

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
University of South Florida
USF Stadium Project; \$200M Debt**

5-Year Historical and Projected Debt Service Coverage
(Gross Revenue Pledge Basis)

	Historical					Estimated/ Unaudited	Projected							
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Athletic Pledged Revenues														
Stadium Revenues (5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,300,000	\$6,360,000	\$7,632,000	\$9,158,400	\$10,990,080
Non-Stadium Revenues (Athletic Dept.) (1)														
Ticket Sales (2)	\$3,135,907	\$4,600,251	\$4,276,996	\$735,828	\$6,485,854	\$3,500,000	\$3,605,000	\$3,713,150	\$3,824,545	\$3,939,281	\$4,057,459	\$4,179,183	\$4,304,559	\$4,433,695
Student Athletics Fees - Pledged Amount (5%) (3)	863,002	860,247	816,243	994,253	858,679	842,500	842,500	842,500	842,500	842,500	842,500	842,500	842,500	842,500
Game Guarantees (2)	319,750	450,000	279,610	15,070	551,500	650,000	669,500	689,585	710,273	731,581	753,528	776,134	799,418	823,401
Contributions	2,249,058	5,131,952	6,479,172	6,199,598	7,097,157	6,050,000	6,231,500	6,418,445	6,610,998	6,809,328	7,013,608	7,224,016	7,440,737	7,663,959
Media Rights (4)	478,599	281,930	1,442,090	1,541,045	10,000	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016
Conference/NCAA Distributions	8,694,374	5,562,313	4,079,619	7,247,259	8,656,911	7,400,000	7,622,000	7,850,660	8,086,180	8,328,765	8,578,628	8,835,987	9,101,067	9,374,099
Program, Novelty, Parking and Concession Sales (2)	458,620	355,147	331,289	102,127	278,164	350,000	360,500	371,315	382,454	393,928	405,746	417,918	430,456	443,370
Royalties, Licensing, Advertisements and Sponsorships (4)	4,439,564	4,942,086	5,742,549	6,006,070	3,638,210	6,000,000	6,180,000	6,365,400	6,556,362	6,753,053	6,955,644	7,164,314	7,379,243	7,600,620
Bowl Game Revenue	885,698	608,874	0	0	0	600,000	0	0	0	0	0	0	0	0
Other Operating Revenue	747,191	775,068	251,029	248,752	493,216	850,000	875,500	901,765	928,818	956,682	985,383	1,014,944	1,045,393	1,076,755
Subtotal Non-Stadium Revenues	\$22,271,763	\$23,567,868	\$23,698,597	\$23,090,002	\$28,069,691	\$26,392,500	\$26,541,000	\$27,311,955	\$28,106,039	\$28,923,945	\$29,766,388	\$30,634,105	\$31,527,853	\$32,448,414
Total Athletic Pledged Revenues	\$22,271,763	\$23,567,868	\$23,698,597	\$23,090,002	\$28,069,691	\$26,392,500	\$26,541,000	\$27,311,955	\$28,106,039	\$34,223,945	\$36,126,388	\$38,266,105	\$40,686,253	\$43,438,494
Annual Debt Service:														
Series 2003A Certificates of Participation (6)	1,007,216	1,026,945	1,032,212	1,036,524	1,044,077	1,049,922	0	0	0	0	0	0	0	0
Series 2018A Note (7)	753,090	663,400	681,284	634,877	647,455	676,412	707,691	741,478	777,976	817,401	859,987	905,990	955,681	0
Series 2018B Note (7)	942,696	907,782	921,800	842,950	846,565	871,879	898,756	927,291	957,587	989,752	1,023,901	1,060,158	1,098,651	1,139,520
Proposed Debt - 20-Yr Note, Truist Bank (8)	0	0	0	0	0	0	11,000,000	11,000,000	11,000,000	17,770,000	17,770,000	17,770,000	17,770,000	17,770,000
Total Annual Debt Service	2,703,002	2,598,127	2,635,296	2,514,351	2,538,097	2,598,213	12,606,447	12,668,769	12,735,563	19,577,153	19,653,889	19,736,147	19,824,332	18,909,520
Debt Service Coverage Ratios: (Gross Revenue Pledge)	8.24x	9.07x	8.99x	9.18x	11.06x	10.16x	2.11x	2.16x	2.21x	1.75x	1.84x	1.94x	2.05x	2.30x

For Informational Purposes
(Net Revenue Basis)

Other Athletics Department Revenues														
Student Athletics Fees - Amount Not Pledged (95%) (3)	\$16,397,037	\$16,344,687	\$15,508,610	\$18,890,798	\$16,314,905	\$16,007,500	\$16,007,500	\$16,007,500	\$16,007,500	\$16,007,500	\$16,007,500	\$16,007,500	\$16,007,500	\$16,007,500
Direct State or Other Government Support (2)	194,566	287,316	276,166	9,154,949	431,766	0	0	0	0	0	0	0	0	0
Direct Institutional Support - USF Athletics Operations (9)	6,512,085	14,541,301	19,741,519	8,535,221	10,924,531	18,600,000	20,729,221	21,688,597	22,676,755	23,698,328	23,839,665	23,811,021	23,565,852	23,053,111
Total Other Athletics Department Revenues	23,103,688	31,173,304	35,526,295	36,580,968	27,671,202	34,607,500	36,736,721	37,696,097	38,684,255	39,705,828	39,847,165	39,818,521	39,573,352	39,060,611
Total Athletics Department Revenues (Stadium, Non-Stadium, Other)	\$45,375,451	\$54,741,172	\$59,224,892	\$59,670,969	\$55,740,893	\$61,000,000	\$63,277,721	\$65,008,052	\$66,790,294	\$73,929,773	\$75,973,553	\$78,084,626	\$80,259,605	\$82,499,104
Operating Expenses														
Stadium Operating Expenses (15)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,303,770	\$5,456,770	\$5,620,340	\$5,789,390	\$5,962,783
Non-Stadium Operating Expenses (1)														
Compensation & Benefits (2)	18,605,688	19,842,938	24,923,878	21,928,751	23,824,002	27,346,000	28,166,380	29,011,371	29,881,713	30,778,164	31,701,509	32,652,554	33,632,131	34,641,095
Athletic Student Aid (10)	6,328,125	6,877,910	6,547,091	7,315,427	8,857,013	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000
Game Guarantees (2)	1,142,009	1,262,967	1,696,780	396,794	1,126,590	1,500,000	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911	1,791,078	1,844,811	1,900,155
Team Travel & Recruiting (2)(11)	5,642,317	5,550,217	4,979,449	3,499,884	6,741,615	6,995,000	7,204,850	7,420,996	7,643,625	7,872,934	8,109,122	8,352,396	8,602,968	8,861,057
Sports Equipment, Uniforms and Supplies (2)	2,140,521	4,060,953	3,721,779	3,414,822	3,729,547	3,650,000	3,759,500	3,872,285	3,988,454	4,108,107	4,231,350	4,358,291	4,489,040	4,623,711
Game Expenses (12)	1,656,872	2,376,031	1,730,705	2,605,243	2,645,203	3,585,000	3,692,550	3,803,327	3,917,426	4,034,949	4,155,998	4,280,677	4,409,098	4,541,371
Fundraising, Marketing and Promotion (2)	1,203,863	747,745	1,284,054	187,141	866,659	1,150,000	1,184,500	1,220,035	1,256,636	1,294,335	1,333,165	1,373,160	1,414,355	1,456,786
Other Athletic Facilities Leases and Rental Fees (2)	2,434,472	2,272,992	2,959,187	421,418	2,872,736	2,531,787	2,607,741	2,685,973	2,766,552	2,849,549	2,935,035	3,023,086	3,113,779	3,207,192
Direct Overhead and Administrative Expenses (13)	2,672,606	3,009,984	3,059,531	4,733,481	3,864,941	2,800,000	2,884,000	2,970,520	3,059,636	3,151,425	3,245,967	3,343,346	3,443,647	3,546,956
Medical Expenses and Medical Insurance (13)	821,813	789,488	945,881	1,198,145	882,787	1,000,000	1,030,000	1,060,900	1,092,727	1,125,509	1,159,274	1,194,052	1,229,874	1,266,770
Student Athlete Meals (non travel)	768,003	1,047,162	565,599	836,411	1,332,710	1,500,000	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911	1,791,078	1,844,811	1,900,155

Bowl Expenses (including coaches comp/bonuses)	827,838	508,675	0	0	0	600,000	0	0	0	0	0	0	0	0
Other Operating Expenses (2)	3,727,211	2,624,567	2,971,851	1,880,320	3,006,697	4,280,000	4,408,400	4,540,652	4,676,872	4,817,178	4,961,693	5,110,544	5,263,860	5,421,776
Total Non-Stadium Operating Expenses	47,971,338	50,971,629	55,385,785	48,417,837	59,750,500	62,537,787	63,627,921	65,368,758	67,161,821	69,008,676	70,910,936	72,870,264	74,888,372	76,967,023
Total Operating Expenses	\$47,971,338	\$50,971,629	\$55,385,785	\$48,417,837	\$59,750,500	\$62,537,787	\$63,627,921	\$65,368,758	\$67,161,821	\$74,312,446	\$76,367,706	\$78,490,604	\$80,677,762	\$82,929,806
Operating Income (Loss) (16)	(\$2,595,887)	\$3,769,543	\$3,839,107	11,253,132	(4,009,607)	(1,537,787)	(350,200)	(360,706)	(371,527)	(382,673)	(394,153)	(405,978)	(418,157)	(430,702)
Add: Interest Income	180,662	304,597	306,221	304,261	369,937	340,000	350,200	360,706	371,527	382,673	394,153	405,978	418,157	430,702
Net Income (Loss) Before Debt Service	(\$2,415,225)	\$4,074,140	\$4,145,328	\$11,557,393	(\$3,639,670)	(\$1,197,787)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Direct Institutional Support - Required for 1.30x Debt Service Coverage (9)	\$0	\$0	\$0	\$0	\$0	\$4,136,492	\$16,388,381	\$16,469,400	\$16,556,232	\$25,450,299	\$25,550,055	\$25,656,991	\$25,771,632	\$24,582,375
Debt Service Coverage - Total Athletics Department	-0.89x	1.57x	1.57x	4.60x	-1.43x	1.13x	1.30x	1.30x	1.30x	1.30x	1.30x	1.30x	1.30x	1.30x

Footnotes

- (1) USF Athletics Department Pledged Revenues and Expenses for fiscal year 2022-23 are based on the FY 2023 Budget provided by USF Athletics. For the purpose of the projections for FY 2024 and beyond, revenues and expenses, other than student fees (3) and student aid (10) each increase annually by 3%. Stadium Operating Expenses reflect the estimates in the SL study pro forma.
- (2) USF Athletics Department Revenues were adversely affected by the COVID-19 pandemic in FY 2020-21; however, the Athletics Department received \$9.1 million of federal stimulus funds to offset lost revenues. Simultaneously, the Athletics Department implemented cost-cutting measures to reduce expenses. Ticket Sales rebounded in FY22 and exhibit a spike from pent-up demand as well as increased Conference Distributions. Other Operating Expenses reflects miscellaneous expenses and is disclosed in the audited financial statement but not defined.
- (3) Student athletic fees of approximately \$2.5 million related to FY19-20 were received in FY20-21. For the purpose of the projections, there are no assumed increases in fees to students.
- (4) Revenue for media rights (\$200k) and royalties & licensing (\$800k) related to FY21-22 were received in FY22-23 due to the restructuring of the media rights agreement.
- (5) USF pledged a comprehensive set of Stadium Revenues (part of overall 'Athletic Pledged Revenues') to secure the Debt, including, but not limited to, ticket sales, concession and merchandise revenues, club and event rentals, and advertising revenues. To that extent, the CSL study projected first year total Stadium Revenues of over \$20.5M, including \$7.6M in ticket sales, with roughly 3% annual growth. For the purpose of the above projections, USF conservatively projected total Stadium Revenue at only \$5.3M, largely ticket sales only, with 20% annual growth.
- (6) The Series 2003A Certificates of Participation were issued in 2003 to finance the construction of the Lee Roy Selmon Athletics Center. The Certificates were privately placed in 2011, most recently at a fixed interest rate of 3.82%, and matured October 2022.
- (7) The Series 2018A and 2018B Notes were initially issued in 2010 to finance various Athletics District facilities. The Notes are privately placed (Trust), currently bear a fixed interest rate of 2.25%, and mature in 2030 and 2031, respectively. The combined amount outstanding as of January 1, 2023 was \$12.7 million.
- (8) Projected debt service for the Proposed Debt is calculated based on the assumed par amount of \$200 million, financed over a period of 20 years at an assumed taxable fixed interest rate of 5.50%. The projected debt service also assumes interest only payment during the first three years (construction period). The proceeds of the Debt, plus cash equity contributions of \$140 million, will be used to finance the costs of construction of the Project and related cost of issuance.
- (9) *Direct Institutional Support* and *Additional Direct Institutional Support* represent funds received by the Athletics Department from the USF Foundation. These are permanent contributions, not loans subject to repayment. The *Additional Direct Institutional Support* represents USF's internal policy for the Foundation to contribute capital to Athletics in an amount sufficient to achieve a self-imposed 1.30x coverage, thereby effectively providing a cushion or hedge for unplanned fluctuations in future Project revenues and expenses. These amounts reflected above during the Project period are overestimated due to USF's very conservative underestimation of Stadium Revenues (see Footnote 5).
- (10) For the purpose of the projections, there are no assumed increases in student aid; however, student aid may increase with increasing contributions or other sources of funds.
- (11) Team travel and recruiting expenses increased in FY21-22 due to the increased cost of travel.
- (12) Game expenses increased in FY 2021-22 due to increased costs for staffing, license fees and other costs, as well as costs associated with an additional spring game.
- (13) In FY20-21, direct overhead and administrative expenses increased due to several renovation projects completed during the year. Also, medical expenses and insurance increased due to COVID-related expenditures for PPE, testing, and isolation/quarantine needs.
- (14) Stadium Project Projected Expenses in FY 2027-28 are based on realistic assumptions for stadium operating costs, game day expenses and other expenses. For the purpose of the projections, stadium project expenses increase annually by 3%.
- (15) The Athletics Department is allowed to carry forward all available cash at the end of each fiscal year to the next fiscal year. Deficits are funded by the Department to the extent there is sufficient cash available. In FY 2017-18 and in FY 2021-22, the Athletics Department utilized available cash to offset the operating deficit.