

BOARD OF GOVERNORS

April 30, 2003

SUBJECT: A Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration to Issue Revenue Bonds on Behalf of Florida State University to Finance the Construction of a Parking Garage at the University

UNIVERSITY AFFECTED: Florida State University

PROPOSED BOARD ACTION

Adopt a resolution requesting the Division of Bond Finance of the State Board of Administration of Florida to issue revenue bonds on behalf of Florida State University, in an amount not exceeding \$16,800,000 for the purpose of financing Parking Garage Three at the Florida State University, main campus. Issuance of the bonds shall be contingent upon final approval and subsequent modification of the Campus Master Plan and the Campus Development Agreement to include the proposed parking facility project.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Section 1010.60(2), Florida Statutes, and Article IX, Section 7(D), Florida Constitution.

BACKGROUND INFORMATION

The Florida State University has submitted a proposal for the construction of a parking garage with approximately 1,500 parking spaces. The financing plan includes the issuance of fixed rate, tax-exempt revenue bonds through the Division of Bond Finance of the State Board of Administration of Florida. The project will be financed from the net proceeds received from the issuance of revenue bonds in an amount not to exceed \$16,800,000. Revenue generated from the operation of the parking system, including primarily transportation access fees, parking decal sales, traffic fine collections, metered parking collections and daily parking permit sales, will be pledged to satisfy the debt service obligations. The total project cost, excluding bond issuance costs, is estimated to be \$15,000,000.

The proposed parking garage will be the third garage built on the Florida State University main campus. Parking Garage II was opened in Fall 2002, enabling the University to provide parking for 12,704 vehicles on campus. With completion of Parking Garage Three, a total of approximately 13,744 parking spaces will be available.

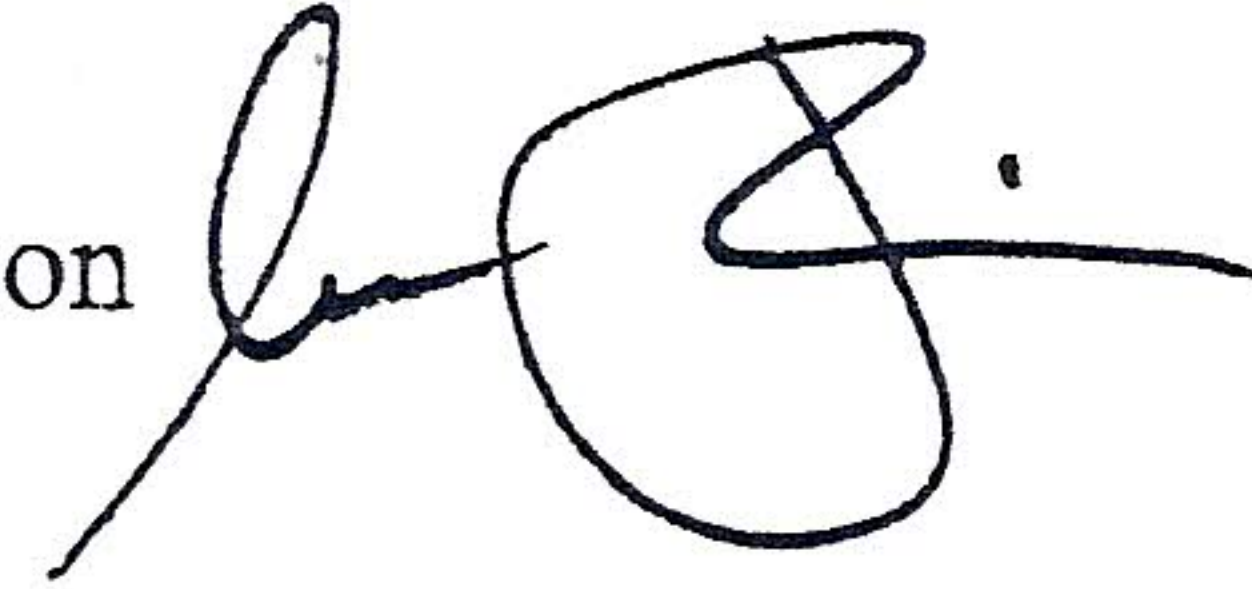
The University Board of Trustees approved the proposed financing at its meeting held on November 21, 2002.

Supporting Documentation Included:

Requesting Resolution
Project Summary
Financial Plan

Facilitator/Presenter:

Wayne V. Pierson



A RESOLUTION REQUESTING THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA TO ISSUE REVENUE BONDS ON BEHALF OF FLORIDA STATE UNIVERSITY TO FINANCE A PARKING FACILITY ON THE CAMPUS OF FLORIDA STATE UNIVERSITY AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED by the Board of Governors:

Section 1. The Board of Governors (the "Board") hereby authorizes and requests the Division of Bond Finance of the State Board of Administration of Florida (the "Division") to issue bonds in an amount not exceeding \$16,800,000 (the "Bonds") for the purpose of financing the construction of a parking facility ("Parking Garage III") on the campus of Florida State University (the "University"). Proceeds of the Bonds may be used to pay the costs of issuance of such Bonds, to provide for capitalized interest, to provide for a municipal bond insurance policy, and to fund a reserve account or provide debt service insurance, if necessary. The Bonds are to be secured by revenues of the University's parking system and may additionally be secured by other revenues that are determined to be necessary and legally available. The Division shall determine the amount of the Bonds to be issued and the date, terms, maturities, and other features of a fiscal or technical nature necessary for the issuance of the Bonds. Proceeds of the Bonds and other legally available monies shall be

used for the project, authorized by the 2002 Legislature in Section 11, item 3, of Chapter 2002-394, Laws of Florida.

Section 2. Authority is further granted for the issuance of bonds for the purpose of refunding all or a portion of any bonds secured by revenues of the parking system of the University, if it is deemed by the Division to be in the best financial interest of the State. The limitation on the amount authorized for the Bonds in Section 1 above shall not apply to such refunding bonds. Other terms of this resolution shall apply to any such refunding bonds as appropriate.

Section 3. The Board will comply, and will require the University to comply, with all requirements of bond counsel and the Division as evidenced by a "Certificate as to Tax, Arbitrage and Other Matters" or similar certificate to be executed by the Board prior to the issuance of the Bonds and advice and directions in implementing such certificate.

Section 4. The Board will comply, and will require the University to comply, with all other requirements of the Division with respect to compliance with federal arbitrage law, pursuant to Section 215.64(11), Florida Statutes, including the payment of fees to the Division in connection therewith.

Section 5. The Board will comply, and will require the University to comply, with all requirements of federal law, state law or the Division, relating to continuing secondary market disclosure of information regarding the Bonds, the University, and the University's parking system. Such requirements currently provide for the continuing disclosure of information relating to the Bonds, the University, and the University's parking system on an annual basis and upon the occurrence of certain material events.

Section 6. As provided in Section 215.65, Florida Statutes, the fees charged by the Division and all expenses incurred by the Division in connection with the issuance of the Bonds (except for periodic arbitrage compliance fees, which shall be paid from other legally available funds) shall be paid and reimbursed to the Division from the proceeds of the sale of such Bonds. If for any reason (other than a reason based on factors completely within the control of the Division) the Bonds herein requested to be authorized are not sold and issued, the Board agrees and consents that such fees, charges and expenses incurred by the Division shall, at the request of the Division, be reimbursed to the Division by the Board from any legally available funds of the Board.

Section 7. The Division is hereby requested to take all actions required to issue the Bonds.

Section 8. The Board or the University may cause to be purchased a debt service reserve credit facility and/or municipal bond insurance issued by a reputable and recognized provider.

Section 9. The Chair, the Vice Chair, the Chief Financial Officer of the Department of Education, and other authorized representatives of the Board are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other action as they may deem necessary or desirable, in connection with the execution and delivery of the Bonds and to obtain a debt service reserve credit facility and a municipal bond insurance policy. The Senior Vice President for Finance and Administration and the Director of Business Financial/Auxiliary Services for the University are authorized to execute an official intent with respect to any original expenditures that will be reimbursed by proceeds of the Bonds; such official intent shall be valid if executed by either such authorized person.

Section 10. This Resolution shall take effect immediately upon its adoption.

Adopted this 30th day of April, 2003.

BOARD OF GOVERNORS
Project Summary
Florida State University, Main Campus
Parking Garage Three

- Project Type:** Construction of a multi-level parking garage consisting of approximately 1,500 spaces to provide general campus parking. The project will be financed from fixed rate, tax-exempt bonds issued by the Division of Bond Finance of the State Board of Administration of Florida in an amount not to exceed \$16,800,000 (the "2003B Bonds"). Construction of the project will be administered by Florida State University.
- Facility Site Location:** The proposed parking garage will be located on an existing gravel parking lot containing 460 spaces at the intersection of Stadium Drive and the Connector Road on the western edge of the Main Campus of Florida State University.
- Student Market:** The targeted market for the proposed parking garage will be all students, faculty, and staff who purchase university parking permits.
- Demand Analysis:** Over the past ten years, parking demand has consistently exceeded space availability in all categories. Due to limited land availability and anticipated future enrollment, the Campus Master Plan as adopted in 1995 outlined the need to develop limited on-campus parking in the central core of the campus. The plan outlined three strategically sited parking garages in the central core, development of perimeter/remote surface parking lots on the outer boundaries of the campus, and the development of increased reliance on alternative methods of mass transit, both to the campus and on campus. The University has moved forward with the concepts outlined in the Campus Master Plan.
- The current ratio of student parking spaces to students is 1:5. With the implementation of the transportation access fee with prepaid decals, the University believes the appropriate level of need would be 1 space to each 3 students. With projected headcount enrollment of 40,000 in 2006-07 and limited space for surface parking, the construction of additional parking garages is essential for the university to attain that target ratio.
- Physical Description:** The proposed parking garage project will consist of a 4-level parking structure with approximately 1,500 spaces.
- Pledged Revenues:** Parking system revenues derived primarily from transportation access fees, staff decal sales, and parking fines, after deducting operating expenses will be pledged for debt service. The 2003B Bonds will be issued on a parity with the outstanding State of Florida, Board of Regents, Florida State University Parking Facility Revenue Bonds, Series 1992 and Series 2001. As of June 30, 2002, there is an outstanding principal amount of \$5,800,000

and \$10,310,000 respectively, for a total outstanding principal balance of \$16,110,000.

Debt Service Coverage: Based on the proposed project only, the debt service coverage ratio is 1.27.

Summary of Proforma: The Financial Proforma for the proposed Parking Garage III includes a student per credit hour increase from \$2.85 to \$4.90 which was implemented in Fall Semester 2002 to accommodate the additional debt service requirements of Parking Garage II and proposed Parking Garage Three. Additionally, staff parking permits were increased to \$174.39 effective Fall 2002. Increases to \$196.26 in 2003-04 and \$218.04 in 2004-05 are also anticipated.

Current Parking Facilities:

The parking system at Florida State University currently provides 12,704 parking spaces on the main campus with 11,198 of those spaces available for faculty/staff and student parking. The remaining spaces consist of service vehicle spaces, visitor lot spaces, meters and loading zones. The 12,704 spaces consist of 10,817 surface spaces and 1,887 garage spaces in two multi-level parking facilities. Parking Garage Three will add another net 1,040 spaces (after deducting 460 surface spaces) making the total inventory of parking spaces 13,744.

Planned Occupancy Date:

It is anticipated that the proposed Parking Garage Three will be open for the Spring 2005 semester.

BOARD OF GOVERNORS
Analysis of the Financial Plan for FSU Parking Garage Three Revenue Bonds
for Fiscal Year 2005-2006*

(Parking Garage Three)

<u>Sources of Funds</u>		<u>Basis for Amounts</u>
Bond Sale Amount	\$ 16,800,000.00	Maximum Series 2003B Bond sale amount based on an interest rate of 6.00% for 20 years. The bonds will be issued as fixed-rate, tax exempt bonds through the Division of Bond Finance.
Less: Underwriter's Discount	\$ (252,000.00)	Estimate is based on a 1.50% discount rate.
Bond Insurance	\$ (210,088.08)	
Cost of Issuance (including Arbitrage Fee)	\$ (125,000.00)	Estimated by the Division of Bond Finance based upon comparable bond issues.
Net Bond Proceeds	\$ 16,212,911.92	
Plus: Interest Earnings (Construction Trust Fund)	\$ 262,496.97	Estimate is based on net bond proceeds on deposit in the Project Construction Trust Fund invested for 15 months at an interest rate of 2.5%.
Total Sources of Funds	\$ 16,475,408.89	
 <u>Uses of Funds</u>		
Planning, Construction & Equipment	\$ 15,000,000.00	The construction cost for the parking garage is \$8,404 per space. The total project cost is \$10,000 per space or \$24.32 per square foot. This cost is consistent with the cost of FSU Parking Garage Two with a total project cost of \$10,000 per space.
Debt Service Reserve Account	\$ 1,473,400.00	Equivalent to the highest debt service payment due during the period the Series 2003B Bonds are outstanding. It is anticipated that a debt service reserve account surety will be purchased.
Estimated Interest to be Paid During Construction (Capitalized Interest)	0	
Rounding/Contingency Amount	\$ 2,008.89	
Total Uses of Funds	\$ 16,475,408.89	
 <u>Debt Service Coverage</u>		
Total Revenue	\$ 6,950,400.00	Based on projected decal sales, transportation fee collections, citations, meters/pay lots, interest earnings and other revenues generated by the parking system during 2005-2006.
Less: Operating Costs	\$ (3,211,000.00)	Projected operating expenditures for the parking system during 2005-2006.
Revenue Available for Debt Service From Parking System Revenue	\$ 3,739,400.00	
Debt Service - Series 1992 Bonds	\$ 680,469.00	Debt Service payment for the Series 1992 Bonds for 2005-2006.
Debt Service - Series 2001 Bonds	\$ 817,005.00	Debt Service payment for the Series 2001 Bonds for 2005-2006.
Debt Service - Series 2003 B Bonds	\$ 1,455,350.00	Debt Service payment for the Series 2003B Bonds for 2005-2006.
Total Debt Service Payment - Year 2005-2006	\$ 2,952,824.00	
 Debt Service Coverage Ratio	 1.27	

* The financial analysis is based upon information provided by Florida State University.