

**BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA**

June 19, 2008

SUBJECT: A Resolution of the Board of Governors Authorizing the Issuance by the Florida Gulf Coast University Financing Corporation of Tax-Exempt Revenue Bonds to Finance the construction of a Parking Garage on the Main Campus of the Florida Gulf Coast University.

PROPOSED BOARD ACTION

Adoption of a resolution approving the issuance of fixed or variable rate, tax-exempt revenue bonds, by the Florida Gulf Coast University Financing Corporation ("Corporation"), in an amount not to exceed \$10,000,000 for the purpose of financing Parking Garage Phase III on the main campus of Florida Gulf Coast University ("the Project").

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, has reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and substantially complies with the debt management guidelines adopted by the Board of Governors. *However, the financial performance of the Project and Parking System is dependent upon student fee increases and significant student population growth.* Nevertheless, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Florida Board of Governors Debt Management Guidelines dated April 27, 2006; Section 1010.62, Florida Statutes; and Article IX, Section 7(d), Florida Constitution.

BACKGROUND INFORMATION

Florida Gulf Coast University has submitted a proposal for financing and construction of Parking Garage Phase III. The Project will be the third in a series of parking garage projects which began in 2005. The proposed Project is to be located on the main campus of Florida Gulf Coast University in an area previously developed as a parking lot and will consist of approximately 900 spaces. The Project is consistent with the University's Campus Master Plan. The total Project construction cost is expected to be \$9.4 million.

The Corporation, a direct support organization of Florida Gulf Coast University, proposes to issue up to \$10,000,000 of fixed or variable rate, tax-exempt, revenue bonds to finance the construction of the Project, fund capitalized interest during construction

and pay costs of issuance. The bonds will mature thirty (30) years after issuance with level annual debt service payments.

The debt service payments will be funded from revenues generated from the operation of the University Parking System, after payments of operation and maintenance costs. Operating revenues are generated primarily from parking registration fees, transportation access fees and fines. The 2008B Bonds will be issued on parity with the outstanding Florida Gulf Coast University Financing Corporation Capital Improvement Revenue Bonds, Series 2005B and Series 2007C, currently outstanding in the aggregate principal amount of \$15,800,000.

Projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Series 2008B Bonds and the outstanding parity bonds. **However, the projected revenues are dependent on realizing significant student enrollment growth projections. If such growth projections are not realized, then additional increases in parking fees could be required.**

The University is planning to closely monitor market conditions and to make a decision to issue the Series 2008B Bonds as variable or fixed rate revenue bonds prior to their sale. The University has experience managing its variable rate debt portfolio. However, the short-term tax exempt bond market has recently experienced significant volatility because of the effects from the sub-prime mortgage crisis. Additionally, more demand is being placed on liquidity providers which could adversely affect the availability and cost of credit/liquidity facilities, such as a bank letter of credit, necessary to support variable rate bonds.

The Florida Gulf Coast Financing Corporation Board of Directors, at a meeting September 19, 2007, and the Florida Gulf Coast University Board of Trustees, at its January 15, 2008, meeting, approved the Project and the financing thereof.

Supporting Documentation Included: Requesting Resolution
Project Summary
Attachment 1 - Estimated Sources and
Uses of Funds
Attachment 2 - Historical and Projected
Pledged Revenues and Debt Service
Coverage

Facilitators/Presenters: Mr. Chris Kinsley, Director of Finance and
Facilities