STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
The University of Florida
$93.1M Cancer and Genetics District ESCO

Project Summary

Project Description:

The University of Florida (the "University" or "UF") seeks to enter into an energy performance-based contract (the "Project" or "ESCO") to reduce energy consumption, as well as address operational, maintenance, and infrastructure renewal costs in the area of campus known as the Cancer and Genetics District.

The Cancer and Genetics District consists of both E&G and non-E&G facilities. The proposed Project cost is not to exceed $93.1M and consists of replacing 19-year-old end-of-life air handling units, renovation of existing heating plants, replacing and upgrading lab automation equipment, and the installation of more energy-efficient equipment technology that will reduce the energy demand of the district. In addition, the University states that the Project will eliminate an estimated $39M in deferred maintenance.

The University selected Siemens Industry, Inc. ("Siemens") as the energy performance-based contractor and TD Equipment Finance ("TD Finance") as the third-party financing entity. Siemens performed the initial assessments and energy audits and will be responsible for the Project's design, engineering, and installation. The University estimates that the financing entity will provide $89.3M in tax-exempt financing, which, coupled with University funds of $3.7M, will fund total Project costs.

The Project will yield approximately $8.8M in average annual utility savings over the 19-year contract term, $167M in total. Operational & Maintenance savings add another $55M+ in total savings. Combined, the projected savings entirely offset Project costs (including financing), while providing net annual savings of approximately $4.5M/year on average. The savings will be guaranteed by Siemens, as required by Florida Statutes, and all facets of the Project have been and will be produced in a manner consistent with ss. 1013.23 and 489.145, F.S., governing such energy efficiency contracting.

The University Board of Trustees approved the Project on June 6, 2025.

Campus Master Plan:

The Project is not specifically cited in the University's 2020-2030 Campus Master Plan (CMP); however, it is consistent with the Capital Improvements Element therein (i.e., it provides necessary infrastructure to support adopted capital facility priorities), it does not impact off-campus facilities and services, and it is consistent with Future Land Use designations. The University has indicated the

Project will be added to the CMP during its 2025-26 amendment cycle.

Site Location: The Project's location is in the southwestern area of UF's campus near the research core, specifically the Cancer and Genetics District. The district is comprised of approximately 375,000 sq ft of facilities, including the Cancer and Genetics Facility, Emerging Pathogens Facility, and Parking Garage 14.

Demand Analysis: Siemens completed a Detailed Feasibility Assessment (DFA) on August 26, 2024, providing a preliminary assessment of potential energy conservation measures and related savings.

On April 18, 2025, Siemens conducted the requisite Investment Grade Energy Audit (IGA), which finalized and confirmed the Project scope and established life cycle costs and guaranteed savings. The IGA was sealed by a registered professional engineer as required by section 1013.23(3)(d), Florida Statutes.

The overall objective of the DFA and IGA is to determine the viability of renewing campus infrastructure and reducing deferred maintenance in the Cancer and Genetics District. Through the DFA and IGA, Siemens confirmed that the Cancer & Genetics District needed to address replacing and repairing end-of-life and inefficient utility-related systems and address deferred maintenance and infrastructure.

Projected Construction: The University anticipates Project construction to commence in October 2025 and be completed by September 2028. Construction will be divided into two terms with a 18-month construction period that will prioritize the Battery and Solar Scope since it will drive a significant amount of savings that UF wants to utilize early on in the Project, and a 36-month construction period that will focus on the research facilities that require more construction planning due to the sensitive nature of the research that inhabits those facilities.

Project Cost: The University has estimated a not-to-exceed project cost of $93.1M and will establish a guaranteed maximum price (GMP) contract, not to exceed this amount, before construction commences. The total Project cost will be funded through a combination of University funds and tax-exempt financing proceeds, as reflected in the chart below.

Project Funding Sources

TD Equipment Financing:	$	89,307,456.00
University Funds:		
Carryforward		2,701,736.00
Facilities Services Auxiliary		1,098,131.00
Total Project Cost	**$**	**93,107,323.00**

The Facilities Services Auxiliary carries approximately $10M to $14M in reserves for Operations & Capital Replacement.

Project Financing: As reflected in the chart above, a majority of the total Project cost will be funded via proceeds from third-party tax-exempt financing, with a small portion being funded by University Funds to fund the development of the Investment Grade Audit "IGA" and the Detailed Feasibility Assessment "DFA". The University chose TD Equipment Financing as the third-party financing entity via a selective process initiated in June 2025. Currently, the University estimates an interest rate of 3.86%, a level payment structure (approximately $7.5M annually) following a period of interest-only payments during construction.

Pledged Revenues: Not applicable; there is no pledged revenue or related security. However, s. 1013.23, F.S. requires Energy Cost Savings, as statutorily defined, generated by the Project must equal or exceed the amortized cost of the energy conservation measures (i.e., the Project). In other words, the costs incurred will be, at a minimum, entirely offset by the guaranteed energy cost savings.

Security/Lien Structure: According to the University, the third-party financing will be secured by the Project equipment only. Additionally, consistent with Florida Statutes, the financing agreement will stipulate that it does not constitute a debt, liability, obligation, or a pledge of faith or credit of the State or University.

Debt Service Coverage: Debt service coverage is not applicable. However, s. 1013.23, F.S. requires that annual Energy Cost Savings, as statutorily defined, generated by the Project must equal or exceed the amortized cost of the energy conservation measures recommended in the DFA and IGA (i.e., the Project). In other words, the costs incurred will be, at a minimum, entirely offset by the guaranteed energy cost savings. According to projections provided by the University, the Project will result in guaranteed savings of approximately $8.8M annually, and $167M in total over the contract term of approximately 18 years, which offsets the amortized costs. [see attached "***Projections: Energy Cost Savings vs. Cost of Energy Conservation Measures"***]

Type of Sale: Not applicable.

Selection of Professionals: Contracts with outside professionals have been and will be selected pursuant to the requirements of sections 1013.23 and 489.145, Florida Statutes.

Recommendation: Staff of the Board of Governors and the Division of Bond Finance have reviewed the information provided by the University with respect to its request for Board approval of the Project pursuant to the State

University System Debt Management Guidelines. Based upon this review, it appears that the Project and proposed financing will be produced in a manner consistent with Sections 1013.23 and 489.145, Florida Statutes. Accordingly, staff of the Board of Governors recommend authorization of the Project.