

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
November 5, 2014**

SUBJECT: A Resolution of the Board of Governors Authorizing the Issuance by Golden Knights Corporation of Debt to Finance the Construction of an Athletics Building on the Main Campus of the University of Central Florida

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate debt by Golden Knights Corporation (the "DSO"), in an amount not to exceed \$4,000,000 (the "Debt") for the purpose of financing the construction of an athletics building (the "Project"), which will be located on the main campus of the University of Central Florida (the "University").

Staff of the Board of Governors, State University System of Florida and the Division of Bond Finance has 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

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

BACKGROUND INFORMATION

The DSO has submitted a proposal for financing the construction of an athletics building on the main campus of the University of Central Florida. The Project will consist of a 22,500 square foot, three story facility and related infrastructure that will house the new Wayne Densch Center for Student-Athlete Leadership and office suites for the NCAA compliance staff, athletics student-services, and academic services. The Project will be located in the north section of the University of Central Florida main campus in Orlando, Florida, consistent with the Campus Master Plan and adjacent to

the east side of Bright House Networks Stadium. The total Project cost is expected to be approximately \$6,030,000.

The DSO, a direct support organization of the University of Central Florida, proposes to obtain a \$4,000,000 fixed rate, tax-exempt bank loan (the “Debt”) to finance a portion of the Project and pay costs of issuance on the Debt. The Debt will mature fifteen (15) years after issuance with level debt service payments. There will not be a debt service reserve fund. The DSO also plans to contribute \$2,085,000 cash from donor pledges to the cost of the Project. The University anticipates using future charitable contributions received under pledge agreements to prepay the Debt under a special or early redemption provision.

The debt will be secured by a pledge of gross revenues of the DSO, including operating revenues of the DSO and certain non-operating revenues received from the University of Central Florida Athletics Association. The debt will be on parity with the other debt of the DSO in the outstanding amount of \$51.3 million. Projections provided by the University and DSO indicate the gross pledged revenues are expected to be sufficient to pay debt service on the Debt; however, many of these revenues are historically volatile by nature and are generated from the operation of the UCF Athletics Association. When analyzing the Corporation and the UCF Athletics Association together, the resources show debt obligations still being met, however from a much weaker financial position. The University is legally authorized to secure the Debt with the revenues to be pledged pursuant to section 1010.62, Florida Statutes.

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 of Central Florida Board of Trustees, at its September 25, 2014 meeting, approved the Project and the financing thereof. The Golden Knights Corporation Board of Directors, at its August 4, 2014 meeting approved the Project and the financing thereof.

Supporting Documentation Included:

1. Requesting Resolution
2. Project Summary
3. Attachment I - Estimated Sources and Uses
4. Attachment II - Historical and Projected Pledged Revenues and Debt Service Coverage
5. Attachment III - Academic Projections

Facilitators/Presenters: Chris Kinsley