

ITEM: _____

BOARD OF GOVERNORS

September 24, 2003

SUBJECT: A Resolution of the Board of Governors Approving the Financing of Renovation and Expansion of the Existing Student Health Center on the University of Central Florida Main Campus

UNIVERSITY AFFECTED: University of Central Florida

PROPOSED BOARD ACTION

Approve the financing plan and adopt a resolution authorizing the issuance of fixed rate, tax-exempt revenue bonds by the Division of Bond Finance of the State Board of Administration of Florida (“the Division”) on behalf of the University of Central Florida. The funds will be used to finance the renovation and expansion of the existing Student Health Center in an amount not to exceed \$8,000,000. Authorize the Chair, the Vice Chair, the Chief Education Financial Officer, and other authorized staff to execute the necessary contractual documents related to the financing of the project. Authorize the issuance of bonds to refund all or a portion of any bonds secured by revenues of the Student Health Center of the University of Central Florida, if it is deemed by the Division to be in the best financial interest of the State. Approval is contingent upon affirmative action of the fee proposal modification by the university president, with input from the local fee committee, and the University Board of Trustees.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Section 11, Chapter 2003-397, Laws of Florida, Section 1010.60(2), Florida Statutes, and Article IX, Section 7(D), Florida Constitution.

BACKGROUND INFORMATION

The University of Central Florida proposes to issue fixed rate, tax-exempt revenue bonds to finance the costs of construction of an additional Student Health Services building with 33,397 net square feet. The project also includes the renovation of the existing Student Health Services building consisting of 4,953 net square feet. The total project cost is estimated to be \$7,381,760 for expansion, and \$617,804 for renovation. The University plans to use gross revenues derived from the assessment of a student health fee charged on a per credit hour basis to each student enrolled at the university to satisfy debt service obligations. The bonds may also be secured by fees charged by the Student Health Center for services provided. These fees include charges related to pharmacy, laboratory, X-Ray and certain office procedures.

The University of Central Florida Student Health Center implemented an increase in student health fees in Fall 2000 from \$47.30 to \$53.00 per semester, per student. Also, in Fall

2001, the University implemented another increase and changed to a per credit hour basis of \$6.00 per credit hour, per student, with a minimum of \$36 and a maximum of \$90. The two consecutive student health fee increases were approved in order to provide expanded services to students. Two other goals of the increases were to replenish the fund balance reserve and to provide additional cash flow to finance the renovation and expansion of the existing Student Health Services building. It is anticipated that with continued enrollment growth of 3.5% annually and close monitoring of expenses, the level of surplus can be sustained. A subsequent student health fee increase is anticipated for Fall 2004. Subsequent student health fee increases may be implemented after the completion of the new building in order to meet the anticipated increased demand for services. The proposed project will also permit the eventual relocation of Counseling Services to the Student Health Center facilities and allow for continuous delivery of health care services to a projected student population of 48,000 by Year 2010.

The University of Central Florida Board of Trustees approved the Student Health Center renovation and expansion project and the financing thereof, at its July 31, 2003 meeting. The original proposal submitted by the University for this bond issue was modified to comply with the limit relating to local fees which is 40% of tuition. This modification requires approval by the university president, with input from the local fee committee, and approval by the University Board of Trustees. Contingent approval by the Board of Governors is recommended to enable initiation of the bond issuance process.

Supporting Documentation Included: Requesting Resolution
Project Summary
Financial Plan

Facilitator/Presenter: Raymond Monteleone