

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

June 14, 2007

**SUBJECT:** A Resolution of the Board of Governors Authorizing the Issuance by the University of North Florida Financing Corporation of Revenue Bonds to finance construction of a Student Union on the main campus of the University of North Florida

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**PROPOSED BOARD ACTION**

Adoption of a resolution approving the issuance of fixed rate, tax-exempt, revenue bonds, by the University of North Florida Financing Corporation ("Corporation") in an amount not to exceed \$22,000,000 to finance construction of a Student Union on the main campus of the University of North Florida

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, 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 the debt management guidelines adopted by the Board of Governors ("BOG"). Therefore, 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 dated April 27, 2006; Section 1010.62, Florida Statutes; and Article IX, Section 7(d), Florida Constitution.

**BACKGROUND INFORMATION**

The University of North Florida has submitted a proposal for the financing and construction of a Student Union Project. The University has requested authorization pursuant to the new Debt Guidelines of the Board of Governors.

Currently, the University of North Florida does not have a Student Union. With a present campus population of over 16,000 students, and plans for growth, the University wishes to provide space for student activities and organizations. Specifically, the new facility, of approximately 148,000 gross square feet, will contain offices for student organizations, a student lounge, a food court, conference and meeting rooms, a restaurant, retail space, a book store and other support facilities. The

proposed Student Union Project will be located on a site in the core section of the campus consistent with the Campus Master Plan.

The total proposed cost of the Project is estimated at \$50 million (construction costs of \$41 million with design, permit and other soft costs estimated at \$9 million). The \$50 million will be funded with approximately \$20.3 million from the sale of bonds (including anticipated interest earnings on the construction fund) and approximately \$29.7 from non-bond sources (including, among other things, activity and service fee revenues, related auxiliary funds on hand, approximately \$4.2 from Public Education Capital Outlay, and \$5.2 from the Capital Improvement Trust Fund).

The proposed debt will be financed with fixed rate, tax-exempt bonds in an amount not to exceed \$22,000,000. The bond size includes estimated capitalized interest of approximately \$1.3 million to fund debt service through November 1, 2008, during construction of the project. The term of the bonds will be for 30 years with the first principal payment scheduled to occur on November 1, 2009 and final maturity on November 1, 2037.

The debt service payments will be made from revenues generated from a pledge of a portion (\$4.24 per credit hour) of the activity and service fee. This fee was authorized by the Board of Regents on February 14, 2001. Supporting work papers specifying such use of the portion of the activity and service fee were submitted to the Legislature in conjunction with the legislative approval of the financing in the General Appropriations Acts for the 2004-05, 2005-06, and 2006-07 fiscal years. Section 1010.62 (3)(a), Florida Statutes, generally prohibits the pledging of activity and service fees in an amount in excess of 5% of the fees collected during the most recent 12 consecutive months. However, Section 1010.62 (10), Florida Statutes, permits any legal commitment entered into prior to the effective date of section 1010.62 to remain in effect. Based on discussions with legislative staff, in their opinion, the prior approval of the pledge of the activity and service fee by the Board of Regents and the Legislature constitutes a legal commitment relating to the financing of a capital outlay project and permits the pledging of more than 5% of the activity and service fee. Projections by the University indicate that the pledged revenues will be sufficient to pay debt service on the 2007 Series bonds. There is currently no outstanding debt payable from the pledged revenues.

The University of North Florida Board of Trustees, at its May 17, 2007, meeting, and the Corporation at its May 16, 2007, approved the Student Union Project construction and the financing thereof.

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**Supporting Documentation Included:** Requesting Resolution  
Project Summary  
Attachment 1 - Estimated Sources and  
Uses of Funds  
Attachment 2 - Historical and Projected  
Pledged Revenues and Debt Service  
Coverage

**Facilitators/Presenters:** Mr. Chris Kinsley, Director of Finance and  
Facilities