

Board of Trustees
Finance, Facilities, and Operations Committee
May 16, 2024

Subject: Approval of UWF Stadium project Advancement and Fundraising to include an internal loan.

Recommended Action:

Approve the proposed UWF stadium project and the lending of \$25 million via internal financing. Additionally, \$10 to \$15 million from fundraising will also be used for a total stadium cost of \$35 to \$40 million. Additionally, we request approval to submit this project to the Board of Governors for approval per BOG Regulation 9.013-Auxiliary Operations.

Background Information:

The University started playing football games on campus in the Fall of 2022. As we continue to grow the program and our presence there has been a community interest in the development and construction of a UWF stadium. The stadium is part of the university's Campus Master Plan and is a critical component of student life on campus. The total cost of the stadium is estimated at \$35 million of which approximately \$10 million will be paid from fundraising activities. We seek approval for an internal loan of \$25 million to complete the stadium project. The attached documents provide the details of the internal loan in accordance with the university's formal Internal Loan Guidelines.

Florida Board of Governors Regulation 9.013 – Auxiliary Operations allows the university to request approval of the use of unreserved cash from non-athletic auxiliaries. This will be the source of the internal loan.

The loan details for the \$25 million are as follows:

- \$25 million borrowed.
- 20-year loan repayment begins with the completion of the construction.
- The Florida Special Purpose Investment Account (SPIA) average rates will be the interest rate.
- The estimated annual principal and interest payment is \$1,631,840.
- The annual administrative overhead generates approximately \$3.7 million per year.
- A remaining balance of approximately \$2.1 million would be available annually.
- Total interest paid over the loan is estimated at \$7.6 million.
- The details of the loan comply with the university's Internal Loan Guidelines and the BOG Regulation.

The project will consist of a stadium with multiple premium areas and experiences to support the university's football program. The project is expected to have four levels: field level, the main concourse, club level, and press level which provides an opportunity to configure program areas within the stadium to expand in the future. Conceptual designs were completed in February 2024; the next step will be to secure an architectural firm to design the project and construction is expected to begin in late 2026.

The housing component is separate from this request. That project requires the UWF Foundation to follow the BOG Debt Management Guidelines. BOT and BOG approvals are required before a bond issuance, but after sufficient information outlined in the BOG Guidelines is available for review. Items identified include detailed estimated project costs, proposed debt service schedules, and five-year pro forma financials. Ahead of these approval(s) for issuing bonds, the UWF Foundation will be working with the State of Florida Department of Bond Finance (DBF) and the rating agencies to develop and review this supporting documentation. The Foundation will also work with UWF procurement to identify the financial advisor and the underwriter used to issue the tax-exempt bonds. The Foundation has already contacted and been in discussions with its bond counsel. In addition, housing and the Foundation are contracting with a firm to conduct a demand and market study for additional housing on campus as required.

Implementation Plan:

UWF requests the Board of Trustees to authorize the university to lend funds for the stadium project, with the understanding that the lent funds will adhere to BOG Regulation 9.013, and institutional Internal Loan Guidelines. Additionally, final approval of the transaction, including the lent amount and terms, along with the allowable auxiliary funds, is to be approved by the Board of Governors, and approval for compliance with BOG Reg. 9.013, by the Board of Governors staff and Chancellor.

Fiscal Implications:

Authorization is being requested to lend \$25 million of the unreserved funds from non-athletic auxiliaries. The strength of the university's auxiliary overhead income will be committed to the stadium project internal loan with a repayment period of up to 20 years at the SPIA average rate.

This project will make a direct contribution to the university's mission because it will provide needed student facilities and enhance the student's university experience.

Relevant Authority:

Florida Board of Governors Regulation 9.013 Auxiliaries and UWF Internal Loan Procedures

Supporting Documents:

1. PowerPoint presentation
2. BOG Regulation 9.013 Auxiliary Operations
3. UWF Internal Loan Guidelines see: <https://uwf.edu/media/university-of-west-florida/finance-and-administration/pdf/Internal-Loan-Guidelines.pdf>
4. Auxiliary Funding Pro Forma
5. Stadium Loan Schedule

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BOG Reg 9.013 (3)(a) Requirement Confirmation:

Utilization of Auxiliary Reserves: The estimated cost of the stadium is \$35 to \$40 million. With the initial gift of \$9M, the Foundation has committed to raising an additional \$1-\$6M. In keeping with BOG Regulation 9.013, Auxiliary Operations, UWF proposes utilizing a portion of unreserved cash from non-athletic auxiliaries to finance the remaining cost of the stadium after applying the gift. As of May 2024 UWF has a collective cash institutional-wide is \$140.8M, and Auxiliaries are \$55.7M of that total, and there is at least \$27.8M in various reserves to borrow from, additionally, as per 9.013 UWF manages our auxiliaries on a collective basis. The source of repayment for the financing is auxiliary overhead fees. Historically, auxiliary overhead fees have been used to fund facility projects, major software purchases (Banner), and other major campus projects. This is not a departure from how we have utilized auxiliary overhead fees in the past, but the scale of the project is greater.

OG Reg 9.013 (3)(C) & (d) Requirement Confirmation:

Internal Loan: Currently, there are no outstanding loans or obligations on any of our university auxiliary fund balances. However, the UWF Foundation Direct Support Organization currently has outstanding bonded debt obligated on the revenue strength of the Housing system. This project will not have any impact on the currently outstanding debt or debt service for the outstanding bonds. To formalize the financing arrangement UWF will comply with the UWF Internal Loan Guidelines (reference: <https://uwf.edu/media/university-of-west-florida/finance-and-administration/pdf/Internal-Loan-Guidelines.pdf>)

Per our guidelines, we would like to obtain a \$25M loan to be repaid over 20 years with interest charged at the SPIA rate. Our internal approval process includes the President, Provost, and VP/CFO. If the loan is more than \$5M or 5 years, the BOT Chair must approve the loan after the board approves the loan (see the guidelines). Additionally, we would submit this project for BOG approval per BOG Regulation 9.013 because of the funding source planned.

Cash Flow Management: Our cash flow projections indicate that we can allocate a certain amount of auxiliary overhead annually toward the stadium project internal loan without impacting our operational capabilities or liquidity, as we are currently estimated at only obligating 1/3 of the total auxiliary overhead. By carefully managing our cash flow, we can ensure steady progress in the construction and development phases.

Cost Optimization: We are committed to optimizing costs throughout the project lifecycle. This includes negotiating favorable contracts with vendors and suppliers, implementing efficient project management practices, and identifying opportunities for cost-saving measures without compromising on quality.

Revenue Generation: We anticipate generating additional revenue streams through the stadium once it is operational. These may include ticket sales, corporate sponsorships, concessions, and hosting events. By leveraging these revenue streams, we aim to offset ongoing operational expenses and potentially recoup a portion of the initial investment over time.

Risk Mitigation Strategies: We recognize that any large-scale project carries inherent risks, and we are committed to implementing robust risk mitigation strategies. This may include obtaining appropriate insurance coverage, conducting thorough due diligence on contractors and suppliers, and maintaining open lines of communication with relevant regulatory authorities.

UWF Stadium and Satisfaction of meeting BOG Reg 9.013 Auxiliary Operations

Transparent Reporting: To oversee the financing and implementation of the stadium project, we will report quarterly to the Board of Trustees throughout the project. We will provide transparent and timely reporting to the Board of Trustees and senior management regarding the financial performance and progress of the stadium initiative. This will enable informed decision-making and ensure accountability at every stage of the project lifecycle.

BOG Reg 9.013 (3)(e) Requirement Confirmation:

In summary, we believe that internally financing the stadium project presents a strategic opportunity for UWF. We have secured a letter from SGA supporting the project for the student body. The stadium will have a positive impact on student life on campus and the increase in student engagement resulting from the stadium will directly and positively impact student retention and timely graduation. We are confident that with careful planning, prudent fiscal management, and effective execution, we can successfully realize our vision for the stadium and deliver long-term value to the university, the BOT, BOG, the student body, and the local community.

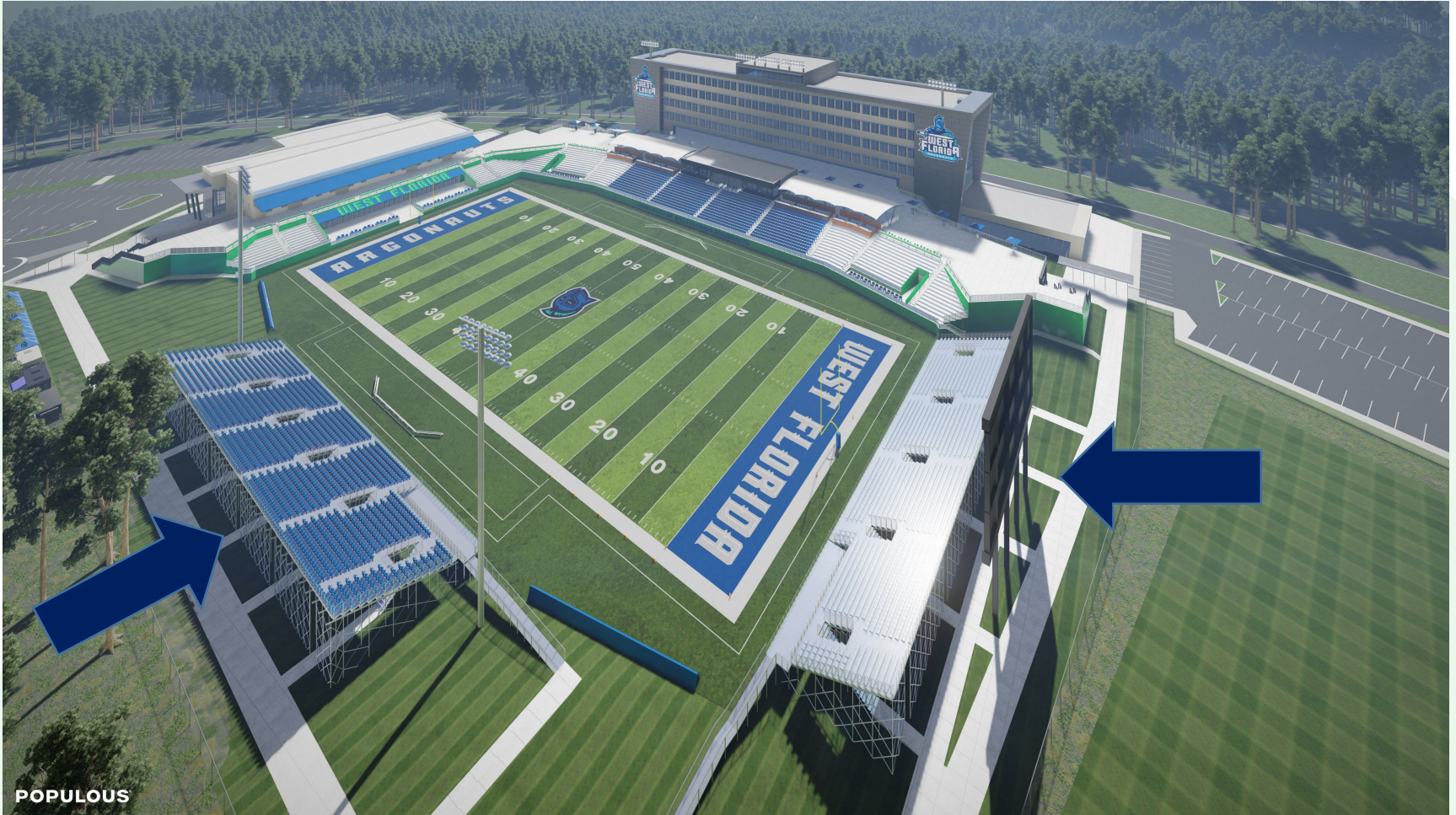


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UWF Stadium & Internal Loan

*Presented by the Division of Finance &
Administration*

The Concept



- The rendering includes two phases: the stadium and student housing.
- The information in this presentation is for the construction of the stadium.
- An estimated \$35-\$40M is needed for this construction.
- The funding includes \$25M from an internal loan and an estimated \$15M from fundraising.
- Loan terms include 20 years at the average of the Florida Special Purpose Investment Account (SPIA) rate.
- Per UWF *Internal Loan Guidelines* the payment for the debt will commence upon the completion of construction.

Revenue Stream & Strength

**Auxiliary
Administrative
Working Reserve
4/3/2024**

	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	Estimated	Estimated	Estimated	Estimated		
											FY24-25	FY25-26	FY26-27	FY27-28		
Revenue Sources																
Administrative Overhead	1,287,755	1,530,667	1,911,534	2,007,903	2,020,074	2,011,259	1,966,942	2,195,766	2,427,082	2,761,213	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	
Pcard Rebate	196,107	296,831	0	471,526	263,209	233,946	371,600	187,824	172,015	180,758	185,000	185,000	185,000	185,000	185,000	
Auxiliary Interest Earnings	241,130	315,112	375,772	437,345	776,703	1,077,620	1,046,050	426,569	726,306	1,022,165	920,000	920,000	920,000	920,000	920,000	
Total Available Auxiliary Funding	\$ 1,724,993	\$ 2,142,610	\$ 2,287,306	\$ 2,916,773	\$ 3,059,986	\$ 3,322,824	\$ 3,384,591	\$ 2,810,159	\$ 3,325,403	\$ 3,964,135	\$ 3,705,000	\$ 3,705,000	\$ 3,705,000	\$ 3,705,000	\$ 3,705,000	
Change Over Prior Year		\$ 417,617	\$ 144,696	\$ 629,467	\$ 143,212	\$ 262,839	\$ 61,767	\$ (574,432)	\$ 515,244	\$ 638,732	\$ (259,135)	\$ -	\$ -	\$ -	\$ -	
Est. FY25 Principal & Interest																\$ (1,631,840)
Projected Remaining Balance																\$ 2,073,160



UWF Stadium Loan Amortization Schedule

Enter values

Loan amount	\$25,000,000.00
Annual interest rate	2.74%
Loan period in years	20
Number of payments per year	2
Start date of loan	7/1/2028

Loan summary

Scheduled payment	\$815,919.84
Scheduled number of payments	40
Actual number of payments	40
Total early payments	\$0.00
Total interest	\$7,636,793.78

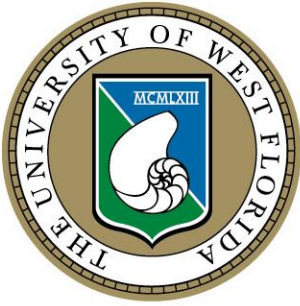
Payment number	Payment date	Beginning balance	Scheduled payment	-	Total payment	Principal	Interest	Ending balance	Cumulative interest
1	7/1/2028	\$25,000,000.00	\$815,919.84		\$815,919.84	\$473,519.84	\$342,400.00	\$24,526,480.16	\$342,400.00
2	1/1/2029	\$24,526,480.16	\$815,919.84		\$815,919.84	\$480,005.17	\$335,914.67	\$24,046,474.98	\$678,314.67
3	7/1/2029	\$24,046,474.98	\$815,919.84		\$815,919.84	\$486,579.32	\$329,340.52	\$23,559,895.66	\$1,007,655.19
4	1/1/2030	\$23,559,895.66	\$815,919.84		\$815,919.84	\$493,243.51	\$322,676.33	\$23,066,652.15	\$1,330,331.52
5	7/1/2030	\$23,066,652.15	\$815,919.84		\$815,919.84	\$499,998.98	\$315,920.87	\$22,566,653.17	\$1,646,252.39
6	1/1/2031	\$22,566,653.17	\$815,919.84		\$815,919.84	\$506,846.96	\$309,072.88	\$22,059,806.21	\$1,955,325.27
7	7/1/2031	\$22,059,806.21	\$815,919.84		\$815,919.84	\$513,788.74	\$302,131.11	\$21,546,017.47	\$2,257,456.38

Recommendations

As the loan is greater than \$5M and more than 5 years, we request:

- BOT approval of the \$25 million internal loan for 20 years for the stadium construction as per the UWF *Internal Loan Guidelines*.
- We request to submit this project request to the BOG for approval per BOG Regulation 9.013-*Auxiliary Operations*.

QUESTIONS?



**Office of the Vice President
for Academic Engagement
and Student Affairs**
11000 University Parkway
Pensacola, FL 32514

We, the undersigned, as the Student Body President and Vice President of the Division of Academic Engagement and Student Affairs at the University of West Florida, are writing to express our wholehearted support for the construction of the proposed stadium on our campus.

As representatives of the student body, we believe that the construction of a stadium will not only enhance the overall campus experience but also contribute to the growth and vibrancy of our university community in several significant ways.

First and foremost, the stadium will serve as a focal point for fostering school spirit and pride among students, faculty, alumni, and supporters. It will provide a venue for our community to come together, celebrate our shared identity as UWF Argos, and rally behind our athletic teams in an environment that promotes camaraderie and unity.

Furthermore, the stadium will offer valuable opportunities for student engagement and leadership development. From organizing student sections and tailgating events to volunteering as game-day staff and ambassadors, students will have the chance to actively participate in the excitement and energy surrounding athletic competitions, thus enriching their college experience and building lifelong memories.

In addition to its role in supporting athletics, the stadium will also serve as a versatile venue for hosting a wide range of events and activities, including concerts, cultural performances, commencement ceremonies, and community gatherings. This multi-purpose facility will not only meet the entertainment and recreational needs of our campus, but also provide economic benefits and opportunities for collaboration with external stakeholders.

We recognize that the decision to build a stadium involves careful consideration of various factors, including financial feasibility, an internal loan, a 20-year obligation, logistical challenges, and community impact. However, we are confident that with proper planning, consultation, and input from all stakeholders, the construction of the stadium will yield positive outcomes for our university and create a lasting legacy for future generations of students.

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In conclusion, we support the university and Board of Trustees plan to construct a stadium on the UWF campus. We assure you of our unwavering support throughout the process. Together, we can create a dynamic and inclusive campus environment that reflects the spirit of excellence, unity, and pride that defines our institution.

Sincerely,

Dr. Gregory Tomso

DocuSigned by:
Gregory Tomso

Vice President
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Academic Engagement and Student Affairs

Ms. Maggie Brown

DocuSigned by:
Maggie Brown

President
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UWF Student Government Association