

STUDENT SENATE BILL 2025 - 1088

TITLE: Allocation of Reserves for ESCO Loan Early Payoff

AUTHOR: Student Body President John Brinkman

SPONSORS:

AMOUNT: \$2,178,115

Background:

The University of Florida and the Reitz Union entered into a financing agreement with Trane to replace and upgrade the AC equipment in the Reitz Union. This project, which cost \$6,472,538, was financed through a 15-year loan with SunTrust Equipment Group (now Truist Bank) at a 2.33% interest rate. To date, \$5,542,153 has been paid on the loan of this \$1,265,543 is interest. The current prepayment amount is \$2,178,115. By paying off the loan in April 2025, the Reitz Union will save \$116,987 in interest payments over the remaining life of the loan and free up \$130,917 in budgeted expenses for the remainder of FY 24/25. Additionally, \$523,671 will be freed annually until August 2029.

The Reitz Union is currently facing a projected deficit of \$556,893 for FY 25-26, which is expected to grow due to increasing operational costs. Early loan payoff will provide significant budget relief, allowing the Reitz Union to avoid severe cost-cutting measures that could negatively impact student employment, preventative maintenance, and overall operations.

Intent:

To allocate \$2,178,115 from reserves to pay off the remaining balance on the Reitz Union's loan for AC equipment replacement and upgrades, thereby saving on interest payments, freeing up budgeted expenses, and ensuring financial stability for the Reitz Union.

Proviso:

This allocation is a one-time reserve transfer that will be executed in 2025.