

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**
August 31, 2021

SUBJECT: Florida Polytechnic University public-private partnership (P3) to build and operate a research facility on its Lakeland campus.

PROPOSED BOARD ACTION

Adopt of a resolution approving Florida Polytechnic University Board of Trustees (“Florida Poly”) entering into a sublease and related documents with Ryan Companies USA, Inc., an affiliate or an entity providing financing; and further authorizing Florida Poly entering into an affiliation agreement with International Flavors and Fragrances Inc., related to the design, construction, financing, ownership, operation and maintenance of the research facility on the University’s campus.

If approved, Florida Poly will enter into a maximum 40-year sublease with the Developer.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Sections 1013.171 and 1010.62, Florida Statutes; and Article IX, Section 7(d), Florida Constitution.

BACKGROUND INFORMATION

Florida Poly has pursued a P3 structure to transfer the full spectrum of design, construction, finance, operations, and maintenance risk to a private party. Accordingly, it issued ITN 21-001, dated November 12, 2020, in search for a national-scale developer with experience in constructing and operating a research facility, and with the financial strength to preclude any financial support from the University. One respondent was received, evaluated and awarded – a response from Ryan Companies USA, Inc. (Ryan) and International Flavors and Fragrances Inc. (IFF). The proposal calls for entry into a ground sublease for design, construction and operation of a research facility, as well as a strategic alignment between the facility’s tenant and the University.

The proposed research facility will be approximately 33,000 square feet, located on Florida Poly’s Lakeland campus, on a 1.15-acre parcel, and will include exclusive rights to pre-existing campus parking spaces (together, the “Project”).

The estimated cost of the facility is approximately \$14.3 million, including design, development, and construction. Rather than utilizing a bank loan, Ryan will utilize equity financing from Harrison Street Real Estate Capital (Harrison Street). Ryan will establish an LLC to own the facility and enter into the ground lease with the University. Upon construction completion, Ryan will transfer its membership interest in the LLC in exchange for the equity investment from Harrison Street. It is anticipated that Harrison

Street will retain Ryan to manage, operate and maintain the facility for the duration of the ground lease.

For use of the land, the LLC, as owner, will pay the University annual rent of \$1 on the ground lease.

IFF will pursue a strategic partnership with Florida Poly due to its unique combination of geographical and technical alignment.

IFF has identified gaps in the essential skills necessary for engineering programs supporting the citrus industry, noting that current citrus related programs at other Florida universities, with whom they partner, only cover the primary industry around citrus, focusing on fruit cultivation, the fresh fruit industry and fruit juice processing. They do not address engineering tasks necessary in the secondary industry linked to further processing and use of by-products. Furthermore, IFF wants to transform its operations through engineering, computer science, and data science, and improve its research using advanced manufacturing processes, data analysis, correlation, machine learning and computer modeling. Florida Poly will provide the faculty and students with the expertise to address these areas.

By virtue of an affiliation agreement, a collaborative partnership with IFF is expected to benefit the University's faculty, students and graduates by:

- a.) Creating additional internship and employment opportunities for Florida Poly students and graduates;
- b.) Fill talent pipeline and technical knowledge gaps in the citrus industry;
- c.) Engage in collaborative or sponsored research with University faculty and staff;
- d.) Enhance IFF's citrus industry innovation and research and development efforts; and,
- e.) Enhance the academic programming of the University.

Overall, the Project will host citrus-related research by IFF in collaboration with the University, which, pursuant to its Affiliation Agreement, is expected to provide non-monetary benefits to Florida Poly in terms of research, teaching and program development for its data science, computer science and engineering students, as well as career opportunities for its graduates.

The Project is anticipated to be completed Spring 2023.

The University does not expect to require additional state funding as a result of the proposed P3 Project or its partnership with IFF.

The Florida Polytechnic University Board of Trustees approved the Project and the ground sublease at its May 25, 2021, meeting.

Supporting Documentation Included:

Information contained in the Facilities
Committee materials