

B. Finance, Audit and Facilities Committee

Global Health Tenant Improvements at 1616 EastlakeRECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve:

- 1) The issuance of up to \$6 million in short term notes (commercial paper) to finance construction of tenant improvements for the Department of Global Health at 1616 Eastlake Avenue;
- 2) The issuance of long term financing for the tenant improvements in the amount required to pay off the notes when UW General Revenue bonds are next issued.; and,
- 3) Delegate to the president the authority to execute documents as required to complete the interim and permanent financings, including the authority to set maturities and roll periods for the short term notes prior to obtaining permanent financing.

BACKGROUND:

The Department of Global Health will lease approximately 20,000 square feet on the third floor of the 1616 Eastlake Building, which is owned by Alexandria Real Estate. The term of the lease is 10 years. The space is currently in shell condition and requires construction improvements for tenant occupancy. The Landlord will be responsible for construction as part of the lease agreement, and offered to finance construction costs for additional rent, but at a higher cost than either UW commercial paper or general revenue bonds. The tenant improvement build-out will include 5 wet labs, dry labs, a non-animal biosafety level 3 (BSL3) laboratory, and supporting office space. Occupancy will consist of interdisciplinary research programs to develop, utilize and implement new biomedical and health service interventions. This research aims to advance efforts to reduce global health problems and inequities that will ultimately reduce diseases and save lives.

FINANCING PLAN:

Short term notes (commercial paper) will be issued to fund the construction of the tenant improvements. When UW General Revenue Bonds are next issued, most likely in June 2007, the short term notes will be paid off and the remaining debt will be financed for the remaining life of the tenant improvements. The total term of the short and long term debt will not exceed ten years.

The source of repayment for the rent to the landlord and the debt service on the tenant improvement will be indirect costs from federal grants and central funds.

INTERNAL REVIEW AND APPROVALS:

The Global Health financing plan has been reviewed and approved by the Executive Vice President, the Vice Provost for Budgeting and Planning, and the Director of Real Estate.