

**BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
Project Summary
University of Florida
Parking Garage Thirteen**

Project Description: The University of Florida is currently in need of a parking garage on the west side of its main campus. The proposed Parking Garage Complex will be a multi-story parking structure consisting of approximately 900 parking spaces to accommodate students, faculty, and staff and includes 9,000 square feet to be used by the University's Traffic and Parking Office for administrative purposes.

The project is consistent with the Campus Master Plan and Campus Development Agreement. The Master Plan for 2005-2015 identifies future parking garage construction of up to 2,000 parking spaces. The associated transportation impact analysis and executed Campus Development Agreement are based on the addition of these 2,000 net new parking spaces over the next ten years. The proposed parking garage is included in the Campus Master Plan.

Facility Site Location: The proposed Parking Garage project will be located on the western perimeter of the main campus. The garage will be constructed in an area that will support parking for current and proposed research buildings as well as the existing Shands Hospital and College of Veterinary Medicine.

Projected Start and Opening Date: It is anticipated that the design phase of the project will commence in September 2007, with construction to start in March 2008. The garage will be open for use in December 2008.

Project Cost and Financing Structure: The construction of the proposed parking garage is estimated at a total cost of \$20,764,300. Construction costs are estimated at \$16,944,500 with planning and design fees estimated at \$3,819,800.

The project will be financed with a fixed rate, tax-exempt issuance of parking system revenue bonds, Series 2007A, in an amount not exceeding \$23,000,000 (the "Series 2007A Bonds"). A debt service reserve of approximately \$1,853,000 is included in the size of the bond issue; however, it is anticipated that the debt service reserve will be funded with a surety bond estimated to cost approximately \$75,000. The Series 2007A Bonds will be structured with a 20-year final maturity and level annual debt service payments with the first principal payment occurring August 1, 2008 and final maturity on August 1, 2027. The Series 2007A Bonds are expected to finance the

total cost of the project, including design fees, without the contribution of University funds.

Type of Sale: Competitive.

Demand Analysis: The University currently has approximately 24,000 parking spaces of which about 20,000 are available for 38,000 decal holders. The proposed parking garage will be near the newly opened Cancer and Genetics Institute. The Institute houses 600 faculty, staff and students and no additional parking was constructed as part of this project. Also in the vicinity of the proposed garage is the University of Florida's Health Science Center and Teaching Hospital. Currently, the patient and visitor parking for the hospital fill every day. In order to make more space available to them employees will be moved to the new garage.

In addition, the area of the proposed garage is undergoing a rapid expansion of research buildings. A Pathogen Research building is planned to be completed next year which will house approximately 100 staff and faculty. Other projects under construction in this area of campus include the Nanoscale Research Facility, and the Biomedical Sciences Building. Additionally, a Veterinary Education and Clinical Research Center is in the planning stages and will be constructed on an existing parking lot of 80 spaces. No additional parking will be constructed in any of these projects.

Security/Lien Structure: Net parking system revenues will be pledged for the payment of debt service. These revenues are derived from student, faculty and staff parking decal sales, faculty and staff fines, and other miscellaneous revenues, after deducting operating and maintenance expenses other than depreciation. The University charges students a transportation access fee; however, this fee funds a bus service for students and is not to be pledged for the payment of debt service on the University's parking system revenue bonds.

The Series 2007A Bonds will be issued on parity with the outstanding Series 1993 and 1998 University of Florida Parking System Revenue Bonds. As of June 30, 2006, the outstanding principal amount of parity bonds was \$14,850,000.

In addition to the University's parking facility revenue bonds, the University is party to two outstanding Capital Leases, one with the University of Florida Foundation (annual minimum lease payment of \$100,000 at 0% interest) and the other with Shands (annual minimum lease payment of \$226,167 at 0% interest). These lease

payments are considered subordinate to the payment of debt service on the University's parking facility revenue bonds.

Pledged Revenues and Debt Service Coverage:

During the five year period from fiscal year 2001-02 to 2005-06, pledged revenues grew from \$3 million to \$3.9 million. These revenues produced debt service coverage ratios ranging from 1.22x to 1.58x. For Fiscal Year 2006-07, pledged revenues are projected at \$4.1 million, producing a debt coverage ratio of 1.64x in fiscal year 2007-08. Debt Service for the new bond issue will begin in fiscal year 2007-08 and the pledged revenues for that year, through fiscal year 2010-11, are estimated to produce debt service coverage ratios ranging from 1.44X to 1.74X.

The projected debt service coverage ratio has been calculated using an interest rate of 5% on the bonds and an increase in parking decal fees of 6% for 2007-08, which was approved by the University Board of Trustees in March 2007 and additional expected increases of 6% in fiscal year 2008-09 and 3% in fiscal year 2009-10. Projected decal fee revenue was calculated assuming no increases in decal sales, despite expected increases in enrollment (Fall Headcount projected to increase from 50,500 to 52,500 through academic year 2009-10) and employment. Visitor and patient toll parking fees are also projected to increase from \$3 to \$4 in 2007-08 and from \$4 to \$5 in 2010-11. Operating costs are projected to increase by between 3% and 5% per year.

Analysis and Recommendations:

Staff of the Board of Governors and the Division of Bond Finance have reviewed the information provided by the University of Florida with respect to the request for Board of Governors approval for the subject financing. Based primarily upon the increase in parking decal fees and what appear to be reasonable assumptions as to growth in expenses, projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Series 2007A Bonds and the outstanding Parking Bonds. It appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and the Board of Governors Debt Management Guidelines. Accordingly, staff of the Board of Governors recommends adoption of the resolution authorizing the proposed financing.