

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

March 24, 2011

SUBJECT: A 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 Central Florida to finance construction of student residences and related improvements on the main campus of the University of Central Florida

PROPOSED BOARD ACTION

Adoption of a resolution approving the issuance of fixed rate bonds, by the Division of Bond Finance on behalf of the University of Central Florida (the "University"), in an amount not to exceed \$55,000,000 (the "Bonds") for the purpose of financing the construction of the Academic Village and Greek Park expansions, the addition of a central chiller plant for the University's Housing System, and other general capital improvements of the existing Housing System, all of which will be or are located on the University's main campus ("the Project").

Staffs of the Board of Governors, State University System of Florida and the Division of Bond Finance have 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 complies with 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

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

BACKGROUND INFORMATION

The University has submitted a proposal for financing and construction of an expansion and capital improvements to its Housing System. The Project will be located on the University's main campus and will include the expansion of Academic Village consisting of approximately 670 residence hall beds; the expansion of Greek Park

consisting of approximately 40 beds in a Greek fraternity/sorority house and an administrative center; a central chiller plant; and other Housing System capital improvements including the replacement of the roofs on 15 existing housing facilities; the replacement of 180 HVAC units; the completion of a security camera project; and the first phase of a wireless Ethernet project. The Academic Village and Greek Park expansions will result in a total of 4,450 residence hall beds and 124 Greek beds, respectively, in the University Housing System. In addition to the residence hall beds and Greek beds, the Convocation Housing System provides approximately 2,000 beds on the main campus of the University. The total Project cost is expected to be \$44.3 million.

The Project will be consistent with the University's 2010 Campus Master Plan upon the execution of the University's Campus Development Agreement (the "CDA") with the local host government. The Board of Governors' adoption of the resolution approving the issuance of the Bonds is contingent upon the successful negotiation and execution of the CDA.

The University Board of Trustees has requested approval from the Board of Governors for the Division of Bond Finance to issue up to \$55,000,000 of fixed rate bonds to finance construction of the Project, pay capitalized interest, fund a debt service reserve fund and pay costs of issuing the Bonds. The Bonds will mature thirty (30) years after issuance with level annual debt service payments.

The debt service payments will be funded from revenues generated from the operation of the University Housing System, after payments of operation and maintenance costs. Operating revenues are generated primarily from housing fees, rental revenues, fines, special rental fees or other charges for housing services. The Bonds will be issued on parity with the outstanding Housing System Revenue Bonds, currently outstanding in the aggregate principal amount of \$73,120,000.

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

The University of Central Florida Board of Trustees approved the Project and the financing thereof at its November 10, 2010 meeting.

Supporting Documentation Included: Located behind Facilities Committee Tab