Attachment II

STATE OF FLORIDA, BOARD OF GOVERNORS
University of South Florida
USF ARENA AND CONVOCATION CENTER RENOVATION PROJECT - USF Financing Corporation Bank Term Loan
GROSS PLEDGE BASIS
5-YEAR HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE (1)

USF Arena Renovation Project	**Historical**					**Current**	**Projected**				
	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Arena Revenues (2)(3)											
Event Rent (4)	472,000	433,500	418,000	217,000	34,000	640,000	764,000	802,200	842,310	884,426	928,647
Facility Fees (5)	74,000	71,500	71,000	25,000	0	140,000	198,800	229,200	261,000	294,200	328,800
Concessions (6)	182,000	166,000	156,000	97,000	8,000	173,000	181,650	190,733	200,269	210,283	220,797
Pouring Rights (7)						1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Parking (8)	253,000	317,000	342,000	135,500	0	195,000	217,350	228,218	239,628	251,610	264,190
Premium Seating (net) (9)	0	0	0	0	0	65,000	227,000	300,000	313,000	327,000	341,000
Sponsorship / Advertising (10)	155,500	222,000	240,000	228,500	140,500	210,000	260,000	273,000	286,650	300,983	316,032
Naming Rights (net) (11)	0	0	0	0	0	0	255,000	468,650	551,668	568,218	585,265
Premium Charges on Event Expenses (12)	40,000	40,000	11,000	27,000	5,500	205,000	225,107	231,860	238,815	245,980	253,359
Novelties and Other Revenues (13)	28,000	39,000	41,000	11,500	4,500	128,000	134,400	141,120	148,176	155,585	163,364
Total Arena Pledged Revenues	1,204,500	1,289,000	1,279,000	741,500	192,500	2,956,000	3,663,307	4,064,980	4,281,517	4,438,283	4,601,453
Arena Annual Debt Service:											
Proposed $20 M Fixed Rate Loan (20 Yr @ 5.25%) (14)	0	0	0	0	0	0	1,376,546	1,639,046	1,639,046	1,639,046	1,639,046
Available for Arena Operations after Pledge	**1,204,500**	**1,289,000**	**1,279,000**	**741,500**	**192,500**	**2,956,000**	**2,286,761**	**2,425,934**	**2,642,471**	**2,799,238**	**2,962,408**
Gross Coverage Ratios - Arena							**2.66x**	**2.48x**	**2.61x**	**2.71x**	**2.81x**
Gross Coverage Ratios (MADS) - Arena						**1.80x**	**2.24x**	**2.48x**	**2.61x**	**2.71x**	**2.81x**
Total Arena Pledged Revenues	1,204,500	1,289,000	1,279,000	741,500	192,500	2,956,000	3,663,307	4,064,980	4,281,517	4,438,283	4,601,453
Arena Operating Expenses (2)(3)(15)											
Salaries, Wages and Benefits	839,000	846,000	858,000	673,000	372,500	816,000	840,480	865,694	891,665	918,415	945,968
Event Expenses (12)	757,000	746,000	709,000	495,000	56,500	1,457,000	1,500,710	1,545,731	1,592,103	1,639,866	1,689,062
Reimbursable Event Expenses (12)	(757,000)	(746,000)	(709,000)	(495,000)	(56,500)	(1,457,000)	(1,500,710)	(1,545,731)	(1,592,103)	(1,639,866)	(1,689,062)
Scoreboard Contribution (16)	0	296,144	181,921	163,172	132,483	150,000	157,500	165,375	173,644	182,326	191,442
General & Administrative	356,000	359,500	317,500	266,000	305,000	483,000	497,490	512,415	527,787	543,621	559,929
Maintenance / Utilities (17)	263,000	415,000	105,000	80,500	31,500	255,000	262,650	270,530	278,645	287,005	295,615
University Management Fee to Offset Expenses (18)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
Total Arena Operating Expenses	1,283,000	1,741,644	1,287,421	1,007,672	666,483	1,529,000	1,583,120	1,639,014	1,696,742	1,756,367	1,817,954
Operating Income (Loss)	(78,500)	(452,644)	(8,421)	(266,172)	(473,983)	1,427,000	2,080,187	2,425,966	2,584,775	2,681,917	2,783,499
Add: Interest Income	19,000	2,500	1,500	500	500	5,000	5,000	5,000	5,000	5,000	5,000
Net Income	**(59,500)**	**(450,144)**	**(6,921)**	**(265,672)**	**(473,483)**	**1,432,000**	**2,085,187**	**2,430,966**	**2,589,775**	**2,686,917**	**2,788,499**
Total Arena Debt Service	0	0	0	0	0	0	1,376,546	1,639,046	1,639,046	1,639,046	1,639,046
Net Income After Debt Service and Operations (19)	**(59,500)**	**(450,144)**	**(6,921)**	**(265,672)**	**(473,483)**	**1,432,000**	**708,641**	**791,920**	**950,730**	**1,047,871**	**1,149,454**
Implied Net Coverage Ratios - Arena											
For Information Purposes Only, Pledge is Gross											
Net Coverage Ratios - Arena							**1.51x**	**1.48x**	**1.58x**	**1.64x**	**1.70x**
Net Coverage Ratios (MADS) - Arena						**0.87x**	**1.27x**	**1.48x**	**1.58x**	**1.64x**	**1.70x**
Net Coverage Ratios - Arena (excluding naming rights)							**1.33x**	**1.20x**	**1.24x**	**1.29x**	**1.34x**
Net Coverage Ratios (MADS) - Arena (excluding naming rights)						**0.87x**	**1.12x**	**1.20x**	**1.24x**	**1.29x**	**1.34x**

Notes & Assumptions

(1) The financial information related to revenues and expenses was provided by the University of South Florida.

(2) The decrease in revenues and operating expenses from FY 2008-09 to FY 2011-12 was due to a steady decline in events held in the arena. During FY 2010-11, the arena was closed due to poorly functioning mechanical and structural elements. The arena was closed for most of FY 2011-12 for renovation.

(3) The significant increase in revenues and expenses in FY 2012-13 is due to the opening of the renovated arena which can now accommodate additional, higher margin events - details provided below, and also due to the recent hiring of Global Spectrum to manage the arena. Global Spectrum is a worldwide leader in the venue management industry and the world leader in managing university arenas. Current figures and projections for the arena were provided by Global Spectrum; guidance was also provided in a feasibility study performed by Conventions, Sports & Leisure in April 2009 that assessed the market and financial potential for a renovated or new Sun Dome Arena.

(4) The increased event rent revenue in FY 2012-13 is due to an increase in the number of larger events that will be charged a full market rate. At an average of approximately 175 events per year, average event rent will increase from $2,500 to $3,700 per day. Event rent is projected to increase to an average of $4,400 per day in FY 2013-14 due to an additional increase of $2,000 to $6,000 per day for University events. Projections for FY 2014-15 and thereafter are based on an assumed growth rate of 5% per annum.

(5) The increased facility fee revenue in FY 2012-13 is due to an increase in facility fee per ticket for basketball events, from $1.00 to $2.25, and an increase in facility fee per ticket for concerts and other external events, from $1.00 to $2.50. Projections are based on an annual increase of $0.25 per ticket.

(6) The increased concessions revenue in FY 2012-13 is due to an increase in the number of concessions stands on the new concourse level and due to an increase in realized revenue per attendee related to new and enhanced premium food/beverage offerings, an increase in the number of events and attendance at each event. The University recently partnered with Aramark Corporation for its concessions program. Aramark supports more than 200 premier sports, entertainment, recreational, and educational sports facilities in the U.S. Projections are based on an assumed growth rate of 5% per annum.

(7) The Coca-Cola pouring rights / sponsorship contract was extended for five years in August 2012 at a negotiated per annum amount of $1,200,000 through FY 2016-17, up $400,000 per annum from the expiring contract at $800,000 per annum.

(8) The event parking revenue in FY 2012-13 is based on the anticipated event mix, whereby patrons are charged for event parking reflecting the current availability and ability to charge for parking. Projections are based on an assumed growth rate of 5% per annum.

(9) Premium seating projections are based on net revenue from loge suite sales (i.e. loge suite gross sales less basketball ticket fulfillment costs) and an annual club access contribution from USF Athletics for donor club seating sections. Loge suites are estimated to net $28,000 to $32,000 per suite per annum and USF Athletics contribution for club access is $40,000 per annum. Projections are based on an escalating level of loge suite sales to FY 2014-15 and are also based on an assumed growth rate of 5% per annum.

(10) The increased sponsorship revenue in FY 2012-13 is due to the increased value and inventory of sponsorship opportunities: increased number of events, spectators and visibility (over 300,000 in annual attendance, over 150 annual events, member of The Big East Conference which nationally televises all men's basketball games). Projections are based on an assumed growth rate of 5% per annum.

(11) Projected naming rights revenues in FY 2013-14 are based on an initial value of $650,000 (excluding other sponsorship components) less applicable annual commission fees to third party sales agent and one-time/upfront fulfillment costs associated with implementing naming rights. The University Athletics Department also has a longstanding relationship with IMG, the world's leading sports talent and licensing management company. IMG has valued and will be marketing the Naming Rights for the Arena. Projections thereafter are based on a growth rate of 3% per annum.

(12) Event expenses typically include expenses directly associated with providing ticket takers, ushers, security, event changeover crews, materials, supplies and other such expenses. The costs are passed through to the event promoters plus a premium rate, an average of 15 percent. The premium charges generate net revenue to the arena and can be pledged to pay debt service. The expense reimbursements are included under expenses as an offset to direct costs and indirect operating costs of the arena. The costs are based on the type of event and number of people in attendance. Event expenses are projected to grow at a rate of 3% per annum.

(13) Novelties, ticket fees (e.g. convenience charge rebates, box office fees) and other revenues are each expected to increase due to the a new team merchandise store and increased number of events and attendance; projections are based on an assumed growth rate of 5% per annum. Convenience charge rebates are rebates that the arena receives from the third-party ticket agents, such as Ticketmaster, who is contracted to sell tickets. It is estimated that third-party ticket sellers will sell 60 percent of market-driven event tickets. Box office fees are fees charged on transactions directly fulfilled at the ticket office point of sale.

(14) Projected debt service is calculated based on the assumed par amount of $20 million, financed over a period of 20 years at an assumed interest rate of 5.25%. The proceeds of the debt will be used to refinance a portion of the costs of the Project, to fund a Debt Service Reserve Fund and also to pay for costs of issuance.

(15) Unless otherwise indicated, all projected expenses are based on an assumed growth rate of 3% per annum.

(16) Scoreboard contribution represents an annual cash outflow to a scoreboard manufacturer based on percentage share of sponsorship / advertising revenues related to certain corner scoreboard units. Contribution amount beginning in FY 2013-14 is based on the five year historical average. Projections are based on an assumed growth rate of 5% per annum.

(17) Maintenance & Utilities represent routine maintenance and utility costs for operating the facility.

(18) The University Management Fee is collected by the arena and offsets operating costs associated with the management of fixed assets, including custodial and maintenance costs. Projections are based on a management agreement with the University.

(19) The University is restricting arena net income after operations and debt service to a dedicated account to accumulate cash funds for future operating support (if needed) and future renovation and replacement reserves.