

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

June 19, 2008

**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 the State University System to finance the acquisition and construction of Capital Projects of the State University System.

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**PROPOSED BOARD ACTION**

Adoption of a resolution approving the issuance of fixed rate, tax-exempt revenue bonds, by the Division of Bond Finance on behalf of the State University System of Florida, in an amount not to exceed \$60,000,000 for the purpose of partially financing Capital Improvement Fee projects appropriated by the 2008 Legislature.

Staff 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. Accordingly, staff of the Board of Governors recommends adoption of the resolution authorizing the proposed financing.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Section 1010.62, Florida Statutes; Article IX, Section 7(d), Florida Constitution; 1013.74(3), F.S., and the 2008 General Appropriation Act (House Bill 5001).

**BACKGROUND INFORMATION**

Florida Statute 1009.24 sets the Capital Improvement Trust Fund fee as \$2.44 per credit hour per semester and the building fee as \$2.32 (CITF fees) per credit hour per semester. These fees are collected by the universities when tuition is paid and is then transferred to the Department of Education and used to pay the semi-annual debt service payments, annual payments to university child care centers and the cash portion of authorized student facility projects. The balance remaining is used as the starting point for the projections that are used in developing the next student facilities allocation. New allocations are on a pro-rata basis, and represent an average of each universities two year collection history for CITF fees and two year projection. The total amount available consists of both cash and bond proceeds.

The Board of Governors, at it March 27, 2008 meeting, approved a proposed allocation of \$160 million of Capital Improvement Fees based on a financing plan comprised of bond proceeds and excess fee collections plus interest earnings. Universities, in

consultation with their student government associations, elected to utilize \$122 million of the allocated funds and the 2008 Legislature provided appropriation authority of \$122 million for new Capital Improvement Fee projects. An assumed interest rate of 5.3% has been used to structure the proposed twenty-five year bond issue. (The estimated bond size has been calculated at \$60 million based upon the assumption of a fully funded reserve; however, a debt service reserve surety bond will be requested.) It is anticipated that the proposed bonds will be sold by September of 2008.

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**Supporting Documentation Included:** Requesting Resolution  
Attachment 1 - Estimated Sources and  
Uses of Funds  
Attachment 2 - List of Projects Funded

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