



Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Millican Hall, 3rd floor
February 22, 2017

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 8:30 a.m. Committee members Christopher Clemente, David Walsh, and Bill Yeargin were present. Committee member Robert Garvy attended by teleconference. Chairman Marcos Marchena was present.

MINUTES APPROVAL

The minutes of the December 7, 2016, Finance and Facilities Committee meeting were approved as submitted.

NEW BUSINESS

Revision to University Regulation UCF-7.130 Administration and Finance; Purchasing (FFC-1)
Youndy Cook, Deputy General Counsel, presented for approval a revision to existing university regulation UCF-7.130 Administration and Finance; Purchasing. The amendment changes the term "purchasing" to "procurement" throughout the regulation to conform the university's procurement guidelines with the recent updates to the Florida Board of Governors' Regulation 18.001. Additionally, the amendment updates the duties of the Procurement Services department and revises language concerning contract extensions and contract renewals. The committee unanimously approved the amendment.

UCF Convocation Corporation Transfer of Funds (FFC-2)

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, requested approval to transfer up to \$650,000 in unrestricted funds to the university or to a direct support organization. The UCF Convocation Corporation will have approximately \$650,000 in unrestricted surplus revenue available in 2016-17 after completing payments for the Knights Plaza enhancements and transferring funds to the university in support of the video scoreboard enhancements. The use of funds will be approved by the university president in consultation with the chair of the Finance and Facilities Committee. Chairman Marchena requested a stipulation be added that when the funds are used the committee be notified at its next meeting. The committee unanimously approved the request with Chairman Marchena's stipulation.

UCF Foundation Refunding of Debt and Line of Credit (FFC-3)

Merck and Pittman requested approval to refinance \$21,635,000 of outstanding loans with BB&T Bank and create a Line of Credit with BB&T Bank in an amount not to exceed \$19,000,000 for the construction of the downtown campus. In 2008 and 2009, the UCF Foundation refunded variable-rate debt and converted it into fixed-rate-taxable and tax-exempt debt. By refunding these loans, the UCF Foundation will save an average of \$370,000 annually.

The UCF Foundation has raised funds in excess of \$20,000,000, the minimum required to gain approval for UCF to build a campus in downtown Orlando. The pledges extend over a five-year period. However, UCF must have access to the cash to construct the first academic facility, estimated to begin in early 2018. A Line of Credit will be opened using the pledged funds as security against the line. The actual amount of the Line of Credit will be based on the amount of pledges outstanding at the time the Line of Credit is opened. It is anticipated that approximately \$2 million in pledges will have been paid by such time. The committee unanimously approved refunding the loans and creating the Line of Credit with BB&T Bank.

Agreement Between UCF and ICAMR (FFC-4)

Merck and Sandra Sovinski, Associate General Counsel, requested approval of an agreement between UCF and International Consortium for Advanced Manufacturing Research (ICAMR). The 2016-17 state appropriations signed by the governor on March 17, 2016, included a recurring appropriation of \$5,000,000 to UCF in support of ICAMR. The agreement sets forth terms and conditions for ICAMR's expenditure of the appropriated funds, reflecting the intent in the legislative budget request, recognizing a defined procurement protocol, and requiring reporting by ICAMR to facilitate UCF's return on investment reporting to the governor.

The committee unanimously approved the agreement with the provision that an amendment be added giving UCF the right to audit ICAMR's use of the state appropriation funds.

UCF Downtown Purchase and Sale Agreement (FFC-5)

Merck and Jennifer Cerasa, Associate General Counsel, requested approval of the Purchase and Sale Agreement for the acquisition of property located at 500 West Livingston Street in downtown Orlando for the development of the UCF Downtown campus. The property has been defined as three sites. The Purchase and Sale Agreement outlines the specific terms of the transfer of two of the three sites (Site 1 and Site 2). The transfer of Site 3 will occur at a future date. UCF has conducted due diligence in anticipation of the acquisition of Site 1 and has determined that the site is suitable for commercial development. UCF will continue to have a due diligence period after the Purchase and Sale Agreement is executed related to the acquisition of both Site 1 and Site 2. Closing for Site 1 is anticipated to occur on or around April 30, 2017, and on or around July 31, 2017, for Site 2. The committee unanimously approved the Purchase and Sale Agreement as presented.

UCF Finance Corporation Renewal of Letter of Credit (FFC-6)

Merck and Pittman requested approval to renew a three-year Letter of Credit with Fifth Third Bank backing \$51,315,000 of outstanding bonds for the Burnett School of Biomedical Sciences research facility located on the Health Sciences Campus at Lake Nona. In 2007, the UCF Finance Corporation issued \$60,000,000 in variable-rate demand bonds secured by a 10-year Letter of Credit with Fifth Third Bank. The Corporation entered a 30-year swap agreement to synthetically fix the interest rate at 4.376 percent. The Letter of Credit expires in June 2017, and the financing

team recommended its renewal. The committee unanimously approved the request.

Technology Fee Report (INFO-1)

Dale Whittaker, Provost and Executive Vice President, and Joel Hartman, Vice President for Information Technologies and Resources and Chief Information Officer, presented a summary of the technology fees.

UCF Investments Quarterly Report Ended December 31, 2016 (INFO-2)

Tracy Clark, Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance, presented the UCF Investments Quarterly Report for the quarter that ended December 31, 2016.

University Operating Budget Report Ended December 31, 2016 (INFO-3)

Clark presented the University Operating Budget Report for the quarter that ended December 31, 2016.

Direct Support Organizations' 2016-17 First-Quarter Financial Reports (INFO-5)

Merck and Pittman reported that the 2016-17 first-quarter financial report ended September 30, 2016, for the UCF Foundation was provided as an information item.

OTHER BUSINESS

Request for agenda item at April 19 FFC meeting

Chairman Marchena requested that the completed report from the consulting firm Hill International evaluating Facilities & Safety be presented to the committee at its next meeting on April 19, 2017.

Chair Martins adjourned the Finance and Facilities Committee meeting at 9:59 a.m.

Respectfully submitted: _____

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

Date