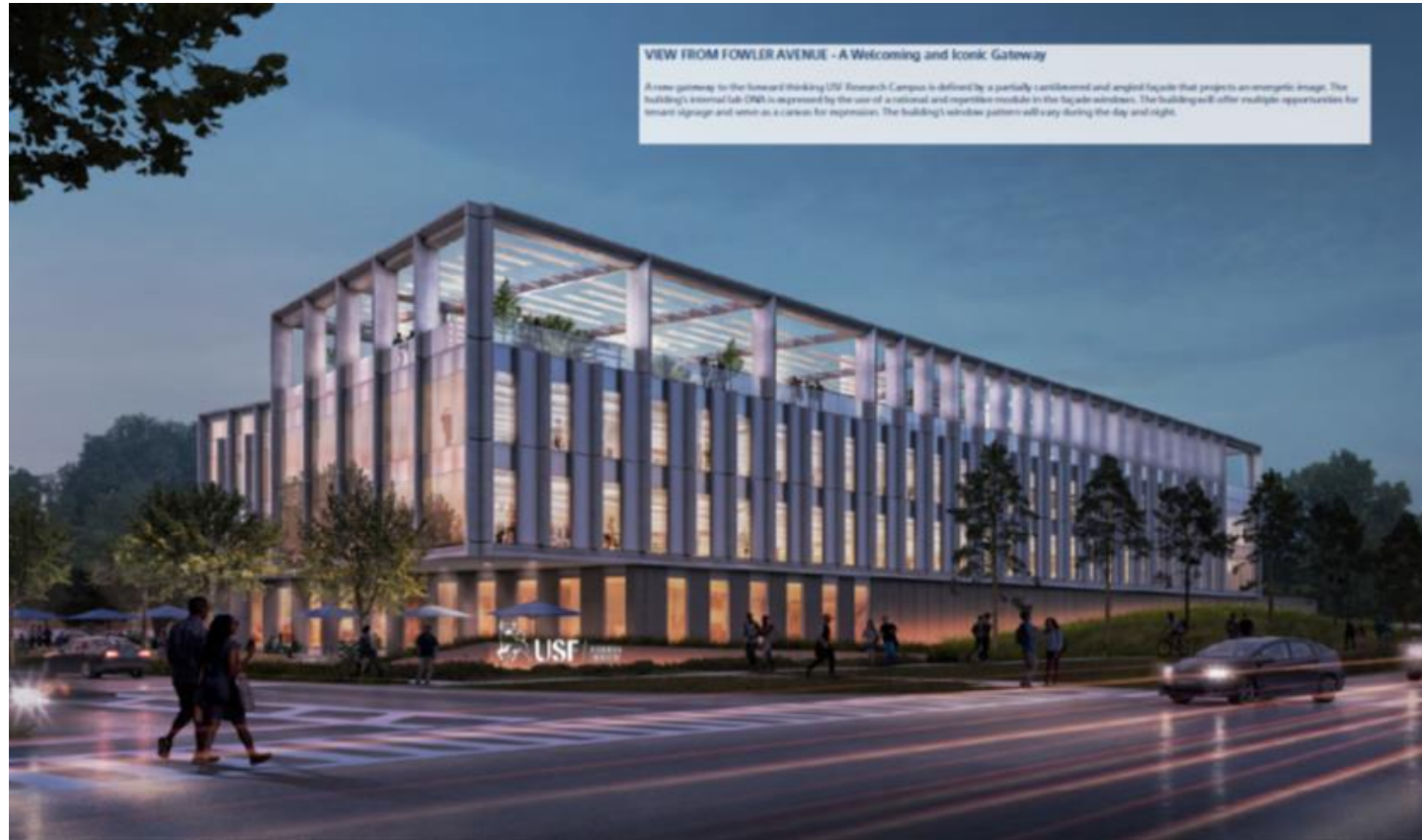


# USF Research Park Lab and Office Project



Presentation to the Board of Governors

October 3, 2019

# Today's Objectives

- Overview of project
- Description of the financing
- Sources / Uses
- Mitigating our risks
- Review of Coverage / Backing
- Path forward



# Project Overview

## Planned Expansion

- 120,000 SF office and lab space
- Fowler frontage
- Defines the physical approach to the University and Research Park from I-275
- Flexibility for long-term marketability and economic viability
- Expansion is anticipated in the Research Park DRI\* and Master Plan
- Project Cost: \$37 million



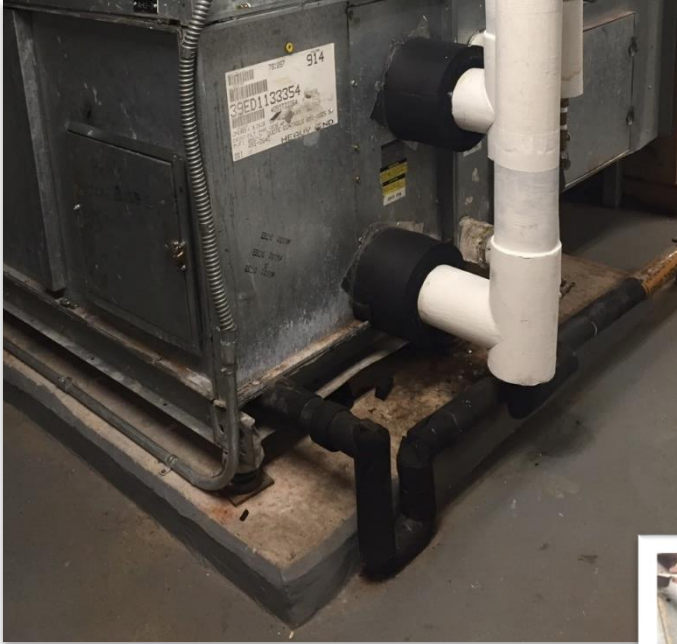
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*\*DRI = Development of Regional Impact*

**Project was approved by USF BOT at its June 6, 2019 meeting.**



# Why? “Aged Out” Lab Spaces



*Mechanical systems (installed 1992) have exceeded standard life span of 20 to 25 years.*



*Hydronic heating piping and valves system has had numerous failures and leaks.*



Images – BSC Labs

# Successful Debt Structuring

- Debt to be issued by USF Financing Corp
- \$27 million, taxable, fixed rate bonds – rate will not be set until time of the issuance
- Financing meets all BOG debt management guidelines
- RFP issued, 4 responses received
- Private placement – commitment in hand
- No restrictive covenants
- Deal informed via BOG staff and DBF input



# Sources / Uses of Funds

(amounts in thousands)

SOURCES OF FUNDS		USES OF FUNDS	
<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
Bond proceeds	\$27,000	Core / Shell / Design	\$27,038
Research Foundation equity contribution	15,000	Tenant improvements *	10,000
		Debt service reserve	2,420
		Capitalized interest	2,430
		Costs of issuance	112
Total Sources	<u>\$42,000</u>	Total Uses	<u>\$42,000</u>



\* Tenant Improvements is a reserve that will be held in trust and used to fund tenant improvements during lease-up.

# Mitigating Our Risks

- Supported by demand study
- Significant \$15M equity infusion – 1/3 down payment
- Funded debt reserve
- D/B structure - Integrated construction / design team
- GMP Fixed Day One
- Partnering with a national broker
- Strong revenue backing – Not project dependent



# Strong Coverage and Backing

- Current Research Park pledged income at \$4 million
  - virtually carries Project
- Debt coverage (net) of 1.49x in 20/21
- Conservative assumptions:
  - Coverage works at 6% - provides cushion
  - Estimates a 5 year lease-up
- Overall USF impact (after issuance):
  - 1.4% debt service / op expense (Aa2 peers 4.2%)
  - 2.4x cash and investments / debt (Aa2 peers 1.2x)





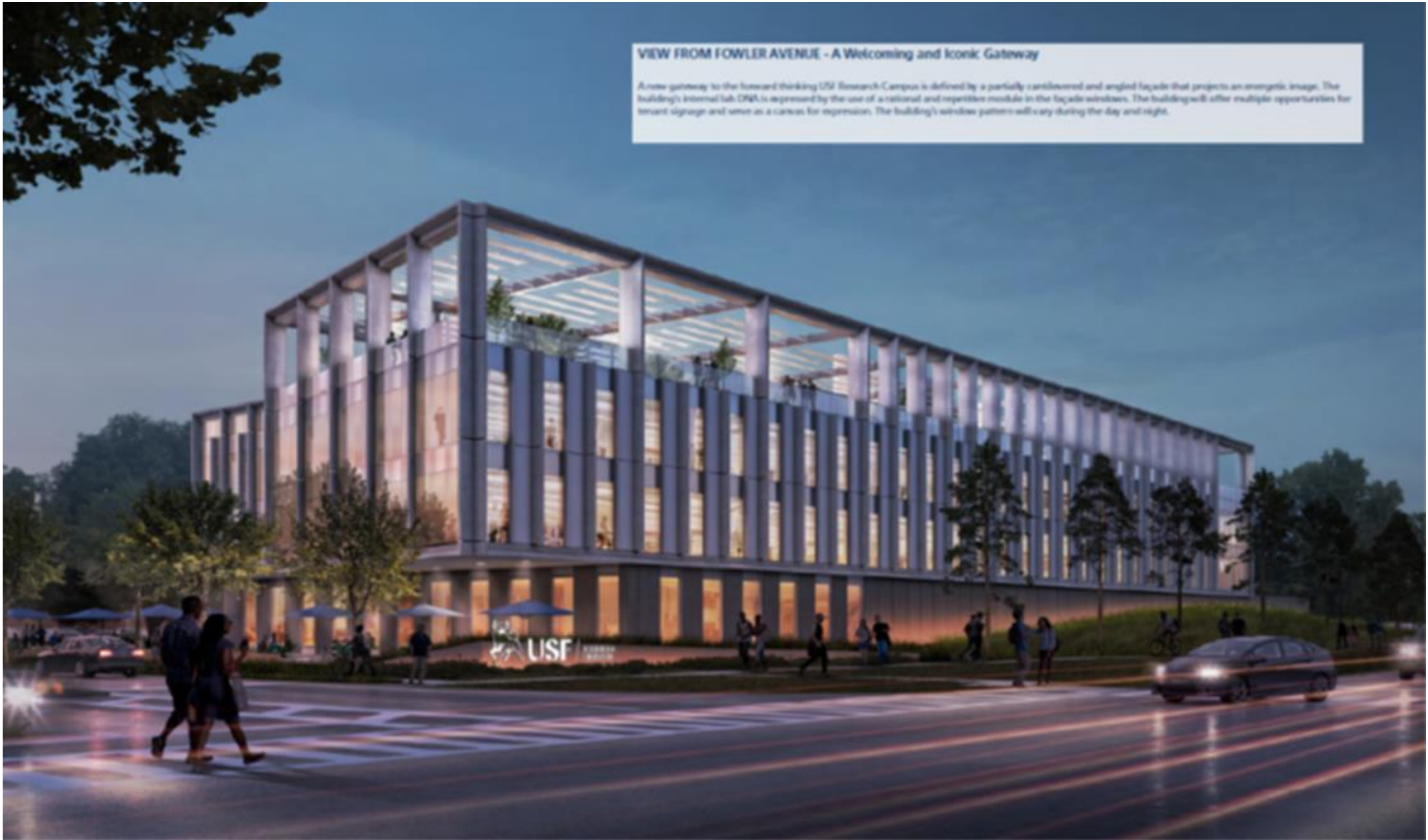
# Project Timeline

Activity	Targeted Timing
Presentation of project to BOT for information	February 12, 2019
Approval by USF Research Foundation Board	April 23, 2019
Approval by USF Financing Corporation Board	April 30, 2019
Approval by USF Board of Trustees Finance Committee	May 14, 2019
Approval by USF Board of Trustees	June 6, 2019
Transmit Materials to Board of Governors and Division of Bond Finance	Submitted July 1
Approval by BOG Facilities Committee	October 3, 2019
Approval by Board of Governors	October 30, 2019
Start of Design	October 2019
Groundbreaking	January 2020
Completion of Project	September 2021



#### VIEW FROM FOWLER AVENUE - A Welcoming and Iconic Gateway

*A new gateway to the forward thinking USF Research Campus is defined by a partially cantilevered and angled facade that projects an energetic image. The building's internal lab DNA is expressed by the use of a rational and repetitive module in the facade windows. The building will offer multiple opportunities for tenant signage and serve as a canvas for expression. The building's window pattern will vary during the day and night.*



# Requested Action

**Approve resolution authorizing the issuance of \$27 million of debt to fund the USF Research Park Laboratory and Office Project**



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# UNIVERSITY <sup>OF</sup> SOUTH FLORIDA

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RESEARCH  
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