

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
October 3, 2019**

SUBJECT: Resolution of the Board of Governors authorizing the USF Financing Corporation to issue \$27,000,000 of revenue bonds on behalf of the University of South Florida for the purpose of constructing a new multi-use lab and office facility in the USF Research Park.

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate, taxable revenue bonds, by the USF Financing Corporation (the "DSO") on behalf of the University of South Florida (the "University"), in an amount not to exceed \$27,000,000 (the "Bonds"), which, combined with a \$15,000,000 cash equity contribution from the USF Research Foundation (the "Foundation"), will finance construction and equipping of a new multi-use lab and office facility (the "Project") in the USF Research Park (the "Park").

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, has 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. 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 proposed Project will be located in the Park, adjacent the University's main campus, and will consist of a 3-story, approximately 120,000 square foot multi-use lab and office facility, including first-floor retail and dining amenities. Completion of the Project will increase the Park's aggregate capacity 34%, from 349,807 sf to 469,807 sf.

Total Project cost is estimated at \$42M, including \$27M for design and construction of a core/shell facility, a \$10M allowance for tenant improvements, \$2.4M each for capitalized interest and a debt service reserve, and cost of issuance. The Bonds will be added to the DSO's outstanding debt of \$346,018,076 (as of 6/30/19), which includes a

new \$3,600,000 mortgage on 5/1/19 used to finance the purchase of the University Diagnostic Institute building located in the Park.

The Project will be financed by fixed rate, taxable debt issued by the USF Financing Corporation (the "DSO"), in an amount not exceeding \$27,000,000, as well as a \$15,000,000 cash equity contribution from the USF Research Foundation, the owner/operator of the Park and, as proposed, the manager/operator of the Project. The Bonds will be structured with level debt service and a 20-year maturity.

Revenues pledged for the payment of debt service will be gross revenues derived from leasing the Project and three existing leased facilities within the Park; the University Technology Centers I and II and the Multi-Tenant Office Building.

Projections provided by the University indicate sufficient gross revenues will be generated to pay debt service on the Bonds.

The Project is consistent with the University's mission, but is not required to be on the University's Master Plan.

The Project and the financing thereof was approved by the DSO Board of Directors on April 30, 2019, the Research Foundation Board of Directors on May 13, 2019, and the University Board of Trustees on June 6, 2019.

Supporting Documentation Included:

1. Requesting Resolution
2. Project Summary
3. Aerial Map of the Park
4. Estimated Sources and Uses of Funds
4. Schedule of Debt Service
5. Product/Tenant Mix & Rents
6. Existing building tenant occupancy narrative
7. Historical & Projected Debt Service Coverage
8. IRR Calculation
9. Division of Bond Finance memorandum

Facilitators/Presenters: Mr. Chris Kinsley