



FLORIDA STATE UNIVERSITY
BOARD OF TRUSTEES



FLORIDA STATE UNIVERSITY
BOARD OF TRUSTEES

VIRTUAL MEETING

Wednesday, March 26, 2025

8:00 AM

Via ZOOM

The agenda will be followed in subsequent order and items may be heard earlier than the scheduled time.

I. CALL TO ORDER AND ROLL CALL

Mr. Peter Collins, Chair

II. PUBLIC COMMENT

III. NEW BUSINESS AND UPDATES

A. Finance & Business

Mr. Kyle Clark, Senior Vice President for Finance & Administration

Action Item I: Request for Approval: Authorization to Issue Debt for a University-Affiliated Hospital

IV. OPEN FORUM FOR BOARD OF TRUSTEES

Mr. Peter Collins, Chair

V. ADJOURNMENT

Mr. Peter Collins, Chair



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Finance and Business Committee

ACTION ITEM I

March 26, 2025

SUBJECT: Request for Approval: Authorization to Issue Debt for a University-Affiliated Hospital

PROPOSED COMMITTEE ACTION

1. Approve Bond Resolution, authorizing the issuance of debt by the University not to exceed \$413,900,000.

AUTHORITY FOR BOARD OF TRUSTEES ACTION

Florida Statute 1010.62 Revenue Bonds and Debt
Board of Governors Debt Management Guidelines

BACKGROUND INFORMATION

The Project will consist of a five-floor medical facility that the University anticipates leasing to a healthcare provider as part of a long-term arrangement that will include academic and research support for the University. The Project will initially open with 80 operational beds, including specific inpatient nursing units ranging from medical-surgical to critical care. The Project will include a 20-bed emergency room and a comprehensive imaging center, and will offer specific procedural areas dedicated to Cardiology, Gastroenterology, and Pulmonary Medicine, which are significant areas of focus for serving a growing regional geriatric population. Additionally, the Project will facilitate important biomedical and clinical research opportunities for the University as it continues to grow its research portfolio.

The Project will be constructed on land that will be donated to the University, contingent on financing approval. Once the University has legal title to the property, it will request that the Board of Trustees amend the University's Master Plan to incorporate the Project. Construction of the Project is expected to begin in the first quarter of 2025 and to be completed by December 2027. Legislative approval of the Project has been obtained pursuant to Section 1010.62, Florida Statutes.

The Bonds will be secured by indirect cost reimbursements received from federal, State, and private research grants and contracts, which the University is legally authorized to pledge as security for the Bonds pursuant to Section 1010.62, Florida Statutes (the “Pledged Revenues”). If necessary to obtain a favorable credit rating for the Bonds or to otherwise enhance credit marketability, the Bonds will also be secured by a guaranty from the assets of the FSU Foundation and/or the FSU Research Foundation (the “Research Foundation”). The University is committed to fulfilling the University’s debt service obligations with respect to the Bonds. Depending on credit considerations, the Bonds may be further secured by a debt service reserve fund (the “Debt Service Reserve Fund”) that the University would fund with bond proceeds at issuance.

ADDITIONAL COMMITTEE CONSIDERATIONS

Supporting Documentation Included: Attachment – University debt 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 university-affiliated hospital in Panama City Beach, Florida.

Submitted by: Kyle Clark, Senior Vice President Finance and Administration

A RESOLUTION AUTHORIZING THE ISSUANCE OF DEBT AND REQUESTING THE BOARD OF GOVERNORS TO APPROVE THE ISSUANCE OF SUCH DEBT TO FINANCE THE CONSTRUCTION OF A UNIVERSITY-AFFILIATED HOSPITAL NEAR THE UNIVERSITY'S PANAMA CITY, FLORIDA CAMPUS; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. REQUEST FOR APPROVAL. Pursuant to Section 1010.62, Florida Statutes, the Board of Trustees (the "Board of Trustees") of Florida State University (the "University") hereby authorizes the issuance debt by the University and requests the State University System Board of Governors (the "Board of Governors" to approve the issuance of taxable and/or tax-exempt debt in an amount not to exceed \$413,900,000 (the "Bonds") for the purpose of financing: (i) the construction of a University-affiliated hospital near the University's Panama City, Florida campus (the "Project"), (ii) capitalized interest, (iii) a debt service reserve fund, if necessary, and (iv) certain costs related to the issuance of the Bonds.

SECTION 2. DESCRIPTION OF THE PROJECT; LEGISLATIVE APPROVAL. The Project will consist of a five-floor medical facility that the University anticipates leasing to a healthcare provider as part of a long-term arrangement that will include academic and research support for the University. The Project is "phase one" of a multi-phase plan to expand the footprint of the facility to support up to 600 hospital beds. The Project will initially open with 80 operational beds, including specific inpatient nursing units ranging from medical-surgical to critical care. The Project will include a 20-bed emergency room and a comprehensive imaging center, and will offer specific procedural areas dedicated to Cardiology, Gastroenterology, and Pulmonary Medicine, which are significant areas of focus for serving a growing regional geriatric population. Additionally, the Project will facilitate important biomedical and clinical research opportunities for the University as it continues to grow its research portfolio.

The Project will be constructed on land that will be donated to the University, contingent on financing approval. Once the University has legal title to the property, it will request that the Board of Trustees amend the University's Master Plan to incorporate the Project. Construction of the Project is expected to begin in the first quarter of 2025 and to be completed by December 2027. Legislative approval of the Project has been obtained pursuant to Section 1010.62, Florida Statutes.

SECTION 3. USE OF BOND PROCEEDS. Proceeds of the Bonds are anticipated to be sufficient to complete the construction of the Project without the use of additional funds. Additional necessary funding to address cost overruns will be obtained from legally available funds of the University. No proceeds of the Bonds will be used to finance operating expenses of the University.

SECTION 4. DECLARATION OF INTENT. The Board of Trustees expects to incur capital expenditures in the aggregate amount not to exceed \$413,900,000 in connection with the incurrence of debt for the purpose of acquiring, constructing, equipping, and installing the Project. The Board of Trustees hereby expresses its intention to be reimbursed from proceeds of future tax-exempt financings for capital expenditures incurred in connection with the issuance of debt for the purpose of acquiring, constructing, equipping, and installing the Project. The Board of Trustees expects to use legally available funds to pay such costs, including, but not limited to, capital expenditures, costs of design, engineering, retrofitting, and other costs associated

with the incurrence of debt. It is reasonably expected that the total amount of debt to be incurred, in one or more financings, by the Board of Trustees with respect to the Project will not exceed \$413,900,000. This Resolution shall constitute a “declaration of official intent” within the meaning of Treas. Reg. § 1.150-2 (Proceeds of bonds used for reimbursement) promulgated pursuant to the Internal Revenue Code of 1986, as amended, with respect to the debt incurred, in one or more financings, to finance the Project.

SECTION 5. SECURITY FOR THE BONDS. The Bonds will be secured by indirect cost reimbursements received from federal, State, and private research grants and contracts, which the University is legally authorized to pledge as security for the Bonds pursuant to Section 1010.62, Florida Statutes (the “Pledged Revenues”). If necessary to obtain a favorable credit rating for the Bonds or to otherwise enhance credit marketability, the Bonds will also be secured by a guaranty from the assets of the FSU Foundation and/or the FSU Research Foundation (the “Research Foundation”). The University is committed to fulfilling the University’s debt service obligations with respect to the Bonds.

Depending on credit considerations, the Bonds may be further secured by a debt service reserve fund (the “Debt Service Reserve Fund”) that the University would fund with bond proceeds at issuance.

SECTION 6. OPERATING RESERVE. The University will either restrict \$50 million of unencumbered Research Foundation assets held and invested by the FSU Foundation, or the University will deposit \$50 million of unencumbered University funds in a fund or account to be held by the State Board of Administration of Florida in escrow, with such assets or funds committed to being available for the purpose of mitigating any Project operational disruption and ensuring long-term financial viability of the enterprise. The commitment will remain in effect until the Bonds are defeased or all debt service obligations with respect to the Bonds are otherwise discharged. The assets or funds restricted or deposited pursuant to this section will not serve as security for, and will not be pledged to, the Bonds.

SECTION 7. AUTHORIZATION TO EFFECTUATE RESOLUTION. Through the adoption of this Resolution, the University and any individuals or entities duly acting on the University’s behalf are authorized to take any actions reasonably necessary to facilitate the measures referenced in Sections 5 and 6 herein. Such actions may include but are not necessarily limited to steps taken in furtherance of defeasing or paying off existing Research Foundation debt, as well as steps taken in furtherance of modifying legal agreements pertaining to existing Research Foundation debt.

SECTION 8. MATURITY DATE; INTEREST RATE. The Bonds will mature not more than 30 years after issuance, including any extensions or renewals thereof. The Project has an estimated useful life of over 30 years, which is beyond the anticipated final maturity of the Bonds. It is expected that the Bonds will bear interest at a fixed interest rate.

SECTION 9. METHOD OF SALE. It is expected that the Bonds will be sold through a competitive sale.

SECTION 10. COMPLIANCE WITH FEDERAL AND STATE LAW. The Board of Trustees will comply, and will require the University to comply, with all requirements of federal and state law relating to the Bonds, including but not limited to, laws relating to maintaining any exemption from taxation of interest payments on the Bonds and continuing secondary market disclosure of information regarding the Bonds. The University will promptly notify the Division of any information required to be disclosed pursuant to the Continuing Disclosure Agreement for the Bonds and will respond to requests for information from the Division in a timely manner.

SECTION 11. COMPLIANCE WITH DEBT MANAGEMENT GUIDELINES AND POLICIES. The University will comply with the Board of Governors' Debt Management Guidelines and the debt management policy of the University.

SECTION 12. AUTHORIZED REPRESENTATIVES. The University President, the Senior Vice President for Finance and Administration, and other authorized representatives of the University and the Board of Trustees are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other actions as they may deem necessary or desirable in connection with the execution, sale, and delivery of the Bonds.

SECTION 13. REVIEW OF MATERIALS. In making the determination to finance the Project, the Board of Trustees has reviewed the information provided in Appendix A, attached hereto.

SECTION 14. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED this ____ day of _____, 202_.