

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
June 29, 2022

SUBJECT: Authorization to Issue Debt; \$66.5M for Florida State University Student Union

PROPOSED COMMITTEE ACTION

Adopt a resolution approving the issuance of bonds by the Division of Bond Finance (DBF), in an amount not to exceed \$66.5M (the "Debt"), on behalf of Florida State University (the "University"), for the purpose of reimbursing a portion of the cost incurred by the University through the construction of a new student union (the "Union").

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; State University System Debt Management Guidelines (Guidelines); Section 1010.62, Florida Statutes; 2022 General Appropriations Act Implementing Bill (House Bill 5003), Section 13

BACKGROUND INFORMATION

The University is requesting approval from the Board of Governors (the "Board") to issue the Debt through DBF for the purpose of reimbursing a portion of the cost incurred by the University through the construction of the Union. In 2018, the University's Board of Trustees (BOT) authorized internal loans from existing cash resources to finance expected capital expenditures aggregating \$128M to finance construction of the Union. It was expected that the internal loans would be refinanced on a long-term basis with tax-exempt debt. Proceeds from the proposed \$66.5M Debt issuance will reimburse the University and the Florida State University Foundation for internal loans made to finance a portion of the Union construction.

Construction of the 148,266 ft² Union, located on the main campus of the University, began in June 2018 and is expected to be completed in August 2022. It is expected to cost approximately \$143.8M.

The Debt will be secured by a revenue pledge of the Student Facilities Use Fee (the "Fee"), made possible via Legislative authorization in the 2022 General Appropriations Act Implementing Bill, (House Bill 5003) in accordance with s. 1010.62 F.S. Features of the Debt include a fixed interest rate, an anticipated 20-year term, and level debt service. The Debt will be sized by DBF at closing, based on prevailing interest rates, to provide a minimum 1.20x debt service coverage ratio, pursuant to the Guidelines.

Issuance of the Debt was approved by the University's BOT on June 22, 2022.

Supporting Documentation Included:

1. Requesting Resolution
2. Project Summary
3. Estimated Source & Uses
4. Historical & Projected Debt Service Coverage
5. Debt Service Schedule
6. DBF Memorandum

Facilitators/Presenters: Mr. Kevin Pichard