

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
June 27, 2024**

SUBJECT: UWF Auxiliary Revenues for Stadium Project

PROPOSED COMMITTEE ACTION

Approve using \$25M in auxiliary funds for an internal loan to construct a new football stadium. The funds will be paid back over 20 years with interest.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7(d), Florida Constitution; Regulation 9.013 – Auxiliary Operations

BACKGROUND INFORMATION

In June 2023, the Board amended Regulation 9.013 to allow the use of unreserved cash from a non-athletic auxiliary to be considered for athletics by the university Board of Trustees and approved by the Board of Governors. The Board of Governors will consider this on a case-by-case basis, considering the unique facts and circumstances surrounding each situation. The university administration should provide, at a minimum, the following information to the university Board of Trustees for its consideration and subsequently to the Board of Governors so that a transparent and informed decision can be made:

- (a) the specific non-athletic auxiliary the funds are coming from, the amount of the proposed transfer, and the amount of reserves available;
- (b) justification that the use of unreserved cash from the non-athletic auxiliary will benefit the broader student body or campus community;
- (c) if the supporting non-athletic auxiliary has outstanding debt, verification that the funds to be used are unreserved cash balances and that sufficient current revenues exist to cover all expenditures, including, but not limited to, debt service payments and required reserves;
- (d) assurance by the university, with the concurrence of the Division of Bond Finance, that such transfer does not violate any bond covenants; and
- (e) in the event the non-athletic auxiliary revenues to be transferred include student fees or payments, documentation that a disclosure has been made to students that non-athletic auxiliary revenues which include student fees or payments will be transferred to athletics.

UWF has provided the following information:

1. On June 20, 2024, the UWF Board of Trustees approved a proposal to construct a new stadium with an estimated cost of \$40M.

2. Fundraising will cover \$15M of the construction costs and an internal loan of \$25M will cover the remaining portion.
3. The internal loan will have a term of 20 years and interest will be charged at the average of the Florida Special Purpose Investment Account rate.
4. Per UWF's Internal Loan Guidelines the debt payment will commence upon the completion of construction.
5. The \$25M loan will consist of three auxiliary revenue sources: Auxiliary Administrative Overhead, P-card Rebate and Auxiliary Interest Earnings.

Compliance with Regulation 9.013:

- (a) UWF monitors auxiliaries on a collective basis, versus an individual basis. UWF auxiliaries currently have a balance of \$55.7M. Utilizing \$25M for the loan will leave UWF with a balance of \$35.7M.
- (b) The stadium will positively impact student life on campus and the increase in student engagement resulting from the stadium will directly and positively impact student retention and timely graduation. UWF is confident that with careful planning, prudent fiscal management, and effective execution, they can successfully realize their vision for the stadium and deliver long-term value to the university, the BOT, the BOG, the student body, and the local community.
- (c) UWF does not have any outstanding loans or obligations on any of the three auxiliary fund balances being utilized. They do have outstanding housing bonds financed through their foundation.
- (d) Since there is no auxiliary debt on the auxiliaries being utilized, the Division of Bond Finance concurrence is not necessary.
- (e) The auxiliaries utilized do not include any revenues from student fees or payments.

Supporting Documentation Included:

1. Regulation 9.013
2. UWF Agenda & Supporting Materials

Facilitators/Presenters:

Mr. Tim Jones