

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

November 9, 2023

SUBJECT: Authorization to Issue Debt by Florida State University Athletics Association, Inc. for Football Stadium Improvements

PROPOSED BOARD ACTION

Adopt a resolution authorizing the issuance of bonds in an amount not to exceed \$265M by the Division of Bond Finance, on behalf of Florida State University Athletic Association, Inc. to finance renovations to the football stadium on the main campus of Florida State University.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Section 1010.62, Florida Statutes; State University System Debt Management Guidelines.

BACKGROUND INFORMATION

Florida State University Athletics Association, Inc. ("FSUAA"), a direct support organization of Florida State University ("FSU"), is requesting approval to issue bonds to finance renovations to Doak Campbell Football Stadium on the university's main campus (the "Project").

The \$242M Project will result in a full renovation of the west side of the stadium (excluding existing skyboxes) removing approximately 27,000 bleacher seats and adding back over 16,000 seats with greater premium amenities, including new club seating, a commissary and kitchen, suites, lounges, chairback seating, and upgrades to antiquated infrastructure. It will also renovate the south endzone seating with the addition of premium upgrades, such as loge boxes, sofa seating, and new breathable mesh seats.

Project costs will be financed primarily with bond proceeds and, to a minor degree, private donations (\$8M) and investment earnings (\$5M). The Bonds will be repaid over a 30-year term at a fixed rate of interest. While some of the debt is anticipated to be issued on a tax-exempt basis, at this juncture and to be conservative, the Bonds are assumed to be sold entirely as taxable debt at a 7.0% interest rate. Furthermore, approximately \$17M of the Bonds will be secured by private donations and thus will be repaid over an accelerated 5-year period pursuant to section 1010.62, Florida Statutes. This creates slightly unlevel debt service in the early years of the Bonds, but, since it is necessitated by and compliant with Statute, it is not viewed as a deviation from the State University System's Debt Management Guidelines ("Guidelines").

The Bonds will be secured by certain revenue streams contractually pledged to FSUAA by FSU's athletics department and Seminole Boosters, Inc., including athletic conference distributions, recurring annual Seminole Booster membership fees, Project-specific donations, sponsorships and advertising money, ticket sales, and game guarantees (collectively, the "Pledged Revenues"). As a primarily 'gross pledge', it prioritizes the payment of debt over operations. Based on pro forma projections, Pledged Revenue jumps from \$104M (2025) to over \$120M (2026) reflecting the fiscal benefit of the Project's proposed seating and amenities, with consistent annual growth. This provides estimated debt service coverage of at least 3.54x during the projected period, exceeding the 1.20x minimum required by the Guidelines.

Construction is anticipated to be complete in August 2025, and the Project is expected to have a useful life of 80 years.

The Project was approved by the FSUAA Board of Directors and the FSU Board of Trustees in October 2023; it is included in FSU's approved Campus Master Plan, as corrected June 15, 2023; and the Project was Legislatively authorized in the FY23-24 General Appropriations Act, Section 10. The proposed financing complies with the Guidelines as well as Florida Statutes governing issuance of university debt.

Supporting Documentation Included:

Supporting information can be found in the Facilities Committee materials