

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
January 20, 2011**

SUBJECT: A Resolution of the Board of Governors requesting the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance") to issue revenue bonds on behalf of the University of Florida to finance a portion of the construction of a Translational Research Facility on the main campus of the University of Florida

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate, revenue bonds by the Division of Bond Finance on behalf of the University of Florida, in an amount not to exceed \$33,000,000, (the "2011A Bonds") for the purpose of financing a portion of a Translational Research Facility on the main campus of the University of Florida ("the Project").

Staffs of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, have reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and complies with the Debt Management Guidelines adopted by the Board of Governors. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Florida Board of Governors Debt Management Guidelines; Section 1010.62, Florida Statutes; and Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The University of Florida has submitted a proposal for financing and construction of a Translational Research Facility. The Project will be located at the Academic Health Center on the main campus of the University of Florida. The Project will consist of approximately 120,000 gross square feet and will include space to house the University of Florida's Clinical Translational Science Institute headquarters, the UF Institute on

Aging, the General Clinical Research Center and two new departments of the College of Medicine, epidemiology and biostatistics. The Project is consistent with the University's Campus Master Plan. The total Project cost is expected to be \$44,700,000.

The University Board of Trustees has requested approval from the Board of Governors for the Division of Bond Finance to issue up to \$33,000,000 fixed rate, revenue bonds to finance a portion of the construction of the project, fund a debt service reserve fund, if necessary, and pay costs of issuing the 2011A Bonds. Additional funding will be provided by \$14.7 million from a National Institutes of Health Federal Grant Award. The 2011A Bonds will mature not more than twenty (20) years after issuance and are anticipated to have level annual debt service payments.

The debt service payments will be funded by a portion of the University's indirect costs revenues received by the College of Medicine from Federal, State and private grants. The University is legally authorized to secure the 2011A Bonds with the revenues to be pledged pursuant to Section 1010.62. The 2011A Bonds will be subordinate to the pledge of these same revenues toward debt service on University of Florida Research Foundation, Inc., Capital Improvement Revenue Bonds Series 2003 (the "2003 Bonds"), currently outstanding in the amount of \$31.8 million. The University Board of Trustees has specifically covenanted that it will not issue or approve the issuance of any obligations on a parity with or senior to the 2003 Bonds except for refunding obligations that result in annual debt service savings.

Projections provided by the University indicate that sufficient revenues will be generated to pay debt service on the 2011A Bonds and the outstanding 2003 Bonds.

The University of Florida Board of Trustees, at its December 10, 2010 meeting, approved the Project and the financing thereof.

Supporting Documentation Included:

1. Requesting Resolution
2. Project Summary
3. Attachment I - Estimated Sources and Uses of Funds
4. Attachment II - Historical and Projected Pledged Revenues and Debt Service Coverage

Facilitators/Presenters: Chris Kinsley