

ITEM: _____

BOARD OF GOVERNORS

March 3, 2003

SUBJECT: A Resolution of the Board of Governors Approving the Financing of the Costs of the Acquisition and Construction of Certain Student Residence Facilities on the Tampa Campus of the University of South Florida by the University of South Florida Foundation, Inc.

UNIVERSITY AFFECTED: University of South Florida

PROPOSED BOARD ACTION

Approve the financing plan and adopt a resolution authorizing the issuance of variable or fixed rate, tax-exempt certificates of participation by the University of South Florida Foundation, Inc. on behalf of the University of South Florida, in an amount not to exceed \$36,000,000 provided that the debt service coverage ratio based on available housing system revenues after the payment of the prior lien obligations is not less than 1.20. Authorize the Chair, the Vice Chair, and other authorized staff to execute the necessary contractual documents related to the financing of the project.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Section 11, Chapter 2002-394, Laws of Florida, Section 1010.60(2), Florida Statutes, and Article IX, Section 7(D), Florida Constitution.

BACKGROUND INFORMATION

The University proposes to issue fixed or variable rate, tax-exempt certificates of participation as determined by the University, the Foundation, bond counsel, and the financial advisor to finance the Beta Hall renovation (Phase IIB) and the construction of Maple II (Phase III). As the revenues from these facilities will be used for the rental payments to the Foundation to satisfy the debt service obligations, the University anticipates charging an average initial rate of \$2,921 for double beds, and \$4,228 for single beds for Beta Hall, and \$3,424 for double beds and \$4,740 for single beds for Maple II per student, per academic year in order to meet its financial obligations under this arrangement. Additionally, the certificates of participation will have a junior and subordinate lien on housing system revenues, after the payment of debt service obligations related to the outstanding University of South Florida Dormitory, Dining and Auxiliary Enterprises Revenue Certificates of 1965, the University of South Florida Revenue Bonds of 1983, and the University of South Florida Housing Facility Revenue Bonds, Series 1996A.

The University proposes that approximately 22.49 acres of land be set aside for the Foundation to construct a new residence hall complex (Maple II) with a designed capacity of 602 beds, of which 571 beds will be revenue producing. Beta Hall will also be renovated with a designed capacity of 295 beds, of which 281 beds will be revenue producing.

Under the terms of a financing agreement, the Foundation will be responsible for the construction of the student residence facilities, and the University will be responsible for all expenses associated with the ownership, operation and rental of the facilities. The term of the financing agreement will be for thirty years and, upon expiration of the financing agreement or retirement of the debt, ownership of the improvements will be transferred to the State.

The University of South Florida Board of Trustees approved the construction of Maple II and the renovation of Beta Hall projects on November 21, 2002.

Subsequent Board action is required to proceed with the remaining subprojects encompassed by the comprehensive residence life enhancement project. With the additional requested approval, the University shall submit reports setting forth occupancy rates, rental rates, construction performance and costs, and any changes in the proforma including interest rate changes or other financing terms.

Supporting Documentation Included:	Requesting Resolution Project Summary Financial Plan Summary of Master Ground Lease Summary Master Operating Lease
Facilitator/Presenter:	Wayne V. Pierson