

Summary:

**Florida Board of Governors
Florida International University;
Auxiliary - System; Public Coll/Univ -
Unlimited Student Fees**

Primary Credit Analyst:

Mary Ellen E Wriedt, San Francisco (1) 415-371-5027; maryellen.wriedt@spglobal.com

Secondary Contact:

Stephen Infranco, New York (1) 212-438-2025; stephen.infranco@spglobal.com

Table Of Contents

Rationale

Outlook

Summary:

Florida Board of Governors Florida International University; Auxiliary - System; Public Coll/Univ - Unlimited Student Fees

Credit Profile

US\$19.095 mil pkg fac rev rfdg bnds (Florida Intl Univ) ser 2019A due 07/01/2039

Long Term Rating AA-/Stable New

Florida Board of Governors, Florida

Florida Intl Univ, Florida

Ser 2009A, Ser 2009B, Ser 2013A Pkg facility bonds

Long Term Rating AA-/Stable Affirmed

Florida St Brd of Ed, Florida

Florida Intl Univ, Florida

Ser 2011 Student Apartments Refunding Bonds

Long Term Rating A/Stable Affirmed

Rationale

S&P Global Ratings assigned its 'AA-' long-term rating to Florida Board of Governors' (BOG) \$19.1 million series 2019A parking facility revenue bonds, issued for Florida International University (FIU). At the same time, S&P Global Ratings affirmed its 'AA-' long-term rating on FIU's parking facility revenue bonds currently outstanding and its 'A' long-term rating on FIU's dormitory revenue bonds currently outstanding. The outlook on all ratings is stable.

The 'A' long-term rating on FIU's dormitory revenue bonds is differentiated from the 'AA-' long-term rating on the university's parking facility bonds due to a pledge of housing system net revenue that we view as narrower than the pledge supporting the parking facility bonds, which we view as equivalent to an unlimited student fee pledge.

We have assessed FIU's enterprise profile as very strong, reflecting its growing demand and strong selectivity and retention rates. We have assessed FIU's financial profile as very strong, with solid available resource ratios relative to its debt load, low maximum annual debt service burden (MADS), and solid financial policies. When we combine the enterprise and financial profiles, this leads to an indicative stand-alone credit rating of 'aa-' and a final rating of 'AA-'.

The 'AA-' rating on the parking facility bonds, which we view as equivalent to an unlimited student fee pledge, reflects our assessment of:

- FIU's requirement of all on-campus students to pay a parking and transportation access fee as a part of registration for classes, and a pledge of parking system revenue, which is a broad pledge that we consider to be equivalent to an unlimited student fee pledge;

- The parking system's strong demand and history of surplus operations, which has resulted in adequate historical debt service coverage (DSC); and
- Solid available resources compared with current debt, as reflected in FIU's adjusted unrestricted net assets (UNA) of 174% as of fiscal 2018.

The 'A' rating on the dormitory revenue bonds reflects the university's credit strengths, as well as:

- A solid pledge of net housing system revenue and a large housing system of 3,223 beds in fall 2018;
- The housing system's adequate DSC, with MADS coverage of outstanding debt of 1.8x in fiscal 2018; and
- Continuing strong demand for on-campus housing, as illustrated by an average occupancy rate of 99% over the past five years, as well as management's projections of strong occupancy in the future as the university aims to house more full-time students on campus.

Our view of the following offsetting credit factors constrains the ratings:

- Continued growth and capital pressures, and
- Tuition and fee restraints imposed by the state for all Florida public universities, which constrain a key revenue stream.

FIU is a public university comprising two campuses, offering about 190 degrees across undergraduate, graduate, and professional programs. FIU's main campus is the 342-acre Modesto A. Maidique (MMC) campus in western Miami-Dade County; there is also the 200-acre Biscayne Bay campus in northeast Miami-Dade County. The university also has an academic site in Broward County, a 40-acre Engineering Center--a major research facility near the main campus--and the Downtown Center, located in downtown Miami for graduate courses.

For more information, see the full analysis published May 15, 2019, on RatingsDirect.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that the university will continue to experience stable demand and enrollment trends and maintain available resource ratios. The stable outlook also reflects S&P Global Ratings' expectation that, during the next two years, FIU's housing system will continue to experience high levels of demand and solid DSC levels. We expect the university to issue additional debt in the outlook period for a new residence hall.

Upside scenario

We could take a positive rating action on the university's unlimited student fee-equivalent debt during the outlook period if operating performance is consistently positive at the university level and the university strengthens its available resources while meeting its future capital needs.

In our opinion, a positive rating action on the university's housing system debt is unlikely during the outlook period but could result if the housing system achieves consistently stronger DSC, at or above 2.0x, as well as consistently strong

occupancy levels as the university adds beds.

Downside scenario

Credit factors that could lead toward a negative rating action on the university's unlimited student fee-equivalent debt during the outlook period could include negative operating performance and a weakening of the university's available resources relative to the rating category, as well as stagnant enrollment.

Credit factors that could lead toward a negative rating action on the university's housing system debt during the outlook period could include significant decreases in DSC.

Ratings Detail (As Of May 15, 2019)

Florida Board of Governors, Florida

Florida Intl Univ, Florida

Ser 2012 Student Apartments Bonds

Long Term Rating

A/Stable

Affirmed

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2019 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.