UNIVERSITY of FLORIDA

UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
RESOLUTION

Number: **R18-194**

Subject: University Athletic Association, Inc., Bond Issuance

Date: March 23, 2018

A RESOLUTION AUTHORIZING THE ISSUANCE OF DEBT AND REQUESTING THE FLORIDA BOARD OF GOVERNORS TO APPROVE THE ISSUANCE OF DEBT IN AN AMOUNT NOT TO EXCEED $50,000,000 TO FINANCE OR REIMBURSE THE COSTS OF THE (I) ACQUISITION, CONSTRUCTION AND EQUIPPING OF A NEW BASEBALL STADIUM COMPLEX, (II) RENOVATION, EXPANSION AND EQUIPPING OF THE KATIE SEASHOLE PRESSLY STADIUM AND (III) ACQUISITION, CONSTRUCTION AND EQUIPPING OF A NEW MAINTENANCE BUILDING, EACH ON THE CAMPUS OF THE UNIVERSITY OF FLORIDA AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF TRUSTEES (*all capitalized terms not otherwise defined herein will be as defined in the Amended and Restated Trust Indenture, dated as of October 1, 2011, between The University Athletic Association, Inc. ("UAA") and U.S. Bank National Association, or its successors or assigns (the "Trustee"), as heretofore amended and supplemented, particularly as amended and supplemented by a Seventh Supplemental Trust Indenture, dated as of its date, between UAA and the Trustee (collectively, the "Indenture"*):

Section 1. The University of Florida Board of Trustees (the "Board of Trustees") hereby authorizes the issuance of tax-exempt debt in an amount not to exceed FIFTY MILLION DOLLARS ($50,000,000) (the "Debt") by UAA on behalf of the Board of Trustees, such authorization conditioned upon UAA having heretofore authorized the issuance of the Debt and hereafter obtaining the legislative approval of the Project (as defined below) pursuant to the 2018-19 General Appropriations Act. The Board of Trustees hereby requests the State University System of Florida Board of Governors (the "Board of Governors") to approve the issuance of the Debt for the purpose of financing or reimbursing the costs of (i)(a) the acquisition, construction, and equipping of a new baseball stadium complex, (b) the renovation, expansion and equipping of the Katie Seashole Pressly Stadium, and (c) the acquisition, construction, and equipping of a new maintenance building to support the operation of various athletic facilities (collectively, the "Project"), all as more particularly described on Schedule A hereto, on the campus of the University of Florida (the "University") and (ii) paying certain costs relating to the Debt. The Board of Trustees hereby affirms the existence and the purposes of UAA.

Section 2. The Project is reflected on the approved master plan for the University and is consistent with the mission of the University because the Project will provide additional and renovated facilities for use by the students and employees of the University and UAA. Construction of the Project is expected to begin in June 2018 and is expected to be completed in calendar year end 2020. Proceeds of the Debt are not anticipated to be sufficient to complete the construction of the Project without the use of additional funds. Additional necessary funding in the amount of approximately $15,000,000 will be obtained from a combination of capital gifts and unrestricted cash and investments will be contributed by UAA. Prior to the issuance of the Debt, approval of the Board of Governors and legislative approval of the Project will be obtained pursuant to the 2018-19 General Appropriations Act. No proceeds of the Debt will be used to finance operating expenses of the University or UAA.

Section 3. The Debt will be a general obligation of UAA and UAA is legally authorized to secure the payment of the Debt with available revenues of UAA, including but not limited to, ticket sales, conference revenues, auxiliary sales, sponsorships and such other revenues that may be used, pursuant to Section 1010.62, Florida Statutes, as amended, to pay and secure debt (with the exception of (i) the Athletic Fees described in Section 1009.24(12), Florida Statutes, as amended and (ii) any capital gifts and donations). The Debt is expected to be issued on a parity and with the same benefit and security of the Indenture as all other Debt issued thereunder and no Athletic Fees, as described in Section 1009.24(12), Florida Statutes, as amended, or capital gifts and donations will be pledged for payment of the debt service on the Debt. The Debt may be secured by a Credit Facility that will be chosen through a competitive selection process analyzing the cost of the Credit Facility and the expected interest cost savings resulting from its use. UAA is committed to ensuring that sufficient revenues will be generated to fulfill UAA's obligations with respect to the Debt.

Section 4. The Debt will mature not more than twenty-five (25) years after issuance, including any extensions or renewals thereof. The Project has an estimated average useful life of thirty (30) years, which is beyond the anticipated final maturity of the Debt. The Debt will bear interest in a fixed or variable rate mode as determined by UAA. UAA has the requisite technical expertise to determine the initial interest rate mode for the Debt that will be in the best interest of UAA as the market would dictate at the time of issuance. Variable rate debt will be managed in accordance with the Debt Management Guidelines adopted by the Board of Governors on April 27, 2006, as heretofore amended, and as may be amended from time to time by the Board of Governors (the "Debt Management Guidelines") and UAA's post-issuance tax compliance and monitoring procedures policy on file with UAA.

Section 5. UAA has the requisite technical expertise to properly manage the risks and the execution of the Debt in any interest rate mode through its staff, including the Director of

Athletics, the Associate Athletics Director and UAA's Bond Financial Advisor. UAA's Chief Financial Officer will be responsible for monitoring the variable interest rates paid on the Debt, if any, and if necessary, establishing a variable rate debt service budget for the Debt and preparing the annual reports on variable rate debt required pursuant to the Debt Management Guidelines.

Section 6. It is expected that the Debt will be sold pursuant to a negotiated sale. A negotiated sale is necessary because of prevailing market conditions, because delays caused by soliciting competitive bids could adversely affect the ability to issue and deliver the Debt at presently favorable interest rates, and because the nature of the security for the Debt and the sources of payment of debt service on the Debt requires the participation of a purchaser, an underwriter, a placement agent and/or remarketing agent in structuring the Debt. An analysis was provided to the Division of Bond Finance and the Board of Governors demonstrating that a negotiated sale is desirable as referenced in Appendix A hereto. Any selection of a purchaser, an underwriter, a placement agent and/or remarketing agent will be accomplished through a competitive selection process.

Section 7. The Board of Trustees will comply, and will require the University and UAA to comply, with all requirements of federal and state law relating to the Debt, including but not limited to, laws relating to maintaining any exemption from taxation of interest payments on the Debt and continuing secondary market disclosure of information regarding the Debt.

Section 8. The Board of Trustees and UAA shall comply with the Debt Management Guidelines and UAA's post-issuance tax compliance and monitoring procedures policy in connection with the issuance of the Debt.

Section 9. The President of the University, any officer of UAA and other authorized representatives of the University and UAA are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other actions as they may deem necessary or desirable, in connection with the execution, sale and delivery of the Debt.

Section 10. In making the determination to finance the Project, the Board of Trustees has reviewed additional information relevant to such determination. Such information is set forth in Appendix A hereto.

Section 11. These resolutions shall take effect immediately upon their adoption, subject to the approval of the Board of Governors and the legislative approval of the Project pursuant to the 2018-19 General Appropriations Act.

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CERTIFICATE OF THE CORPORATE SECRETARY

The undersigned, Corporate Secretary of The University of Florida Board of Trustees, does hereby certify that the attached resolution is a true and accurate copy as adopted by The University of Florida Board of Trustees on March 23, 2018. .

THE UNIVERSITY OF FLORIDA BOARD OF TRUSTEES

Dated: March 23, 2018

By: ______________________
Corporate Secretary

Appendix A
Project Summary
University of Florida
University Athletic Association, Inc.
Athletic Improvements

Project Description:

The University of Florida's University Athletic Association (the "UAA") is seeking approval to issue up to $50 million of debt to construct, renovate, and expand certain athletic facilities on campus. The proposed project includes three components: (i) construction of a new Baseball Stadium Complex and (ii) renovation and expansion of the Katie Seashole Pressly Softball Stadium Complex and (iii) new maintenance building and yard (collectively, the "Project").

Baseball Stadium Complex

This project consists of the construction of a new baseball stadium and team facility complex located on the UF Campus adjacent to the lacrosse and softball stadium complexes. The capacity of the stadium is intended to be approximately 5,500 traditional seats, along with the ability to expand the capacity to 10,000 with non-traditional berm and standing room areas and it should be noted that the current stadium has a fixed seat capacity of 5,500. The stadium will provide accommodations and facilities to support the needs of the program including a regulation sized competitive playing field, open air seating grandstand, a shade canopy, a 360 degree concourse, family zones, a press box, and premium areas, including club seats, a club lounge, and home plate seating. Within the team facilities, the necessary program areas to support the coaches and players will be provided.

Katie Seashole Pressly Softball Stadium Complex Renovation and Expansion

The renovation and expansion of the Katie Seashole Pressly Softball Stadium Complex will expand the UF player facilities, relocate the UF coach's facilities, replace the existing bench seating, add a shade structure, provide expanded seating capacity and fan amenities.

New Maintenance Building and Yard

A new freestanding Maintenance Building (8,400-sq. ft.) will be constructed. It is scheduled to include six offices, staff lockers, carpenter shop, storage room, break/meeting room, wash rack, gas & diesel pump, bins for sand & mulch, roll-off dumpster, chemical storage/pesticides and covered parking. The new freestanding Maintenance Building is a replacement facility and the existing facility is being torn down to create space for the football training complex.

The Project is in the University Master Plan.

Facility Site Locations:

The Baseball Stadium Complex will be located on the Southwest side of the main campus adjacent to the Lacrosse and softball stadium complexes.

The Katie Seashole Pressly Softball Stadium Complex is located on the Southwest side of the main campus.

The *New Maintenance Building and Yard* will be located on the Southwest side of the main campus adjacent to the softball stadium complex.

Projected Start and Opening Date:

It is anticipated that construction of the Baseball Stadium Complex will commence in September 2018 and be completed by January 1, 2020, and the Katie Seashole Pressly Softball Complex renovation and expansion, along with the New Maintenance Building, are anticipated to commence in June 2018 and be completed in February 2019.

Approvals:

The UAA Board will approve the proposed financing terms of the Project on March 21, 2018 (the "UAA Resolution"). The University Board of Trustees will approve the Project on March 22, 2018 (the "UBOT Resolution" and together with the UAA Resolution, the "Resolutions").

Specific legislative approval of the Project financing is required and is being sought pursuant to Section 1010.62(7), Florida Statutes. Final approval by the Board of Governors is expected to be obtained by July 1, 2018.

Demand Analysis: The UAA is committed to offering modernized facilities for its student-athletes that contribute to their overall well-being and success. The improved facilities will provide enhanced amenities for fans, which helps contribute to the overall support and success of each program. Furthermore, with respect to the women's softball facility, some of the improvements are necessary to address gender equity issues. In addition, the UAA has determined that there are a number of major universities that have been expanding or improving their facilities similar to the proposed Project. The UAA believes that in order to attract the top student-athletes, which will allow the University to compete with other major universities, it needs to improve its facilities

Baseball Stadium Complex

Construction of the Baseball Stadium Complex will improve overall fan experience by creating a club lounge, premium seating, and additional ADA seating, increasing point-of-sale concessions, expanded restrooms and providing shade for afternoon games. It should be noted that these premium seats will be charged at higher ticket prices, which directly improves revenue. Baseball Ticket revenue has averaged $460,000 for the past three seasons and the Association expects to see an increase to this revenue in the new stadium.

Currently, the baseball stadium receives direct sunlight. Most of the weekend games are during the hotter months and it is not the best experience for our fans. By relocating the stadium and re-orienting the bowl along with adding shading, it will create a safer and more enjoyable experience for fans, and an increase in attendance is expected. This will also create a better experience for the student-athletes by optimizing hitting and pitching conditions.

The training room facility will vastly increase the space allocated to rehabilitate and allow for dedicated space for team physicians to treat and meet with athletes. The currently inadequate space forces physicians to share space to meet and treat student-athletes.

The UAA believes these improvements will help the baseball program stay competitive with other major schools. For example, LSU has been working on its stadium over a number of years and it has the highest average attendance of any major university at approximately 10,000 attendees per game. Mississippi State, which currently has attendance at each game of approximately 7,400, has entered into a $40 million expansion of its facility. South Carolina is playing in a $35 million facility constructed in 2009.

Katie Seashole Pressly Softball Stadium Complex Renovation and Expansion

The current softball facilities are outdated and lack sufficient seating and shading. The proposed renovations will allow the UAA to better accommodate fans and student-athletes.

Currently, the women's softball facility seats approximately 1,000 fans. Seating modifications and additions will accommodate an additional 750 to 1000 seats. The UAA strongly believes that the facility needs to better reflect the team's success. More fans are interested in attending home games, but due to the lack of seating accommodations, fewer are able to comfortably and safely attend the games and many are being turned away.

In addition, the renovation and expansion of the training room will allow female student-athletes to receive rehabilitation and recovery treatment at the softball facility. This addresses a potential gender equity issue as female student-athletes currently have to travel across campus to receive such treatment and their male counterparts do not. The new space will also provide additional office space for trainers and physicians.

Study of Private Sector Alternatives:

The Project consists of athletic facilities managed and operated by the UAA for the benefit of student-athletes and the athletic program at the University. The programs and services offered at these proposed facilities are directly correlated and impacted by the physical proximity to athletic facilities, housing, dining and academic programs. The UAA is also convinced that the advantages of proximity also affect student-athlete recruitment and retention.

As a result, there are no private sector alternatives that can provide the same level of access and service as the proposed Project.

Project Cost and Financing Structure:

The total project cost for all three facilities is estimated at $65 million and will be funded through an estimated $50 million in debt proceeds, while the remaining $15 million will be a combination of contributions from private donors and unrestricted UAA cash. It should be noted that the Association has the expectation that fund raising efforts could surpass $15 million and would allocate proceeds accordingly. The Project is currently planned to be financed with the issuance of tax-exempt, variable rate debt by the UAA, although the final determination of fixed rate or variable rate will be made closer to the sale of the Debt. The Debt issue will be structured with a 25-year final maturity and, while the UAA does not expect to set mandatory amortizations, it is planning to make level annual debt payments to retire the Debt.

Project	Cost
Baseball Stadium Complex	$50,000,000
Seashole Pressly Softball Stadium Complex	$11,000,000
The new Maintenance Building	$4,000,000
Total:	**$65,000,000**

(See Attachment I--Estimated Sources and Uses of Funds)

Security/Lien Structure: The Debt will be issued on a parity basis with the outstanding UAA debt, totaling $81,275,000 as of October 1, 2017. This balance is comprised of $63.0 million, or 77%, of variable rate and short-term fixed rate debt and $18.2 million in debt that has a fixed rate through its final maturity.

The Debt will be a general obligation, payable from available revenues of the UAA pursuant to Section 1010.62, Florida Statutes, but excluding (i) Athletic Fees described in Section 1009.24(12), Florida Statutes and (ii) any capital gifts and donations.

Revenues available To pay debt service, Debt Service Coverage: The revenues available to pay debt service consist of revenues of the UAA (excluding Athletic Fees and capital gifts and donations) which are mainly derived from ticket sales and conference revenues (primarily football and basketball), other sports, auxiliary sales, camps, royalties and sponsorships. To understand the operations of the UAA and the likelihood that debt service will be paid in full and on time, it is important to review the financial operations and performance of the UAA, taking into consideration all revenues and expenses. This review includes the Athletic Fees and capital gifts and donations, even though they are not pledged, since they are available to pay other expenses of the UAA.

During the five-year period from fiscal year 2012-13 to 2016-17, revenues available to pay debt service declined from $29.6 million to $26.8 million. Over the same period, these revenues produced debt service coverage ratios ranging from a high of 5.32x (2015-16) to a low of 2.88x (2013-14). The lower debt service coverage resulted from decreases in operating revenues, primarily football revenues, which declined $3.9 million, or 5%, from the previous fiscal year.. The revenues available for debt service in that year decreased to $17.6 million from $29.6 in the previous year. Revenues increased to $30.1 million in 2014-15 primarily as a result of an increase in football and basketball revenues and a larger than normal capital contribution.

Projected revenues available to pay debt service are shown to decline from the historical years primarily because of conservative projections, which do not include any capital contributions or investment earnings, which have ranged from $5.2 million to $20.6 million annually over the past 5 fiscal years. Operating revenues and expenses are projected to grow at approximately 5% annually. The $50 million in new debt is based on 25-year level debt service at a 6.00% interest rate. The resulting projected revenues available to pay debt service are lower than historical years, but still strong, with annual debt service coverage ranging from a low of 1.22x to 1.56x and maximum annual debt service coverage remaining at approximately 1.04x based on these conservative assumptions. The maximum annual debt service is projected to occur in fiscal year 2032 at $12.5 million and declines thereafter, for example, to $6.7 million in 2033 as the Series 2001 and 2011 Bonds are paid off and other outstanding principal payments are made.

The above discussion of coverage includes the Athletic Fees because they are available to pay expenses even though they are not pledged. Since the Athletic Fees and capital contributions are not pledged, the debt service coverage table (Attachment II) also shows reduced coverages excluding those revenues.

Projections are based on an increase of 5% for most revenues and expenses, which is the historical trend. Growth in revenues is primarily based on the expected growth in SEC revenue, football revenue and men's basketball revenue. The UAA also intends to implement increases to football ticket per seat contributions and football ticket sales. In addition, the UAA anticipates that the royalties and sponsorship will continue to grow as it has in years past.

(See Attachment II--Historical and Projected Debt Service Coverage)

Management of Variable Rate Debt:

The Debt is expected to be issued on a variable rate basis. However, depending on interest rates at the time of issuance, the UAA may choose to issue fixed rate bonds. Once the Debt is issued, the UAA will have $126 million in outstanding debt, of which 87% ($109 million) will be in variable rate and short-term fixed rate modes. The percentage above assumes the new issuances ($50 million) is at a variable rate.

The Debt Management Guidelines do not specify a limit on the amount of variable rate debt. However, in making a determination of the proper level of variable rate debt, the Guidelines do require an understanding of the associated risks, a plan for addressing and mitigating those risks and the expected benefits derived from issuing variable rate debt. The UAA has an understanding of these risks and benefits as discussed below.

The UAA has more than 25 years of experience managing its variable rate debt portfolio since its first variable rate debt issuance in 1990. The UAA estimates issuing the proposed Debt as variable rate will save approximately $10.6 million in interest costs on a present value basis. While there is no guarantee as to where variable rates will be over time, the assumptions used in calculating the savings appear reasonable.

The UAA also prepared a debt management plan related to the issuance of the proposed Debt as variable rate. The plan is intended to mitigate liquidity and interest rate risks over the repayment period.

If issued as publicly offered variable rate demand bonds, the Debt will provide the bondholders the right to put the securities back to the UAA, thereby creating potential liquidity risk. The UAA will obtain either a direct pay letter of credit or a liquidity facility from a bank to mitigate the liquidity risk, which will provide the UAA with sufficient notice before the facility terminates so that alternative arrangements can be made to obtain liquidity, as is typical for publicly offered variable rate demand bonds.

With regard to managing interest rate risks, the UAA budgets for variable rate debt each year considering the volatility of short-term interest rates and their impact on the budget as well as expectations regarding interest rates. The current practice is to budget based upon the highest monthly rate for the preceding twelve months with a review of predicted future fed rate increases. Quarterly monitoring of debt service expenditures, projections and variations from budget will be performed by the Director of Athletics, the Association Finance Committee, and the chair of the Association Audit Committee so that any budgetary concerns can be recognized and quickly addressed.

The UAA has determined that it will also maintain appropriate amounts of short-term and long-term investments as a hedge against rising interest rates on its debt. The financing documents require the UAA to maintain unrestricted cash and marketable securities of at least 25% of its outstanding indebtedness. The short-term investments average approximately $25 million on a monthly basis. At June 30, 2017, long-term investments totaled $54.3 million. The short-term investments are invested with the State's Treasury Investment Pool and earn interest at a variable monthly rate. The short-term investments should perform as a direct hedge against approximately one-fifth of the outstanding and proposed variable rate debt because the interest received on the investments should increase as the interest rate paid on the variable rate debt increases. The long-term investments are currently invested primarily in equity funds, which can be converted to cash within 90 days. These investments might not perform in the same manner as the variable rate debt because their value and earnings, under varying market conditions, could decline when the interest rate on the variable rate debt is rising. Although investing in equity funds does not provide the most stable or predictable hedging tool, the $54 million in those funds, along with the $25 million in short-term investments, provides significant protection to UAA in the event of an increase in interest rates. The outstanding debt in the short-term fixed rate mode also provides budgetary stability during the fixed rate period.

Quantitative Metrics: *Katie Seashole Pressly Softball Stadium Complex*

During the 2017 softball season, a substantial number of games were completely sold out, which may infer that there is more demand than seating available. The ticket revenue totaled $122,000. In an effort to address this issue, the stadium improvements will add 750 to 1000 additional seats. The increase in attendance and revenue will be measured and reported.

Additionally, the expansion of the training room will now allow student-athletes to receive treatment at their practice and competition venue. The expansion of the training room also addresses a gender equity issue, as female student-athletes currently have to travel across campus while their male counterparts do not.

The results will be reported to the Board of Governors and the Division of Bond Finance on an annual basis as required by the Board of Governor's Debt Management Guidelines.

It should be noted that the New Maintenance Building is not an asset that generates revenue.

Baseball Stadium Complex

Florida baseball had an average attendance of 3,823 over 41 games during the 2017 season. Six other SEC schools averaged more than 5,000 in attendance, with one SEC school averaging 10,000 plus fans. The new stadium complex is expected to create a higher average attendance as well as additional associated revenue. Baseball Ticket revenue has averaged $460,000 for the past three seasons and the Association expects to see an increase to this revenue in the new stadium.

During the 2017 baseball season, temperatures reached an average of 83 degrees, with 12 games during that time reaching over 85 degrees and 7 games reaching over 90 degrees. The completion of the baseball facility will provide adequate shading and provide a safer and more comfortable game day experience.

The current capacity of the baseball stadium is 5,500 with no allocation to luxury seating. The new stadium will have fixed seating of 5,500 but will be designed with a 360-degree concourse as well as multiple eating and game experience options. Fans will have the ability to purchase chair backs, premium seating, club lounge tickets and family zone seating and we will have the ability to expand the capacity on a game-by-game basis with non-traditional type berm and standing room areas, which could bring capacity to as high as 10,000. As well, the luxury seating will create additional revenue with a higher per seat cost and an upgraded fan experience.

Currently, baseball student-athletes must travel to another facility to receive hydrotherapy rehab treatment. The expansion of the training room will provide hydrotherapy treatment at their practice and competition venue. This addition will also provide separate facilities for baseball and softball student-athletes, which is currently in shared space.

Like the other programs, it is important that recruiting classes for baseball remain in the top 10%. The proposed improvements are designed to support such recruitment level.

The results will be reported to the Board of Governors and the Division of Bond Finance on an annual basis as required by the Board of Governor's Debt Management Guidelines.

Type of Sale:

The UAA is requesting approval for a negotiated sale of the Bonds. Based on the UAA negotiated sale analysis, the factors indicate a negotiated sale is appropriate and in the UAA's best interest.

Selection of Professionals:

The professionals involved in this transaction were selected through a competitive request for proposal. The bond counsel for the Debt will be McGuireWoods LLP and the financial advisor will be RBC Capital Markets. These professionals have been in place for ten years.

Analysis and Recommendation of UAA Staff:

Request for approval of the Project is being sought from the UAA Board of Directors and the University Board of Trustees pursuant to the Resolutions and subsequently submitted by the University to the Board of Governors and the Division of Bond Finance for review.

The Division of Bond Finance and Board of Governors staff have assisted in drafting and reviewing the associated documents.

The projections provided by the UAA indicate that Project revenues will be sufficient to pay debt service on the Debt. Furthermore, the UAA has determined that a variable rate transaction will provide an interest rate savings based upon reasonable assumptions, has established a variable rate debt management plan to address liquidity and interest rate risks, and has sufficient resources to deal with any liquidity or interest rate risks. The proposed financing complies with the Florida Statutes governing the issuance of university debt and complies with the Board of Governors' Debt Management Guidelines. Accordingly, the staff of the UAA recommends adoption of the Resolutions authorizing the proposed financing.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
UNIVERSITY OF FLORIDA
University Athletics Association, Inc.
Estimated Sources and Uses of Funds
Athletic Improvements

Sources of Funds		**Basis for Amounts**
Bond Par Amount	$ 50,000,000	Estimated bond par amount based on fixed, tax-exempt interest rate of 6% for 25 years
Private Contribution and UAA unrestricted cash and investments	15,155,000	
Total Sources of Funds	**$ 65,155,000**	
Uses of Funds		
Project Cost (Baseball Stadium Complex)	50,000,000	
Project Cost (Seashole Pressly Softball Complex)	11,000,000	
Project Cost (UAA Maintenance Building)	4,000,000	
Cost of Issuance	155,000	Estimated bond counsel fees ($50,000); underwriter's discount ($45,000); FA Fee ($15,000); rating agency fees ($20,000); trustee fees ($5,000) and other associated fees ($20,000).
	$ 65,155,000	

Attachment II

University Athletic Association, Inc.

Five Year Historical and Projected Debt Service Coverage

Projected Revenue Growth Percentage:	5.00%
Projected Expense Growth Percentage:	5.00%

								Projected		
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Operating Revenues:										
Football	$ 71,292,850	$ 67,383,840	$ 78,034,139	$ 82,270,439	$ 81,582,041	$ 85,661,143	$ 89,944,200	$ 94,441,410	$ 99,163,481	$ 104,121,655
Men's basketball	9,393,073	9,978,197	12,587,724	13,127,968	13,969,160	14,667,618	15,400,999	16,171,049	16,979,601	17,828,581
Other sports	785,925	802,527	2,299,786	4,465,862	4,832,379	5,073,998	5,327,698	5,594,083	5,873,787	6,167,476
Auxiliaries	1,283,046	1,018,445	1,125,812	1,400,181	1,429,605	1,501,085	1,576,140	1,654,946	1,737,694	1,824,579
Camps	1,633,594	1,936,326	1,872,982	1,484,841	1,202,309	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Royalties and sponsorships	18,785,043	18,768,621	22,090,484	22,990,125	22,161,331	23,269,398	24,432,867	25,654,511	26,937,236	28,284,098
Other	6,624,206	6,478,902	6,693,209	7,153,460	7,347,296	7,714,661	8,100,394	8,505,414	8,930,684	9,377,218
Student fees	2,473,374	2,438,135	2,438,374	2,431,579	2,535,847	2,431,579	2,431,579	2,431,579	2,431,579	2,431,579
Total operating revenues	112,271,111	108,804,993	127,142,510	135,324,455	135,059,968	142,219,482	149,113,877	156,352,992	163,954,062	171,935,186
Operating Expenses:										
Football team expenses	21,264,683	18,352,110	22,841,413	26,174,374	27,432,366	28,803,984	30,244,184	31,756,393	33,344,212	35,011,423
Football coaching staff transition expenses			11,168,334							
Men's basketball team expenses	7,246,124	8,614,870	9,106,047	5,344,383	6,090,040	6,394,542	6,714,269	7,049,983	7,402,482	7,772,606
Other sports team expenses	15,346,179	16,637,783	18,603,211	20,003,826	22,887,546	24,031,923	25,233,519	26,495,195	27,819,955	29,210,953
Scholarships	11,144,842	11,315,976	12,699,899	14,216,818	13,700,927	14,385,973	15,105,272	15,860,536	16,653,562	17,486,241
Support services	12,925,922	13,770,659	14,543,717	16,109,598	19,202,959	20,163,107	21,171,262	22,229,825	23,341,317	24,508,383
General & administrative	24,341,225	25,965,091	27,880,381	29,394,167	30,996,294	32,546,109	34,173,414	35,882,085	37,676,189	39,559,999
Auxiliaries	1,493,752	1,529,465	1,649,544	1,927,061	2,379,708	2,498,693	2,623,628	2,754,809	2,892,550	3,037,177
Camps	1,675,423	1,945,653	1,871,828	1,587,694	1,481,482	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Depreciation and amortization	8,902,820	8,985,548	9,312,457	9,639,491	9,776,321	9,639,491	9,639,491	9,639,491	9,639,491	9,639,491
Total operating expenses	104,340,970	107,117,155	129,676,831	124,397,412	133,947,643	140,363,823	146,805,040	153,568,317	160,669,758	168,126,272
Operating Income (loss)	7,930,141	1,687,838	(2,534,321)	10,927,043	1,112,325	1,855,659	2,308,837	2,784,675	3,284,304	3,808,915
Nonoperating Revenues (Expenses):										
Investment income, net	5,936,340	10,055,552	2,127,936	(1,290,792)	7,485,971	500,000	500,000	500,000	500,000	500,000
Interest on capital asset-related debt	(2,088,391)	(2,034,440)	(1,781,853)	(1,724,193)	(1,938,180)	(2,035,089)	(2,136,843)	(2,243,686)	(2,355,870)	(2,473,663)
Contribution to UF [1]	(7,557,579)	(4,305,881)	(6,100,292)	(24,710,836)	(19,228,711)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)
Contribution to UFF	(38,022)	(39,321)	(23,695)	(64,134)	(21,609)	0	0	0	0	0
Other nonoperating revenues	0	0			0	0	0	0	0	0
Net nonoperating revenues (expenses)	(3,747,652)	3,675,910	(5,777,904)	(27,789,955)	(13,702,529)	(5,035,089)	(5,136,843)	(5,243,686)	(5,355,870)	(5,473,663)
Capital contributions	11,298,193	5,251,660	20,621,687	9,194,026	8,510,386	0	0	0	0	0
Increase in Net Assets	$ 15,480,682	$ 10,615,408	$ 12,309,462	$ (7,668,886)	$ (4,079,818)	$ (3,179,430)	$ (2,828,006)	$ (2,459,011)	$ (2,071,566)	$ (1,664,749)
Calculation of "Amount Available for Debt Service" and "Debt Service Ratio":										
Increase in Net Assets from above	$ 15,480,682	$ 10,615,408	$ 12,309,462	$ (7,668,886)	$ (4,079,818)	$ (3,179,430)	$ (2,828,006)	$ (2,459,011)	$ (2,071,566)	$ (1,664,749)
Add back:										
Interest on capital asset-related debt	2,088,391	2,034,440	1,781,853	1,724,193	1,938,180	2,035,089	2,136,843	2,243,686	2,355,870	2,473,663
Depreciation	8,902,820	8,985,548	9,312,457	9,639,491	9,776,321	9,639,491	9,639,491	9,639,491	9,639,491	9,639,491
Contribution to UF	7,557,579	4,305,881	6,100,292	24,710,836	19,228,711	3,500,000 [1]	3,500,000 [1]	3,500,000 [1]	3,500,000 [1]	3,500,000
Investment Income (Gain) Loss	(4,430,992)	(8,343,325)	569,117	3,000,299	(6,510,868)					
Amount Available for Debt Service	$ 29,598,480	17,597,952	30,073,181	31,405,933	20,352,526	11,995,150	12,448,328	12,924,166	13,423,795	13,948,406
Debt Service (est. at 6% for 25 years for new debt issue):										
Current Debt	3,995,000	4,085,000	4,080,000	4,180,000	5,035,000	5,140,000	5,250,000	5,365,000	3,785,000	5,210,000
	2,088,391	2,034,440	1,781,853	1,724,193	2,100,658	2,051,656	1,944,038	1,886,931	1,816,981	1,678,832
Proposed additional bond issue(interest only)					0	1,500,000	3,000,000	3,000,000	3,000,000	3,000,000
	$ 6,083,391	$ 6,119,440	$ 5,861,853	$ 5,904,193	$ 7,135,658	$ 8,691,656	$ 10,194,038	$ 10,251,931	$ 8,601,981	$ 9,888,832
Debt Service Coverage	4.87	2.88	5.13	5.32	2.85	1.38	1.22	1.26	1.56	1.41
Note - Maximum Debt Service Coverage occurs in 2032 @ $12.5 million										
Maximum Debt Service Coverage			2.41	2.51	1.63	0.96	1.00	1.03	1.07	1.12
Debt Service Coverage w/o Contributions / Student Fees	2.60	1.62	1.20	3.35	1.30	1.10	0.98	1.02	1.28	1.16

[1] The contribution to UF is not always guaranteed to the University, if excess revenue is not available we would not make this annual contribution.

Schedule A

Project	Estimated Cost	Estimated Construction Start Date	Estimated Completion Date	Estimated Date Bond Proceeds Required	Useful Life
New Baseball Stadium Complex	$50,000,000	September 2018	January 2020	October 1, 2018	30 Years
Katie Seashole Pressly Softball Complex Expansion & Renovation	$11,000,000	June 2018	February 2019	October 1, 2018[1]	25 Years
New Maintenance Building	$4,000,000	June 2018	February 2019	October 1, 2018[1]	25 Years

[1] Legislative approval is being sought and is expected by July 1, 2018 and UAA will reimburse the construction costs upon receipt of the bond proceeds.

The draw schedule will be based on the construction period for each of the projects with all bond proceeds being fully drawn down by October 2020.

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