

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

January 25, 2007

SUBJECT: A Resolution of the Board of Governors Approving the Issuance of Revenue Bonds by the Florida Gulf Coast University Financing Corporation to Finance Construction of a Student Union Addition, Phase I on the Main Campus of Florida Gulf Coast University

PROPOSED BOARD ACTION

Adoption of a resolution approving the issuance of variable rate, tax-exempt, revenue bonds, by the Florida Gulf Coast University Financing Corporation ("Corporation"), in an amount not to exceed \$6,000,000 for the purpose of financing the construction of the Student Union Addition, Phase I project on the main campus of Florida Gulf Coast University.

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. Accordingly, adoption of the resolution authorizing the proposed financing is recommended.

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 the financing and construction of the Student Union Addition, Phase I project. The Student Union addition will be located adjacent to the existing student union in the central portion of the main campus. The estimated project cost is \$5,562,815 and includes an addition of 30,000 gross square feet to the existing student union including office and support space for student government, student clubs and organizations, and will expand student meeting and lounge space to accommodate projected student enrollment growth and anticipated new academic programs. University/student related activities now housed in the existing student union will be relocated to the new addition. The project will also include space for university postal services. Additionally, unrestricted and available

university auxiliary funds will be used to remodel and enlarge the existing food court and bookstore. The project is reflected on the approved master plan for the University and has been determined by the University to be consistent with the University mission.

The Florida Gulf Coast University Financing Corporation, a direct support organization of Florida Gulf Coast University, proposes to issue up to \$6,000,000 of variable rate, tax-exempt, revenue bonds to finance the construction of the project, fund capitalized interest during construction and pay costs of issuing the bonds.

The debt service payments will be funded from revenues generated from contracted bookstore and food service operations, after payments of operations and maintenance costs. There is currently no outstanding debt payable from bookstore or food service revenues. Projections provided by the University indicate that sufficient revenues will be generated from contracted bookstore and food service operations to provide for required debt service payments. However, the projected revenues are dependent on realizing aggressive student growth projections. If growth projections are not realized, revenue shortfalls could occur causing fiscal stress and requiring adjustments to the operating plan. Projected operating results have not been evaluated by an independent expert but appear reasonable based on historical growth experienced by the University.

The term of the financing agreement will be for 30 years and upon retirement of the debt, ownership of the facilities will be transferred from the Corporation to the University.

The Florida Gulf Coast University Financing Corporation Board of Directors, at its September 20, 2006 meeting, and the Florida Gulf Coast University Board of Trustees, at its October 31, 2006 meeting, approved the Student Union Addition, Phase I project construction and the financing thereof.

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