

**BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA**

March 27, 2008

SUBJECT: A Resolution of the Board of Governors Authorizing the Issuance by the Florida Gulf Coast University Financing Corporation of Tax-Exempt Revenue Bonds to Finance the construction of a Student Residence Facility on the Main Campus of the Florida Gulf Coast University.

PROPOSED BOARD ACTION

Adoption of a resolution approving the issuance of fixed or variable rate, tax-exempt revenue bonds, by the Florida Gulf Coast University Financing Corporation ("Corporation"), in an amount not to exceed \$22,000,000 for the purpose of financing a Student Residence Facility on the main campus of Florida Gulf Coast University ("the Project").

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, has 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 the debt management guidelines adopted by the Board of Governors. Therefore, staff of the Board of Governor's recommends adoption of the resolution and authorization of the proposed financing.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Florida Board of Governors Debt Management Guidelines dated April 27, 2006; Section 1010.62, Florida Statutes; and Article IX, Section 7(d), Florida Constitution.

BACKGROUND INFORMATION

Florida Gulf Coast University has submitted a proposal for financing and construction of a new Student Residence Facility on the main campus of the University. The Project will be the ninth in a series of student housing projects which began in 1997 and the second in the South Lake Village Residence Life Enhancement Project. The proposed project will be constructed as a five story building and will consist of approximately 400 beds. The Project is consistent with the University's Campus Master Plan. The total Project construction cost is expected to be \$20.3 Million.

The Corporation, a direct support organization of Florida Gulf Coast University, proposes to issue up to \$22,000,000 of fixed or variable rate, tax-exempt, revenue bonds to finance the construction of the project, fund capitalized interest during construction and pay costs of issuance. The bonds will mature thirty (30) years after issuance with level annual debt service payments.

The debt service payments will be funded from revenues generated from the operations of the University housing system, after payments of operation and maintenance costs. Revenues are generated primarily from room rentals, summer special event rentals, damage deposit forfeitures and other miscellaneous collections. The 2008A Bonds will be issued on parity with the outstanding Florida Gulf Coast University Financing Corporation Capital Improvement Revenue Bonds, Series 2003, Series 2005A and Series 2007A, currently outstanding in the aggregate principal amount of \$78,240,000.

Projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Series 2008A Bonds and the outstanding parity bonds.

The University is planning to closely monitor market conditions and to make a decision to issue the Series 2008A Bonds as variable or fixed rate revenue bonds prior to their sale. The University has experience managing its variable rate debt portfolio.

The Florida Gulf Coast Financing Corporation Board of Directors, at a meeting held on September 19, 2007, and the Florida Gulf Coast University Board of Trustees, at its January 15, 2008 meeting, approved the Project and the financing thereof.