

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 22, 2016

SUBJECT: A Resolution of the Board of Governors approving the University of North Florida Financing Corporation (the "Financing Corporation") to issue revenue bonds on behalf of the University of North Florida (the "University") to refinance its existing housing debt.

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate, tax-exempt revenue bonds, by the Financing Corporation on behalf of the University, in an amount not to exceed \$127,100,000 (the "Bonds") to refinance its entire portfolio of outstanding housing debt and to incorporate a previously acquired apartment complex, which was done through the mortgage exception, into the existing housing system. The bonds will refund bonds issued in 2007 by the Financing Corporation and a separate loan entered into in 2014 with Compass Mortgage Corporation to acquire the Flats at Kernan (the "Flats").

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance has reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed Financing Plan is in compliance with Florida Statutes governing the issuance of university debt and complies with the Debt Management Guidelines adopted by the Board of Governors. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed refinancing.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Florida Board of Governors Debt Management Guidelines; Subsection 1010.62(3), Florida Statutes; and Article IX, Section 7, Florida Constitution.

BACKGROUND INFORMATION

The University Board of Trustees has requested approval from the Board of Governors for the Financing Corporation to issue up to \$127,100,000 of fixed rate, tax-exempt revenue bonds to refinance all existing housing debt, fund a debt service reserve fund and pay costs of issuing the Bonds.

Universities have been authorized by the Board to engage in refundings for debt service savings without specific Board of Governors approval; however, in this instance, the original financing of the Flats was secured by a mortgage, which is also exempt from the requirement of Board of Governors' approval. Since it is proposed that all outstanding housing debt will be consolidated and the Board of Governors has not previously considered the acquisition of the Flats, Board approval is requested.

Net housing system revenues are pledged for the payment of debt service, which are derived primarily from housing rental income. Projections provided by the University indicate that sufficient net revenues will be generated from rental income to pay debt service on the Bonds. The University intends to use the savings generated from the refinancing to hold rental rates unchanged for the five year forecast period. Without the benefit of the projected refunding savings, the University would need to consider rate increases in order to meet required debt service coverage levels.

The University's Board of Trustees approved the Project and the financing thereof at its September 6th, 2016 meeting. The Financing Corporation Board approved the Project and the financing thereof at its September 1st, 2016 meeting.

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

