

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
June 22, 2023

SUBJECT: Authorization to Issue Debt; \$50M for University of Florida - Renovation of Research Labs

PROPOSED COMMITTEE ACTION

Adopt a resolution authorizing the issuance of taxable and tax-exempt bonds in a combined amount not to exceed \$50M by the Division of Bond Finance, on behalf of the University of Florida (UF), to finance renovations to numerous existing laboratories on its main campus (the "Project").

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Section 1010.62, Florida Statutes; State University System Debt Management Guidelines.

BACKGROUND INFORMATION

The proposed Project involves renovating existing aged biomedical and life sciences laboratories within the University's College of Medicine, College of Pharmacy, College of Public Health and Health Professions, College of Engineering, Institute of Food and Agricultural Sciences, and College of Liberal Arts and Sciences. Over the past 10 years, the University has grown its research enterprise to over \$1 billion, with biomedical and life sciences representing the largest area of research. The Project will update and repurpose existing lab space to help ensure continued growth.

The bonds will be secured by a first priority lien on all indirect cost reimbursement revenue of the University's research enterprise, providing significant debt service coverage of 29.3x. The Bonds will be issued on parity with existing debt of \$15M (a single bond issue, series 2020A), with a term of 30 years, a fixed interest rate, and level debt service. Approximately \$10M of the Bonds will be issued as taxable debt due to the level of private business use activity within one of the research facilities.

The proposed financing complies with Florida Statutes governing university debt issuance; however, it deviates from the SUS Debt Management Guidelines in terms of the use of capitalized interest in the financing structure. The University provided justification for the inclusion of capitalized interest, i.e., it ultimately benefits its research enterprise through indirect cost recovery, thus providing mitigating support for the deviation.

The Project was approved by the University's board of trustees on December 9th, 2022, and it is consistent with its approved campus master plan.

Supporting Documentation Included:

1. Requesting Resolution
2. Project Summary
3. Estimated Source & Uses
4. Historical & Projected Debt Service Coverage
5. Debt Service Schedule
6. DBF Memorandum

Facilitators/Presenters: Mr. Kevin Pichard