

A RESOLUTION AUTHORIZING THE ISSUANCE OF DEBT AND REQUESTING THE FLORIDA BOARD OF GOVERNORS TO APPROVE THE ISSUANCE OF SUCH DEBT TO FINANCE THE CONSTRUCTION OF A INTERDISCIPLINARY RESEARCH AND COMMERCIALIZATION BUILDING FOR FLORIDA STATE UNIVERSITY TO BE LOCATED IN INNOVATION PARK, TALLAHASSEE, FLORIDA, AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE FLORIDA STATE UNIVERSITY BOARD OF TRUSTEES:

Section 1. The Florida State University Board of Trustees (the "Board of Trustees ") of the Florida State University (the "University") hereby authorizes the issuance of debt by the Florida State University Research Foundation (the "DSO") and requests the Florida Board of Governors to approve the issuance of debt in an amount not to exceed \$45,000,000 (the "Debt") for the purpose of funding the University's 50% match for the construction of a facility to be known as the Interdisciplinary Research and Commercialization Building (the "IRCB Project") to be owned by the University and located in Innovation Park.

Section 2. The Project will consist of one building to be located in Innovation Park containing approximately 116,000 gross square feet. The IRCB Project is designed to facilitate interactions through an innovative arrangement of laboratories, core facilities and strategically placed collaboration spaces. It is size for up to 30 research groups, 24 postdoctoral research and 155 graduate and undergraduate students. The IRCB Project will be owned by the University. The University anticipates entering into an operating agreement with the DSO related to the operations and maintenance of the IRCB Project. The construction of the IRCB Project, which is expected to begin in June 2022 and to be completed in April 2024, will be funded in part with approximately \$44 million in PECO funds previously authorized by the State of Florida.

Section 3. The Debt will be a general obligation of the DSO payable from all legally available revenues including but not limited to royalties and other amounts derived from patents, copyrights, trademarks, unrestricted license and grant revenues, investment earnings, and unrestricted net assets of the DSO. The DSO is legally authorized to secure the Debt with the revenues to be pledged pursuant to Section 1010.62 (3)(a), Florida Statutes. The University is also committed to ensuring that sufficient revenues will be generated to fulfill the DSO's obligations with respect to the Debt.

Section 4. The Debt will bear interest at a fixed rate and will mature not more than 15 years after issuance, including any extensions or renewals thereof. The Project has an estimated useful life that exceeds 50 years, which is beyond the anticipated final maturity of the Debt. Due to the likelihood of private business use the DSO is considering both taxable and tax-exempt fixed rates.

Section 5. The Debt will be sold through a private placement with a bank. A private

placement is necessary to reduce the cost of financing by entering into a loan agreement with a bank versus issuing bonds in the public market. An analysis showing that a private placement is desirable and in the best interest of the DSO is described in item (h) of Appendix A attached hereto. The bank will be selected through a competitive selection process.

Section 6. The Board of Trustees will comply, and will require the DSO to comply, with all requirements of federal and state law relating to the Debt. Because the Debt is a bank loan, the continuing secondary market disclosure of information does not apply to the Debt, however the bank will receive annual financial information related to the Project.

Section 7. The President of the DSO and other authorized representatives of the DSO Board and the University President, the authorized representative of the University and the members of the Board are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, including, but not limited to, executing and delivering the loan agreement described herein, selecting the bank, and to take all other actions as they may deem necessary or desirable, in connection with the execution and delivery of the Debt.

Section 8. In making the determination to finance the Project, the Board of Trustees have reviewed the information attached to Appendix A and finds that the issuance of the Debt is in compliance with the Debt Management Guidelines, the University's debt management policy, and applicable law.

Section 9. EFFECTIVE DATE. This Resolution shall become effective immediately upon its adoption.

ADOPTED this ___ day of February 2022.

Appendix A

The following documents have been reviewed by the Board of Trustees prior to the execution of this Resolution:

- a. The project summary;
- b. The draw schedule for the project;
- c. Sources and uses of funds for the project;
- d. An estimated debt service schedule;
- e. A description of the security supporting repayment;
- f. A five year history, if available, and a five year projection, of the pledged revenues and the debt service coverage; and
- g. The negotiated sale analysis.

Interdisciplinary Research and Commercialization Building (IRCB)

This project has been on the Florida State University 5-year Capital Improvement Plan since 2015. More than half the funds (\$44m) are being raised from private sources. Florida State University has received two consecutive appropriations for this project, \$6,774,101 in FY 2017-2018 and \$9.5 million in FY 2018-2019. In addition, the Board of Governors reverted \$4.2 million PECO from other projects. This is one of only two PECO projects in the State University System that has a 50% match by the institution. We need just over \$23 million from the State to complete this project. It is shovel ready.

Federal funding agencies are now demanding that researchers work across disciplines. Most science buildings are built around one particular department. This building will be highly adaptable and will help fill a critical need for research space that will accelerate scientific discovery in a collaborative environment, help drive Florida's economy, and assist our state in producing high paying jobs. This facility is located in close proximity to many other research facilities, including the National High Magnetic Field Laboratory, the Applied Superconductivity Center, the High Performance Materials Institute and the FSU/FAMU Joint College of Engineering.

The university has heavily invested in new research faculty using its Preeminence funding. A significant proportion of these new hires has been in interdisciplinary thematic areas creating unique synergisms between traditional academic units. New space is necessary in order to continue to pursue these highly qualified faculty who in many cases bring significant research grants, lab activities, and highly productive graduate/post docs with them.

Over the last 30 years FSU has arguably had one of the most successful revenue generating commercialization programs in the nation, generating over \$350M. The IRCB is an opportunity to strategically expand those efforts while meeting the teaching and research mission of the institution in a unique interdisciplinary context. The building leverages adjacencies to world-class institutional and private sector research capabilities. Each of the 30 faculty research groups that will be housed in this facility will attain at least \$225,000 in external grant funding per year amounting to an annual total of \$5.4 million at a minimum. Faculty research will yield 50-60 additional discovery/invention disclosures and 12-15 additional patents per year. The building will provide a fertile environment for the development of spin-off companies based on this intellectual property. In total, the IRCB will have more than a \$137 million economic impact on the region and state and help to create more than 1,029 jobs.

Draw Schedule

The full amount of the loan will be drawn down at closing and transferred to the University for Construction of the IRCB. Funds will be deposited in the State of Florida Special Purpose Investment Account (SPIA) until required for payment. Accumulated interest not used for the Project will go to pay debt service.

Sources and Uses of Funds
Florida State University
Proposed Research Foundation Revenue Bonds, Taxable Series 2022
TD Bank, N.A / Callable any time after 4/1/2023 / 2.51%/ Taxable
Preliminary - For Discussion Purposes Only

Dated Date 4/1/2022
Delivery
Date 4/1/2022

Sources:

Bond Proceeds:		
	Par Amount	44,000,000.00
Other Sources of Funds:		
	PECO Equity Contribution	44,000,000.00
		<u>88,000,000.00</u>

Uses:

Project Fund Deposits:		
	Project Fund	87,895,000.00
Delivery Date Expenses:		
	Cost of Issuance	105,000.00
		<u>88,000,000.00</u>

Bond Debt Service
 Florida State University
 Bond Research Foundation Revenue Bonds, Taxable Series
 2022A, N.A / Callable any time after 4/1/2023 / 2.51% / Taxable
 Preliminary - For Discussion Purposes Only

Period Ending	Principal	Interest	Debt Service
7/1/2022	650,000	276,100.00	926,100.00
7/1/2023	2,620,000	1,088,085.00	3,708,085.00
7/1/2024	2,690,000	1,022,323.00	3,712,323.00
7/1/2025	2,755,000	954,804.00	3,709,804.00
7/1/2026	2,825,000	885,653.50	3,710,653.50
7/1/2027	2,895,000	814,746.00	3,709,746.00
7/1/2028	2,970,000	742,081.50	3,712,081.50
7/1/2029	3,045,000	667,534.50	3,712,534.50
7/1/2030	3,120,000	591,105.00	3,711,105.00
7/1/2031	3,195,000	512,793.00	3,707,793.00
7/1/2032	3,280,000	432,598.50	3,712,598.50
7/1/2033	3,360,000	350,270.50	3,710,270.50
7/1/2034	3,445,000	265,934.50	3,710,934.50
7/1/2035	3,530,000	179,465.00	3,709,465.00
7/1/2036	3,620,000	90,862.00	3,710,862.00
	44,000,000	8,874,356.00	52,874,356.00

Florida State University Research Foundation
Pro-forma Debt Service Coverage - Taxable \$44MM New Money Issuance

2022 Loan
Unsecured GO Pledge

FYE 6/30	2017	2018	2019	2020	2021	Pro-forma based on FY2020*				
						2022	2023	2024	2025	2026
License and grant revenues - UR Admin Contracts & grants & Other	1,804,595.00	1,801,251.00	1,484,346.00	1,288,647	1,276,334	1,276,334	1,288,647	1,276,334	1,276,334	1,276,334
Non operating revenues	10,234,575.00	10,234,575.00	5,868,069.00	5,527,761	28,963,495	5,527,761	5,527,761	5,527,761	5,527,761	5,527,761
Total License & Grant Revenues - UR Admin and NO Rev	12,039,170	12,035,826	7,352,415	6,816,408	30,239,829	6,804,095	6,816,408	6,804,095	6,804,095	6,804,095
Unrestricted net assets	122,413,653	122,413,653	132,265,840	136,492,408	165,741,757	136,492,408	136,492,408	136,492,408	136,492,408	136,492,408
<i>Available Funds of Unsecured General Obligation Pledge of FSURF</i>	134,452,823	134,449,479	139,618,255	143,308,816	195,981,586	143,296,503	143,308,816	143,296,503	143,296,503	143,296,503
<i>max annual 2012 & 2022 debt service</i>	4,597,912	4,597,912	4,597,912	4,597,912	4,597,912	4,597,912	4,597,912	4,597,912	4,597,912	4,597,912
	29.24	29.24	30.37	31.17	42.62	31.17	31.17	31.17	31.17	31.17

* Based on Aa2/AA rated Taxable rates as of 1/3/2022

Security Structure

The Loan will be an unsecured general obligation of FSU Research Foundation (FSURF) and principal and interest will be payable solely from all legally available revenues including but not limited to royalties and other amounts derived from patents, copyrights, trademarks, unrestricted license and grant revenues, investment earnings, and unrestricted net assets. In addition, residual net Rental Income currently securing FSURF outstanding Series 2012 bonds will also be available.

The loan does not constitute a general obligation or indebtedness of the State of Florida or any of its agencies or political subdivisions and shall not be a debt of the State of Florida or any agency or political subdivision thereof, the Board of Governors or the University and the full faith and credit of the State is not pledged to the payment of the principal or interest on the loan. The FSURF has no ad valorem taxing power.

Bank:	TD Bank, N.A.	BMO Harris Banks, NA	JP Morgan	Raymond James Capital Funding Inc.
Contact	Lance Aylsworth 786-306-7404 Lance.Aylsworth@TD.com	Kathleen Belden kathleen.belden@bmo.com 312-519-6579	Mark Meyer 407-790-6907 Mary.w.meyer@jpmorgan.com	Cord King 727-567-2055 cord.king@raymondjames.com
Term Sheet expiration	30-Mar-22			
Size	\$44,000,000	\$44,000,000	\$44,000,000	\$44,710,000
Final Maturity	15 years from closing date		7/1/2036 (14 yrs)	July 1, 2036
Tax Status	Taxable		Taxable or Tax exempt	Tax exempt
Interest pmt dates	October 1, 2022 and each 4/1 & 10/1		July 1, 2022 & @ 1/1 & 7/1	July 1, 2022 & @ 1/1 & 7/1
Interest day count	30/360	30/360(TBC)	actual/360	actual/3610
Principal payments	April 1, 2023 and each April 1 thereafter		July 1, 2022 & @ 7/1 thereafter	July 1, 2022 & @ 7/1 thereafter
Fixed Rate as of 2/2/22	TE - 1.95% MWC rate (81.5% of 10yr FHLB rate amortizing + 24bps) TE - 2.07% callable after 4/1/2023 TX rate = 2.39%, MWC TX - 2.51%, callable anytime after 4/1/2023	TE - 2.52% = (1.64%x.79)+1.22% TX = 3.19% = (1.64% + 1.55%)	TE - 1.96% TX - 2.50%	TE = 1.99%
Call Feature / Penalty	1. Taxable rate of 2.39% is the rate hold option through April 8, 2022 if the term sheet is signed by 2/4/2022. MWC at anytime 2) Taxable of 2.51% is the rate hold option through April 8, 2022 if the term sheet is signed by 2/4/2022. Callable any time after April 1, 2023	Prepay the loan at any time with MWC	TE - Noncallable TE - can add a 10 yr call option at a price TX - MWC, can add a 10 yr call option at a price subject to yield protection	MWC prior to 7/1/2032 par call on or after July 1, 2032
Date Rate held until	April 8, 2022 if term sheet signed on 2/4/2022	Rate lock fixed 2 days before closing	until rate lock agreement signed	rate locked up to 30 days prior to 4/8/22 closing date
Collateral	Revenue Pledge = Gross revenues		unsecured GO revenue pledge	unsecured GO revenue pledge
Covenants	maintain UR liquidity to funded debt of 1.5x UR liquidity = UR C&I Funded debt = loans/bonds/notes payable/capital leases/LOC excluding 2012 debt FSU maintain iat least BBB/Baa2 ratings		Signed letter of support btw FSU and JPM liquidity - UR C&I to total debt >=1.5x, texted semiannually	maintain MADS coverage >=1.5x minimum C&I of \$100mm PECO \$44mm spend first
Other Conditions	Default rate = Prime rate + 6% Late pmt fee - if >15 days late, late charge = 6% of overdue pmt Audited financial statements within 210 days of FYE Operating budget - due annually w/in 60 days of approval Subject to credit approval	Default rate = base rate + 4% Base rate = higher of (i) Prime rate, (ii) Fed Funds + 2%, (iii) Daily SOFR + 3% or (iv) 5% Cross default on other bank loans	Default rate = Prime + 4% Annual audit submitted w/in 180 days of FYE Semi-annual certificate showing details of liquidity calculation open discussions to broader banking services relationship Subject to credit approval	Default rate = > of (i) Prime + 3% (ii) Fed funds + 5% or (iii) 8% Annual audits w/in 210 days of FYE Annual budgets w/in 30 days of approval FSURF shall enter into an operating agreement with FSU related to the operations and maintenance of the IRCB Project in form and substance acceptable to the Lender. FSURF shall receive PECO funding of \$44MM to be applied to the IRCB Project ahead of any loan proceeds. BOG approve the IRCB Project financing FSURF shall maintain a rating of Aa3 or better Subject to credit approval
Bank Fees, including Legal, and commitment fee;	bank counsel capped at \$15,000	~\$25,000 for bank counsel - Watson Sloane	capped at \$40,000 - Hobby Presley of Maynard Cooper Gale	capped at \$12,500 - Brian Fender of GrayRobinson
MWC Option Summary:				
Par Amount	\$44,000,000			
PECO Equity Contribution	\$44,000,000			
Project Fund	\$87,895,000			
Estimated Cost of Issuance	\$105,000			
TIC %	2.390%			
AIC %	2.424%			
Interest	\$8,430,008			
Total Debt Service	\$52,430,008			
Callable Option Summary:				
Par Amount	\$44,000,000			
PECO Equity Contribution	\$44,000,000			
Project Fund	\$87,895,000			
Estimated Cost of Issuance	\$105,000			
TIC %	2.510%			
AIC %	2.544%			
Interest	\$8,874,356			
Total Debt Service	\$52,874,356			