

UNIVERSITY OF CENTRAL FLORIDA
UCF Athletics Association, Inc.
May 16, 2022

Renewal of Reducing Revolving Line of Credit (\$4,775,000) – Fifth Third Bank

Information **Discussion** **Action**

Meeting Date for Upcoming May 19, 2022 UCF Budget and Finance Committee

Purpose and Issues to be Considered:

Construction Line: The principal sum outstanding shall bear interest, subject to the provisions of Section 20 of this Draft Note, at a floating rate per annum equal to 79% of the Term SOFR Rate plus 1.34 percent (1.34%) (the “Interest Rate”). Principal payment of \$320,000 will be due on July 15, 2022 and the principal owed on the note as of the July 18 renewal date will be \$4,455,000.

Background Information:

Reducing Revolving Line (Construction): This line of credit was originally opened in 2004 for the purpose of constructing facilities for women’s sports. The original amount of the line was \$4.5 million and was increased to \$8.5 million in 2006 to help facilitate initial costs of the football stadium and then additional needs once the stadium bonds were issued and the line was reimbursed for the initial expenses. Each year, the line is renewed and includes a negotiated principal payment. The interest rate on this line is tax-exempt. There are no more draws available on the line and the current balance owed is \$4,775,000.

Recommended Action:

Approval of the loan renewal documents.

Alternatives to Decision:

Deny the renewal and allow the lines to expire. UCFAA would not have the funds available to pay off the reducing line and would be unable to take draws on the revolving line limiting the ability to pay for expenses in a timely manner.

Fiscal Impact and Source of Funding

UCFAA is budgeting \$412,277 for principal and interest on the note to be funded from the operating budget.

Authority for Board of Trustees Action:

Florida BOG Regulation 1.001 University Board of Trustees Powers and Duties (6)(d). Each board of trustees shall engage in sound debt management practices for the issuance of debt by the university and its direct support organizations and shall comply with the guidelines established by the Board of Governors in connect with the authorization, issuance and sale of university and direct support organization debt.

Contract Reviewed/Approved by Attorney Liaison N/A

Attorney Liaison has approved adding this item to the agenda

AVP for DSOs has approved adding this item to the agenda N/A

Chair of the Board has approved adding this item to the agenda ☒

Submitted by:

Terry Donovan, Executive Senior Associate Athletics Director/CFO for UCFAA

Supporting Documentation:

Attachment A: Fifth Third Ninth Modification and Renewal 2022 Reducing RLOC

Attachment B: Officer's Certificate

Facilitators/Presenters:

Terry Donovan, Executive Senior Associate Athletics Director, CFO