

UCF Finance Corporation

Invitation to Negotiate (ITN) 1701JPCS
Refinancing of the UCF Health Facilities Corp.
Capital Improvement Revenue Bonds (UCF Health Sciences Campus at Lake
Nona, Project), Series 2007

ITN Issue Date: July 17, 2017
ITN Due Date: August 11, 2017 @ 3:00 pm EDT

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UCF Financial Statements;

http://www.fa.ucf.edu/Financial_Reports_GenAcctg/Financial_Reports/fr2016.pdf

http://www.fa.ucf.edu/Financial_Reports_GenAcctg/Financial_Reports/fr2015.pdf

http://www.fa.ucf.edu/Financial_Reports_GenAcctg/Financial_Reports/fr2014.pdf

A. REQUEST FOR LOAN

The UCF Finance Corporation, formerly known as UCF Health Facilities Corporation, (the “Corporation”) a component unit of the University of Central Florida (the “University or UCF”) is seeking proposals from qualified financial institutions to provide a 20 year loan to refund the UCF Health Facilities Corporation Capital Improvement Revenue Bonds (UCF Health Sciences Campus at Lake Nona Project), Series 2007 (the “Series 2007 Bonds”), at the lowest overall borrowing cost, pursuant to certain conditions. The proceeds of the Series 2017 Capital Improvement Revenue Refunding Notes, (the “Series 2017 Notes”) will be used to current refund the Series 2007 Bonds, pay for the termination payment associated with the termination of the Interest Rate Swap agreement between UCF Health Facilities Corporation and Fifth Third National Bank along with paying all costs associated with the Series 2017 Notes.

The Corporation shall accept and review proposals from qualified Financial Institutions who meet the conditions set forth in this ITN. Loan Proposal should be submitted based upon the financing structure proposed below. The Corporation will select the Financial Institution proposal that provides the lowest overall borrowing cost and meets the financing requirements of the Corporation. FirstSouthwest, a Division of Hilltop Securities Inc. (“FirstSouthwest”), Orlando, Florida, as the UCF’s financial advisor, will be consulting the Corporation with respect to the Loan.

B. UCF FINANCING CORPORATION

The Corporation is a Florida not-for-profit corporation organized and operated exclusively to receive, hold, invest and administer property and to make expenditures to or for the benefit of the University. The Corporation has been certified as a Direct Support Organization of the University as defined in Section 1004.28, Florida Statutes by the Board of Trustees of the University of Central Florida. Pursuant to Florida statutory authority, the Corporation is authorized to enter into agreements to finance, design and construct, lease, lease purchase, purchase, or operate facilities necessary or desirable to serve the needs and purposes of the University. The Corporation is managed and its properties controlled, and its affairs governed under the direction of its Board of Directors.

C. THE SERIES 2007 BONDS

The Series 2007 Bonds are variable interest rate bonds secured by a letter of credit (the “LOC”) issued by Fifth Third Bank. The LOC was renewed for 1.75 basis points and will expire in June 2020. As part of the financing, the University, at closing also entered into an interest rate swap agreement (the Swap Agreement) with Fifth Third Bank. Under the provisions of the Swap Agreement a termination of the Fifth Third LOC will be a termination event for the Swap.

The Series 2007 Bonds funded the construction of the Burnett Biomedical Sciences Building (the “Project”) on the UCF Health Sciences Campus at Lake Nona. The Project consisted of an approximately 198,000 square foot facility containing classrooms, laboratories and office space. The Project is an educational and research facility for the College of Medicine and the Burnett College of Biomedical Sciences. Construction of the Project was completed in 2009.

D. REQUEST FOR LOAN

The Corporation is seeking 20 year loan with 7 and 10 year put / reset option proposals from qualified financial institutions to refund the Series 2007 Bonds and pay any termination payment under the Swap Agreement. The estimated issue size of the loan will be approximately \$63 million. The Series 2017 Notes will be secured by the University's indirect cost revenues received by the University from Federal, State and private grants. The Series 2017 Notes will not be a general obligation of the Corporation, the University, the State of Florida, or any political subdivision thereof, or a pledge of the faith and credit or taxing power of the State or any political subdivision thereof. The Corporation and the University have no taxing power.

Corporation will accept and review proposals from qualified Financial Institutions who meet the conditions set forth in this ITN.

E. STRUCTURE OF FINANCING

Loan Proposals should be submitted based upon the financing structure proposed below. The Corporation will select the Financial Institution proposal(s) that provides the lowest overall borrowing cost and meets the financing requirements of the Corporation.

Loan Amount:	Approximately \$63,000,000*
Closing Date:	Expected September 7, 2017
Interest Rate:	20 year loan with 7 and 10 year put / resets. The University requests that the financial institution be willing to hold the interest rate through September 12th. If the financing does not close by September 12th please provide an index.
Final Maturity:	July 1, 2037
Prepayment:	The Corporation must have the ability to prepay the Loan at any time without a penalty.
Interest Payments Dates:	Semiannually on January 1st and July 1st, commencing January 1, 2018.
Interest Compounding:	None
Interest Day Count Method:	Please specify in proposal
Principal Payment Dates:	Annually, commencing July 1, 2018.
Debt Service Reserve (DSR):	The Note will not be secured by a debt service reserve.

* Preliminary; subject to change

F. SECURITY FOR THE LOAN

The Series 2017 Note will be secured solely by the University's indirect cost revenues received by the University from Federal, State and private grants. The University is legally authorized to secure the Notes with the revenues to be pledged pursuant to section, 1010.62, Florida Statutes. Historical and Projected Revenues and Debt Service Coverage are in Appendix A of this ITN.

G. NO DEBT SERVICE RESERVE

The Series 2017 Loan will not have a debt service reserve account.

H. ACCELERATION

Acceleration of the loan will not be a remedy upon an event of default.

I. ADDITIONAL DEBT COVENANTS

The Corporation reserves the right to issue additional debt on parity with the proposed Series 2017 Note, sole long as the Pledge Revenues received by the University during any twelve (12) consecutive months designated by the University within a twenty-four (24) month immediately preceding the date of the delivery of such additional debt be equal to at least 1.50x the Maximum Annual Debt Service of all Outstanding debt obligations and the proposed debt obligation.

J. TAX-EXEMPT OBLIGATION

The unqualified opinion as to tax exemption will be provided by Bryant Miller Olive P.A. ("BMO"), Bond Counsel to the Corporation. In addition all legal documentation and closing documents will be prepared by Bond Counsel. The Loan is expected to be a NON-BANK QUALIFIED tax-exempt obligation.

K. FEDERAL CORPORATE TAX/ YIELD MAINTAINCE/ CAPITAL ADEQUACY GROSS UP PROVISIONS

The Corporation will not accept gross-up requirements such as changes in Federal corporate tax rates or for capital adequacy or yield maintenance.

L. DOCUMENTATION

Bond Counsel shall prepare the documents. The selected Financial Institution will be furnished, without charge to the Financial Institution, the opinion of BMO, approving the legality of the Note together with the closing certificates and documents related to the transaction. FirstSouthwest is serving as financial advisor for the University and the Corporation.

At the closing of the Loan, the Financial Institution will be required to make certain certifications, including, but not limited to, signing a closing certificate that:

- a. It is making the Loan for its own account, does not currently intend to syndicate the Loan, will take no action to cause the Loan to be characterized as a security, and will not treat the Loan as a municipal security for purposes of the securities law;

- b. It is not acting as a broker or other intermediary, and is funding the Loan from its own capital for its own account and not with a present view to a resale or other distribution to the public,
- c. The Loan will not be used in the future on a securitized transaction or being treated as a municipal security;
- d. It understands that the Loan is evidenced by a note, the note is issued in a single denomination equal to the aggregate principal amount of the Loan, may not be transferred except in whole, will not be transferred to any kind of trust under any circumstances;
- e. The Loan will only be sold to a Permitted Lender, with the Corporation's consent. The "Permitted Lender" means any bank, trust company, savings institution or insurance company that is engaged as a regular part of its business in making loans authorized to do business in the State of Florida;
- f. The Lender is a bank, trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes;
- g. It is not funding the Loan for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes;
- h. Understands that the Loan is not a municipal security and that no filing will be made with respect to the Loan or the Note with EMMA, the Municipal Securities Rulemaking Boards continuing disclosure site;
- i. It has in its possession or has had access to all material information concerning the security and sources of payment of the Note, and, as a result thereof, is thoroughly familiar with the nature and risks of an investment in the Note. It has been afforded access to all material information and has had sufficient opportunity to discuss the business of the Corporation and the projects financed with the proceeds of the Note, with its officers, employees and others, and has been permitted to make an investigation of the City and its operations. It does not require any further information or data concerning the City.
- j. In purchasing the Notes, it has relied solely upon its own investigation, examination, and evaluation of the Corporation and other relevant matters, and has not relied upon any statement or materials which have not been supported by its own investigation and examination.
- k. It has knowledge and experience in financial and business matters, particularly in tax-exempt obligations, and is capable of evaluating the merits and risks of its investment in the Note and has determined that it can bear the economic risk of its investment in the Note.
- l. It acknowledges that the Corporation, its counsel and its advisor bear no responsibility for the accuracy or completeness of any information with respect to the Corporation and the proposed project financed with the proceeds of the Note contained in any document related to the purchase of the Note.
- m. It acknowledges the understanding that the Note is not being registered under the Securities Act of 1933, as amended (the "1933 Act") or Chapter 517, Florida Statutes, and that the Corporation shall have no obligations to effect any such registration or qualification. It also acknowledges that it is an "accredited investor" within the meaning of Chapter 517, Florida Statutes, and Regulation D of the 1933 Act.

- n. There will be no CUSIPs obtained on the Loan; and
- o. There will be no credit rating obtained on the Loan.

The financial institution shall also be required to execute such additional certifications or acknowledgments as are customary on similarly structured municipal finance transactions in Florida, as reasonably determined by Bond Counsel and counsel to the financial institution.

M. PROPOSAL FORMAT – SELECTION CRITERIA

Proposals will be evaluated on the basis of cost, structure, covenants and flexibility to the Corporation. Further, the loan must have the ability to prepay the Loan in whole or in part at any time without penalty.

In order to assist the University and First Southwest in reviewing the responses, each proposal should include the following information.

- (1) The legal name of the Financial Institution and the primary Financial Institution contact person(s) (include address, telephone number, facsimile number, and e-mail address).
- (2) 20 year tax-exempt loan with a fixed rate option for both a 7 and 10 years with a put / reset. The proposal shall give a stated time in which the proposed rate will be held as well as the index at which the rate shall be calculated should the stated time elapse.
- (3) Describe in detail all fees and expenses which the Corporation will be responsible to pay to the Financial Institution including its legal counsel. The Corporation's Bond Counsel will prepare the tax opinion and loan agreement. The amounts stated in the proposal shall represent the approximate amounts payable to the Financial Institution by the Corporation. All fees and expenses, with the exception of those of bond counsel and First Southwest, in excess of those stated in the proposal shall be the sole responsibility of the Financial Institution and will not be paid or reimbursed by the Corporation.
- (4) A listing of all conditions, covenants, terms or restrictions, other than those this ITN, which would be included in your commitment to provide the Loan.

N. MISCELLANEOUS

- (1) The Corporation will not accept proposals with reserve requirements or other restrictions to revenues or requirements to maintain minimum balances in any financial institution account as a condition for the Loan.
- (2) The Corporation reserves the right, in its sole discretion, to accept or reject any and all proposals, to waive any irregularities or informalities in any proposal or in the proposal process, and to accept or reject any items or combination of items. If the Corporation determines to move forward with the Loan and selects a Financial Institution's financing proposal, the award will be to the institution whose proposal best complies with the requirements set forth in this ITN and whose proposal, in the opinion of the Corporation and Financial Advisor is best, taking into consideration all aspects of the offeror's response.

- (3) Changes to this ITN may be made by and at the sole discretion of the Corporation. Changes will be accomplished via an addendum that will be forwarded to all perspective proposers. Perspective proposers must acknowledge any addendum by signing and returning the addendum with their proposal.
- (4) The Corporation will not be liable for any expenses incurred in connection with the preparation of a response to this ITN.
- (5) Additional financial information may be provided upon request by the proposer, and is NOT in any way intended to relieve the proposer of its responsibility to investigate all relevant or material facts in reaching a credit decision with respect to the Loan. Any communications, questions and/or inquiries from the Respondent concerning this ITN in any way must be submitted in writing / or by email to the individual identified on our before **Monday, July 24, 2017 at 4:00 p.m.** Written inquiries must be legible and concise and must clearly identify the Respondent who is submitting the inquiry. All responses to questions will be by posted addendum(s). **All requests for clarification or additional information should be sent via email to:**

Mr. John C. Pittman
Associate VP for Debt Management
University of Central Florida
4365 Andromeda Loop N. Millican Hall, Suite 384
Orlando, FL 32816-0020
(407) 823-3865 Ph
john.pittman@ucf.edu

- (6) Federal, State, and local laws, ordinances, rules and regulations that in any manner affect the items covered herein apply. Lack of knowledge by the Financial Institution will in no way be a cause for relief from responsibility.
- (7) The Corporation will not accept proposals that require the Financial Institution's approval before additional debt secured by the pledged revenues may be issued other than what is provided in the bond documents additional debt covenants.
- (8) No successful proposer may assign any portion of the contractual agreement between the parties without prior written authorization by the University and the Corporation.
- (9) Warranties – The proposer, in submission of its proposal, warrants to the University and the Corporation that it will comply with all applicable federal, state and local laws, regulations and orders in providing the services under the proposed documents.

O. TENTATIVE SCHEDULE*

The Corporation will attempt to adhere to the following schedule:

July 17, 2017	Issue Invitation to Negotiate (ITN)
July 24, 2017	Final deadline for written requests for additional information
August 11, 2017	Financial Institution Proposals Due Prior to 3:00 P.M. (EDT)
Wk of August 4, 2017	Selection of best proposal by the Corporation
August 30 – 31	Board of Governors Approval
September 6, 2017	Approval by the UCF Finance Corp Executive Corp
September 12, 2017	Approval of Documents and Closing of the Loan

*Preliminary/subject to change.

P. ITN INSTRUCTIONS

All proposals must be submitted by mail in one (1) hard copy and 2 electronic copies (disc, jump drive, etc.) to the UCF Financing Corporation's mailing address below for receipt no later than 3:00 PM Eastern Daylight Time on August 11, 2017:

UCF Financing Corporation

Mr. John C. Pittman
Associate VP for Debt Management
University of Central Florida
4365 Andromeda Loop N. Millican Hall, Suite 384
Orlando, FL 32816-0020
(407) 823-3865 Ph
john.pittman@ucf.edu

An additional copy of the response should be sent by email to

FirstSouthwest, a Division of Hilltop Securities Inc.

Mr. Mark Galvin
Director
450 S. Orange Ave., Suite 460
Orlando, Florida 32801
(407) 426-9611 Ph
mark.galvin@hilltopsecurities.com

APPENDIX B
ESTIMATED DEBT SERVICE SCHEDULE

F Health Facilities Corporation
Capital Improvement Refunding Revenue Bonds, Series 2017 Refunded Bonds: Series 2007 (BMA
Swap)
Preliminary/ Subject to Change

Option 2: Refinancing Bank Loan 2.55% (7 Year Put) - Terminate SWAP

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2018			535,865.50	535,865.50
06/30/2019	2,447,000	2.550%	1,576,397.25	4,023,397.25
06/30/2020	2,511,000	2.550%	1,513,182.75	4,024,182.75
06/30/2021	2,575,000	2.550%	1,448,336.25	4,023,336.25
06/30/2022	2,642,000	2.550%	1,381,819.50	4,023,819.50
06/30/2023	2,710,000	2.550%	1,313,581.50	4,023,581.50
06/30/2024	2,780,000	2.550%	1,243,584.00	4,023,584.00
06/30/2025	2,852,000	2.550%	1,171,776.00	4,023,776.00
06/30/2026	2,926,000	2.550%	1,098,106.50	4,024,106.50
06/30/2027	3,001,000	2.550%	1,022,537.25	4,023,537.25
06/30/2028	3,079,000	2.550%	945,017.25	4,024,017.25
06/30/2029	3,158,000	2.550%	865,495.50	4,023,495.50
06/30/2030	3,240,000	2.550%	783,921.00	4,023,921.00
06/30/2031	3,324,000	2.550%	700,230.00	4,024,230.00
06/30/2032	3,409,000	2.550%	614,384.25	4,023,384.25
06/30/2033	3,498,000	2.550%	526,320.00	4,024,320.00
06/30/2034	3,588,000	2.550%	435,973.50	4,023,973.50
06/30/2035	3,681,000	2.550%	343,293.75	4,024,293.75
06/30/2036	3,776,000	2.550%	248,217.00	4,024,217.00
06/30/2037	3,873,000	2.550%	150,692.25	4,023,692.25
06/30/2038	3,973,000	2.550%	50,655.75	4,023,655.75
	63,043,000		17,969,386.75	81,012,386.75