STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Project Summary  
University of Florida  
Student Housing Project  

Project Description: The University of Florida currently has approximately 7,358 available beds in their undergraduate student residences on the main campus and 978 in their graduate and family residences on the main campus. The proposed project will renovate a number of existing residential facilities, including eleven apartment buildings that are part of Corry Village, and three traditional dormitory buildings including Weaver, Thomas, and Buckman Halls (collectively the “Project”). The renovation work for Corry Village will revitalize the interiors of the apartment buildings to modernize the floor plans, as well as the electrical, fire alarm, air conditioning, and plumbing systems in order to increase energy efficiency and ensure compliance with applicable standards and regulations. The renovation of Weaver Hall will include upgrades to fire alarms, fire sprinklers, the electrical, plumbing and air conditioning systems, and bathrooms. The work in Thomas Hall and Buckman Hall will include a major overhaul of waste water and plumbing systems, installation of new air conditioning systems, window replacements, and renovations to bathrooms and kitchens. The number of available beds will remain the same upon completion of the renovations. 

The Project qualifies as a capital outlay project under s. 1010.62, F.S., and is included in the University’s current Housing Master Plan.

Facility Site Location: All of the housing facilities included in the Project are located on the main campus of the University in Gainesville. The Corry Village apartments are located on the west side of campus, Thomas and Buckman Halls are located on the north side of campus, near the football stadium, and Weaver Hall is located in the center of campus.

Projected Start and Opening Date: It is anticipated that construction will commence in May 2012 and all renovations will be completed by May 2015. The renovations for Corry Village will be staggered with varying start and end dates, so that only one or two apartment buildings will be offline at any given time. To limit the impact on rental revenues, the renovations for Weaver, Thomas, and Buckman Halls will take place primarily
during the summer, and students will be living in the halls during the fall and spring semesters.

**Demand Analysis:**

The primary targeted market for the Corry Village portion of the Project will be graduate students, both single and families. The primary targeted market for the traditional dormitory (Weaver, Thomas and Buckman Halls) portion of the Project will be single undergraduate students. Many of the facilities included in the Project do not have central air conditioning, and have had little to no renovations over the past ten to twenty years. This Project will modernize the housing facilities to meet students’ expectations and maintain demand for on-campus housing and will ensure compliance with safety regulations.

Occupancy rates for the single student housing residence halls for the fall 2011 term were 104% and the waiting list for on-campus housing for fall 2011 exceeded 200 students. Occupancy rates for village housing, which provides graduate student and family accommodations, were 98% for fall 2011.

**Project Cost and Financing Structure:**

The Project will be financed with fixed rate bonds issued by the Division of Bond Finance (the “Bonds”). The Bonds are expected to have a 20 year, level debt payment structure with the first principal payment occurring in 2013.

The Bonds will finance the renovation of eleven apartment buildings and three dormitories, provide approximately $2.7 million for a debt service reserve fund (if necessary) and pay costs of issuance. The estimated Project cost for renovating the existing facilities totals approximately $27.5 million (Corry Village - $16.1 million; Weaver Hall - $3.3 million; Thomas Hall - $3.6 million; and Buckman Hall - $4.5 million). The total financing will not exceed $31 million.

(See Attachment I for an estimated sources and uses of funds).

**Security Structure:**

The Bonds will be secured by net housing system revenues. These revenues are derived primarily from rental income after deducting operating and maintenance expenses and amounts required for prior lien obligations (the “Series 1984 Bonds”). The lien of the Bonds on the pledged revenues will be on parity with University of Florida dormitory revenue bonds, currently outstanding in the principal
amount of $49,465,000, and will be junior and subordinate to the lien of the Series 1984 Bonds. The Series 1984 Bonds are currently outstanding in the principal amount of $525,000 and will remain outstanding until July 1, 2015.

Pledged Revenues and Debt Service Coverage: During the five year period from fiscal year 2006-2007 to 2010-2011, pledged revenues for the housing system grew from $12,427,684 to $15,526,335, resulting in debt service coverage ranging from 2.56x to 3.64x. For fiscal years 2011-2012 to 2015-2016, pledged revenues for the system are expected to remain around $15,000,000. Expected coverage is 2.90x in 2011-2012. As a result of the issuance of the Bonds, expected coverage declines to 2.05x in 2012-2013 and is projected to remain at approximately 2.00x through 2015-2016.

The projected revenues are based upon a 3% annual rental rate increase and a 5% increase in operating expenses. See Attachment II for 5-years historical and 5-years projected pledged revenues and debt service coverage prepared by the University.

Type of Sale: The Division of Bond Finance will make a determination to sell the Bonds through either a competitive or a negotiated sale based on market conditions and financing options available at the time of sale.

Analysis and Recommendation: Staffs of the Board of Governors and the Division of Bond Finance have reviewed the information provided by the University with respect to the request for Board of Governors approval for the subject financing. The pledged revenues have historically generated positive debt service coverage and are projected to continue to provide adequate debt service coverage in the future based on what appear to be reasonable assumptions as to revenue and expenditure growth. It appears that the proposed financing is in compliance with the Florida Statutes governing the issuance of university debt and the Board of Governors Debt Management Guidelines. Accordingly, staff of the Board of Governor’s recommends adoption of the resolution authorizing the proposed financing.