

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
March 26, 2025

SUBJECT: FSU Auxiliary Revenues for Women's Lacrosse Complex

PROPOSED COMMITTEE ACTION

Approve using \$12M in auxiliary funds for an internal loan to construct a new Lacrosse Complex. The funds will be paid back over 15 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.

FSU has provided the following information:

1. On November 20, 2024, the FSU Board of Trustees approved a proposal to loan athletics \$12M to construct a women's lacrosse complex.

2. The internal loan will have a term of 15 years and interest will be charged at the rate of 4.25% per annum for the first five years. The interest rate will be reviewed at the end of five years to determine if an increase is warranted based on market conditions.
3. Principal shall be paid annually, beginning in fiscal year 2027, and interest shall be paid semi-annually, with the first payment due on May 1, 2025.
4. The loan will come from the administrative auxiliary reserve account. Which is the repository for various revenue streams.

Compliance with Regulation 9.013:

- (a) FSU has a balance of \$53M in the administrative auxiliary reserve account. This account includes various funding sources;
 - a. HEERF (\$33M),
 - b. Strategic sourcing revenues (\$6.6M);
 - c. Insurance Recovery (\$3.6M);
 - d. interest earnings (\$1.9M); and
 - e. P-Card Rebate Program (\$637K).
 - f. Utilizing \$12M for the loan will leave FSU with a balance of \$41M in this administrative auxiliary reserve account.
- (b) Expanding into Women's Lacrosse will benefit the University from a Title IX perspective and grant access to another NCAA-level sport for female student-athletes. Expanding a University's NCAA athletic portfolio increases brand recognition and student involvement for FSU and FSU athletics. The new complex will include a lacrosse competition playing field with site amenities and support spaces. The playing area shall meet NCAA regulations, including all requirements specific to Women's Lacrosse. The field is anticipated to utilize synthetic turf. Outdoor supporting facilities are planned to include a press box, team benches, scoreboards, lighting, officials station and stands with seats/bleachers for 1,000 spectators. The new indoor support space to be constructed includes coaches' offices, locker rooms for the home team, visiting team facilities, team gathering space, training room, and weight room. Supporting facilities will also include public restrooms.
- (c) The Division of Bond Finance has confirmed no outstanding debt on the auxiliaries being utilized.
- (d) The auxiliaries utilized do not include any revenues from student fees or payments.

Supporting Documentation Included:

1. FSU Agenda & Supporting Materials
2. Regulation 9.013

Facilitators/Presenters:

Mr. Tim Jones