

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

March 26, 2009

SUBJECT: A Resolution of the Board of Governors Authorizing the Issuance by the University of West Florida Foundation, Inc of Tax-Exempt Debt to Finance the Construction of a Student Residence Facility on the Main Campus of the University of West Florida

PROPOSED BOARD ACTION

Adoption of a resolution approving the issuance of fixed rate, tax-exempt debt, by the University of West Florida Foundation, Inc ("Foundation"), through the Escambia County Housing Authority in an amount not to exceed \$15,000,000 for the purpose of financing a Student Residence Facility on the main campus of the University of West Florida ("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

The University of West Florida has submitted a proposal for financing and construction of a new Student Residence Facility on the main campus of the University. The proposed project will be constructed as a suite-style residence hall and will consist of approximately 250-300 beds. The Project is consistent with the University's Campus Master Plan. The total Project construction cost is expected to be \$12.9 Million.

The Foundation, a direct support organization of the University of West Florida, proposes to issue up to \$15,000,000 of fixed rate, tax-exempt, revenue bonds or a bank

loan to finance the construction of the project, fund a debt service reserve, if any, fund capitalized interest during construction and pay costs of issuance. If issued as a bank loan, the debt will mature twenty (20) years after issuance with level debt service; but if issued as revenue bonds, the debt will mature thirty (30) years after issuance with level debt service payments.

The debt service payments will be funded from net revenues generated from the operations of the University housing system, after payment of operation and maintenance costs. Revenues are generated primarily from room rentals, summer special event rentals, damage charges and other miscellaneous collections. The 2009 debt will be on a parity with the outstanding Dormitory Revenue Bonds, Series 1998 and 2005, issued by the Escambia County Housing Finance Authority on behalf of the University of West Florida Foundation, Inc., currently outstanding in the aggregate principal amount of \$30,130,000.

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

The University of West Florida Foundation, Inc. Board of Directors, at a meeting held on March 2, 2009, and the University of West Florida Board of Trustees, at its March 6, 2009 meeting, approved the Project and the financing thereof.

Supporting Documentation Included: Information behind the Facilities and Real Estate and Budget, Finance and Operations Committee tab