

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

June 20, 2011

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 the Florida International University to finance construction of a Parking Garage on the main campus of Florida International University

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate parking facility revenue bonds, by the Division of Bond Finance on behalf of the Florida International University (the "University"), in an amount not to exceed \$33,500,000 (the "Bonds") for the purpose of financing Parking Garage VI on the main campus of Florida International University ("the Project").

Staffs of the Board of Governors, State University System of Florida, and the Division of Bond Finance have 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.

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 Parking Garage VI. The Project will be located on the southeast quadrant of the Modesto A. Maidique campus of FIU. The Project will contain approximately 2,000 parking spaces, bringing the total number of parking spaces on campus to approximately 17,000. The Project is consistent with the University's Campus Master Plan. The total Project cost is expected to be \$37 million.

The University's Board of Trustees has requested approval from the Board of Governors for the Division of Bond Finance to issue up to \$33,500,000 of fixed rate parking facility revenue bonds to finance a portion of the construction of the Project, fund a debt service reserve fund, capitalized interest and pay costs of issuing the Bonds. The University also anticipates contributing \$9 million in Parking System cash reserves. The Bonds will mature 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's Parking System, after payments for operation and maintenance costs. The primary source of revenues being used to pay debt service on the Bonds will be transportation access fees required to be paid by all students, faculty and staff parking decal sales, and fines. The Bonds will be issued on parity with the outstanding Parking Facility Revenue Bonds, currently outstanding in the aggregate principal amount of \$55,430,000.

Projections provided by the University indicate that sufficient net revenues will be generated by the transportation access fees, faculty and staff parking decal sales, fines, and other parking fees to pay debt service on the Bonds and the outstanding parity bonds. The transportation access fee was increased from an average of \$75.00 per semester for the 2009-10 academic year to an average of \$79.00 per semester for academic year 2010-11. The University plans fee increases in Fiscal Years 2012-13 and 2014-15. The planned Fiscal Year 2012-13 rate increase must be adopted prior to bond issuance to comply with bond document provisions for additional bond issuance. The University has represented their intention to take the necessary actions to ensure technical compliance. The university retains the ability to increase student fees, decal rates, fines, meter rates and other sources of revenue.

The University's Board of Trustees approved the Project and the financing thereof at its March 15, 2011 meeting.

Supporting Documentation Included:

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

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