

FAU FINANCE CORPORATION

Item: 4

BOARD OF DIRECTORS

Thursday, December 9, 2010

SUBJECT: UPDATE ON THE FAU INNOVATION VILLAGE STADIUM FINANCING PLAN.

PROPOSED BOARD ACTION

Information Only.

BACKGROUND INFORMATION

Review of the FAU Innovation Village Project.

Supporting Documentation: FAU Innovation Village Stadium Project.

Presented by: Mr. Dennis Crudele, Chair

Phone: 561-297-3266

Florida Atlantic University

Innovation Village Stadium Project



FINAL Terms of Stadium Loan

- ◆ All components of loan consistent with the financing plan approved by the BOT in July and the BOG in September
- ◆ 30,000 Seat Stadium with guaranteed completion date of October 2011
- ◆ \$69.7M total project cost, \$44.5M loan
- ◆ 30-year term, fixed rate set at 5.78%
 - ◆ Qualifies for federal Build America Bonds interest rate subsidy, reducing the effective rate to FAU to 3.76%
 - ◆ Option to re-set the rate in 7 years, and every 3 years thereafter, at then current LIBOR three-year swap-rate + 336 basis points
 - ◆ Maximum net annual debt service obligation: \$2.5M
- ◆ **The loan has closed, the cash is in the bank, and construction is underway!**

Special Thanks

Many people have nourished the dream of an on-campus stadium for more than a decade, but the following people were essential to securing the financing and approvals necessary to make the dream a reality:

Nancy Blosser

M.J. Saunders

Dennis Crudele

Elizabeth Rubin

Anthony Barbar

David Kian

Dorothy Russell

Audra Lazarus

Phasing

- ◆ Innovation Village Housing Project Phase 1 – Debt Issue March 2010
 - ◆ Student Housing 1,200 Beds, to Open in August 2011
 - ◆ Innovation Village Shared Infrastructure - \$4,906,808

Innovation Village Stadium Project – Debt Issued November 23, 2010

- ◆ Fully Funded Construction and DSRF Accounts
- ◆ Stadium to Open in October 2011
- ◆ Innovation Village Completed Phases
 - ◆ Wellness Center (32,000 square feet), open Fall 2009
 - ◆ Alumni Center
 - ◆ Parking 480 new spaces, opened Fall 2009
 - ◆ Community Development Agreement with the City of Boca Raton

Financing Summary

- ◆ \$44.5 Million tax-exempt project financing.
- ◆ Provides for an Operating Agreement and a Trust Indenture which outlines the details of the transaction.
- ◆ At closing on November 23, 2010, fully funded a construction account and Debt Service Reserve Fund. University equity in the project is \$20.7 Million.
- ◆ Construction Disbursement Agreement.
- ◆ Average annual debt service of \$2.5 Million per year based on current rates of 3.76 percent

Proposed Stadium Revenues

◆ Major Operating Revenues – By Category

- ◆ Ticket Sales
- ◆ Catering
- ◆ Parking
- ◆ Premium & Priority Seating
- ◆ Advertising/Sponsorship
- ◆ Naming Rights
- ◆ Annual Capital Gifts

Projected 2011-12 Annual Revenue - \$6,244,733

Proposed Stadium Expenses

◆ Major Expenses – By Category

- ◆ Operations of the Stadium
- ◆ Utilities
- ◆ Repair and Maintenance
- ◆ Insurance
- ◆ Advertising
- ◆ Game Day Expenses
- ◆ Debt Service

Projected 2011-12 Annual Expenses (including Debt Service) - \$3,784,588

Future Stadium Requirements

- ◆ **Moving Forward – The Next Steps**
- ◆ **Construction**
 - ◆ Completion of the 30,000 seat facility by October 15, 2011.
 - ◆ During construction period, bound by the Construction Disbursement Agreement (CDA).
- ◆ **Financial Transactions**
 - ◆ Operating Agreement.
- ◆ **Philanthropy**
 - ◆ Hiring of Fund Raisers to initiate the stadium capital campaign.
- ◆ **Athletic Department Priority**
 - ◆ Putting Operations into Place - Hiring of a Ticket Manager
 - ◆ Sale of Inventory - Season Tickets, Priority Seating, Premium Seating, Loge Boxes and Suites

Stadium Financial Pro Forma

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Operating Revenue (available to pledge)							
Student Fees (statutory limit of 5%)	\$467,483	\$467,483	\$467,483	\$467,483	\$467,483	\$481,507	\$481,507
Ticket Sales - Football	1,781,250	1,834,688	1,889,728	1,946,420	2,004,813	2,064,957	2,126,906
Ticket Sales - Other Events	340,000	350,200	360,706	371,527	382,673	394,153	405,978
Annual Capital Gifts	750,000	772,500	795,675	819,545	844,132	869,456	895,539
Advertising & Sponsorship	736,000	758,080	780,822	804,247	828,374	853,226	878,822
Concessions	429,000	441,870	455,126	468,780	482,843	497,329	512,248
Facility Service Charges	728,000	749,840	772,335	795,505	819,370	843,952	869,270
Premium Seating, less 7% fulfillment	995,000	1,024,850	1,055,596	1,087,263	1,119,881	1,153,478	1,188,082
Priority Seating Donation	757,000	779,710	803,101	827,194	852,010	877,570	903,898
Naming Rights less 7% fulfillment	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Novelties	40,000	41,200	42,436	43,709	45,020	46,371	47,762
Parking	288,000	296,640	305,539	314,705	324,147	333,871	343,887
Catering	43,000	44,290	45,619	46,987	48,397	49,849	51,344
Total Revenue	\$7,754,733	\$7,961,350	\$8,174,166	\$8,393,367	\$8,619,143	\$8,865,717	\$9,105,244
Operating Expense (related to stadium)							
Salary - Permanent Staff	\$150,000	154,500	159,135	163,909	168,826	173,891	179,108
General and Administrative	100,000	103,000	106,090	109,273	112,551	115,927	119,405
Utilities	175,000	180,250	185,658	191,227	196,964	202,873	208,959
Repairs and Maintenance	175,000	180,250	185,658	191,227	196,964	202,873	208,959
Insurance	55,000	56,650	58,350	60,100	61,903	63,760	65,673
Advertising	50,000	51,500	53,045	54,636	56,275	57,964	59,703
Misc.	25,000	25,750	26,523	27,318	28,138	28,982	29,851
Gameday Expenses	440,000	453,200	466,796	480,800	495,224	510,081	525,383
Total Expenses	\$1,170,000	1,205,100	1,241,253	1,278,491	1,316,845	1,356,351	1,397,041
Net Operating Income (Deficit)	\$6,584,733	\$6,756,250	\$6,932,913	\$7,114,876	\$7,302,298	\$7,509,367	\$7,708,202
Deposit to Maintenance Reserve	340,000	350,200	360,706	371,527	382,673	394,153	405,978
Net Operating Income (Deficit) Avail. for Debt	\$6,244,733	\$6,406,050	\$6,572,207	\$6,743,349	\$6,919,625	\$7,115,213	\$7,302,225
Other Non Operating Revenue							
Miscellaneous Contractual Revenues	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total Other Non-Operating Revenue Sources	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
Revenue Available to Pledge	\$7,494,733	\$7,656,050	\$7,822,207	\$7,993,349	\$8,169,625	\$8,365,213	\$8,552,225
Maximum Annual Debt Service	\$2,486,720	\$2,579,488	\$2,579,488	\$2,579,488	\$2,579,488	\$2,579,488	\$2,579,488
Coverage Ratio including Other Non-operating Revenue	3.01	2.96	3.03	3.09	3.17	3.24	3.31