



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA
Facilities Committee
Conference Call
Dial-in Number: 888-808-6959
Conference Code: 8502450
June 20, 2011
2:00 p.m.

1. **Call to Order** **Governor Charlie Edwards**
2. **Meeting Minutes, March 24, 2011** **Governor Edwards**
3. **Fixed Capital Outlay Budget Transfer Flexibility** **Mr. Chris Kinsley**
4. **Bond Resolutions** **Mr. Kinsley**
 - A. Resolution of the Board of Governors Authorizing the Division of Bond Finance of the State Board of Administration of Florida to Issue Debt on behalf of the Florida International University to Finance the Construction of a Student Residence and Related Improvements on the Main Campus, FIU
 - B. Resolution of the Board of Governors Authorizing the Division of Bond Finance of the State Board of Administration of Florida to Issue Debt on behalf of the Florida International University to Finance the Construction of a Parking Garage on the Main Campus, FIU
 - C. Resolution of the Board of Governors Authorizing the Issuance of Debt by the University of Florida Financing Athletic Association to Finance the Construction, Renovation and Equipping of various Capital Improvements to certain Athletic Facilities on the Main Campus, UF
5. **Committee 2011-12 Work Plan** **Mr. Kinsley**
6. **Concluding Remarks and Adjournment** **Governor Edwards**

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
June 20, 2011

SUBJECT: Minutes of Meeting held March 24, 2011

PROPOSED COMMITTEE ACTION

Approval of minutes of the meeting held on March 24, 2011, at Florida State University, Tallahassee.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

N/A

BACKGROUND INFORMATION

Board members will review and approve the minutes of the meeting held on March 24, 2011, at Florida State University, Tallahassee.

Supporting Documentation Included: Minutes: March 24, 2011

Facilitators/Presenters: Chair Charlie Edwards

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FACILITIES COMMITTEE
FLORIDA STATE UNIVERSITY
TALLAHASSEE, FLORIDA
March 24, 2011

Chairman Charlie Edwards convened the Board of Governors Facilities Committee meeting at 8:55a.m., March 24, 2011, in the Alumni Center at Florida State University. The following members were present: Dean Colson, Dick Beard, Frank Martin, Tico Perez, Gus Stavros, John Temple and Rick Yost.

1. Call to Order

Governor Edwards called the meeting of the Facilities Committee to order. He stated that he was going to re-arrange the order of the agenda items and asked Chris Kinsley to begin with the bond resolution approvals.

2. Bond Resolutions

Mr. Kinsley reviewed the two requests before the Committee for approval from the University of Central Florida.

A. Resolution of the Board of Governors Authorizing the Division of Bond Finance of the State Board of Administration of Florida to Issue Debt on behalf of the University of Central Florida to Finance the Construction of Student Residences and Related Improvements, Main Campus, UCF

Mr. Kinsley presented the University of Central Florida request to issue debt. He stated that the approval would be contingent upon the University of Central Florida obtaining an approved Campus Development Agreement with Orange County but that early verbal negotiations indicated they were likely to reach a no cost agreement. Mr. Beard moved to approve the resolution, as presented, and the motion was seconded by Mr. Perez. All members voted in favor.

B. Resolution of the Board of Governors Authorizing the Division of Bond Finance of the State Board of Administration of Florida to Issue Debt on

behalf of the University of Central Florida to Finance the Construction of a Parking Garage, Main Campus, UCF

Mr. Kinsley reviewed the debt request from the University of Central Florida for their Parking Garage VII. Governor Beard made a motion to approve the resolution, as presented, and the motion was seconded by Mr. Colson. All members voted in favor.

- C. A Resolution of the Board of Governors Authorizing the Issuance by the University of South Florida Financing Corporation of Debt to Finance the Renovation of the USF Arena and Convocation Center on the Tampa campus of the University of South Florida

Mr. Kinsley presented the University of South Florida request to issue debt to renovate their Arena. He said that it was not common for the Board to receive debt requests for renovations and that this particular proposal was challenging because it was not in conformance with the Board's Debt Management Guidelines. He stated that while the Project was not self-supporting in the first years of operation, the University had tried to augment the revenues as much as possible with other allowable sources, which included a guarantee from the USF Foundation. Chair Edwards acknowledged that there was some concern from members about the Foundation guarantee and the sufficiency of their resources. Governor Beard spoke in favor of the project and explained that he thought the Foundation pledge was stable and the proposal made sense. Governor Perez said he was very concerned about the prior commitments of the Foundation and recommended the approval be deferred until a financial advisor's opinion could be provided as required by the Guidelines. Board members asked the University staff to review the other financial guarantees of the Foundation resources. USF staff stated that their Foundation had an extensive process for assessing risk and a schedule of commitments so that they would not over commit. They stated that their University Board of Trustees had been working on the Project for many years and had fully vetted the plan. They also said that the issues at the arena were massive and needed quick intervention to avoid closure of the facility. They said they were unable to phase the Project and that the Arena was vital to the operations of the University community. Governor Colson suggested the Foundation set aside

an amount of money to provide assurance to the Board that the debt obligations could be met. Board members agreed that a \$20 million set aside amount would be acceptable until all of the facilities guaranteed by the Foundation were operational and an income stream was proven. Mr. Perez again stressed that the Project was nonconforming and was also being brought to the Board in an urgent manner. He said he thought the request was unreasonable and approval by the Board would send the wrong message. The members discussed the possibility of deferring their approval for 20-30 days until an opinion from a financial advisor could be provided. Members agreed that they would rather approve it with the set aside amount and require the University to come forward for a reduction of that amount at a later date. Colson moved to approve the resolution subject to the Foundation setting aside \$20 Million to guarantee principal and interest on the debt with the University having the right to come back at a later date and request a decrease in the set aside amount based on the opinion of a financial advisor. The revised resolution passed with Governors Perez and Martin voting against.

3. 2011-2012 SUS Fixed Capital Outlay Budget Request

A. PECO Discussion Topics

Mr. Kinsley stated that Board staff had met with the University Facilities Planners and CFO's to come up with some suggestions for giving the universities some flexibility for spending basic maintenance dollars, since PECO allocations would most likely be scarce in the upcoming year. He reviewed the ideas for modifying legislation and also Board regulations. The committee discussed the options and Governor Parker suggested supporting bullets 1, 2 and 3 on the legislative action and bullet 1 on the Board action list. She asked Vikki Shirley and Mr. Kinsley to work on bringing forward specific amendments to the Board regulations. It was moved by Colson to forward bullets 1, 2 and 3 on the legislative action to the Board Legislative Committee. The motion was seconded by Governor Perez and all members voted in favor.

B. Legislative Budget Request Items

Chair Edwards called on Mr. Kinsley to review the 2011-2012 Fixed Capital Outlay Request. Mr. Kinsley reviewed the attachments for each section of the Fixed Capital Outlay Budget and noted that most of the

changes since the request approved in January were technical in nature. He stated that the Courtelis Matching List was being included again with no changes to emphasize its importance. Governor Perez made a motion to approve the budget and the motion was seconded by Mr. Beard. All members voted in favor.

4. Concluding Remarks and Adjournment

There being no further business, the meeting adjourned at 10:15 a.m., March 24, 2011.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
June 20, 2011

SUBJECT: Fixed Capital Outlay Budget Transfer Flexibility for Fiscal Year 2011-12

PROPOSED COMMITTEE ACTION

Review the 2011-2012 SUS Fixed Capital Outlay Budget and authorize the Chancellor to approve limited changes as necessary, to include the waiver of specified sections of Board Regulation **9.007 State University Operating Budgets** to provide funding flexibility for emergency maintenance and infrastructure repairs.

Discuss PECO forecast and university maintenance challenges.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Subsection 7, Florida Constitution

BACKGROUND INFORMATION

The final Fixed Capital Outlay appropriations for the State University System of Florida, totaling \$22,338,167, provides limited resources for the institutions to maintain their campus facilities and effectuate any emergency repairs that may be required. This issue was previously discussed in March. No additional flexibility was provided during 2011 Session, and the final appropriations were indeed more limited than in any previous year.

Board Regulation 9.007 describes the restrictions on the E&G operating funds appropriated by the state, and any unused balances which must be carried forward by the universities to meet the 5% reserve requirement, as well as to meet cash flow needs. For example, funds appropriated from state lottery proceeds are typically not disbursed until later in the fiscal year and some proceeds may be carried forward into the fiscal period. Following the March Board discussion, the universities have informally indicated that having flexibility to utilize carry forward to provide for limited emergency repairs and maintenance would be useful, especially in handling unforeseeable contingencies. Given the limited amount of PECO maintenance funding, the universities could be allowed to use E&G carryforward, with notification to the SUS

Budget Office to ensure that 1) the proposed use comports with statutory restrictions, and 2) the transfer is properly recorded in the SUS budgetary records.

The current PECO forecast for 2012-13 is minimal, while succeeding years are more robust. However, the higher level of funding presumes that the state will exercise the maximum PECO bonding capacity. Given Governor Scott's concerns on the advisability of future expansion of state debt issuance, maintenance of our existing inventory will continue to be a significant concern.

Supporting Documentation Included:

Board Regulation 9.007, State
University Operating Budgets

Facilitators/Presenters:

Chris Kinsley

9.007 State University Operating Budgets.

(1) Each university president shall prepare an operating budget for approval by the University Board of Trustees, in accordance with instructions, guidelines, and standard formats provided by the Board of Governors.

(2) Each University Board of Trustees shall adopt an operating budget for the general operation of the university as prescribed by the regulations of the Board of Governors. The University Board of Trustees-ratified operating budget is presented to the Board of Governors for approval. Each university president shall implement the operating budget of the university as prescribed by regulations of the Board of Governors, policies of the University Board of Trustees, provisions of the General Appropriations Act, and data reflected within the Allocation Summary.

(3) The operating budget of each state university shall represent the following budget entities:

(a) Educational and General (E&G)- reports actual and estimated year operating revenues and expenditures (actual year expenditures should include year-end encumbrances) for all E&G funds, including: General Revenue, Student and Other Fees, Educational Enhancement Trust Fund (Lottery), Phosphate Research Trust Fund - and including the following previously-appropriated trust funds: Experiment Station Federal Grant, Experiment Station Incidental, Extension Service Federal Grant, Extension Service Incidental, UF-HSC Incidental, and UF-Health Science Center Operations and Maintenance.

1. The E&G budget funds the general instruction, research, public service, plant operations and maintenance, student services, libraries, administrative support, and other enrollment-related and stand-alone operations of the universities. Universities shall accumulate ending fund balances for activities such as, but not limited to, a contingency for unfunded enrolment growth, potential budget reductions, anticipated increases in university operations, and prior year encumbrances. At any time the unencumbered available balance in the E&G fund of the University Board of Trustees approved operating budget falls below five (5) percent of the approved total, the president shall provide a written notification and explanation to the Board of Governors.
2. Expenditures from any source of funds by any university shall not exceed the funds available. No expenditure of funds, contract, or agreement of any nature shall be made that requires additional appropriation of state funds by the Legislature unless specifically authorized in advance by law or the General Appropriations Act.

3. The following units are required to report under this budget entity:

- State Universities
- UF-Institutes of Food and Agricultural Science
- UF Health Science Center
- USF Medical Center
- FSU Medical School
- UCF Medical School
- FIU Medical School

- (b) Contracts and Grants – reports actual and estimated year revenues, expenditures, and positions for university functions which are supported by foundations, various state and federal agencies, local units of governments, businesses and industries.
- (c) Auxiliary Enterprises – reports actual and estimated year revenues, expenditures, and positions for self-supporting functions such as, but not limited to parking services, housing, bookstore operations, and food services.
- (d) Local Funds – reports actual and estimated year revenues, expenditures, and positions for the following specific areas:
 - 1. Student Activities – revenues generated primarily from the activity and service fee each university is authorized to charge its students as a component of the mandatory fee schedule. Activities commonly supported by these revenues include student government, cultural events, student organizations, and intramural/club events.
 - 2. Intercollegiate Athletics – revenues generated from the student athletic fee that each university is authorized to collect as a component of the mandatory fee schedule, and from other sources including ticket sales, radio/TV, bowl games, and tournament revenues.
 - 3. Concession Fund – revenues generated from various vending activities located around the campuses. The University’s budget must reflect the various departments/activities on each campus which benefit from receipt of these funds.
 - 4. Student Financial Aid – revenues received by the university for loans, grants, scholarships, and other student financial aid. Expenditures of these funds must be reported by activities such as externally-funded loans, student scholarships, need-based financial aid, academic-based financial aid, and athletic grants/scholarships.
 - 5. Self-Insurance Programs – revenues received by the university from entities and individuals protected by the self-insurance programs. This budget must reflect expenditures related to the administration of the self insurance programs and the judgments or claims arising out of activities for which the self-insurance program was created.

- (e) Faculty Practice Plan – related to the activities for the state universities’ medical schools and health centers. This budget must be designed to report the monetary level of clinical activity regarding the training of students, post-graduate health professionals, and medical faculty.
- (4) The operating budgets of each university shall represent the following:
- (a) The university’s plan for utilizing the resources available through direct or continuing appropriations by the Legislature, allocation amendments, or from local sources including tuition. The provisions of the General Appropriations Act and Allocation Summary will be taken into consideration in the development and preparation of the E&G data.
 - (b) Actual prior-year revenues, expenditures (including prior-year encumbrances), and positions (excluding E&G carry forward amounts expended, except on Schedule I reports) and current-year estimated revenues, expenditures, and positions.
 - (c) Assurance that the universities are in compliance with general legislative intent for expenditure of the appropriated state funds and with the BOG guidelines and priorities.

(5) Interest earnings resulting from the investment of current-year educational and general appropriations are considered to be of the same nature as the original appropriations, and are subject to the same expenditure regulations as the original appropriations. E&G interest earnings are not to be utilized for fixed capital outlay expenditures. Interest earnings resulting from invested carry forward funds are considered to be additions to the university’s carry forward balance, and are not reported in the annual operating budget with the exception of the manually-prepared estimated year E&G Schedule I reports.

Anticipated interest earnings for the estimated year from invested E&G funds should not be included when building the detailed operating budget schedules. Estimated year E&G interest earnings and planned expenditures of these funds should only be reported on the manually-prepared E&G Schedule I and Summary Schedule I reports.

(6) Any unexpended E&G appropriation carried forward to the fund balance in a new fiscal year shall be utilized in support of E&G operating activities only.

Authority: Section 7(d) Art. IX, Fla. Const., History – New 12-6-07

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

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 COMMITTEE 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:

1. Requesting Resolution
2. Project Summary
3. Attachment I – Estimated Sources and Uses of Funds
4. Attachment II – Historical and Projected Pledged Revenues and Debt Service Coverage

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 FLORIDA INTERNATIONAL UNIVERSITY TO FINANCE THE CONSTRUCTION OF STUDENT HOUSING FACILITIES AND RELATED IMPROVEMENTS ON THE CAMPUS OF FLORIDA INTERNATIONAL UNIVERSITY IN AN AMOUNT NOT TO EXCEED \$47,500,000; AND PROVIDING AN EFFECTIVE DATE.

The duly acting and appointed 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 Florida International University (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 \$47,500,000 (the "Bonds"), for the purpose of financing: (i) student housing facilities containing approximately 620 beds and 300 parking spaces to be located on the main campus of the University and related improvements; (ii) a debt service reserve; (iii) capitalized interest and (iv) certain costs relating to the Bonds (collectively, the "Project"). 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 facilities at the University.

(F) Pursuant to Section 1010.62(2), Florida Statutes, the Board of Governors determines that the facilities being financed are functionally related to the revenues being used to secure the Bonds.

(G) 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, which may include but are not limited to, housing fees, rental revenues, fines, special rental fees or other charges for housing services, and may additionally be secured by other revenues that are determined to be necessary and legally available. 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, or such other housing facility project at the University 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 23rd day of June, 2011

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 June 23, 2011, 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: _____, 2011

By: _____
Corporate Secretary

00538599.1

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Project Summary
Florida International University
University Housing Project – Phase I (BT-889)**

Project Description: The proposed housing expansion project will be constructed on the Florida International University’s main (Modesto A. Maidique) campus and will provide an additional 620 beds to the existing capacity of 3,000 students in the housing system (Biscayne Bay & Main Campus). The project will be constructed as four bedroom suites, each bedroom designed for single occupancy, with one bathroom and a shared common area housing a total of four students. Serving residents will be community lounges, a multipurpose room and other spaces which are provided to accommodate residential life programs and activities. In addition, four staff apartments will be provided to house full-time professional staff members and graduate assistants. The project will include approximately 300 parking spaces underneath the facility and some ancillary space to service the residents. The parking spaces at this facility will only be available to the residents of the facility and will not be designated as part of the University’s parking system. The parking is directly related to student housing and revenues from resident parking fees for the project shall be considered as revenues of the housing system. It is anticipated that Phase II of the project, consisting of an adjacent building that will also include 620 beds, will be constructed approximately two years later.

The project is included in the current Campus Master Plan.

Facility Site Location: The proposed project will be located in the central, southern area of the Modesto A. Maidique campus of the University.

Projected Start and Opening Date: It is anticipated that construction of the project will commence in February 2012 and that the project will be open and available for occupancy in July 2013.

Demand Analysis: The University has very limited on-campus housing. The student body now exceeds 42,000 headcount, with only 3,000 students living on-campus. The University’s goal is to house 20 percent of the total full-time student body by the year 2016. In order to achieve this goal,

the University must construct an additional 3,000 bed spaces. With the addition of a Law School, Bowl Championship Subdivision Football, and the Medical School, the University is anticipating unprecedented growth in demand for on-campus housing services. The current housing need at the Modesto A. Maidique Campus is estimated at 1,240 additional bed spaces. Demand on the main campus for university housing exceeded 100% occupancy in Fall 2010, with in excess of 300 students on the waiting list. The university stopped accepting housing contracts once the waiting list exceeded 300.

Although off-campus housing has been an acceptable alternative for some students, rising costs and limited availability are two prohibitive factors. Off-campus apartment rental rates have increased consistently over the past several years and this trend is expected to continue for the foreseeable future. The immediate area surrounding the Modesto A. Maidique Campus is fully developed and primarily consists of retail shops, restaurants and single family homes.

The University, with a present total bed capacity of 3,000 students, does not have sufficient housing capacity to meet its growing student enrollment. Many students who desired on-campus housing on the Modesto A. Maidique Campus this year had to be placed in housing on the Biscayne Bay Campus. The University will increasingly depend upon the availability of on-campus housing in order to attract high quality students with greater diversity. The construction of additional undergraduate and graduate student housing is critical to the achievement of the University's goal to become a top public urban research university.

**Project Cost and
Financing Structure:**

The total project cost, which includes construction and associated design costs, is estimated at \$45 million (\$39 million housing, \$6 million parking). The project will be funded through bond proceeds and an approximately \$5 million contribution from the housing system cash reserves. The project will be financed with fixed rate, tax-exempt revenue bonds issued by the Florida State Board of Administration's Division of Bond Finance, on behalf of Florida International University, in an amount not to exceed \$47,500,000. The bond issue will be structured with a 30 year final maturity and

approximately level debt service. Approximately \$4.3 million of the debt may be used to fund capitalized interest during the construction period and \$3.4 million will be used to fund a debt service reserve

(See Attachment 1 for an estimated sources and uses of funds).

Security Structure:

Net housing system revenues will be pledged for the payment of debt service on parity with the system's outstanding debt. These revenues are derived primarily from rental income, summer special event rentals, the net revenues from the parking spaces associated with this project and other miscellaneous collections after deducting operating and maintenance expenses ("Pledged Revenues"). When the facility opens in FY2013-14, the projected rental rate for fall and spring semesters is \$4,000 per bed for the four-bedroom suites. These rates are consistent with rental rates for existing facilities at the University and across the State University System.

The debt will be payable solely from the Pledged Revenues and secured as to the payment of principal and interest, on a parity with the State of Florida, Florida Education System, Florida International University Housing Facility Revenue Bonds, Series 2004A the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998 and the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998 by a lien on the Pledged Revenues. Currently, \$74,910,000 in aggregate principal amount is outstanding.

Pledged Revenues and Debt Service Coverage:

For the entire system, during the past five year period from FY2005-06 to FY2009-10, Pledged Revenues grew from \$8,036,998 in 2005-06 to \$10,511,689 in 2007-08 due to the opening of a new residence hall. Pledged Revenues remained relatively flat at \$10,273,064 for FY 2008-09, and \$10,307,716 in 2009-10. This resulted in annual debt service coverage of 1.24X in 2005-06, 1.32X in 2006-07, 1.47X in 2007-08, 1.44X in 2008-09 and 1.45X in 2009-10. Mandatory meal plans are included at certain facilities with the revenues offset by expenses resulting in no impact on pledged revenues.

Projected revenues are estimated to decline from \$10.3 million for Fiscal Year 2009-10 to just under \$10 million for Fiscal Year 2010-11 primarily due to projected growth of expenses outpacing that of

revenues. For Fiscal Years 2010-11 to 2014-15, Pledged Revenues for the system are projected to grow from \$9,997,429 to \$14,120,742 and produce debt service coverage of 1.40X in 2010-11, 1.35X in 2011-12, 1.42X in 2012-13, 1.30X in 2013-14 and 1.34X in 2014-15. For FY2013-14, the first year of operation of the Project, the system is expected to generate Pledged Revenues of \$13,790,220 and produce an annual debt service coverage ratio of 1.30X. The coverages for 2011-12 and 2012-13 assume that interest payments on the proposed debt during the 18-month construction period through August 2013 will be provided from proceeds of the debt. Without the use of capitalized interest, the coverages would be 1.01X and 1.11X for Fiscal Years 2011-12 and 2012-13, respectively.

The projected debt service coverages have been calculated using an interest rate of 6 percent. The projected revenues are based, in part, upon 3 percent annual rental rate increases through FY2014-15. Annual operating expenses are expected to increase by approximately 2 percent per year.

A detailed schedule with the five year history and a five year projection of the Pledged Revenues, annual debt service coverage and maximum annual debt service coverage are included in the Attachment II.

Type of Sale:

The Division of Bond Finance will make a determination to sell the Bonds through either a competitive or a negotiated sale based on market conditions at the time of sale.

Analysis and Recommendation:

Staffs of the Board of Governors and the Division of Bond Finance have reviewed the information provided by the University with respect to the request for Board of Governors approval for the subject financing. The pledged 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. Further information provided by the University supports the conclusion that the parking being constructed, with proceeds of the housing bonds, is functionally related to the housing system. 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 Governor's recommends adoption of the resolution authorizing the proposed financing.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY HOUSING
Estimated Sources and Uses of Funds
University Housing Project, Phase 1 (BT-889)

<u>Sources of Funds</u>		<u>Basis for Amounts</u>
Bond Par Amount	\$ 47,500,000	Series 2012 Bonds par amount based on a fixed, tax-exempt interest rate of 6% for 30 years.
Less: Costs of Issuance		
		Based on estimates (underwriter discount, \$282,000; Division of Bond Finance, \$90,000; rating fees, \$60,000; bond counsel, \$20,000; Other, \$32,200)
Total Costs of Issuance	\$ (484,200)	
Plus: Cash Contribution	\$ 5,000,000	
Plus: Interest Earnings (Construction Trust Fund)	\$ 712,500	Based on net bond proceeds deposited in the construction fund, invested for 15 months at an estimated interest rate of 2%.
Total Sources of Funds	<u>\$ 52,728,300</u>	
 <u>Uses of Funds</u>		
Project Cost (Planning, Design, Construction & Equipment)	\$ 45,000,000	Cost of planning, design, construction, and equipment.
Debt Service Reserve Account	\$ 3,453,300	Fully funded at maximum annual debt service on the bonds.
Estimated Interest to be paid during Construction (Capitalized Interest)	\$ 4,275,000	This represents 18 months of capitalized interest to be paid from bond proceeds at an interest rate of 6%.
Total Uses of Funds	<u>\$ 52,728,300</u>	

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY
HOUSING FACILITY REVENUE BONDS, SERIES 2012
HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE ¹

	Historical					Projected				
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Operating Revenues										
Rental Income ²	\$ 14,353,288	\$ 19,577,253	\$ 21,242,663	\$ 22,865,946	\$ 23,188,374	\$ 23,880,413	\$ 23,875,011	\$ 24,541,882	\$ 30,183,896	\$ 31,050,521
Total Housing System Revenues	\$ 14,353,288	\$ 19,577,253	\$ 21,242,663	\$ 22,865,946	\$ 23,188,374	\$ 23,880,413	\$ 23,875,011	\$ 24,541,882	\$ 30,183,896	\$ 31,050,521
Current Expenses^{3,4}										
Personnel Services	\$ 2,762,748	\$ 3,518,822	\$ 3,994,637	\$ 3,948,091	\$ 4,237,266	\$ 4,711,744	\$ 4,840,103	\$ 4,943,935	\$ 5,818,906	\$ 5,946,151
Contractual Services	2,142,064	4,726,378	4,980,383	6,573,454	6,759,518	6,986,650	7,162,912	7,361,051	8,088,387	8,311,635
Other Operating Expenses	1,635,697	2,259,103	1,910,157	2,146,378	1,899,705	2,218,178	2,434,056	2,537,994	3,077,706	3,208,633
Total Current Expenses	\$ 6,540,509	\$ 10,504,303	\$ 10,885,177	\$ 12,667,923	\$ 12,896,489	\$ 13,916,572	\$ 14,437,071	\$ 14,842,980	\$ 16,984,998	\$ 17,466,418
Net Housing System Revenues	\$ 7,812,779	\$ 9,072,950	\$ 10,357,486	\$ 10,198,023	\$ 10,291,885	\$ 9,963,841	\$ 9,437,940	\$ 9,698,902	\$ 13,198,898	\$ 13,584,103
Interest Income	\$ 224,219	\$ 315,048	\$ 154,203	\$ 75,041	\$ 15,831	\$ 33,588	\$ 177,845	\$ 395,105	\$ 591,321	\$ 536,639
Pledged Revenues	\$ 8,036,998	\$ 9,387,998	\$ 10,511,689	\$ 10,273,064	\$ 10,307,716	\$ 9,997,429	\$ 9,615,786	\$ 10,094,007	\$ 13,790,220	\$ 14,120,742
Annual Debt Service:										
1998 Bonds	\$ 1,730,815	\$ 1,734,275	\$ 1,735,215	\$ 1,733,635	\$ 1,730,385	\$ 1,733,995	\$ 1,731,100	\$ 1,731,120	\$ 1,733,770	\$ 1,733,750
2000 Bonds	1,096,154	1,098,114	1,098,764	1,098,514	1,096,894	1,099,109	1,094,646	1,098,565	1,096,078	1,096,865
2004 Bonds	3,661,600	4,292,600	4,297,350	4,297,100	4,296,850	4,296,350	4,295,350	4,293,600	4,290,850	4,296,850
2012 Bonds ⁵										
Total Annual Debt Service	\$ 6,488,569	\$ 7,124,989	\$ 7,131,329	\$ 7,129,249	\$ 7,124,129	\$ 7,129,454	\$ 7,121,096	\$ 7,123,285	\$ 10,570,698	\$ 10,576,465
Maximum Annual Debt Service	\$ 7,131,329	\$ 7,131,329	\$ 7,131,329	\$ 7,131,329	\$ 7,131,329	\$ 7,131,329	\$ 7,131,329	\$ 7,131,329	\$ 10,577,010	\$ 10,577,010
Coverage Ratios										
Annual Debt Service	1.24x	1.32x	1.47x	1.44x	1.45x	1.40x	1.35x	1.42x	1.30x	1.34x
Maximum Annual Debt Service	1.13x	1.32x	1.47x	1.44x	1.45x	1.40x	1.35x	1.42x	1.30x	1.34x

¹ The financial information related to revenues and expenses was provided by the University and has not been audited.

² Rental income projected to increase by 3 percent every fiscal year starting in FY 2012-13 at the Modesto Maitique Campus and 3 percent in FY 2014-15 at the Biscayne Bay Campus. Rental income also includes net revenues from the 300 parking spaces associated with this project.

³ Current expenditures include costs associated with salaries, utilities, routine maintenance, supplies and repairs, less depreciation expense.

⁴ Employee salaries and fringe benefits are projected to increase 2 percent per year; other personnel services expenses are projected to increase 2 percent per year.

⁵ Estimated debt service was calculated based on the par amount of \$47.5 million, \$4.3 million capitalized interest, \$3.5 million DSRF and a 6 percent interest rate.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
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 Parking Garage on the main campus of Florida International University

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate parking facility revenue bonds, by the Division of Bond Finance on behalf of the Florida International University (the "University"), in an amount not to exceed \$33,500,000 (the "Bonds") for the purpose of financing Parking Garage VI 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 Parking Garage VI. The Project will be located on the southeast quadrant of the Modesto A. Maidique campus of FIU. The Project will contain approximately 2,000 parking spaces, bringing the total number of parking spaces on campus to approximately 17,000. The Project is consistent with the University's Campus Master Plan. The total Project cost is expected to be \$37 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 \$33,500,000 of fixed rate parking facility 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 University also anticipates contributing \$9 million in Parking System cash reserves. 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's Parking System, after payments for operation and maintenance costs. The primary source of revenues being used to pay debt service on the Bonds will be transportation access fees required to be paid by all students, faculty and staff parking decal sales, and fines. The Bonds will be issued on parity with the outstanding Parking Facility Revenue Bonds, currently outstanding in the aggregate principal amount of \$55,430,000.

Projections provided by the University indicate that sufficient net revenues will be generated by the transportation access fees, faculty and staff parking decal sales, fines, and other parking fees to pay debt service on the Bonds and the outstanding parity bonds. The transportation access fee was increased from an average of \$75.00 per semester for the 2009-10 academic year to an average of \$79.00 per semester for academic year 2010-11. The University plans fee increases in Fiscal Years 2012-13 and 2014-15. The planned Fiscal Year 2012-13 rate increase must be adopted prior to bond issuance to comply with bond document provisions for additional bond issuance. The University has represented their intention to take the necessary actions to ensure technical compliance. The university retains the ability to increase student fees, decal rates, fines, meter rates and other sources of revenue.

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

Supporting Documentation Included:

1. Requesting Resolution
2. Project Summary
3. Attachment I – Estimated Sources and Uses of Funds
4. Attachment II – Historical and Projected Pledged Revenues and Debt Service Coverage

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 FLORIDA INTERNATIONAL UNIVERSITY TO FINANCE THE CONSTRUCTION OF A PARKING GARAGE ON THE CAMPUS OF THE FLORIDA INTERNATIONAL UNIVERSITY IN AN AMOUNT NOT TO EXCEED \$33,500,000; AND PROVIDING AN EFFECTIVE DATE.

The duly acting and appointed 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 Florida International University (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 \$33,500,000 (the "Bonds"), for the purpose of financing: (i) a parking garage of approximately 2,000 spaces to be located on the main campus of the University; (ii) a debt service reserve; and (iii) capitalized interest; and (iv) certain costs relating to the Bonds (collectively, the "Project"). The foregoing plan to finance the Project is collectively referred to herein as the "Financing Plan".

(C) The project will be part of the parking 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 parking 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, in an amount not to exceed \$33,500,000. 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 parking system of the University, which may include but are not limited to, transportation access fees, parking decal fees, fines, special rental fees or other charges for parking services or parking spaces, and may additionally be secured by other revenues that are determined to be necessary and legally available. 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, or such other parking facility project at the University 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 parking 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 parking 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 23rd day of June, 2011

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 June 23, 2011, 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: _____, 2011

By: _____
Corporate Secretary

00538599.1

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Project Summary
Florida International University
Parking Garage VI**

Project Description: The proposed project is a multi-level parking structure on Florida International University's main campus and will provide approximately 2,000 structured parking spaces to accommodate students, faculty, and staff.

The project is included in the current Campus Master Plan.

Facility Site Location: The proposed Parking Garage Six project will be located on the southeast quadrant of the Modesto A. Maidique campus of FIU.

Projected Start and Opening Date: It is anticipated that construction of the project will commence in February 2012 and that the project will be open and available for occupancy in July 2013.

Demand Analysis: The University community is presently comprised of over 42,000 students, over 6,000 full and part-time faculty and staff and a large number of daily visitors. Drivers of the 37,203 currently permitted student vehicles and 6,750 permitted employee vehicles compete for the 14,965 available parking spaces.

Of the 14,965 spaces, 9,462 are available for students and 2,877 are available for faculty and staff. The remaining spaces consist of service vehicles spaces, visitor lot spaces, metered spaces and loading zones. Unmet parking demands are expected to increase over time due to projected annual enrollment growth of approximately five percent. In addition, the construction of a 620-bed housing facility will displace some surface spaces throughout construction over the next two years. The proposed project will increase the total spaces on campus to approximately 17,000 and approximately 6,900 structured parking spaces.

Project Cost and Financing Structure: The total project cost, which includes construction and associated design costs, is estimated at \$37 million and will be funded through bond proceeds and an approximately \$9 million contribution from the parking system cash reserves. The project will be financed with

fixed rate, tax-exempt revenue bonds issued by the Florida State Board of Administration's Division of Bond Finance, on behalf of Florida International University, in an amount not to exceed \$33,500,000. The bond issue will be structured with a 30 year final maturity and approximately level debt service. Approximately \$3.0 million of the debt may be used to fund capitalized interest during the 18-month construction period, if necessary, and \$2.4 million will be used to fund a Debt Service Reserve.

Security/Lien Structure: Net parking system revenues will be pledged for the payment of debt service. These revenues are derived primarily from a student transportation access fee, faculty and staff parking decal sales, fines, and other miscellaneous revenues, after deducting operating and maintenance expenses ("Pledged Revenues"). The transportation access fee was increased from an average of \$75.00 per semester for the 2009-10 academic year to an average of \$79.00 per semester for academic year 2010-11. The university retains the ability to increase student fees, decal rates, fines, meter rates and other sources of revenue.

The debt will be payable solely from and secured as to the payment of principal and interest, on a parity with the State of Florida, Florida Board of Education, Florida International University Parking Facility Revenue Bonds, Series 2002, 2009A and 2009B and the State of Florida, Board of Regents, Florida International University Parking Facility Revenue Bonds, Series 1995 and 1999 by a lien on the Pledged Revenues. Currently, \$55,430,000 in aggregate principal amount is outstanding.

Pledged Revenues and Debt Service Coverage:

During the five year period from fiscal year 2005-06 to 2009-10, pledged revenues grew from \$4,706,368 to \$6,631,126. These revenues produced debt service coverage ratios ranging from a high of 2.01X for Fiscal Years 2007-08 and 2008-09 to a low of 1.51X for Fiscal Year 2009-10; the lower debt service coverage resulted from the issuance of new debt. These calculations of pledged revenues and debt service coverage exclude the revenue and expenses of the bus system and vehicle services, as they are not part of the pledged revenues. Excess pledged revenues remaining after payment of debt service were sufficient in each year to pay expenses of the bus system and vehicle services.

Pledged revenues are projected to be \$6,803,517 in fiscal year 2010-11, growing to \$10,100,833 in fiscal year 2014-2015 and produce debt service coverage of 1.22X in 2010-11, 1.50X in 2011-12, 1.69X in 2012-13, 1.15X in 2013-14 and 1.26X in 2014-15. Debt service for the new bond issue for Fiscal Years 2011-12 and 2012-13 is assumed to be funded by capitalized interest. In the event capitalized interest is not used debt service would increase by \$1 million for Fiscal Year 2011-12 and \$2 million for Fiscal 2012-13 with debt coverage declining to 1.27X and 1.24X, respectively. For Fiscal Year 2013-14, the first year of operation of the Project, the system is expected to generate Pledged Revenues of \$9,221,277 and produce an annual debt service coverage ratio of 1.15X. These coverage calculations exclude the BABs annual subsidy of approximately \$642,000, which would increase the 1.15X coverage in 2013-14 to 1.25X, if included; and from 1.26X to 1.37X in 2014-15. Excess pledged revenues remaining after payment of debt service are expected to be sufficient in each year to pay expenses of operating the bus system and vehicle services.

The projected debt service coverage ratio has been calculated using an interest rate of 6 percent on the bonds and an average of \$79.00 per semester transportation access fee for 2010-11 with an annual increase of 5 percent in both fiscal years 2012-13 and 2014-2015. The University must enact the planned Fiscal Year 2012-13 rate increase prior to bond issuance to comply with bond document provisions for additional bond issuance. The University has represented their intention to take the necessary actions to ensure technical compliance. Operating costs, excluding bus system expenses, are projected to increase approximately 2 percent per year.

(See Attachment II for a detailed summary of historical and projected debt service coverage)

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 at the time of sale.

Analysis and Recommendation:

Staff of the Board of Governors and the Division of Bond Finance has reviewed the information provided by the Florida International University with respect to the request for Board of Governors approval for the subject financing. Projections provided by the University indicate that sufficient net revenues will be generated

from mandatory student fees, decal sales, fines and meters to pay debt service on the Bonds and the outstanding Parking Bonds. It appears that the proposed financing is in compliance with the Florida Statutes governing the issuance of university debt and is in compliance with 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
 FLORIDA INTERNATIONAL UNIVERSITY PARKING REVENUE BONDS, SERIES 2012
 Estimated Sources and Uses of Funds
 Parking Garage 6

Sources of Funds

Bond Par Amount

\$ 33,500,000

Basis for Amounts

Series 2012 Bonds par amount based on a fixed, tax-exempt interest rate of 6% for 30 years.

Less: Costs of Issuance

Total Costs of Issuance

\$ (551,200)

Based on estimates (underwriters discount, 251,250; Division of Bond Finance, \$76,500; rating fees, \$55,000; bond counsel \$20,000; other \$148,450)

Plus: Cash Contribution

\$ 9,000,000

Plus: Interest Earnings
(Construction Trust Fund)

\$ 502,500

Based on net bond proceeds deposited in the construction fund, invested for 15 months at an estimated interest rate of 2%.

Total Sources of Funds

\$ 42,451,300Uses of FundsProject Cost
(Planning, Design, Construction & Equipment)

\$ 37,000,000

Cost of planning, design, construction, and equipment.

Debt Service Reserve Account

\$ 2,436,300

Fully funded at maximum annual debt service on the bonds.

Estimated Interest to be paid during
Construction (Capitalized Interest)

\$ 3,015,000

This represents 18 months of capitalized interest to be paid from bond proceeds at an interest rate of 6%.

Total Uses of Funds

\$ 42,451,300

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY
PARKING FACILITY REVENUE BONDS, SERIES 2012
5-YEAR HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE ¹

	Historical					Projected				
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Operating Revenues										
Parking Decals and Fees ²	\$6,091,210	\$6,633,129	\$7,178,376	\$7,875,089	\$8,678,360	\$9,246,523	\$10,363,480	\$11,356,496	\$11,641,265	\$12,701,246
Visitor Parking ³	349,081	359,173	343,565	351,134	296,801	407,200	410,600	414,000	417,400	420,900
Traffic Fines, Towing & Other Revenue ⁴	575,774	1,006,564	1,183,158	2,344,209	2,188,725	2,536,737	2,852,880	2,921,295	2,994,545	3,068,630
Total Parking System Revenues	\$6,843,748	\$7,761,540	\$8,428,812	\$9,560,793	\$9,998,068	\$10,917,542	\$12,320,342	\$13,370,073	\$13,716,392	\$14,838,658
Current Expenses										
Salaries and Personnel Services ⁵	\$1,140,047	\$1,308,375	\$1,318,453	\$2,019,872	\$2,335,621	\$2,006,590	\$2,080,870	\$2,122,490	\$2,245,350	\$2,290,260
Other Operating Expenses ^{6,7}	1,519,285	1,567,300	1,878,761	3,118,746	2,791,959	3,843,214	3,719,732	3,824,047	4,372,441	4,502,898
Total Current Expenses	\$2,073,720	\$2,311,726	\$2,533,630	\$3,575,045	\$3,379,488	\$4,139,493	\$4,066,347	\$4,183,521	\$4,830,425	\$4,975,530
Net Parking System Revenues	\$4,770,029	\$5,449,814	\$5,895,182	\$5,985,748	\$6,618,580	\$6,778,049	\$8,253,995	\$9,186,552	\$8,885,966	\$9,863,129
Interest Income⁸	\$27,118	\$450,699	\$249,347	(\$407,516)	\$518,854	\$25,468	\$88,874	\$235,076	\$335,311	\$237,704
Pledged Revenues	\$4,797,147	\$5,900,513	\$6,144,529	\$5,578,232	\$7,137,434	\$6,803,517	\$8,342,869	\$9,421,628	\$9,221,277	\$10,100,833
Annual Debt Service:										
1995 Bonds	612,058	632,058	633,308	638,558	642,138	643,998	644,323	648,088	649,869	655,038
1999 Bonds	638,769	639,279	638,769	637,209	634,749	635,999	635,854	639,274	636,174	636,334
2002 Bonds	1,739,611	1,740,041	1,738,366	1,741,004	1,740,254	1,741,494	1,741,069	1,737,819	1,737,219	1,737,219
2009 Bonds	-	-	-	1,032,049	1,909,224	1,911,024	1,912,524	1,913,724	1,912,861	1,909,141
2012 Bonds ⁹	-	-	-	-	-	-	-	-	2,435,000	2,434,500
Total Annual Debt Service	\$2,990,438	\$3,011,378	\$3,010,443	\$4,048,819	\$4,926,364	\$4,932,514	\$4,933,769	\$4,938,904	\$7,371,123	\$7,372,231
Maximum Annual Debt Service	4,394,923	4,394,923	4,394,923	4,394,923	5,581,214	5,581,214	5,581,214	8,013,433	8,013,433	8,013,433
Coverage Ratios										
Annual Debt Service	1.60x	1.96x	2.04x	1.38x	1.45x	1.38x	1.69x	1.91x	1.25x	1.37x
Maximum Annual Debt Service	1.09x	1.34x	1.40x	1.27x	1.28x	1.22x	1.49x	1.18x	1.15x	1.26x

¹ The financial information related to revenues and expenses was provided by the University and has not been audited.
² Parking Decals and Fees are projected to increase 5 percent in FY2012-13 and FY2014-15.
³ Visitor Parking Revenue from metered parking spaces are projected to increase 1 percent each year from FY2010-11 and FY2014-15.
⁴ Excludes Golden Panther Express and Vehicle Services which are included in the financial statements - not a part of the Pledged Revenues.
⁵ Employee salaries and fringe benefits are projected to increase approximately 2 percent per year; other personnel services expenses are projected to increase approximately 2 percent per year.
⁶ Includes maintenance, materials and supplies and other current expenses and are projected to increase approximately 2 percent per year.
⁷ Includes electric utility costs and are projected to increase 2 percent per year.
⁸ Prior to FY2010-11, Interest Income reflects changes in market valuation of the investment portfolio. FIU new policy is that interest income will only reflect realized income.
⁹ Estimated debt service was calculated based on the par amount of \$33.5 million, capitalized interest of \$3.0 million, DSRF of \$2.4 million and a 6 percent interest rate.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
June 20, 2011

SUBJECT: A Resolution of the Board of Governors Authorizing the Issuance by the University of Florida University Athletic Association of Bonds to Finance the Construction, Renovation and Equipping of various Capital Improvements to certain Athletic Facilities on the main campus of the University of Florida

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed or variable rate tax-exempt bonds, by the University of Florida University Athletic Association (the "Association"), in an amount not to exceed \$15,000,000 (the "Bonds") for the purpose of financing the construction, renovation and equipping of certain athletic facilities, including the west concourse of Ben Hill Griffin Stadium, the O'Connell Center 1st Floor, the O'Connell Center Gymnastics Studio, covering the tennis courts, renovating the softball batting cages and locker rooms and equipping a new scoreboard control and production room for football/basketball/baseball/softball, all of which will be or are located on the University of Florida's (the "University") 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 of Florida has submitted a proposal for financing the construction, renovation and equipping of certain athletic facilities on the main campus of the University of Florida. The Project will include the renovation of the West Concourse of Ben Hill Griffin Stadium, the renovation of the O'Connell Center 1st Floor, (the renovation of the O'Connell Center Gymnastics Studio, covering the tennis courts, the renovation of the softball batting cages and locker rooms, and equipping a new scoreboard control and production room for football/basketball/baseball/softball. All portions of the Project will be located on the University's main campus. The total Project cost is expected to be \$14,850,000.

The Project is consistent with the University's Campus Master Plan.

The Association, a direct support organization of the University of Florida, proposes to issue up to \$15,000,000 of fixed or variable rate, tax-exempt bonds to finance the Project. The Bonds will mature twenty (20) years after issuance and are anticipated to be amortized on a level principal basis. There will not be a debt service reserve fund.

The Bonds are a general unsecured obligation of the Association payable from available revenues of the Association, including but not limited to, ticket sales, conference revenues, auxiliary sales, sponsorships and such other revenues that may be used, pursuant to Section 1010.62, Florida Statutes to pay and secure debt other than student athletic fees described in Section 1009.24(12), Florida Statutes. The Association revenues are derived from a variety of sources. Operating revenues include ticket sales and conference revenues, auxiliary sales, sponsorships, student athletic fees and other miscellaneous sources. Non-operating revenues are derived primarily from investment earnings and gifts. Student athletic fees are not available to pay debt service, but are available to pay other expenses of the Association. Projections provided by the University indicate growth in operating revenues and growth in non-operating revenues sufficient to pay debt service on the Bonds.

The Bonds will be issued on parity with previously issued bonds of the Association currently outstanding in an aggregate principal amount of approximately \$80 million, 60% of which have variable rates of interest. The Association has approximately twenty years of experience managing its variable rate debt portfolio and has historically generated positive debt service coverage, which is projected to continue based on reasonable assumptions as to revenue and expenditure growth. It appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and the Board of Governors Debt Management Guidelines.

The University Athletic Association Board of Directors, at a meeting June 15, 2011, and the University of Florida Board of Trustees, at its June 10, 2011 meeting, approved the Project and the financing thereof.

Supporting Documentation Included:

1. Requesting Resolution
2. Project Summary
3. Attachment 1 – Estimated Sources and Uses
4. Attachment 2 – Historical and Projected Pledged Revenues and Debt Service Coverage

Facilitators/Presenters: Chris Kinsley

A RESOLUTION APPROVING THE ISSUANCE BY THE UNIVERSITY ATHLETIC ASSOCIATION, INC. (THE "ASSOCIATION"), A UNIVERSITY DIRECT SUPPORT ORGANIZATION, OF ITS ATHLETIC PROGRAM REVENUE BONDS, IN AN AMOUNT NOT TO EXCEED \$15,000,000 AND PROVIDING AN EFFECTIVE DATE.

The duly acting and appointed 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 Section 7, Article IX 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 debt by a state university or its direct support organization pursuant to Section 1010.62(3), Florida Statutes.

(B) The Association was incorporated by The University of Florida Board of Trustees (the "University Board") to provide direct support to the University of Florida (the "University") and designated as a "University Direct Support Organization" by the University Board pursuant to Section 1004.28, Florida Statutes.

(C) The University Board has requested approval from the Board of Governors for the Association (the "DSO") to issue Athletic Program Revenue Bonds, Series 2011, in an amount not to exceed \$15,000,000 (the "Bonds") for the purpose of financing or reimbursing the construction, renovation and equipping of certain capital improvements to certain athletic facilities, including particularly, one or more of the projects described on the Project Summary, all on the campus of the University (collectively, the "Project") and (ii) paying certain costs relating to the Bonds. The foregoing plan to finance the Project and costs relating to the Bonds is collectively referred to herein as the "Financing Plan."

(D) Upon consideration of the Financing Plan, the Board of Governors further finds that the issuance of the debt 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 payable from revenues adequate to provide for all debt service; 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 Governor's Debt

Management Guidelines.

(E) The Board of Governors declares that the Project will serve a public purpose by accommodating growth in the University's athletic program.

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

3. Approval of the Bonds. The Board of Governors hereby approves issuance of the Bonds by the Association for the purposes described herein, in an amount not to exceed \$15,000,000, said Bonds to have a final maturity not to exceed twenty (20) years from the date thereof and a fixed or variable interest rate mode acceptable to the Association. This approval is subject to the understanding that (i) the Bonds shall be a general unsecured obligation of the Association payable from available revenues of the Association, including but not limited to, ticket sales, conference revenues, auxiliary sales, sponsorships and such other revenues that may be used, pursuant to section 1010.62, Florida Statutes to pay and secure debt (with the exception of the Athletic Fees, as described in Section 1009.24(12), Florida Statutes) collected by the Association and (ii) the proceeds of the Bonds shall be used exclusively to fund the Financing Plan. The Bonds may be sold by negotiated sale consistent with the proposed Financing Plan or by competitive sale.

4. Compliance. The University Board will comply, and will require the University and the Association to comply, with the following:

(A) All federal tax law requirements upon advice of bond counsel as evidenced by a "Certificate as to Tax, Arbitrage and Other Matters" or similar certificate to be executed by the University Board prior to the issuance of the Bonds.

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

5. 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.

6. 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 acquisition, sale or leasing of the Project for use by the University, the issuance of the Bonds or as necessary to preserve any tax-exemption thereon, in such form and content as the Chair, Vice Chair or authorized officers executing the same deem necessary, desirable or appropriate.

7. **Effective Date.** This resolution shall become effective July 1, 2011 and is conditioned upon the release of any priority rights on the Stadium Net Revenues (as defined in the Credit and Purchase Agreement, dated as of January 1, 2011, between the DSO and SunTrust Bank).

CERTIFICATE OF THE CORPORATE SECRETARY

The undersigned, Corporate Secretary of the State University System of Florida Board of Governors, does hereby certify that the attached resolution relating to the issuance of Bonds by The University Athletic Association, Inc. is a true and accurate copy as adopted by the Board of Governors on June 23, 2011, and said resolution has not been modified or rescinded and is in full force and effect on the date hereof.

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

Dated: _____, 2011

By: _____
Corporate Secretary

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Project Summary
University of Florida
University Athletic Association Improvements**

Project: The University Athletic Association (the "Association") Improvements (the "Project") include the construction, renovation and equipping of various capital improvements to certain athletic facilities. The Project may include the renovation of the West Concourse of Ben Hill Griffin Stadium, (the "Stadium Renovations") the renovation of the O'Connell Center 1st Floor (the "O'Connell 1st Floor Renovations"), the renovation of the O'Connell Center Gymnastics Studio (the "Gymnastics Renovations"), covering the tennis courts (the "Tennis Court Renovations"), the renovation of the softball batting cages and locker rooms (the "Softball Renovations") and the equipping of a new scoreboard control and production room for football/basketball/baseball/softball (the "Control Room").

Facility Site Location: All of the improvements are to facilities located on the main campus of the University of Florida (the "University") and are consistent with the University's Master Plan.

Projected Start and Opening Date: It is anticipated that construction for the Stadium Renovations will commence in either December 2011 or December 2012 and be completed in either calendar year 2012 or 2013. All other improvements are scheduled to begin construction in May 2012 and be available in calendar year 2013.

**Project Description/
Need:** The proposed Stadium Renovations are to the main and upper levels of the West Concourse plus the adjacent restrooms and concessions. The Stadium Renovations focus on updating the finishes, reducing overhead mechanical and electrical utilities, improving crowd flow and improving the functionality of concessions for the users and the vendors. The improvements also include installation of ADA compliant restroom plumbing fixtures, upgrading the fire alarm system and renovating the first aid rooms.

The proposed O'Connell 1st Floor Renovations consist of approximately 18,000 GSF of renovation and approximately 14,900 GSF of refinished space in the lower level of the O'Connell Center. The renovation and improvement of the facilities include replacing and updating the currently damaged finishes, providing more

efficient use of space for storage, laundry and vending and creating new public restrooms.

The proposed Gymnastics Renovations intend to address space and heating issues on the north side of the O'Connell Center. The current gymnastics studio provides inadequate square footage, resulting in over-utilization of the space, which can be dangerous for athletes. The Gymnastics Renovations will add more space for training and also include space for the coaching staff that is near the training area. Coaches are currently remotely located on the other side of the building. In addition, the Gymnastics Renovations will include a reconstruction of the roof to address temperature control issues.

The Tennis Court Renovations include the demolition and redesign of the existing tennis practice facility to create a fully enclosed facility. The footprint will remain the same.

The Softball Renovations are to upgrade the Women's Softball Complex and include replacing the existing practice batting facility, adding additional seating and remodeling an existing storage area to create umpire locker rooms.

The Project also includes the Control Room, which includes the equipping of a new scoreboard control and production room for football/basketball/gymnastics/volleyball/baseball/softball. Currently, the video board productions emanate from a production truck that has suffered significant failure in recent months and is no longer a viable option. The Control Room will provide a long term solution to renting a production truck as well as maximize efficiencies for the Association's electronic media department. Although this item has an estimated useful life of 10 years, which is less than the term of the debt, it is being included in the larger financing for efficiency.

The Project will include any or all of the above depending on ultimate costs of individual items.

**Project Cost and
Financing Structure:**

The proposed Project construction cost is estimated to be \$14,850,000. This includes planning, construction and equipment costs of \$5.4 million for the Stadium Renovations, \$4 million for the Gymnastics Renovations, \$1.35 million for the O'Connell 1st Floor Renovations, \$1.3 million for the Tennis Courts, \$700,000 for the Softball Renovations and \$2.1 million for the Control Room.

The Project will be financed with tax-exempt revenue bonds issued by the Association, in an amount not to exceed \$15,000,000 (the "Bonds"). The financing is planned to be structured with a 20-year final maturity, with the first principal payment occurring in October 2012 and final maturity in October 2031. While the Association does not expect to set mandatory amortizations, it is planning to make level annual principal payments to retire the debt. This will retire the debt faster than a level debt service structure. Funding for a debt service reserve fund will not be provided.

The Bonds can be issued as either fixed or variable interest rate debt; however, it is expected that the debt will be issued as variable rate (see "Variable Rate Debt" below).

Security/Lien Structure: The Bonds will be general unsecured obligations of the Association payable from available revenues of the Association, including but not limited to, ticket sales, conference revenues, auxiliary sales, sponsorships and such other revenues that may be used, pursuant to Section 1010.62, Florida Statutes to pay and secure debt, other than student athletic fees described in Section 1009.24(12), Florida Statutes. The Bonds will be issued on parity with previously issued bonds of the Association currently outstanding in an aggregate principal amount of \$80 million.

Pledged Revenues and Debt Service Coverage: Association revenues are collected from a variety of sources. Operating revenues include ticket sales (with retained sales tax) and conference revenues (primarily football and basketball), auxiliary sales, sponsorship, student athletic fees and other miscellaneous sources. Non-operating revenues are derived primarily from investment earnings and gifts. Although student athletic fees are not available to pay debt service, they are available to pay other expenses of the Association. Since the bonds are general unsecured obligations of the Association, all revenues, including student athletic fees, and all expenses of the Association must be examined to assess the Association's ability to pay debt service.

During the five year period from fiscal year 2005-06 to 2009-10, operating revenues, including student athletic fees, grew from \$74,647,917 to \$104,495,491 for a total increase of nearly 40% or 10% annually, primarily due to increases in football ticket, royalties and sponsorships revenues. Over the same period, non-operating revenues (including capital contributions) grew from \$6,929,291 in 2005-06 to \$16,541,753 in 2007-08 and then declined to \$6,824,428 in 2009-10, primarily due to fluctuations in gifts for capital projects and

investment earnings. From fiscal year 2005-06 to 2009-10, the Association's expenses, net of depreciation and interest expense, grew from \$66,330,012 to \$88,302,533 for an increase of 33% or 8.3% on an average annual basis. Over the same period, revenues available to pay debt service after payment of annual expenses grew from \$15,247,196 to \$23,017,386, producing debt service coverage ratios of 3.74x in 2005-06 and 2.68x in 2009-10.

For fiscal years 2010-11 to 2014-15, operating revenues are projected to grow from \$100,551,229 to \$118,603,503 or approximately 4.5% average annually. Minimal increases in football ticket prices have been assumed and no increases in basketball ticket prices. Non-operating income is projected to remain steady, with \$2,345,462 projected in 2010-11 and 2,927,696 projected in 2014-15. Expenses, net of depreciation and interest expense, are expected to grow by approximately 8.7% average annually from \$80,763,709 to \$109,036,104. Projected Association revenues available to pay debt service vary from a high of \$25,632,982 in 2010-11 to a low of \$15,995,095 in 2014-15. This variation in revenues available for debt service is primarily a result of the Association's practice of budgeting for operating revenues below amounts anticipated to be collected. Resulting projected debt service coverage ratios range from 4.43x in 2010-11 to 2.48x in 2014-15.

The interest rate on the Bonds has been estimated at 6%.

(See Attachment 2 for a table of the Association's historical and projected revenues and expenses and debt service coverage, which is based on information supplied by the Association).

Variable Rate Debt:

The Association is currently planning to issue the Bonds as variable rate. However, depending on interest rates at the time of issuance, the Association may choose to issue fixed rate bonds. After the issuance of the Bonds, Association's debt outstanding will total close to \$93 million, with approximately 65% of the debt carrying a variable rate of interest or a periodic multi-annual remarketing structure. The Debt Management Guidelines do not set a specific limit on the amount of variable rate debt which may be outstanding. However, in making a determination of the proper level of variable rate debt, the Guidelines do require an understanding of the associated risks, a plan for addressing and mitigating those risks and the expected benefit to be derived from issuing variable rate debt. On balance, the Association has indicated an understanding of these risks and benefits as discussed below.

The Association has approximately twenty years of experience managing its variable rate debt portfolio since its first variable rate debt issuance in 1990. The Association believes, based upon an analysis it has performed, that it can save in excess of \$3 million on a present value basis by issuing the Bonds on a variable rate basis. The Association has also prepared a debt management plan related to the issuance of the proposed Bonds as variable rate debt. The purpose of the plan is to mitigate the liquidity and interest rate risks over the life of the debt.

If issued as variable rate bonds, the Bonds provide the bondholders the right to put the securities back to the Association, thereby creating potential liquidity risk. The Association will obtain either a direct pay letter of credit or a liquidity facility from a bank to mitigate the liquidity risk. It is anticipated that the direct pay letter of credit or liquidity facility will have renewal terms similar to the direct pay letter of credit the Association currently has for its outstanding debt. The existing facility is for a five year term with an evergreen provision which requires that the Association be provided a notice of non-renewal each year or the facility will automatically renew for an additional year. The current letter of credit is due to expire on October 1, 2012 and will either be renegotiated or replaced at that time. The Association has periodically reviewed the cost and availability of letters of credit from other banks and has consistently received indications of interest from several banks at competitive rates.

With regards to managing interest rate risks, the Association budgets for variable rate debt each year considering the volatility of short-term interest rates and their impact on the budget as well as expectations regarding interest rates. The current practice is to budget based upon the highest monthly rate for the preceding twelve months. Quarterly monitoring of debt service expenditures, projections and variations from budget will be performed by the Director of Athletics, the Association Finance Committee and the chair of the Association Audit Committee so that any budgetary problems can be recognized and addressed very quickly.

The Association has stated that it will also maintain appropriate amounts of short-term and long-term investments as a hedge against rising interest rates on its debt. The financing documents require the Association to maintain unrestricted cash and marketable securities of at least 25% of its outstanding indebtedness. The short-term investments average on a monthly basis, approximately \$20 million. The long-term investments totaled approximately \$38 million, at

June 30, 2010. The short-term investments are invested with the State's Treasury Investment Pool and earn interest at a variable monthly rate. These investments should perform as a direct hedge against approximately one-fifth of the outstanding and proposed variable rate debt because the interest received on the investments should increase as the interest rate paid on the variable rate debt increases. The long-term investments are currently invested primarily in equity funds. These investments might not perform in the same manner as the variable rate debt because their value and earnings, under varying market conditions, could decline when the interest rate on the variable rate debt is rising. Although investing in equity funds does not provide the most stable or predictable hedging tool, the \$38 million in those funds, along with the \$20 million in short-term investments, does provide significant protection to the Association in the event of an increase in interest rates.

Type of Sale:

The Association is requesting approval for a negotiated sale of the Bonds. The Association provided an analysis of the most appropriate method of entering into this debt (competitive versus negotiated) as required by the Debt Management Guidelines. A negotiated sale is the best method for implementing a variable rate financing.

**Analysis and
Recommendation:**

Staff of the Board of Governors and the Division of Bond Finance has reviewed the information provided by the Association with respect to the request for Board of Governors approval for the subject financing. The information provided demonstrates that the Association has the ability to manage the significant assets available to it to assure that the debt can be serviced in a timely manner. Furthermore, the assets of the Association, including the short-term investments, put it in a very strong position to manage the interest rate risk and liquidity risk associated with variable rate debt. It appears that the proposed financing is in compliance with the Florida Statutes governing the issuance of university debt and is in compliance with 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
University Athletic Association, Inc.
Athletic Improvements
Estimated Sources and Uses of Funds

Estimated Sources of Funds

Bond Proceeds	\$ 15,000,000.00
Total	\$ <u><u>15,000,000.00</u></u>

Estimated Uses of Funds

Deposit to the 2011 Bond Project Fund to Fund Capital Projects	\$ 14,850,000.00
Estimated Bond Issuance Costs: ¹	
Bond Counsel	35,000.00
Underwriters Discount	47,000.00
Financial Advisor	15,000.00
Rated Agency Fees	5,000.00
LOC Counsel	20,000.00
Trustee Fees	5,000.00
Miscellaneous	23,000.00
Total	\$ <u><u>15,000,000.00</u></u>

¹ Costs are based on a full issuance of \$15 million and will be less based on actual amount of debt issued.

University Athletic Association, Inc.
Five Year Historical and Projected Debt Service Coverage

	Historical					Projected				
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Operating Revenues:										
Football	\$ 44,414,059	\$ 49,625,829	\$ 54,121,437	\$ 61,345,356	\$ 63,951,571	\$ 63,624,267	\$ 64,035,173	\$ 67,585,815	\$ 72,606,940	\$ 79,386,438
Men's basketball	5,963,584	7,963,107	8,769,101	9,174,653	9,464,520	8,040,245	8,232,165	8,232,165	8,332,165	8,332,165
Other sports	655,146	695,637	699,028	781,123	1,017,483	497,208	497,458	497,458	497,458	497,458
Auxiliaries	11,609,096	15,703,451	13,351,788	8,389,740	4,279,326	3,620,700	4,070,700	4,070,700	4,070,700	4,070,700
Camps	2,176,014	2,898,978	2,128,399	2,986,470	2,724,587	2,527,285	2,600,000	2,600,000	2,600,000	2,600,000
Royalties and sponsorships	4,897,295	6,059,262	5,968,901	12,017,200	16,517,787	16,252,674	16,583,224	16,933,224	17,173,224	17,330,224
Other	2,431,431	4,476,153	3,872,665	4,150,531	4,037,816	3,483,600	3,487,604	3,612,518	3,743,637	3,881,268
Student fees	2,601,292	2,670,113	2,578,306	2,524,419	2,507,391	2,505,250	2,505,250	2,505,250	2,505,250	2,505,250
Total operating revenues	74,647,917	89,992,430	92,489,625	101,369,492	104,495,491	100,551,229	102,011,574	106,037,130	111,529,374	118,603,593
Operating Expenses:										
Football team expenses	12,037,217	15,755,848	14,910,758	18,294,113	19,707,442	6,677,296	7,211,480	7,788,999	8,411,471	9,984,389
Men's basketball team expenses	4,787,528	6,764,064	6,678,283	6,947,863	6,866,541	1,690,784	1,826,046	1,972,129	2,129,899	2,300,291
Other sports team expenses	10,144,190	12,339,851	11,761,299	12,517,599	13,555,225	6,320,070	6,825,675	7,371,731	7,961,469	8,598,384
Scholarships	6,913,881	7,298,944	7,705,076	8,649,186	9,625,225	10,479,329	11,317,675	12,223,089	13,200,937	14,257,012
Support services	8,259,190	10,952,810	10,356,950	10,763,034	11,146,085	4,231,748	4,570,288	4,935,910	5,330,784	5,757,248
General & administrative	17,629,280	18,685,714	20,487,295	23,809,329	21,691,416	10,256,135	11,076,690	11,962,825	12,919,852	13,953,443
Auxiliaries	4,413,293	4,147,597	4,831,730	3,748,645	3,034,628	2,886,429	3,117,344	3,365,594	3,633,704	3,923,263
Salaries	2,144,743	2,801,608	3,093,684	2,960,950	2,676,184	35,694,573	38,550,139	41,634,151	44,564,883	48,562,074
Camps	66,330,012	78,796,836	79,795,075	87,690,719	88,302,533	2,527,285	2,600,000	2,600,000	2,600,000	2,600,000
Total operating expenses	8,317,905	11,195,994	12,694,550	13,678,773	16,192,958	19,787,520	14,916,237	12,185,202	10,376,375	9,567,399
Operating Income (loss)										
Nonoperating Revenues (Expenses):										
Investment income, net	1,829,105	3,447,900	4,466,422	1,795,966	1,411,071	505,000	505,000	505,000	505,000	505,000
Contribution to UFF	-	(714,454)	(116,378)	(85,300)	(78,715)	-	-	-	-	-
Other nonoperating revenues	1,454,066	1,687,957	1,852,881	1,831,343	1,803,510	1,840,462	1,953,360	2,024,638	2,167,402	2,422,696
Net nonoperating revenues (expenses)	3,283,171	4,419,403	6,202,925	3,542,009	3,225,866	2,346,462	2,456,360	2,529,638	2,672,402	2,927,696
Capital contributions	3,646,120	8,631,358	10,338,828	3,312,259	3,588,562	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Amount Available for Debt Service	\$ 15,247,196	\$ 24,246,755	\$ 29,236,303	\$ 20,533,041	\$ 23,017,386	\$ 25,632,982	\$ 20,874,597	\$ 18,212,940	\$ 16,548,777	\$ 15,995,095
Debt Service (est. at 6% for 30 years for new debt issue):										
Current Debt	1,495,000.00	765,000.00	735,000.00	3,610,000.00	5,890,000.00	3,070,000.00	3,055,000.00	3,245,000.00	3,335,000.00	2,555,000.00
Proposed additional bond issue	2,583,111.00	2,961,858.00	2,937,858.00	2,825,197.00	2,709,450.00	2,717,410.00	2,549,329.00	2,371,167.00	2,367,785.00	2,376,338.00
	\$ 4,078,111.00	\$ 3,726,858.00	\$ 3,672,858.00	\$ 6,435,197.00	\$ 8,599,450.00	\$ 5,787,410.00	\$ 6,279,329.00	\$ 7,332,417.00	\$ 7,274,035.00	\$ 6,457,688.00
Debt Service Coverage	3.74	6.51	7.96	3.19	2.68	4.43	3.32	2.52	2.28	2.48
Note - Maximum Debt Service occurs in 2013-2014.										
Maximum Debt Service Coverage						3.52	2.87	2.30	2.28	2.20

Assumptions:
 Football ticket prices increase every two years for all levels
 No increase in basketball tickets
 Conference revenues assumed flat
 Modest increases in SEC TV contract revenues per agreement
 No increases in golf course revenues or concession rights and sponsorships
 2010-11 rates used for sportshop revenues and licensing revenues
 5% increase for all expenses except CI reserve and debt service

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
June 20, 2011

SUBJECT: Committee Work Plan for 2011-12

PROPOSED COMMITTEE ACTION

Review the draft Facilities Committee work plan for 2011-12.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

N/A

BACKGROUND INFORMATION

In an effort to guide the Committee's work over the next year, a draft work plan will be discussed.

Supporting Documentation Included: Committee Work Plan

Facilitators/Presenters: Chris Kinsley

**Board of Governors
Facilities Committee Work Plan: 2011-2012
Primary Activities**

DRAFT

2010 Original Work Plan	2010 Results	2011 Work Plan (Draft for Discussion)
Review University New Debt Requests	Approved 15 facilities to be constructed or renovated from bond proceeds, totaling over \$350 million. The Committee implemented a process whereby summary information is provided on upcoming transactions, and sales are reported as they occur, rather than once per year. Also, the Boards boilerplate SBA and DSO Resolutions were updated and modified for enhanced internal consistency. The Board also commented on proposed SEC rules relating to financial advisors that would have subjected all Governors and Trustees to additional financial disclosures.	It is anticipated that the SUS will see slightly less debt transactions in 2010-2011. The municipal bond market continues to experience historical levels of volatility, with some recovery (lower interest rates) as of May 2011. Policymakers at the federal level continue to propose significant changes to the municipal market, including reauthorization of BABs and the elimination of tax-exempt status for munis. Staff will continue to monitor these developments.
Update the BOG Debt Guidelines.	Completed. The update to the Board's SUS Debt Guidelines was completed, and all 11 BOT's have adopted the new Guidelines. This was an extensive process, including a Debt Workshop for all institutions and represented the first update since 2006.	No updates are planned.
Adoption of new and modified facility regulations, resulting from lawsuit settlement establishing FS 1013 authority with the Board.	Approved 4 new tangible property regulations in May 18, 2011. The new regulations were developed in coordination with the universities, and will provide for a more efficient and effective inventory control system. In practice, the new regulations will reduce university associated workload by an estimated 80%. Fewer changes were made than anticipated, however, for two reasons: 1) The Board adopted as part of its Legislative agenda a "rules to regs" list, whereby the Legislature was asked to change statutory references so that existing regulations would not have to be converted to rules. And 2) the Chancellor's regulation reduction initiative, paralleling the Governor's plan for state agencies.	Board and university staff will implement the new regulations effective July 1, 2011. Board staff will review 2011 Session activity and proposed modifications to Board regulation where needed based on changes to law. Board staff will establish university administrative sub-committees to assist with the ongoing effort to reduce existing Board regulations.

Board of Governors
 Facilities Committee Work Plan: 2011-2012
 Primary Activities

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2010 Original Work Plan	2010 Results	2011 Work Plan (Draft for Discussion)
Survey of Student Life Facilities.	Completed and approved by the Board in February 2011. Submitted to the Legislature with Board recommendations. The Legislature failed to act upon the Board recommendation to grant the universities authority to increase the CTF Fee.	Committee Discussion Item – The Legislature failed to take any action on this item. The general comment given was that “This is a fee, and a fee is a tax, and no new revenues will be considered. However, a new transportation fee was authorized for the State College System’s Santa Fe College, and the use of existing fees was expanded for the College System. Does the Board want to ask again for CTF authority, and if so, does the Board pursue a different tact? Should the Board directly ask for authority comparable to the College System, rather than asking for a fee increase?
Adoption of an updated space factor formula	Completed. New factors were successfully used for the three schools with 2010-11 plant surveys (FIU, FAU, and UCF) and will be further tested in 2011-12 with USF and FGCU	Board and university staff continue to work on space factors for branch and medical space, which are currently excluded from main campus space need determination.
September will also include the initial PECO LBR.	N/A	N/A
2011 Facilities Legislative agenda.	Partially complete - Concurrency - Partially passed Incomplete - CTF Fee Authority – Failed Complete - Rules to Regs	For Committee Discussion at the Sept. Meeting: (Potential Items include – firesafety, insurance, campus development agreements).
Energy Report	Completed December 2010	Repeat for 2011.

Board of Governors
 Facilities Committee Work Plan: 2011-2012
 Primary Activities

DRAFT

2010 Ad Hoc Items	2010 Results	2011 Work Plan (Draft for Discussion)
	In Progress. DMS University Building Inventory – Legislative mandate added in November 2010	First report is due July 1, 2011; ongoing for 2012
	In Progress. DEP State Lands Inventory – Legislative mandate added in November 2010	Ongoing for 2012
	Completed - Educational Plant Survey completed for FAU, FIU and UCF	USF and FGCU due for 2012
		Space Utilization survey required by Legislative proviso
	Pending. Educational Sites regulation- new facility elements will be required, following Board adoption of the revised regulation in September 2011.	The Educational Sites Regulation re-write will require the classification/reclassification of related facilities data elements.
	Pending. HECC Facility Planning - Ongoing technical support to the HECC.	Ongoing support to the HECC and Board Strategic Planning Committee related to long-term facility needs analysis.
	Pending - proposed by Board staff for Committee consideration.	Staff Recommendation: The Facilities Office maintains a historical record of appropriations, bond approvals, space data, etc, which requires periodic and routine maintenance. Very limited information is accessible via the internet, and no resources are dedicated to making more information accessible. Devote some existing resources to improving and adding more Facility information to the Board web-site