

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

October 30, 2024

SUBJECT: Florida International University Stadium Bond Refunding

PROPOSED BOARD ACTION

Approve Florida International University’s proposed partial refunding of Miami-Dade County Industrial Development Authority Revenue Bonds, series 2009A, in an amount not to exceed \$14.6 million, as described.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Section 1010.62, Florida Statutes; and the State University System Debt Management Guidelines.

BACKGROUND INFORMATION

Florida International University (FIU), on behalf of Florida International University Athletics Finance Corporation (FIU AFC), a direct support organization of FIU, is requesting approval to refinance a portion of its Miami-Dade County Industrial Development Authority Revenue Bonds (Authority), series 2009A. The bonds were issued to fund capital improvements to FIU’s football stadium and represent the only stadium-related debt outstanding, comprised as follows:

Tranches	Amount (\$)	Rate / Type
A1	\$5,925,000	Fixed, 2.8% - Tax Exempt
A2 *	\$5,374,000	Variable, 5.0% ¹ – Tax Exempt
A3 *	\$5,374,000	Variable, 5.0% ¹ – Tax Exempt
A4 *	\$2,687,000	Variable, 5.0% ¹ – Tax Exempt

Bonds Total: \$19,360,000

* Tranches to be refinanced, totaling \$13,435,000

1) Current rate = 1.52% + margin (63.7% of 3 mo SOFR), synthetically fixed at 5.0% via swap agreement, with termination fee currently estimated at \$915k

The proposed \$14.6M refinancing will redeem all of the variable rate bonds (tranches A2-A4) totaling \$13.435M, plus pay an estimated \$915k swap termination fee and \$250k cost of issuance; (together, the “Refunding”). As a result, the Refunding will convert the tax-exempt, variable rate bonds to taxable, fixed rate; it will increase the combined ‘blended’ rate from approximately 4.40% to 4.47%; and, the debt will remain with the current holder, Regions Bank.

The Refunding does not extend the term/maturity; the bonds will be fully amortized and paid in full on March 1, 2032, and the existing revenue pledge remains unchanged.

The Refunding is necessitated by a naming rights and sponsorship agreement entered into on August 6, 2024 between FIU and DIMIT, LLC (Armando Chirstian Perez, p/k/a the artist “Pitbull”). The agreement provides \$6M over 5 years (\$1.2M a year) with the option to renew for another 5-year term. However, it also results in FIU exceeding the IRS limitations for ‘private use’ activities in connection with the stadium’s tax-exempt bonds. As such, FIU must take remedial action to redeem or refinance \$7M of the outstanding 2009A Series tax-exempt bonds by November 4, 2024. FIU has chosen instead to refinance \$13.4M, as previously described, to provide for additional revenue generating ‘private use’ activities in the future. The net effect of the overall transaction is an economic benefit to FIU, as shown below:

Total Debt Service Payments (current)	\$23,722,285
Total Debt Service Payments (proposed)	\$25,152,290
Total Cost (difference)	\$1,430,006
Total Cost (estimated PV)	\$1,159,049
Naming Rights Agreement (estimated PV)	\$5,141,377
Economic Benefit to FIU	\$3,982,328

University-provided projections indicate debt service coverage between 1.40x - 1.67x during the 5-year term of the naming rights agreement. This exceeds the 1.20x minimum coverage required by the SUS Debt Management Guidelines. Attached are supporting exhibits, including projected debt service coverage and costs of issuance.

The FIU Board of Trustees approved the Refunding on September 12th, 2024.

Board staff and the Division of Bond Finance have reviewed the supporting documentation provided by FIU. Based upon this review, the proposed financing appears to be in compliance with Florida Statutes and the SUS Debt Management Guidelines.

Supporting Documentation Included: Supporting documentation can be found in the Facilities Committee materials.