S&P Global
Ratings

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Summary:

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

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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