

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

June 20, 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 Florida International University to finance construction of a Student Residence Facility on the main campus of Florida International University

PROPOSED BOARD ACTION

Adoption of a resolution approving the issuance of fixed student residence facility revenue bonds, by the Division of Bond Finance on behalf of the Florida International University (the "University"), in an amount not to exceed \$47,500,00 (the "Bonds") for the purpose of financing a Student Residence Facility on the main campus of Florida International University ("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 of their student housing. The Project will be located in the central, southern area of the Modesto A. Maidique campus of the University. The Project will include approximately 620 beds and 300 parking spaces underneath the facility. The parking spaces at the facility will only be available to facility residents and will not be designated as part of the University's parking system. The project is Phase I of a two-phase project, of which Phase II will provide an additional 620 beds, in approximately

two years. The Project is consistent with the University's Campus Master Plan. The total Project cost is expected to be \$45 million.

The University's Board of Trustees has requested approval from the Board of Governors for the Division of Bond Finance to issue up to \$47,500,000 of fixed rate tax-exempt revenue bonds to finance a portion of the construction of the Project, fund a debt service reserve fund, capitalized interest 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 \$74,910,000.

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's Board of Trustees approved the Project and the financing thereof at its March 15, 2011 meeting.

Supporting Documentation Included: Located Behind Facilities Committee Tab