

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

**SUBJECT:** Amendment to the Agreement between the City of Tallahassee, Leon County, Florida, Florida State University and the Board of Governors. Related to the Tallahassee-Leon County Civic Center located adjacent to the Main Campus of the Florida State University

---

**PROPOSED COMMITTEE ACTION**

Adopt an Amendment to the Agreement between the City of Tallahassee, Leon County, Florida, Florida State University (the "University") and the Board of Governors related to the Tallahassee-Leon County Civic Center Authority to release the City and County from any obligations under previous Civic Center Agreements and Authorize the proposed transfer of ownership and assumption of long-term debt from the Civic Center Authority by the University.

Staff of the Board of Governors, State University System of Florida have reviewed the proposed Amendment, Transfer Agreement, Lease Agreement, and other supporting documentation provided by the University. Based upon this review, it appears that the proposed financing is in compliance with applicable Florida Statutes, including those 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 Amendment and Authorization of the Transfer Agreement.

**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 Board of Regents (the "Regents") was a party to the original Agreement, which provided for the operations of the Civic Center by the Tallahassee-Leon County Civic Center Authority (the "Authority"). The Authority is established pursuant to 2004-435 Laws of Florida, with the University appointing a majority of seats. The Board is a

party to the current Agreement. The City of Tallahassee (the “City”) and Leon County (the “County”) have requested that they be released from the Agreement. As the Board is a party to the Agreement, Board approval is required to release the City and County. The long-term plan is for the University to assume complete ownership of the Civic Center, and for the Legislature to replace the Authority with a citizens advisory panel.

The City approved the proposed Amended Agreement on May 23, 2012. The County approved the proposed Amended Agreement on May 22, 2012. The University Board of Trustees is scheduled to approve the Amended Agreement on June 8, 2012. The Authority is scheduled to approve the Amended Agreement on June 13, 2012. The Civic Center has a currently depreciated book value of \$28 million, and is essential to the long-term strategic plan of the University. While the Civic Center has operated at a deficit for the past two years, the University is confident that it will be able to operate the Civic Center on at least a break-even basis. The University will assume the long-term debt of the Civic Center, which totals \$4.1 million. The Debt is in the form of a bank qualified note held by Sun Trust Bank, with a term ending 2019. This is the only long-term liability of the Civic Center.

The University intends to enter into a Lease Agreement with the Authority upon transfer of ownership to allow the Authority to continue to operate the Civic Center on a day-to-day basis until such time as the Legislature abolishes the Authority.

In 2004, the Legislature changed the composition of the Authority’s Board such that a majority of the seats, including the chair, are appointed by the University’s president. Despite this change, FSU was deemed by the independent financial auditors as unable to exercise significant control on the management of the Authority. However, changes in the financial circumstances of the Authority have required the University to intervene in order to allow the continued operations of the Civic Center. Fiscal year ended June 30, 2012 is not yet complete, but Board staff believe that it highly likely that the independent auditors will find that the Civic Center Authority is in fact a component unit of the University.

The Board of Governors is not a party to the Transfer Agreement, but approval of the proposed Transfer Agreement is required in order for the University to formally assume liability for the Civic Center Authority’s Debt.

---

**Supporting Documentation Included:**

1. Amended Agreement
2. Transfer of Ownership
3. Lease Agreement
4. Attachment 2 - Historical and Projected Revenues and Debt Service Coverage

**Facilitators/Presenters:** Chris Kinsley