

# 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**

**Dorothy Russell**

**Audra Lazarus**

**Anthony Barbar**

**Dennis Crudele**

**Elizabeth Rubin**

# 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

|   | <u>2011-12</u>     | <u>2012-13</u>     | <u>2013-14</u>     | <u>2014-15</u>     | <u>2015-16</u>     | <u>2016-17</u>     | <u>2017-18</u>     |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Operating Revenue (available to pledge)</b>              |                    |                    |                    |                    |                    |                    |                    |
| 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             |
| <b>Total Revenue</b>  | <u>\$7,754,733</u> | <u>\$7,961,350</u> | <u>\$8,174,166</u> | <u>\$8,393,367</u> | <u>\$8,619,143</u> | <u>\$8,865,717</u> | <u>\$9,105,244</u> |
| <b>Operating Expense (related to stadium)</b>               |                    |                    |                    |                    |                    |                    |                    |
| 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            |
| <b>Total Expenses</b>                                       | <u>\$1,170,000</u> | <u>1,205,100</u>   | <u>1,241,253</u>   | <u>1,278,491</u>   | <u>1,316,845</u>   | <u>1,356,351</u>   | <u>1,397,041</u>   |
| <b>Net Operating Income (Deficit)</b>                       | <u>\$6,584,733</u> | <u>\$6,756,250</u> | <u>\$6,932,913</u> | <u>\$7,114,876</u> | <u>\$7,302,298</u> | <u>\$7,509,367</u> | <u>\$7,708,202</u> |
| <b>Deposit to Maintenance Reserve</b>                       | 340,000            | 350,200            | 360,706            | 371,527            | 382,673            | 394,153            | 405,978            |
| <b>Net Operating Income (Deficit) Avail. for Debt</b>       | <u>\$6,244,733</u> | <u>\$6,406,050</u> | <u>\$6,572,207</u> | <u>\$6,743,349</u> | <u>\$6,919,625</u> | <u>\$7,115,213</u> | <u>\$7,302,225</u> |
| <b>Other Non Operating Revenue</b>                          |                    |                    |                    |                    |                    |                    |                    |
| Miscellaneous Contractual Revenues                          | 250,000            | 250,000            | 250,000            | 250,000            | 250,000            | 250,000            | 250,000            |
| <b>Total Other Non-Operating Revenue Sources</b>            | <u>\$1,250,000</u> | <u>\$1,250,000</u> | <u>\$1,250,000</u> | <u>\$1,250,000</u> | <u>\$1,250,000</u> | <u>\$1,250,000</u> | <u>\$1,250,000</u> |
| <b>Revenue Available to Pledge</b>                          | <u>\$7,494,733</u> | <u>\$7,656,050</u> | <u>\$7,822,207</u> | <u>\$7,993,349</u> | <u>\$8,169,625</u> | <u>\$8,365,213</u> | <u>\$8,552,225</u> |
| <b>Maximum Annual Debt Service</b>                          | <u>\$2,486,720</u> | <u>\$2,579,488</u> | <u>\$2,579,488</u> | <u>\$2,579,488</u> | <u>\$2,579,488</u> | <u>\$2,579,488</u> | <u>\$2,579,488</u> |
| <b>Coverage Ratio including Other Non-operating Revenue</b> | <b>3.01</b>        | <b>2.96</b>        | <b>3.03</b>        | <b>3.09</b>        | <b>3.17</b>        | <b>3.24</b>        | <b>3.31</b>        |