

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Project Summary
Florida International University
Parking Garage VI**

- Project Description:** The proposed project is a multi-level parking structure on Florida International University's main campus and will provide approximately 2,000 structured parking spaces to accommodate students, faculty, and staff.
- The project is included in the current Campus Master Plan.
- Facility Site Location:** The proposed Parking Garage Six project will be located on the southeast quadrant of the Modesto A. Maidique campus of FIU.
- Projected Start and Opening Date:** It is anticipated that construction of the project will commence in February 2012 and that the project will be open and available for occupancy in July 2013.
- Demand Analysis:** The University community is presently comprised of over 42,000 students, over 6,000 full and part-time faculty and staff and a large number of daily visitors. Drivers of the 37,203 currently permitted student vehicles and 6,750 permitted employee vehicles compete for the 14,965 available parking spaces.
- Of the 14,965 spaces, 9,462 are available for students and 2,877 are available for faculty and staff. The remaining spaces consist of service vehicles spaces, visitor lot spaces, metered spaces and loading zones. Unmet parking demands are expected to increase over time due to projected annual enrollment growth of approximately five percent. In addition, the construction of a 620-bed housing facility will displace some surface spaces throughout construction over the next two years. The proposed project will increase the total spaces on campus to approximately 17,000 and approximately 6,900 structured parking spaces.
- Project Cost and Financing Structure:** The total project cost, which includes construction and associated design costs, is estimated at \$37 million and will be funded through bond proceeds and an approximately \$9 million contribution from the parking system cash reserves. The project will be financed with

fixed rate, tax-exempt revenue bonds issued by the Florida State Board of Administration's Division of Bond Finance, on behalf of Florida International University, in an amount not to exceed \$33,500,000. The bond issue will be structured with a 30 year final maturity and approximately level debt service. Approximately \$3.0 million of the debt may be used to fund capitalized interest during the 18-month construction period, if necessary, and \$2.4 million will be used to fund a Debt Service Reserve.

Security/Lien Structure: Net parking system revenues will be pledged for the payment of debt service. These revenues are derived primarily from a student transportation access fee, faculty and staff parking decal sales, fines, and other miscellaneous revenues, after deducting operating and maintenance expenses ("Pledged Revenues"). 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 retains the ability to increase student fees, decal rates, fines, meter rates and other sources of revenue.

The debt will be payable solely from and secured as to the payment of principal and interest, on a parity with the State of Florida, Florida Board of Education, Florida International University Parking Facility Revenue Bonds, Series 2002, 2009A and 2009B and the State of Florida, Board of Regents, Florida International University Parking Facility Revenue Bonds, Series 1995 and 1999 by a lien on the Pledged Revenues. Currently, \$55,430,000 in aggregate principal amount is outstanding.

Pledged Revenues and Debt Service Coverage:

During the five year period from fiscal year 2005-06 to 2009-10, pledged revenues grew from \$4,706,368 to \$6,631,126. These revenues produced debt service coverage ratios ranging from a high of 2.01X for Fiscal Years 2007-08 and 2008-09 to a low of 1.51X for Fiscal Year 2009-10; the lower debt service coverage resulted from the issuance of new debt. These calculations of pledged revenues and debt service coverage exclude the revenue and expenses of the bus system and vehicle services, as they are not part of the pledged revenues. Excess pledged revenues remaining after payment of debt service were sufficient in each year to pay expenses of the bus system and vehicle services.

Pledged revenues are projected to be \$6,803,517 in fiscal year 2010-11, growing to \$10,100,833 in fiscal year 2014-2015 and produce debt service coverage of 1.22X in 2010-11, 1.50X in 2011-12, 1.69X in 2012-13, 1.15X in 2013-14 and 1.26X in 2014-15. Debt service for the new bond issue for Fiscal Years 2011-12 and 2012-13 is assumed to be funded by capitalized interest. In the event capitalized interest is not used debt service would increase by \$1 million for Fiscal Year 2011-12 and \$2 million for Fiscal 2012-13 with debt coverage declining to 1.27X and 1.24X, respectively. For Fiscal Year 2013-14, the first year of operation of the Project, the system is expected to generate Pledged Revenues of \$9,221,277 and produce an annual debt service coverage ratio of 1.15X. These coverage calculations exclude the BABs annual subsidy of approximately \$642,000, which would increase the 1.15X coverage in 2013-14 to 1.25X, if included; and from 1.26X to 1.37X in 2014-15. Excess pledged revenues remaining after payment of debt service are expected to be sufficient in each year to pay expenses of operating the bus system and vehicle services.

The projected debt service coverage ratio has been calculated using an interest rate of 6 percent on the bonds and an average of \$79.00 per semester transportation access fee for 2010-11 with an annual increase of 5 percent in both fiscal years 2012-13 and 2014-2015. The University must enact the planned Fiscal Year 2012-13 rate increase 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. Operating costs, excluding bus system expenses, are projected to increase approximately 2 percent per year.

(See Attachment II for a detailed summary of historical and projected debt service coverage)

Type of Sale:

The Division of Bond Finance will make a determination to sell the Bonds through either a competitive or negotiated sale based on market conditions at the time of sale.

Analysis and Recommendation:

Staff of the Board of Governors and the Division of Bond Finance has reviewed the information provided by the Florida International University with respect to the request for Board of Governors approval for the subject financing. Projections provided by the University indicate that sufficient net revenues will be generated

from mandatory student fees, decal sales, fines and meters to pay debt service on the Bonds and the outstanding Parking Bonds. It appears that the proposed financing is in compliance with the Florida Statutes governing the issuance of university debt and is in compliance with the Board of Governors' Debt Management Guidelines. Accordingly, staff of the Board of Governors recommends adoption of the resolution authorizing the proposed financing.