



# UCF Board of Trustees

*Budget and Finance Committee*

December 5, 2024

## **Agenda Item**

INFO-1: University and Direct Support Organization (DSO) Debt Update

## **Proposed Action**

This item is being presented for information purposes only.

## **Authority for Board of Trustees Action**

Florida Statutes s. 1010.62, Revenue Bonds and Debt  
Florida Board of Governors Debt Management Guidelines

### **Supporting Documentation Included**

Attachment A: UCF and DSO Debt Report June 30, 2024

Attachment B: S&P Ratings Update November 2024

Attachment C: Fitch Ratings Update November 2024

### **Facilitators/Presenters**

Gerald Hector, Senior Vice President for Administration and Finance and Chief Financial Officer

Bert Francis, Assistant Vice President for Debt Management and University Treasurer

## Summary of Key Observations/Recommendations

### Significant transactions and events since the last report submission (November 16, 2023):

**Renewal of UCF Athletics Revolving Line of Credit:** In June 2024, the university's Board of Trustees approved the renewal of the UCF Athletics revolving line of credit. This debt continues to employ an interest rate based on 79% of the 30-day Secured Overnight Financing Rate (SOFR) plus 1.34%. While the rate formula remained consistent with the previous year, decreases in the 30-day SOFR rate resulted in a new effective interest rate of 5.18% as of June 30, 2024.

**Termination of the UCF Foundation and UCF Athletics Loan -** The UCF Athletics Association and UCF Foundation, Inc. executed an agreement to release the Association from \$9,770,000 of outstanding principal and interest effective as of June 30, 2024.

**Stadium Tower Loan Issuance –** On October 30, 2024, the UCF Stadium Corporation closed on the bank loan with Regions Bank to provide funding for the UCF Stadium Tower Expansion Project. The loan carries a fixed rate of 5.56% and allows for prepayment at any time from Tourism Development Tax dollars without penalty, and prepayment after two years from any other sources without penalty. The loan was issued with a final principal amount of \$63,193,917 which provided funding for the project in the amount of \$57,241,137, funding for the liquidity reserve account of \$5,513,582, and funding for capitalized interest of \$439,198.

**Stadium Tower Bond Issuance –** The UCF Stadium Corporation is preparing to issue bonds by the end of the calendar year, with an estimated Par value of \$26.4 million. These bonds will provide the additional financing needed for the UCF Stadium Tower Expansion project. We anticipate the issuance will include a Taxable series valued at \$15.4 million and a Tax-Exempt series valued at \$11 million. Final pricing on the bonds is tentatively set to occur at the end of November.

**University Rating Surveillance and Stable Outlook:** The university has successfully completed its annual rating surveillance process, and we are pleased to report that Moody's, S&P, and Fitch have all reaffirmed our current ratings while projecting a stable outlook. This outcome reflects the institution's continued financial strength and responsible fiscal management, positioning us favorably in the financial market. Furthermore, the upcoming UCF Stadium Corporation Bonds have been provided with an "A" rating by S&P and are pending a bond rating from Fitch. We remain committed to maintaining our financial stability and sustaining our strong creditworthiness.

### For Fiscal Year 2024, coverage ratios for UCF and its Direct Support Organizations (DSOs) were as follows:

- UCF Housing Bonds: 1.89x (requirement: 1.20x)
- UCF Stadium Corporation Bonds: 9.4x (requirement: 1.20x)
- UCF Convocation Corporation Housing Bonds: 1.64x (requirement: 1.20x)
- UCF Convocation Corporation Arena Bonds: 1.64x (requirement: 1.20x)
- UCF Finance Corporation Bonds: 7.47x (requirement: 1.20x)

- UCF Foundation Series 2020 Nontaxable Note: 3.78x (requirement: 1.50x)
- UCF Foundation Series 2020 Taxable Note: 2.91x (requirement: 1.10x)

These results highlight the strong financial positioning of UCF and its DSOs, with each ratio comfortably exceeding the minimum requirement.

### **Additional Background**

The Budget and Finance Committee has requested a regular report on the debt status of the university and its direct support organizations

### **Implementation Plan**

N/A

### **Resource Considerations**

N/A