Board of Trustees
Finance and Facilities Committee Meeting
August 29, 2012
8:30 – 10:30 a.m.
President's Boardroom, Millican Hall, 3rd floor
Conference call in phone number 800-442-5794, passcode 463796

Revised **AGENDA**

I.	**CALL TO ORDER**	Olga M. Calvet *Chair of the Finance and Facilities Committee*
II.	**ROLL CALL**	Sheree Morgan *Senior Administrative Assistant to the Vice President for Administration and Finance and Chief Financial Officer*
III.	**MEETING MINUTES**	Chair Calvet
	• Approval of the June 27, and July 26, 2012, Finance and Facilities Committee meeting minutes	
IV.	**OLD BUSINESS**	Chair Calvet
V.	**NEW BUSINESS**	Chair Calvet
	• University Depositories (FFC-1)	William F. Merck II *Vice President for Administration and Finance and Chief Financial Officer* Tracy Clark *Assistant Vice President for Finance and Controller*
	• Release of Unrestricted Golden Knights Corporation Revenues (FFC-2)	William F. Merck II Brad Stricklin *Senior Associate Athletics Director and CFO for UCFAA*

	• Naming of the Presentation Room in The Graduate Student Center (FFC-3)	C. Ross Hinkle *Interim Vice Provost and Dean of Graduate Studies*
	• University Investment Policy Review	William F. Merck II
	• University Annual Investment update	William F. Merck II Vanessa Fortier *Associate Vice President* *for Administration and Finance* Tracy Clark Troy Brown *Director of Consulting and Senior Consultant* *for The Bogdahn Group* Dave West *Senior Consultant for The Bogdahn Group*
	• University Operating Budget report	William F. Merck II
	• Direct Support Organizations' Quarterly Reports ended June 30, 2012	William F. Merck II
	• University and DSO Debt report	William F. Merck II
	• UCF Debt Management Guidelines review	William F. Merck II
	• Sustainability and Energy Management update	William F. Merck II Lee Kernek *Associate Vice President* *for Administration and Finance* David Norvell *Executive Director of Facilities*
	• Safety and Security update	William F. Merck II Richard Beary *Assistant Vice President for Safety and Security* *and Chief of Police*
VI.	**OTHER BUSINESS**	Chair Calvet
VII.	**CLOSING COMMENTS**	Chair Calvet

Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Millican Hall, 3rd floor
June 27, 2012

MINUTES

CALL TO ORDER

Trustee Olga M. Calvet, chair of the Finance and Facilities Committee, called the meeting to order at 8:35 a.m. Committee members Ida Cook, Michael Grindstaff, and Cortez Whatley were present. Committee members Jim Atchison, Marcos Marchena, and John Sprouls attended via teleconference. Trustee Ray Gilley attended via teleconference.

<u>UCFAA Financial Projections</u>
<u>Amended Payment Schedule for UCFAA Loans to the University (FFC-1)</u>
Brad Stricklin, Senior Associate Athletics Director and CFO for UCFAA, reviewed a five-year UCFAA budget. To balance the budget while ramping up for entry into the BIG EAST Conference, Stricklin presented a revised payment schedule for repaying the outstanding university loan, which was approved by the committee.

<u>Increased Line of Credit for UCFAA Operations (FFC-2)</u>
Brad Stricklin requested an increase in the UCFAA operating line of credit from $1.2 million to $2.0 million due to cash-flow timing issues. The committee unanimously approved the increase.

<u>UCF Investments Quarterly Report ended March 31, 2012</u>
William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, gave a report on the Total Operating Portfolio Summary from the Bogdahn Group. Since inception, the return in the portfolio has been almost 4 percent.

Dave West of the Bogdahn Group reviewed the portfolio for March 31, 2012. There are no adverse compliance issues to report. Mr. West noted that the program works well, and the portfolio is well structured.

<u>Direct Support Organizations' Quarterly Reports ended March 31, 2012</u>
Merck provided for information the DSO's 2012-13 quarterly financial reports, ending March 31, 2012.

<u>2012-13 Direct Support Organizations' budgets (FFC-3)</u>
Merck presented the Direct Support Organizations' budgets to the board for its review. The committee unanimously approved the 2012-13 direct support organizations' budgets as presented.

Report on additional retail on campus

Merck discussed new retail opportunities on campus that would benefit students, staff, and faculty. One of the concepts being considered is an organic grocery store. The location would be on Alafaya Road across from the Performing Arts Theater on an 11-acre parcel. On the lower part of the land, Merck suggested that a request for proposal be considered that would complement the organic grocery store. Merck will work with Trustees Marchena and Whatley on this project.

OTHER BUSINESS

Dean Michael Johnson requested to name the Math and Physics Building the Mathematical Sciences building. The Provost and President Hitt approved the renaming of this building. The committee unanimously approved the renaming of the Math and Physics Building.

The committee congratulated Brad Stricklin on being recognized as the Orlando Business Journal's Nonprofit CFO of the Year for 2012.

Chair Calvet adjourned the Finance and Facilities Committee meeting at 9:46 a.m.

Respectfully submitted: ____ _____________

William F. Merck II Date

Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Millican Hall, 3rd floor
July 26, 2012

MINUTES

CALL TO ORDER
Trustee Olga M. Calvet, chair of the Finance and Facilities Committee, called the meeting to order at 9:45 a.m. Ex-officio member Michael Grindstaff was present. Committee members Jim Atchison, Marcos Marchena, John Sprouls, and Cortez Whatley attended via teleconference.

MINUTES APPROVAL
The minutes of the May 24, 2012, Finance and Facilities Committee meetings were approved as submitted.

NEW BUSINESS
Five-year Capital Improvement Plan (FFC-1)
Lee Kernek, Associate Vice President for Administration and Finance, reviewed the five-year capital improvement plan for 2013-14 through 2017-18. The plan is required to be updated each year and submitted to the Board of Governors. The update identifies projects that will be included in the three year Public Education Capital Outlay (PECO) list, and it responds to the State Board of Education's request for capital funding projects for 2013-14. The plan also identifies projects that will be included in the five-year capital improvement plan, as well as items to be included in the 2013-2014 Appropriations Authorization Bill, including projects funded by bonds, projects sponsored by direct support organization, and projects requiring general revenue to operate. The committee approved the five-year capital improvement plan with one minor correction. One project on the PECO list, the Math and Physics Building, will be renamed the Mathematical Sciences Building.

2012-13 UCF Foundation Budget (FFC-2)
Chair Olga Calvet presented the 2012-13 UCF Foundation Budget to the committee for approval, with no further discussion, which the committee unanimously approved.

OTHER BUSINESS
William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, announced that Judith E. Monroe, Associate Vice President for Administration and Finance, is retiring from the University of Central Florida after 38 years of dedicated service.

Merck requested approval to proceed with a Request for Proposals to develop an organic or natural foods grocery on an 11-acre parcel of land on campus fronting on Alafaya Trail. The recommended concept will be presented to the full board for its consideration and approval.

Chair Calvet adjourned the Finance and Facilities Committee meeting at 10:13 a.m.

Respectfully submitted:__________________________________ ______________

William F. Merck II — Date

Vice President for Administration and Finance
and Chief Financial Officer

ITEM: FFC-1

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Approvals regarding university depositories

DATE: August 29, 2012

PROPOSED COMMITTEE ACTION

Approve depositories into which university funds may be deposited, authorize the president or his designee to transfer funds between depositories, and designate university employees to sign checks for payment of university obligations.

BACKGROUND INFORMATION

Florida Statutes 1011.42(1) requires that "the board of trustees of each university shall designate the depositories in which any university funds may be deposited. No bank shall be designated unless it is a qualified depository as provided by Florida Statutes."

Florida Statutes 1011.42(6) requires that "the university president or his or her designee, after having been specifically authorized by the university board of trustees, may transfer funds from one depository to another, within a depository, to another institution, or from another institution to a depository for investment purposes and may transfer funds to pay expenses, expenditures, or other disbursements, evidenced by an invoice or other appropriate documentation."

And Florida Statutes 1011.42(7) requires that "the university board of trustees shall specifically designate and spread upon the minutes of the board the legal name and position title of any university employee authorized to sign checks to pay legal obligations of the university."

In accordance with these statutes, we list the specific depositories and individuals to be approved in Attachment A.

Supporting documentation:

Depositories and authorized individuals (Attachment A)
Copy of Florida Statutes 1011.42 (Attachment B)
Partial list of qualified depositories from State Treasury website (Attachment C)

Prepared by: Vanessa Fortier, Associate Vice President for Administration and Finance

Submitted by: William F. Merck II, Vice President for Administration and Finance
And Chief Financial Officer

Attachment A
Depositories and Authorized Individuals – F. S. 1011.42

FS 1011.42(1) Approval of university depositories.

Bank of America, NA
Charlotte, NC

CNLBank
Orlando, FL

Department of Financial Services
Florida Treasury

State Board of Administration

FS 1011.42(6) Approval for the university president or his designee to transfer funds from one depository to another.

FS 1011.42(7) Designation of university employees to sign checks to pay legal obligations of the university.

William F. Merck II
Vice President for Administration and Finance and Chief Financial Officer

Vanessa Fortier
Associate Vice President for Administration and Finance

Tracy Clark
Assistant Vice President and Controller

Christina Tant
Senior Associate Controller

Tera Alcala
Assistant Controller

Attachment B
Florida Statutes 1011.42

1011.42 University depositories; deposits into and withdrawals from depositories.—

(1) The board of trustees of each university shall designate the depositories in which any university funds may be deposited. No bank shall be designated unless it is a qualified depository as provided by Florida Statutes.

(2) All funds received by a university, from whatever source and for whatever purpose, shall promptly be deposited in a board of trustees approved qualified depository.

(3) The board of trustees shall require an accurate and complete set of accounts to be maintained in the books and records for each fund on deposit in each university depository. Each account shall show the amount subject to withdrawal, the amount deposited, the amount expended, and the balance of the account.

(4) The university may maintain a separate checking account for each fund or may utilize a single checking account for the deposit and withdrawal of moneys from all funds and segregate the various funds on the books and records only. No check or withdrawal shall be drawn in excess of the balance to the credit of the appropriate fund.

(5) Funds awaiting clearing may be invested in investments earning interest in a qualified depository, in the State Treasury, and in the State Board of Administration. Investments of university funds shall comply with the requirements of Florida Statutes for the investment of public funds by local government. Due diligence shall be exercised to assure that the highest available amount of earnings is obtained on investments.

(6) The university president or his or her designee, after having been specifically authorized by the university board of trustees, may transfer funds from one depository to another, within a depository, to another institution, or from another institution to a depository for investment purposes and may transfer funds to pay expenses, expenditures, or other disbursements, evidenced by an invoice or other appropriate documentation.

(7) The university board of trustees shall specifically designate and spread upon the minutes of the board the legal name and position title of any university employee authorized to sign checks to pay legal obligations of the university.

Attachment C

Partial List of Qualified Depositories - State Treasury Website

The following Qualified Public Depositories are authorized to hold public deposits. The cities and states listed are the home office locations. Only Florida branches of these institutions are allowed to hold Florida public deposit accounts.

QPD Name	City	State
1st National Bank of South Florida	Homestead	FL
1st United Bank	Boca Raton	FL
Alarion Bank *	Ocala	FL
American Enterprise Bank of Florida *	Jacksonville	FL
American Momentum Bank	Tampa	FL
American National Bank	Oakland Park	FL
Ameris Bank	Moultrie	GA
Anthem Bank & Trust	Plaquemine	LA
BAC Florida Bank	Coral Gables	FL
BMO Harris Bank, N.A.	Chicago	IL
Banco Popular North America	New York	NY
BancorpSouth Bank	Tupelo	MS
Bank of America, N.A.	**Charlotte**	**NC**
Bank of Belle Glade	Belle Glade	FL
Bank of Central Florida	Lakeland	FL
Bank of Jackson County *	Graceville	FL
Bank of St. Augustine	St. Augustine	FL
Bank of the South	Pensacola	FL
BankAtlantic 04/01/2014	Fort Lauderdale	FL
BankFirst	Winter Park	FL
BankTrust	Mobile	AL
BankUnited, N.A.	Miami Lakes	FL
Beach Community Bank 09/30/2012	Fort Walton Beach	FL
Branch Banking & Trust Company	Winston-Salem	NC
Brannen Bank	Inverness	FL
1 2 3 4 5 6 7 8 **(176 records in 8 pages)**		

The following Qualified Public Depositories are authorized to hold public deposits. The cities and states listed are the home office locations. Only Florida branches of these institutions are allowed to hold Florida public deposit accounts.

QPD Name	City	State
Broward Bank of Commerce	Fort Lauderdale	FL
C1 Bank	Lakewood Ranch	FL
CBC National Bank	Fernandina Beach	FL
CCB Community Bank	Andalusia	AL
CNLBank *	**Orlando**	**FL**
Cadence Bank, N.A.	Birmingham	AL
Capital Bank, N.A.	Coral Gables	FL
Capital City Bank	Tallahassee	FL
Centennial Bank	Conway	AR
CenterState Bank of Florida, N.A.	Winter Haven	FL
Central Bank	Tampa	FL
Charlotte State Bank & Trust	Port Charlotte	FL
CharterBank	West Point	GA
Chipola Community Bank *	Marianna	FL
Citibank, N.A.	Sioux Falls	SD
Citizens Bank & Trust	Frostproof	FL
Citizens Bank of Florida *	Oviedo	FL
Citizens First Bank	The Villages	FL
Citizens State Bank	Perry	FL
City National Bank of Florida	Miami	FL
Coconut Grove Bank	Miami	FL
Columbia Bank *	Lake City	FL
Community Bank & Trust of Florida	Ocala	FL
Community Bank of Broward *	Dania Beach	FL
Community Bank of Florida *	Homestead	FL
1 2 3 4 5 6 7 8 **(176 records in 8 pages)**		

ITEM: <u>FFC-2</u>

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Release of Unrestricted Golden Knights Corporation Revenues

DATE: August 29, 2012

PROPOSED COMMITTEE ACTION

Approve the release of revenues above budgeted obligations from the Golden Knights Corporation to the UCF Athletics Association for 2012-13.

BACKGROUND INFORMATION

The attached document is the 2012-13 budget approved by the Golden Knights Corporation's board reflecting projected unrestricted excess revenues of $5,778,625 to be available for transfer to UCFAA. We request approval to release uncommitted funds to UCFAA.

Supporting documentation:

Golden Knights Corporation 2012-13 budget (Attachment A)

Prepared by: John C. Pittman, Assistant Vice President for Debt Management, Administration and Finance

Submitted by: William F. Merck II, Vice President, Administration and Finance and Chief Financial Officer

Golden Knights Corporation FY2012-13 Proposed Budget REVISED April 27,2012	Budgeted 2011-12	Projected FYE 2011-12	Proposed 2012-13	% Inc (Dec) from 2011-12 Budget	% Inc (Dec) from 2011-12 Actuals
Operating Revenues (Sources of Funds)					
Ticket Sales	$ 3,380,282	$ 3,253,246	$ 3,380,282	0.0%	3.9%
Advertising and Sponsorships	204,000	204,000	209,000	2.5%	2.5%
Concessions	150,000	150,000	150,000	0.0%	0.0%
Catering	35,000	35,000	35,000	0.0%	0.0%
Merchandise Sales	250,000	250,000	250,000	0.0%	0.0%
Other Revenues [1]	170,000	100,000	170,000	0.0%	70.0%
Premium Seating	1,662,000	1,580,000	1,610,750	(3.1%)	1.9%
Naming Rights [2]	500,000	500,000	1,250,000	150.0%	150.0%
Parking [3]	80,000	-	-	(100.0%)	
Total Operating Revenues	**$ 6,431,282**	**$ 6,072,246**	**$ 7,055,032**	**9.7%**	**16.2%**
Non-Operating Revenue					
Additional Funds Pledged from UCFAA Revenues					
UCFAA Rent	$ 1,336,000	$ 1,336,001	$ 1,455,000	8.9%	8.9%
Non-Conference Away Game Guarantees	850,000	850,000	1,050,000	23.5%	23.5%
Conference USA Distribution	1,573,828	1,573,828	1,414,550	(10.1%)	(10.1%)
Total Additional Funds Pledged from UCFAA Revenues	**$ 3,759,828**	**$ 3,759,829**	**$ 3,919,550**	**4.2%**	**4.2%**
Additional Funds to be Used to Pay Taxable Debt					
Fundraising	564,180	587,687	550,001	(2.5%)	(6.4%)
Excess Revenues from Beverage Agreement	180,000	180,000	180,000	0.0%	0.0%
Total Additional Funds to be Used to Pay Taxable Debt	**$ 744,180**	**$ 767,687**	**$ 730,001**	**(1.9%)**	**(4.9%)**
Total Non-Operating Revenue	**$ 4,504,008**	**$ 4,527,516**	**$ 4,649,551**	**3.2%**	**2.7%**
Total Sources of Funds	**$ 10,935,289**	**$ 10,599,762**	**$ 11,704,583**	**7.0%**	**10.4%**
Debt Service					
Tax-Exempt Bond Interest	2,014,285	2,014,285	1,973,685	(2.0%)	(2.0%)
Tax-Exempt Bond Principal	1,015,000	1,015,000	1,055,000	3.9%	3.9%
Taxable Bond Interest	255,858	145,500	200,000	(21.8%)	37.5%
Additional Principal Payment on Taxable Bonds	1,244,180	1,220,672	1,208,001	(2.9%)	(1.0%)
TOTAL Debt Service	**$ 4,529,323**	**$ 4,395,457**	**$ 4,436,686**	**(2.0%)**	**0.9%**
Net Income Available for Operations & Maintenance	**$ 6,405,967**	**$ 6,204,305**	**$ 7,267,897**	**13.5%**	**17.1%**
Less: Operating Expenses					
Utilities	$ 281,521	$ 256,521	$ 244,180	(13.3%)	(4.8%)
Insurance	121,339	121,339	127,406	5.0%	5.0%
Grounds	50,804	77,804	51,876	2.1%	(33.3%)
Fulfillment Costs (IMG)	122,834	122,834	127,747	4.0%	4.0%
Foundation Fees [4]	63,960	83,467	135,230	111.4%	62.0%
Recurring Maintenance	128,040	128,040	138,633	8.3%	8.3%
Non-recurring maintenance	34,500	34,500	44,200	28.1%	28.1%
Other	15,450	18,414	20,000	29.4%	8.6%
Total Operating Expenses	**$ 818,447**	**$ 842,919**	**$ 889,272**	**8.7%**	**5.5%**
Net Operating Surplus/(Deficit)	**$ 5,587,519**	**$ 5,361,386**	**$ 6,378,625**	**14.2%**	**19.0%**
Less: Deposit to Reserve Accounts	**$ 600,000**	**$ 600,000**	**$ 600,000**	**0.0%**	**0.0%**
Less: Return of Non-Operating Revenue to UCFAA	**$ 3,759,828**	**$ 3,759,829**	**$ 3,919,550**	**4.2%**	**4.2%**
Unrestricted Net Cash Flow Available to Transfer to UCFAA	**$ 1,227,691**	**$ 1,001,557**	**$ 1,859,075**	**51.4%**	**85.6%**

[1] - Other revenues are currently interest income from the various funds. The deficit in the 2011-12 budget is due to insufficent MADS balance in the debt service reserve fund. Therefore, funds were not released by the Trustee.

[2] - According to the revised agreement, Bright House Networks will pay $1.25 million for the naming rights of the stadium in 2012-13 .

[3] - The parking line item has been removed from the Golden Knights Corporation budget because the revenue should be classified as UCF Athletics Association revenue.

[4] - Foundation fees increased significantly from last year's budget due to the increase of its processing fee and the higher naming rights payment.

ITEM: FFC-3

University of Central Florida
Finance and Facilities Committee

SUBJECT: Naming of the Presentation Room in the Graduate Student Center

DATE: August 29, 2012

PROPOSED COMMITTEE ACTION

To authorize the naming of the Presentation Room in the UCF Graduate Student Center to be "The Patricia Bishop Presentation Room."

BACKGROUND INFORMATION

The UCF Graduate Student Center has been developed by the College of Graduate Studies in partnership with the Graduate Student Association. The center is located in the newly renovated space on the ground floor of Colbourn Hall adjacent to the new UCF Writing Center. A Presentation Room in the center is designed for the presentation of professional and personal development workshops for graduate students,

Dr. Patricia Bishop was first the Director of Graduate Studies and then the Vice Provost and Dean of the College of Graduate Studies at the University of Central Florida for eighteen years until her recent retirement in January 2012. Under her leadership, graduate education became a prominent component of the University of Central Florida, and she was recognized for her efforts on behalf of graduate students at UCF. The naming of the Presentation Room in her honor will be a fitting tribute to her efforts on behalf of UCF graduate students.

Supporting documentation:

Support Letter from Matt Bagwell, President, Graduate Student Association

Prepared by: Dr. C. Ross Hinkle, Interim Vice Provost and Dean of Graduate Studies

Submitted by: Dr. Tony Waldrop, Provost and Executive Vice President

August 17, 2012

To the Members of the Board of Trustees:

On behalf of the graduate students at the University of Central Florida, it gives me great pleasure to write this letter in support of honoring Dr. Patricia Bishop, Vice Provost and Dean of the College of Graduate Studies.

Dr. Bishop has been a stalwart supporter of graduate students; and under her leadership, the graduate student community has flourished. Dr. Bishop has always had an “open door” policy and when students came to her with ideas or complaints, she listened. When students felt like they did not have a voice, she fostered the development of the Graduate Student Association since its inception in 2003. Without her support, this rapid growth would not have been possible. When students came to her requesting health insurance, she became the driving force behind advocating for, and eventually obtaining, graduate student health insurance. Finally, when graduate students asked for a space on campus that was dedicated to their needs, she worked with students to create the Graduate Student Center. This Graduate Student Center will be a place where graduate students from across disciplines can come to connect, study, join seminars, attend research defense presentations, and participate in social events. The Center will foster a Graduate Community at UCF and facilitate interdisciplinary discussion and collaboration. This Center is a shining example of the extraordinary things that can come out of collaboration between students and administration.

By naming the presentation room in the new Graduate Student Center after Dr. Patricia Bishop, you will be honoring her dedication to the graduate students at the University of Central Florida.

Best Regards,

Matt Thomas Bagwell

President of the Graduate Student Association of the University of Central Florida

University of Central Florida

Office of the President

SUBJECT: Investments	Effective Date: 7-16-08	Policy Number: 3-113	
	Supersedes:	Page 1	Of 2
	Responsible Authority: Vice President for Administration & Finance Chief Financial Officer		

APPLICABILITY/ACCOUNTABILITY:

This policy is applicable to the University of Central Florida funds being held to meet current expenses and the excess of funds required to meet current expenses. This policy is also applicable to the university's various Direct Support Organizations that do not have an investment policy approved by its board.

POLICY STATEMENT:

The university establishes its investment parameters in accordance with sections 1011.42(5) and 218.415, Florida Statutes, and the UCF Investment Policy Manual. The vice president for administration and finance or designee will consolidate, where practicable and allowable, cash balances and investments from all funds covered by this policy to minimize risk exposure and maintain liquidity while maximizing investment earnings.

PROCEDURES:

UCF Investment Policy Manual: http://www.admfin.ucf.edu/investments.pdf

RELATED INFORMATION:

FS 218.415, Local Government Investment Policies
FS 1011.42(5), University Depositories, investment of funds awaiting clearing
Florida Statutes Website:
http://www.leg.state.fl.us/statutes/index.cfm?Mode=ViewStatutes&Submenu=1

CONTACTS:

For questions regarding the investment policy, contact the Treasurer's Office (407) 882-1112 or the Vice President for Administration & Finance (407) 823-2351.

INITIATING AUTHORITY: Vice President for Administration and Finance

POLICY APPROVAL
(For use by the Office of the President)

Policy Number: 3-113

Initiating Authority: ____________ Date: 7/23/08

Policies and Procedures
Review Committee Chair: ____________ Date: July 21, 2008

President or Designee: ____________ Date: 7/23/08

UNIVERSITY OF CENTRAL FLORIDA

INVESTMENT MANUAL

TABLE OF CONTENTS

General Information

The following are detailed procedures related to UCF policy 3-113, accessible on the policy web site, http://policies.ucf.edu/.

The University establishes its investment parameters in accordance with sections 1011.42(5) and 218.415, Florida Statutes, and complies with all applicable state ordinances and covenants. The Vice President for Administration and Finance and Chief Financial Officer (Vice President) or designee will consolidate, where practicable and allowable, cash balances and investments from all funds covered by this policy to minimize risk exposure and maintain liquidity while maximizing investment earnings.

Investment Objectives

As required by F. S. 218.415, the investment objectives of the University for invested funds shall be to provide for safety of capital, liquidity of funds, and investment income, in that order. The optimization of investment returns shall be secondary to the requirements for safety and liquidity. Funds may be divided in four different pools of funds as follows: Pool I will be designated as cash reserves for operational expenses, based on specific criteria to be determined by the Finance Committee; Pool II will be designated to cover the University's medium term requirements such as debt service for the next year; Pool III will be considered excess cash reserves that may be invested in longer term investments (up to five years). Pool IV will be designated for long term investments such as the UCF Foundation, Inc. Safety and optimization of investment returns may be the investment objectives of funds invested in Pool IV only (liquidity is secondary).

1. Safety - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks the preservation of capital in the overall portfolio. The objective will be to limit credit risk and interest rate risk to a level commensurate with the risks associated with prudent investment practices and the performance benchmarks stated herein, if applicable.

2. Credit Risk - The University will limit credit risk (the risk of loss due to the failure of the security issuer or backer) by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specified credit ratings.

3. Liquidity - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature to meet anticipated demands (static liquidity). Since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). The portfolio may be placed in local government investment pools, money market mutual funds or similar funds that perform similar to money market funds that offer same-day liquidity for short-term funds.

4. Yield - The investment portfolio shall be designed with the objective of attaining a market rate of return, as measured by specified benchmarks, throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment

is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

A. A security with declining credit risk may be sold early to minimize loss of principal.

B. A security swap that would improve the quality, yield, or target duration in the portfolio.

C. Liquidity needs of the portfolio require that the security be sold.

D. Adverse market or economic conditions.

5. Transparency - The University shall operate its portfolio in a transparent manner, making its periodic reports both available for public inspection and designed in a manner which communicates clearly and fully information about the portfolio, including market pricing, adjusted book value, and yields.

Performance Measurement

As a benchmark for investment returns, the University's investment portfolio, net of fees, should strive to equal or exceed the returns provided by the State Treasurer's Special Purpose Investment Account (SPIA). However, achieving this benchmark is secondary to the requirements for safety and liquidity.

Prudence and Ethical Standards

1. Prudence - The standard of prudence to be used by investment officials shall be the Prudent Person Rule and shall be applied in the context of managing an overall portfolio. University personnel, acting in accordance with this investment policy shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported to the University's governing board in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. The Prudent Person Rule states that: "Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

2. Ethics and Conflicts of Interest - The Vice President and other authorized personnel shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. These investment officials shall disclose annually, in a written statement, any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance

of the investment portfolio. They shall refrain from undertaking personal investment transactions with the same individual(s) with whom business is conducted on behalf of the University.

3. Delegation of Authority - Authority to manage the investment program is granted to the Vice President. The Vice President may delegate authority to the Administration & Finance Associate Vice Presidents or the Assistant Vice President for Finance and Controller. Additional authorized personnel include any other person or position approved by the University's governing board. The University may seek professional advice and therefore may contract with a federally registered investment advisory firm that specializes in public funds fixed income management, and it may also seek advice and counsel from the Finance Committee to assist with investment decisions. The Finance Committee will approve and, from time to time as they deem necessary, amend this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy. The Vice President shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Broker Dealers, Safekeeping and Custody

1. Authorized Financial Dealers and Institutions – The University shall list financial institutions consisting of banks and other depository institutions authorized to provide depository and investment services. In addition, a list will be maintained of security broker/dealers consisting of "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule) that are providing services to the University or that the University contemplates using. Both lists shall be reviewed by the Finance Committee and the Vice President at least annually.

2. Annual Review - An annual review of the financial conditions and registration of qualified financial institutions and broker/dealers will be conducted by the Vice President or investment advisor under the direction of the University. The distribution of trading among the approved broker/dealers of securities which at the time of purchase had maturities greater than seven days shall be reported annually to the Finance Committee.

3. Delivery vs. Payment - Securities transactions between a broker-dealer and the safekeeping agent or custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

4. Safekeeping, Custody & Perfection of Interest - Securities shall be held with a third party; and all securities purchased by, and all collateral obtained by, the University should be properly designated as an asset of the University. No withdrawal of securities, in whole or in part, shall be made from safekeeping or custody, except by an authorized staff member of the University.

Authorized Investments

This investment policy is authorized by the University's Board of Trustees. The following investments are authorized to be utilized in achieving the objectives of this policy. Investments not listed are prohibited. The investment portfolio must be structured in such manner as to provide sufficient safety and liquidity to pay obligations as they come due. Investment maturities should anticipate cash flow requirements.

Prior to conducting transactions as authorized by this policy the Vice President shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investments, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the bid deemed to best meet the investment objectives shall be selected.

Investments shall be limited to securities selected from the following types:

1. The United States Treasury and Agency securities - Securities that are issued by the United States Treasury or those for which the full faith and credit of the United States government guarantees fully all principal and interests payments.

    A. Credit Ratings
    Ratings are not required for U.S. Treasury securities. Agencies backed by the full faith and credit of the United States government, such as Government National Mortgage Association (GNMA), must have at least two AAA/Aaa/AAA long-term credit ratings from Standard & Poor's, Moody's or Fitch respectively. The Finance Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

    B. Interest Rate Risk Restrictions
    The United States Treasury and Agency securities backed by the full faith and credit of the United States government. At the time of purchase, securities must have a maturity no greater than five years from the date of settlement to the maximum possible maturity date. The forward delivery period on such securities may not exceed 60 days.

2. Government Sponsored Enterprises (GSE) - Securities issued by the Federal Farm Credit Bank, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, the Federal National Mortgage Association, or the Federal Agricultural Mortgage Corporation. Any other GSE shall be considered as corporate debt for the purposes of this policy and shall be authorized under the criteria set forth in section 7, Corporations.

    A. Credit Ratings
    Authorization of the listed GSE in section 7 is predicated upon these institutions maintaining at least two AAA/Aaa/AAA long-term credit ratings from Standard & Poor's, Moody's or Fitch respectively. The Finance Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

B. Interest Rate Risk Restrictions
At the time of purchase, securities must have a maturity no greater than five years from the date of settlement to the maximum possible maturity date. The forward delivery period on such securities may not exceed 60 days.

3. The State Board of Administration's Local Government Investment Pool (SBA), the State Treasurer's Special Purpose Investments Account (SPIA) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in s. 163.01.

    A. Credit Rating
    Local Government Investment Pools - At the time of purchase, the local government investment pool must carry a AAA rating from Standard & Poor's (if applicable). The Finance Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

    B. Interest Rate Risk Restrictions
    At the time of purchase, shares in the local government investment pool must be fully redeemable on the next business day.

4. Money Market Mutual Funds - Shares of any money market fund that is registered as an investment company under the federal "Investment Company Act of 1940", as amended.

    A. Credit Rating
    At the time of purchase, money market funds must carry a AAA rating from Standard & Poor's. The Finance Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

    B. Interest Rate Risk Restrictions
    At the time of purchase, shares in the money market fund must be fully redeemable on the next business day.

5. Interest-bearing time deposits or savings accounts in Qualified Public Depositories (QPD) as defined in s. 280.02.

    A. Credit Rating or Limitations
    Bank deposits for the University must comply with Chapter 280.16 Florida Statutes. Such deposits in QPD's must be collateralized according to the statutory requirements.

6. Repurchase Agreements - Securities referred to in section 4 or 5 and that can otherwise be purchased under this policy may be subject to a repurchase agreement. Such securities subject to this agreement must have a coupon rate that is fixed from the time of settlement until its maturity date, and must be marketable. Such securities must be delivered to the University or to a third-party custodian or third-party trustee for safekeeping on behalf of the public entity. The collateral securities of any repurchase agreement must be collateralized at no less than one hundred two percent and marked to market no less frequently than weekly. All approved institutions and dealers transacting repurchase agreements shall execute and perform as

stated in the master repurchase agreement. All repurchase agreement transactions shall adhere to the requirements of the master repurchase agreement.

A. Credit Ratings
At the time of purchase the counter-party to any such agreement must carry short-term credit ratings which conform to those required by section 7.

B. Interest Rate Risk Restrictions
For repurchase agreements, at the time of purchase such agreement must have a maturity no greater than one year from the date of settlement. The forward delivery period on such securities may not exceed 60 days.

7. Corporations - United States dollar denominated debt instruments issued by a corporation or bank which is organized and operated within the United States.

A. Credit Ratings
At the time of purchase, all non-money market instruments must carry at least two long-term credit ratings from Standard & Poor’s, Moody’s or Fitch's of at least AAA/Aaa/AAA respectively. For money market instruments, which comply with rule 2a7 at the time of purchase, such securities must carry at least two short-term credit ratings and no short-term credit rating may fall below A1+ from Standard & Poor’s, P1 from Moody’s, or F1+ from Fitch. The Finance Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

Should a security’s credit rating drop below these standards after purchase, the University’s authorized personnel shall act as Prudent Persons in managing the risks associated with this security, and shall timely notify the Finance Committee of such an event.

B. Interest Rate Risk Restrictions
At the time of purchase, such securities must have a maturity no greater than three years from the date of settlement to the maximum possible maturity date. The forward delivery period on such securities may not exceed 60 days.

8. Other investments authorized by law or by ordinance for a county or a municipality.

9. Other investments authorized by law or by resolution for a school district or a special district.

10. Direct Support Organizations (DSO) duly authorized by the University’s Board of Trustees. An agreement or memorandum of understanding must be executed prior to the placement of funds with any DSO.

11. Mutual funds, unit investment trusts or professionally managed securities or other investment vehicles specifically authorized by the Finance Committee.

Portfolio Composition

The portfolio managed by the University, as opposed to funds placed with the Foundation, shall be maintained as a short-term maturity portfolio. The following restrictions apply in the management and investment of the University portfolio:

1. The effective maturity of floating rate securities shall be considered as the time until the next full reset of the coupon. The maximum effective duration of a floating rate security shall be five years from the date of purchase.

2. To provide sufficient liquidity and stability of principal, at least 25% of the fund investments shall have an effective duration of one year or less.

University Endowment

The preferred recipient of gifts for the University is the UCF Foundation, Inc. However, there may be special circumstances whereby a monetary gift or other asset is received by the University directly, or the University may choose to establish a quasi-endowment with funds available for such purpose from other sources. In these instances, the University may choose to enter into an agreement with the UCF Foundation, Inc. to manage the investment of a portion or all of a particular University endowment or quasi-endowment. The Foundation has several investment options. The decision as to which of the options to be utilized for University funds would be specified in a contractual document between the University and the Foundation, with specific instructions as to the authorization and manner in which receipts and disbursements would be processed. The University's assets may be pooled with Foundation assets for investment purposes, but with procedures in place for detailed accounting and reporting of the University's shares in the pool. These investments may deviate from the balance of this policy's direction to limit investments to no more than five years duration.

Risk and Diversification

The University portfolio shall be diversified to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. The diversification strategies laid out in this policy shall be reviewed and revised periodically, as deemed necessary by the Vice President and any revisions shall require the approval of the Finance Committee.

Investments that vary in length to maturity will be made to correlate with the University's cash flow projections. The correlation will be made conservatively, considering the University's projected need for liquidity. As the University develops a history with these guidelines, it is anticipated that the Finance Committee will refine and further define the maturity risks and diversification requirements. It is anticipated that the Assistant Vice President for Finance and Controller will provide annual cash flow projections, taking into consideration revenue receipt timing, payroll disbursements, debt service schedules and other historical operational expenditures. This information will be used as a basis for informed decisions regarding the allocation of cash balances into categories of investments with varying maturities. The investment vehicles used in the four categories will be determined by the Vice President in consultation with an investments consultant, the chair of the Finance Committee and other appropriate University staff.

In order to ensure liquidity and diversify risk to principal, multiple depository banks, in addition to the bank(s) currently under contract with the University to provide treasury services, may be utilized to hold and invest short term cash.

Qualified Public Depositories, Investment Institutions and Dealers

The Assistant Vice President for Finance and Controller will maintain the current approved list of qualified public depositories (as defined in Florida Statute 280.02), investment institutions and dealers for the purchase and sale of securities.

Third Party Custodial Agreements

Securities will be held with a third party; and all securities purchased by, and all collateral obtained by the University will be properly designated as an asset of the University. If a bank serves in the capacity of Investment Manager, said bank could also perform the required custodial and reporting services. No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by those designated within the Investment Management and Custodial Agreement between the Custodian and the University. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

Master Repurchase Agreement

The Assistant Vice President for Finance and Controller or the Investment Manager, if applicable, will maintain a master repurchase agreement and require all approved institutions and dealers transacting repurchase agreements to adhere to the requirements of the master repurchase agreement. The master repurchase agreement is a separate document.

Bid Requirement

The University shall require purchases and sales to be executed in a competitive bid environment wherein at least three (3) offers or bids are requested for each security. Exceptions to this approach may be made when (1) prices for purchases or sales are compared to systems providing current market prices and deemed reasonable, (2) when the security to be purchased is unique to one institution or (3) the security has recently been issued and is trading at the same price by all financial institutions.

Internal Controls

The Assistant Vice President for Finance and Controller shall establish a system of internal controls and operational procedures, which will be documented in writing. The internal controls will be reviewed by the University Audit staff and are subject to audit by the Auditor General of the State of Florida. The controls will be designed to prevent losses of public funds arising from fraud, employee error, imprudent actions by employees and misrepresentation by third parties. The internal controls and operational procedures is a separate document.

Continuing Education

The Vice President and the Administration & Finance Associate Vice President will annually (during each calendar year) complete eight hours of continuing education in subjects or courses of study related to investment practices and products.

Reporting

1. Methods - The Vice President, or designee, shall or shall have prepared and provide to the Finance Committee an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. An outside investment advisor or other third party may be utilized to prepare the report. The management summary will be prepared in a manner that will allow the University to ascertain whether investment activities during the reporting period have conformed to the investment policy. This investment report shall include a list of securities in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be available to the public.

2. Performance Standards - The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The appropriate benchmark against which the portfolio performance shall be measured shall be the 90-day Treasury Bill rate. At a minimum, portfolio performance shall be measured by comparing its year-to-date earnings to budgeted year-to-date earnings and its monthly “effective rate of return” to the 90-day Treasury Bill rate of return. Benchmarks may change over time based on the portfolio’s weighted average maturity.

3. Marking to Market - The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. Information will be included in the report provided to the Finance Committee during scheduled meetings.

Implementation Considerations

1. Exemption - Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Amendments - This policy shall be reviewed on an annual basis. Any changes must be approved by the Finance Committee.

Glossary

Benchmark. A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Bid. The price offered by a buyer of securities.

Collateral. Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Delivery vs. Payment. Delivery versus payment is delivery of securities to a third party with an exchange of money for the securities. The transaction is not complete until both parties provide their commitments.

Diversification. Dividing investment funds among a variety of securities offering independent returns.

DSO. Direct Support Organization, pursuant to Section 1004.28 Florida Statutes, as certified by the University Board of Trustees.

Federal Deposit Insurance Corporation (FDIC). A federal agency that insures bank deposits, currently up to $100,000 per deposit.

Federal Farm Credit Bank (FFCB). The Federal Farm Credit Banks Funding Corporation issues debt securities as fiscal agent for the Farm Credit System, which is a nationwide network of borrower-owned lending institutions and service organizations specializing in agricultural and rural America. The mission of this government-sponsored enterprise is to ensure the availability of sound, dependable funding for agricultural producers, cooperatives, and certain farm related business.

Federal Home Loan Bank (FHLB). Government sponsored wholesale banks that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district bank.

Federal Home Loan Mortgage Corporation (FHLMC). FHLMC, commonly referred to as Freddie Mac, is a government sponsored enterprise that provides liquidity to the mortgage markets, much like FNMA and FHLB.

Federal National Mortgage Association (FNMA). FNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The Corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

LIBOR. London Interbank Offer Rate.

Liquidity. A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

Market Value. The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement. A written contract covering all future transactions between the parties to repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity. The date upon which the principal or stated value of an investment becomes due and payable.

Portfolio. Collection of securities held by an investor.

Prudent Person Standard. An investment standard in which investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Qualified Public Depository. Any bank, savings bank, or savings association that is organized under the laws of the United States or the State of Florida; has its principal place of business or a branch office to receive deposits in Florida; has deposit insurance under the provisions of the Federal Deposit Insurance Act; meets the requirements of Chapter 280, Florida Statutes (Florida Security for Public Deposits Act); and has been designated by the Chief Financial Officer of the State of Florida as a qualified public depository.

Repurchase agreement (REPO). A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use REPOs extensively to finance their positions. Exception: When the Fed is said to be doing REPOs, it is lending money that is increasing bank reserves.

Safekeeping. A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Spread. (1) The yield or price difference between the bid and offer on an issue. (2) The yield or price difference between different issues.

State Board of Administration's Local Government Investment Pool (SBA). The aggregate of all funds from political subdivisions that are placed in the custody of the State Board of Administration for investment and reinvestment.

State Treasury Special Purpose Investment Account (SPIA). The aggregate of all funds from governmental entities that are placed in the custody of the State Treasury for investment and reinvestment.

Treasury Bills. A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in one month, three months, or six months.

Yield. The rate of annual income return on an investment, expressed as a percentage.
(1) Income yield is obtained by dividing the current dollar income by the current market price for the security. (2) Net yield or yield to maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Investment	Market Value 06/01/2012	Market Value 06/30/12	Current Allocation	June Gain/Loss	June Return	Benchmark Return	Benchmark	Market Yield
Pool I	**$60,008,356**	**$53,258,653**	**24.8% TP**	**$297**	**0.00%**	**0.01%**	**Pool I - Blend**	
Fidelity (I)	$30,008,328	$30,008,628	56.3%	$272	0.00%	0.01%	Citigroup 3 Month T-Bill	0.01%
Goldman Sachs (I)	$30,000,028	$23,250,025	43.7%	$25	0.00%	0.01%	Citigroup 3 Month T-Bill	0.00%
Pool II	**$20,088,598**	**$20,091,221**	**9.4% TP**	**$2,623**	**0.01%**	**-0.02%**	**Pool II - Blend**	
Galliard (II)	$20,088,598	$20,091,221	100.0%	$2,623	0.01%	-0.02%	75% ML 1-Yr Treas +25% T-Bills	0.44%
Pool III	**$86,331,631**	**$86,821,624**	**40.4% TP**	**$489,992**	**0.57%**	**0.63%**	**Pool III - Blend**	
Galliard (III)	$51,661,396	$51,731,016	59.6%	$69,619	0.13%	0.05%	ML 1-5 Year G/C A or Better	2.31%
Sawgrass (III)	$21,419,740	$21,463,079	24.7%	$43,339	0.20%	0.05%	ML 1-5 Year G/C A or Better	1.19%
Pool III - Fixed	$73,081,136	$73,194,095	84.3%	$112,958	0.15%	0.05%	ML 1-5 Year G/C A or Better	
Winslow (III)	$7,058,335	$7,249,711	8.4%	$191,376	2.71%	2.72%	Russell 1000 Growth Index	0.72%
DGHM (III)	$3,161,036	$3,251,549	3.7%	$90,513	2.86%	4.95%	Russell 3000 Value Index	2.44%
MD Sass (III)	$3,031,124	$3,126,270	3.6%	$95,145	3.14%	4.95%	Russell 3000 Value Index	1.44%
Pool III - Domestic Equity	$13,250,495	$13,627,529	15.7%	$377,034	2.85%	3.92%	Russell 3000 Index	
Pool IV	**$53,468,951**	**$54,612,947**	**25.4% TP**	**$1,143,996**	**2.14%**	**2.83%**	**Pool IV - Blend**	
Galliard Broad (IV)	$11,620,083	$11,631,855	21.3%	$18,772	0.16%	0.04%	Barclays Capital Aggregate	3.37%
PIMCO Total Return (IV)	$5,820,706	$5,847,371	10.7%	$26,665	0.46%	0.04%	Barclays Capital Aggregate	3.27%
Galliard TIPS (IV)	$3,124,375	$3,110,428	5.7%	($13,947)	-0.45%	-0.56%	Barclays Capital: U.S. TSY TIPS	1.20%
Pool IV - Fixed	$20,565,164	$20,589,654	37.7%	$31,490	0.15%	-0.04%	86% Bar Agg + 14% Bar TIPS	
Winslow (IV)	$13,144,412	$13,500,151	24.7%	$355,739	2.71%	2.72%	Russell 1000 Growth Index	0.71%
DGHM (IV)	$6,474,801	$6,659,846	12.2%	$185,045	2.86%	4.95%	Russell 3000 Value Index	2.44%
MD Sass (IV)	$6,224,774	$6,421,900	11.8%	$197,127	3.17%	4.95%	Russell 3000 Value Index	1.45%
Pool IV - Domestic Equity	$25,843,987	$26,581,897	48.7%	$737,911	2.86%	3.92%	Russell 3000 Index	
Europacific Growth (IV)	$3,609,117	$3,790,341	6.9%	$181,224	5.02%	5.94%	MSCI AC World ex USA	1.89%
Manning & Napier (IV)	$3,451,083	$3,644,456	6.7%	$193,372	5.60%	5.94%	MSCI AC World ex USA	2.50%
Pool IV - International Equity	$7,060,201	$7,434,797	13.6%	$374,596	5.31%	5.94%	MSCI AC World ex USA	
Mutual Fund Cash (IV)	-$401	$6,599	0.0%	$0	0.00%	0.00%	90 Day U.S. Treasury Bill	0.01%
Total Fund	**$219,897,537**	**$214,784,445**	**100.0%**	**$1,636,908**	**0.75%**			

Pool I Blend: 100% 90 Day US T-Bills
Pool II Blend: 75% ML 1-Year Treasury + 25% 90 Day US T-bills
Pool III Blend: 85% ML 1-5 Year G/C A or Better + 15% Russell 3000
Pool IV Blend: 30% Barclays Agg + 5% Barclays TIPS + 50% Russell 3000 + 15% MSCI-ACWxUS

Investment	3/18/10 Initial Funding	Market Value 06/30/2012	Current Allocation	Funding Gain/Loss	Funding Return*	Benchmark Return*	Benchmark
Pool I	**$60,000,000**	**$53,258,653**	**24.8% TP**	**$23,264**	**0.02%**	**0.08%**	**Pool I - Blend**
Fidelity (I)	$30,000,000	$30,008,628	56.3%	$19,635	0.03%	0.08%	Citigroup 3 Month T-Bill
Goldman Sachs (I)	$30,000,000	$23,250,025	43.7%	$3,629	0.01%	0.08%	Citigroup 3 Month T-Bill
Pool II	**$20,000,000**	**$20,091,221**	**9.4% TP**	**$135,004**	**0.30%**	**0.42%**	**Pool II - Blend**
Galliard (II)	$20,000,000	$20,091,221	100.0%	$135,004	0.30%	0.42%	75% ML 1-Yr Treas +25% T-Bills
Pool III	**$80,000,000**	**$86,821,624**	**40.4% TP**	**$7,134,972**	**3.95%**	**4.02%**	**Pool III - Blend**
Galliard (III)	$48,000,000	$51,731,016	59.6%	$3,840,739	3.57%	2.90%	ML 1-5 Year G/C A or Better
Sawgrass (III)	$20,000,000	$21,463,079	24.7%	$1,497,874	3.34%	2.90%	ML 1-5 Year G/C A or Better
Pool III - Fixed	$68,000,000	$73,194,095	84.3%	$5,338,613	3.50%	2.90%	ML 1-5 Year G/C A or Better
Winslow (III)	$6,000,000	$7,249,711	8.4%	$1,331,775	9.33%	10.82%	Russell 1000 Growth Index
DGHM (III)	$3,000,000	$3,251,549	3.7%	$298,357	4.29%	7.57%	Russell 3000 Value Index
MD Sass (III)	$3,000,000	$3,126,270	3.6%	$166,228	2.41%	7.57%	Russell 3000 Value Index
Pool III - Domestic Equity	$12,000,000	$13,627,529	15.7%	$1,796,359	6.40%	9.20%	Russell 3000 Index
Pool IV	**$50,000,000**	**$54,612,947**	**25.4% TP**	**$7,009,656**	**5.82%**	**7.42%**	**Pool IV - Blend**
Galliard Broad (IV)	$10,000,000	$11,631,855	21.3%	$1,682,687	7.35%	6.64%	Barclays Capital Aggregate
PIMCO Total Return (IV)	$5,000,000	$5,847,371	10.7%	$847,371	6.99%	6.64%	Barclays Capital Aggregate
Galliard TIPS (IV)	$2,500,000	$3,110,428	5.7%	$618,949	10.47%	10.39%	Barclays Capital: U.S. TSY TIPS
Pool IV - Fixed	$17,500,000	$20,589,654	37.7%	$3,149,007	7.70%	7.17%	86% Bar Agg + 14% Bar TIPS
Winslow (IV)	$12,500,000	$13,500,151	24.7%	$2,914,230	9.44%	10.82%	Russell 1000 Growth Index
DGHM (IV)	$6,250,000	$6,659,846	12.2%	$629,707	4.30%	7.57%	Russell 3000 Value Index
MD Sass (IV)	$6,250,000	$6,421,900	11.8%	$376,885	2.56%	7.57%	Russell 3000 Value Index
Pool IV - Domestic Equity	$25,000,000	$26,581,897	48.7%	$3,920,823	6.48%	9.20%	Russell 3000 Index
Europacific Growth (IV)	$3,750,000	$3,790,341	6.9%	$45,341	-0.28%	-0.83%	MSCI AC World ex USA
Manning & Napier (IV)	$3,750,000	$3,644,456	6.7%	($105,544)	-2.37%	-0.83%	MSCI AC World ex USA
Pool IV - International Equity	$7,500,000	$7,434,797	13.6%	($60,203)	-1.32%	-0.83%	MSCI AC World ex USA
Mutual Fund Cash (IV)	$0	$6,599	0.0%	$30	0.00%	0.10%	90 Day U.S. Treasury Bill
Total Fund	**$210,000,000**	**$214,784,445**	**100.0%**	**$14,302,896**	**2.97%**		

*Period = 3/31/10 - Present

Cash & Non-Investment Portfolio	12/31/11 Reported Value	3/31/12 Reported Value	6/30/12 Reported Value
Bank of America	$39,756,116	$1,627,360	$41,080,928
CNL - Money Market	$152,116	$5,012	$5,012
SPIA	$191,940,542	$238,576,934	$182,482,828
UCF Parking Bonds (SPIA)	$2,016,031	$2,027,296	$2,036,624
UCF Housing Bonds (SPIA)	-	$42,993,364	$41,508,195
Total Cash & Non-Investment Portfolio	**$233,864,806**	**$285,229,966**	**$267,113,587**

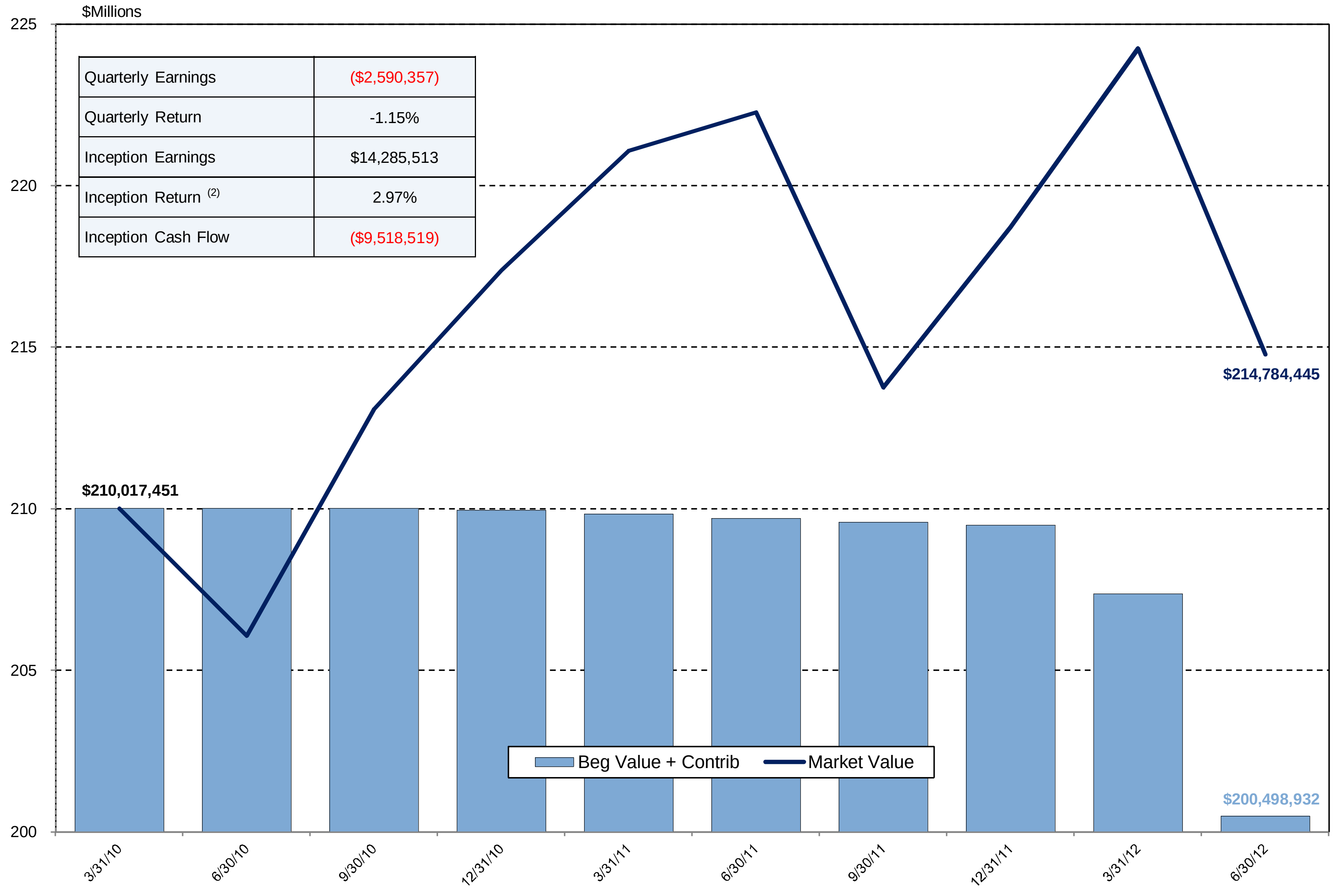
Structured Investment Portfolio (BNY)	12/31/11 Market Value	3/31/12 Market Value	*1st Quarter Gain/(Loss)*	6/30/12 Market Value	*2nd Quarter Gain/(Loss)*	*Inception Gain/(Loss)* [2]
Pool I	**$60,014,328**	**$60,009,031**	***$830***	**$53,258,653**	***$853***	***$23,263***
Pool II	**$20,087,846**	**$20,085,797**	***$5,657***	**$20,091,221**	***$11,863***	***$134,825***
Fixed Income (Pool III)	$71,958,903	$72,622,562	*$690,121*	$73,194,095	*$596,739*	*$5,464,993*
Domestic Equity (Pool III)	$12,894,897	$14,712,961	*$1,845,737*	$13,627,529	*($1,057,749)*	*$1,796,360*
Total Pool III	**$84,853,800**	**$87,335,523**	**$2,535,858**	**$86,821,624**	**($461,010)**	***$7,261,353***
Fixed Income (Pool IV) [3]	$19,806,137	$20,077,980	*$282,501*	$20,596,253	*$527,276*	*$3,170,147*
Domestic Equity (Pool IV)	$26,899,742	$28,685,609	*$3,838,113*	$26,581,897	*($2,048,757)*	*$3,920,823*
International Equity (Pool IV)	$7,054,577	$8,055,379	*$1,000,802*	$7,434,797	*($620,582)*	*($224,898)*
Total Pool IV	**$53,760,456**	**$56,818,968**	***$5,121,416***	**$54,612,947**	***($2,142,063)***	***$6,866,072***
Total Structured Investment Portfolio	**$218,716,430**	**$224,249,319**	***$7,663,761***	**$214,784,445**	***($2,590,357)***	***$14,285,513***

Total Operating Portfolio	12/31/11	3/31/12	6/30/12
Total Operating Portfolio	**$452,581,236**	**$509,479,285**	**$481,898,032**

1. The portfolio gain/(loss) data is presented gross of management fees and portfolio expenses but net of physical cash flows.
2. The inception date for analysis is 3/31/10. The actual funding of the various portfolios occurred during March 2010.
3. Poo IV's fixed Income market value includes the $6,599 cash balance held in the Pool IV mutual fund account.

University of Central Florida
Structured Investment Portfolio vs. Net Contributions (1)
As of June 30, 2012

Quarterly Earnings	($2,590,357)
Quarterly Return	-1.15%
Inception Earnings	$14,285,513
Inception Return (2)	2.97%
Inception Cash Flow	($9,518,519)



1. Net contributions include cash flows associated with management fees, portfolio expenses and physical cash flows
2. Annualized performance number

THE BOGDAHN GROUP

Pool I:	Yes	No	N/A
Investments in any single pooled investment fund shall be limited to 50% of the market value of Operating Pool I's assets.	•		

Pool II:	Yes	No	N/A
Investments in any single pooled investment fund shall be limited to 50% of the market value of Operating Pool II's assets.			•
All fixed income investments shall maintain a minimum rating of "AAA" or higher by a major credit rating service.		• (2)	
Duration of the fixed income portfolio shall not exceed the effective duration of the Merrill Lynch 1-Year Treasury index by 25%.	•		
The maturity of any single security shall not exceed 1.5 years.	•		
Operating Pool II shall maintain a dollar-weighted average effective maturity of 1 year or less.	•		

Pool III Equity:	Yes	No	N/A
Investments in equity securities shall not exceed twenty percent (20%) of the market value of Operating Pool III's assets.	•		

Pool III Fixed:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "A" or higher by a major credit rating service.	•		
The weighted average quality of the fixed income portfolio shall maintain a rating of "AA" or higher.	•		
The duration of the fixed income portfolio shall not exceed the effective duration of the benchmark by 50%.	•		

Pool IV Equity:	Yes	No	N/A
Investment in equity securities shall not exceed sixty-five percent (75%) of the market value of Operating Pool IV's assets.	•		
Foreign securities shall not exceed twenty percent (20%) of the market value of Operating Pool IV's assets.	•		

Pool IV Fixed:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "investment grade" or higher by a major credit rating service.	•		
The weighted average quality of the fixed income portfolio shall maintain a rating of "A" or higher.	•		
Duration of the fixed income portfolio shall not exceed the effective duration of the benchmark by 50%.	•		

1. Taken as an excerpt from the UCF quarterly performance evaluation report. Individual managers are also measured on an ongoing basis against a combination of 15 quantitative and qualitative criteria.
2. In Galliard's Pool II portfolio, a security issued by the County of Mower Minnesota was downgraded from AAA to AA+ by S&P on 09/27/2011. This holding represents 0.8% of the portfolio. Per the communication provisions outlined in the IPS, Galliard recommended holding the security to maturity (02/13/2013).

Target Policy Summary	
Pool I	100% 90 Day US T-Bills
Pool II	75% ML 1-Year Treasury + 25% 90 Day US T-bills
Pool III	85% ML 1-5 Year G/C A or Better + 15% Russell 3000
Pool IV	30% Barclays Agg + 5% Barclays TIPS + 50% Russell 3000 + 15% MSCI-ACWxUS

Pool I	$53,258,653	Current Allocation
Cash & Equivalents	**$53,258,653**	**100.0%**
Fidelity Money Market	$30,008,628	
Goldman Sachs Money Market	$23,250,025	

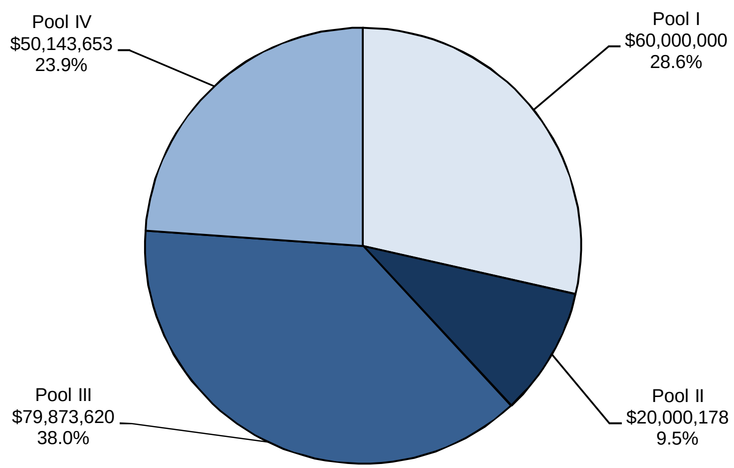
Pool II	$20,091,221	Current Allocation
Short-Term Fixed Income	**$20,091,221**	**100.0%**
Galliard Capital Management	$20,091,221	

Pool III	$86,821,624	Current Allocation
Intermediate Fixed Income (85%)	**$73,194,095**	**84.3%**
Galliard Capital Management	$51,731,016	
Sawgrass Asset Management	$21,463,079	
Domestic Equity (15%)	**$13,627,529**	**15.7%**
Winslow (Large Cap Growth)	$7,249,711	
DGHM (All Cap Value)	$3,251,549	
MD Sass (Relative Value)	$3,126,270	

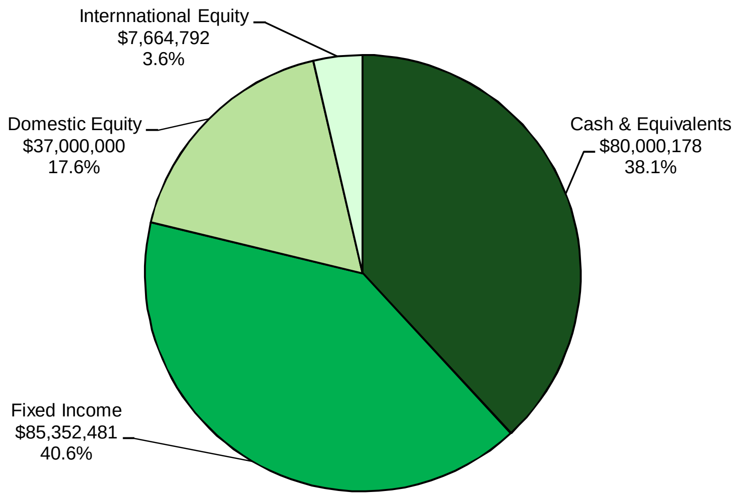
Pool IV	$54,612,947	Current Allocation
Broad Market Fixed Income (35%)	**$20,596,253**	**37.7%**
Galliard Capital Management	$11,631,855	
PIMCO Total Return (1)	$5,853,970	
Galliard Treasury Inflation Protected (TIPS)	$3,110,428	
Domestic Equity (50%)	**$26,581,897**	**48.7%**
Winslow (Large Cap Growth)	$13,500,151	
DGHM (All Cap Value)	$6,659,846	
MD Sass (Relative Value)	$6,421,900	
International Equity (15%)	**$7,434,797**	**13.6%**
Europacific Growth	$3,790,341	
Manning & Napier Overseas	$3,644,456	

1. The PIMCO Total Return market value includes the $6,599 cash balance in the mutual fund account.

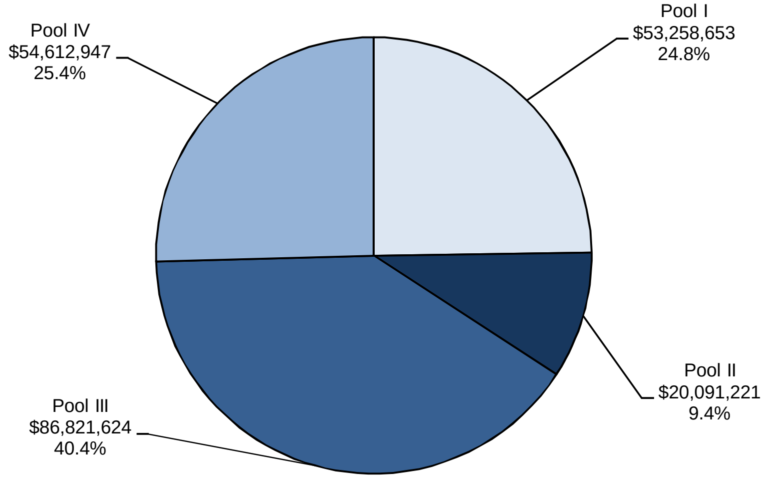
3/31/10: $210,017,451
Pool Allocation



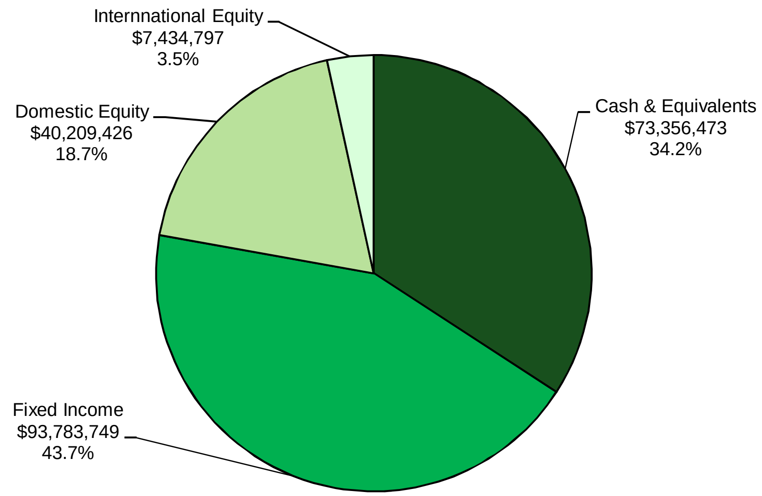
Asset Allocation



6/30/12: $214,784,445
Pool Allocation



Asset Allocation



University of Central Florida
Operating Budget Status

June 30, 2012

Year-to-Date Activity and Variances

The attached reports include revenues and expenditures for the twelve months ending June 30, 2012, compared to the operating budget. Student credit hours are slightly below the enrollment plan by 1.5 percent and exceeded the prior year by 3.8 percent. Revenue and expenditures as a percentage of budget are 6.5 and 4.4 percent lower than last year. Overall, expenditures and revenues as a percent of the operating budget are 78 percent. Specific activities and variances in certain budget categories are described below.

<u>Educational & General</u>

The Education & General (E&G) budget includes expenditures for instructional activities and related administrative support. Revenue sources include general revenue, Educational Enhancement Funds (lottery), and student fees. E&G student fees include tuition and out-of-state fees.

E&G revenues have decreased by $6.6 million primarily due to:

- $28.0 million increase in student tuition and fees
- $17.5 million decrease in state appropriations
- $17.5 million decrease in American Recovery and Reinvestment Act funds.

E&G expenditures increased by $40.1 million. As a result of reduced state funding, UCF had to rely on carry-forward funds to support campus operations and initiatives, which cannot continue on a recurring basis. The increases were primarily due to:

- $21.0 million increase in furniture, equipment, and other facility improvements and support related to various academic facilities, Millican Hall, and Facilities and Safety central warehouse
- $6.7 million increase due to the creation of an escrow fund related to Conference USA exit negotiations
- $5.2 million increase due to less funding from Auxiliary for Distance Learning
- $2.7 million increase in student financial aid
- $2.3 million increase in telecom and computer service expenditures
- $2.0 million increase in institutional research awards and support.

<u>Medical School</u>

Medical school revenues increased by $3.6 million primarily due to increased student fee revenues of $2.7 million and increased state appropriations of $0.8 million.

Medical school expenditures increased by $3.2 million primarily due to increased faculty and staff payroll.

University of Central Florida
Operating Budget Status

June 30, 2012

<u>Auxiliary Enterprises</u>

Revenues increased $7.9 million primarily due to the following:

- $5.2 million increase in student fees
- $2.6 million increase related to parking decal sales, investment earnings, and UCF TV Studio revenue.

Expenditures decreased by $26.2 million primarily due to the following:

- $17.0 million decrease related to prior year funding for the Pegasus Health Clinic, Academic Village Expansion, Greek Housing and Residence Life Center, Valencia College, and the Combined Heat and Power Plant
- $5.7 million decrease in Distance Learning expenditures
- $3.4 million decrease in computer store re-sale expenditures due to prior year purchases for the College of Medicine, Recreation and Wellness Center, Physical Sciences building, Performing Arts building, and Partnership buildings.

<u>Sponsored Research</u>

Revenues increased $3.4 million due to the following:

- $2.4 million increase in private grants primarily to the Department of Physics in the College of Sciences, the Department of Electrical Engineering and Computer Science, and the Division of Student Development and Enrollment Services
- $1.4 million increase in institutional awards for Space Research Initiative projects
- $1.3 million increase in overhead revenue
- $2.2 million decrease in state grants primarily within the Office of Research Administration, the Florida Solar Energy Center, and the Departments of Child, Family and Community Services.

Expenses increased $19.7 million primarily due to the following:

- $15.1 million for the Lake Nona land purchase
- $3.1 million increase in contract and service fees for the Florida Solar Energy Center; the Advanced Training System Simulation Center; the Department of Mechanical, Materials and Aerospace Engineering; the College of Medicine; and various other departments.

<u>Student Financial Aid</u>

Revenues increased $26.2 million primarily due to the following:

- $30.3 million net increase in student Direct Lending and Stafford loans

- $8.1 million increase in federal Pell grants
- $12.5 million decrease in Bright Futures.

Expenditures increased $26.4 million due to an increase in need-based student awards.

Student Activities

Revenue for student activities includes the Activity and Service Fee charged to students per credit hour and the revenue generated from the operation of the Student Union and the Recreation and Wellness Center.

Revenues increased $1.0 million from the prior year primarily due to increased student fees.

Expenditures increased $1.6 million primarily due to an increase in Student Assistants for the new Recreation and Wellness Outdoor Adventure division and payments to Aramark for Catering events in the Student Union.

Technology Fee

Revenues from the technology fee increased $1.0 million over the prior year primarily due to increased technology fees.

Total expenditures increased $2.0 million primarily for Technology Fee projects to expand and upgrade the networks at the College of Engineering, the College of Health and Public Affairs, and Computer Services and Telecommunications.

University of Central Florida
Operating Budget Report

as of June 30, 2012 (100% of year)

Fiscal Year 2012	Revenue	Expenditures	Expenditure Budget	% of Budget Spent	Revenue as % of Budget	Revenue less Expenditures	Fund Balance (as of July 1)
Educational & General	$ 443,836,497	$ 460,992,140	$ 624,167,035	73.9%	71.1%	$ (17,155,643)	$ 182,885,806
Medical School	28,037,186	25,277,854	36,142,540	69.9%	77.6%	2,759,332	8,375,781
Auxiliary Enterprises	146,493,121	116,080,500	172,101,864	67.4%	85.1%	30,412,621	101,273,349
Sponsored Research	131,152,426	149,848,389	152,517,750	98.2%	86.0%	(18,695,963)	41,201,181
Student Financial Aid	430,169,390	429,058,721	526,837,052	81.4%	81.7%	1,110,669	26,956,026
Student Activities	18,431,551	17,537,194	19,919,638	88.0%	92.5%	894,357	8,455,935
Concessions	492,568	344,003	420,000	81.9%	117.3%	148,565	488,684
Technology Fee	9,141,291	8,304,691	13,000,000	63.9%	70.3%	836,600	5,486,887
	$ 1,207,754,030	$ 1,207,443,492	$ 1,545,105,879	78.1%	78.2%	$ 310,538	$ 375,123,649

Fiscal Year 2011	Revenue	Expenditures	Expenditure Budget	% of Budget Spent	Revenue as % of Budget	Revenue less Expenditures	Fund Balance (as of July 1)
Educational & General	$ 450,489,265	$ 420,863,518	$ 595,994,687	70.6%	75.6%	$ 29,625,747	$ 153,260,059
Medical School	24,421,580	22,068,745	29,500,657	74.8%	82.8%	2,352,835	6,022,945
Auxiliary Enterprises	138,503,926	142,336,717	155,523,146	91.5%	89.1%	(3,832,791)	105,106,140
Sponsored Research	127,759,980	130,104,204	160,545,000	81.0%	79.6%	(2,344,224)	43,545,405
Student Financial Aid	403,971,717	402,636,078	414,112,625	97.2%	97.6%	1,335,639	25,620,386
Student Activities	17,459,474	15,971,922	18,362,001	87.0%	95.1%	1,487,552	6,968,384
Concessions	72,667	353,857	480,000	73.7%	15.1%	(281,190)	769,875
Technology Fee	8,161,621	6,269,819	7,500,000	83.6%	108.8%	1,891,802	3,595,085
	$ 1,170,840,230	$ 1,140,604,860	$ 1,382,018,116	82.5%	84.7%	$ 30,235,370	$ 344,888,279

University of Central Florida
Operating Expenditure Report

as of June 30, 2012 (100% of year)

Fiscal Year 2012

	Expenditures - Amount					Expenditures - Percent of Total				
	Salaries and Benefits	Expenses	Capital Purchases	Debt Service	Total	Salaries and Benefits	Expenses	Capital Purchases	Debt Service	Total
Educational & General	$ 306,026,734	$ 144,869,354	$ 9,590,577	$ 505,475	$ 460,992,140	66.4%	31.4%	2.1%	0.1%	100.0%
Medical School	18,303,340	6,708,944	265,570	-	25,277,854	72.4%	26.5%	1.1%	-	100.0%
Auxiliary Enterprises	38,720,775	63,041,299	2,317,493	12,000,933	116,080,500	33.4%	54.3%	2.0%	10.3%	100.0%
Sponsored Research	60,658,218	66,569,992	22,620,603	(424)	149,848,389	40.5%	44.4%	15.1%	0.0%	100.0%
Student Financial Aid	2,522,138	426,536,583	-	-	429,058,721	0.6%	99.4%	-	-	100.0%
Student Activities	8,729,153	8,693,751	114,290	-	17,537,194	49.8%	49.6%	0.7%	-	100.0%
Concessions	5,660	338,343	-	-	344,003	1.6%	98.4%	-	-	100.0%
Technology Fee	1,769	6,093,743	2,209,179	-	8,304,691	0.0%	73.4%	26.6%	-	100.0%
	$ 434,967,787	$ 722,852,009	$ 37,117,712	$ 12,505,984	$ 1,207,443,492	36.0%	59.9%	3.1%	1.0%	100.0%

Fiscal Year 2011

	Expenditures - Amount					Expenditures - Percent of Total				
	Salaries and Benefits	Expenses	Capital Purchases	Debt Service	Total	Salaries and Benefits	Expenses	Capital Purchases	Debt Service	Total
Educational & General	$ 305,548,837	$ 93,077,961	$ 21,723,697	$ 513,023	$ 420,863,518	72.6%	22.1%	5.2%	0.1%	100.0%
Medical School	15,665,968	5,668,962	733,815	-	22,068,745	71.0%	25.7%	3.3%	-	100.0%
Auxiliary Enterprises	38,660,455	78,390,015	13,258,810	12,027,437	142,336,717	27.2%	55.1%	9.3%	8.4%	100.0%
Sponsored Research	60,360,229	59,500,630	10,242,921	424	130,104,204	46.4%	45.7%	7.9%	0.0%	100.0%
Student Financial Aid	2,739,258	399,896,820	-	-	402,636,078	0.7%	99.3%	-	-	100.0%
Student Activities	8,022,275	7,536,857	412,790	-	15,971,922	50.2%	47.2%	2.6%	-	100.0%
Concessions	1,817	352,040	-	-	353,857	0.5%	99.5%	-	-	100.0%
Technology Fee	414	4,016,163	2,253,242	-	6,269,819	0.0%	64.1%	35.9%	-	100.0%
	$ 430,999,253	$ 648,439,448	$ 48,625,275	$ 12,540,884	$ 1,140,604,860	37.8%	56.9%	4.3%	1.1%	100.0%

University of Central Florida
Operating Budget Report

as of June 30, 2012 (100% of year)

Statistical Information

Student Credit Hours [1]

	Fiscal Year 2012				Fiscal Year 2011			
Actual Compared to UCF Plan	Actual	Plan	Difference	% Variance	Actual	Plan	Difference	% Variance
Summer	232,108	228,610	3,498	1.5%	218,087	211,477	6,610	3.1%
Fall	647,221	660,196	(12,975)	-2.0%	624,533	620,969	3,564	0.6%
Spring	624,479	638,335	(13,856)	-2.2%	606,495	604,346	2,149	0.4%
	1,503,808	1,527,141	(23,334)	-1.5%	1,449,115	1,436,792	12,323	0.9%

Current Year Compared to Prior Year	2011-12	2010-11	Difference	% Variance	2010-11	2009-10	Difference	% Variance
Summer	232,108	218,087	14,021	6.4%	218,087	204,472	13,615	6.7%
Fall	647,221	624,533	22,688	3.6%	624,533	594,411	30,122	5.1%
Spring	624,479	606,495	17,984	3.0%	606,495	579,626	26,869	4.6%
	1,503,808	1,449,115	54,693	3.8%	1,449,115	1,378,509	70,606	5.1%

Additional Statistical Information

	2011-12	2010-11	Difference	% Variance
Student headcount - Fall 2011 and 2010	58,698	56,337	2,361	4.2%
Percent in-state students - Fall 2011 and 2010	95.1%	95.3%	-0.2%	-0.2%
Foundation endowment - June 30, 2011, and 2010	$125,668,734	$102,098,144	$ 23,570,590	23.1%
Foundation assets - June 30, 2011, and 2010	$245,947,887	$225,958,256	$ 19,989,631	8.8%
On-campus Housing, including Greek Housing	6,147			
Rosen Campus housing	388			
Affiliated housing	3,741			
Gross square footage - Orlando Campus	9,104,326			
Acreage - Orlando Campus	1,415			

[1] Medical students are not included in student credit hours.

University of Central Florida
Operating Budget Status

Explanation of Terms

Budgets

Educational & General. The Educational & General budget includes expenditures for instructional activities and related administrative support. This budget is funded by general revenue, Educational Enhancement Funds, and student fees. E&G student fees include tuition and out-of-state fees.

Auxiliary Enterprises. Auxiliary enterprises include those activities that are not instructional in nature but support the operation of the university. The primary auxiliary areas include Housing, Student Health Services, Parking Services, Computer Store, Telecommunications, Continuing Education, Dining Services, and the Bookstore. The auxiliaries must generate adequate revenue to cover expenditures and allow for future renovations and building or equipment replacement, if applicable. Several of the auxiliaries are partially or wholly funded by student fees, including Student Health Services, Parking Services and Material and Supply Fees.

Sponsored Research. Sponsored research includes research activities that are funded by federal, state, local, and private funds.

Student Financial Aid. The student financial aid budget largely represents scholarship and loan funds that are received by the university and subsequently disbursed to students. Large disbursements of these funds occur at the beginning of the fall and spring semesters. The expenditures in this budget will, therefore, not coincide with the months remaining in the year.

Student Activities. The student activities budget is funded by the Activity and Service Fee paid by the students and includes expenditures for student government and student clubs and organizations. This budget also includes all expenditures for the Student Union and the Recreation and Wellness Center. Expenditures for these entities are funded by the Activity and Service Fee and by revenue generated through functions in the facilities.

Concessions. The concessions budget is funded from vending machine revenue. These funds are used for events and other expenditures that support the university.

Technology Fee. The technology fee was established in January 2009 as allowed by Florida Statute 1009.24. The university began charging 5 percent of the tuition per credit hour beginning in the fall term of the 2009-10 academic year. A committee and guidelines for the allocation and use of the technology resources was established. The revenue from this fee will be used to enhance instructional technology resources for students and faculty.

University of Central Florida
Operating Budget Status

Explanation of Terms

Expenditure Categories

Salaries and Benefits. Salaries and benefits include salary payments, along with employer benefit costs, including FICA, health insurance, life insurance, disability insurance, and pre-tax benefits. Benefits are approximately 28 percent of salaries for permanent employees.

Expenses. Expenses include office supplies, repairs, maintenance costs, contract services, and all other items not included as salaries, capital purchases, or debt service.

Capital Purchases. Capital purchases include personal property with a value of $5,000 or more and Library resources with a value of $250 or more, and an expected life of one year or more. The threshold at which tangible personal property is capitalized was increased on July 1, 2011, from $1,000 to $5,000 and Library resources from $25 to $250.

Debt Service. Debt service includes principal and interest payments on bonds and other loans within the university.

UCF Foundation
Statement of Operations
For the Fourth Quarter Ending June 30, 2012, and 2011

	2012				2011			
	Actual *	Budget	Variance		Actual	Budget	Variance	
Revenues								
Unrestricted gifts, fees, and investment earnings	$ 4,437,826	$ 4,841,181	$ (403,355)	-8.3%	$ 4,481,116	$ 4,092,769	$ 388,347	9.5%
Real estate	1,806,883	1,704,182	102,701	6.0%	2,970,777	2,972,000	(1,223)	0.0%
Other	7,008,320	7,602,219	(593,899)	-7.8%	3,260,599	3,204,782	55,817	1.7%
Total revenue	13,253,029	14,147,582	(894,553)	-6.3%	10,712,492	10,269,551	442,941	4.3%
Expenses								
Academic and university support	1,422,523	1,703,805	(281,282)	-16.5%	1,333,520	1,581,234	(247,714)	-15.7%
Development, alumni relations, and operations	11,647,943	12,443,777	(795,834)	-6.4%	9,701,385	8,688,317	1,013,068	11.7%
Total expenses	13,070,466	14,147,582	(1,077,116)	-7.6%	11,034,905	10,269,551	765,354	7.5%
Net increase(decrease) from total operations	$ 182,563	$ -	$ 182,563	-	$ (322,413)	$ -	$ (322,413)	-
Debt Service								
Total principal and interest payments	$ 3,367,678				$ 2,855,176			

* Actual figures are preliminary and incomplete and have not been subject to audit. Year-end adjustments are in process.

**This budget includes the division of Alumni Relations and Development.

Golden Knights Corporation
Statement of Operations
Through Quarter Ending June 30, 2012

	2012				2011			
	Actual	Budget	Variance		Actual	Budget	Variance	
Revenues								
Premium seating	$ 1,561,353	$ 1,662,000	$ (100,647)	-6.1%	$ 1,573,368	$ 1,620,000	$ (46,632)	-2.9%
Naming rights	500,000	500,000	-	0.0%	1,000,000	1,000,000	-	0.0%
Athletic transfers	7,341,207	7,344,110	(2,903)	0.0%	7,064,455	7,832,525	(768,070)	-9.8%
Other	1,039,547	1,429,180	(389,633)	-27.3%	1,083,627	1,533,103	(449,476)	-29.3%
Total revenues	10,442,107	10,935,290	(493,183)	-4.5%	10,721,451	11,985,628	(1,264,177)	-10.5%
Expenses								
Total operating expenses	835,910	818,448	17,462	2.1%	788,308	838,783	(50,475)	-6.0%
Net Increase from total operations	$ 9,606,196	$ 10,116,842	$ (510,646)	-5.0%	$ 9,933,143	$ 11,146,845	$ (1,213,702)	-10.9%
Debt Service*								
Total principal and interest payments	$ 4,116,835				$ 4,177,753			

*Includes additional principal payments

** Actual figures are preliminary and incomplete and have not been subject to audit. Year-end adjustments are in process.

UCF Research Foundation
Statement of Operations
Through Quarter Ending June 30, 2012

	2012				2011			
	Actual	Budget	Variance		Actual	Budget	Variance	
Revenues								
Royalties, contracts, and contributions	$ 5,435,722	$ 4,679,500	$ 756,222	16.2%	$ 4,927,848	$ 4,679,500	$ 248,348	5.3%
Other	235,191	200,400	34,791	17.4%	184,741	200,400	(15,659)	-7.8%
Total revenues	5,670,914	4,879,900	791,014	16.2%	5,112,589	4,879,900	232,689	4.8%
Expenses								
Total operating expenses	5,192,767	4,643,150	549,617	11.8%	4,713,111	4,643,150	69,961	1.5%
Net increase from operations	$ 478,146	$ 236,750	$ 241,396	102.0%	$ 399,478	$ 236,750	$ 162,728	68.7%

* Actual figures are preliminary and incomplete and have not been subject to audit. Year-end adjustments are in process.

UCF Finance Corporation
Statement of Operations
Through Quarter Ending June 30, 2012

	2012				2011			
	Actual	Budget	Variance		Actual	Budget	Variance	
Revenues								
Operating	$ 9,734	$ 10,000	$ (266)	-2.7%	$ 11,289	$ 159	$ 11,130	7000.1%
University transfers	2,859,418	2,931,679	(72,261)	-2.5%	2,979,022	2,897,316	81,706	2.8%
Total revenues	2,869,152	2,941,679	(72,527)	-2.5%	2,990,311	2,897,475	92,836	3.2%
Expenses								
Operating	42,193	40,740	1,453	3.6%	53,395	43,085	10,310	23.9%
Interest	2,639,806	2,723,930	(84,124)	-3.1%	2,790,548	2,675,930	114,618	4.3%
Debt related	197,251	203,314	(6,063)	-3.0%	192,560	207,445	(14,885)	-7.2%
Total expenses	2,879,249	2,967,984	(88,735)	-3.0%	3,036,503	2,926,460	110,043	3.8%
Net decrease from total operations	$ (10,097)	$ (26,305)	$ 16,208	-61.6%	$ (46,192)	$ (28,985)	$ (17,207)	59.4%
Debt Service								
Total principal and interest payments	$ 3,769,806				$ 3,865,548			

* Actual figures are preliminary and incomplete and have not been subject to audit. Year-end adjustments are in process.

UCF Athletic Association
Statement of Operations
Through Quarter Ending June 30, 2012

	2012				2011			
	Actual	Budget	Variance		Actual	Budget	Variance	
Revenues								
Athletic events	$ 11,242,208	$ 11,169,248	$ 72,960	0.7%	$ 11,726,814	$ 13,079,693	$ (1,352,879)	-10.3%
Contributions	2,121,430	2,348,573	(227,143)	-9.7%	1,978,556	2,762,534	(783,978)	-28.4%
University sources	22,119,194	22,454,582	(335,388)	-1.5%	21,291,267	20,628,211	663,056	3.2%
Other	1,224,650	532,235	692,415	130.1%	518,175	562,374	(44,199)	-7.9%
Total revenues	36,707,482	36,504,638	202,844	0.6%	35,514,812	37,032,812	(1,518,000)	-4.1%
Expenses								
Scholarships	6,559,401	6,628,938	(69,537)	-1.0%	6,385,821	6,433,257	(47,436)	-0.7%
Employee compensation	13,915,848	14,326,890	(411,042)	-2.9%	13,620,968	13,690,305	(69,337)	-0.5%
Sport operations	8,335,179	8,124,644	210,535	2.6%	8,107,326	8,831,531	(724,205)	-8.2%
Support operations	6,301,994	6,243,169	58,825	0.9%	5,979,587	6,104,495	(124,908)	-2.0%
Other	781,400	429,543	351,857	81.9%	680,220	711,755	(31,535)	-4.4%
Total expenses	35,893,822	35,753,184	140,638	0.4%	34,773,922	35,771,343	(997,421)	-2.8%
Net increase from total operations	$ 813,660	$ 751,454	$ 62,206	8.3%	$ 740,890	$ 1,261,469	$ (520,579)	-41.3%
Debt Service								
Total principal and interest payments	$ 456,848				$ 1,199,132			

NOTE: The 2012 numbers are unaudited and may not represent final audited version. The audit fieldwork is currently scheduled for August 13-24.

UCF Convocation Corporation
Statement of Operations
Through Quarter Ending June 30, 2012

	2012				2011			
	Actual	Budget	Variance		Actual	Budget	Variance	
Arena Operations								
Revenues								
Event related	$ 6,668,866	$ 7,201,261	$ (532,395)	-7.4%	$ 6,743,402	$ 6,818,476	$ (75,074)	-1.1%
Premium seating and sponsorship	517,302	564,002	(46,700)	-8.3%	452,093	405,000	47,093	11.6%
Other	2,827,698	2,805,509	22,189	0.8%	3,545,966	3,584,727	(38,761)	-1.1%
University support	-	-	-	-	-		-	-
Total revenue	10,013,866	10,570,772	(556,906)	-5.3%	10,741,461	10,808,203	(66,742)	-0.6%
Expenses								
Direct event	4,495,754	5,253,140	(757,386)	-14.4%	4,721,590	4,877,071	(155,481)	-3.2%
Operating and indirect event	3,092,538	3,100,624	(8,086)	-0.3%	3,005,775	3,220,471	(214,696)	-6.7%
Direct premium seating	210,328	267,060	(56,732)	-21.2%	256,055	207,174	48,881	23.6%
Total expenses	7,798,620	8,620,824	(822,204)	-9.5%	7,983,420	8,304,716	(321,296)	-3.9%
Net increase from arena operations	2,215,246	1,949,948	265,298	13.6%	2,758,041	2,503,487	254,554	10.2%
Housing Operations								
Revenues								
Apartment rentals	16,772,271	17,306,362	(534,091)	-3.1%	16,868,750	16,888,542	(19,792)	-0.1%
Parking	829,579	829,110	469	0.1%	668,891	730,482	(61,591)	-8.4%
Other	517,868	392,000	125,868	32.1%	635,017	312,000	323,017	103.5%
Total revenues	18,119,719	18,527,472	(407,753)	-2.2%	18,172,658	17,931,024	241,634	1.3%
Expenses								
Total operating expenses	5,207,340	6,053,853	(846,513)	-14.0%	5,190,072	5,816,506	(626,434)	-10.8%
Net increase from Housing operations	12,912,380	12,473,619	438,761	3.5%	12,982,586	12,114,518	868,068	7.2%
Retail Operations								
Revenues								
Total revenue	1,821,212	1,787,548	33,664	1.9%	1,590,848	1,658,707	(67,859)	-4.1%
Expenses								
Total operating expenses	438,386	543,307	(104,921)	-19.3%	454,463	603,758	(149,295)	-24.7%
Net increase from retail operations	1,382,826	1,244,241	138,585	11.1%	1,136,384	1,054,949	81,435	7.7%
Net Increase from total operations	$ 16,510,452	$ 15,667,808	$ 842,644	5.4%	$ 16,877,012	$ 15,672,954	$ 1,204,058	7.7%
Debt Service								
Total principal and interest payments	$ 16,210,626				$ 16,208,027			

* Actual figures are preliminary and incomplete and have not been subject to audit. Year-end adjustments are in process.

University and DSO Debt

By Entity

As of June 30, 2012

	Debt Outstanding Fixed	Debt Outstanding Variable	Debt Outstanding Total	Debt Service 2012		Max Annual Debt Service	Sources of Payment
University							
Bookstore - revenue bonds	$ 1,265,000	$ -	$ 1,265,000	$ 295,536		$ 294,536	Auxiliary interest, bookstore commissions
Health Center - revenue bonds	5,560,000	-	5,560,000	616,024		620,780	Health fees
Parking - revenue bonds	36,050,000	-	36,050,000	4,413,518		4,555,858	Transportation access fees, decals, fines
Housing - revenue bonds	111,810,000	-	111,810,000	6,370,421		8,794,739	Room rents
Total University	154,685,000	-	154,685,000	11,695,499		14,265,913	
UCF Hospitality School Student Housing Foundation							
Housing - revenue bonds	14,685,000	-	14,685,000	1,421,831	1	1,513,410	Total project revenues
UCF Convocation Center							
Housing and retail revenue COPs	123,630,000	-	123,630,000	9,007,324		9,007,324	Total project revenues
Arena and retail revenue COPs	99,265,000	-	99,265,000	7,203,302		7,203,302	Total project revenues
Total UCF Convocation Corporation	222,895,000	-	222,895,000	16,210,626		16,210,626	
UCF Golden Knights Corporation							
Stadium revenue COPs	42,755,000	12,485,000	55,240,000	4,310,248		4,310,248	Stadium revenues, university resources
UCF Finance Corporation							
Burnett Biomedical Research facility bonds	57,795,000	-	57,795,000	3,740,022	2	3,740,961	Sponsored programs
UCF Athletics Association							
Due to university (principal only)		10,353,158	10,353,158	-		1,000,000	UCFAA and stadium restricted surplus funds
SunTrust	199,300	-	199,300	44,451		44,451	UCFAA revenues, pledge payments
Fifth Third lines of credit		7,445,115	7,445,115	1,060,000		1,060,000	UCFAA revenues and Title IX funds
Total UCF Athletics Association	199,300	17,798,273	17,997,573	1,104,451		2,104,451	
UCF Foundation							
SunTrust	-	1,895,000	1,895,000	268,434		-	Property rentals, pledge revenues
Benton and Cole Trusts	1,970,509	-	1,970,509	142,500		1,999,340	Property rentals, pledge revenues
Fairwinds	646,849	-	646,849	195,144		-	Property rentals, pledge revenues
BB&T	28,325,000	-	28,325,000	2,750,134		2,764,678	Property rentals, pledge revenues
Total Foundation	30,942,358	1,895,000	32,837,358	3,356,213		$ 4,764,018	
Total University and DSO Debt	$ 523,956,658	$ 32,178,273	$ 556,134,931	$ 41,838,889			

[1] The university housing auxiliary is responsible for the Rosen Foundation debt service. The debt has a fixed-rate interest swap.

[2] These bonds have a synthetic fixed-rate interest swap.

Lines of Credit

	Maximum Amount	Outstanding	Available
UCF Athletics			
Fifth Third lines of credit	9,300,000	7,445,115	1,854,885

Variable Rate Debt

	Outstanding	Rate
UCF Golden Knights Corporation - COPs	$ 12,485,000	1.22%
UCF Athletics Association		
Fifth Third lines of credit	7,445,115	1.60%-3.24%
University loan	10,353,158	2.40%
UCF Foundation		
SunTrust	1,895,000	3.34%
Total variable debt outstanding	$ 32,178,273	

UNIVERSITY OF CENTRAL FLORIDA

DEBT MANAGEMENT GUIDELINES

Approved - November 30, 2006
Revised - October 12, 2010

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I. INTRODUCTION

The Need for and Purpose of Debt Management Guidelines

The University of Central Florida (“University” or “UCF”) and its direct support organizations (“DSOs”) have funded significant investments in infrastructure, such as buildings, equipment, land, and technology, to meet the needs of a growing student population and to upgrade and maintain existing capital assets. A significant amount of the funding for this investment in infrastructure has been provided through the issuance of debt for the benefit of the university and its DSOs.

All debt issuances must be approved in advance by the Board of Trustees (“BOT”). Certain debt must also be approved by the Florida Board of Governors (“Board”) pursuant to its debt issuance guidelines dated April 27, 2006.

For purposes of these guidelines:

i) “debt” means bonds, loans, promissory notes, lease-purchase agreements, certificates of participation, installment sales, leases, or any other financing mechanism or financial arrangement, whether or not a debt for legal purposes, for financing or refinancing, for or on behalf of a state University or a direct support organization, or for the acquisition, construction, improvement or purchase of capital outlay projects;

ii) “capital outlay project” means (i) any project to acquire, construct, improve or change the functional use of land, buildings, and other facilities, including furniture and equipment necessary to operate a new or improved building or facility, and (ii) any other acquisition of equipment or software; and

iii) “financing documents” means those documents and other agreements entered into by the state University or the DSO establishing the terms, conditions, and requirements of the debt issuance.

iv) “auxiliary enterprise” means any activity defined in section 1011.47(1), Florida Statutes, and performed by a university or a direct support organization.

II. GENERAL DEBT ISSUANCE GUIDELINES

PROCESS FOR SUBMITTING DEBT FOR APPROVAL

Timing. The submission of proposed debt for approval by the BOT shall be governed by the following process:

a) No later than four weeks prior to a BOT meeting where approval for the issuance of debt is sought, a copy of all information required to be submitted by these guidelines in support of the request shall be provided to the BOT Associate Corporate Secretary for inclusion in the board packet.

Information required for the board package.

a) A proposed agenda item.

b) A feasibility study and/or consultant report describing the project and its feasibility.

c) For debt issued by DSOs, a resolution adopted by the DSO board approving issuance of the debt.

d) Estimated project cost, with schedules drawn by month and including start and completion dates, and estimated useful life, and the date bond proceeds are required.

e) The sources-and-uses of funds, clearly depicting all costs, funding sources expected to be used to complete the project, and the estimated amount of the debt to be issued.

f) An estimated debt service schedule with the assumed interest rate on the debt clearly disclosed. If the proposed debt service is not structured on a level debt service basis, an explanation shall be provided that gives the reason it is desirable to deviate from a level debt structure.

g) One consolidated debt service schedule separately showing any outstanding debt related to or impacting the debt being proposed, the proposed debt and the new estimated total debt service.

h) A description of the security supporting the repayment of the proposed debt and the lien position the debt will have on that security. If the lien is junior to any other debt, the senior debt must be described. Furthermore, a description of why the debt is proposed to be issued on a junior lien basis must be provided. A statement citing the legal authority for the source of revenues securing repayment must also be provided.

i) If debt is to be incurred on a parity basis with outstanding debt, a schedule showing estimated compliance with any additional bonds requirement set forth in the documents governing the outstanding debt. The applicable provisions of the documents for bonds of DSOs should be provided.

j) If auxiliary revenues are pledged for debt service, financial statements for five years, if available, for the auxiliary,

k) A five-year history, if available, and five-year projection of the revenues securing payment and debt service coverage.

l) Evidence that the project is consistent with the University's master plan or a statement that the project is not required to be in the master plan.

m) For variable rate debt proposals:

   i) the expected reduction in total borrowing costs based on a comparison of fixed versus variable interest rates;

   ii) a variable rate debt management plan that addresses liquidity and interest rate risks and provides, at a minimum: a description of budgetary controls, a description of liquidity arrangements, a discussion of why the amount of variable rate debt being proposed is appropriate, and a plan for hedging interest rate exposure. If interest rate risks are to be mitigated by the use of derivatives, then evidence that the counterparty has a long term rating of at least an A/A2 and a swap management plan as set forth in the Board's Debt Management Guidelines must be submitted.

iii) a pro forma showing the fiscal feasibility of the project using current market interest rates plus 200 basis points;

iv) the total amount of variable rate debt including the proposed debt as a percentage of the total amount of University and DSO debt outstanding; and

v) the individual or position that will be responsible for the reporting requirements for variable rate debt as set forth in these guidelines.

n) If all or any portion of the financing is contemplated to be done on a taxable basis, then evidence must be submitted demonstrating that the issuance of taxable debt is in the best interest of the University.

o) A statement explaining whether legislative approval is required, and if required, an explanation as to when legislative approval will be sought or evidence that legislative approval has already been obtained.

p) If a request is made to employ a negotiated method of sale, an analysis must be provided supporting the selection of this method that includes a discussion of the factors set forth in section IV of these Guidelines.

q) A description of the process used to select each professional engaged in the transaction, showing compliance with the competitive selection process required by these Guidelines. Specific contact information for each selected professional must be included, and at a minimum, should disclose the professional's name, firm name, address, email address, phone number, and facsimile number.

r) The most recent annual variable rate debt report.

Committing University Resources for Debt Issued by Direct Support Organizations

The debt of any DSO may not be secured by an agreement or contract with the University unless the source of payments under such agreement or contract is limited to revenues that the University is authorized to use for the payment of debt service. Any such contract or agreement shall also be subject to the requirements set forth under "Security Features – Pledged Revenues."

Credit Ratings

Where possible, all new financings should be structured to achieve a minimum rating of "A" from at least two nationally recognized rating agencies. Credit enhancement may be used to achieve this goal.

Tax Status

All University and DSO debt should be issued tax exempt unless the issuance of taxable debt is in the University's best interest.

Security Features

Pledged Revenues. The revenues that may secure debt include the following:

a) Activity and Service Fee, subject to the limitation that annual debt service payable from these fees does not exceed five percent of the revenues derived therefrom.

b) Athletic Fee, subject to the limitation that annual debt service payable from these fees does not exceed five percent of the revenues derived therefrom.

c) Health Fee.

d) Transportation Access Fee.

e) Hospital Revenue.

f) Licenses and Royalties for facilities that are functionally related to the University operation or DSO reporting such royalties and licensing fees.

g) Gifts and Donations for debt not longer than five years.

h) Overhead and indirect costs and other monies not required for the payment of direct costs of grants.

i) Assets of University Foundations and DSOs and earnings thereon.

j) Auxiliary Enterprise Revenues, e.g., housing, parking, food service, athletic, retail sales, research activities.

Functional Relationships. Revenues from one auxiliary enterprise (a "Supporting Auxiliary Enterprise") may not be used to secure debt of another auxiliary enterprise unless the Board, after review and analysis, determines that the facility being financed (the "Facility") is functionally related to the Supporting Auxiliary Enterprise's revenues being used to secure such debt. The Board must determine whether a functional relationship exists whenever revenues from a Supporting Auxiliary Enterprise will be used to pay or secure the debt of a Facility or when proceeds of bonds issued by a Supporting Auxiliary Enterprise will be used, directly or indirectly, to pay costs relating to a Facility. When a functional relationship is established between a Facility and a Supporting Auxiliary Enterprise, only that portion of the Supporting Auxiliary Enterprises's revenues that exceed its operating requirements and debt service, if any, may be pledged to secure such debt; provided that such pledge may be on parity with outstanding debt if permitted by the covenants and conditions of the outstanding debt.

A functional relationship exists when a nexus is established between the Facility and the Supporting Auxiliary Enterprise's revenues. Whether a Facility is functionally related to the Supporting Auxiliary Enterprise's revenues must be determined on a case by case basis, taking into consideration the unique facts and circumstances surrounding each individual situation.

Examples of functional relationships include, but are not limited to a parking facility intended to provide parking to residents of a student housing facility and located with reasonably close proximity to a student housing facility; a food services facility intended to serve residents of a student housing facility and located within reasonably close proximity to a student housing facility; or shared infrastructure (e.g. water lines, sewer lines, utilities, plaza areas) located within reasonably close proximity to both the Facility and the Supporting Auxiliary Enterprise. While representations that a Facility will provide general benefits to or enhance the experience of the student body are desirable, this factor alone is not determinative in and of itself to establish a functional relationship between the Facility and the Supporting Auxiliary Enterprise's revenues.

Lien Status. All bonds of a particular program should be secured by a first lien on specified revenues. Additionally, bonds should generally be equally and ratably secured by the revenues pledged to the payment of any outstanding bonds of a particular bond program. However, the creation of a subordinate lien is permissible if a first lien is not available or circumstances require.

Reserve Fund. Debt service reserve requirements may be satisfied by a deposit of bond proceeds, purchase of a reserve fund credit facility, or funding from available resources over a specified period of time. In the submission of a request for debt issuance, it is preferred, though not required, that the bond size for the proposed debt include provisions for funding a reserve from bond proceeds. This provision will ensure that, in the event the University is unable to obtain a reserve fund credit facility, it will still have an authorized bond amount sufficient to fund its needs. Debt service reserve requirements may also be satisfied with cash balances.

Credit Enhancement. Any bond insurance or credit enhancement should be chosen through a competitive selection process analyzing the cost of the insurance or credit enhancement and the expected interest cost savings to result from their use.

Capitalized Interest. Capitalized interest from bond proceeds should only be used when necessary for the financial feasibility of the project.

Structural Features

Length of Maturity. The final maturity on bonds should not exceed thirty years.

Debt secured by gifts and donations shall not be considered long-term financing but may be used as a temporary or construction loan to accelerate construction of facilities. Accordingly, the maturity of debt secured by gifts and donations shall not exceed five years, including roll-overs or refinancings except refinancings to implement permanent financing. Debt issued to finance equipment and software may not be longer than five years or the useful life of the asset being financed, whichever is shorter. Lastly, the final maturity of the debt should not exceed the estimated useful life of the assets being financed.

*Redemption Prior to Maturity B*onds should be structured with the least onerous call features as may be practical under prevailing market conditions. Bonds of a particular issue may be sold as non-callable if it is shown to be in the best interest of the University or DSO.

Debt Issued With a Forward Delivery Date. Debt with a forward delivery date may be issued if the advantages outweigh the interest rate penalty that will be incurred and the University or DSO is protected from adverse consequences of a failure to deliver the debt.

Interest Accrual Features

Fixed Rate, Current Interest Debt. Fixed rate debt will continue to be the primary means of financing infrastructure and other capital needs.

Derivatives. The University or a DSO should normally issue conventional fixed rate bonds. However, alternative financing instruments may be used when the inherent risks and additional costs are identified and proper provision is made to protect the University and DSO from such risks. A comprehensive derivatives policy should be established prior to entering into transactions using derivatives products.

Capital Appreciation Bonds. When a compelling University interest is demonstrated capital appreciation bonds may be issued.

*Variable Rate Bonds. V*ariable rate debt may be issued where, considering the totality of the circumstances, such bonds can reasonably be expected to reduce the total borrowing cost to the University or DSO over the term of the financing. The following guidelines should apply to the issuance of variable rate debt:

a) *Expected reduction in total borrowing cost*. In determining reasonably expected savings, a comparison should be made between a fixed rate financing at then current interest rates and a variable rate transaction, based on an appropriate floating rate index. The cost of the variable rate transaction should take into account all fees associated with the borrowing that would not typically be incurred in connection with fixed rate bonds, such as tender agent, remarketing agent, or liquidity provider fees.

b) *Budgetary controls*. The following guidelines should be followed in establishing a variable rate debt service budget:

    i) A principal amortization schedule should be established, with provisions made for payment of amortization installments in each respective annual budget;

    ii) Payment of interest for each budget year shall be calculated using an assumed budgetary interest rate that allows for fluctuations in interest rates on the bonds without exceeding the amount budgeted. The budgetary interest rate may be established by: (1) using an artificially high interest rate given current market conditions; or (2) setting the rate based on the last 12 months actual rates of an appropriate index plus a 200 basis point cushion or spread to anticipate interest rate fluctuations during the budget year. The spread should be determined by considering the historical volatility of short-term interest rates, the dollar impact on the budget and current economic conditions and forecasts; or, (3) any other reasonable method determined by the University or DSO and approved by the Board;

iii) The amount of debt service actually incurred in each budget year should be monitored monthly to detect any significant deviations from the annual budgeted debt service. Any deviations in interest rates that might lead to a budgetary problem should be addressed immediately; and

iv) As part of the effort to monitor actual variable rate debt service in relation to the budgeted amounts and external benchmarks, the University or DSO should establish a system to monitor the performance of any service provider whose role it is to periodically reset the interest rates on the debt, i.e., the remarketing agent or auction agent.

d) *Establish a hedge with short-term investments*. Consideration should be given to mitigating the variable interest rate risk by creating a hedge with short-term investments. Appropriate personnel should monitor the hedge monthly. The ratio of such short-term investments to variable debt needs to be examined in conjunction with other interest rate risk hedging, striking an overall balance to minimize interest rate risk.

e) *Variable interest rate ceiling.* The bond documents should include an interest rate ceiling of no greater than 12%.

f) *Mitigating interest rate risks with derivatives*. At a minimum, a University or DSO engaging in this type of interest rate risk mitigation must provide:

i) Evidence that the counterparty has a long term rating of at least an A/A2; and

ii) A swap management plan that details the following:

a) Why the University is engaging in the swap and what the objectives of the swap are.

b) The swap counterparty's rating.

c) An understanding by the issuer of the cash flow projections that detail costs and benefits for the swap.

d) The plan of action addressing the aforementioned risks associated with swaps.

e) The events that trigger an early termination (both voluntary and involuntary) under the swap documents, the cost of this event, and how such would be paid.

f) The method for rehedging variable rate exposure should early termination be exercised.

g) A list of key personnel involved in monitoring the terms of the swap and counterparty credit worthiness.

g) *Liquidity*. If UCF or DSO chooses to provide its own liquidity, it must maintain liquid assets or facilities equal to 100% of the outstanding VRDOs.

h) *Submission of periodic reports*. The University will prepare and submit to the BOT an annual variable rate debt report showing the position during the previous period of the University or DSO variable rate debt with respect to the following measures:

   i) the total principal amount of variable rate debt to principal amount of total debt;

   ii) the amount of debt service accrued during the reporting period in relation to the pro-rata amount of annual budgeted debt service for the reporting period. If the amount of debt service that accrued during the reporting period exceeded the pro-rata amount of annual budgeted debt service for the period, the University shall explain what actions were taken to assure that there would be sufficient revenues and budget authority to make timely payments of debt service during the subsequent years; and

   iii) the amount of variable rate debt in relation to the amount of the University's and/or DSO's short-term investments, and any other strategies used to hedge interest rate risk.

Other Types of Financings

Refunding Bonds. The following guidelines should apply to the issuance of refunding bonds, unless circumstances warrant a deviation there-from:

a) Refunding bonds should be structured to achieve level annual debt service savings.

b) The life of the refunding bonds should not exceed the remaining life of the bonds being refunded.

c) Advance refunding bonds issued to achieve debt service savings should have a minimum target savings level measured on a present value basis equal to 5% of the par amount of the bonds being advance refunded. The 5% minimum target savings level for advance refundings should be used as a general guide to guard against prematurely using the one advance refunding opportunity for post-1986 bond issues. However, because of the numerous considerations involved in the sale of advance refunding bonds, the 5% target should not prohibit advance refundings when the circumstances justify a deviation from the guideline.

d) Refunding bonds that do not achieve debt service savings may be issued to restructure debt or provisions of bond documents if such refunding serves a compelling University interest.

Certificates of Participation and Lease-Type Financing. The University or DSO may utilize these financing structures for all purposes, but it shall be considered as debt for the purposes of these guidelines and the universities shall always budget and make available monies necessary to pay debt service, notwithstanding the right to cancel the lease.

III. METHOD OF SALE AND USE OF PROFESSIONALS

Analysis of Method of Sale

The University or DSO may utilize either a competitive or negotiated sale. If, however, a request is made for a DSO to sell debt using a negotiated sale, staff must provide the BOT with an analysis showing that a negotiated sale is desirable. The analysis should include, but not necessarily be limited to, a consideration of the following factors:

a) Debt Structure

i) pledged revenues – strong revenue stream vs. limited revenue base;

ii) security structure – conventional resolution, cash flow, rate and coverage covenants vs. unusual or weak covenants;

iii) debt instrument – traditional serial and term bonds vs. innovative, complex issues requiring special marketing; and

iv) size – a smaller transaction of a size that can be comfortably managed by the market vs. a large size that the market cannot readily handle.

b) Credit Quality

i) ratings – "A" or better vs. below single "A"; and

ii) outlook – stable vs. uncertain.

c) Issuer

i) type of organization – well-known, general purpose vs. special purpose, independent authority;

ii) frequency of issuance – regular borrower vs. new or infrequent borrower; and

iii) market awareness – active secondary market vs. little or no institutional awareness.

d) Market

i) interest rates – stable; predicable vs. volatile;

ii) supply and demand – strong investor demand, good liquidity vs. oversold, heavy supply; and

iii) changes in law – none vs. recent or anticipated

Bonds may also be sold through a private or limited placement, but only if it is determined that a public offering through either a competitive or negotiated sale is not in the best interests of the University or DSO.

Allocation of Bonds

In the event a negotiated sale by a DSO is determined to be in the University's best interest, syndicate rules shall be established that foster competition among the syndicate members and ensure that all members of the syndicate have an opportunity to receive a fair and proper allocation of bonds based upon their ability to sell the bonds.

Report on Sale of Bonds

The University or DSO shall prepare a report on the sale of bonds or anytime it incurs debt. The report shall be prepared and provided to the BOT as soon as practicable but in no event later than one month after closing the transaction in the format and manner provided by the BOT, which at a minimum, shall include the following:

a) The amount of the debt.

b) The interest rate on the debt.

c) A final debt service schedule or estimated debt service schedule if a variable rate debt or the interest rate is subject to adjustment.

d) Any aspect of the transaction that was different from the transaction submitted for approval.

e) Itemized list of all fees and expenses incurred on the transaction, including legal fees.

f) For negotiated sale of bonds:

    i) the underwriters' spread detailing the management fee;

    ii) takedown by maturity and aggregate takedown;

    iii) any risk component and an itemized list of the expense component;

    iv) orders placed by each underwriter and final bond allocation;

    v) total compensation received by each underwriter; and

    vi) any report or opinion of the financial advisor.

g) Final official statement for publicly offered bonds.

h) Bond insurance or any other form of credit enhancement and the terms thereof.

i) Credit rating reports.

Selection of Financing Professionals

The use of underwriters for negotiated financings and the use of financial advisors for negotiated and competitive offerings is necessary to assist in the proper structuring and sale of debt. To assure fairness and objectivity in the selection of professionals and to help select the most qualified professional, the selection of underwriters and financial advisors should be accomplished through a competitive selection process.

IV. DISCLOSURE

Primary Disclosure

Staff shall use best practices in preparing disclosure documents in connection with the public offer and sale of debt so that accurate and complete financial and operating information needed by the markets to assess the credit quality and risks of each particular debt issue is provided.

Continuing Disclosure

DSOs shall fulfill all continuing disclosure requirements set forth in the transaction documents and as required under Rule 15c2-12 of the Securities and Exchange Commission.

V. POST-ISSUANCE CONSIDERATIONS

Investment of Proceeds of Debt Issued by DSOs

Construction Funds. Funds held for payment of debt service and all other funds held as required by the documents of any financing shall be invested consistent with the terms of the Financing Documents.

Arbitrage Compliance

The University and its DSOs will comply with federal arbitrage regulations. Any arbitrage rebate liabilities should be calculated and funded annually.

VI. EFFECT

The foregoing guidelines shall be effective immediately and may be modified from time to time by the Board as circumstances warrant. The guidelines are intended to apply prospectively to all University and DSO debt.

Sustainability and Energy Management Update

Energy Conservation Successes

David E. Norvell

8/29/12

Introduction

- New Construction
- Existing Buildings
- Power Production

Past Successes

- Demand Response
- Conservation
- Renewables
- LEED New Construction

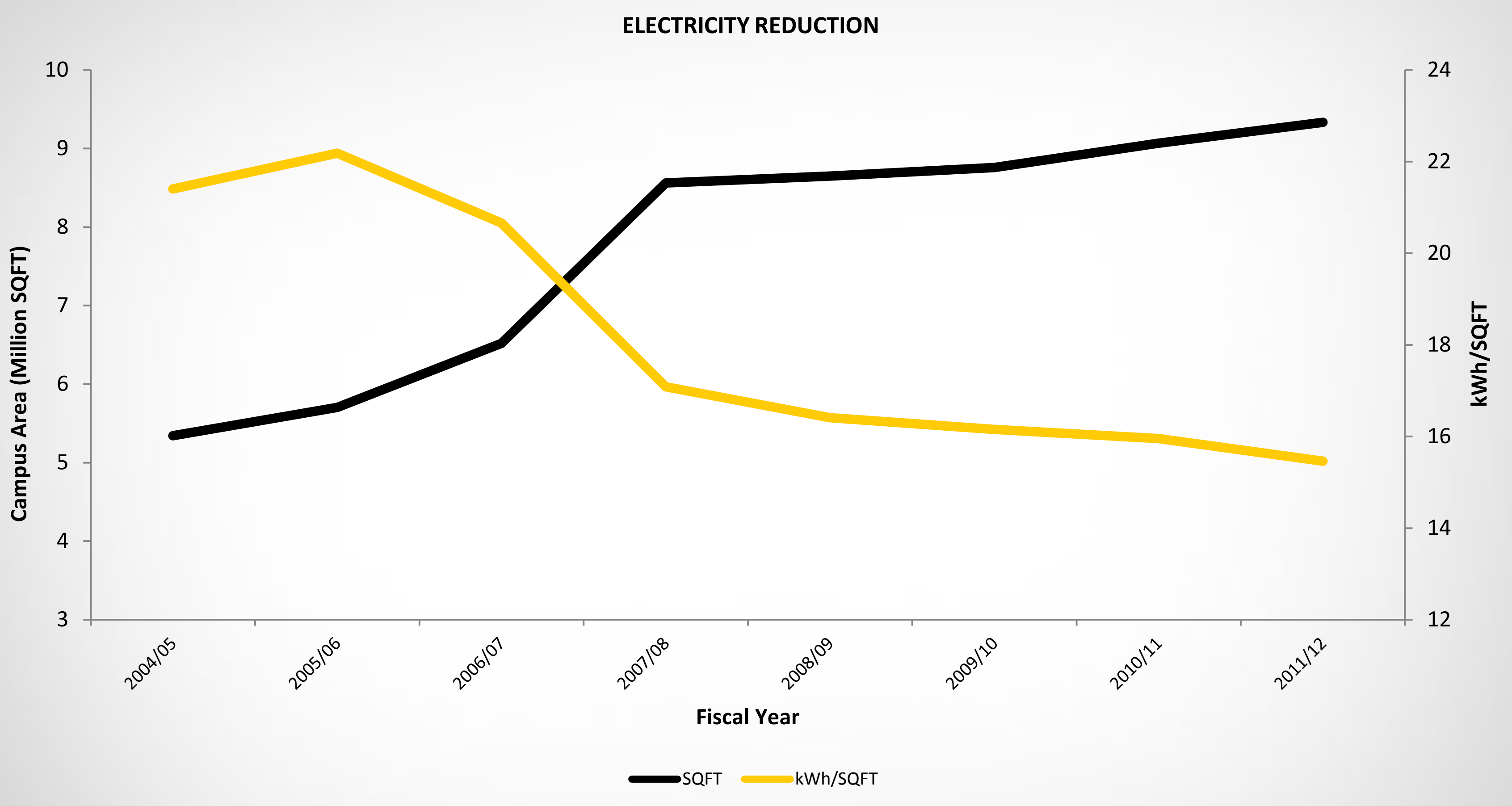
Current Projects

- Power Production
- Cost Avoidance
- Climate Action

Current Projects

- Laboratory Ventilation
- Automation Deployment

Results


ELECTRICITY REDUCTION
Campus Area (Million SQFT)
10
9
8
7
6
5
4
3
24
22
20
18
16
14
12
kWh/SQFT
2004/05
2005/06
2006/07
2007/08
2008/09
2009/10
2010/11
2011/12
Fiscal Year
SQFT
kWh/SQFT

Future Projects

- An Abundance of Data
- What Really Matters
- Setting Rules
- Informed Decisions

Safety and Security Update

August 2012

UNIVERSITY OF CENTRAL FLORIDA

Notification Systems

UCFALERT

- 14 Ways to Notify
  - Outdoor Notification
  - Indoor Notification
  - Text and Email
  - Social Media
  - Others

Outdoor Notification

- 4 Sirens and Giant Voice
  - Parking Garage B
  - Parking Garage I
  - Parking Garage D
  - Building 16E
- 2 Current Projects
  - Parking Garage H
  - Student Union

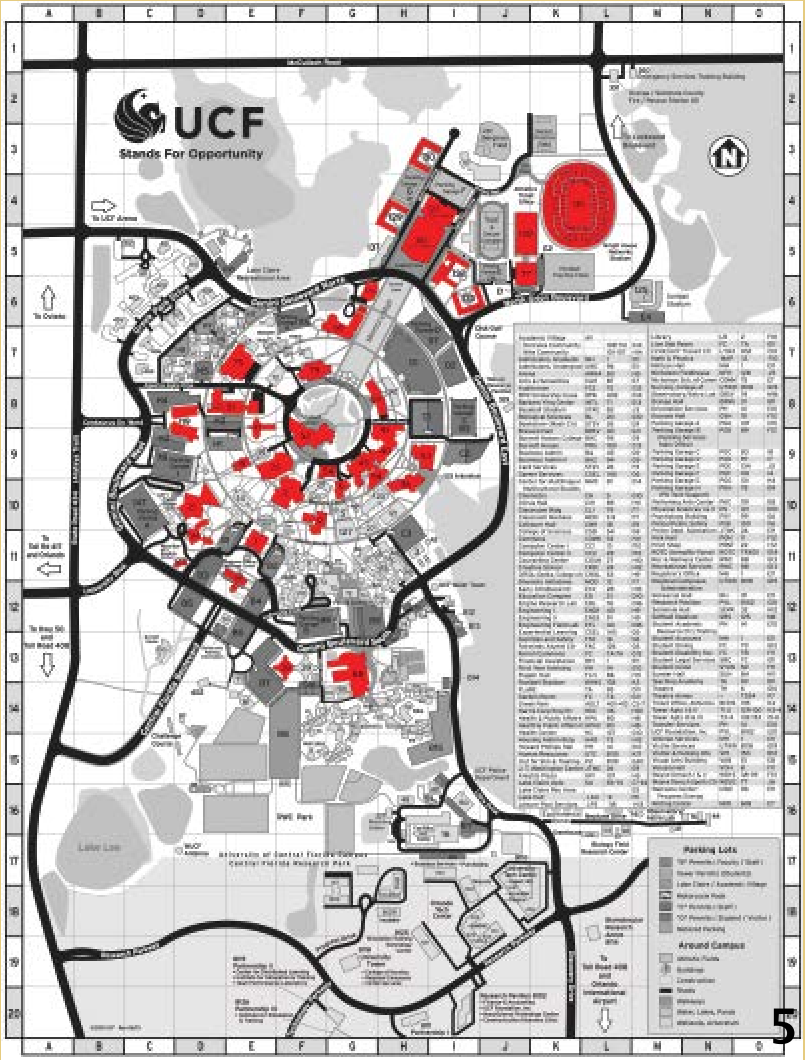
Mobile Speaker Array

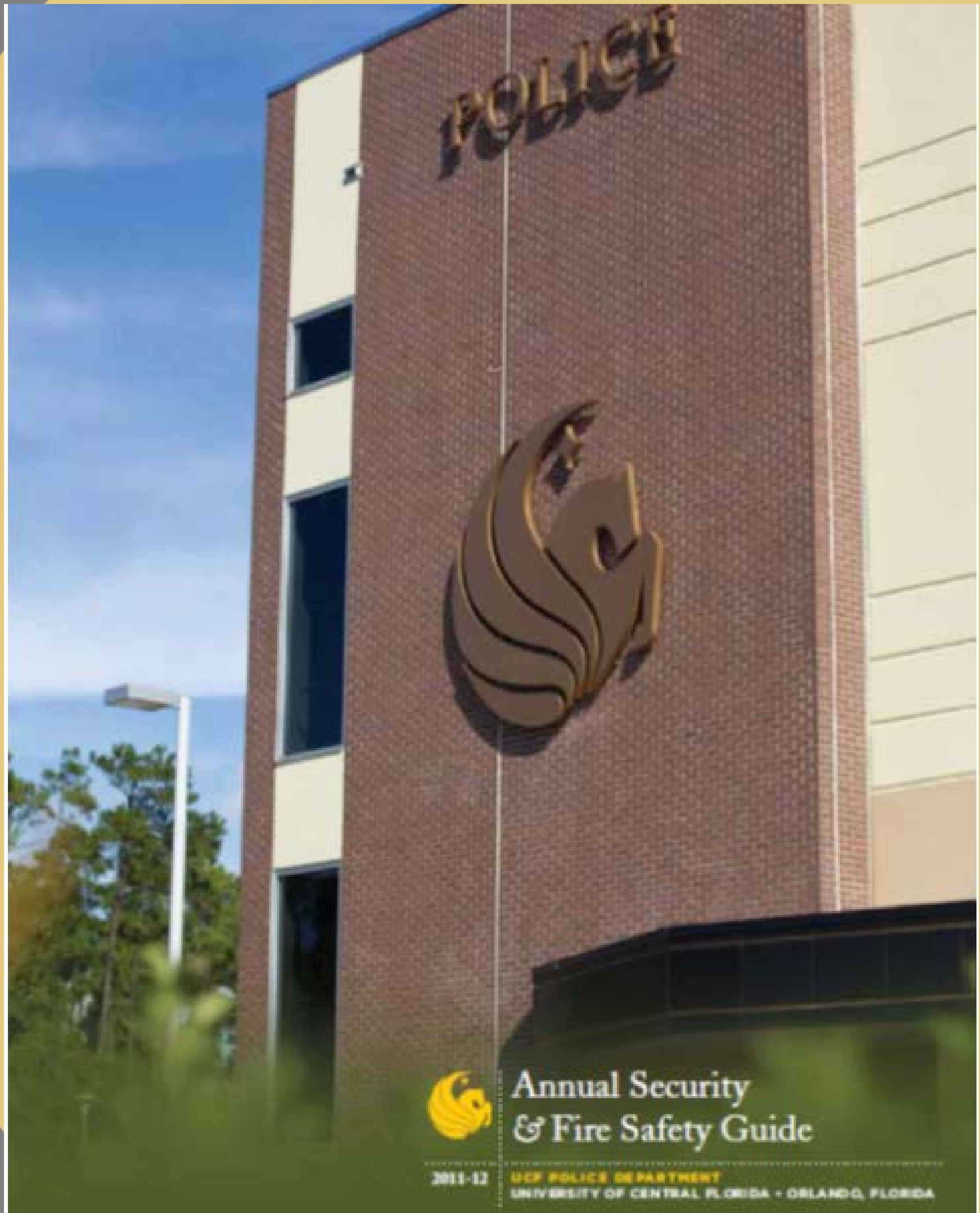
- Used at Locations Where Crowd Noise Negates the Permanently Installed Speakers

- Available for Large Campus Events

Indoor Notification

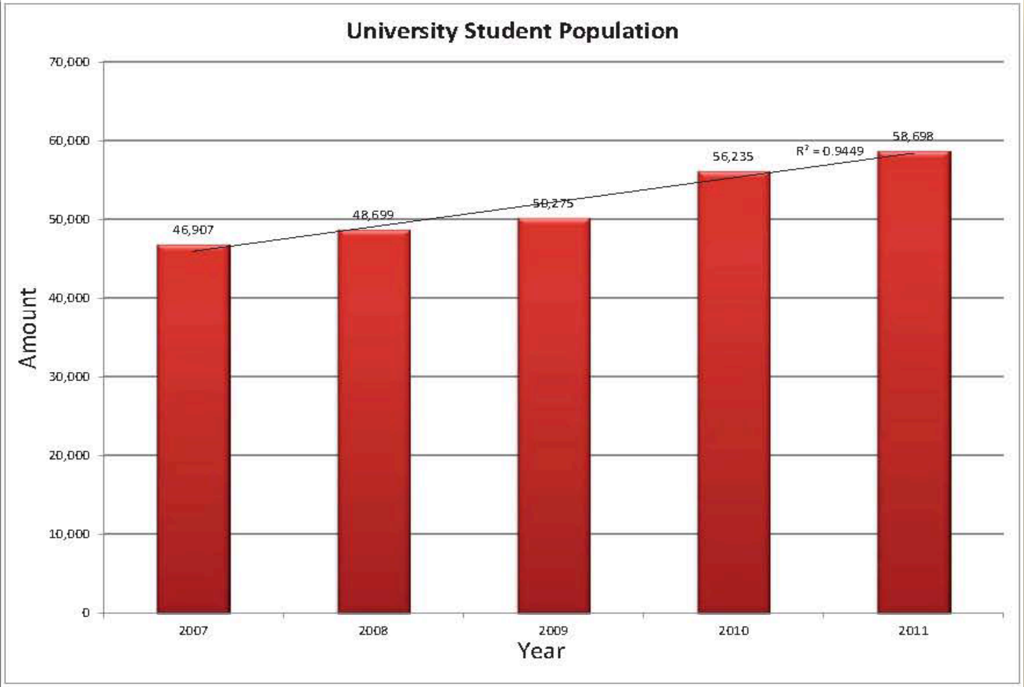
- Thirty-five Buildings
  - Loud Voice
- UCF Design and Construction Standards
  - Requires system

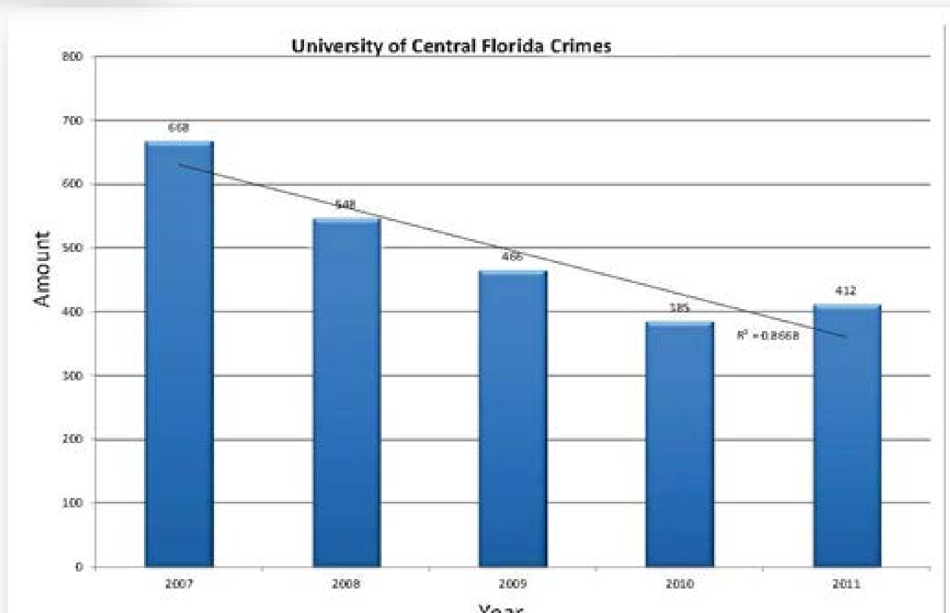



POLICE
Annual Security
& Fire Safety Guide
2011-12
UCF POLICE DEPARTMENT
UNIVERSITY OF CENTRAL FLORIDA • ORLANDO, FLORIDA

Calls for Service and Non-emergency Calls By Fiscal Year

	FY 2009—2010	FY 2010—2011	FY 2011—2012
CALLS FOR SERVICE			
POLICE	12,680	11,595	10,861
PARKING SERVICES	3,100	1,856	1,397
TOTAL CALLS FOR SERVICE	**15,780**	**13,451**	**12,258**
TRAFFIC STOPS	4,476	3,334	3,705
DIRECTED PATROLS	N/A	N/A	20,319
ADMINISTRATIVE CHECK OUTS	26,171	25,491	12,971
GRAND TOTAL	**46,427**	**42,276**	**49,253**
TELEPHONE CALLS			
BUSINESS LINES	N/A	N/A	5,914
EMERGENCY/BLUE PHONES	N/A	N/A	446
ELEVATOR PHONES	N/A	N/A	1,151
TOTAL TELEPHONE CALLS	**N/A**	**N/A**	**7,511**
E-911 PHONE CALLS	**N/A**	**N/A**	**3,547**
TOTAL ALL TELEPHONE CALLS	**N/A**	**N/A**	**11,220**


University Student Population
Amount
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
46,907
48,699
50,275
56,235
58,698
R^2 = 0.9449
2007
2008
2009
2010
2011
Year


University of Central Florida Crimes
Amount
800
700
600
500
400
300
200
100
0
668
548
466
385
412
R^2 = 0.8668
2007
2008
2009
2010
2011
Year

2011-2012 Investigations Case list

- Auto Theft
- Burglary
- Battery
- Criminal Use of Identification
- Death Investigation
- Dealing in Stolen Property
- Extortion
- Fraud
- Grand theft
- Perjury
- Petit theft
- Robbery
- Scheme to Defraud
- Sexual Battery with Multiple Offenders
- Attempted Sexual Battery

Victim Services

- Direct Intervention Services, FY 2011-12
  - 629 Unique Clients
    - Male = 221
    - Female = 408
- Outreach Services and Events, FY 2011-12
  - 174 Events
    - 18,712 Participants

Victim Services

- Prevention
- Grant-Funded Online Sexual Violence Prevention Module “Unless There’s Consent”
- 22,435 students have completed the program.
  - The pre-test scores average 51% for males and 56% for females.
  - The post-test scores average 83% for males and 87% for females.

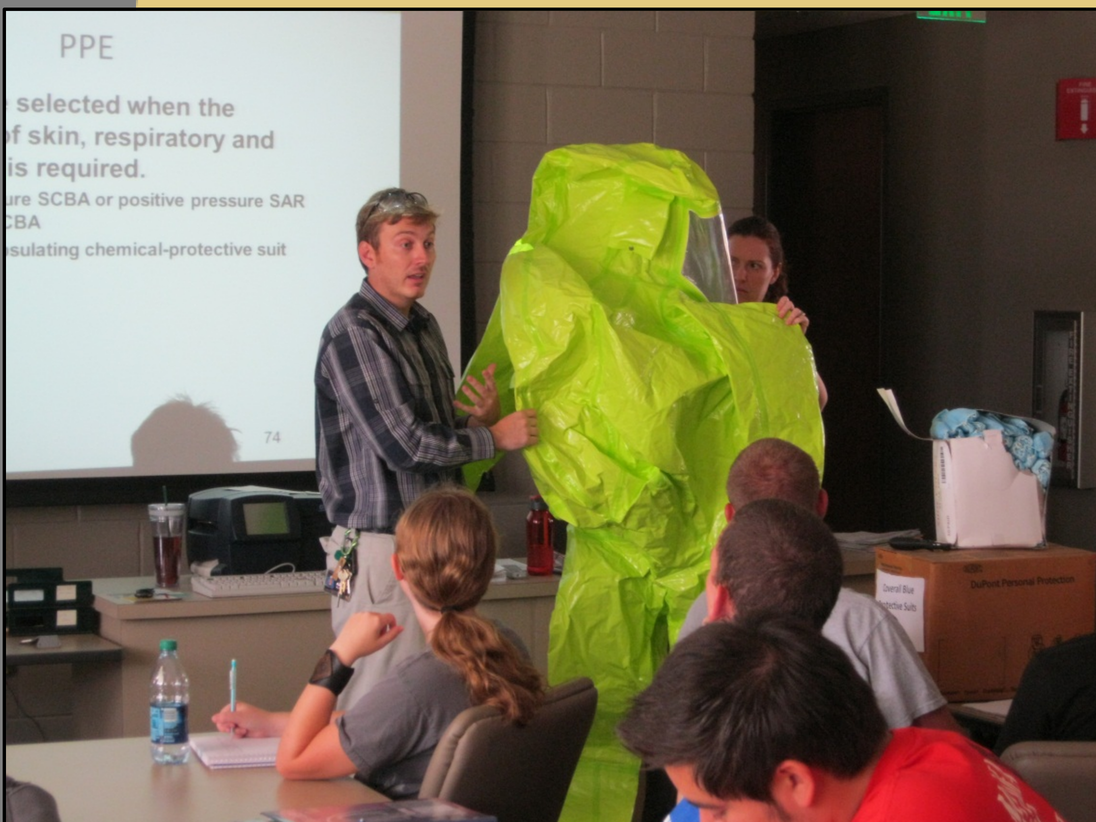

DASANI
KNIGHTMARE
CarlBlackOrlando.com


stadium


UCF

Environmental Health and Safety

The mission of the Environmental Health & Safety Department is to ensure the health and safety of the University community.



EHS Functional Areas

Management and Insurance

Plans, Policies and Procedures
Property Insurance
Liability Insurance
Accident Investigation
Industrial Hygiene
Event Safety
Occupational Safety

Environmental Safety

Laboratory Safety
Environmental Management
Hazardous Waste
Chemical Inventory
Universal Waste
Radiation Safety
Laboratory Inspections
Biosafety
Biosecurity
Fume Hood Inspections

Facility Safety

Building Code
Fire Prevention
State Fire Inspections
Fire Drills
Fire Extinguishers
Fire Safety Training

Safe Workplace

Safe Environment

Safe Buildings

2012 EHS Select Accomplishments

- Trained 308 Researchers on Lab Safety Topics
- Inspected 242 Laboratories
- Organized Clandestine Lab Training for Forensic Sciences Class
- Conducted 29 Fire Drills and Trained 2835 Faculty and Staff
- Completed Occupational Safety Training for Facilities Supervisors
- Issued 180 Building Permits