



J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE

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GOVERNOR

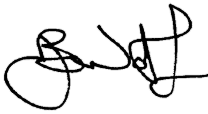
ASHLEY MOODY
ATTORNEY GENERAL

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER

NIKKI FRIED
COMMISSIONER OF AGRICULTURE

MEMORANDUM

TO: Board of Governors

FROM: J. Ben Watkins III 

DATE: August 12, 2021

RE: Florida Polytechnic University – Research Facility Project

As required by Section 1010.62(3)(b)4, Florida Statutes, the Division of Bond Finance (“DBF”) has reviewed and analyzed the information provided by Florida Polytechnic University (“FPU” or “University”) to support its proposed public-private partnership to design, build, privately finance, own, and operate a research facility and associated parking (the “Project”) on the FPU campus. DBF has also reviewed the Board of Governors (“BOG”) staff analysis of the proposed financing and Project. DBF has identified specific issues for the BOG’s consideration in connection with its evaluation of the proposed Project.

Return on Investment

The Project will be privately financed with an equity investment by Harrison Street Real Estate Capital, built and managed by Ryan Companies USA Inc., and occupied by International Flavors and Fragrances Inc. (“IFF”). Based on projections provided, Harrison Street Real Estate Capital expects to receive an internal rate of return (“IRR”) of approximately 6.5% to 7.6% based on its equity investment, depending on the ultimate term of the lease and if FPU exercises the early termination purchase option.

The only investment in the Project being made by FPU is the use of land on its campus and the use of 50 dedicated parking spaces. The purpose of the BOG’s P3 Guidelines is to require the University to have clearly defined goals and objectives with measurable metrics to evaluate project success relative to the University’s investment. Since FPU will receive no cash-flow from the Project, other than a nominal \$1 annual ground lease payment, the return on this non-monetary investment can be analyzed through the Affiliation Agreement between IFF and FPU (the “Affiliation Agreement”). The Affiliation Agreement does not include specific milestones or benchmarks for acceptable performance, such as a number of internships or job offers per year, as required by the guidelines; however, FPU has indicated that it has set internal goals for the partnership’s performance and the Affiliation Agreement provides for regular formal meetings to discuss the status of the partnership. DBF recommends that specific benchmarks be included within the Affiliation Agreement as either minimum acceptable performance standards or examples of successful performance in order to be compliant with the P3 Guidelines and promote accountability.

cc: Marshall M. Criser, Chancellor, Board of Governors
Tim Jones, Vice Chancellor, Board of Governors
Kevin Pichard, Assistant Vice Chancellor, Board of Governors