

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

- Project Description:** The Student Union will be a new facility of approximately 148,000 gross square feet. It will contain offices for student organizations, a student lounge, a food court, conference and meeting rooms, a restaurant, retail space, a book store and other support facilities.
- Facility Site Location:** The proposed Student Union Project will be located on a site in the core section of the campus consistent with the Campus Master Plan.
- Projected Start and Opening Date:** Construction of the Student Union is expected to begin July of 2007 and be completed by September 2008.
- Project Cost and Financing Structure:** The proposed Student Union construction cost is estimated at a total cost of \$50,000,000. The \$50,000,000 consists primarily of approximately \$19,660,516 from the sale of bonds, and approximately \$20,286,257 accumulated from other funds, including activity and service fees and related auxiliary funds on hand. Additional sources include approximately \$4,200,000 from Public Education Capitol Outlay, \$5,206,467 from the Capital Improvement Trust Fund, and \$646,760 from interest earnings. Construction costs are estimated at \$41,000,000 with design, permit and other soft costs estimated at \$9,000,000.
- The proposed debt will be financed with fixed rate, tax-exempt Capital Improvement revenue bonds in an amount not to exceed \$22,000,000. The bonds will be issued by the University of North Florida Financing Corporation (DSO), a direct support organization of the University. A debt service reserve will be funded with a surety bond costing approximately \$56,363. The bonds will be structured with a 30-year final maturity and level annual debt service payments. A portion of the 2007 and 2008 interest payments on the debt related to the Student Union Project will be made using capitalized interest, with the first principal payment occurring November 1, 2009 and final maturity on November 1, 2037.
- Type of Sale:** Negotiated.
- Demand Analysis:** UNF currently does not have a designated Student Union Building. The proposed Student Union will provide space for student activities and organizations, meetings rooms, expanded food venues, entertainment facilities and similar compatible functions. It is

anticipated that the project will also provide adequate space to consolidate student life offices into one building. The proposed project will attract frequent student use, encourage interaction among the diverse campus population and promote communication by providing gathering places for students, faculty and staff to interact, both formally and informally. The students have deemed this building as crucial to their campus life and have approved a portion of the activity and service fee to be used to partially pay for the Building.

**Security/Lien Structure:** The debt will be secured by a lien on pledged revenues, which are defined in the Operating Lease Agreement between the University and the DSO. The University has pledged a portion of the per credit hour activity and service fee in the amount of \$4.24. For the year-ended June 30, 2006, the amount collected from this fee was \$1,673,493. This revenue source is expected to grow at a rate of 3% each year, for the next ten years, based on a conservative estimate of anticipated enrollment growth.

This is the first issuance in this series.

**Pledged Revenues and Debt Service Coverage:**

During the five year period from fiscal year 2001-02 to 2005-06, pledged revenues grew from \$596,193 to \$1,673,493. For Fiscal Year 2009-10, the first year of operation of the Project, Pledged Revenues are conservatively estimated at \$1,754,304, which would produce a debt service coverage ratio of 1.27x. Revenues are projected to grow approximately 3% per year over a 10-year period. The University does not plan to increase the activity and service fee during the life of the Series 2007 Bonds for this project or any other project.

The debt service coverage has been calculated using an assumed interest rate of 4.75% on the Series 2007 Bonds.

The projected debt service coverage ratio has been calculated using an interest rate of 4.75% on the bonds and a \$4.24 per credit hour fee, which was approved by the Board of Regents 2/14/01, and has been collected since July 2001. No further increase in this fee is projected.

**Analysis and Recommendations:**

Staff of the Board of Governors and the Division of Bond Finance have reviewed the information provided by the University of North Florida with respect to the request for Board of Governors approval for the subject financing. The University is pledging revenues which have been assessed since 2001 specifically for this purpose, and no growth is needed in these revenues to produce sufficient net

revenues to pay debt service on the Bonds. The majority of the Student Union will be financed from non-debt sources already available to the University.

This fee was adopted in 2001 specifically for the purpose of constructing a Student Union. Since this is an existing fee, and no new amount is being added to the fee to pay for the Student Union, 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. Accordingly, adoption of the resolution authorizing the proposed financing is supported by the analysis.