

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

June 22, 2017

SUBJECT: A Resolution of the Board of Governors requesting the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance") to issue revenue bonds on behalf of Florida International University to finance the construction of a dormitory and associated parking garage on the main campus of Florida International University.

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate, tax-exempt revenue bonds, by the Division of Bond Finance on behalf of Florida International University (the "University"), in an amount not to exceed \$63,000,00 (the "Bonds") for the purpose of financing a dormitory and parking garage on the main campus of Florida International University ("the Project").

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance 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 complies with the debt management guidelines adopted by the Board of Governors. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing and bond redemption.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

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

BACKGROUND INFORMATION

The University has submitted a proposal for financing and construction of the Project. The Project will be located in the central, southern area of the Modesto A. Maidique campus of the University and will include 656 beds (640 rentable and 16 for student resident assistants) and 300 parking spaces. The parking spaces at this facility will be available exclusively for on-campus housing residents and will not be designated as part of the University's parking system. The Project is Phase II of a two-phase project, of which Phase I provided approximately 600 beds and opened fall 2014. The total Project cost is expected to be approximately \$66.5 million (plus a 5% contingency).

The University's Board of Trustees has requested approval from the Board of Governors for the Division of Bond Finance to issue up to \$63,000,000 of fixed rate, tax-exempt revenue bonds to finance the construction of the Project, fund a debt service reserve fund, capitalized interest and pay costs of issuing the Bonds. The University's housing system will fund \$16.4 million through a cash contribution toward the Project. The Bonds will mature no more than 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 housing system, after payments of operation and maintenance costs. Operating revenues are generated primarily from housing rental revenues, special event rental revenues, net parking revenues paid by the residents and other miscellaneous collections. The Bonds will be issued on parity with the outstanding FIU Dormitory Revenue Bonds, currently outstanding in the aggregate principal amount of \$93,020,000.

Projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Bonds and the outstanding dormitory bonds. The University intends to implement a rate increase of 1% annually through FY 2021-22.

The University's Board of Trustees approved the Project and the financing thereof at its March 3, 2017 meeting.

Supporting Documentation Included:

1. Requesting Resolution
2. Project Summary
3. Estimated Sources and Uses of Funds
4. Historical and Projected Pledged Revenues and Debt Service Coverage

Facilitators/Presenters: Mr. Chris Kinsley