

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
January 25, 2017

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 University of Florida to finance construction of a Parking Garage and to redeem certain outstanding bonds

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate, tax-exempt revenue bonds, by the Division of Bond Finance on behalf of University of Florida (the "University"), in an amount not to exceed \$37,200,000 (the "Bonds") for the purpose of financing the Parking Garage XIV ("the Project") on the University's campus and to redeem certain outstanding bonds.

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance has 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 and bond redemption.

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 the Project. The Project will be located on the main campus of the University in the center of campus immediately south of the existing Reitz Student Union on an existing surface lot. The proposed project will contain approximately 1,520 parking spaces and will provide 1,169 net new spaces. The total Project cost is expected to be \$37,600,000.

The University Board of Trustees has requested approval from the Board of Governors for the Division of Bond Finance to issue up to \$37,200,000 of fixed rate, tax-exempt

revenue bonds to finance the construction of the project and pay costs of issuing the Bonds. The University's Transportation and Parking Services will make an equity contribution of \$1.3 million, which will fund the garage design and allow the project to advance to construction seamlessly once the bond proceeds become available. The Bonds will include twenty (20) annual amortizations with level annual debt service payments.

Net parking system revenues will be pledged for the payment of debt service. These revenues are derived primarily from decal fees, parking fines, toll/metered parking, and special event fee income after deducting operating and maintenance expenses. The Pledged Revenues do not include student transportation access fee revenues or fines collected by the Student Traffic Court. The Bonds will be issued on a parity with the outstanding UF Parking Facility Revenue Bonds, currently outstanding in the aggregate principal amount of \$14,865,000.

Projections provided by the University indicate that sufficient net revenues will be generated from decal sales, visitor and patient toll parking, fines and other revenues to pay debt service on the Bonds and the outstanding Parking Bonds. The University will implement proportionate increases to faculty, staff and commercial decal fees (7% increase in 2017-18 and 2018-19, then further increasing by 4% in 2019-20 and 2020-21). The current student decal fees are \$160 per year and, at this time, the University does not anticipate the need to increase student decal fees in connection with this financing. At UF, the decal fee is an optional cost to students.

The University's Board of Trustees approved the Project and the financing thereof at its December 2, 2016 meeting.

Supporting Documentation Included:

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

Facilitators/Presenters: Mr. Chris Kinsley