



**Board of Trustees
Finance and Facilities Committee Meeting
August 17, 2016
8:30 a.m. - 10:30 a.m.
President's Boardroom, Millican Hall, 3rd floor
Conference call in phone number 800-442-5794, passcode 463796**

REVISED AGENDA

- | | |
|---|---|
| I. CALL TO ORDER | Alex Martins
<i>Chair, Finance and Facilities Committee</i> |
| II. ROLL CALL | Tracy D. Slavik
<i>Coordinator for Administrative Services
for Administration and Finance Division</i> |
| III. MEETING MINUTES | |
| <ul style="list-style-type: none">• Approval of the June 27, 2016,
Finance and Facilities Committee
meeting minutes | Chair Martins |
| IV. NEW BUSINESS | Chair Martins |
| <ul style="list-style-type: none">• 2016-17 College of Medicine Faculty Practice
Plan Budget (FFC-1) | Deborah C. German
<i>Vice President for Medical Affairs
and Dean of the College of Medicine</i>
David Noel
<i>Vice President for Administration
and Finance for the College of Medicine</i>
Steve Omli
<i>Director of Finance and Accounting
for the College of Medicine</i> |

- 2016-17 College of Medicine Self-insurance Program Budget (FFC-2) Deborah C. German
David Noel
Steve Omli
- Student Housing Project for UCF Downtown at the Creative Village (FFC-3) William F. Merck II
Vice President for Administration and Finance and Chief Financial Officer
Scott Cole
Vice President and General Counsel
Jennifer Cerasa
Associate General Counsel
- Power Plant for the Downtown Campus (Tri-Generation Plant) Discussion William F. Merck II
John C. Pittman
Associate Vice President for Administration and Finance, Debt Management
- University and DSO Debt Report (INFO-1) William F. Merck II
John C. Pittman
- Athletics Facilities Update Discussion Danny White
Vice President and Director of Athletics
David Hansen
Executive Associate Athletic Director and Chief Operating Officer
Patrick Ransdell
Assistant Athletic Director for Administration
- Nicholson Fieldhouse Discussion William F. Merck II
John C. Pittman
- Purchasing Department and Purchasing Card Presentation (INFO-2) William F. Merck II
Tracy Clark
Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance
Greg Robinson
Director of Purchasing

V. OTHER BUSINESS

Chair Martins

VI. CLOSING COMMENTS

Chair Martins



Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Millican Hall, 3rd floor
June 27, 2016

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 8:32 a.m. Committee members Bill Yeargin, Christopher Clemente, and David Walsh were present. Committee member Keith Koons and chairman Marcos Marchena attended by teleconference.

MINUTES APPROVAL

The minutes of the April 29, 2016, and May 31, 2016, Finance and Facilities Committee meetings were approved as submitted.

NEW BUSINESS

Direct Support Organizations' 2014-15 Third-Quarter Financial Reports (INFO-1)

William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, and John C. Pittman, Associate Vice President for Administration and Finance, Debt Management, reported that the 2015-16 third-quarter financial reports ended March 31, 2015, for the UCF DSOs were provided as information items.

Release of Unrestricted UCF Stadium Corporation Revenues (FFC-1)

Merck and Pittman requested the release of unrestricted UCF Stadium Corporation revenues. The 2015-16 budget was approved by the UCF Stadium Corporation's board, which reflects projected unrestricted excess revenues of \$3,876,922 to be available for transfer to the UCFAA. The committee unanimously approved the release of unrestricted UCF Stadium Corporation revenues as presented.

2015-16 Direct Support Organizations' Budgets (FFC-2)

Merck presented for approval the 2016-17 operating budgets for the following DSOs: UCF Athletics Association, UCF Convocation Corporation, UCF Finance Corporation, UCF Foundation, UCF Research Foundation, and UCF Stadium Corporation. The committee unanimously approved the budgets as presented.

Five-year Capital Improvement Plan (FFC-3)

Merck and Lee Kernek, Associate Vice President for Administration and Finance, requested approval of the capital improvement plan options for 2017-18 through 2021-22. Each year, the university must submit an updated capital improvement plan to the Board of Governors. This plan identifies projects that will be included in the three-year Public Education Capital Outlay

list and provides information to the State Board of Education for its request for capital project funding for 2017-18. The capital improvement plan must be submitted to the Board of Governors' staff by August 1, 2016.

The committee unanimously approved the 2017-18 Capital Improvement Plan with the projects listed in the attached schedules.

Razing of Building 18 (FFC-4)

Merck and Kernek presented a request for the razing of Building 18, also known as Colbourn Hall. Building 18 is in poor condition and should be demolished. The estimated cost to correct the problems within the building is in excess of \$15,000,000, which is greater than 60 percent of the building cost.

According to Administrative Rule 6C-9.004 Razing of Buildings, as prescribed by Section 240.22 Florida Statutes, Universities, each university's Board of Trustees shall have the authority to raze buildings. Prior to demolition of any educational support facility with a replacement cost exceeding \$1,000,000, the university shall obtain an Educational Plant Survey recommendation for demolition. The university Board of Trustees shall review and approve the Educational Plant Survey recommendation and transmit it to the Board of Governors for validation.

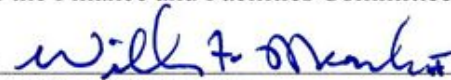
A spot survey by the BOG's staff has been requested. The committee unanimously approved the demolition of Building 18.

Status of UCF Projects Presentation (INFO-4)

Kernek gave a presentation on the status of the active as well as planned construction and renovation projects on campus.

Chair Martins adjourned the Finance and Facilities Committee meeting at 10:27 a.m.

Respectfully submitted:


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

8-1-16
Date

ITEM: FFC-1

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

SUBJECT: 2016-17 College of Medicine Faculty Practice Plan Budget

DATE: August 17, 2016

PROPOSED COMMITTEE ACTION

Approve the 2016-17 College of Medicine Faculty Practice Plan budget presented by the College of Medicine.

BACKGROUND INFORMATION

With approval and support from the Finance Committee and Board of Trustees, the College of Medicine's Faculty Practice Plan, UCF-Health, opened in November 2011.

The College of Medicine presents for approval the attached budget for 2016-17 showing revenues and expenses for the fifth year of operation of the Faculty Practice Plan.

Supporting documentation: Attachment A: 2016-17 Faculty Practice Plan Operating Budget
Attachment B: Faculty Practice Plan Five-year Operating Budget

Prepared by: Deborah C. German, Vice President for Medical Affairs and Dean of the College of Medicine
David Noel, Associate Vice President of Administration and Finance for the College of Medicine
Steven Omli, Director of Finance and Accounting of the College of Medicine

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

Attachment A



One-year Budget Summary

	<u>2017</u>
Revenue	\$ 5,915,910
Expense	
Non-Faculty Salary and Benefits	\$ 5,218,967
Operating Expenses	2,846,918
Total Expense	8,065,885
Operating Loss	(2,149,975)
Transfer From/(To)	2,149,975
Net Cash Flow	\$0

Assumptions

This budget supports and demonstrates the continuation of start-up, operating, and growth expenses for UCF-Health at the Quadrangle and Gateway buildings. The Quadrangle is a 22,000 square-foot facility located on University Boulevard, and Gateway is a 75,000 square-foot facility at Lake Nona. UCF-Health will eventually occupy 25,000 square feet of the Gateway building, and Florida Hospital will occupy the remaining 50,000 square feet. The Gateway building is operating as a partnership with Florida Hospital to provide seamless and quality patient care to the community.

Clinical faculty salaries and benefits are funded in the college's operating budget. Excess revenues generated from practice operations will be returned to the college to support clinical faculty salaries as they become available.

Attachment B



Five-year Budget Summary

Accounts	Approved Budget	Projected Actual *	Budget				
	<u>2016</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Revenue	\$ 3,365,455	\$ 2,832,846	\$ 5,915,910	\$ 13,796,540	\$ 19,400,666	\$ 22,177,700	\$ 23,275,057
Expense							
Non-Faculty Salary and Benefits	\$ 3,866,213	\$ 3,243,122	\$ 5,218,967	\$ 7,079,130	\$ 7,275,475	\$ 7,449,321	\$ 7,628,555
Operating Expenses	1,769,796	1,891,514	2,846,918	3,622,304	3,990,735	4,205,127	3,684,373
Total Expense	5,636,010	5,134,636	8,065,885	10,701,434	11,266,210	11,654,448	11,312,927
Operating Income (Loss)	(2,270,554)	(2,301,790)	(2,149,975)	3,095,106	8,134,456	10,523,252	11,962,129
Faculty Salaries and Benefits	3,164,068	2,639,355	4,663,129	9,624,858	9,944,173	10,136,654	10,324,891
COM Support	5,434,622	4,941,145	6,813,103	6,529,752	1,809,717		-
Net Cash Flow	\$0	\$0	\$0	\$0	\$0	\$386,597	\$1,637,238

* Based on eleven months Actual.

ITEM: FFC-2

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

SUBJECT: 2016-17 College of Medicine Self-insurance Program Budget

DATE: August 17, 2016

PROPOSED COMMITTEE ACTION

Approve the 2016-17 College of Medicine Self-insurance Program budget presented by the College of Medicine.

BACKGROUND INFORMATION

With approval of the Finance Committee and Board of Trustees, the UCF College of Medicine Self-insurance Program was established July 1, 2009, to provide comprehensive professional and general liability protection in connection with delivery of health care services. The Self-insurance Program is operated by the UCF College of Medicine Self-insurance Program Council in accordance with section 10.001(1)(c)(4) of the Florida Board of Governors Regulations. To enhance economies of scale and expertise, the program is administered by the University of Florida Self-insurance Program.

Since 2009, the UCF Self-insurance Program has provided liability protection for clinical activities of the College of Medicine's faculty, students, and residents. In 2010, the Council approved the inclusion of health care providers from the College of Nursing, College of Health and Public Affairs, and UCF Student Health. July 2014 saw the addition of Counseling and Psychology Services included in the program.

Supporting documentation: Attachment A: 2016-17 Operating Budget
Attachment B: Three-year Historical Trend

Prepared by: Deborah C. German, Vice President for Medical Affairs and Dean of the College of Medicine
David Noel, Associate Vice President of Administration and Finance for the College of Medicine
Steven Omli, Director of Finance and Accounting of the College of Medicine

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

Attachment A

University of Central Florida College of Medicine	
Self-insurance Program	
<u>Proposed</u> Operating Budget	
	<u>2016-17</u>
OPERATING REVENUE	
Assessments	\$ 769,525
Total operating revenue	769,525
OPERATING EXPENSES	
Annual premium contribution expense	\$ 492,525
Excess coverage premium expense	37,000
Clarity claims reporting system	5,000
Total premium and loss expenses	534,525
Contracted services expense (UF Self-insurance Program)	235,000
Total operating expenses	769,525
Net Income (Loss) from Operations	\$0

Note: The Self-insurance Program was capitalized in the amount of \$1,000,000 in 2010-11, 2011-12, and 2012-13 for a total of \$3,000,000.

Terms Used

Assessments represents liability premiums funded from the respective covered colleges and health care providers out of their annual operating budgets. These assessments fund contributions for allocated liability risk, expenses for excess coverage premiums, and contracted services expenses for management services provided by the University of Florida's Self-insurance Program.

Annual premium contribution expense represents the liability premiums paid into the UCF Self-insurance Program.

Excess coverage premium expense represents the additional coverage provided through the University of Florida's captive insurance company.

Contracted services expense represents services provided by the University of Florida's Self-insurance Program, including administration, training, risk management, and claims review and management.

Attachment B

	Actual		Estimated
	2014-15	2015-16	2016-17
Total Covered FTE:	196.79	218.45	340.00
Contributions			
Annual Premium	\$ 75,000	\$ 108,113	\$ 492,525
Excess Coverage Premium	11,421	8,282	37,000
Clarity Claims Reporting System	3,334	5,000	5,000
Contracted Services (SIP Administration)	105,000	108,000	235,000
Total Contributions:	\$ 194,755	\$ 229,395	\$ 769,525
Contribution per Covered FTE	\$ 990	\$ 1,050	\$ 2,263

ITEM: FFC-3

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

SUBJECT: Student Housing Project for UCF Downtown at the Creative Village

DATE: August 17, 2016

PROPOSED COMMITTEE ACTION

Approve the Memorandum of Understanding between the University of Central Florida and Ustler Development, Inc., and KUD International, LLC, for the development of the Student Housing Project for UCF Downtown at the Creative Village.

BACKGROUND INFORMATION

The purpose of the memorandum is to address the Student Housing Project needs of the general student population and the resident student population at the Downtown Campus. The Student Housing Project is a part of the UCF Downtown at the Creative Village.

UCF is actively working with the City of Orlando, Valencia College, and Creative Village Development, LLC, on plans for a shared campus in downtown Orlando's Creative Village that would serve approximately 7,700 students and be a world-class, best-in-the-nation site for emerging animation, digital media, communications, film, and public affairs.

Supporting documentation: Attachment A: Memorandum of Understanding
Exhibit A: Student Housing Project Details and Specifications
Exhibit B: UCF Downtown at Creative Village Student Housing Formula

Prepared by: Jennifer Cerasa, Associate General Counsel

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

Attachment A

MEMORANDUM OF UNDERSTANDING

(STUDENT HOUSING PROJECT for UCF DOWNTOWN at CREATIVE VILLAGE)

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made as of this ____th day of July, 2016 by and between the **UNIVERSITY OF CENTRAL FLORIDA, (“UCF”)** and **USTLER DEVELOPMENT, INC.** or related entity (**“Ustler”**) and **KUD INTERNATIONAL, LLC** or related entity (**“KUD”**); (collectively **“U/K”**).

Preliminary Statements:

- A. UCF is a major state university located in Orange County, Florida.
- B. UCF is actively working with the City of Orlando, Valencia College and Creative Village Development, LLC on plans for a shared campus in downtown Orlando’s Creative Village that would serve approximately 7,700 students on opening day (5,395 UCF and 2,303 Valencia) and be a world-class, best-in-the-nation site for emerging animation, digital media, communications, film and public affairs.
- C. The “Downtown Campus” or “UCF Downtown” is the concept of the shared UCF / Valencia campus and related uses to be located at Creative Village in downtown Orlando.
- D. The UCF Board of Trustees approved the plan for a Type I Campus in downtown Orlando on September 24, 2015. Subsequently, the Florida Board of Governors approved the proposal to establish a Type I campus on March 2, 2016.
- E. Ustler is the developer of the private commercial development for the Creative Village project that has existing entitlements that will provide for the development of a mixed use project which includes appropriate amenities to serve UCF and its students, as well as general commercial, office, residential and public uses.
- F. KUD has significant experience in developing university related projects, including projects such as the proposed student housing project. KUD has worked with UCF on its East Orlando campus in the past, having completed approximately 2,000 beds of student housing and significant student oriented athletic, convocation, retail and support components. KUD is currently developing a hotel on the East Orlando UCF campus.
- G. Ustler and KUD intend to enter into an appropriate joint venture agreement via the formation of a new special purpose entity specifically for the undertaking of the privately developed student housing project outlined herein.
- H. UCF and U/K wish to memorialize their understanding as to the process by which they desire to proceed to acquire the necessary information and arrive at the agreements necessary for the development of the proposed student housing project to go forward. Such future agreements include: 1) development agreement memorializing the terms outlined in this MOU, 2) lease, including a work letter, for the UCF space provided by U/K in the privately developed student housing project and 3) management agreement, including provisions for

official affiliation, between U/K and UCF for the management of the privately developed student housing project.

Understanding and Agreement:

UCF and U/K understand and agree as follows:

1. Recitals. The above recitals are incorporated herein this MOU.
2. Feasibility Study. Following execution of this MOU, U/K will commission a feasibility/demand study determining market demand and viability of the initial phase of new privately developed student housing apartment style and/or dormitory style residential units of a high-quality developed with the following anticipated general characteristics: (i) on land within the Creative Village development identified as parcels I, J and K; (ii) between 600 and 700 beds; (iii) amenity spaces appropriate for the specific unit types; (iv) structured and attached or integrated parking for 600 cars, more or less, with some of this parking being allocated to the student housing; and (v) appropriate related or ancillary uses including commercial space and student services (this initial phase and future phases are defined as the “**Student Housing Project**”). The Student Housing Project also includes space for Valencia College per a separate agreement between U/K and Valencia College. The Student Housing Project is further described on Exhibit A. U/K expects that this feasibility study will provide information necessary for U/K and UCF together to define in greater detail the scope of the initial phase of the Student Housing Project. UCF will make appropriate representatives available to the feasibility consultant for meetings and discussion regarding UCF’s goals for the Downtown Campus, as well as provide background information and supporting documentation for the feasibility study to the extent such information and documentation is available, including, but not limited to, enrollment history, enrollment projections, student demographics (e.g., undergrad / graduate, in-state / out-of-state / international, on-line, full-time / part-time, etc.), UCF student housing metrics (e.g., occupancy, rent, unit sizes, unit mix, performance, etc.). UCF will participate and work collaboratively with U/K to substantiate and validate enrollment projections and demand for the number of units and beds in the Student Housing Project.
3. Project Scope and Development Details. Following receipt of the feasibility study, UCF and U/K will work together to negotiate the details of the following:
 - (a) Project Scope. It is anticipated that the feasibility study will provide U/K and UCF with financial and other information that will assist U/K and UCF in coming to agreement on the details of the initial phase of the Student Housing Project, including the number of rooms and beds, required amenities and support spaces, site acreage, number of parking spaces and related or ancillary uses.
 - (b) Design Development. U/K will utilize the feasibility study to perform site investigations and prepare preliminary design documents that will describe the overall scope of the project, a conceptual design and preliminary cost estimates. U/K will prepare internal project pro forma to ascertain the overall project costs and to structure the financing that will be required.

(c) Development Details. U/K and UCF will work together to obtain the information necessary for U/K and UCF to understand in detail the expenses involved in the development and operation of the initial phase of the Student Housing Project. U/K and UCF will cooperate to assemble the information necessary to confirm such development-related items as: (i) the number and types of units and beds to be included; (ii) the appropriate rental rates to be established by U/K for each unit type; (iii) the collaborative nature of the marketing of the beds to UCF students, including the advertising of the beds on UCF's website(s); (iv) the involvement of UCF in the management of the physical completed asset; (v) UCF's involvement (if any) in permitting and approvals that will be required from third-party agencies; and (vi) any UCF requirements that may add to the building design and development costs. The details of the development will be set forth in a separate development agreement, which shall be completed and executed by the Parties within ninety (90) days after a) the completion of a feasibility study that supports the initial phase of the Student Housing Project and b) after confirmation that UCF will commence its development of the planned 165,000 square foot (approximately) academic building and renovations to the existing building located at 500 West Livingston Street on the Downtown Campus. Many of the development details will not be able to be finalized until such time as detailed engineering and architectural plans are developed, which U/K may or may not undertake until such time as UCF and its Board of Trustees confirms its schedule to design, build, complete and open the planned 165,000 square foot (approximately) academic building and renovations to the existing building located at 500 West Livingston Street on the Downtown Campus.

4. U/K Commitment to Design, Build and Operate. U/K shall confirm its ability to obtain acceptable financing for the development of the initial phase of the Student Housing Project, and upon acquisition of same, shall construct the initial phase of the Student Housing Project so that it will be ready in conjunction with the opening of the planned 165,000 square foot (approximately) academic building and renovations to the existing building located at 500 West Livingston Street on the UCF Downtown Campus.

5. UCF Student Support Services in the Student Housing Project. UCF and U/K will work together to accommodate up to approximately 30,000 square feet of space for student support services such as academic uses, student services and student life within the Student Housing Project. UCF will pay rent for the space as mutually agreed upon by UCF and U/K at a rate not to exceed \$17.25 per square foot for a term of at least twenty (20) years, which will include a cancellation provision after ten (10) years, or any year thereafter. UCF Foundation will recognize the difference between the UCF rate and the market rate as a donation by U/K to the university to the extent allowed by federal tax laws and regulations.

6. UCF Support. In addition to a lease commitment from UCF for student support services spaces within the initial phase of the Student Housing Project, UCF and U/K will enter into a management agreement with a minimum term of twenty (20) years whereby UCF will manage the student housing. UCF will commit to U/K that i) the student housing beds provided by U/K will be the exclusive "UCF Affiliated Housing" for the Downtown Campus per Section 10 of this MOU, that ii) UCF and U/K will work together to develop an appropriate website and marketing materials for the ongoing leasing of the beds, and iii) UCF and U/K will work together

to define the student life services to be provided at the Student Housing Project and the responsibilities for providing same. The operational parameters, business terms and conditions for termination will be defined in the management agreement. Specifics for an asset sale and change in ownership will also be defined in the management agreement, but it is understood that asset sales are the normal course of business in the real estate development industry and a sale to a duly qualified and reputable buyer will not be a condition for termination. A “preferred transferee” will be defined in the management agreement, but includes customary buyers of investment-grade real estate assets, such as pension funds, insurance companies, real estate investment trusts, private equity funds and private companies in the student housing business. UCF may specify a management agreement that runs with the property and does not terminate as a result of a change in ownership. UCF will also have a Right of First Offer and/or Right of First Refusal for UCF to acquire the asset.

7. UCF Enrollment Projections and Full Time Students. UCF is committed to relocating full academic programs to the Downtown Campus. The approved campus plan outlines 14 academic programs that will relocate from east Orlando to downtown. Based on current program enrollment and previous enrollment trends, UCF projects 5,395 UCF students will be enrolled in the programs located downtown when the campus opens. Additionally, based on current student behavior, approximately 65% will be full time students. Full time students are defined by undergraduate students taking at least 12 credit hours and graduate students taking at least 9 credit hours.

8. Schedule and Default. The Parties will prepare a Benchmark Schedule that will define the critical activities to be performed by UCF and U/K. The failure of either Party to perform the required activities as outlined in the Schedule, subject to force majeure and a cure period, will be the sole reason for determining a default under this MOU or the Student Housing Project development agreement. As specified in Section 3 above, U/K shall construct the initial phase of the Student Housing Project so that it will be ready in conjunction with the opening of the planned 165,000 square foot (approximately) academic building and renovations to the existing building located at 500 West Livingston Street on the Downtown Campus.

9. Cooperation. The Parties agree to work together in collaboration to achieve the goals that are outlined herein.

10. Exclusivity. Within a five (5) mile radius of Creative Village, UCF shall participate exclusively with U/K with respect to the development of any off-campus UCF student housing beds for the UCF Downtown Campus for a period of at least twenty (20) years. The term “off campus” means student housing beds not located on the UCF Downtown Campus at Creative Village on the +/- 15 acre site south of Livingston Street. Nothing in this Agreement prohibits UCF from developing “on campus” UCF owned and operated student housing pursuant to the formula set forth on Exhibit B (“Formula”) or outside a five (5) mile radius of Creative Village. UCF and U/K agree to a formula for providing student housing beds based upon enrollment projections for the UCF Downtown Campus as defined in the attached Exhibit B. If UCF has proven demand for additional student housing beds pursuant to the Formula and U/K is not willing or able to deliver the beds, UCF can self-develop student housing or engage another third-party developer to deliver affiliated student housing outside the Creative Village.

11. Limitation to Student Housing. This MOU applies only to the Student Housing Project and any other related uses appurtenant thereto. It does not apply to any other private development that Ustler, KUD, U/K or any other private entity may develop at Creative Village, including any other market rate apartments, mixed-income apartments or any other non-student related housing at Creative Village.

12. Assignment. This MOU may not be assigned by any party without the consent of the other Party. Notwithstanding the foregoing, it is understood that U/K will form a separate special purpose limited liability company that will develop the Student Housing Project and perform its duties as outlined herein.

13. Good Faith. The Parties agree to negotiate the terms and conditions of the necessary agreements to effectuate the terms of this MOU, including those set forth in recital paragraph H, in good faith.

14. No Partnership and No UCF Financial Liability. UCF does not and will not, in any way or for any purpose, become a partner of U/K in the conduct of its business, or otherwise, or a joint venturer or a member of a joint enterprise with U/K. Further, UCF shall have no financial liability for the re-payment of any expenses or debt incurred by U/K for the Student Housing Project.

15. Notices. Any notice or consent required to be given by or on behalf of either party to the other shall be in writing and shall be given by (i) hand delivery, or by (ii) registered or certified mail, return receipt requested, or (iii) Federal Express or other overnight national carrier, or by (iv) fax or email, provided notice is simultaneously given by one of the other methods of delivery, addressed to UCF at the address specified below, and to U/K at the address specified below, or at such other address as may be specified from time to time in writing sent to the other party by allowed delivery method.

If to UCF:

Mr. William F. Merck II
Vice President
328 Millican Hall
University of Central Florida
Orlando, Florida 32816
Telephone: (407) 823-2351
Email: William.Merck@ucf.edu

with a copy to

Scott Cole, Esq.
General Counsel
University of Central Florida
4000 Central Florida Blvd. MH360
Millican Hall, Suite 360
Orlando, Florida 32816

Telephone: (407) 823-2482
Email: Scott.Cole@ucf.edu

If to U/K:

Mr. Craig Ustler
Ustler Development, Inc.
800 North Orange Avenue, Suite 200
Orlando, FL 32801
Telephone: (407) 839-1070
CUstler@ustler.net

Mr. Dennis Biggs
President
KUD International, LLC
1251 Avenue of the Americas, Suite 910
New York, New York 10020
Telephone: (212) 899-4581
DBiggs@kudllc.com

16. Paragraph Headings. The paragraph headings are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this MOU nor in any way affect this MOU.

17. Entire Agreement. This MOU and the agreements referred to herein set forth all covenants, promises, agreements, conditions and understandings between UCF and U/K concerning the Student Housing Project and there are no covenants, promises, agreements, conditions or understanding, either oral or written, between them other than are herein set forth or in any separate agreement now existing or hereafter entered into between the parties with respect to a specific project component. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this MOU shall be binding upon UCF or U/K unless reduced to writing and signed by them.

18. Severability of Provisions. In the event any section, subsection, paragraph, subparagraph, sentence, clause or phrase of this MOU shall be declared or adjudged invalid or unconstitutional, to the extent the underlying intent of this MOU can be upheld such adjudication shall in no manner affect the other sections, subsection, paragraphs, subparagraphs, sentences, clauses or phrases of this MOU, which shall be and remaining full force and effect, as if the section, subsection, paragraph, subparagraph, sentence, clause or phrase so declared or adjudged invalid or unconstitutional was not originally a part thereof. The parties hereby declare that it would have been their intention to have agreed upon the remaining parts of this MOU if it had known that such part or parts thereof would be declared or adjudged invalid or unconstitutional.

19. Use of Name. U/K shall not use the name of the University of Central Florida without the express written consent of UCF, not to be unreasonably withheld. Nothing in this

MOU shall be construed to grant U/K the right to use the symbols, logos, trademarks or other representations of the University of Central Florida without the express written consent of UCF.

20. Other Provisions.

- a. The Parties agree to hold detailed terms of this MOU and the subsequent Student Housing Project agreements confidential to the extent allowed under Florida Statutes.
- b. Unless otherwise agreed by UCF and U/K, the Student Housing Project will be leased only to UCF and/or Valencia College students at rates reflective of market conditions with no controls, caps or limitations. In the Management Agreement, U/K and UCF shall agree on terms and conditions of the appropriate application process for potential residents which shall be consistent with the process used in other similar management agreements for privately developed student housing.

21. Governing Law. This MOU shall be governed by Florida law.

IN WITNESS WHEREOF, the parties have executed this MOU effective as of the day and year first above written.

UNIVERSITY OF CENTRAL FLORIDA

By: _____
William F. Merck II, Vice President

Date: _____

USTLER DEVELOPMENT, INC.

By: _____
Craig Ustler, President

Date: _____

KUD INTERNATIONAL, LLC

By: _____
Dennis Biggs, President

Date: _____

EXHIBIT A

STUDENT HOUSING PROJECT DETAILS AND SPECIFICATIONS

The Student Housing Project is part of UCF Downtown at Creative Village in downtown Orlando. The Student Housing Project will address the needs of the general student population and the resident student population at the Downtown Campus.

The Student Housing Project is subject to the architectural guidelines and other applicable zoning, planning approvals, etc. as established by the City of Orlando and the master developer of Creative Village. The Student Housing Project, and the uses contained therein, will be consistent with the UCF Downtown campus approval by the Board of Governors, functioning as an integral part of UCF Downtown and the student experience. Particular attention will be paid to urban design and an integrated public realm connected to the new UCF building and related facilities across the street.

Pending the outcome of the Feasibility Study as defined in Section 2 of this MOU, the initial phase of the Student Housing Project is anticipated to include:

- a. No less than six hundred (600) beds of purpose-built student housing.
- b. Structured and attached parking garage with approximately 600 spaces, with a portion of the spaces being exclusively allocated to the residents of the Student Housing Project.
- c. Approximately 10,000 square feet of ground floor commercial / retail space leased to third party tenants.
- d. Space for UCF student services.
- e. Space for Valencia College, including their culinary facility.
- f. Future phases of the Student Housing Project on the land to the west of the initial phase of the Student Housing Project.
- g. Public areas, including appropriate lobbies, common areas and shared spaces.
- h. Beds will be within units of varying size and configuration.
- i. Typical units will be two to four bedrooms.
- j. Efficiency or one bedroom units will be provided for Resident Assistant (RA) occupancy.
- k. RA units will be provided at no less than 1 per floor.
- l. Single and double occupancy of bedrooms, depending upon unit type.
- m. Bathrooms will be included in each unit (no communal bath rooms).
- n. Certain units will be apartment style with a living room and small kitchenettes, while other units will be dorm style.
- o. Each unit will contain a washer and dryer.
- p. Community space will be provided on each floor, configured as lounge, study, eating, and/or gathering spaces.
- q. An amenity and recreation space appropriate for the total resident population will be included that will incorporate entertainment and activity areas for larger groups.

- r. Access to the housing units will be via dedicated housing elevators thru a controlled security point at the student housing lobby.
- s. Stairs will have electronic control access points to housing floors.
- t. Student housing management offices will be provided.
- u. Bicycle storage and maintenance area will be provided.
- v. Trash will be transported via a trash chute that is placed within a controlled trash room, with trash being placed in the chute by operating personnel.
- w. Finishes and furnishings shall be appropriate for student housing use.
- x. Common areas and amenities for the exclusive use of the residents.

EXHIBIT B**UCF DOWNTOWN AT CREATIVE VILLAGE STUDENT HOUSING FORMULA**

	Housing Projections
Projected Number of Students at the Downtown Campus in the planned 165,000 square foot (approximately) academic building, the renovated building at 500 West Livingston Street, and the Student Housing Project which includes space for UCF student services and space for Valencia College (UCF and Valencia)	7,700
Target Number of Beds as a Percent of Student Count	7.5% - 15.0%
Total Target Number of Beds (rounded)	600 – 1,200
Beds Developed by U/K within the Initial Phase of the Student Housing Project	600 – 664

Note: As student count at the UCF Downtown Campus grows and demand for student housing beds is validated, the target number of beds as a *percent* of student count may increase proportionally.

ITEM: INFO-1

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

SUBJECT: University and DSO Debt Report

DATE: August 17, 2016

For information only.

Supporting documentation: Attachment A: University and DSO Debt Report

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

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

Finance and Facilities Committee Meeting - New Business

Attachment A

University and DSO Debt

By Entity
As of June 30, 2016

	Fixed	Debt Outstanding Variable	Total	Debt Service 2017	Sources of Payment
University					
Health Center - revenue bonds	\$ 4,020,000	\$ -	\$ 4,020,000	\$ 615,953	Health fees
Parking - revenue bonds	30,620,000	-	30,620,000	4,567,658	Transportation access fees, decals, fines
Housing - revenue bonds	96,795,000	-	96,795,000	8,789,511	Room rents
Total University	131,435,000	-	131,435,000	13,973,122	
UCF Hospitality School Student Housing Foundation					
Housing - revenue bonds	11,885,000	-	11,885,000	1,540,579	¹ Total project revenues
UCF Convocation Corporation					
Housing and retail revenue COPs	112,645,000	-	112,645,000	8,144,986	Total project revenues
Arena and retail revenue bonds	82,825,000	-	82,825,000	6,014,373	² Total project revenues
Total UCF Convocation Corporation	195,470,000	-	195,470,000	14,159,359	
UCF Stadium Corporation					
Stadium revenue bonds	43,790,000	-	43,790,000	3,296,715	Stadium revenues, university resources
Student Leadership Center	3,507,000	-	3,507,000	342,798	Pledged donations
Total UCF Stadium Corporation	47,297,000	-	47,297,000	3,639,514	
UCF Finance Corporation					
Burnett Biomedical Research facility bonds	52,730,000	-	52,730,000	3,711,859	³ Sponsored programs
UCF Athletics Association					
Due to university	-	6,915,072	6,915,072	500,000	UCFAA and stadium restricted surplus funds
SunTrust	46,937	-	46,937	31,011	UCFAA revenues, pledge payments
Fifth Third lines of credit	-	6,185,000	6,185,000	375,000	UCFAA revenues and Title IX funds
Total UCF Athletics Association	46,937	13,100,072	13,147,009	906,011	
UCF Foundation					
SunTrust	-	565,000	565,000	575,594	Property rentals, pledge revenues
Benton and Cole Trusts	1,963,551	-	1,963,551	142,230	Property rentals, pledge revenues
BB&T	22,795,000	-	22,795,000	2,742,322	Property rentals
Total UCF Foundation	24,758,551	565,000	25,323,551	3,460,146	
Total University and DSO Debt	<u>\$ 463,622,488</u>	<u>\$ 13,665,072</u>	<u>\$ 477,287,560</u>	<u>\$ 41,390,590</u>	

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

² The arena debt was refunded in August 2015 resulting in smaller P&I payments for 2015-16.

³ These bonds have a synthetic fixed-rate interest swap.

Lines of Credit

	Maximum Amount	Outstanding	Available
UCF Athletics Association			
Fifth Third lines of credit	8,185,000	6,185,000	2,000,000

Variable Rate Debt

	Outstanding	Rate
UCF Athletics Association		
Fifth Third lines of credit	6,185,000	1.51% - 2.25%
University loan	6,915,072	1.46%
UCF Foundation		
SunTrust	565,000	2.94%
Total variable debt outstanding	<u>\$ 13,665,072</u>	

ITEM: INFO-2

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

SUBJECT: Purchasing Department and Purchasing Card Presentation

DATE: August 17, 2016

For information only.

Supporting documentation: Attachment A: Purchasing Department and Purchasing Card Presentation

Prepared by: Tracy Clark, Associate Provost for Budget, Planning, and Administration
and Associate Vice President for Finance
Greg Robinson, Director of Purchasing

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

Attachment A



University of Central Florida

Purchasing Department

OVERVIEW

- MISSION
- AUTHORITY
- TECHNOLOGY
- COMPETITION LEVELS
- VOLUME OF BUSINESS
- COST EFFECTIVENESS
- DIVERSITY IN CONTRACTS



MISSION

- To support the academic and administrative departments in the timely procurement of goods and services to sustain, foster, and promote the educational and research mission of the university. This shall be accomplished in the most ethical, efficient, and courteous manner possible while adhering to the letter and intent of all applicable laws, regulations, and policies.



UCF Purchasing

AUTHORITY

- UCF Regulation, Chapter 7
 - Purchasing; Contracting; Real Property
- Board of Governors Regulation, Chapter 18
 - Purchasing; Protest; Bonding
- UCF policies
- Florida statutes



COMPLIANCE

- Purchasing manual
- Procurement training to departments
- Regular refreshers and changes to guidelines
- Internal checks and balances prior to purchase order
- Internal monthly audit of purchase orders exceeding \$10,000



TECHNOLOGY

- Electronic requisitioning and purchase order system (PeopleSoft Financials)
- Web-based quoting and bidding system (Bonfire)
- Spend Analytics (State University System collaboration)
- Contracts Management (General Counsel)



UCF Purchasing

COMPETITION LEVELS

- \$10,000 and less: Quotes are not required. Competition is encouraged
- \$10,000.01-\$35,000: Two or more informal quotes
- \$35,000.01-\$75,000: Three formal written quotes
- \$75,000.01-Above: Formal solicitation or exception

Note: Purchasing reserves the right to compete any purchase request regardless of dollar amount when it is determined that better pricing is available.



UCF Purchasing

ACQUISITION TIMELINES

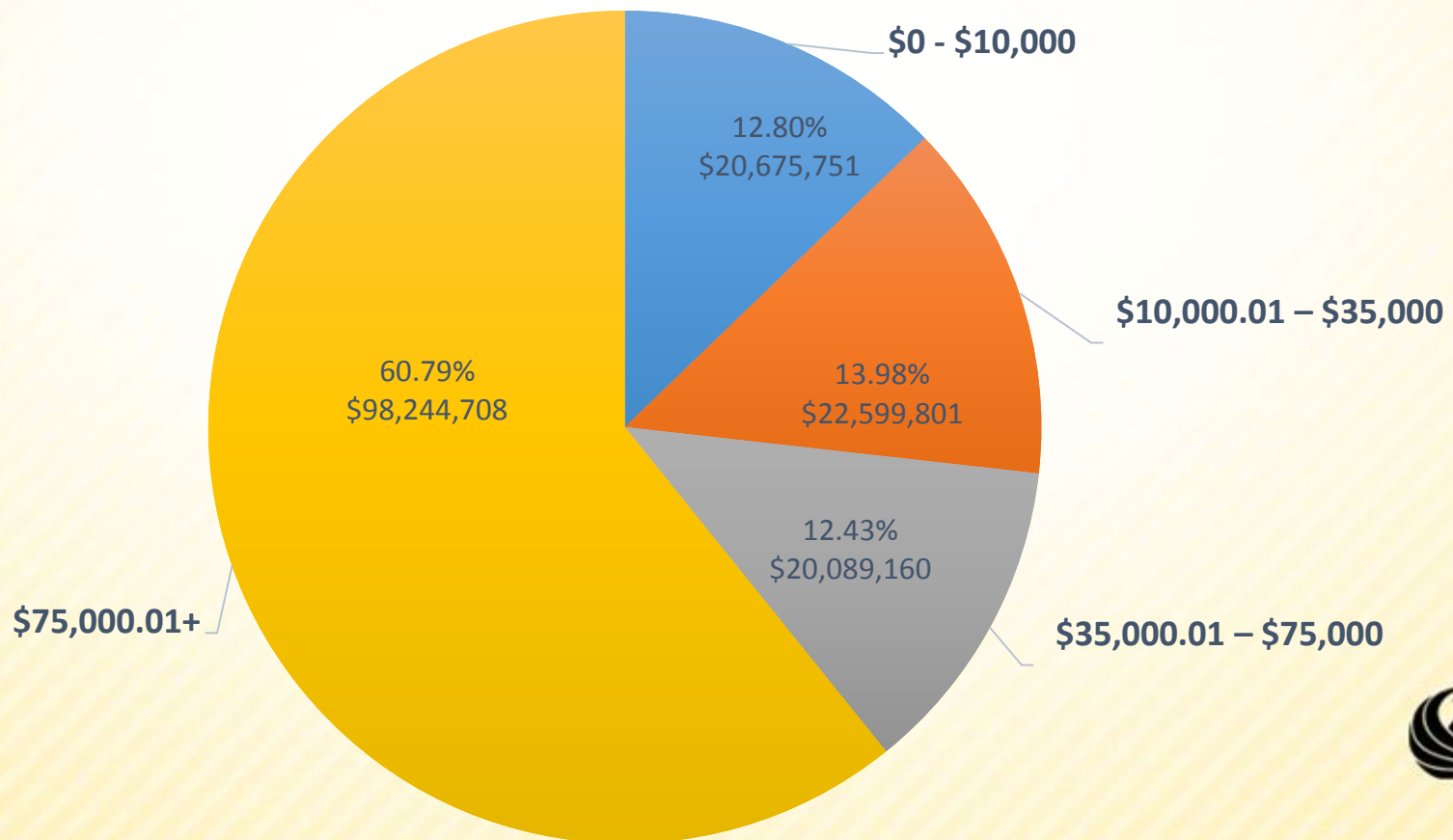
- One business day: small non-competed purchases
- One business day: informal verbal or written quotations required
- 10-60 calendar days: Invitation to Bid (ITB)
 - 10 days: urgent
 - 30 days: routine and clean specs
 - 60 days: complex
- 40-180 calendar days: Invitation to Negotiate (ITN)
 - 40 days: urgent
 - 90 days: routine and clean specs
 - 180 days: complex



UCF Purchasing

2015-16 ANNUAL VOLUME

- Formal Solicitations: 15 Invitation to Negotiate and 22 Invitation to Bid
- Agreements and contracts reviewed and approved: 679
- Goods and services purchase orders through Purchasing: 8,354
 - ✓ PO Expenditures: \$161,609,422



COST EFFECTIVENESS

- ❑ \$14 million saved via best procurement methods including increased competition, negotiations, and use of pre-existing contracts
- ❖ \$5.5 million saved partnering with national consortiums and cooperatives
 - ✓ Earned the university \$123,000 in rebates
- ❖ \$2.95 million saved by partnering with Board of Governors Shared Services Initiatives
- ❖ \$5.6 million through other competition, negotiations, and cost avoidance



UCF Purchasing

COMPETITIVE PROCESS AT WORK

<u>PURCHASE</u>	<u>RESULT/SAVINGS</u>	<u>METHOD</u>	<u>DIVISION</u>
• Boutique hotel	Best Value	ITN Negotiation	Admin and Finance
• Facilities assessment	Best Value	ITN Negotiation	Admin and Finance
• SUS anti-hazing online education	\$11,000,000	ITN Negotiation	SDES
• Student shuttles	\$3,000,000	ITN Negotiation	Admin and Finance
• Arena and Stadium audio visual and control room	\$1,080,000	ITN Negotiation	Admin and Finance
• Elevator maintenance	\$732,000	ITB Low Bid	Admin and Finance
• Cleaning and sweeping garages and lots	\$364,000	ITB Low Bid	Admin and Finance
• Test and inspect alarms and mass notification	\$282,000	ITB Low Bid	Admin and Finance
• Network analyzer (Sole Source)	\$171,000	Negotiation	OR and C
• Laser system (Sole Source)	\$113,000	Negotiation	OR and C
• 3D-ultrasound imaging (Sole Source)	\$106,000	Negotiation	OR and C



UCF Purchasing

DIVERSITY IN CONTRACTS PROGRAM

Small, Women, Minority, Veteran Business Enterprises (SWMVBE)

- Partners with 12 SWMVBE advocacy groups to advertise UCF opportunities
- Participates in eight to 10 outreach events annually to discover new diverse sources
- Implemented Diversity Liaisons Program
 - Enlisted departmental partners (28 volunteers)
 - Focuses on departments providing business opportunities to diverse suppliers
- UCF Downtown project SWMVBE opportunities
 - Working with UCF leaders, Facilities and Safety, and Skanska USA's Diversity Director to include SWMVBEs



UCF Purchasing

DIVERSITY IN CONTRACTS PROGRAM (cont.)

❖ 2013-14 Expenditures: \$25.8 million

- Exceeded 2012-13 by \$6.5 million
 - \$13.6 million in contractual services
 - \$3 million contract to African American Woman IT company

❖ 2014-15 Expenditures: \$30.2 million

- \$17.5 million in contractual services
 - \$1 million State University System-wide contract to Woman-Owned IT company
 - » \$11 million savings for the state

❖ 2015-16 Expenditures: \$36.9 million

- \$13.1 million in commodities
 - \$3.2 million increase from 2014-15



UCF Purchasing

CUSTOMER SATISFACTION

Survey Results: percentages represent respondents agreed or strongly agreed to those questions

- Purchasing staff is professional and courteous
 - 2013-14 (96%)
 - 2014-15 (98%)
 - 2015-16 (100%)
- Purchasing staff is responsive and timely to my needs
 - 2013-14 (91%)
 - 2014-15 (96%)
 - 2015-16 (97%)
- Overall satisfaction: I am pleased with the services received from Purchasing
 - 2013-14 (91%)
 - 2014-15 (98%)
 - 2015-16 (100%)



UCF Purchasing

QUESTIONS?





Purchasing Card Program Overview



Agenda

- Bank of America (BOA) PCard Overview
- PCard Administration
- PCard Program Benefits
- UCF Cardholder Profiles
- Spending Trends
- Audit Controls
- Restricted Uses
- Penalties

BOA PCard Overview

- The University of Central Florida procurement card program is designed to provide an efficient means of making purchases, to prevent personal use of funds for official expenses, and to streamline the procurement cycle.
- What is a PCard?
 - University VISA credit cards issued to faculty and staff by Bank of America (BOA)
 - Low-cost payment mechanism

PCard Administration

- Centrally administered by Finance and Accounting
- Administration team includes:
 - Cristy Trask – Assistant Controller
 - Senior accountant
 - Two accountants
 - Student assistant
- Prior to a cardholder receiving a PCard or gaining approval authority, they must:
 - Submit an application and cardholder agreement and pass a cardholder or approver webcourse
 - Submit an ethics certification
- Cardholder guidance includes a PCard manual

PCard Program Benefits

- Ease of purchasing capability for cardholders
 - Within established restrictions
 - Immediate visibility in the department and Finance and Accounting
- Lower transaction costs
 - Fewer checks
 - IRS reporting minimized
 - Reduced vendor maintenance
- Wide range of vendor acceptance
- Bank of America rebate based on spend
- Visa dispute resolution and fraud monitoring services provided by Bank of America

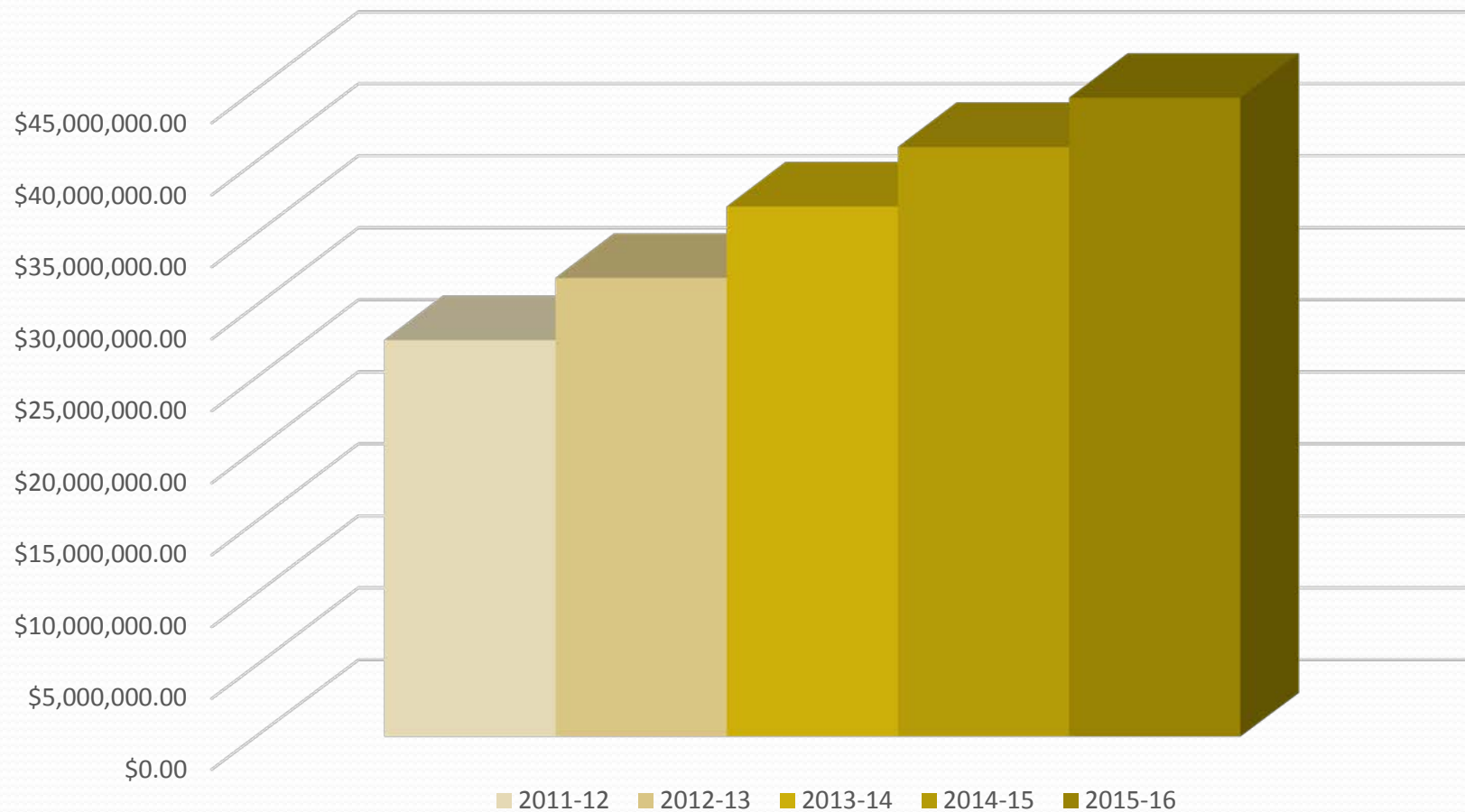
UCF Cardholder Profiles

- 1,300 university cardholders
 - Dean, Director, or Chair approval required
 - Monthly transaction limits approved by Dean, Director, or Chair
 - Purchases restricted to Merchant Category Codes
 - Single-purchase limits are based on cardholder needs
 - 14 emergency purchasing cardholder profiles and two accounts payable large-limit profiles

Monthly Spend Limits	Number of Cardholders	Percentage	Single Purchase Limit	Number of Cardholders	Percentage
Less than or equal \$1,000	158	12%	Less than or equal \$1,000	333	25%
\$1,001 - \$2,500	177	14%	\$1,001 - \$2,500	339	26%
\$2,501 - \$5,000	463	35%	\$2,501 - \$5,000	532	41%
\$5,001 - \$10,000	255	19%	\$5,001 - \$10,000	73	6%
\$10,000 - \$25,000	205	16%	\$10,000 - \$25,000	24	2%
\$25,001 - \$50,000	31	2%	\$25,001 - \$50,000	5	0%
Greater than \$50,001	20	2%	Greater than \$50,001	3	0%

UCF PCard Five-year Spending Trends

2012-16 Total Spend



Audit Controls

- Chip and PIN technology
- 24/7 fraud watch
- Transactions over \$5,000 and travel require a Purchase Order
- Departmental review and approval
- Finance and Accounting review
 - Audit of high-risk vendors and unusual transactions
- Monthly certification by the cardholder and supervisor is submitted to Finance and Accounting for final review and retention
- Annual spending limit review
- Monthly statements are randomly audited

Prohibited Uses

Examples:

- Attorney and legal services
- Cash advances
- Personal expenses
- Other restrictions detailed in the UCF PCard manual

Restricted Uses

Permission Required

Examples:

- Hazardous materials
- Tourist attractions
- Gift cards and certificates

Offenses and Penalties

✓ Sharing PCard or splitting charges

- 1st offense – written warning
- 2nd offense – one-month suspension
- 3rd offense – cancel PCard

✓ Purchasing prohibited items

- 1st offense – one-week suspension
- 2nd offense – one-month suspension
- 3rd offense – cancel card

✓ Non-approval within 20 days

- 1st offense – written warning
- 2nd offense – three-day minimum suspension **or** until transactions are approved
- 3rd offense – cancel PCard

✓ Non-submission of monthly PCard statement packet

- Notice at 30 days
- Warning at 45 days
- Suspension at 60 days until submitted