

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
November 6, 2025**

SUBJECT: FSU Auxiliary Revenues for Athletics

PROPOSED COMMITTEE ACTION

Approve using up to \$2 million in auxiliary funds for an internal loan to replace the baseball stadium videoboard and sound system.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7(d), Florida Constitution; Regulation 9.013 – Auxiliary Operations

BACKGROUND INFORMATION

Regulation 9.013 allows the use of unreserved cash from a non-athletic auxiliary to be considered for athletics by the university Board of Trustees and approved by the Board of Governors. The Board of Governors will consider this on a case-by-case basis, considering the unique facts and circumstances surrounding each situation. The university administration should provide, at a minimum, the following information to the university Board of Trustees for its consideration and subsequently to the Board of Governors so that a transparent and informed decision can be made:

- (a) the specific non-athletic auxiliary the funds are coming from, the amount of the proposed transfer, and the amount of reserves available;
- (b) justification that the use of unreserved cash from the non-athletic auxiliary will benefit the broader student body or campus community;
- (c) if the supporting non-athletic auxiliary has outstanding debt, verification that the funds to be used are unreserved cash balances and that sufficient current revenues exist to cover all expenditures, including, but not limited to, debt service payments and required reserves;
- (d) assurance by the university, with the concurrence of the Division of Bond Finance, that such transfer does not violate any bond covenants; and
- (e) in the event the non-athletic auxiliary revenues to be transferred include student fees or payments, documentation that a disclosure has been made to students that non-athletic auxiliary revenues which include student fees or payments will be transferred to athletics.

FSU has provided the following information:

FSU Athletics is seeking BOG Approval for a 5-year loan up to \$2 million to replace the Dick Howser Baseball stadium videoboard and sound system. The University intends to loan available auxiliary reserves to Athletics, through its Internal Bank Program. The University's Investment policy is designed to ensure the prudent management of public

funds, the availability of operating and capital funds when needed, and to offer an internal funding mechanism as an alternative to external financing, such as accessing capital markets through the issuance of revenue bonds. Auxiliary enterprise reserves restricted by bond covenants, for which such auxiliary enterprise has currently outstanding bonds, will not be used to fund the proposed Internal Bank loan.

FSU worked with the their financial advisor, Hilltop Securities, to determine an appropriate interest rate, estimated at 2.47%, based on current market conditions. The principal and interest will be paid in full, on or before November 1, 2030. In the event the private gifts pledged on the Project are not sufficient to pay for debt service, Athletics will use other available Athletics Department and Seminole Boosters, Inc. funds to cover the annual debt service payments.

In compliance with BOG Regulation 9.013, the required information is provided below:

(a) The specific non-athletic auxiliary the funds are coming from, the amount of the proposed transfer, and the amount of reserves available;

Loan funds will come from miscellaneous administrative auxiliary available reserves. These funds are generated from various sources, including purchasing card rebates and interest earnings. It is proposed that up to \$2 million will be transferred to Athletics from these funds. As of 9/30/2025, these reserves carried a balance of approximately \$171.7 million.

(b) Justification that the use of unreserved cash from the non-athletic auxiliary will benefit the broader student body or campus community;

The existing Baseball stadium videoboard is in constant need of repairs, and the parts are becoming harder to find. Replacing the existing videoboard and sound system will reduce the Department's maintenance costs and enhance the gameday experience, increasing fan/student attendance and engagement during events.

(c) If the supporting non-athletic auxiliary has outstanding debt, verification that the funds to be used are unreserved cash balances and that sufficient current revenues exist to cover all expenditures, including, but not limited to, debt service payments and required reserves;

The supporting non-athletic auxiliary funds being considered for the internal loan do not have outstanding debt.

(d) Assurance by the university, with concurrence of the Division of Bond Finance, that such transfer does not violate any bond covenants;

There is no outstanding debt related to the available auxiliary funds.

(e) In the event the non-athletic auxiliary revenues to be transferred include

student fees or payments, documentation that a disclosure has been made to students that non-athletic auxiliary revenues which include student fees or payments will be transferred to athletics.

The available auxiliary reserves do not include student fees or payments.

The FSU Board of Trustees approved the loan on October 31, 2025.

Supporting Documentation Included:

1. FSU Agenda & Supporting Materials
2. Regulation 9.013

Facilitators/Presenters:

Mrs. Sarah deNagy