

**STATE BOARD OF EDUCATION**

June 17, 2003

**SUBJECT:** A Resolution of the State Board of Education Approving the Financing of the Construction of a Portion of a Genetics and Cancer Research Facility on the Campus of the University of Florida and Approving the Issuance by the University of Florida Research Foundation, Inc., of Capital Improvement Bonds Not to Exceed \$35,000,000.

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**UNIVERSITY AFFECTED:** University of Florida

**PROPOSED BOARD ACTION**

Approve the financing plan and adopt a resolution authorizing the issuance of variable rate, tax-exempt revenue bonds by the University of Florida Research Foundation, Inc., a direct support organization of the University of Florida, in an amount not to exceed \$35,000,000 to finance a portion of the cost of construction of a Genetics and Cancer Research Center on the University of Florida, main campus. Authorize the Chair, the Vice Chair, the Chief Financial Officer and other authorized representatives of the State Board of Education to execute the necessary contractual documents related to the financing of the project.

**AUTHORITY FOR STATE BOARD ACTION**

Section 11, Chapter 2002-394, Laws of Florida, Section 9 and Section 11, Conference Committee Bill, 2003A, and Section 1010.60(2), Florida Statutes.

**BACKGROUND INFORMATION**

On May 24, 2001, the Board of Regents approved a resolution authorizing the Research Foundation's issuance of tax-exempt revenue bonds in an amount not to exceed \$100,000,000 for purposes of financing the construction of a genetics and cancer research center on the University of Florida, main campus. As a result of the reorganization of the state university system and the time that has elapsed since the original resolution was approved, it is necessary for the State Board of Education to reauthorize the bond financing.

The University of Florida Research Foundation has submitted a proposal to issue up to \$35,000,000 in revenue bonds to fund a portion of the Genetics and Cancer Research Center. The project received legislative approval in 2002 and is reauthorized in the 2003A Conference Committee Bill. This project is currently budgeted for \$83,793,978 with a portion of the funding to be provided from PECO and/or UF Research Foundation funds, and the construction phase is expected to start November, 2003.

The University of Florida Research Foundation, Inc. plans to use a private bond attorney in preparation to issue variable rate revenue bonds. The Genetics and Cancer Research Center Building is expected to have 283,206 gross square feet, providing 165,805 net assignable square feet to house the research, training and administrative operations of the University of Florida Genetics and Cancer Research Center, a biomedical research facility.

The proposed bond issue is to be secured by a pledge of income from royalties and licensing fees. Historical revenues indicate that debt service coverage is feasible. If the pledged revenue is not sufficient to pay debt service, it is the University's plan to move some expenses of the Research Foundation to the University's Sponsored Research Development Trust Fund. At present, a majority of grant overhead monies are retained within the UF Sponsored Research and Development Trust Fund.

The University of Florida Board of Trustees at its meeting held March 28, 2003, and the University of Florida Research Foundation, Inc., at its meeting held April 18, 2003, approved the proposed financing for the project.

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**Supporting Documentation Included:** Requesting Resolution  
Project Summary  
Financial Plan

**Facilitator/Presenter:** Raymond Monteleone