

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
January 21, 2015**

SUBJECT: A Resolution of the Board of Governors Approving Florida International University to enter into a sublease for the construction, operation and maintenance of student housing on the Biscayne Bay Campus of the Florida International University.

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving of Florida International University ("FIU") entering into a sublease for the construction, operation and maintenance of the housing with the Project owner, NCCD-Biscayne Properties LLC (Owner). If approved, FIU will enter into a 40-year Agreement and Ground Lease with the Owner on which a student housing facility will be constructed.

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, has reviewed this resolution and all supporting documentation for compliance with Florida law and, to the extent applicable, the Board of Governor's Debt Management Guidelines. Section 1013.171, Florida Statutes, authorizes university boards of trustees to enter into lease agreements with private entities for the purpose of constructing a facility that meets the needs and purposes of the university. The duration of the debt (34 years) and the debt serve structure (ascending for the first five years) are not consistent with the Board of Governors' Debt Management Guidelines. Nevertheless, based upon this review, it appears that the Project is in compliance with both section 1013.171 as well as s. 1010.62, Florida Statutes. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed project.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Sections 1013.171 and 1010.62, Florida Statutes

BACKGROUND INFORMATION

The Florida International University has reviewed a proposal for entry into a sublease for the construction of a student residence facility ("the Project") utilizing a Public-Private Partnership arrangement. The proposed project is to be located on the Biscayne Bay Campus (BBC), approximately 26 miles from the main campus of the Florida

International University. The Project will be funded by bonds issued through the Miami-Dade Industrial Development Authority and secured by gross Project revenues, with no other debt outstanding, with a lien on the Project. Bonds issued to fund the Project will mature thirty-four (34) years after issuance and debt service is ascending in the first five years. The duration of the debt and the debt service repayment structure are both inconsistent with the Debt Management Guidelines, as previously expressed. The Project will be a 410 bed, 200,682 gross square foot, nine-story building with amenities such as an outdoor pool and approximately 205 parking spaces.

The University Board of Trustees has requested approval from the Board of Governors to enter into a sublease for the housing. FIU is not legally obligated to pay debt service or maintain the Project. In the event actual rental revenue is insufficient to operate the Project and pay debt service, FIU could exercise its option to purchase the Project at fair market value or may feel obligated to cover these expenses given the location of the Project on the BBC.

The Florida International University Board of Trustees, at its December 10, 2014 meeting, approved the Project and the sublease.

Supporting Documentation Included:

1. Requesting Resolution
2. Project Summary
3. Estimated Sources and
Uses of Funds
4. Historical and Projected Pledged
Revenues and Debt Service
Coverage

Facilitators/Presenters: Mr. Chris Kinsley