STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
June 20, 2013

SUBJECT: A Resolution of the Board of Governors Authorizing the Issuance by Seminole Boosters, Inc. of Debt to Finance the Construction of a Student Housing Facility and Related Improvements near the Main Campus of the Florida State University

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate debt by Seminole Boosters, Inc (the “DSO”), in an amount not to exceed $6,500,000 (the “Debt”) for the purpose of financing a portion of the construction of a student housing facility (the “Project”), which will be located near the main campus of Florida State University (the “University”).

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(d), Florida Constitution

BACKGROUND INFORMATION

The DSO has submitted a proposal for financing the construction of a student housing facility near the main campus of Florida State University. The Project will include one building consisting of approximately 91,629 square feet and 145 beds. The Project also includes 100 parking spaces. The Project will be located on land owned by the DSO near the southwest corner of the main campus. The total Project cost is expected to be approximately $11,600,000.
The Project is not required to be included in the University’s Campus Master Plan because it is located off campus.

The DSO, a direct support organization of Florida State University, proposes to obtain a $6,500,000 fixed rate, taxable bank loan (the “Debt”) to finance a portion of the Project, fund capitalized interest and pay costs of issuance on the Debt. The Debt will mature twenty five (25) years after issuance with level debt service payments with the first principal payment occurring October 1, 2015 and a final maturity date of October 1, 2038. There will not be a debt service reserve fund. The DSO also plans to contribute $5,100,000 cash to the cost of the Project.

The Debt is payable from the Project revenues, which are derived primarily from rental income, after deducting operating expenses. The pledged security also includes a mortgage on the subject property as well as a covenant by the DSO to maintain an 80% occupancy rate for the Project at all times. Projections provided by the University indicate revenues are expected to be sufficient to pay debt service on the Debt. There is no parity debt, but the DSO has unconditionally guaranteed approximately $61,000,000 of subsidiary debt, which is senior to the Debt.

It appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and the Board of Governors Debt Management Guidelines.

The Florida State University Board of Trustees, at its March 8, 2013 meeting, approved the Project and the financing thereof. The Seminole Boosters, Inc. Board of Directors, at its April 12, 2013 meeting approved the Project and the financing thereof.

Supporting Documentation Included:
1. Requesting Resolution
2. University Cover Letter
3. Project Summary
4. Attachment I – Estimated Sources and Uses
5. Attachment II – Historical and Projected Pledged Revenues and Debt Service Coverage
6. Feasibility Study

Facilitators/Presenters: Chris Kinsley