus housing stock is located within close proximity to the vast majority of locational amenities considered important to students, such as campus facilities, dining and nightlife venues, and retail shopping centers. In addition, bus transportation is available to students at several locations on the campus. Bus services are provided to FAMU and are free for FAMU students, faculty, and staff. There are numerous bus stops on and surrounding the FAMU campus.

The following map illustrates the bus line that serves FAMU students.



Source: talgov.com

Vacancy Levels

The following table details vacancy levels for all the surveyed properties in the Tallahassee market.

OVERALL VACANCY

Property Name	Total Units	Vacant Units	Vacancy Rate
601 Copeland	81	0	0.0%
College Club Townhomes	136	6	4.4%
College Town Phase I & II	159	N/A	N/A
Cottages At Magnolia	152	58	38.2%
Hillside Apartments	58	7	12.1%
Kingston Square	50	2	4.0%
Onyx Apartments	233	46	19.7%
Rattler Pointe	13	0	0.0%
Tally Square	225	7	3.1%
The Alliance At 400	320	138	43.1%
The Block	124	0	0.0%
The Boulevard At Tallahassee	264	0	0.0%
The Court	54	N/A	N/A
The Eclipse On Madison	50	0	0.0%
The Pointe At Adams Place	246	2	0.8%
University Courtyard	96	2	2.1%
Total	2,261	268	11.9%

N/A - Unit vacancies not shown as portions of property under construction and will not open until 8/2016

The current weighted average vacancy rate among the 16 surveyed student housing rental properties is 11.9 percent. This is an elevated current vacancy rate for Tallahassee student housing that is created by the vacancies at The Alliance at 400, Onyx Apartments, and Cottages at Magnolia. Additionally, vacancies in this student housing market increase in the summer months, as some properties do not require 12-month leases. In other cases, evictions have created several vacancies. Of note, the two properties with the highest reported vacancies, Cottages at Magnolia and The Alliance at 400, recently underwent changes in management. The new management in place at both properties said eviction sweeps were necessary upon taking control of their properties. Cottages at Magnolia and The Alliance at 400 are 26 percent and 40 percent pre-leased for the fall 2016 semester, respectively. Additionally, both properties are located in close proximity to the FAMU campus and property managers stated that a significant portion of their tenant base is comprised of FAMU students, and declines in enrollment in recent years have resulted in a smaller pool of potential student renters for properties near FAMU and specifically targeting FAMU students. We believe it is appropriate to include these properties in our analysis of area rental trends, despite their currently high vacancy rates. Management at The Alliance at 400 anticipates they will be more than 90 percent occupied by August, while management at Cottages at Magnolia could not provide insight on when they anticipate being able to re-stabilize. Onyx Apartments opened many of its units late, after the fall 2015 semester and thus still has vacancy of 19.7 percent. However, management stated the property is almost fully preleased. When excluding the two struggling older properties that performed an eviction sweep and the late-opening Onyx Apartments, the overall vacancy rate falls to 1.9 percent.

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Two of the comparables, College Town Phase I & II and The Court, currently have units under construction that will not be available until the fall 2016 semester. As such, the current vacancies at these properties have also been excluded from our analysis. The first phase of College Town is 91 percent pre-leased for the fall 2016 semester, while its second phase is approximately 50 percent pre-leased. Additionally, The Court is approximately 98 percent pre-leased for the fall 2016 semester. These two properties will be the newest addition of student-oriented housing in the Tallahassee market. As such, despite not being fully leased or occupied, we believe these properties offer valuable data points in determining the feasibility of new student housing in the area.

Comparable Selection

Seven of the 16 properties we surveyed, including College Town Phase I & II, Cottages at Magnolia, Onyx Apartments, Tally Square, The Alliance at 400, The Block, and The Eclipse on Madison, were not included in the analysis of the most comparable properties due largely to differences in unit types and design, share of FAMU students versus students from FSU, condition, age, and amenities. However we have analyzed some details of these properties, including vacancy and rent growth trends. From our survey of area rental housing properties that serve students, we identified nine properties listed in the previous table as those most comparable to potential new on-campus apartment housing at FAMU. These nine selected comparable properties offer unit types most similar to those that will be offered at a potential new on-campus development and are among the more modern rental options in the area for students. These selected properties have amenities that are generally among the most similar to what we would suggest for new housing at FAMU, are performing well in most cases, and offer the bedroom types we would suggest for new on-campus apartments.

Unit Mix and Sizes

The following table details the unit mixes of the nine selected comparable properties by unit type.

SELECTED MOST COMPARABLE PROPERTIES									
Map #	Property Name	Year Built/ Renovated	Units	Vacancy Rate	Unit Mix				
					Studio	One-BR	Two-BR	Three-BR	Four-BR
1	601 Copeland	2013	81	0.0%	-	9	7	-	65
2	College Club Townhomes	1996	136	4.4%	-	-	-	-	136
5	Hillside Apartments	2002	58	12.1%	-	-	58	-	-
6	Kingston Square	2002	50	4.0%	-	-	50	-	-
8	Rattler Pointe	2006	13	0.0%	-	-	-	13	-
12	The Boulevard at Tallahassee	2003	264	0.0%	-	-	-	132	132
13	The Court	2016	54	2.0%	10	4	4	4	32
15	The Pointe at Adams Place	2006	246	0.8%	-	62	104	80	-
16	University Courtyard	2000	96	2.1%	-	-	-	-	96
Total			998	2.0%	10	75	223	229	461

The nine selected most comparable properties have 20 total vacancies among 998 existing rentable units, indicating generally high demand for the properties in closest proximity to the on-campus administrative, recreational, and academic buildings. Only the hotel-style Hillside Apartments has an elevated vacancy rate at 12.1 percent, with most vacancies a result of recent end-of-the-year move-outs. According to management, this property is usually 95 percent occupied by the start of the fall semester.

The average unit mixes of the nine most comparable properties to a new potential FAMU housing development are illustrated in the following table.

SHARES OF UNIT TYPES

Property	Studio	One-BR	Two-BR	Three-BR	Four-BR
Comparables	1.0%	7.5%	22.3%	22.9%	46.2%

In terms of unit types, the greatest shares of unit types are in the two, three, and four-bedroom units, which represent 22.3, 22.9, and 46.2 percent, respectively, of all units at the most comparable properties. Given the shares of unit types at the most comparable off-campus housing, and student preferences for a reasonably priced rental option, we believe new student housing at FAMU would be best-served in offering a mix of two, three, and four-bedroom units, similar to the most comparable properties we identified and surveyed. We have suggested a potential mix of bedroom types for new student housing later in this report. Note that unlike most of the larger bedroom types surveyed, we expect new housing at FAMU would offer shared bathrooms, rather than the private bathrooms available to many students living off-campus. We have based this assumption on factors such as student cost preferences as indicated by our student surveys, rental price points of off-campus comparables, and recent trends for on-campus student housing being developed elsewhere in the nation.

Number of Bathrooms

For this report, we have considered that new on-campus student housing at FAMU would offer one bathroom in its two-bedroom units, and two-bathrooms in its three and four-bedroom units. Additionally, we assumed the bedrooms in new student apartments would be all single-occupancy bedrooms. Among the most comparable properties, all offer two bathrooms in their two-bedroom units, all offer at least three bathrooms in their three-bedroom units, and all but one offer four bathrooms in their four-bedroom units. The number of baths suggested for new on-campus housing at FAMU is a factor in our determination of achievable rents later in this section. Note that as on-campus housing that will likely attract a higher share of underclassmen than upperclassmen, offering a bathroom for each bedroom should not be necessary. However, if the school so opted, designing student housing with individual bathrooms would allow such housing to achieve a price premium for each bedroom. We would anticipate such a price premium for individual bathrooms would be approximately \$50 per month, per bedroom.

Absorption

The newest properties in the PMA that we surveyed are College Town Phase I & II (88 units in second phase) and The Court (54 units), both of which are slated to open in August 2016. Both properties are located to the north of FAMU, in a superior location when considering the condition of surrounding improvements and their proximity to retail, dining, and nightlife options. Management at College Town Phase I & II stated that its newest second phase is currently 50 percent pre-leased for the fall 2016 semester. The pre-leasing for this property began in January 2016. Management at The Court noted the development is already 98 percent pre-leased for the fall 2016 semester. Pre-leasing for The Court also began in January 2016.

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This equates to a lease-up rate of approximately 15 units per month for College Town Phase I & II and approximately nine units per month for The Court. These are good to moderate lease-up rates for new, upscale student housing properties.

Additionally, Onyx Apartments is still in its initial lease-up period, as significant portions of the property were not made available for rent until after the fall 2015 semester. As such, we have not included an analysis of the absorption pace of this development, as the delayed opening has significantly impacted their lease up rate.

Rent Growth

The following table illustrates the rent growth occurring in the area at the nine most comparable properties.

RENT GROWTH		
Comparable Property	Distance to FAMU Campus	Rent Growth
601 Copeland	0.6 miles	Increased 3%
College Club Townhomes	1.4 miles	Increased 2%
Hillside Apartments	0.2 miles	Increased 1%
Kingston Square	0.3 miles	Increased 1%
Rattler Pointe	0.2 miles	Increased 1%
The Boulevard At Tallahassee	2.1 miles	Increased 3%
The Court	0.6 miles	None
The Pointe At Adams Place	1.4 miles	Increased 2%
University Courtyard	1.8 miles	Increased 3%

Among the nine most comparable properties, rents increased by one to three percent over the past year at all but one of the properties we surveyed. The Court is in its initial lease-up period, and therefore there has been no rent growth at this property. Additionally, the rent growth illustrated for College Town Phase I & II is for this property's existing first phase, as the second phase is slated to open by August 2016.

Given the rent growth occurring at some of the most comparable existing properties (601 Copeland, College Club Townhomes, University Courtyard) we would anticipate new on-campus student apartments with similar conditions could achieve annual rent increases of approximately 1.5 to 2.0 percent, or \$10 to \$15 per bedroom/per month annually, given the rent increases that have been occurring and the continuing population and renter household growth in the PMA.

Rents Comparison

The following table illustrates the asking rents by bedroom type and rents per square foot for the selected most comparable properties we surveyed. For the purposes of this market study, “Base Rents” are the actual rents quoted to the tenant, and are most frequently those rents that potential renters consider when making a housing decision. “Net rents” are rents adjusted for the cost of utilities (adjusted to the potential new student development convention) and are used to compensate for the differing utility structures of the Subject and the comparable properties. Net rents represent the actual costs of residing at a property. Note that later in this section we have prepared Rent Comparability Grids that account for numerous differences between a new student housing development on-campus and the selected comparables.

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

Effective Rent Date: May-16

	Two Bedrooms One Bath		Three Bedrooms Two Bath		Four Bedrooms Two Bath	
	Property	Average	Property	Average	Property	Average
RENT	The Court (2BA)	\$1,836	The Court (3BA)	\$2,638	601 Copeland (4BA)	\$3,263
	601 Copeland (2BA)	\$1,816	The Boulevard At Tallahassee (3BA)	\$1,798	The Court (4BA)	\$3,263
	The Pointe At Adams Place (2BA)	\$1,265	Rattler Pointe (3.5BA)	\$1,730	The Boulevard At Tallahassee (4BA)	\$2,303
	Hillside Apartments (2BA)	\$1,173	The Pointe At Adams Place (3BA)	\$1,520	College Club Townhomes (4BA)	\$1,758
	Kingston Square (2BA)	\$1,153			University Courtyard	\$1,464
SQUARE FOOTAGE	The Pointe At Adams Place (2BA)	1,037	The Boulevard At Tallahassee (3BA)	1,509	The Boulevard At Tallahassee (4BA)	1,696
	601 Copeland (2BA)	924	The Court (3BA)	1,300	College Club Townhomes (4BA)	1,500
	The Court (2BA)	900	Rattler Pointe (3.5BA)	1,276	The Court (4BA)	1,500
	Hillside Apartments (2BA)	850	The Pointe At Adams Place (3BA)	1,264	601 Copeland (4BA)	1,422
	Kingston Square (2BA)	800			University Courtyard	1,190
RENT PER SQUARE FOOT	The Court (2BA)	\$2.04	The Court (3BA)	\$2.03	601 Copeland (4BA)	\$2.29
	601 Copeland (2BA)	\$1.97	Rattler Pointe (3.5BA)	\$1.36	The Court (4BA)	\$2.18
	Kingston Square (2BA)	\$1.44	The Pointe At Adams Place (3BA)	\$1.20	The Boulevard At Tallahassee (4BA)	\$1.36
	Hillside Apartments (2BA)	\$1.38	The Boulevard At Tallahassee (3BA)	\$1.19	University Courtyard	\$1.23
	The Pointe At Adams Place (2BA)	\$1.22			College Club Townhomes (4BA)	\$1.17

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The two-bedroom rents at the most comparable properties range from \$1,153 at Kingston Square (good condition) to \$1,836 for units at The Court (excellent condition), with an average rent of \$1,449. The rents per square foot range from \$1.22 to \$2.04 for two-bedroom units, with an unweighted average rent of \$1.61 per square foot.

The three-bedroom rents at the comparables range from \$1,520 at The Pointe at Adams Place to \$2,638 at The Court, with an average rent of \$1,922. The rents per square foot range from \$1.19 to \$2.03 for three-bedroom units, with an unweighted average rent of \$1.45 per square foot.

The four-bedroom rents at the comparables range from \$1,464 at University Courtyard (average condition) to \$3,263 at 601 Copeland and The Court (both excellent condition), with an average rent of \$2,410. The rents per square foot range from \$1.17 to \$2.29 for four-bedroom units, with an unweighted average rent of \$1.65 per square foot.

Achievable Market Rents Determination

The previous analysis does not consider many key variables that influence a student's housing choice, but rather simply considers rents and unit sizes. In order to better determine the achievable rents for new on-campus housing being considered for FAMU, we have prepared Rent Comparability Grids that allow for comparison of condition, location, bedrooms, baths, unit sizes, unit and project amenities, security features, parking options, and utilities. The use of Rent Comparability Grids allows us to provide a determination of achievable rents for a new potential on-campus student housing development as suggested. We assumed the following bedroom, bath and square footages for a new on-campus student housing development:

HYPOTHETICAL NEW STUDENT APARTMENTS

Bedroom Type	Baths	Square Feet
2BR	1	800
3BR	2	1,050
4BR	2	1,200

In addition to the size and bath assumptions above, we assume that new student housing on-campus will include central air conditioning, window blinds, faux wood vinyl and carpet flooring, furnishings, oven/range, refrigerator, microwave, dishwasher, and cable and Internet service. We assume unit and building finishes will be of good quality, but will not include features such as granite countertops or stainless steel appliances, which some of the newer properties in Tallahassee are offering. Property amenities we have assumed will be in place include laundry facilities, off-street lot parking, secure, limited access entry, clubroom space, a game room with pool table, a computer lab, picnic area with grill, on-site management, and 24-hour study rooms. Lastly, we assume all utilities will be included in the rent and units will be furnished, similar to the existing on-campus housing.

The adjustments made on the following Rent Comparability Grids are based on a combination of local factors and the market analyst's experience evaluating student housing markets throughout the nation. The explanations for the adjustments shown on the Rent Comparability Grids are followed by the determination of achievable rents.

Unit Type: 3BR / 2BA

Rent Comparability Grid

Subject		Data on Subject		Comp #8 Rattler Pointe 636 Eugenia Street Tallahassee, Leon County		Comp #12 The Boulevard At Tallahassee 2421 Jackson Bluff Boulevard Tallahassee, Leon County		Comp #13 The Court 799 West Gaines Street Tallahassee, Leon County		Comp #15 The Pointe At Adams Place 3000 South Adams Street Tallahassee, Leon County	
Subject		Date	\$ Adj	Date	\$ Adj	Date	\$ Adj	Date	\$ Adj	Date	\$ Adj
A. Rents Charged											
1	\$ Last Rent / Restricted?	May-16	N	May-16	N	May-16	N	May-16	N	May-16	N
2	Date Last Leased (mofy)	May-16	N	May-16	N	May-16	N	May-16	N	May-16	N
3	Rent Concessions										
4	Occupancy for Unit Type	100%		100%		98%		100%		100%	
5	Effective Rent & Rent / sq. ft.	\$1,485	\$1.16	\$1,647	\$1.09	\$2,487	\$1.91	\$2,487	\$1.91	\$1,275	\$1.01
<i>In Parts B thru E, adjust only for differences, the subject's market values.</i>											
B. Design, Location, Condition											
6	Structure / Stories	E/5	\$50	G/3	\$50	E/5	\$50	G/3	\$50	G/3	\$50
7	Yr. Built / Yr. Renovated	2006		2003		2016		2006		2006	
8	Condition / Street Appraisal	G	\$150	G	\$150	E	\$150	G	\$150	G	\$150
9	Neighborhood	A	\$300	A	\$300	E	\$300	E	(\$300)	A	\$300
10	Same Market? Miles to Subj.	Yes/0.2		Yes/2.1		Yes/0.6		Yes/1.4		Yes/1.4	
C. Unit Equipment / Amenities											
11	# Bedrooms	3		3		3		3		3	
12	# Bathrooms	3-5	(\$75)	3	(\$50)	3	(\$50)	3	(\$50)	3	(\$50)
13	Unit Interior Sq. Ft.	1,276	(\$79)	1,509	(\$160)	1,300	(\$143)	1,264	(\$65)	1,264	(\$65)
14	Balcony / Patio	N	(\$15)	Y	(\$15)	Y	(\$15)	N		N	
15	AC: Central / Wall	C		C		C		C		C	
16	Range / Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave / Dishwasher	M/D		M/D		M/D		M/D		M/D	
18	Washer / Dryer	W/D	(\$40)	W/D	(\$40)	W/D	(\$40)	W/D	(\$40)	W/D	(\$40)
19	Floor Coverings	V/C		V/C		V/C		V/C		V/C	
20	Unit Special Features	N		SS/Granite	(\$20)	SS/Granite	(\$20)	SS/Granite	(\$20)	SS/Granite	(\$20)
21	Cable / Satellite / Internet	C/S/I		C/S/I		C/S/I		C/S/I		C/S/I	
22	Furnished	Y		Y		Y		Y		Y	
23											
D. Site Equipment / Amenities											
24	Parking (\$ Fee)	L		L		L/\$35 G/\$45	\$35	L		L	
25	Extra Storage	N		Y	(\$10)	Y		N		N	
26	Security	N	\$5	Y	\$5	Y		N		N	
27	Clubhouse / Meeting Rooms	C	\$10	C		C		N		N	\$5
28	Pool / Recreation Areas	GR	\$5	P/E/R/T/V/TB/GR	(\$45)	P/E/R/T/V/T/GR	(\$40)	P/E/GR		P/E/GR	(\$25)
29	Business Ctr / Nhd Network	BC	\$10	BC		BC		BC		BC	
30	Picnic Area	N	\$5	Y		Y		Y		Y	
31	On-Site Management	N	\$10	Y		Y		Y		Y	
32	Other Amenities	N	\$5	Study rooms/bicycle storage	(\$5)	Study rooms/Ground-level retail	(\$25)	Study rooms/Ground-level retail	(\$25)	N	\$5
E. Utilities											
33	Heat (in rent? / type)	N/E	\$11	N/E	\$11	N/E	\$11	N/E	\$11	N/E	\$11
34	Cooling (in rent? / type)	N/E	\$46	N/E	\$46	N/E	\$46	N/E	\$46	N/E	\$46
35	Cooking (in rent? / type)	N/E	\$14	N/E	\$14	N/E	\$14	N/E	\$14	N/E	\$14
36	Hot water (in rent? / type)	N/E	\$40	N/E	\$40	N/E	\$40	N/E	\$40	N/E	\$40
37	Other Electric	N	\$40	N	\$40	N	\$40	N	\$40	N	\$40
38	Cold Water / Sewer	N/N	\$76	Y/Y	\$76	Y/Y	\$76	N/N	\$76	N/N	\$76
39	Trash / Recycling	N	\$18	Y		Y		N		N	\$18
F. Adjustments Recap											
40	# Adjustments B to D	10	(4)	3	(8)	1	(8)	5	(5)	5	(5)
41	Sum Adjustments B to D	\$550	(\$209)	\$500	(\$335)	\$35	(\$633)	\$510	(\$200)	\$510	(\$200)
42	Sum Utility Adjustments	\$245		\$151		\$151		\$245		\$245	
43	Net / Gross Adjustments B to E	\$586	\$1,004	\$316	\$986	(\$447)	\$819	\$555	\$955	\$555	\$955
G. Adjusted & Market Rents											
44	Adjusted Rent (5 + 43)	\$2,071		\$1,963		\$2,040		\$2,040		\$1,830	
45	Adj. Rent / Last rent		139%		119%		82%				144%
46	Estimated Market Rent		\$1,980		\$1,890		\$1,890		\$1,890		\$1,890

Rent Comparability Grid

Unit Type: 4BR / 2BA

Subject	Comp #1	Comp #2	Comp #12	Comp #13	Comp #16
Data on Subject	601 Copeland 601 South Copeland Street Tallahassee, Leon County	College Club 2833 South Adams Tallahassee, Leon	The Boulevard At Tallahassee 2421 Jackson Bluff Boulevard Tallahassee, Leon County	The Court 799 West Gaines Street Tallahassee, Leon County	University Courtyard 3025 South Adams Street Tallahassee, Leon County
A. Rents Charge/					
1 \$ Last Rent / Restricted?	\$3,076	\$1,516	\$2,116	\$3,076	\$1,464
2 Date Last Leased (mo/yr)	May-16	May-16	May-16	May-16	May-16
3 Rent Concessions	N	Y	N	N	N
4 Occupancy for Unit Type	100%	95%	100%	98%	97%
5 Effective Rent & Rent / sq. ft	\$3,076	\$1,456	\$2,116	\$3,076	\$1,464
<i>In Parts B thru E, adjust only for differences the subject's market values.</i>					
B. Design, Location, Condition					
6 Structure / Stories	E/5	T/2	G/3	E/5	G/3
7 Yr. Built / Yr. Renovated	2013	1996	2003	2016	2000
8 Condition / Street Appeal	E	A	A	E	A
9 Neighborhood	G	Yes/1.4	Yes/2.1	Yes/0.6	Yes/1.8
10 Same Market? Miles to Subj.	Yes/0.6				
C. Unit Equipment / Amenities					
11 # Bedrooms	4	4	4	4	4
12 # Bathrooms	2	4	4	4	2
13 Unit Interior Sq. Ft.	1,200	1,500	1,696	1,500	1,190
14 Balcony / Patio	N	Y	Y	Y	N
15 AC: Central / Wall	C	C	C	C	C
16 Range / Refrigerator	R/F	R/F	R/F	R/F	R/F
17 Microwave / Dishwasher	M/D	M/D	M/D	M/D	M/D
18 Washer / Dryer	L	W/D	W/D	W/D	W/D
19 Floor Covering	V/W/C	C/T	W/D	V/C	V/C
20 Unit Special Features	N	SS/Granite/crown molding	SS/Granite	SS/Granite	N
21 Cable / Satellite / Internet	C/S/I	C/S/I	C/S/I	C/S/I	C/S/I
22 Furnished	Y	Y	Y	Y	Y
D. Site Equipment / Amenities					
23 Parking (\$ Fee)	L	L	L	L	L
24 Extra Storage	G/\$35	N	N	L/\$35 G/\$45	N
25 Security	N	Y	Y	Y	N
26 Clubhouse / Meeting Rooms	Y	Y	Y	Y	N
27 Pool / Recreation Areas	C	C	C	C	C
28 Business Ctr / Nbrhd Network	PIE/R/PIGR	PIE/R/GR	PIE/R/V/TB/GR	PIE/R/V/GR	PIE/R/GR
29 Picnic Area	BC	BC	BC	BC	BC
30 On-Site Management	Y	Y	Y	Y	Y
31 Other Amenities	Y	Y	Y	Y	Y
E. Utilities					
32 Heat (in rent? / type)	Study/rooms	Bicycle storage	Study rooms/bicycle storage	Study rooms/Ground-level retail	N
33 Cooling (in rent? / type)	Y/E	N/E	N/E	N/E	N
34 Cooking (in rent? / type)	Y/E	N/E	N/E	N/E	Y/E
35 Hot water (in rent? / type)	Y/E	N/E	N/E	N/E	Y/E
36 Other Electric	Y	N	N	N	Y
37 Cold Water / Sewer	Y/Y	N/N	Y/Y	Y/Y	Y/Y
38 Trash / Recycling	Y	N	Y	Y	Y
F. Adjustments Recap					
39 # Adjustments B to D		3	3	1	6
40 Sum Adjustments B to D		\$850	\$650	\$35	\$874
41 Sum Utility Adjustments		\$187	\$187	\$187	\$187
42 Net / Gross Adjustments B to E		(\$597)	\$880	(\$603)	\$804
G. Adjusted & Market Rents					
43 Adjusted Rent (B + 43)	\$2,479	\$2,336	\$2,532	\$2,473	\$2,268
44 Estimated Market Rent / Sq. Ft.	\$2,400	81%	154%	120%	80%
45 Estimated Market Rent	\$2,400	\$2,336	\$2,532	\$2,473	\$2,268
46					

Rent Comparability Grid Explanations

(Note that a New On-campus Hypothetical Student Development is referred to as “the Subject” and assumptions for “the Subject” can be found earlier on page 59 of this report.)

1. Rents for each property utilized as a comparable are reported as collected rents. These are the asking rents for the properties, and do not include adjustments for utilities paid by tenants or owners, nor are they adjusted for concessions. Where there are multiple floor plans for a particular bedroom type, we have used the rent for the floor plan and unit size deemed most similar to the unit type being evaluated on the grid.
2. All of the comparables were evaluated in May 2016. The last comparables were surveyed on May 18, 2016, which serves as the effective date for this report.
3. Two comparables, College Club Townhomes and The Pointe at Adams Place, are currently offering rent concessions. College Club Townhomes is offering a first month rental amount of \$199 per bed for its four-bedroom units. As such, we have applied a negative \$60 adjustment (monthly value of concession) to this property. The Pointe at Adams Place has a one month free concession with a 12-month lease for its one and two-bedroom units.
4. Occupancy rates by unit type range from 87 to 100 percent. For the property with two-bedroom units at 87 percent occupancy (Hillside Apartments), we made an adjustment of \$80, or the equivalent value of one month of free rent over a 12 month lease term, which is a typical concession for a property below 90 percent occupancy.
6. The Subject will offer a six-story elevator-served midrise building(s). Several of the comparables offer an elevator-served design similar to the Subject, while several comparables offer garden-style and or townhouse design. Generally, the walk-up style design is considered similar by students to an elevator-served building. However, the elevator-served design allows for limited access into the building, a security feature deemed desirable especially among female students, which constitute the majority of the FAMU student body. As such, we have made an upward adjustment of \$50 to the comparables that offer garden-style or townhouse design.
7. The Subject will open in August 2018. The comparable properties were built or substantially renovated between 1996 and 2016. We have considered age and condition in another adjustment category.
8. The Subject is expected to be in excellent condition when it opens in August 2018 given the anticipated quality of construction and appearance. The comparables 601 Copeland and The Court are also in excellent condition, having been constructed in 2013 and 2016, respectively and have very upscale appearances and high-end finished such as granite countertops and stainless steel appliances. The remaining comparables are in average to good condition, slightly inferior to inferior to the anticipated condition of the Subject. As such, we have made adjustments of \$50 per bedroom, per month to account for the different condition levels. This adjustment has taken into account the differences in condition and asking rent levels at the

newest properties (601 Copeland and The Court) and the asking rent levels at the average and good condition properties (College Club Townhomes, The Boulevard at Tallahassee, University Courtyard, Rattle Pointe, Hillside Apartments, Kingston Square, and The Pointe at Adams Place). Generally speaking, the asking rents are highest for the properties in excellent condition. Our adjustment value of \$50 per bedroom, per month for each difference in condition is considered a reasonable adjustment given the differences in average asking rents between excellent and good condition properties.

9. The Subject will be located on the Florida A&M University campus. An on-campus location with a generally desirable surrounding area for college students, with essential services located within walking distance, would generally be a preference among many students, particularly underclassmen. The selected comparable properties are located 0.2 to 2.1 miles from the FAMU campus. In terms of off-campus locations in Tallahassee, the neighborhood north of the Florida A&M University campus appears to be the most desirable location for student housing, due to the abundance of retail, dining, and nightlife options in the area, the majority of which are in good to excellent condition. Two of the comparables, 601 Copeland and The Court, are located in this area, and are thus considered to have an excellent location. The remaining comparables are located in areas that are in close to moderate distance from the FAMU campus but lack proximity to nearby amenities. Additionally, the improvements in the neighborhoods surrounding the remaining comparables are in generally average condition. As such, we consider these remaining comparables to be situated in locations slightly inferior to that of the Subject's centralized, on-campus location. As a result, we have made downward adjustments equal to \$100 per bedroom to the properties in superior locations and upward adjustments equal to \$100 per bedroom to the properties in inferior locations. The value of not having to pay for gasoline and car maintenance as a result of driving to and from campus, as well as the added convenience of shorter walks or bike rides to areas of campus contributed to our adjustment values. Our \$100 per month, per bedroom adjustments for location differences are considered reasonable given the added time required to bike, walk, or drive to class from less desirable locations, as well as costs. Time savings in accessing classroom and recreational facilities, as well as social centers on campus, shopping, and dining establishments are valued by students.
10. The Subject and the comparables are all in the same market in Tallahassee, near FAMU.
11. The Subject will include two-bedroom through four-bedroom apartments. The comparables offer a mix of unit types, the majority of which offer most of the unit types proposed at the Subject. All of the comparable properties used in our grids analysis offer similar unit types to the proposed Subject. As such, an adjustment for differences in the number of bedrooms is not warranted.

12. For this report, we have considered that new on-campus student housing at FAMU would offer one bathroom in its two-bedroom units, and two-bathrooms in its three and four-bedroom units. We have assumed single-occupancy for all bedrooms in new on-campus housing. Among the most comparable properties, all offer two bathrooms in their two-bedroom units, all offer at least three bathrooms in their three-bedroom units, and all but one offer four bathrooms in their four-bedroom units. For the Rent Comparability Grids, we made a downward adjustment of \$50 per additional bathroom to account for the value of an additional bathroom at the comparables that offer a bathroom count equal to the number of bedrooms. For students in roommate situations, private bathrooms are a proven valuable amenity. Note that as on-campus housing that will likely attract a higher share of underclassmen than upperclassmen, offering a bathroom for each bedroom should not be necessary. However, if the school so opted, designing student housing with individual bathrooms would allow such housing to achieve a price premium for each bedroom.
13. The Subject and the comparables vary in square footage for each unit type. Most market observers agree that with all other variables being equal, a larger unit is more desirable than a smaller unit. However, the value of the additional square footage is mitigated to some degree by the similarity in perceived unit function (i.e. a 550 square foot one-bedroom functions similarly to a 700 square foot one bedroom) reflective of economies of scale. In other words, there is a diminishing return of value for additional square footage, as each additional square foot does not necessarily equal additional functional utility. In markets similar to Tallahassee, we have observed a rent differential of approximately 30 percent to be appropriate. Therefore, we believe a 30 percent rent differential is reasonable for the unit size adjustment, and we have applied it to the comparables.
14. The units at the Subject will not include balconies. We have made downward adjustments of \$15 for units at properties that include a patio or balcony. This adjustment was based on data regarding balcony and patio values at properties with both options in this region and on our interviews with area property managers.
15. All of the comparables and the Subject feature central air conditioning.
16. All of the comparables and the Subject offer a range and refrigerator in the units.
17. All of the comparables include a microwave oven and all the comparables include a dishwasher in the units.
18. For this report, we have assumed the Subject will offer laundry facilities for student tenants, similar to what is currently offered at FAMU Village. Of note, all of the comparable properties include a washer and dryer in each unit. As such, we have applied a downward adjustment of \$40 to all of the comparable properties for their inclusion of this valuable amenity.

19. The Subject will offer a combination of carpet and vinyl flooring, which is similar to the comparable properties, with the exception of 601 Copeland, which also offers hardwood floors. Due to the desirability of hardwood flooring, in addition to being easily cleaned, we have applied a negative \$15 adjustment to 601 Copeland.
20. All of the properties and the Subject include window blinds in each unit.
21. The Subject and all of the comparables include cable TV and high-speed Internet in the rents. As such, no adjustments are needed.
22. The Subject and all of the comparables include furniture. As such, no adjustments are needed.
24. The Subject will include uncovered surface parking spaces included in the rent. The comparables generally offer open lot surface parking, similar to what is proposed at the Subject. 601 Copeland and The Court also offer garage parking for an additional \$35 and \$45 per month, respectively. Additionally, Kingston Square offers carport parking included in the rent. Based on a review of pricing carports in the Tallahassee area, we have assumed a monthly value of \$15 for the carport parking offered at Kingston Square. As such, a negative \$15 adjustment has been applied to this property. Of note, an adjustment was not applied to 601 Copeland or The Court for the garage parking, as this amenity is not included in the rent.
25. Only one comparable, The Boulevard at Tallahassee, offers some extra storage for tenants. As many of the properties do not offer this amenity, it appears there is little value in the Tallahassee student housing market for the inclusion of extra storage. As such, we have made a \$10 downward adjustment to this property.
26. The Subject will have security features that include limited access and video surveillance. Several of the comparables also offer security features including secure building entry, perimeter fencing, video surveillance, and/or security patrols. For the properties lacking security features, we have made \$5 upward adjustments to account for the inferiority of the properties without security features. Additionally, the lack of security features was also accounted for in our design adjustment, whereas garden-style and townhouse design properties are unable to offer limited access.
27. The Subject will include a clubhouse. Only three of the comparables do not offer a clubhouse. We have applied an upward adjustment of \$10 to these properties.
28. The Subject will have a similar to inferior project amenities package relative to the comparables. The Subject's amenity package will include a game room (GR). The comparables offer a wide range of recreational amenities, including volleyball court (V), basketball court (B), swimming pool (P), exercise facility (E), game room (GR), tanning beds (TB), rooftop terrace (RT), yoga studio (Y), and fire pit area (FP). We have made \$5 adjustments for each of the recreational amenities not offered at the Subject. However, we have given a value of \$25 per month to properties that offer swimming pools.

29. The Subject will feature a computer lab, similar to all but three of the comparable properties. As such, we have applied an upward adjustment of \$10 to the properties that lack this amenity.
30. Most of the comparables have a picnic area, similar to the Subject. We have made a \$10 upward adjustment to the comparables lacking this feature. Note this feature will be considered an important amenity for the Subject for outdoor socializing, particularly with units lacking balconies or patios.
31. All of the comparables have on-site management, similar to all but three of the comparable properties. As such, we have applied an upward adjustment of \$10 to the properties that lack this amenity.
32. The Subject will include a study lounge within the clubhouse, in addition to a game room and bicycle storage. The comparable properties offer amenities such as a library, bicycle storage, study lounge, and/or retail space. We have made a \$5 adjustment to the comparables that include/lack these amenities, while the retail space at The Court we have valued at \$25 per month. We have concluded to a higher value for the retail space due to the conveniences of on-site services, such as dining or shopping.
- 33.–
39. We have made adjustments on each Rent Comparability Grid to account for differences in various utility responsibilities. These adjustments were based on utility allowance estimates provided by the Tallahassee Housing Authority, effective October 1, 2015. Only one comparable, University Courtyard, includes all utilities. Tenants are responsible for utilities at the remaining comparables. The Subject will include all utility costs in the asking rents.

Achievable Market Rents

Based on the findings included in our Rent Comparability Grids for a hypothetical new on-campus student apartment development, we have determined achievable rents. We considered the comparability and similarity of each comparable project to the potential new student housing development in determining the achievable market rents. In this analysis, we gave the most weight to properties in proximity to FAMU that had significant shares of FAMU students and were among the better condition properties we surveyed that attract primarily FAMU students. These properties include College Club, The Pointe at Adams Place, and University Courtyard, which were built or renovated between 1996 and 2006. In addition, they include some of the unit and property amenities reflective of off-campus options that are popular among FAMU students based on the share of students at these apartment communities.

The following table illustrates the current achievable market rent levels for a potential new student housing development.

POTENTIAL ON-CAMPUS APARTMENTS COMPARISON TO ACHIEVABLE MARKET RENTS					
Bedrooms	Square Feet	Surveyed		Current	
		Min Adjusted Rent	Surveyed Max Adjusted Rent	Achievable Market Rent	Current Achievable Rent Per Bedroom
Two-Bedroom/One-Bath	800	\$1,358	\$1,482	\$1,420	\$710
Three-Bedroom/Two-Bath	1,050	\$1,830	\$2,071	\$1,980	\$660
Four-Bedroom/Two-Bath	1,200	\$2,268	\$2,532	\$2,400	\$600

Using Rent Comparability Grids and our consideration of rent differences for various unit sizes at the comparables, we have estimated current achievable rents for a hypothetical new on-campus housing development of \$1,420 for two-bedroom units, \$1,980 for three-bedroom units, and \$2,400 for four-bedroom units. These achievable market rents equate to current achievable per bedroom rents of \$710 for two-bedroom units, \$660 for three-bedroom units, and \$600 for four-bedroom units. Note that these rents were determined by evaluating per month rents at area off-campus properties that generally require 12-month lease periods. As such, in offering on-campus housing that may be available for nine months (during the main academic calendar year), any on-campus units may be able to achieve a moderate premium over a 12-month lease rate due to many students only requiring student housing during the school year.

We would not anticipate development of new on-campus student housing prior to fall 2018 at FAMU. Based on recent increases in rents at the selected off-campus comparable properties, we anticipate rents for off-campus housing will increase an average of 1.5 percent annually between now and fall 2018 when any new student housing could likely be opened. The table below illustrates the potential fall 2018 rents for a hypothetical new on-campus apartment development.

AT POTENTIAL OPENING ACHIEVABLE MARKET RENTS		
Bedrooms	Square Feet	Fall 2018 Achievable
		Per Bedroom Rent
Two-Bedroom/One-Bath	800	\$730
Three-Bedroom/Two-Bath	1,050	\$680
Four-Bedroom/Two-Bath	1,200	\$620

Single-family/Duplex Rental Analysis

Another rental housing common option for students attending FAMU, aside from area apartments, includes single-family or duplex home rental properties. The following table summarizes some of the area home rentals we noted in area classified ads and on websites such as apartments.com, hotpads.com, and trulia.com.

SINGLE-FAMILY RENTAL HOMES IN TALLAHASSEE		
Address	BR/BA	Rent
315 East Palmer Avenue	4BR/4BA	\$1,100
1510 Pepper Drive	4BR/2BA	\$1,100
3009 Pontiac Drive	4BR/2BA	\$1,100
1318 Melvin Street	3BR/3BA	\$1,185
2114 Main Street	3BR/3BA	\$950
2143 Flipper Street	3BR/2BA	\$825
1601 South Gadsden Street	2BR/2BA	\$875
459 East Van Buren Street	2BR/3BA	\$850
1409 Melvin Street	2BR/1BA	\$575

The single-family rental homes we identified are two through four-bedroom homes. Rents range from \$575 to \$875 for two-bedroom homes, \$825 to \$1,185 for three-bedroom homes, and \$1,100 for all of the four-bedroom homes. The rents we have determined to be achievable for multifamily apartments with modern amenities are well above the range of monthly rents for area single-family homes. Most homes are larger than the unit sizes of a potential new on-campus apartments development, but these homes are generally in inferior locations relative to potential new housing sites at FAMU. Additionally, any new on-campus housing will target students of FAMU and would offer features designed with student living in mind, while homes lack the social environment offered by a property such as on-campus apartments. We would anticipate only moderate competition between a new student apartment development on campus and the area single-family home rental market.

DEMAND & ANCILLARY FACILITIES ANALYSIS

Student Housing Market Study, Tallahassee, FL

DEMAND ANALYSIS

Any new student housing at FAMU would not be expected to open until at least August 2018. For the purposes of this analysis, we will assume a new student housing property would be ready for occupancy prior to the fall 2018 semester. As such, our estimates of demand have assumed an opening date of August 2018 for the first portion of any new on-campus development.

City of Tallahassee Planning Department

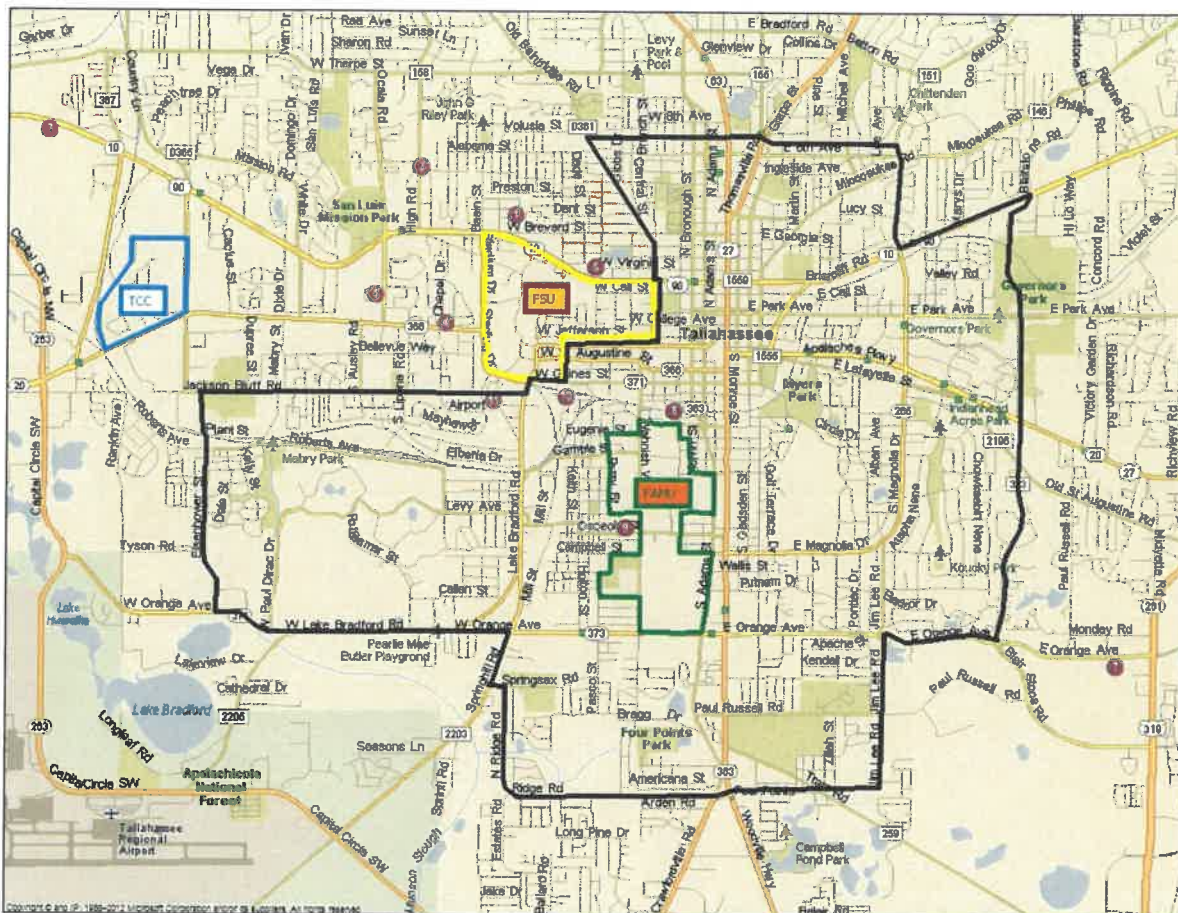
We spoke with John Reddick senior planner, and Bill Pebble, planner, with the City of Tallahassee Planning Department regarding any new multifamily developments that are planned, proposed or under construction at this time in the city that might attract student renters. Following is a list of planned or proposed developments in the Tallahassee market, as well as a corresponding map displaying which projects are in the PMA.

TALLAHASSEE AREA APARTMENT DEVELOPMENT PIPELINE

Map #	Project Name	Location	Distance to FAMU Campus*	Units	Beds	Status	Notes
1	Hancock Avenue Residential	NW corner of Richmond & Hancock Streets	1.7 miles	14	56	Proposed	4BR/4BA apartments
2	The Highlands	NE corner of High Road & Green Tree Lane	2.3 miles	17	78	Approved	Seven 4BR/4BA, 10 5BR/5BA apartments
3	University Green FSU Condominiums	3250 West Tennessee Street	4.2 miles	404	1,212	Under Construction	217 units completed, eight units currently under construction; \$398 per bed
4	Chapel Terrace Redevelopment	100 Chapel Drive	1.5 miles	272	891	Approved	Demo of former Chapel Terrace
5	Player's Club	222 Ocala Road	2.0 miles	174	600	Proposed	Redevelopment of existing apartments
6	The Domain at Tallahassee	700 & 736 West Virginia Street	1.2 miles	125	434	Approved	Demo of Carolina Square Apartments
7	Evergreen at Southwood	2229 Orange Avenue East	3.2 miles	288	504	Clearing Site	108 1BR, 144 2BR, 36 3BR
8	The Station at Railroad Avenue	440 FAMU Way	0.4 miles	300	900	Proposed	Proposed two-phase development with 5-story parking garage
9	Wahnish Way	SW corner of Kissimmee Street & Wahnish Way	0.4 miles	53	210	Proposed	Five-story mixed-use building with restaurant, retail, apartments, and parking garage
10	Stadium Overlook	NW corner of Stearns & Mosley Streets	0.6 miles	192	600	Proposed	Demo of existing structures for apartments; 533 parking spaces, 96 bicycle spaces
11	Eppes Redevelopment	SW corner of Eppes Drive West & Jackson Bluff Road	1.0 mile	49	196	Approved	Four-story mixed-use building with retail and office space; 4BR units
	Total			1,888	5,681		
	Total in PMA			594	1,906		

*Distances calculated from Student Services Center

Student Housing Market Study, Tallahassee, FL



After reviewing the list of planned developments in the area, four properties are proposed in the PMA that could potentially attract FAMU students. The other seven properties are outside the PMA and would not likely attract FAMU students based on their locations. Of the 594 units/1,906 beds proposed within the PMA, we would anticipate based on location the following shares of support from FAMU students, based on our survey of existing apartments findings.

ANTICIPATED SUPPORT FOR PROPOSED PROJECTS FROM FAMU STUDENTS

Project Name	Location	Units	Beds	Share of FAMU Students	Beds for FAMU Students	Status
The Station at Railroad Avenue	440 FAMU Way	300	900	95%	855	Proposed
Wahnish Way	SW corner of Kissimmee Street & Wahnish Way	53	210	100%	210	Proposed
Stadium Overlook	NW corner of Stearns & Mosley Streets	192	600	10%	60	Proposed
Eppes Redevelopment	SW corner of Eppes Drive West & Jackson Bluff Road	49	196	10%	20	Approved
Total in PMA		594	1,906		1,145	

Of the four proposed projects targeting students within the PMA, we would anticipate approximately 1,145 bed spaces may potentially be filled by FAMU students if these properties are all developed. While it is quite possible that all four projects may not actually be developed, we have considered the estimated number of beds that could be occupied by FAMU students in our penetration rate calculation.

Enrollment Statistics

As mentioned at the beginning of this section, we have also analyzed data relating to the trends in enrollment for Florida A&M University. The following table summarizes student enrollment at FAMU from fall 2010 through fall 2015.

Annual Fall Semester Enrollment					
Classification	2011	2012	2013	2014	2015
Undergraduate	10,402	9,333	8,281	7,975	7,695
Graduate/PhD	2,629	2,571	2,315	1,726	1,764
Unclassified	176	147	138	532	461
Total	13,207	12,051	10,734	10,233	9,920
Percent Change	-	-8.8%	-10.9%	-4.7%	-3.1%

Source: Florida A&M University Fact Book

Since 2011, overall enrollment at Florida A&M University has declined by 3,287 students, or an average annual decrease of 657 students annually, or 5.0 percent. Note that undergraduate enrollment declined at its lowest rate from 2014 to 2015, the year in which FAMU Village opened for occupancy. In addition to declining undergraduate enrollment, graduate enrollment has declined by approximately 6.6 percent annually since 2011. The University is seeking to develop strategies to get enrollment trending in an upward direction, such as developing new on-campus housing and other facilities.

According to an article published by Rattler Nation, the official FAMU newsletter, FAMU enrollment increased between the fiscal years that ended in 2009 and 2011. But FAMU and many other historically black colleges and universities were hurt by stricter eligibility requirements for the federal PLUS Loan program that went into effect in October of 2011 and Pell Grant changes that began that same year. The PLUS Loan and Pell Grant changes resulted in thousands of low-income HBCU students being denied this critical source of financial aid and either having to withdraw from school or delay their entry into college. In August 2014, President Elmira Mangum said the federal financial aid program overhaul led FAMU to lose about 2,000 students". Furthermore, according to William Hudson Jr, Vice President of Student Affairs, "current housing facilities have been an issue in recruiting".

Student Housing Market Study, Tallahassee, FL

The following table illustrates fall 2015 student enrollment at FAMU by classification.

2015 Enrollment by Classification							
	Freshman	Sophomore	Junior	Senior	Graduates/PhD	Unclassified	Total
Total Enrolled for Fall 2015 Semester	2,322	1,258	1,613	2,502	1,764	461	9,920
Percent of Enrolled Students	23%	13%	16%	25%	18%	5%	100%

Source: Florida A&M University Fact Book

In the most recent fall semester, approximately 78 percent of enrolled students were undergraduates, which are those students most likely to respond to new on-campus student housing being potentially considered. The most significant shares of students were among freshman and seniors.

The following table illustrates full and part-time status of students enrolled at FAMU for the fall 2015 semester.

Fall 2015 Degree Classification		
	Total Students	Percent of Students
Full-Time	8,474	85%
Part-Time	1,446	15%

Source: Florida A&M University Fact Book

At FAMU, the share of full-time students is 85 percent. The share of full-time undergraduate and graduate students was unavailable; however, many students pursuing graduate degrees often do so on a part-time basis. As such, we believe the majority of part-time students at FAMU are enrolled in graduate degree programs. Given that many graduate students are enrolled part-time, as well as the fact that most graduate students are over age 22, we would expect new on-campus student housing would receive almost no support from graduate students. Additionally, support from part-time undergraduate students would likely be limited. Frequently, part-time undergraduates may be living at home or with relatives or are price sensitive in housing choices and seek very affordable alternatives, and as such are typically not likely to respond to an upscale student housing property with rents that will be among the highest in the area. We have only considered full-time students at FAMU in projecting demand estimates for new potential student housing developments.

The following table illustrates student enrollment by gender at FAMU for fall 2015.

Fall 2015 Enrollment by Gender		
	Students	Percent
Males	3,623	37%
Females	6,297	63%

Source: Florida A&M University Fact Book

As illustrated in the previous table, there is a significantly greater percentage of female students at FAMU compared to males. Note that typically in markets with significant shares of female students, apartment features relating to security are of particular value to female students. Given that crime is a concern in the neighborhood west of the FAMU campus based on our inspection, we would suggest that any new on-campus student housing to be developed at FAMU operate with secure, limited access entry.

As discussed earlier in this report, Florida A&M University currently offers a total of approximately 2,506 on-campus beds in university-operated residence halls. Note that FAMU only requires freshmen to live on campus, but still typically operates at high occupancy (93 percent or more) at the start of each fall semester according to Mr. Talton. We have removed the students residing in on-campus housing from our demand calculations for off-campus student housing.

Additional deductions are needed to account for the number of students who are graduate students or are part-time undergraduate students who would not be likely to consider new housing off-campus options such as the Subject. Note that in estimating the number of graduate/professional students at the time of the Subject's opening, we considered the declining trend in graduate enrollment at FAMU.

According to the 2016 University Work Plan provided by Mr. Talton of FAMU, the planned enrollment for fall 2018 is 9,797 students, and by 2019, planned enrollment is 10,086. We have applied the planned enrollment figures provided by FAMU to estimate demand for on-campus housing at FAMU.

The following table illustrates the projected undergraduate, graduate, and unclassified student enrollment totals for fall 2016 through 2020 based on data provided by the FAMU office of planning for years 2016 through 2019, while our estimates for fall 2020 are based on projected trends for enrollment figures provided by FAMU. Note that we are relying on projections provided by FAMU to be accurate and have not analyzed or independently reviewed the projections for reasonableness.

Projected Annual Fall Semester Enrollment					
Classification	2016	2017	2018	2019	2020
Undergraduate	7,186	7,186	7,456	7,705	7,859
Graduate/PhD	1,814	1,916	1,991	2,031	2,072
Unclassified	375	350	350	350	350
Total	9,375	9,452	9,797	10,086	10,281
Percent Change	-5.5%	0.8%	3.7%	2.9%	1.9%

Source: FAMU and Novogradac & Company LLP

Student Housing Market Study, Tallahassee, FL

The projections provided by FAMU for fall semesters 2016 through 2019 along with our estimates for year 2020, as illustrated in the preceding table, suggest a general upward trend in enrollment is expected at FAMU over the next five years. The projected enrollment is expected to decrease by an additional 5.5 percent in fall 2016, but is expected to grow slightly (0.8 percent) in fall 2017 and then experience more significant growth in fall 2018 through fall 2020, as new on-campus housing options and other facilities are anticipated to become available by 2018, which should create a moderate surge in enrollment.

With only freshmen currently required to live on-campus, and based partially on our recommendations for new housing beds on-campus, we have suggested a total bed capacity of approximately 2,700 beds per 10,000 FAMU students. This is also based on our case study research of other similar schools illustrated later.

As mentioned previously, we would anticipate the soonest new housing would be available on campus at FAMU would be for fall 2018. The following table summarizes our demand calculations for student housing at the time of anticipated opening for a new student housing development, prior to the fall 2018 semester at FAMU.

FLORIDA A&M UNIVERSITY STUDENT HOUSING DEMAND FOR FALL 2018	
Demand Component	Demand Summary
Target School's Projected Fall 2018 Enrollment	9,797
Minus Projected Fall 2018 Graduate/PhD & Unclassified Student Enrollment	-2,341
Equals Anticipated Fall 2018 Undergraduate Enrollment	8,213
Anticipated Fall 2018 Undergraduate Enrollment	8,213
Minus Projected Fall 2018 Part-time Undergraduate Enrollment	-1,230
Equals Projected Fall 2018 Full-time Undergraduate Enrollment	6,983
Anticipated Fall 2018 Full-time Undergraduate Enrollment	6,983
Minus Existing On-campus Housing Beds	-2,506
Equals Fall 2018 Full-time Undergraduate Students Not Potentially Housed On-campus	4,477
Fall 2018 Full-time Undergraduate Students Not Potentially Housed On-campus	4,477
Minus Planned On-campus Student Housing Beds	0
Equals Anticipated Fall 2018 Full-time Student Potential Support Base	4,477
Proposed Student Housing Beds to be added to the FAMU Campus	1,400
Divided by the Fall 2018 Full-time Student Potential Support Base	/ 4,477
Equals New Student Housing Capture Rate for Fall 2018	31.3%

Data sources: FAMU Fact Book, officials, Novogradac & Company LLP

Student Housing Market Study, Tallahassee, FL

As shown in the previous calculations, it is estimated that in fall 2018 there will be an estimated potential full-time, undergraduate student support base of 4,477 students attending FAMU. Note that according to housing representatives and our survey of FAMU students, several students are living at home or with friends given the number of students who reported having no housing expenses. Dividing the 1,400 new potential beds being considered by FAMU by the potential support base of 4,477 students yields a required capture rate of 31.3 percent. This is considered a high capture rate for a new on-campus student housing development. However, based on our discussions with FAMU officials, the most likely scenario would be gradual phasing in of new student housing beds as some of the older housing stock on campus is demolished and replaced, or else significantly renovated. Based on our recommendations, if we assume a 600-bed development were to replace the 124 existing beds at Palmetto North, as suggested in our conclusions, the capture rate for a new 600-bed project would be 13.4 percent, which is considered an achievable capture rate for a new on-campus student housing development, assuming it is built with features, unit sizes, and amenities that allow it to compete with modern off-campus housing options in Tallahassee.

In order to provide another level of analysis, we have considered the penetration rate for the existing, under construction, planned, or proposed purpose-built student housing units in the PMA. Note that we have considered the estimated share of units pre-leased by Florida A&M University students at some of the under construction purpose-built properties due to the fact that the majority of the future residents at some of these properties are Florida State University students, rather than FAMU students. Additionally, for the proposed projects, we have estimated the anticipated number of beds that would potentially be occupied by FAMU students based on our field survey observations and FAMU student shares we gathered. Including all units at the under construction properties that are primarily attracting FSU students would overstate the new competition in the market that would be competing for FAMU students. The new properties that are under construction, as well as any planned new off-campus area apartments are summarized in the following table:

PURPOSE-BUILT OFF-CAMPUS STUDENT HOUSING COMPETITORS

Property Name	Units	Beds	Estimated % FAMU Students	Estimated FAMU Beds	Preleased Occupancy
College Town Phase II	88	199	10%	20	50.0%
The Court	54	162	10%	16	98.0%
The Station at Railroad Avenue	300	900	95%	855	N/Ap
Wahnish Way	53	210	100%	210	N/Ap
Stadium Overlook	192	600	10%	60	N/Ap
Eppes Redevelopment	49	196	10%	20	N/Ap
Total	736	2,267		1,181	

N/A - Not Applicable as it is proposed

Student Housing Market Study, Tallahassee, FL

In total, there are an estimated 1,181 student housing beds at new or proposed off-campus apartment properties that are approximated to be occupied upon opening by FAMU students. These new or proposed off-campus student apartments attracting, or likely to attract FAMU students have been deducted as new competitive supply from our penetration rate analysis for a new student housing development at FAMU. The new potential student housing units/beds at FAMU, as well as other planned or proposed off-campus student-oriented apartment beds that have or are expected to be leased by FAMU students, and the supply of under construction competitive beds that have been preleased by FAMU students are considered in the following penetration rate calculation.

FAMU STUDENT HOUSING PENETRATION RATE FOR FALL 2018	
Demand Component	Demand Summary
Fall 2018 Full-time Undergraduate Students for New Potential Housing	4,477
Minus Proposed & Under Construction Off-campus Beds with FAMU students	-1,181
Equals Anticipated Fall 2018 Full-time Undergraduate Student Support Base	3,296
Proposed Student Housing Beds in Fall 2018	600
Divided by the Fall 2018 Full-time Student Potential Support Base	/ 3,296
Equals Subject Capture Rate for Fall 2018	18.2%

Data sources: FAMU

The 18.2 percent penetration rate for potential new student housing at FAMU, which considered the under construction and proposed units in the PMA that we surveyed that have been pre-leased by FAMU students, or estimated would likely be leased by FAMU students, is considered good and achievable, provided the new beds and housing facility are designed with modern amenities and student features in mind, and offer single-occupancy living at reasonable rent levels for the market.

Student Housing Market Study, Tallahassee, FL

ANCILLARY SPACE ANALYSIS

We have been asked to recommend the amount of ancillary space that should be offered to students at FAMU. In order to determine such numbers and estimates, we contacted 36 colleges and universities in the southeastern portion of the nation to request data on square footage of various school facilities, enrollment, and typical housing occupancy. Our list of schools and persons we contacted in an effort to gather case study data, as well as how we ranked them in our order of being most potentially comparable to FAMU, are as follows:

TARGET SCHOOLS FOR FACILITIES CASE STUDY RESEARCH						
School	City	State	Enrollment	Target Rank	Contact Person	Department
University of West Florida	Pensacola	FL	12,627	1	James Barnett	Facilities Development & Operations
Jackson State University	Jackson	MS	9,802	2	Robert Watts	Facilities and Construction Management
Louisiana Tech Univ.	Ruston	LA	12,804	3	Sam Wallace	Administration & Facilities
College of Charleston	Charleston	SC	11,532	4	Monica R. Scott	Facilities Planning
McNeese State Univ.	Lake Charles	LA	9,502	5	Bob Prejean	Physical Plant
Florida Gulf Coast Univ.	Fort Myers	FL	14,824	6	Tom Mayo	Facilities Planning
Univ. of LA Monroe	Monroe	LA	9,903	7	Michael Davis	Facilities Management & EHS
Jacksonville State Univ.	Jacksonville	AL	9,504	8	David Thompson	Physical Plant
Valdosta State University	Valdosta	GA	11,302	9	Alan Sanderson	Physical Plant & Facilities Planning
Southern Univ. and A&M College	Baton Rouge	LA	8,020	10	Eli G. Guillory	Office of Facility Services
University of Southern Mississippi	Hattiesburg	MS	14,551	11	Dr. Christopher Crenshaw	Facilities Planning & Management
University of South Alabama	Mobile	AL	14,776	12	Michael Mayberry	Engineering, Design & Construction
University of North Florida	Jacksonville	FL	16,187	13	Wallace Harris	Physical Facilities
Coastal Carolina University	Conway	SC	8,706	14	James Hendrick Jr.	Facilities Planning & Management
University of North Georgia	Dahlonega	GA	14,691	15	Mike Hyams	Facilities & Operations - North
Georgia Southern University	Statesboro	GA	16,959	16	James Grigg	Facilities Operations
Univ. of Alabama Birmingham	Birmingham	AL	17,543	17	Susan Thompson	UAB Planning Design & Construction
Tulane Univ.	New Orleans	LA	14,621	18	Michael Guidry	Tulane Univ. Facilities Services
Alabama A & M Univ.	Normal	AL	5,814	19	Brian Shipp	Facilities Services
Univ. of North Alabama	Florence	AL	7,209	20	Michael Gautney	Facilities Administration and Planning
North Carolina A&T State Univ.	Greensboro	NC	10,725	21	Harold Seegers	Office of Facilities
Univ. of Tennessee at Chattanooga	Chattanooga	TN	11,655	22	Marvin "Chip" Verner	Facilities Planning & Management
Tennessee State University	Nashville	TN	8,833	23	Steve Gillette	Planning Design & Construction
East Tennessee State Univ.	Johnson City	TN	13,727	24	William B. "Bill" Rasnick	Office of Facilities Mgmt, Planning & Constction
Austin Peay State University	Clarksville	TN	10,449	25	Tom Hutchins	Physical Plant
Univ. of North Carolina at Wilmington	Wilmington	NC	14,918	26	Mark D. Morgan	UNCW Office of Facilities
Univ. of North Carolina Greensboro	Greensboro	NC	19,000	27	Jorge Quintal	Facilities
University of Arkansas at Little Rock	Little Rock	AR	12,135	28	David Millay	Facilities Management
Arkansas State University	Jonesboro	AR	11,130	29	David Handwork	Facilities Management
James Madison University	Harrisonburg	VA	21,227	30	Craig Short	Facilities Management
Murray State University	Murray	KY	12,676	31	David Burdette	Facilities Management
Morehead State University	Morehead	KY	12,954	32	Richard T. Linio	Facilities Management
Western Kentucky University	Bowling Green	KY	19,258	33	Trent Blair	Facilities Management
Northwestern State University of LA	Natchitoches	LA	11,129	34	Dale Wohletz	Facilities Services
Gambling State University	Gambling	LA	5,746	35	Tremell Turner	Facilities Management
Nicholls State University	Thibodaux	LA	7,754	36	Stan Silverii	Facilities Services and Project Management

Of the 36 schools we contacted for school facilities information, four schools responded to our email and follow-up telephone call requests. These schools include East Tennessee State University (ETSU) in Chattanooga, Tennessee, Florida Gulf Coast University (FGCU) in Fort Myers, Florida, James Madison University (JMU) in Harrisonburg, Virginia, and Valdosta State University (VSU) in Valdosta, Georgia.

Based on our review of the data we received, enrollment at James Madison University has more than 21,000 students, and as a school with an enrollment more than double FAMU's enrollment, we have opted to exclude the data for this much larger school from our space analysis.

The following table illustrates the most recent fall enrollment totals, the enrollment trend, total square footages of various on-campus facilities, bed capacity, and typical fall semester occupancy for on-campus housing. It is important to note that in order to best compare to current facilities offered at FAMU, we have listed the square footage shown and housing beds on each campus to be reflective of a per 10,000 students total, which is similar to enrollment in fall 2015 at FAMU. The averages for various types of space per 10,000 students are also presented. We have drawn our conclusions for the estimated amount of necessary ancillary facilities space based largely on the data collected from ETSU, FGCU, and VSU.

FAMU CAMPUS ANCILLARY SPACE ANALYSIS

University	Most Recent Fall Enrollment	Enrollment Trend	Total Retail Space (1)	Total Dining Hall/Food Services Space (2)	Total Student Indoor Recreation Facilities Space (3)	Library Space (4)	Student Union Space (5)	Total Campus Housing Bed Capacity (6)	Typical Fall On-Campus Occupancy Rate
Florida A&M University	9,920	Declining	9,272	34,286	55,261	134,757	68,496	2,506	98%
Valdosta State Univ. - Total Space per 10,000 Students	11,302	Declining	19,820	53,442	67,574	160,454	100,425	2,464	95%
East Tennessee State Univ. - Total Space per 10,000 Students	13,727	Declining	8,481	29,551	74,369	128,314	116,583	2,258	95%
Florida Gulf Coast Univ. - Total Space per 10,000 Students	14,824	Increasing	5,540	21,520	23,703	34,396	49,905	3,189	99%
Average per 10,000 Students			11,260	34,838	55,215	107,721	88,971	2,637	96%
Estimated Space Necessary for FAMU per 10,000 Students			12,000	35,000	60,000	110,000	85,000	2,700	97%

*There is 33,061 of retail space. However, all retail space is leased and operated by third party companies.

- (1) To include places such as on-campus bookstores, convenience stores, souvenir shops, sundry shops located on-campus and operated by the University.
- (2) Includes student food service spaces, including fast food areas, dining halls, food courts. No stadium or arena concessions.
- (3) Include exercise related facilities available for use by all students, such as the recreation center, gymnasium, or aquatics facility. Doesn't include places such as the football stadium or basketball arena, football workout facility, gym reserved for athletes, etc...
- (4) When possible, to include any library spaces on campus, regardless of a main library or course of study specific library.
- (5) Include the space of the entire facility - we do not require a breakdown of types of facilities in the student union.
- (6) Bed capacity is the typical maximum number of on-campus residential beds available at the start of the most recent fall term.

Of the three schools we have analyzed, enrollment is lowest at VSU and is greatest at FGCU. Enrollment ranges from 11,302 to 14,824 students, which is larger than the most recent enrollment total for FAMU. Two schools, ETSU and VSU, reported a declining enrollment trend, while FGCU reported enrollment is increasing.

Retail Space

The retail space offered on-campus at the three comparable schools providing data ranges from 5,540 to 19,820 per 10,000 students, with an average total of 11,280 square feet. We would suggest that with approximately 10,000 students, FAMU should offer approximately 12,000 square feet of retail space on campus. The primary retail corridor within walking distance of the FAMU campus is concentrated along West Gaines Street to the north. Retail uses along West Gaines Street include Gaines Street Pies, Voodoo Dog, Fermentation Lounge, and All Saints Café. Retail uses to the east, west, and south of campus are less accessible to students without vehicular transportation. Uses in these directions include Walgreens Pharmacy, McDonalds, Captain D's, the Southside Shopping Plaza, and Hungry Howie's Pizza. Note that while above the average, we believe a modern campus such as being given future consideration by FAMU should offer slightly more retail space than is indicated by the average. We believe offering more retail stores on-campus could enhance marketability of living on-campus and would be attractive to upperclassmen that may currently prefer living off-campus in part due to being closer to retail opportunities.

Dining Halls/Food Services Space

Among the three comparable schools providing data, dining hall and food service space totaled between 21,520 and 53,442 square feet, with an average of 34,838 square feet per 10,000 students. The average figure appears appropriate and is similar to the current dining hall and food service space offered at FAMU. As such, we believe approximately 35,000 square feet of dining hall and food service space to be appropriate for a school with FAMU's enrollment of approximately 10,000. Note this space includes both public areas and "back of house" support areas.

Indoor Recreation Space

The total indoor recreation area space available to students attending the three comparable schools ranges from 23,703 to 74,369 per 10,000 students enrolled. This is a relatively wide range, with two of the three schools reporting more than 67,000 square feet of indoor recreation space per 10,000 students. Currently, FAMU offers 55,261 square feet of indoor recreation space to students. Based on our examination of the comparable schools and recreation spaces, it is our opinion that slightly more recreation space (approximately 5,000 square feet) might be appropriate for FAMU, but would not be required to improve marketability. Such space could possibly be incorporated into a new housing development, and would not necessarily need to be added at existing recreational facilities.

Student Housing Market Study, Tallahassee, FL

Library Space

Among the three comparable schools, library space per 10,000 students enrolled ranges from 34,396 to 160,454 square feet, which is a very wide range. Two of the three schools have library space of greater than 125,000 square feet, and the average among the three schools is 107,721 square feet. Currently, FAMU offers 134,757 square feet of library space, which is considered adequate and appropriate for a school of its size. We do not believe more library space is necessary at this stage for FAMU, given recent and projected enrollment trends.

Student Union Space

For student union space, FAMU offers University Commons, which is 68,496 square feet. The comparable schools offer between 49,905 and 116,583 square feet of student union space per 10,000 students, with an average of 88,971 square feet per 10,000 students. This is approximately 20,000 more square feet than the FAMU student union currently offers. As FAMU works to attract more students, a renovation or expansion of the current student union could improve the school's appeal to visiting potential students, which could be a factor in potentially increasing enrollment. We have suggested student union space of approximately 85,000 total square feet per 10,000 students at FAMU.

Housing

The three comparable schools reported bed capacities of 2,258 to 3,189 per 10,000 enrolled students, with an average capacity of 2,637 beds per 10,000 students. All three schools reported on-campus housing occupancy is typically at least 95 percent, with an average of 96 percent.

With only freshmen currently required to live on-campus, and based partially on our recommendations for new housing beds on-campus, we have suggested a total bed capacity of approximately 2,700 beds per 10,000 FAMU students. In order to achieve this capacity per 10,000 students at FAMU, it is our opinion that the following existing and in use, older residence halls should be demolished or significantly renovated in order to improve the housing stock and allow for development of housing that is capable of competing with modern housing alternatives offered off-campus in Tallahassee.

Suggested Residence Halls to be Replace or Renovated at FAMU

Name	Address	Beds	Unit Types	Year Built
Paddyfote Complex	1529 Wahnish Way	231	Double	1967
Gibbs Hall	1596 Gibbs Hall Trail	302	Double	1955
Young Hall	1591 Gibbs Hall Trail	79	Double/Single	1929
Sampson Hall	1599 Gibbs Hail Trail	159	Double/Single	1938
Truth Hall	1699 S. MLK Jr. Blvd.	103	Double	1958
Palmetto North	221 Palmetto Street	124	Double	
Total Beds		998		

In total, the older residence halls at FAMU have 998 beds that in our opinion should be replaced or renovated. All of these beds are in facilities that are almost 50 years old or more and have passed their prime as serviceable institutional grade housing based on our inspection of the campus. Note that this determination is not a reflection of maintenance or engineering issues.

We would anticipate FAMU may be able to develop as many as 1,400 new on-campus housing beds between fall 2018 and fall 2023 based on our findings and enrollment projections provided by FAMU. When we consider the approximately 1,500 beds at Palmetto South, Palmetto III, and FAMU Village (the most modern on-campus housing properties), as well as the 1,400 estimated beds that may be needed at FAMU by fall 2023, this yields a total on-campus bed capacity of approximately 2,900 beds at a time when FAMU enrollment may total more than 11,000 students, assuming a gradual upward enrollment trend. This number of beds (2,900), assuming enrollment of nearly 11,000 students, equates to a similar ratio of beds to enrollment with the 2,700 beds estimated above per 10,000 students.

If developed as such, by fall 2023 we would anticipate no housing stock on-campus would be more than 30 years old in terms of effective age (assuming any existing older residential buildings are updated to modern standards), and this should be a significant benefit to FAMU in attracting students who consider housing a significant factor in their choice of schools.

ADDENDUM A

Comparable Off-Campus Property Profiles

PROPERTY PROFILE REPORT

601 Copeland

Effective Rent Date 5/19/2016

Location 601 South Copeland Street
Tallahassee, FL 32304
Leon County County

Distance 0.6 miles

Units 81

Vacant Units 0

Vacancy Rate 0.0%

Type Midrise (5 stories)

Year Built/Renovated 2013 / N/A

Marketing Began N/A

Leasing Began N/A

Last Unit Leased N/A

Major Competitors None identified

Tenant Characteristics Mostly FSU students; some FAMU students

Contact Name Morgan

Phone 850-629-4055



Market Information

Program Market

Annual Turnover Rate N/A

Units/Month Absorbed N/A

HCV Tenants 0%

Leasing Pace Pre-leased

Annual Chg. in Rent Increased 3%

Concession None

Utilities

A/C not included -- central

Cooking not included -- electric

Water Heat not included -- electric

Heat not included -- electric

Other Electric not included

Water included

Sewer included

Trash Collection included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (5 stories)	9	541	\$1,139	\$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	7	924	\$1,698	\$0	Market	No	0	0.0%	N/A	None
4	4	Midrise (5 stories)	65	1,422	\$3,076	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Conced. Rent	Util.	Adj. Rent
1BR / 1BA	\$1,139	\$0	\$1,139	\$96	\$1,235
2BR / 2BA	\$1,698	\$0	\$1,698	\$118	\$1,816
4BR / 4BA	\$3,076	\$0	\$3,076	\$187	\$3,263

601 Copeland, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Cable/Satellite/Internet	Carpet/Hardwood	Video Surveillance	
Central A/C	Coat Closet		
Dishwasher	Ceiling Fan		
Furnishing	Microwave		
Oven	Refrigerator		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting	None	None
Courtyard	Exercise Facility		
Garage	Hot Tub		
Off-Street Parking	On-Site Management		
Picnic Area	Swimming Pool		

Comments

The contact stated the property is 100 percent pre-leased for the Fall 2016 semester. Pre-leasing began in September and was finished by November. The property offers 283 parking spaces which are rented out for \$35 per month. The contact noted that the property primarily serves FSU students, although there are some tenants that attend FAMU. Units include stainless steel appliances, granite countertops, crown molding, and leather sofas. Additional community features include a rooftop terrace, outdoor fire pit area, private study rooms, game room, and a grilling area.

601 Copeland, continued

Photos



PROPERTY PROFILE REPORT

College Club Townhomes

Effective Rent Date 5/19/2016
Location 2833 South Adams Street
 Tallahassee, FL 32301
 Leon County County
Distance 1.4 miles
Units 136
Vacant Units 6
Vacancy Rate 4.4%
Type Townhouse (2 stories)
Year Built/Renovated 1996 / N/A
Marketing Began N/A
Leasing Began N/A
Last Unit Leased N/A
Major Competitors The Pointe at Adams Place
Tenant Characteristics FAMU students
Contact Name Jessica
Phone 850-325-1700



Market Information

Program Market
Annual Turnover Rate N/A
Units/Month Absorbed N/A
HCV Tenants 0%
Leasing Pace N/A
Annual Chg. in Rent Increased 2%
Concession See comments

Utilities

A/C not included -- central
Cooking not included -- electric
Water Heat not included -- electric
Heat not included -- electric
Other Electric not included
Water not included
Sewer not included
Trash Collection not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
4	4	Townhouse (2 stories)	136	1,500	\$1,516	\$60	Market	No	6	4.4%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Coned. Rent	Util.	Adj. Rent
4BR / 4BA	\$1,516	\$60	\$1,456	\$302	\$1,758

Amenities

In-Unit

Balcony/Patio
 Cable/Satellite/Internet
 Ceiling Fan
 Garbage Disposal
 Oven
 Washer/Dryer

Blinds
 Dishwasher
 Furnishing
 Microwave
 Refrigerator
 Washer/Dryer hookup

Security

Limited Access
 Patrol
 Perimeter Fencing

Services

None

Property

Basketball Court
 Car Wash
 Exercise Facility
 On-Site Management
 Swimming Pool

Business Center/Computer Lab
 Clubhouse/Meeting
 Off-Street Parking
 Picnic Area

Premium

None

Other

None

College Club Townhomes, continued

Comments

This property is managed by American Campus and is 66 percent pre-leased for the Fall 2016 semester. Pre-leasing began in September 2015. The property mainly serves students at FAMU. The property offers an optional utility package for \$30 per person per month. Additional amenities include a game room and bike storage. The bedrooms have carpeted floors whereas the remainder of the unit interiors have tile floors. The current concession is a first month rental rate of \$199 per person.

College Club Townhomes, continued

Photos



PROPERTY PROFILE REPORT

College Town Phase I & II

Effective Rent Date	5/20/2016
Location	815 West Madison Street Tallahassee, FL 32304 Leon County County
Distance	0.7 miles
Units	159
Vacant Units	N/A
Vacancy Rate	N/A
Type	Midrise (5 stories)
Year Built/Renovated	2012/2016 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mostly FSU students; some FAMU students
Contact Name	Tabitha
Phone	850-765-9925



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	N/A
Annual Chg. in Rent	Increased 3%
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (5 stories)	11	564	\$1,225	\$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (5 stories)	5	816	\$1,275	\$0	Market	No	N/A	N/A	N/A	None
2	2	Midrise (5 stories)	55	912	\$1,598	\$0	Market	No	N/A	N/A	N/A	None
2	2	Midrise (5 stories)	56	912	\$1,578	\$0	Market	No	0	0.0%	N/A	None
3	3	Midrise (5 stories)	4	1,125	\$2,307	\$0	Market	No	0	0.0%	N/A	None
3	3	Midrise (5 stories)	28	1,175	\$2,340	\$0	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$1,225 - \$1,275	\$0	\$1,225 - \$1,275	\$96	\$1,321 - \$1,371
2BR / 2BA	\$1,578 - \$1,598	\$0	\$1,578 - \$1,598	\$118	\$1,696 - \$1,716
3BR / 3BA	\$2,307 - \$2,340	\$0	\$2,307 - \$2,340	\$151	\$2,458 - \$2,491

College Town Phase I & II, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Cable/Satellite/Internet	Carpet/Hardwood	Video Surveillance	
Central A/C	Coat Closet		
Dishwasher	Ceiling Fan		
Furnishing	Garbage Disposal		
Microwave	Oven		
Refrigerator			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting	None	None
Commercial/Retail	Elevators		
Exercise Facility	Garage		
Off-Street Parking	On-Site Management		

Comments

The first phase of this property was developed in 2012, while the second phase will be opening August 26, 2016. The higher-priced units are located at the development's second phase. The first phase is currently 91 percent pre-leased for the Fall 2016 semester while the second phase is 50 percent pre-leased. Marketing for the second phase began in January 2016. The contact estimated the share of FAMU students to be approximately 10 percent. The first phase includes ground-level retail including various restaurants and clothes stores. A parking garage is currently under construction for the property. Spaces will be rented out for \$25 per month. The property also includes a private study room for students.

College Town Phase I & II, continued

Photos



Cottages At Magnolia, continued

Photos



Hillside Apartments, continued

Photos



PROPERTY PROFILE REPORT

Kingston Square

Effective Rent Date 5/19/2016

Location 410 West Van Buren Street
Tallahassee, FL 32301
Leon County County

Distance 0.3 miles

Units 50

Vacant Units 2

Vacancy Rate 4.0%

Type Garden (2 stories)

Year Built/Renovated 2002 / N/A

Marketing Began N/A

Leasing Began N/A

Last Unit Leased N/A

Major Competitors None identified

Tenant Characteristics FAMU students

Contact Name Nain

Phone 850-412-0000



Market Information

Program Market

Annual Turnover Rate N/A

Units/Month Absorbed N/A

HCV Tenants 0%

Leasing Pace N/A

Annual Chg. in Rent Increased 1%

Concession None

Utilities

A/C not included -- central

Cooking not included -- electric

Water Heat not included -- electric

Heat not included -- electric

Other Electric not included

Water not included

Sewer not included

Trash Collection not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Garden (2 stories)	50	800	\$960	\$0	Market	No	2	4.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	\$960	\$0	\$960	\$193	\$1,153

Amenities

In-Unit	Security	Services
Balcony/Patio	None	None
Carpeting		
Dishwasher		
Furnishing		
Microwave		
Refrigerator		
Washer/Dryer hookup		
	Blinds	
	Central A/C	
	Ceiling Fan	
	Garbage Disposal	
	Oven	
	Washer/Dryer	
Property	Premium	Other
Carport	None	None
	Off-Street Parking	

Comments

This property is located directly north of the FAMU campus. The contact stated the development is 71 percent pre-leased for the Fall 2016 semester; pre-leasing began in January 2016. The rents displayed are for furnished units; unfurnished units rent for \$820 per month. The property manager stated that all of the tenants are FAMU students.

Kingston Square, continued

Photos



PROPERTY PROFILE REPORT

Onyx Apartments

Effective Rent Date	5/19/2016
Location	444 West College Avenue Tallahassee, FL 32301 Leon County County
Distance	0.9 miles
Units	233
Vacant Units	46
Vacancy Rate	19.7%
Type	Midrise (6 stories)
Year Built/Renovated	2015 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	90 percent FSU students; 10 percent FAMU students
Contact Name	Kenson
Phone	850-200-0857



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	N/A
Annual Chg. in Rent	None
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Midrise (6 stories)	18	386	\$1,007	\$0	Market	No	N/A	N/A	N/A	None
1	1	Midrise (6 stories)	24	460	\$1,157	\$0	Market	No	N/A	N/A	N/A	None
2	2	Midrise (6 stories)	40	647	\$1,798	\$0	Market	No	N/A	N/A	N/A	None
3	3	Midrise (6 stories)	48	796	\$2,571	\$0	Market	No	N/A	N/A	N/A	None
4	2	Midrise (6 stories)	22	1,029	\$2,796	\$0	Market	No	N/A	N/A	N/A	None
4	3	Midrise (6 stories)	31	1,028	\$2,916	\$0	Market	No	N/A	N/A	N/A	None
4	4	Midrise (6 stories)	50	1,028	\$3,028	\$0	Market	No	N/A	N/A	N/A	None

Onyx Apartments, continued

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	\$1,007	\$0	\$1,007	\$134	\$1,141
1BR / 1BA	\$1,157	\$0	\$1,157	\$161	\$1,318
2BR / 2BA	\$1,798	\$0	\$1,798	\$193	\$1,991
3BR / 3BA	\$2,571	\$0	\$2,571	\$245	\$2,816
4BR / 2BA	\$2,796	\$0	\$2,796	\$302	\$3,098
4BR / 3BA	\$2,916	\$0	\$2,916	\$302	\$3,218
4BR / 4BA	\$3,028	\$0	\$3,028	\$302	\$3,330

Amenities

In-Unit

Balcony/Patio
Cable/Satellite/Internet
Central A/C
Dishwasher
Ceiling Fan
Garbage Disposal
Oven
Walk-In Closet
Washer/Dryer hookup

Blinds
Carpet/Hardwood
Coat Closet
Exterior Storage
Furnishing
Microwave
Refrigerator
Washer/Dryer

Security

None

Services

None

Property

Business Center/Computer Lab
Courtyard
Exercise Facility
Hot Tub
On-Site Management
Swimming Pool

Clubhouse/Meeting
Elevators
Garage
Off-Street Parking
Sauna
Theatre

Premium

None

Other

None

Comments

This property is currently 80 percent occupied, as only portions of the building were available for lease in August 2015. The pre-leased occupancy for the Fall 2016 semester is 65 percent, which began in January 2016. The property's commercial/retail space is currently under construction; the contact was unable to state the businesses/tenants that will be located in the retail space. Additional community features include a yoga room, movie theater, game room with billiards and ping pong, a poolside bigscreen TV, tanning beds, private study rooms, massage room, and on-site coffee lounge. Additional unit features include granite countertops, stainless steel appliances, designer cabinetry, USB power outlets, shower heads with Bluetooth music capability, a 50 inch television in the living area, and a 32 inch television in all bedrooms.

Onyx Apartments, continued

Photos



PROPERTY PROFILE REPORT

Rattler Pointe

Effective Rent Date	5/19/2016
Location	636 Eugenia Street Tallahassee, FL 32310 Leon County County
Distance	0.2 miles
Units	13
Vacant Units	0
Vacancy Rate	0.0%
Type	Townhouse (2 stories)
Year Built/Renovated	2006 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	FAMU students
Contact Name	Nain
Phone	850-412-0000



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Increased 1%
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
3	3.5	Townhouse (2 stories)	13	1,276	\$1,485	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
3BR / 3.5BA	\$1,485	\$0	\$1,485	\$245	\$1,730

Amenities

In-Unit

Balcony/Patio
Cable/Satellite/Internet
Central A/C
Dishwasher
Furnishing
Microwave
Refrigerator
Washer/Dryer hookup

Blinds
Carpet/Hardwood
Coat Closet
Ceiling Fan
Garbage Disposal
Oven
Washer/Dryer

Security

None

Services

None

Property

Off-Street Parking

Premium

None

Other

None

Rattler Pointe, continued

Comments

This property is more than 90 percent pre-leased for the Fall 2016 semester; pre-leasing began in January 2016. Rattler Pointe consists of a total of 14 condominium units, of which 13 are rental units. The rents displayed are for furnished units; unfurnished units rent for \$1,305. The property manager stated that all of the tenants are FAMU students.

Rattler Pointe, continued

Photos



PROPERTY PROFILE REPORT

Tally Square

Effective Rent Date	5/17/2016
Location	1112 S Magnolia Drive Tallahassee, FL 32301 Leon County
Distance	1.7 miles
Units	225
Vacant Units	7
Vacancy Rate	3.1%
Type	Various (2 stories)
Year Built/Renovated	1970s / 2012
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	Mixed local tenancy, some students
Contact Name	Jocelyn
Phone	(850) 878-1855



Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased 1%
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden	30	586	\$795	\$0	Market	Yes	0	0.0%	N/A	None
1	1	Garden	30	754	\$855	\$0	Market	Yes	4	13.3%	N/A	None
2	1	Garden	53	948	\$925	\$0	Market	Yes	2	3.8%	N/A	None
2	2	Garden	56	1,063	\$960	\$0	Market	Yes	0	0.0%	N/A	None
3	2	Garden	40	1,603	\$1,150	\$0	Market	Yes	1	2.5%	N/A	None
4	2.5	Townhouse	16	1,777	\$1,305	\$0	Market	Yes	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$795 - \$855	\$0	\$795 - \$855	\$161	\$956 - \$1,016
2BR / 1BA	\$925	\$0	\$925	\$193	\$1,118
2BR / 2BA	\$960	\$0	\$960	\$193	\$1,153
3BR / 2BA	\$1,150	\$0	\$1,150	\$245	\$1,395
4BR / 2.5BA	\$1,305	\$0	\$1,305	\$302	\$1,607

Tally Square, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Ceiling Fan		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Exercise Facility	Central Laundry	None	None
Off-Street Parking	On-Site Management		
Swimming Pool			

Comments

The property manager stated that a small share of the current tenants are FAMU students.

PROPERTY PROFILE REPORT

The Alliance At 400

Effective Rent Date 5/19/2016

Location 400 Putnam Drive
Tallahassee, FL 32310
Leon County County

Distance 1 mile

Units 320

Vacant Units 138

Vacancy Rate 43.1%

Type Garden (3 stories)

Year Built/Renovated 1994 / N/A

Marketing Began N/A

Leasing Began N/A

Last Unit Leased N/A

Major Competitors None identified

Tenant Characteristics Mostly FAMU students

Contact Name Meredith

Phone 850-402-3800



Market Information

Program Market

Annual Turnover Rate N/A

Units/Month Absorbed N/A

HCV Tenants 0%

Leasing Pace N/A

Annual Chg. in Rent None

Concession Two month's rent free

Utilities

A/C not included -- central

Cooking not included -- electric

Water Heat not included -- electric

Heat not included -- electric

Other Electric not included

Water not included

Sewer not included

Trash Collection not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
4	4	Garden (3 stories)	320	1,596	\$1,396	\$233	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
4BR / 4BA	\$1,396	\$233	\$1,163	\$302	\$1,465

Amenities

In-Unit	Security	Services
Balcony/Patio	Limited Access	None
Carpeting	Patrol	
Dishwasher	Perimeter Fencing	
Garbage Disposal		
Oven		
Washer/Dryer		
Blinds		
Central A/C		
Ceiling Fan		
Microwave		
Refrigerator		
Washer/Dryer hookup		
Property	Premium	Other
Basketball Court	None	None
Carport		
Off-Street Parking		
Business Center/Computer Lab		
Exercise Facility		
Swimming Pool		

The Alliance At 400, continued

Comments

New management took control of this property in December 2015. The contact attributed the high vacancy rate to mismanagement of the previous company, stating they had to conduct a large eviction sweep. The property is currently 40 percent pre-leased for the Fall 2016 semester, and management anticipates the property will be at least 90 percent occupied by the start of the semester. The rents displayed are for furnished units; unfurnished units rents for \$1,236. The current special is two month's rent free. This property is located 1.5 miles from FAMU.

The Alliance At 400, continued

Photos



PROPERTY PROFILE REPORT

The Block

Effective Rent Date	5/19/2016
Location	799 West Gaines Street Tallahassee, FL 32304 Leon County County
Distance	0.6 miles
Units	124
Vacant Units	0
Vacancy Rate	0.0%
Type	Midrise (5 stories)
Year Built/Renovated	2014 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mostly FSU students; some FAMU students
Contact Name	Meghan
Phone	850-583-4445



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Increased 3%
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Midrise (5 stories)	16	500	\$1,089	\$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (5 stories)	29	600	\$1,099	\$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	59	950	\$1,598	\$0	Market	No	0	0.0%	N/A	None
4	4	Midrise (5 stories)	20	1,300	\$3,116	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	\$1,089	\$0	\$1,089	\$78	\$1,167
1BR / 1BA	\$1,099	\$0	\$1,099	\$96	\$1,195
2BR / 2BA	\$1,598	\$0	\$1,598	\$118	\$1,716
4BR / 4BA	\$3,116	\$0	\$3,116	\$187	\$3,303

The Block, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Cable/Satellite/Internet	Carpet/Hardwood	Patrol	
Central A/C	Coat Closet	Video Surveillance	
Dishwasher	Ceiling Fan		
Furnishing	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Commercial/Retail	None	None
Courtyard	Elevators		
Exercise Facility	Hot Tub		
Off-Street Parking	On-Site Management		
Picnic Area	Swimming Pool		
Theatre	Volleyball Court		

Comments

This property is part of a larger apartment complex known as Stadium Centre, which also includes The Court, The Deck, and The Axis. Exact square footages were unavailable, and were thus estimated by management at the property. The property is 90 percent pre-leased for the Fall 2016 semester; pre-leasing began in November 2015. Retail tenants include a pizzeria and hair salon. All units include granite countertops, stainless steel appliances, designer cabinetry, and a 42 inch television. Additional property amenities include a yoga room, outdoor BBQ grills, a game room with billiards and ping pong, and private study rooms.

The Block, continued

Photos



PROPERTY PROFILE REPORT

The Boulevard At Tallahassee

Effective Rent Date	5/19/2016
Location	2421 Jackson Bluff Boulevard Tallahassee, FL 32304 Leon County County
Distance	2.1 miles
Units	264
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2003 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Students from FSU, FAMU, and Tallahassee Community College
Contact Name	Joe
Phone	850-877-6770



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Increased 3%
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
3	3	Garden (3 stories)	132	1,509	\$1,647	\$0	Market	No	0	0.0%	N/A	None
4	4	Garden (3 stories)	132	1,696	\$2,116	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
3BR / 3BA	\$1,647	\$0	\$1,647	\$151	\$1,798
4BR / 4BA	\$2,116	\$0	\$2,116	\$187	\$2,303

The Boulevard At Tallahassee, continued

Amenities

In-Unit

Balcony/Patio
Cable/Satellite/Internet
Dishwasher
Ceiling Fan
Microwave
Refrigerator
Washer/Dryer hookup

Blinds
Carpet/Hardwood
Exterior Storage
Furnishing
Oven
Washer/Dryer

Security

Limited Access
Patrol
Perimeter Fencing
Video Surveillance

Services

None

Property

Basketball Court
Clubhouse/Meeting
Jacuzzi
On-Site Management
Swimming Pool

Business Center/Computer Lab
Exercise Facility
Off-Street Parking
Picnic Area
Volleyball Court

Premium

None

Other

None

Comments

This property is currently 80 percent pre-leased for the Fall 2016 semester. Due to this property's proximity to FSU, FAMU, and Tallahassee Community College, the tenant base consists of a relatively even distribution of students from all three universities, with FAMU students comprising approximately 35 percent of tenants. The rents displayed are for deluxe units, which include granite countertops and stainless steel appliances and a 50 inch television. Standard three and four-bedroom units rent for \$1,542 and \$2,016, respectively. Additional community amenities include a yoga studio, two private study rooms, a game room with billiards and Playstation, tanning beds, and bicycle racks. All units are fully furnished.

The Boulevard At Tallahassee, continued

Photos



PROPERTY PROFILE REPORT

The Court

Effective Rent Date	5/20/2016
Location	799 West Gaines Street Tallahassee, FL 32304 Leon County County
Distance	0.6 miles
Units	54
Vacant Units	N/A
Vacancy Rate	N/A
Type	Midrise (5 stories)
Year Built/Renovated	2016 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	The Eclipse on Madison
Tenant Characteristics	Mostly FSU students; some FAMU students
Contact Name	Meghan
Phone	850-583-3034



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	None
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Midrise (5 stories)	10	500	\$1,069	\$0	Market	No	N/A	N/A	N/A	None
1	1	Midrise (5 stories)	4	600	\$1,079	\$0	Market	No	N/A	N/A	N/A	None
2	2	Midrise (5 stories)	4	900	\$1,718	\$0	Market	No	N/A	N/A	N/A	None
3	3	Midrise (5 stories)	4	1,300	\$2,487	\$0	Market	No	N/A	N/A	N/A	None
4	4	Midrise (5 stories)	32	1,500	\$3,076	\$0	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	\$1,069	\$0	\$1,069	\$78	\$1,147
1BR / 1BA	\$1,079	\$0	\$1,079	\$96	\$1,175
2BR / 2BA	\$1,718	\$0	\$1,718	\$118	\$1,836
3BR / 3BA	\$2,487	\$0	\$2,487	\$151	\$2,638
4BR / 4BA	\$3,076	\$0	\$3,076	\$187	\$3,263

The Court, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Cable/Satellite/Internet	Carpet/Hardwood	Patrol	
Central A/C	Coat Closet	Video Surveillance	
Dishwasher	Ceiling Fan		
Furnishing	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting	None	None
Courtyard	Elevators		
Exercise Facility	Garage		
Hot Tub	Picnic Area		
Swimming Pool	Theatre		
Volleyball Court			

Comments

This property will be open in August 2016, and is currently 98 percent pre-leased. Pre-leasing began in January 2016. The development is also part of a larger apartment complex known as Stadium Centre, which also includes The Court, The Deck, and The Axis. Exact square footages were unavailable, and were thus estimated by management at the property. All units include granite countertops, stainless steel appliances, designer cabinetry, and a 42 inch television. Additional property amenities include a yoga room, outdoor BBQ grills, a game room with billiards and ping pong, and private study rooms. Uncovered parking is available for \$35 per month while garage parking is available for \$45 per month. The property manager estimated the share of students attending FAMU who have signed leases to be approximately 10 percent.

PROPERTY PROFILE REPORT

The Eclipse On Madison

Effective Rent Date	5/19/2016
Location	742 West Madison Street Tallahassee, FL 32304 Leon County County
Distance	0.6 miles
Units	50
Vacant Units	0
Vacancy Rate	0.0%
Type	Midrise (5 stories)
Year Built/Renovated	2015 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	College Town
Tenant Characteristics	Mostly FSU students; some FAMU students
Contact Name	Sarah
Phone	850-200-0409



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Increased 2%
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Midrise (5 stories)	3	390	\$855	\$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (5 stories)	4	538	\$1,150	\$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (5 stories)	4	602	\$1,200	\$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	12	926	\$1,610	\$0	Market	No	0	0.0%	N/A	None
3	3	Midrise (5 stories)	3	1,257	\$2,325	\$0	Market	No	0	0.0%	N/A	None
4	4	Midrise (5 stories)	21	1,430	\$2,900	\$0	Market	No	0	0.0%	N/A	None
4	4	Midrise (5 stories)	3	1,505	\$3,020	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	\$855	\$0	\$855	\$78	\$933
1BR / 1BA	\$1,150 - \$1,200	\$0	\$1,150 - \$1,200	\$96	\$1,246 - \$1,296
2BR / 2BA	\$1,610	\$0	\$1,610	\$118	\$1,728
3BR / 3BA	\$2,325	\$0	\$2,325	\$151	\$2,476
4BR / 4BA	\$2,900 - \$3,020	\$0	\$2,900 - \$3,020	\$187	\$3,087 - \$3,207

The Eclipse On Madison, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Cable/Satellite/Internet	Carpet/Hardwood	Video Surveillance	
Central A/C	Coat Closet		
Dishwasher	Ceiling Fan		
Furnishing	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting	None	None
Commercial/Retail	Elevators		
Exercise Facility	Garage		
Off-Street Parking	On-Site Management		
Swimming Pool			

Comments

The development opened in August 2015 and was fully leased before opening. The exact number of months required for the property to reach full occupancy was not available. Furthermore, this property is 100 percent pre-leased for the Fall 2016 semester. Pre-leasing for the property started in November and reached 100 percent in March. The contact stated that the majority of tenants are students at FSU, while approximately 10 percent attend FAMU. A total of 124 parking spaces are offered, of which 30 are tandem parking spaces. Tandem spaces are an additional \$30 per month, while private spaces are \$50 per month. Additionally, a premium of \$20 is charged to units on the fifth floor, as these units have high ceilings. All units offer granite countertops, stainless steel appliances, and a 50 inch television. The property also features a rooftop terrace. Negotiations are currently in place for commercial/retail tenants.

The Eclipse On Madison, continued

Photos



PROPERTY PROFILE REPORT

The Pointe At Adams Place

Effective Rent Date	5/19/2016
Location	3000 South Adams Street Tallahassee, FL 32301 Leon County County
Distance	1.4 miles
Units	246
Vacant Units	2
Vacancy Rate	0.8%
Type	Garden (3 stories)
Year Built/Renovated	2006 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	FAMU students
Contact Name	Yolanda
Phone	850-298-4200



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	N/A
Annual Chg. in Rent	Increased 2%
Concession	One month's rent free

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	62	504	\$775	\$65	Market	No	1	1.6%	N/A	None
2	2	Garden (3 stories)	104	1,037	\$1,170	\$98	Market	No	1	1.0%	N/A	None
3	3	Garden (3 stories)	80	1,264	\$1,275	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$775	\$65	\$710	\$161	\$871
2BR / 2BA	\$1,170	\$98	\$1,072	\$193	\$1,265
3BR / 3BA	\$1,275	\$0	\$1,275	\$245	\$1,520

The Pointe At Adams Place, continued

Amenities

In-Unit		Security	Services
Blinds	Cable/Satellite/Internet	None	None
Carpet/Hardwood	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Furnishing		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting	None	None
Exercise Facility	Off-Street Parking		
On-Site Management	Picnic Area		
Swimming Pool	Theatre		

Comments

Approximately 20 percent of the 308 total units are owner-occupied condominiums. The unit mix displayed is for rental units only. The property is currently 42 percent pre-leased for the Fall 2016 semester. Tenants have the option of renting furnished or unfurnished units. The rents displayed are for furnished units. Unfurnished rents for one, two, and three-bedroom units are \$675, \$1,050, and \$1,185, respectively. The rents for two and three-bedroom units are reflective of upgraded units. The upgraded units include granite countertops and stainless steel appliances. Non-upgraded two and three-bedroom furnished units are \$1,050 and \$1,215, respectively. Additional amenities include a game room and movie theater.

The Pointe At Adams Place, continued

Photos



PROPERTY PROFILE REPORT

University Courtyard

Effective Rent Date 5/19/2016

Location 3025 South Adams Street
Tallahassee, FL 32301
Leon County County

Distance 1.8 miles

Units 96

Vacant Units 2

Vacancy Rate 2.1%

Type Garden (3 stories)

Year Built/Renovated 2000 / N/A

Marketing Began N/A

Leasing Began N/A

Last Unit Leased N/A

Major Competitors None identified

Tenant Characteristics FAMU students

Contact Name Property Manager

Phone 850-878-0300



Market Information

Program Market

Annual Turnover Rate N/A

Units/Month Absorbed N/A

HCV Tenants 0%

Leasing Pace N/A

Annual Chg. in Rent Increased 3%

Concession None

Utilities

A/C included -- central

Cooking included -- electric

Water Heat included -- electric

Heat included -- electric

Other Electric included

Water included

Sewer included

Trash Collection included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
4	2	Garden (3 stories)	96	1,190	\$1,464	\$0	Market	No	2	2.1%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
4BR / 2BA	\$1,464	\$0	\$1,464	\$0	\$1,464

Amenities

In-Unit	Security	Services
Blinds	None	None
Carpeting		
Coat Closet		
Garbage Disposal		
Oven		
Washer/Dryer		
Cable/Satellite/Internet		
Central A/C		
Dishwasher		
Microwave		
Refrigerator		
Washer/Dryer hookup		
Property	Premium	Other
Basketball Court	None	None
Clubhouse/Meeting		
Off-Street Parking		
Picnic Area		
Tennis Court		
Business Center/Computer Lab		
Exercise Facility		
On-Site Management		
Swimming Pool		

University Courtyard, continued

Comments

The property is currently 95 percent pre-leased for the Fall 2016 semester. The rents displayed are for furnished units; unfurnished units rent for \$1,264. The majority of tenants at the property are FAMU students. Additional community amenities include a game room. This property is located less than one mile from the FAMU campus. There is a \$40 utility cap per person.

University Courtyard, continued

Photos



ADDENDUM B

Qualifications of Consultants

STATEMENT OF PROFESSIONAL QUALIFICATIONS

H. BLAIR KINCER, MAI, CRE

I. Education

Duquesne University, Pittsburgh, Pennsylvania
Masters in Business Administration
Graduated Summa Cum Laude

West Virginia University, Morgantown, West Virginia
Bachelor of Science in Business Administration
Graduated Magna Cum Laude

II. Licensing and Professional Affiliation

Member of the Appraisal Institute (MAI)
Member, The Counselors of Real Estate (CRE)
LEED Green Associate
Member, National Council of Housing Market Analysts (NCHMA)
Past Member Frostburg Housing Authority

Certified General Real Estate Appraiser, No. RCG1046 – State of Connecticut
Certified General Real Estate Appraiser, No 4206 – State of Kentucky
Certified General Real Estate Appraiser, No CG1694 – State of Maine
Certified General Real Estate Appraiser, No. 1326 – State of Maryland
Certified General Real Estate Appraiser, No. 103789 – State of Massachusetts
Certified General Real Estate Appraiser, No. GA-805 – State of Mississippi
Certified General Real Estate Appraiser, No. 46000039124 – State of New York
Certified General Real Estate Appraiser, No. A6765 – State of North Carolina
Certified General Real Estate Appraiser, No. GA001407L – Commonwealth of Pennsylvania
Certified General Real Estate Appraiser, No. 5930 – State of South Carolina
Certified General Real Estate Appraiser, No. 3918 – State of Tennessee
Certified General Real Estate Appraiser, No. 4001004822 – Commonwealth of Virginia
Certified General Real Estate Appraiser, No. 1101008 – State of Washington
Certified General Real Estate Appraiser, No. 1081 – State of Wyoming

III. Professional Experience

Partner, Novogradac & Company LLP
Vice President, Capital Realty Advisors, Inc.
Vice President - Acquisitions, The Community Partners Development Group, LLC
Commercial Loan Officer/Work-Out Specialist, First Federal Savings Bank of Western MD
Manager - Real Estate Valuation Services, Ernst & Young LLP
Senior Associate, Joseph J. Blake and Associates, Inc.
Senior Appraiser, Chevy Chase, F.S.B.
Senior Consultant, Pannell Kerr Forster

H. Blair Kincer
Qualifications
Page 2

IV. Professional Training

Have presented at and attended various IPED and Novogradac conferences regarding the affordable housing industry. Have done presentations on the appraisal and market analysis of Section 8 and 42 properties. Have spoken regarding general market analysis topics.

Obtained the MAI designation in 1998 and maintained continuing education requirements since. Completed additional professional development programs administered by the Appraisal Institute in the following topic areas:

- 1) Valuation of the Components of a Business Enterprise
- 2) Valuation of Sustainable Buildings

V. Real Estate Assignments – Examples

In general, have managed and conducted numerous market analyses and appraisals for all types of commercial real estate since 1988.

- Performed numerous appraisals for the US Army Corps of Engineers US Geological Survey and the GSA. Property types included Office, Hotel, Residential, Land, Gymnasium, warehouse space, border patrol office. Properties located in varied locations such as the Washington, DC area, Yuma, AZ, Moscow, ID, Blaine, WA, Lakewood, CO, Seattle, WA
- Performed appraisals of commercial properties such as hotels, retail strip centers, grocery stores, shopping centers etc for properties in various locations throughout Pennsylvania, New Jersey, Maryland, New York for Holiday, Fenoglio, Fowler, LP and Three Rivers Bank.
- Have managed and conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. An area of special concentration has been the category of Senior Independent living properties. Work has been national in scope.
- Provided appraisal and market studies for a large portfolio of properties located throughout the United States. The reports provided included a variety of property types including vacant land, office buildings, multifamily rental properties, gas stations, hotels, retail buildings, industrial and warehouse space, country clubs and golf courses, etc. The portfolio included more than 150 assets and the work was performed for the SBA through Metec Asset Management LLP.
- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered (LIHTC) and unencumbered values were typically derived. The three traditional approaches to value

H. Blair Kincer**Qualifications****Page 3**

are developed with special methodologies included to value tax credit equity, below market financing and Pilot agreements.

- Performed numerous appraisals in 17 states of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. These appraisals meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide.
- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA and the developer in the underwriting process. Market studies are compliant to State, FannieMae and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.
- Completed numerous FannieMae appraisals of affordable and market rate multi-family properties for Fannie DUS Lenders. Currently have ongoing assignment relationships with several DUS Lenders.
- In accordance with HUD's Section 8 Renewal Policy and Chapter 9, Mr. Kincer has completed numerous Rent Comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.
- Completed Fair Market Value analyses for solar panel installations, wind turbine installations, and other renewable energy assets in connection with financing and structuring analyses performed by various clients. The clients include lenders, investors, and developers. The reports are used by clients and their advisors to evaluate certain tax consequences applicable to ownership. Additionally, the reports have been used in the ITC funding process and in connection with the application for the federal grant identified as Section 1603 American Recovery & Reinvestment Act of 2009.

STATEMENT OF PROFESSIONAL QUALIFICATIONS DAVID BOISTURE

I. Education

Ohio University, Athens, Ohio
Masters of Public Administration

Frostburg State University, Frostburg, Maryland
Bachelor of Science in Political Science and Justice Studies

II. Professional Experience

Principal, Novogradac & Company LLP
Graduate Assistant, Institute for Local Government and Rural Development

III. Professional Affiliation

LEED Green Associate

IV. Professional Training

IRS Valuation Summit, October 2014
Basic Appraisal Procedures, March 2014
15-hour National USPAP Equivalent, March 2014
Valuation of Solar Photovoltaic, February 2014
Residential Solar Photovoltaic Leases: Market Value Dilemma, February 2014
Basic Appraisal Principles, February 2014
Wind Projects and Land Value, October 2012

V. Real Estate Assignments

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Completed Fair Market Value analyses for solar panel installations, wind turbine installations, and other renewable energy assets in connection with financing and structuring analyses performed by various clients. The clients include lenders, investors, and developers. The reports are used by clients and their advisors to evaluate certain tax consequences applicable to ownership. Additionally, the reports have been used in the ITC funding process and in connection with the application for the federal grant identified as Section 1603 American Recovery & Reinvestment Act of 2009.
- Have managed and prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, large family, and acquisition with rehabilitation.

David Boisture
Qualifications
Page 2

- Have managed and assisted in appraisals of proposed new construction, rehabilitation, and existing Low- Income Housing Tax Credit properties, USDA Rural Development, HUD subsidized properties, and market rate multifamily developments. Analysis includes property screenings, valuation analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis.
- Assisted in preparing a comprehensive senior housing study in Seattle, Washington for the Seattle Housing Authority. This study evaluated the Seattle Housing Authority's affordable senior housing project for their position within the entire city's senior housing market. The research involved analysis of the senior population by neighborhood, income, household size, racial composition, and tenure.
- Have managed and assisted in the preparation of Rent Comparability Studies according the HUD Section 8 Renewal Policy in the Chapter 9 guidelines.
- Assisted in the review of Rent Comparability Studies for HUD Contract Administrators.
- Assisted in the HUD MAP Quality Control market study and appraisal reviews.
- Managed and assisted in the preparation of market studies for projects under the HUD Multifamily Accelerated Processing program. The market studies meet the requirements outlined in Chapter 7 of the HUD MAP Guide.
- Managed and assisted in appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. The appraisals meet the requirements outlined in Chapter 7 of the HUD MAP Guide.
- Assisted in preparing an approved HUD Consolidated Plan for the City of Gainesville, GA; which included a housing and homeless needs assessment, market analysis, non-housing needs analysis, and a strategic plan, which conformed to 24CFR Part 91, Consolidated Plan Regulations for the ensuing five-year period (2004-2009).
- Assisted in various appraisals for the US Army Corps of Engineers including Walter Reed Army Medical Center, proposed office site on the Enhanced Use Lease sites Y and Z at Fort Meade, proposed automobile testing facility at the Yuma Proving Grounds, proposed industrial park at Camp Navajo, and the National Geospatial-Intelligence Agency.
- Managed the preparation of Site Inspection Reports and Appraisals as the subcontractor to the Transaction Team Specialist hired by the Department of Housing and Urban Development to facilitate the design and sale of HUD's nonperforming Multifamily and Healthcare notes.
- Completed analyses of overall reasonableness with regard to Revenue Procedure 2014-12. Transactions analyzed include renewable energy projects involving the use of Investment Tax Credits. Fees and arrangements tested for reasonableness include developer fees, construction management fees, asset management fees, various leasing-related payments, and overall master lease terms.

STATEMENT OF PROFESSIONAL QUALIFICATIONS BRIAN GAULT

I. Education

Ohio University, Athens, Ohio
Bachelor of Science in Journalism, Certification in Environmental Studies

II. Professional Experience

Real Estate Analyst, Novogradac & Company LLP, August 2014 – Present
Vice President/Project Director, Vogt Santer Insights, July 2010 – June 2014
Project Director/Director of Southeast Operations, VWB Research, October 2002 – June 2010
Field Analyst/Project Director, Danter Company, February 2000 – October 2002

III. Research Assignments

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Authored more than 1,600 market feasibility studies or letters for affordable, market rate and student rental housing. These reports have been utilized by developers, syndicators, state housing finance agencies, and lenders to assist in the financial underwriting, planning and design of rental properties. Analysis typically includes: unit mix determination, demand estimation, rental rate analysis, competitive property evaluation and overall market feasibility analysis.
- Completed field research for more than 250 projects in more than 40 states while employed in the industry.
- Interviewed, trained, and coordinated staff of seven to nine field analysts working nationwide while with previous employers.
- Experienced in data collection for commercial space used in retail, office or overall commercial space analyses.

STATEMENT OF PROFESSIONAL QUALIFICATIONS RYAN THAYER

I. Education

The Ohio State University, Columbus, OH
Bachelor of Arts; Major: Economics; Minor: World Politics

II. Professional Experience

Real Estate Researcher, Novogradac & Company LLP, May 2015 – Present

III. Research Assignments

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Assisted numerous market and feasibility studies for family and senior affordable housing, as well as off campus university student housing. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of market-rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.
- Assisted with numerous appraisals of new construction and existing LIHTC and market-rate properties.

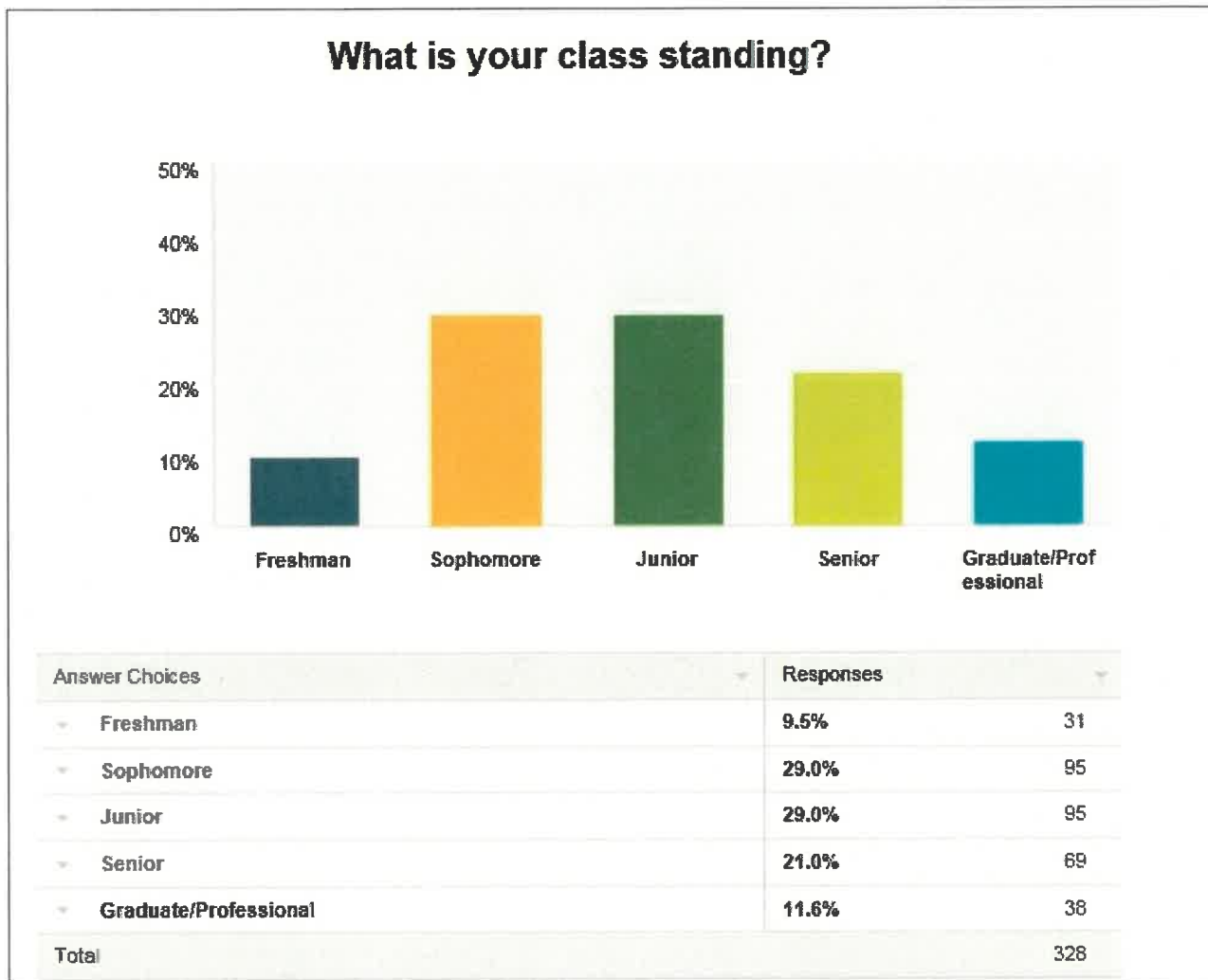
ADDENDUM C

Student Survey Findings and Conclusions

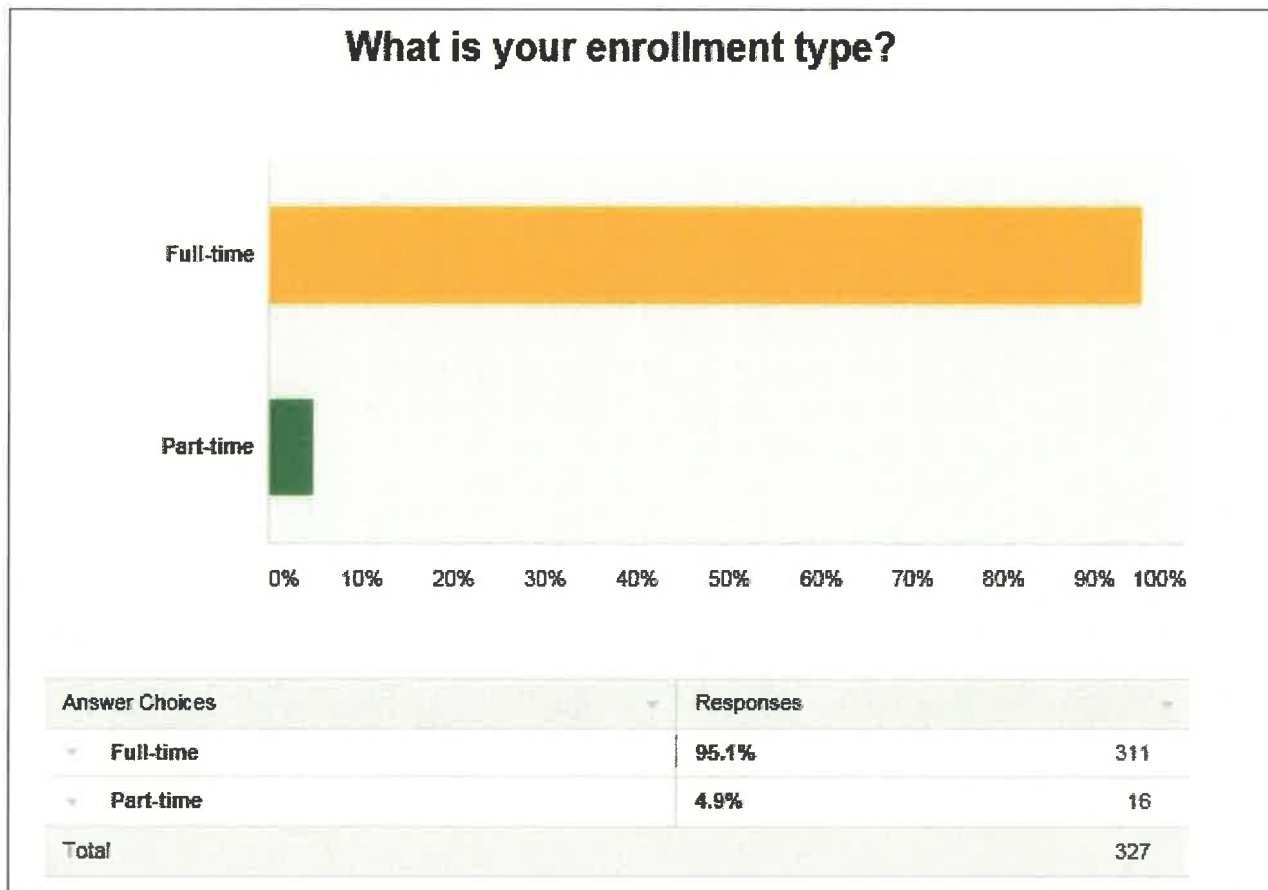
Addendum C: Online and Intercept Student Survey Findings and Conclusions



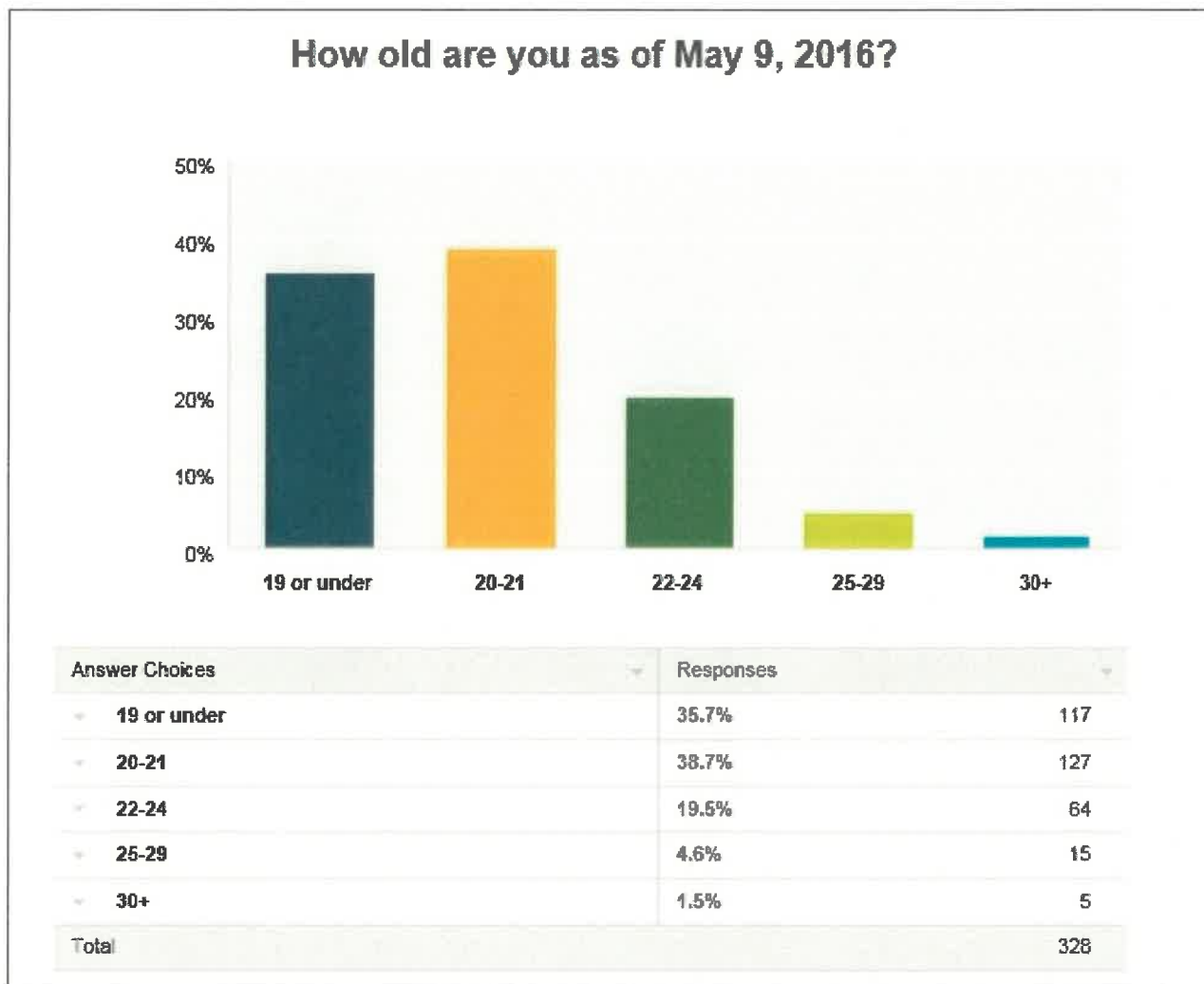
This addendum includes the results of our online and intercept survey findings. This information was gathered online (using a SurveyMonkey.com platform) from Florida A&M University students between May 9, 2016 and May 20, 2016, and in person via intercept surveys, between May 16 and 18, 2016. In total we surveyed 328 current FAMU students who provided details on the enrollment status and class rank, as well as input regarding where students currently live and what options influence their housing choices. These findings are considered significant factors in our projections of future housing needs and demand for students attending FAMU. Following are our survey findings.



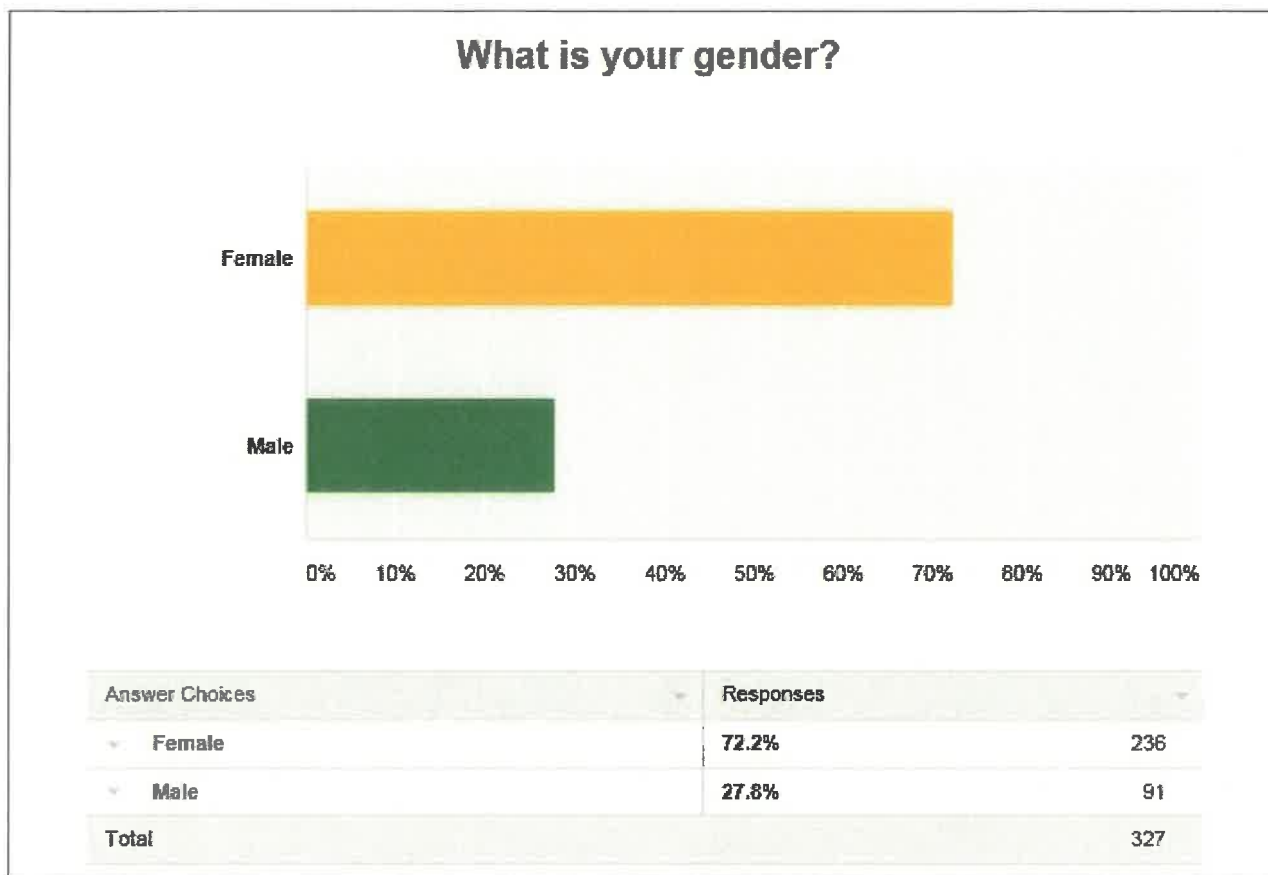
Of the 328 FAMU students surveyed, 29 percent were sophomores and juniors, and 21 percent were seniors. Freshman represented less than 10 percent of those surveyed, and graduate/professional students were 11.6 percent of those surveyed. The range of students surveyed is considered to be a good representation of the student body at FAMU.



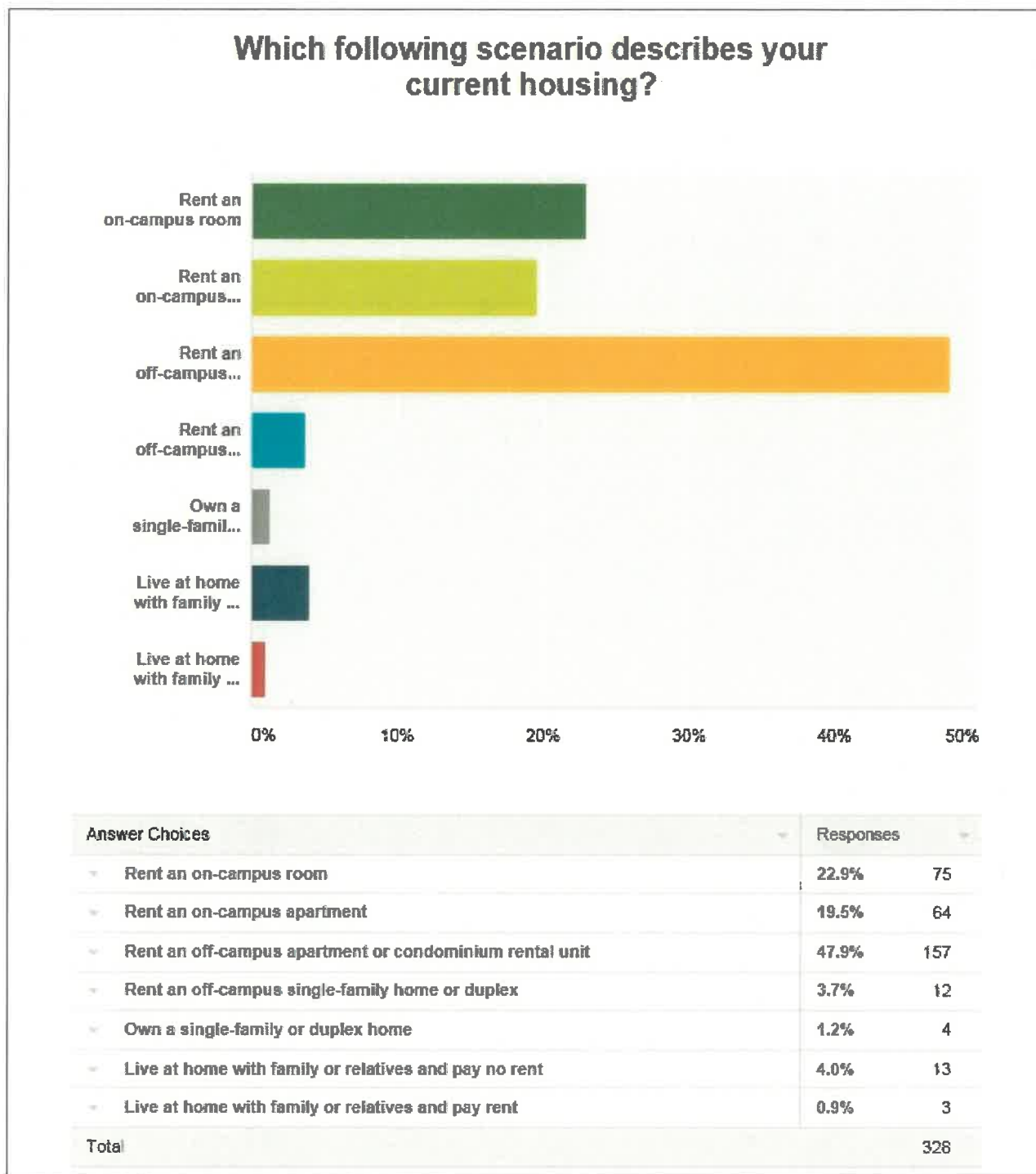
Of the 327 students responding to the question of enrollment type, slightly more than 95 percent were enrolled full-time, with less than five percent enrolled part-time. Since part-time students are typically less responsive to on-campus or off-campus student housing, we believe this survey has sampled a large share of students who would at least potentially consider student-oriented housing.



Almost three-quarters (74.4 percent) of the students surveyed attending FAMU are 21 or under, while 19.5 percent are between 22 and 24, and the remaining 6.1 percent surveyed are 35 or older. The highest share of students surveyed are ages 20 and 21. Students over age 25 would be unlikely to respond to student housing, as these older students often have families or prefer to live on their own in an environment not dominated by students. The share of students surveyed who would typically be within the target range for student housing (24 and under) represents almost 94 percent of the students surveyed. Given the demographic of our survey respondents, the results of this survey may be considered very reflective of student opinions of area housing options, both on and off-campus.

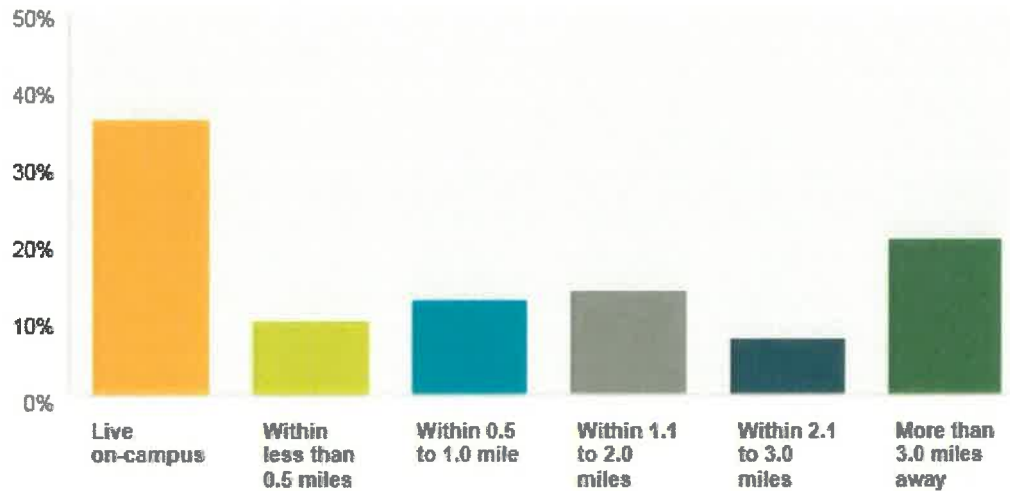


Females represented more than 72 percent of the students we surveyed, which is a high share of females and is above the overall share (63 percent) of female students attending FAMU in fall 2015. In general, based on our historical student housing research, females often give significant preference to security and the safety of their surroundings in selecting housing. As such, we have considered the answers regarding safety features in this survey in our analysis of amenities suggested for any new on-campus student housing at FAMU.



A total of almost 48 percent of the students surveyed rent an off-campus apartment or condominium unit, while almost 23 percent of the respondents live on-campus in a residence hall at FAMU and 19.5 percent live in an on-campus apartment, such as the newest on-campus housing, FAMU Village. The share of students living in off-campus apartments is greater than the share of students surveyed who live on-campus.

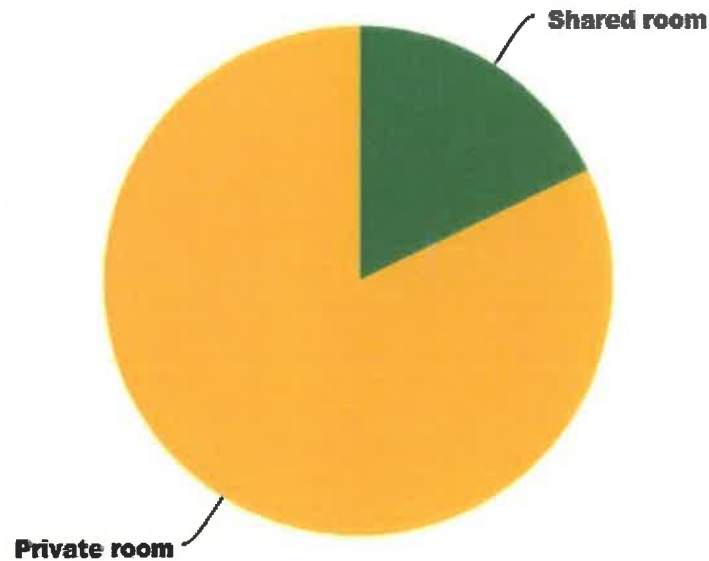
How far from the FAMU campus do you live?



Answer Choices	Responses
Live on-campus	36.0% 118
Within less than 0.5 miles	9.8% 32
Within 0.5 to 1.0 mile	12.5% 41
Within 1.1 to 2.0 miles	13.7% 45
Within 2.1 to 3.0 miles	7.6% 25
More than 3.0 miles away	20.4% 67
Total	328

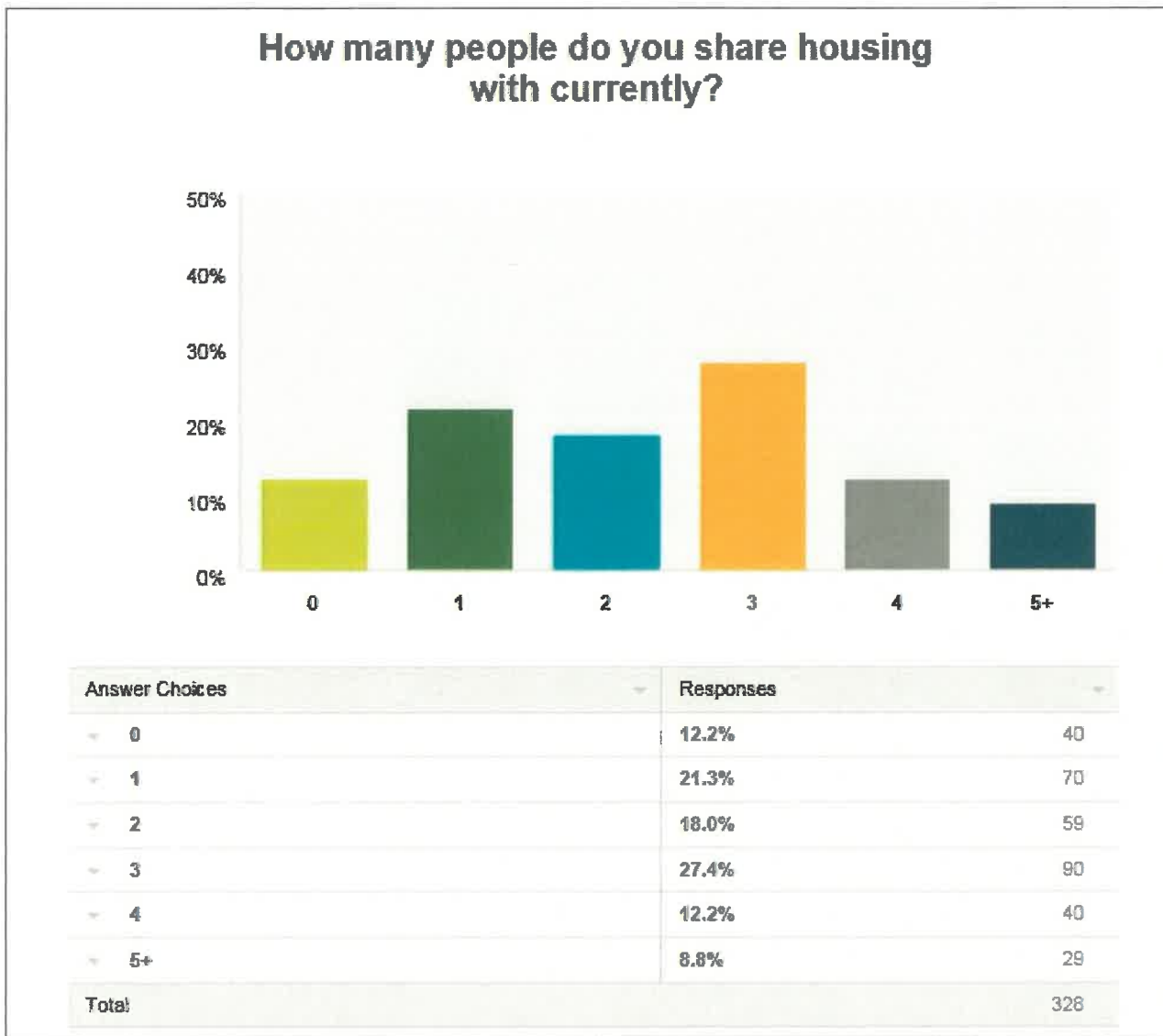
Of the 328 students surveyed, 36 percent reported living on-campus, 9.8 percent live within 0.5 miles of campus, 12.5 percent live between 0.5 and 1.0 miles from campus, 13.7 percent live between 1.1 and 2.0 miles from campus, and 28 percent live at least 2.0 miles from campus. The share of students residing more than 2.0 miles from campus suggests that rental costs are of significant consideration to students of FAMU, and may in many cases outweigh the desire to be near the campus and its surrounding community amenities and services.

Is your bedroom or sleeping area:



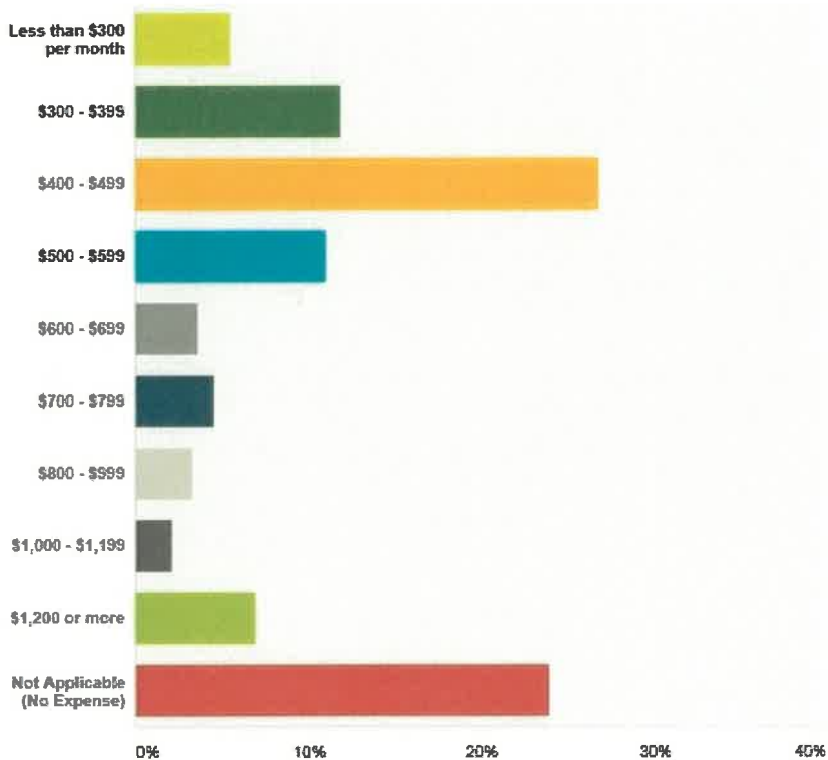
Answer Choices	Responses	
Shared room	17.9%	58
Private room	82.1%	266
Total		324

A total of more than 82 percent of students surveyed reported having a private bedroom, while almost 18 percent have a shared bedroom, such as is typical in the residence halls at FAMU. Given the share of students with a private bedroom currently, it can be implied that modern student housing options should generally offer private sleeping areas for each student, as that is the general preference of students. Rarely are off-campus housing options now developed that require renters to share bedrooms, and when they are offered, it is typically at a significant discount to a private bedroom in the same unit. We have considered the surveyed students' preferences for private bedrooms in our suggestions for future student housing at FAMU.



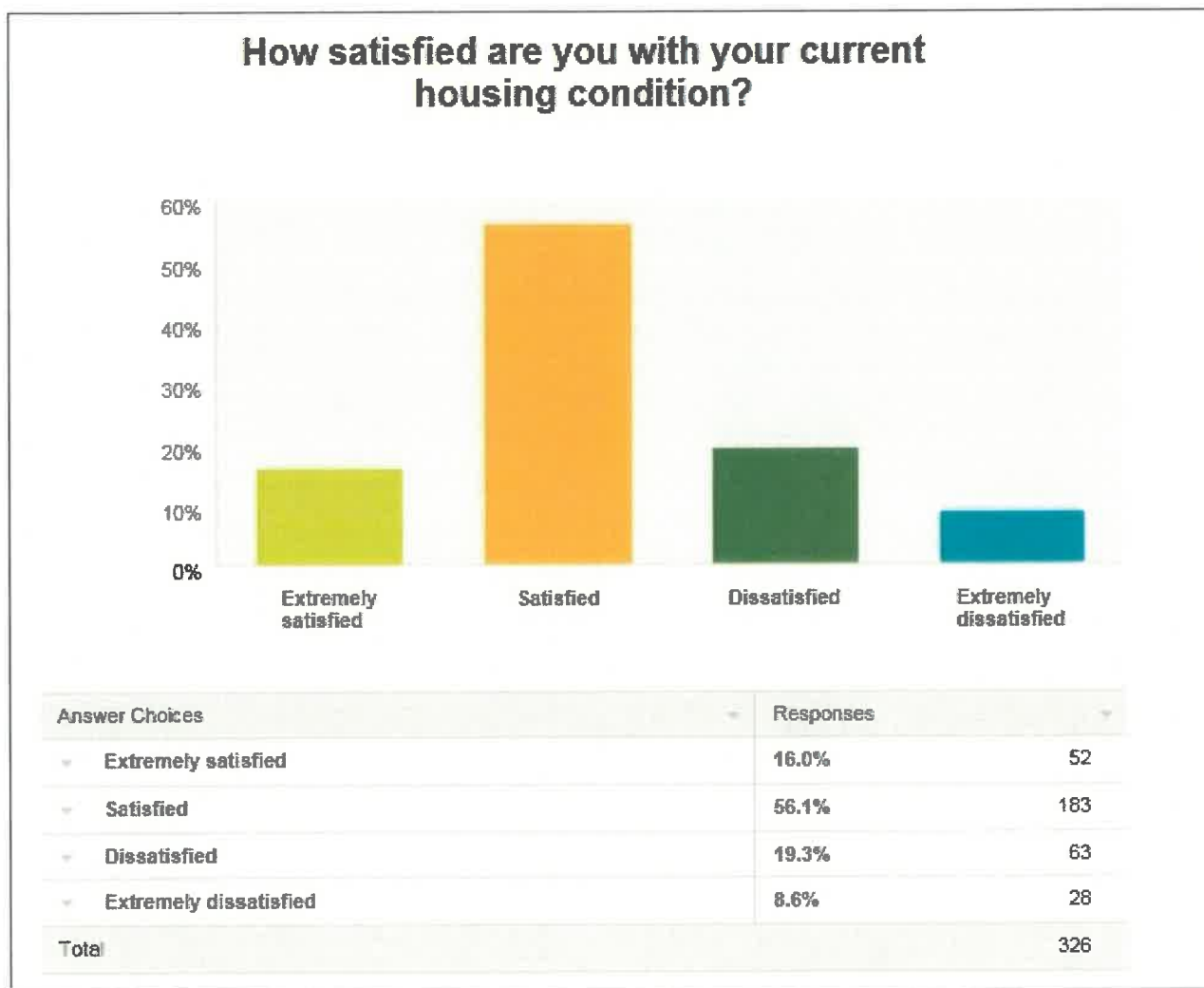
A total of 27.4 percent of students surveyed reported sharing housing with three other persons, suggesting they reside in a four-bedroom rental unit, either on or off-campus. The second highest share of students surveyed (21.3 percent) reported having one roommate, and 18 percent of students reported living with two other persons. Somewhat surprisingly, 21 percent of the student surveyed indicated they live with four or more roommates, suggesting there could potentially be demand for large bedroom types.

If you incur housing expenses (rent/mortgage), what do you pay approximately each month for your housing, including all utilities such as electric, water, trash, and Internet?



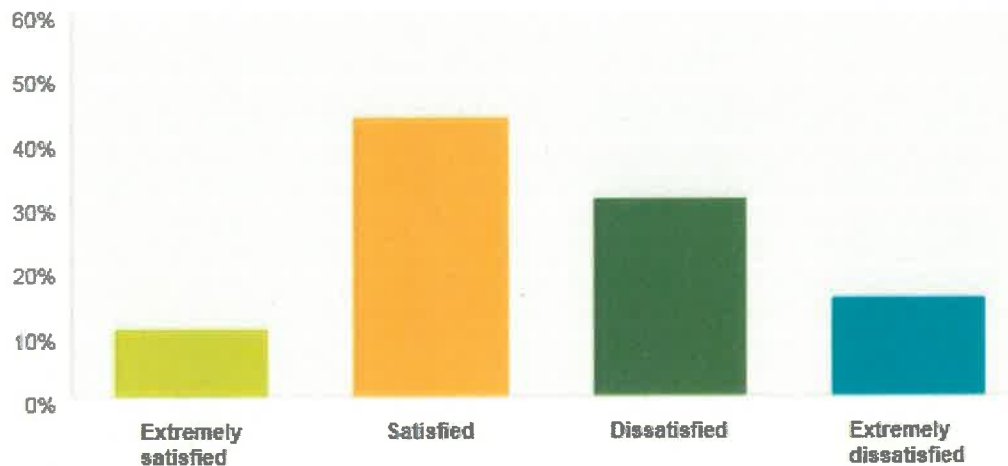
Answer Choices	Responses	
Less than \$300 per month	5.5%	18
\$300 - \$399	12.0%	39
\$400 - \$499	26.7%	87
\$500 - \$599	11.0%	36
\$600 - \$699	3.7%	12
\$700 - \$799	4.6%	15
\$800 - \$999	3.4%	11
\$1,000 - \$1,199	2.1%	7
\$1,200 or more	7.1%	23
Not Applicable (No Expense)	23.9%	78
Total		328

The greatest share of the students surveyed have a total monthly housing expense of \$400 to \$499, and the second highest share have no housing expense, as they are on scholarship where housing is paid for or are residing at home and pay no rent expenses. The second greatest share of students paying for housing have total housing expenses between \$300 and \$399, and the third highest share of students are paying between \$500 and \$599 per month in housing expenses. It is also noteworthy that 12.6 percent of students surveyed indicated they pay \$800 or more per month for rental housing expenses. This would suggest that while somewhat limited, there is a small share of students at FAMU who pay significantly more than the average rent among FAMU students.



Of the 326 respondents, more than 56 percent were satisfied with their current housing, while more than 19 percent were dissatisfied and 8.6 percent were extremely dissatisfied. Only 16 percent of the students reported being extremely satisfied with their housing choice. This suggests that while most are at least satisfied with their housing, there are several students who might consider a different housing option.

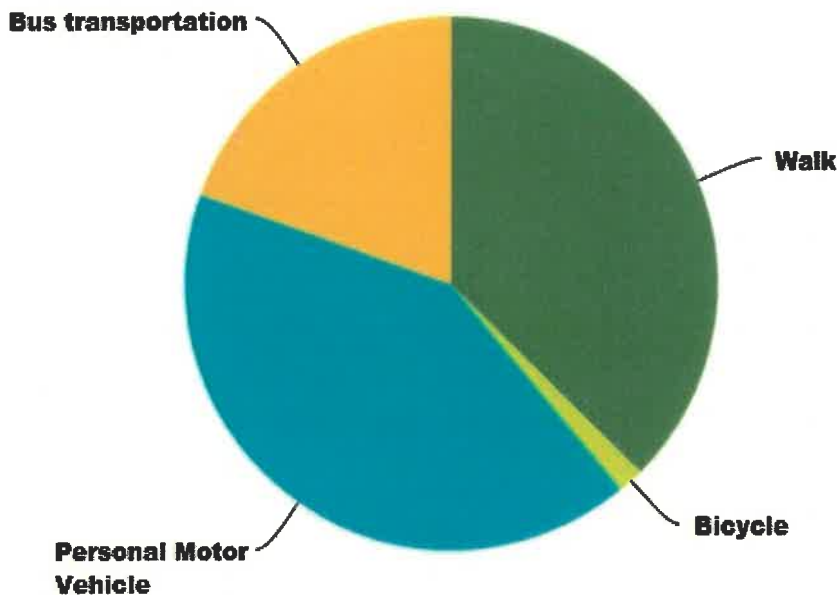
How satisfied are you with your current housing expense?



Answer Choices	Responses
Extremely satisfied	10.4% 34
Satisfied	43.6% 143
Dissatisfied	30.8% 101
Extremely dissatisfied	15.2% 50
Total	328

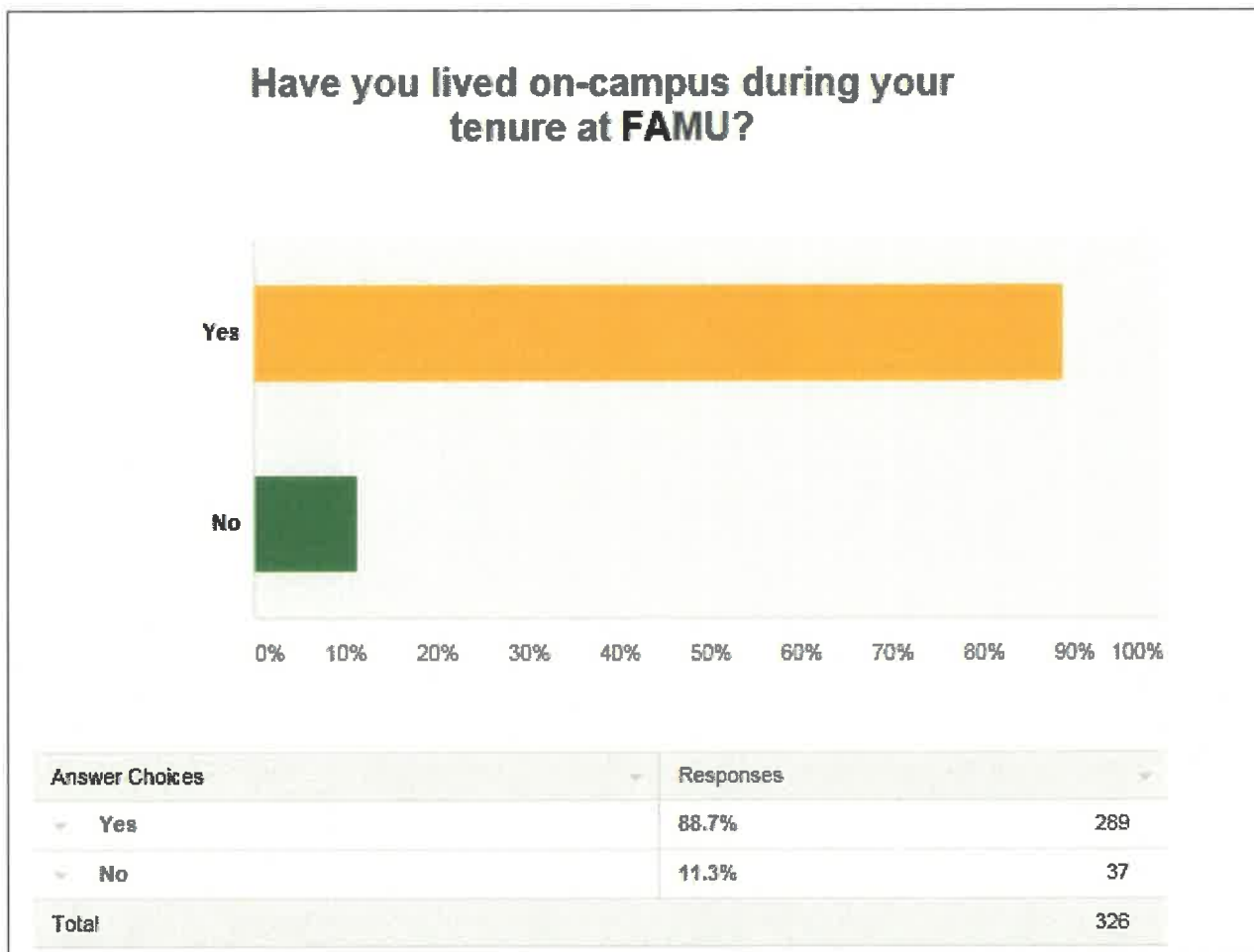
Almost 44 percent of the students surveyed reported being satisfied with their current housing expense, and 10.4 percent reported being extremely satisfied. However, a total of 46 percent of students, or nearly half, reported being at least dissatisfied with their housing expense. This suggests that with most students who pay for housing reportedly paying less than \$600 in most cases, students are price sensitive in this market, where there are numerous rental options at a wide range of rent ranges. Given this apparent housing cost sensitivity among FAMU students, future FAMU student housing will have to be considered a reasonably priced alternative in order to compete favorably against the Tallahassee rental market. As indicated later in our survey findings, most students would prefer to live off-campus if given the option, and as a result on-campus housing would need to represent a value compared to similar quality off-campus housing in order to attract students to live on-campus, where rules and regulations for housing are generally more rigid than off-campus rental properties.

How do you travel to class and campus functions the majority of the time?



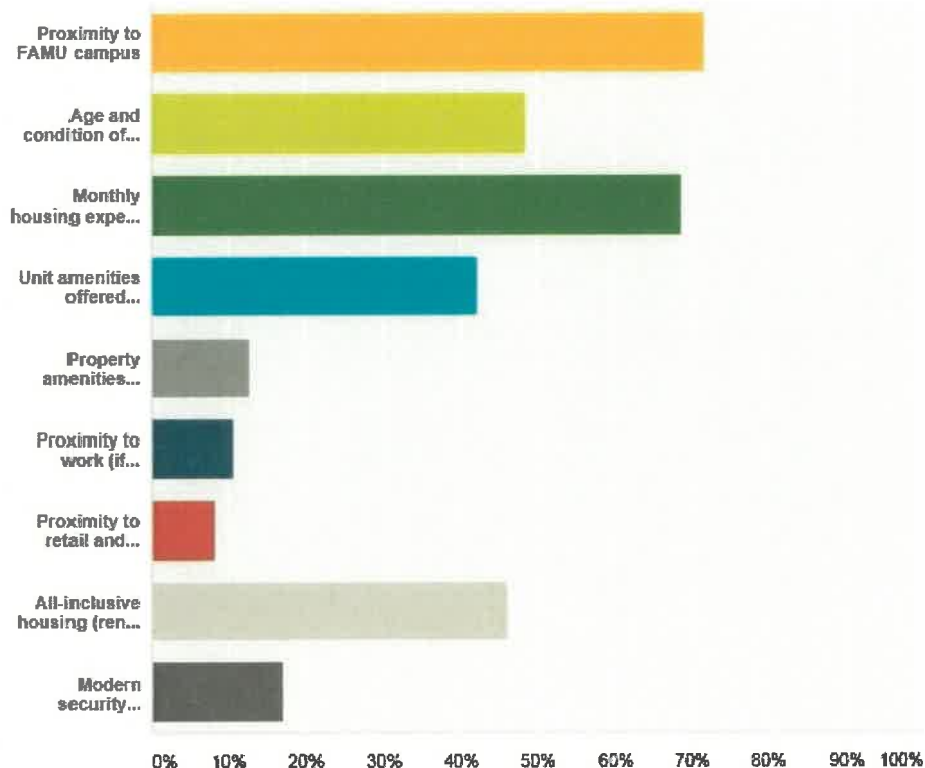
Answer Choices	Responses	
Walk	37.5%	123
Bicycle	1.5%	5
Personal Motor Vehicle	41.5%	136
Bus transportation	19.5%	64
Total		328

The greatest share of students surveyed use a motor vehicle to commute to classes and campus facilities, while 37.5 percent walk. A total of more than 19 percent use public bus transportation to access campus, while just 1.5 percent use a bicycle for commuting. These trends suggest that while an increasing trend at some universities and colleges, secure indoor bicycle storage may not be a necessary feature for new student housing at FAMU. Obviously, with more than 41 percent of students surveyed driving to campus, on-campus parking options are critical to serving the current student population, and parking should be given significant consideration in the planning and development of any new on-campus housing or other facilities.



Of the 326 students who responded, almost 89 percent reported having lived on-campus during their tenure at FAMU. This is not all that surprising since freshmen are required to live on campus. This indicates that the responses to follow are generally indicative of students who are familiar with the on-campus housing options at FAMU, and for whom an opinion on the on-campus housing is considered to be reasonably determined.

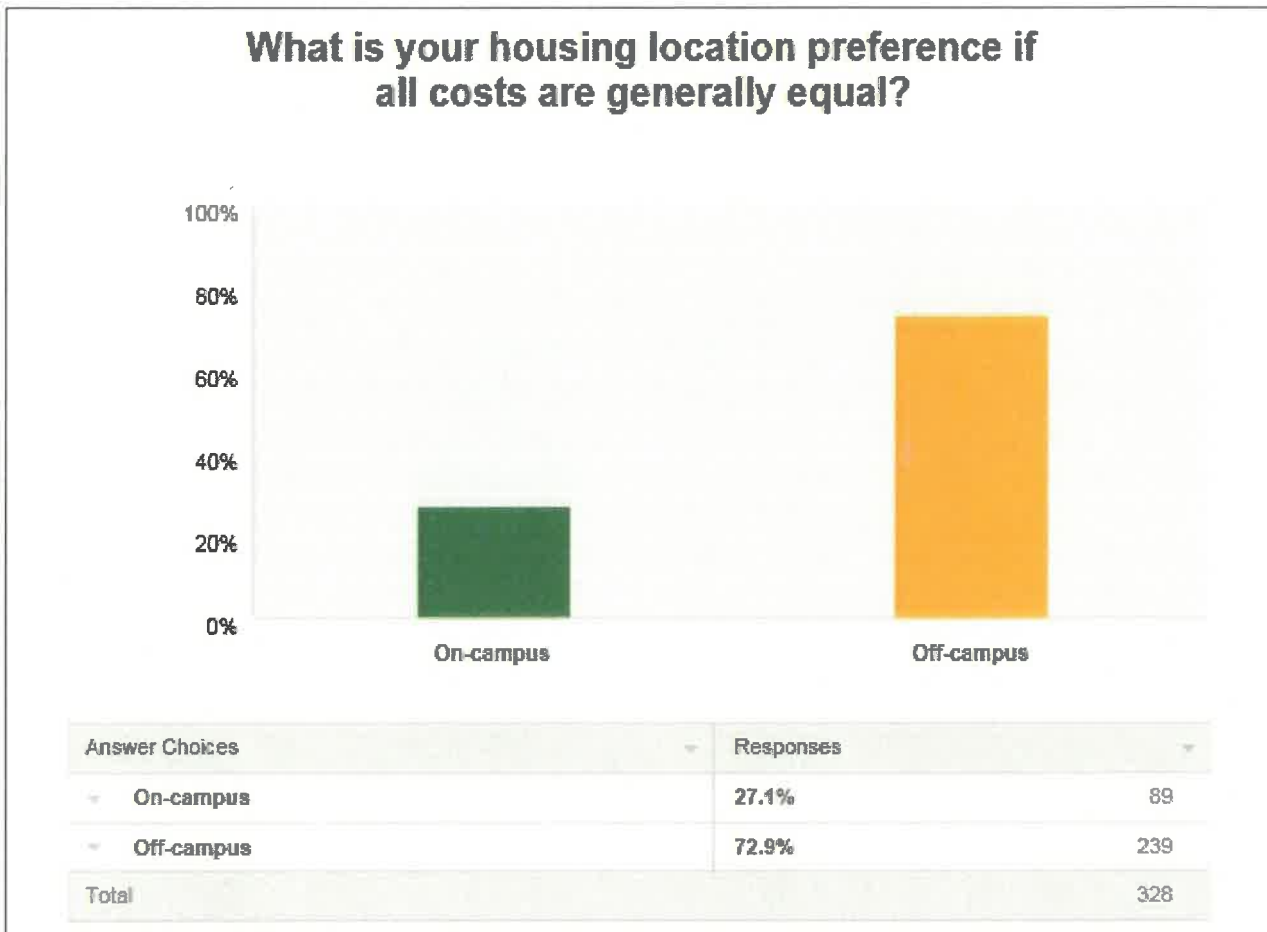
**What are the three most important factors you consider in selecting your housing?
(Please select only three choices)**



Answer Choices	Responses
Proximity to FAMU campus	71.6% 235
Age and condition of housing	48.5% 159
Monthly housing expense (including utility costs)	68.6% 225
Unit amenities offered (appliances, washer and dryer, wood floors, patio, etc...)	42.1% 138
Property amenities offered (swimming pool, exercise room, computer lab, etc...)	12.8% 42
Proximity to work (if employed off-campus)	10.7% 35
Proximity to retail and dining options	8.2% 27
All-inclusive housing (rent, utilities, and furnishings all covered by one payment)	46.0% 151
Modern security features	17.1% 56

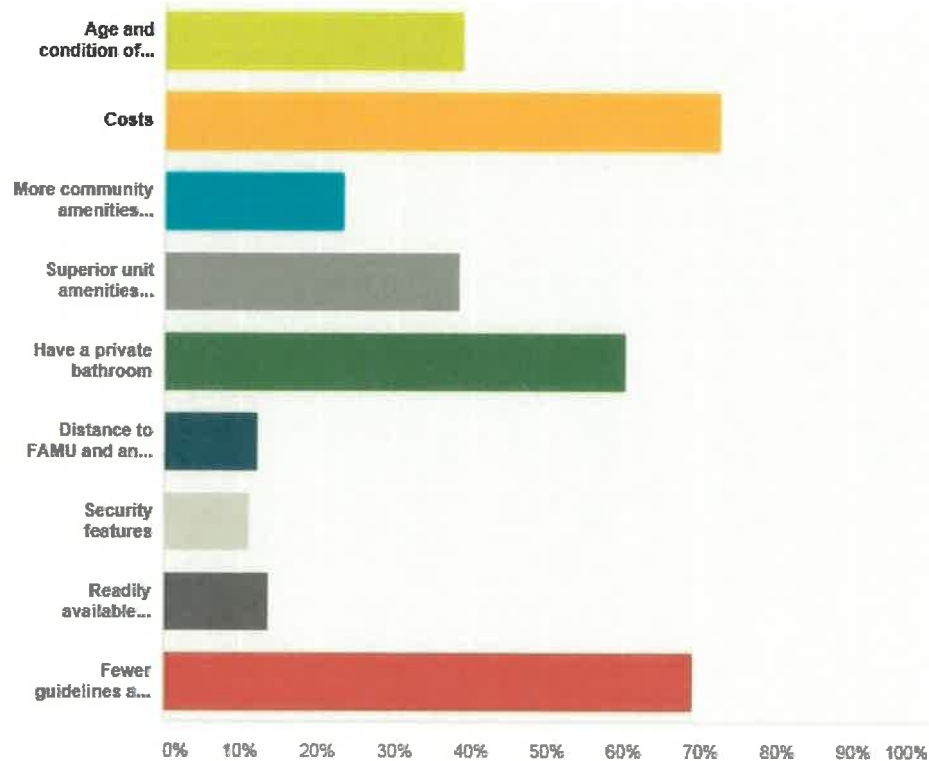
Total Respondents: 328

The three most important factors to FAMU students in their housing selection are monthly housing expense, proximity to the FAMU campus, and the age and condition of the housing. Also of significant consideration are “all-inclusive housing” and unit amenities offered.



Given that nearly 89 percent of students surveyed have lived on campus at FAMU, it is telling that if all things were equal in terms of costs, almost 73 percent of students would prefer to live off-campus, compared to 27.1 percent who responded that they would opt for on-campus housing if costs were generally equal to off-campus options of similar caliber. While the share of students preferring to live on-campus is not high, the share does represent more than one-quarter of the respondents.

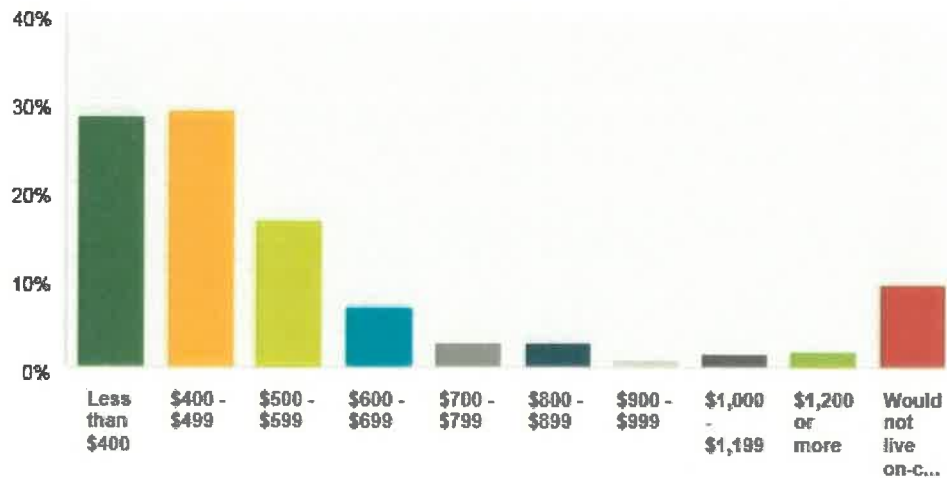
If you prefer to live off-campus versus on-campus, what are the reasons you choose to do so? (provide as many as 3 answers)



Answer Choices	Responses
Age and condition of housing	38.6% 122
Costs	72.2% 226
More community amenities (swimming pool, gym, retail/restaurants nearby)	23.1% 73
Superior unit amenities (washer/dryer, dishwasher, wood/carpet flooring)	38.3% 121
Have a private bathroom	60.1% 190
Distance to FAMU and an employer	12.0% 38
Security features	11.4% 35
Readily available parking	13.6% 43
Fewer guidelines and regulations than on-campus housing	69.0% 216
Total Respondents: 316	

When asked why they would prefer living off-campus to on-campus, the greatest share of student responses dealt with costs, the availability to have a private bathroom, and fewer guidelines and regulations than the on-campus housing. Also of importance are superior amenities.

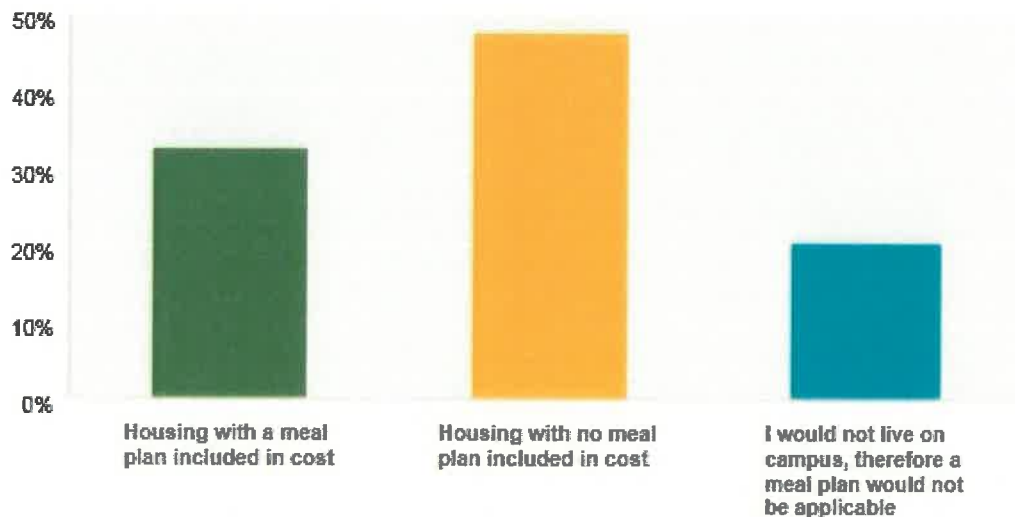
What is the maximum monthly housing cost (including utility expenses) you would be willing to pay for a new, student-oriented housing option at FAMU?



Answer Choices	Responses	Count
Less than \$400	28.4%	93
\$400 - \$499	29.1%	95
\$500 - \$599	16.5%	54
\$600 - \$699	6.7%	22
\$700 - \$799	2.8%	9
\$800 - \$899	2.8%	9
\$900 - \$999	0.9%	3
\$1,000 - \$1,199	1.5%	5
\$1,200 or more	1.8%	6
Would not live on-campus, regardless of price	9.5%	31
Total		327

When asked what students would be willing to pay in total housing costs for new student housing at FAMU, more than 29 percent responded between \$400 and \$499 and 28.4 percent responded less than \$400. A total of 16.5 percent of students would consider paying \$500 to \$599 for on-campus housing and 6.7 percent reported willingness to pay \$600 to \$699 for on-campus housing. Of note, just 9.8 percent of students surveyed reported a willingness to pay as much as \$700 or more to live on-campus. This is a limited share of the students surveyed that we have considered in our suggestions of potential unit mixes for future on-campus housing at FAMU.

Do you prefer student housing with a meal plan included in the fee or housing without a meal plan where dining costs are incurred separately from the housing expense?



Answer Choices	Responses
Housing with a meal plan included in cost	32.4% 106
Housing with no meal plan included in cost	47.4% 155
I would not live on campus, therefore a meal plan would not be applicable	20.2% 66
Total	327

More than 47 percent of the FAMU students surveyed reported they would prefer student housing where there is no required meal plan, while 32.4 percent reported they do prefer student housing that also includes a meal plan in total costs. Thus, while most students who would consider on-campus housing would prefer housing without a meal plan, there is still significant demand among many students for facilities such as dining halls that have fees included in student costs. A total of more than 20 percent indicated they would not consider living on-campus, and as a result they have no preference for a meal plan.

- 3 Estimated project cost, with schedules drawn by month and including start and completion dates, estimated useful life, and the date bond proceeds are required.

STATUS:

Completed

CTG Phase 1.A 700 Bed Preliminary Conceptual Cost Assumptions				
Schedule of Values		Beds/ Cost Per Bed		Notes/Comments
Category	Amount	\$ 700	%	
Design Builder Conceptual Hard Cost and Contingency	\$ 42,656,400	\$ 60,938		Conceptual Estimate will be updated at the Schematic Design Close out and upon the completion of the Schematic Design Development (SDD) (GMP Phase)
Projected Site Cost Allowance	\$ 1,920,000	\$ 2,743		Delayed waiting on university supplied data
Permits, Inspections, and Fees	\$ -	\$ -		University Related Cost TBD
Total Building Hard Costs	\$ 44,576,400	\$ 63,681	100%	Projected hard Development cost Including Contingency allowance
Soft Costs				
Soft Costs	Amount	\$ 700	%	Notes/Comments
A&E Cost	\$ 1,783,056	\$ 2,547	4%	Budget number final cost at GMP % of Hard Cost
Construction Administration -CA	\$ 891,528	\$ 1,274	2%	Budget number final cost at GMP % of Hard Cost
Professional services, Builders Risk & Other Soft Cost Allowance	\$ 334,323	\$ 478	0.75%	Budget number final cost at GMP % of Hard Cost
Total Soft Costs	\$ 3,008,907	\$ 4,298		
Total Hard & Soft Cost	\$ 47,585,307	\$ 67,979	100%	
Construction Manangement Cost				
Construction Manangement Cost	Amount	\$ 700	%	Notes/Comments
CM-Construction Management at-Risk CMR	\$ 2,379,265.35	\$ 3,399	5%	
Total Hard/ Soft & CM Cost	\$ 49,964,572	\$ 71,378	100%	BOG Budget set at \$52 M
Dining Hall Addition Allowance				
Projected Dining Hall Addition	\$ 2,750,000			Conceptual EST only need more detail Project placed on hold by the University
FF&E Allowance				
FF&E Allowance	\$ 1,750,000	\$ 2,500		
CTG Conceptual Cost				
Total Costs	\$ 54,464,572	\$ 64,041		

- 4 The sources-and-uses of funds, clearly depicting all costs, funding sources expected to be used to complete the project and the estimated amount of the debt to be issued.

STATUS:

Completed

FAMU

HBCU Bonds Series 2018

New Money - Dorm Project

Sources & Uses

Dated 10/01/2018 | Delivered 10/01/2018

Sources Of Funds

Par Amount of Bonds	\$64,365,000.00
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Total Sources	\$64,365,000.00
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Uses Of Funds

Costs of Issuance	1,287,300.00
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Deposit to Debt Service Reserve Fund (DSRF)	3,570,850.00
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Deposit to Capitalized Interest (CIF) Fund	4,505,550.00
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Deposit to Project Construction Fund	55,000,000.00
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Rounding Amount	1,300.00
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Total Uses	\$64,365,000.00
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FAMU

HBCU Bonds Series 2018

Global Refunding and New Money

Total Issue Sources And Uses

Dated 10/01/2018 | Delivered 10/01/2018

	Ref 2010A	Ref 2010B	Ref 2012A	Issue Summary
Sources Of Funds				
Par Amount of Bonds	\$10,765,000.00	\$7,520,000.00	\$37,760,000.00	\$56,045,000.00
Transfers from Prior Issue DSR Funds	1,213,597.60	-	3,454,863.00	4,668,460.60
Total Sources	\$11,978,597.60	\$7,520,000.00	\$41,214,863.00	\$60,713,460.60
Uses Of Funds				
Costs of Issuance	215,300.00	150,400.00	755,200.00	1,120,900.00
Deposit to Debt Service Reserve Fund (DSRF)	566,578.10	395,777.60	1,987,308.80	2,949,664.50
Deposit to Net Cash Escrow Fund	11,195,129.33	6,973,972.99	38,473,022.25	56,642,124.57
Rounding Amount	1,590.17	(150.59)	(668.05)	771.53
Total Uses	\$11,978,597.60	\$7,520,000.00	\$41,214,863.00	\$60,713,460.60

- 5 An estimated debt service schedule with the assumed interest rate on the debt clearly disclosed.

STATUS:

Completed

FAMU
HBCU Bonds Series 2018
New Money - Dorm Project

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total Pst	DSR	CIF	Net New D/S
10/01/2018	-	-	2,252,775.00	2,252,775.00	(71,417.00)	-	(71,417.00)
10/01/2019	1,315,000.00	3,500%	2,252,775.00	3,567,775.00	(71,417.00)	(2,252,775.00)	1,243,583.00
10/01/2020	1,360,000.00	3,500%	2,206,750.00	3,566,750.00	(71,417.00)	-	3,495,333.00
10/01/2021	1,410,000.00	3,500%	2,159,150.00	3,569,150.00	(71,417.00)	-	3,497,733.00
10/01/2022	1,460,000.00	3,500%	2,109,800.00	3,568,800.00	(71,417.00)	-	3,498,383.00
10/01/2023	1,510,000.00	3,500%	2,058,700.00	3,568,700.00	(71,417.00)	-	3,497,283.00
10/01/2024	1,565,000.00	3,500%	2,005,850.00	3,570,850.00	(71,417.00)	-	3,499,433.00
10/01/2025	1,615,000.00	3,500%	1,951,075.00	3,566,075.00	(71,417.00)	-	3,494,658.00
10/01/2026	1,675,000.00	3,500%	1,894,550.00	3,565,550.00	(71,417.00)	-	3,498,133.00
10/01/2027	1,730,000.00	3,500%	1,835,925.00	3,565,925.00	(71,417.00)	-	3,494,508.00
10/01/2028	1,795,000.00	3,500%	1,775,375.00	3,570,375.00	(71,417.00)	-	3,498,958.00
10/01/2029	1,855,000.00	3,500%	1,712,550.00	3,567,550.00	(71,417.00)	-	3,496,133.00
10/01/2030	1,920,000.00	3,500%	1,647,625.00	3,567,625.00	(71,417.00)	-	3,495,208.00
10/01/2031	1,990,000.00	3,500%	1,580,425.00	3,570,425.00	(71,417.00)	-	3,499,008.00
10/01/2032	2,060,000.00	3,500%	1,510,775.00	3,570,775.00	(71,417.00)	-	3,497,258.00
10/01/2033	2,130,000.00	3,500%	1,438,675.00	3,568,675.00	(71,417.00)	-	3,497,708.00
10/01/2034	2,205,000.00	3,500%	1,364,125.00	3,569,125.00	(71,417.00)	-	3,495,533.00
10/01/2035	2,280,000.00	3,500%	1,286,990.00	3,566,990.00	(71,417.00)	-	3,495,733.00
10/01/2036	2,360,000.00	3,500%	1,207,150.00	3,567,150.00	(71,417.00)	-	3,497,558.00
10/01/2037	2,445,000.00	3,500%	1,124,550.00	3,569,550.00	(71,417.00)	-	3,498,133.00
10/01/2038	2,530,000.00	3,500%	1,038,975.00	3,568,975.00	(71,417.00)	-	3,497,558.00
10/01/2039	2,620,000.00	3,500%	950,425.00	3,570,425.00	(71,417.00)	-	3,499,008.00
10/01/2040	2,710,000.00	3,500%	858,725.00	3,568,725.00	(71,417.00)	-	3,497,308.00
10/01/2041	2,805,000.00	3,500%	763,875.00	3,568,875.00	(71,417.00)	-	3,499,283.00
10/01/2042	2,905,000.00	3,500%	665,700.00	3,569,025.00	(71,417.00)	-	3,497,608.00
10/01/2043	3,005,000.00	3,500%	564,025.00	3,568,850.00	(71,417.00)	-	3,497,433.00
10/01/2044	3,110,000.00	3,500%	458,830.00	3,570,000.00	(71,417.00)	-	3,498,583.00
10/01/2045	3,220,000.00	3,500%	350,000.00	3,567,300.00	(71,417.00)	-	3,495,883.00
10/01/2046	3,330,000.00	3,500%	237,300.00	3,570,750.00	(71,417.00)	-	(71,517.00)
10/01/2047	3,450,000.00	3,500%	120,750.00	3,570,750.00	(5,713,360.00)	(4,505,550.00)	895,530,265.00
10/01/2048	3,450,000.00	3,500%	120,750.00	3,570,750.00			
Total	\$64,365,000.00	-	\$41,384,175.00	\$105,749,175.00	(5,713,360.00)	(4,505,550.00)	895,530,265.00

HBCU New Money Bonds 2018 | SINGLE PURPOSE | 4/19/2018 | 5:18 PM

FAMU
HBCU Bonds Series 2018
New Money - Dorm Project

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P-I	DSR	CI-F	Net New D/S
10/01/2018	-	-	-	-	(35,708.50)	(1,126,387.50)	(35,708.50)
04/01/2019	-	-	1,126,387.50	1,126,387.50	(35,708.50)	(1,126,387.50)	(35,708.50)
10/01/2019	-	-	1,126,387.50	1,126,387.50	(35,708.50)	(1,126,387.50)	(35,708.50)
04/01/2020	-	3.500%	1,126,387.50	2,441,387.50	(35,708.50)	(1,126,387.50)	1,279,291.50
10/01/2020	1,315,000.00	-	1,103,375.00	2,418,375.00	(35,708.50)	-	1,067,666.50
04/01/2021	1,360,000.00	-	1,103,375.00	2,463,375.00	(35,708.50)	-	2,427,666.50
10/01/2021	1,410,000.00	-	1,079,575.00	2,489,575.00	(35,708.50)	-	2,453,866.50
04/01/2022	1,460,000.00	-	1,054,900.00	2,514,900.00	(35,708.50)	-	2,479,191.50
10/01/2022	1,510,000.00	-	1,029,350.00	2,539,350.00	(35,708.50)	-	2,503,641.50
04/01/2023	1,565,000.00	-	1,002,925.00	2,567,925.00	(35,708.50)	-	2,532,216.50
10/01/2023	1,615,000.00	-	975,537.50	2,590,537.50	(35,708.50)	-	2,554,829.00
04/01/2024	1,675,000.00	-	947,275.00	2,622,275.00	(35,708.50)	-	2,586,566.50
10/01/2024	1,730,000.00	-	917,962.50	2,647,962.50	(35,708.50)	-	2,612,254.00
04/01/2025	1,795,000.00	-	887,687.50	2,682,687.50	(35,708.50)	-	2,646,979.00
10/01/2025	1,855,000.00	-	856,275.00	2,711,275.00	(35,708.50)	-	2,679,566.50
04/01/2026	1,920,000.00	-	823,812.50	2,743,812.50	(35,708.50)	-	2,708,104.00
10/01/2026	1,990,000.00	-	790,212.50	2,780,212.50	(35,708.50)	-	2,744,504.00
04/01/2027	2,060,000.00	-	755,387.50	2,815,387.50	(35,708.50)	-	2,779,679.00
10/01/2027	2,130,000.00	-	719,337.50	2,849,337.50	(35,708.50)	-	2,813,629.00
04/01/2028	2,205,000.00	-	682,062.50	2,887,062.50	(35,708.50)	-	2,851,354.00
10/01/2028	2,280,000.00	-	643,475.00	2,923,475.00	(35,708.50)	-	2,887,766.50
04/01/2029	2,360,000.00	-	603,575.00	2,963,575.00	(35,708.50)	-	2,927,866.50
10/01/2029	2,445,000.00	-	562,275.00	3,007,275.00	(35,708.50)	-	2,971,566.50
04/01/2030	2,530,000.00	-	519,487.50	3,049,487.50	(35,708.50)	-	3,013,779.00
10/01/2030	2,620,000.00	-	475,212.50	3,095,212.50	(35,708.50)	-	3,059,504.00
04/01/2031	2,710,000.00	-	429,362.50	3,139,362.50	(35,708.50)	-	3,103,654.00
10/01/2031	2,805,000.00	-	381,937.50	3,186,937.50	(35,708.50)	-	3,151,229.00
04/01/2032	2,905,000.00	-	332,850.00	3,227,850.00	(35,708.50)	-	3,202,141.50
10/01/2032	3,005,000.00	-	282,012.50	3,267,012.50	(35,708.50)	-	3,251,304.00
04/01/2033	3,110,000.00	-	229,425.00	3,339,425.00	(35,708.50)	-	3,303,716.50
10/01/2033	3,220,000.00	-	175,000.00	3,395,000.00	(35,708.50)	-	3,359,291.50
04/01/2034	3,330,000.00	-	118,650.00	3,448,650.00	(35,708.50)	-	3,412,941.50
10/01/2034	3,450,000.00	-	60,375.00	3,510,375.00	(35,708.50)	-	3,466,650.00
04/01/2035	-	-	-	-	-	-	-
10/01/2035	-	-	-	-	-	-	-
04/01/2036	-	-	-	-	-	-	-
10/01/2036	-	-	-	-	-	-	-
04/01/2037	-	-	-	-	-	-	-
10/01/2037	-	-	-	-	-	-	-
04/01/2038	-	-	-	-	-	-	-
10/01/2038	-	-	-	-	-	-	-
04/01/2039	-	-	-	-	-	-	-
10/01/2039	-	-	-	-	-	-	-
04/01/2040	-	-	-	-	-	-	-
10/01/2040	-	-	-	-	-	-	-
04/01/2041	-	-	-	-	-	-	-
10/01/2041	-	-	-	-	-	-	-
04/01/2042	-	-	-	-	-	-	-
10/01/2042	-	-	-	-	-	-	-
04/01/2043	-	-	-	-	-	-	-
10/01/2043	-	-	-	-	-	-	-
04/01/2044	-	-	-	-	-	-	-
10/01/2044	-	-	-	-	-	-	-
04/01/2045	-	-	-	-	-	-	-
10/01/2045	-	-	-	-	-	-	-
04/01/2046	-	-	-	-	-	-	-
10/01/2046	-	-	-	-	-	-	-
04/01/2047	-	-	-	-	-	-	-
10/01/2047	-	-	-	-	-	-	-
04/01/2048	-	-	-	-	-	-	-
10/01/2048	-	-	-	-	-	-	-
Total	\$64,365,000.00	-	\$41,384,175.00	\$105,749,175.00	(5,713,360.00)	(4,505,550.00)	\$95,530,265.00

HBCU New Money Bonds 2018 | SINGLE PURPOSE | 4/1/2018 | 5/18 P/I

FAMU

HBCU Bonds Series 2018

New Money - Dorm Project

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
10/01/2048	Term 1 Coupon	3.500%	3.500%	64,365,000.00	100.000%	64,365,000.00
Total	-	-	-	\$64,365,000.00	-	\$64,365,000.00

Bid Information

Par Amount of Bonds	\$64,365,000.00
Gross Production	\$64,365,000.00
Bid (100.000%)	64,365,000.00
Total Purchase Price	\$64,365,000.00
Bond Year Dollars	\$1,182,405.00
Average Life	18.370 Years
Average Coupon	3.5000000%
Net Interest Cost (NIC)	3.5000000%
True Interest Cost (TIC)	3.5000000%

FAMU

HBCU Bonds Series 2018

New Money - Dorm Project

Project Summary

Dated 10/01/2018 | Delivered 10/01/2018

Sources Of Funds

Par Amount of Bonds	\$64,365,000.00
Total Sources	\$64,365,000.00

Uses Of Funds

Costs of Issuance	1,287,300.00
Deposit to Debt Service Reserve Fund (DSRF)	3,570,850.00
Deposit to Capitalized Interest (CIF) Fund	4,505,550.00
Deposit to Project Construction Fund	55,000,000.00
Rounding Amount	1,300.00
Total Uses	\$64,365,000.00

Flow of Funds Detail

State and Local Government Series (SLGS) rates for
Date of OMP Candidates

Project Construction Fund Solution Method	Net Funded
Total Cost of Investments	\$55,000,000.00
Total Draws	\$55,000,000.00

Capitalized Interest Fund Solution Method	Net Funded
Original Bond Proceeds	4,505,550.00
Accrued Interest	-
Total Draws	\$4,505,550.00

Debt Service Reserve Fund Solution Method	Gross Funded
Total Cost of Investments	\$3,570,850.00
Interest Earnings @ 2.000%	2,142,510.00
Transfers to Debt Service Fund	(2,142,510.00)
Total Draws	\$3,570,850.00

Bond Statistics

Average Life	18.370 Years
Average Coupon	3.5000000%
Net Interest Cost (NIC)	3.5000000%
Bond Yield for Arbitrage Purposes	3.5000000%
True Interest Cost (TIC)	3.5000000%
All Inclusive Cost (AIC)	3.6581534%

FAMU**HBCU Bonds Series 2018****Global Refunding and New Money****Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
07/01/2019	4,320,000.00	3.107%	1,312,130.25	5,632,130.25
07/01/2020	4,010,000.00	3.105%	1,615,284.00	5,625,284.00
07/01/2021	4,140,000.00	3.105%	1,490,754.00	5,630,754.00
07/01/2022	4,265,000.00	3.105%	1,362,190.50	5,627,190.50
07/01/2023	4,400,000.00	3.106%	1,229,744.00	5,629,744.00
07/01/2024	4,540,000.00	3.106%	1,093,099.50	5,633,099.50
07/01/2025	4,680,000.00	3.106%	952,109.00	5,632,109.00
07/01/2026	3,620,000.00	3.137%	806,770.00	4,426,770.00
07/01/2027	3,735,000.00	3.137%	693,202.50	4,428,202.50
07/01/2028	3,855,000.00	3.137%	576,027.50	4,431,027.50
07/01/2029	3,975,000.00	3.137%	455,087.50	4,430,087.50
07/01/2030	4,105,000.00	3.137%	330,382.50	4,435,382.50
07/01/2031	3,150,000.00	3.150%	201,600.00	3,351,600.00
07/01/2032	3,250,000.00	3.150%	102,375.00	3,352,375.00
Total	\$56,045,000.00	-	\$12,220,756.25	\$68,265,756.25

Yield Statistics

Bond Year Dollars	\$390,368.75
Average Life	6.965 Years
Average Coupon	3.1305673%
Net Interest Cost (NIC)	3.1305673%
True Interest Cost (TIC)	3.1302868%
Bond Yield for Arbitrage Purposes	3.1302868%
All Inclusive Cost (AIC)	3.4673915%

IRS Form 8038

Net Interest Cost	3.1305673%
Weighted Average Maturity	6.965 Years

FAMU**HBCU Bonds Series 2018****Global Refunding and New Money****Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
10/01/2018	-	-	-	-	-
01/01/2019	-	-	437,376.75	437,376.75	-
06/30/2019	-	-	-	-	437,376.75
07/01/2019	4,320,000.00	3.107%	874,753.50	5,194,753.50	-
01/01/2020	-	-	807,642.00	807,642.00	-
06/30/2020	-	-	-	-	6,002,395.50
07/01/2020	4,010,000.00	3.105%	807,642.00	4,817,642.00	-
01/01/2021	-	-	745,377.00	745,377.00	-
06/30/2021	-	-	-	-	5,563,019.00
07/01/2021	4,140,000.00	3.105%	745,377.00	4,885,377.00	-
01/01/2022	-	-	681,095.25	681,095.25	-
06/30/2022	-	-	-	-	5,566,472.25
07/01/2022	4,265,000.00	3.105%	681,095.25	4,946,095.25	-
01/01/2023	-	-	614,872.00	614,872.00	-
06/30/2023	-	-	-	-	5,560,967.25
07/01/2023	4,400,000.00	3.106%	614,872.00	5,014,872.00	-
01/01/2024	-	-	546,549.75	546,549.75	-
06/30/2024	-	-	-	-	5,561,421.75
07/01/2024	4,540,000.00	3.106%	546,549.75	5,086,549.75	-
01/01/2025	-	-	476,054.50	476,054.50	-
06/30/2025	-	-	-	-	5,562,604.25
07/01/2025	4,680,000.00	3.106%	476,054.50	5,156,054.50	-
01/01/2026	-	-	403,385.00	403,385.00	-
06/30/2026	-	-	-	-	5,559,439.50
07/01/2026	3,620,000.00	3.137%	403,385.00	4,023,385.00	-
01/01/2027	-	-	346,601.25	346,601.25	-
06/30/2027	-	-	-	-	4,369,986.25
07/01/2027	3,735,000.00	3.137%	346,601.25	4,081,601.25	-
01/01/2028	-	-	288,013.75	288,013.75	-
06/30/2028	-	-	-	-	4,369,615.00
07/01/2028	3,855,000.00	3.137%	288,013.75	4,143,013.75	-
01/01/2029	-	-	227,543.75	227,543.75	-
06/30/2029	-	-	-	-	4,370,557.50
07/01/2029	3,975,000.00	3.137%	227,543.75	4,202,543.75	-
01/01/2030	-	-	165,191.25	165,191.25	-
06/30/2030	-	-	-	-	4,367,735.00
07/01/2030	4,105,000.00	3.137%	165,191.25	4,270,191.25	-
01/01/2031	-	-	100,800.00	100,800.00	-
06/30/2031	-	-	-	-	4,370,991.25
07/01/2031	3,150,000.00	3.150%	100,800.00	3,250,800.00	-
01/01/2032	-	-	51,187.50	51,187.50	-
06/30/2032	-	-	-	-	3,301,987.50
07/01/2032	3,250,000.00	3.150%	51,187.50	3,301,187.50	-
06/30/2033	-	-	-	-	3,301,187.50
Total	\$56,045,000.00	-	\$12,220,756.25	\$68,265,756.25	-

Yield Statistics

Bond Year Dollars	\$390,368.75
Average Life	6.965 Years
Average Coupon	3.1305673%
Net Interest Cost (NIC)	3.1305673%
True Interest Cost (TIC)	3.1302868%
Bond Yield for Arbitrage Purposes	3.1302868%
All Inclusive Cost (AIC)	3.4673915%

IRS Form 8038

Net Interest Cost	3.1305673%
Weighted Average Maturity	6.965 Years

2018 Refunding on 7/1/22 | Issue Summary | 3/6/2018 | 2:06 AM

FAMU**HBCU Bonds Series 2018****Global Refunding and New Money****Debt Service Comparison**

Date	Total P+i	DSR	Net New D/S	Old Net D/S	Savings
07/01/2019	5,632,130.25	-	5,632,130.25	5,923,806.65	291,676.40
07/01/2020	5,625,284.00	-	5,625,284.00	5,926,787.90	301,503.90
07/01/2021	5,630,754.00	-	5,630,754.00	5,931,332.65	300,578.65
07/01/2022	5,627,190.50	-	5,627,190.50	5,936,907.85	309,717.35
07/01/2023	5,629,744.00	-	5,629,744.00	5,933,067.75	303,323.75
07/01/2024	5,633,099.50	-	5,633,099.50	5,430,578.30	(202,521.20)
07/01/2025	5,632,109.00	(395,777.60)	5,236,331.40	5,435,680.75	199,349.35
07/01/2026	4,426,770.00	-	4,426,770.00	4,665,042.70	238,272.70
07/01/2027	4,428,202.50	-	4,428,202.50	4,664,689.75	236,487.25
07/01/2028	4,431,027.50	-	4,431,027.50	4,666,551.80	235,524.30
07/01/2029	4,430,087.50	-	4,430,087.50	4,668,002.10	237,914.60
07/01/2030	4,435,382.50	(566,578.10)	3,868,804.40	3,453,040.95	(415,763.45)
07/01/2031	3,351,600.00	-	3,351,600.00	3,450,400.00	98,800.00
07/01/2032	3,352,375.00	(1,987,308.80)	1,365,066.20	(2,063.00)	(1,367,129.20)
Total	\$68,265,756.25	(2,949,664.50)	\$65,316,091.75	\$66,083,826.15	\$767,734.40

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	2,196,366.69
Effects of changes in DSR investments	(1,032,962.75)
Net PV Cashflow Savings @ 3.467%(AIC)	1,163,403.94
Contingency or Rounding Amount	771.53
Net Present Value Benefit	\$1,164,175.47
Net PV Benefit / \$52,631,000 Refunded Principal	2.212%
Net PV Benefit / \$56,045,000 Refunding Principal	2.077%

Refunding Bond Information

Refunding Dated Date	10/01/2018
Refunding Delivery Date	10/01/2018

FAMU

HBCU Bonds Series 2018

Global Refunding and New Money

Debt Service Comparison

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings	Fiscal Total
10/01/2018	-	-	-	-	-	-
01/01/2019	437,376.75	-	437,376.75	2,073,171.80	1,635,795.05	-
06/30/2019	-	-	-	-	-	1,635,795.05
07/01/2019	5,194,753.50	-	5,194,753.50	3,850,634.85	(1,344,118.65)	-
01/01/2020	807,642.00	-	807,642.00	2,032,176.90	1,224,534.90	-
06/30/2020	-	-	-	-	-	(119,583.75)
07/01/2020	4,817,642.00	-	4,817,642.00	3,894,611.00	(923,031.00)	-
01/01/2021	745,377.00	-	745,377.00	1,986,966.10	1,241,589.10	-
06/30/2021	-	-	-	-	-	318,558.10
07/01/2021	4,885,377.00	-	4,885,377.00	3,944,366.55	(941,010.45)	-
01/01/2022	681,095.25	-	681,095.25	1,939,292.35	1,258,197.10	-
06/30/2022	-	-	-	-	-	317,186.65
07/01/2022	4,946,095.25	-	4,946,095.25	3,997,615.50	(948,479.75)	-
01/01/2023	614,872.00	-	614,872.00	1,886,913.30	1,272,041.30	-
06/30/2023	-	-	-	-	-	323,561.55
07/01/2023	5,014,872.00	-	5,014,872.00	4,046,154.45	(968,717.55)	-
01/01/2024	546,549.75	-	546,549.75	1,578,824.25	1,032,274.50	-
06/30/2024	-	-	-	-	-	63,556.95
07/01/2024	5,086,549.75	-	5,086,549.75	3,851,754.05	(1,234,795.70)	-
01/01/2025	476,054.50	-	476,054.50	1,525,385.50	1,049,331.00	-
06/30/2025	-	-	-	-	-	(185,464.70)
07/01/2025	5,156,054.50	(395,777.60)	4,760,276.90	3,910,295.25	(849,981.65)	-
01/01/2026	403,385.00	-	403,385.00	1,076,080.00	672,695.00	-
06/30/2026	-	-	-	-	-	(177,286.65)
07/01/2026	4,023,385.00	-	4,023,385.00	3,588,962.70	(434,422.30)	-
01/01/2027	346,601.25	-	346,601.25	1,013,720.40	667,119.15	-
06/30/2027	-	-	-	-	-	232,696.85
07/01/2027	4,081,601.25	-	4,081,601.25	3,650,969.35	(430,631.90)	-
01/01/2028	288,013.75	-	288,013.75	946,968.30	658,954.55	-
06/30/2028	-	-	-	-	-	228,322.65
07/01/2028	4,143,013.75	-	4,143,013.75	3,719,583.50	(423,430.25)	-
01/01/2029	227,543.75	-	227,543.75	878,548.35	651,004.60	-
06/30/2029	-	-	-	-	-	227,574.35
07/01/2029	4,202,543.75	-	4,202,543.75	3,789,453.75	(413,090.00)	-
01/01/2030	165,191.25	-	165,191.25	806,234.15	641,042.90	-
06/30/2030	-	-	-	-	-	227,952.90
07/01/2030	4,270,191.25	(566,578.10)	3,703,613.15	2,646,806.80	(1,056,806.35)	-
01/01/2031	100,800.00	-	100,800.00	130,200.00	29,400.00	-
06/30/2031	-	-	-	-	-	(1,027,406.35)
07/01/2031	3,250,800.00	-	3,250,800.00	3,320,200.00	69,400.00	-
01/01/2032	51,187.50	-	51,187.50	66,400.00	15,212.50	-
06/30/2032	-	-	-	-	-	84,612.50
07/01/2032	3,301,187.50	(1,987,308.80)	1,313,878.70	(68,463.00)	(1,382,341.70)	-
06/30/2033	-	-	-	-	-	(1,382,341.70)
Total	\$68,265,756.25	(2,949,664.50)	\$65,316,091.75	\$66,083,826.15	\$767,734.40	-

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	2,196,366.69
Effects of changes in DSR investments	(1,032,962.75)
Net PV Cashflow Savings @ 3.467%(AIC)	1,163,403.94
Contingency or Rounding Amount	771.53
Net Present Value Benefit	\$1,164,175.47
Net PV Benefit / \$52,631,000 Refunded Principal	2.212%
Net PV Benefit / \$56,045,000 Refunding Principal	2.077%

Refunding Bond Information

Refunding Dated Date	10/01/2018
Refunding Delivery Date	10/01/2018

2018 Refunding on 7/1/22 | Issue Summary | 3/ 6/2018 | 2:06 AM

FAMU**HBCU Bonds Series 2018****Global Refunding and New Money****Net Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	DSR	Net New D/S
07/01/2019	4,320,000.00	3.107%	1,312,130.25	5,632,130.25	-	5,632,130.25
07/01/2020	4,010,000.00	3.105%	1,615,284.00	5,625,284.00	-	5,625,284.00
07/01/2021	4,140,000.00	3.105%	1,490,754.00	5,630,754.00	-	5,630,754.00
07/01/2022	4,265,000.00	3.105%	1,362,190.50	5,627,190.50	-	5,627,190.50
07/01/2023	4,400,000.00	3.106%	1,229,744.00	5,629,744.00	-	5,629,744.00
07/01/2024	4,540,000.00	3.106%	1,093,099.50	5,633,099.50	-	5,633,099.50
07/01/2025	4,680,000.00	3.106%	952,109.00	5,632,109.00	(395,777.60)	5,236,331.40
07/01/2026	3,620,000.00	3.137%	806,770.00	4,426,770.00	-	4,426,770.00
07/01/2027	3,735,000.00	3.137%	693,202.50	4,428,202.50	-	4,428,202.50
07/01/2028	3,855,000.00	3.137%	576,027.50	4,431,027.50	-	4,431,027.50
07/01/2029	3,975,000.00	3.137%	455,087.50	4,430,087.50	-	4,430,087.50
07/01/2030	4,105,000.00	3.137%	330,382.50	4,435,382.50	(566,578.10)	3,868,804.40
07/01/2031	3,150,000.00	3.150%	201,600.00	3,351,600.00	-	3,351,600.00
07/01/2032	3,250,000.00	3.150%	102,375.00	3,352,375.00	(1,987,308.80)	1,365,066.20
Total	\$56,045,000.00	-	\$12,220,756.25	\$68,265,756.25	(2,949,664.50)	\$65,316,091.75

FAMU
HBCU Bonds Series 2018
Global Refunding and New Money

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	Net New D/S	Fiscal Total
10/01/2018	-	-	-	-	-	-	-
01/01/2019	-	-	437,376.75	437,376.75	-	437,376.75	-
06/30/2019	-	-	-	-	-	-	437,376.75
07/01/2019	4,320,000.00	3.107%	874,753.50	5,194,753.50	-	5,194,753.50	-
01/01/2020	-	-	807,642.00	807,642.00	-	807,642.00	-
06/30/2020	-	-	-	-	-	-	6,002,395.50
07/01/2020	4,010,000.00	3.105%	807,642.00	4,817,642.00	-	4,817,642.00	-
01/01/2021	-	-	745,377.00	745,377.00	-	745,377.00	-
06/30/2021	-	-	-	-	-	-	5,563,019.00
07/01/2021	4,140,000.00	3.105%	745,377.00	4,885,377.00	-	4,885,377.00	-
01/01/2022	-	-	681,095.25	681,095.25	-	681,095.25	-
06/30/2022	-	-	-	-	-	-	5,566,472.25
07/01/2022	4,265,000.00	3.105%	681,095.25	4,946,095.25	-	4,946,095.25	-
01/01/2023	-	-	614,872.00	614,872.00	-	614,872.00	-
06/30/2023	-	-	-	-	-	-	5,560,967.25
07/01/2023	4,400,000.00	3.106%	614,872.00	5,014,872.00	-	5,014,872.00	-
01/01/2024	-	-	546,549.75	546,549.75	-	546,549.75	-
06/30/2024	-	-	-	-	-	-	5,561,421.75
07/01/2024	4,540,000.00	3.106%	546,549.75	5,086,549.75	-	5,086,549.75	-
01/01/2025	-	-	476,054.50	476,054.50	-	476,054.50	-
06/30/2025	-	-	-	-	-	-	5,562,604.25
07/01/2025	4,680,000.00	3.106%	476,054.50	5,156,054.50	(395,771.60)	4,760,276.90	-
01/01/2026	-	-	403,385.00	403,385.00	-	403,385.00	-
06/30/2026	-	-	-	-	-	-	5,163,661.90
07/01/2026	3,620,000.00	3.137%	403,385.00	4,023,385.00	-	4,023,385.00	-
01/01/2027	-	-	346,601.25	346,601.25	-	346,601.25	-
06/30/2027	-	-	-	-	-	-	4,369,986.25
07/01/2027	3,735,000.00	3.137%	346,601.25	4,081,601.25	-	4,081,601.25	-
01/01/2028	-	-	288,013.75	288,013.75	-	288,013.75	-
06/30/2028	-	-	-	-	-	-	4,369,615.00
07/01/2028	3,855,000.00	3.137%	288,013.75	4,143,013.75	-	4,143,013.75	-
01/01/2029	-	-	227,543.75	227,543.75	-	227,543.75	-
06/30/2029	-	-	-	-	-	-	4,370,557.50
07/01/2029	3,975,000.00	3.137%	227,543.75	4,202,543.75	-	4,202,543.75	-
01/01/2030	-	-	165,191.25	165,191.25	-	165,191.25	-
06/30/2030	-	-	-	-	-	-	4,367,735.00
07/01/2030	4,105,000.00	3.137%	165,191.25	4,270,191.25	(566,578.10)	3,703,613.15	-
01/01/2031	-	-	100,800.00	100,800.00	-	100,800.00	-
06/30/2031	-	-	-	-	-	-	3,804,413.15
07/01/2031	3,150,000.00	3.150%	100,800.00	3,250,800.00	-	3,250,800.00	-
01/01/2032	-	-	51,187.50	51,187.50	-	51,187.50	-
06/30/2032	-	-	-	-	-	-	3,301,987.50
07/01/2032	3,250,000.00	3.150%	51,187.50	3,301,187.50	(1,987,308.80)	1,313,878.70	-
06/30/2033	-	-	-	-	-	-	1,313,878.70
Total	\$56,045,000.00	-	\$12,220,756.25	\$68,265,756.25	(2,949,664.50)	\$65,316,091.75	-

2018 Refunding on 7/1/22 | Issue Summary | 3/6/2018 | 2:06 AM

- 6 One consolidated debt service schedule separately showing all outstanding debt related to or impacting the debt being proposed, the proposed debt and the new estimated total debt service.

STATUS:

Completed

- 7 A description of the security supporting the repayment of the proposed debt and the lien position the debt will have on that security. If the lien is junior to any other debt, the senior debt must be described. Furthermore, a description of why the debt is proposed to be issued on a junior lien basis must be provided. A statement citing the legal authority for the source of revenues securing repayment must also be provided.

STATUS:

Completed; See description below.

Phase 1A 700 bed student housing, with associated 10k – 11k student dining facility is the property securing the repayment of the debt.

The legal authority for the source of revenues securing repayment is in accordance with Florida state statutes.

- 8 If debt is to be incurred on a parity basis with outstanding debt, a schedule showing estimated compliance with any additional bonds requirement set forth in the documents governing the outstanding debt. The applicable provisions of the documents for bonds of DSOs should be provided.

STATUS:

N/A

- 9 Financial statements for five years, if available, for the auxiliary, if auxiliary revenues are pledged.

STATUS:

Completed

**STATE of FLORIDA
BOARD of REGENTS**

Florida Agricultural and Mechanical University



**Dormitory Revenue Bonds
Series 2012A**

**SEC Continuing Disclosure Requirement Report
June 30, 2012**

MEMORANDUM**VIA EMAIL**

TO: Raymond K. Petty, Senior Attorney

FROM: William H. Featherstone

SUBJECT: Compliance with SEC Continuing Disclosure Requirements Regarding:
\$42,850,000 State of Florida, Board of Governors, Florida Agricultural and
Mechanical University Dormitory Revenue Bonds, Series 2012A

Date: November 30, 2012

Enclosed are the following reports for the fiscal year ending June 30, 2012 for the Housing Operations:

1. Management's Discussion and Analysis
2. Statement of Net Assets
3. Statement of Revenue, Expenditures and Changes in Net Assets
4. Statement of Cash Flows
5. Footnotes to Financial Statements
6. Attachment for Statistical Information

The financial statements for the Student Apartment Facility are prepared in compliance with GAAP and GASB 35. These statements are audited along with the University Financial Statements by the Auditor General of the State of Florida.

Should you have any questions or require additional information, please contact me at (850) 561-2978.

Cc: Larry Robinson, Interim President
Joseph Bakker, Interim CFO and Vice President for Administrative and Financial
Services
Chris Kinsley, BOG

MANAGEMENT'S DISCUSSION AND ANALYSIS HOUSING OPERATION JUNE 30, 2012

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Housing Operation for the fiscal year ended June 30, 2012, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of University management.

FINANCIAL HIGHLIGHTS

The assets for the Housing Operation totaled \$42,597,474 at June 30, 2012. This balance reflects a \$1,518,744, or 3.70 percent increase from the 2010-11 fiscal year. While assets increased, liabilities decreased by \$1,810,744 or 6.09 percent, totaling \$27,942,578 at June 30, 2012, compared to \$29,753,322 at June 30, 2011. As a result, the net assets show an increase of \$3,329,488, reaching a year-end balance of \$14,654,896.

The operating revenues totaled \$12,199,839 for the 2011-12 fiscal year, representing a 9.24 percent increase compared to the 2010-11 fiscal year. Operating expenses totaled \$6,486,538 for the 2011-12 fiscal year, representing a decrease of .03 percent compared to the 2010-11 fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the financial report includes three basic financial statements: the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows.

THE STATEMENT OF NET ASSETS

The statement of net assets reflects the assets and liabilities of the Housing Operation, using the accrual basis of accounting, and presents the financial position of the Housing Operation at a specified time. The difference between total assets and total liabilities, net assets, is one indicator of the current financial condition. The changes in net assets that occur over time indicate improvement or deterioration in the financial condition. The following summarizes the assets, liabilities, and net assets at June 30, 2012 and June 30, 2011:

**MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2012**

Condensed Statement of Net Assets

	<u>2011-12</u>	<u>2010-11</u>
Assets		
Current Assets	\$ 8,568,538	\$ 14,927,855
Capital Assets, Net	<u>34,028,936</u>	<u>26,150,875</u>
Total Assets	<u>42,597,474</u>	<u>41,078,730</u>
Liabilities		
Current Liabilities	3,285,916	3,895,846
Noncurrent Liabilities	<u>24,656,662</u>	<u>25,857,476</u>
Total Liabilities	<u>27,942,578</u>	<u>29,753,322</u>
Net Assets		
Invested in Capital assets		
Net of Related Debt	7,423,258	4,937,131
Restricted	2,724,577	3,310,498
Unrestricted	<u>4,507,061</u>	<u>3,077,779</u>
Total Net Assets	<u>\$ 14,654,896</u>	<u>\$ 11,325,408</u>

Total assets increased by \$1,518,744, total liabilities decreased by \$1,810,744, and total net assets increased by \$3,329,488. The increase in total assets is comprised of a \$6,359,317 or 42.60 percent decrease in current assets and an increase in capital assets, net of \$7,878,061 or 30.13 percent. The decrease in current assets is primarily due to the withdrawal of investments to fund construction activity relating to the remodeling of Sampson and Young Halls. Likewise, the increase in net capital assets is primarily related to the capitalization of the construction costs associated with these projects. The increase is offset by the removal of tangible property from the accounting records as a result of the change in capitalization threshold from \$1,000 to \$5,000.

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The statement of revenues, expenses, and changes in net assets presents the revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following summarizes the activity for the 2011-12 and 2010-11 fiscal years:

**MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2012**

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2011-12</u>	<u>2010-11</u>
Operating Revenues	\$ 12,199,839	\$ 11,167,585
Operating Expenses	<u>6,486,538</u>	<u>6,488,281</u>
Operating Income (Loss)	5,713,301	4,679,304
Net Non-Operating Revenues (Expenses)	<u>(2,383,813)</u>	<u>(2,095,362)</u>
Increase in Net Assets	3,329,488	2,583,942
Net Assets, Beginning of Year	<u>11,325,408</u>	<u>8,741,466</u>
Net Assets, End of Year	<u>\$ 14,654,896</u>	<u>\$ 11,325,408</u>

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value. The following summarizes the operating revenues by source that were used to fund operating activities during the 2011-12 and 2010-11 fiscal years:

Revenues Used to Fund Operating Activities

	<u>2011-12</u>	<u>2010-11</u>
Housing Revenues	\$ 12,045,271	\$ 10,930,667
Other	<u>154,568</u>	<u>236,918</u>
Total	<u>\$ 12,199,839</u>	<u>\$ 10,621,911</u>

Housing revenues increased \$1,114,604 or 10.20 percent due primarily to an overall increase in rental rates, as well as the reopening of Sampson and Young Halls. The actual occupancy rate increased 6.70 percent from 2,388 in 2010-11 to 2,548 in 2011-12.

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Housing Operation has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net assets.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2012**

The following summarizes the operating expenses by natural classifications for the 2011-12 and 2010-11 fiscal years:

Operating Expenses by Class

	<u>2011-12</u>	<u>2010-11</u>
Compensation and Benefits	\$ 2,601,015	\$ 2,534,786
Services and Supplies	2,207,954	1,666,105
Utilities	1,041,496	1,654,448
Depreciation Expense	636,073	632,943
Total	<u>\$ 6,486,538</u>	<u>\$ 6,488,282</u>

Overall, operating expenses remained relatively constant. Services and supplies increased by \$541,849 or 32.52% . This increase was primarily due to repairs and maintenance, as well as an increase in contractual services. Utilities decreased by \$612,952 or 37.05% mainly due to maximizing the efficiency of dormitory usage during Summer Term 2012; and energy savings through the Seimens contract.

Nonoperating Revenues and Expenses

The following summarizes the nonoperating revenues and expenses for the 2011-12 and 2010-11 fiscal years:

Nonoperating Revenues (Expenses)

	<u>2011-12</u>	<u>2010-11</u>
Investment Income (Loss)	\$ (29,067)	\$ 435,074
Interest on Capital Asset-Related Debt	(1,296,353)	(1,340,844)
Other Nonoperating Expenses	<u>(1,058,393)</u>	<u>(1,189,592)</u>
Net Nonoperating Revenues	<u>\$ (2,383,813)</u>	<u>\$ (2,095,362)</u>

The increase in non-operating expenses was mainly due to a reduction in interest income resulting from the liquidation of investments and an unrealized loss.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2012**

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the Housing Operation. Cash flows from the capital financing activities include all plant funds and related long-term debt activities. Cash flows from the investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from the noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2011-12 and 2010-11 fiscal years:

Condensed Statement of Cash Flows

	<u>2011-12</u>	<u>2010-11</u>
Cash Provided (Used) By:		
Operating Activities	\$ 5,738,768	\$ 5,566,918
Noncapital activities	(1,044,692)	(1,175,891)
Capital Related Activities	(11,321,962)	(9,535,964)
Investing Activities	<u>7,275,060</u>	<u>7,341,646</u>
Net Increase In Cash and Cash Equivalents	647,174	2,196,709
Cash and Cash Equivalents, Beginning of Year	<u>2,533,478</u>	<u>336,769</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,180,652</u>	<u>\$ 2,533,478</u>

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2012, the Housing Operation had \$47,901,363 in depreciable capital assets, less accumulated depreciation of \$16,860,449, for net capital assets of \$31,040,915. Depreciation charges for the current fiscal year totaled \$636,073. Additional information about the capital assets, including construction expense commitments, is presented in the notes to the financial statements.

DEBT ADMINISTRATION

As of June 30, 2012, the Housing Operation had \$25,654,463 in outstanding capital improvement debt, representing a decrease of \$1,148,299, due to a principal payment of \$1,162,000 and amortization of the debt discount and loss on refunding of \$13,701 for the issuance of new debt for the renovation of Sampson Hall and Young Hall. Additional information about the long-term debt is presented in the notes to the financial statements.

**FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012**

**FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF NET ASSETS
FOR FISCAL YEAR ENDED JUNE 30, 2012**

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	
Cash on Hand	\$ -
Cash in Bank	3,171,950.86
Cash with SBA	8,701.15
Total Cash and Cash Equivalents	<u>3,180,652.01</u>
Investments	
Special Investments with State Treasury	3,153,006.82
Investments with State Board of Administration	1,193,435.86
Adjustment to Fair Market Value	48,541.82
Total Investments	<u>4,394,984.50</u>
Receivables	
Accounts Receivable	3,380,138.70
Interest Receivable	594.63
Allowance for Uncollectibles	<u>(2,387,831.50)</u>
Total Receivables	<u>992,901.83</u>
TOTAL CURRENT ASSETS	<u>8,568,538.34</u>
CAPITAL ASSETS	
Depreciable Capital Assets	
Buildings	46,516,887.64
Infrastructure	977,573.54
Furniture and Equipment	406,901.45
Accumulated Depreciation	<u>(16,860,447.41)</u>
Total Depreciable Capital Assets	<u>31,040,915.22</u>
Non-Depreciable Capital Assets	
Construction in Progress	<u>2,988,020.61</u>
Total Non-Depreciable Capital Assets	<u>2,988,020.61</u>
TOTAL CAPITAL ASSETS	<u>34,028,935.83</u>
TOTAL ASSETS	<u>\$ 42,597,474.17</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	
Accounts Payable	\$ 437,128.63
Accrued Salaries and Wages	36,471.27
Construction Contracts Payable	836,972.97
Total Accounts Payable and Accrued Liabilities	<u>1,310,572.87</u>
Deferred Revenues	<u>742,465.16</u>
Long-Term Liabilities - Current Portion	
Capital Improvement Debt Payable - Current	1,216,000.00
Compensated Absences Liability	16,878.57
Total Long-Term Liabilities - Current Portion	<u>1,232,878.57</u>
TOTAL CURRENT LIABILITIES	<u>3,285,916.60</u>
NON-CURRENT LIABILITIES	
Capital Improvement Debt Payable - Noncurrent	24,438,462.85
Compensated Absences Liability	218,199.00
TOTAL NON-CURRENT LIABILITIES	<u>24,656,661.85</u>
TOTAL LIABILITIES	<u>\$ 27,942,578.45</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	\$ 7,423,257.65
Restricted - Expendable	2,724,576.64
Unrestricted	4,507,061.43
TOTAL NET ASSETS	<u>\$ 14,654,895.72</u>

FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR FISCAL YEAR ENDED JUNE 30, 2012

OPERATING REVENUES	
Housing Revenue	\$ 12,045,271.53
Other Operating Revenue	154,567.66
TOTAL OPERATING REVENUES	<u>12,199,839.19</u>
OPERATING EXPENSES	
Compensation and Employee Benefits	2,601,015.20
Services and Supplies	2,207,954.58
Utilities	1,041,495.89
Depreciation Expense	636,072.67
TOTAL OPERATING EXPENSES	<u>6,486,538.34</u>
TOTAL OPERATING INCOME (LOSS)	<u>5,713,300.85</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	(29,067.25)
Interest on Asset-Related Debt	(1,296,352.60)
Other Non-Operating Expenses	(1,058,392.95)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(2,383,812.80)</u>
CHANGE IN NET ASSETS	3,329,488.05
TOTAL NET ASSETS - BEGINNING	11,325,407.67
TOTAL TOTAL NET ASSETS	<u>\$ 14,654,895.72</u>

**FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012**

**FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES	
Sales and Services of Auxiliary Enterprises	\$ 11,634,927.19
Other Operating Receipts	154,567.66
Payments to Employees	(2,606,960.89)
Payments to Suppliers for Goods and Services	(3,443,765.75)
NET CASH PROVIDED FROM OPERATIONS	<u>5,738,768.21</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other Expenses	(1,044,692.01)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>(1,044,692.01)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase or Construction of Capital Assets	(8,863,610.11)
Principal Paid on Capital Debt	(1,162,000.00)
Interest Paid on Capital Debt	(1,296,352.60)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(11,321,962.71)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net Change in Investments	7,286,184.36
Investment Income	(11,124.12)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>7,275,060.24</u>
NET CHANGE IN CASH	647,173.73
CASH - BEGINNING OF THE YEAR	2,533,478.28
CASH - END OF THE YEAR	<u>\$ 3,180,652.01</u>

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The University is a separate public instrumentality that is part of the State University System of public universities, and is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints six citizen members and the State's Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The State's Board of Education is responsible for overseeing kindergarten through graduate school education in the State. The State's Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with Florida law, State Board of Education rules, and Board of Governors' rules. The Trustees select the University President and the State Board of Education ratifies the candidate selected. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees for the University.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activity is reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Assets

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012

- Statement of Revenues, Expenses, and Changes in Net Assets
- Statement of Cash Flows
- Notes to Financial Statements

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The University follows FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

The statement of net assets is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net assets is presented by major sources. The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows for Proprietary and Non-Expendable Trust Funds*.

Capital Assets. University capital assets consist of buildings, furniture and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

On May 18, 2011, the Florida Board of Governors approved a revision to Board of Governors Regulation 9.002 relating to Recording and Marking of Property. The revision to the regulation was designed to achieve administrative efficiencies and cost savings by increasing the capitalization threshold of university tangible property from \$1,000 to 5,000 and library resources from \$25 to \$250 effective July 1, 2011. Previously capitalized tangible property costing between \$1,000 and \$4,999 and its related accumulated depreciation amounts as of June 30, 2011 was removed from the accounting records during the 2011-2012 fiscal year. The adjustment column in the capital assets footnote shows the change by category resulting from the increase in the threshold.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012

The implementation of this change is recorded as a \$56 thousand other nonoperating expense in the statement of revenues, expenses, and changes in net assets.

Also, the University has a capitalization threshold of \$100,000 for buildings and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Furniture and Equipment – 3 to 20 years

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of capital improvement debt payable and compensated absences payable that are not scheduled to be paid within the next fiscal year. Capital improvement debt payable are reported net of unamortized premium or discount and deferred losses on refundings.

2. REPORTING CHANGES

The Housing Operation does not have reporting changes for the 2011-2012 fiscal year.

3. PRIOR PERIOD ADJUSTMENTS

The Housing Operation made no prior period adjustments for the 2011-2012 fiscal year.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

5. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds awaiting clearing with the State Treasury and State Board of Administration, and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012

as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

External Investment Pools

The Housing Operation reported investments at fair value totaling \$3,201,549 at June 30, 2012, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The State Treasury has taken the position that participants in the pool should disclose information related to interest rate risk and credit risk. The SPIA carried a credit rating of A-f by Standard and Poor's and had an effective duration of 2.13 years at June 30, 2012. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

The University reported investments totaling \$1,193,436 at June 30, 2012, in the State Board of Administration (SBA) Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of more than three months six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

6. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts due from students for housing rental and housing fee deferments, and various services provided to students by the housing operation.

Allowance for Uncollectible Receivables. Allowances for uncollectible accounts are reported based upon management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012

7. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2012, is shown below:

Description	Beginning Balance	Adjustments	Additions	Reductions	Ending Balance
Non-Depreciable Capital Assets:					
Construction in Progress	\$ 8,798,024	\$ -	\$ 7,534,906	\$(13,344,910)	\$ 2,988,020
Total Non-Depreciable Capital Assets	\$ 8,798,024	\$ -	\$ 7,534,906	\$(13,344,910)	\$ 2,988,020
Depreciable Capital Assets:					
Buildings	\$ 33,539,478	\$ -	\$ 13,806,580	\$ (829,170)	\$ 46,516,888
Infrastructure	521,120	-	456,454	-	977,574
Furniture and Equipment	352,096	(182,625)	246,414	(8,983)	406,901
Total Depreciable Capital Assets	34,412,694	(182,625)	14,509,448	(838,153)	47,901,363
Less, Accumulated Depreciation:					
Buildings	16,821,705	-	636,073	(700,399)	16,757,379
Infrastructure	-	-	-	-	-
Furniture and Equipment	238,138	(126,085)	-	(8,983)	103,070
Total Accumulated Depreciation	17,059,843	(126,085)	636,073	(709,382)	16,860,449
Total Depreciable Capital Assets, Net	\$ 17,352,851	\$ (56,540)	\$ 13,873,375	\$ (128,771)	\$ 31,040,915

The \$829,170 reduction in Buildings is the result of the demolition of Polkinghorne Village. The existing buildings were razed to enable construction of the new residence hall.

8. DEFERRED REVENUE

Deferred revenue includes a portion of 2012 summer housing revenues and advanced housing deposits for Fall term 2012.

9. LONG-TERM LIABILITIES

Long-term liabilities of the Housing Operation at June 30, 2012, include capital improvement debt and compensated absences. Long-term liabilities activity for the fiscal year ended June 30, 2012, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt	\$ 26,802,762	\$ 13,701	\$ 1,162,000	\$ 25,654,463	\$ 1,216,000
Compensated Absences	233,001	2,076	-	235,077	16,879
Total Long-Term Liabilities	\$ 27,035,763	\$ 15,777	\$ 1,162,000	\$ 25,889,540	\$ 1,232,879

Capital Improvement Debt Payable. The University has pledged a portion of future housing rental revenues to repay \$27,647,000 in capital improvement (housing) debt issued by the Florida Board of Administration on behalf of the University on June 29, 2010, through a private placement with the Branch Banking and Trust Company (BB&T). Proceeds provided financing, Series 2010B, for the refunding of

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012

\$12,865,000 existing capital improvement debt for student housing facilities, and to remodel two existing student housing facilities, Series 2010A. On July 29, 2010, the refunded bonds were redeemed at par.

The debt is payable solely from housing rental income and is payable through 2030. The University has committed to appropriate each year from the housing rental income amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$37,193,266. During the 2011-12 fiscal year, housing rental income totaled \$12,045,272.

The Housing Operation had the following capital improvement debt payable outstanding at June 30, 2012:

Series	Amount of Original Issue	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date
2010A Dormitory Revenue Bonds	\$ 14,687,000	\$ 14,199,670	5.07	2031
2010B Dormitory Revenue Bonds	12,960,000	11,454,793	4.6	2026
Total	\$ 27,647,000	\$ 25,654,463		

Note: (1) Amount outstanding includes unamortized bond discounts and premiums, and deferred losses on refunding issues.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2012, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2013	1,216,000	1,240,729	2,456,729
2014	1,279,000	1,181,658	2,460,658
2015	1,345,000	1,119,549	2,464,549
2016	1,409,000	1,054,367	2,463,367
2017	1,480,000	985,940	2,465,940
2018-2022	8,596,000	3,776,871	12,372,871
2023-2027	7,173,000	1,696,309	8,869,309
2028-2030	3,338,000	301,843	3,639,843
Subtotal	\$ 25,836,000	\$ 11,357,266	\$ 37,193,266
Less: Bond Discount and Deferred Loss	(181,537)		(181,537)
Total	\$ 25,654,463	\$ 11,357,266	\$ 37,011,729

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors Rule 6C-5.920 and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The Housing Operation reports a liability for the accrued leave. At June 30, 2012, the estimated liability for compensated absences, which includes the Housing Operation's share of the Florida Retirement System and FICA contributions, totaled \$235,077. The current portion of the

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012

compensated absences liability is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years calculated as a percentage of those years' total compensated absences liability.

10. RETIREMENT PROGRAMS

Florida Retirement System. Most employees working in regularly established positions of the Housing Operation are covered by the Florida Retirement System (FRS). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan. FRS provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

A Deferred Retirement Option Program (DROP) subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. Upon termination of employment, the participant receives the total DROP benefits and begins to receive previously determined retirement benefits.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012

that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2011-12 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer
Florida Retirement System, Regular	3.00	4.91
Florida Retirement System, Senior Management Service	3.00	6.27
Florida Retirement System, Special Risk	3.00	14.10
Teacher's Retirement System, Plan E	6.25	11.35
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	4.42
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the post-employment health insurance supplement. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of the Public Employee Optional Retirement Program.

(B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The Housing Operation's liability for participation in the FRS is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Housing Operation.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant 7.43 percent of the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for administrative costs, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012

to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

11. RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2011-12 fiscal year, for property losses, the State retained the first \$2 million of losses for each with an annual aggregate retention of \$40 million for named wind and flood losses and no annual aggregate retention for all other named perils. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$61 million for named wind and flood through February 14, 2012, and decreased to \$50 million starting February 15, 2012. For perils other than named wind and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

12. SUBSEQUENT EVENTS

On July 26, 2012, the Florida Board of Governors on behalf of the University issued \$42,850,000 of 2012 Series A Florida Agricultural and Mechanical University Dormitory Revenue Bonds. The 2012 Series A bonds consist of serial bonds maturing through the year ending June 30, 2030 with a 5.0 percent stated rate of interest and 2032 Term Bonds maturing through June 30, 2033 with a 4.0 percent stated rate of interest.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2012

The bonds were issued at an aggregate premium of \$5,016,584. The University will use the proceeds to finance the construction of a student residential facility.

**ATTACHMENT
HOUSING OPERATION
JUNE 30, 2012**

1. HOUSING FACILITY RENTAL RATES

On-Campus Dormitory Rental Rates¹					
(per student/per semester)					
Description	2007-08	2008-09	2009-10	2010-11	2011-12
Traditional Double (1)	\$ 1,744	\$ 1,849	\$ 1,923	\$ 1,999	\$ 2,079
Traditional Single (1)	\$ 2,094	\$ 2,199	\$ 2,273	\$ 2,349	\$ 2,429
Traditional Double (2)	\$ 1,886	\$ 1,999	\$ 2,079	\$ 2,162	\$ 2,249
Traditional Single (2)	\$ 2,236	\$ 2,349	\$ 2,429	\$ 2,512	\$ 2,599
Co-Ed Double (3)	\$ 1,582	\$ 1,677	\$ 1,744	\$ 1,814	\$ 1,886
Co-Ed Single (3)	\$ 1,932	\$ 2,090	\$ 2,094	\$ 2,164	\$ 2,236
Newly Renovated Double (4)	Off-line	Off-line	Off-line	Off-line	\$ 2,800
Newly Renovated Single (4)	Off-line	Off-line	Off-line	Off-line	\$ 3,150
<p>(1) Copper, McGuinn, and Wheatley (2) Diamond, Gibbs, Truth (3) The Paddyfote Complex (4) Sampson and Young</p>					

On-Campus Apartments Rental Rates¹					
(per student/per semester)					
Description	2007-08	2008-09	2009-10	2010-11	2011-12
Palmetto North - 2 Bedroom Double	\$ 1,948	\$ 2,065	\$ 2,147	\$ 2,233	\$ 2,323
Palmetto South - 4 Bedroom Single	\$ 2,197	\$ 2,329	\$ 2,422	\$ 2,519	\$ 2,620
Palmetto South - 3 Bedroom Double	\$ 1,948	\$ 2,065	\$ 2,147	\$ 2,233	\$ 2,323
Palmetto Phase III - 4 Bedroom Single	\$ 2,248	\$ 2,383	\$ 2,478	\$ 2,577	\$ 2,680
Palmetto Phase III - 3 Bedroom Double	\$ 2,001	\$ 2,121	\$ 2,206	\$ 2,294	\$ 2,386

¹ Rental rates include all utilities, cable, internet and supervisory staff.

Historical Average Rental Rates		
(per student/per semester)		
Year	Average Double Occupancy	Average Single Occupancy
2007-08	\$ 1,837	\$ 2,152
2008-09	\$ 1,947	\$ 2,272
2009-10	\$ 2,025	\$ 2,344
2010-11	\$ 2,106	\$ 2,427
2011-12	\$ 2,292	\$ 2,629

**ATTACHMENT
HOUSING OPERATION
JUNE 30, 2012**

2. HOUSING FACILITY OCCUPANCY ANALYSIS

The following statistics are presented as of the first day of the Fall semester:

Housing System Occupancy Analysis

Year	Total Enrollment	Housing Applications Received (1)	Total Capacity (2) (3)	Actual Occupancy	Occupancy as % of Capacity	% of Students in University Housing	# of Students on Waiting List
2007-08	11,567	2,938	2,376	2,361	99.37%	20.41%	657
2008-09	11,848	3,198	2,479	2,457	99.11%	20.74%	334
2009-10	12,261	3,161	2,487	2,401	96.54%	19.58%	369
2010-11	13,277	3,525	2,446	2,388	97.63%	17.99%	167
2011-12	13,207	3,094	2,611	2,548	97.59%	19.29%	259

(1) Housing applications received reflects total housing applications received as of the start of the fall semester.

(2) Total capacity column represents the number of bed spaces included in the housing facilities available for rental and differs from designed capacity

(3) The opening of the renovated Sampson and Young Halls increased capacity by 239 rentable beds; the closure of a portion of Paddyfote for major renovations decreased capacity by 114 beds; and 39 beds in Palmetto North were completed. The closed rooms in Paddyfote are scheduled to be brought back on-line for the Fall 2012 semester.

3. HOUSING FACILITY COLLECTION RATES

Historical Collection Rates for On-Campus Housing Charges	
Year	Collection Rate
2007-08	85.0%
2008-09	90.0%
2009-10	93.5%
2010-11	92.0%
2011-12	95.0%

**ATTACHMENT
HOUSING OPERATION
JUNE 30, 2012**

4. ADMISSION AND REGISTRATION HEADCOUNTS AND PERCENTAGES BY TYPE OF STUDENT

	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012
All Students:					
Applicants	8,718	9,931	10,189	9,155	7,118
Admitted	4,893	5,588	5,586	4,712	3,837
% of Applicants Admitted	56.1%	56.3%	54.8%	51.5%	53.9%
Enrolled	2,835	3,102	3,277	2,678	2,143
% of Admitted Enrolled	57.9%	55.5%	58.7%	56.8%	55.9%
First-Time-In-College:					
Applicants	5,829	6,843	6,949	6,079	4,630
Admitted	3,519	4,080	4,096	3,080	2,393
% of Applicants Admitted	60.4%	59.6%	58.9%	50.7%	51.7%
Enrolled	1,820	2,045	2,201	1,548	1,152
% of Admitted Enrolled	51.7%	50.1%	53.7%	50.3%	48.1%
Community College Transfers:					
Applicants	531	750	758	818	692
Admitted	274	395	391	471	412
% of Applicants Admitted	51.6%	52.7%	51.6%	57.6%	59.5%
Enrolled	201	255	269	309	275
% of Admitted Enrolled	73.4%	64.6%	68.8%	65.6%	66.8%
Other Undergraduate Transfers:					
Applicants	1,305	1,338	1,339	1,109	947
Admitted	367	425	415	381	395
% of Applicants Admitted	28.1%	31.8%	31.0%	34.4%	41.7%
Enrolled	228	258	237	213	222
% of Admitted Enrolled	62.1%	60.7%	57.1%	55.9%	56.2%
Graduate:					
Applicants	664	706	796	824	563
Admitted	447	397	347	456	351
% of Applicants Admitted	67.3%	56.2%	43.6%	55.3%	62.3%
Enrolled	355	315	280	344	280
% of Admitted Enrolled	79.4%	79.3%	80.7%	75.4%	79.8%
Profession Schools:					
Applicants	389	294	347	325	286
Admitted	286	291	337	324	286
% of Applicants Admitted	73.5%	99.0%	97.1%	99.7%	100.0%
Enrolled	231	229	290	264	214
% of Admitted Enrolled	80.8%	78.7%	86.1%	81.5%	74.83%

**ATTACHMENT
HOUSING OPERATION
JUNE 30, 2012**

5. HEADCOUNT AND FULL-TIME EQUIVALENT ENROLLMENT BY LEVEL

Headcount Enrollment by Level

<u>Fall</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Other</u>	<u>Annual Total</u>
2008	9,710	1,949	189	11,848
2009	10,083	1,993	185	12,261
2010	11,147	1,959	171	13,277
2011	11,022	2,009	176	13,207
2012	9,941	1,969	147	12,057

Full-Time-Equivalent Enrollment by Level

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Annual Total</u>
2007-08	6,561	1,385	7,946
2008-09	6,542	1,479	8,021
2009-10	6,824	1,512	8,336
2010-11	7,585	1,507	9,092
2011-12	7,203	1,535	8,738

**STATE of FLORIDA
BOARD of REGENTS**

Florida Agricultural and Mechanical University



**Dormitory Revenue Bonds
Series 2012A**

**SEC Continuing Disclosure Requirement Report
June 30, 2013**

MEMORANDUM**VIA EMAIL**

TO: Raymond K. Petty, Senior Attorney

FROM: William H. Featherstone

**SUBJECT: Compliance with SEC Continuing Disclosure Requirements Regarding:
\$42,850,000 State of Florida, Board of Governors, Florida Agricultural and
Mechanical University Dormitory Revenue Bonds, Series 2012A**

Date: November 30, 2013

Enclosed are the following reports for the fiscal year ending June 30, 2013 for the Housing Operations:

1. Management's Discussion and Analysis
2. Statement of Net Position
3. Statement of Revenue, Expenditures and Changes in Net Position
4. Statement of Cash Flows
5. Footnotes to Financial Statements
6. Attachment for Statistical Information

The financial statements for the Student Apartment Facility are prepared in compliance with GAAP and GASB 35. These statements are audited along with the University Financial Statements by the Auditor General of the State of Florida.

Should you have any questions or require additional information, please contact me at (850) 561-2978.

Cc: Larry Robinson, Interim President
Joseph Bakker, Interim CFO and Vice President for Administrative and Financial Services
Chris Kinsley, BOG

**MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2013**

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Housing Operation for the fiscal year ended June 30, 2013, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of University management.

FINANCIAL HIGHLIGHTS

The assets for the Housing Operation totaled \$99,901,874 at June 30, 2013. This balance reflects a \$57,304,400, or 134.5 percent increase from the 2011-12 fiscal year. Liabilities also increased by \$48,868,756 or 174.9 percent, totaling \$76,811,334 at June 30, 2013, compared to \$27,942,578 at June 30, 2012. As a result, net position shows an increase of \$8,435,644, reaching a year-end balance of \$23,090,540.

The operating revenues totaled \$11,600,052 for the 2012-13 fiscal year, representing a 4.9 percent decrease compared to the 2011-12 fiscal year. Operating expenses totaled \$7,820,386 for the 2012-13 fiscal year, representing an increase of 20.6 percent compared to the 2011-12 fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets and liabilities of the Housing Operation, using the accrual basis of accounting, and presents the financial position of the Housing Operation at a specified time. The difference between total assets and total liabilities, net position, is one indicator of the current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the financial condition. The following summarizes the assets, liabilities, and net position at June 30, 2013 and June 30, 2012:

**MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2013**

Condensed Statement of Net Position

	<u>2012-13</u>	<u>2011-12</u>
Assets		
Current Assets	\$ 52,789,673	\$ 8,568,538
Capital Assets, Net	<u>47,112,201</u>	<u>34,028,936</u>
Total Assets	<u>99,901,874</u>	<u>42,597,474</u>
Liabilities		
Current Liabilities	7,187,336	3,285,916
Noncurrent Liabilities	<u>69,623,998</u>	<u>24,656,662</u>
Total Liabilities	<u>76,811,334</u>	<u>27,942,578</u>
Net Position		
Invested in Capital assets		
Net of Related Debt	11,722,722	7,423,258
Restricted	6,885,382	2,724,577
Unrestricted	<u>4,482,436</u>	<u>4,507,061</u>
Total Net Position	<u>\$ 23,090,540</u>	<u>\$ 14,654,896</u>

Total assets increased by \$57,304,400, total liabilities increased by \$48,868,756, and total net position increased by \$8,435,644. The increase in total assets is comprised of a \$44,221,135 or 516.1 percent increase in current assets and an increase in net capital assets of \$13,083,265 or 38.4 percent. The increase in current assets is primarily due to the investment of bond proceeds obtained to fund construction of a new 800-bed dormitory. Likewise, the increase in net capital assets is primarily related to the capitalization of construction costs associated with this project. The bond issuance also resulted in a corresponding increase to total liabilities.

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following summarizes the activity for the 2012-13 and 2011-12 fiscal years:

**MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2013**

Condensed Statement of Revenue, Expenses and Changes in Net Position

	<u>2012-13</u>	<u>2011-12</u>
Operating Revenues	\$ 11,600,052	\$ 12,199,839
Operating Expenses	<u>7,820,386</u>	<u>6,486,538</u>
Operating Income (Loss)	3,779,666	5,713,301
Net Non-Operating Revenues (Expenses)	<u>4,655,978</u>	<u>(2,383,813)</u>
Increase in Net Position	8,435,644	3,329,488
Net Position, Beginning of Year	<u>14,654,896</u>	<u>11,325,408</u>
Net Position, End of Year	<u>\$ 23,090,540</u>	<u>\$ 14,654,896</u>

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value. The following summarizes the operating revenues by source that were used to fund operating activities during the 2012-13 and 2011-12 fiscal years:

Revenues Used to Fund Operating Activities

	<u>2012-13</u>	<u>2011-12</u>
Housing Revenues	\$ 11,410,486	\$ 12,045,271
Other	<u>189,566</u>	<u>154,568</u>
Total	<u>\$ 11,600,052</u>	<u>\$ 12,199,839</u>

Operating revenues are largely comprised of Housing revenues which decreased \$634,785 or 5.3 percent primarily due to a decline in enrollment.

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Housing Operation has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2013

The following summarizes the operating expenses by natural classifications for the 2012-13 and 2011-12 fiscal years:

Operating Expenses by Class

	<u>2012-13</u>	<u>2011-12</u>
Compensation and Benefits	\$ 2,695,201	\$ 2,601,015
Services and Supplies	2,716,710	2,207,954
Utilities	1,291,747	1,041,496
Scholarships	152,253	222,907
Depreciation Expense	964,475	636,073
Total	<u>\$ 7,820,386</u>	<u>\$ 6,709,445</u>

Prior year operating expenses were restated to include scholarship waivers that were reported as non-operating expenses.

Overall, operating expenses increased \$1,110,942 or 16.6 percent primarily due to increases in services and supplies, utilities, and depreciation expense. Services and supplies increased \$508,756, or 23.0 percent, utilities increased \$250,251 or 24.0 percent, and depreciation expense increased \$328,402, or 51.6 percent. The increase in services and supplies is primarily due to bad debt expense related to an increase in aged accounts receivable resulting from changes in Federal financial aid regulations. The increase in utilities is primarily due to allocation of utilities cost to Sampson Hall and Young Hall based on actual usage rather than square footage. Sampson and Young was reopened during fiscal year 2012, thus also resulting in the increase in depreciation expense.

Nonoperating Revenues and Expenses

The following summarizes the nonoperating revenues and expenses for the 2012-13 and 2011-12 fiscal years:

Nonoperating Revenues (Expenses)

	<u>2012-13</u>	<u>2011-12</u>
Investment Income (Loss)	\$ 561,395	\$ (29,067)
Interest on Capital Asset-Related Debt	(3,151,831)	(1,296,353)
Other Nonoperating Revenue (Expense)	<u>7,246,415</u>	<u>(835,486)</u>
Net Nonoperating Revenues (Expenses)	<u>\$ 4,655,979</u>	<u>\$ (2,160,906)</u>

Prior year nonoperating expenses were restated to exclude scholarship waivers that were reported as non-operating expenses and have been restated as operating expenses. The increase in net nonoperating revenues (expenses) was

**MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2013**

mainly due to a transfer of additional funding to support the new 800-bed dormitory project. The increase was offset by interest payments associated with the project

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the Housing Operation. Cash flows from the capital financing activities include all plant funds and related long-term debt activities. Cash flows from the investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from the noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2012-13 and 2011-12 fiscal years:

Condensed Statement of Cash Flows

	<u>2012-13</u>	<u>2011-12</u>
Cash Provided (Used) By:		
Operating Activities	\$ 5,264,829	\$ 5,515,861
Noncapital Activities	(97,697)	(821,785)
Capital Related Activities	37,946,887	(11,321,962)
Investing Activities	<u>(46,244,419)</u>	<u>7,275,060</u>
Net Increase in Cash and Cash Equivalents	(3,130,400)	647,174
Cash and Cash Equivalents, Beginning of Year	3,180,652	2,533,478
Cash and Cash Equivalents, End of Year	\$ <u>50,252</u>	\$ <u>3,180,652</u>

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2013, the Housing Operation had \$48,393,128 in depreciable capital assets, less accumulated depreciation of \$17,815,757, for net capital assets of \$30,577,371. Depreciation charges for the current fiscal year totaled \$964,475. Additional information about the capital assets, including construction expense commitments, is presented in the notes to the financial statements.

DEBT ADMINISTRATION

As of June 30, 2013, the Housing Operation had \$72,067,919 in outstanding capital improvement debt, representing an increase of \$46,413,456, due to the issuance of bonds for the new 800-bed dormitory.

FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

HOUSING REVENUE BONDS
STATEMENT OF NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2013

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	
Cash on Hand	\$ -
Cash in Bank	44,149.05
Cash with SBA	6,102.74
Total Cash and Cash Equivalents	<u>50,251.79</u>
Investments	
Special Investments with State Treasury	46,638,672.42
Investments with State Board of Administration	4,670,989.08
Adjustment to Fair Market Value	(129,542.23)
Total Investments	<u>51,180,119.27</u>
Receivables	
Accounts Receivable	3,910,328.84
Interest Receivable	21,273.53
Allowance for Uncollectibles	(2,372,300.31)
Total Receivables	<u>1,559,302.06</u>
TOTAL CURRENT ASSETS	<u>52,789,673.12</u>
CAPITAL ASSETS	
Depreciable Capital Assets	
Buildings	47,115,515.55
Infrastructure	977,573.54
Furniture and Equipment	300,038.89
Accumulated Depreciation	(17,815,757.26)
Total Depreciable Capital Assets	<u>30,577,370.72</u>
Non-Depreciable Capital Assets	
Construction in Progress	16,534,830.02
Total Non-Depreciable Capital Assets	<u>16,534,830.02</u>
TOTAL CAPITAL ASSETS	<u>47,112,200.74</u>
TOTAL ASSETS	<u>\$ 99,901,873.86</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	
Accounts Payable	\$ 759,018.77
Accrued Salaries and Wages	42,774.06
Construction Contracts Payable	2,826,922.02
Total Accounts Payable and Accrued Liabilities	<u>3,628,714.85</u>
Deferred Revenues	<u>856,689.51</u>
Long-Term Liabilities - Current Portion	
Capital Improvement Debt Payable - Current	2,684,000.00
Compensated Absences Liability	17,931.70
Total Long-Term Liabilities - Current Portion	<u>2,701,931.70</u>
TOTAL CURRENT LIABILITIES	<u>7,187,336.06</u>
NON-CURRENT LIABILITIES	
Capital Improvement Debt Payable - Noncurrent	69,383,919.11
Compensated Absences Liability	240,078.40
TOTAL NON-CURRENT LIABILITIES	<u>69,623,997.51</u>
TOTAL LIABILITIES	<u>\$ 76,811,333.57</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	\$ 11,722,721.94
Restricted - Expendable	6,885,382.29
Unrestricted	4,482,436.06
TOTAL NET POSITION	<u>\$ 23,090,540.29</u>

FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2013

OPERATING REVENUES	
Housing Revenue	\$ 11,410,486.13
Other Operating Revenue	189,565.52
TOTAL OPERATING REVENUES	<u>11,600,051.65</u>
OPERATING EXPENSES	
Compensation and Employee Benefits	2,695,200.70
Services and Supplies	2,716,710.03
Utilities	1,291,746.84
Scholarships	152,253.67
Depreciation Expense	964,474.85
TOTAL OPERATING EXPENSES	<u>7,820,386.09</u>
TOTAL OPERATING INCOME (LOSS)	<u>3,779,665.56</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	561,395.23
Interest on Asset-Related Debt	(3,151,830.95)
Other Non-Operating Expenses	7,246,414.74
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,655,979.02</u>
CHANGE IN NET POSITION	8,435,644.58
TOTAL NET POSITION - BEGINNING	14,654,895.71
TOTAL NET POSITION	<u>\$ 23,090,540.29</u>

FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Sales and Services of Auxiliary Enterprises	\$ 11,465,825.05
Other Operating Receipts	189,565.52
Payments to Employees	(2,665,965.38)
Payments to Suppliers for Goods and Services	(3,724,596.06)
NET CASH PROVIDED FROM OPERATIONS	<u>5,264,829.13</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other Expenses	(97,697.56)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>(97,697.56)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	47,866,584.55
Other Receipts for Capital Projects	6,600,000.00
Purchase or Construction of Capital Assets	(12,151,866.94)
Principal Paid on Capital Debt	(1,216,000.00)
Interest Paid on Capital Debt	(3,151,830.95)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>37,946,886.66</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net Change in Investments	(46,805,813.68)
Investment Income	561,395.23
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(46,244,418.45)</u>
NET CHANGE IN CASH	(3,130,400.22)
CASH - BEGINNING OF THE YEAR	3,180,652.01
CASH - END OF THE YEAR	<u>\$ 50,251.79</u>

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The University is a separate public instrumentality that is part of the State University System of public universities, and is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints six citizen members and the State's Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The State's Board of Education is responsible for overseeing kindergarten through graduate school education in the State. The State's Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with Florida law, State Board of Education rules, and Board of Governors' rules. The Trustees select the University President and the State Board of Education ratifies the candidate selected. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees for the University.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activity is reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position

**NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013**

- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The University follows FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources. The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows for Proprietary and Non-Expendable Trust Funds*.

Capital Assets. University capital assets consist of buildings, furniture and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$5,000 for tangible personal property, and \$100,000 for buildings and other improvements. During the 2011-12 fiscal year, the University changed its capitalization threshold for tangible personal property costing between \$1,000 and \$5,000. The adjustments column in the capital assets note disclosure shows the change by category resulting from the increase in the threshold. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Furniture and Equipment – 3 to 20 years

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of capital improvement debt payable and compensated absences payable that are not scheduled to be paid within the next fiscal year.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

Capital improvement debt payable are reported net of unamortized premium or discount and deferred losses on refundings.

2. REPORTING CHANGES

The Housing Operation does not have reporting changes for the 2012-2013 fiscal year.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

4. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds awaiting clearing with the State Treasury and State Board of Administration, and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

External Investment Pools

The Housing Operation reported investments at fair value totaling \$46,509,130 at June 30, 2013, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The State Treasury has taken the position that participants in the pool should disclose information related to interest rate risk and credit risk. The SPIA carried a credit rating of A+f by Standard and Poor's and had an effective duration of 2.65 years at June 30, 2013. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

The University reported investments totaling \$4,670,989 at June 30, 2013, in the State Board of Administration (SBA) Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of more than three months six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

5. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts due from students for housing rental and housing fee deferments, and various services provided to students by the housing operation.

Allowance for Uncollectible Receivables. Allowances for uncollectible accounts are reported based upon management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate.

6. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013, is shown below:

Description	Beginning Balance	Adjustments	Additions	Reductions	Ending Balance
Non-Depreciable Capital Assets:					
Construction in Progress	\$ 2,988,020	\$ -	\$ 13,546,810	\$ -	\$ 16,534,830
Total Non-Depreciable Capital Assets	\$ 2,988,020	\$ -	\$ 13,546,810	\$ -	\$ 16,534,830
Depreciable Capital Assets:					
Buildings	\$ 46,516,888	\$ -	\$ 598,628	\$ -	\$ 47,115,516
Infrastructure	977,574	-	-	-	977,574
Furniture and Equipment	406,901	(97,698)	-	(9,165)	300,038
Total Depreciable Capital Assets	47,901,363	(97,698)	598,628	(9,165)	48,393,128
Less, Accumulated Depreciation:					
Buildings	16,757,377	-	841,316	-	17,598,693
Infrastructure	-	-	33,245	-	33,245
Furniture and Equipment	103,070	-	89,914	(9,165)	183,819
Total Accumulated Depreciation	16,860,447	-	964,475	(9,165)	17,815,757
Total Depreciable Capital Assets, Net	\$ 31,040,916	\$ (97,698)	\$ (365,847)	\$ -	\$ 30,577,371

8. DEFERRED REVENUE

Deferred revenue includes a portion of 2013 summer housing revenues and advanced housing deposits for Fall term 2013.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

9. LONG-TERM LIABILITIES

Long-term liabilities of the Housing Operation at June 30, 2013, include capital improvement debt and compensated absences. Long-term liabilities activity for the fiscal year ended June 30, 2013, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt	\$ 25,654,463	\$ 47,629,456	\$ 1,216,000	\$ 72,067,919	\$ 2,684,000
Compensated Absences	235,077	27,684	4,751	\$ 258,010	17,932
Total Long-Term Liabilities	\$ 25,889,540	\$ 47,657,140	\$ 1,220,751	\$ 72,325,929	\$ 2,701,932

Capital Improvement Debt Payable. The University has pledged a portion of future housing rental revenues to repay \$27,647,000 in capital improvement (housing) debt issued by the Florida Board of Administration on behalf of the University on June 29, 2010, through a private placement with the Branch Banking and Trust Company (BB&T). Proceeds provided financing, Series 2010B, for the refunding of \$12,865,000 existing capital improvement debt for student housing facilities, and to remodel two existing student housing facilities, Series 2010A. On July 29, 2010, the refunded bonds were redeemed at par. The debt is payable solely from housing rental income and is payable through 2030.

On July 20, 2012, the Florida Board of Governors, on behalf of the University, issued \$42,850,000 of Florida Agricultural and Mechanical University Dormitory Revenue Bonds, Series 2012A, with a stated interest rate of 5.0 percent, and 2032 Term Bonds with a stated rate of 4.0 percent. The serial and term bonds are payable through June 30, 2030 and June 30, 2033, respectively. Proceeds of \$47,866,585, which includes a premium of \$5,016,585, will be used to finance construction of a student dormitory project.

The University has committed to appropriate each year from the housing rental income amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$100,341,636. During the 2012-13 fiscal year, housing rental income totaled \$11,410,486.

The Housing Operation had the following capital improvement debt payable outstanding at June 30, 2013:

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

Series	Amount of Original Issue	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date
2010A Dormitory Revenue Bonds	\$ 14,687,000	\$ 13,701,355	5.07	2031
2010B Dormitory Revenue Bonds	12,960,000	10,750,809	4.6	2026
2012A Dormitory Revenue Bonds	42,850,000	47,615,755	4.0-5.0	2032
Total	\$ 70,497,000	\$ 72,067,919		

Note: (1) Amount outstanding includes unamortized bond discounts and premiums, and deferred losses on refunding issues.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2013, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	2,684,000	3,228,358	5,912,358
2015	2,820,000	3,095,999	5,915,999
2016	2,959,000	2,957,066	5,916,066
2017	3,110,000	2,811,140	5,921,140
2018	3,266,000	2,657,786	5,923,786
2019-2023	18,945,000	10,706,903	29,651,903
2024-2028	18,900,000	5,962,543	24,862,543
2029-2033	14,786,000	1,451,841	16,237,841
Subtotal	\$ 67,470,000	\$ 32,871,636	\$ 100,341,636
Net Bond Discount, Premium and Deferred Loss	4,597,919		4,597,919
Total	\$ 72,067,919	\$ 32,871,636	\$ 104,939,555

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors Rule 6C-5.920 and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The Housing Operation reports a liability for the accrued leave. At June 30, 2013, the estimated liability for compensated absences, which includes the Housing Operation's share of the Florida Retirement System and FICA contributions, totaled \$258,010. The current portion of the compensated absences liability is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years calculated as a percentage of those years' total compensated absences liability.

10. RETIREMENT PROGRAMS

Florida Retirement System. Most employees working in regularly established positions of the Housing Operation are covered by the Florida Retirement System (FRS). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan. FRS provisions are

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

A Deferred Retirement Option Program (DROP) subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service for employer contributions and vest fully and immediately for employee contributions.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2012-13 fiscal year were as follows:

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	5.18
Florida Retirement System, Senior Management Service	3.00	6.30
Florida Retirement System, Special Risk	3.00	14.90
Teacher's Retirement System, Plan E	6.25	11.44
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	5.44
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the post-employment health insurance supplement. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of the Public Employee Optional Retirement Program.

(B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The Housing Operation's liability for participation in the FRS is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Housing Operation.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant 5.64 percent of the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for administrative costs, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

11. RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2),

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2012-13 fiscal year, for property losses, the State retained the first \$2 million of losses for each with an annual aggregate retention of \$40 million for named windstorm and flood losses and no annual aggregate retention for all other named perils. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$50 for named windstorm and flood losses. For perils other than named wind and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

1. HOUSING FACILITY RENTAL RATES

On-Campus Dormitory Rental Rates¹					
(per student/per semester)					
Description	2008-09	2009-10	2010-11	2011-12	2012-13
Traditional Double (1)	\$ 1,849	\$ 1,923	\$ 1,999	\$ 2,079	\$ 2,162
Traditional Single (1)	\$ 2,199	\$ 2,273	\$ 2,349	\$ 2,429	\$ 2,526
Traditional Double (2)	\$ 1,999	\$ 2,079	\$ 2,162	\$ 2,249	\$ 2,339
Traditional Single (2)	\$ 2,349	\$ 2,429	\$ 2,512	\$ 2,599	\$ 2,703
Co-Ed Double (3)	\$ 1,677	\$ 1,744	\$ 1,814	\$ 1,886	\$ 1,961
Co-Ed Single (3)	\$ 2,090	\$ 2,094	\$ 2,164	\$ 2,236	\$ 2,325
Newly Renovated Double (4)	Off-line	Off-line	Off-line	\$ 2,800	\$ 2,912
Newly Renovated Single (4)	Off-line	Off-line	Off-line	\$ 3,150	\$ 3,276

(1) Copper, McGuinn, and Wheatley
(2) Diamond, Gibbs, Truth
(3) The Paddyfote Complex
(4) Sampson and Young

On-Campus Apartments Rental Rates¹					
(per student/per semester)					
Description	2008-09	2009-10	2010-11	2011-12	2012-13
Palmetto North - 2 Bedroom Double	\$ 2,065	\$ 2,147	\$ 2,233	\$ 2,323	\$ 2,416
Palmetto South - 4 Bedroom Single	\$ 2,329	\$ 2,422	\$ 2,519	\$ 2,620	\$ 2,725
Palmetto South - 3 Bedroom Double	\$ 2,065	\$ 2,147	\$ 2,233	\$ 2,323	\$ 2,416
Palmetto Phase III - 4 Bedroom Single	\$ 2,383	\$ 2,478	\$ 2,577	\$ 2,680	\$ 2,787
Palmetto Phase III - 3 Bedroom Double	\$ 2,121	\$ 2,206	\$ 2,294	\$ 2,386	\$ 2,481

¹ Rental rates include all utilities, cable, internet and supervisory staff.

2. HOUSING FACILITY OCCUPANCY ANALYSIS

The following statistics are presented as of the first day of the Fall semester:

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

Housing System Occupancy Analysis

Year	Total Enrollment	Housing Applications Received (1)	Total Capacity (2)	Actual Occupancy	Occupancy as % of Capacity	% of Students in University Housing	# of Students on Waiting List
2008-09	11,848	3,198	2,479	2,457	99.11%	20.74%	334
2009-10	12,261	3,161	2,487	2,401	96.54%	19.58%	369
2010-11	13,277	3,525	2,446	2,388	97.63%	17.99%	167
2011-12	13,207	3,094	2,611	2,548	97.59%	19.29%	259
2012-13	12,044	2,615	2,697	2,309	85.61%	19.17%	0
2013-14	10,747	2,338	2,489	2,158	86.70%	20.08%	0

(1) Housing applications received reflects total housing applications received as of the start of the fall semester.

(2) Total capacity column represents the number of bed spaces included in the housing facilities available for rental and differs from designed capacity

(3) The opening of the renovated Sampson and Young Halls increased capacity by 239 rentable beds; the closure of a portion of Paddyfote for major renovations decreased capacity by 114 beds; and 39 beds in Palmetto North were completed. The closed rooms in Paddyfote are scheduled to be brought back on-line for the Fall 2012 semester. In addition, the closure of Wheatley Hall just prior to Fall 2013 decreased capacity by 199 beds.

3. HOUSING FACILITY COLLECTION RATES

Historical Collection Rates for On-Campus Housing Charges	
Year	Collection Rate
2008-09	90.0%
2009-10	93.5%
2010-11	92.0%
2011-12	95.0%
2012-13	91.9%

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

4. ADMISSION AND REGISTRATION HEADCOUNTS AND PERCENTAGES BY TYPE OF STUDENT

	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013
All Students:					
Applicants	9,931	10,189	9,155	7,118	6,069
Admitted	5,588	5,586	4,712	3,837	3,263
% of Applicants Admitted	56.3%	54.8%	51.5%	53.9%	53.5%
Enrolled	3,102	3,277	2,678	2,143	1,837
% of Admitted Enrolled	55.5%	58.7%	56.8%	55.9%	56.3%
First-Time-In-College:					
Applicants	6,843	6,949	6,079	4,630	3,992
Admitted	4,080	4,096	3,080	2,393	2,088
% of Applicants Admitted	59.6%	58.9%	50.7%	51.7%	52.3%
Enrolled	2,045	2,201	1,548	1,152	1,002
% of Admitted Enrolled	50.1%	53.7%	50.3%	48.1%	48.0%
Community College Transfers:					
Applicants	750	758	818	692	595
Admitted	395	391	471	412	341
% of Applicants Admitted	52.7%	51.6%	57.6%	59.5%	57.3%
Enrolled	255	269	309	275	224
% of Admitted Enrolled	64.6%	68.8%	65.6%	66.8%	65.7%
Other Undergraduate Transfers:					
Applicants	1,338	1,339	1,109	947	802
Admitted	425	415	381	395	329
% of Applicants Admitted	31.8%	31.0%	34.4%	41.7%	41.0%
Enrolled	258	237	213	222	202
% of Admitted Enrolled	60.7%	57.1%	55.9%	56.2%	61.4%
Graduate:					
Applicants	706	796	824	563	539
Admitted	397	347	456	351	340
% of Applicants Admitted	56.2%	43.6%	55.3%	62.3%	63.1%
Enrolled	315	280	344	280	271
% of Admitted Enrolled	79.3%	80.7%	75.4%	79.8%	79.7%
Profession Schools:					
Applicants	294	347	325	286	168
Admitted	291	337	324	286	165
% of Applicants Admitted	99.0%	97.1%	99.7%	100.0%	98.2%
Enrolled	229	290	264	214	138
% of Admitted Enrolled	78.7%	86.1%	81.5%	74.83%	83.6%

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

HEADCOUNT AND FULL-TIME EQUIVALENT ENROLLMENT BY LEVEL

Headcount Enrollment by Level

Fall	Undergraduate	Graduate	Other	Annual Total
2009	10,083	1,993	185	12,261
2010	11,147	1,959	171	13,277
2011	11,022	2,009	176	13,207
2012	9,941	1,969	147	12,057
2013	8,825	1,779	139	10,743

Full-Time-Equivalent Enrollment by Level

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Annual Total</u>
2008-09	6,542	1,479	8,021
2009-10	6,824	1,512	8,336
2010-11	7,585	1,507	9,092
2011-12	7,203	1,535	8,738
2012-13	6,552	1,462	8,014

Full-Time-Equivalent Enrollment by Level
(IPED Method)

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Annual Total</u>
2012-13	9,654	2,075	11,729

5. LITIGATION

On July 11, 2012, the estate of Robert Champion sued the University. The suit alleges, among other things, that on November 19, 2011, Robert Champion died as a result of a hazing incident and that the University has a long history of hazing and that University leaders knew or should have known that hazing of band members was actively taking place during the 2011 band season. The University has also received a Notice of Intent to Sue on filed by a former student who alleges that in late 2011 she too was injured in a separate hazing incident. Another Notice of Intent to Sue was filed on behalf of a minor and relates to a reported

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013

sexual assault that occurred in February 2011 at the University's Developmental Research School in Tallahassee. It is premature to speculate on liability or damages that any result from these suits or potential suits. However, even if the plaintiffs in these actions should prevail in their suits against the University, State law regarding sovereign immunity limits their respective recoveries from the University to \$200,000 for each claim unless they present their claims to the Florida Legislature and the Legislature agrees to pay any portion of any judgment that exceeds \$200,000.

6. SUBSEQUENT EVENTS

On December 9, 2012, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) announced that it will continue Florida Agricultural and Mechanical University's (FAMU) accreditation but placed FAMU on probation for a one-year period.

The probation was imposed for failure to comply with Principle 1.1 (Integrity), Comprehensive Standard 3.2.8 (Qualified Administrative/Academic Officers), Comprehensive Standard 3.10.3 (Control of Finances, and Comprehensive Standard 3.11.2 (Institutional Environment) of the Principles of Accreditation. SACSCOC concerns are related to incomplete audits, control of finances, and providing a safe and secure environment stemming from a hazing incident in 2011. The issues concerning control of finances are related to finances involving the Marching 100 band and travel. FAMU has been working to address the concerns expressed by SACSCOC, including new leadership for the audit and compliance functions, new processes for control of finances, and measures to bolster its anti-hazing efforts, including new policies, academic requirements and educational components. A team from SACSCOC is expected to visit FAMU in September 2013 to address these issues.

FAMU is currently addressing the issues raised by SACS and considers coming off of probation to be its number one priority. Without accreditation, an institution's students are not eligible for federal student aid such as Pell Grants and federal student loans, which would affect almost 80% of the students at FAMU.

**NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2013**

University Housing System Operating Budget (Cash Basis)

	Fiscal Year 2009-10		Fiscal Year 2010-11		Fiscal Year 2011-12		Fiscal Year 2012-13					
	Budget	Actual	Difference +/-	Budget	Actual	Difference +/-	Budget	Actual	Difference +/-			
Revenue from Operations	\$9,648,444	\$ 10,225,818	\$ 577,374	\$10,159,344	\$ 10,948,243	\$ 788,899	\$11,878,913	\$ 12,037,618	\$ 158,705	\$12,772,930	\$ 11,693,715	\$ (1,029,215)
Beginning Cash Balance	3,383,736	2,353,068	(1,028,668)	4,355,418	7,687,414	3,331,996	9,353,878	6,951,687	(2,402,191)	6,677,001	6,572,545	(104,456)
Total Funds Available	13,032,180	12,580,886	(451,294)	14,514,762	18,635,657	4,120,895	21,232,791	18,989,305	(2,243,486)	19,399,931	18,266,260	(1,133,671)
Expenditures:												
Salaries & Benefits	\$2,140,633	\$ 1,935,105	\$ (204,528)	\$ 2,233,714	\$ 2,132,469	\$ (101,245)	\$ 2,370,732	\$ 1,977,700	\$ (393,032)	\$ 2,478,057	\$ 2,110,806	\$ (367,251)
Other Personal Services	598,454	561,949	(36,505)	638,506	517,573	(120,933)	745,927	628,112	(117,815)	762,940	600,724	(162,216)
Operating Expenses	4,734,581	3,813,831	(920,750)	5,086,852	4,041,511	(1,045,341)	6,114,655	4,478,149	(1,636,506)	5,815,320	3,065,221	(2,750,099)
Operating Capital Outlay	75,000	32,420	(42,580)	86,400	62,748	(23,652)	55,104	47,319	(7,785)	90,499	3,985	(86,514)
Non-Operating Expenses	533,571	529,070	(4,501)	537,633	537,633	-	633,803	633,803	-	651,869	911,817	259,948
Debt Service	1,352,094	1,352,094	-	1,989,844	1,989,844	-	2,459,038	2,459,038	-	2,459,038	4,360,761	1,901,723
Replacement Reserve	289,453	289,453	-	304,780	304,780	-	356,367	356,367	-	381,688	381,688	-
Total Expenditures	\$9,723,786	\$ 8,514,922	\$ (1,208,864)	\$10,877,729	\$ 9,586,558	\$ (1,291,171)	\$12,735,626	\$10,580,488	\$ (2,155,138)	\$12,639,411	\$11,435,002	\$ (1,204,409)
Ending Cash Balance	\$3,308,394	\$ 4,065,964	\$ 757,570	\$ 3,637,033	\$ 9,049,099	\$ 5,412,066	\$ 8,497,165	\$ 8,408,817	\$ (88,348)	\$ 6,760,520	\$ 6,831,258	\$ 70,738

**STATE of FLORIDA
BOARD of GOVERNORS**

Florida Agricultural and Mechanical University



**Dormitory Revenue Bonds
Series 2012A**

**SEC Continuing Disclosure Requirement Report
June 30, 2014**

MEMORANDUM**VIA EMAIL**

TO: Raymond K. Petty, Senior Attorney

FROM: William H. Featherstone

SUBJECT: Compliance with SEC Continuing Disclosure Requirements Regarding:
\$42,850,000 State of Florida, Board of Governors, Florida Agricultural and
Mechanical University Dormitory Revenue Bonds, Series 2012A

Date: November 14, 2014

Enclosed are the following reports for the fiscal year ending June 30, 2014 for the Housing Operations:

1. Management's Discussion and Analysis
2. Statement of Net Position
3. Statement of Revenue, Expenditures and Changes in Net Position
4. Statement of Cash Flows
5. Footnotes to Financial Statements
6. Attachment for Statistical Information

The financial statements for the Student Apartment Facility are prepared in compliance with GAAP and GASB 35. These statements are audited along with the University Financial Statements by the Auditor General of the State of Florida.

Should you have any questions or require additional information, please contact me at (850) 561-2960.

Cc: Elmira Mangum, Ph.D., President
Dale L. Cassidy, CFO and Vice President for Finance and Administration
Chris Kinsley, BOG

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Housing Operation for the fiscal year ended June 30, 2014, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of University management.

FINANCIAL HIGHLIGHTS

The assets for the Housing Operation totaled \$98,207,640 at June 30, 2014. This balance reflects a \$1,694,234, or 1.7 percent decrease from the 2012-13 fiscal year. Liabilities also decreased by \$1,478,590 or 1.9 percent, totaling \$75,332,744 at June 30, 2014, compared to \$76,811,334 at June 30, 2013. As a result, net position shows a decrease of \$215,644, ending with a year-end balance of \$22,874,896.

The operating revenues totaled \$11,145,846 for the 2013-14 fiscal year, representing a 3.9 percent decrease compared to the 2012-13 fiscal year. Operating expenses totaled \$8,270,115 for the 2013-14 fiscal year, representing an increase of 5.8 percent compared to the 2012-13 fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets and liabilities of the Housing Operation, using the accrual basis of accounting, and presents the financial position of the Housing Operation at a specified time. The difference between total assets and total liabilities, net position, is one indicator of the current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the financial condition. The following summarizes the assets, liabilities, and net position at June 30, 2014 and June 30, 2013:

Condensed Statement of Net Position

	<u>2013-14</u>	<u>2012-13</u>
Assets		
Current Assets	\$ 23,934,931	\$ 52,789,673
Capital Assets, Net	<u>74,272,709</u>	<u>47,112,201</u>
Total Assets	<u>98,207,640</u>	<u>99,901,874</u>
Liabilities		
Current Liabilities	8,788,156	7,187,336
Noncurrent Liabilities	<u>66,544,588</u>	<u>69,623,998</u>
Total Liabilities	<u>75,332,744</u>	<u>76,811,334</u>
Net Position		
Invested in Capital Assets		
Net of Related Debt	11,699,095	11,722,722
Restricted	8,708,374	6,885,382
Unrestricted	<u>2,467,427</u>	<u>4,482,436</u>
Total Net Position	<u>\$ 22,874,896</u>	<u>\$ 23,090,540</u>

Total assets decreased by \$1,694,234, total liabilities decreased by \$1,478,590 and total net position decreased by \$215,644. The decrease in total assets is comprised of a \$28,854,742 or 54.6 percent decrease in current assets and an increase in net capital assets of \$27,160,508 or 57.6 percent. The decrease in current assets is primarily due to expending bond proceeds obtained to fund construction of a new 800-bed dormitory. Likewise, the increase in net capital assets is primarily related to the capitalization of the construction costs associated with this project. The reduction of the University's total liabilities is mainly due to normally scheduled debt payments. The decrease in net position is primarily due to an adjustment of \$601,060 to reduce the beginning net position for a change in reporting of debt issuance costs pursuant to GASB Statement 65. Prior to the adjustment, net position increased \$385,416.

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following summarizes the activity for the 2013-14 and 2012-13 fiscal years:

Condensed Statement of Revenue, Expenses and Changes in Net Position

	<u>2013-14</u>	<u>2012-13</u>
Operating Revenues	\$ 11,145,846	\$ 11,600,052
Operating Expenses	<u>8,270,115</u>	<u>7,820,386</u>
Operating Income	2,875,731	3,779,666
Net Nonoperating Revenues (Expenses)	<u>(2,490,315)</u>	<u>4,655,978</u>
Increase in Net Position	385,416	8,435,644
Net Position, Beginning of Year	23,090,540	14,654,896
Adjustment to Beginning Net Position	<u>(601,060)</u>	<u>-</u>
Net Position, End of Year	<u>\$ 22,874,896</u>	<u>\$ 23,090,540</u>

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value. The following summarizes the operating revenues by source that were used to fund operating activities during the 2013-14 and 2012-13 fiscal years:

Revenues Used to Fund Operating Activities

	<u>2013-14</u>	<u>2012-13</u>
Housing Revenues	\$ 11,145,846	\$ 11,410,486
Other	<u>-</u>	<u>189,566</u>
Total	<u>\$ 11,145,846</u>	<u>\$ 11,600,052</u>

Housing revenues decreased \$264,640 or 2.3 percent due primarily to a decline in enrollment. Other Operating Revenues were reclassified to Housing Revenues for 2013-14.

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Housing Operation has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position.

The following summarizes the operating expenses by natural classifications for the 2013-14 and 2012-13 fiscal years:

Operating Expenses by Class

	<u>2013-14</u>	<u>2012-13</u>
Compensation and Benefits	\$ 2,958,938	\$ 2,695,201
Services and Supplies	2,707,896	2,716,710
Utilities	1,379,632	1,291,747
Scholarships	250,292	152,253
Depreciation Expense	<u>973,357</u>	<u>964,475</u>
Total	<u>\$ 8,270,115</u>	<u>\$ 7,820,386</u>

Overall, operating expenses experienced an increase of \$449,729 or 5.8 percent. Compensation and benefits increased by \$263,737 or 9.8 percent as a result of increases to salary and health care costs pursuant to Federal, State and University guidelines. Utilities increased \$87,885 or 6.8 percent due to costs associated with placing the new student residence facility in service. The facility was placed in service subsequent to June 30, 2014. Scholarships increased by \$98,039 or 64.4% due to increased Housing scholarships for students.

Nonoperating Revenues and Expenses

The following summarizes the nonoperating revenues and expenses for the 2013-14 and 2012-13 fiscal years:

Nonoperating Revenues (Expenses)

	<u>2013-14</u>	<u>2012-13</u>
Investment Income	\$ 507,629	\$ 561,395
Interest on Capital Asset-Related Debt	(3,235,073)	(3,151,831)
Other Nonoperating Revenues	<u>237,128</u>	<u>7,246,415</u>
Net Nonoperating Revenues (Expenses)	<u>\$ (2,490,316)</u>	<u>\$ 4,655,979</u>

The decrease in nonoperating revenue is a result of the additional funding for the new 800-bed dormitory during fiscal year 2012-13.

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the Housing Operation's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the Housing Operation. Cash flows from the capital financing activities include all plant funds and related long-term debt activities. Cash flows from the investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from the noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2013-14 and 2012-13 fiscal years:

Condensed Statement of Cash Flows

	<u>2013-14</u>	<u>2012-13</u>
Cash Provided (Used) By:		
Operating Activities	\$ 3,549,552	\$ 5,264,829
Noncapital Activities	-	(97,697)
Capital Related Activities	(32,226,429)	37,946,887
Investing Activities	<u>29,894,973</u>	<u>(46,244,419)</u>
Net Increase in Cash and Cash Equivalents	1,218,096	(3,130,400)
Cash and Cash Equivalents, Beginning of Year	<u>50,252</u>	<u>3,180,652</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,268,348</u>	<u>\$ 50,252</u>

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION**CAPITAL ASSETS**

At June 30, 2014, the Housing Operation had \$48,493,522 in depreciable capital assets, less accumulated depreciation of \$18,789,115, for net capital assets of \$29,704,407. Depreciation charges for the current fiscal year totaled \$973,358. Additional information about the capital assets, including construction expense commitments, is presented in the notes to the financial statements.

DEBT ADMINISTRATION

As of June 30, 2014, the Housing Operation had \$69,146,791 in outstanding capital improvement debt, representing a decrease of \$2,921,128 due to normally scheduled debt payments. Additional information about the long-term debt is presented in the notes to the financial statements.

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2014

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	
Cash on Hand	\$ -
Cash in Bank	1,257,970.75
Cash with SBA	10,377.27
Total Cash and Cash Equivalents	<u>1,268,348.02</u>

Investments

Special Investments with State Treasury	17,011,154.35
Investments with State Board of Administration	4,665,473.12
Adjustment to Fair Market Value	118,254.23

Total Investments	<u>21,794,881.70</u>
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Receivables

Accounts Receivable	4,321,232.22
Interest Receivable	19,166.77
Allowance for Uncollectibles	<u>(3,468,697.43)</u>

Total Receivables	<u>871,701.56</u>
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TOTAL CURRENT ASSETS

23,934,931.28

CAPITAL ASSETS

Depreciable Capital Assets	
Buildings	47,115,515.55
Infrastructure	977,573.54
Furniture and Equipment	400,433.27
Accumulated Depreciation	<u>(18,789,114.76)</u>
Total Depreciable Capital Assets	<u>29,704,407.60</u>

Non-Depreciable Capital Assets

Construction in Progress	<u>44,568,300.89</u>
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Total Non-Depreciable Capital Assets	<u>44,568,300.89</u>
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TOTAL CAPITAL ASSETS

74,272,708.49

TOTAL ASSETS

\$ 98,207,639.77

LIABILITIES

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	
Accounts Payable	\$ 250,059.55
Accrued Salaries and Wages	55,609.59
Construction Contracts Payable	4,653,431.07
Total Accounts Payable and Accrued Liabilities	<u>4,959,100.21</u>

Deferred Revenues	<u>993,814.72</u>
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Long-Term Liabilities - Current Portion

Capital Improvement Debt Payable - Current	2,820,000.00
Compensated Absences Liability	15,240.72

Total Long-Term Liabilities - Current Portion	<u>2,835,240.72</u>
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TOTAL CURRENT LIABILITIES

8,788,155.65

NON-CURRENT LIABILITIES

Capital Improvement Debt Payable - Noncurrent	66,326,790.82
Compensated Absences Liability	217,797.75

TOTAL NON-CURRENT LIABILITIES	<u>66,544,588.57</u>
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TOTAL LIABILITIES

\$ 75,332,744.22

NET POSITION

Invested in Capital Assets, Net of Related Debt	\$ 11,699,094.66
Restricted - Expendable	8,708,373.86
Unrestricted	2,467,427.03
TOTAL NET POSITION	<u>\$ 22,874,895.55</u>

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2014

OPERATING REVENUES	
Housing Revenue	\$ 11,145,846.05
Other Operating Revenue	-
TOTAL OPERATING REVENUES	<u>11,145,846.05</u>
OPERATING EXPENSES	
Compensation and Employee Benefits	2,958,938.16
Services and Supplies	2,707,895.51
Utilities	1,379,631.86
Scholarships	250,291.79
Depreciation Expense	973,357.50
TOTAL OPERATING EXPENSES	<u>8,270,114.82</u>
TOTAL OPERATING INCOME	<u>2,875,731.23</u>
NONOPERATING REVENUES (EXPENSES)	
Investment Income	507,629.23
Interest on Asset-Related Debt	(3,235,073.24)
Other Non-Operating Revenues	237,128.29
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(2,490,315.72)</u>
CHANGE IN NET POSITION	385,415.51
TOTAL NET POSITION - BEGINNING	23,090,540.29
ADJUSTMENT TO BEGINNING NET POSITION	<u>(601,060.25)</u>
TOTAL NET POSITION	<u>\$ 22,874,895.55</u>

**FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES	
Sales and Services of Auxiliary Enterprises	\$ 11,117,112.96
Payments to Employees	(2,971,074.26)
Payments to Suppliers for Goods and Services	<u>(4,596,486.58)</u>
NET CASH PROVIDED FROM OPERATIONS	<u>3,549,552.12</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase or Construction of Capital Assets	(26,307,356.20)
Principal Paid on Capital Debt	(2,684,000.00)
Interest Paid on Capital Debt	<u>(3,235,073.24)</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(32,226,429.44)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net Change in Investments	29,387,344.33
Investment Income	<u>507,629.22</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>29,894,973.55</u>
NET CHANGE IN CASH	1,218,096.23
CASH - BEGINNING OF THE YEAR	50,251.79
CASH - END OF THE YEAR	<u>\$ 1,268,348.02</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The University is a separate public instrumentality that is part of the State University System of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of thirteen members. The Governor appoints six citizen members and the State's Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law, and Board of Governors' regulations. The Trustees select the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activity are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position

- Statement of Cash Flows
- Notes to Financial Statements

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources. The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows for Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Capital Assets. University capital assets consist of buildings, furniture and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$5,000 for tangible personal property, and \$100,000 for buildings and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 3 to 20 years

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of capital improvement debt payable and compensated absences payable that are not scheduled to be paid within the next fiscal year. Capital improvement debt payable is reported net of unamortized premium or discount and deferred losses on refundings. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.

2. REPORTING CHANGES

The Housing Operation does not have reporting changes for the 2013-2014 fiscal year.

3. ADJUSTMENTS TO BEGINNING NET POSITION

The beginning net position of the Housing Operation decreased by \$601,060 due to adoption of a new GASB Pronouncement, Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 requires bond issuance costs, which were previously deferred and amortized, to be expensed when incurred. Previously deferred bond issuance costs totaled \$601,060.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

5. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds awaiting clearing with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The University's Board of Trustees has not adopted a written investment policy. As such, pursuant to Section 218.415(17), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; and Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

External Investment Pools

The Housing Operation reported investments at fair value totaling \$17,129,409 at June 30, 2014, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard and Poor's and had an effective duration of 2.57 years, and had a fair value factor of 1.0074 at June 30, 2014. The University relies on policies developed by the State Treasury for managing interest rate risk or credit

risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

State Board of Administration Debt Service Accounts

The University reported investments totaling \$4,665,473 at June 30, 2014, in the State Board of Administration (SBA) Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of more than three months six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

6. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts due from students for housing rental and housing fee deferments, and various services provided to students by the housing operation.

Allowance for Uncollectible Receivables. Allowances for uncollectible accounts are reported based upon management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate.

7. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Non-Depreciable Capital Assets:				
Construction in Progress	\$ 16,534,830	\$ -	\$ -	\$ 16,534,830
Total Non-Depreciable Capital Assets	\$ 16,534,830	\$ -	\$ -	\$ 16,534,830
Depreciable Capital Assets:				
Buildings	\$ 47,115,516	\$ -	\$ -	\$ 47,115,516
Infrastructure	977,574	-	-	977,574
Furniture and Equipment	300,038	100,394	-	400,432
Total Depreciable Capital Assets	48,393,128	100,394	-	48,493,522
Less, Accumulated Depreciation:				
Buildings	17,598,693	874,556	-	18,473,249
Infrastructure	33,245	43,668	-	76,913
Furniture and Equipment	183,819	55,134	-	238,953
Total Accumulated Depreciation	17,815,757	973,358	-	18,789,115
Total Depreciable Capital Assets, Net	\$ 30,577,371	\$ (872,964)	\$ -	\$ 29,704,407

8. DEFERRED REVENUE

Deferred revenue includes a portion of 2014 summer housing revenues and housing deposits for Fall term 2014.

9. LONG-TERM LIABILITIES

Long-term liabilities of the Housing Operation at June 30, 2014, include capital improvement debt and compensated absences. Long-term liabilities activity for the fiscal year ended June 30, 2014, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt	\$ 72,067,919	\$ -	\$ 2,921,128	\$ 69,146,791	\$ 2,820,000
Compensated Absences	258,010	21,126	46,098	233,038	15,241
Total Long-Term Liabilities	\$ 72,325,929	\$ 21,126	\$ 2,967,226	\$ 69,379,829	\$ 2,835,241

Capital Improvement Debt Payable. The University has pledged a portion of future housing rental revenues to repay \$27,647,000 in capital improvement (housing) debt issued by the Florida Board of Administration on behalf of the University on June 29, 2010, through a private placement with the Branch Banking and Trust Company (BB&T). Proceeds provided financing, Series 2010B, for the refunding of \$12,865,000 existing capital improvement debt for student housing facilities, and to remodel two existing student housing facilities, Series 2010A. On July 29, 2010, the refunded bonds were redeemed at par. The debt is payable solely from housing rental income and is payable through 2030.

On July 20, 2012, the Florida Board of Governors, on behalf of the University, issued \$42,850,000 of Florida Agricultural and Mechanical University Dormitory Revenue Bonds, Series 2012A, with a stated interest rate of 5.0 percent, and 2032 Term Bonds with a stated rate of 4.0 percent. The serial and term bonds are payable through June 30, 2030 and June 30, 2032, respectively. Proceeds of \$47,866,585, which included a premium of \$5,016,585, has financed construction of a student dormitory.

The University has committed to appropriate each year from the housing rental income amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$94,429,278, and principal and interest paid for the current year totaled \$5,912,358. During the 2013-14 fiscal year, housing rental income totaled \$11,145,846.

The Housing Operation had the following capital improvement debt payable outstanding at June 30, 2014:

Series	Amount of Original Issue	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date
2010A Dormitory Revenue Bonds	\$ 14,687,000	\$ 13,178,040	5.07	2030
2010B Dormitory Revenue Bonds	12,960,000	10,008,825	4.6	2025
2012A Dormitory Revenue Bonds	47,866,585	45,959,926	4.0-5.0	2032
Total	<u>\$ 75,513,585</u>	<u>\$ 69,146,791</u>		

Note: (1) Amount outstanding includes unamortized bond discounts and premiums, and deferred losses on refunding issues.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2014, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2015	2,820,000	3,095,999	5,915,999
2016	2,959,000	2,957,066	5,916,066
2017	3,110,000	2,811,140	5,921,140
2018	3,266,000	2,657,786	5,923,786
2019	3,427,000	2,496,807	5,923,807
2020-2024	19,380,000	9,778,674	29,158,674
2025-2029	19,075,000	5,024,967	24,099,967
2030-2032	10,749,000	820,839	11,569,839
Subtotal	<u>\$ 64,786,000</u>	<u>\$ 29,643,278</u>	<u>\$ 94,429,278</u>
Net Bond Discount, Premium and Deferred Loss	4,360,791		4,360,791
Total	<u>\$ 69,146,791</u>	<u>\$ 29,643,278</u>	<u>\$ 98,790,069</u>

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The Housing Operation reports a liability for the accrued leave. At June 30, 2014, the estimated liability for compensated absences, which includes the Housing Operation's share of the Florida Retirement System and FICA contributions, totaled \$233,038. The current portion of the compensated absences liability is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years calculated as a percentage of those years' total compensated absences liability.

10. RETIREMENT PROGRAMS

Florida Retirement System. Most employees working in regularly established positions of the Housing Operation are covered by the Florida Retirement System (FRS). The FRS is primarily a State-

administered, cost-sharing, multiple-employer, defined benefit retirement plan. FRS provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

A Deferred Retirement Option Program (DROP) subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service for employer contributions and vest fully and immediately for employee contributions.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2013-14 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	6.95
Florida Retirement System, Senior Management Service	3.00	18.31
Florida Retirement System, Special Risk	3.00	19.06
Teacher's Retirement System, Plan E	6.25	11.50
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	12.84
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.20 percent for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of the Investment Plan.
(B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The Housing Operation's liability for participation in the FRS is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Housing Operation.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant 7.34 percent of the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for administrative costs, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

11. RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2),

Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2013-14 fiscal year, for property losses, the State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$50 million for named windstorm and flood losses through February 15, 2014, and increased to \$54 million starting February 16, 2014. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

12. LITIGATION

The University is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the University's legal counsel and management, should not materially affect the University's financial position.

A personal injury claim and complaint of alleged wrongful death involving a student was filed against the Board of Trustees in July 2012. This litigation grows out of a hazing incident that occurred on November 19, 2011. Discovery in this case is pending as well as the Court's decision on the University's motion for summary judgment. We are unable to estimate potential liability or damages, if any, at this time.

1. HOUSING FACILITY RENTAL RATES

On-Campus Dormitory Rental Rates¹					
(per student/per semester)					
Description	2009-10	2010-11	2011-12	2012-13	2013-14
Traditional Double (1)	\$ 1,923	\$ 1,999	\$ 2,079	\$ 2,162	\$ 2,248
Traditional Single (1)	\$ 2,273	\$ 2,349	\$ 2,429	\$ 2,526	\$ 2,627
Traditional Double (2)	\$ 2,079	\$ 2,162	\$ 2,249	\$ 2,339	\$ 2,433
Traditional Single (2)	\$ 2,429	\$ 2,512	\$ 2,599	\$ 2,703	\$ 2,812
Co-Ed Double (3)	\$ 1,744	\$ 1,814	\$ 1,886	\$ 1,961	N/A
Co-Ed Single (3)	\$ 2,094	\$ 2,164	\$ 2,236	\$ 2,325	\$ 2,040
Newly Renovated Double (4)	Off-line	Off-line	\$ 2,800	\$ 2,912	\$ 3,028
Newly Renovated Single (4)	Off-line	Off-line	\$ 3,150	\$ 3,276	\$ 3,407

(1) Cropper, McGuinn, and Wheatley (Wheatley Hall was off-line for FY 2013-14)
 (2) Diamond, Gibbs, Truth
 (3) The Paddyfote Complex
 (4) Sampson and Young

On-Campus Apartments Rental Rates¹					
(per student/per semester)					
Description	2009-10	2010-11	2011-12	2012-13	2013-14
Palmetto North - 2 Bedroom Double	\$ 2,147	\$ 2,233	\$ 2,323	\$ 2,416	\$ 2,513
Palmetto South - 4 Bedroom Single	\$ 2,422	\$ 2,519	\$ 2,620	\$ 2,725	\$ 2,843
Palmetto South - 3 Bedroom Double	\$ 2,147	\$ 2,233	\$ 2,323	\$ 2,416	\$ 2,513
Palmetto Phase III - 4 Bedroom Single	\$ 2,478	\$ 2,577	\$ 2,680	\$ 2,787	\$ 2,898
Palmetto Phase III - 3 Bedroom Double	\$ 2,206	\$ 2,294	\$ 2,386	\$ 2,481	\$ 2,580

¹ Rental rates include all utilities, cable, internet and supervisory staff.

2. HOUSING FACILITY OCCUPANCY ANALYSIS

The following statistics are presented as of the first day of the Fall semester:

Housing System Occupancy Analysis

Year	Total Enrollment	Housing Applications Received (1)	Total Capacity (2) (3)	Actual Occupancy	Occupancy as % of Capacity	% of Students in University Housing	# of Students on Waiting List (4)
2009-10	12,261	3,161	2,487	2,401	96.54%	19.58%	369
2010-11	13,277	3,525	2,446	2,388	97.63%	17.99%	167
2011-12	13,207	3,094	2,611	2,548	97.59%	19.29%	259
2012-13	12,044	2,615	2,697	2,309	85.61%	19.17%	0
2013-14	10,747	3,223	2,489	2,158	86.70%	20.08%	0
2014-15	10,224	4,147	2,387	2,238	93.76%	21.89%	0

(1) Housing applications received reflects total housing applications received as of the start of the fall semester.

(2) Total capacity column represents the number of bed spaces included in the housing facilities available for rental and differs from designed capacity

(3) Cropper, McGuinn, Wheatley, Diamond Halls; and Palmetto North Apts are off-line for the 2014-15 fiscal year

(4) The University no longer maintains a waiting list within the Residential Management System (RMS)

3. HOUSING FACILITY COLLECTION RATES

Historical Collection Rates for On-Campus Housing Charges	
Year	Collection Rate
2009-10	93.5%
2010-11	92.0%
2011-12	95.0%
2012-13	91.9%
2013-14	90.4%

4. ADMISSION AND REGISTRATION HEADCOUNTS AND PERCENTAGES BY TYPE OF STUDENT

	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014
All Students:					
Applicants	10,189	9,155	7,118	6,069	6,104
Admitted	5,586	4,712	3,837	3,263	3,341
% of Applicants Admitted	54.8%	51.5%	53.9%	53.5%	54.7%
Enrolled	3,277	2,678	2,143	1,837	1,922
% of Admitted Enrolled	58.7%	56.8%	55.9%	56.3%	57.5%
First-Time-In-College:					
Applicants	6,949	6,079	4,630	3,992	4,032
Admitted	4,096	3,080	2,393	2,088	2,147
% of Applicants Admitted	58.9%	50.7%	51.7%	52.3%	53.2%
Enrolled	2,201	1,548	1,152	1,002	1,061
% of Admitted Enrolled	53.7%	50.3%	48.1%	48.0%	49.4%
Community College Transfers:					
Applicants	758	818	692	595	582
Admitted	391	471	412	341	348
% of Applicants Admitted	51.6%	57.6%	59.5%	57.3%	59.8%
Enrolled	269	309	275	224	251
% of Admitted Enrolled	68.8%	65.6%	66.8%	65.7%	72.1%
Other Undergraduate Transfers:					
Applicants	1,339	1,109	947	802	731
Admitted	415	381	395	329	282
% of Applicants Admitted	31.0%	34.4%	41.7%	41.0%	38.6%
Enrolled	237	213	222	202	180
% of Admitted Enrolled	57.1%	55.9%	56.2%	61.4%	63.8%
Graduate:					
Applicants	796	824	563	539	570
Admitted	347	456	351	340	380
% of Applicants Admitted	43.6%	55.3%	62.3%	63.1%	66.7%
Enrolled	280	344	280	271	281
% of Admitted Enrolled	80.7%	75.4%	79.8%	79.7%	73.9%
Professional Schools:					
Applicants	347	325	286	168	189
Admitted	337	324	286	165	184
% of Applicants Admitted	97.1%	99.7%	100.0%	98.2%	97.4%
Enrolled	290	264	214	138	149
% of Admitted Enrolled	86.1%	81.5%	74.8%	83.6%	81.0%

HEADCOUNT AND FULL-TIME EQUIVALENT ENROLLMENT BY LEVEL**Headcount Enrollment by Level**

Fall	Undergraduate	Graduate	Other	Annual Total
2010	11,147	1,959	171	13,277
2011	11,022	2,009	176	13,207
2012	9,941	1,969	147	12,057
2013	8,825	1,779	139	10,743
2014	7,983	1,729	536	10,248*

* FAMU believes the continued decline in enrollment is a result of the lasting effects of one year probation, which ceased on December 2013, in addition to the negative impacts of Satisfactory Academic Progress and eligibility requirements related to federal financial aid.

Full-Time-Equivalent Enrollment by Level**(Florida Method)**

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Annual Total</u>
2009-10	6,824	1,512	8,336
2010-11	7,585	1,507	9,092
2011-12	7,203	1,535	8,738
2012-13	6,552	1,462	8,014
2013-14	6,501	1,397	7,898

Full-Time-Equivalent Enrollment by Level**(IPEDS Method)**

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Annual Total</u>
2012-13	9,654	2,075	11,729
2013-14	8,668	1,863	10,531

The full-time equivalent (FTE) student calculation factor is a measure of student enrollment based on the number of student credit hours for which students enroll. FTE enrollment is determined by dividing the total number of hours enrolled by all students in a specific category by the appropriate hour requirement.

The Florida State University System has previously reported FTEs under its own methodology where 15 undergraduate student credit hours or 12 graduate student credit hours are equivalent to one FTE during the fall and spring semesters. During the summer semester, 10 undergraduate student credit hours or 8 graduate student credit hours are equivalent to one FTE. Annual full-time equivalency is 40 credit hours for undergraduate students and 32 credit hours for graduate students.

The Federal government's IPEDS (Integrated Postsecondary Education Data System) method defines one FTE as 30 credit hours over a 12-month period for undergraduate students and 24 credit hours over a 12-month period for graduate students.

University Housing System Operating Budget (Cash Basis)

	Fiscal Year 2009-10			Fiscal Year 2010-11			Fiscal Year 2011-12			Fiscal Year 2012-13			Fiscal Year 2013-14		
	Budget	Actual	Difference +/-	Budget	Actual	Difference +/-	Budget	Actual	Difference +/-	Budget	Actual	Difference +/-	Budget	Actual	Difference +/-
Revenue from Operations	\$ 9,648,444	\$ 10,225,818	\$ 577,374	\$ 10,159,344	\$ 10,948,243	\$ 788,899	\$ 11,878,913	\$ 12,037,618	\$ 158,705	\$ 12,722,930	\$ 11,693,715	\$ (1,029,215)	\$ 12,987,614	\$ 10,439,506	\$ (2,558,108)
Beginning Cash Balance	3,383,736	2,355,068	(1,028,668)	4,355,418	7,687,414	3,331,996	9,353,878	6,951,687	(2,402,191)	6,677,001	6,572,645	(104,456)	9,855,483	9,855,483	-
Total Funds Available	13,032,180	12,580,886	(451,294)	14,514,762	18,635,657	4,120,895	21,232,791	18,989,305	(2,243,486)	19,399,931	18,266,260	(1,133,671)	22,854,097	20,295,989	(2,558,108)
Expenditures:															
Salaries & Benefits	\$ 2,140,633	\$ 1,936,105	\$ (204,528)	\$ 2,233,714	\$ 2,132,469	\$ (101,245)	\$ 2,370,732	\$ 1,977,700	\$ (393,032)	\$ 2,478,057	\$ 2,110,806	\$ (367,251)	\$ 2,492,604	\$ 2,283,781	\$ (208,823)
Other Personal Services	598,454	561,949	(36,505)	638,506	517,573	(120,933)	745,927	628,112	(117,815)	762,940	600,724	(162,216)	804,642	698,806	(104,836)
Operating Expenses	4,734,551	3,813,831	(920,750)	5,086,852	4,041,511	(1,045,341)	6,114,655	4,478,149	(1,636,506)	5,815,320	3,065,221	(2,750,099)	5,835,434	4,108,102	(1,727,332)
Operating Capital Outlay	75,000	32,420	(42,580)	86,400	62,748	(23,652)	55,104	47,319	(7,785)	90,499	3,985	(86,514)	161,009	74,209	(86,800)
Non-Operating Expenses	533,571	529,070	(4,501)	537,633	537,633	-	633,803	633,803	-	651,869	911,817	259,948	-	(61,460)	(61,460)
Debt Service	1,352,094	1,352,094	-	1,989,844	1,989,844	-	2,459,038	2,459,038	-	2,459,038	4,360,761	1,901,723	5,919,073	5,919,073	-
Replacement Reserve	289,453	289,453	-	304,780	304,780	-	356,367	356,367	-	381,688	381,688	-	389,928	389,928	-
Total Expenditures	\$ 9,723,786	\$ 8,514,922	\$ (1,208,864)	\$ 10,877,729	\$ 9,596,558	\$ (1,291,171)	\$ 12,735,626	\$ 10,580,488	\$ (2,155,138)	\$ 12,639,411	\$ 11,435,002	\$ (1,204,409)	\$ 15,602,890	\$ 13,413,439	\$ (2,189,251)
Ending Cash Balance	\$ 3,308,394	\$ 4,065,964	\$ 757,570	\$ 3,637,033	\$ 9,049,099	\$ 5,412,066	\$ 8,497,165	\$ 8,408,817	\$ (88,348)	\$ 6,760,520	\$ 6,831,258	\$ 70,738	\$ 7,251,407	\$ 6,882,550	\$ (368,857)

**STATE of FLORIDA
BOARD of GOVERNORS**

Florida Agricultural and Mechanical University



**Dormitory Revenue Bonds
Series 2012A**

**SEC Continuing Disclosure Requirement Report
June 30, 2015**

MEMORANDUM**VIA EMAIL**

TO: Raymond K. Petty, Senior Attorney

FROM: Tiffany Holmes

SUBJECT: Compliance with SEC Continuing Disclosure Requirements Regarding:
\$42,850,000 State of Florida, Board of Governors, Florida Agricultural and
Mechanical University Dormitory Revenue Bonds, Series 2012A

Date: November 16, 2015

Enclosed are the following reports for the fiscal year ending June 30, 2015 for the Housing Operations:

1. Management's Discussion and Analysis
2. Statement of Net Position
3. Statement of Revenue, Expenditures and Changes in Net Position
4. Statement of Cash Flows
5. Footnotes to Financial Statements
6. Attachment for Statistical Information

The financial statements for the Student Apartment Facility are prepared in compliance with GAAP and GASB 35. These statements are audited along with the University Financial Statements by the Auditor General of the State of Florida.

Should you have any questions or require additional information, please contact me at (850) 561-2888.

Cc: Elmira Mangum, Ph.D., President
Dale L. Cassidy, CFO and Vice President for Finance and Administration
Chris Kinsley, BOG

MANAGEMENT'S DISCUSSION AND ANALYSIS HOUSING OPERATION JUNE 30, 2015

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Housing Operation for the fiscal year ended June 30, 2015, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of University management.

FINANCIAL HIGHLIGHTS

The assets for the Housing Operation totaled \$91,127,306 at June 30, 2015. This balance reflects a \$7,080,334, or 7.2 percent decrease from the 2013-14 fiscal year. Liabilities also decreased by \$6,942,411 or 9.2 percent, totaling \$68,390,333 at June 30, 2015, compared to \$75,332,744 at June 30, 2014. As a result, net position shows a decrease of \$15,564, ending with a year-end balance of \$22,859,332.

The operating revenues totaled \$14,067,751 for the 2014-15 fiscal year, representing a 26.2 percent increase compared to the 2013-14 fiscal year. Operating expenses totaled \$8,463,265 for the 2014-15 fiscal year, representing an increase of 2.3 percent compared to the 2013-14 fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets and liabilities of the Housing Operation, using the accrual basis of accounting, and presents the financial position of the Housing Operation at a specified time. The difference between total assets and total liabilities, net position, is one indicator of the current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the financial condition. The following summarizes the assets, liabilities, and net position at June 30, 2015 and June 30, 2014:

MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2015

Condensed Statement of Net Position

	<u>2014-15</u>	<u>2013-14</u>
Assets		
Current Assets	\$ 9,844,489	\$ 23,934,931
Capital Assets, Net	<u>81,273,795</u>	<u>74,272,709</u>
Total Assets	<u>91,118,284</u>	<u>98,207,640</u>
Deferred Outflows of Resources	122,359	-
Liabilities		
Current Liabilities	4,905,603	8,788,156
Noncurrent Liabilities	<u>63,484,730</u>	<u>66,544,588</u>
Total Liabilities	<u>68,390,333</u>	<u>75,332,744</u>
Net Position		
Invested in Capital Assets		
Net of Related Debt	9,560,965	11,699,095
Restricted	11,062,019	8,708,374
Unrestricted	<u>2,227,327</u>	<u>2,467,427</u>
Total Net Position	<u>\$ 22,850,311</u>	<u>\$ 22,874,896</u>

Total assets decreased by \$7,089,356, total liabilities decreased by \$6,942,411 and total net position decreased by \$24,585. The decrease in total assets is comprised of a \$14,090,442 or 58.9 percent decrease in current assets and an increase in net capital assets of \$7,001,086 or 9.4 percent. The decrease in current assets is primarily due to expending bond proceeds obtained to fund construction of a new 800-bed dormitory and the transfer of the remaining University investment in the project to other auxiliary enterprises. Likewise, the increase in net capital assets is primarily related to the capitalization of the construction costs associated with this project. The reduction of the University's total liabilities is mainly due to normally scheduled debt payments and payment of liabilities accrued the prior fiscal year.

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following summarizes the activity for the 2014-15 and 2013-14 fiscal years:

**MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2015**

Condensed Statement of Revenue, Expenses and Changes in Net Position

	<u>2014-15</u>	<u>2013-14</u>
Operating Revenues	\$ 14,067,751	\$ 11,145,846
Operating Expenses	<u>8,472,286</u>	<u>8,270,115</u>
Operating Income	5,595,465	2,875,731
Net Nonoperating Revenues (Expenses)	<u>(5,620,050)</u>	<u>(2,490,315)</u>
Increase in Net Position	(24,585)	385,416
Net Position, Beginning of Year	22,874,896	23,090,540
Adjustment to Beginning Net Position	0	(601,060)
Net Position, End of Year	<u>\$ 22,850,311</u>	<u>\$ 22,874,896</u>

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value. The following summarizes the operating revenues by source that were used to fund operating activities during the 2014-15 and 2013-14 fiscal years:

Revenues Used to Fund Operating Activities

	<u>2014-15</u>	<u>2013-14</u>
Housing Revenues	\$ 14,067,751	\$ 11,145,846
Other	-	-
Total	<u>\$ 14,067,751</u>	<u>\$ 11,145,846</u>

Housing revenues increased \$2,921,905 or 26.2 percent due primarily to the opening of the new 800-bed dormitory (FAMU Village).

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Housing Operation has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2015

The following summarizes the operating expenses by natural classifications for the 2014-15 and 2013-14 fiscal years:

Operating Expenses by Class

	<u>2014-15</u>	<u>2013-14</u>
Compensation and Benefits	\$ 3,049,815	\$ 2,958,938
Services and Supplies	2,625,416	2,707,896
Utilities	1,635,768	1,379,632
Scholarships	187,677	250,292
Depreciation Expense	973,610	973,357
Total	<u>\$ 8,472,286</u>	<u>\$ 8,270,115</u>

Overall, operating expenses experienced an increase of \$202,171 or 2.4 percent. Compensation and benefits increased by \$90,877 or 3.1 percent as a result of increases to salary and health care costs pursuant to Federal, State and University guidelines. Utilities increased \$256,136 or 18.6 percent due to occupancy of FAMU Village. Scholarships decreased by \$62,615 or 25.0% due to decreased Housing scholarships for students.

Nonoperating Revenues and Expenses

The following summarizes the nonoperating revenues and expenses for the 2014-15 and 2013-14 fiscal years:

Nonoperating Revenues (Expenses)

	<u>2014-15</u>	<u>2013-14</u>
Investment Income (Loss)	\$ (11,874)	\$ 507,629
Interest on Capital Asset-Related Debt	(3,102,444)	(3,235,073)
Other Nonoperating Revenues (Expense)	<u>(2,505,732)</u>	<u>237,128</u>
Net Nonoperating Revenues (Expenses)	<u>\$ (5,620,050)</u>	<u>\$ (2,490,316)</u>

The increase in nonoperating expense is primarily the result of the transfer of University investments out of the Housing Operation upon the completion of FAMU Village.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2015**

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the Housing Operation's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the Housing Operation. Cash flows from the capital financing activities include all plant funds and related long-term debt activities. Cash flows from the investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from the noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2014-15 and 2013-14 fiscal years:

Condensed Statement of Cash Flows

	<u>2014-15</u>	<u>2013-14</u>
Cash Provided (Used) By:		
Operating Activities	\$ 6,897,008	\$ 3,549,552
Noncapital Activities	-	0
Capital Related Activities	(21,180,582)	(32,226,429)
Investing Activities	<u>14,876,538</u>	<u>29,894,973</u>
Net Increase in Cash and Cash Equivalents	592,964	1,218,096
Cash and Cash Equivalents, Beginning of Year	<u>1,268,348</u>	<u>50,252</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,861,312</u>	<u>\$ 1,268,348</u>

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2015, the Housing Operation had \$101,029,012 in depreciable capital assets, less accumulated depreciation of \$19,746,195, for net capital assets of \$81,282,817. Depreciation charges for the current fiscal year totaled \$964,589. Additional information about the capital assets is presented in the notes to the financial statements.

DEBT ADMINISTRATION

As of June 30, 2015, the Housing Operation had \$66,212,022 in outstanding capital improvement debt, representing a decrease of \$3,069,364 due to normally scheduled debt payments. Additional information about the long-term debt is presented in the notes to the financial statements.

**FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015**

**FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	
Cash on Hand	\$ -
Cash in Bank	1,854,257.43
Cash with SBA	7,054.15
Total Cash and Cash Equivalents	<u>1,861,311.58</u>
Investments	
Special Investments with State Treasury	2,256,757.96
Investments with State Board of Administration	4,671,464.53
Adjustment to Fair Market Value	(5,100.62)
Total Investments	<u>6,923,121.87</u>
Receivables	
Accounts Receivable	4,982,921.38
Interest Receivable	2,515.31
Allowance for Uncollectibles	(3,925,380.87)
Total Receivables	<u>1,060,055.82</u>
TOTAL CURRENT ASSETS	<u>9,844,489.27</u>
CAPITAL ASSETS	
Depreciable Capital Assets	
Buildings	98,813,122.16
Infrastructure	1,606,197.43
Furniture and Equipment	609,692.02
Accumulated Depreciation	(19,755,216.39)
Total Depreciable Capital Assets	<u>81,273,795.22</u>
Non-Depreciable Capital Assets	
Construction in Progress	-
Total Non-Depreciable Capital Assets	<u>-</u>
TOTAL CAPITAL ASSETS	<u>81,273,795.22</u>
TOTAL ASSETS	<u>\$ 91,118,284.49</u>
DEFERRED OUTFLOWS OF RESOURCES	122,359.33
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	
Accounts Payable	\$ 253,448.10
Accrued Salaries and Wages	55,205.25
Construction Contracts Payable	112,850.35
Total Accounts Payable and Accrued Liabilities	<u>421,503.70</u>
Deferred Revenues	<u>1,511,067.91</u>
Long-Term Liabilities - Current Portion	
Capital Improvement Debt Payable - Current	2,959,000.00
Compensated Absences Liability	14,031.73
Total Long-Term Liabilities - Current Portion	<u>2,973,031.73</u>
TOTAL CURRENT LIABILITIES	<u>4,905,603.34</u>
NON-CURRENT LIABILITIES	
Capital Improvement Debt Payable - Noncurrent	63,253,021.86
Compensated Absences Liability	231,707.84
TOTAL NON-CURRENT LIABILITIES	<u>63,484,729.70</u>
TOTAL LIABILITIES	<u>\$ 68,390,333.04</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	\$ 9,560,965.19
Restricted - Expendable	11,062,019.15
Unrestricted	2,227,326.44
TOTAL NET POSITION	<u>\$ 22,850,310.78</u>

**FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015**

**FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2015**

OPERATING REVENUES	
Housing Revenue	\$ 14,067,751.22
Other Operating Revenue	-
TOTAL OPERATING REVENUES	<u>14,067,751.22</u>
OPERATING EXPENSES	
Compensation and Employee Benefits	3,049,814.74
Services and Supplies	2,625,416.64
Utilities	1,635,767.74
Scholarships	187,676.72
Depreciation Expense	973,610.63
TOTAL OPERATING EXPENSES	<u>8,472,286.47</u>
TOTAL OPERATING INCOME	<u>5,595,464.75</u>
NONOPERATING REVENUES (EXPENSES)	
Investment Income	(11,873.84)
Interest on Asset-Related Debt	(3,102,443.83)
Other Non-Operating Revenues	(2,505,731.85)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(5,620,049.52)</u>
CHANGE IN NET POSITION	(24,584.77)
TOTAL NET POSITION - BEGINNING	22,874,895.55
ADJUSTMENT TO BEGINNING NET POSITION	-
TOTAL NET POSITION	<u>\$ 22,850,310.78</u>

FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Sales and Services of Auxiliary Enterprises	\$ 14,192,321.97
Payments to Employees	(3,037,517.98)
Payments to Suppliers for Goods and Services	(4,257,795.83)
NET CASH PROVIDED FROM OPERATIONS	<u>6,897,008.16</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase or Construction of Capital Assets	(15,258,138.22)
Principal Paid on Capital Debt	(2,820,000.00)
Interest Paid on Capital Debt	(3,102,443.83)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(21,180,582.05)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net Change in Investments	14,888,411.29
Investment Income	(11,873.84)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>14,876,537.45</u>
NET CHANGE IN CASH	592,963.56
CASH - BEGINNING OF THE YEAR	1,268,348.02
CASH - END OF THE YEAR	<u>\$ 1,861,311.58</u>

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The University is a separate public instrumentality that is part of the State University System of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of thirteen members. The Governor appoints six citizen members and the State's Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law, and Board of Governors' regulations. The Trustees select the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activity are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position

**NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015**

- Statement of Cash Flows
- Notes to Financial Statements

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources. The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows for Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Capital Assets. University capital assets consist of buildings, furniture and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$5,000 for tangible personal property, and \$100,000 for buildings and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 3 to 20 years

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of capital improvement debt payable and compensated absences payable that are not scheduled to be paid within the next fiscal year. Capital improvement debt payable is reported net of unamortized premium or discount and deferred losses on refundings. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

2. REPORTING CHANGES

The Housing Operation does not have reporting changes for the 2014-2015 fiscal year.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

4. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds awaiting clearing with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The University's Board of Trustees has not adopted a written investment policy. As such, pursuant to Section 218.415(17), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; and Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

External Investment Pools

The Housing Operation reported investments at fair value totaling \$2,251,657 at June 30, 2015, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard and Poor's and had an effective duration of 2.67 years, and had a fair value factor of 1.0013 at June 30, 2015. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

State Board of Administration Debt Service Accounts

The University reported investments totaling \$4,671,465 at June 30, 2015, in the State Board of Administration (SBA) Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

investments consist of United States Treasury securities, with maturity dates of more than three months six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

5. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts due from students for housing rental and housing fee deferments, and various services provided to students by the housing operation.

Allowance for Uncollectible Receivables. Allowances for uncollectible accounts are reported based upon management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate.

6. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2015, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Non-Depreciable Capital Assets:				
Construction in Progress	\$ 44,568,301	\$ -	\$ 44,568,301	\$ -
Total Non-Depreciable Capital Assets	\$ 44,568,301	\$ -	\$ 44,568,301	\$ -
Depreciable Capital Assets:				
Buildings	\$ 47,115,516	\$ 51,697,607	\$ -	\$ 98,813,122
Infrastructure	977,574	628,624	-	1,606,197
Furniture and Equipment	400,433	216,768	7,509	609,692
Total Depreciable Capital Assets	48,493,522	52,542,998	7,509	101,029,012
Less, Accumulated Depreciation:				
Buildings	18,473,250	874,889	-	19,348,139
Infrastructure	76,913	33,245	-	110,158
Furniture and Equipment	238,952	65,477	7,509	296,920
Total Accumulated Depreciation	18,789,115	973,611	7,509	19,755,216
Total Depreciable Capital Assets, Net	\$ 29,704,408	\$ 51,569,388	\$ -	\$ 81,273,795

8. DEFERRED REVENUE

Deferred revenue includes a portion of 2015 summer housing revenues and housing deposits for Fall term 2015.

9. LONG-TERM LIABILITIES

Long-term liabilities of the Housing Operation at June 30, 2015, include capital improvement debt and compensated absences. Long-term liabilities activity for the fiscal year ended June 30, 2015, is shown below:

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt	\$ 69,146,791	\$ -	\$ 2,934,769	\$ 66,212,022	\$ 2,959,000
Compensated Absences	233,038	32,031	19,329	245,740	14,032
Total Long-Term Liabilities	\$ 69,379,829	\$ 32,031	\$ 2,954,098	\$ 66,457,762	\$ 2,973,032

Capital Improvement Debt Payable. The University has pledged a portion of future housing rental revenues to repay \$27,647,000 in capital improvement (housing) debt issued by the Florida Board of Administration on behalf of the University on June 29, 2010, through a private placement with the Branch Banking and Trust Company (BB&T). Proceeds provided financing, Series 2010B, for the refunding of \$12,865,000 existing capital improvement debt for student housing facilities, and to remodel two existing student housing facilities, Series 2010A. On July 29, 2010, the refunded bonds were redeemed at par. The debt is payable solely from housing rental income and is payable through 2030.

On July 20, 2012, the Florida Board of Governors, on behalf of the University, issued \$42,850,000 of Florida Agricultural and Mechanical University Dormitory Revenue Bonds, Series 2012A, with a stated interest rate of 5.0 percent, and 2032 Term Bonds with a stated rate of 4.0 percent. The serial and term bonds are payable through June 30, 2030 and June 30, 2032, respectively. Proceeds of \$47,866,585, which included a premium of \$5,016,585, has financed construction of a student dormitory.

The University has committed to appropriate each year from the housing rental income amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$88,513,279, and principal and interest paid for the current year totaled \$5,915,999. During the 2014-15 fiscal year, housing rental income totaled \$14,067,751.

The Housing Operation had the following capital improvement debt payable outstanding at June 30, 2015:

Series	Amount of Original Issue	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date
2010A Dormitory Revenue Bonds	\$ 14,687,000	\$ 12,627,725	5.07	2030
2010B Dormitory Revenue Bonds	12,960,000	9,350,200	4.6	2025
2012A Dormitory Revenue Bonds	47,866,585	44,234,097	4.0-5.0	2032
Total	\$ 75,513,585	\$ 66,212,022		

Note: (1) Amount outstanding includes unamortized bond discounts and premiums, and deferred losses on refunding issues.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

Annual requirements to amortize all bonded debt outstanding as of June 30, 2015, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	2,959,000	2,957,066	5,916,066
2017	3,110,000	2,811,140	5,921,140
2018	3,266,000	2,657,786	5,923,786
2019	3,427,000	2,496,807	5,923,807
2020-2024	19,380,000	9,778,674	29,158,674
2025-2029	19,075,000	5,024,967	24,099,967
2030-2032	10,749,000	820,839	11,569,839
			-
Subtotal	\$ 61,966,000	\$ 26,547,279	\$ 88,513,279
Net Bond Discount, Premium and Deferred Loss	4,246,022		4,246,022
Total	\$ 66,212,022	\$ 26,547,279	\$ 92,759,301

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The Housing Operation reports a liability for the accrued leave. At June 30, 2014, the estimated liability for compensated absences, which includes the Housing Operation's share of the Florida Retirement System and FICA contributions, totaled \$245,740. The current portion of the compensated absences liability is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years calculated as a percentage of those years' total compensated absences liability.

10. RETIREMENT PROGRAMS

Florida Retirement System. Most employees working in regularly established positions of the Housing Operation are covered by the Florida Retirement System (FRS). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan. FRS provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
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benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

A Deferred Retirement Option Program (DROP) subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service for employer contributions and vest fully and immediately for employee contributions.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2014-15 fiscal year were as follows:

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
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Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	7.37
Florida Retirement System, Senior Management Service	3.00	21.14
Florida Retirement System, Special Risk	3.00	19.82
Teacher's Retirement System, Plan E	6.25	11.50
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	12.28
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.26 percent for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of the Investment Plan.

(B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The Housing Operation's liability for participation in the FRS is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Housing Operation.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant 7.69 percent of the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for administrative costs, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

11. RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2),

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2014-15 fiscal year, for property losses, the State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$54 million for named windstorm and flood losses. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

12. LITIGATION

At any given time, the University is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the University's legal counsel and management, should not materially affect the University's financial position.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

1. HOUSING FACILITY RENTAL RATES

On-Campus Dormitory Rental Rates¹					
(per student/per semester)					
Description	2010-11	2011-12	2012-13	2013-14	2014-15
Traditional Double (1)	\$ 1,999	\$ 2,079	\$ 2,162	\$ 2,248	Off-line
Traditional Single (1)	\$ 2,349	\$ 2,429	\$ 2,526	\$ 2,627	Off-line
Traditional Double (2)	\$ 2,162	\$ 2,249	\$ 2,339	\$ 2,433	\$ 2,530
Traditional Single (2)	\$ 2,512	\$ 2,599	\$ 2,703	\$ 2,812	\$ 2,924
Co-Ed Double (3)	\$ 1,814	\$ 1,886	\$ 1,962	N/A	N/A
Co-Ed Single (3)	\$ 2,164	\$ 2,236	\$ 2,325	\$ 2,040	\$ 2,730
Newly Renovated Double (4)	Off-line	\$ 2,800	\$ 2,912	\$ 3,028	\$ 3,149
Newly Renovated Single (4)	Off-line	\$ 3,150	\$ 3,276	\$ 3,407	\$ 3,543
Suite Single (5)	N/A	N/A	N/A	N/A	\$ 3,458

(1) Cropper, McGuinn, and Wheatley were off-line for FY 2014-15
(2) Diamond, Gibbs, Truth (Diamond was off-line for FY 2014-15)
(3) The Paddyfote Complex
(4) Sampson and Young
(5) FAMU Village

On-Campus Apartments Rental Rates¹					
(per student/per semester)					
Description	2010-11	2011-12	2012-13	2013-14	2014-15
Palmetto North - 2 Bedroom Double	\$ 2,233	\$ 2,323	\$ 2,416	\$ 2,513	Off-line
Palmetto South - 4 Bedroom Single	\$ 2,519	\$ 2,620	\$ 2,725	\$ 2,843	\$ 2,947
Palmetto South - 3 Bedroom Double	\$ 2,233	\$ 2,323	\$ 2,416	\$ 2,513	\$ 2,614
Palmetto Phase III - 4 Bedroom Single	\$ 2,577	\$ 2,680	\$ 2,787	\$ 2,898	\$ 3,014
Palmetto Phase III - 3 Bedroom Double	\$ 2,294	\$ 2,386	\$ 2,481	\$ 2,580	\$ 2,947

¹ Rental rates include all utilities, cable, internet and supervisory staff.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

2. HOUSING FACILITY OCCUPANCY ANALYSIS

The following statistics are presented as of the first day of the Fall semester:

Housing System Occupancy Analysis

Year	Total Enrollment	Housing Applications Received (1)	Total Capacity (2) (3)	Actual Occupancy	Occupancy as % of Capacity	% of Students in University Housing	# of Students on Waiting List (4)
2011-12	13,207	3,094	2,611	2,548	97.59%	19.29%	259
2012-13	12,057	2,615	2,697	2,309	85.61%	19.15%	0
2013-14	10,743	3,223	2,489	2,158	86.70%	20.09%	0
2014-15	10,248	4,147	2,387	2,238	93.76%	21.84%	0
2015-16	9,928	2,568	2,382	2,342	98.32%	23.59%	0

(1) Housing applications received reflects total housing applications received as of the start of the fall semester.

(2) Total capacity column represents the number of bed spaces included in the housing facilities available for rental and differs from designed capacity

(3) Cropper, McGuinn, Wheatley, Diamond Halls; and Palmetto North Apts are off-line for the 2015-16 fiscal year

(4) The University no longer maintains a waiting list within the Residential Management System (RMS)

3. HOUSING FACILITY COLLECTION RATES

Historical Collection Rates for On-Campus Housing Charges	
Year	Collection Rate
2010-11	92.0%
2011-12	95.0%
2012-13	91.9%
2013-14	90.4%
2014-15	95.1%

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

4. ADMISSION AND REGISTRATION HEADCOUNTS AND PERCENTAGES BY TYPE OF STUDENT

	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015
All Students:					
Applicants	9,155	7,118	6,069	6,104	7,250
Admitted	4,712	3,837	3,263	3,341	4,011
% of Applicants Admitted	51.5%	53.9%	53.5%	54.7%	55.3%
Enrolled	2,678	2,143	1,837	1,922	2,113
% of Admitted Enrolled	56.8%	55.9%	56.3%	57.5%	52.7%
First-Time-In-College:					
Applicants	6,079	4,630	3,992	4,032	4,870
Admitted	3,080	2,393	2,088	2,147	2,676
% of Applicants Admitted	50.7%	51.7%	52.3%	53.2%	54.9%
Enrolled	1,548	1,152	1,002	1,061	1,307
% of Admitted Enrolled	50.3%	48.1%	48.0%	49.4%	48.8%
Community College Transfers:					
Applicants	818	692	595	582	549
Admitted	471	412	341	348	305
% of Applicants Admitted	57.6%	59.5%	57.3%	59.8%	55.6%
Enrolled	309	275	224	251	215
% of Admitted Enrolled	65.6%	66.8%	65.7%	72.1%	70.5%
Other Undergraduate Transfers:					
Applicants	1,109	947	802	731	730
Admitted	381	395	329	282	269
% of Applicants Admitted	34.4%	41.7%	41.0%	38.6%	36.8%
Enrolled	213	222	202	180	161
% of Admitted Enrolled	55.9%	56.2%	61.4%	63.8%	59.9%
Graduate:					
Applicants	824	563	539	570	709
Admitted	456	351	340	380	370
% of Applicants Admitted	55.3%	62.3%	63.1%	66.7%	52.2%
Enrolled	344	280	271	281	256
% of Admitted Enrolled	75.4%	79.8%	79.7%	73.9%	69.2%
Professional Schools:					
Applicants	325	286	168	189	392
Admitted	324	286	165	184	391
% of Applicants Admitted	99.7%	100.0%	98.2%	97.4%	99.7%
Enrolled	264	214	138	149	174
% of Admitted Enrolled	81.5%	74.8%	83.6%	81.0%	44.5%

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

HEADCOUNT AND FULL-TIME EQUIVALENT ENROLLMENT BY LEVEL

Headcount Enrollment by Level

Fall	Undergraduate	Graduate	Other	Annual Total
2011	11,022	2,009	176	13,207
2012	9,941	1,969	147	12,057
2013	8,825	1,779	139	10,743
2014	7,983	1,729	536	10,248
2015	7,705	1,756	467	9,928

Full-Time-Equivalent Enrollment by Level
(Florida Method)

Academic Year	Undergraduate	Graduate	Annual Total
2010-11	7,585	1,507	9,092
2011-12	7,203	1,535	8,738
2012-13	6,552	1,462	8,014
2013-14	5,956	1,317	7,273
2014-15	5,645	1,266	6,911

Full-Time-Equivalent Enrollment by Level
(IPEDS Method)

Academic Year	Undergraduate	Graduate	Annual Total
2012-13	9,654	2,075	11,729
2013-14	8,668	1,863	10,531
2014-15	8,096	1,797	9,893

The full-time equivalent (FTE) student calculation factor is a measure of student enrollment based on the number of student credit hours for which students enroll. FTE enrollment is determined by dividing the total number of hours enrolled by all students in a specific category by the appropriate hour requirement.

The Florida State University System has previously reported FTEs under its own methodology where 15 undergraduate student credit hours or 12 graduate student credit hours are equivalent to one FTE during the fall and spring semesters. During the summer semester, 10 undergraduate student credit hours or 8 graduate student credit hours are equivalent to one FTE. Annual full-time equivalency is 40 credit hours for undergraduate students and 32 credit hours for graduate students.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

The Federal government's IPEDS (Integrated Postsecondary Education Data System) method defines one FTE as 30 credit hours over a 12-month period for undergraduate students and 24 credit hours over a 12-month period for graduate students.

**NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015**

University Housing System Operating Budget

	Fiscal Year 2010-11			Fiscal Year 2011-12			Fiscal Year 2012-13			Fiscal Year 2013-14			Fiscal Year 2014-15		
	Budget	Actual	Difference-%(Δ)	Budget	Actual	Difference-%(Δ)	Budget	Actual	Difference-%(Δ)	Budget	Actual	Difference-%(Δ)	Budget	Actual	Difference-%(Δ)
Revenue from Operations	\$ 10,59,344	\$ 10,948,243	\$ 788,899	\$ 11,878,913	\$ 12,037,618	\$ 58,705	\$ 12,722,930	\$ 11,693,715	\$ (1,029,215)	\$ 12,987,614	\$ 10,439,506	\$ (2,558,008)	\$ 14,939,536	\$ 13,884,761	\$ (1,055,355)
Beginning Fund Balance	4,355,418	7,687,414	3,331,996	9,353,874	6,951,682	(2,402,192)	6,677,001	6,572,545	(104,456)	9,856,483	9,856,483	-	7,657,051	7,657,051	-
Total Funds Available	14,948,762	18,635,657	4,120,895	21,232,791	18,989,305	(2,243,486)	13,354,001	18,266,260	(1,133,871)	22,844,097	20,295,989	(2,558,008)	22,596,587	21,541,232	(1,055,355)
Expenditures:															
Salaries & Benefits	\$ 2,233,714	\$ 2,132,469	\$ (101,245)	\$ 2,370,732	\$ 1,977,700	\$ (393,032)	\$ 2,478,057	\$ 2,110,806	\$ (367,251)	\$ 2,492,604	\$ 2,283,761	\$ (208,823)	\$ 2,553,337	\$ 2,400,058	\$ (153,279)
Other Personal Services	638,506	571,573	(120,933)	745,927	628,112	(117,815)	762,940	600,724	(162,216)	804,842	699,806	(104,836)	970,000	686,216	(283,784)
Operating Expenses	5,086,852	4,041,571	(1,045,341)	6,114,955	4,478,149	(1,636,806)	5,815,320	3,065,221	(2,750,099)	5,835,434	4,108,102	(1,727,332)	5,303,879	4,500,051	(803,828)
Operating Capital Outlay	86,400	62,748	(23,652)	55,104	47,319	(7,785)	90,499	3,985	(86,514)	16,100	74,209	(66,800)	104,051	16,829	(87,222)
Non-Operating Expenses	537,633	537,633	-	633,803	633,803	-	651,868	9,116	259,948	-	(61,460)	(61,460)	-	-	-
Debt Service	1,989,844	1,989,844	-	2,459,038	2,459,038	-	2,459,038	4,360,761	1,901,723	5,918,073	5,918,073	-	5,922,443	5,922,443	-
Replacement Reserve	304,780	304,780	-	356,367	356,367	-	381,688	381,688	-	389,928	389,928	-	719,533	746,807	27,274
Total Expenditures	\$ 10,877,729	\$ 9,586,558	(1,291,171)	\$ 12,735,826	\$ 10,950,488	(2,785,338)	\$ 12,639,411	\$ 11,435,002	(1,204,409)	\$ 15,602,690	\$ 13,419,439	(2,189,251)	\$ 15,463,243	\$ 14,272,404	(1,190,839)
Ending Fund Balance	\$ 3,637,033	\$ 9,049,089	\$ 5,412,066	\$ 8,497,855	\$ 8,408,817	(88,348)	\$ 6,760,520	\$ 6,831,258	\$ 70,738	\$ 7,251,407	\$ 6,882,550	(368,857)	\$ 7,193,344	\$ 7,266,828	\$ 95,484

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2015

Florida Agricultural and Mechanical University
Housing System
Historical Debt Service Coverage¹

Fiscal Year Ended June 30,

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Operating Revenues ²	\$ 11,169,697	\$12,199,839	\$11,600,052	\$11,145,846	\$14,067,751
Less Current Expenses ³	<u>6,054,484</u>	<u>6,073,372</u>	<u>6,855,911</u>	<u>7,296,757</u>	<u>7,498,676</u>
Pledged Revenues	\$ 5,115,213	\$6,126,467	\$4,744,141	\$3,849,089	\$6,569,075
Annual Debt Service Parity Bonds	\$ 1,989,844	\$2,459,038	\$4,361,302	\$5,912,358	\$5,915,999
Revenues Available After Debt Service	\$ 3,125,369	\$3,667,429	\$382,839	(\$2,063,269)	\$653,076
Maximum Annual Debt Service	\$ 2,481,868	\$2,481,868	\$5,936,908	\$5,936,908	\$5,936,908
Debt Service Coverage Ratios					
Annual Debt Service	2.57x	2.49x	1.09x	0.65x ⁴	1.11x
Maximum Annual Debt Service	2.06x	2.47x	0.80x	0.65x ⁴	1.10x

¹ The financial information related to revenues and expenses was provided by the University.

² The decrease in operating revenues in 2012-13 was primarily a result of a decline in enrollment which lead to a decline in housing system occupancy.

³ Current expenses are net of depreciation. The increase in current expenses in 2012-13 was primarily a result of an increase in services and supplies expenses of \$508,756, primarily due to a bad debt expense related to an increase in aged accounts receivable resulting from changes in Federal financial aid regulations, and an increase in utilities expenses of \$250,251.

⁴ FAMU used a portion of the available cash balance within the housing system to support debt service costs in 2013-14. The deficit in funding debt service from operations was primarily due to the one-year delay in opening of the residence hall financed with proceeds of the 2012A Bonds.

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**STATE of FLORIDA
BOARD of GOVERNORS**

Florida Agricultural and Mechanical University



**Dormitory Revenue Bonds
Series 2012A**

**SEC Continuing Disclosure Requirement Report
June 30, 2016**



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ND ANALYSIS

ised Statement of Net Position

	<u>2015-16</u>	<u>2014-15</u>
Assets		
Current Assets	\$ 11,403,209	\$ 9,844,489
Capital Assets, Net	<u>79,619,397</u>	<u>81,273,795</u>
Total Assets	<u>91,022,606</u>	<u>91,118,284</u>
Deferred Outflows of Resources	110,123	122,359
Liabilities		
Current Liabilities	5,201,547	4,905,603
Noncurrent Liabilities	<u>60,110,687</u>	<u>63,484,730</u>
Total Liabilities	<u>65,312,235</u>	<u>68,390,333</u>
Net Position		
Invested in Capital Assets		
Net of Related Debt	17,940,285	9,560,965
Restricted	4,734,651	11,062,019
Unrestricted	<u>3,145,559</u>	<u>2,227,327</u>
Total Net Position	<u>\$ 25,820,495</u>	<u>\$ 22,850,311</u>

Total assets decreased by \$95,678, total liabilities decreased by \$3,078,098 and total net position increased by \$2,970,184. The decrease in total assets is comprised of a \$1,558,720 or 15.8 percent increase in current assets offset by a decrease in net capital assets of \$1,654,394 or 2.0 percent. The increase in current assets is primarily due to increases in available cash and investments. Likewise, the decrease in net capital assets is primarily due to depreciation. The reduction of the University's total liabilities is mainly due to normally scheduled debt payments and payment of liabilities accrued the prior fiscal year.

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following summarizes the activity for the 2015-16 and 2014-15 fiscal years:



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ND ANALYSIS

years:

nses by natural classifications for the 2015-16 and 2014-15 fiscal

Operating Expenses by Class

	<u>2015-16</u>	<u>2014-15</u>
Compensation and Benefits	\$ 3,275,291	\$ 3,049,815
Services and Supplies	2,780,916	2,625,416
Utilities	1,419,472	1,635,768
Scholarships	129,751	187,677
Depreciation Expense	<u>2,111,610</u>	<u>973,610</u>
	<u>\$ 9,717,040</u>	<u>\$ 8,472,286</u>

Overall, operating expenses experienced an increase of \$1,244,754 or 14.7 percent. Compensation and benefits increased by \$225,476 or 7.4 percent as a result of increases to salary costs related to University compensation raises. Utilities decreased \$216,296 or 13.2 percent due to energy savings provided by the University's capital lease agreements. Scholarships decreased by \$57,926 or 30.9% due to decreased Housing scholarships for students.

Nonoperating Revenues and Expenses

The following summarizes the nonoperating revenues and expenses for the 2015-16 and 2014-15 fiscal years:

Nonoperating Revenues (Expenses)

	<u>2015-16</u>	<u>2014-15</u>
Investment Income (Loss)	\$ 3,014	\$ (11,874)
Interest on Capital Asset-Related Debt	(2,963,228)	(3,102,444)
Other Nonoperating Revenues (Expense)	<u>737,520</u>	<u>(2,505,732)</u>
Net Nonoperating Revenues (Expenses)	<u>(2,222,694)</u>	<u>\$ (5,620,050)</u>

The increase in nonoperating revenue is primarily the result of the amortization of the bond premium and a transfer of University investments to cover additional construction costs.



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CULTURAL & MECHANICAL UNIVERSITY
ISSUING REVENUE BONDS
STATEMENT OF NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2016

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	
Cash on Hand	\$ -
Cash in Bank	2,031,664.57
Cash with SBA	<u>10,303.23</u>
Total Cash and Cash Equivalents	<u>2,041,967.80</u>
Investments	
Special Investments with State Treasury	3,658,934.62
Investments with State Board of Administration	4,682,009.55
Adjustment to Fair Market Value	<u>(16,028.40)</u>
Total Investments	<u>8,324,915.77</u>
Receivables	
Accounts Receivable	5,437,501.99
Interest Receivable	-
Allowance for Uncollectibles	<u>(4,401,176.74)</u>
Total Receivables	<u>1,036,325.25</u>
TOTAL CURRENT ASSETS	<u>11,403,208.82</u>
CAPITAL ASSETS	
Depreciable Capital Assets	
Buildings	99,112,007.31
Infrastructure	1,606,197.43
Furniture and Equipment	748,016.20
Accumulated Depreciation	<u>(21,846,823.70)</u>
Total Depreciable Capital Assets	<u>79,619,397.24</u>
Non-Depreciable Capital Assets	
Construction in Progress	-
Total Non-Depreciable Capital Assets	<u>-</u>
TOTAL CAPITAL ASSETS	<u>79,619,397.24</u>
TOTAL ASSETS	<u>\$ 91,022,606.06</u>
DEFERRED OUTFLOWS OF RESOURCES	110,123.39
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	
Accounts Payable	\$ 306,666.75
Accrued Salaries and Wages	84,191.65
Construction Contracts Payable	<u>34,847.20</u>
Total Accounts Payable and Accrued Liabilities	<u>425,705.60</u>
Deferred Revenues	<u>1,651,767.66</u>
Long-Term Liabilities - Current Portion	
Capital Improvement Debt Payable - Current	3,110,000.00
Compensated Absences Liability	<u>14,074.23</u>
Total Long-Term Liabilities - Current Portion	<u>3,124,074.23</u>
TOTAL CURRENT LIABILITIES	<u>5,201,547.49</u>
NON-CURRENT LIABILITIES	
Capital Improvement Debt Payable - Noncurrent	59,893,657.63
Compensated Absences Liability	<u>217,029.75</u>
TOTAL NON-CURRENT LIABILITIES	<u>60,110,687.38</u>
TOTAL LIABILITIES	<u>\$ 65,312,234.87</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	\$ 17,940,284.51
Restricted - Expendable	4,734,650.63
Unrestricted	<u>3,145,559.44</u>
TOTAL NET POSITION	<u>\$ 25,820,494.58</u>



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**AGRICULTURAL & MECHANICAL UNIVERSITY
USING REVENUE BONDS
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Sales and Services of Auxiliary Enterprises	\$ 14,942,081.87
Payments to Employees	(3,260,939.75)
Payments to Suppliers for Goods and Services	(4,147,169.65)
NET CASH PROVIDED FROM OPERATIONS	<u>7,533,972.47</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase or Construction of Capital Assets	(34,824.03)
Principal Paid on Capital Debt	(2,959,000.00)
Interest Paid on Capital Debt	(2,963,227.73)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,957,051.76)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net Change in Investments	(1,399,278.59)
Investment Income	3,014.10
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(1,396,264.49)</u>
NET CHANGE IN CASH	180,656.22
CASH - BEGINNING OF THE YEAR	1,861,311.58
CASH - END OF THE YEAR	<u>\$ 2,041,967.80</u>



- Notes to Financial Statements

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources. The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows for Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Capital Assets. University capital assets consist of buildings, furniture and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$5,000 for tangible personal property, and \$100,000 for buildings and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 3 to 20 years

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of capital improvement debt payable and compensated absences payable that are not scheduled to be paid within the next fiscal year. Capital improvement debt payable is reported net of unamortized premium or discount and deferred losses on refundings. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.



treasury securities, with maturity dates of more than three months six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

5. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts due from students for housing rental and housing fee deferrals, and various services provided to students by the housing operation.

Allowance for Uncollectible Receivables. Allowances for uncollectible accounts are reported based upon management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate.

6. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2016, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Non-Depreciable Capital Assets:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Total Non-Depreciable Capital Assets	\$ -	\$ -	\$ -	\$ -
Depreciable Capital Assets:				
Buildings	\$ 98,813,122	\$ 298,885	\$ -	\$ 99,112,007
Infrastructure	1,606,197	-	-	1,606,197
Furniture and Equipment	609,692	158,327	20,003	748,016
Total Depreciable Capital Assets	101,029,011	457,212	20,003	101,466,221
Less, Accumulated Depreciation:				
Buildings	19,348,139	1,908,841	-	21,256,979
Infrastructure	110,158	64,676	-	174,834
Furniture and Equipment	296,920	138,093	20,003	415,016
Total Accumulated Depreciation	19,755,216	2,111,610	20,003	21,846,824
Total Depreciable Capital Assets, Net	\$ 81,273,795	\$ (1,654,398)	\$ -	\$ 79,619,397

8. DEFERRED REVENUE

Deferred revenue includes a portion of 2016 summer housing revenues and housing deposits for Fall term 2016.

9. LONG-TERM LIABILITIES

Long-term liabilities of the Housing Operation at June 30, 2016, include capital improvement debt and compensated absences. Long-term liabilities activity for the fiscal year ended June 30, 2016, is shown below:



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ended debt outstanding as of June 30, 2016, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2017	3,110,000	2,811,140	5,921,140
2018	3,266,000	2,657,786	5,923,786
2019	3,427,000	2,496,807	5,923,807
2020-2024	19,380,000	9,778,674	29,158,674
2025-2029	19,075,000	5,024,967	24,099,967
2030-2032	10,749,000	820,839	11,569,839
			-
Subtotal	\$ 59,007,000	\$ 23,590,213	\$ 82,597,213
Net Bond Discount, Premium and Deferred Loss	3,996,658		3,996,658
Total	\$ 63,003,658	\$ 23,590,213	\$ 86,593,871

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The Housing Operation reports a liability for the accrued leave. At June 30, 2016, the estimated liability for compensated absences, which includes the Housing Operation's share of the Florida Retirement System and FICA contributions, totaled \$231,104. The current portion of the compensated absences liability is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years calculated as a percentage of those years' total compensated absences liability.

10. RETIREMENT PROGRAMS

Florida Retirement System. Most employees working in regularly established positions of the Housing Operation are covered by the Florida Retirement System (FRS). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan. FRS provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement



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Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	7.26
Florida Retirement System, Senior Management Service	3.00	21.43
Florida Retirement System, Special Risk	3.00	22.04
Teacher's Retirement System, Plan E	6.25	11.90
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	12.88
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.26 percent for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of the Investment Plan.

(B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The Housing Operation's liability for participation in the FRS is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Housing Operation.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant 7.26 percent of the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for administrative costs, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

11. RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2),



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On-Campus Dormitory Rental Rates ¹					
(per student/per semester)					
Description	2011-12	2012-13	2013-14	2014-15	2015-16
Traditional Double (1)	\$ 2,079	\$ 2,162	\$ 2,248	Off-line	Off-line
Traditional Single (1)	\$ 2,429	\$ 2,526	\$ 2,627	Off-line	Off-line
Traditional Double (2)	\$ 2,249	\$ 2,339	\$ 2,433	\$ 2,530	\$ 2,631
Traditional Single (2)	\$ 2,599	\$ 2,703	\$ 2,812	\$ 2,924	\$ 3,041
Co-Ed Double (3)	\$ 1,886	\$ 1,962	N/A	N/A	N/A
Co-Ed Single (3)	\$ 2,236	\$ 2,325	\$ 2,040	\$ 2,730	\$ 2,839
Newly Renovated Double (4)	\$ 2,800	\$ 2,912	\$ 3,028	\$ 3,149	\$ 3,275
Newly Renovated Single (4)	\$ 3,150	\$ 3,276	\$ 3,407	\$ 3,543	\$ 3,685
Suite Single (5)	N/A	N/A	N/A	\$ 3,458	\$ 3,596

(1) Cropper, McGuinn, and Wheatley were all off-line for FY 2014-15 and FY 2015-16
 (2) Diamond, Gibbs, Truth (Diamond was off-line for FY 2014-15 and FY 2015-16)
 (3) The Paddyfote Complex
 (4) Sampson and Young
 (5) FAMU Village

On-Campus Apartments Rental Rates ¹					
(per student/per semester)					
Description	2011-12	2012-13	2013-14	2014-15	2015-16
Palmetto North - 2 Bedroom Double	\$ 2,323	\$ 2,416	\$ 2,513	Off-line	\$ 2,614
Palmetto South - 4 Bedroom Single	\$ 2,620	\$ 2,725	\$ 2,843	\$ 2,947	\$ 2,065
Palmetto South - 3 Bedroom Double	\$ 2,323	\$ 2,416	\$ 2,513	\$ 2,614	\$ 2,716
Palmetto Phase III - 4 Bedroom Single	\$ 2,680	\$ 2,787	\$ 2,898	\$ 3,014	\$ 3,135
Palmetto Phase III - 3 Bedroom Double	\$ 2,386	\$ 2,481	\$ 2,580	\$ 2,947	\$ 2,790

¹ Rental rates include all utilities, cable, internet and supervisory staff.



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ENROLLMENT COUNTS AND PERCENTAGES BY TYPE OF STUDENT

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
All Students:					
Applicants	7,118	6,069	6,104	7,250	7,813
Admitted	3,837	3,263	3,341	4,011	3,116
% of Applicants Admitted	53.9%	53.5%	54.7%	55.3%	39.9%
Enrolled	2,143	1,837	1,922	2,113	1,815
% of Admitted Enrolled	55.9%	56.3%	57.5%	52.7%	58.2%
First-Time-In-College:					
Applicants	4,630	3,992	4,032	4,870	5,198
Admitted	2,393	2,088	2,147	2,676	1,755
% of Applicants Admitted	51.7%	52.3%	53.2%	54.9%	33.8%
Enrolled	1,152	1,002	1,061	1,307	855
% of Admitted Enrolled	48.1%	48.0%	49.4%	48.8%	48.7%
Community College Transfers:					
Applicants	692	595	582	549	683
Admitted	412	341	348	305	401
% of Applicants Admitted	59.5%	57.3%	59.8%	55.6%	58.7%
Enrolled	275	224	251	215	297
% of Admitted Enrolled	66.8%	65.7%	72.1%	70.5%	74.1%
Other Undergraduate Transfers:					
Applicants	947	802	731	730	856
Admitted	395	329	282	269	334
% of Applicants Admitted	41.7%	41.0%	38.6%	36.8%	39%
Enrolled	222	202	180	161	199
% of Admitted Enrolled	56.2%	61.4%	63.8%	59.9%	59.6%
Graduate:					
Applicants	563	539	570	709	888
Admitted	351	340	380	370	438
% of Applicants Admitted	62.3%	63.1%	66.7%	52.2%	49.3%
Enrolled	280	271	281	256	307
% of Admitted Enrolled	79.8%	79.7%	73.9%	69.2%	70.1%
Professional Schools:					
Applicants	286	168	189	392	188
Admitted	286	165	184	391	188
% of Applicants Admitted	100.0%	98.2%	97.4%	99.7%	100%
Enrolled	214	138	149	174	157
% of Admitted Enrolled	74.8%	83.6%	81.0%	44.5%	83.5%

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University Housing System Operating Budget

	Fiscal Year 2011-12			Fiscal Year 2012-13			Fiscal Year 2013-14			Fiscal Year 2014-15			Fiscal Year 2015-16		
	Budget	Actual	Difference +/-	Budget	Actual	Difference +/-	Budget	Actual	Difference +/-	Budget	Actual	Difference +/-	Budget	Actual	Difference +/-
Revenue from Operations	\$ 11,878,913	\$ 12,037,618	\$ 158,705	\$ 12,722,930	\$ 11,693,776	\$ (1,029,154)	\$ 12,957,614	\$ 10,439,506	\$ (2,518,108)	\$ 14,939,536	\$ 13,888,871	\$ (1,050,665)	\$ 14,782,057	\$ 14,804,844	\$ 22,787
Beginning Fund Balance	9,353,878	6,951,687	(2,402,191)	6,677,001	6,572,545	(104,456)	9,856,483	9,886,483	-	7,657,051	7,657,051	-	7,509,095	7,509,095	-
Total Funds Available	21,232,791	18,989,305	(2,243,486)	19,354,931	18,266,260	(1,088,671)	22,854,097	20,295,989	(2,558,108)	22,596,587	21,545,922	(1,050,665)	22,291,152	22,319,939	22,787
Expenditures:															
Salaries & Benefits	\$ 2,370,732	\$ 1,977,700	\$ (393,032)	\$ 2,478,057	\$ 2,110,806	\$ (367,251)	\$ 2,482,604	\$ 2,283,781	\$ (208,823)	\$ 2,553,337	\$ 2,410,522	\$ (142,815)	\$ 2,455,872	\$ 2,417,557	\$ (38,315)
Other Personal Services	745,927	628,112	(117,815)	762,940	600,724	(162,216)	804,642	699,806	(104,836)	970,000	655,631	(314,369)	983,000	855,337	(127,663)
Operating Expenses	6,114,655	4,478,149	(1,636,506)	5,845,320	3,065,221	(2,780,099)	5,835,434	4,108,102	(1,727,332)	5,182,879	3,834,549	(1,348,330)	5,769,505	3,667,879	(2,101,626)
Operating Capital Outlay	55,104	47,319	(7,785)	90,499	3,985	(86,514)	16,109	74,209	(88,100)	104,051	104,051	-	100,556	66,786	(33,770)
Non-Operating Expenses	633,803	633,803	-	651,869	911,817	259,948	-	(61,460)	(61,460)	-	-	-	-	-	-
Debt Service	2,459,088	2,459,038	(50)	2,459,038	4,360,761	1,901,723	5,916,073	5,916,073	-	5,922,304	5,922,444	140	5,980,066	5,922,080	(57,986)
Replacement Reserve	356,367	356,367	-	381,688	381,688	-	389,928	389,928	-	746,977	746,977	-	443,462	443,462	-
Total Expenditures	\$ 12,735,626	\$ 10,580,488	\$ (2,155,138)	\$ 12,639,411	\$ 11,435,002	\$ (1,204,409)	\$ 15,602,690	\$ 13,413,439	\$ (2,189,251)	\$ 15,490,548	\$ 13,645,174	\$ (1,845,374)	\$ 15,692,461	\$ 13,376,101	\$ (2,316,360)
Ending Fund Balance	\$ 8,497,155	\$ 8,408,817	\$ (88,338)	\$ 6,760,520	\$ 6,831,258	\$ 70,738	\$ 7,251,407	\$ 6,882,550	\$ (368,857)	\$ 7,106,039	\$ 7,900,748	\$ 794,709	\$ 6,598,691	\$ 8,937,838	\$ 2,339,147

**STATE of FLORIDA
BOARD of GOVERNORS**

Florida Agricultural and Mechanical University



**Dormitory Revenue Bonds
Series 2012A**

**SEC Continuing Disclosure Requirement Report
June 30, 2017**

MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2017

Condensed Statement of Net Position

	<u>2016-17</u>	<u>2015-16</u>
Assets		
Current Assets	\$ 13,774,891	\$ 11,403,209
Capital Assets, Net	<u>77,849,774</u>	<u>79,619,397</u>
Total Assets	<u>91,624,665</u>	<u>91,022,606</u>
Deferred Outflows of Resources	97,887	110,123
Liabilities		
Current Liabilities	5,774,237	5,201,547
Noncurrent Liabilities	<u>56,598,945</u>	<u>60,110,687</u>
Total Liabilities	<u>62,373,182</u>	<u>65,312,235</u>
Net Position		
Invested in Capital Assets		
Net of Related Debt	19,517,790	17,940,285
Restricted	5,222,738	4,734,651
Unrestricted	<u>4,608,843</u>	<u>3,145,559</u>
Total Net Position	<u>\$ 29,349,371</u>	<u>\$ 25,820,495</u>

Total assets increased by \$602,069, total liabilities decreased by \$2,939,053 and total net position increased by \$3,528,876. The increase in total assets is comprised of a \$2,371,682 or 20.8 percent increase in current assets offset by a decrease in net capital assets of \$1,769,623 or 2.2 percent. The increase in current assets is primarily due to increases in available cash and investments. Likewise, the decrease in net capital assets is primarily due to depreciation. The reduction of the University's total liabilities is mainly due to normally scheduled debt payments and payment of liabilities accrued the prior fiscal year.

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following summarizes the activity for the 2016-17 and 2015-16 fiscal years:

MANAGEMENT'S DISCUSSION AND ANALYSIS
HOUSING OPERATION
JUNE 30, 2017

The following summarizes the operating expenses by natural classifications for the 2016-17 and 2015-16 fiscal years:

Operating Expenses by Class

	<u>2016-17</u>		<u>2015-16</u>
Compensation and Benefits	\$ 3,092,757	\$	3,275,291
Services and Supplies	2,131,106		2,780,916
Utilities	1,267,194		1,419,472
Scholarships	117,043		129,751
Depreciation Expense	2,081,910		2,111,610
	<u>\$ 8,690,010</u>	\$	<u>9,717,040</u>

Overall, operating expenses experienced a decrease of \$1,027,030 or 10.6 percent. Compensation and benefits decreased by \$182,435 or 5.6 percent as a result of a reduction in temporary employment expense. Utilities decreased \$152,278 or 10.7 percent due to energy savings provided by the University's capital lease agreements. Scholarships decreased by \$12,708 or 9.8% due to decreased Housing scholarships for students.

Nonoperating Revenues and Expenses

The following summarizes the nonoperating revenues and expenses for the 2016-17 and 2015-16 fiscal years:

Nonoperating Revenues (Expenses)

	<u>2016-17</u>		<u>2015-16</u>
Investment Income (Loss)	\$ (66,027)	\$	3,014
Interest on Capital Asset-Related Debt	(2,811,140)		(2,963,228)
Other Nonoperating Revenues (Expense)	<u>514,589</u>		<u>737,520</u>
Net Nonoperating Expenses	<u>\$ (2,362,578)</u>	\$	<u>(2,222,694)</u>

The increase in nonoperating revenue is primarily the result of the amortization of the bond premium and a transfer of University investments to cover additional construction costs.

FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2017

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2017

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	
Cash on Hand	\$ -
Cash in Bank	3,744,485.81
Cash with SBA	13,692.29
Total Cash and Cash Equivalents	<u>3,758,178.10</u>
Investments	
Special Investments with State Treasury	4,258,486.73
Investments with State Board of Administration	4,704,359.21
Adjustment to Fair Market Value	(58,545.55)
Total Investments	<u>8,904,300.39</u>
Receivables	
Accounts Receivable	5,258,062.29
Interest Receivable	-
Allowance for Uncollectibles	(4,145,649.72)
Total Receivables	<u>1,112,412.57</u>
TOTAL CURRENT ASSETS	<u>13,774,891.06</u>
CAPITAL ASSETS	
Depreciable Capital Assets	
Buildings	99,112,007.31
Infrastructure	1,890,461.42
Furniture and Equipment	733,844.55
Accumulated Depreciation	(23,886,538.86)
Total Depreciable Capital Assets	<u>77,849,774.42</u>
Non-Depreciable Capital Assets	
Construction in Progress	-
Total Non-Depreciable Capital Assets	<u>-</u>
TOTAL CAPITAL ASSETS	<u>77,849,774.42</u>
TOTAL ASSETS	<u>\$ 91,624,665.48</u>
DEFERRED OUTFLOWS OF RESOURCES	97,887.45
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	
Accounts Payable	\$ 530,823.23
Accrued Salaries and Wages	82,727.64
Construction Contracts Payable	-
Total Accounts Payable and Accrued Liabilities	<u>613,550.87</u>
Deferred Revenues	<u>1,878,459.67</u>
Long-Term Liabilities - Current Portion	
Capital Improvement Debt Payable - Current	3,266,000.00
Compensated Absences Liability	16,226.14
Total Long-Term Liabilities - Current Portion	<u>3,282,226.14</u>
TOTAL CURRENT LIABILITIES	<u>5,774,236.68</u>
NON-CURRENT LIABILITIES	
Capital Improvement Debt Payable - Noncurrent	56,378,293.40
Compensated Absences Liability	220,651.82
TOTAL NON-CURRENT LIABILITIES	<u>56,598,945.22</u>
TOTAL LIABILITIES	<u>\$ 62,373,181.90</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	\$ 19,517,789.98
Restricted - Expendable	5,222,737.95
Unrestricted	4,608,843.10
TOTAL NET POSITION	<u>\$ 29,349,371.03</u>

**FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2017**

**FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
HOUSING REVENUE BONDS
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Sales and Services of Auxiliary Enterprises	\$ 14,557,676.40
Payments to Employees	(3,088,447.34)
Payments to Suppliers for Goods and Services	(3,174,142.82)
NET CASH PROVIDED FROM OPERATIONS	<u>8,295,086.24</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase or Construction of Capital Assets	(69,672.95)
Principal Paid on Capital Debt	(3,110,000.00)
Interest Paid on Capital Debt	(2,811,140.20)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,990,813.15)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net Change in Investments	(522,035.59)
Investment Income	(66,027.20)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(588,062.79)</u>
NET CHANGE IN CASH	1,716,210.30
CASH - BEGINNING OF THE YEAR	2,041,967.80
CASH - END OF THE YEAR	<u>\$ 3,758,178.10</u>

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2017

• Notes to Financial Statements

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources. The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows for Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Capital Assets. University capital assets consist of buildings, furniture and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$5,000 for tangible personal property, and \$100,000 for buildings and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 3 to 20 years

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of capital improvement debt payable and compensated absences payable that are not scheduled to be paid within the next fiscal year. Capital improvement debt payable is reported net of unamortized premium or discount and deferred losses on refundings. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.

2. REPORTING CHANGES

The Housing Operation does not have reporting changes for the 2016-2017 fiscal year.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2017

managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

5. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts due from students for housing rental and housing fee deferments, and various services provided to students by the housing operation.

Allowance for Uncollectible Receivables. Allowances for uncollectible accounts are reported based upon management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate.

6. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2017, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Non-Depreciable Capital Assets:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Total Non-Depreciable Capital Assets	\$ -	\$ -	\$ -	\$ -
Depreciable Capital Assets:				
Buildings	\$ 99,112,007	\$ -	\$ -	\$ 99,112,007
Infrastructure	1,606,197	284,264	-	1,890,461
Furniture and Equipment	748,016	28,023	42,195	733,844
Total Depreciable Capital Assets	101,466,221	312,287	42,195	101,736,313
Less, Accumulated Depreciation:				
Buildings	21,256,979	1,914,819	-	23,171,798
Infrastructure	174,834	64,676	-	239,510
Furniture and Equipment	415,010	102,415	42,195	475,230
Total Accumulated Depreciation	21,846,824	2,081,910	42,195	23,886,539
Total Depreciable Capital Assets, Net	\$ 79,619,397	\$ (1,769,623)	\$ -	\$ 77,849,774

8. DEFERRED REVENUE

Deferred revenue includes a portion of 2017 summer housing revenues and housing deposits for Fall term 2017.

9. LONG-TERM LIABILITIES

Long-term liabilities of the Housing Operation at June 30, 2017, include capital improvement debt and compensated absences. Long-term liabilities activity for the fiscal year ended June 30, 2017, is shown below:

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2017

Annual requirements to amortize all bonded debt outstanding as of June 30, 2017, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	3,266,000	2,657,786	5,923,786
2019	3,427,000	2,496,807	5,923,807
2020	3,599,000	2,327,788	5,926,788
2021	3,781,000	2,150,333	5,931,333
2022	3,973,000	1,963,908	5,936,908
2023-2032	37,851,000	9,182,451	47,033,451
			-
Subtotal	\$ 55,897,000	\$ 20,779,073	\$ 76,676,073
Net Bond Discount, Premium and Deferred Loss	3,747,293		3,747,293
Total	\$ 59,644,293	\$ 20,779,073	\$ 80,423,366

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The Housing Operation reports a liability for the accrued leave. At June 30, 2017, the estimated liability for compensated absences, which includes the Housing Operation's share of the Florida Retirement System and FICA contributions, totaled \$236,878. The current portion of the compensated absences liability is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years calculated as a percentage of those years' total compensated absences liability.

10. RETIREMENT PROGRAMS

Florida Retirement System. Most employees working in regularly established positions of the Housing Operation are covered by the Florida Retirement System (FRS). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan. FRS provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2017

The Housing Operation's liability for participation in the FRS is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Housing Operation.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant 7.98 percent of the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for administrative costs, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

11. RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2016-17 fiscal year, for property losses, the State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$85 million for named windstorm and flood losses. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2017

1. HOUSING FACILITY RENTAL RATES

On-Campus Dormitory Rental Rates¹					
(per student/per semester)					
Description	2012-13	2013-14	2014-15	2015-16	2016-17
Traditional Double (1)	\$ 2,162	\$ 2,248	Off-line	Off-line	Off-line
Traditional Single (1)	\$ 2,526	\$ 2,627	Off-line	Off-line	Off-line
Traditional Double (2)	\$ 2,339	\$ 2,433	\$ 2,530	\$ 2,631	\$ 2,631
Traditional Single (2)	\$ 2,703	\$ 2,812	\$ 2,924	\$ 3,041	\$ 3,041
Co-Ed Double (3)	\$ 1,962	N/A	N/A	N/A	N/A
Co-Ed Single (3)	\$ 2,325	\$ 2,040	\$ 2,730	\$ 2,839	\$ 2,839
Newly Renovated Double (4)	\$ 2,912	\$ 3,028	\$ 3,149	\$ 3,275	\$ 3,275
Newly Renovated Single (4)	\$ 3,276	\$ 3,407	\$ 3,543	\$ 3,685	\$ 3,685
Suite Single (5)	N/A	N/A	\$ 3,458	\$ 3,596	\$ 3,596

(1) Cropper, McGuinn, and Wheatley have been off-line beginning FY 2014-15
(2) Diamond, Gibbs, Truth (Diamond has been off-line beginning FY 2014-15)
(3) The Paddyfote Complex
(4) Sampson and Young
(5) FAMU Village

On-Campus Apartments Rental Rates¹					
(per student/per semester)					
Description	2012-13	2013-14	2014-15	2015-16	2016-17
Palmetto North - 2 Bedroom Double	\$ 2,416	\$ 2,513	Off-line	\$ 2,614	Off-line
Palmetto South - 4 Bedroom Single	\$ 2,725	\$ 2,843	\$ 2,947	\$ 3,065	\$ 3,065
Palmetto South - 3 Bedroom Double	\$ 2,416	\$ 2,513	\$ 2,614	\$ 2,716	\$ 2,716
Palmetto Phase III - 4 Bedroom Single	\$ 2,787	\$ 2,898	\$ 3,014	\$ 3,135	\$ 3,135
Palmetto Phase III - 3 Bedroom Double	\$ 2,481	\$ 2,580	\$ 2,947	\$ 2,790	\$ 2,790

¹ Rental rates include all utilities, cable, internet and supervisory staff.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2017

4. ADMISSION AND REGISTRATION HEADCOUNTS AND PERCENTAGES BY TYPE OF STUDENT

	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017
All Students:					
Applicants	6,069	6,104	7,250	7,813	8,952
Admitted	3,263	3,341	4,011	3,116	4,332
% of Applicants Admitted	53.5%	54.7%	55.3%	39.9%	48.4%
Enrolled	1,837	1,922	2,113	1,815	2,268
% of Admitted Enrolled	56.3%	57.5%	52.7%	58.2%	52.4%
First-Time-In-College:					
Applicants	3,992	4,032	4,870	5,198	6,131
Admitted	2,088	2,147	2,676	1,755	2,924
% of Applicants Admitted	52.3%	53.2%	54.9%	33.8%	47.7%
Enrolled	1,002	1,061	1,307	855	1,281
% of Admitted Enrolled	48.0%	49.4%	48.8%	48.7%	43.8%
Community College Transfers:					
Applicants	595	582	549	683	732
Admitted	341	348	305	401	398
% of Applicants Admitted	57.3%	59.8%	55.6%	58.7%	54.4%
Enrolled	224	251	215	297	288
% of Admitted Enrolled	65.7%	72.1%	70.5%	74.1%	72.4%
Other Undergraduate Transfers:					
Applicants	802	731	730	856	833
Admitted	329	282	269	334	313
% of Applicants Admitted	41.0%	38.6%	36.8%	39%	37.6%
Enrolled	202	180	161	199	172
% of Admitted Enrolled	61.4%	63.8%	59.9%	59.6%	55.0%
Graduate:					
Applicants	539	570	709	888	995
Admitted	340	380	370	438	436
% of Applicants Admitted	63.1%	66.7%	52.2%	49.3%	43.8%
Enrolled	271	281	256	307	303
% of Admitted Enrolled	79.7%	73.9%	69.2%	70.1%	69.5%
Professional Schools:					
Applicants	168	189	392	188	261
Admitted	165	184	391	188	261
% of Applicants Admitted	98.2%	97.4%	99.7%	100.0%	100.0%
Enrolled	138	149	174	157	224
% of Admitted Enrolled	83.6%	81.0%	44.5%	83.5%	85.8%

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2017

Full-Time-Equivalent Enrollment by Level
(IPEDS Method)

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Annual Total</u>
2012-13	9,654	2,076	11,730
2013-14	8,668	1,863	10,531
2014-15	8,096	1,797	9,893
2015-16	7,793	1,833	9,626
2016-17	7,443	1,948	9,391

The full-time equivalent (FTE) student calculation factor is a measure of student enrollment based on the number of student credit hours for which students enroll. FTE enrollment is determined by dividing the total number of hours enrolled by all students in a specific category by the appropriate hour requirement.

The Florida State University System has previously reported FTEs under its own methodology where 15 undergraduate student credit hours or 12 graduate student credit hours are equivalent to one FTE during the fall and spring semesters. During the summer semester, 10 undergraduate student credit hours or 8 graduate student credit hours are equivalent to one FTE. Annual full-time equivalency is 40 credit hours for undergraduate students and 32 credit hours for graduate students.

The Federal government's IPEDS (Integrated Postsecondary Education Data System) method defines one FTE as 30 credit hours over a 12-month period for undergraduate students and 24 credit hours over a 12-month period for graduate students.

NOTES TO FINANCIAL STATEMENTS
HOUSING OPERATION
JUNE 30, 2017

Florida Agricultural and Mechanical University
Housing System
Historical Debt Service Coverage¹

	Fiscal Year Ended June 30,				
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Operating Revenues ²	\$11,600,052	\$11,145,846	\$14,067,751	\$14,909,918	\$14,524,115
Less Current Expense ³	<u>6,855,911</u>	<u>7,296,757</u>	<u>7,498,676</u>	<u>7,605,430</u>	<u>6,608,100</u>
Pledged Revenues	\$4,744,141	\$3,849,089	\$6,569,075	\$7,304,488	\$7,916,015
Annual Debt Service Parity Bonds	\$4,361,302	\$5,912,358	\$5,915,999	\$5,916,067	\$5,921,140
Revenues Available After Debt Service	\$382,839	(\$2,063,269)	\$653,076	\$1,518,172	\$1,994,875
Maximum Annual Debt Service	\$5,936,908	\$5,936,908	\$5,936,908	\$5,936,908	\$5,936,908
Debt Service Coverage Ratios					
Annual Debt Service	1.09x	0.65x ⁴	1.11x	1.23x	1.34x
Maximum annual Debt Service	0.80x	0.65x ⁴	1.10x	1.23x	1.33x

¹ The financial information related to revenues and expenses was provided by the University.

² The decrease in operating revenues in 2012-13 was primarily a result of a decline in enrollment which lead to a decline in housing system occupancy.

³ Current expenses are net of depreciation. The increase in current expenses in 2012-13 was primarily a result of an increase in services and supplies expenses of \$508,756, primarily due to a bad debt expense related to an increase in aged accounts receivable resulting from changes in Federal financial aid regulations, and an increase in utilities expenses of \$250,251.

⁴ FAMU used a portion of the available cash balance within the housing system to support debt service costs in 2013-14. The deficit in funding debt service from operations was primarily due to the one-year delay in opening of the residence hall financed with proceeds of the 2012A Bonds.

10 A five-year history, if available, and five-year projection of the revenues securing payment. The 10 years must be shown on one table and debt service coverage ratios must be included. The information should also be provided to Board staff in Microsoft Excel format and:

- i) to the extent applicable, the projections must be shown on the individual project as well as the entire system;
- ii) all revenue items securing repayment must be clearly set forth as separate line items;
- iii) an explanation must be provided with regard to growth assumptions, and to the amount and status of approval of any rate increases;
- iv) the effect of the rate increases on the projections and expected revenues and expenses for the new facility should be clearly set forth as a separate line item;
- v) if rate increases are necessary, a commitment must be made to increase rates to the needed levels; and
- vi) major categories of any operating expenses should be set forth as separate line items with an explanation of assumptions regarding increases or decreases.

STATUS:

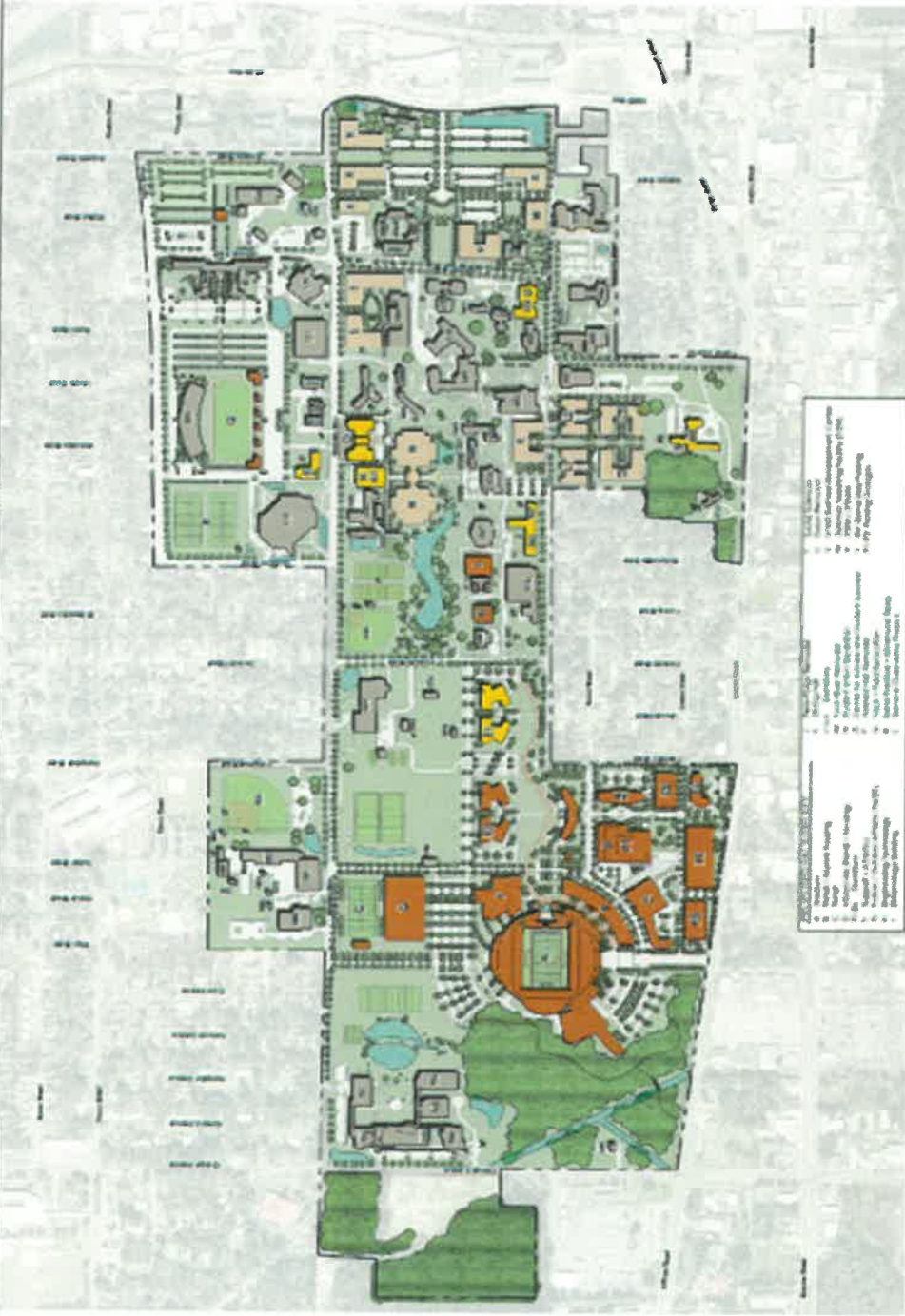
See Item 6

- | | |
|----|---|
| 11 | Evidence that the project is consistent with the university's master plan or a statement that the project is not required to be in the master plan. |
|----|---|

STATUS:

Completed

LEGEND	
101	EXISTING BUILDING
102	EXISTING DRIVEWAY
103	EXISTING DRIVEWAY
104	EXISTING DRIVEWAY
105	EXISTING DRIVEWAY
106	EXISTING DRIVEWAY
107	EXISTING DRIVEWAY
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- 1. Existing Building
- 2. Existing Driveway
- 3. Existing Parking
- 4. Existing Landscaping
- 5. Proposed Building
- 6. Proposed Driveway
- 7. Proposed Parking
- 8. Proposed Landscaping
- 9. Proposed Building
- 10. Proposed Driveway
- 11. Proposed Parking
- 12. Proposed Landscaping
- 13. Proposed Building
- 14. Proposed Driveway
- 15. Proposed Parking
- 16. Proposed Landscaping
- 17. Proposed Building
- 18. Proposed Driveway
- 19. Proposed Parking
- 20. Proposed Landscaping

LEGEND

- EXISTING BUILDING
- EXISTING DRIVEWAY
- EXISTING PARKING
- EXISTING LANDSCAPING
- PROPOSED BUILDING
- PROPOSED DRIVEWAY
- PROPOSED PARKING
- PROPOSED LANDSCAPING

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
DRAFT FINAL MASTER PLAN
 Central Campus, August 2011 - 2018
 UNIVERSITY OF FLORIDA
 GAINESVILLE, FLORIDA
 32611-0800



12	For variable rate debt proposals:
	<p>i) the expected reduction in total borrowing costs based on a comparison of fixed versus variable interest rates;</p> <p>ii) a variable rate debt management plan that addresses liquidity and interest rate risks and provides, at a minimum: a description of budgetary controls, a description of liquidity arrangements, a discussion of why the amount of variable rate debt being proposed is appropriate, and a plan for hedging interest rate exposure. If interest rate risks are to be mitigated by the use of derivatives, then evidence that the counterparty has a long term rating of at least an A/A2 and a swap management plan as set forth in the Board's Debt Management Guidelines must be submitted;</p> <p>iii) a pro forma showing the fiscal feasibility of the project using current market interest rates plus 200 basis points;</p> <p>iv) the total amount of variable rate debt including the proposed debt as a percentage of the total amount of university and DSO debt outstanding; and</p> <p>v) the individual or position that will be responsible for the reporting requirements for variable rate debt as set forth in these guidelines.</p>

STATUS:

N/A

- 13 If all or any portion of the financing is contemplated to be done on a taxable basis, then evidence demonstrating that the issuance of taxable debt is in the best interest of the university must be submitted.

STATUS:

Completed

Municipal Securities Rulemaking Board Refunding Rules

Current Refunding

A current refunding is a transaction in which the outstanding bonds to be refunded are called and paid off within 90 days of the date of issuance of the refunding bonds. The Federal tax code does not restrict the number of times that all or a portion of a prior tax-exempt bond issue can be refunded on a current basis. Payoff of prior bonds occurs within 90 days after issuance of refunding bonds. Investments in the escrow mature within the 90-day period and are not yield restricted. Prior bonds that are tax-exempt but not advance refundable may be current refunded on a tax-exempt basis. Most issues are callable on any date after the first call date.

Advanced Refunding

in an advance refunding, the issuer sells new bonds and places the proceeds into an escrow account. Thus, the advance refunded bonds are not paid off immediately, but instead are paid off either as originally scheduled at maturity or on an earlier redemption date in the future according to the bonds' redemption, or "call," provisions. The Federal tax code generally provides that a bond issue may be advance refunded only **once** (although bonds issued prior to 1986 may be advance refunded twice).

Based on the aforementioned advanced refunding rules per the MSRB, the issuance of taxable debt by the University is the only means of achieving lower annual debt service for the 2010A and 2010B bond series since these bonds were previously refunded.

<http://www.msrb.org/EducationCenter/Municipal-Market/About/Overview/Refundings.aspx>

14 A statement explaining whether legislative approval is required, and if required, an explanation as to when legislative approval will be sought or evidence that legislative approval has already been obtained.

STATUS:

N/A

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| 15 | A statement that the debt issuance is in accordance with the university's debt management policy or, if not, an explanation of the specific variances as well as the reasons supporting the variances. |
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STATUS:

Completed; See statement below.

This project is in accordance with the university's debt management policy. The justified debt service coverage is included in item #6.

- 16 If a request is made to employ a negotiated method of sale, an analysis must be provided supporting the selection of this method that includes a discussion of the factors set forth in section IV of these Guidelines.

STATUS:

N/A

- 17 A description of the process used to select each professional engaged in the transaction, showing compliance with the competitive selection process required by these Guidelines. Specific contact information for each selected professional, must be included, and at a minimum, should disclose the professional's name, firm name, address, email address, phone number and facsimile number.

STATUS:

In-progress; See explanation of status below.

The process used to select each professional engaged in the transaction was in compliance with the competitive selection process. A separate document that highlights the selected team will be included by May 31, 2018.

18 The most recent annual variable rate debt report.

STATUS:

N/A

- 19 An analysis must be prepared and submitted which provides quantitative metrics justifying the need for the construction or acquisition of the project and explains why the project is essential to the university's core mission. There must also be a detailed assessment of private sector alternatives and a determination of whether the private sector can offer a comparable alternative at a lower cost. This information may be included as part of a project feasibility study or may be a stand-alone report.

STATUS:

Completed; See Item #2, Feasibility Study.

- | | |
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| 20 | An analysis must be prepared which calculates the expected return on investment or internal rate of return for a revenue-generating project or another appropriate quantitative measure for a non-revenue generating project. |
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STATUS:

In-progress; The document will be completed by May 31, 2018.