

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**  
**Consent**

**AGENDA ITEM: 4 – V**  
**DATE: December 11–12, 2019**

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**SUBJECT**

**SDSU Football Stadium FY19 Financials**

**CONTROLLING STATUTE, RULE, OR POLICY**

None.

**BACKGROUND/DISCUSSION**

At the December 2013 Board of Regents meeting, the BOR approved the SDSU football stadium project and the authorizing legislation was approved in 2014. A provision within the approval was that SDSU had to provide the Board with annual updates of actual stadium performance compared to the pro forma submitted. In June 2019 the Board of Regents approved updates to the football stadium financial reporting requirements, which included the continuation of the SDSU stadium financial report being submitted annually to the full Board as an informational item.

Additional changes to the financial reporting requirements included:

- Revised debt service requirement to \$125,000 reserve for every .01 of coverage ratio below the 1.2 goal effective with FY20; and
- The annual investment for M&R be adjusted to reflect the 2% requirement on roofed facilities to ensure the project is in-line with the Board’s M&R policy.

The stadium’s fiscal year 2019 actual financial performance, as well as projections for future years are included in Attachment I.

As of June 30<sup>th</sup> 2019, the stadium fund had a cash balance of \$382k, the stadium M&R fund had a cash balance of \$283k, and the Stadium Debt Service Reserve had a cash balance of \$2.4M.

In terms of changes in revenues, total revenues decreased by \$52k or 1.6% compared to budget. These decreases were primarily the result of lower ticket revenues from “Demand Game” ticket sales of \$200k, due to weather related impacts on the Hobo Day game and the game against the University of South Dakota and decreases in Other ticket sales revenue

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**INFORMATIONAL ITEM**

of \$179k. However, some of these deficits were offset by increases in Premium Seating lease revenues of \$142k, increases in the “Sixth Game” revenue of \$33K and additional advertising revenue as part of the renegotiation of the Learfield advertising contract of \$240k.

In FY19, Operating expenses increased by \$39k compared to budget. These increases were the result of increases in utilities, facilities operating costs and Gameday costs. In addition, accordance with the updated financial projections \$287k was transferred into the Stadium M&R fund.

### **IMPACT AND RECOMMENDATIONS**

The actual FY19 SDSU stadium financials show less revenue and higher expenditures compared to the FY19 budget, however the debt service coverage ratio is above 1.00. SDSU is projecting a higher debt service coverage ratio moving forward.

### **ATTACHMENTS**

Attachment I – SDSU Football Stadium Financial Information



