

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
March 25, 2020

SUBJECT: Authorization of a Resolution of the Board of Governors (the “Board”) 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 new housing facility.

PROPOSED COMMITTEE ACTION

Authorization of a resolution requesting 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 \$71,800,000 (the “Bonds”) for the purpose of financing a new housing facility on the University’s main campus (“the Project”).

Staff 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

On June 22, 2017, the Board approved FIU’s financing of the Project with Bonds in an amount not to exceed \$63M, with total project costs of \$66.5M. Reauthorization has been requested by the University due to increased project costs. The Project will be located in the central, southern area of the main campus of the University and will include approximately 700 beds. The Project is the second phase (Parkview II) of a two-phase project, of which phase I (Parkview I) provided 611 beds and opened fall 2014. The total Project cost is expected to be approximately \$87.5M.

The University’s Board of Trustees has requested approval from the Board of Governors for the Division of Bond Finance to issue up to \$71,800,000 of fixed rate, tax-exempt revenue bonds to finance the construction of the Project, fund capitalized interest, and pay costs of issuing the Bonds. The University’s housing system will fund an additional \$23M 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 payment of operating 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, and 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's Board of Trustees approved the Project and the financing thereof at its December 5, 2019, meeting.

Supporting Documentation Included:

1. Authorizing Resolution
2. Project Summary
3. Estimated Sources and Uses of Funds
4. Historical and Projected Debt Service Coverage – Housing System
5. Projected Debt Service Coverage – Parkview Hall II (only)
6. Internal Rate of Return calculation
7. DBF memorandum

Facilitators / Presenters: Mr. Kevin Pichard