

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
University of Florida
New Undergraduate Residential Complex Housing Facility

Historical and Projected Debt Service Coverage - Housing System

	Historical					(budgeted)	Projected ¹					
	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20 ⁷	FY2020-21	FY2021-22	FY2022-23 ²	FY2023-24 ²	FY2024-25	FY2025-26	FY2026-27
Operating Revenue												
Existing Housing System Residence hall rent ³	\$ 59,717,000	\$ 57,787,000	\$ 56,893,000	\$ 56,544,000	\$ 47,776,000	\$ 39,118,000	\$ 54,487,000	\$ 55,974,000	\$ 58,031,000	\$ 55,991,000	\$ 58,232,000	\$ 61,335,000
New Undergraduate Residential Complex rent ¹	-	-	-	-	-	-	-	-	-	12,194,000	12,743,000	13,125,000
Total Operating Revenues	59,717,000	57,787,000	56,893,000	56,544,000	47,776,000	39,118,000	54,487,000	55,974,000	58,031,000	68,185,000	70,975,000	74,460,000
Operating Expenses												
Existing Housing System ^{4,5}	38,191,000	39,120,000	37,308,000	39,482,000	35,058,000	35,646,000	39,114,000	40,289,000	39,860,000	40,135,000	41,370,000	42,858,000
New Undergraduate Residential Complex	-	-	-	-	-	-	-	-	-	4,346,000	4,476,000	4,610,000
Total Operating Expenses	38,191,000	39,120,000	37,308,000	39,482,000	35,058,000	35,646,000	39,114,000	40,289,000	39,860,000	44,481,000	45,846,000	47,468,000
Pledged Revenues	\$ 21,526,000	\$ 18,667,000	\$ 19,585,000	\$ 17,062,000	\$ 12,718,000	\$ 3,472,000	\$ 15,373,000	\$ 15,685,000	\$ 18,171,000	\$ 23,704,000	\$ 25,129,000	\$ 26,992,000
Debt Service												
Existing Housing System	8,052,000	7,857,000	7,824,000	7,808,000	6,892,000	6,893,000	6,894,000	6,899,000	6,017,000	6,023,000	6,017,000	6,023,000
New Undergraduate Residential Complex ⁵	-	-	-	-	-	-	-	-	-	12,301,500 ⁶	12,303,625	12,301,750
Total Debt Service	8,052,000	7,857,000	7,824,000	7,808,000	6,892,000	6,893,000	6,894,000	6,899,000	6,017,000	18,324,500	18,320,625	18,324,750
Debt Service Coverage ⁷	2.67x	2.38x	2.50x	2.19x	1.85x ⁷	0.50x	2.23x	2.27x	3.02x	1.29x ⁶	1.37x	1.47x
MADS Debt Service	8,052,000	7,857,000	7,824,000	7,808,000	6,892,000	6,893,000	18,324,750	18,324,750	18,324,750	18,324,750	18,324,750	18,324,750
MADS Debt Service Coverage	2.67x	2.38x	2.50x	2.19x	1.85x	0.50x	0.84x	0.86x	0.99x	1.29x	1.37x	1.47x
Debt Service at 4.5% interest rate ⁵												
Existing Housing System	8,052,000	7,857,000	7,824,000	7,808,000	6,892,000	6,893,000	6,894,000	6,899,000	6,017,000	6,023,000	6,017,000	6,023,000
New Undergraduate Residential Complex ⁵	-	-	-	-	-	-	-	-	-	16,180,000	16,178,150	16,181,400
Total Debt Service	8,052,000	7,857,000	7,824,000	7,808,000	6,892,000	6,893,000	6,894,000	6,899,000	6,017,000	22,203,000	22,195,150	22,204,400
Debt Service Coverage	2.67x	2.38x	2.50x	2.19x	1.85x	0.50x	2.23x	2.27x	3.02x	1.07x	1.13x	1.22x

Footnotes

1) Because we are near this fiscal year-end, and the Project will not open until FY24, the projections are extended out to illustrate Project impact and Housing System growth. The University projects the COVID-19 pandemic will continue to impact on-campus housing demand through this fiscal year and into early FY22. Projections assume occupancy of 96% (fall 2021) and 93% (spring 2022), which is lower than historical levels, but anticipated to return to historical demand and occupancy levels (i.e. 100%) with Fall 2022. Occupancy for the Project (FY24 forward) is 100%.

2) Some operating expenses decline due to hall closures (utilities, repairs & maintenance, small furniture & equipment and other expenses); FY23 Rawlings (352 beds), FY24 UVS (192 beds) & Maguire (344 beds).

3) Assumes rental rate increases of 4.5% through Fiscal 2026 and 3% thereafter.

4) Assumes 3% annual growth rate for expenses, plus initial incremental salary expense of \$2.2 million for Gator Residential Complex.

5) Debt service on the Project for FY22 through FY24 will be paid from Capitalized Interest. For the purpose of the projections, the Project's debt service is calculated based on a 2.5% interest rate, which is closer to current market conditions. For debt service calculations, we typically utilize the interest rate set by FL EDR (currently 4.5%); the margin over market rates provides a buffer against interest rate volatility prior to closing. However, given the small window of time to close and current market conditions, the likelihood of rate fluctuations is minimal, thus we did not utilize the higher EDR rate. For consistency, however, debt service and coverage calculations utilizing the higher (EDR) rate are also reflected above (*in italics*).

6) The operating deficits of the Project will essentially be subsidized by the existing Housing System revenues, reducing the System's overall Debt Service Coverage, as reflected in FY25 forward. UF anticipates refinancing certain housing bonds (2011A and 2012A) in the near future, which, if completed, will reduce overall System debt service by approximately \$300K/year (per UF) and incrementally improve coverage by .02x (at Project opening; FY25 forward).

7) The Housing System received \$7.262M in CARES funding during FY20. It is not considered Pledged Revenue, thus not included above. However, if included in the calculation of DSC, coverage increase from 1.85x to 2.90x.