

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Project Summary
University of Central Florida
Parking Garage VII**

Project Description: The University of Central Florida (the “University”) is proposing the construction of a multi-level parking garage consisting of approximately 1,080 spaces to provide general campus parking (the “Project”). The targeted market for this parking garage will be students, faculty members and staff members who purchase decals. Visitors who purchase a daily parking permit will also be allowed to park in the garage.

The Project is consistent with the University’s Campus Master Plan and Campus Development Agreement.

Facility Site Location: The proposed Project will be located in the southeast section of campus on the University’s main campus.

Projected Start and Opening Date: It is anticipated that construction of the Project will commence in August 2011 and the garage will open for the Fall 2012 semester.

Demand Analysis: Currently, the University provides 16,503 parking spaces for students, faculty, staff and visitors. This includes 8,177 in existing parking garages, with an additional 1,324 garage spaces under construction. The Project will provide an additional 1,080 spaces, which will bring the total number of on-campus parking spaces to 18,907. The number of student decals purchased at the University during the 2009-10 academic year was approximately 52,500. This figure continues to increase at the rate of 3-4 percent per year as enrollment and the number of University employees grows. It is estimated that over 5,000 new parking spaces will be required on campus during the next seven to ten years.

Project Cost and Financing Structure: The estimated total construction cost of the Project is \$12,572,280. The Project will be financed with \$2,500,000 of Parking and Transportation reserves along with fixed rate parking facility revenue bonds to be issued by the Division of Bond Finance of the State Board of Administration in an amount not exceeding \$12,000,000 (the “Bonds”). A debt service reserve of approximately

\$1,049,400 (estimated maximum annual debt service on the Bonds) has been included in the size of the bond issue. The Bonds will be structured with a 20-year final maturity and level annual debt-service payments.

(See Attachment I for an estimated sources and uses of funds).

Security/Lien Structure: Parking system revenues derived primarily from decal sales, per credit-hour transportation access fees, traffic fines, and other parking fees, after deducting operating expenses, will be pledged for the payment of debt service. The proposed parking garage will generate additional revenues for the parking system through the availability of visitor parking at a cost of \$5 per day. The transportation access fee for 2011-12 will be \$9.00 per credit hour. The pro-forma assumes a \$0.25 increase each fiscal year beyond 2011-12.

The 2011 Bonds will be issued on parity with the outstanding University of Central Florida Parking Facility Revenue Bonds Series 1997, 1999, 2001, 2004A, and 2010A&B which are outstanding in the aggregate principal amount of \$42,875,000.

Pledged Revenues and Debt Service Coverage:

During the five fiscal year period from 2005-06 to 2009-10, pledged revenues grew from \$6,221,868 to \$12,798,669, which resulted in debt service coverage ratios ranging from a low of 1.81X in Fiscal Year 2005-06 to a high of 3.43x in Fiscal Year 2008-09. These calculations of pledged revenues and coverage assume that the payment of shuttle expenditures do not constitute operating expenses of the Parking System and are thus subordinated to the payment of debt service on the Bonds. For this five-year period, shuttle expenditures grew from approximately \$3,071,000 in 2005-06 to approximately \$4,946,500 in 2009-10.

Pledged revenues are projected to be \$12,383,743 in 2010-11, growing to \$13,708,539 in 2014-15. Projected debt service coverage ratios are 2.60x in Fiscal Year 2010-11 and ranging from 2.20x in Fiscal Year 2011-12 to 2.36x in Fiscal Year 2014-15. During this five-year projection period, shuttle expenditures are expected to be \$5,625,000 to \$6,632,400 as shuttle services are expanded. The Project is designed to meet the needs of the proposed on-campus housing expansion. The shuttle service expansion is designed to meet the transportation needs of students living off campus. The projected debt service coverage ratio in 2012-13 (the first year of operation of Parking Garage VII) is 2.23x based on a principal amount of

\$12,000,000 for the Bonds and an assumed interest rate of 6.0 percent through the maturity date of July 1, 2031.

(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 University of Central Florida 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 1997, 1999, 2001, 2004A and 2010A&B 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.