

FLORIDA BOARD OF EDUCATION
Project Summary
Florida Gulf Coast University
Residence Life Enhancement Project - Phase V
North Lake Village Phase V

- Project Type :** Construction of an apartment-style residence facility comprised of one or more living-unit buildings with a designed capacity of approximately 284 beds, of which 278 beds will be revenue producing. The project will be financed from fixed or variable rate tax-exempt certificates of participation issued by the Florida Gulf Coast University Foundation, Inc. (the "Foundation") in an amount not to exceed \$9,000,000 provided that the housing system debt service coverage ratio is not less than 1.20. New construction will be provided by an amended sublease of land through the Foundation pursuant to a ground lease agreement, along with responsibility for design and financing. Florida Gulf Coast University will operate the project through an amended operating lease agreement with the Foundation.
- Facility Site Location:** The proposed student residences will be located on the Florida Gulf Coast University main campus in Fort Myers, Florida. Phase V will be built adjacent to the existing Phases I, II, III and IV and utilize inter-connected parking, commons areas and amenities.
- Student Market:** The primary targeted market for Phase V will be traditional single, undergraduate, graduate, and professional students, with particular emphasis on the University's growing "first time in college" student population.
- Physical Description:** The proposed new student residence facility (North Lake Village Phase V) project will consist of one or more living unit buildings three or four stories in height. The facility will consist of 71 four bedroom apartment-style units and one staff apartment. Overall designed capacity will be approximately 284 beds, however, only 278 beds will actually generate revenue due to the assignment of six staff members to the facility.
- Pledged Revenues:** The Foundation will pledge housing rental revenues from the housing system for payment of debt service. The Florida Gulf Coast University Certificates of Participation, Series 2000, with a principal amount of \$21,800,000 currently outstanding, were issued on a parity with the Florida Gulf Coast University Certificates of Participation, Series 2002, with a principal amount of \$8,000,000 currently outstanding. The proposed Florida Gulf Coast University Certificates of Participation, Series 2002A will also be issued on a parity with the Series 2000 and Series 2002A Certificates of Participation.
- Debt Service Coverage:** The estimated debt service coverage ratio in 2003-2004 for the housing system facilities rental income is 1.40 after the issuance of the proposed

Series 2002A Certificates of Participation. The estimated debt service coverage ratio in 2003-2004 for Phase V is 1.45.

The University maintains reserves to address extraordinary increases in interest rates. At the present time, all proceeds from the North Lake Village in excess of operating expenses are being held in reserve. The current fund balance is sufficient to meet the expected debt service requirements for more than one year. During periods of historically low interest rates, the University can fix the rate of interest on all or a portion of the outstanding debt. As the project is built out, the University plans to adjust the mix of variable and fixed rate debt to achieve a balance of interest rate risk and expense that best represents its needs. Funds will be maintained in reserve that are consistent with this debt exposure. Additionally, the projected debt service costs have been calculated at a rate that is greater than the long-term average variable rate allowing the University to budget sufficient funds to cover total interest costs.

Summary of Proforma:

The proposed Phase V housing project is based on estimated 2003-2004 rental rates of \$2,100 per bed (single bedroom), per term. Annual operating revenue for Phases I, II, III, IV, and V during 2003-2004 is projected to be \$5,703,883, with estimated operating expenses of \$2,363,009. Estimated off-campus housing rates during the 2001-02 academic year averaged \$4,615 per bed for a two-bedroom unit, \$4,213 per bed for a three-bedroom unit. These rates include utilities, cable television, high speed Internet access and telephone charges. Occupancy rates for the proposed new student residence facilities (North Lake Village Phase V) are projected at 75% for the Fall and Spring semesters. Overall occupancy rates for the housing system are estimated to be 89%.

Demand:

In the first year of operation, occupancy rates for Phase I student housing were 70%. During the 1999-2000 academic year, the occupancy rate was 100%. Phase II opened Fall 2000 with an overall occupancy rate for 2000-2001 of 84%. Phase III opened Fall 2001, with an occupancy rate of 80%, with Phases I and II reaching 89%. At the beginning of Fall 2002 semester, one third of Phase IV was complete with an occupancy rate of 100%, and over 130 students placed in local hotel rooms awaiting the completion of the remainder of Phase IV. Phase V is scheduled to open in Fall 2003, with an estimated occupancy of 75% in the new phase, and 89% occupancy in the existing phases. The facilities also house both summer conference personnel and youth camp participants. Through the expansion of housing options, the University will be able to better serve the varied needs of its students.

Enrollment projections reflect a 26% increase from Fall 2001 to Fall 2003. The University has experienced the greatest increase among first-time-in-college freshmen, from whom the greatest number of student residents are drawn. The University serves one of the fastest growing areas of the country providing an opportunity for enrollment growth.

Current Housing Capacity: The current designed capacity of on-campus accommodations is 1,076 revenue-producing beds. Of these, 891 are completed and occupied, and another 185 will be completed and available for occupancy for the Spring, 2003 semester.

Status of Current Project: Construction of Phase IV was accelerated due to increased enrollment and student demand for on-campus housing accommodations. At the beginning of the Fall 2002 semester, one third of Phase IV was complete with an occupancy rate of 100%, and over 130 students placed in local hotel rooms awaiting the completion of the remainder of Phase IV. The original completion date for Phase IV was Fall 2003.

Student Life Program: The proposed new student residence facility will address the needs of single, traditional, undergraduate, and graduate students, and will have a resident assistant ratio of 1:47.

Planned Occupancy Date: North Lake Village Phase V is scheduled to be open for Fall 2003 semester.

Future Projects: Future phases will address the remaining needs for additional bed capacity and renovation of other existing housing facilities.