

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Facilities Committee  
June 21, 2012**

**SUBJECT:** A Resolution of the Board of Governors Authorizing the Issuance by FSU Financial Assistance, Inc. of Bonds to Finance the Construction of a Multi-Purpose Indoor Athletic Facility and Related Improvements on the Main Campus of the Florida State University

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**PROPOSED COMMITTEE ACTION**

Adoption of a resolution approving the issuance of fixed rate tax-exempt bonds, by FSU Financial Assistance, Inc (the "DSO"), in an amount not to exceed \$15,650,000 (the "Bonds") for the purpose of financing a portion of the construction of a multi-purpose indoor athletic facility (the "Project"), which will be located on the main campus of Florida State University (the "University").

Staffs of the Board of Governors, State University System of Florida and the Division of Bond Finance have reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and complies with the debt management guidelines adopted by the Board of Governors. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Florida Board of Governors Debt Management Guidelines; Section 1010.62, Florida Statutes; and Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

The DSO has submitted a proposal for financing the construction of a multi-purpose indoor athletic facility on the main campus of Florida State University. The Project will include one building consisting of an indoor football field as well as improvements to adjacent outdoor practice fields. All portions of the Project will be located on the University's main campus. The total Project cost is expected to be approximately \$17,260,000.

The Project is consistent with the University's Campus Master Plan.

The DSO, a direct support organization of Florida State University, proposes to issue up to \$15,650,000 of fixed rate, tax-exempt bonds (the "Bonds") to finance a portion of the Project and pay costs of issuance on the Bonds. The Bonds will mature thirty (30) years after issuance with level debt service payments. There will not be a debt service reserve fund. The DSO also plans to contribute \$2,000,000 cash from the Seminole Boosters to the cost of the Project.

The Bonds are payable from the Pledged Revenues which consist of revenues of the DSO that are derived from several sources including conference facility and suite rental fees, Athletic Department rent, license and trademark revenue and net ticket revenues. The Athletic Department pays the rent from operating revenues, which are generated from several sources including: conference distributions, student athletic fees, sponsorships and advertising, game guarantees, bowl games, and television and radio. Pursuant to Section 1010.62(3)(a), Florida Statutes, no more than 5% of student athletic fee revenues may be pledged for debt service on the Bonds. Projections provided by the University indicate revenues are expected to be sufficient to pay debt service on the Bonds and the Athletic Department rent payments will not include more than 5% of the student athletic fees. .

The Bonds will be issued on parity with previously issued bonds of the DSO currently outstanding in an aggregate principal amount of approximately \$61 million. The DSO has historically generated positive debt service coverage, which is projected to continue based on reasonable assumptions as to revenue and expenditure growth. It appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and the Board of Governors Debt Management Guidelines.

The Florida State University Board of Trustees, at its June 8, 2012 meeting, approved the Project and the financing thereof. The FSU Financial Assistance, Inc. Board of Directors, is scheduled to approve the Project and the financing at a meeting June 26, 2012.

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**Supporting Documentation Included:**

1. Requesting Resolution
2. Project Summary
3. Attachment 1 - Estimated Sources and Uses
4. Attachment 2 - Historical and Projected Pledged Revenues and Debt Service Coverage

**Facilitators/Presenters:** Chris Kinsley