

ITEM: \_\_\_\_\_

**FLORIDA BOARD OF EDUCATION**

July 23-24, 2001

**SUBJECT:** Resolution of the Florida Board of Education Authorizing the Issuance of Not to Exceed \$35,000,000 University System Improvement Revenue Bonds to Finance Capital Improvement Fee Projects

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**UNIVERSITIES AFFECTED:** All

**PROPOSED BOARD ACTION**

Adopt a resolution requesting the Division of Bond Finance of the State Board of Administration to proceed with the issuance of revenue bonds in an amount not exceeding \$35,000,000 to partially finance Capital Improvement Fee projects appropriated by the 2001 Legislature.

**BACKGROUND INFORMATION**

The Board of Regents, at its November, 2000 meeting, approved a proposed allocation of \$69.3 million of Capital Improvement Fees based on a financing plan comprised of \$33.2 million of net bond proceeds from a \$34 million bond issue and \$36.1 million of excess fee collections and interest earnings through June 30, 2003. Universities elected to utilize \$66.8 million of the allocated funds and the 2001 Legislature, at the request of the Board of Regents, provided appropriation authority in the amount of \$66.8 million for new Capital Improvement Fee projects. The Legislature also authorized the issuance of revenue bonds to partially finance the appropriation. The Division of Bond Finance has provided a calculation of estimated bonding capacity based on the collection of Student Building Fees, less retainage amounts for prior lien obligations, and Capital Improvement Fees. The analysis of fee revenue and available bonding capacity indicates that \$30,700,000 of net bond proceeds will be available to fund the projects, with the remainder of the appropriation to be financed from unobligated fee revenue and investment income received over a two-year period. An assumed interest rate of 7% has been used to structure the proposed twenty-five year bond issue. The estimated bond size has been increased from \$34,000,000 to \$35,000,000 based upon the assumption of a fully funded reserve, however, a debt service reserve surety bond will be requested. It is anticipated that the proposed bonds will be sold by February of 2002.

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**Supporting Documentation Included:** Requesting Resolution  
Sources and Uses of Bond Proceeds  
List of Projects Funded

**Other Support Documents Available:** Division of Bond Finance Analysis  
Entitlement Analysis

**Council Review:** None

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