

**STATE BOARD OF EDUCATION**

October 21, 2003

**SUBJECT:** Resolution of the State Board of Education Authorizing the Issuance of Not to Exceed \$50,000,000 Florida Gulf Coast University Financing Corporation, Inc. Revenue Bonds, Series 2003 to Finance Phase VI of the North Lake Village Student Residences and Refund the Certificates of Participation Previously Issued by the Florida Gulf Coast University Foundation, Inc.

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**PROPOSED BOARD ACTION**

Approve the financing plan and adopt a resolution authorizing the issuance of fixed or variable rate, tax-exempt revenue bonds by the Florida Gulf Coast University Financing Corporation, Inc., in an amount not to exceed \$50,000,000 for construction of North Lake Village Student Residences, Phase VI and to refund the Certificates of Participation previously issued by the Florida Gulf Coast University Foundation, Inc.

**AUTHORITY FOR STATE BOARD OF EDUCATION ACTION**

Section 11 of Chapter 2003-397, Laws of Florida, Section 1010.60(2), Florida Statutes.

**BACKGROUND INFORMATION**

In the past, each university in the State University System of Florida was an unincorporated division of the Florida Board of Regents. Through the creation of the Florida Gulf Coast University Board of Trustees (the "UBOT"), as a public body corporate, the Florida Gulf Coast University (the "University") has become a separate corporate entity.

To achieve its full credit potential, the UBOT has created the Florida Gulf Coast University Financing Corporation (the "Financing Corporation"), a new direct support organization for the University. All of the University's financing activities with respect to capital projects financed with non-appropriated State funds will be consolidated in the Financing Corporation.

From 1997 to 2003, the Board of Regents, the Florida Board of Education, and the State Board of Education (collectively "the Boards") authorized the financing and construction of the Florida Gulf Coast University North Lake Village Phases I, II, III, IV, and V student residences, with a designed capacity of approximately 1,672 beds, of which 1,632 are revenue producing. The Boards also approved the financing plans and the resolutions authorizing the issuance of certificates of participation by the Florida Gulf Coast University Foundation, Inc. ("the Foundation") to finance the construction of the first five phases of the student residences. Phase V was available for occupancy August 2003.

Approval was previously granted for the University to enter into a Master Ground Lease Agreement and a Master Operating Lease Agreement (“the Agreements”) with the Foundation. The University has subleased approximately forty-five acres to the Foundation to construct the apartment-style student residence complex (North Lake Village) with a total designed capacity of approximately 1,672 beds for all phases, of which 1,632 will be revenue producing.

Florida Gulf Coast University requests approval for the Financing Corporation to issue fixed or variable rate, tax-exempt revenue bonds in an amount not to exceed \$50,000,000 (the “2003 Bonds”) of which not to exceed \$9,000,000 will be used to finance Phase VI of the North Lake Village student resident complex, a 284-bed apartment style addition to the Florida Gulf Coast University housing system. Bonds will also be issued to refund outstanding debt relating to the housing system issued by the Foundation. The UBOT and the Foundation will terminate the existing housing system Master Ground Lease and Master Operating Lease. Title to the improvements and construction in process will be transferred from the Foundation to the UBOT. The UBOT, as lessor, will then lease the ground underlying the Housing System along with the improvements and construction in process constituting the Housing System to the Financing Corporation, as lessee. The Financing Corporation, as lessor, will then lease the improvements to the UBOT, as lessee, pursuant to an operating lease whereby the UBOT will agree to pay to the Financing Corporation all of the revenues collected from its operation of the Housing System. These revenues will be used by the Financing Corporation to pay all expenses associated with the Housing System, including debt service, and will be available for other uses on behalf of the University. The University anticipates charging an initial rate of \$2,310 per student, per academic term, in order to meet its financial obligations under this arrangement.

The Florida Gulf Coast University Board of Trustees approved the project and the financing thereof at its meeting on July 16, 2003. The project was authorized during the 2003 legislative session in Section 11 of Chapter 2003-397, Laws of Florida.

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<b>Supporting Documentation Included:</b>	Requesting Resolution Project Summary Financial Plan Summary of Master Ground Lease Summary of Master Operating Lease
<b>Facilitator/Presenter:</b>	Raymond Monteleone