



**J. BEN WATKINS III**  
DIRECTOR

**STATE OF FLORIDA**  
**DIVISION OF BOND FINANCE**

**RON DeSANTIS**  
GOVERNOR

**ASHLEY MOODY**  
ATTORNEY GENERAL

**JIMMY PATRONIS**  
CHIEF FINANCIAL OFFICER

**WILTON SIMPSON**  
COMMISSIONER OF AGRICULTURE

**MEMORANDUM**

To: Board of Governors

From: J. Ben Watkins III

Date: October 18, 2024

Re: Florida International University "Pitbull Stadium" loan modification

As required by Section 1010.62, Florida Statutes, the Division of Bond Finance ("DBF") has reviewed and analyzed the information provided in connection with the proposed refinancing of a portion of the outstanding Miami-Dade County Industrial Development Authority Revenue Bonds, Series 2009A Bonds (the "Bonds"). The Bonds were originally issued to facilitate expansion of the football stadium on the main campus of Florida International University ("FIU"). In August 2024, FIU entered into a naming rights agreement with the recording artist Pitbull, and the football stadium was renamed "Pitbull Stadium." Due to the naming rights agreement, a certain portion of the Bonds that were previously tax-exempt must now be refinanced as taxable debt.

Based upon DBF's review of the materials provided, it appears that all information relevant to the proposed refinancing has been sufficiently summarized for the BOG's consideration. It should be noted that some aspects of the original financing are inconsistent with preferred debt management practices. For example, instead of conventional, fixed-rate debt, the original financing utilizes a variable interest rate with a floating to fixed swap agreement (the "SWAP"). As a result, FIU has been unable to take advantage of opportunities to refinance the debt at lower interest rates. Additionally, issuing the debt through a conduit issuer instead of a direct support organization has seemingly added an unnecessary layer of complexity and cost to FIU. FIU in particular, and universities in general, should avoid using derivatives and conduit issuers in connection with their financings.

With respect to the proposed loan modification, FIU proposes to finance the cost of terminating the SWAP (estimated at \$915,000). DBF suggested using the initial Pitbull payment to cover the cost of terminating the SWAP rather than financing such costs, but FIU has instead decided to use the Pitbull payment to complete various stadium-related projects. Additionally, FIU has also opted to finance a certain amount of "headroom" to allow for future private business use that would otherwise trigger the need for an additional, taxable refinancing. FIU's proposed course of action aligns with its priorities and its assessment of costs versus benefits even though each of these decisions adds marginally to the cost of this refinancing.

jDale!

cc: Raymond Rodrigues, Chancellor, Board of Governors  
Kevin Pichard, Director, Finance and Facilities, Board of Governors  
Benjamin Powell Jarrell, University Treasurer, Florida International University  
Aime Martinez, CFO & Sr. VP of Finance & Admin., Florida International University