



BOARD OF TRUSTEES RESOLUTION

Number: **R12-96**

Subject: **J. Wayne Reitz Union Bond Authorization**

Date: **March 28, 2012**

**A RESOLUTION REQUESTING THE ISSUANCE OF BONDS TO
FINANCE THE EXPANSION OF THE J. WAYNE REITZ UNION ON
THE GAINESVILLE CAMPUS OF THE UNIVERSITY OF FLORIDA,
PROVIDING AN EFFECTIVE DATE.**

BE IT RESOLVED BY THE BOARD OF TRUSTEES:

Section 1. The Board of Trustees (the “Board of Trustees”) of the University of Florida (the “University”) hereby requests the Florida Board of Governors to request the Division of Bond Finance of the State Board of Administration of Florida (the “Division”) to issue bonds in an amount not exceeding \$50,000,000 (the “Bonds”) for the purpose of financing (i) the expansion of the J. Wayne Reitz Union (the “Project”) on the campus of the University, (ii) funding a debt service reserve fund, if necessary and (iii) paying certain costs associated with issuing the Bonds.

Section 2. The Project will consist of the expansion of the J. Wayne Reitz Union with construction of approximately 100,000 square feet for offices and program space, a new ballroom, lounges, meeting rooms, dance rehearsal studios, and support space. The Project is reflected on the approved master plan for the University and is consistent with the mission and strategic plan of the University because it will provide for space necessary to meet the demands of the student body population which has grown significantly since the initial construction of the J. Wayne Reitz Union in 1967 and allow for major repair and replacement for infrastructure building components and equipment in the J. Wayne Reitz Union. Construction of the Project is expected to begin in July 2012 and to be completed by July 2015. Proceeds of the Bonds are anticipated to be sufficient to complete the Project without the use of additional funds. Legislative approval has been obtained pursuant to section 1010.62, Florida Statutes. No proceeds of the Bonds will be used to finance operating expenses of the University.

Section 3. The Bonds are to be secured by the activity and service fee (the “Fee”) assessed to all students pursuant to Section 1009.24(9) and (10), Florida Statutes. The Fall 2011 Fee was \$14.55 per credit hour for all students. The University is legally authorized to secure the Bonds with revenues to be pledged pursuant to Section 1010.62, Florida Statutes, as modified by House Bill

5201, Section 42 enacted by the 2012 Legislature, which provides an exception to a debt service limitation in Section 1010.62 by permitting the use of revenues from the Fee to secure debt with annual debt service of up to \$3.5 million. This resolution is contingent upon House Bill 5201 becoming law. The University is also committed to ensuring that sufficient revenues will be generated to fulfill the University's obligations with respect to the Bonds.

Section 4. The Bonds will mature not more than 30 years after issuance, including any extensions or renewals thereof. The Project has an estimated useful life of 50 years, which is beyond the anticipated final maturity of the Bonds. The Bonds will bear interest at a fixed interest rate.

Section 5. The Board of Trustees will comply, and will require the University to comply, with all requirements of federal and state law relating to the Bonds, including but not limited to, laws relating to maintaining any exemption from taxation of interest payments on the Bonds and continuing secondary market disclosure of information regarding the Bonds.

Section 6. The University will comply with the Debt Management Guidelines adopted by the Board of Governors on April 27, 2006, as subsequently amended, and the debt management policy of the University.

Section 7. The University President, the University Vice President and Chief Financial Officer, and other authorized representatives of the University and the Board of Trustees are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other actions as they may deem necessary or desirable, in connection with the execution, sale and delivery of the Bonds.

Section 8. In making the determination to finance the Project, the Board of Trustees has reviewed the information described in Appendix A.

Section 9. Subject to the contingency contained in Section 3 herein, this resolution shall take effect immediately upon its adoption.

Adopted this 28th day of March, 2012.


J. Bernard Machen, President


Carlos J. Alfonso, Chair

Appendix A

The following documents have been reviewed by the Board of Trustees prior to the execution of this Resolution:

- a. the project program, feasibility study, or consultant report;
- b. a draw schedule for the project;
- c. sources and uses of funds for the project;
- d. an estimated debt service schedule;
- e. a description of the security supporting repayment and the lien position the debt will have on that security; and
- f. a five year history, if available, and a five year projection, of the pledged revenues and the debt service coverage.

INTRODUCTION

A. PROJECT BACKGROUND and JUSTIFICATION

The J. Wayne Reitz Union is the “community center” of the University of Florida, providing facilities, services, and programs designed to enhance the campus life experience for students and other members of the campus community. The union offers a wide variety of activities, programs, and services including, but not limited to social and educational events for students, meeting and event facilities (for students, faculty and staff), student organization offices and work spaces, dining venues, retail shops, offices, lounges, game room, and leadership and citizenship opportunities for students. The high traffic 350,000 square feet facility is located near the center of campus and is co-located with the Bookstore/Welcome Center/Parking Garage complex.

Construction of the original Reitz Union building was completed in 1967, consisting of 267,000 square feet. There were 19,000 students at that time at UF, and approximately 150 student clubs and organizations. There are currently approximately 50,000 students at UF, and students are involved in over 900 registered clubs and organizations.

The expansion and renovation project is needed for two primary reasons: (1) Inadequate space to meet the growing demands of the current student body; and (2) Major repair and/or replacement needed for infrastructure building components and equipment in the existing building. Two recent professional studies (a Building Analysis and a Master Plan Study), provide up-to-date information on the current deficiencies and needs of the Reitz Union.

- I. Building Analysis (conducted by EMC Engineers – Spring 2009) – The Building Analysis consisted of an assessment of building systems (electrical, mechanical, plumbing, roofing, and structural). The completed analysis detailed \$42.5M in various deficiencies and deferred maintenance items that need to be addressed over the next several years. Examples of findings include:

- Exterior precast concrete railings on the 1st floor and the 5th and 6th floor balconies have cracking, spalling, and deterioration of steel reinforcements, requiring extensive repairs or replacement.
- The main roofing systems have exceeded their recommended useful life and require replacement.
- The building air conditioning and heating systems are undersized for current demand and building capacity. Many of the air handlers in the facility along with much of the ductwork are original to the building and require replacement.
- The lack of a fully functioning building automation system for heating and air conditioning is causing excessive energy waste due to the lack of ability to control temperature and humidity levels. Each air handler in the facility runs independently and is controlled by a local thermostat.
- Various plumbing waste lines and domestic water lines serving the building are original to the building and require replacement.
- Areas of the facility have inefficient lighting fixtures and inappropriate lighting levels for current use. Outdated lighting controls should be replaced with automated sensors and digital systems.
- Most windows and doors in the facility have single pane glass and un-insulated frames. Replacement of windows and doors with low energy glass and insulated frames is needed for energy efficiency.

- II. Master Plan Study (conducted by Gould Evans Architects and WTW Architects – Fall 2009) – The Master Plan Study and Needs Assessment team gathered comprehensive information by various methods, including a series of focus group meetings with 27 constituent groups (including student organizations, individual students, and faculty, staff, and administrator groups) to assess current and future needs. The assessment and analysis was conducted over a 3-month period (final report issued in April 2010). The findings identified several inadequacies of the building relative to its ability and capacity to meet the current and future demands of the campus population. Examples of areas where growth and expansion are needed are highlighted below:

- Additional student organization office space, work areas, and storage space
- Additional office and work spaces for student services such as the Center for Leadership & Service, the Office of Multicultural and Diversity Affairs, and the Wellness Center
- Additional meeting rooms of various capacities and configurations
- Additional activity spaces including dance rehearsal space for student dance groups

- A variety of comfortable lounge spaces and quiet study spaces
- Additional seating and circulation space for food services

B. GENERAL PROJECT DESCRIPTION

It is proposed that the project will consist of two phases (an expansion phase and a renovation phase) as described below. The project will begin in July 2012 and end in July 2015. :

Phase I – Expansion: The Expansion Phase will consist of new construction of approximately 100,000 square feet of additional space. The new space will include offices and program space for student clubs and organizations, and offices and program space for the Department of Student Activities and Involvement, the Center for Leadership and Service, the Office of Multicultural and Diversity Affairs, and the Wellness Center. The new construction will also include a new ballroom, lounges, meeting rooms, dance rehearsal studios, and support space for the various functional areas listed. The estimated useful life of the new construction is 50 years. The cost of the expansion will be funded with a \$50,000,000 bond issuance, with bond proceeds required in July 2012. A portion of the bond proceeds may be used to fund a reserve account, if necessary. The bonds are anticipated to be issued at a fixed interest rate with level debt service payments over 20 years.

Phase II – Renovation: The Renovation Phase will consist of renovation of parts of the existing building. The cost of the renovations is anticipated to be funded with \$20,000,000 in Capital Improvement Trust Fund ("CITF") monies and \$5,000,000 in cash from the University of Florida. If CITF funding is unavailable, the University will not proceed with the renovations.

Priorities include:

- Focus on ensuring a seamless transition between the existing structure and the new construction
- Energy efficiency including replacement of all exterior windows and doors with low energy glass and insulated frames
- Restoration of exterior surfaces and structural components
- Replacement and updating of major infrastructure systems (electrical, plumbing, and HVAC)
- Updating of interior finishes and lighting

Completion of the project will enable the Reitz Union to more adequately provide the facilities, services, and programs designed to support the more than 900 student clubs and organizations, enhance opportunities for learning and leadership skill development, social interactions, practice of citizenship, and building of community. The renovations to the existing facility will increase energy efficiency thereby saving operational costs, and greatly enhance building comfort and functionality.

Cost:

The cost of this construction and renovation project is estimated to total \$75,000,000. The funding for this project will come from three sources. First, \$50,000,000 will be derived from a bond sale with proceeds to be received in the summer 2012. Second, \$20,000,000 will be derived from Capital Improvement Trust Fund (CITF) money distributed around 2013 – 2014. Third, \$5,000,000 of University of Florida cash will be used beginning in summer 2012.

**STATE OF FLORIDA
BOARD OF GOVERNORS
UNIVERSITY OF FLORIDA
Estimated Sources and Uses of Funds
Student Union Project**

<u>Sources of Funds</u>		<u>Basis for Amounts</u>
Bond Par Amount	\$ 50,000,000	Estimated Series 2012A Bond sale amount based on 20 year debt at current interest rates.
Less: Costs of Issuance		Based on estimates (Division of Bond Finance, \$83,000; Rating Fees, \$30,000; Arbitrage Compliance, \$15,000; Bond Counsel, \$25,000; Misc., \$6,274)
Total Costs of Issuance	\$ (159,274)	
Less: Underwriter's Discount	\$ (1,000,000)	Estimated at 2% of par.
Plus: Interest Earnings (Construction Trust Fund)	\$ <u>644,115</u>	
Total Sources of Funds	<u>49,484,841</u>	
 <u>Uses of Funds</u>		
Project Funds (Planning, Design, Construction & Equipment)	\$ 44,000,008	Expansion of Student Union
Debt Service Reserve Account ¹	\$ 3,339,819	Fully funded at maximum annual debt service on the bonds.
Bond Sizing Contingency	\$ <u>2,145,014</u>	
Total Uses of Funds	<u>49,484,841</u>	

¹ The reserve account may not be funded if it is determined that it is not necessary.

BOND DEBT SERVICE

State of Florida, Board of Governors
University of Florida Mandatory Student Fee Revenue Bonds

Dated Date 07/01/2012
Delivery Date 07/01/2012

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2013			619,909.50	619,909.50	
07/01/2013	2,100,000	0.600%	619,909.50	2,719,909.50	3,339,819.00
01/01/2014			613,609.50	613,609.50	
07/01/2014	2,110,000	0.590%	613,609.50	2,723,609.50	3,337,219.00
01/01/2015			607,385.00	607,385.00	
07/01/2015	2,125,000	0.870%	607,385.00	2,732,385.00	3,339,770.00
01/01/2016			598,141.25	598,141.25	
07/01/2016	2,140,000	1.010%	598,141.25	2,738,141.25	3,336,282.50
01/01/2017			587,334.25	587,334.25	
07/01/2017	2,165,000	1.260%	587,334.25	2,752,334.25	3,339,668.50
01/01/2018			573,694.75	573,694.75	
07/01/2018	2,190,000	1.600%	573,694.75	2,763,694.75	3,337,389.50
01/01/2019			556,174.75	556,174.75	
07/01/2019	2,225,000	1.930%	556,174.75	2,781,174.75	3,337,349.50
01/01/2020			534,703.50	534,703.50	
07/01/2020	2,270,000	2.210%	534,703.50	2,804,703.50	3,339,407.00
01/01/2021			509,620.00	509,620.00	
07/01/2021	2,320,000	2.400%	509,620.00	2,829,620.00	3,339,240.00
01/01/2022			481,780.00	481,780.00	
07/01/2022	2,375,000	2.600%	481,780.00	2,856,780.00	3,338,560.00
01/01/2023			450,905.00	450,905.00	
07/01/2023	2,435,000	2.720%	450,905.00	2,885,905.00	3,336,810.00
01/01/2024			417,789.00	417,789.00	
07/01/2024	2,500,000	2.890%	417,789.00	2,917,789.00	3,335,578.00
01/01/2025			381,664.00	381,664.00	
07/01/2025	2,575,000	3.030%	381,664.00	2,956,664.00	3,338,328.00
01/01/2026			342,652.75	342,652.75	
07/01/2026	2,650,000	3.120%	342,652.75	2,992,652.75	3,335,305.50
01/01/2027			301,312.75	301,312.75	
07/01/2027	2,735,000	3.200%	301,312.75	3,036,312.75	3,337,625.50
01/01/2028			257,552.75	257,552.75	
07/01/2028	2,820,000	3.270%	257,552.75	3,077,552.75	3,335,105.50
01/01/2029			211,445.75	211,445.75	
07/01/2029	2,915,000	3.340%	211,445.75	3,126,445.75	3,337,891.50
01/01/2030			162,765.25	162,765.25	
07/01/2030	3,010,000	3.410%	162,765.25	3,172,765.25	3,335,530.50
01/01/2031			111,444.75	111,444.75	
07/01/2031	3,115,000	3.480%	111,444.75	3,226,444.75	3,337,889.50
01/01/2032			57,243.75	57,243.75	
07/01/2032	3,225,000	3.550%	57,243.75	3,282,243.75	3,339,487.50
	50,000,000		16,754,256.50	66,754,256.50	66,754,256.50

- e. Description of the security supporting repayment and the lien position the debt will have on that security:

The proposed bonds will be secured by a first lien on the Activity and Service Fee (the "Fee") authorized by Section 1009.24, Florida Statutes. The Fee is a mandatory student fee, assessed to all students on a per credit hour basis. The University is legally authorized to pay and secure the Bonds with the Fee pursuant to Section 1010.62, Florida Statutes, except that annual debt service may not exceed an amount equal to 5 percent of the Fees collected during the most recent 12 consecutive months for which collection information is available prior to the sale of the bonds. However, the 2012 Legislature adopted House Bill 5201, Section 42, which provides the University with an exception to the debt service limitation set forth in Section 1010.62 by permitting the University to use revenues derived from the Fee to pay and secure debt with annual debt service in an amount not to exceed \$3.5 million to finance or refinance the renovation and expansion of the J. Wayne Reitz Union. House Bill 5201 is subject to review and veto by the Governor; therefore, the attached resolution is contingent upon this legislation becoming law.

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-2011	FY 2011-2012	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-14
Operating Revenue										
Activity & Service Fee for Operations	\$ 4,082,540	\$ 4,369,267	\$ 4,587,730	\$ 4,735,602	\$ 5,847,257	\$ 5,062,230	\$ 5,315,342	\$ 5,581,109	\$ 5,860,165	\$ 6,153,173
Activity & Service Fee for Debt Service Generated Revenue	\$ 2,483,430	\$ 2,499,823	\$ 2,259,547	\$ 2,409,282	\$ 2,498,438	\$ 2,477,570	\$ 2,556,299	\$ 2,632,988	\$ 2,711,978	\$ 2,793,337
Other	\$ 100,700	\$ 162,052	\$ 542,738	\$ 529,914	\$ 363,186	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 6,666,670	\$ 7,031,142	\$ 7,390,015	\$ 7,674,798	\$ 8,708,881	\$ 11,039,800	\$ 11,371,641	\$ 11,714,097	\$ 12,072,142	\$ 12,446,510
Current Expenses										
Debt Services Prior Lein Obligations	\$ 6,027,205	\$ 6,648,939	\$ 6,948,195	\$ 6,944,008	\$ 7,243,320	\$ 6,644,800	\$ 6,459,107	\$ 6,782,062	\$ 7,121,165	\$ 7,477,224
	\$ 125,000	\$ 125,000	\$ 125,000	\$ 25,000	\$ 225,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -
	\$ 6,152,205	\$ 6,773,939	\$ 7,073,195	\$ 6,969,008	\$ 7,468,320	\$ 6,664,800	\$ 6,459,107	\$ 6,782,062	\$ 7,121,165	\$ 7,477,224
Pledged Revenue	\$ 514,465	\$ 257,203	\$ 316,820	\$ 705,790	\$ 1,240,561	\$ 4,375,000	\$ 4,912,534	\$ 4,932,035	\$ 4,950,977	\$ 4,969,286

* A&S fees were reduced because a department within the Reitz Union was split out from the Union into a new department

A&S fees for Debt service is calculated based on 1.3M credit Hours and a fee of 2.71

Current Expenses are net of Depreciation, Auxiliary Overhead and transfers to construction.

Revenue increase
A&S Fees 5%
Generated 3%
Expenses increase 5%

				Cx (estimated)										
Construction phase	Design Fees	CM Pre-Con Fees	Fees	Surveys, Tests, etc.	Impact, Code, LEED Fees	ASB Art	F&E	Misc. / Conting	TOTALS					
Aug-12	\$-	\$-	\$-	\$65,800	\$26,200	\$-	\$-	\$70,000	\$78,870					
Sep-12	pre-des	\$89,762			\$10,000	\$1,500		\$85,000	\$265,762					
Oct-12	CSD	\$179,523						\$80,000	\$271,023					
Nov-12	CSD	\$194,523	\$96,160	\$20,000	\$25,000	\$-		\$130,000	\$410,683					
Dec-12	SD	\$229,404						\$100,000	\$354,404					
Jan-13	SD	\$234,404	\$96,760	\$20,000	\$-		\$4,500	\$150,000	\$505,864					
Feb-13	DD	\$364,165						\$250,000	\$614,165					
Mar-13	DD	\$359,046	\$96,760	\$20,000	\$-			\$100,000	\$575,806					
Apr-13		60%	\$314,165		\$-			\$100,000	\$414,166					
May-13	\$16,800	60%	\$359,046	\$96,760	\$20,000	\$-		\$50,000	\$11,000	\$250,000	\$803,607			
Jun-13	\$1,240,000	100%	\$233,380		\$1,000			\$43,017		\$350,000	\$1,887,398			
Jul-13	\$1,510,000	100%	\$233,380					\$65,000		\$250,000	\$2,058,381			
Aug-13	\$250,000	100%	\$457,784		\$20,000	\$-		\$2,250,000		\$300,000	\$3,277,785			
Sep-13	\$550,000	BID	\$116,590		\$-			\$100,000		\$300,000	\$666,690			
Oct-13	\$500,000	CA	\$181,571		\$-			\$9,233		\$300,000	\$970,804			
Nov-13	\$750,000	CA	\$35,305		\$2,500	\$-		\$9,233		\$400,000	\$1,197,638			
Dec-13	\$1,000,000	CA	\$35,905		\$2,500	\$-		\$9,233	\$15,000	\$-	\$1,162,638			
Jan-14	\$1,400,000	CA	\$44,881		\$2,500	\$-		\$9,233	\$11,600	\$100,000	\$1,668,214			
Feb-14	\$2,200,000	CA	\$44,881		\$2,500	\$-		\$9,233	\$100,000	\$100,000	\$2,498,614			
Mar-14	\$2,500,000	CA	\$53,857		\$5,000	\$-		\$9,233	\$-	\$295,400	\$2,953,490			
Apr-14	\$3,200,000	CA	\$58,857		\$5,000	\$-		\$9,233	\$-	\$150,000	\$3,523,090			
May-14	\$3,500,000	CA	\$58,857		\$5,000	\$-		\$9,233	\$25,000	\$400,000	\$4,098,090			
Jun-14	\$3,600,000	CA	\$58,857		\$5,000	\$-		\$9,233	\$-	\$150,000	\$3,323,090			
Jul-14	\$4,000,000	CA	\$58,857		\$5,000	\$-		\$9,233	\$-	\$150,000	\$4,313,857			
Aug-14	\$3,456,200	CA	\$62,833		\$5,000	\$-		\$360,000		\$100,000	\$3,974,033			
Sep-14	\$3,000,000	CA/SC	\$107,714		\$18,000	\$8,000		\$2,250,000		\$400,000	\$100,000	\$5,883,714		
Oct-14	\$2,800,000	CA	\$44,881		\$5,000	\$-				\$250,000	\$250,000	\$3,049,881		
Nov-14	\$2,112,500	CA	\$53,857		\$5,000	\$-				\$300,000	\$250,000	\$2,721,357		
Dec-14	\$2,300,000	CA	\$53,857		\$5,000	\$-		\$20,000	\$450,000	\$250,000	\$3,078,857			
Jan-15	\$2,300,000	CA	\$44,881		\$5,000	\$-				\$300,000	\$250,000	\$2,599,881		
Feb-15	\$2,300,000	CA/SC	\$80,785		\$20,000	\$7,000	\$-			\$250,000	\$100,000	\$2,757,785		
Mar-15	\$2,000,000		\$17,952		\$5,000	\$-				\$300,000	\$250,000	\$2,572,952		
Apr-15	\$2,000,000	FC	\$98,738		\$2,500	\$-				\$300,000	\$150,000	\$2,551,238		
May-15	\$167,500	\$-			\$-	\$-				\$25,000	\$300,000	\$632,500		
Jun-15	\$-	DOCS	\$44,881		\$-					\$-	\$450,000	\$150,000	\$644,881	
Jul-15	\$-		\$-		\$-					\$-	\$250,000	\$50,000	\$300,000	
			\$-		\$-						\$150,000	\$50,000	\$200,000	
													\$-	
Totals	\$47,343,000		\$4,588,076		\$386,440	\$265,500		\$106,600		\$4,886,184	\$102,000	\$5,297,000	\$6,085,000	
													\$69,000,000	

assumes site utility and demolition begins June 2013
 assumes CW impact fee paid 50% in August 2013 and remainder in September 2014

Contingency money: underground conditions & poor soil conditions

contingency money: security design and installation

contingency money: audiovisual design and installation

Surveys, tests: include threshold inspector, roofing inspector, geotechnical