

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

September 13, 2018

**SUBJECT:** Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration of Florida to issue \$125,000,000 of revenue bonds on behalf of Florida Agricultural and Mechanical University and authorize participation in the U.S. Department of Education's Historically Black College and University Capital Financing Program for the purpose of refinancing and restructuring existing debt and constructing a new residence hall and associated dining facility on the main campus of the University

---

**PROPOSED BOARD ACTION**

Adoption of a resolution approving the issuance of fixed rate, taxable revenue bonds, by the Division of Bond Finance on behalf of the University, in an amount not to exceed \$125,000,000 (the "Bonds") for the purpose of financing (i) the refunding and restructuring of all the University's existing housing revenue bonds and (ii) construction and equipping of a new student housing facility and a new dining facility (collectively, the "Project") on the main campus of Florida Agricultural and Mechanical University (the "University").

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. Based upon the staff review of the proposed transaction, while exceptions to the Board of Governors debt management guidelines are noted in the Project Summary, these appear warranted based on the justification provided by the University. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

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

**BACKGROUND INFORMATION**

The University has submitted a proposal for a \$125M two-part transaction consisting of 1) construction of a new student housing project with an associated dining facility shell

space (not to exceed \$70M) (the “Project”); and 2) restructuring of all of its existing housing system debt (not to exceed \$55M).

The proposed housing project will be located on the main campus and will consist of two (2) four-story “H-shaped” student residence buildings, each with an east and west wing, representing 182,000 combined gross square feet and a total of 700 beds (500 replacement and 200 new) arranged in 350 double-occupancy bedrooms (with shared bathroom). The Project is consistent with the University’s Campus Master Plan. The design includes support spaces, such as laundry facilities, vending area, common student lounges, study rooms, recreation/TV/computer rooms, and administrative offices. The Project includes an associated, separate dining facility shell space of approximately 10,000 sq. ft.

The construction of the proposed residence halls is estimated at a total cost of \$60,000,000. Construction costs are estimated at \$54,453,306, including planning, equipment and other estimated soft costs of \$9,413,264 and a shell dining facility of \$2,750,000. The University also estimates approximately \$2.8M in utility infrastructure costs.

The Project will be financed by fixed rate, taxable bonds issued by the Division of Bond Finance, in an amount not exceeding \$70,000,000, inclusive of a debt service reserve, capitalized interest and cost of issuance. The Bonds will be structured with a final maturity no more than 30 fiscal years after completion of the Project’s construction.

Also, the University proposes to restructure all of its existing housing system debt through advance refunding of Series 2010A, 2010B and 2012A; approximate par outstanding of \$10.8M, \$6.7M and \$35.1M, respectively. The aggregate amount is not to exceed \$55M, inclusive of new debt service reserve funds and cost of issuance.

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.

Projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Bonds.

The University Trustees, at its June 15, 2018 meeting, approved the Project and the financing thereof.

---

**Supporting Documentation Included:** Information located in the Facilities Committee materials