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MEMORANDUM

To: Board of Governors

From: J. Ben Watkins III

A blue ink signature of J. Ben Watkins III, written in a cursive style.

Date: October 16, 2023

Re: Florida State University Athletics Association ("FSUAA") Football Stadium Improvements Project

As required by Section 1010.62, Florida Statutes, the Division of Bond Finance ("DBF") has reviewed and analyzed the information provided to support FSUAA's proposed financing of renovations to the football stadium (the "Project") on the main campus of Florida State University (the "University" or "FSU"). The proposed financing of the Project complies with Section 1010.62, Florida Statutes, and the Board of Governors Debt Management Guidelines (the "Guidelines"). DBF has also reviewed the Board of Governors ("BOG") staff analysis of the Project. DBF has analyzed the proposed financing and highlighted information about the transaction for the BOG's consideration in connection with its evaluation of the proposed financing of the Project.

Due to anticipated "private use" associated with aspects of the Project, a portion of the Bonds may need to be issued as taxable debt in accordance with federal tax law. Taking a conservative approach, the information in the financial analysis assumes the entire bond issue is issued as taxable debt with a 7% interest rate. However, DBF is working with tax counsel to maximize tax-exempt bonds and minimize taxable debt to achieve the lowest cost financing possible.

The bonds that will be issued to finance the Project (the "Bonds") will be secured by certain revenue streams contractually pledged to FSUAA by the University's athletics department and Seminole Boosters, Inc., including Project-specific donations received within 5 years of issuance of the Bonds. In compliance with the Guidelines and the limitations for securing debt under Section 1010.62, Florida Statutes, the donations for the Project pledged to secure the Bonds will be limited to those received within the first 5 years of issuance. Donations received after the first 5 years of issuance will be available to pay debt service on the Bonds but will not secure the debt.

Recently, the University opted to prioritize the Project as the first debt issuance by FSUAA with plans to issue the previously approved debt for the football operations facility subsequent to the issuance of the Bonds. Established in 2019 by the University's Board of Trustees, FSUAA's purpose is to provide greater coordination, efficiency, and transparency for athletics-related fundraising and management. FSUAA's five-member board includes the University President, a member of the University's Board of Trustees, and the Chair of Seminole Boosters, creating strategic alignment among FSU athletics'

institutional stakeholders. The University also plans to continue to increasingly integrate its athletic budgetary, financial, and operational activities enabling more effective management of the University athletic enterprise.

Going forward, the University plans to use the FSUAA as its primary financing platform for athletics. The reformulation of the credit structure greatly expands the University's financing capacity for athletics facilities and improves its creditworthiness of the Bonds. Although some previously issued Seminole Boosters debt remains outstanding, it is expected that the University will refund the debt under the new credit structure when such transactions generate debt service savings.

cc: Ray Rodrigues, Chancellor, Board of Governors
Kevin Pichard, Director, Board of Governors
Kyle Clark, Senior Vice President for Finance and Administration, Florida State University