



Pinellas County

Staff Report

File #: 18-1824A, **Version:** 1

Subject:

Tax Equity Fiscal Responsibility Act resolution for the issuance by the Pinellas County Industrial Development Authority (dba the Pinellas County Economic Development Authority) of its Industrial Development Revenue Bonds in an aggregate principal amount of not-to-exceed \$100,000,000.00 on behalf of Drs. Kiran & Pallavi Patel 2017 Foundation for Global Understanding, Inc.

Recommended Action:

The Board of County Commissioners will hold a public hearing and adopt a Tax Equity Fiscal Responsibility Act (TEFRA) resolution authorizing the TEFRA approval of the Pinellas County Industrial Development Authority Industrial Development Revenue Bonds (Drs. Kiran & Pallavi Patel 2017 Foundation for Global Understanding, Inc. Project), Series 2018, in an aggregate principal amount of not-to-exceed \$100,000,000.00 on behalf of Drs. Kiran & Pallavi Patel 2017 Foundation for Global Understanding, Inc.

- The Borrower has requested the issuance of a Pinellas County Industrial Development Authority Industrial Development Revenue Bond, Series 2018.
- The Borrower intends to use the bond proceeds, together with other funds, to fund a medical education and health sciences education complex to be used and leased by Nova Southeastern University, Inc. located at 3400 Gulf to Bay Boulevard, Clearwater, Florida (former Clearwater Christian College site).
- The Borrower has requested the Board of County Commissioners, pursuant to Section 147(f) of the Internal Revenue Code, approve the issuance by the Authority of its Bonds to satisfy a condition of exclusion from gross income for federal income tax purposes of the interest on private activity bonds.
- There is no fiscal impact to the County. The Borrower is responsible for payment of all fees and expenses. The County has received the bond application fee of \$2,000.00, and will also receive a financing fee of \$20,000.00 at closing to cover administrative costs for this project.

Strategic Plan:

Foster Continual Economic Growth and Vitality

4.1 Proactively attract and retain businesses with targeted jobs to the county and the region

Summary:

The Drs. Kiran & Pallavi Patel 2017 Foundation for Global Understanding, Inc. (Borrower) has requested the issuance of a Pinellas County Industrial Development Authority Industrial Development Revenue Bond, Series 2018 by Pinellas County Industrial Development Authority (dba the Pinellas County Economic Development Authority). The Borrower intends to use the bond proceeds, together

with other funds, to fund a medical education and health sciences education complex to be used and leased by Nova Southeastern University, Inc. located at 3400 Gulf to Bay Boulevard, Clearwater, Florida. The Borrower has applied to the Pinellas County Industrial Development Authority and has requested the Board of County Commissioners, pursuant to Section 147(f) of the Internal Revenue Code, approve the issuance by the Authority of its Bonds to satisfy a condition of exclusion from gross income for federal income tax purposes of the interest on private activity bonds.

Background Information:

The Drs. Kiran & Pallavi Patel 2017 Foundation for Global Understanding, Inc. (Borrower) has requested the issuance of a Pinellas County Industrial Development Authority Industrial Development Revenue Bond, Series 2018 by Pinellas County Industrial Development Authority (d/b/a the Pinellas County Economic Development Authority) (PCEDA). The Borrower intends to use the bond proceeds, together with other funds, to (i) finance and refinance the acquisition of an approximately 27-acre parcel of property, (ii) renovate, construct, and equip an approximately 325,000 square-foot medical education and health sciences education complex as part of a Tampa Bay regional campus to be used and leased by Nova Southeastern University, Inc. (University), a Florida not for profit corporation, (iii) fund a debt service reserve fund, if required; (iv) pay capitalized interest, and (v) pay certain bond issuance costs (collectively, the "Project"). The Project will be owned by the Borrower and leased to the University. The Project is located at 3400 Gulf to Bay Boulevard, Clearwater, Florida.

The Borrower was established as a Florida Not For Profit Corporation on 12/15/2017, and has appointed Citigroup Global Markets Inc. to serve as the lead underwriter on the proposed offering. The bonds will be sold publicly in denominations of not less than \$100,000.00 each. The PCEDA's Industrial Revenue Bond Program Summary states that publicly offered bonds must be eligible for an investment grade rating, however, although eligible, due to timing concerns the Borrower has chosen to not have the bonds rated so that the Bond transaction can close this calendar year. The Bonds will be secured by a mortgage on the property which has an appraised value upon completion which exceeds the amount of the Bond issue. The Borrower is also providing a substantial amount of equity for the Project financing.

This is a substantial economic development project to build a school of osteopathic medicine and college of health care services, operated by Nova Southeastern University and located at the former Clearwater Christian College campus. The development project will promote economic growth within the county and state through the creation of an estimated 2,000 new jobs during and after the construction phase, ranging from doctors, nurses, professors, and administrators to facility and ground crews and is further anticipated to generate increased economic activity in housing, food and beverage and other student and faculty support services. The Commission on Osteopathic College Accreditation approved a class of 150 medical students to begin studying at the school in the summer of 2019. In addition, undergraduate, master's and doctoral degrees program will be offered in other medical and non-medical fields.

This public hearing is a condition of exclusion from gross income for federal income tax purposes of the interest on private activity bonds, and is a companion item to the bond approval, resolution and related bond documents which will be considered by the Board of County Commissioners, acting as the Pinellas County Industrial Development Authority, at a future meeting.

Fiscal Impact:

There is no fiscal impact to the County. The Borrower is responsible for payment of all fees and expenses. The County has received the bond application fee of \$2,000.00 from the Borrower. The County will also receive a financing fee of 1/2 of 1% of the bond amount, up to \$20,000.00 maximum, at closing to cover administrative costs for this project.

Staff Member Responsible:

Michael Meidel, Director, Economic Development

Partners:

N/A

Attachments:

Resolution

Notice of Public Hearing