



**Board of Trustees
Finance and Facilities Committee Meeting
September 26, 2013
11:00 a.m.
Live Oak Center
Conference call in phone #800-442-5794, passcode 463796**

REVISED AGENDA

- | | |
|--|--|
| I. CALL TO ORDER | Olga M. Calvet
<i>Chair of Finance and Facilities
Committee</i> |
| II. ROLL CALL | Sheree Morgan
<i>Senior Administrative Assistant to the
Vice President for Administration and
Finance and Chief Financial Officer</i> |
| III. JOINT SESSION: | The Finance and Facilities Committee will join
the Educational Programs Committee - 10:15 a.m. |
| <ul style="list-style-type: none">• International Pathway Program (INFO-1) | Tony G. Waldrop
<i>Provost and Executive Vice President</i> |
| <ul style="list-style-type: none">• State University System Annual Status
Report on Market Tuition (INFO-2) | Tony G. Waldrop |
| <ul style="list-style-type: none">• New Educational Site: Universidad San
Ignacio de Loyola's Center for American
Education in Lima, Peru (INFO-3) | Tony G. Waldrop |
| IV. END OF JOINT SESSION – 11:00 a.m. | Chair Calvet |
| V. MEETING MINUTES | Chair Calvet |
| <ul style="list-style-type: none">• Approval of the May 23, 2013, and July 25, 2013,
Finance and Facilities Committee meetings minutes | |

VI. OLD BUSINESS

- Northview Update (INFO-4)

William F. Merck II
*Vice President for Administration and
Finance and Chief Financial Officer*
Maribeth Ehasz
*Vice President for Student Development
and Enrollment Services*

VII. NEW BUSINESS

Chair Calvet

- UCF Investments Quarterly Update (INFO-5)
- UCF Investment Policy Revision(s) (FFC-1)
- University Operating Budget Report
ended August 31, 2013 (INFO-6)
- Direct Support Organizations' Quarterly
Financial Reports ended June 30, 2013 (INFO-7)
- University and DSO Debt Report (INFO-8)

William F. Merck II
Tracy Clark
Assistant Vice President and Controller

William F. Merck II
Tracy Clark

William F. Merck II
Tracy Clark

William F. Merck II
John C. Pittman
*Assistant Vice President
for Debt Management*

William F. Merck II
John C. Pittman

VIII. OTHER BUSINESS

Chair Calvet

IX. CLOSING COMMENTS

Chair Calvet

ITEM: INFO-1

University of Central Florida
Board of Trustees
Educational Programs Committee

SUBJECT: International Pathway Program

DATE: September 26, 2013

For information only.



International Pathway Program



Enhancing student engagement with the global community

The UCF International Pathway Program is a self-supporting international student recruitment and bridge program that integrates intensive English training with academic and social support.

UCF controls all academics



Pathway program benefits

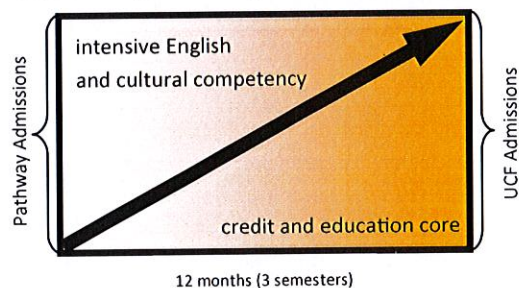
- ◆ recruits high-quality international students
- ◆ helps acclimate students to the U.S., Florida, and UCF
- ◆ accommodates varying levels of English proficiency
- ◆ integrates intensive English training with academics
- ◆ enhances student retention using a cohort model and engagement experiences
- ◆ offers a built-in academic and social support network
- ◆ provides academic preparation for majors in STEM, business, and liberal arts

Global recruitment from Asia, Europe, South America, and the Middle East

UCF benefits

- ◆ further diversifies the student body
- ◆ expands student recruitment sources while maintaining selectivity
- ◆ increases cross-cultural student interactions
- ◆ develops students' ability to think beyond borders
- ◆ provides revenue to enhance UCF curricular and student engagement activities

Over the course of 12 months, students transition from intensive English training to credit-bearing courses.



Students who successfully complete the program with appropriate English proficiency and course grades are admitted to UCF.

Key services provided by Shorelight

- ◆ start-up funds
- ◆ recruitment hubs in 27 countries
- ◆ applicant pre-screening and visa coaching
- ◆ student support services and integration activities
- ◆ family support services in student's home country
- ◆ regular status reports and analytics tools

Target start date – May 2014



ITEM: INFO-2

EDUCATIONAL PROGRAMS COMMITTEE
University of Central Florida

SUBJECT: State University System Annual Status Report on Market Tuition

DATE: September 26, 2013

PROPOSED BOARD ACTION

Information only.

BACKGROUND INFORMATION

Pursuant to Regulation 7.001(15)(c)(i), each university approved to offer market tuition rates shall provide an annual status report on the implementation of market tuition rates. Market tuition rates were first approved by the Board of Governors in February 2011, and many of the programs were not implemented in time to provide a status report to the Board of Governors last year. This annual status report will be provided to the Board of Governors in November 2013.

Supporting documentation: State University System Annual Status Report on Market Tuition

Prepared by: Diane Z. Chase, Executive Vice Provost

Submitted by: Tony Waldrop, Provost and Executive Vice President

State University System
Annual Status Report on Market Tuition

UNIVERSITY: University of Central Florida		Proposal 1	Proposal 2	Proposal 3	Proposal 4	Proposal 5
		Executive and Business Administration Degree Programs (EMBA/PMBA)	Professional Master of Science in Management Degree Program	Professional Master of Science in Real Estate Degree Program	Master of Science in Health Care Informatics Degree Program (Online Program)	Master of Science in Engineering Management Degree Program
1	Degree Program CIP Code	52.0101	52.0101	52.1501	51.0706	15.1501
2	Date the program was approved to charge market tuition.	March 2011	March 2011	March 2011	January 2012	*November 2012
3	Tuition prior to market tuition rate approval.	\$44,000 / \$35,000	\$24,500	\$29,500	\$29,484	\$29,490
4	Current tuition.	\$50,000/\$41,000	\$27,000	\$29,500	\$29,988	\$29,490
5	Changes in tuition planned for the coming year.	No changes proposed	No changes proposed.	No changes proposed.	No changes proposed.	No changes proposed.
6	Student enrollment in similar state funded (E&G) programs prior to implementing market tuition (Headcount): Fall 2010					
7	Resident	363	N/A	N/A	N/A	52
8	Non-Resident	19	N/A	N/A	N/A	0
9	Total	382	N/A	N/A	This program has never been offered as an E&G program	52
10	Student enrollment in similar state funded (E&G) programs after implementing market tuition (Headcount): Fall 2013					
11	Resident	361			N/A	N/A
12	Non-Resident	19			N/A	N/A
13	Total	380	N/A	N/A	This program has never been offered as an E&G program	N/A
14	eliminated since market tuition was approved? Yes or No. If Yes, explain.	No	No	No	No	No
15	Student Enrollment in market tuition cohort(s) (Headcount): Fall 2013					
16	Resident	130	28	25	93	0
17	Non-Resident	0	0	0	3	0
18	Total	130	28	25	96	0
19					This figure includes cohorts 3 and 4	Market Rate Tuition has not yet been implemented
20	In a separate document, using the metrics in the initial proposal, assess the results of the market tuition implementation, including the impact to student enrollments and degree production. Provide any programmatic/student feedback related to the implementation.	See attached	See Attached.	See Attached.	See Attached.	See Attached.

* Market tuition rate will be implemented with the new cohort set to begin in the spring of 2014.

**University of Central Florida
State University System
Annual Status Report on Market Tuition
September 26, 2013**

Proposal 1: Executive and Professional Master in Business Administration Degree Programs (EMBA and PMBA)

CIP Code: 52.0101

Accountability Measures

Number of cohort EMBA and PMBA degree programs offered

Year Started	EMBA	PMBA
2013	1	2
2012	1	2
2011*	1	2
2010	1	1
2009	1	2

*Market tuition rate implemented in Fall 2011.

Number of students enrolled

Term	EMBA	PMBA
Fall 2013	17	112
Fall 2012	37	113
Fall 2011*	36	83
Fall 2010	46	85
Fall 2009	47	79

*Market tuition rate implemented in Fall 2011.

Compliance with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) and the Association to Advance Collegiate Schools of Business (AACSB) standards for accreditation:

Curriculum: Curriculum structure and course content are consistent with SACSCOC and AACSB standards.

Faculty: Faculty credentials are consistent with SACSCOC and AACSB standards.

Credit hours generated

Term	EMBA	PMBA
Fall 2012, Spring 2013, Summer 2013	675	2,250
Fall 2011, Spring 2012, Summer 2012*	654	1,818
Fall 2010, Spring 2011, Summer 2011	825	1,582
Fall 2009, Spring 2010, Summer 2010	912	1,521

*Market tuition rate implemented in Fall 2011.

Program revenues relative to program costs

Fiscal Year	Revenues	Costs
2012-13	\$2,584,383	\$1,299,310
2011-12	\$2,590,063	\$1,068,080
2010-11*	\$2,178,080	\$1,454,363
2009-10	\$2,339,146	\$1,569,971

*Market tuition rate implemented in Fall 2011.

Student satisfaction with the degree program

EMBA 2013 exit survey: overall satisfaction with degree program 8.8 of 10

EMBA 2012 exit survey: overall satisfaction with degree program 8.1 of 10

EMBA 2010 exit survey: overall satisfaction with degree program 8.9 of 10

PMBA 2012 exit survey: overall satisfaction with degree program 7.8 of 10

PMBA 2010 exit survey: overall satisfaction with degree program 7.9 of 10

Note: Surveys conducted by Perception Research (EMBA Council)

Employer satisfaction with the degree program

Referrals and repeat business from employers are primary indicators of employer satisfaction with UCF's degree programs. Since 2009, the following major central Florida employers have sponsored multiple employees to the EMBA and PMBA degree programs: Lockheed Martin, Walt Disney World, Harris Corporation, Pershing, LLC, Oracle, Siemens, and ABB, Inc. Other employment partners include Darden, Florida Hospital, and Duke Energy (formerly Progress Energy).

Number of degrees conferred

Term	EMBA	PMBA
Fall 2012, Spring 2013, Summer 2013	17	53
Fall 2011, Spring 2012, Summer 2012*	16	29
Fall 2010, Spring 2011, Summer 2011	22	50
Fall 2009, Spring 2010, Summer 2010	24	21

*Market tuition rate implemented in Fall 2011.

Summary

A review of our performance on the above eight accountability measures shows that achievements since the programs began charging market tuition rate are similar to those outcomes prior to the initiation of market tuition rate, if not better in some instances. The competitive climate for the EMBA degree program has heightened this year, and we are currently evaluating ways to further solidify our place in the market. The College of Business Administration plans to maintain the same number of degree programs that they have had in the past and both increase and standardize enrollment numbers across cohorts.

Proposal 2: Professional Master of Science in Management Degree Program (PMSM)**CIP Code:** 52.0201**Accountability Measures****Number of PMSM degree programs offered**

Year Started	PMSM
2013	0
2012	1
2011*	0
2010	1
2009	0

*Market tuition rate implemented in Fall 2011.

Number of students enrolled

Term	PMSM
Fall 2013	28
Fall 2012	30
Fall 2011*	0
Fall 2010	28
Fall 2009	20

*Market tuition rate implemented in Fall 2011.

Compliance with SACSCOC and AACSB standards for accreditation

Curriculum: Curriculum structure and course content are consistent with SACSCOC and AACSB standards.

Faculty: Faculty credentials are consistent with SACSCOC and AACSB standards.

Credit hours generated

Term	PMSM
Fall 2012, Spring 2013, Summer 2013	507
Fall 2011, Spring 2012, Summer 2012*	186
Fall 2010, Spring 2011, Summer 2011	636
Fall 2009, Spring 2010, Summer 2010	306

*Market tuition rate implemented in Fall 2011.

Program revenues relative to program costs

Fiscal Year	Revenues	Costs
2012-13	\$446,964	\$178,860
2011-12	\$271,874	\$103,583
2010-11*	\$476,436	\$310,980
2009-10	\$264,548	\$251,120

*Market tuition rate implemented in Fall 2011.

Student satisfaction with the degree program

A compilation of end-of-semester surveys shows an average overall satisfaction level of 4.05/5 for the first three semesters of the PMSM degree program for the current cohort.

Note: Surveys conducted by Executive Development Center

Employer satisfaction with the degree program

Referrals and repeat business from employers are primary indicators of employer satisfaction with UCF's degree programs. The 2013 PMSM degree cohort is now being delivered. The following major central Florida employers have sponsored multiple employees to the PMSM degree program: Darden, Walt Disney World, Target, and Wyndham Vacation Hotels.

Number of degrees conferred

Term	PMSM
Fall 2012, Spring 2013, Summer 2013	0
Fall 2011, Spring 2012, Summer 2012*	0**
Fall 2010, Spring 2011, Summer 2011	26
Fall 2009, Spring 2010, Summer 2010	20

* Market tuition rate implemented in Fall 2011.

**Represents break in cohort enrollment.

Summary:

The current PMSM cohort, our third overall, is set to graduate 28 students in Fall 2013. We are actively recruiting to fill our next PMSM cohort, which is to begin in January 2014, and we feel that we can sustain enrollment at approximately 30 students, consistent with past years' enrollment.

Proposal 3: Professional Master of Science in Real Estate Degree Program (PMRE)**CIP Code:** 52.1501***Accountability Measures*****Number of PMRE degree programs offered**

Year Started	PMRE
2013	1
2012	0
2011*	0
2010	1
2009	0

* Market tuition rate implemented in Fall 2011.

Number of students enrolled

Term	PMRE
Fall 2013	25
Fall 2012	0
Fall 2011*	20
Fall 2010	25
Fall 2009	0

* Market tuition rate implemented in Fall 2011.

Compliance with SACSCOC and AACSB standards for accreditation

Curriculum: Curriculum structure and course content are consistent with SACSCOC and AACSB standards.

Faculty: Faculty credentials are consistent with SACSCOC and AACSB standards.

Credit hours generated

Term	PMRE
Fall 2012, Spring 2013, Summer 2013	0
Fall 2011, Spring 2012, Summer 2012*	120
Fall 2010, Spring 2011, Summer 2011	570
Fall 2009, Spring 2010, Summer 2010	0

*Market tuition rate implemented in Fall 2011.

Program revenues relative to program costs

Fiscal Year	Revenues	Costs
2012-13	\$4,500**	\$ 13,700**
2011-12	\$210,627	\$ 70,711
2010-11*	\$355,244	\$259,426
2009-10	\$ 21,100**	\$ 68,264**

* Market tuition rate implemented in Fall 2011.

**Program start in June 2010 and September 2013; revenues lag expenses.

Student satisfaction with the degree program

A compilation of end of semester surveys shows an average overall satisfaction level of 3.93/5 for the PMRE cohort that graduated in 2011.

Note: Surveys conducted by Executive Development Center

Employer satisfaction with the degree program

We have experience with only one cohort, thus we do not yet have accurate information on referrals and repeat business from firms.

Number of degrees conferred

Term	PMRE
Fall 2012, Spring 2013, Summer 2013	0**
Fall 2011, Spring 2012, Summer 2012*	21
Fall 2010, Spring 2011, Summer 2011	0
Fall 2009, Spring 2010, Summer 2010	0

*Market tuition rate implemented in Fall 2011.

**Represents break in cohort enrollment.

Summary

Implementation of market tuition rate programs has gone well. Students have graduated from one PMRE cohort in Fall 2011. A new cohort will begin in Fall 2013. We originally planned to start the cohort in January 2013, but we believed a delay until fall was prudent given the challenging real estate market in Central Florida. Tuition for the Fall 2013 degree program will be the same as it was for the Fall 2011 cohort, and enrollment appears consistent with the previous year.

Proposal 4: Masters in Health Care Informatics Degree Program (HCI) (Online Program)
CIP Code: 51.0706

Accountability Measures

Year Started and number of cohorts

Semester Started	Cohorts
Cohort 5 – Fall 2013	4
Cohort 4 – Fall 2012	3
Cohort 3 – Fall 2011*	2
Cohort 2 – Fall 2010	1
Cohort 1 – Fall 2009	1

* Market tuition rate implemented in Spring 2012

Note: the cohort beginning in Fall 2011 ran one semester as “cost recovery” and then converted to market rate tuition in January of 2012.

Headcount at program inception

Semester Started	Headcount
Cohort 5 – Fall 2013	51
Cohort 4 – Fall 2012	53
Cohort 3 – Fall 2011*	54
Cohort 2 – Fall 2010	45
Cohort 1 – Fall 2009	26

* Market tuition rate implemented in Spring 2012. Headcount for each cohort is based on the number of students enrolled during the first term of the cohort. Program attrition is not computed into these data.

Students graduating from program by original cohort

Semester Started	Number of Graduates
Cohort 5 – Fall 2013	Just began program
Cohort 4 – Fall 2012	Not yet available
Cohort 3 – Fall 2011*	32
Cohort 2 – Fall 2010	15
Cohort 1 – Fall 2009	0

* Market tuition rate implemented in Spring 2012. Cohort-four students are set to graduate in Spring 2014. Cohort-five students just began the program.

Compliance with SACS standards for accreditation

Curriculum: Curriculum structure and course content are consistent with SACSCOC standards.

Faculty: Faculty credentials are consistent with SACSCOC standards.

Percent of full-time faculty teaching program section offerings

Semester	Percent of Sections	Percent of SCHs
Cohort 5 – Fall 2013	100%	100%
Cohort 4 – Fall 2012	79.0%	75.0%
Cohort 3 – Fall 2011*	75.0%	68.1%
Cohort 2 – Fall 2010	81.8%	85.7%
Cohort 1 – Fall 2009	88.9%	90.0%

*Market tuition rate implemented in Spring 2012. Cohorts four and five are in progress. Cohort five is in its first semester.

Student credit hours per cohort

Cohort	Cohort Duration	Total SCH Generated
Cohort 5 – Fall 2013	F13,S14,U14,F14,S15	384*
Cohort 4 – Fall 2012	F12,S13,U13,F13,S14	1374*
Cohort 3 – Fall 2011*	F11,S12, U12,F12, S13	1043
Cohort 2 – Fall 2010	F10,S11, U11,F11, S12	949
Cohort 1 – Fall 2009	F09,S10, U10,F10, S11	717

*Market tuition rate implemented in Spring 2012. Cohorts four and five are in progress.

Program revenues relative to program costs

Cohort	Revenues	Expenses
Cohort 5 – Fall 2013	Cohort Just Began	Cohort Just Began
Cohort 4 – Fall 2012	987,840	450,071
Cohort 3 – Fall 2011*	1,055,608	683,651
Cohort 2 – Fall 2010	630,802	481,070
Cohort 1 – Fall 2009	346,098	291,674

*Market tuition rate implemented in Spring 2012. Cohorts four and five are ongoing and still accumulating revenue and incurring expenses. Data are current to August 12, 2012.

Student Satisfaction

After the conclusion of each cohort, the program surveys all graduating participants and inquires about their satisfaction with the overall program. Surveys of the first three graduating classes yielded a total overall response rate of 80 percent.

Surveys from the first two cohorts prior to becoming market tuition rate indicated that 88.9 percent of the students were either *satisfied* or *very satisfied* with their overall education received from the M.S. in Health Care Informatics.

The results from the third cohort and the one in which students most recently graduated indicate that 22.2 percent of the 27 graduates completing the survey rated their experience in the program either *excellent*, *very good*, or *good*. These results appeared to be anomalous; mid-year surveys from the most recent cohort show a 92 percent satisfaction rating in these same categories.

Employer Satisfaction

At the conclusion of each cohort, an electronic survey is sent to students inquiring about their satisfaction with the program, their current place of employment, and their current supervisor's contact information. Using that information, an electronic survey is then distributed to each of the student's supervisor(s) requesting them to assess the level of satisfaction they have with the HCI graduate. The data for the employer satisfaction survey for cohort three (one that graduated in Spring 2013) is not available at this time due in part to a delay in students responding to the survey and providing their current supervisors information.

However, survey data from the first two cohorts indicate that overall 100 percent of employers feel that the HCI graduates had the requisite knowledge to do their job. Further, 87.5 percent said they would hire a HCI graduate in the future, and the same percentage stated that they were satisfied with the educational preparedness of their employee upon completion of the HCI degree.

Proposal 5: Master of Science in Engineering Management Degree Program (PEMP) (Online Program)

CIP Code: 15.1501

Accountability Measures

Year Started and number of cohorts

Semester Started	Cohort
Spring 2014*	6*
Spring 2012	5
Fall 2010	4
Summer 2010	3
Summer 2009	2
Spring 2009	1

* Market tuition rate will be implemented with the new cohort set to begin in the spring of 2014. Cohorts 1-5 have been run as “cost recovery.”

Headcount at program inception

Semester Started	Headcount
Cohort 6 – Spring 2014*	TBD
Cohort 5 – Spring 2012	30
Cohort 4 – Fall 2010	16
Cohort 3 – Summer 2010	13
Cohort 2 – Summer 2009	16
Cohort 1 – Spring 2009	14

* Market tuition rate will be implemented with the new cohort set to begin in the spring of 2014.

Students graduating from program by original cohort

Semester Started	Number of Graduates
Cohort 6 – Spring 2014*	TBD
Cohort 5 – Spring 2012	30
Cohort 4 – Fall 2010	16
Cohort 3 – Summer 2010	13
Cohort 2 – Summer 2009	16
Cohort 1 – Spring 2009	13

* Market tuition rate will be implemented with the new cohort set to begin in the spring of 2014.

Compliance with SACS standards for accreditation

Curriculum: Curriculum structure and course content are consistent with SACs standards.

Faculty: Faculty credentials are consistent with SACs standards.

Percent of full-time faculty teaching program section offerings

Semester	Percent of Sections and SCHs
Cohort 6 – Spring 2014*	TBD
Cohort 5 – Spring 2012	70%
Cohort 4 – Fall 2010	70%
Cohort 3 – Summer 2010	70%
Cohort 2 – Summer 2009	80%
Cohort 1 – Spring 2009	70%

* Market tuition rate will be implemented with the new cohort set to begin in the spring of 2014.

Note: Since the program is offered in a lock-step format, the number of sections and percent of student credit hours are the same.

Student credit hours per cohort

Semester	Cohort Duration	Total SCH Generated
Cohort 6 – Spring 2014*	TBD	N/A
Cohort 5 – Spring 2012	S12,U12,F12,S13	900
Cohort 4 – Fall 2010	F10,S11,U11,F11	480
Cohort 3 – Summer 2010	U10,F10,S11,U11	390
Cohort 2 – Summer 2009	U09,F09,S10,U10	480
Cohort 1 – Spring 2009	S09,U09,F09,S10	381

* Market tuition rate will be implemented with the new cohort set to begin in the spring of 2014.

Program revenues relative to program costs

Semester	Revenues	Expenses
Cohort 6 – Spring 2014*	TBD	TBD
Cohort 5 – Spring 2012	\$782,550	\$569,908
Cohort 4 – Fall 2010	449,877	415,115
Cohort 3 – Summer 2010	388,350	387,770
Cohort 2 – Summer 2009	436,021	350,591
Cohort 1 – Spring 2009	242,240	337,773

* Market tuition rate will be implemented with the new cohort set to begin in the spring of 2014.

EDUCATIONAL PROGRAMS COMMITTEE
University of Central Florida

SUBJECT: New Instructional Site: Universidad San Ignacio de Loyola's Center for American Education in Lima, Perú

DATE: September 26, 2013

PROPOSED BOARD ACTION

Information only.

BACKGROUND INFORMATION

UCF plans to offer upper-level coursework for UCF's bachelor of science in industrial engineering (B.S.I.E.) degree at a new instructional site located on the campus of the Universidad San Ignacio de Loyola (USIL) in Lima, Peru. The program will be offered in association with USIL's Center for American Education where bilingual students may take courses offered by U.S. institutions of higher education. Program activities will comply with the accreditation requirements of the Southern Association of Colleges and Schools Commission on Colleges and the Accreditation Board for Engineering and Technology, Inc.

UCF will retain full control over the quality and integrity of the B.S.I.E. degree program offered in this new location. This program has been in operation at UCF's Orlando campus since 1967 and, like all UCF degree programs, is subject to standard UCF oversight procedures in all applicable areas. To participate in the program, students must meet all UCF admissions requirements. UCF will award the B.S.I.E. degree following certification that the student has successfully completed all of the degree requirements.

Latin America is one of Florida's most important economic partners. The state will benefit from strategic associations that showcase the quality of its higher education. This partnership is expected to provide UCF with opportunities to recruit high-quality students from Latin America for its master's and doctoral degree programs in industrial engineering, as well as to open avenues for future collaborations including research and economic development.

Offering UCF coursework at this new instructional site builds on existing partnerships between the State of Florida and USIL. Broward College currently offers an associate of arts degree at this site, and the University of South Florida has joined with USIL in the delivery of a B.S. degree program in business administration. Most students will complete their associate of arts degree and B.S.I.E. program prerequisites through Broward College and subsequently transfer into the UCF program. The proposed UCF-USIL partnership will enhance, not duplicate, existing relationships, particularly with Broward College. The UCF-USIL collaboration will be entirely self-supporting.

Supporting Documentation: none

Prepared by: Diane Z. Chase, Executive Vice Provost

Submitted by: Tony Waldrop, Provost and Executive Vice President

Finance and Facilities Committee
Meeting Materials



**Board of Trustees
Finance and Facilities Committee Meeting
May 23, 2013**

MINUTES

CALL TO ORDER

Trustee Jim Atchison, vice chair of the Finance and Facilities Committee, called the meeting to order at 10:53 a.m. Committee members Robert Garvy, Reid Oetjen, and Melissa Westbrook were present. Trustees Richard Crotty and Beverly Seay were present.

MINUTES APPROVAL

The minutes of the February 20, 2013, Finance and Facilities Committee meeting were approved as submitted.

2013-14 Tuition and Fees, Amendments to University Tuition and Fees Regulations UCF 9.001 and UCF 9.006 (FFC-1)

William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, and Tracy Clark, Assistant Vice President for Finance and Controller, presented the recommended tuition and fees increases for 2013-14, the proposed amendment to University Regulation UCF 9-001 to establish tuition and fees for the 2013-14 academic year, and the proposed amendment to University Regulation UCF 9.006 for miscellaneous fees.

There is a statutory requirement that tuition and fees increase by the previous year's CPI adjustments if there is no tuition increase by the legislature. Last year's CPI increased by 1.7 percent. If it is determined that tuition should increase by this amount for all of the SUS schools, then the university will need to have authority to amend the budget accordingly. The committee unanimously approved allowing the 1.7 percent increase without reconvening the committee if it is determined by legal counsel that the statutory requirement applies.

Merck reported that the financial aid fee for the Doctor of Physical Therapy program was higher than other programs, and the proposed decrease is an effort to make this fee uniform among the programs. The financial impact to decrease the fee is minimal.

Merck also reported that the Florida Interactive Entertainment Academy program began as a continuing education program, eventually worked into an auxiliary-type program, and since has received E&G funding. The E&G reporting rules have been clarified, and this program had not been reported under E&G fees, and it needs to be reported appropriately.

The committee unanimously approved 2013-14 tuition, tuition differential, out-of-state fees, financial aid fees, and technology fees as presented, as well as amendments to University Regulations UCF 9.001 and UCF 9.006 that quantify fees that show no increase and include fees that were approved at prior meetings.

University Operating Budget report quarter ended March 31, 2013 (INFO-1)

Clark reviewed the third quarter University Operating Budget report.

2013-14 University Operating Budget (FFC-2)

Clark gave an overview of the proposed 2013-14 operating budgets for Educational & General, Medical School, Auxiliary Enterprises, Sponsored Research, Student Financial Aid, Student Activities, Technology Fee, and Concessions. The Educational & General and Medical School budgets reflect the amounts proposed by the legislature and approved by the governor. The committee unanimously approved the 2013-14 University Operating Budget.

2013-14 Capital Outlay Budget (FFC-3)

Lee Kernek, Associate Vice President for Administration and Finance, reviewed the 2013-14 capital outlay projects budget that supports the five-year capital improvement plan list for UCF. The committee unanimously approved the university's 2013-14 capital outlay budget with authorization for the president to make necessary adjustments during the year.

2013-14 College of Medicine Self-insurance Program Budget (FFC-4)

Deborah C. German, Vice President for Medical Affairs and Dean of the College of Medicine, presented the 2013-14 Self-insurance Program budget for the College of Medicine. The committee unanimously approved the budget as presented.

2013-14 College of Medicine Faculty Practice Plan Budget (FFC-5)

German presented the proposed 2013-14 College of Medicine's Faculty Practice Plan budget. The committee unanimously approved the budget as presented.

Direct Support Organizations' 2012-13 second-quarter financial reports (INFO-2)

Merck reported that the fourth-quarter financial reports of the DSOs were provided as information items.

University and DSO Debt Report (INFO-3)

Merck reported that the University and DSO Debt Report was provided as information.

UCF Investments Policy Amendment (FFC-6)

Merck reported that at an earlier meeting a discussion was held regarding the need to move a portion of UCF's operating cash funds into higher yielding vehicles than money market funds. The committee at that time decided to delay moving any funds until after the investment managers' three-year review was completed. The sub-committee to review the investment manager presentations was made up of Trustees Grindstaff, Atchison, Calvet, and Garvy. After discussion and review of the performance of the investment managers, a recommendation by the sub-committee was made to move away from active equity managers

and to use equity index funds. The committee unanimously approved the amended investment policy to accommodate the changes.

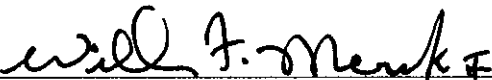
This investment program was started in March 2010. Through April 2013, the program generated investment earnings of \$26 million, before management fees. This represents a gross return of 3.98 percent compared to 2.4 percent with SPIA during the same time period

University Depositories (FFC-7)

Clark presented the current university funds depositories and included authorization for the president or his designee to transfer funds between depositories and designate specific university employees to sign checks for payment of university obligations. Clark noted that no bank will be used unless it is a qualified depository as provided by Florida Statutes. The committee unanimously approved the university depositories.

Vice Chair Atchison adjourned the Finance and Facilities Committee meeting at 12:00 p.m.

Respectfully submitted:



William F. Merck II

Vice President for Administration and Finance
and Chief Financial Officer

9-11-13
Date



Board of Trustees
Finance and Facilities Committee Meeting
Live Oak Event Center
July 25, 2013

MINUTES

CALL TO ORDER

Trustee Olga M. Calvet, chair of the Finance and Facilities Committee, called the meeting to order at 10:45 a.m. Committee members Robert Garvy, Reid Oetjen, and Melissa Westbrook were present. Committee member John Sprouls attended via teleconference. Trustee Richard Crotty was present.

MINUTES APPROVAL

The minutes of the March 21, 2013, Finance and Facilities Committee meetings were approved as submitted.

NEW BUSINESS

Northview Update (INFO-1)

William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, reported that the board had previously approved a direct support organization (DSO) as a vehicle for financing the Northview project. Northview management is currently working to finance the project without using our DSO vehicle. Merck will give an update on this project at the next committee meeting.

Five-year Capital Improvement Plan (FFC-1)

Lee Kernek, Associate Vice President for Administration and Finance, reviewed the five-year capital improvement plan for 2014-15 through 2018-19. 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 list. The plan also identifies projects that are proposed for inclusion in the five-year capital improvement plan, as well as items to be included in the 2014-15 Appropriations Authorization Bill, including projects funded by bonds, projects sponsored by direct support organization, and projects requiring general revenue to operate. The committee unanimously approved the five-year capital improvement plan.

UCF Athletics Association 2013-14 Budget review

Brad Stricklin, Senior Associate Athletics Director and CFO for UCFAA, reviewed the 2013-14 UCFAA budget.

Amend Payment Schedule for UCFAA Loan to the University (FFC-3)

Merck reported that UCFAA had received several loans from the University to enhance the athletic program, and in 2009 those loans were consolidated into one loan. With the expected move to the BIG EAST Conference last fall, the university allowed UCFAA to amend the loan payment schedule in order to adequately prepare during the 2013 fiscal year for the conference move. The BIG EAST Conference has now become the American Athletic Conference (AAC). The beginning revenue distributions from the AAC are significantly lower than what was expected from the BIG EAST Conference. This past year, ticket sales, donations, and student credit hours were down, and Brighthouse Networks payments were lower. Therefore, UCFAA requested permission to make the interest payment and a lower debt service payment than previously scheduled. The committee unanimously approved UCFAA to amend the payment schedule and to pay the interest due and up to \$300,000 on the principal.

Release of Unrestricted Golden Knights Corporation Revenues (FFC-2)

Merck reviewed the proposed release of revenues above budgeted obligations from the Golden Knights Corporation to the UCF Athletics Association for 2012-13. The committee unanimously approved the release of unrestricted Golden Knights Corporation revenues.

Direct Support Organizations' Quarterly Financial Reports ended March 31, 2013 (INFO-2)

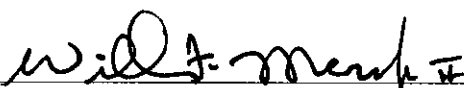
Merck reported that the DSO's 2012-13 third-quarter financial reports ended March 31, 2013, were provided as information items.

2013-14 Direct Support Organizations' Budgets (FFC-4)

Merck presented the 2013-14 Direct Support Organizations' Budgets to the committee for approval, which the committee unanimously approved.

Chair Calvet adjourned the Finance and Facilities Committee meeting at 11:45 a.m.

Respectfully submitted:



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

9-11-13
Date

ITEM: INFO-4

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Northview Update

DATE: September 26, 2013

For information only.
No handouts.

ITEM: INFO-5

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: UCF Investments Quarterly Update

DATE: September 26, 2013

For information only.

INFO-5 Replacement Report

Cash & Non-Investment Portfolio	12/31/2012 Reported Value	3/31/2013 Reported Value
Bank of America	\$22,992,241	\$1,689,867
CNL - Money Market	\$5,014	\$5,014
SPIA	\$204,367,919	\$268,034,376
UCF Parking Bonds (SPIA)	\$10,212,868	\$8,364,147
UCF Housing Bonds (SPIA)	\$33,302,927	\$28,613,800
Total Cash & Non-Investment Portfolio	\$270,880,969	\$306,707,204

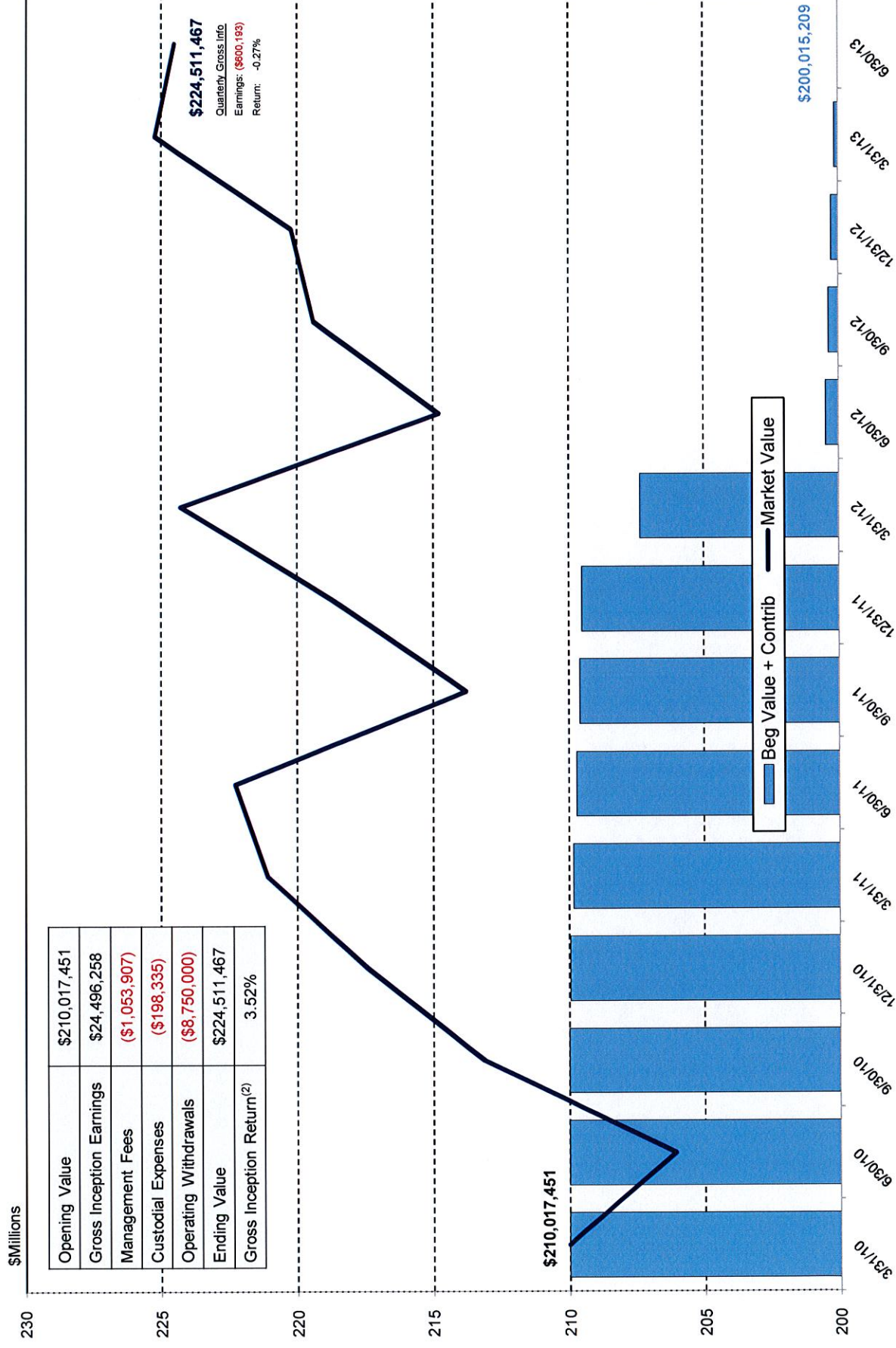
6/30/2013 Reported Value
\$9,684,453
\$5,015
\$207,082,973
\$8,311,560
\$17,413,485
\$242,497,486

Structured Investment Portfolio (BNY)	12/31/2012 Market Value	3/31/2013 Market Value	1st Quarter Gain/(Loss)	2nd Quarter Gain/(Loss)	Inception Gain/(Loss) ⁽²⁾
Pool I	\$53,254,151	\$53,252,146	\$794	\$785	\$26,691
Pool II	\$20,115,143	\$20,121,641	\$12,902	\$6,909	\$191,228
Fixed Income (Pool III) ⁽³⁾	\$74,076,298	\$74,275,039	\$220,637	(\$934,489)	\$5,677,087
Domestic Equity (Pool III)	\$14,613,568	\$16,114,325	\$1,529,439	\$383,317	\$4,748,408
Total Pool III	\$88,689,867	\$90,389,365	\$1,750,077	(\$551,172)	\$10,425,495
Fixed Income (Pool IV) ⁽⁴⁾	\$21,202,877	\$21,210,651	\$17,194	(\$752,914)	\$3,058,615
Domestic Equity (Pool IV)	\$28,540,738	\$31,506,252	\$3,018,352	\$767,520	\$9,765,456
International Equity (Pool IV)	\$8,424,114	\$8,759,788	\$335,674	(\$71,322)	\$1,028,771
Total Pool IV	\$58,167,728	\$61,476,691	\$3,371,220	(\$56,716)	\$13,852,842
Total Structured Investment Portfolio	\$220,226,889	\$225,239,843	\$5,134,994	(\$600,193)	\$24,496,258

Total Operating Portfolio	\$491,107,858	\$531,947,046	\$467,008,953
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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. Pool III's fixed income market value includes the \$13,958 cash balance held in the Pool III mutual fund account.
4. Pool IV's fixed income market value includes the \$31,233 cash balance held in the Pool IV mutual fund account.

INFO-5 Replacement Report



1. Net contributions include cash flows associated with management fees, portfolio expenses and physical cash flows.
2. Annualized performance number. Net inception earnings = \$23,244,016. Net inception return = 3.36%.

INFO-5 Replacement Report Structured Investment Portfolio Investment Policy Compliance Checklist⁽¹⁾
 University of Central Florida
 As of June 30, 2013

Pool I:

Investments in any single pooled investment fund shall be limited to 50% of the market value of Operating Pool I's assets.

	Yes	No	N/A
			•

Pool II:

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.

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.

	Yes	No	N/A
			•
	•		
	•		
	•		
	•		

Pool III Equity:

Investments in equity securities shall not exceed twenty percent (20%) of the market value of Operating Pool III's assets.

	Yes	No	N/A
			•

Pool III Fixed:

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%.

	Yes	No	N/A
			•
	•		
	•		
	•		

Pool IV Equity:

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.

	Yes	No	N/A
			•
	•		
	•		

Pool IV Fixed:

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%.

	Yes	No	N/A
			•
	•		
	•		
	•		

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.

INFO-5 Replacement Report

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	\$30,000,154	Current Allocation
Cash & Equivalents	\$30,000,154	100.0%
Fidelity Money Market	\$30,000,154	

Pool III	\$113,035,684	Current Allocation
Intermediate Fixed Income (85%)	\$96,568,348	85.4%
Galliard Capital Management	\$51,939,893	
Sawgrass Asset Management	\$44,628,455	
Domestic Equity (15%)	\$16,467,336	14.6%
Vanguard Institutional Index ⁽¹⁾	\$16,467,336	

Pool II	\$20,122,214	Current Allocation
Short-Term Fixed Income	\$20,122,214	100.0%
Galliard Capital Management	\$20,122,214	

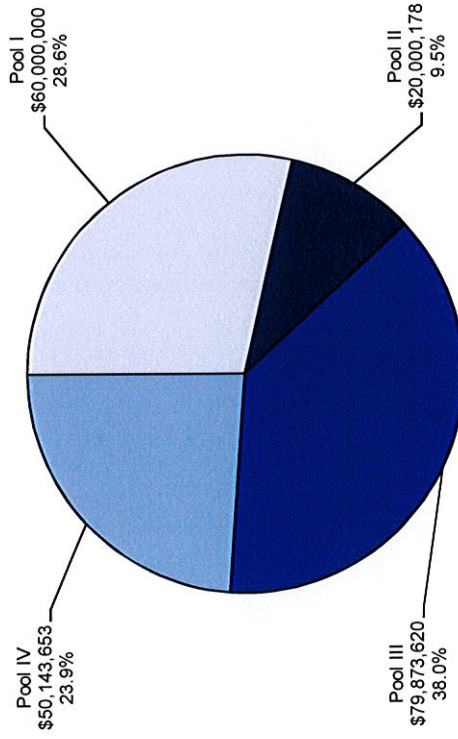
Pool IV	\$61,353,415	Current Allocation
Broad Market Fixed Income (35%)	\$20,476,296	33.4%
Galliard Capital Management	\$11,563,665	
PIMCO Total Return ⁽²⁾	\$5,948,890	
Galliard Treasury Inflation Protected (TIPS)	\$2,963,741	
Domestic Equity (50%)	\$32,188,653	52.5%
Vanguard Institutional Index	\$32,188,653	
International Equity (15%)	\$8,688,466	14.2%
Europacific Growth	\$4,388,234	
Manning & Napier Overseas	\$4,300,232	

1. Pool III's Vanguard Institutional Index market value includes the \$13,958 cash balance held in the Pool III mutual fund account.
2. Pool IV's PIMCO Total Return market value includes the \$31,233 cash balance held in the Pool IV mutual fund account.

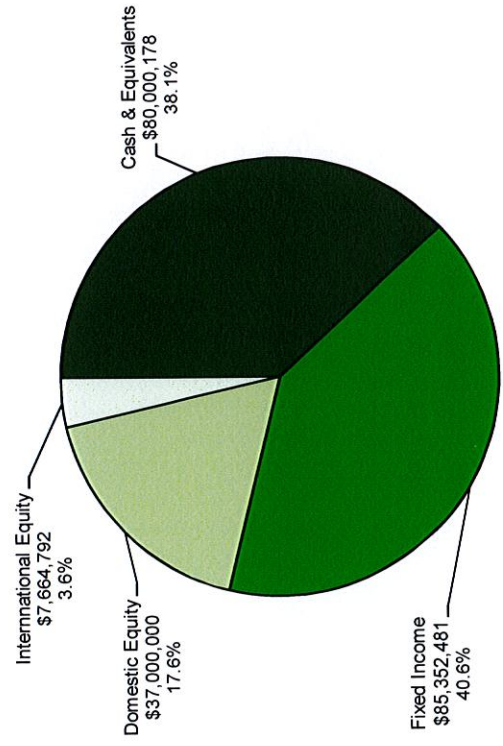
INFO-5 Replacement Report

3/31/2010: \$210,017,451

Pool Allocation

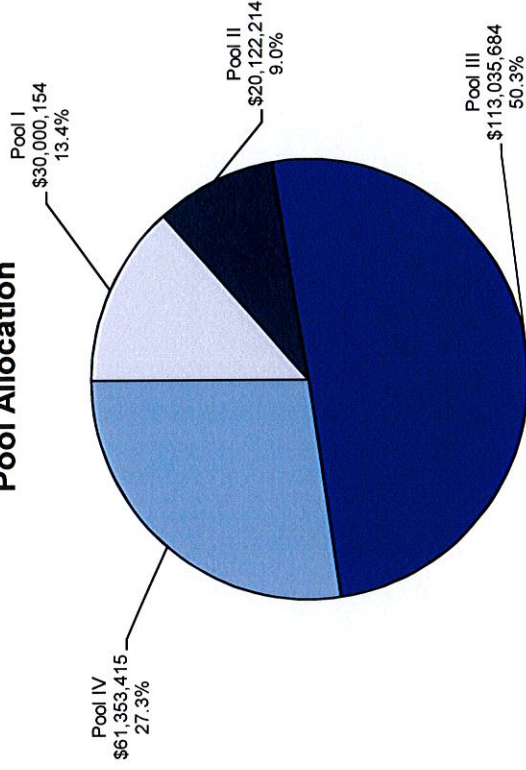


Asset Allocation

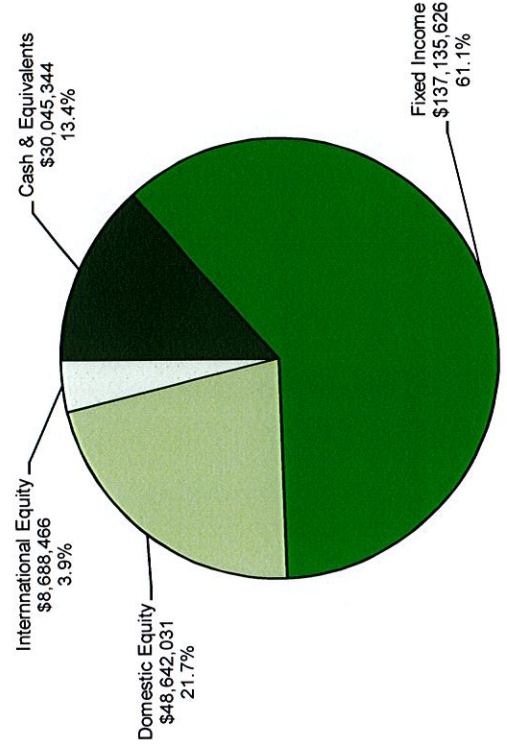


6/30/2013: \$224,511,467

Pool Allocation



Asset Allocation



Portfolio Flash Review
University of Central Florida
July 31, 2013

Investment	Market Value 07/01/2013	Market Value 07/31/13	Current Allocation	July Gain/Loss	July Return	Benchmark Return	Benchmark	Market Yield
Pool I	\$30,000,154	\$30,001,436	13.2% TP	\$255	0.00%	0.00%	Pool I - Blend	
Fidelity (I)	\$30,000,154	\$30,001,436	100.0%	\$255	0.00%	0.00%	Citigroup 3 Month T-Bill Index	0.01%
Pool II	\$20,122,214	\$20,128,032	8.8% TP	\$10,849	0.05%	0.05%	Pool II - Blend	
Galliard (II)	\$20,122,214	\$20,128,032	100.0%	\$10,849	0.05%	0.05%	75% ML 1-Yr Treas +25% T-Bills	0.61%
Pool III	\$113,035,684	\$114,066,524	50.1% TP	\$1,036,770	0.92%	1.08%	Pool III - Blend	
Galliard (III)	\$51,939,893	\$51,982,545	45.6%	\$55,787	0.11%	0.31%	ML 1-5 Year G/C A or Better	2.13%
Sawgrass (III)	\$44,628,455	\$44,773,792	39.3%	\$145,337	0.33%	0.31%	ML 1-5 Year G/C A or Better	0.64%
Pool III - Fixed	\$96,568,348	\$96,756,337	84.8%	\$201,124	0.21%	0.31%	ML 1-5 Year G/C A or Better	
Vanguard Instl (III)	\$16,453,378	\$17,289,024	15.2%	\$835,645	5.08%	5.09%	S&P 500 Index	1.99%
Pool III - Domestic Equity	\$16,453,378	\$17,289,024	15.2%	\$835,645	5.08%	5.48%	Russell 3000 Index	
Mutual Fund Cash (III)	\$13,958	\$21,163	0.0%	\$0	0.00%	0.00%	90 Day U.S. Treasury Bill	0.01%
Pool IV	\$61,353,415	\$63,456,213	27.9% TP	\$2,095,806	3.42%	3.48%	Pool IV - Blend	
Galliard Broad (IV)	\$11,563,665	\$11,559,444	18.2%	\$1,728	0.02%	0.14%	Barclays Aggregate Index	3.63%
PIMCO Total Return (IV)	\$5,917,658	\$5,946,592	9.4%	\$28,934	0.49%	0.14%	Barclays Aggregate Index	2.89%
Galliard TIPS (IV)	\$2,963,741	\$2,979,653	4.7%	\$17,102	0.58%	0.73%	Barclays Capital: U.S. TSY TIPS	1.03%
Pool IV - Fixed	\$20,445,063	\$20,485,688	32.3%	\$47,764	0.23%	0.22%	86% Bar Agg + 14% Bar TIPS	
Vanguard Instl (IV)	\$32,188,653	\$33,823,471	29.7%	\$1,634,818	5.08%	5.09%	S&P 500 Index	1.99%
Pool IV - Domestic Equity	\$32,188,653	\$33,823,471	53.3%	\$1,634,818	5.08%	5.48%	Russell 3000 Index	
Europacific Growth (IV)	\$4,388,234	\$4,573,079	7.2%	\$184,845	4.21%	4.40%	MSCI AC World ex USA	1.86%
Manning & Napier (IV)	\$4,300,232	\$4,528,610	7.1%	\$228,378	5.31%	4.40%	MSCI AC World ex USA	1.46%
Pool IV - International Equity	\$8,688,466	\$9,101,688	14.3%	\$413,223	4.76%	4.40%	MSCI AC World ex USA	
Mutual Fund Cash (IV)	\$31,233	\$45,365	0.1%	\$0	0.00%	0.00%	90 Day U.S. Treasury Bill	0.01%
Total Fund	\$224,511,467	\$227,652,205	100.0%	\$3,143,680	1.40%			

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

Initial Funding Portfolio Review
University of Central Florida
July 31, 2013

Investment	03/18/2010 Initial Funding	Market Value 07/31/2013	Current Allocation	Funding Gain/Loss	Funding Return(1)	Benchmark Return(1)	Benchmark
Pool I⁽²⁾	\$60,000,000	\$30,001,436	13.2% TP	\$26,947	0.01%	0.08%	Pool I - Blend
Fidelity (I)	\$30,000,000	\$30,001,436	100.0%	\$23,089	0.02%	0.08%	Citigroup 3 Month T-Bill Index
Pool II	\$20,000,000	\$20,128,032	8.8% TP	\$202,257	0.30%	0.37%	Pool II - Blend
Galliard (II)	\$20,000,000	\$20,128,032	100.0%	\$202,257	0.30%	0.37%	75% ML 1-Yr Treas +25% T-Bills
Pool III⁽²⁾	\$80,000,000	\$114,066,524	50.1% TP	\$11,335,884	4.11%	4.06%	Pool III - Blend
Galliard (III)	\$48,000,000	\$51,982,545	45.6%	\$4,171,972	2.59%	2.17%	ML 1-5 Year G/C A or Better
Sawgrass (III)	\$20,000,000	\$44,773,792	39.3%	\$1,579,858	2.52%	2.17%	ML 1-5 Year G/C A or Better
Pool III - Fixed	\$68,000,000	\$96,756,337	84.8%	\$5,751,830	2.58%	2.17%	ML 1-5 Year G/C A or Better
Vanguard Instl (III) ⁽³⁾	\$0	\$17,289,024	15.2%	\$544,883	5.08%	5.09%	S&P 500 Index
Pool III - Domestic Equity ⁽²⁾	\$12,000,000	\$17,289,024	15.2%	\$5,584,054	12.28%	14.31%	Russell 3000 Index
Mutual Fund Cash (III)	\$0	\$21,163	0.0%	\$1	0.01%	0.01%	90 Day U.S. Treasury Bill
Pool IV⁽²⁾	\$50,000,000	\$63,456,213	27.9% TP	\$16,092,232	8.81%	9.71%	Pool IV - Blend
Galliard Broad (IV)	\$10,000,000	\$11,559,444	18.2%	\$1,643,669	4.79%	4.26%	Barclays Aggregate Index
PIMCO Total Return (IV)	\$5,000,000	\$5,946,592	9.4%	\$946,592	5.20%	4.26%	Barclays Aggregate Index
Galliard TIPS (IV)	\$2,500,000	\$2,979,653	4.7%	\$494,977	5.65%	5.57%	Barclays Capital: U.S. TSY TIPS
Pool IV - Fixed	\$17,500,000	\$20,485,688	32.3%	\$3,085,237	5.03%	4.45%	86% Bar Agg + 14% Bar TIPS
Vanguard Instl (IV) ⁽³⁾	\$0	\$33,823,471	29.7%	\$1,073,322	5.08%	5.09%	S&P 500 Index
Pool IV - Domestic Equity ⁽²⁾	\$25,000,000	\$33,823,471	53.3%	\$11,400,276	12.42%	14.31%	Russell 3000 Index
Europacific Growth (IV)	\$3,750,000	\$4,573,079	7.2%	\$828,079	5.60%	4.81%	MSCI AC World ex USA
Manning & Napier (IV)	\$3,750,000	\$4,528,610	7.1%	\$778,610	5.02%	4.81%	MSCI AC World ex USA
Pool IV - International Equity	\$7,500,000	\$9,101,688	14.3%	\$1,606,688	5.31%	4.81%	MSCI AC World ex USA
Mutual Fund Cash (IV)	\$0	\$45,365	0.1%	\$31	0.00%	0.01%	90 Day U.S. Treasury Bill
Total Fund⁽²⁾	\$210,000,000	\$227,652,205	100.0%	\$27,657,321	3.86%		

NOTES:

- (1) Period = 03/31/2010 - Present unless noted otherwise
- (2) Composites include closed accounts.
- (3) Vanguard Performance begins on July 1, 2013.

**University of Central Florida
Board of Trustees
Finance and Facilities Committee**

SUBJECT: UCF Investment Policy Revision(s)

DATE: September 26, 2013

PROPOSED COMMITTEE ACTION

Approval to revise the operating funds supplement to the UCF Investment Policy.

BACKGROUND INFORMATION

In June 2013, UCF transferred its broad capitalization domestic equity investments from actively managed funds to a large cap Vanguard equity index fund that is designed to track the performance of the Standard & Poor's 500 Index. Due to the transfer to an index fund and the resulting narrowing of the domestic equity portfolio's focus, an amendment to UCF's investment policy Operating Pool III Sub-Section and Operating Pool IV Sub-Section is needed to change the target index for domestic equity investments from the Russell 3000 to the Standard & Poor's 500.

Supporting documentation:

UCF Operating Pool III Sub-section (Attachment A)
UCF Operating Pool IV Sub-section (Attachment B)
UCF Investment Policy (Attachment C)
UCF Investment Policy Manual (Attachment D)

Prepared by: William F. Merck II, Vice President for Administration and Finance
and Chief Financial Officer
Tracy Clark, Assistant Vice President for Finance and Controller

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

Attachment A

OPERATING POOL III SUB-SECTION

to the Operating Funds Supplement to the University of Central Florida Investment Manual

This Sub-Section is a part of the Operating Funds Supplement to the University of Central Florida Investment Manual and is intended only to complement the objectives and guidelines outlined therein. The purpose of this Sub-Section is to set forth the specific investment objectives and parameters for the management of financial assets of Operating Pool III.

Operating Pool III will be considered excess cash reserves that may be invested in longer term investments (up to 5 years). In addition to compliance with the provisions of the Operating Funds Supplement to the University of Central Florida Investment Manual, Operating Pool III investments must comply with the following guidelines and objectives.

I. Investment Objectives

- A. Operating Pool III should be structured to provide the moderate growth and a reasonable safety of principal while generating an above benchmark total rate of return. Investments shall be made subject to the University reserve needs in accordance with the schedule provided by the Finance Committee, and shall be subject to any revisions thereafter.
- B. Investments shall be undertaken in a manner that seeks to balance the growth of the portfolio against the limited time horizon of Operating Pool III. Given the limited time horizon of Operating pool III, reasonable liquidity should be maintained as a primary objective.

II. Guidelines

A. Authorized Investments

Pursuant to the investment powers of the Finance Committee as set forth in the Florida Statutes and the delegation of authority granted by the University Board of Trustees, the Finance Committee sets forth the following investment guidelines and limitations.

1. Equity

- a. Investments in equity securities shall not exceed twenty percent (20%) of the market value of Operating Pool III's assets.

2. Fixed Income

- a. All fixed income investments shall maintain a minimum rating of "A" or higher by a major credit rating service.
- b. The weighted average quality of the fixed income portfolio shall maintain a rating of "AA" or higher.
- c. The duration of the fixed income portfolio shall not exceed the effective duration of the Merrill Lynch 1-5 Year Government/Corporate A or Better Index by 50%.
- d. The maturity of any single security at the time of purchase shall not exceed an average effective maturity of 5 years.

Attachment A

3. Cash & Equivalents

4. Pooled Investment Funds

- a. For purposes of Operating Pool III, pooled investment funds may include mutual funds, commingled funds, and exchange-traded funds.

III. Target Allocations

In order to provide for a diversified portfolio, the Committee will engage investment professionals to manage and administer Operating Pool III. Each Investment Manager retained will be responsible for the assets and allocation of their mandate only and, where applicable, will be provided an addendum to this Sub-Section with their specific performance objectives and investment evaluation criteria. The Finance Committee has established the following target asset allocation for Operating Pool III.

Asset Group	Target	Range	Comparison
Domestic Equity	15%	10% - 20%	Russell 3000 S&P 500
Intermediate Fixed Income	85%	75% - 95%	ML 1-5yr G/C A or Better
Cash & Equivalents	0%	0% - 15%	90 Day US T-Bills

The Finance Committee will monitor the aggregate asset allocation of the portfolio, and will rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, cash contributions into and withdrawals from the portfolio will be executed proportionally based on the most current market values available. The Finance Committee does not intend to exercise short-term changes to the target allocation.

IV. Investment Performance Objectives

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers.

A. Total Portfolio Performance

1. The performance of Operating Pool III will be measured for rolling three (3) and five (5) year periods. The performance of the portfolio will be compared to the return of the target index consisting of 15% ~~Russell 3000~~ S&P 500 and 85% ML 1-5 Year Government/Corporate A or Better index.
2. On a relative basis, it is expected that Operating Pool III's performance will rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.
3. On an absolute basis, the objective is that the return of Operating Pool III will provide a total return that exceeds the Consumer Price Index plus 2%.

Attachment A

B. Equity Performance

1. The combined equity portion of the portfolio is expected to perform at a rate at least equal to the ~~Russell 3000~~S&P 500 index.
2. On a relative basis, the equity portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.
3. Individual components of the equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum.

C. Fixed Income Performance

1. The combined fixed income portion of the portfolio is expected to perform at a rate at least equal to the Merrill Lynch 1-5 Year Government/Corporate A or Better index.
2. On a relative basis, the fixed income portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.
3. Individual components of the fixed income portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum.

V. Review and Amendments

It is the Finance Committee's intention to review this Sub-Section at least annually and to amend it to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Finance Committee should be notified in writing.

By signing this document, the Vice President for Finance & Administration and Chief Financial Officer attests that this Sub-Section has been recommended by the Investment Consultant, reviewed by the Fund's legal counsel for compliance with applicable law, and approved by the Chairman of the Finance Committee of the Board of Trustees.

University of Central Florida

Vice President for Finance & Administration
Chief Financial Officer

Date

Attachment B

OPERATING POOL IV SUB-SECTION

to the Operating Funds Supplement to the University of Central Florida Investment Manual

This Sub-Section is a part of the Operating Funds Supplement to the University of Central Florida Investment Manual and is intended only to complement the objectives and guidelines outlined therein. The purpose of this Sub-Section is to set forth the specific investment objectives and parameters for the management of financial assets of Operating Pool IV.

Operating Pool IV will be designated for long term investments. In addition to compliance with the provisions of the Operating Funds Supplement to the University of Central Florida Investment Manual, Operating Pool IV investments must comply with the following guidelines and objectives.

I. Investment Objectives

- A. Operating Pool IV should be structured to maximize the long-term growth of the portfolio while generating an above benchmark total rate of return.
- B. Investments shall be undertaken in a manner that seeks to create a diversified portfolio of long-term assets without consideration for current income or pending expenditure. While reasonable liquidity should be maintained, it will be considered a secondary objective.

II. Guidelines

A. Authorized Investments

Pursuant to the investment powers of the Finance Committee as set forth in the Florida Statutes and the delegation of authority granted by the University Board of Trustees, sets forth the following investment guidelines and limitations.

1. Equity

- a. Collective investment in equity and equivalent securities (domestic and international) shall not exceed sixty-five percent (75%) of the market value of Operating Pool IV's assets.
- b. Foreign securities shall not exceed twenty percent (20%) of the market value of Operating Pool IV's assets.

2. Fixed Income

- a. All fixed income investments shall maintain a minimum rating of "investment grade" or higher by a major credit rating service.
- b. The weighted average quality of the fixed income portfolio shall maintain a rating of "A" or higher.
- c. Duration of the fixed income portfolio shall not exceed the effective duration of the Barclays Aggregate Bond index by 50%.

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3. Cash & Equivalents

4. Pooled Funds

- a. For purposes of Operating Pool IV, pooled investment funds may include mutual funds, commingled funds, and exchange-traded funds, limited partnerships and private equity.

III. Target Allocations

In order to provide for a diversified portfolio, the Finance Committee will engaged investment professionals to manage and administer Operating Pool IV. Each Investment Manager retained will be responsible for the assets and allocation of their mandate only and may be provided an addendum to this Sub-Section with their specific performance objectives and investment evaluation criteria. The Finance Committee has established the following asset allocation targets for the total fund:

Asset Group	Target	Range	Comparison
Domestic Equity	45%	40% - 50%	Russell 3000 S&P 500
International Equity	15%	10% - 20%	MSCI-ACWxUS
Alternative Assets*	5%	0% - 10%	TBD
<i>Total Equity & Equivalents</i>	65%	55% - 75%	
Broad Market Fixed Income	30%	25% - 35%	Barclays Capital Aggregate
TIPS*	5%	0% - 10%	Barclays TIPS
<i>Total Fixed Income</i>	35%	30% - 40%	
Cash & Equivalents	0%	0% - 5%	90 Day US T-Bills

*Benchmark will default to domestic equity and broad market fixed income, respectively, if these portfolios are not funded. Targets and ranges above are based on market value of total Operating Pool IV assets.

The Finance Committee will monitor the aggregate asset allocation of the portfolio, and will rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, contributions and withdrawals from the portfolio will be executed proportionally based on the most current market values available. The Finance Committee does not intend to exercise short-term changes to the target allocation.

IV. Investment Performance Objectives

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers.

A. Total Portfolio Performance

1. The performance of Operating Pool IV will be measured for rolling three (3) and five (5) year periods. The performance of the portfolio will be compared to the return of

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the target index comprised of 45% ~~Russell 3000~~S&P 500, 15% MSCI-All Country World excluding U.S., 5% Alternative Assets, 30% Barclays Aggregate Bond and 5% Barclays TIPS Index.

2. On a relative basis, it is expected that Operating Pool IV's performance will rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.
3. On an absolute basis, the objective is that the return of Operating Pool IV will provide a total return that exceeds the Consumer Price Index plus 4.5%.

B. Equity Performance

1. The combined equity portion of the portfolio is expected to perform at a rate at least equal to a combined target index consisting of 70% ~~Russell 3000~~S&P 500, 23% MSCI All Country World excluding U.S. Index and 7% Alternative Investments.
2. On a relative basis, the equity portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.
3. Individual components of the equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum.

C. Fixed Income Performance

1. The combined fixed income portion of the portfolio is expected to perform at a rate at least equal to a combined target index consisting of 85% Barclays Capital U.S. Aggregate Bond and 15% Barclays TIPS index.
2. On a relative basis, the fixed income portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.

D. Alternative and Other Asset Performance

1. The overall objective of the alternative and/or "other asset" portion of the portfolio, if utilized, is to reduce the overall volatility of the portfolio and enhance returns. This portion of the fund will be benchmarked as outlined in the Investment Manager addendum.

V. Review and Amendments

It is the Finance Committee's intention to review this Sub-Section at least annually and to amend it to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Finance Committee should be notified in writing.

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By signing this document, the Vice President for Finance & Administration and Chief Financial Officer attests that this Sub-Section has been recommended by the Investment Consultant, reviewed by the Fund's legal counsel for compliance with applicable law, and approved by the Chairman of the Finance Committee of the Board of Trustees.

University of Central Florida

Vice President for Finance & Administration
Chief Financial Officer

Date

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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>

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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 <u>Will F. Munk</u>	Date: <u>7/23/08</u>
Policies and Procedures Review Committee Chair: <u>Litt Barnes</u>	Date: <u>July 21, 2008</u>
President or Designee: <u>J. Hill</u>	Date: <u>7/23/08</u>

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UNIVERSITY OF CENTRAL FLORIDA

INVESTMENT MANUAL

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General Information

The following are detailed procedures related to UCF Policy _____, 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 (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

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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.

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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 Treasurer. 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 7 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.

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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 V-7, Corporations.
 - A. Credit Ratings
Authorization of the listed GSE in section V-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

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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, 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

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

B. Interest Rate Risk Restrictions

For repurchase agreements, at the time of purchase such agreements 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.

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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 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 University Controller will provide annual cash flow projections, taking into consideration revenue receipt timing, payroll disbursements, debt service schedules and other historical

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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 University Treasurer will maintain an 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 University Treasurer 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 a least three (3) offers or bids are obtained 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.

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Internal Controls

The University Treasurer 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 University Treasurer will annually (during each calendar year) complete 8 hours of continuing education in subjects or course 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 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.

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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.

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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

Attachment D

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.

Attachment D

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.

ITEM: INFO-6

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: University Operating Budget Report ended August 31, 2013

DATE: September 26, 2013

For information only.

**University of Central Florida
Operating Budget Status**

June 30, 2013

Year-to-Date Activity and Variances

The attached reports include revenues and expenditures for the twelve months ending June 30, 2013, compared to the operating budget. Student credit hours are below the enrollment plan by 3.1 percent and slightly exceeded the prior year by 0.3 percent. Revenue and expenditures as a percentage of budget are 2.4 percent and 3.4 percent, respectively, higher than last year. Overall, revenues and expenditures as a percent of the operating budget are 81 percent and 82 percent, respectively. Specific activities and variances in certain budget categories are described below.

Educational & General

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 decreased \$27.3 million. A decrease in state appropriations of \$50.6 million was offset by an increase in student tuition and fees of \$25.0.

E&G expenditures increased by \$.2 million, primarily due to a \$1.5 million increase in salaries and benefits, offset by a \$.7 million decrease in capital expenditures and a \$.5 million decrease in IT lease payments.

Medical School

Medical school revenues increased by \$5.0 million, primarily due to increased student fees and state appropriations.

Medical school expenditures increased by \$4.4 million, primarily due to \$2.6 million in additional salaries and benefits for faculty and staff growth.

Auxiliary Enterprises

Auxiliary revenues increased by \$16.9 million, primarily due to a \$10.4 million increase in realized investment gains from the reallocation of investments to a Vanguard index fund.

Expenditures increased \$19.6 million based on a combination of factors including \$3.7 million for the purchase of WMFE's license and assets, \$1.5 million increase in shuttle services, \$2.6 million for alterations and improvements, \$2.2 million in debt service payments for new housing bonds, \$3.9 million increase in telecommunications and distance learning expenditures, and \$3.7 million in additional salaries and benefit costs.

University of Central Florida Operating Budget Status

June 30, 2013

Sponsored Research

Sponsored research revenues increased \$8.9 million, primarily due to funding for the Florida Solar Energy Center, the School of Teaching, Learning, and Leadership, and the I-4 Corridor Awards. Expenditures decreased \$11.1 million, primarily due to the purchase of the Lake Nona land in the prior year.

Student Financial Aid

Revenues increased \$19.4 million primarily due to a \$12.4 million increase in student direct-lending loans and \$6.7 million increase in differential tuition

Expenditures increased \$20 million, primarily due to an increase in student loans.

Student Activities

Revenues for student activities include the Activity and Service Fee charged to students per credit hour and revenues generated from the operation of the Student Union and the Recreation and Wellness Center. Revenues remain consistent with the prior year. Expenses increased slightly compared to prior year due to facility improvement costs.

Technology Fee

Technology fee revenues were consistent with the prior year.

Technology fee expense variances are due to timing differences in the progress of the various projects. Approximately 80 percent of 2012-2013 awarded funds and 91 percent of prior years' awarded funds have been spent or transferred to Computer Services and Telecommunications for projects completed or in progress.

University of Central Florida

Operating Budget Report

as of June 30, 2013 (100% of year)

Fiscal Year 2013

	Revenue	Expenditures	Expenditure Budget	% of Budget Spent	Revenue as % of Budget	Revenue less Expenditures	Fund Balance (as of July 1)
Educational & General	\$ 416,525,322	\$ 461,230,923	\$ 581,424,002	79.3%	71.6%	\$ (44,705,601)	\$ 165,730,164
Medical School	33,065,995	29,704,742	42,378,001	70.1%	78.0%	3,361,253	11,135,112
Auxiliary Enterprises	163,375,858	135,707,165	174,983,999	77.6%	93.4%	27,668,693	131,685,970
Sponsored Research	140,044,408	138,751,857	154,597,904	89.8%	90.6%	1,292,551	22,505,218
Student Financial Aid	449,557,973	449,064,638	539,721,705	83.2%	83.3%	493,335	28,066,694
Student Activities	18,834,419	19,230,214	22,186,188	86.7%	84.9%	(395,795)	9,350,292
Concessions	538,016	290,578	380,000	76.5%	141.6%	247,438	637,249
Technology Fee	9,193,526	10,805,376	11,075,000	97.6%	83.0%	(1,611,850)	6,323,487
	<u>\$ 1,231,135,517</u>	<u>\$ 1,244,785,493</u>	<u>\$ 1,526,746,799</u>	<u>81.5%</u>	<u>80.6%</u>	<u>\$ (13,649,976)</u>	<u>\$ 375,434,186</u>

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
	<u>\$ 1,207,754,030</u>	<u>\$ 1,207,443,492</u>	<u>\$ 1,545,105,879</u>	<u>78.1%</u>	<u>78.2%</u>	<u>\$ 310,538</u>	<u>\$ 375,123,649</u>

University of Central Florida

Operating Expenditure Report

as of June 30, 2013 (100% of year)

Fiscal Year 2013

	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	\$ 307,506,443	\$ 144,793,873	\$ 8,930,607	\$ -	\$ 461,230,923	66.7%	31.4%	1.9%	-	100.0%
Medical School	20,882,292	8,210,671	611,779	-	29,704,742	70.3%	27.6%	2.1%	-	100.0%
Auxiliary Enterprises	42,478,489	76,541,497	2,530,461	14,156,718	135,707,165	31.3%	56.4%	1.9%	10.4%	100.0%
Sponsored Research	61,730,878	69,946,253	7,074,708	18	138,751,857	44.5%	50.4%	5.1%	0.0%	100.0%
Student Financial Aid	3,121,980	445,942,658	-	-	449,064,638	0.7%	99.3%	-	-	100.0%
Student Activities	9,199,611	9,923,079	107,524	-	19,230,214	47.8%	51.6%	0.6%	-	100.0%
Concessions	2,649	287,929	-	-	290,578	0.9%	99.1%	-	-	100.0%
Technology Fee	117,122	9,206,669	1,481,585	-	10,805,376	1.1%	85.2%	13.7%	-	100.0%
	\$ 445,039,464	\$ 764,852,629	\$ 20,736,664	\$ 14,156,736	\$ 1,244,785,493	35.8%	61.4%	1.7%	1.1%	100.0%

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%

University of Central Florida

Operating Budget Report

as of June 30, 2013 (100% of year)

Statistical Information

Student Credit Hours¹

Actual Compared to UCF Plan

	Actual	Plan	Difference	% Variance
Summer ²	235,805	240,038	(4,233)	-1.8%
Fall	649,923	667,522	(17,599)	-2.6%
Spring	622,636	648,722	(26,086)	-4.0%
	1,508,364	1,556,282	(47,918)	-3.1%

Current Year Compared to Prior Year

	2012-13	2011-12	Difference	% Variance
Summer	235,805	232,108	3,697	1.6%
Fall	649,923	647,221	2,702	0.4%
Spring	622,636	624,479	(1,843)	-0.3%
	1,508,364	1,503,808	4,556	0.3%

Additional Statistical Information

	2012-13	2011-12	Difference	% Variance
Student headcount - Fall 2012 and 2011	59,785	58,698	1,087	1.9%
Percent in-state students - Fall 2012 and 2011	94.8%	95.1%	-0.3%	-0.3%
Foundation endowment - June 30, 2012, and 2011	\$121,087,980	\$125,668,734	\$ (4,580,754)	-3.6%
Foundation assets - June 30, 2012, and 2011	\$244,702,384	\$245,947,887	\$ (1,245,503)	-0.5%
On-campus Housing, including Greek Housing	6,147			
Rosen Campus housing	388			
Affiliated housing	3,741			
Gross square footage - Orlando Campus	7,521,502			
Acreage - Orlando Campus	1,415			

¹ Medical students are not included in student credit hours.

² SCH for Summer 2012. Summer 2013 will be included in 2013-14 reporting.

Fiscal Year 2012

	Actual	Plan	Difference	% Variance
	232,108	228,610	3,498	1.5%
	647,221	660,196	(12,975)	-2.0%
	624,479	638,335	(14,391)	-2.3%
	1,503,808	1,527,141	(23,868)	-1.6%

	2011-12	2010-11	Difference	% Variance
	232,108	218,087	14,021	6.4%
	647,221	624,533	22,688	3.6%
	624,479	606,495	17,449	2.9%
	1,503,808	1,449,115	54,158	3.7%

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 years. A committee and guidelines for the allocation and use of the technology resources were 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.

ITEM: INFO-7

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Direct Support Organizations' Quarterly Financial Reports ended June 30, 2013

DATE: September 26, 2013

For information only.

DRAFT

**GOLDEN KNIGHTS CORPORATION
STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets		
Interest receivable	\$ 49,376	\$ 48,880
Other receivables	-	195,096
Due from the University of Central Florida	839,603	874,212
Due from the UCF Athletics Association, Inc.	-	204,000
Due from the UCF Foundation, Inc.	403,527	463,707
Restricted cash and cash equivalents	<u>170,049</u>	<u>137,762</u>
Total current assets	<u>1,462,555</u>	<u>1,923,657</u>
Noncurrent assets		
Restricted cash and cash equivalents	8,856,797	8,064,133
Debt issuance costs, net of accumulated amortization	1,526,337	1,604,306
Capital assets, net	<u>49,864,979</u>	<u>51,535,839</u>
Total noncurrent assets	<u>60,248,113</u>	<u>61,204,278</u>
Total Assets	<u><u>\$ 61,710,668</u></u>	<u><u>\$ 63,127,935</u></u>
LIABILITIES		
Current liabilities		
Current portion of long-term debt	\$ 1,100,000	\$ 1,055,000
Interest payable	655,506	670,523
Deferred revenue	1,442,979	1,131,912
Deposits payable	45,000	45,000
Due to the UCF Athletics Association, Inc.	<u>-</u>	<u>204,000</u>
Total current liabilities	<u>3,243,485</u>	<u>3,106,435</u>
Noncurrent liabilities		
Long-term debt, less current portion	53,025,270	54,651,940
Total Liabilities	<u><u>\$ 56,268,755</u></u>	<u><u>\$ 57,758,375</u></u>
NET POSITION		
Invested in capital assets, net of related debt	\$ (2,733,954)	\$ (2,566,795)
Restricted for:		
Debt service	7,476,217	6,717,446
Renewal and replacement	895,111	794,528
Other	12	19,400
Unrestricted	<u>(195,473)</u>	<u>404,983</u>
Total Net Position	<u><u>\$ 5,441,913</u></u>	<u><u>\$ 5,369,560</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

DRAFT

GOLDEN KNIGHTS CORPORATION
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Operating revenues		
Sponsorship	\$ 880,490	\$ 730,490
Premium seating	1,529,655	1,551,353
Commissions	420,681	401,297
Total operating revenues	<u>2,830,826</u>	<u>2,683,140</u>
Operating expenses		
Services and supplies	506,016	402,871
Utilities	207,006	219,058
Insurance	139,023	119,643
Depreciation	1,680,630	1,806,196
Amortization	77,969	80,385
Total operating expenses	<u>2,610,644</u>	<u>2,628,153</u>
Operating income	<u>220,182</u>	<u>54,987</u>
Nonoperating revenues (expenses)		
Transfers from the UCF Athletics Association, Inc.	6,981,320	7,545,207
Transfers from the University of Central Florida	-	264,000
Transfers from the UCF Foundation, Inc.	225,000	194,076
Transfers to the UCF Athletics Association, Inc.	(5,433,484)	(5,219,721)
Transfers to the University of Central Florida	-	(20,958)
Interest income	153,522	154,612
Interest expense	(2,074,187)	(2,124,701)
Loss on disposal of assets	-	(3,078)
Net nonoperating revenues (expenses)	<u>(147,829)</u>	<u>789,437</u>
Increase in net position	<u>72,353</u>	<u>844,424</u>
Net Position		
Beginning of year	5,369,560	4,525,136
End of year	<u>\$ 5,441,913</u>	<u>\$ 5,369,560</u>

The accompanying notes to financial statements
are an integral part of these statements.

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GOLDEN KNIGHTS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Cash flows from operating activities		
Receipts from premium seating	\$ 1,840,722	\$ 1,337,661
Receipts from sponsorships	1,075,586	535,394
Receipts from commissions	420,681	401,297
Payments to suppliers and others	(852,045)	(767,926)
Net cash provided by operating activities	<u>2,484,944</u>	<u>1,506,426</u>
Cash flows from noncapital financing activities		
Net change in funds held by the University of Central Florida	34,609	(176,118)
Transfers from the University of Central Florida	-	223,870
Transfers from the UCF Athletics Association, Inc.	6,981,320	7,527,349
Transfers from (to) the UCF Foundation, Inc.	285,180	320,628
Payments to the UCF Athletics Association, Inc.	(5,433,484)	(5,219,721)
Payments to (from) the University of Central Florida	-	337,867
Net cash provided by noncapital financing activities	<u>1,867,625</u>	<u>3,013,875</u>
Cash flows from capital and related financing activities		
Purchases of capital assets	(9,770)	(158,789)
Payments on long-term debt	(1,550,000)	(1,945,000)
Interest paid	(2,120,874)	(2,171,835)
Net cash used in capital and related financing activities	<u>(3,680,644)</u>	<u>(4,275,624)</u>
Cash flows from investing activities		
Interest income received	153,026	155,063
Net cash provided by investing activities	<u>153,026</u>	<u>155,063</u>
Net increase in cash and cash equivalents	824,951	399,740
Cash and cash equivalents, beginning of year	8,201,895	7,802,155
Cash and cash equivalents, end of year	<u>\$ 9,026,846</u>	<u>\$ 8,201,895</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 220,182	\$ 54,987
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,758,599	1,886,581
Changes in assets and liabilities:		
Accounts receivable	-	-
Other receivables	195,096	(195,096)
Deferred ticket revenue	311,067	(213,692)
Accounts payable and accruals	-	(26,354)
Net cash provided by operating activities	<u>\$ 2,484,944</u>	<u>\$ 1,506,426</u>
Cash and cash equivalents are presented on the Statement of Net Position as:		
Restricted cash and cash equivalents	\$ 170,049	\$ 137,762
Restricted cash and cash equivalents - noncurrent	8,856,797	8,064,133
	<u>\$ 9,026,846</u>	<u>\$ 8,201,895</u>

The accompanying notes to financial statements
are an integral part of these statements.

UCF ATHLETICS ASSOCIATION, INC.
STATEMENT OF NET POSITION
JUNE 30, 2013

Assets

Current assets

Cash and cash equivalents	\$ 1,280,857
Accounts receivable, net	1,645,451
Due from the University of Central Florida Foundation, Inc.	50,132
Due from the University of Central Florida	69,005
Prepaid expenses and other current assets	291,252
Total current assets	<u>3,336,697</u>

Noncurrent assets

Capital assets, net of accumulated depreciation	15,521,754
Capital assets not being depreciated	850,382
Total noncurrent assets	<u>16,372,136</u>

Total assets	<u>19,708,833</u>
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Liabilities

Current liabilities

Accounts payable and accrued expenses	1,145,898
Due to the UCF Convocation Corporation	89,363
Due to the University of Central Florida	16,207
Deferred ticket revenue	2,217,773
Line of credit	6,909,998
Current portion of compensated absences	85,037
Current portion of long term debt	30,722
Total current liabilities	<u>10,494,998</u>

Noncurrent liabilities

Notes payable to the University of Central Florida	10,705,568
Long term debt, less current portion	129,499
Compensated absences, less current portion	308,021
Total noncurrent liabilities	<u>11,143,088</u>

Total liabilities	<u>21,638,086</u>
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Net position

Invested in capital assets, net of related debt	9,301,917
Unrestricted	<u>(11,231,170)</u>
Total net position	<u>\$ (1,929,253)</u>

The accompanying notes to financial statements
are an integral part of this statement.

**UCF ATHLETICS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

Operating revenues	
Student athletic fees	\$ 20,127,941
Game tickets	4,140,310
Conference and NCAA distributions	3,163,638
Out-of-state fee waivers	1,899,439
Sponsorships	2,865,246
Contributions	2,733,615
Other	474,012
Game guarantees	1,135,376
Total operating revenues	<u>36,539,577</u>
Operating expenses	
Salaries and benefits	13,270,401
Scholarships	4,921,931
Travel	4,314,357
Independent contractors	3,892,952
Athletic supplies and subsistence	2,327,154
Out-of-state fee waivers	1,899,439
Other general and administrative expenses	461,812
Depreciation and amortization	816,412
Rents and leases	875,731
Office expenses	614,688
Utilities	437,734
Insurance	268,458
Repairs and maintenance	205,009
Printing	137,491
Game guarantees	933,614
Telephone	288,880
Other sports team expenses	131,894
University overhead	125,000
Total operating expenses	<u>35,922,957</u>
Operating income	<u>616,620</u>
Nonoperating revenues (expenses)	
Contributions from the University of Central Florida - Gender Equity Allocation	268,359
Contribution expense to other UCF Organizations	(30,000)
Transfers to the Golden Knights Corporation, net	(1,547,836)
Interest income	42,048
Interest expense	(409,204)
Total nonoperating revenues (expenses)	<u>(1,676,633)</u>
Decrease in net position	<u>(1,060,013)</u>
Net position, beginning of year	(869,240)
Net position, end of year	<u><u>\$ (1,929,253)</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

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UCF CONVOCATION CORPORATION
STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 785,817	\$ 337,801
Interest receivable	126,215	126,416
Accounts receivable, net	1,338,045	1,110,132
Due from the University of Central Florida	2,679,390	2,326,000
Due from the UCF Foundation, Inc.	492,024	386
Due from the UCF Athletics Association, Inc.	89,363	45,073
Prepaid expenses	46,991	16,160
Restricted cash and cash equivalents	14,531,247	13,932,774
Total current assets	<u>20,089,092</u>	<u>17,894,742</u>
Noncurrent assets		
Restricted cash and cash equivalents	12,816,172	14,853,266
Debt issuance costs, net of accumulated amortization	8,292,337	8,671,845
Capital assets, net of accumulated depreciation	174,064,059	179,728,983
Total noncurrent assets	<u>195,172,568</u>	<u>203,254,094</u>
Total Assets	<u><u>\$ 215,261,660</u></u>	<u><u>\$ 221,148,836</u></u>
LIABILITIES		
Current liabilities		
Current portion of long-term debt	\$ 5,510,000	\$ 5,310,000
Accounts payable and accrued expenses	416,075	605,778
Interest payable	2,699,337	2,746,810
Due to the University of Central Florida	238,730	297,321
Due to the UCF Foundation, Inc.	16,868	25,709
Deferred revenue	2,443,665	1,620,804
Total current liabilities	<u>11,324,675</u>	<u>10,606,422</u>
Long-term debt, less current portion	216,393,137	222,222,058
Total Liabilities	<u><u>\$ 227,717,812</u></u>	<u><u>\$ 232,828,480</u></u>
NET POSITION		
Invested in capital assets, net of related debt	\$ (39,546,741)	\$ (39,131,230)
Restricted for:		
Debt service	15,235,675	17,582,023
Renewal and replacement	4,246,700	3,760,489
Other	5,165,706	4,696,718
Unrestricted	2,442,508	1,412,356
Total Net position	<u><u>\$ (12,456,152)</u></u>	<u><u>\$ (11,679,644)</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

DRAFT

UCF CONVOCATION CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Operating revenues		
Housing	\$ 19,226,556	\$ 17,959,228
Arena operations	7,694,894	9,616,677
Retail space rental	1,634,102	1,821,212
Total operating revenues	<u>28,555,552</u>	<u>29,397,117</u>
Operating expenses		
Services and supplies	9,397,740	11,016,358
Utilities and communications	2,442,101	2,493,111
Depreciation	5,934,955	5,959,815
Amortization	379,507	379,507
Other	61,078	76,250
Total operating expenses	<u>18,215,381</u>	<u>19,925,041</u>
Operating income	<u>10,340,171</u>	<u>9,472,076</u>
Nonoperating revenues (expenses)		
Interest income	558,598	557,680
Interest expense	(10,529,746)	(10,700,180)
Transfers to the University of Central Florida	(2,130,531)	-
Transfers from the University of Central Florida	985,000	2,225,000
Other nonoperating	-	(78,493)
Total nonoperating expenses	<u>(11,116,679)</u>	<u>(7,995,993)</u>
Change in net position	(776,508)	1,476,083
Net position, beginning of year	(11,679,644)	(13,155,727)
Net position, end of year	<u>\$ (12,456,152)</u>	<u>\$ (11,679,644)</u>

The accompanying notes to financial statements
are an integral part of these statements.

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**UCF CONVOCATION CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Receipts from housing operations	\$ 20,026,899	\$ 17,784,742
Receipts from retail space rental	1,640,844	1,703,918
Receipts from arena operations	7,482,757	9,614,790
Payments to suppliers and others	<u>(13,520,546)</u>	<u>(13,619,404)</u>
Net cash provided by operating activities	<u>15,629,954</u>	<u>15,484,046</u>
Cash flows from noncapital financing activities		
Net change in funds held by University of Central Florida	<u>442,344</u>	<u>4,008,897</u>
Net cash used in noncapital financing activities	<u>442,344</u>	<u>4,008,897</u>
Cash flows from capital and related financing activities		
Purchases of capital assets	(270,031)	-
Payments on long-term debt	(5,310,001)	(5,130,000)
Interest paid	(10,896,139)	(11,080,626)
Transfers from the University of Central Florida	985,000	2,225,000
Transfers to the University of Central Florida	<u>(2,130,531)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(17,621,702)</u>	<u>(13,985,626)</u>
Cash flows from investing activities		
Interest income received	<u>558,799</u>	<u>549,429</u>
Net cash provided by investing activities	<u>558,799</u>	<u>549,429</u>
Net increase (decrease) in cash and cash equivalents	(990,605)	6,056,746
Cash and cash equivalents, beginning of year	<u>29,123,841</u>	<u>23,067,095</u>
Cash and cash equivalents, end of year	<u>\$ 28,133,236</u>	<u>\$ 29,123,841</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 10,340,171	\$ 9,472,076
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	6,314,462	6,339,322
Changes in assets and liabilities:		
Prepaid expenses	(30,831)	60,798
Accounts receivable	(227,913)	(339,747)
Accounts payable and accrued expenses	(189,702)	(7,413)
Due to the University of Central Florida	(58,591)	(123,137)
Due from the University of Central Florida	(795,734)	90,866
Due to the UCF Athletics Association, Inc.	-	(39,590)
Due from the UCF Athletics Association, Inc.	(44,290)	(45,073)
Due to the UCF Foundation, Inc.	(8,841)	23,977
Due from the UCF Foundation, Inc.	(491,638)	5,887
Deferred revenue	822,861	46,080
Net cash provided by operating activities	<u>\$ 15,629,954</u>	<u>\$ 15,484,046</u>
Cash and cash equivalents are presented on the Statements of Net Position as:		
Cash and cash equivalents	\$ 785,817	\$ 337,801
Restricted cash and cash equivalents- current	14,531,247	13,932,774
Restricted cash and cash equivalents -noncurrent	<u>12,816,172</u>	<u>14,853,266</u>
	<u>\$ 28,133,236</u>	<u>\$ 29,123,841</u>

The accompanying notes to financial statements
are an integral part of these statements.

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**UCF FINANCE CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets		
Interest receivable	\$ 1,009	\$ 1,118
Restricted cash and cash equivalents	6,359,067	3,975,381
Due from University of Central Florida	-	3,714,000
Total current assets	<u>6,360,076</u>	<u>7,690,499</u>
Noncurrent assets		
Restricted cash and cash equivalents - noncurrent	-	2,635,470
Due from University of Central Florida - noncurrent	50,623,513	47,855,471
Debt issuance costs, net of accumulated amortization	242,477	252,580
Total noncurrent assets	<u>50,865,990</u>	<u>50,743,521</u>
Total Assets	<u>\$ 57,226,066</u>	<u>\$ 58,434,020</u>
DEFERRED OUTFLOW OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	<u>\$ 11,583,087</u>	<u>\$ 17,494,476</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 19,817	\$ 20,228
Interest payable	196,227	218,667
Current portion of long-term debt	1,240,000	1,175,000
Total current liabilities	<u>1,456,044</u>	<u>1,413,895</u>
Noncurrent liabilities		
Long-term debt, less current portion	55,380,000	56,620,000
Interest rate swap	11,583,087	17,494,476
Total noncurrent liabilities	<u>66,963,087</u>	<u>74,114,476</u>
Total Liabilities	<u>\$ 68,419,131</u>	<u>\$ 75,528,371</u>
NET POSITION		
Restricted for:		
Debt service	3,602,712	3,466,371
Construction	2,265,956	2,635,471
Letter of credit	294,171	290,342
Unrestricted	(5,772,817)	(5,992,059)
Total Net Position	<u>\$ 390,022</u>	<u>\$ 400,125</u>

The accompanying notes to financial statements
are an integral part of these statements.

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UCF FINANCE CORPORATION
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Operating revenues	\$ -	\$ -
Operating expenses		
Amortization	10,103	10,103
Other	190,789	229,346
Total operating expenses	<u>200,892</u>	<u>239,449</u>
Operating loss	<u>(200,892)</u>	<u>(239,449)</u>
Nonoperating revenues (expenses)		
Interest income	17,892	9,734
Interest expense	(2,527,709)	(2,639,805)
Transfers from the University of Central Florida	3,088,286	3,227,152
Transfers to the University of Central Florida	(387,680)	(367,735)
Total nonoperating revenues	<u>190,789</u>	<u>229,346</u>
Decrease in net position	(10,103)	(10,103)
Net position, beginning of year	400,125	410,228
Net position, end of year	<u>\$ 390,022</u>	<u>\$ 400,125</u>

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UCF FINANCE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Payments to suppliers and others	\$ (191,200)	\$ (82,602)
Net cash used by operating activities	<u>(191,200)</u>	<u>(82,602)</u>
Cash flows from capital and related financing activities		
Payments on long term debt	(1,175,000)	(4,445,922)
Interest paid	(2,550,149)	(2,639,096)
Net transfers from University of Central Florida	3,646,564	9,123,335
Net cash provided by (used in) capital and related financing activities	<u>(78,585)</u>	<u>2,038,317</u>
Cash flows from investing activities		
Interest income received	<u>18,001</u>	<u>8,646</u>
Net cash provided by investing activities	<u>18,001</u>	<u>8,646</u>
Net increase (decrease) in cash and cash equivalents	(251,784)	1,964,361
Cash and cash equivalents , beginning of year	6,610,851	4,646,490
Cash and cash equivalents, end of year	<u>\$ 6,359,067</u>	<u>\$ 6,610,851</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (200,892)	\$ (239,449)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Amortization	10,103	10,104
Changes in assets and liabilities:		
Other assets	-	147,515
Accounts payable and accrued expenses	(411)	(772)
Net cash used in operating activities	<u>\$ (191,200)</u>	<u>\$ (82,602)</u>
Cash and cash equivalents are presented on the Statement of Net Position as:		
Restricted cash and cash equivalents	\$ 6,359,067	\$ 3,975,381
Restricted cash and cash equivalents - noncurrent	-	2,635,470
	<u>\$ 6,359,067</u>	<u>\$ 6,610,851</u>

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University of Central Florida Foundation, Inc.
(A Discrete Component Unit of the University of Central Florida)
Statements of Net Position
June 30, 2013 and 2012
UNAUDITED

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,473,590	\$ 15,641,057
Investments	2,205,663	5,312,803
Investment interest and other receivables	132,906	120,477
Due from related parties	172,679	20,821
Pledges receivable, net	2,198,143	2,139,195
Prepaid expenses and other assets, net	659,052	500,825
Total current assets	21,842,033	23,735,178
Noncurrent assets:		
Cash and cash equivalents	3,141,225	473,922
Investments	152,605,169	140,257,849
Pledges receivable – net	3,967,134	3,855,210
Beneficial remainder trust	1,688,385	1,614,321
Prepaid expenses and other noncurrent assets, net	463,394	460,614
Property and equipment – net	530,956	648,591
Rental and other property – net	79,532,034	73,656,699
Total noncurrent assets	241,928,297	220,967,206
Total assets	263,770,330	244,702,384
Deferred Outflows of Resources		
Unamortized bond refunding charges	154,919	197,455
Total Deferred Outflows of Resources	154,919	197,455
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	742,397	1,188,742
Due to related parties	1,340,750	1,038,274
Scholarship liability	-	52,965
Long-term liabilities – current portion:		
Notes payable-net	3,199,028	3,323,870
Unearned revenue	193,517	191,342
Annuity obligations	63,790	63,790
Compensated absences	26,104	33,988
Deposits	24,000	11,064
Total current liabilities	5,589,586	5,904,035
Noncurrent liabilities:		
Notes payable-net	28,009,461	29,513,489
Unearned revenue	2,743,441	2,559,585
Annuity obligations	434,267	465,495
Compensated absences	346,798	390,867
Deposits	10,378	21,262
Total noncurrent liabilities	31,544,345	32,950,698
Total liabilities	37,133,931	38,854,733
Net position		
Invested in capital assets – net of related debt	51,307,990	44,282,745
Restricted:		
Expendable	44,041,550	33,545,984
Nonexpendable endowments	116,561,428	114,219,425
Unrestricted	14,880,350	13,996,952
Total net position	\$ 226,791,318	\$ 206,045,106

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University of Central Florida Foundation, Inc.
(A Discrete Component Unit of the University of Central Florida)
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2013 and 2012
UNAUDITED

	2013	2012
Operating revenues:		
Contributions (net of provisions for uncollectible pledge receivables of (\$447,043) and \$1,131,169)	\$ 16,601,834	\$ 12,561,866
Rental income	9,754,998	9,020,542
Net realized and unrealized (losses) gains on investments	13,158,468	(3,763,188)
Interest and dividends	2,573,386	2,626,801
Dues and other revenues, net	3,084,743	2,526,513
License plate proceeds	361,586	358,503
Advertising and royalties	325,704	343,055
Total operating revenues, net	45,860,719	23,674,092
Operating expenses:		
Building operations	7,111,438	7,038,882
Athletics	5,818,394	4,265,062
Fund-raising	4,953,951	5,213,307
Management and general	4,573,449	4,864,194
Student aid	3,779,443	2,803,976
Academic support	3,482,647	3,891,142
Alumni relations	2,150,735	2,019,402
General University support	1,839,654	1,734,437
Research	49,422	254,973
Total operating expenses	33,759,133	32,085,375
Operating (loss) gain	12,101,586	(8,411,283)
Nonoperating revenues:		
University support	5,659,813	6,307,490
UCFAA support	608,414	576,122
UCF Convocation support	61,457	63,798
(Loss) gain before endowment contributions	18,431,270	(1,463,873)
Endowment contributions	2,314,942	1,505,360
Change in net position	20,746,212	41,487
Net position – beginning of year	206,045,106	206,003,619
Net position – end of year	\$ 226,791,318	\$ 206,045,106

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CONSOLIDATED STATEMENTS OF NET POSITIONS
JUNE 30, 2013 AND 2012
THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC. AND SUBSIDIARY
ORLANDO, FLORIDA

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,127,714	\$ 1,336,079
Restricted Cash and Cash Equivalents	4,335,630	3,979,348
Cash with Fiscal Agent	2,659,363	2,019,872
Accrued Interest Receivable	-	681
Accounts Receivable	823,384	635,807
Prepaid Insurance	4,316	57,921
Total Current Assets	<u>8,950,407</u>	<u>8,029,708</u>
Noncurrent Assets		
Investments	404,526	358,147
Land	-	2,613,000
Building	-	10,452,000
Accumulated Depreciation	-	(1,175,850)
Total Noncurrent Assets	<u>404,526</u>	<u>12,247,297</u>
Total Assets	<u>\$ 9,354,933</u>	<u>\$ 20,277,005</u>

LIABILITIES AND NET POSITION

Current Liabilities		
Accounts Payable	\$ 1,518,646	\$ 1,109,875
Allocations and F&A Payable	492,230	467,232
Deferred Restricted Revenues	3,858,227	3,397,946
Total Current Liabilities	<u>5,869,103</u>	<u>4,975,053</u>
Net Position		
Unrestricted	3,008,427	2,831,400
Investment in Capital Assets	-	11,889,150
Temporarily Restricted	477,403	581,402
Total Net Position	<u>3,485,830</u>	<u>15,301,952</u>
Total Liabilities and Net Position	<u>\$ 9,354,933</u>	<u>\$ 20,277,005</u>

See accompanying notes to consolidated financial statements.

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**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012
THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC. AND SUBSIDIARY
ORLANDO, FLORIDA**

	<u>2013</u>	<u>2012</u>
Unrestricted Net Position		
Operating Revenues		
Royalties and Licensing Fees	365,999	\$ 565,457
Royalty Profit (Loss) on Investment	36,574	(56,424)
Contracts and Grants	2,513,833	2,964,648
Other Agreements Income	249,317	282,656
Research Initiatives	1,107,319	1,070,041
ORC Contributions and Miscellaneous Income	385,165	417,948
Net Position Released from Restrictions	249,917	414,974
Total Operating Revenues	<u>4,908,124</u>	<u>5,659,300</u>
Operating Expenses		
Royalties and Licensing Allocations	203,475	306,075
Royalties and Licensing Expenses	47,372	68,668
Royalties Expense Valuation Account	31,454	(48,524)
Contracts and Grant Expenses	2,513,833	2,964,648
Other Agreements Expense	249,317	282,656
Contribution Expense	249,917	414,974
Research Initiatives	1,166,334	878,006
Other Expenses	111,927	84,337
Professional Expenses	18,647	15,158
ORC Sponsored Activities Expense	207,465	208,942
Total Operating Expenses	<u>(4,799,741)</u>	<u>(5,174,940)</u>
Net Operating Revenues	<u>108,383</u>	<u>484,360</u>
Non-operating Revenues (Expenses)		
Interest Revenue	59,130	34,260
Investment Gain (Loss)	9,514	(6,214)
Donation Non Cash Write Off	(11,889,150)	-
Depreciation on Building Related to Non Cash Revenue	-	(522,600)
Total Non-operating Revenues (Expenses)	<u>(11,820,506)</u>	<u>(494,554)</u>
Decrease in Unrestricted Net Position	(11,712,123)	(10,194)
Unrestricted Net Position, Beginning of Year	<u>14,720,550</u>	<u>14,730,744</u>
Unrestricted Net Position, End of Year	<u>\$ 3,008,427</u>	<u>\$ 14,720,550</u>

See accompanying notes to consolidated financial statements.

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**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012
THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC. AND SUBSIDIARY
ORLANDO, FLORIDA**

	<u>2013</u>	<u>2012</u>
Temporarily Restricted Net Position		
Restricted Contribution Revenue	\$ 145,918	\$ 359,213
Net Position Released from Restrictions	<u>(249,917)</u>	<u>(414,974)</u>
Decrease in Temporarily Restricted Net Position	(103,999)	(55,761)
Temporarily Restricted Net Position, Beginning of Year	<u>581,402</u>	<u>637,163</u>
Temporarily Restricted Net Position, End of Year	<u>\$ 477,403</u>	<u>\$ 581,402</u>
Total Net Position	<u><u>\$ 3,485,830</u></u>	<u><u>\$ 15,301,952</u></u>

See accompanying notes to consolidated financial statements.

ITEM: INFO-8

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: University and DSO Debt Report

DATE: September 26, 2013

For information only.

University and DSO Debt

By Entity
As of June 30, 2013

	Fixed	Debt Outstanding Variable	Total	Debt Service 2014	Sources of Payment
University					
Bookstore - revenue bonds	\$ 1,035,000	\$ -	\$ 1,035,000	\$ 292,921	Auxiliary interest, bookstore commissions
Health Center - revenue bonds	5,200,000	-	5,200,000	616,530	Health fees
Parking - revenue bonds	40,845,000	-	40,845,000	5,113,083	Transportation access fees, decals, fines
Housing - revenue bonds	108,685,000	-	108,685,000	7,971,370	Room rents
Total University	155,765,000	-	155,765,000	13,993,904	
UCF Hospitality School Student Housing Foundation					
Housing - revenue bonds	14,085,000	-	14,085,000	1,454,127	Total project revenues
UCF Convocation Center					
Housing and retail revenue COPs	120,570,000	-	120,570,000	9,000,549	Total project revenues
Arena and retail revenue COPs	97,015,000	-	97,015,000	7,203,891	Total project revenues
Total UCF Convocation Corporation	217,585,000	-	217,585,000	16,204,440	
UCF Golden Knights Corporation					
Stadium revenue COPs	41,700,000	11,990,000	53,690,000	3,173,369	Stadium revenues, university resources
UCF Finance Corporation					
Burnett Biomedical Research facility bonds	56,620,000	-	56,620,000	3,746,499 ²	Sponsored programs
UCF Athletics Association					
Due to university (principal only)		10,705,568	10,705,568	325,000	UCFAA and stadium restricted surplus funds
SunTrust	160,221	-	160,221	44,451	UCFAA revenues, pledge payments
Fifth Third lines of credit		6,910,000	6,910,000	375,000	UCFAA revenues and Title IX funds
Total UCF Athletics Association	160,221	17,615,568	17,775,788	744,451	
UCF Foundation					
SunTrust	-	1,695,000	1,695,000	1,737,587	Property rentals, pledge revenues
Benton and Cole Trusts	1,970,509	-	1,970,509	2,158	Property rentals, pledge revenues
Fairwinds	485,137	-	485,137	182,129	Property rentals, pledge revenues
BB&T	27,060,000	-	27,060,000	2,765,479	Property rentals, pledge revenues
Total Foundation	29,515,646	1,695,000	31,210,646	4,687,353	
Total University and DSO Debt	\$ 515,430,867	\$ 31,300,568	\$ 546,731,434	\$ 44,004,143	

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	10,500,000	6,910,000	3,590,000

Variable Rate Debt	Outstanding	Rate
UCF Golden Knights Corporation - COPs	\$ 11,990,000	1.17%
UCF Athletics Association		
Fifth Third lines of credit	6,910,000	2.17%-3.34%
University loan	10,705,568	1.86%
UCF Foundation		
SunTrust	1,695,000	3.30%
Total variable debt outstanding	\$ 31,300,568	