

BOARD OF GOVERNORS
Project Summary
University of South Florida Research Foundation, Inc.
Interdisciplinary Research Building
And Multi-Tenant Office Building

Project Type: The proposed complex will be located on land within the University of South Florida's Research Park and will consist of the Interdisciplinary Research Building (133,000 gross square feet), and the Multi-Tenant Office Building (97,594 gross square feet). The two buildings will be joined together by a common public area and will be utilized for laboratories, offices for corporate partners, an expanded business incubator, and the Center for Biological Defense. The proposed complex is designed to allow scientists and entrepreneurs the opportunity to share innovations side-by-side and make advancements that succeed in both the laboratory and the marketplace. The project will be the first phase of the University of South Florida's plan to develop its 87-acre research park into a hub for biotechnology and life sciences research and entrepreneurship.

The project will be financed from the issuance of variable rate, tax-exempt and taxable revenue bonds not to exceed \$40,000,000. The construction of the Center for Biological Defense portion of the Interdisciplinary Research Building will be federally funded in an amount not to exceed \$12 million dollars. The buildings will be constructed on land under long-term lease to the University of South Florida Research Foundation, Inc. (the "Research Foundation") from the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida through a ground lease. The Research Foundation shall be responsible for the design, construction, and financing of the project.

Facility Site Location: The proposed research facility will be located at the University of South Florida Research Park of Tampa Bay, Tampa, Florida, immediately adjacent to the University of South Florida campus on approximately 14 acres.

Occupant Market: Interdisciplinary Research Building -- The Center for Biological Defense, funded through federal grants to research methods of detection and protection against bioterrorist attacks and to train first responders, will occupy the top two floors of the Interdisciplinary Research Building. Core laboratory facilities, including microscopy, proteomics, and genomics, will occupy approximately one floor and will be available to university-based researchers as well as private tenants in the Research Park. Engineering-related interdisciplinary research projects will occupy the ground floor of the building and will include the Center for Robot Assisted Search and Rescue. This Center, and other departments and/or centers expected to be in the building, are University entities. There is no sub-subleasing required to be included in the University's master sublease of the building.

Multi-Tenant Office Building -- The Multi-Tenant Office Building will be occupied by the Tampa Bay Technology Incubator, a University of South Florida based technology business incubator occupying approximately 66,000 square feet. The Tampa Bay Technology Incubator currently has letters of intent to sub-sublease approximately 22,100 square feet of space to be used for incubation. The remaining balance of 7,165 square feet of the Multi-Tenant Office Building will be available to commercial technology businesses desiring a location and interaction with University of South Florida research faculty.

Demand Analysis:

The University of South Florida has nationally recognized programs of biotechnology and life sciences research and entrepreneurship. The University brings strong research programs in medicine, engineering and the basic sciences, as well as established partnerships such as those with the H. Lee Moffitt Cancer Center and Research Institute, Tampa General, All Children's and the James A. Haley Veteran's Hospitals. The region is home to more than 370 medical device businesses that contribute about 51,000 jobs and more than \$5 billion annually to the region's economy.

The University currently has insufficient space resources for research and research support activities. Additional offices and laboratories for research will facilitate the development and growth of current and future research projects. The research facilities will be located near the University of South Florida College of Engineering and also within close proximity to the Florida Department of Health/University of South Florida College of Public Health facilities. The location will enhance the overall coordination of research and educational activities and also provide for better efficiency in operations.

The proposed two-building complex will provide critical services to move university research into the marketplace, stimulate biotech industries, create jobs and educate a highly skilled workforce. Those services include:

- Tampa Bay Technology Incubator: The incubator offers assistance to start-up and young companies that are pioneering new technologies. It provides office space and vital business assistance, such as developing business plans and feasibility studies, conducting market research and raising capital. The incubator will nearly triple in size in the new facility.
- Shared laboratory facilities: Laboratory space will be dedicated for biotech businesses to develop and test their products. Expensive equipment, such as electron microscopes, can be cost prohibitive for many small companies. The University of South Florida will have this type of equipment readily available to businesses in shared laboratories.
- Laboratories for University of South Florida research: The new complex will add critical space for the University of South Florida research, especially research that has potential for

commercialization. These laboratories will include research in robotics, bioengineering devices to assist people with disabilities, tissue culture and cell repair, drug delivery and gene therapy research.

- The University of South Florida's Center for Biological Defense: The University of South Florida researchers are developing faster, more effective technologies for detecting bioterrorist agents that could threaten our nation's water supply, our ports and transportation network, and other vital elements of the United States economy. Their innovations not only have commercialization potential, but also save lives.

Physical Description:

The proposed Research Facilities will include two connected buildings, a four-story structure and a three-story structure, consisting of a total of approximately 230,000 gross square feet. The buildings will be located within the University of South Florida Research Park of Tampa Bay, in close proximity to the University of South Florida College of Engineering and the Florida Department of Health/University of South Florida College of Public Health.

Pledged Revenues:

The Research Foundation proposes to issue variable rate, tax-exempt and taxable revenue bonds to finance the entire project.

The Series 2004A Bonds will be issued as tax-exempt and variable rate to finance a portion of the Interdisciplinary Research Building. It is anticipated that the Series 2004A Bonds will be issued at a par amount of \$18,430,000, which represents 80% of the financing for this building.

The portion of the total financing to be issued as variable rate and taxable (the Series 2004B and 2004C Bonds) is based on occupancy by private tenants in the Multi-Tenant Office Building and potential corporate use of the core laboratory facilities and corporate-sponsored research within the Interdisciplinary Research Building. The Series 2004B Bonds will be issued to finance a portion of the Interdisciplinary Research Building. It is anticipated that the Series 2004B Bonds will be issued at a par amount of \$4,510,000, which represents 20% of the financing for this building. The Series 2004C Bonds will be issued to finance the Multi-Tenant Office Building at an estimated par amount of \$11,380,000.

Pledged revenues consist of lease payments and additional rent to be paid by the University of South Florida to the Research Foundation in an amount equal to actual debt service on the Series 2004A (tax-exempt) and Series 2004B (taxable) Bonds and operating expenses on the Interdisciplinary Research Building. Research Overhead Funds will be deposited into the Capital Expense Accrual Fund and are available for payment of debt service, if necessary. Pledged revenues for the Series 2004C (taxable) Bonds consist of lease payments and additional rent paid by the Research Foundation and other tenants. If necessary, \$700,000 from the Foundation

will be available for debt service. Additional revenues available for debt service during the first two years are: \$200,000 from Hillsborough County; \$200,000 from the City of Tampa; and \$100,000 from the High Tech Corridor. In addition, the Research Foundation will make available \$1,374,251 of net revenues from the 2003 fiscal year general operations, which are eligible to pay debt service. The revenue debt obligation for funding this project shall not exceed \$40,000,000.

Debt Service Coverage: The Research Foundation will assume responsibility for the payment of the financing obligations of the two research buildings in fiscal year 2005-2006, the first year of operation.

Interdisciplinary Research Building - Three debt service coverage ratios have been calculated for the tax-exempt Series 2004A Bonds and the taxable Series 2004B Bonds. The first scenario reports a debt service coverage ratio of 1.30 with a tax-exempt rate of 4.75% and a taxable rate of 6.00%. The second scenario reports a debt service coverage ratio of 1.29 with a tax-exempt rate of 5.00% and a taxable rate of 6.50%. The final scenario reports a debt service ratio of 1.26 with a tax-exempt rate of 6.00% and a taxable rate of 7.00%.

Multi-Tenant Office Building - Three debt service coverage ratios have been calculated for the Series 2004C Bonds, which are taxable 30-year bonds. The three scenarios include a 1.75 debt service coverage ratio at an interest rate of 6.00%, a 1.69 debt service coverage ratio at an interest rate of 6.50%; and the final scenario reports a debt service coverage ratio of 1.60 at an interest rate of 7.00%.

Summary of Pro Forma: The rentable space of 95,265 square feet in the Multi-Tenant Office Building is assumed to be rented at the initial rate of \$20.69 per square foot. A lease to the University of South Florida is structured to cover debt service and operating expenses for the Interdisciplinary Research Building.

Planned Opening Date: It is anticipated that the proposed research facilities will be completed in early 2005, with the Multi-Tenant Office Building available for occupancy in mid-January and the Interdisciplinary Research Building available for occupancy in mid-April.