



AGENDA
Facilities Committee
Sudakoff Conference Center
New College of Florida
Sarasota, Florida
September 12, 2013
8:00 a.m. - 9:00 a.m.

Chair: Mr. Dick Beard; Vice Chair: Mr. H. Wayne Huizenga, Jr.
Members: Carter, Chopra, Levine, Link, Morton

1. **Call to Order and Opening Remarks** Governor H. Wayne Huizenga, Jr.
2. **Approval of Committee Meeting Minutes** Governor Huizenga
Minutes, June 20, 2013
3. **Public Notice of Intent to Amend State University System Board of Governors Debt Management Guidelines** Mr. Chris Kinsley
Director, Finance & Facilities
Board of Governors
4. **Review and Approve the 2014-15 SUS Fixed Capital Outlay Legislative Budget Request** Mr. Kinsley
5. **Debt Approval** Mr. Kinsley

Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration to Issue Revenue Bonds on behalf of the University of Florida to Finance the Construction of a Student Housing Facility on the Main Campus of the University of Florida

6. **Public Notice of Intent to Amend Board of Governors Regulations** **Mr. Kinsley**
 - a. [Regulation 9.005](#) Naming of Buildings and Facilities
 - b. [Regulation 14.0025](#) Action Required Prior to Capital Outlay Appropriation
 - c. [Regulation 14.023](#) Notice and Protest Procedures

7. **Concluding Remarks and Adjournment** **Governor Huizenga**

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 12, 2013**

SUBJECT: Minutes of Meeting held June 20, 2013

PROPOSED COMMITTEE ACTION

Approval of minutes of the meeting held on June 20, 2013 at the University of South Florida

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Board members will review and approve the minutes of the meeting held on June 20, 2013 at the University of South Florida.

Supporting Documentation Included: Minutes: June 20, 2013

Facilitators/Presenters: Governor H. Wayne Huizenga, Jr.

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FACILITIES COMMITTEE
UNIVERSITY OF SOUTH FLORIDA
TAMPA, FLORIDA
June 20, 2013

*Video or audio archives of the meetings of the Board of Governors
and its Committees are accessible at <http://www.flbog.edu/>.*

Chair Dick Beard convened the Board of Governors Facilities Committee meeting at 8:33 a.m., June 20, 2013, at the University of South Florida. The following members were present: Vice Chair H. Wayne Huizenga, Jr.; Matt Carter; Manoj Chopra; Alan Levine; Wendy Link; and Edward Morton.

1. Call to Order

Chair Beard called the meeting of the Facilities Committee to order. He asked everyone to remember that after hearing all the university work plans earlier in the week, facilities funding was a primary concern for many of them to meet their strategic plans and goals.

2. Approval of Minutes of the Meeting of the Facilities Committee held March 27, 2013

Mr. Carter moved that the Committee approve the Minutes of the Meeting of the Facilities Committee held March 27, 2013. Mr. Chopra seconded the motion, and members of the Committee concurred.

3. State University System Debt Guidelines Discussion

Chair Beard provided an update to the Committee on the modifications to Board Debt Management Guidelines. He stated that a drafting group was in place and good progress was being made on incorporating the necessary changes into the guidelines. He hoped to have a report at the next meeting related to any changes that need to be made.

4. Survey and Master Planning at USF

Chair Beard asked Chris Kinsley to present the Master Plan process to the Committee members using USF as an example. Mr. Kinsley presented the Board's process, including validation of space, needs assessment and master planning. The members discussed the need for funding to complete and maintain projects.

5. Approval of 2014-15 Fixed Capital Outlay Legislative Budget Request Guidelines

Mr. Kinsley presented the annual FCO LBR Guidelines and the priorities for the upcoming budget year request. Chair Beard asked Vice Chair Huizenga to review some research he requested from staff. Mr. Huizenga presented a comparison of the 10 year

MINUTES: FACILITIES COMMITTEE

JUNE 20, 2013

strategic plan need with the 5 year university requested projects. Mr. Kinsley explained that the large disconnect between the two lists had to do with the fact that the university requests had never been constrained by budget. Mr. Huizenga stated that it helped if the universities can present the best case to assist the Board in defending their projects and the return for the state. Chair Beard asked Mr. Kinsley to come up with a new way of creating the Fixed Capital Outlay Request so that it would strategically match the plan and present the true need.

Mr. Huizenga moved that the Committee approve the Fixed Capital Outlay Legislative Budget Request Guidelines. Mr. Carter seconded the motion. The committee unanimously approved the Guidelines as presented.

6. Approval of the 2013-14 University CITF Project Allocations

Mr. Kinsley presented the 2013-14 CITF Project Allocations, which was required by proviso language to allocate lump sum funding provided by the Legislature. Mr. Huizenga moved that the Committee approve the University CITF Project Allocations. Mr. Levine seconded the motion. The committee unanimously approved the allocations.

7. A Resolution of the Board of Governors Authorizing the Issuance by the Seminole Boosters, Inc. of Debt to Finance the Construction of a Student Housing Facility

Mr. Kinsley reviewed the FSU Boosters request for debt to build a housing facility near the main campus of FSU to partially house scholarship athletes. He stated that the request was in compliance with the existing debt management guidelines as well as the new metrics requested by the Governor's office. Mr. Morton moved that the Committee approve the request. Ms. Link seconded the motion. The committee unanimously approved the resolution as presented.

8. A Resolution of the Board of Governors Authorizing the Issuance by the University of South Florida Financing Corporation of Debt to Reimburse a Portion of the Costs Associated with Financing the Improvements and Renovation of the Existing Arena and Convocation Center

Mr. Kinsley reviewed USF's request for reimbursement. He stated that concerns had been raised about the feasibility of the project when it was initially presented to the Board in 2011. The University ended up self-funding the project and now wished to reimburse themselves a portion of the costs. He noted that many of the initial Board concerns were now addressed and that contingencies regarding how the reimbursed funds could be spent were being included in the resolution. Mr. Kinsley stated that he would recommend the project. The members discussed. Mr. Morton moved that the Committee approve the request subject to the restrictions outlined in the resolution on the use of the debt proceeds. Mr. Levine seconded the motion. The committee unanimously approved the resolution.

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9. Concluding Remarks and Adjournment

There being no further business, the meeting adjourned at 9:31 a.m., June 20, 2013.

Dick Beard, Chair

Stephanie Stapleton,
Financial Analyst, Finance & Facilities

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 12, 2013**

SUBJECT: Public Notice of Intent to Amend State University System Board of
Governors Debt Management Guidelines

PROPOSED COMMITTEE ACTION

Review proposed amendment of the State University System Board of Governors Debt Management Guidelines

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The Facilities Committee, at its March 28, 2013 meeting, discussed the correspondence between the Governor and Chair Colson (original letters dated February 18, 2013 and February 27, 2013 respectively) regarding the inclusion of new measures to enhance evaluation and analysis prior to the approval of debt issuance for university construction projects within the State University System. The Committee directed Board staff to work with university experts to incorporate these concepts into the existing Debt Management Guideline framework.

The proposed revisions incorporate the Governor's language and require universities to include, as a part of the debt package when submitted to the Board for consideration:

- a quantitative metrics review to justify the need for construction,
- a return-on-investment calculation, and
- an assessment of private sector alternatives.

The revisions extend the review request time frame from 60 to 90 days and require submission of periodic reports by September 30th of each year. The proposed language was developed by Board staff and vetted with appropriate university staff. Additional feedback was received from the Division of Bond Finance. No adverse impact has been identified by incorporation of new language into these guidelines.

Although the Guidelines are not a Board regulation, they fall within the Board's regulatory authority, and will follow a similar process to the consideration of amendments to regulations. Thus, these amendments, if approved by the Committee today, will be noticed on the Board's website in order to allow time from comments from members of the public or any other interested parties; and will be scheduled for consideration by the full Board in November for final adoption.

Supporting Documentation Included:	1. Amended Debt Management Guidelines 2. Governor's Letter 3. Chair's Letter
Facilitators/Presenters:	Chris Kinsley



DEBT MANAGEMENT GUIDELINES

Rev. 09/16/10

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DEBT MANAGEMENT GUIDELINES FOR CAPITAL OUTLAY PROJECTS

I. INTRODUCTION

The Need for and Purpose of Debt Management Guidelines

The state universities of Florida and their direct support organizations (“DSOs”) have funded significant investments in infrastructure, such as buildings, equipment, land, and technology, to meet the needs of a growing student population and to upgrade and maintain existing capital assets. A significant amount of the funding for this investment in infrastructure has been provided through the issuance of debt by the State for the benefit of the state universities and by the state universities’ direct support organizations (“DSOs”).

The purpose of these guidelines is to confirm that the state universities and their DSOs must engage in sound debt management practices and, to that end, the Board of Governors (“Board”) has formalized guiding principles for the issuance of debt by the state universities and their DSOs. Each state university shall adopt a debt management policy which is consistent with these guidelines and which shall be approved by the Board.

The following guidelines set forth guiding principles regarding state university and DSO debt-related decisions related to:

- a) The amount of debt which may prudently be issued.
- b) The purposes for which debt may be issued.
- c) Structural features of debt being issued.
- d) The types of debt permissible.
- e) Compliance with securities laws and disclosure requirements.
- f) Compliance with federal tax laws and arbitrage compliance.

These principles will facilitate the management, control and oversight of debt issuances, for the purpose of facilitating ongoing access to the capital markets which is critical to the financing of needed infrastructure.

In furtherance of this objective, the provisions of these guidelines shall be followed in connection with the authorization, issuance and sale of university and DSO debt. However, exceptions to the general principles set forth herein may be appropriate under certain circumstances. Also, additional guidelines and policies may be necessary as new financial products and debt structures evolve over time.

For purposes of these guidelines:

- i) “debt” means bonds, loans, promissory notes, lease-purchase agreements, certificates of participation, installment sales, leases, or any other financing mechanism or financial arrangement, whether or not a debt for legal purposes, for financing or refinancing, for or on behalf of a state university or a direct support organization, the acquisition, construction, improvement or purchase of capital outlay projects;
- ii) “capital outlay project” means (i) any project to acquire, construct, improve or change the functional use of land, buildings, and other facilities, including furniture and equipment necessary to operate a new or improved building or facility, and (ii) any other acquisition of equipment or software; and
- iii) “financing documents” means those documents and other agreements entered into by the state university or the DSO establishing the terms, conditions and requirements of the debt issuance.
- iv) “auxiliary enterprise” means any activity defined in section 1011.47(1), Florida Statutes, and performed by a university or a direct-support organization.

II. DEBT AFFORDABILITY AND CAPITAL PLANNING

Concept of Affordability

One of the most important components of an effective debt management policy is an analysis of what level of debt is affordable given a particular set of circumstances and assumptions. More comprehensive than simply an analysis of the amount of debt that may be legally issued or supported by a security pledge, the level of debt should be analyzed in relation to the financial resources available to the university and its DSOs, on a consolidated basis, to meet debt service obligations and provide for operating the university.

An analysis of debt affordability should address the impact of existing and proposed debt levels on an issuer’s operating budget and offer guidelines or ranges to policymakers for their use in allocating limited resources within the guidelines.–

Debts That May Be Issued Without Board of Governors' Approval

University boards of trustees may authorize ~~The following types of financings may be engaged in by the state universities and their DSOs, as applicable, to engage in the following types of financings~~ -without Board approval:

- o Universities may finance the acquisition of equipment and software provided such financings are accomplished in accordance with the deferred-purchase provisions in Chapter 287, Florida Statutes.
- o DSOs may finance the acquisition of equipment and software financings provided the overall term of the financing, including any extension, renewal or refinancings, hereof, does not exceed five years or the estimated useful life of the equipment or software, whichever is shorter.
- o DSOs may issue promissory notes and grant conventional mortgages for the acquisition of real property. However, no mortgage or note shall exceed 30 years.
- o University and DSO debt secured solely with gifts and donations and pledges of gifts so long as the maturity of the debt, including extensions, renewals and refundings, does not exceed five years and so long as the facilities being financed have been included in the university's five-year capital improvement plan that has been approved by the Board:
- o Refundings for debt service savings where final maturities are not extended.
- o Fully collateralized lines of credit intended to be used for temporary cash flow needs.
- o Energy Performance-Based Contracts, in accordance with the provisions of section 1013.23, Florida Statutes, not to exceed \$10,000,000.
- o Universities may borrow up to \$20,000,000 from a university DSO on a non-recourse basis to finance a capital project. The term of the borrowing may not exceed thirty (30) years, and the interest rate, if any, may not exceed current market interest rates. The university retains legal title to any capital project financed in whole or in part by such loan irrespective of whether the loan is repaid. The DSO is prohibited from transferring the note or any other instrument associated with the borrowing to any other entity.

III. GENERAL DEBT ISSUANCE GUIDELINES

Process for Submitting Debt for Approval

Timing. The submission of proposed debt for approval by the Board shall be governed by the following process¹:

- a) The university shall ~~formally~~ transmit to the Board Office a request for debt approval ~~no later than 60~~90 days prior to the next regularly scheduled meeting of the Board. The university shall also provide a copy to the State Division of Bond Finance ("DBF"). The formal transmittal to the Board Office shall be in duplicate, hard copy, and bound in a three-ring binder, and include all the information required by these guidelines. Electronic copies of supporting documentation should be provided to the Board Office and the DBF, to the extent available. **The formal letter of transmission must be signed by the official point of contact for the university, and any exceptions to these Debt Guidelines shall be noted and explained.** If the university board of trustees has not yet formally approved the debt being requested, the proposed board of trustees meeting date shall be provided.
- b) During the review period, the Board Office shall review the information submitted for compliance with these Guidelines and State law, analyze general credit issues associated with the proposed indebtedness, and review any analysis provided by DBF staff.
- c) Board and DBF staff shall jointly discuss with the university or DSO any issues, concerns or suggestions resulting from the review during the review period. As a result of these discussions, the university may amend the information submitted or explain why the suggestions were not incorporated. The Board Office will advise the university if it believes that any amended information is so significant that re-authorization by the board of trustees and/or DSO is required. During this period, if the debt being requested for approval is to be issued by DBF on behalf of a state university, DBF shall submit to the Board Office a form of a resolution for adoption requesting that DBF issue the debt.
- d) After the review period, the Board Office shall submit the agenda item with supporting documentation and all appropriate and required analyses to the Board for consideration at its next meeting. Supporting documentation for the agenda item shall also include the resolution to be adopted by the Board

¹ Although not required, universities are encouraged to consult with the Board Office and the State Division of Bond Finance 30 days prior to formal approval of debt by the university board of trustees or the DSO, particularly for any debt with unusual features.

requesting issuance of the debt by DBF or a resolution approving issuance of the debt by the DSO.

Information Required for Submission. The following information shall be submitted to the Board Office in support of a request for approval of the issuance of debt. Additionally, the university or DSO shall complete the "Checklist of Information Required for Submission to the Board Pursuant to Debt Management Guidelines," and provide any additional information requested by the Board Office or DBF staff in connection with review of any proposed debt issuance.

- a) A resolution of the DSO board of directors approving the debt issuances, if applicable, and a resolution of the university board of trustees approving the debt issuance and authorizing the university to request Board approval of the debt issuance. For debt to be issued by DBF, at the request of the university, DBF staff will work with the university to determine a not-to-exceed amount of debt to be included in the board of trustees requesting resolution to the Board and in preparing required debt service and source-and-use schedules.
- b) The project program, feasibility studies or consultant reports (if available), and an explanation of how the project being proposed is consistent with the mission of the university.
- c) Estimated project cost, with schedules drawn by month and including start and completion dates, estimated useful life, and the date bond proceeds are required.
- d) The sources-and-uses of funds, clearly depicting all costs, funding sources expected to be used to complete the project and the estimated amount of the debt to be issued.
- e) An estimated debt service schedule with the assumed interest rate on the debt clearly disclosed. If the proposed debt service is not structured on a level debt service basis, an explanation shall be provided which gives the reason why it is desirable to deviate from a level debt structure.
- f) One consolidated debt service schedule separately showing all outstanding debt related to or impacting the debt being proposed, the proposed debt and the new estimated total debt service.
- g) A description of the security supporting the repayment of the proposed debt and the lien position the debt will have on that security. If the lien is junior to any other debt, the senior debt must be described. Furthermore, a description of why the debt is proposed to be issued on a junior lien basis must be provided. A statement citing the legal authority for the source of revenues securing repayment must also be provided.

- h) If debt is to be incurred on a parity basis with outstanding debt, a schedule showing estimated compliance with any additional bonds requirement set forth in the documents governing the outstanding debt. The applicable provisions of the documents for bonds of DSOs should be provided.
- i) Financial statements for five years, if available, for the auxiliary, if auxiliary revenues are pledged.
- j) A five-year history, if available, and five-year projection of the revenues securing payment and debt service coverage. To the extent applicable, the projections must be shown on the individual project as well as the entire system. All revenue items securing repayment must be clearly set forth as separate line items. An explanation must be provided with regard to growth assumptions, and to the amount and status of approval of any rate increases. The effect of the rate increases on the projections and expected revenues and expenses for the new facility should be clearly set forth as a separate line item. If rate increases are necessary, a commitment must be made to increase rates to the needed levels. Major categories of any operating expenses should be set forth as separate line items with an explanation of assumptions regarding increases or decreases.
- k) Evidence that the project is consistent with the university's master plan or a statement that the project is not required to be in the master plan.
- l) For variable rate debt proposals:
 - i) the expected reduction in total borrowing costs based on a comparison of fixed versus variable interest rates;
 - ii) a variable rate debt management plan that addresses liquidity and interest rate risks and provides, at a minimum: a description of budgetary controls, a description of liquidity arrangements, a discussion of why the amount of variable rate debt being proposed is appropriate, and a plan for hedging interest rate exposure. If interest rate risks are to be mitigated by the use of derivatives, then evidence that the counterparty has a long term rating of at least an A/A2 and a swap management plan as set forth in the Board's Debt Management Guidelines must be submitted;
 - iii) a pro forma showing the fiscal feasibility of the project using current market interest rates plus 200 basis points;
 - iv) the total amount of variable rate debt including the proposed debt as a percentage of the total amount of university and DSO debt outstanding; and

- v) the individual or position that will be responsible for the reporting requirements for variable rate debt as set forth in these guidelines.
- m) If all or any portion of the financing is contemplated to be done on a taxable basis, then evidence demonstrating that the issuance of taxable debt is in the best interest of the university must be submitted.
- n) A statement explaining whether legislative approval is required, and if required, an explanation as to when legislative approval will be sought or evidence that legislative approval has already been obtained.
- o) A statement that the debt issuance is in accordance with the university's debt management policy or, if not, an explanation of the specific variances as well as the reasons supporting the variances.
- p) If a request is made to employ a negotiated method of sale, an analysis must be provided supporting the selection of this method that includes a discussion of the factors set forth in section IV of these Guidelines.
- q) A description of the process used to select each professional engaged in the transaction, showing compliance with the competitive selection process required by these Guidelines. Specific contact information for each selected professional, must be included, and at a minimum, should disclose the professional's name, firm name, address, email address, phone number and facsimile number.
- r) The most recent annual variable rate debt report.
- s) An analysis must be prepared and submitted which provides quantitative metrics justifying the need for the construction or acquisition of the project and explains why the project is essential to the university's core mission. There must also be a detailed assessment of private sector alternatives and a determination of whether the private sector can offer a comparable alternative at a lower cost. This information may be included as part of a project feasibility study or may be a stand-alone report.
- t) An analysis must be prepared which calculates the expected return on investment or internal rate of return for a revenue-generating project or another appropriate quantitative measure for a non-revenue generating project.

Approval. The Board will consider the following factors in connection with its review and approval of university or DSO debt issuance.

- a) The debt is to provide funding for needed infrastructure of the university for purposes consistent with the mission of the university.

- b) The debt is being issued in compliance with the principles and guidelines set forth herein.
- c) The project information submitted is reasonable and supportable.
- d) The five-year projection of pledged revenues available to pay debt service should provide debt service coverage of at least 1.20x for both outstanding parity debt and for the proposed new debt for all years within the five-year projection period after giving credit for any capitalized interest and other revenues available for payment.
- e) Any requirements for the issuance of additional parity debt can be reasonably expected to be met.

Purposes For Which Debt May Be Issued

Debt may be issued only to finance or refinance capital outlay projects as defined in these guidelines, including equipment and software; debt may not be approved to finance or refinance operating expenses of a university or a DSO.

Refunding bonds may be issued to achieve debt service savings. Refunding bonds may also be issued to restructure outstanding debt service or to revise provisions of Financing Documents if it can be demonstrated that the refunding is in the best interest of the university.

Committing University Resources for Debt Issued by Direct Support Organizations

There may be occasions where the university considers committing its financial resources on a long-term basis in support of debt issued by a DSO or other component unit. While the nature of the commitment may not constitute a legal debt obligation of the university, it may affect the university's debt position and its available financial resources. Therefore, the university should evaluate the long-term fiscal impact upon the university's debt position and available resources before authorizing any such financial commitment. Additionally, the debt of any DSO may not be secured by an agreement or contract with the university unless the source of payments under such agreement or contract is limited to revenues that the university is authorized to use for the payment of debt service. Any such contract or agreement shall also be subject to the requirements set forth under "Security Features – Pledged Revenues" herein.

Credit Ratings

In order to access the credit markets at the lowest possible borrowing cost, it is recognized that credit ratings are critical. Therefore, for all publicly offered debt:

- a) For existing bond programs, universities and DSOs shall strive to maintain or improve current credit ratings without adversely impacting the amount of debt which may be issued for any particular program.
- b) For all new financings, the university or DSO shall seek to structure the transaction to achieve a minimum rating of "A" from at least two nationally recognized rating agencies. Credit enhancement may be used to achieve this goal.

Tax Status

The universities have traditionally issued tax exempt debt which results in significant interest cost savings compared with the interest cost on taxable debt. Accordingly, all university and DSO debt should be issued to take advantage of the exemption from federal income taxes unless the university demonstrates that the issuance of taxable debt is in the university's best interest. With respect to debt which has a management contract with a private entity as part of the security feature, the management contract should comply, to the greatest extent practical, with tax law requirements to obtain tax exemption for the debt.

Security Features

Pledged Revenues. The debt issued by universities and their DSOs may only be secured by revenues (including fund balances and budget surpluses) authorized for such purpose. The revenues which may secure debt include the following:

- a) Activity and Service Fee, subject to the limitation that annual debt service payable from these fees does not exceed five percent of the revenues derived therefrom.
- b) Athletic Fee, subject to the limitation that annual debt service payable from these fees does not exceed five percent of the revenues derived therefrom.
- c) Health Fee.
- d) Transportation Access Fee.
- e) Hospital Revenue.
- f) Licenses and Royalties for facilities that are functionally related to the university operation or DSO reporting such royalties and licensing fees.
- g) Gifts and Donations for debt not longer than five years.

- h) Overhead and indirect costs and other monies not required for the payment of direct costs of grants.
- i) Assets of University Foundations and DSOs and earnings thereon.
- j) Auxiliary Enterprise Revenues, e.g., housing, parking, food service, athletic, retail sales, research activities.

Revenues which are not enumerated above may not be pledged to secure debt unless authorized by law for such purpose. In the case of university-issued debt, the pledge of revenues which secures debt should specifically identify the sources pledged and not use general or vague terms such as “lawfully available revenues.” Specifically identifying revenues used to secure debt will provide certainty and transparency as to the revenues that are encumbered and avoid ambiguity or uncertainty as to the issuer’s legal liability and universities and their DSOs should take this into consideration when determining the nature of the security it will provide in connection with a debt issuance. The guidelines for pledging revenues and securing debt shall also apply to debt structures which involve an agreement, contract or lease with a university or its DSOs, i.e., the revenues being pledged to secure debt must be specifically identified and lawfully available for such purpose. It is preferable, whenever possible, to secure debt with system pledges comprised of multiple facilities within a system, e.g., housing and parking, rather than stand-alone project finances.

Functional Relationships. Revenues from one auxiliary enterprise (a “Supporting Auxiliary Enterprise”) may not be used to secure debt of another auxiliary enterprise unless the Board, after review and analysis, determines that the facility being financed (the “Facility”) is functionally related to the Supporting Auxiliary Enterprise’s revenues being used to secure such debt. The Board must determine whether a functional relationship exists whenever revenues from a Supporting Auxiliary Enterprise will be used to pay or secure the debt of a Facility or when proceeds of bonds issued by a Supporting Auxiliary Enterprise will be used, directly or indirectly, to pay costs relating to a Facility. When a functional relationship is established between a Facility and a Supporting Auxiliary Enterprise, only that portion of the Supporting Auxiliary Enterprise’s revenues that exceed its operating requirements and debt service, if any, may be pledged to secure such debt; provided that such pledge may be on parity with outstanding debt if permitted by the covenants and conditions of the outstanding debt.

A functional relationship exists when a nexus is established between the Facility and the Supporting Auxiliary Enterprise’s revenues. Whether a Facility is functionally related to the Supporting Auxiliary Enterprise’s revenues must be determined on a case by case basis, taking into consideration the unique facts and circumstances surrounding each individual situation.

Examples of functional relationships include, but are not limited to, a parking facility intended to provide parking to residents of a student housing facility and

located within reasonably close proximity to a student housing facility; a food services facility intended to serve residents of a student housing facility and located within reasonably close proximity to a student housing facility; or shared infrastructure (e.g. water lines, sewer lines, utilities, plaza areas) located within reasonably close proximity to both the Facility and the Supporting Auxiliary Enterprise. While representations that a Facility will provide general benefits to or enhance the experience of the student body are desirable, this factor alone is not determinative in and of itself to establish a functional relationship between the Facility and the Supporting Auxiliary Enterprise's revenues.

Lien Status. All bonds of a particular program should be secured by a first lien on specified revenues. Additionally, bonds should generally be equally and ratably secured by the revenues pledged to the payment of any outstanding bonds of a particular bond program. However, the creation of a subordinate lien is permissible if a first lien is not available or circumstances require.

Reserve Fund. Debt service reserve requirements may be satisfied by a deposit of bond proceeds, purchase of a reserve fund credit facility, or funding from available resources over a specified period of time. In the submission of a request for debt issuance, it is preferred, though not required, that the bond size for the proposed debt include provisions for funding a reserve from bond proceeds. This will ensure that in the event the university is unable to obtain a reserve fund credit facility it will still have an authorized bond amount sufficient to fund its needs. Debt service reserve requirements may also be satisfied with cash balances.

Credit Enhancement. Credit enhancement is used primarily to achieve interest cost savings. Accordingly, the state universities and their DSOs should consider the cost effectiveness of bond insurance or other credit enhancements when evaluating a debt issuance and the overall cost thereof. Any bond insurance or credit enhancement should be chosen through a competitive selection process analyzing the cost of the insurance or credit enhancement and the expected interest cost savings to result from their use. The primary determinant in selecting insurance or other credit enhancement should be price and expected interest cost savings; however, consideration may also be given to the terms of any arrangement with the provider of insurance or other credit enhancement.

Capitalized Interest. Capitalized interest from bond proceeds is used to pay debt service until a revenue producing project is completed or to manage cash flows for debt service in special circumstances. Because the use of capitalized interest increases the cost of the financing, it should only be used when necessary for the financial feasibility of the project.

Structural Features

Length of Maturity. In addition to any restriction on the final maturity imposed by the constitution or laws of the State, as a general guideline, the final maturity on bonds should not exceed thirty years.

Debt secured by gifts and donations shall not be considered long-term financing but may be used as a temporary or construction loan to accelerate construction of facilities. Accordingly, the maturity of debt secured by gifts and donations shall not exceed five years, including roll-overs or refinancings except refinancings to implement permanent financing. Debt issued to finance equipment and software may not be longer than five years or the useful life of the asset being financed, whichever is shorter. Lastly, the final maturity of the debt should not exceed the estimated useful life of the assets being financed.

Debt Service Structure. Generally, debt should be structured on a level debt basis, i.e., so that the annual debt service repayments will, as nearly as practicable, be the same in each year. A deviation from these preferences is permissible if it can be demonstrated to be in the university's best interest, such as restructuring debt to avoid a default and not to demonstrate feasibility of a particular project.

Redemption Prior to Maturity. A significant tool in structuring governmental bonds is the ability to make the bonds callable after a certain period of time has elapsed after issuance. This provides the advantage of enabling the issuer to achieve savings through the issuance of refunding bonds in the event interest rates decline. Although the ability to refund bonds for a savings is advantageous, there may be situations where a greater benefit of lower interest rates may be realized by issuing the bonds as non-callable. Accordingly, there is a strong preference that bonds issued by a university or DSO be structured with the least onerous call features as may be practical under then prevailing market conditions. Bonds of a particular issue may be sold as non-callable if it is shown to be in the best interest of the university or DSO.

Debt Issued With a Forward Delivery Date. Debt issued by a university or DSO may be issued with a delivery date significantly later than that which is usual and customary. This debt typically carries an interest rate penalty associated with the delay in delivery. There are also additional risks that delivery will not occur. Debt with a forward delivery date may be issued if the advantages outweigh the interest rate penalty which will be incurred and the university and DSO are protected from adverse consequences of a failure to deliver the debt.

Interest Accrual Features

Fixed Rate, Current Interest Debt. Fixed rate debt will continue to be the primary means of financing infrastructure and other capital needs. However, there may be circumstances where variable rate debt is more appropriate, in which case, the state

university or DSO shall provide documentation as noted in these guidelines for such debt.

Derivatives. Alternative financing arrangements, generally referred to as derivatives, are available in the market as an alternative to traditional bonds. Under certain market conditions, the use of alternative financing arrangements may be more cost effective than the traditional fixed income markets. However, these alternative financing instruments, such as floating to fixed swap agreements, have characteristics and carry risks peculiar to the nature of the instrument which are different from those inherent in the typical fixed rate financing. Although the universities and their DSOs should normally continue issuing conventional fixed rate bonds, alternative financing instruments may be used when the inherent risks and additional costs are identified and proper provision is made to protect the Board, the university, and the DSO from such risks. In determining when to utilize alternative financing arrangements, the availability of the requisite technical expertise to properly execute the transaction and manage the associated risks should be evaluated along with any additional ongoing administrative costs of monitoring the transaction. Also, a comprehensive derivatives policy should be established by the university or their DSOs and approved by the Board prior to approving transactions using derivatives products.

Capital Appreciation Bonds. Normally capital appreciation bonds, which do not require current debt service payments, should not be used. However, when a compelling university interest is demonstrated, capital appreciation bonds may be issued.

Variable Rate Bonds. Variable rate debt may be issued where, considering the totality of the circumstances, such bonds can reasonably be expected to reduce the total borrowing cost to the university or the DSO over the term of the financing. The availability of the requisite technical expertise to properly manage the risks and execution of the variable rate transaction should be evaluated along with any additional ongoing administrative costs of monitoring the transaction. There should be a solid understanding of the liquidity risk and interest rate risks associated with variable rate debt. Further, there should be a debt management plan that mitigates, to the extent possible, these risks over the life of the debt. The following guidelines should apply to the issuance of variable rate debt:

- a) *Expected reduction in total borrowing cost.* In determining reasonably expected savings, a comparison should be made between a fixed rate financing at then current interest rates and a variable rate transaction, based on an appropriate floating rate index. The cost of the variable rate transaction should take into account all fees associated with the borrowing which would not typically be incurred in connection with fixed rate bonds, such as tender agent, remarketing agent, or liquidity provider fees.

- b) *Limitation on variable rate debt.* The amount of variable rate debt and interest derivative exposure is dependent on several factors associated with these types of debts. Included in the factors associated with these instruments are the university's/DSO's operating flexibility and tightness of budget, access to short and long term capital, the likelihood of a collateral call or termination payment, and the university's/DSO's financial expertise. The level to which universities may utilize variable rate debt obligations ("VRDO") and interest derivatives (like swaps, collars, and caps) is subject to an understanding of the risks associated and a debt policy that adequately addresses the additional risks.
- c) *Budgetary controls.* To avoid a situation in which debt service on variable rate bonds exceeds the annual amount budgeted, the following guidelines should be followed in establishing a variable rate debt service budget:
 - i) A principal amortization schedule should be established, with provisions made for payment of amortization installments in each respective annual budget;
 - ii) Provide for payment of interest for each budget year using an assumed budgetary interest rate which allows for fluctuations in interest rates on the bonds without exceeding the amount budgeted. The budgetary interest rate may be established by: (1) using an artificially high interest rate given current market conditions; or (2) setting the rate based on the last 12 months actual rates of an appropriate index plus a 200 basis point cushion or spread to anticipate interest rate fluctuations during the budget year. The spread should be determined by considering the historical volatility of short-term interest rates, the dollar impact on the budget and current economic conditions and forecasts; or, (3) any other reasonable method determined by the university or DSO and approved by the Board;
 - iii) The amount of debt service actually incurred in each budget year should be monitored monthly by the university or DSO to detect any significant deviations from the annual budgeted debt service. Any deviations in interest rates which might lead to a budgetary problem should be addressed immediately; and
 - iv) As part of the effort to monitor actual variable rate debt service in relation to the budgeted amounts and external benchmarks, the university or DSO should establish a system to monitor the performance of any service provider whose role it is to periodically reset the interest rates on the debt, i.e., the remarketing agent or auction agent.
- d) *Establish a hedge with short-term investments.* In determining the appropriate amount of variable rate debt which may be issued by the universities or their DSOs, consideration should be given to mitigating the variable interest rate

risk by creating a hedge with short-term investments. This “hedge” mitigates the financial impact of debt service increases due to higher interest rates because, as debt service increases, the university’s or DSO’s earnings on short-term investments also increases. Appropriate personnel should monitor the hedge monthly. Short-term investment as a hedge is one of several methods of mitigating interest rate risk. The ratio of such short-term investments to variable debt needs to be examined in conjunction with other interest rate risk hedging, striking an overall balance to minimize interest rate risk.

- e) *Variable interest rate ceiling.* The bond documents should include an interest rate ceiling of no greater than 12%.
- f) *Mitigating interest rate risks with derivatives.* Universities and DSOs are allowed to use various derivatives to mitigate the risk of rising interest rates on variable rate debt. However, the introduction of these derivatives also presents other risks for which the university must mitigate. These risks include rollover risk, basis risk, tax event risk, termination risk, counterparty credit risk and collateral posting risk. At a minimum, a university/DSO engaging in this type of interest rate risk mitigation must provide:
 - i) Evidence that the counterparty has a long term rating of at least an A/A2; and
 - ii) A swap management plan that details the following:
 - a) Why the university is engaging in the swap and what the objectives of the swap are.
 - b) The swap counterparty’s rating.
 - c) An understanding by the issuer of the cash flow projections that detail costs and benefits for the swap.
 - d) The plan of action addressing the aforementioned risks associated with swaps.
 - e) The events that trigger an early termination (both voluntary and involuntary) under the swap documents, the cost of this event and how such would be paid.
 - f) The method for rehedging variable rate exposure should early termination be exercised.
 - g) A list of key personnel involved in monitoring the terms of the swap and counterparty credit worthiness.

- g) *Liquidity.* One of the features typical of variable rate debt instruments is the bondholder's right to require the issuer to repurchase the debt at various times and under certain conditions. This, in theory, could force the issuer to repurchase large amounts of its variable rate debt on short notice, requiring access to large amounts of liquid assets. There are generally two methods for addressing this issue. With the first method, issuers that do not have large amounts of liquid assets may establish a liquidity facility with a financial institution which will provide the money needed to satisfy the repurchase. The liquidity provider should have a rating of A1/P1 or higher. The liquidity agreement does not typically run for the life of long-term debt. Accordingly, there is a risk that the provider will not renew the agreement or that it could be renewed only at substantially higher cost. Similar issues may arise if the liquidity provider encounters credit problems or an event occurs which results in early termination of the liquidity arrangement; in either case the issuer must arrange for a replacement liquidity facility. With the second method, issuers with significant resources may choose to provide their own liquidity. This approach eliminates the costs that would be charged by a third party liquidity provider and could mitigate the renewal/replacement risk. If a university/DSO chose to provide its own liquidity, the institution must maintain liquid assets or facilities equal to 100% of the outstanding VRDOs.
- h) *Submission of periodic reports.* By November 30th of each year, ~~the~~ the university will prepare and submit to the board of trustees and the Board an annual variable rate debt report showing the position during the previous period of the university or DSO variable rate debt with respect to the following measures:
- i) the total principal amount of variable rate debt to principal amount of total debt;
 - ii) the amount of debt service accrued during the reporting period in relation to the pro-rata amount of annual budgeted debt service for the reporting period. If the amount of debt service which accrued during the reporting period exceeded the pro-rata amount of annual budgeted debt service for the period, the university shall explain what actions were taken to assure that there would be sufficient revenues and budget authority to make timely payments of debt service during the subsequent years; and
 - iii) the amount of variable rate debt in relation to the amount of the university's and/or DSO's short-term investments, and any other strategies used to hedge interest rate risk.

Other Types of Financings

Refunding Bonds. Generally, refunding bonds are issued to achieve debt service savings by redeeming high interest rate debt with lower interest rate debt. Refunding bonds may also be issued to restructure debt or modify covenants contained in the bond documents. Current tax law limits to one time the issuance of tax-exempt advance refunding bonds to refinance bonds issued after 1986. There is no similar limitation for tax-exempt current refunding bonds. The following guidelines should apply to the issuance of refunding bonds, unless circumstances warrant a deviation therefrom:

- a) Refunding bonds should be structured to achieve level annual debt service savings.
- b) The life of the refunding bonds should not exceed the remaining life of the bonds being refunded.
- c) Advance refunding bonds issued to achieve debt service savings should have a minimum target savings level measured on a present value basis equal to 5% of the par amount of the bonds being advance refunded. The 5% minimum target savings level for advance refundings should be used as a general guide to guard against prematurely using the one advance refunding opportunity for post-1986 bond issues. However, because of the numerous considerations involved in the sale of advance refunding bonds, the 5% target should not prohibit advance refundings when the circumstances justify a deviation from the guideline.
- d) Refunding bonds which do not achieve debt service savings may be issued to restructure debt or provisions of bond documents if such refunding serves a compelling university interest.

Certificates of Participation and Lease-Type Financing. The universities or their DSOs may utilize these financing structures for all purposes, but it shall be considered as debt for the purposes of these guidelines and the universities shall always budget and make available monies necessary to pay debt service, notwithstanding the right to cancel the lease. Additionally, for lease purchase financings of equipment, universities and DSOs should consider using the State's consolidated equipment financing program if it will reduce costs and ensure a market interest rate on the financing.

Conversions of existing variable rate debt. A conversion between interest rate modes pursuant to the provisions of variable rate financing documents does not require Board approval. However, ten days prior to the conversion, the universities or their DSOs must notify the Board Office of a conversion and provide a summary of the terms of (i.e. interest rate, debt service schedule, etc.) and reasons for the conversion. The universities and DSOs should answer all questions and provide any additional

information that ~~the~~ Board staff deems necessary to fully understand the conversion.

IV. METHOD OF SALE AND USE OF PROFESSIONALS

Analysis of Method of Sale

It is in the best interests of the universities and their DSOs to use the method of sale for their debt that is expected to achieve the best sale results. Based upon the facts and circumstances with regard to each individual financing, it may be more appropriate to sell debt through either a competitive sale or through negotiation. Accordingly, the universities and their DSOs may utilize either a competitive or negotiated sale. If, however, a request is made for a DSO to sell debt using a negotiated sale, the university must provide the Board with an analysis showing that a negotiated sale is desirable. The analysis should include, but not necessarily be limited to, a consideration of the following factors:

- a) Debt Structure
 - i) pledged revenues – strong revenue stream vs. limited revenue base;
 - ii) security structure – conventional resolution, cash flow, rate and coverage covenants vs. unusual or weak covenants;
 - iii) debt instrument – traditional serial and term bonds vs. innovative, complex issues requiring special marketing; and
 - iv) size – a smaller transaction of a size which can be comfortably managed by the market vs. a large size which the market cannot readily handle.
- b) Credit Quality
 - i) ratings – “A” or better vs. below single “A”; and
 - ii) outlook – stable vs. uncertain.
- c) Issuer
 - i) type of organization – well-known, general purpose vs. special purpose, independent authority;
 - ii) frequency of issuance – regular borrower vs. new or infrequent borrower; and
 - iii) market awareness – active secondary market vs. little or no institutional awareness.

d) Market

- i) interest rates – stable; predictable vs. volatile;
- ii) supply and demand – strong investor demand, good liquidity vs. oversold, heavy supply; and
- iii) changes in law – none vs. recent or anticipated

Bonds may also be sold through a private or limited placement, but only if it is determined that a public offering through either a competitive or negotiated sale is not in the best interests of the university or DSO.

Allocation of Bonds

In the event a negotiated sale by a DSO is determined by the university to be in the university's best interest, syndicate rules shall be established which foster competition among the syndicate members and ensure that all members of the syndicate have an opportunity to receive a fair and proper allocation of bonds based upon their ability to sell the bonds.

Report on Sale of Bonds

The university or DSO shall prepare a report on the sale of bonds or anytime it incurs debt. The report shall be prepared and provided to the Board as soon as practicable but in no event later than one month after closing the transaction, in the format and manner provided by the Board, which at a minimum shall include the following:

- a) The amount of the debt.
- b) The interest rate on the debt.
- c) A final debt service schedule or estimated debt service schedule if a variable rate debt or the interest rate is subject to adjustment.
- d) Any aspect of the transaction that was different from the transaction submitted for approval.
- e) Itemized list of all fees and expenses incurred on the transaction, including legal fees.
- f) For negotiated sale of bonds:
 - i) the underwriters' spread detailing the management fee;

- ii) takedown by maturity and aggregate takedown;
 - iii) any risk component and an itemized list of the expense component;
 - iv) orders placed by each underwriter and final bond allocation;
 - v) total compensation received by each underwriter; and
 - vi) any report or opinion of the financial advisor.
- g) Final official statement for publicly offered bonds.
- h) Bond insurance or any other form of credit enhancement and the terms thereof.
- i) Credit rating reports.

For any project financing approved by the Board on or after November 7, 2012, the university or DSO shall prepare an annual report to the Board and the Division of Bond Finance which updates information provided for the initial approval of the project. The report shall include information relating to the return on investment or internal rate of return for a revenue-generating project or another appropriate quantitative measure for a non-revenue generating project, and any other information as may be required. The format and specific timeframe for reporting shall be as specified by the Chancellor. However, the initial annual report shall be filed no later than November 30th after the project has been placed in service for one full fiscal year.

Selection of Financing Professionals

The use of underwriters for negotiated financings and the use of financial advisors for negotiated and competitive offerings is necessary to assist in the proper structuring and sale of debt. To assure fairness and objectivity in the selection of professionals and to help select the most qualified professional, the selection of underwriters and financial advisors should be accomplished through a competitive selection process. A competitive selection process allows the universities and their DSOs to compare more professionals and obtain the best price and level of service.

V. DISCLOSURE

Primary Disclosure

Universities and DSOs shall use best practices in preparing disclosure documents in connection with the public offer and sale of debt so that accurate and complete financial and operating information needed by the markets to assess the credit quality and risks of each particular debt issue is provided.

The disclosure recommendations of the Government Finance Officers Association's "Disclosure for State and Local Governments Securities," and the National Federation of Municipal Analysts' "Recommended Best Practices in Disclosure for Private Colleges and Universities" should be followed to the extent practicable, specifically including the recommendation that financial statements be prepared and presented according to generally accepted accounting principles.

Continuing Disclosure

DSOs shall fulfill all continuing disclosure requirements set forth in the transaction documents and as required under Rule 15c2-12 of the Securities and Exchange Commission.

VI. POST-ISSUANCE CONSIDERATIONS

Investment of Proceeds of Debt Issued by DSOs

Construction Funds. Funds held for payment of debt service and all other funds held as required by the documents of any financing shall be invested consistent with the terms of the Financing Documents.

Arbitrage Compliance

The university will comply with federal arbitrage regulations. Any arbitrage rebate liabilities should be calculated and funded annually.

VII. EFFECT

The foregoing guidelines shall be effective immediately and may be modified from time to time by the Board as circumstances warrant. The guidelines are intended to apply prospectively to all university and DSO debt, and not to adversely affect any university or DSO debt currently outstanding or projects approved by the Board or board of trustees prior to, or existing, as of January 26, 2006.

Authority: Section 7(d), Art. IX, Fla. Const., History: New 4-27-06, Amended 9-16-10.



RICK SCOTT
GOVERNOR

February 18, 2013

Chairman Dean Colson
Colson Hicks Eidson
255 Alhambra Circle, Penthouse
Coral Gables, Florida 33134

Dear Chairman Colson:

As Governor, the Cabinet and I are often asked to vote on whether to approve bond issuances for university construction projects. When reviewing potential bond deals, my view is simple: borrowing must be thoroughly scrutinized because overreliance on debt will push the cost of a university education beyond the reach of many Florida families.

I know that universities share these concerns and are constantly evaluating ways to reduce costs and improve quality. This includes working together to determine the need for additional facilities and the best way to finance them. In particular, universities and the Board of Governors have a joint responsibility to critically evaluate and justify the use of debt as a financing tool. Quantitative metrics must be used to ensure that each dollar borrowed is essential to our universities' core mission of educating tomorrow's leaders.

Accordingly, projects financed through the issuance of bonds, certificates of participation, long-term leases, or similar contractual arrangements must clearly provide tangible benefits to students. Before advancing such projects, universities should:

- Review quantitative metrics justifying the need for construction;
- Calculate a return-on-investment for revenue-generating projects and other appropriate measures for non-revenue-generating projects; and
- Assess whether the private sector can offer a comparable alternative at a lower cost.

Further, in order to enhance accountability, those using debt to finance construction should compare the projections used during the evaluation and approval process with the actual results achieved. These policies should apply whether facilities are financed directly by universities or through direct support organizations.

THE CAPITOL

TALLAHASSEE, FLORIDA 32399 • (850) 488-2272 • FAX (850) 922-4292

Chairman Dean Colson
February 18, 2013
Page Two

Since taking office, I have consistently called on universities to lower costs and increase efficiencies. I believe that our goal of ensuring that college remains both affordable and high-quality is achievable if universities focus on their core mission and on creating operational efficiencies.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Scott", with a large, stylized initial "R" and a long horizontal flourish extending to the right.

Rick Scott
Governor

cc: Chancellor Frank Brogan, Florida Board of Governors



325 West Gaines Street, Suite 1614
Tallahassee, FL 32399
Phone 850.245.0466
Fax 850.245.9685
www.flbog.edu

February 27, 2013

The Honorable Rick Scott
Governor of Florida
The Capitol
Tallahassee, Florida 32399

Dear Governor Scott:

Thank you for your letter of February 18, 2013 regarding university bond deals. Such construction projects are critical to the State University System's core mission and thus receive our utmost scrutiny. I share your dedication to vigilance in this matter, as I too must affix my signature to each bond offering. Likewise, the Board of Governors shares your commitment to keeping Florida's universities among the most affordable in the nation.

In the face of the precipitous decline in state support for the fixed capital outlay budget, the pressure on the universities to bond from internal sources has increased tremendously. These factors led to the creation of the State University System Facilities Task Force, with whose work you are familiar. The Board and all stakeholders interested in the welfare of our state universities are keenly aware of the challenge. While we must make the most of the opportunity provided by historically low interest rates and cost of construction – which provides lowest lifecycle costs – we understand that this must not be done at the expense of current students. Of equal weight is our objective to align all bond requests with our strategic plan goals.

The Board of Governors will discuss this matter at its March 27-28, 2013 meeting, with the expectation that the Facilities Committee will direct the Chancellor and his staff – along with representatives from the universities – to begin the process of incorporating the concepts outlined in your letter into the State University System's Debt Guidelines. We certainly will welcome participation from you and your staff, as well as that of the State Board of Administration's Division of Bond Finance in the amendment process.

February 28, 2013

Page 2

In the interim, Chancellor Brogan and his staff will assist those schools that have deals that are mid-way through the approval process to incorporate the additional information you recommended, so that this data will be available to both you and the Board prior to authorization of any further debt issuance.

We appreciate your commitment to our shared goal of creating a more efficient and effective high-quality university system for the people of Florida.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Colson', with a long horizontal flourish extending to the right.

Dean L. Colson
Chair

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 12, 2013**

SUBJECT: 2014-15 State University System Fixed Capital Outlay Legislative Budget Request

PROPOSED COMMITTEE ACTION

Review and approve the 2014-2015 SUS Fixed Capital Outlay Legislative Budget Request.

Authorize the Chancellor, State University System of Florida, to make revisions to the 2014-2015 SUS Fixed Capital Outlay Legislative Budget Request.

Approval is recommended by the Chancellor.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The requested budget provides the State University System of Florida continued capital outlay support and has been prepared in accordance with statutory requirements and guidelines adopted by the Board of Governors on June 20, 2013. All university fixed capital outlay budget requests have been approved by the institutional boards of trustees.

Specific Fixed Capital Outlay Appropriation Requests

- ◆ **The 2014/2015-2018/2019 SUS Five Year Fixed Capital Outlay Request** provides funding to meet identified academic and academic support facility needs, including PECO funding based upon statutory revenue allocation constraints. (**Attachment I**)

- ◆ **Board Request for PECO Remodeling/Renovation/Repair/Maintenance Formula Funds Appropriation** represents a system-wide request for funds used to expand or upgrade educational facilities to prolong the useful life of the plant, pursuant to statute. **(Attachment II)**
- ◆ **A Request for Capital Improvement Trust Fund Projects, Including Annual Debt Service Appropriation:** This represents a funding request based on projects which can be supported from cash revenues (A); bond revenues (B); combined cash and bonds (A+B); and the spending authority necessary to satisfy the debt service requirements of previously issued long term debt. **(Attachment III)**
- ◆ **The 2014/2015 Alec P. Courtelis Facility Enhancement Challenge Grant Program** requires funding to match private donations which were received by June 30, 2011. **(For Information Only)**

Supporting Documentation:

1. Attachments I-III (as described above)
2. Alec P. Courtelis Information

Facilitators/Presenters:

Chris Kinsley

Continuation
Utility/Infras.
Renovation
Land Acquisiti
New Projects
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STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
2014/2015 - 2018/2019 CAPITAL PROJECT LIST
PENDING BOARD APPROVAL - SEPTEMBER 12, 2013

ATTACHMENT I-a

Univ	Project	Prior Funding		Board Proposed 5 Years				
		All Years		2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
SYSTEM	From PECO - Critical Deferred Maintainence	1		62,622,030	34,252,776	119,919,292	119,919,292	119,919,292
	From PECO - Renovation/Repair/Remodeling	1		34,004,165	18,599,477	20,068,704	20,068,704	20,068,704
	TOTAL PECO REQUEST			96,626,195	52,852,253	139,987,996	139,987,996	139,987,996
Funding Request from General Revenue								
UF	Chemistry/Chemical Biology Building	2	22,608,204	29,145,898	10,000,000	4,295,898		
	Nuclear Science Building Renovations/ Additions	3			19,741,983	20,258,017	5,000,000	
	Norman Hall Remodeling/ International Media Union	4				8,000,000	8,000,000	8,437,950
	Dental Science Building Renovations	5					3,150,000	
	McCarty Hall - A,B,D Renovations	6					12,362,500	13,800,000
	TOTAL			29,145,898	29,741,983	32,553,915	28,512,500	22,237,950
FSU	FAMU-FSU College of Engineering III - Joint Use	2	3,085,233	4,000,000	11,034,335			
	Earth Ocean Atmospheric Sciences Building (Ph I)	3	3,850,000	30,000,000	26,100,000	5,000,000		
	Library System Improvements (Phase I)	6						19,400,000
	TOTAL			34,000,000	37,134,335	5,000,000	-	19,400,000
FAMU	FAMU-FSU College of Engineering III - Joint Use	4	3,085,233	13,014,335	2,000,000			
	Dyson Building Remodeling	5						1,751,500
	TOTAL			13,014,335	2,000,000	-	-	1,751,500
USF	USF St. Pete. College of Business	4	5,000,000	22,300,000				
	USF Heart Health Institute	5	19,393,118	14,735,000	16,020,000			
	Interdisciplinary Science Teaching & Research Facility	6	74,732,583	9,031,204				
	Sarasota-South Parcel I Renovations/ Redevelopment	9			3,269,750			
	TOTAL			46,066,204	19,289,750	-	-	-

Continuation
 Utility/Infras.
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STATE UNIVERSITY SYSTEM OF FLORIDA
 BOARD OF GOVERNORS
 2014/2015 - 2018/2019 CAPITAL PROJECT LIST
 PENDING BOARD APPROVAL - SEPTEMBER 12, 2013

ATTACHMENT I-a

Univ	Project	Prior Funding		Board Proposed 5 Years				
			All Years	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
FAU	FAU/SCRIPPS Joint Use Facility Expansion - Jupiter	2	10,000,000	4,000,000				
	College of Science & Eng Bldgs 36, 43 & 55 Reno	3		10,000,000				
	Jupiter Research Building Renovation & Addition	5			14,650,000	14,350,000		
	Boca Library Renovation	6				3,920,000	16,000,000	20,480,000
	TOTAL			14,000,000	14,650,000	18,270,000	16,000,000	20,480,000
UWF	College of Arts and Sciences Building 58 Renovation	6		11,054,000	10,238,500			
	Physical Education Renovation & Performance Center Imp	5				2,907,750	10,104,793	10,104,793
	TOTAL			11,054,000	10,238,500	2,907,750	10,104,793	10,104,793
UCF	Engineering Bldg 1 Renovation	1	3,620,723	14,879,277				
	Math & Physics Bldg Renovation & Remodeling	2	3,877,895	10,122,105				
	Library Renovation Phase II	4		33,000,000	3,500,000			
	Millican Hall Renovation	8			7,061,894			
	Business Administration Renovation	9			9,969,844			
	Chemistry Renovation	10			10,895,024			
	Facilities & Safety Complex Renovation	11			4,856,238			
	Visual Arts Renovation and Expansion	12			3,000,000	24,000,000	3,000,000	
	Colbourn Hall Renovation	17					8,276,053	
	TOTAL			58,001,382	39,283,000	24,000,000	11,276,053	-
FIU	Student Academic Support Center - MMC	2	21,833,698	1,687,722				
	Satellite Chiller Plant Expansion - MMC	4		7,000,000				
	Remodel/Renov of Existing Educational Spaces - MMC	6		20,000,000	7,585,000			
	TOTAL			28,687,722	7,585,000	-	-	-
UNF	Building and Land Acquisition	2		18,000,000				
	Skinner Jones Hall North Previous Renovation of Bio Bldg	3			8,000,000			
	Skinner Jones Hall South Previous Renovation of Bldg 3	4				6,300,000	5,700,000	
	Renovations Schultz Hall Bldg 9	5						3,000,000
	TOTAL			18,000,000	8,000,000	6,300,000	5,700,000	3,000,000

Continuation
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STATE UNIVERSITY SYSTEM OF FLORIDA
 BOARD OF GOVERNORS
 2014/2015 - 2018/2019 CAPITAL PROJECT LIST
 PENDING BOARD APPROVAL - SEPTEMBER 12, 2013

ATTACHMENT I-a

Univ	Project	Prior Funding	Board Proposed 5 Years				
		All Years	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
FGCU	Central Energy Plant Expansion Phase 3	3	9,000,000				
	TOTAL		9,000,000	-	-	-	-
NEWC	Hamilton Student Support & Plaza Renovation Remodeling	3	1,600,000				
	Pritzker Marine Biology Service Core & College Hall Mech	4				1,290,000	
	Old Caples House & Carriage House Restoration & Mechar	5				550,000	3,150,000
	TOTAL		1,600,000	-	-	1,840,000	3,150,000
POLY	Florida Polytechnic Campus - Institute for Science/Technology - Equipment						
	TOTAL		-	-	-	-	-
	University Projects Total		262,569,541	167,922,568	89,031,665	73,433,346	80,124,243
SUS	System Priority and Joint Use Projects						
	SUS Joint Use Library Storage Facility @ UF	2,017,511	17,957,488				
	System Priority and Joint Use Projects Total		17,957,488	-	-	-	-
	TOTAL GENERAL REVENUE REQUEST		280,527,029	167,922,568	89,031,665	73,433,346	80,124,243
	GRAND TOTAL FCO REQUEST		377,153,224	220,774,821	229,019,661	213,421,342	220,112,239

Continuation	170,873,029	65,154,335	9,295,898	-	-
Utility/Infras.	112,626,195	52,852,253	139,987,996	139,987,996	139,987,996
Renovation	75,654,000	102,768,233	79,735,767	65,157,293	80,124,243
Land Acquisition	18,000,000	-	-	-	-
New Projects					
Non-Survey Rec.	-	-	-	8,276,053	-
	377,153,224	220,774,821	229,019,661	213,421,342	220,112,239

Continuation
Utility/Infras.
Renovation
Land Acquisition
New Projects
Non-Survey Rec.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
2014/2015 - 2018/2019 UNIVERSITY HIGH PRIORITY CAPITAL PROJECTS
FOR FUTURE FACILITIES WORKSHOP - DATE TBD
PENDING FACILITIES COMMITTEE ACTION

Univ	Project		Board Proposed 5 Years					PROJECT TOTALS
			2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
UF	TOTAL							
			-	-	-	-	-	-
FSU	STEM Teaching Lab Building	4	2,265,000	28,735,000	4,100,000			35,100,000
	TOTAL		2,265,000	28,735,000	4,100,000	-	-	35,100,000
FAMU	Student Affairs Building	3	6,155,000	27,319,160	3,100,000			36,574,160
	TOTAL		6,155,000	27,319,160	3,100,000	-	-	36,574,160
USF	STEM Learning Center	7	4,523,847	26,508,304	18,162,417			49,194,568
	USF Health Morsani College of Medicine Facility	8	5,848,359	42,395,874	54,963,226			103,207,459
	TOTAL		10,372,206	68,904,178	73,125,643	-	-	152,402,027
FAU	General Classroom Facility - Phase II	4	1,965,000	21,453,000	3,185,000			26,603,000
	TOTAL		1,965,000	21,453,000	3,185,000	-	-	26,603,000
UWF	School of Allied Health & Life Sciences	2	8,952,000	33,250,000	21,660,000			63,862,000
	TOTAL		8,952,000	33,250,000	21,660,000	-	-	63,862,000
UCF	Interdisciplinary Research and Incubator Fac	5	5,924,183	33,852,470	5,924,183			45,700,836
	UCF VC Classroom Building	6	7,500,000					7,500,000
	Arts Complex Phase II (Performance)	7	5,000,000	40,000,000	5,000,000			50,000,000
	TOTAL		18,424,183	73,852,470	10,924,183	-	-	103,200,836

Continuation
Utility/Infras.
Renovation
Land Acquisition
New Projects
Non-Survey Rec.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
2014/2015 - 2018/2019 UNIVERSITY HIGH PRIORITY CAPITAL PROJECTS
FOR FUTURE FACILITIES WORKSHOP - DATE TBD
PENDING FACILITIES COMMITTEE ACTION

		Board Proposed 5 Years					PROJECT TOTALS
Univ	Project	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
FIU	Strategic Land Acquisition 3	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
	Humanities Ctr (Arts and Sciences) - MMC 5	23,375,877	6,074,123				29,450,000
	TOTAL	25,375,877	8,074,123	2,000,000	2,000,000	2,000,000	39,450,000
UNF							
	TOTAL	-	-	-	-	-	-
FGCU	Innovation Hub Research 2	7,633,807					7,633,807
	Classrooms/Offices/Labs Academic 9 4	3,852,065	36,319,350	4,500,000			44,671,415
	TOTAL	11,485,872	36,319,350	4,500,000	-	-	52,305,222
NEWC	Heiser Natural Science Addition 2	655,000	5,776,788	817,000			7,248,788
	TOTAL	655,000	5,776,788	817,000	-	-	7,248,788
POLY	Florida Polytechnic Campus - Institute for Science/Technology - Equipment						
	TOTAL	-	-	-	-	-	-
University New Projects Total		85,650,138	303,684,069	123,411,826	2,000,000	2,000,000	516,746,033
SUS	System Priority and Joint Use Projects						
	FIO Research Vessel	2,850,000					2,850,000
	System Priority and Joint Use Projects Total	2,850,000	-	-	-	-	2,850,000
TOTAL PROJECTS		88,500,138	303,684,069	123,411,826	2,000,000	2,000,000	519,596,033

Attachment II

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**
2014-2015 PECO Remodeling/Renovation/Repair/Maintenance Formula Funds
Appropriation Request
September 12, 2013

	<u>2014-2015</u>
UF	\$12,996,392
FSU	\$ 5,413,463
FAMU	\$ 1,761,416
USF	\$ 5,178,834
FAU	\$ 1,948,439
UWF	\$ 941,915
UCF	\$ 2,788,342
FIU	\$ 1,166,343
UNF	\$ 1,125,538
FGCU	\$ 476,058
NCF	<u>\$ 207,425</u>
State University System	\$34,004,165

*Amount is determined by a statutorily prescribed depreciation formula that considers the size, age, and replacement value of current facilities.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
2014/2015 Capital Improvement Trust Fund (CITF) LBR

Univ	Capital Improvement Trust Fund Projects	Requested Project Amount	Cash Portion (A)	Bond Portion (B)	Other Funding (C)	Combined Funding (A + B+C)
UF	Reitz Union	10,000,000	4,294,564	5,705,436	0	10,000,000
	Newell Hall Remodeling/Restoration	15,000,000	0	15,000,000	0	15,000,000
		25,000,000	4,294,564	20,705,436		25,000,000
FSU ¹	Student Union Expansion	41,800,000	2,965,334	11,839,634	26,995,032	41,800,000
	Barron Building Renovation	250,000	250,000	0	0	250,000
		42,050,000	3,215,334	11,839,634	26,995,032	42,050,000
FAMU ²	Student Affairs/Union	33,000,000	1,343,710	4,971,548	2,300,000	8,615,258
		33,000,000	1,334,961	4,971,548	2,300,000	8,615,258
USF	Marshall Student Center Expansion	13,718,388		13,718,388	0	13,718,388
	Library Remodeling and Learning Enhancements (Phase II)	2,008,680	1,998,993	0	0	2,008,680
	Health Student Union Annex Facility (Phase II)	542,326	0	542,326	0	542,326
	St. Pete, Environmental and Co-Curricular/Wellness Upgrades (Phase II)	2,112,516	2,112,516	0	0	2,112,516
	Sarasota-Manatee Co-curricular and Wellness Support Facilities (Phase II)	847,153	847,153	0	0	847,153
		19,229,063	4,958,662	14,260,714	0	19,229,063
FAU ³	Student Union Renovation & Expansion	24,000,000	2,353,046	9,961,929	11,685,025	24,000,000
		24,000,000	2,353,046	9,961,929	11,685,025	24,000,000
UWF	Tennis Courts- East Athletic Complex	4,229,154	1,083,484	3,145,670	0	4,229,154
		4,229,154	1,083,484	3,145,670	0	4,229,154
UCF	UCF Library - Phase I	20,199,358	5,943,974	14,255,384	0	20,199,358
	Recreation and Wellness Center - Outdoor Improvements	5,000,000		5,000,000	0	5,000,000
		25,199,358	5,943,974	19,255,384	0	25,199,358
FIU ⁴	Graham University Center - MMC	24,000,000	3,969,309	20,000,000	0	24,000,000
	Recreation Center Renovations - MMC	4,000,000	877,062	2,079,457	1,043,481	2,956,519
		28,000,000	4,846,371	22,079,457	1,043,481	26,956,519
UNF	Student Recreation Venues	3,550,000	1,654,989	1,895,011	0	3,550,000
	Student Assembly Center	3,550,000		3,550,000	0	3,550,000
		7,100,000	1,654,989	5,445,011	0	7,100,000

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
2014/2015 Capital Improvement Trust Fund (CITF) LBR

Univ	Capital Improvement Trust Fund Projects	Requested Project Amount	Cash Portion (A)	Bond Portion (B)	Other Funding (C)	Combined Funding (A +B+C)
FGCU ⁵	Student Recreation Center - Phase One	15,000,000	1,328,517	7,943,495	5,727,988	15,000,000
		15,000,000	1,328,517	7,943,495	5,727,988	15,000,000
NEWC	Capital Renewal and Maintenance Student Life Facilities	500,000	109,857	391,722	0	501,579
		500,000	109,857	391,722	0	501,579
FPU	Project Selection Pending					
			0	0		0
University CITF Projects Total		\$223,307,575	\$31,123,760	\$120,000,000		\$197,880,932
CITF ANNUAL DEBT SERVICE			Current 21,689,011	On New Bonds 10,000,000		Combined 31,689,011

¹ FSU has 8,218,342 pending from prior year plus other available funding sufficient to complete the project.

² FAMU has \$2.3 million available from prior year. The balance of project costs is included on the PECO list

³ FAU has \$3,418,375 pending from prior year. FAU will use other available funding and/or modify scope to complete the project.

⁴ FIU plans to use other available funding sufficient to complete the project.

⁵ FGCU has \$2,614,363 pending from prior year. FGCU will use other available funding and/or modify scope to complete the project

For Information Only

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

2014-2015 Alec P. Courtelis

Lump Sum Facility Enhancement Challenge Grant Program Request

Pursuant to Florida Statutes, Facilities Enhancement Challenge Grant Program projects must support instruction or research, be included in the institutions' Five-Year Capital Improvement Program, and have private cash matching on deposit by June 29, 2011. These existing eligible donations remain eligible for future state matching funds, but otherwise the program is suspended until after at least \$200 million of the backlog for all state higher education matching programs is appropriated. Thus, barring technical corrections or later determination of project ineligibility, the proposed match list, totaling \$100 million, will represent the final request for 2014-15.

Agenda and Meeting Materials - Facilities Committee

STATE UNIVERSITY SYSTEM OF FLORIDA BOARD OF GOVERNORS

For Information Only

2014-2015 Alec P. Courtelis Facility Enhancement Challenge Grant Program List September 12, 2013

<u>UNIV</u>	<u>Completed</u>	<u>PROJECT</u>	<u>PROGRAM BENEFITED</u>	<u>PROJECT TYPE</u>	<u>STATE</u>	<u>PRIVATE</u>	<u>PROJECT COST</u>
FGCU		Environmental Demonstration Lab (P,C,E)	General Academic (Classroom/Office/Exhibit.)	New Space	\$1,000,000	\$1,000,000	\$2,000,000
FGCU		Engineering (E)	Engineering (Classroom)	Equipment	\$596,000	\$596,000	\$1,192,000
FIU	*	Stadium/ Student Academic meeting rooms (C,E)	General Academic (Classroom/Office)	New Space	\$1,035,258	\$1,035,258	\$2,070,516
FIU	*	College of Law (E)	Law (Study)	Equipment	\$304,444	\$304,444	\$608,888
FIU	*	Intl. Hur. Ctr. Wall of Wind Test Fac, Ph II (E)	Engineering (Lab)	Equipment	\$100,005	\$100,005	\$200,010
FIU	*	College of Nursing & Health Sciences Laboratory (E)	Nursing (Classroom)	Equipment	\$205,999	\$205,999	\$411,998
FIU	*	Hospitality Mgmt. Carnival Student Center (P,C,E)	Hospitality Management (Study/Classroom)	New Space	\$500,000	\$500,000	\$1,000,000
FIU	*	Engineering Center Lab (E)	Engineering (Research Lab)	Equipment	\$25,000	\$25,000	\$50,000
FIU	*	Hospitality Mgmt. Beverage Management Center (P,C,E)	Hospitality Management (Labs)	New Space	\$2,648,955	\$2,648,955	\$5,297,910
FIU	*	Graduate School of Business Phase I (E)	Business (Office/Classroom)	Equipment	\$1,924,244	\$1,924,244	\$3,848,488
FIU	*	Patricia and Phillip Frost Art Museum (C,E)	Arts (Exhibition)	New Space	\$97,000	\$97,000	\$194,000
FIU	*	Broad Auditorium, Social Sciences Phase I (P,C,E)	International Studies (Classroom)	New Space	\$258,433	\$258,433	\$516,866
FIU	*	Stocker Astrophysics Center (P,C,E)	Science (Classroom/Labs)	Renovation	\$798,946	\$798,946	\$1,597,892
FSU	*	College of Music Teaching Improvements (P,C,E)	Music (Teach. Lab/ Auditorium)	Equipment	\$1,793,597	\$1,793,597	\$3,587,194
FSU	*	Ringling Circus Museum (P,C,E)	General Academic (Exhibition/Classroom/Office)	New Space	\$694,763	\$694,763	\$1,389,526
FSU		Center for Asian Art (P,C,E)	Visual Arts / Education (Exhibition/Office)	New Space/ Reno	\$4,100,000	\$4,100,000	\$8,200,000
FSU	*	Student Success Center(P,C,E)	Academics (Office/Classroom/Office)	Renovation	\$494,449	\$494,449	\$988,898
FSU	*	College of Medicine Clinic Improvements (P,C,E)	Medicine (Teach.Lab)	Renovation	\$2,000,000	\$2,000,000	\$4,000,000
FSU	*	College of Educ.Multipurpose Teaching (P,C,E)	Education (Office/Classroom)	New Space	\$1,000,000	\$1,000,000	\$2,000,000
FSU	*	Panama City Academic Center (E)	General Academic (Office/Classroom /Teach.Lab)	Equipment	\$453,250	\$453,250	\$906,500
FSU	*	Ringling Circus Museum Library Improv. (P,C,E)	General Academic (Exhibition/Classroom/Office)	New Space	\$7,645	\$7,645	\$15,290
NCF		International Studies Building	Academic	New Space	\$500,000	\$500,000	\$1,000,000
NCF		Academic Center - Server Room Equipment	Academic	Equipment	\$286,396	\$286,396	\$572,792
NCF		Black Box Theater Improvements	Academic	Equipment	\$23,480	\$23,480	\$46,960
POLY		Polytechnic I-4 Campus Phase I-B (P,C,E)	General Academic (Office/Classroom /Teach.Lab)	New Space	\$10,634,192	\$10,634,192	\$21,268,384
POLY		Polytec Intedisc. Center for Wellness Res.(P,C)	General Academic (Office/Classroom /Teach.Lab)	New Space	\$5,000,000	\$5,000,000	\$10,000,000
UCF		Laboratory Instruction Building (P,C,E)	Academic (Classroom/Research/Office)	New Space	\$15,372,777	\$15,372,777	\$30,745,554
UCF		Performing Arts Fund (E)	Performing Arts (Classroom/Office)	Equipment	\$144,652	\$144,652	\$289,304
UCF		Career Services & Experiential Center (E)	General Academic (Classroom/Office)	Equipment	\$196,728	\$196,728	\$393,456
UCF		Caracol in Belize (P,C,E)	Science (Classroom/Labs)	New Space	\$350,000	\$350,000	\$700,000
UCF	*	Burnett Bio-Medical Science Center (C,E)	Arts and Sciences (Research Lab/ Offices)	New Space	\$2,528,605	\$2,528,605	\$5,057,210
UCF		Arts Complex II Enhancement (P,C)	Arts and Sciences (Lab/Office)	New Space	\$500,000	\$500,000	\$1,000,000
UCF	*	Medical School Library (P,C,E)	Medical (Classroom / Teach.Lab)	New Space	\$4,000,000	\$4,000,000	\$8,000,000
UCF	*	Morgridge National Reading Center (P,C.)	Teaching (Lab/Office)	New Space	\$2,297,170	\$2,297,170	\$4,594,340
UCF		Psychology (E)	Arts and Sciences (Research Lab/Office)	Equipment	\$86,540	\$86,540	\$173,080
UCF	*	Engineering III Enhancement (E)	Engineering (Classroom/Off./Res.&Tch Lab)	Equipment	\$2,394,463	\$2,394,463	\$4,788,926
UCF		Alumni Center/John & Martha Hitt Library (E)	General Academic (Classroom/Office/Exhibit.)	Equipment	\$7,349	\$7,349	\$14,698
UCF		Optics and Photonics Enhancement (E)	Optics (Research Lab/Office)	Equipment	\$69,085	\$69,085	\$138,170
UCF	*	Career Services & Experiential Learning (E)	General Academic (Classroom/Office)	Equipment	\$196,950	\$196,950	\$393,900
UCF		Physical Science Building (E)	Science (Classroom/Labs)	Equipment	\$1,162	\$1,162	\$2,324

Agenda and Meeting Materials - Facilities Committee

STATE UNIVERSITY SYSTEM OF FLORIDA BOARD OF GOVERNORS

For Information Only

2014-2015 Alec P. Courtelis Facility Enhancement Challenge Grant Program List September 12, 2013

<u>UNIV</u>	<u>Completed</u>	<u>PROJECT</u>	<u>PROGRAM BENEFITED</u>	<u>PROJECT TYPE</u>	<u>STATE</u>	<u>PRIVATE</u>	<u>PROJECT COST</u>
UF	*	Graduate Studies Building (P,C,E)	Business (Class./Office)	New Space	\$9,824,124	\$9,824,124	\$19,648,248
UF	*	Harn Museum (P,C,E)	Fine Arts(Off/ Aud.)	New Space/Reno	\$8,793,260	\$8,793,260	\$17,586,520
UF		Health Science Center Archive Room (P,C,E)	Hlth Sci Ctr Arch Rm (Teach. Lab/ Res. Lab)	Renovation	\$100,100	\$100,100	\$200,200
UF	*	Pediatric Dentistry (P,C,E)	Dentistry (Teach. Lab.)	Renovation	\$707,056	\$707,056	\$1,414,112
UF		Chemical Engineering Building Phase I (P,C,E)	Engineering (Classroom/Office/Tch Lab)	New Space	\$3,073,541	\$3,073,541	\$6,147,082
UF	*	Proton Beam VI (P,C,E)	Medicine (Research Lab)	Renovation	\$475,000	\$475,000	\$950,000
UF		Periodontology (P,C,E)	Dentistry (Teach. Lab)	Renovation	\$483,115	\$483,115	\$966,230
UF	*	Extension Professional Development Center (P,C,E)	IFAS (Office/Exhibit.)	New Space	\$600,000	\$600,000	\$1,200,000
UF	*	Trial Advocacy Center Phase III (P,C,E)	Law (Teach. Lab)	New Space	\$1,470,550	\$1,470,550	\$2,941,100
UF	*	Pharmacy Building Apopka/Orlando (P,C,E)	Pharmacy (Office/Teach.Lab)	New Space	\$1,232,574	\$1,232,574	\$2,465,148
UF	*	Conference Room/ REC, Ona (P,C,E)	IFAS (Classroom)	Renovation	\$40,000	\$40,000	\$80,000
UF		Mid-Florida REC Multi-purpose (P,C,E)	IFAS (Classroom/Teach. Lab)	New Space	\$203,500	\$203,500	\$407,000
UF	*	Weil Hall (Renov.) (P,C,E)	Engineering (Office/Study/Classroom)	New Space	\$200,000	\$200,000	\$400,000
UF	*	Graduate Studies Building Phase II (P,C,E)	Business (Class./Office)	New Space	\$868,693	\$868,693	\$1,737,386
UF	*	Computer Science Engineering (P,C,E)	Engineering (Classroom/Office/Exhibit.)	New Space	\$75,000	\$75,000	\$150,000
UNF		Science and Engineering Building #50 (E)	Science/Engineering (Classroom/Labs)	Equipment	\$337,624	\$337,624	\$675,248
UNF		Social Science Building	Academics (Office/Classroom/Office)	Equipment	\$2,841	\$2,841	\$5,682
USF		USF Health Major renovation/Remodeling/ Addition	Medicine (Office/Classroom)	Renovation	\$2,342,163	\$2,342,163	\$4,684,326
USF		Health - ByrdSuncoast 5th Floor Build-Out (P,C,E)	Medicine (Office/Classroom)	Remodeling	\$1,447,873	\$1,447,873	\$2,895,746
USF		Medical Office Building North Clinic (C,E)	Medicine (Office/Classroom)	New Space	\$2,972,060	\$2,972,060	\$5,944,120
USF		Nursing Expansion (E)	Nursing (Office/Labs)	Equipment	\$63,000	\$63,000	\$126,000
USF		Joint Military Leadership Center (E)	General Academic (Office/Classroom /Teach.Lab)	Equipment	\$67,084	\$67,084	\$134,168
USF		School of Music at the College of Arts(E)	Music (Office/Classroom)	Equipment	\$892,549	\$892,549	\$1,785,098
GRAND TOTAL					\$100,899,244	\$100,899,244	\$201,798,488

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 12, 2013**

SUBJECT: 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 University of Florida (the "University") to finance construction of a student residence facility on the main campus of the University

PROPOSED COMMITTEE 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 University, in an amount not to exceed \$25,000,000 (the "Bonds") for the purpose of financing the construction of a new student residence facility on the main campus of the University ("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. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Section 1010.62, Florida Statutes; and Florida Board of Governors Debt Management Guidelines

BACKGROUND INFORMATION

The University of Florida has submitted a proposal for financing and construction of a new student residence facility on the main campus of the University, situated south of Reid Hall and adjacent to SW 13th Street. The Project is strategically located next to Reid Hall, which is home of the University Disability Resource Center and College of Education. The proposed project will consist of 255 additional beds, and will feature state-of-the-art ADA compliant features for 35 beds to better accommodate disabled

residents. The Project is consistent with the University's Campus Master Plan. The construction of the proposed residence halls is estimated at a total cost of \$23,398,506, approximately \$3.5 million of which is for the ADA features.

The Project will be financed with a \$1,528,300 cash contribution from the Department of Housing and Residence Education's operations fund and a fixed rate, tax-exempt bond issue (the "Bonds") of approximately \$25,000,000. The Bonds will finance a portion of the cost of the project, fund a debt service reserve account (if necessary) and pay costs of issuance. The bonds will mature twenty (20) years after issuance with level annual debt service payments.

Net housing system revenues will be pledged for the payment of debt service. These revenues are derived primarily from rental income, after deducting operating expenses and amounts required for prior lien obligations (the "Series 1984 Bonds"). The lien of the Bonds on the pledged revenues will be on parity with the University of Florida dormitory revenue bonds currently outstanding in the amount of \$70 million and will be junior and subordinate to the lien of the Series 1984 Bonds. The Series 1984 Bonds are currently outstanding in the principal amount of \$180,000 and will remain outstanding until retired July 1, 2014.

Projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Series 1984 Bonds and the outstanding parity bonds.

The University of Florida Board of Trustees, at its September 3, 2013 meeting, will consider approval of the Project and the financing thereof.

Supporting Documentation Included:

1. Requesting Resolution
2. University Cover Letter
3. Project Summary
4. Attachment I – Estimated Sources and Uses of Funds
5. Attachment II – Historical and Projected Pledged Revenues and Debt Service Coverage
6. Attachment III - Feasibility Study
7. Attachment IV – IRR Calculation

Facilitators/Presenters: Chris Kinsley

A RESOLUTION REQUESTING THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA TO ISSUE REVENUE BONDS ON BEHALF OF THE UNIVERSITY OF FLORIDA TO FINANCE THE CONSTRUCTION OF A STUDENT RESIDENCE FACILITY ON THE MAIN CAMPUS OF THE UNIVERSITY OF FLORIDA IN AN AMOUNT NOT TO EXCEED \$25,000,000; AND PROVIDING AN EFFECTIVE DATE.

The duly acting and appointed Board of Governors (the "Board of Governors") of the State of Florida at a meeting duly held pursuant to notice and a quorum being present do hereby make the following resolutions:

BE IT RESOLVED:

1. Findings. The Board of Governors hereby finds as follows:

(A) Pursuant to Article IX, Section 7 of the Florida Constitution, the Board of Governors is vested with the power to operate, regulate, control and manage the State University System of Florida. The Board of Governors is further vested with the authority to approve the issuance of revenue bonds by a state university pursuant to Section 1010.62(2), Florida Statutes.

(B) The Board of Trustees of the University of Florida (the "University") has requested approval from the Board of Governors for the Division of Bond Finance to issue revenue bonds in an amount not exceeding \$25,000,000 (the "Bonds") for the purpose of financing (i) the construction of a dormitory facility (the "Project") on the main campus of the University; (ii) a debt service reserve fund, if necessary, and (iii) certain costs associated with issuing the Bonds. The foregoing plan to finance the Project is collectively referred to herein as the "Financing Plan".

(C) The Project will be part of the housing system at the University.

(D) Upon consideration of the Financing Plan, the Board of Governors further finds that the issuance of the Bonds is for a purpose that is consistent with the mission of the University; is structured in a manner appropriate for the prudent financial management of the University; is secured by revenues adequate to provide for all debt service payments; has been properly analyzed by the staffs of the Board of Governors and the Division of Bond Finance; and is consistent with the Board of Governors' Debt Management Guidelines.

(E) The Board of Governors declares that the Project will serve a public purpose by providing housing and other necessary facilities at the University.

(F) The Project is included in the master plan of the University.

2. Approval of the Project. The Project is approved by the Board of Governors as being consistent with the strategic plan of the University and the programs offered by the University.

3. Approval of the Bonds. The Board of Governors hereby approves and requests the Division of Bond Finance of the State Board of Administration of Florida (the "Division") to issue the Bonds for the purpose of financing the construction of the Project. Proceeds of the Bonds may be used to pay the costs of issuance of such Bonds, to provide for capitalized interest, if any, to provide for a municipal bond insurance policy, if any, and to fund a reserve account or provide debt service reserve insurance, if necessary. The Bonds are to be secured by the net revenues of the housing system of the University. 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. Proceeds of the Bonds and other legally available monies shall be used for the Project, which is authorized by Section 1010.62, Florida Statutes. The issuance of Bonds by the Division for the purpose of reimbursing the University for capital expenditures paid for the Project from legally available funds of the University is hereby authorized.

4. Refunding Authority. 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, 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.

5. Compliance. The Board of Governors will comply, and will require the University to comply, with the following:

(A) All federal tax law requirements upon advice of bond counsel or 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.

(B) All other requirements of the Division with respect to compliance with federal arbitrage law, pursuant to Section 215.64 (11), Florida Statutes.

(C) All requirements of federal securities law, state law, or the Division, relating to continuing secondary market disclosure of information regarding the Bonds, the University, and the University's housing system, including the

collection of the revenues pledged to the Bonds. Such requirements currently provide for the disclosure of information relating to the Bonds, the University, and the University's housing system, including the collection of the revenues pledged to the Bonds, on an annual basis and upon the occurrence of certain material events.

(D) All covenants and other legal requirements relating to the Bonds.

6. Fees. 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 University from any legally available funds of the University.

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

8. Reserve and Insurance. If determined by the Division to be in the best interest of the State, the Board of Governors may cause to be purchased a debt service reserve credit facility and/or municipal bond insurance, issued by a nationally recognized bond insurer.

9. Repealing Clause. All resolutions of the Board of Governors or parts thereof, in conflict with the provisions herein contained, to the extent they conflict herewith, are, to the extent of such conflict, hereby superseded and repealed.

10. Authorization of Further Actions Consistent Herewith. The members of the Board of Governors, attorneys, or other agents or employees of the Board of Governors are hereby authorized and directed to do all acts and things required of them by this resolution or desirable or consistent with the requirements hereof, to assure the full, punctual and complete performance of all the terms, covenants and agreements contained in the Bonds and this resolution; including execution of such documents, certificates, contracts and legal opinions and other material delivered in connection with the construction or financing of the Project for use by the University, the issuance of the Bonds or as necessary to preserve the exemption from the taxation of interest on any of the Bonds which are tax-exempt, in such form and content as the Chair, Vice Chair or authorized officers executing the same deem necessary, desirable or appropriate.

11. Effective Date. This resolution shall become effective immediately upon its adoption.

Adopted this 12th day of September, 2013.

CERTIFICATE OF THE CORPORATE SECRETARY

The undersigned, Corporate Secretary of the Board of Governors, does hereby certify that the attached resolution relating to the issuance of Bonds by the Division of Bond Finance of the State Board of Administration of Florida is a true and accurate copy as adopted by the Board of Governors on September 12, 2013, and said resolution has not been modified or rescinded and is in full force and effect on the date hereof.

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

Dated: _____, 2013

By: _____
Corporate Secretary

00538599.1



Division of Student Affairs
Housing and Residence Education

PO Box 112100
Gainesville, FL 32611-2100
352-392-2161
352-392-6819 Fax
houinfo@housing.ufl.edu

May 17, 2013
Mr. Chris Kinsley
Director, Finance and Facilities
Board of Governors
325 W. Gaines Street
Tallahassee, FL 32399

Dear Mr. Kinsley:

The Department of Housing and Residence Education (DOHRE) at the University of Florida (UF) respectfully submits the following reports in support of the bond financing request for our new residence hall construction project. UF commissioned a financial and market analysis study by the third-party consulting firm of Brailsford & Dunlavey to provide supplemental material demonstrating the need and feasibility of the proposed project. The findings of the report are contained in the attached documents.

DOHRE commissioned a study by Brailsford & Dunlavey (B&D), a nationally recognized leader in the field of campus housing market analysis with a diverse experiential portfolio including approximately 241 student housing clients and more than 350 student housing projects. Through their thorough review of the operation of DOHRE and the plans for the new residence hall construction project, B&D concluded the following:

Focusing predominately on housing first-time-in-college (FTIC) students, DOHRE provides exceptional living opportunities for students to succeed academically. The new residence hall construction project will construct 255 suite style beds in the new residence hall located near the Disability Resource Center with state of the art ADA compliant features. Through 50-year quality building construction, professional staffing including academic resource assistants, and innovative programming, the new residence hall construction project represents the completion of the east campus residential community and a center of student growth, development, academic persistence and success for years to come.

Please feel free to contact me if we can provide any additional information or clarification of these materials.

Sincerely,

A handwritten signature in black ink, appearing to read "Norbert W. Dunkel".

Norbert W. Dunkel
Associate Vice President of Student Affairs
University of Florida

The Foundation for The Gator Nation
An Equal Opportunity Institution

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Project Summary
University of Florida
Student Residence Facility**

Project Description: The University of Florida (the “University”) currently has approximately 7,490 available beds in the undergraduate student residences and 1463 in its graduate and family residences all on the main campus. The proposed project (the “Project”) will result in the construction of a new residence hall consisting of 255 additional beds, and includes amenities such as laundry facilities, vending and student lounge space. The Project will feature state-of-the-art ADA compliant features in 35 rooms to better accommodate disabled residents. Also included will be space for an instructional kitchen for independence skill training, one live-in faculty member, one graduate student hall director and seven resident assistants. Completion of the Project will increase the number of available undergraduate student beds to approximately 7,745; and total available beds will increase to approximately 9,208 in the housing system.

The Project qualifies as a capital outlay project under s. 1010.62, F.S., and is included in the University’s current Housing Master Plan.

Facility Site Location: The Project will be located on the main campus of the University in Gainesville, situated south of Reid Hall and adjacent to SW 13th Street. The Project is strategically located next to Reid Hall, which is home of the University Disability Resource Center and College of Education. It is also in close proximity to Broward Hall which houses the teaching center, providing easy access to tutoring for students with disabilities.

Projected Start and Opening Date: The University expects to enter into a guaranteed maximum cost contract for the construction and management of the Project in October 2013. It is anticipated that construction will commence in November 2013. The Project is scheduled to open for occupancy in August 2015.

Quantitative Demand for Construction Analysis: University housing focuses predominantly on housing first-time-in-college (FTIC) students. On-campus housing offers enhanced safety,

security and the convenience of not having to find parking on campus each day. Students who live on campus tend to have higher GPAs and higher graduation rates than students who live off-campus and have access to faculty-in-residence and study areas in each of the residence halls.

The University does not have an on-campus housing requirement. Despite this fact, on-campus housing has shown strong and sustained demand, with the occupancy rates for single student housing residence halls at 102.8% for Fall 2012, 105.7% for Fall 2011 and 101.6% for Fall 2010. There are 408 students on the waiting list projected for Fall 2013. In addition to the students on the waiting list who were not able to be housed on campus, there were students assigned to overflow housing and a number of students released from their contracts through administrative cancellations. There is additional potential demand for on-campus housing that cannot be quantified by the University, as the Department of Housing and Residence Education ("DOHRE") ceases accepting applications several months before the beginning of the academic year.

The Project will house undergraduate students, primarily FTIC students, and will also provide 35 beds for severely disabled students. If the 35 spaces are not filled with students with physical needs, DOHRE plans to fill those spaces with FTIC students.

With respect to housing for disabled students, since 1989, the University has consistently received approximately 10 phone calls from students and families annually about accessible housing and the ability to bring a personal care attendant to campus. In most cases, on-campus housing was not able to provide the level of support that was needed. In cases where the University was not able to provide the level of support required, parents either purchased homes and renovated them to meet their students' needs or chose another institution that was able to provide full services to students with physical disabilities. This Project will meet these needs by providing accommodations specifically designed for higher level physically disabled students such as private bathrooms, designated areas where personal care attendants have lodging, staff trained and accustomed to meeting the needs of disabled students and their caregivers, additional space required to accommodate a hospital type bed, and fixed or portable lifts if necessary. This Project will also serve as accommodations for returning veteran students with severe disabilities.

Total enrollment for Fall 2012 was 50,086, including 32,038 undergraduates, of which 6,305 were FTIC students. The majority of in-state students are not from the Gainesville area. The University Housing Master Plan includes a goal to house 20% of both undergraduate and graduate students, which equates to approximately 10,000 students based on current enrollment. University housing also has an informal goal to house all FTIC students who desire to live on-campus. The University does not have sufficient beds to meet these goals; however, the construction of the Project will bring the University closer to meeting them.

Available Private Sector Alternatives:

The University hired Brailsford & Dunlavey (B&D) to conduct an off-campus housing analysis, (see Attachment III for the full report)¹. B&D surveyed 37 communities located within five miles of the University's campus. The results of the analysis demonstrated that existing off-campus housing is not intended to meet the needs of the targeted student population for the Project. Research indicated that a majority of the off-campus rental market was comprised of apartment-style units, which do not focus on meeting the housing needs of first-year students or the severely disabled. To support first-year students during their transition into higher education, the University focuses on housing configurations and services that enhance the concept of community within the Project.

With respect to the programmatic requirements for students with significant mobility limitations, off-campus accommodations only provide basic accommodations mandated by the Americans with Disabilities' Act (ADA). However, the significantly mobility limited population segment envisioned by the Project requires an elevated focus on unit design and programmatic offerings that the private market does not address due to the limited nature of the market segment.

B&D analyzed private sector alternatives and found that the additional costs associated with the programmatic features of on-

¹ The B&D study includes approximately 600 beds which are not part of the housing system in its analysis. The University has an affiliation agreement with one privately owned off-campus residence facility that targets professional and graduate students. The Continuum is not a part of the housing system and the University has no financial interest or obligation with respect to that facility, the University does promote this facility as a housing option to its students. These beds are not included in the figures provided in this Project Summary.

campus housing for disabled students (approximately \$3.5 million for the Project), would not be feasible for a private developer. Furthermore, B&D concluded that a public-private partnership would not work as the level of revenue expected to be generated by the Project would not be attractive for a private developer and that a public-private partnership's desire to maximize revenues or seek involvement in design or operational issues could pose a risk to the University's ability to achieve its targeted objectives, which are to provide affordable housing for FTIC and severely disabled students. In addition, a ground lease with a private developer would not be viable since the Project's level of revenue would require a significant subsidy by the University to make the Project financially attractive to the developer.

The proximity of the Project to the University's Disability Resource Center allows for better physical access to the resources offered by the Disability Resource Center. It also provides the potential for programmatic partnerships. The College of Education, which was recently awarded a \$25 million grant to develop enhanced teaching solutions for students with disabilities, is also located adjacent to the proposed project site and will enhance the academic experience for its residents with elevated levels of disability.

**Project Cost and
Financing Structure:**

The Project is estimated at a total cost of \$23,398,506. Construction costs are estimated at \$18,891,055, with a cash contribution from the DOHRE operating fund totaling \$1,528,300 for design costs. Pre-construction, construction and miscellaneous fees are estimated at \$1,349,151 and furniture and equipment is estimated at \$1,630,000. The average cost per bed is higher than a typical residence hall due to the additional costs for ADA compliant features to accommodate severely physically disabled residents (totaling approximately \$3.5 million), and additional costs for the relocation of all underground utilities off the footprint of the building (totaling approximately \$0.5 million).

The Project will be financed with a \$1,528,300 cash contribution from the DOHRE's operations fund and a fixed rate, tax-exempt bond issue (the "Bonds") in an amount not to exceed \$25,000,000 issued by the Division of Bond Finance. The Bonds are expected to have a 20 year, level debt payment structure, with the first principal payment occurring July 1, 2014. The Bonds will finance a portion of the cost of the Project, fund a debt service reserve account (if necessary), and pay costs of issuance.

(See Attachment I for an estimated sources and uses of funds).

Security/Lien Structure: The Bonds will be secured by net housing system revenues. These revenues are derived primarily from rental income after deducting operating and maintenance expenses and amounts required for prior lien obligations (the "Series 1984 Bonds"). The lien of the Bonds on the pledged revenues will be on parity with the University of Florida dormitory revenue bonds currently outstanding in the amount of \$70 million and will be junior and subordinate to the lien of the Series 1984 Bonds. The Series 1984 Bonds are currently outstanding in the principal amount of \$180,000 and will remain outstanding until retired on July 1, 2014. All costs of the housing program at the University are completely funded without the use of any state funding.

**Pledged Revenues,
Debt Service Coverage
and Internal Rate of Return:**

Over the five-year period from fiscal year 2008 through 2012, annual debt service coverage remained strong, exceeding 2.82x, and maximum annual debt service coverage exceeded 2.71x over the period. Historical net pledged revenues were \$13.7 and \$13.9 million for fiscal years 2008 and 2009, respectively. Net pledged revenues for 2010 were \$17.7 million. Higher rental rates, which were 9.7% for residence halls and 7.2% for graduate and family housing, were the primary factor for the significant increase. Salary and benefit cost increased for fiscal year 2011 and a change in asset capitalization threshold in fiscal year 2012 resulted in net pledged revenues declining to \$15.5 and \$13.3 million in fiscal years 2011 and 2012, respectively. The fiscal year 2013 debt service coverage declined to an estimated 2.17x due to increased debt service from the issuance of bonds in May 2012.

DOHRE intends that the Project rental rates be consistent with similar unit types on campus. The application of these rental rates will cause the net operating revenue of the Project to be insufficient to fully cover debt service on the Bonds on a stand-alone basis. However, projected net pledged revenues of the housing system are expected to grow from \$14.3 to \$21.4 million from fiscal year 2013 to 2017, with resulting debt service coverage ranging from 1.95x in 2014, growing to 2.42x in 2017 after the Project is opened. Coverage of maximum annual debt service is forecasted to be a low of 1.79x in 2014, increasing to 1.97x in 2015.

The projected revenues are based upon a 5% annual rental rate increase and a 3% increase in operating expenses for the Project and overall system over the 5-year projection period discussed above. (See Attachment II for 5-years historical and 5-years projected pledged revenues and debt service coverage prepared by the University.)

The internal rate of return of the Project, based on a 30-year useful life, has been estimated by the University to be 4.3% (See Attachment IV for the IRR calculation.)

Type of Sale:

The Division of Bond Finance will make a determination to sell the Bonds through either a competitive or negotiated sale based on market conditions and financing options available at the time of sale. It is currently expected that the Bonds will be sold through a competitive sale.

**Analysis and
Recommendation:**

Staff of the Board of Governors and the Division of Bond Finance has reviewed the information provided by the University with respect to the request for Board of Governors approval for the subject financing. System Revenues have historically generated positive debt service coverage and are projected to continue to provide adequate debt service coverage in the future based on what appear to be reasonable assumptions as to revenue and expenditure growth. Also, it appears that the proposed financing is in compliance with the Florida Statutes governing the issuance of university debt and the Board of Governors Debt Management Guidelines. Accordingly, staff of the Board of Governors recommends adoption of the resolution authorizing the proposed financing.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
UNIVERSITY OF FLORIDA DORMITORY REVENUE BONDS
Estimated Sources and Uses of Funds
2013 Project

<u>Sources of Funds</u>		<u>Basis for Amounts</u>
Bond Par Amount	\$ 25,000,000	Estimated Series 2013A Bond sale amount based on an interest rate of 5.75% for 20 years.
Less: Costs of Issuance		
Total Costs of Issuance	\$ (123,900)	Based on estimates (Division of Bond Finance Fees, \$75,500; Rating Fees, \$29,000; Bond Counsel, \$15,000; Misc., \$4,400)
Less: Underwriter's Discount	\$ (500,000)	Estimated at 2% of par.
Plus: Interest Earnings		
(Construction Trust Fund)	\$ 102,430	Estimated at 0.5%
Contribution from Housing System	\$ 1,528,300	
Total Sources of Funds	<u>26,006,830</u>	
<u>Uses of Funds</u>		
Project Cost	\$ 23,398,506	255 bed facility with amenities for undergraduate students
(Planning, Design, Construction & Equipment)		
Debt Service Reserve Account	\$ 2,157,300	Fully funded at maximum annual debt service on the bonds.
Bond Sizing Contingency	\$ 451,024	
Total Uses of Funds	<u>26,006,830</u>	

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
UNIVERSITY OF FLORIDA
HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE**

	Historical					Projected⁵				
	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
Operating Revenues										
Rental Income	\$ 38,648,103	\$ 40,351,366	\$ 44,108,967	\$ 43,916,808	\$ 45,225,966	\$ 47,261,134	\$ 49,624,191	\$ 52,105,401	\$ 54,710,671	\$ 57,446,204
Rental Income from 2013 Project	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,879,271	\$ 1,973,235
Investment Income ¹	\$ 1,306,009	\$ 713,358	\$ 775,781	\$ 757,301	\$ 447,057	\$ 460,469	\$ 474,283	\$ 488,511	\$ 503,167	\$ 518,262
Total Operating Revenues	\$ 39,954,112	\$ 41,064,724	\$ 44,884,748	\$ 44,674,109	\$ 45,673,023	\$ 47,721,603	\$ 50,098,474	\$ 52,593,912	\$ 57,093,108	\$ 59,937,700
Operating Expenses²	\$ 26,032,956	\$ 27,023,135	\$ 27,023,478	\$ 28,962,074	\$ 32,222,659	\$ 33,189,339	\$ 34,185,019	\$ 35,210,570	\$ 36,266,887	\$ 37,354,893
Expenses for 2013 Project	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,258,895	\$ 1,296,662
Total Operating Expenses	\$ 26,032,956	\$ 27,023,135	\$ 27,023,478	\$ 28,962,074	\$ 32,222,659	\$ 33,189,339	\$ 34,185,019	\$ 35,210,570	\$ 37,525,782	\$ 38,651,555
Debt Service, Prior Lien Obligations	185,150	185,500	185,700	185,700	185,750	185,650	185,400	-	-	-
Pledged Revenues	\$ 13,736,006	\$ 13,856,089	\$ 17,675,570	\$ 15,526,335	\$ 13,264,614	\$ 14,346,614	\$ 15,728,055	\$ 17,383,343	\$ 19,567,327	\$ 21,286,145
Annual Debt Service										
Outstanding Parity Bonds	\$ 4,838,023	\$ 4,848,098	\$ 4,860,390	\$ 4,856,640	\$ 4,709,474	\$ 6,619,547	\$ 6,623,194	\$ 6,643,744	\$ 6,640,594	\$ 6,629,194
2013A Bonds (\$25MM)	-	-	-	-	-	-	1,438,333	2,154,900	2,157,063	2,156,638
Total Annual Debt Service	\$ 4,838,023	\$ 4,848,098	\$ 4,860,390	\$ 4,856,640	\$ 4,709,474	\$ 6,619,547	\$ 8,061,527	\$ 8,798,644	\$ 8,797,656	\$ 8,785,831
Maximum Annual Debt Service	\$ 4,888,131	\$ 4,888,131	\$ 4,888,131	\$ 4,888,131	\$ 4,888,131	\$ 6,649,944	\$ 8,803,569	\$ 8,803,569	\$ 8,803,569	\$ 8,803,569
Debt Service Coverage Ratios										
Total Annual Debt Service	2.84x	2.86x	3.64x	3.20x	2.82x	2.17x	1.95x	1.98x	2.22x	2.42x
Maximum Annual Debt Service	2.81x	2.83x	3.62x	3.18x	2.71x	2.16x	1.79x	1.97x	2.22x	2.42x

¹ Investment revenue includes interest on the available beginning cash balances in the Housing System operation accounts

² Current Expenses are operating expenses of the Housing System as defined in the Resolution, which is net of depreciation and administrative overhead paid to the University.

³ Excludes extraordinary one time expenditures of \$3,797,579 for renovations to housing facilities, which are not considered Current Expenses under the Resolution.

⁴ Increased expenses for Fiscal Year 2011-12 were due to an increase in the asset capitalization threshold which increased expenditures for furniture and equipment by \$1.9 million and increases in operating costs including repairs and maintenance of \$1.4 million. Excluded are extraordinary one time expenses for renovation, major emergency repairs and maintenance of \$1.3million.

⁵ Fiscal Year 2012-13 amounts are preliminary and subject to change. Projections for Fiscal Year 2013-14 and beyond for revenues assume an annual growth of 5% and an annual expenditures growth of 3%.

STUDENT HOUSING MARKET ANALYSIS REPORT PREPARED FOR

UNIVERSITY OF FLORIDA

JULY 2013

FINAL MEMORANDUM



UNIVERSITY OF FLORIDA: STUDENT HOUSING MARKET ANALYSIS

PREFACE & ACKNOWLEDGEMENTS

In May 2013, the University of Florida ("UF" or the "University") engaged Brailsford & Dunlavey ("B&D" or the "Team") to prepare a Student Housing Analysis ("Analysis" or "Plan") related to a potential new student housing development ("Project" or "UF-400") on UF's campus. B&D's scope of work included a review of the UF's Comprehensive and Housing Master Plans, a case study analysis, an off-campus assessment, demand analysis, and a review of the Project-specific and overall financials for the UF housing system. This report provides a summary of B&D's findings from the Analysis and is intended to serve as a foundation for decision-making as UF seeks to implement the UF-400 Project.

The findings contained herein represent B&D's professional opinions based upon assumptions and conditions detailed in this report. B&D conducted research using both primary and secondary information sources that are deemed to be reliable, but whose accuracy cannot be guaranteed.

Throughout the project, Mr. Norb Dunkel, Associate Vice President for Student Affairs, and Ms. Sharon Blansett, Assistant to the Associate Vice President for Student Affairs, were B&D's primary contacts and facilitated communication and coordination with University administrators. B&D would like to acknowledge their support and thank them for assisting throughout the planning effort.

Brailsford & Dunlavey would also like to acknowledge the support, cooperation, and effort of the University community members who contributed to the completion of this planning effort, with the following individuals requiring special recognition:

- Ms. Lisa Diekow, Director for Residence Life & Education
- Mr. Azfar Mian, Director for Financial & IT Services
- Mr. Mark Hill, Director for Facilities Management
- Mr. T.J. Logan, Associate Director of Administrative Services
- Dr. Diane Porter-Roberts, Associate Director for Student Learning & Engagement, & Director, SPHE Graduate Program
- Ms.Carolynn Komanski, Assistant Director for Administrative Services
- Ms. Kelly Sullivan, Assistant Director for Residence Life & Education: West Campus
- Mr. Ryan Winget, Assistant Director for Residence Life & Education: East Campus
- Mr. Rob Ostrow, Assistant Director for Housing Operations
- Ms. Rena Buchan, Coordinator for Financial and IT Services

This Analysis and documentation was produced by the following individuals from Brailsford & Dunlavey:

- Brad Noyes, Senior Vice President
- Chet Roach, Senior Project Manager
- Eric Bram, Project Analyst

FINAL MEMORANDUM

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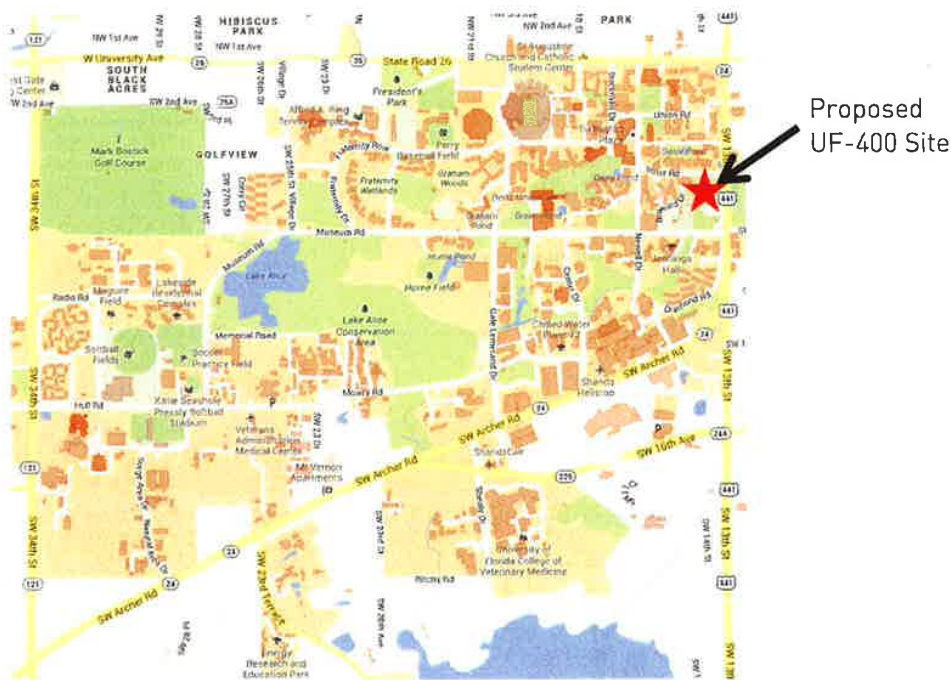
UNIVERSITY OF FLORIDA: STUDENT HOUSING MARKET ANALYSIS

I. EXECUTIVE SUMMARY

PROJECT BACKGROUND

The University of Florida is interested in developing a new residence hall to increase the accessibility of on-campus housing opportunities and continue the University's ability to support students' academic experience through facilities and programs offered by the Department of Housing and Residence Education ("DOHRE"). The proposed program for the 255-bed residential community intends to enhance UF's ability to support the dynamic needs of its diverse student population and further the University's objectives regarding inclusion and cultural engagement through on-campus facilities. In developing the vision for the UF-400 Project, the DOHRE identified two campus subpopulations that the University is not adequately supporting through on-campus housing: individuals who require higher levels of disability support and incoming first-year students. The proposed 82,300 SF Project aims to provide 35 beds for individuals with higher levels of disability support needs and 220 beds intended to serve first-year students. The UF-400 Project will be located near the intersection of SW 13th Street and Museum Street in the Yulee Area of campus, which is within the University's Historic District (Figure 1.1).

Figure 1.1: UF-400 Proposed Site



The University's current estimate for the construction of the UF-400 Project is \$23,398,506, of which the DOHRE will fund \$1,528,300. UF proposes to maintain the Project's rental rates consistent with similar unit types already available on campus to ensure cost competitiveness with the off-campus market. The

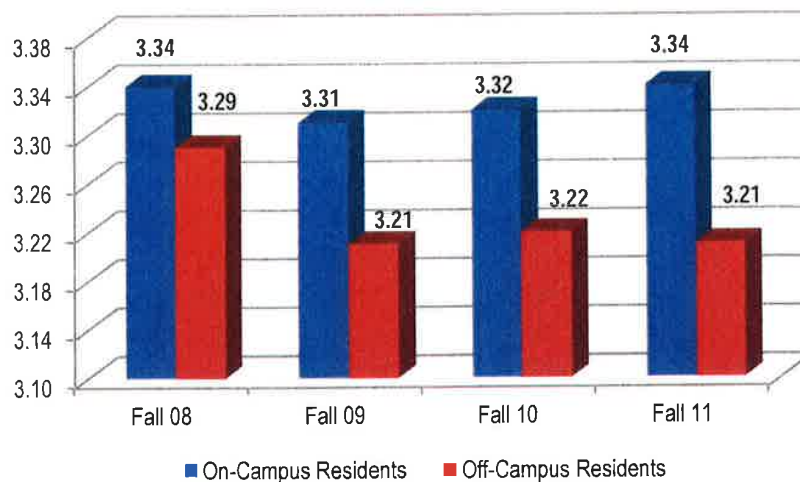
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University intends to self-develop UF-400 and finance the Project through a bond sale, which would be repaid through projected DOHRE revenues.

SUMMARY OF FINDINGS

The University's current housing facilities provide an on-campus living opportunity to approximately 9,000 students, annually, with recent trends indicating that UF is exceeding 100% occupancy every year. However, DOHRE has been hindered in furthering its targeted objectives regarding ***inclusion, diversity, and enhancing the academic success*** of UF students due to the lack of housing resources—particularly pertaining to the population segments targeted in UF-400. Currently, UF's on-campus housing facilities do not adequately address the programmatic requirements for students with significant mobility limitations (e.g. accommodation of increased personal support requirements, flexibility in design, technological offerings, etc.). Additionally, UF's current residence halls have been unable to meet demand from first-year students, thus, pushing potential residents into off-campus housing facilities that are neither designed nor operated with a focus on academic success. Information provided by the University supports the academic mission of the DOHRE indicating that UF students living on campus achieve higher GPA's than off-campus residents (Figure 1.1). Therefore, accommodating demand for both population segments is critical in the University's ability to meet its driving principles of inclusion, diversity, and academic success.

Figure 1.1: Comparison of GPA by Living Situation



Currently, the private off-campus housing market provides UF students with only the basic accommodations mandated by the Americans with Disabilities Act ("ADA"). However, the significantly mobility limited population segment envisioned for UF-400 requires an elevated focus on in-unit design and programmatic offerings to ensure a holistic developmental, inclusive experience that the private

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market does not address due to the limited nature of this market segment, as well as the elevated construction and operating costs associated with the provision of this type of housing.

Additionally, B&D's survey of the off-campus market indicates that no housing complexes proximate to UF's campus provide unit configurations for first-year students consistent with DOHRE's targeted objectives. Specifically, no traditional- or suite-style units are available, which poses an imbalance between incoming students' position on the personal developmental continuum and the level of independence presented in their off-campus living situation. This disparity poses challenges to students' academic success (retention/progression/graduation), community engagement, and leadership development. The lack of provision of these unit types in the off-campus market underlines the occupancy risk understood by private developers in focusing its potential market segment for purpose-based housing in lieu of more universally desired apartment-style configurations.

The proposed Project location in the historic Yulee Area of UF's campus is critical to meeting DOHRE's targeted objectives, as its proximity to the University's Disability Resource Center allows for physical and programmatic synergies that ensure its residents are prepared with the necessary skillsets to inform decision making related to their well-being after their time at UF. The College of Education, which was recently awarded a \$25M grant to develop enhanced teaching solutions for students with disabilities, is also located adjacent to the proposed Project site and will enhance the academic experience for its residents with elevated levels of disability.

IMPLEMENTATION APPROACH CONSIDERATIONS

In defining the most efficient and effective strategy to support the targeted populations' housing needs, B&D evaluated a series of alternative solutions including implementation by a private developer in the off-campus market, the establishment of a public-private partnership to develop the Project, as well as the renovation of existing on-campus residential facilities to meet the targeted program. In summary, the elevated level of construction cost required to accommodate the diverse mobility support needs that are central to the Project's purpose will pose unmanageable risk to private developers in achieving competitive rental rates within a robust off-campus marketplace. Additionally, providing the proposed semi-suite unit types tailored for academic success of first-year students poses occupancy risk for a private developer due to its reliance of supporting a specific segment within UF's overall population. These issues, coupled with the private market's uncertainty concerning the following factors related to University-sponsored housing, pose challenges to private market implementation of the desired program:

- University Enrollment
 - The provision of non-apartment-style units is consistent with the needs of first-year students. If significant changes in enrollment occur at UF, the unit-type design is not targeted to meet the preferences of older student populations, thus, exposing the community to vacancy risk.

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- Total Housing Inventory
 - Changes to UF's housing inventory that lead to an increase in the capture rate of first-year students will reduce their off-campus housing needs.

In addition to financial and occupancy risks associated with private provision of the Project program, developing UF-400 outside of the proposed location is inconsistent with the University's targeted objectives for the community, as accessibility and engagement with campus resources is critical for residents within the facility. The proximate location to University-sponsored assets such as the University Disability Resource Center and the College of Education, are important to maximizing the value of UF's investment.

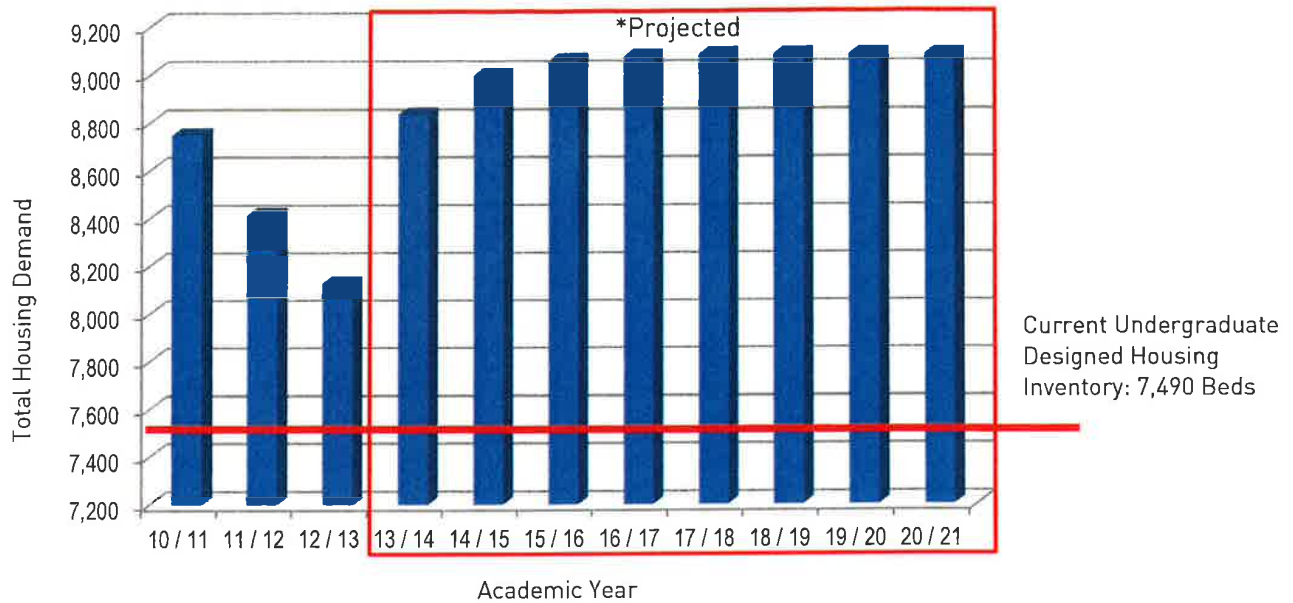
In association with the DOHRE, B&D assessed the feasibility of UF renovating an existing on-campus residence hall to accommodate the 35 beds targeted to meet the needs of students with significant mobility limitations. To accomplish the desired program, significant structural and code-related upgrades to existing facilities would be required while likely still leaving ideal design objectives compromised. Furthermore, a renovation would result in a minimum net loss of 70 beds and associated revenues to achieve the desired program. Thus, pursuit of the targeted program through renovation poses unnecessary financial concerns and inconsistencies with the increase of incoming student success.

UF-400 DEMAND ANALYSIS

B&D's analysis indicates that sufficient demand exists for the proposed Project program even when assuming no overall enrollment growth after the opening of the facility. In short, the existing wait list for student housing, when combined with the volume of overflow accommodations currently provided by DOHRE, exceeds the proposed level of development in UF-400. Additionally, the University's recent investments in and successes of the Innovation Academy program is expected to increase the number of students desiring to live on campus following its implementation this fall and by nearly 700 beds in the fall of 2020. Figure 1.2 displays the level of excess demand expected by the DOHRE as the University approaches the fall of 2020.

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Figure 1.2: On-Campus Housing Demand



*Future excess demand calculations beyond 2013-2014 utilize the same assumptions as the 2013-2014 academic year

*Future excess demand includes projections for Innovation Academy students

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As noted previously, the University proposes to maintain a rental rate structure for the Project that is comparable to existing units within its on-campus housing inventory. In doing so, the University is able to maintain cost competitiveness with the off-campus market, which is critical to mitigating potential occupancy risk. The revenues from the overall housing system will be utilized to support the Project, as UF-400 will not achieve standalone financial self-sufficiency in its initial 2015-2016 year of operations. Furthermore, the strength of the housing system's financial performance will allow the University to pursue deferred maintenance, as required, to support existing housing facilities. A closer look at the anticipated debt coverage ratio for the specific Project and overall system during the first five years after opening the proposed facility is shown in Figure 1.3.

Figure 1.3: Projected Debt Coverage Ratio – Overall Housing System

	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019
UF-400 Project	0.29	0.31	0.34	0.37	0.40
Overall Housing System	2.09	2.28	2.48	2.70	3.28

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When compared to other recently completed capital projects within UF's Historic District, UF-400 achieves a similar construction cost per square foot. Within the Historic District, the University must execute more stringent construction design standards in order to maintain the character of this important region of campus, which leads to higher development costs. In evaluating the five capital projects that have occurred since the 2007-2008 academic year within the Historic District, the average development cost has been \$325 per square foot, which is actually \$40 higher than the proposed Project (assuming 3% annual inflation in construction costs). The proposed Project budget includes all of the facility upgrades, valued at approximately \$4M, required to accommodate mobility-limited students.

CONCLUSION

In summary, B&D's analysis demonstrates that the most appropriate approach to implement the UF-400 project is to self-develop, own, and operate the facility in the Yulee Area of its campus. Self-development, when compared to the reliance on private provision or a public-private partnership, allows for full control of the facility to fully meet the stated strategic DOHRE objectives related to academic success, inclusion, and diversity, while maximizing the value of the University's investment and stewardship of its financial resources.

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II. UNIVERSITY PROFILE

MISSION & VISION

As indicated on the University's website, the University of Florida is the State's "oldest and most comprehensive" institution, and is regarded as one of the nation's "most academically diverse public universities." The University of Florida is committed to pursuing continued enhancement of academic excellence to achieve its stated mission with regards to teaching, research, and service. The University further elaborates upon its multi-faceted, interdependent strategic objectives in stating the following:

- **Teaching** is a fundamental purpose of this university at both the undergraduate and graduate levels.
- **Research** and scholarship are integral to the educational process and to the expansion of our understanding of the natural world, the intellect, and the senses.
- **Service** reflects the university's obligation to share the benefits of its research and knowledge for the public good. The university serves the nation's and the state's critical needs by contributing to a well-qualified and broadly diverse citizenry, leadership, and workforce.
- **Economic Development** will result from the university's objectives as a land-grant institution to strengthen critical industry sectors statewide and empower individuals to be innovators and leaders in developing new strategies, businesses, and knowledge to enhance the financial well-being of the region.

In pursuing its mission, the University aims to utilize teaching, research, and service to "span all the university's academic disciplines and represent the university's commitment to lead and serve the state of Florida, the nation, and the world by pursuing and disseminating new knowledge while building upon the experiences of the past. The university aspires to advance by strengthening the human condition and improving the quality of life."

STUDENT DEMOGRAPHICS

In the fall of 2012, UF enrolled 49,913 students, including 32,776 undergraduates and 17,137 graduates. The University primarily enrolls full-time students, with 92% of undergraduates and 74% of graduates classified as full-time. Ninety-five percent (95%) of the undergraduate student population is classified as "traditional college age," which is defined as being 24 years or younger. Women comprise a majority of undergraduate students (55%), and the population ethnically diverse, with 41% classified as a minority. Although 81% of students are from the State of Florida, the University attracts students from all 50 states and over 140 countries worldwide.

UF HOUSING PROFILE

Existing housing facilities and residential programs play a critical role on UF's campus, as approximately 7,600 undergraduate students lived in University-sponsored housing during the 2012-2013 academic year.

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In examining the academic classification composition of UF's housing facilities, 68% of undergraduate students living on campus are classified as first time in college ("FTIC"). Although housing is primarily comprised of FTIC students, the University does not implement a live-on requirement for any segment within the population. Research conducted by the DOHRE has determined that housing provides significant benefits to students throughout their academic career. Within the DOHRE's current inventory, a diversity of unit types is provided to support the University's ability to accommodate increasingly independent living situations as an individual progresses through his/her academic career.

The majority of UF's housing inventory is assigned to undergraduate students. A breakdown of UF's housing by unit type, as well as the number of occupied beds in 2012-2013 by students with physical disabilities, is provided below:

- 5,284 beds in non-apartment-style units
 - 267 beds currently available for students with disability support needs
 - 13 residents in the 2012-2013 academic year with physical disabilities
 - Newest community: Hume - 2002
- 2,206 beds in apartment-style units
 - 32 beds currently available for students with disability support needs
 - 2 residents in the 2012-2013 academic year with physical disabilities
 - Newest community: Lakeside - 2000
- 2,034 beds in graduate and family housing
 - 4 beds currently available for students with disability support needs
 - 4 residents in the 2012-2013 academic year with physical disabilities
 - Newest community: The Continuum – 2011 (Public-Private Partnership)

The on-campus housing inventory at UF is designed to accommodate 9,524 students, which does not include Greek-affiliated housing that is also available on campus. However, the University routinely exceeds 100% occupancy, as the DOHRE often accommodates student demand through the provision of overflow housing (i.e., triple occupancy in designed double-occupancy units, requiring Resident Assistants to have a roommate, etc.). Additionally, the University recently entered into an agreement with an off-campus apartment community to assist in the accommodation of housing inquiries that were unable to be met through on-campus facilities.

UNIVERSITY OF FLORIDA: STUDENT HOUSING MARKET ANALYSIS

III. NEW HOUSING PROJECT PROFILE

PROJECT PURPOSE

The University of Florida is interested in developing a new, 255-bed residence hall to enhance on-campus housing opportunities to individuals with higher levels of disability support needs (35 beds) and first-year students (220 beds). Through the delivery of UF-400, the University aims to address the following strategic objectives:

Academic Success / Personal Development

- DOHRE Guiding Principle – An Environment for Academic Success
 - *Providing an engaging living environment is important to enable residents to succeed in the classroom and to grow and develop as individuals.*
- DOHRE Guiding Principle – Educational and Social Programming
 - *The department is committed to providing out-of-classroom and classroom-enhancing learning opportunities, leadership training, community-building experiences, and developmental transition assistance.*

Inclusion / Diversity / Assimilation

- Multicultural & Diversity Affairs Mission
 - *Multicultural & Diversity Affairs promotes an inclusive campus community by creating environments in which students learn about themselves and diverse others, engage in meaningful inter- and intra-cultural dialogue, and enhance their leadership and commitment to social justice.*
- UF Non-Discrimination Policy
 - *The University shall actively promote equal opportunity policies and practices conforming to laws against discrimination. The University is committed to non-discrimination with respect to race, creed, color, religion, age, disability, sex, sexual orientation, gender identity and expression, marital status, national origin, political opinions or affiliations, genetic information and veteran status as protected under the Vietnam Era Veterans' Readjustment Assistance Act.*
- DOHRE Guiding Principle – A Diverse Environment
 - *Society is strengthened from the diversity of people and ideas. It is increasingly important that students are exposed to national and global experiences and perspectives. Housing and Residence Education is committed to strengthening the relationships among diverse people.*

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PROGRAMMING & AMENITIES

Within the proposed 5-story, 82,300 SF Project, the anticipated distribution of residential units is as follows:

- Single Suite (Disability Support): **35 Beds**
- Single Suite: **12 Beds**
- Four-Person Suite: **148 Beds**
- Six-Person Suite: **60 Beds**

The UF-400 facility design is intended to provide an on-campus living environment that is consistent with the needs of first-year students and ensure accessibility to resources for individuals with significant mobility limitations. A list of the facility features for both of the targeted residential populations is provided below:

Common Areas / Personnel Support

- Instructional kitchen for independence skill training
- Community programming / gathering space
- Community laundry facilities on every floor
- 2 facility entryways
- 8-foot hallway widths (1st Floor Only)
- Work space for caretakers
- 1 live-in faculty member
- 1 graduate-level Student Hall Director
- 7 Resident Assistants
- 1 Live-in masters-level Area Coordinator (professional staff member)

In-Unit

- Combination of single-, double-, and triple-occupied suites
- Larger bedrooms / bathrooms (1st Floor Only)
- Private bathrooms within each suite
- SureHands® Mobility System / ceiling tracks
- Chair lifts
- Pressalit® Moveable Sink and Handrail System

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CONSTRUCTION COST & TIMELINE

According to UF, the development of the proposed facility is estimated at a total cost of \$23,398,506. Construction costs are estimated to be \$18,891,055 with other project related costs (professional fees, equipment, contingency and miscellaneous expenses) totaling \$4,507,451. UF is targeting a groundbreaking in January 2014, with an anticipated facility opening date prior to the fall of 2015.

IV. STUDENT HOUSING MARKET ANALYSIS

METHODOLOGY

Brailsford & Duntavey conducted market research to define on- and off-campus market conditions, as well as to better understand trends that are occurring on peer and aspirant institutions' campuses. The market analysis effort included an investigation of current on-campus housing offerings, an evaluation of wait list statistics and future demand, an analysis of off-campus rental opportunities, and case study research at selected universities. The following sections and supplemental exhibits detail the results of the analysis that comprise the Plan.

ON-CAMPUS MARKET TRENDS

Since the 2002-2003 academic year, the University's housing system has experienced an average occupancy rate of greater than 100%. In accommodating excess demand, the University has utilized non-traditional occupancy strategies such as overflow housing, assigning roommates to resident assistants, and entering into agreements with off-campus communities. Through this process, the DOHRE launched a targeted effort to refine its understanding of its waiting list threshold with which students were able to be accommodated on campus each semester. The process was intended to increase the DOHRE's responsiveness to late-application students when space was not available. As a result, the DOHRE has recently implemented a strategy to turn off its application process once achieving a level of excess demand on the waitlist. Although responsiveness has increased, the implementation of this process leads to the DOHRE's inability to fully quantify the level of excess demand each semester.

For the analysis, however, the University provided additional information containing internal data that is utilized to calculate excess demand, which includes waitlists, overflow housing, non-traditional configurations, and controlled cancellations. Since the fall of 2010, the University has classified more than 500 students as excess demand for on-campus housing on an annual basis. A closer examination of the University's calculation for excess demand is displayed in Figure 4.1 below.

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Figure 4.1: UF Excess Housing Demand

Year	Waitlist	Extended	Overflow Other	Controlled	Total
Fall 2013	408	33	60	*405	*906
Fall 2012	114	222	87	217	640
Fall 2011	187	217	179	342	925
Fall 2010	387	217	0	656	1,260

*Waitlist = Official waitlist data produced by the DOHRE

*Extended Capacity= Designed overflow

*Overflow Other= RA roommates, off-campus contracted space, non-traditional space

*Controlled Cancellation= Non-penalized cancellations to support other demand [2013 projection is consistent with the average of the previous 3 academic years]

*For future years, Excess Demand projections maintain the same numbers as indicated for the fall of 2013 (906)

In addition to existing latent demand, the University's implementation of the Innovation Academy ("IA") program in spring 2013 is expected to further increase the level of interest in on-campus housing. The Innovation Academy official website describes the program as:

"...a new way of experiencing the undergraduate college experience. IA gives students a small-college experience focused on delivering curricular and co-curricular experiences centered on innovation, creativity, entrepreneurship, ethics and leadership. IA students take courses on campus during the spring and summer, leaving the fall free for on-line courses, study abroad, internships, research, community service and/or employment."

In IA's first year of operation, 308 students were enrolled and more than 80% lived on UF's campus. University administrators anticipate that IA will grow to approximately 500 students on an annual basis, resulting in a total of 2,000 students when achieving peak enrollment. Furthermore, housing officials estimate that IA will require nearly 700 beds at peak demand, as the program is expected to continue capturing approximately 90% of first-year students, annually. The anticipated capture rate for each academic classification is provided in Figure 4.2 below.

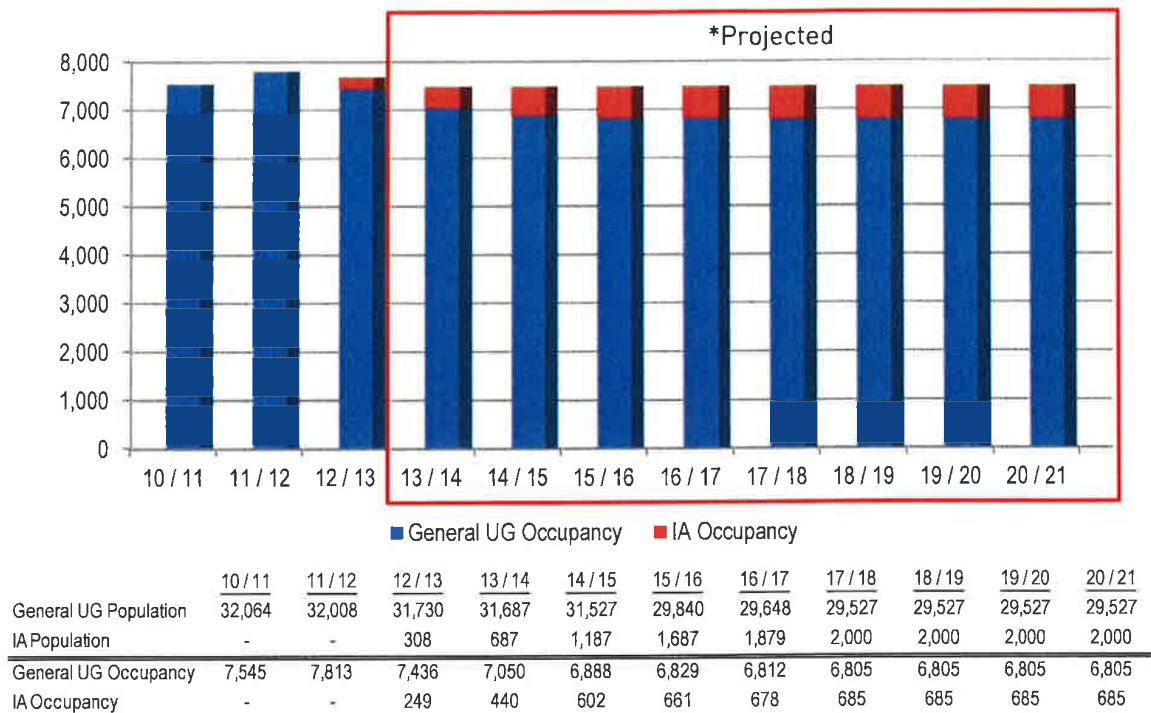
Figure 4.2: Innovation Academy Projected Capture Rate by Classification

Academic Classification	Capture Rate (Proj.)	Peak Housing Demand (Proj.)
1st-Year	90%	450
2nd-Year	32%	161
3rd-Year	10%	52
4th-Year	4%	22
Total Capture Rate	34%	685

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As a result of the projected growth in demand from IA students, the University will be unable to accommodate the same level of on-campus housing participation from UF's general undergraduate population as experienced in recent years. Assuming no changes in UF's housing inventory, 6,805 students from UF's general undergraduate population will be able to reside on campus in the fall of 2020, which is fewer than the total number of current occupants (7,436) due to demand from Innovation Academy. In examining UF's historical housing occupancy, the DOHRE has accommodated more than 7,000 undergraduate students each year since the opening of Hume Hall in the fall of 2002. Figure 4.3 further details the anticipated residence hall occupancy from the general undergraduate population after accommodating the projected housing demand from IA students.

Figure 4.3: Undergraduate Housing Occupancy Projections



*Enrollment projections provided by the University indicate that no growth will occur after the 2015-2016 academic year

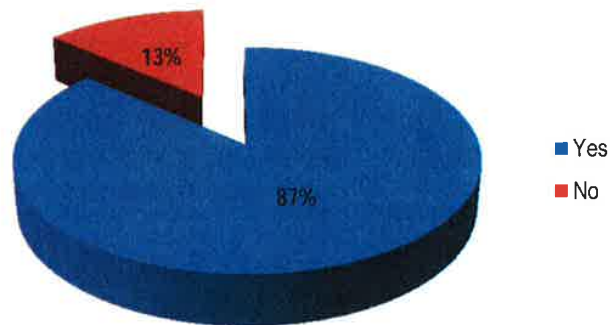
*Residence hall occupancy assumptions are based on the designed capacity of UF's housing facilities

The resulting level of occupancy for undergraduate students at UF poses challenges to the University's ability to provide on-campus accommodations to first-year students. This approach does support the DOHRE in achieving its targeted objectives regarding the provision of housing to support the academic success to UF students. As previously shown in the Executive Summary section of this report, studies conducted by the University demonstrate that a positive relationship exists between on-campus residents and their academic success, which is negatively impacted through a decrease in available housing for UF's undergraduate population. Additionally, UF asked on-campus residents as part of its 2011 survey if

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they believe living in UF-sponsored housing has positively impacted their student experience. The results demonstrated that a majority view living on campus as beneficial to their student experience. From a national standpoint, research has indicated that students' satisfaction with their academic experience has a strong positive correlation with their retention rates. Figure 4.4 displays the results from the DOHRE's Academic Initiatives and Enhancement Survey (2009).

Figure 4.4: Has Living On Campus Positively Impacted Your College Experience?



In addition to housing trends for the overall UF undergraduate population, B&D examined the provision of on-campus facilities targeted to support students with significant mobility limitations. Although UF currently provides housing to 19 students with physical disabilities, the University is unable to accommodate some of the diverse mobility limitations experienced by students with higher levels of disability support needs. According to administrative interviews, the University has previously conducted several in-unit renovations and upgraded exterior accessibility the needs of students with significant mobility limitations. However, the structural design and programmatic services within on-campus housing facilities still limits UF's ability to adequately address the diverse support needs of some individuals. Some of the challenges include the size of bedrooms and bathrooms, storage space, technological features to enhance mobility, and personnel support services.

OFF-CAMPUS MARKET TRENDS

For the off-campus analysis, B&D surveyed 37 communities located within five (5) miles of UF's campus. The results from the analysis demonstrated that the provision of unit-type configurations and support services are not intended to meet the needs of the targeted student population for the UF-400 Project. Primary research indicated that a majority of the off-campus rental market was comprised of apartment-style units, which indicates that a higher level of focus exists on meeting the housing needs of non-first-year students. To support first-year students during their transition into higher education, institutions typically focus on the provision of unit-type configurations and programmatic services that enhance the concept of community within the facility. As a result, the independent lifestyle that is promoted through

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apartment-style living off campus does not offer the same level of interaction and engagement with University-sponsored resources that the DOHRE is targeting for first-year students within UF-400.

An examination of accommodations for students who require higher levels of disability support demonstrated that none of the surveyed communities provide particular unit configurations targeted to meet the needs of students with significant mobility limitations. Interviews with property managers revealed that all units within each respective property were designed with the same construction guidelines, which are targeted to meet the needs of students who are wheelchair dependent. Although each property demonstrated willingness to make the necessary accommodations to provide a ground floor unit (when elevators were not available within the community) and perform “reasonable” renovations to serve students with physical disabilities, the in-unit design does not specifically address various height and width requirements or technological features beyond basic ADA standards. When questioned about previous renovations to enhance maneuverability within a particular unit, property managers cited the installation of bannisters in the wall or bathroom, moving / adding an electrical outlet, and addressing exterior accessibility (i.e. curb cuts, repaving cracks or potholes, etc.).

A detailed overview of the rental rates and unit-type configurations offered by each of the surveyed communities can be found in **Exhibit C** of this report.

FUTURE CONDITIONS – UF-400 IMPLEMENTATION

The delivery of the UF-400 Project on the University’s campus would positively impact the University’s ability to achieve its targeted objectives regarding increasing accessibility to UF-sponsored housing, delivering a cost-competitive living solution for students, and enhancing inclusion and diversity through on-campus facilities. Through the provision of the proposed 255 additional beds on campus, students will experience enhanced access to community resources, support personnel, and engagement with academic and co-curricular facilities on the University’s campus, which has proven to be beneficial to an individual’s UF experience, according to the University’s 2011 survey. Additionally, the proposed site for the UF-400 Project is strategically located in the Yulee Area to enhance access to academic services available through the Disability Resource Center and College of Education for students with significant mobility limitations. The College of Education (which is located directly across SW 13th Street from the proposed site) was recently awarded a \$25,000,000 grant specifically to restructure and improve the University’s development and training of educators who teach students with disabilities. The DOHRE anticipates that the Project’s proximity to the College of Education will assist in creating a close programmatic relationship, which is integral in enhancing the quality of education available to current and future students with higher levels of physical disability needs support.

As noted previously, the University anticipates implementing a rental rate schedule that is similar to that of existing on-campus facilities and competitive with the off-campus market. The University’s ability to implement competitive rental rates is mission-critical to limit potential vacancy risk within the Project. In order to better understand factors that influence rental rate variation in the off-campus market, B&D evaluated each community according to their distance from UF’s campus. The analysis demonstrated

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that off-campus properties located within one mile of UF's campus assess higher rental rates to residents than communities further from the University. As understood through the analysis, unit-type configurations targeted for the UF-400 Project are not available in the off-campus market. However, to better understand the Project's consistency with the off-campus market, B&D examined the proposed rental rates for UF-400 and apartment communities located within one mile of the University's campus. The comparison demonstrated that the Project's rental rates are consistent with the selected off-campus communities. An overview of the monthly rental rates for the UF-400 Project and apartment communities proximate to UF is shown in Figure 4.5

Figure 4.5: Rental Rate Overview Per Student (2015-2016)

	UF-400 Project			Off Campus (One-Mile Radius)				
	Single Suite	4-Person Suite	6-Person Suite	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
UF-400	\$870	\$821	\$773	Not Applic.	Not Applic.	Not Applic.	Not Applic.	Not Applic.
Off-Campus	Not Applic.	Not Applic.	Not Applic.	\$897	\$1,193	\$763	\$674	\$662

*Monthly rental rate for UF-400 is based on a semester equaling 4.5 months

*Off-campus rental rates are per bedroom

*Rental rates for the off-campus market have been inflated 3% annually

*An assumption of \$100 for utilities have been added to the off-campus rental rates

Through the University's effort to enhance accessibility for individuals with significant mobility limitations, concurrently addressing housing needs for first-year students is critical in establishing a culture of inclusion and diversity within the Project. As indicated by Multicultural and Diversity Affairs, a subset of the Office of Student Affairs, the University is creating an "inclusive, affirming, and just campus community" for all students at UF. In supporting this strategic objective through UF-400, University administrators anticipate that the benefits will be experienced by all students residing in the community. Two of the primary benefits that the University anticipates occurring within the residence hall include:

- Promoting Access to Resources
 - Isolating students with higher levels of disability support needs, or dispersing individuals throughout campus early in their academic careers, may lead to hesitation or lack of awareness of campus resources and co-curricular activities at UF. Providing an environment through which these resources are more visible to individuals with higher levels of disability support needs will lead to a greater level of desire to participate, which is correlated to academic success and satisfaction with the student's higher education experience.
- Raising Awareness of Complex Social Issues
 - Students who have experienced limited exposure to individuals with higher levels of disability support needs are likely less aware of the challenges experienced by this population. Through an integrated housing facility, the two populations will have greater levels of interactions with each other, which is critical in increasing acceptance and

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developing advocates who are more sensitive to the well-being of underrepresented populations.

During administrative interviews with the University of Illinois, one of the six institutions included in the Case Study Analysis (**Exhibit B**), campus leaders discussed the same underlying values in their process of delivering Nugent Hall, which is regarded as the most robust, well-known intercollegiate housing facility for students with higher levels of disability support needs. Prior to Nugent Hall, the University of Illinois supported these individuals through Beckwith Residence Hall, a freestanding facility that provided housing and support services to students with significant mobility limitations. Through this approach, University leaders felt that Beckwith residents were not being adequately integrated into the campus community, which did not support Illinois' targeted objectives in providing housing to this population. Therefore, when the opportunity was presented to develop a new housing facility, the University committed to delivering a community that was designed, located, and programmed in a manner that increased the strategic importance of accommodating students with higher levels of disability support needs.

V. ALTERNATIVE CONSIDERATIONS

PRIVATE DEVELOPER

In order to evaluate UF-400's efficiency and effectiveness in achieving the University's targeted objectives, B&D examined the possibility of a private developer delivering the same project off campus. To support the programmatic needs of the targeted residential population, the facility design, technological features, and personnel support requires significant investment from the developer in excess of a traditional off-campus apartment community. With regards to the facility design, the garden-style communities that characterize the off-campus market do not reinforce the level of community interaction, inclusion, and diversity with which the University is seeking to provide within the project. Therefore, the provision of one building to support the 255-bed community may require different construction materials for the developer, thus resulting in increased costs for the project. For students with higher levels of disability support needs, the technological design features to enhance mobility within the project, such as ceiling tracks, chair lifts, specific heights and widths within the building, will also lead to a greater level of investment from the developer. Additionally, to support residents' academic experience through programmatic features offered within the community, investing in Resident Assistants or Program Coordinators are additional features that are not commonly found in the off-campus market and result in recurring costs on an annual basis for the owner.

In addition to construction costs, the unit-type configurations prescribed in the program are primarily targeted to support first-year students and individuals with significant mobility limitations. As a result, if desired occupancy is not achieved from the target market population, the unit-type configurations are not flexible to meet the independent lifestyle preferred by older students, which poses vacancy risk for the project. Due to the level of construction costs, programmatic offerings, and unit-type configurations, the

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project is not financially feasible or consistent with risk mitigation strategies for a private developer to pursue off campus.

PUBLIC-PRIVATE PARTNERSHIP

In pursuing the UF-400 Project, B&D analyzed the possibility of the University establishing a public-private partnership to share ownership and responsibility of the development. After reviewing the current state of the University's financial system, entering into an agreement with a private partner for the UF-400 Project is not necessary, as UF is in a position of financial strength. Additionally, pursuing this development approach poses risk to the University's ability to achieve its targeted objectives. Within a public-private partnership, the private partner often searches for ways to reduce their level of risk within the investment by increasing potential revenue sharing opportunities, becoming more active in the design of the project, or gaining operational control of the facility. With respect to a potential ground lease approach, UF-400 is not financially viable for a private developer to pursue due to the level of anticipated revenue for the Project, which would require a significant subsidy on behalf of the University to support the development. Therefore, utilizing a ground lease to deliver UF-400 does not advance the interests of the University.

To ensure that UF-400 is best positioned to meet the targeted objectives, B&D believes that it is most beneficial for the University to retain all oversight aspects of the Project. As a result, the University should develop, own, and operate the proposed Project.

ON-CAMPUS FACILITY RENOVATION

In addition to evaluating off-campus opportunities, B&D worked with UF housing officials to determine the structural and financial feasibility of renovating an existing on-campus facility specifically to accommodate the 35 beds targeted to support students with significant mobility limitations. The results from the analysis indicated that renovating an existing facility would require significant structural changes in the building, which is challenging in examining this alternative within many of UF's older residential buildings. However, if a renovation is deemed feasible, the facility assessment indicated that UF would experience a net loss of 70 beds due to the unit-type configurations required to best serve students with higher levels of disability support needs. A loss of beds of this magnitude creates further challenges for the DOHRE to accommodate housing demand and pursue the University's targeted objectives related to the first-year academic experience. As a result, the inability to fully support the needs of students with significant mobility limitations and loss of undergraduate housing inventory does not further the University's objectives targeted through the pursuit of UF-400.

UNIVERSITY OF FLORIDA: STUDENT HOUSING MARKET ANALYSIS

VI. FINANCIAL REVIEW

B&D reviewed the both the Project-specific and system-wide financial models provided by the University. The models use assumptions provided by the University to forecast the DOHRE's financial performance over a ten-year period. A summary of UF's financial model, which includes the UF-400 Project, can be found in **Exhibit A** of this report.

HOUSING FINANCIAL MODEL ASSUMPTIONS

Revenues

- An average occupancy of 100% in the fall and spring semester was assumed for all existing buildings and the proposed UF-400 Project
- Rental rates were calculated on a per semester basis. For the purposes of this analysis, each semester is 4.5 months
- Rental rates for the UF-400 Project are projected at the following schedule:
 - Single-occupied suite: \$3,913 per semester (per student)
 - Four-person semi-suite: \$3,696 per semester (per student)
 - Six-person semi-suite: \$3,479 per semester (per student)
 - Resident Assistants: \$3,141 per semester (per student)
- Revenues were inflated at 5% annually throughout the length of the model
- Investment revenue includes interest on the available beginning cash balances in the DOHRE operating accounts

Expenses

- Current Expenses are net of depreciation and administrative overhead paid to the University
- Expenses exclude extraordinary non-recurring renovation projects
- Expenses were inflated at 3% annually throughout the length of the model

Construction Quality / Capital Costs

Construction quality costs were provided by UF and considered by B&D as part of the analysis, but a detailed review of the design and specifications was not included in the analysis. For the level of capital cost investment, the University provided a breakdown of estimated costs associated with the level of facility enhancements and technological features required to meet the needs of students with significant mobility limitations. In addition to basic ADA design guidelines, the programmatic enhancements, which totaled approximately \$4,000,000, included in the UF-400 facility are:

- Wider hallways
- Larger bathrooms
- Mobility track, sink, and handrail automated systems

FINAL MEMORANDUM

- Chair lifts
- Additional secured entryway
- Gathering space enhancements

Security / Debt Service Coverage

According to the University, total revenues achieved by the DOHRE will be pledged for the repayment of debt service on the UF-400 Project. In pursuing the UF-400 development, pledging the revenues of the entire housing system is required, as the Project is not forecasted to achieve financial self-sufficiency within the first ten years of operation. For the 2012-2013 academic year, pledged revenues are projected to be approximately \$13 million, with a debt coverage ratio of 2.00x. In specifically examining the UF-400 Project, although annual losses are expected to occur in the early years of operation, the DOHRE is still forecasted to achieve above a 1.81x debt coverage ratio in each year of operation within the model.

UNIVERSITY OF FLORIDA: STUDENT HOUSING MARKET ANALYSIS

EXHIBIT A
SUMMARY FINANCIAL PRO FORMA



Board of Governors
State University System of Florida
University of Florida - Housing
Historical and Projected Revenues and Expenses

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Operating Revenues													
Rental Income	\$ 38,648,103	\$ 40,351,366	\$ 44,108,967	\$ 43,916,808	\$ 45,225,966	\$ 47,251,134	\$ 49,624,191	\$ 52,105,400	\$ 54,710,670	\$ 57,446,204	\$ 60,318,514	\$ 63,334,440	\$ 66,501,162
Rental Income from Hall 2015													
Total Rental Income	\$ 38,648,103	\$ 40,351,366	\$ 44,108,967	\$ 43,916,808	\$ 45,225,966	\$ 47,251,134	\$ 49,624,191	\$ 52,105,400	\$ 54,710,670	\$ 57,446,204	\$ 60,318,514	\$ 63,334,440	\$ 66,501,162
Investment Income ¹	\$ 1,306,009	\$ 713,358	\$ 775,781	\$ 757,301	\$ 447,057	\$ 460,469	\$ 474,263	\$ 488,511	\$ 503,167	\$ 518,262	\$ 533,859	\$ 549,824	\$ 566,316
Total Operating Revenues	\$ 39,954,112	\$ 41,064,724	\$ 44,884,748	\$ 44,674,109	\$ 45,673,023	\$ 47,711,603	\$ 50,098,453	\$ 52,593,911	\$ 55,093,108	\$ 59,337,700	\$ 62,924,220	\$ 66,058,755	\$ 69,351,746
Current Expenses²													
Expenses Housing	\$ 26,032,956	\$ 27,023,135	\$ 27,023,478	\$ 28,982,074	\$ 32,222,659	\$ 33,189,339	\$ 34,185,019	\$ 35,210,570	\$ 36,266,887	\$ 37,354,893	\$ 38,475,540	\$ 39,629,806	\$ 40,818,700
Expenses Hall 2015													
Total Current Expenses	\$ 26,032,956	\$ 27,023,135	\$ 27,023,478	\$ 28,982,074	\$ 32,222,659	\$ 33,189,339	\$ 34,185,019	\$ 35,210,570	\$ 36,266,887	\$ 37,354,893	\$ 38,475,540	\$ 39,629,806	\$ 40,818,700
Net Operating Income	\$ 13,921,156	\$ 14,041,589	\$ 17,861,270	\$ 15,712,035	\$ 13,453,364	\$ 14,532,264	\$ 15,913,455	\$ 17,383,342	\$ 18,587,226	\$ 21,086,145	\$ 23,113,118	\$ 25,054,320	\$ 27,116,148
Prior Obligation Debt Service	\$ 185,150	\$ 185,500	\$ 185,700	\$ 185,700	\$ 185,750	\$ 185,650	\$ 185,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pledged Revenues	\$ 13,736,006	\$ 13,856,089	\$ 17,675,570	\$ 15,536,335	\$ 13,264,614	\$ 14,346,614	\$ 15,728,055	\$ 17,383,342	\$ 18,587,226	\$ 21,086,145	\$ 23,113,118	\$ 25,054,320	\$ 27,116,148
Annual Debt Service													
Outstanding Parity Bonds	\$ 4,838,023	\$ 4,848,098	\$ 4,860,360	\$ 4,855,640	\$ 4,709,474	\$ 6,619,547	\$ 6,623,194	\$ 6,643,744	\$ 6,640,594	\$ 6,629,194	\$ 6,649,944	\$ 6,636,494	\$ 6,636,494
2013A Bonds (\$25MM)													
Total Annual Debt Service	\$ 4,838,023	\$ 4,848,098	\$ 4,860,360	\$ 4,855,640	\$ 4,709,474	\$ 6,619,547	\$ 6,623,194	\$ 6,643,744	\$ 6,640,594	\$ 6,629,194	\$ 6,649,944	\$ 6,636,494	\$ 6,636,494
Debt Service Coverage Ratios													
2013A Bonds (\$25MM) Debt Coverage													
Annual Debt Coverage DOHRE System	2.84	2.86	3.64	3.20	2.82	2.17	1.95	1.98	2.22	2.42	2.63	2.85	3.44

¹ Investment revenue includes interest on the available beginning cash balances in the Housing System operation accounts.
² Current Expenses are operating expenses of the Housing System as defined in the Resolution, which is net of depreciation and administrative overhead paid to the University.
³ Excludes extraordinary one time expenditures of \$3,797,579 for renovations to housing facilities, which are not considered Current Expenses under the Resolution.

UNIVERSITY OF FLORIDA: STUDENT HOUSING MARKET ANALYSIS

EXHIBIT B
CASE STUDY ANALYSIS

UNIVERSITY OF FLORIDA: STUDENT HOUSING MARKET ANALYSIS**B. CASE STUDY ANALYSIS****OBJECTIVES**

As part of the Plan, B&D conducted stakeholder interviews to better understand the level at which students with higher levels of disabilities support needs are accommodated through on-campus housing at targeted peer and aspirant institutions. The administrative interviews provided valuable information regarding some of the programmatic offerings, support services, in-unit accommodations, and challenges experienced in serving students with significantly limited mobility. Additionally, B&D conducted supplemental research concerning Nugent Hall at the University of Illinois, as the facility is regarded as a model on intercollegiate campuses in providing on-campus housing services targeted to meet the needs of students with limited mobility.

METHODOLOGY

The University provided a list of six (6) peer and aspirant institutions for the analysis. The selected case study institutions include:

- Florida State University ("FSU" or "Florida State")
- Michigan State University ("MSU" or "Michigan State")
- The University of Texas at Austin ("UT-Austin" or "Texas")
- The University of Tennessee, Knoxville ("UT-K" or "Tennessee")
- University of Georgia ("UGA" or "Georgia")
- University of Illinois at Urbana-Champaign ("Illinois")

The primary source of information for the case studies was phone interviews with officials from each institution's housing or disability resources department, including directors and assistant directors. Additional Internet research was conducted from each institution's website to obtain further support data, as needed.

INSTITUTION OVERVIEW

Figure B.1: Institution Overview

	<u>UF</u>	<u>FSU</u>	<u>MSU</u>	<u>Texas</u>	<u>Tennessee</u>	<u>UGA</u>	<u>Illinois</u>
Total Population	49,913	41,087	48,906	52,186	27,018	34,818	44,520
Undergraduate	32,776	32,201	37,454	39,955	20,829	26,373	32,281
Graduate	17,137	8,886	11,452	12,231	6,189	8,445	12,239
% Living On Campus	24%	24%	42%	19%	37%	30%	50%

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DETAILED FINDINGS

On-Campus Housing Offerings

- Available on-campus housing accommodations targeted to support students with physical disabilities is located throughout campus and integrated into most residence halls.
 - However, the University of Illinois was the only institution that offered housing facilities targeted to meet the needs of students with significant mobility limitations.
- Each of the surveyed institutions indicated that they would be willing to grant access for personal assistants to support the daily needs of students with significant mobility limitations.
 - However, only three of the surveyed institutions stated that they had previous experience with personal assistants residing in on-campus housing.
- Each of the surveyed institutions was willing to provide reasonable accommodations to enhance on-campus housing accessibility to students with higher levels of disability support needs.
 - Several of the potential in-unit accommodations include:
 - Removal of furniture to support student-owned hospital beds
 - Automated card swipe access instead of keys
 - Flashing / strobe light fire alarm system
 - Allowing service animals
 - Installation of a text Telecommunication Device
 - Bed shakers for emergency alerts
 - Electronic chair lifts
- For each institution, with the exception of the University of Illinois, the hiring and monitoring of personal assistants is solely the responsibility of the student.
 - Within Nugent hall at the University of Illinois, adequate personnel and programmatic services are provided to support the daily needs of students with significantly limited mobility.
- Transportation services are provided at each of the surveyed institutions to support mobility throughout campus.
 - However, transportation services are generally targeted to support individuals' academic schedules, and are not intended to meet students' leisure or recreational needs.

Key Challenges

- While each institution demonstrated willingness to support students with limited mobility through reasonable facility renovations and accommodations, challenges continue to exist within housing facilities regarding the level of personnel services available to assist individuals with their daily activities and in emergency situations.
 - As a result, on-campus housing administrators at several of the surveyed institutions indicated that families often do not consider living in university-sponsored facilities.

UNIVERSITY OF FLORIDA: STUDENT HOUSING MARKET ANALYSIS

- A key challenge that exists in accommodating students with higher levels of disability support needs is designing unit configurations that are flexible to meet the diverse mobility limitations that vary for each individual.
- At FSU, housing officials reported that the older on-campus residence halls are difficult to update in order to enhance accessibility and ADA accommodations.
- University policies that allow students to select their ideal residence hall may lead to reduced programmatic interaction with disability support services due to the location of their on-campus housing facility.
 - With residence halls dispersed throughout each institution's campus, access to disability resource services can be difficult if not located in close proximity to the office.
- Housing administrators indicated that significant accessibility barriers exist throughout campus, which posing challenges to the institution's ability to enroll prospective students.
 - In addition to accessibility to non-housing facilities, housing administrators at UGA and Texas stated that the campus topography limits prospective students' interest in attending the university.

Anticipated / Desired Programmatic Changes

- At Michigan State, housing officials indicated that the University anticipates enrollment growth for students with significant mobility limitations.
 - To better support the needs of these students through on-campus housing, Michigan State desires to enhance personnel and academic services within each housing neighborhood on campus.
- At FSU, the University plans to address each facility's accessibility limitations and pursue renovation projects targeted to upgrade each residence hall to meet current ADA codes.
 - The University has already begun this process by executing several renovation projects within on-campus housing facilities targeted to enhance accessibility to students with physical disabilities.
 - Through facility enhancements, FSU wants to increase the level of on-campus housing opportunities available to students with physical disabilities and concurrently strengthen its programmatic relationship with the Student Disability Resource Center.
- UGA, Tennessee, and Texas housing officials indicated that improvements are required to enhance accessibility within existing on-campus facilities; however, at this time, no significant programmatic changes are anticipated.

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NUGENT HALL – UNIVERSITY OF ILLINOIS

In the fall of 1982, the University of Illinois opened Beckwith Hall, which was the first residential facility at the University specifically targeted to meet the needs of students with significant mobility limitations. The ultimate goal of the facility was to “make it possible for graduates to go anywhere their lives and career aspirations take them, confident that they can manage their own needs.” While programmatic offerings available in the facility were robust, supporting the dynamic technological needs of residents within Beckwith Hall was a growing challenge faced by administrators at Illinois. In evaluating the University’s targeted objectives towards supporting students with limited mobility, the freestanding, isolated residence hall provided limited opportunities for Beckwith residents to engage the campus community. Through the University’s evaluation of the possibility of a new residence hall, campus stakeholders desired to continue to provide the positive programmatic features provided within Beckwith and concurrently expand the level of opportunities available to Beckwith residents within the larger University context.

Less than 30 years later, Nugent Hall opened its doors in the fall of 2010 and is regarded as the most robust intercollegiate housing facility for students with significant mobility limitations. In addition to supporting the mobility needs of students with severe disabilities, the 500-bed community provides housing to the general student population and is physically connected to the Ikenberry Commons Residence Hall Complex, a facility comprised of a two-story dining hall, convenience store, library, computer lab, coffee shop, and quiet study lounges. Specifically within Nugent Hall, some of the in-unit and community designs featured:

- An adaptive computer lab with three work stations
 - One computer station is programmed to support voice-to-text software
- An instructional kitchen with integrated AV and adaptive cooking equipment
 - The space is utilized as a meeting room and to teach basic cooking skills
- A proximity reader on the outside and inside of the room
 - Utilized to open and close a door without physically having to use a key or swipe a card.
- A SureHands® ceiling lift system to enhance mobility throughout the unit
- Adjustable furniture including desks, night stands, and hospital beds
- A sink with motion detector faucet
- Wireless paging system for personal assistance notifications
- Automated room-darkening blinds

UNIVERSITY OF FLORIDA: STUDENT HOUSING MARKET ANALYSIS

In addition to the facility design features, personnel and programmatic support services within the residence hall are effectively designed to meet the daily needs of Nugent Hall residents. Some of the support services include:

- Around-the-clock personal assistance support
- Weekly laundry service
- Daily housekeeping services
- Mentorship programs

Students with significant mobility limitations are encouraged to enroll in the Transitional Disability Management Program ("TDMP") that is targeted to prepare individuals with the skillsets required to achieve the maximum level of independence after graduating from Illinois. Individuals who participate in the program develop goals related to increasing their skillsets to enhance independence, and engage in weekly meetings with dedicated personnel staff to track their progress. Students will define their goals for each of the target areas listed below:

- *"Improved knowledge of disability laws and disability resources*
- *Improved skill in advocating for access and reasonable accommodation*
- *Improved physical and/or functional capacity*
- *Improved social integration*
- *Maximal independence in the performance of activity of daily living*
- *Acquisition of the knowledge and skills necessary to allow the student to benefit maximally from the use of available assistive technology*
- *Acquisition of the knowledge and skills necessary for independent personal assistant management*
- *Successful transition to internships and/or permanent employment upon graduation*
- *Accessible living"*



UNIVERSITY OF FLORIDA: STUDENT HOUSING MARKET ANALYSIS

EXHIBIT C
OFF-CAMPUS DATA

Agenda and Meeting Materials - Facilities Committee

University of Florida
Off-Campus Market Analysis - Unit Types / Average Rent
UF-400 Student Housing Market Analysis

Unit Types/Average Rent/Average GSF						
Property Name	Distance From UF (miles)	Studio Rent	1-Bedroom Rent	2-Bedroom Rent	3-Bedroom Rent	4-Bedroom Rent
Campus View	0.3			\$1,450	\$1,975	
Parkside I	0.3		\$799			
Royale Palms	0.3		\$1,215	\$1,578	\$2,155	
Sabal Palms	0.3				\$2,260	\$2,856
The Estates at Sorority Row	0.3	\$949	\$1,330	\$1,725	\$2,260	
Stratford Court	0.4		\$1,205	\$1,558	\$2,185	\$2,589
Wildflower Apartments	0.4		\$1,330	\$1,640	\$2,113	
Camden Court	0.5			\$1,588	\$2,199	\$2,628
College Manor	0.5	\$639	\$713	\$1,104	\$1,672	
Deco 39	0.5		\$1,299	\$1,696		\$2,780
Museum Walk	0.5			\$1,170	\$1,360	
Archstone	0.6	\$1,039	\$1,320	\$1,565	\$2,140	\$2,800
Heritage Oaks	0.7	\$882	\$1,299	\$1,264	\$1,960	
Jackson Square	0.7		\$1,300	\$1,600		
The Estates	0.7		\$1,029	\$1,258	\$1,732	\$2,220
Nantucket Walk	0.8			\$1,550		
The Bartram	0.8		\$1,475	\$1,934	\$2,260	
Upper Westside	0.8	\$975	\$1,194	\$1,709		
2nd Ave Centre	1		\$1,269	\$1,478		\$2,336
College Park	1	\$709	\$815	\$1,196	\$1,400	\$1,999
Looking Glass	1.1	\$870	\$600	\$1,350		
The Continuum	1.1	\$926	\$1,224	\$1,478		\$3,056
University House	1.2		\$1,250	\$1,510	\$2,020	\$2,360
Arlington Square Wisteria Downs	1.6	\$777	\$850	\$1,020	\$1,509	
Canopy	1.6			\$1,390	\$1,897	\$2,220
The Enclave	1.6			\$1,368	\$1,852	
Gainesville Place	1.9			\$1,308		\$1,908
Average Rental Rate / Unit	N/A	\$863	\$1,132	\$1,460	\$1,942	\$2,480

Estimated IRR Calculation
University of Florida Student Residential Project
Unleveraged Internal Rate of Return

Fiscal Year	Project Construction Cost	Gross Revenues	Operating Expenditures	Net Revenues	Total
2015	(23,398,506)	\$ -	\$ -	\$ -	\$ (23,398,506)
2016		1,879,271	(1,258,895)	620,376	620,376
2017		1,973,235	(1,296,662)	676,573	676,573
2018		2,071,896	(1,335,562)	736,335	736,335
2019		2,175,491	(1,375,629)	799,863	799,863
2020		2,284,266	(1,416,897)	867,368	867,368
2021		2,398,479	(1,459,404)	939,075	939,075
2022		2,518,403	(1,503,186)	1,015,216	1,015,216
2023		2,644,323	(1,548,282)	1,096,041	1,096,041
2024		2,723,653	(1,571,506)	1,152,146	1,152,146
2025		2,805,362	(1,595,079)	1,210,283	1,210,283
2026		2,889,523	(1,619,005)	1,270,518	1,270,518
2027		2,976,209	(1,643,290)	1,332,919	1,332,919
2028		3,065,495	(1,667,939)	1,397,556	1,397,556
2029		3,157,460	(1,692,959)	1,464,501	1,464,501
2030		3,252,184	(1,718,353)	1,533,831	1,533,831
2031		3,349,749	(1,744,128)	1,605,621	1,605,621
2032		3,450,242	(1,770,290)	1,679,952	1,679,952
2033		3,553,749	(1,796,845)	1,756,904	1,756,904
2034		3,660,361	(1,823,797)	1,836,564	1,836,564
2035		3,770,172	(1,851,154)	1,919,018	1,919,018
2036		3,883,278	(1,878,921)	2,004,356	2,004,356
2037		3,999,776	(1,907,105)	2,092,671	2,092,671
2038		4,119,769	(1,935,712)	2,184,057	2,184,057
2039		4,243,362	(1,964,748)	2,278,615	2,278,615
2040		4,370,663	(1,994,219)	2,376,444	2,376,444
2041		4,501,783	(2,024,132)	2,477,651	2,477,651
2042		4,636,836	(2,054,494)	2,582,342	2,582,342
2043		4,775,942	(2,085,311)	2,690,630	2,690,630
2044		4,919,220	(2,116,591)	2,802,629	2,802,629
2045		5,066,796	(2,148,340)	2,918,456	2,918,456
	\$ (23,398,506)	\$ 101,116,948	\$ (51,798,437)	\$ 49,318,511	\$ 25,920,005

IRR= 4.3%

Assumptions:

5% annual growth through 2023 and 3% thereafter in projected revenues based upon assumptions provided by the University

3% annual growth through 2023 and 1.5% thereafter in operating expenses based upon assumptions provided by the University.

30-year useful life of the project with no residual value.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 12, 2013**

SUBJECT: Public Notice of Intent to Amend Board Regulation 9.005 Naming of Buildings and Facilities

PROPOSED COMMITTEE ACTION

Approve Public Notice of Intent to Amend Board Regulation 9.005 Naming of Buildings and Facilities

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Board of Governors Regulation Development Procedure

BACKGROUND INFORMATION

Section 267.062, Florida Statutes, prohibits the naming of any state building, road, bridge, park, recreational complex or other similar facility after any living person with exceptions being granted by university board of trustees, in accordance with regulations adopted by the Board of Governors. Thus, the naming of state university buildings or facilities for individuals or groups who have made significant contributions to the university or State of Florida remains the prerogative and privilege of the university board of trustees, as authorized and previously delegated by the Board of Governors.

The proposed revision incorporates a reference to the recently amended Board of Governors Regulation 8.009 Educational Sites, to better define the applicable locations of the buildings and facilities under naming consideration and redefines the conditions, under which, exceptions will and will not be granted for the naming of buildings and facilities. The proposed language was developed by Board staff and later recommended by university attorneys and finance and facilities personnel. No adverse impact has been identified by adoption of these regulations.

Supporting Documentation Included:	Amended Regulation 9.005
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Facilitators/Presenters:	Chris Kinsley
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9.005 Naming of University Facilities

The naming of any building, road, bridge, park, recreational complex, other similar facility or educational site, as defined in Board regulation 8.009, (collectively referred to as "University Facility") of a state university for individuals or groups who have made significant contributions to the university or the State of Florida is the prerogative and privilege of the State University System of Florida and is vested in the Board of Governors. The Board of Governors hereby delegates such approval authority to each university board of trustees provided that the board of trustees establishes procedures for the naming of such University Facilities to include the following elements:

- (a) The naming of any University Facility must be approved by the board of trustees as a noticed, non-consent agenda item.
- (b) Non-gift related honorary naming of a University Facility should be reserved for individuals who have made significant contributions to the university or to the State of Florida or to the fields of education, government, science or human betterment and who are of recognized accomplishment ~~and character~~. Honorary naming of a University Facility is not allowed for any active board member or employee of the Board of Governors or any active employee, student, or trustee of the university. ~~Exceptions require Board of Governors approval.~~
- (c) Gift-related naming of a University Facility requires a donation which makes a significant contribution to the cost of the University Facility, or for an existing facility, significant improvements, both as established by the board of trustees' policy. The limitations set forth in paragraph (b) are not applicable to gift-related naming of a University Facility.

Authority: Section 7 (d), Art. IX, Fla. Const., History-Formerly 6C-9.005, 11-3-72, Amended 12-17-74, 8-11-85, Amended and Renumbered as 9.005, 3-27-08, _____.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 12, 2013**

SUBJECT: Public Notice of Intent to Amend Board of Governors Regulation 14.0025
Action Required Prior to Capital Outlay Appropriation

PROPOSED COMMITTEE ACTION

Approve Public Notice of Intent to Amend Board of Governors Regulation 14.0025
Action Required Prior to Capital Outlay Appropriation

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Board of Governors Regulation Development
Guidelines

BACKGROUND INFORMATION

The proposed revision renames the regulation to more appropriately describe its contents. Additionally, obsolete references regarding the minor project threshold and Building Fees are removed. The proposed language was developed by Board staff and later recommended by university attorneys and finance and facilities personnel. No adverse impact has been identified by adoption of these regulations.

Supporting Documentation Included:	Amended Regulation 14.0025
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Facilitators/Presenters:	Chris Kinsley
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14.0025 Action Required Prior to Fixed Capital Outlay Appropriation Budget Request

- (1) No new construction or remodeling project ~~exceeding \$1,000,000~~ shall be requested by a university for inclusion on the first year of the 3 year, PECO-eligible priority list without being recommended in an educational plant survey.
- (2) The university is responsible for the preparation of the building program. The program shall be consistent with the university strategic plan, academic and facilities master plan, and shall include the project budget and the building codes applicable to the project.
- (3) The university president shall have the responsibility for building program review and approval, ~~modification, or disapproval~~, to assure compatibility with the institution's approved strategic plan, master plan, educational plant survey and with space utilization criteria. Building programs approved by the university president, and budgets approved by the university board of trustees shall serve as the basic planning documents for development of plans and specifications for construction.
- (4) Proposals for fixed capital outlay projects to be funded by Capital Improvement Fees ~~or Building Fees~~ shall be prepared by the university, and submitted to the Board of Governors. Each proposed project shall be approved by the university president after consultation with the student government association. For the purpose of this regulation, "consultation" is defined as an ongoing dialogue with the student body president prior to developing the university proposal. An attachment containing any objections and alternatives, and stating that both the university president and the student government association have reviewed the project proposals, shall be included in the proposal.

Authority: Section 7(d), Art. IX, Fla. Const., History-Formerly 6C-14.0025, 1-24-89, Amended 1-13-99, Amended and Renumbered as 14.0025, 3-27-08.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 12, 2013**

SUBJECT: Public Notice of Intent to Amend Board of Governors Regulation 14.023
Notice and Protest Procedures

PROPOSED COMMITTEE ACTION

Approve Public Notice of Intent to Amend Board of Governors Regulation 14.023
Notice and Protest Procedures

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Board of Governors Regulation Development
Procedure

BACKGROUND INFORMATION

The proposed revision removes previous notification and protest language and identifies Board of Governors Regulation 18.002 Notice and Protest Procedure, as the governing regulation for all competitive solicitations relating to the procurement of goods and services for the construction of university capital improvement projects. The proposed language was developed by Board staff and later recommended by university attorneys and finance and facilities personnel. No adverse impact has been identified by adoption of these regulations.

Supporting Documentation Included:	Amended Regulation 14.023
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Facilitators/Presenters:	Chris Kinsley
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14.023 Notice and Protest Procedures

The notice and protest procedures set forth in Board of Governors Regulation 18.002 shall be applicable to all competitive solicitations relating to the procurement of goods and services for the construction of university capital improvement projects.

~~(1) Notification.~~

- ~~(a) Bid Solicitation — The university shall provide notice of any information relating to a bid solicitation by advertising for bids or by distribution of bidding documents.~~
- ~~(b) Contract Award — The notice of a decision on contract award or bid rejection shall be given by either electronic posting or certified United States mail, return receipt requested, to each bidder.~~

~~(2) Protest.~~

- ~~(a) Any qualified bidder who is adversely affected by the university's decision may file a written notice of protest within 72 hours after receipt of the notice with the president. The protesting firm must reduce its complaint to written petition and file it with the president within ten (10) days from registration of the original complaint. If the bid documents require the posting of a bond with the protest as provided by Section 255.0516, Florida Statutes, the bond shall be included with the protest.~~
- ~~(b) Failure to file a notice of protest or the written petition shall constitute a waiver of the right to protest proceedings.~~

~~(3) Upon receipt of the formal written petition filed in accordance with paragraph Regulation 14.023(2)(a), the president shall delay the execution of the contract until the protest is resolved by mutual agreement between the parties or by final presidential action, unless the president shall make a finding and declares that such delay would cause serious danger to the public health, safety or welfare.~~

~~(4) Petitions involving disputed issues of material fact shall be referred for a quasi-judicial hearing. The president may designate an administrative law judge to conduct a hearing in accordance with university procedures. At the conclusion of the hearing, an administrative law judge shall submit a written recommended order to the president. The president shall then issue a preliminary order for final action and notify the firm of such order. The preliminary order of the president shall be final, unless the firm under consideration takes exception to such order; in which event, it may file with the president such exceptions within twenty one (21) days of receipt of notice of the preliminary order. At the end of the period for filing exceptions, the president will review the preliminary order and any exceptions that have been filed, and will render the final order. The decision of the president is final. Appellate review of the final order shall be in accordance with the requirements of Rule 9.190 (b) (3), Florida Rules of Appellate Procedure.~~

Authority: Section 7(d), Art. IX, Fla. Const., History – Formerly 6C-14.023, 5-25-81, Amended 8-11-85, 6-5-96, 1-13-99, Amended and Renumbered as 14.023, 3-27-08.

