STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
February 21, 2012

SUBJECT: A Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration of Florida (the “Division of Bond Finance”) to issue revenue bonds on behalf of Florida Agricultural and Mechanical University to finance construction of a Student Residence Facility on the main campus of Florida A&M University

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate, student residence facility revenue bonds, by the Division of Bond Finance on behalf of Florida Agricultural and Mechanical University (the “University”), in an amount not to exceed $49,000,000 (the “Bonds”) for the purpose of financing a student residence facility on the main campus of the University (“the Project”).

Staffs of the Board of Governors, State University System of Florida, and the Division of Bond Finance have reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and complies with the debt management guidelines adopted by the Board of Governors. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Florida Board of Governors Debt Management Guidelines; Section 1010.62, Florida Statutes; and Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The University has submitted a proposal for financing and construction of an expansion of their student housing. The Project will be located in the northwestern corner of the Tallahassee campus of the University on the existing site of the Polkinghorne Village housing. The Project will include the design and construction of a new 6-story, approximately 800 bed residence hall as well as the demolition of the Polkinghorne Village buildings, which are currently vacant. The opening of the Project will coincide
with the closing of two existing residence halls, resulting in a net increase of 438 beds to the system in Fall 2013. The projected capacity of the system will be 3,176 beds at that time. The Project is consistent with the University’s Campus Master Plan. The total Project cost is expected to be $44 million. This is the second part of an overall plan to upgrade the housing facilities. The first part involved the issuance of $15 Million in bonds for the renovation of Sampson and Young Halls with a plan to ultimately replace 700 beds from 4 additional residence halls.

The University’s Board of Trustees has requested approval from the Board of Governors for the Division of Bond Finance to issue up to $49,000,000 of fixed rate tax-exempt revenue bonds to finance the construction of the Project, fund a debt service reserve fund, and pay costs of issuing the Bonds. The Bonds will have no more than 20 annual maturities and a level annual debt service payment structure.

The debt service payments will be funded from revenues generated from the operation of the University housing system, after payments of operation and maintenance costs. Operating revenues are generated primarily from rental revenues for housing services. The Bonds will be secured by a first lien on the Pledged Revenues on parity with the 2010 A&B Bonds, outstanding in the principal amount of $26,998,000.

Projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Bonds and the outstanding parity bonds.

The University’s Board of Trustees approved the Project and the financing thereof at its December 19, 2011 meeting.

**Supporting Documentation Included:**
1. Requesting Resolution
2. Project Summary
3. Attachment I – Estimated Sources and Uses of Funds
4. Attachment II – Historical and Projected Pledged Revenues and Debt Service Coverage

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