

**BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
Project Summary
University of North Florida
Student Union Project**

Project Description:

The Project will consist of the construction, installation and equipping of an approximately 148,000 square foot facility, containing offices for student organizations, a student lounge area, a food court, conference and meeting rooms, a restaurant, retail spaces, a book store and other support facilities. The Project is being located on the core campus. The Project is reflected on the approved master plan for the University and is consistent with the mission of the University because it will provide necessary student facilities. Construction of the Project is expected to begin in July of 2007 and to be completed by September of 2008. Proceeds of the Debt together with other available University funds are anticipated to be sufficient to complete the construction of the Project which is estimated to be approximately \$48,000,000, of which approximately \$19,874,825 of proceeds of the Debt together with approximately \$4,200,000 of funds currently available from Public Education Capital Outlay ("PECO") funds, \$5,206,467 of funds currently available from the Capital Improvement Trust Fund, approximately \$646,760 of investment earnings on the construction funds prior to expenditure on the project and approximately \$18,071,948 of other funds which include activity and service fees and other related auxiliary funds on hand. Legislative approval of the Project has been obtained pursuant to Section 1010.62, Florida Statutes and has been obtained pursuant to the General Appropriations Act. No proceeds of the Debt will be used to finance operating expenses of the University or the DSO.

**Project Cost and
Financing Structure:**

The proposed Project will be financed with a tax exempt issuance not to exceed \$22,000,000 Capital Improvement

Revenue Bonds, Series 2007B (the "Series 2007B Bonds"). Financing for the project will be fixed rate. The DSO will issue a series of Series 2007B Bonds pursuant to a Trust Indenture by and among the DSO and a corporate trustee (the "Trustee") to be selected by the DSO. The Series 2007B Bonds will be structured with a 30 year final maturity with the first Payment from pledged revenues being May 1, 2009 and the first principal to be paid with respect to the Project will be November 1, 2009. A portion of the Interest Payments on the Series 2007B Bonds related to the Project in 2007 and 2008 will be made via capitalized interest which was secured to cover debt during the 15-month construction period and in the event the project is not delivered on time and a year of pledged revenue is lost as a result.

Cost of construction and associated soft costs of the Project will be approximately \$48,000,000 of which approximately \$19,874,825 of proceeds of the Debt together with approximately \$4,200,000 of funds currently available from Public Education Capital Outlay ("PECO") funds, \$5,206,467 of funds currently available from the Capital Improvement Trust Fund, approximately \$646,760 of investment earnings on the construction funds prior to expenditure on the project and approximately \$21,071,948 of other funds which include activity and service fees and other related auxiliary funds on hand. A debt service reserve fund will be established and funded with a debt service reserve fund surety policy.

Type of Sale:

The Series 2007B Bonds will be sold pursuant to a negotiated sale with an underwriting firm that is a member of a team of underwriters that were selected in a competitive process in 2006.

Facility Site Location:

The proposed Project will be located on an 8.18 acre site located on the University's core campus.

Security/Lien Structure:

The fixed rate Series 2007B Bonds will be secured by a lien on Pledged Revenues as defined in the Trust Indenture to

include activity and service fee revenues to be made by the University, pursuant to an operating agreement with the DSO.

**Pledge Revenues and
Debt Service Coverage:**

For Fiscal Year 2009-10, the first year of operation of the Project Pledged Revenues are expected to equal \$1,653,600 which would produce a debt service coverage ratio of 1.20x. Revenues are projected to grow approximately 3% per year over a 10-year period however the University has assumed no increase in either the number of credit hours or the amount of the activity and service fee during the life of the Series 2007B Bonds.

The debt service coverages have been calculated using an assumed interest rate of 4.75% on the Series 2007B Bonds.

**Project Start and
Opening Date:**

It is anticipated that construction of the Project will commence in July of 2007 and the Project will be available for occupancy in September of 2008.

**Analysis and
Recommendation:**

The University Board of Trustees and its staff have reviewed the information provided by the DSO with respect to the request for Board of Governors approval for the subject financing. The University Board of Trustees has thoroughly presented the type of facility it requires in both meeting its institutional goals and its ability to meet the debt obligation. The University's financial plan is conservative and provides consistent measured growth and ample protection in the event that revenue projections fall short. In addition, the University has an excellent history in the area of debt management and successfully engineering projects involving revenue generation and strong debt service coverage.