

State of Florida, Board of Governors
Florida Polytechnic University

Projected Debt Service Coverage
Projected Debt Service Coverage for 39-year, Ascending Debt Service

	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>	<u>2025-2026</u>
Operating Revenue¹										
Academic Rental Revenue	\$2,882,547	\$2,947,404	\$3,013,721	\$3,081,530	\$3,150,864	\$3,221,758	\$3,294,248	\$3,368,369	\$3,444,157	\$3,521,650
Summer Rental Revenue	\$101,142	\$103,418	\$105,745	\$108,124	\$110,557	\$113,044	\$115,588	\$118,188	\$120,848	\$123,567
Reservation Fees	\$52,400	\$52,400	\$52,400	\$52,400	\$52,400	\$52,400	\$52,400	\$52,400	\$52,400	\$52,400
Application Fees	\$15,475	\$15,475	\$15,475	\$15,475	\$15,475	\$15,475	\$15,475	\$15,475	\$15,475	\$15,475
Total Revenues	<u>\$3,051,564</u>	<u>\$3,118,697</u>	<u>\$3,187,340</u>	<u>\$3,257,528</u>	<u>\$3,329,296</u>	<u>\$3,402,678</u>	<u>\$3,477,711</u>	<u>\$3,554,432</u>	<u>\$3,632,880</u>	<u>\$3,713,092</u>
Operating Expenses										
Payroll	\$228,800	\$233,376	\$238,044	\$242,804	\$246,943	\$251,882	\$256,920	\$262,058	\$267,299	\$272,645
Contracted Services	\$24,500	\$24,990	\$25,490	\$26,000	\$26,536	\$27,066	\$27,608	\$28,160	\$28,723	\$29,297
Turnover Expenses	\$70,000	\$71,400	\$72,828	\$74,285	\$75,816	\$77,332	\$78,879	\$80,456	\$82,066	\$83,707
Repairs & Maintenance	\$45,000	\$45,900	\$46,818	\$47,754	\$48,739	\$49,714	\$50,708	\$51,722	\$52,756	\$53,812
Resident Life	\$60,000	\$61,200	\$62,424	\$63,672	\$64,985	\$66,285	\$67,610	\$68,963	\$70,342	\$71,749
General & Administrative	\$63,000	\$64,260	\$65,545	\$66,856	\$68,234	\$69,599	\$70,991	\$72,411	\$73,859	\$75,336
Utilities	\$351,000	\$358,020	\$365,180	\$372,484	\$380,162	\$387,766	\$395,521	\$403,431	\$411,500	\$419,730
Management Fees (4%)	\$119,348	\$121,735	\$124,170	\$126,653	\$129,264	\$131,849	\$134,486	\$137,176	\$139,919	\$142,718
Taxes & Insurance	\$260,000	\$265,200	\$270,504	\$275,914	\$281,602	\$287,234	\$292,978	\$298,838	\$304,815	\$310,911
Replacement & Repair Fund	\$108,600	\$110,772	\$112,987	\$115,247	\$117,623	\$119,975	\$122,375	\$124,822	\$127,319	\$129,865
Total Operating Expenses	<u>\$1,330,248</u>	<u>\$1,356,853</u>	<u>\$1,383,990</u>	<u>\$1,411,670</u>	<u>\$1,439,903</u>	<u>\$1,468,701</u>	<u>\$1,498,075</u>	<u>\$1,528,037</u>	<u>\$1,558,598</u>	<u>\$1,589,769</u>
Net Operating Income	\$1,721,316	\$1,761,844	\$1,803,350	\$1,845,859	\$1,889,392	\$1,933,976	\$1,979,635	\$2,026,395	\$2,074,282	\$2,123,323
Debt Service										
Debt Service ²	\$384,027	\$669,208	\$867,332	\$867,332	\$867,332	\$1,510,382	\$1,510,382	\$1,510,382	\$1,510,382	\$1,510,382
Debt Coverage Ratio	4.48	2.63	2.08	2.13	2.18	1.28	1.31	1.34	1.37	1.41
Equity Cost (Preferred Return)	\$704,000	\$704,000	\$704,000	\$704,000	\$704,000	\$423,594	\$440,000	\$440,000	\$440,000	\$440,000
Remaining Cash Flow	<u>\$633,289</u>	<u>\$388,636</u>	<u>\$232,018</u>	<u>\$274,527</u>	<u>\$318,060</u>	<u>\$0</u>	<u>\$29,253</u>	<u>\$76,013</u>	<u>\$123,900</u>	<u>\$172,941</u>
FPU Share of Remaining Cash Flow	0	0	0	0	0	0	0	0	0	0
Vestcor Share of Remaining Cash Flow	\$633,289	\$388,636	\$232,018	\$274,527	\$318,060	\$0	\$29,253	\$76,013	\$123,900	\$172,941
Total Net Cashflow to Vestcor³:										
Equity Cost (Preferred Return)	\$704,000	\$704,000	\$704,000	\$704,000	\$704,000	\$423,594	\$440,000	\$440,000	\$440,000	\$440,000
Vestcor Share of Remaining Cash Flow	<u>\$633,289</u>	<u>\$388,636</u>	<u>\$232,018</u>	<u>\$274,527</u>	<u>\$318,060</u>	<u>\$0</u>	<u>\$29,253</u>	<u>\$76,013</u>	<u>\$123,900</u>	<u>\$172,941</u>
	\$1,337,289	\$1,092,636	\$936,018	\$978,527	\$1,022,060	\$423,594	\$469,253	\$516,013	\$563,900	\$612,941

¹Projections assume 2.25% annual increases in rental rates and 95% occupancy rate for Fall and Spring and 10% for Summer.

²Estimated debt service calculation based on an assumed interest rate of 5% and a 39-year repayment term.

³Based on projected annual net cashflow to Vestcor, initial equity investment of \$8.8 million and refinancing of equity after 5 years of operation. Vestcor will also receive a management fee equal to 4% of annual rental revenues of which they plan to pay 3% to a third party management company and retain 1% (estimated to be \$1.7 million over the 39-year lease term. Vestcor also expects to be paid a \$600,000 up-front developer fee from construction.