

**ITEM:**

**FLORIDA BOARD OF EDUCATION**

February 26, 2002

**SUBJECT:** Resolution of the Florida Board of Education Authorizing the Financing of the University of South Florida Residence Life Enhancement Project - Phase IIA by the University of South Florida Foundation and the Refinancing of Certain Outstanding Bonds of the University

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**UNIVERSITIES AFFECTED:** University of South Florida

**PROPOSED BOARD ACTION**

Approve the revised financing plan and adopt an amended resolution authorizing the issuance of variable or fixed rate, tax-exempt certificates of participation by the University of South Florida Foundation, Inc., in an amount not to exceed \$24,000,000 provided that the debt service coverage ratio based on available housing system revenues after the payment of the prior lien obligations is not less than 1.20. Additionally, approve the amended resolution authorizing the issuance of fixed rate bonds in an amount not to exceed \$10,200,000 to refinance all or a portion of the outstanding University of South Florida Housing Revenue Bonds, Series 1996A, and if necessary, the refunding of the University of South Florida Revenue Bonds of 1983 in an amount not to exceed \$2,000,000. Authorize the Chairman of the Florida Board of Education or the Chancellor of the Division of Colleges and Universities to execute, amend and renew the existing Master Ground Lease Agreement (the "Agreement") for the purpose of constructing two new student residence halls (Andros Corners and Special Purpose Housing).

**BACKGROUND INFORMATION**

On May 24, 2001, the former Board of Regents approved the financing plan and adopted a resolution authorizing the issuance of revenue bonds by the University of South Florida Foundation, Inc. to finance the construction of two new student residence halls and the refunding of certain outstanding prior lien obligations of the University. The student residence halls were authorized by the Legislature during the 2001 legislative session in Chapter 2001-253, Section 9, Laws of Florida. Subsequently, the University of South Florida Board of Trustees approved the issuance of revenue bonds to finance Phase IIA of the Residence Life Enhancement Project (Andros Corners and Special Purpose Housing) and the refunding of the outstanding prior lien obligations at a board meeting held on December 6, 2001. The Phase IIA project is consistent with the amended Campus Master Plan.

Subsequent to the Board of Regents approval, the University of South Florida expanded the scope of the Special Purpose Housing project. The number of beds was increased from 304 to 344, with the accommodations being reconfigured to include only double occupancy rooms. These revisions caused an increase of the project cost from \$20,568,190 to \$22,066,876.

Additionally, the estimated operating revenues increased from \$1,704,141 to \$1,932,592 due to the additional beds. The University's decision to build additional beds was based upon the existing student demand for on-campus housing accommodations and additional student groups requesting space in the Special Purpose Housing Facility. Also, a feasibility analysis indicated that it is more economically feasible to construct the additional beds at this time. The demolition of the Village Complex has been accelerated to accommodate the new student housing facilities, thereby increasing the need to expeditiously replace the lost beds.

Based upon the changes in the project cost, the not to exceed amount of the certificates of participation to be issued to finance the project has increased from \$22,000,000 to \$24,000,000. The debt service coverage ratio based upon total housing system revenues, after payment of prior lien obligations, is 1.35.

Approval by the Florida Board of Education is contingent upon approval by the Board of Trustees of the Internal Improvement Trust Fund to sublease the property. In addition, subsequent Board action is required to proceed with the remaining subproject encompassed by Phase II of the comprehensive residence life enhancement project, which includes the renovation of Beta Hall (Phase IIB). With the additional requested approval, the University shall submit reports setting forth occupancy rates, rental rates, construction performance and costs, and any changes in the pro forma including interest rate changes or other financing terms.

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**Supporting Documentation Included:** Requesting Resolution  
Project Summary  
Financial Plan  
Summary of the Master Ground Lease  
Summary of the Master Operating Lease

**Other Support Documents Available:** Master Ground Lease Agreement  
Master Operating Lease Agreement  
Housing System Financial Statements

**Facilitator/Presenter:** Carl W. Blackwell