



THE FLORIDA STATE UNIVERSITY
OFFICE OF THE VICE PRESIDENT FOR STUDENT AFFAIRS

REVISED

January 10, 2013

TO: Board of Trustee Members

FROM: Mary B. Coburn, Vice President for Student Affairs *MBC*

RE: Housing Bond Proposal Update

Attached you will find a slightly modified document to substitute for the original materials distributed in the Board packet. The minor edits are in response to feedback from Bond Finance and Board of Governors staff members. As delineated in our University Master Plan, we are requesting approval for a 20-year bond in the amount of \$51.4 million to construct two new suite-style residence halls that will eventually replace the aging Dorman and Deviney Halls. We will construct these two halls beginning in August 2013 for completion and move-in for August 2015. Upon completion of these two halls, we will demolish Dorman and Deviney Halls to replace those with two more new suite-style halls.

The cost of constructing these two halls will be supplemented by \$10 million from the Housing Building and Maintenance Reserve Fund. The two new halls will accommodate approximately 862 new beds for undergraduates, adding to our current capacity of 6,408 for a total of 7,270 beds. After we demolish Dorman and Deviney, our net new bed total will be 6,746.

Occupancy Trends: The demand for on-campus housing continues to exceed our capacity to serve all who wish to reside with us. Each fall term our occupancy rates for on-campus housing exceed 100%. We typically house a small percentage of students in temporary housing for the first few days of fall term and then slowly fill in with permanent housing from cancellations. We also stop taking housing applications in late April/early May each year when we exceed capacity, leaving several hundred new students without the option to apply for housing. Even with this measure, our waiting list for Fall Term 2012 was greater than 600 students who we were not able to accommodate.

Why is on-campus housing important? University Housing at Florida State provides a unique residential experience for our students that is fundamentally different from any other living environment available in the off campus Tallahassee market. Focusing predominantly on housing first time in college students (FTIC) University Housing provides exceptional living opportunities for students to succeed academically, therefore contributing directly to the overall academic mission of the institution.

Students who live on campus have greater access to campus academic and co-curricular resources and are more connected to the campus community as a whole. Our highly talented and qualified residential staff including full time, live in masters level professional Residence Coordinators, graduate and undergraduate paraprofessionals and dedicated facilities and custodial professionals insure that the needs of the students are met in the halls with excellence and compassion so that students may focus on their academic pursuits and commitments.

A review of recent 4 and 6 year FSU retention statistics demonstrates that students who live on campus have a consistently higher rate of retention than those who reside off campus.

Year	Time	All	On Campus 1st Fall	Off campus 1st Fall	Increase in Retention
2004	<i>n</i>	6251	3246	3005	Δ
	2nd Spring Retention + Graduation	86.6%	89.4%	83.6%	+ 5.8 %
	4th Spring Retention + Graduation	78.5%	82.7%	73.9%	+ 8.8 %
	6th Spring Retention + Graduation	75.9%	80.9%	70.5%	+ 10.4 %
2005	<i>n</i>	6097	3086	3011	Δ
	2nd Spring Retention + Graduation	86.5%	89.1%	83.8%	+ 5.3 %
	4th Spring Retention + Graduation	78.1%	82.0%	74.2%	+ 7.8 %
	6th Spring Retention + Graduation	75.4%	79.7%	70.9%	+ 8.8 %
2006	<i>n</i>	6244	3534	2710	Δ
	2nd Spring Retention + Graduation	87.4%	90.0%	84.1%	+ 5.9 %
	4th Spring Retention + Graduation	79.1%	82.3%	74.9%	+ 7.4 %
	6th Spring Retention + Graduation	76.3%	80.1%	71.5%	+ 8.6 %
2007	<i>n</i>	6171	4495	1676	Δ
	2nd Spring Retention + Graduation	87.8%	89.9%	82.3%	+ 7.6 %
	4th Spring Retention + Graduation	80.4%	83.3%	72.7%	+ 10.6 %
	6th Spring Retention + Graduation	-	-	-	-

Each year our rate of demand far exceeds our supply of available campus bed space resulting in lengthy waiting lists of students who apply for housing later in the process. Through the replacement of aging beds in the outdated community bath facilities with highly desirable, state of the art, suite-style beds that meet the needs of today's students, FSU will position itself to continue to provide an exemplary on campus living experience and insure the successful perpetuation of our students through academic achievement and graduation.



THE FLORIDA STATE UNIVERSITY
DIVISION OF STUDENT AFFAIRS

MEMORANDUM

TO: President Eric J. Barron

FROM: Mary B. Coburn *Mary Coburn*

DATE: January 2, 2013

SUBJECT: New Dorman Complex Bond Issuance Resolution
Request for Approval

In compliance with the Board of Governors Debt Management Guidelines, the Board of Trustees must adopt a formal resolution, requesting the Board of Governors, through the State of Florida, Division of Bond Finance, to issue bonds in an amount not to exceed \$51,400,000. Additional funding in the amount of \$10,000,000 will be obtained from the University Housing reserve and replacement account. The Bonds are to be secured by net housing system revenues.

This project is included in the Campus Master Plan that was adopted by the University's Board of Trustees in June 2008.

Recommendation:

I recommend the approval of bond issuance not to exceed \$51,400,000 for construction of the new Dorman Complex.

**A RESOLUTION REQUESTING THE ISSUANCE OF
BONDS TO FINANCE THE CONSTRUCTION OF A
RESIDENCE HALL (NEW DORMAN COMPLEX) ON THE
MAIN CAMPUS OF THE FLORIDA STATE UNIVERSITY,
PROVIDING AN EFFECTIVE DATE.**

BE IT RESOLVED BY THE BOARD OF TRUSTEES:

Section 1. The Board of Trustees of the Florida State University (the "University") hereby requests the Florida Board of Governors to request the Division of Bond Finance of the State Board of Administration of Florida (the "Division") to issue bonds in an amount not exceeding \$51,400,000 (the "Bonds") for the purpose of financing (i) the construction of the New Dorman Complex (the "Project") on the main campus of the University; (ii) a debt service reserve fund, if necessary, and (iii) certain costs associated with issuing the Bonds.

Section 2. The Project will consist of two buildings of approximately 193,116 square feet per building with approximately 431 beds per building, for a total of approximately 862 beds. The Project is reflected on the approved master plan for the University and is consistent with the mission of the University because it will provide on-campus housing for students. Construction of the Project is expected to begin in August of 2013 and to be completed by June of 2015. Proceeds of the Bonds are not anticipated to be sufficient to complete the construction of the Project without the use of additional funds. Additional necessary funding in the amount of \$10,000,000 will be obtained from the University Housing reserve and replacement account. Legislative approval of the Project has been obtained pursuant to section 1010.62, Florida Statutes. No proceeds of the Bonds will be used to finance operating expenses of the University.

Section 3. The Bonds are to be secured by net housing system revenues. The University is legally authorized to secure the Bonds with the revenues to be pledged pursuant to section 1010.62, Florida Statutes. The University is also committed to ensuring that sufficient revenues will be generated to fulfill the University's obligations with respect to the Bonds.

Section 4. The Bonds will mature not more than 20 years after issuance, including any extensions or renewals thereof. The Project has an estimated useful life of 50 years, which is beyond the anticipated final maturity of the Bonds. The Bonds will bear interest at a fixed interest rate.

Section 5. The Board of Trustees will comply, and will require the University to comply, with all requirements of federal and state law relating to the Bonds, including but not limited to, laws relating to maintaining any exemption from taxation of interest payments on the Bonds and continuing secondary market disclosure of information regarding the Bonds.

Section 6. The University will comply with the Debt Management Guidelines adopted by the Board of Governors on April 27, 2006, as subsequently amended, and the debt management policy of the University.

Section 7. The President, Executive Vice President for Finance and Administration, and other authorized representatives of the University, and the Board of Trustees are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other actions as they may deem necessary or desirable, in connection with the execution, sale and delivery of the Bonds.

Section 8. In making the determination to finance the Project, the Board of Trustees has reviewed the information described in Appendix A.

Section 8. This Resolution shall take effect immediately upon its adoption.

Adopted this _____ day of ____, 20__.

Appendix A

The following documents have been reviewed by the Board of Trustees prior to the execution of this Resolution:

- a. the project program, feasibility study, or consultant report;
- b. a draw schedule for the project;
- c. sources and uses of funds for the project;
- d. an estimated debt service schedule;
- e. debt service schedules for any outstanding debt with a lien on the pledged revenues;
- f. a schedule showing estimated compliance with any additional bonds requirement set forth in the documents governing the outstanding debt;
- g. a description of the security supporting repayment and the lien position the debt will have on that security;
- h. a five year history, if available, and a five year projection, of the pledged revenues and the debt service coverage;

Florida State University – University Housing
 Project Proposal Summary
 New Dorman Complex

Project Description:	Construction of a residence hall complex with a design capacity of 862 beds arranged in suite-style double rooms with a connecting bathroom. The purpose of the proposed residence halls is to replace existing, aging housing facilities with more desirable beds to meet the needs of today's students. The project will be administered by Florida State University.
Facility Site Location:	The proposed facility will be located on the main campus of the Florida State University at the southeast corner of Woodward Avenue and Traditions Way. This site is located in close proximity to academic and student services buildings and completes the chain of residence halls on the east side of campus. This location is consistent with the campus master plan.
Planned Occupancy:	It is anticipated that construction will begin in August 2013. The new residence hall is scheduled to open for the fall term August 2015.
Physical Description:	This project will consist of two residence halls with 193,116 gross square feet. The buildings will be suite-style residence hall facilities with two students in each bedroom adjoined by a shared bathroom. The design of the facility is compatible with the other suite-style facilities on campus including Broward, Bryan, Cawthon, DeGraff, Gilchrist, Jennie Murphree, Landis, Reynolds and Wildwood Halls. The normal support spaces associated with this kind of facility such as common student lounge, recreation room, TV lounge, furniture storage and administrative offices are also included. Laundry and vending service areas are also expected to be added.
Project Cost and Financing Structure:	<p>The construction of the proposed residence halls is estimated at a total cost of \$55,500,000. Construction costs are estimated at \$51,198,442 with planning estimated at \$2,971,558 and equipment estimated at \$1,330,000.</p> <p>The project will be financed with a \$10 million cash contribution from excess funds within the housing system and a fixed rate, tax-exempt revenue bond issue in an amount not exceeding \$51,400,000 issued by the Division of Bond Finance. The bonds will finance a portion of the cost of the project, fund a debt service reserve account (if deemed necessary by the Division of Bond Finance) and pay costs of issuance. The bonds will be structured with a 20-year final maturity and level annual debt service payments with the first principal payment occurring May 1, 2016 and a final maturity date of May 1, 2033.</p>
Type of Sale:	The Division of Bond Finance will make a determination to sell the Bonds through either a competitive or a negotiated sale based upon market conditions and financing options available at the time of sale.
Student Market:	The new residence hall facility will house undergraduate students.

Demand Analysis:	<p>Over the past ten years, occupancy rates for the undergraduate halls have exceeded 100% to begin each fall term. Waiting lists are developed and students are placed in temporary housing until permanent assignments can be identified through attrition. The waiting list for Fall 2012 exceeded 600 at the end of May. Due to the length of the waiting list, housing applications were not accepted after May 1st. We estimate several hundred students are turned away from applying for on-campus housing due to this deadline.</p> <p>University Housing at Florida State, provides a unique residential experience for our students that is fundamentally different from any other living environment available in the off-campus Tallahassee market. Our masters level trained, live-in professional staff, coupled with our live-in graduate and undergraduate staff are extremely well trained and prepared to respond to individual student needs from adjustment issues associated to the transition to college life to management of more serious individual student crisis situations. Parents want their students to reside on campus particularly during the student's first year for quality of service, convenience, safety and resources we provide to students living in the halls. Through the replacement of aging community bath beds with highly desirable, suite-style beds that meet the needs of today's students, FSU will position itself to continue to provide an exemplary on-campus living experience and ensure continued demand and the successful perpetuation of our students through graduation.</p> <p>Living on campus is one of the fundamental experiences of University life. Focusing predominantly on housing first time in college students (FTIC) University Housing provides exceptional living opportunities for students to succeed academically, therefore contributing directly to the overall academic mission of the institution. Students who live on campus are more connected to the institution, do better academically, and persist to graduation. According to a recent study conducted by FSU's Office of Institutional Research, retention and 4 year graduation rates for student living on-campus during their first semester at FSU were nearly 8% higher than students who lived off-campus.</p>
Security/Lien Structure:	<p>Net housing system revenues will be pledged for the payment of debt service. These revenues are derived primarily from rental income, after deducting operating expenses. The bonds will be issued on parity with the outstanding Florida State University Housing Facility and Dormitory Revenue Bonds currently outstanding in the aggregate principal amount of \$128,355,000.</p>
Pledged Revenues and Debt Service Coverage:	<p>During the past five years from fiscal year 2007-08 to 2011-12, pledged revenues grew from \$15.3 million to \$19.2 million. These revenues produced debt service coverage ratios ranging from a high of 1.96x to a low of 1.59x. For fiscal year 2012-2013, pledged revenues are projected at \$21 million, producing an estimated debt coverage ratio of 2.14x. Pledged revenues are projected to be \$22 million and \$23.5 million for 2013-14 and 2014-15, with debt service coverage expected to be 1.79x and 1.85x in those years, including interest payments due on the new bonds. The full annual debt service payments for the new bonds, including principal and interest, will begin in fiscal year 2015-16. Pledged revenues for that year are projected to be \$27.7 million with debt service coverage projected to be 1.91x.</p>

Summary of Proforma:	<p>The construction of the new residence halls is expected to significantly increase revenue. The projected rental rate, upon opening, for the 862 bed facility is \$3,370 per semester, per bed. The rate projection is based on the current suite-style rate, with annual 5% increases until the year of completion. Revenue and expense projections are based on a 98% occupancy rate for the housing system. It is estimated that first year net revenue for the proposed project, before debt service payments, will be approximately \$4 million in 2015-16. Revenues and expenses of the system are based on assumed 5% annual increases in rental rates, 2% increases in personnel expenses, 3% increases in general operating expenses and 4% increases in utilities. Debt service payments on the new bonds has been estimated using a 5.75% interest rate.</p>
Current Capacity:	<p>The current undergraduate housing capacity is 6408. Of the current facilities, 1615 beds are in aging facilities that will need to be replaced over time. This project will enable us to begin replacing existing aging facilities while maintaining cash flow and service to our students. Completion of this project and subsequent demolition of the existing Dorman and Deviney facilities will increase the housing system beds by 338, for total beds of 6,746 in 2015-16.</p>
Student Life Programs:	<p>The Resident Assistant ratio will be approximately 1:45. This is compatible with staffing in the other halls. A Residence Coordinator, an Administrative and Professional position will provide the live-in staffing and oversight for the complex. The Coordinator will respond to emergencies on a 24 hour basis; coordinate educational and social programs; distribute pertinent information to residents; and provide referral services. The Coordinator will be assisted by a graduate student Assistant Coordinator. The facility will also include two classrooms for student programs such as additional Living Learning Communities.</p>

**Florida State University - University Housing
Monthly Construction Draw Schedule
New Dorman Hall**

<u>Month</u>	<u>Monthly Draw</u>	<u>% of total</u>
August-13	\$ 1,552,409	3%
September-13	1,966,384	4%
October-13	2,276,866	4%
November-13	2,794,336	5%
December-13	2,897,830	6%
January-14	3,622,287	7%
February-14	3,725,781	7%
March-14	4,139,757	8%
April-14	3,932,769	8%
May-14	3,932,769	8%
June-14	3,725,781	7%
July-14	3,053,071	6%
August-14	2,690,842	5%
September-14	2,276,866	4%
October-14	2,069,878	4%
November-14	2,069,878	4%
December-14	1,862,891	4%
January-15	1,345,421	3%
February-15	1,034,939	2%
March-15	227,687	0%

\$ 51,198,442

Note: The draw schedule is an estimate and reflects only construction costs, the remaining costs shown on the sources and uses will be used for soft costs.

STATE OF FLORIDA, BOARD OF GOVERNORS
 FLORIDA STATE UNIVERSITY
 DORMITORY REVENUE BONDS, SERIES 2013A

Estimated Sources and Uses of Funds

<u>Sources of Funds</u>		<u>Basis for Amounts</u>
Bond Par Amount	\$ 51,400,000	Estimated bond sale amount based on an interest rate of 5.75% for 20 years.
Cash Contribution from Housing System	10,000,000	
Less: Underwriter's Discount	(1,028,000)	Estimated at 2% of par.
Total Sources of Funds	<u>\$ 60,372,000</u>	
<u>Uses of Funds</u>		
Project Cost	\$ 55,500,000	Planning, Design, Construction & Equipment
Reserve Fund	4,660,500	Estimated maximum annual debt service on the bonds.
Costs of Issuance	163,030	Estimated Bond Counsel (\$15,000); arbitrage compliance (\$10,280), DBF Fees (\$94,400); Ratings (\$37,050); and other misc. (\$6,300).
Bond Sizing Contingency	48,470	
Total Uses of Funds	<u>\$ 60,372,000</u>	

**State of Florida, Board of Governors
Florida State University
Dormitory Revenue Bonds**

Estimated Debt Service - Series 2013A

<u>Payment Date</u>	<u>Principal</u>	<u>Interest¹</u>	<u>Total</u>	<u>Fiscal Year</u> <u>Total</u>
11/01/12	-	-	-	-
05/01/13	-	-	-	-
11/01/13	-	\$985,132	\$985,132	-
05/01/14	-	1,477,750	1,477,750	\$2,462,882
11/01/14	-	1,477,750	1,477,750	-
05/01/15	-	1,477,750	1,477,750	2,955,500
11/01/15	-	1,477,750	1,477,750	-
05/01/16	\$1,705,000	1,477,750	3,182,750	4,660,500
11/01/16	-	1,428,731	1,428,731	-
05/01/17	1,800,000	1,428,731	3,228,731	4,657,463
11/01/17	-	1,376,981	1,376,981	-
05/01/18	1,905,000	1,376,981	3,281,981	4,658,963
11/01/18	-	1,322,213	1,322,213	-
05/01/19	2,015,000	1,322,213	3,337,213	4,659,425
11/01/19	-	1,264,281	1,264,281	-
05/01/20	2,130,000	1,264,281	3,394,281	4,658,563
11/01/20	-	1,203,044	1,203,044	-
05/01/21	2,250,000	1,203,044	3,453,044	4,656,088
11/01/21	-	1,138,356	1,138,356	-
05/01/22	2,380,000	1,138,356	3,518,356	4,656,713
11/01/22	-	1,069,931	1,069,931	-
05/01/23	2,520,000	1,069,931	3,589,931	4,659,863
11/01/23	-	997,481	997,481	-
05/01/24	2,665,000	997,481	3,662,481	4,659,963
11/01/24	-	920,863	920,863	-
05/01/25	2,815,000	920,863	3,735,863	4,656,725
11/01/25	-	839,931	839,931	-
05/01/26	2,980,000	839,931	3,819,931	4,659,863
11/01/26	-	754,256	754,256	-
05/01/27	3,150,000	754,256	3,904,256	4,658,513
11/01/27	-	663,694	663,694	-
05/01/28	3,330,000	663,694	3,993,694	4,657,388
11/01/28	-	567,956	567,956	-
05/01/29	3,520,000	567,956	4,087,956	4,655,913
11/01/29	-	466,756	466,756	-
05/01/30	3,725,000	466,756	4,191,756	4,658,513
11/01/30	-	359,663	359,663	-
05/01/31	3,940,000	359,663	4,299,663	4,659,325
11/01/31	-	246,388	246,388	-
05/01/32	4,165,000	246,388	4,411,388	4,657,775
11/01/32	-	126,644	126,644	-
05/01/33	4,405,000	126,644	4,531,644	4,658,288
	\$51,400,000	\$37,868,220	\$89,268,220	\$89,268,220

¹ Estimated at 5.75%.

State of Florida, Board of Governors
 Florida State University
 Dormitory Revenue Bonds, Series 2013A

Estimated Parity Test

	Fiscal Year <u>2010-11</u>	Fiscal Year <u>2011-12</u>
Operating Revenues	\$33,698,001	\$35,284,617
Interest Income	<u>347,133</u>	<u>330,522</u>
Total Operating Revenues	\$34,045,134	\$35,615,139
Operating Expenses ¹	<u>(\$15,777,800)</u>	<u>(\$16,415,729)</u>
Annual Pledged Revenues	\$18,267,334	\$19,199,410
Average Annual Pledged Revenues	\$18,733,372	
Adjustments to Pledged Revenues		
Adjustment for 2013A Project - First Year Net Revenues	\$3,995,203	\$3,995,203
Adjusted Annual Pledged Revenues	\$22,262,537	\$23,194,613
<u>Calculation of Parity Test:</u>		
Average Annual Adjusted Pledged Revenue	\$22,728,575	
Estimated Maximum Annual Debt Service	\$14,448,956	
Coverage on Maximum Annual Debt Service ²		1.57 x

¹ Operating expenses are net of depreciation.

² Required coverage level is 1.30x

HISTORICAL DEBT SERVICE COVERAGE FROM PLEDGED REVENUES

State of Florida, Board of Governors
Florida State University
Dormitory Revenue Bonds

	Historical					Projected				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Operating Revenues ¹	\$ 29,378,127	\$ 30,361,387	\$ 32,238,785	\$ 33,698,001	\$ 35,284,617	\$ 37,776,555	\$ 39,665,383	\$ 41,648,652	\$ 46,577,009	\$ 48,905,860
Current Expenses ²	14,720,932	16,475,177	16,301,053	15,783,424	16,415,729	17,092,260	17,991,960	18,409,484	19,249,297	19,704,403
Net Operating Revenue	\$ 14,657,195	\$ 13,886,210	\$ 15,937,732	\$ 17,914,577	\$ 18,868,888	\$ 20,684,295	\$ 21,673,423	\$ 23,239,168	\$ 27,327,712	\$ 29,201,457
Investment Income ³	628,592	213,246	431,976	347,133	354,039	300,000	310,000	320,000	330,000	340,000
Pledged Revenues	\$ 15,285,787	\$ 14,099,456	\$ 16,369,708	\$ 18,261,710	\$ 19,222,927	\$ 20,984,295	\$ 21,983,423	\$ 23,559,168	\$ 27,657,712	\$ 29,541,457
Annual Debt Service Outstanding Parity Bonds Proposed 2013A Bonds	\$ 8,847,219	\$ 8,843,069	\$ 8,843,447	\$ 9,690,729	\$ 9,812,690	\$ 9,792,075	\$ 9,795,375	\$ 9,780,819	\$ 9,788,456	\$ 9,789,169
	\$ 8,847,219	\$ 8,843,069	\$ 8,843,447	\$ 9,690,729	\$ 9,812,690	\$ 9,792,075	\$ 9,795,375	\$ 9,780,819	\$ 9,788,456	\$ 9,789,169
Pledged Revenues after Debt Service and Available for other Expenses/Transfers	\$ 6,438,568	\$ 5,256,387	\$ 7,526,261	\$ 8,570,981	\$ 9,410,237	\$ 11,192,220	\$ 9,725,166	\$ 10,822,849	\$ 13,208,756	\$ 15,094,826
Maximum Annual Debt Service	\$ 8,847,219	\$ 8,843,447	\$ 8,843,447	\$ 9,992,841	\$ 9,812,690	\$ 9,795,375	\$ 14,448,956	\$ 14,448,956	\$ 14,448,956	\$ 14,446,632
Debt Service Ratios										
Total Annual Debt Service	1.73x	1.59x	1.85x	1.88x	1.96x	2.14x	1.79x	1.85x	1.91x	2.04x
Maximum Annual Debt Service	1.73x	1.59x	1.85x	1.83x	1.96x	2.14x	1.52x	1.63x	1.91x	2.04x

¹ Projections assume 5% annual increases in rental rates and 98% occupancy rates for the system and the proposed project.

² Total Current Expenses are net of depreciation. Expenses for 2007-08 and 2008-09 were obtained from the restated financial statements for each of those years. The expenses for 2009-10 were adjusted from the financial statements by \$624,419 to account for building improvements expenses that should have been capitalized but were instead incorrectly expensed in that year. Projections of operating expenses assume 2% annual increases in personnel expenses, 3% annual increases in general operating expenses and 4% annual increases in utilities expenses.

³ Investment Income presented includes only interest on the Housing System operating account.

Revised

UNIVERSITY HOUSING - NEW DORMAN PROJECT
DEBT SERVICE COVERAGE FROM PLEDGED REVENUES

	2015-16	2016-17	2017-18	2018-19	2019-2020
OPERATING REVENUES					
Rental Income	\$ 5,620,320	\$ 5,901,336	\$ 6,078,376	\$ 6,260,728	\$ 6,448,549
Total operating revenues	<u>5,620,320</u>	<u>5,901,336</u>	<u>6,078,376</u>	<u>6,260,728</u>	<u>6,448,549</u>
OPERATING EXPENSES	<u>1,625,117</u>	<u>1,670,393</u>	<u>1,717,017</u>	<u>1,765,032</u>	<u>1,814,481</u>
NET OPERATING REVENUE	3,995,203	4,230,943	4,361,359	4,495,696	4,634,068
PLEDGED REVENUES	<u>3,995,203</u>	<u>4,230,943</u>	<u>4,361,359</u>	<u>4,495,696</u>	<u>4,634,068</u>
ANNUAL DEBT SERVICE					
2013A Bonds	4,660,500	4,657,463	4,658,963	4,659,425	4,658,563
Debt Service Ratios					
Total Annual Debt Service	0.86	0.91	0.94	0.96	0.99