

**BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
Project Summary
Florida International University
Parking Garage V**

Project Description: Florida International University currently has four parking garages on the main campus of the University. The proposed Parking Garage V project will contain approximately 2,100 parking spaces. The garage will be built on an existing surface parking lot (loss of 350 surface parking spaces) and will provide a net additional 1,750 parking spaces to the parking system for a total of 7,100 structured parking spaces and total parking spaces on campus of 11,854. The project will be constructed as a seven-level structure and will consist of spaces for students, faculty and staff. The project will also include approximately 30,000 gross square feet of shell space and 11,000 gross square feet of Public Safety Offices.

The project is consistent with the Campus Master Plan and Campus Development Agreement.

Facility Site Location: The proposed Parking V project will be located on the main campus of Florida International University in an area which is currently a parking lot, but planned for parking garage expansion.

Projected Start and Opening Date: It is anticipated that construction of the parking garage project will commence in July 2009 and the garage will open in August 2010.

Demand Analysis: Currently, the University provides parking for all students, faculty, staff and visitors with a current inventory of 10,104 parking spaces of which 5,000 are in parking garages I - IV. The proposed parking garage project will provide for the addition of approximately 2,100 spaces (representing approximately 1,750 new spaces, less 350 existing parking spaces lost due to constructing the new garage on an existing surface lot) for a total on-campus parking inventory of 11,854. Over the past several years, enrollment growth has created ever increasing demands for parking. When the last garage was opened in fall 2003, university student headcount was 32,885. By fall 2008 headcount had increased to over 39,000. Current parking facilities in place at the beginning of fall term 2008 were inadequate to meet demand.

Project Cost and

Financing Structure: The proposed project construction cost is \$34.1 million with planning, design fees, furniture and other project costs estimated at \$6.8 million, for an estimated total cost of \$40.9 million.

The project will be partially financed with fixed rate, tax-exempt revenue bonds, Series 2009, issued by the Division of Bond Finance in an amount not to exceed \$32,000,000 (the "Series 2009 Bonds"). The bonds will be structured with a 30-year final maturity and level annual debt service payments with the first principal payment occurring July 1, 2010. The Series 2009 Bonds are expected to be combined with \$9 million in university funds to finance the parking garage and shell portions of the project and to fund a debt service reserve. The Public Safety Offices portion of the project represents \$3.9 million of the project costs and will be funded with \$3.2 million in PECO appropriations and \$0.7 million in other sources.

(See Attachment 1 for an estimated sources and uses of funds).

Security/Lien Structure: Net parking system revenues will be pledged for the payment of debt service. These revenues are derived primarily from mandatory student fees, decal sales, fines, meters, and other miscellaneous revenues after deducting operating and maintenance expenses. For both FY07-08 and FY08-09, the University approved increases to various parking system revenue components including \$10/semester increase to student transportation fees and \$5-\$30 increases on executive, administrative, faculty and staff decal rates. The university retains the ability to increase student fees, decal rates, fines, meter rates and other sources of revenue.

The Series 2009 Bonds will be issued on parity with the current outstanding Florida International University Parking System Revenue Bonds, Series 1995, Series 1999 and Series 2002 currently outstanding in the aggregate principal amount of \$27,465,000.

Pledged Revenues and Debt Service Coverage: For the entire parking system, during the past five year period from fiscal year 2003-04 to 2007-08, pledged revenues grew from \$4,357,321 to \$6,144,529 resulting in debt service coverage which ranged from a low of 1.45x to a high of 2.04x. For fiscal years 2008-2009 to 2012-2013, pledged revenues for the system are projected to grow from \$6,528,396 to \$7,360,349 with projected debt service coverage of 2.16x in 2008-2009 and 1.41x in 2012-2013. In fiscal year 2011-12, the first year the facility is expected to be open, the debt service coverage ratio for the parking system is projected to be 1.30x

The projected debt service coverages have been calculated using a fixed interest rate of 5.77% on the bonds through the assumed maturity date of July 1, 2039. The University has assumed that the expenses will increase by 2% per year.

(See Attachment 2 for a table of historical and projected pledged revenues and debt service coverage prepared based upon revenue and expense information supplied by the University).

Type of Sale:

The University provided an analysis of the most appropriate method of selling the bonds (competitive versus negotiated) as required by the Debt Management Guidelines. Based on various factors, including the volatility in the market, a competitive or negotiated sale may be indicated based on market conditions at that time, and the university will utilize the method recommended as most favorable by the Division of Bond Finance based on market conditions at the time of sale.

Analysis and Recommendation:

Staff of the Board of Governors and the Division of Bond Finance has reviewed the information provided by Florida International University with respect to the request for Board of Governors approval for the subject financing. Projections provided by the University indicate that sufficient net revenues will be generated from mandatory student fees, decal sales, fines and meters to pay debt service on the Series 2009 Bonds and the outstanding 1995, 1999 and 2002 Bonds. It appears that the proposed financing is in compliance with the Florida Statutes governing the issuance of university debt and is in compliance with the Board of Governors Debt Management Guidelines. Accordingly, staff of the Board of Governors recommends adoption of the resolution authorizing the proposed financing.