

**BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
Project Summary
Florida State University
Parking Garage Five**

- Project Description:** Florida State University is currently in need of a parking garage in the Southeast section of its main campus. The proposed Parking Garage Five will be a multi-level parking structure consisting of approximately 1,000 parking spaces to accommodate students, faculty, and staff.
- Facility Site Location:** The proposed Parking Garage Five project will be located on a site in the Southeast section of the campus consistent with the Campus Master Plan which provides for parking development on the campus perimeter. The proposed site is currently utilized by the FSU Turnbull Center for Professional Development, which will be razed and reconstructed, using other legally available funds of the University, in order to accommodate both facilities on the same site. The cost for demolition and reconstruction of the Turnbull Center is currently estimated at \$15,000,000.
- Projected Start and Opening Date:** It is anticipated that the design phase will be completed by June 2007 with construction to start in June 2007. The garage will be open for the fall semester in August 2008.
- Project Cost and Financing Structure:** The construction of the proposed parking garage is estimated at a total cost of \$15,200,000. Construction costs are estimated at \$13,700,000 with design, permit and concurrency fees estimated at \$1,500,000.
- The project will be financed with fixed rate, tax-exempt parking facility revenue bonds in an amount not exceeding \$13,230,000. Additional funding in the amount of approximately \$3,100,000 will be obtained from currently available auxiliary funds. A debt service reserve of approximately \$1,100,000 is included in the size of the bond issue; however it is likely that the debt service reserve fund will be funded with a surety bond estimated to cost approximately \$44,000. The bonds will be structured with a 20-year final maturity and level annual debt service payments with the first principal payment occurring July 1, 2008 and final maturity on July 1, 2026.
- Type of Sale:** Competitive

Demand Analysis: Florida State University has experienced significant enrollment growth each of the last five years, averaging 800 new students yearly. Fall 2006 enrollment of 40,500 students is the largest class in school history and it is anticipated that the University will continue to see significant growth over the next decade.

With the opening of Garage Four in January 2007 the University currently has 13,686 spaces, of which 8,505 are available for 29,000 student parking decal holders. The ratio of space availability to student decal holders is 1 space for every 3.4 students. The University has set a goal of one space for every three students as necessary to adequately address demand.

Security/Lien Structure: Net parking system revenues will be pledged for the payment of debt service. These revenues are derived primarily from a per credit hour student transportation access fee, faculty and staff parking decal sales, fines, and other miscellaneous revenues, after deducting operating and maintenance expenses. When the facility opens in fiscal year 2008-09, the projected transportation access fee will remain at the current level of \$6.50 per credit hour

The Series 2007A Bonds will be issued on parity with the outstanding Florida State University Parking Facility Revenue Bonds. As of January 30, 2007, the outstanding principal amount of bonds was \$38,265,000.

Pledged Revenues and Debt Service Coverage: During the five year period from fiscal year 2001-02 to 2005-06, pledged revenues grew from \$2.2 million to \$5.6 million. These revenues produced debt service coverage ratios ranging from a high of 3.29X to a low of 1.52X; the lower debt service coverage resulted from the issuance of new debt. For Fiscal Year 2006-07, pledged revenues are projected at \$5.5 million, producing a debt coverage ratio of 1.60X. 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 projected at approximately \$5.7 million and are estimated to produce debt service coverage ratios of approximately 1.25X.

The projected debt service coverage ratio has been calculated using an interest rate of 5% on the bonds and a \$6.50 per credit hour transportation access fee, which was approved in January 2007 and will take effect on July 1, 2007. No further increase in this fee is projected. Operating costs are projected to increase 14% from fiscal

year 2006-07 to 2007-08, mainly due to an increase in transit services expense, and increase 3-4% for each year following.

**Analysis and
Recommendations:**

Staff of the Board of Governors and the Division of Bond Finance have reviewed the information provided by Florida State University with respect to the request for Board of Governors approval for the subject financing. Based primarily upon the increase in transportation access 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, adoption of the resolution authorizing the proposed financing is recommended.