

BOARD OF GOVERNORS

November 17, 2005

SUBJECT: A Resolution Requesting the Division of Bond Finance of the State Board of Administration of Florida 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

UNIVERSITY AFFECTED: All

PROPOSED BOARD ACTION

Adopt a resolution requesting the Division of Bond Finance of the State Board of Administration of Florida to issue revenue bonds on behalf of the State University System of Florida, in an amount not exceeding \$70,000,000 to partially finance Capital Improvement Fee projects appropriated by the 2005 Legislature.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Section 1010.60(1), Florida Statutes, and Article IX, Section 7(d), Florida Constitution.

BACKGROUND INFORMATION

The Board of Governors, at its March 24, 2005 meeting, approved a proposed allocation of \$103.7 million of Capital Improvement Fees based on a financing plan comprised of bond proceeds and excess fee collections plus interest earnings. Universities elected to utilize \$103.7 million of the allocated funds and the 2005 Legislature, at the request of the Board of Governors, provided appropriation authority of \$103.7 million for new Capital Improvement Fee projects. The Legislature also authorized the issuance of revenue bonds to partially finance the appropriation. An assumed interest rate of 6% has been used to structure the proposed twenty-five year bond issue. The estimated bond size has been calculated at \$70 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 March of 2006.

Supporting Documentation Included: Requesting Resolution
Sources and Uses of Bond Proceeds
List of Projects Funded

Facilitator/Presenter: Nancy McKee

A RESOLUTION REQUESTING THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA 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, AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED by the Board of Governors:

Section 1. The Board of Governors (the "Board") hereby authorizes and requests the Division of Bond Finance of the State Board of Administration of Florida (the "Division") to issue bonds in an amount not exceeding \$70,000,000 (the "Bonds") for the purpose of financing the acquisition and construction of capital projects of the State University System. Proceeds of the Bonds may also be used to pay the costs of issuance of such Bonds, to provide for a municipal bond insurance policy and to fund a reserve account or provide debt service reserve insurance, if necessary. The Bonds are to be secured by capital improvement fees and net student building fees, and may additionally be secured by other revenues that are determined to be necessary and legally available. The Division shall determine the amount of the Bonds to be issued and the date, terms, maturities, and other features of a fiscal or technical nature necessary for the issuance of the Bonds.

Section 2. Authority is further granted for the issuance of bonds for the purpose of refunding all or a portion of any bonds secured by the revenues described in Section 1 hereof, if it is deemed by the Division to be in the best financial interest of the State. The limitation on the amount authorized for the Bonds in Section 1 above shall not apply to such refunding bonds. Other

terms of this resolution shall apply to any such refunding bonds as appropriate.

Section 3. The Board will comply, and will require the universities to comply, with all requirements of bond counsel and the Division as evidenced by a "Certificate as to Tax, Arbitrage and Other Matters" or similar certificate to be executed by the Board prior to the issuance of the Bonds and advice and directions in implementing such certificate.

Section 4. The Board will comply, and will require the universities to comply, with all other requirements of the Division with respect to compliance with federal arbitrage law, pursuant to Section 215.64(11), Florida Statutes, including the payment of fees to the Division in connection therewith.

Section 5. The Board will comply, and will require the universities to comply, with all requirements of federal law, state law, or the Division, relating to continuing secondary market disclosure of information regarding the Bonds and the University System. Such requirements currently provide for the continuing disclosure of information relating to the Bonds and the University System on an annual basis and upon the occurrence of certain material events.

Section 6. As provided in Section 215.65, Florida Statutes, the fees charged by the Division and all expenses incurred by the Division in connection with the issuance of the Bonds (except for periodic arbitrage compliance fees, if any, which shall be paid from other legally available funds) shall be paid and reimbursed to the Division from the proceeds of the sale of such Bonds. If for any reason (other than a reason based on factors completely within

the control of the Division) the Bonds herein requested to be authorized are not sold and issued, the Board agrees and consents that such fees, charges and expenses incurred by the Division shall, at the request of the Division, be reimbursed to the Division by the Board from any legally available funds of the Board.

Section 7. The Division is hereby requested to take all actions required to issue the Bonds.

Section 8. If determined by the Division to be in the best interest of the State, the Board may cause to be purchased a debt service reserve credit facility and/or municipal bond insurance policy, issued by a reputable and recognized provider.

Section 9. The Chair; the Vice Chair; the Commissioner of Education and the Deputy Commissioner, Finance and Operations (or his/her successor by whatever title) of the Department of Education; and other authorized representatives of the Board are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other action as they may deem necessary or desirable, in connection with the execution and delivery of the Bonds and to obtain a debt service reserve credit facility and a municipal bond insurance policy. Any action taken pursuant to this Section 9 shall be valid if such action is taken by at least one person authorized to take such action.

Section 10. This Resolution shall take effect immediately upon its adoption.

Adopted this 17th day of November, 2005.

BOARD OF GOVERNORS
Sources and Uses of Funds for Capital Improvement Fee Projects

<u>Sources of Funds</u>		<u>Basis for Amounts</u>
Bond Sale Amount	\$ 70,000,000	Maximum 2006 Bond sale amount based on an interest rate of 6.00% with a final maturity date of July 1, 2030. The 2006 Bonds will be issued as fixed rate, tax-exempt bonds through the Division of Bond Finance.
Less:		
Underwriter's Discount	\$ (1,400,000)	Estimate provided by the Division of Bond Finance.
Issuance Costs	\$ (175,000)	Estimate provided by the Division of Bond Finance and is based on comparable bond issues.
Net Bond Proceeds	\$ 68,425,000	
Estimated Cash for Projects	\$ 43,571,990	Based upon estimated unobligated cash balance as of June 30, 2005, excess fee collections and interest earnings.
Total Sources of Funds	\$ 111,996,990	
 <u>Uses of Funds</u>		
Capital Improvement Fee Projects	\$ 103,722,927	Includes bond proceeds of \$60,150,937 and cash of \$43,571,990.
Contingency Amount	\$ 2,721,263	Estimated contingency amount from bond sizing which will be available to fund projects. This amount will be reduced at the time the bonds are sold and represents a minimal rounding amount.
Debt Service Reserve Account	\$ 5,552,800	Assumes a fully funded reserve account for the 2006 Bonds. It is anticipated that a debt service reserve surety bond will be purchased thereby reducing the bond size.
Total Uses of Funds	<u>\$ 111,996,990</u>	
 <u>Debt Service Coverage (Fiscal Year 2006-2007)</u>		
Estimated Average Pledged Revenue	\$ 31,404,899	Based on actual pledged revenues for 2004-2005 of \$30,433,770 and projected pledged revenues for 2005-2006 of \$32,376,027.
Less: Outstanding Parity Bonds	\$ 18,946,566	Includes debt service on the outstanding University System Improvement Revenue Bonds, Series 1997, Series 1997A, Series 1998, Series 2001, Series 2003A, and Series 2005A.
Estimated Annual Debt Service for 2006 Bonds	\$ 5,549,600	Debt service payment for the proposed 2006 Bonds during 2006-2007, which represents the first full year of debt service due on the proposed bonds. The estimated maximum debt service amount for all bonds is \$24,496,166 and occurs during fiscal year 2006-2007.
Total Estimated Debt Service	\$ 24,496,166	
Debt Service Coverage Ratio	1.28	

STATE UNIVERSITY SYSTEM OF FLORIDA
Summary of Appropriated Capital Improvement Fee Projects for 2005-2006

University	Project Name	Approved Appropriations
		\$
UF	Campus Security Lighting	1,250,000
	Broward Courts Outdoor Recreation Complex	720,000
	Environmental Stewardship Improvements	500,000
	Band Shell Replacement	1,500,000
	Student Health Service Facility Expansion and Renovation	7,692,717
	Academic Technology Center Renovation	2,000,000
	UF Total	13,662,717
FSU	Student Affairs Facility	8,135,938
	Intramural Field Complex	8,135,938
	Barron Building Remodeling	500,000
	FSU Total	16,771,876
FAMU	Recreation Building Phase II	3,432,458
USF	Marshall Center Enhancement Phase I - Tampa	13,063,536
	Multi-Purpose Student Center - St. Petersburg	1,247,942
	SGA Offices - Sarasota	375,014
	Student Resource Area - Sarasota	49,375
	Student Study and Seating Area - Sarasota	21,417
	Cyber Café - Sarasota	25,841
	Swimming Pool Renovation and Resurfacing - Sarasota	51,353
	Hamilton Center Repair and Renovation - Sarasota	25,841
	Child Care Joint-Use Facility - Lakeland	200,000
	Student Parking Area Lighting - Lakeland	104,869
	USF Total	15,165,188
FAU	Wellness Center - Boca Raton	6,087,478
	Student Activity Center - Davie	2,639,249
	Outdoor Site Improvements - Davie	106,846
	Digital Marquee - Davie	218,900
	Built-In Technology - Davie	45,000
	Student Indoor Meeting Area - Davie	6,150
	Joint-Use Child Care Center Improvements - Davie	10,000
	Vending/Outdoor Student Area - Davie	17,011
	Student Space Modification - Downtown	70,000
	Recreation Fields and Area Improvements - MacArthur	104,942
	Wellness Center Improvements - Treasure Coast	282,484
	FAU Total	9,588,060
UWF	Fieldhouse Building 54 Renovation - Phase I	679,238
	Health, Leisure, and Sports Facility Rock Climbing Wall	156,500
	Child Care Center	2,819,924
	UWF Total	3,655,662
UCF	Recreation Fields Loan Repayment	3,250,000
	Alumni House	300,000
	Career Resource Center	1,000,000
	Recreation Fields Improvements	2,800,000
	Recreation and Wellness Center Expansion	11,799,839
	Student Union Expansion	1,498,000
	UCF Total	20,647,839
FIU	Graham Center Conference Addition	6,713,527
	Resident Student Dining Facility	3,050,000
	Auxiliary Trust Fund Loan Repayment	2,800,000
	FIU Total	12,563,527
UNF	Student Union	5,206,467
FGCU	Student Union Addition	2,677,353
NC	Hamilton Center Roofing	310,000
	Student Facilities Repair, Renovation, Remodeling	41,780
	NC Total	351,780
TOTAL SUS PROJECTS		\$103,722,927