

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
November 5, 2020**

SUBJECT: State University System (System) Outstanding Debt

PROPOSED COMMITTEE ACTION

For informational purposes only, an overview of the System outstanding debt, as of September 11, 2020, with a focus on refinance/refunding activity.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution.

BACKGROUND INFORMATION

In April of this year, Board staff gathered information relating to outstanding debt within the System, with a focus on refinance/refunding activities at both the university level and at the Division of Bond Finance (DBF). The university/DSO debt was compiled in a chart, attached for reference, and a separate email report was provided by DBF regarding their activities.

The chart reflecting university/DSO debt was recently updated, as of September 11, 2020. All told, based on the information provided, the universities are monitoring their debt portfolios and actively exploring options to refinance/restructure same to generate debt service savings. The following bullet points help summarize the extensive information on the chart: [note, for discussion purposes, "issues" includes all forms of debt; bonds, notes, lines of credit, etc.]:

- There are 118 issues outstanding, totaling \$3.2 billion, issued primarily through DSO's.
- 84% of the debt is fixed rate; 93 issues totaling \$2.7 billion. This includes 11 issues, totaling \$236M, with variable rates synthetically fixed via interest rate SWAPs.
- 16% of the outstanding debt is variable rate; 25 issues totaling \$500M.
- Over 60% of the debt outstanding (64 issues totaling \$2 billion) is not eligible for refinancing. In most cases, ineligibility is due to the debt being newly issued or recently refinanced (i.e. still in the initial 10-year "lock out" period).
- Roughly 40% of the debt (54 issues totaling \$1.2 billion) is eligible for refinancing. Of those, 9 issues, totaling \$201M, are currently exploring options. For the most part, the remaining issues that are eligible but not pursuing refinancing are not doing so because their current interest rates are at a low enough level that refinancing isn't advantageous.

- Since the last report in April, the following activity has occurred:
 1. FAMU is participating in a payment deferment program offered through the US Department of Education on \$55M in debt, resulting in an upfront \$2.2M refund and potential debt service deferral of \$380K/month going forward.
 2. USF refinanced 3 issues totaling \$30M, at fixed rates of 3.5% - 3.8%, and paid off a small issue of \$410k.
 3. FSU Boosters refinanced \$23M at a fixed rate of 3.7%

DBF's previous report on 4/24/20, outlined their refinance/refunding activity over the past decade, and it including a list of 11 bond issues, totaling over \$195M, currently flagged for potential refinancing in the next 12-18 months depending on market conditions and interest rates. Given the thoroughness of their report, as well as demonstrated expertise and vigilance, further details are not provided herein.

Supporting Documentation:

1.) SUS Outstanding Debt, non-DBF issued, as of 9/11/20.

Facilitators/Presenters:

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