

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Facilities Committee  
June 20, 2011**

**SUBJECT:** A Resolution of the Board of Governors Authorizing the Issuance by the University of Florida University Athletic Association of Bonds to Finance the Construction, Renovation and Equipping of various Capital Improvements to certain Athletic Facilities on the main campus of the University of Florida

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**PROPOSED COMMITTEE ACTION**

Adoption of a resolution approving the issuance of fixed or variable rate tax-exempt bonds, by the University of Florida University Athletic Association (the "Association"), in an amount not to exceed \$15,000,000 (the "Bonds") for the purpose of financing the construction, renovation and equipping of certain athletic facilities, including the west concourse of Ben Hill Griffin Stadium, the O'Connell Center 1<sup>st</sup> Floor, the O'Connell Center Gymnastics Studio, covering the tennis courts, renovating the softball batting cages and locker rooms and equipping a new scoreboard control and production room for football/basketball/baseball/softball, all of which will be or are located on the University of Florida's (the "University") main campus ("the Project").

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(d), Florida Constitution

## BACKGROUND INFORMATION

The University of Florida has submitted a proposal for financing the construction, renovation and equipping of certain athletic facilities on the main campus of the University of Florida. The Project will include the renovation of the West Concourse of Ben Hill Griffin Stadium, the renovation of the O'Connell Center 1<sup>st</sup> Floor, ( the renovation of the O'Connell Center Gymnastics Studio, covering the tennis courts, the renovation of the softball batting cages and locker rooms, and equipping a new scoreboard control and production room for football/basketball/baseball/softball. All portions of the Project will be located on the University's main campus. The total Project cost is expected to be \$14,850,000.

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

The Association, a direct support organization of the University of Florida, proposes to issue up to \$15,000,000 of fixed or variable rate, tax-exempt bonds to finance the Project. The Bonds will mature twenty (20) years after issuance and are anticipated to be amortized on a level principal basis. There will not be a debt service reserve fund.

The Bonds are a general unsecured obligation of the Association payable from available revenues of the Association, including but not limited to, ticket sales, conference revenues, auxiliary sales, sponsorships and such other revenues that may be used, pursuant to Section 1010.62, Florida Statutes to pay and secure debt other than student athletic fees described in Section 1009.24(12), Florida Statutes. The Association revenues are derived from a variety of sources. Operating revenues include ticket sales and conference revenues, auxiliary sales, sponsorships, student athletic fees and other miscellaneous sources. Non-operating revenues are derived primarily from investment earnings and gifts. Student athletic fees are not available to pay debt service, but are available to pay other expenses of the Association. Projections provided by the University indicate growth in operating revenues and growth in non-operating revenues sufficient to pay debt service on the Bonds.

The Bonds will be issued on parity with previously issued bonds of the Association currently outstanding in an aggregate principal amount of approximately \$80 million, 60% of which have variable rates of interest. The Association has approximately twenty years of experience managing its variable rate debt portfolio and 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 University Athletic Association Board of Directors, at a meeting June 15, 2011, and the University of Florida Board of Trustees, at its June 10, 2011 meeting, approved the Project and the financing thereof.

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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