

**BOARD OF GOVERNORS**  
**STATE UNIVERSITY SYSTEM OF FLORIDA**  
August 9, 2007

**SUBJECT:** A Resolution of the Board of Governors Authorizing the Issuance by the University of Florida University Athletic Association of Tax-Exempt Bonds to Finance the Expansion and Renovation of a portion of the Ben Hill Griffin Stadium on the Main Campus of the University of Florida.

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**PROPOSED BOARD ACTION**

Adoption of a resolution approving the issuance of fixed or variable rate, tax-exempt bonds, by the University of Florida University Athletic Association (“Association”), in an amount not to exceed \$15,000,000 for the purpose of financing the addition and renovation of a portion of the Ben Hill Griffin Stadium on the main campus of the University of Florida (“the Project”).

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, 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 the debt management guidelines adopted by the Board of Governors. Therefore, staff of the Board of Governor’s recommends adoption of the resolution and authorization of the proposed financing.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Florida Board of Governors Debt Management Guidelines dated April 27, 2006; Section 1010.62, Florida Statutes; and Article IX, Section 7(d), Florida Constitution.

**BACKGROUND INFORMATION**

The University of Florida has submitted a proposal for financing the expansion and renovation of Ben Hill Griffin Stadium on the main campus of the University of Florida. The Project will provide for the renovation of the football office complex and areas in the south end zone, an expansion of the strength and conditioning facilities and renovation and expansion of the Gator Room. The Project is consistent with the University’s Campus Master Plan. The total Project construction cost is expected to be \$21.7 million and is divided into two phases.

The Association, a direct support organization of the University of Florida, proposes to issue up to \$15,000,000 of fixed or variable rate, tax-exempt, bonds to finance a portion

of the construction of Phase II of the project. Additional Phase II project funding will be provided by pledged donations of \$2.7 million. In the event additional contributions are pledged, the amount of the bonding may decrease. Phase I of the Project is estimated to cost \$10.3 million and will be funded with approximately \$7 million in donations and \$3.3 million from Association funds. The bonds will mature thirty (30) years after issuance and are scheduled to be amortized on a level principal basis. There will not be a debt service reserve fund.

The bonds are general unsecured obligation of the Association payable from available revenues other than the athletic fee collected by the Association. The Association revenues are derived from a variety of sources. Operating revenues include ticket sales and conference revenues, auxiliary sales, sponsorships and other miscellaneous sources. Non-operating revenues are derived primarily from investment earnings and athletic fees. Athletic fees are not available to pay debt service, but are available to pay other expenses of the Association. Projections provided by the University indicate growth in operating revenues, based in large part on increased football and basketball seat prices, and growth in non-operating revenues sufficient to pay debt service on the bonds.

The Series 2007 Bonds will be issued on parity with previously issued bonds of the Association currently outstanding in an aggregate principal amount of approximately \$84 million, all of which have a variable rate of interest. The Association has approximately seventeen years of experience managing its variable rate debt portfolio and has historically generated positive debt service coverage, which is projected to continue based on reasonable assumptions as to revenue and expenditure growth. It appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and the Board of Governors Debt Management Guidelines.

The University Athletic Association Board of Directors, at a meeting June 4, 2007, and the University of Florida Board of Trustees, at its June 14, 2007 meeting, approved the Project and the financing thereof.

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**Supporting Documentation Included:** Requesting Resolution  
Project Summary  
Attachment 1 - Estimated Sources and  
Uses of Funds  
Attachment 2 - Historical and Projected  
Pledged Revenues and Debt Service  
Coverage

**Facilitators/Presenters:** Mr. Chris Kinsley, Director of Finance and  
Facilities