UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
December 12, 2018
8:30 a.m.
President's Boardroom, Millican Hall, 3rd floor
Conference call in phone number 800-442-5794, passcode 463796

AGENDA

I. CALL TO ORDER — Robert Garvy
Vice Chair, Finance and Facilities Committee

II. ROLL CALL — Tracy D. Slavik
Coordinator for Administration Services for Administration and Finance Division

III. MEETING MINUTES

- Approval of the November 15, 2018 Finance and Facilities Committee meeting minutes — Marcos Marchena
Chairman, UCF Board of Trustees

IV. NEW BUSINESS — Chairman Marchena

- E&G Carry Forward Spending Plan (FFC-1) — Kathy Mitchell
Interim Chief Financial Officer
Elizabeth A. Dooley
Provost and Vice President for Academic Affairs
Professor, College of Community Involvement and Education
Tracy Clark
Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance

- Board of Governors' 10-Year Lookback on Source of Funds for Capital Projects (INFO-1) — Kathy Mitchell

• Minor Amendment to Coordinate the University of Central Florida 2015-25 Campus Master Plan Update With Site Refinements (FFC-2)	Misty Shepherd *Interim Vice President for Administration and Finance* Lee Kernek *Associate Vice President for Administration and Finance*
• Minor Amendment to Align the University of Central Florida 2015-25 Campus Master Plan Update (FFC-3)	Misty Shepherd Lee Kernek
• Subway Contract Amendment (FFC-4)	Misty Shepherd John C. Pittman *Associate Vice President for Debt and Revenue Management* Ronnie Lamkin *General Manager, UCF Convocation Corporation*
• Direct Support Organizations' 2018-19 First-Quarter Financial Reports (INFO-2) – UCF Athletic Association and UCF Stadium Corporation – UCF Convocation Corporation – UCF Finance Corporation – UCF Foundation – UCF Limbitless Solutions – UCF Research Foundation – Central Florida Clinical Practice Organization	Kathy Mitchell John C. Pittman
• University Draft Audited Financial Report 2017-18 (INFO-3)	Kathy Mitchell Christina Tant *Assistant Vice President and University Controller*
• University Operating Budget Report Quarter Ended September 30, 2018 (INFO-4)	Kathy Mitchell Tracy Clark
• University Investments Presentation and Investments Quarterly Report Ended September 30, 2018 (INFO-5)	Kathy Mitchell Tracy Clark
• Five-year Internal Capital Plan 2019-23 (INFO-6)	Kathy Mitchell Tracy Clark

V.	**OTHER BUSINESS**	Chairman Marchena
VI.	**CLOSING COMMENTS**	Chairman Marchena

UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
FAIRWINDS Alumni Center
November 15, 2018

MINUTES

CALL TO ORDER
Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 10:30 a.m. Committee members Joshua Bolona, Robert Garvy, John Lord, David Walsh, and Bill Yeargin were present. Committee member John Sprouls attended by teleconference. Chairman Marcos Marchena was present. Trustees Ken Bradley, Joseph Conte, and Bill Self were present.

MEETING MINUTES
The minutes of the October 5 and October 10, 2018, Finance and Facilities Committee meetings were approved as submitted. The September 27, 2018, Finance and Facilities Committee meeting minutes were revised to add Chairman Marchena to the attendance roster and change the use of the wording "might be futile for future contracts to lower the commission amount to receive lower prices and higher levels of customer service" in item FFC-4 Concessions Award on page three to "should be considered on future contracts to lower the commission amount to receive lower prices and higher levels of customer service."

Vice Chair Garvy expressed concern about moving forward with the concessions award given the issues he and other trustees have with Spectra's pricing. He asked if lower commissions could be negotiated for lower prices, which would improve overall customer service and satisfaction. Following a lengthy discussion, Chairman Marchena stated this should be a two-step process. The committee first needs to approve reconsidering their previous September 27 approval to award the concessions contract to Spectra. Then, the committee can request changes to the negotiation process.

Scott Cole, Vice President and General Counsel, recommended that these motions wait until the "New Business" portion of the meeting. He also suggested when making those motions to state the terms more broadly than discussed so far. They might be able to negotiate lower bottled water prices, for example, and keep the current commission.

NEW BUSINESS
UCF Downtown Campus Store Contract (FFC-1)
Greg Robinson, Assistant Vice President for Procurement Services, requested approval of the contract with Barnes and Noble Booksellers, LLC, for the design, build-out, operation, and

management of the UCF Downtown Campus Store. On September 27, 2018, the board approved the award to Barnes and Noble Booksellers, LLC.

This is a new agreement, stemming from a competitive procurement process (Invitation to Negotiate). The store will provide retail space and a full-service café. This contract represents significant capital dollars (provided by Barnes and Noble Booksellers, LLC) to build out and finish the space, revenue sharing through commissions, and flexibility for exploring, adopting, and delivering course materials.

The agreement is for 11 years—the first year for the design, construction, and build-out, and the remaining 10 years for the operation and management of the store, effective on or about July 1, 2019, through June 30, 2029. The university has the option to renew the agreement for two, 10-year mutually agreed renewal periods, not to exceed 20 years in total.

Vice Chair Garvy asked how the formulas are developed for commission and are we using best practices. Tom Bryne, a consultant with Campus Bookstore Consulting who assisted with the ITN process, confirmed this is a strong financial package for the university yet also has very affordable prices for students.

Vice Chair Garvy also asked if a student was on the committee. Robinson confirmed, but Vice Chair Garvy expressed concern that the student was not from the Student Government Association. Trustee Bolona said a priority of their administration has been prioritizing the student voice in university-wide decisions. His goal is for future student body presidents to understand that all agenda items that come before the board have been vetted in some form by fellow students.

Chair Martins asked if the commission-type structure is common for university bookstore contracts, and Bryne confirmed. Trustee Walsh asked if Barnes and Noble receives all of the concessions exclusively for the courses presented at the UCF Downtown campus or for the students coming into the store. Bryne confirmed the commissions through this contract are at the UCF Downtown store or its website only.

Trustee Walsh also asked if over time digital passkeys directly to the publishers can become more widely used to help lower textbook costs, and do we have the ability to move off the contract for that kind of procurement. Bryne confirmed we do and stated it is clear in the contract digital content and other free content are permitted.

Trustee Yeargin asked if the prices are the same at every store. Bryne said contracts control price, and textbook affordability is a priority in the UCF Downtown contract.

Trustee Self suggested the University Bookstore Advisory Committee be involved in future bookstore contract negotiations. Chair Martins asked for confirmation that if the university is not pleased with customer service or the level of technology, we can require the changes necessary. Robinson confirmed.

The committee unanimously approved the UCF Downtown Campus Store Contract with Barnes and Noble Booksellers, LLC.

<u>Chilled Water Services Agreement for Sanford Burnham Prebys Building (FFC-2)</u>

Misty Shepherd, Interim Vice President for Administration and Finance, requested approval of the Assignment and Assumption of the Chilled Water Service Agreement between Orlando Utilities Commission (OUC) and the Sanford Burnham Institute for Medical Research. UCF is set to take over the Sanford Burnham Prebys building on December 1, 2018. The existing agreement between OUC and Sanford Burnham commended December 4, 2008, and has a 30-year term, of which 20 years are remaining. The annual average chilled water costs for the past three years under the agreement have been $1,328,000. UCF can expect to incur an additional $26,600,000 over the next 20 years for chilled water service to the building.

Article I (Exhibit B) in the OUC Chilled Water Service Agreement permits UCF a one-time reduction of contact capacity and opportunity to negotiate a better rate. Article 15 in the agreement gives UCF the option to buy out the contract after 10 years, or cancel the agreement and pay a penalty. The agreement for chilled water must be in place on or before December 1, 2018.

Trustee Walsh asked if the issue before them was for the necessary approval of the assumption of the agreement, and losing no right to exercise the renegotiations, or potentially do something else. Shepherd confirmed the current service will be in place for the immediate future so the university can take occupancy without a loss of service.

Chair Martins asked when does the period of time for renegotiation lapse. Shepherd confirmed there is no timing on the renegotiation period, but we do need to give a 120-day notice that we are requesting changes. Lee Kernek, Associate Vice President for Administration and Finance, stated they are starting meetings with OUC to negotiate a better rate. Chair Martins also asked if the $1.328 million annual cost is included in the budget, and Kernek confirmed.

Trustee Walsh asked if the capacity utilization is at 100 percent. Kernek said no, additional capacity is available, and they are investigating options on how to proceed. He also asked for the percentage of capacity that is being used. Nate Boyd, Associate Director of Utilities and Energy Services, said with regards to the current build-out, approximately 3,950 tons is being used between the existing UCF contract and the Sanford Burnham contract. The install capacity is 5,300 tons. Thus, it is at 75 to 80 percent capacity. Trustee Walsh added another load user could be beneficial.

Shepherd added the agreement allows for only a one-time reduction in capacity, so we are being thoughtful about it and evaluating the capacity needs now and in the future.

The committee unanimously approved the Assignment and Assumption of the Chilled Water Service Agreement between OUC and the Sanford Burnham Institute for Medical Research, with Chairman Marchena recusing himself because of potential conflict of interest.

<u>Temporary License and Construction Agreement for Rosen Campus (FFC-3)</u>
Shepherd and Jennifer Cerasa, Associate General Counsel, presented for approval the Temporary License and Construction Agreement for a portion of the land located at 9907 Universal Boulevard, Orlando, in Orange County, Florida, which also is the location of the Rosen College of Hospitality Management, necessary to facilitate expansion of the college. The UCF Real Estate Foundation holds the land, and the university owns the building.

Due to enrollment growth within the college, the existing building is insufficient to fill the college's need for space. Thus, a capital improvement project has been proposed to expand the existing structure by up to 50,000 square feet. The UCF Foundation would give a temporary license to allow the Rosen Foundation to construct and build the expansion. UCF Facilities will be involved in the process.

Because of his significant experience with the construction industry in Central Florida and subsequent ability to control costs, Harris Rosen (or a related entity), who is a significant donor both with respect to the college, the original building, and the proposed expansion, has offered to oversee the construction of the expansion. Mr. Rosen is solely responsible for managing the construction and construction budget, including any budget overages.

The construction costs for the project are intended to be funded solely through philanthropy: $5 million from unrestricted funds from the UCF Foundation and $4 million from documented pledge agreements.

Cerasa requested that paragraph four of the agreement, which stated the university had agreed to commit $2 million dollars toward the furniture, fixtures, and equipment to furnish the building expansion, be removed because of the current presidential moratorium on construction. This change also needs to be reflected on the Certification of Funds form. If and when it is needed, Cerasa will bring those funds back to the board for approval.

Cerasa explained the process by saying Mr. Rosen has committed additional in-kind money and has agreed to fund any overages in the budget, oversee the construction, and direct the construction company. This limits the risk to the university and is a win-win all around. The foundation will pay the contractor invoices directly, starting with the pledge money first, with Mr. Rosen filling in and paying when there are gaps. Mr. Rosen is assuming the contracts (not the university or foundation), which is also how he is assuming the budget overrun. The foundation has asked that he include risk mitigation procedures.

Cerasa added the university can step in if construction is not finished in 24 months and complete it even if there is litigation involved. However, no problems are anticipated with the project, and this was added only as an out clause if needed.

Upon completion of the construction, the license will terminate, and the University of Central Florida Board of Trustees will own the expanded building.

Chair Martins asked if provisions to meet quality standards are in place. Cerasa said the life cycle of materials must be considered and Plant Operating and Maintenance must be met. Chair Martins also asked if Mr. Rosen will receive interest if he does have to provide funds if pledge dollars are not available. Cerasa confirmed Mr. Rosen will be paid when the pledges are received and will not receive interest. He did not give a deadline or set a time period.

Chair Martins asked how will the contractor be paid if the pledges are not received and the university has stepped in to take over the construction. Cerasa said that has not been determined at the moment, but the ability of the university to step in was a worst-case scenario provision. Chair Martins asked if the foundation would be responsible for those shortages, or is that being left open-ended. Shepherd said should an event as drastic as that occur, the foundation and the university would meet and discuss. The building costs are estimated between $16 and $18 million to complete the construction, and they currently have $14 million, leaving roughly a $2 million to $4 million shortfall. It would come back to the board for a discussion on how to move forward.

Chairman Marchena said he sees on the agreement the $5 million from unrestricted funds from the UCF Foundation and $4 million from documented pledge agreements and asked for the source of the additional funds. Shepherd said they have an additional $5 million from Mr. Rosen. Cerasa said this is a gift in-kind, and he will be paying for the construction services. This is not mentioned in the agreement but is documented at the foundation.

Trustee Walsh asked who will own the building. Cerasa said the foundation will own the underlying land and the university will own the building. When the license terminates, everything reverts back to the foundation, who will turn over ownership.

Chair Martins also asked if the $2 million for furniture, fixtures, and equipment from the university will be brought back to the committee if it is decided to use those funds. Cerasa confirmed.

President Whittaker added the $2 million was from student equipment fees from Rosen students. Because those could be considered university funds, and with the moratorium on new capital projects, it was deemed best to not use that money at this time.

Trustee Bolona asked about the vision of the building. Cerasa said it will have additional office and kitchen space, and both students and faculty will benefit from the expansion. He also asked if it would be possible to receive a presentation on the project. President Whittaker reminded the group the January board meeting is being held at the Rosen campus.

Trustee Walsh added with the rise in distance learning, the need to thoroughly vet space utilization, including the use of offices for those who might not need them, is important. We need to take a hard look at how we use the spaces we build. Chairman Marchena said at the last Board of Governor's meeting, part of the discussion was on universities looking at their physical plant, their availability for building, and making sure they are maximizing the utilization of the building before undertaking additional construction. He expects staff to be doing as Trustee Walsh suggested.

The committee unanimously approved the temporary license and construction agreement for Rosen Campus with the removal of paragraph four in the agreement and the removal of the $2 million from the university on the Certification of Funds form.

<u>L3 Building Purchase Loan (FFC-10)</u>
Shepherd and Cerasa requested approval of a resolution approving the issuance of fixed rate, tax-exempt debt by the UCF Foundation of $6 million to finance the purchase of a building located at 12351 Research Parkway, Orlando, Florida, commonly referred to as the L3 Building. The property consists of approximately five acres and a 46,185 square feet building. The UCF Foundation intends to lease a majority of the building to the university to provide space to the UCF Division of Digital Learning.

The purchase was approved at the August 21, 2018, Board of Trustees meeting. As part of that discussion the board was informed that the foundation would be seeking a bank loan to finance the purchase.

At this time in accordance with the Board of Trustees' Delegation of Authority, the foundation is seeking approval to enter into a financing arrangement with Branch Bank and Trust Company. The tax-exempt promissory note will be for a 20-year term and carry a fixed rate of 3.92 percent and be secured solely by a 1^{st} lien position on the property. Annual principal payments will be due each October 1, and semi-annual interest payments will be due each April and October with the source of repayment provided through annual lease revenue. The foundation anticipates closing on the purchase and financing on or around December 3, 2018.

Chair Martins asked if the loan is between BB&T and the foundation, and Shepherd confirmed. Chairman Marchena asked if the 3.92 percent interest rate will reset. Shepherd said the 3.92 percent rate will be locked in when they sign the commitment letter.

The committee unanimously approved the issuance of fixed rate, tax-exempt debt by the UCF Foundation of $6 million from the Branch Bank and Trust Company to finance the purchase of the L3 Building.

<u>L3 Building Lease (FFC-4)</u>
Shepherd and Cerasa requested approval of the lease between the University of Central Florida Foundation and the University of Central Florida Board of Trustees for the space commonly known as the L3 Building, located at 12351 Research Parkway, Orlando, Florida 32826.

On August 21, 2018, the Board of Trustees approved the Purchase and Sale Agreement to allow the UCF Foundation or a related entity to purchase the property located at 12351 Research Parkway, also known as L3, for $6 million. Funds for the purchase of the building come from a loan secured by the UCF Foundation. The purchase is to satisfy the growing need of the UCF Division of Digital Learning.

The proposed lease is for the approximately 30,000 square feet of space for a term of 66 months commencing on or around December 3, 2018. The lease may be renewed for two additional five-year terms. Base rent is set at $15.84 per square foot for the first 66 months and will be adjusted to fair market rent for any subsequent term. Additional rent is set at $8.75 per square foot for operating and maintenance costs, for a total per square foot cost of $24.59. There is no requirement to pre-pay base rent, which had been discussed as a possibility at the August 15 Finance and Facilities Committee meeting and August 21 Board of Trustees meeting.

Chairman Marchena asked for the source of funding for the lease payments. Kathy Mitchell, Interim Chief Financial Officer, said it is from Distance Learning fees held by the university. Chairman Marchena also asked for these types of leases where the university is leasing space from the foundation or others if payments are identified from a specific source; for example, could E&G funds be used. Mitchell said yes, because it is an academic purpose, but this lease is being funded with Distance Learning fees.

Trustee Walsh asked who is paying to update the building and make it ready for occupancy. Cerasa said the foundation. Trustee Walsh added he appreciated that the pre-payment of rent had been removed. He noted the space will be used by 60 to 80 people under Tom Cavanagh (director of Distance Learning) preparing distant learning content, giving them a centralized headquarters, compared to their current multiple locations across campus. Trustee Walsh has talked with Cavanagh and Provost Dooley about the large body of materials that already exist in the academic industry for level-one and two courses. We should take a look at buying that material rather than creating it, which could possibly lower costs.

Trustee Bolona asked if this was a new Distance Learning fee. Mitchell said no, this has been budgeted, and they have been holding and saving those funds with this in mind.

The committee unanimously approved the lease between University of Central Florida Foundation and the University of Central Florida Board of Trustees for the space commonly known as the L3 Building.

Sanford Burnham Prebys Building Name Designation (FFC-5)
Deborah German, Vice President for Health Affairs and Dean of the UCF College of Medicine, requested approval of the name "UCF Lake Nona Cancer Center" for the former Sanford Burnham Prebys building. The UCF Real Estate Foundation assumed ownership of the former Sanford Burnham Prebys building and premises at Lake Nona on August 27, 2018, and immediately leased the entire building and premises to Sanford Burnham Prebys. The UCF College of Medicine will take full possession on December 1, 2018 and will oversee development of a comprehensive cancer research and treatment center.

The committee unanimously approved the name "UCF Lake Nona Cancer Center" for the former Sanford Burnham Prebys building.

John C. Hitt Library Renovation and Expansion (FFC-6)
Mitchell requested approval of the use of $85.8 million in Capital Improvement Trust Funds (CITF), $1.6 million in Plant Operations and Maintenance (PO&M) funds, $0.3 million in Auxiliary funds, and $0.3 million in Critical Deferred Maintenance funds for expansion and renovation of the John C. Hitt library.

This project is in progress and had been previously brought to the committee as an information item, but now approval is requested for the funding sources. Out of an abundance of transparency, the university is requesting individual approval for capital projects exceeding $2 million that began prior to October 26, 2017. In addition, written certification of the source and appropriateness of funds is being provided for each project.

Prior to October 26, 2017, capital improvement projects were submitted to the Board of Trustees annually through the Five-year Capital Improvement Plan and the Capital Outlay Budget. The then-Vice Provost for Information Technologies & Resources presented a report on the Library expansion to the board at the March 31, 2005, meeting.

According to the Delegation of Authority to the President, which was passed by the board on October 26, 2017, use of university funds for capital improvement projects exceeding two million dollars in construction costs and all changes to such projects that increase project costs by more than 10 percent of the original estimate require specific approval of the board.

Phase I ($21.7 million), which has been completed, is the expansion toward the Student Union with construction of a three-story automated-retrieval-center (ARC), renovations to restrooms, elevators and fire sprinklers on the top four floors, a redesign of the fifth-floor quiet reading room, and an increase in the number of power outlets for students to recharge phones and computers.

Phase IA ($21.2 million), currently under construction, will add a connector building between the existing library and ARC. This phase is planned for completion in December 2019. Phase II ($7.7 million per floor) will include a comprehensive renovation of one floor per year of the current library. Design will begin in Spring 2019, with construction starting in 2019-20 as the CITF funds are received.

Chairman Marchena asked if the hardscape costs would come back to the committee. Mitchell said those costs are part of the $88 million.

Trustee Walsh expressed concern about saying "Prior to October 26, 2017, capital improvement projects were submitted to the Board of Trustees annually through the Five-year Capital Improvement Plan and the Capital Outlay Budget." He asked for the sentence to be struck. Mitchell stated that "for approval" had previously been used after that statement but had been removed. Trustee Walsh said with that clarification he was now okay with the sentence.

Trustee Walsh also asked if this project needs to be added to the Five-year Capital Improvement Plan, but Mitchell confirmed it is already on it.

The committee unanimously approved the use of $85.8 million in Capital Improvement Trust Funds (CITF), $1.6 million in Plant Operations and Maintenance (PO&M) funds, $0.3 million in Auxiliary funds, and $0.3 million in Critical Deferred Maintenance funds for expansion and renovation of the John C. Hitt library. The Certification of Funds form was attached to the item.

<u>Student Union Renovation and Expansion (FFC-7)</u>
Mitchell requested approval for the funding sources for Phases II, III, and IV of the renovation and expansion of the Student Union at total project cost of $17.98 million. Funding sources include $14.35 million from Aramark (less $3.9 million for equipment Aramark will purchase directly at a lower cost than is available to UCF), $3 million in Auxiliary funds from Business Services, and $4.5 million from Student Government Association and Student Development and Enrollment Services.

Out of an abundance of transparency, the university is requesting individual approval for capital projects exceeding $2 million that began prior to October 26, 2017. In addition, written certification of the source and appropriateness of funds is being provided for each project.

Prior to October 26, 2017, capital improvement projects were submitted to the Board of Trustees annually through the Five-year Capital Improvement Plan and the Capital Outlay Budget.

According to the Delegation of Authority to the President, which was passed by the board on October 26, 2017, use of university funds for capital improvement projects exceeding two million dollars in construction costs and all changes to such projects that increase project costs by more than 10 percent of the original estimate require specific approval of the board.

The Board of Trustees approved a 10-year negotiated agreement with Aramark, the university's food service provider, on November 19, 2015. Phase II of the project, the renovation of the existing food court areas, is in progress. Phase III, the expansion of floors 1 and 2 in the food court, will begin in January 2019. Phase IV will be the expansion of the third floor for the Student Government Association meeting chambers and suite.

Trustee Bradley asked for the basis of the Aramark contribution and if that was part of their normal contract with the university. Mitchell confirmed this is what we negotiated with them for their 10-year lease extension.

The committee unanimously approved the funding sources of $14.35 million from Aramark (less $3.9 million for equipment Aramark will purchase directly at a lower cost than is available to UCF), $3 million in Auxiliary funds from Business Services, and $4.5 million from Student Government Association and Student Development and Enrollment Services, for the Student Union Renovation and Expansion. The Certification of Funds form was attached to the item.

CREOL Expansion (FFC-8)
Mitchell requested approval for the funding sources for the renovation and expansion of the Center for Research and Education in Optics and Lasers (CREOL) building. Funding sources include $5.8 million in auxiliary funds, $1 million in research overhead funds, $.2 million in Utilities Infrastructure and Minor Projects (UIMP) funds, and $17,000 in E&G funds, for a total project cost of $7 million.

Out of an abundance of transparency, the university is requesting individual approval for capital projects exceeding $2 million that began prior to October 26, 2017. In addition, written certification of the source and appropriateness of funds is being provided for each project.

Prior to October 26, 2017, capital improvement projects were submitted to the Board of Trustees annually through the Five-year Capital Improvement Plan and the Capital Outlay Budget.

According to the Delegation of Authority to the President, which was passed by the board on October 26, 2017, use of university funds for capital improvement projects exceeding two million dollars in construction costs and all changes to such projects that increase project costs by more than 10 percent of the original estimate require specific approval of the board.

CREOL is undergoing a three-story expansion on the east side of the existing building. The expansion involves building a first-floor auditorium and mechanical space; the upper two floors will have laboratories and offices for laser research and education.

Chairman Marchena stated although the project is more than $2 million, based on Mitchell’s discussion with the Board of Governors, the use of E&G funds is appropriate. Mitchell confirmed it was.

The committee unanimously approved the funding sources of $5.8 million in auxiliary funds, $1 million in research overhead funds, $.2 million in Utilities Infrastructure and Minor Projects (UIMP) funds, and $17,000 in E&G funds, for a total project cost of $7 million. The Certification of Funds form was attached to the item.

Roth Athletics Center Shell Building Construction Costs (Phase I) (FFC-9)
Danny White, Vice President and Director of Athletics, and David Hansen, Executive Associate Athletics Director and Chief Operating Officer, requested approval for the construction costs for

the Roth Athletics Center shell building (phase I) to exceed the $2 million minor projects threshold.

The Roth Athletics Center is being built in two phases to expedite its completion. Funds were not immediately available for the entire project, so the pre-engineered metal building was designed and purchased using available funds held in the UCF Foundation. During design of the interior build-out, it was determined that several modifications would be necessary to provide the most efficient layout of the two-story building. For example, some of the vertical support columns would need to be relocated to avoid being in the middle of rooms. Also, it was determined the exterior façade should be upgraded. Other changes were made, including the addition of exterior glass, additional required insulation, installation of a roof hatch, and increased foundations and steel to support load requirements of the second-floor. The project is being privately funded.

Hansen noted the new change order amount is $218,146, which makes the total project cost $2,174,497. The meeting materials contained the previous figures of $262,868 for the change order and $2,219,219.46 for the total projected construction costs of the building.

Phase I of this project is underway, and additional change orders are not anticipated.

Trustee Bradley asked if "privately funded" means philanthropy, and White confirmed. Trustee Bradley asked why the board is being asked to approve the change order, and Chairman Marchena said it is because the project is now over the $2 million minor projects threshold. Mitchell added it also needs board approval because it is now more than 10 percent above the original approved amount.

Trustee Walsh asked if this project falls under the moratorium on capital projects. Chairman Marchena said no because it is being funded with private donations.

The committee unanimously approved the construction costs for the Roth Athletics Center shell building (phase I) to exceed the $2 million minor projects threshold.

OTHER BUSINESS

Reconsideration of FFC-4 Concessions Award from September 27, 2018 Finance and Facilities Committee Meeting

At the request of Vice Chair Garvy, the motion from the September 27, 2018 Finance and Facilities Committee meeting to allow the award of the concessions food service contract to Spectra was asked to be reconsidered. He expressed concern about the high prices of menu items, in particular the $4 bottled water charge that Trustee Gaekwad mentioned at that meeting, and wondered if a lower commission could be negotiated in exchange for lower prices. Chair Martins agreed.

The committee unanimously agreed to reconsider the motion, with Trustee Sprouls recusing himself because of potential conflict of interest.

Concessions Contract Changes

Chairman Marchena requested that staff go back and discuss the contract and ensure the level of customer service is considered. Customer service needs to be as much a consideration as the percentage return amount.

Vice Chair Garvy said it is not just a matter of maximizing the percentage of what we can get, but also considering the impact on the customers and the service being provided.

President Whittaker said he would recommend adding that the contract should appropriately advance the UCF brand identity.

Chair Martins said in addition to the emphasis on customer service, pricing levels do need to be included. Trustee Lord said he is uncomfortable with specific item pricing. While we should be price sensitive for our customers, he does not think specific pricing is the board's role.

Vice Chair Garvy made a motion to continue discussions and negotiations with a view toward pricing that takes into consideration customer experience and satisfaction.

Trustee Lord asked for and received confirmation that this will not require the contract be rebid. Trustee Yeargin asked for confirmation that this does not mean Spectra is being withdrawn, but rather the team is just continuing discussions. Chair Martins confirmed and clarified that new contract terms with Spectra are being requested.

Ronnie Lamkin, General Manager of the UCF Convocation Corporation, is on the negotiation team and said pricing was discussed at the last meeting as well as operation procedures for the Mercedes Benz Stadium in Atlanta (which hosted the Peach Bowl last year), but they operate under a management agreement. For the last 10 years, the CFE Arena and Venue have had commission-based agreements. The value to this type of agreement is the concessioner assumes all risk and expenses related to the operations of concessions, as well as hiring, payroll, and taxes. For the Mercedes Benz Stadium, the stadium itself takes all the risk in those areas and pays a management fee to a concessioner to run the operation.

Lamkin added in their economic consideration, concessions is a significant source of support for the UCF Convocation Corporation, providing between $350,000 and $400,000 annually. The UCFCC has a $15 million mortgage. He wants the board to understand they can change commissions, but they need to be mindful that the UCFCC needs commission revenues to fund its budget.

He said it could be a matter of exploring another type of agreement to receive the same kind of revenue that they need. Chairman Marchena said we are not looking to change to a management agreement.
Vice Chair Garvy asked if the $300,000 figure Lamkin mentioned was just for the arena, and Lamkin confirmed. He said last year commission was about $363,000 for concessions.

Chair Martins added for the commission agreements at Amway Center, they sometimes have one-offs where they talk with the concessions provider to discuss specific pricing and special cases, and this has not affected their commission structure. The university is in a place now in the negotiations with Spectra where they can talk about pricing and should do so.

Lamkin said all of that is included in the agreement, and he cited student discounts on food purchases as an example of this.

Trustee Yeargin asked how integral the commission dollars are to the UCFCC budget, and Lamkin said it is very integral, and every penny helps.

Trustee Walsh said we are allowing the flexibility to reallocate pricing. We pointed out one thing, but that does not mean do only that one thing. Rather, it is to look at the whole.

The committee unanimously agreed to continue negotiations with Spectra but with a view toward pricing that takes into consideration customer experience and satisfaction, with Trustee Sprouls recusing himself because of potential conflict of interest.

Five-year Capital Improvement Plan

Trustee Walsh asked if the UCF Downtown items from the October 5 Finance and Facilities Committee meeting are on the Five-year Capital Improvement Plan, and do we have an okay from the Board of Governors to move ahead. Mitchell said the individual projects are on the Five-year Capital Improvement Plan, but the infrastructure item is not. However, the Board of Governors said infrastructure is included as part of the building and does not need to be a separate item. Trustee Bolona asked if the trustees approved the agenda item as a whole at the October 5 meeting, and Chair Martins confirmed.

Project Review

Shepherd said they have completed their project overview and determined four projects were completed in the last 12 months: Trevor Colbourn Hall, the District Energy Plant, the Research I building, and the UCF Global Building.

She will present a detailed overview at the February Finance and Facilities Committee meeting and provide information on approved versus actual costs, projected time line versus actual completion timeline, the final square footage at completion, and any programmatic changes after the board approval.

The committee also had requested a real-time audit process for projects that involves University Audit in the process of reviewing the bidding and contract selection process, the activities performed during the design and funding phase, the activities performed during the construction and management phase, and a post-project overview from Facilities that would follow the same form and function. Instituting this is a new way of communicating with the committee.

Mitchell added University Audit will be starting with the Roth Athletics Center.

10-Year Lookback Update

Mitchell said the certification of funds for capital projects for the last 10 years was sent to the Board of Governors on Friday. According to the rules agreed to by the State University System General Counsels and Chief Financial Officers, Trevor Colbourn Hall was the only capital project where inappropriate E&G funds were used. Chairman Marchena added it is possible only a portion of that was inappropriate. Mitchell agreed.

Chair Martins adjourned the Finance and Facilities Committee meeting at 12:11 p.m.

Reviewed by: ______________________________

Alex Martins Date
Chair, Finance and Facilities Committee

Respectfully submitted :______________________________

Grant Heston Date
Associate Corporate Secretary

ITEM: FFC-1

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: E&G Carryforward Spending Plan

DATE: December 12, 2018

PROPOSED COMMITTEE ACTION

Recommend to the University of Central Florida Board of Trustees approval of the plan for spending the "Committed" portion of the University's remaining 2017-18 E&G Carryforward funds.

BACKGROUND INFORMATION

As required by the Board of Governors, all Florida universities must provide updated plans for spending the "Committed" portion of their remaining 2017-18 E&G Carryforward funds. The updated plans must be approved by the University Board of Trustees prior to submission to the Board of Governors by January 4, 2019, for its January 30-31 board meeting.

UCF has updated its August 2018 E&G Carryforward plan as of November 30, 2018 as shown in Attachment A.

Supporting documentation: Attachment A: E&G Committed Carryforward Spending Plan

Prepared by: Kathy Mitchell, Interim Chief Financial Officer

Submitted by: Kathy Mitchell, Interim Chief Financial Officer

Attachment A

University of Central Florida
Education and General (E&G)
2018-19 Operating Budget – Beginning E&G Carryforward Fund Balance Composition
Excluding College of Medicine and Florida Center for Students with Unique Abilities
November 30, 2018

	University
A. Beginning E&G Carryforward Fund Balance Before Encumbrances	174,204,733
B. Expenditures as of August 21, 2018	6,913,323
C. Encumbrances as of August 21, 2018	48,636,048
D. E&G Carryforward Balance as of August 21, 2018	118,655,453

==

Additional Expenditures, Encumbrances, and Reimbursements as of November 30, 2018:	
Student Financial Assistance	-40,000,000
Critical Deferred Maintenance Projects	-20,000,000
Other Expenditures, Encumbrances, and Reimbursements *	+52,522,542
D. E&G Carryforward Balance as of November 30, 2018	111,177,995
E. Restricted/Contractual Obligations	
5% Statutory Reserve Requirement	31,931,049
Other Restricted/Contractual Obligations	58,653,556
Total Restricted/Contractual Obligations	90,584,605
F. Commitments	
Academic and Student Affairs	
Faculty Research Support	9,311,210
Faculty Recruitment and Start-up	5,687,830
UCF Downtown	3,414,000
Student Welfare	
Digital Learning Course Redesign Initiative	1,119,659
Undergraduate Student Support	476,695
Graduate Student Support	583,996
Total Commitments	20,593,390
G. Available E&G Carryforward as of November 30, 2018	0

* This includes reimbursement for E&G funds incorrectly used for capital projects, recording unrealized gains, less other expenditures and encumbrances from August 21st – November 30th.

Finance and Facilities Committee Meeting
December 12, 2018

Details for the $52,522,542 in Other Expenditures, Encumbrances, and Reimbursements to arrive at the 2017-18 E&G Carryforward balance as of November 30, 2018:

+ $38.2 M	cash paid for construction of Trevor Colbourn Hall
+ $13.8 M	cash paid for 8 additional repair, renovation or construction projects
+ $32.4 M	funds that had been transferred to – but not spent for – those 8 additional projects
+ $12.9 M	unrealized gains on E&G investments that we recorded and budgeted
- $ 5 M	research (at the BRIDG facility in Osceola County)
- $ 5 M	deferred maintenance allocated by the University Budget Committee in July 2018
- $11 M	scholarships
- $24.6 M	normal purchasing cycle transactions
$52.5 M	Net Increase in Other Expenditures, Encumbrances, and Reimbursements

UCF

E&G Committed Carryforward Funds Certification Form

Although not required by the Board of Trustees Capital Projects Funding Certification Policy, this form is presented as a one-time method to assure the Board of Trustees as to the appropriateness of the proposed uses of the Committed portion of the 2017-18 E&G Carryforward funds as of November 30, 2018.

Description: Proposed use of Committed E&G Carryforward funds remaining as of November 30, 2018

Academic and Student Affairs	
Faculty Research Support	9,311,210
Faculty Recruitment and Start-up	5,687,830
UCF Downtown	3,414,000
Student Welfare	
Digital Learning Course Redesign Initiative	1,119,659
Undergraduate Student Support	476,695
Graduate Student Support	583,996
Total Commitments	20,593,390

Funding source(s): $20.5 million in 2017-18 E&G Carryforward funds as of November 30, 2018

Dale Whittaker — 12/12/18
President — Date

Misty Shepherd — 12/12/18
Vice President — Date

Kathryn Mitchell — 12/12/18
Chief Financial Officer — Date

W. Scott Cole — 12/12/18
General Counsel — Date

ITEM: INFO-1

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Board of Governors' 10-Year Lookback on Source of Funds for Capital Projects

DATE: December 12, 2018

For information only.

Supporting documentation: Attachment A: Capital Projects Certification and Cover Letter

Prepared by: Kathy Mitchell, Interim Chief Financial Officer

Submitted by: Kathy Mitchell, Interim Chief Financial Officer

Attachment A

UCF

UNIVERSITY OF CENTRAL FLORIDA

Office of the General Counsel
P.O. Box 160015
Orlando, FL 32816-0015

November 2, 2018

Vikki Shirley
General Counsel
Florida Board of Governors
325 West Gaines Street, Suite 1614
Tallahassee FL 32399

Re: Certification of Funding Sources for Capital Projects

Dear Vikki:

Pursuant to Chairman Lautenbach's letter dated September 19, 2018, I have attached the Board of Governors-approved form certifying that since July 1, 2008, each UCF capital project was constructed with funds from legally available and authorized sources, except as otherwise identified on the form.

In determining whether a capital project was funded from legally available and authorized sources, I consulted applicable Florida Statutes, as well as guidance provided by the Board of Governors to this and other state universities as to the appropriate use of E&G carryforward funds.

Let me know if you have any questions.

Sincerely,

W. Scott Cole

W. Scott Cole
Vice President and General Counsel

cc: Marcos Marchena
Dale Whittaker
Kathy Mitchell
Marshall Criser
Tim Jones
Chris Kinsley

Phone: 407.823.2482 • Fax: 407.823.6155 | President's Division

STATE UNIVERSITY SYSTEM of FLORIDA
Board of Governors

Office of the Chancellor
325 West Gaines Street, Suite 1614
Tallahassee, FL 32399
Phone 850.245.0466
Fax 850.245.9685
www.flbog.edu

CERTIFICATION OF FUNDING SOURCES FOR CAPITAL PROJECTS WITH EXCEPTIONS

Since July 1, 2008 to the present, the university has constructed 29 new capital projects, including new projects adding more than 10,000 gross square feet of space or exceeding $2 million in cost. For each capital project, we have reviewed university records, such as project budgets and expenditures, educational plant surveys, project programs, and project funding sources, necessary to determine that each project was constructed with funding from legally available and authorized sources.

Based upon our review, we hereby certify to the University of Central Florida Board of Trustees and the Board of Governors, that each project was constructed with funds from legally available and authorized sources, except for the following project:

Facility	Source of Funds	Time Period of Construction	Year Added to Inventory
Trevor Colbourn Hall	Education and General Carryforward Funds $38,539,737.	Fiscal Years 2013-19	Fiscal Year 2018-19

University of Central Florida

Dale Whittaker
A. Dale Whittaker, President

Kathryn Mitchell
Kathryn Mitchell, Interim CFO

W. Scott Cole
W. Scott Cole, VP and General Counsel

ITEM: FFC-2

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Minor Amendment to Coordinate the University of Central Florida 2015-25 Campus Master Plan Update With Site Refinements

DATE: December 12, 2018

PROPOSED COMMITTEE ACTION

Approve a minor amendment to coordinate the 2015-25 Campus Master Plan Update (CMP) with site refinements made by the university since the CMP was approved by the UCF Board of Trustees on November 20, 2014.

BACKGROUND INFORMATION

The purpose of the proposed amendment is to:

- Modify the Capital Improvements List (Attachment B) to update names and funding sources and to remove one project.
- Annotate the Urban Design and Capital Improvements Map (Attachment C) to illustrate the proposed changes to the Capital Improvements List.
- Revise the Future Land Use Map (Attachment D) and the Recreation and Open Space Map (Attachment E) to align with site refinements.

As detailed in the attached memorandum, the amendment would constitute a minor amendment that needs only Board of Trustees' approval for adoption.

Supporting documentation: Attachment A: Memorandum
Attachment B: Capital Improvements List
Attachment C: Urban Design and Capital Improvements Map
Attachment D: Future Land Use Map
Attachment E: Recreation and Open Space Map

Prepared by: Lee Kernek, Associate Vice President of Administration and Finance

Submitted by: Misty Shepherd, Interim Vice President of Administration and Finance

Attachment A

MEMORANDUM

TO: Scott Cole, Vice President and General Counsel

FROM: Susan B. Hutson, Assistant Director of Planning, Facilities Planning & Construction

SUBJECT: Minor Amendment to the UCF 2015-2025 Campus Master Plan Update

DATE: October 24, 2018

The University of Central Florida proposes a minor amendment to revise the UCF 2015-25 Campus Master Plan Update (CMP) as follows*:*

- Modify the *Capital Improvements List* (2.14 Capital Improvements Element) to update names and funding sources and to remove one project.
- Annotate the *Urban Design and Capital Improvements Map* (Figure 3-1) to illustrate the proposed changes to the *Capital Improvements List*.
- Revise the *Future Land Use Map* (Figure 4-1) and the *Recreation and Open Space Map* (Figure 8-1) to align with site refinements.

Changes to the CAPITAL IMPROVEMENTS LIST and the URBAN DESIGN AND CAPITAL IMPROVEMENTS MAP

UCF proposes to modify the *Capital Improvements List* to note projects to update names and funding sources and to remove one project. These projects will be changed or removed from the *Capital Improvements List* when the UCF 2020-30 Campus Master Plan Update is published.

UCF proposes to revise the *Urban Design and Capital Improvements Map* (Figure 3.1) to illustrate concurrence with the modified *Capital Improvements List*. Projects on the Main Campus will be shown on the map and off-campus projects annotated in the map insert.

LINE	PROJECT	MODIFICATION
4	John C. Hitt Library Renovation Phase II	Funding source change
17	Colbourn Hall Renovation	Project deletion
32	Research Building I	Name change
62	Roth Athletic Center	Name change
97	Dr. Phillips Academic Commons	Name and funding source change
98	CREOL Expansion Phase II	Funding source change
99	Downtown Campus Combined Heat and Power Plant	Funding source change
103	Downtown Phase II	Name and funding source change
104	Downtown Phase III	Funding source change
105	Downtown Phase IV	Funding source change
111	UCF Solar Farm	Funding source change

Changes to the FUTURE LAND USE MAP and the RECREATION AND OPEN SPACE MAP

ITEM 1 - District Energy Plant IV

UCF proposes to change the *Future Land Use Map* and the *Recreation and Open Space Map* to create ~4.75 acres of Mixed Use land bounded by Scorpio Drive, Gemini Boulevard, the Arboretum wetlands, and Apollo Circle. The parcel is currently classified as: Recreation/Open Space (~3.4 acres), Mixed Use (~0.10 acres), and Parking (~1.25 acres); and includes the site of District Energy Plant IV.

In 2016, rather than build a freestanding Global garage (approved February 2014), UCF appended the garage to the east side of Parking Garage C. This site refinement *eliminated* the proposed site for the new Chilled Water Plant (approved September 2014).

In 2017, the Chilled Water Plant, now known as District Energy Plant IV (DEP IV), was built at the southwest corner of Gemini Boulevard and Scorpio Drive. The new site reduced the risk of:

- Cooling tower drift falling on cars in Garage C. Drift is water emitted with the exhaust air from the cooling tower and includes chemicals, bacteria, and particulate matter.
- Foreign objects being thrown from the upper decks of the garage into the cooling towers.
- Hazardous driving conditions caused by direct access from Gemini Boulevard.

The reclassification to Mixed Use will allow the parcel to support UCF's development plans for a range of facilities requiring variant land uses:

- Utility land use: DEP IV and a future cell tower
- Parking land use: on-grade parking lots
- Recreation/Open Space land use: the Arboretum gardens and a future Arboretum facility to replace an aging modular unit

ITEM 2 - New Lake

UCF proposes to change the *Future Land Use Map* to indicate the addition of just over an acre of lake and natural space at this site. In 2016, a parking lot adjacent to Libra Drive was removed and the area converted to a lake (storm water retention pond).

ITEM 3 - Ara Drive

This proposal will support UCF's effort to *master plan* a research neighborhood along Ara Drive and facilitate the planned growth of utility and support functions.

UCF proposes to change the *Future Land Use Map* to create ~25.5 acres of Mixed Use land on Ara Drive, by reclassifying ~15.4 acres of Utility land north of Ara Drive and ~10.1 acres of Support land south of Ara Drive. There will be no change to existing designated Mixed Use and Academic land, or to wetlands.

The reclassification to Mixed Use will support UCF's development plans for diverse facilities on Ara Drive, requiring variant land uses:

- Academic (Research) land use: current facilities and future Biology Hoop Houses
- Support land use: a future Recycling Center
- Utility land use: a future District Energy Plant

- Parking land use: existing and future on-grade parking lots

COMPLIANCE WITH FLORIDA STATUTE 1013.30

F.S. 1013.30 - An amendment to a campus master plan must be reviewed and adopted under subsections (6) - (8) of F.S. 1013.30 if such amendment, alone or in conjunction with other amendments, would:

(a) Increase density or intensity of use of land on the campus by more than 10 percent.

University Response:

Item 1 DEP IV - There was no change to the density or intensity of land use, as stated when the Minor Amendment for the plant was approved in September 2014.

Item 2 New Lake - The change from a parking lot to a lake (storm water retention pond) reduces the density or intensity of use of campus land.

Item 3 Ara Drive - No facilities are proposed at this time, so there is no impact on the density or intensity of land use.

(b) Decrease the amount of natural areas, open space, or buffers on the campus by more than 10 percent.

University Response:

Item 1 DEP IV - Changing the site to Mixed Use reduces Recreation and Open Space land use by ~3.4 Acres, a negligible change of -0.65% from the ~523 acres shown in the 2015-25 Campus Master Plan Update.

Item 2 New Lake - The change from parking to a lake (storm water retention pond) increases natural areas.

Item 3 Ara Drive - There will be no change to Recreation and Open Space land use.

(c) Rearrange land uses in a manner that will increase the impact of any proposed campus development by more than 10 percent on a road or on another public facility or service provided or maintained by the state, the county, the host local government, or any affected local government.

University Response:

Item 1 DEP IV - The addition of DEP IV had negligible impact, as it has only 4 parking spaces and infrequent deliveries.

Item 2 New Lake - The change from parking to a lake (storm water retention pond) has no impact.

Item 3 Ara Drive - No facilities are currently proposed, so the change of land use has no impact.

Attachment B

UNIVERSITY OF CENTRAL FLORIDA

CAPITAL IMPROVEMENTS LIST

	PROJECT LIST 2015 -25 Revised 08/20/2018	*Fund Type	2015-16 YR #1	2016-17 YR #2	2017-18 YR #3	2018-19 YR #4	2019-20 YR #5	2020-21 YR #6	2021-22 YR #7	2022-23 YR #8	2023-24 YR #9	2024-25 YR #10	Net	Gross	Total Estimated Cost ($M)
	MAIN CAMPUS FTE		22,890	23,128	23,484	23,661	23,661	23,646	23,833	24,038	24,237	24,591			
1	ENGINEERING BUILDING I RENOVATION	PECO	$13,954,277	$925,000									118,186	130,885	14,879,277
2	MATHEMATICAL SCIENCES BUILDING REMODELING AND RENOVATION	PECO	$9,422,105	$700,000									100,289	106,523	10,122,105
3	UTILITIES, INFRASTRUCTURE	PECO	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	N/A	N/A	140,000,000
4	JOHN C. HITT LIBRARY RENOVATION PHASE II	~~PECO,~~CITF	$3,500,000	$29,500,000	$3,500,000								222,387	226,506	36,500,000
5	RESEARCH BUILDING I (INTERDISCIPLINARY RESEARCH AND INCUBATOR FACILITY)	PECO	$5,924,183	$33,852,470	$5,924,183								78,676	118,013	45,700,836
6	UCF VC CLASSROOM BUILDING	PECO	**$7,500,000**												7,500,000
7	ARTS COMPLEX PHASE II (PERFORMANCE)	PECO	$5,000,000	$40,000,000	$5,000,000								100,396	150,594	50,000,000
8	MILLICAN HALL RENOVATION	PECO		$349,418	$6,363,058	$349,418							87,742	88,680	7,061,894
9	BUSINESS ADMINISTRATION RENOVATION	PECO		$9,475,843	$494,001								118,624	121,074	9,969,844
10	CHEMISTRY RENOVATION	PECO		$539,843	$9,815,338	$539,843							43,265	49,073	10,895,024
11	FACILITIES & SAFETY COMPLEX RENOVATION	PECO			$4,856,238										4,856,238
12	VISUAL ARTS RENOVATION AND EXPANSION	PECO			$3,000,000	$24,000,000	$3,000,000						79,373	85,000	30,000,000
13	MULTI-PURPOSE RESEARCH AND EDUCATION BUILDING	PECO		$2,779,189	$22,235,512	$2,779,189							47,310	75,384	27,793,890
14	COLLEGE OF NURSING AND ALLIED HEALTH	PECO, C		$7,350,000	$58,800,000	$7,350,000							119,206	170,684	73,500,000
15	PARTNERSHIP IV	PECO	$2,450,000	$19,600,000	$2,450,000								78,294	117,442	24,500,000
16	HOWARD PHILLIPS HALL RENOVATION	PECO			$6,564,996	$652,249							56,903	64,619	7,217,245
~~17~~	~~COLBOURN HALL RENOVATION~~	~~PECO~~			~~$7,865,978~~	~~$410,075~~							~~73,500~~	~~83,957~~	~~8,276,053~~
18	FERRELL COMMONS (E AND G SPACE) RENOVATION	PECO			$6,564,996	$652,249							86,149	93,860	7,217,245
19	COLLEGE OF SCIENCES BUILDING RENOVATION	PECO				$317,437	$2,539,494	$317,436					49,580	54,644	3,174,367
20	REHEARSAL HALL RENOVATION	PECO				$48,007	$384,055	$48,006					9,322	10,743	480,068
21	CLASSROOM BUILDING III	PECO			$2,400,000	$19,200,000	$2,400,000						53,332	79,998	24,000,000
22	FACILITIES BUILDING AT LAKE NONA	B,P			$600,000	$4,800,000	$600,000						13,866	20,799	6,000,000
23	RECYCLING CENTER	PECO				$2,300,000	$18,400,000	$2,300,000					26,666	40,000	23,000,000
24	HUMANITIES AND FINE ARTS II ~~(Phase I)~~	PECO				$2,772,353	$17,060,631	$2,772,353					58,362	87,543	22,605,337
25	SIMULATION AND TRAINING BUILDING	PECO				$2,370,336	$18,410,374	$2,370,336					39,950	59,924	23,151,046
26	BUSINESS ADMINISTRATION III BUILDING	PECO				$1,584,527	$12,307,012	$1,584,527					41,118	61,677	15,476,066
27	EDUCATION BUILDING II	PECO				$2,062,318	$15,594,083	$2,062,318					51,479	77,219	19,718,719
28	BAND BUILDING	PECO				$455,045	$2,800,279	$455,045					10,024	13,529	3,710,369
29	ARTS COMPLEX PHASE III	PECO				$1,210,857	$7,627,447	$1,210,857					25,447	38,171	10,049,161
30	SOCIAL SCIENCES FACILITY	PECO													0
31	COASTAL BIOLOGY STATION	PECO			$2,500,000										2,500,000
32	RESEARCH BUILDING IV ~~(INTERDISCIPLINARY RESEARCH BUILDING II)~~	PECO								$2,370,336	$17,330,596	$2,370,336	40,543	60,815	22,071,268
33	CENTER FOR EMERGING MEDIA BUILD OUT	PECO								$6,360,339			16,544	24,816	6,360,339
34	ROSEN STORAGE SHED	P	$225,000												225,000
35	ROSEN EDUCATIONAL FACILITY	P	$17,000,000												17,000,000
36	TEMPORARY GAME DAY PARKING	O			$200,000										200,000
37	UCF HEALTH EXPANSION AND WELLNESS CENTER	P, B					$1,145,664	$9,165,312	$1,145,664						11,456,640
38	HUMANITIES AND FINE ARTS II (Phase II)	PECO								$1,107,260	$8,600,076	$1,107,260	27,364	41,045	10,814,596
39	PARTNERSHIP CAMPUS	PECO											N/A	N/A	0
40	CAPITAL IMPROVEMENT RESERVE	PECO											N/A	N/A	0
41	SUSTAINABILITY CENTER (Phase I)	PECO, C								$5,000,000			5,000	7,500	5,000,000
42	CIVIL AND ENVIRONMENTAL ENGINEERING	PECO, C		$1,160,667	$14,508,333	$1,741,000							50,000	75,000	17,410,000
43	SUSTAINABILITY CENTER (Phase II)	PECO, C				$5,000,000							5,000	7,500	5,000,000
44	LABORATORY AND ENVIRONMENTAL SUPPORT EXPANSION	O	$1,800,000												1,800,000
45	CREATIVE VILLAGE GARAGE	P,B	$15,000,000												15,000,000
46	SPECIAL PURPOSE HOUSING AND PARKING GARAGE I	P, B	$25,000,000										106,667	160,000	25,000,000
47	SPECIAL PURPOSE HOUSING II	P, B	$8,000,000										21,333	32,000	8,000,000
48	PARKING DECKS	P, B	$17,000,000										112,000	168,000	17,000,000
49	GRADUATE HOUSING	P, B	$50,000,000										100,000	150,000	50,000,000
50	REFINANCE UCF FOUNDATION PROPERTIES	P, B	$37,410,000										288,167	432,250	37,410,000
51	STUDENT HOUSING	P, B	$50,000,000										149,333	224,000	50,000,000
52	GARAGE EXPANSION	P, B	$5,000,000										33,891	50,837	5,000,000
53	WET TEACHING LAB AND EXPANDED STEM FACILITY (CLASSROOM AND LAB BUILDING)	P, B							$14,258,248	$114,065,986	$14,258,248		60,976	91,464	142,582,482
54	FACILITIES BUILDING AT LAKE NONA	P, B	$6,000,000										13,866	20,799	6,000,000
55	EXPO CENTER HOUSING	P, B	$16,000,000										68,667	103,000	16,000,000
56	REGIONAL CAMPUSES MULTI-PURPOSE BUILDINGS	P, B	$28,000,000										40,000	60,000	28,000,000
57	PARTNERSHIP GARAGE	P, B	$7,000,000										[illegible]	[illegible]	7,000,000

Attachment D Capital Improvements List 1-2018 - REVISED10-2

58	PARKING DECK (ATHLETIC COMPLEX)	P, B	$5,000,000										112,000	168,000	5,000,000
59	BASEBALL STADIUM EXPANSION PHASE II	P, B	$4,500,000										3,800	5,700	4,500,000
60	BASEBALL CLUB HOUSE EXPANSION AND RENOVATION	P, B	$1,000,000												1,000,000
61	BRIGHTHOUSE NETWORKS STADIUM EXPANSION AND IMPROVEMENTS PHASE I	P, B	$11,000,000											21,337	11,000,000
62	~~WAYNE DENSCH SPORTS CENTER EXPANSION~~ ROTH ATHLETIC CENTER	P, B	$1,000,000										12,000	18,000	1,000,000
63	TENNIS COMPLEX PHASE I	P, B	$1,400,000										4,980	7,470	1,400,000
64	TENNIS COMPLEX PHASE II	P, B	$1,000,000												1,000,000
65	TENNIS COMPLEX PHASE III	P, B	$2,000,000												2,000,000
66	MULTI-PURPOSE MEDICAL RESEARCH AND INCUBATOR FACILITY	P, B	$112,863,923												112,863,923
67	HEALTH SCIENCES CAMPUS PARKING GARAGE I	P, B	$15,000,000												15,000,000
68	BIO-MEDICAL ANNEX RENOVATION AND EXPANSION	P, B	$12,800,000												12,800,000
69	OUTPATIENT CENTER	P, B	$75,000,000												75,000,000
70	DENTAL SCHOOL	P, B		$73,000,000											73,000,000
71	INFRASTRUCTURE AND SITEWORK LAKE NONA CLINICAL FACILITIES	P, B			$10,000,000										10,000,000
72	STRATEGIC LAND AND PROPERTY	P, B	$100,000,000										N/A	N/A	100,000,000
73	BRIGHTHOUSE NETWORKS STADIUM EXPANSION AND IMPROVEMENTS PHASE II	P, B	$5,000,000										14,225	21,337	5,000,000
74	TRACK AND SOCCER CLUB HOUSE	P, B	$850,000										2,800	4,200	850,000
75	SOFTBALL PRACTICE FIELD	P,B	$250,000										N/A	N/A	250,000
76	ATHLETICS PRACTICE FIELD	P, B	$500,000										N/A	N/A	500,000
77	WOMENS COMPETITION AND PRACTICE FIELD	P, B	$2,000,000										N/A	N/A	2,000,000
78	BASEBALL PRACTICE FIELD	P, B	$400,000										N/A	N/A	400,000
79	BASKETBALL PRACTICE FACILITY	P, B	$12,000,000										32,000	48,000	12,000,000
80	RECREATION AND WELLNESS CENTER PHASE III	P, B	$20,000,000										5,200	7,800	20,000,000
81	LIFE SCIENCES INCUBATOR, LAKE NONA	P, B	$30,000,000										36,667	55,000	30,000,000
82	EAST ATHLETICS CENTER	P, B	$15,000,000										11,706	17,559	15,000,000
83	CARACOL in BELIZE	C		$350,000									49,570	72,555	350,000
84	BURNETT BIO-MEDICAL SCIENCE CENTER INFRASTRUCTURE	C		$7,500,000									6,271	9,407	7,500,000
85	ORLANDO REPERTORY THEATRE III RENOVATIONS	C		$75,000	$75,000	$75,000							8,000	12,000	225,000
86	RESEARCH LAB, LAKE NONA	C, P, B	$6,412,845	$97,268,758	$9,180,000								132,018	198,027	112,861,603
87	FOOD RETAIL VENUE	O		$2,500,000											2,500,000
88	HOTEL AND CONFERENCE CENTER	P	$60,000,000										190,000	250,000	60,000,000
89	PARKING GARAGE VII	B		$20,000,000									242,667	364,000	20,000,000
90	JOHN C. HITT LIBRARY EXPANSION	CITF, P	$44,114,399	$40,471,926	$40,471,926								109,703	164,554	125,058,251
91	LAKE CLAIRE RENOVATION	CITF	$3,000,000										100,000	150,000	3,000,000
92	CREATIVE SCHOOL FOR CHILDREN	CITF	$6,000,000										25,000	37,500	6,000,000
93	STUDENT UNION II (Phase I)	CITF	$14,000,000										37,800	56,700	14,000,000
94	STUDENT UNION II (Phase II)	CITF	$6,000,000										17,000	25,500	6,000,000
95	STUDENT UNION II (Phase III)	CITF	$21,000,000										60,000	90,000	21,000,000
96	RWC PARK PHASE IV	CITF	$5,000,000										32,000	48,000	5,000,000
97	~~DOWNTOWN ACADEMIC BUILDING~~ DR. PHILLIPS ACADEMIC COMMONS	ECO, P, AUX ~~E&G~~		$60,000,000									112,381	165,000	60,000,000
98	CREOL EXPANSION PHASE II	AUX , O ~~E&G~~			$6,784,228								10,208	13,900	6,784,228
99	DOWNTOWN CAMPUS COMBINED HEAT AND POWER PLANT (TRI-GENERATION)	AUX , O, ~~E&G~~			$15,118,178								11,000	13,000	15,118,178
100	TEACHING HOSPITAL AT LAKE NONA	P													0
101	DOWNTOWN PARKING GARAGE II	B			$15,300,000									200,000	15,300,000
102	FLORIDA SOLAR ENERGY CENTER RENOVATION	PECO				$10,000,000									10,000,000
103	~~DOWNTOWN PHASE II~~ UCF DOWNTOWN BUILDING II	PECO, P, ~~E&G~~						$77,717,325					150,325	222,000	77,717,325
104	DOWNTOWN PHASE III	PECO, P, ~~E&G~~								$29,000,000			55,333	83,000	29,000,000
105	DOWNTOWN PHASE IV	PECO, P, ~~E&G~~								$42,164,850			80,000	120,000	42,164,850
106	RESEARCH BUILDING II - SCIENCE, ENGINEERING, AND COMMERCIALIZATION FACILITY	PECO					$6,058,800	$48,470,400	$6,058,800				85,019	126,258	60,588,000
107	RESEARCH BUILDING III	PECO					$6,609,620	$52,876,800	$6,609,600				91,929	136,623	66,096,020
108	SOFTBALL STADIUM EXPANSION AND RENOVATION	P, B			$10,200,000										10,200,000
109	FUTURE GOLF RANGE AND SHORT GAME FACILITY	O													0
110	GARVY CENTER STUDENT-ATHLETE NUTRITION	P, O			$2,500,000									3,128	2,500,000
111	UCF SOLAR FARM	~~E&G~~			$14,700,000									40-50 Acres	14,700,000
TOTAL										New Campus Sq. Ft.					
										Off Campus Sq. Ft.					

Funding sources denote probable building completion year

Projects in green denote projects planned **off-campus.**

Projects in blue denote renovation and/or remodeling projects

UCF SOLAR FARM - Not Approved under FFC Review

*Fund Types:

PECO (Public Education Capital Outlay), C (Courtelis), P (Private),

B (Bond), CITF (Capital Improvement Trust Fund), O (Other)

Attachment D Capital Improvements List 1-2018 - REVISED10-24

Attachment C - Urban Design and Capital Improvements

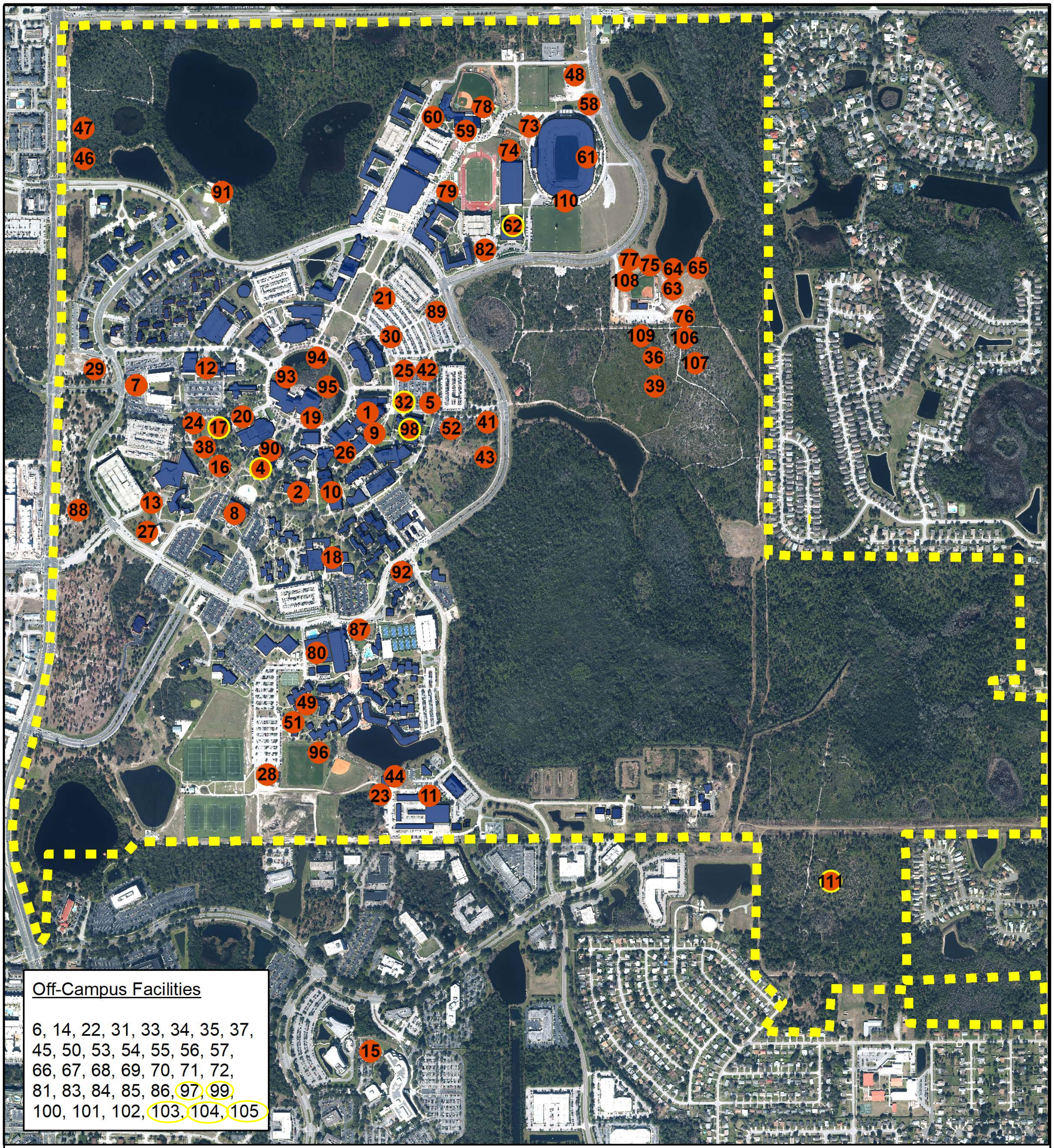


Figure 3-1

Urban Design and Capital Improvements

Comprehensive Master Plan Update

University of Central Florida

Orlando, Florida

2015-2025

To locate buildings on map, refer to Element 14: Capital Improvements List

Legend

- 2015 Capital Improvements List Item
- Item To Be Changed Or Removed On 2020 CMP
- Existing Buildings
- Boundary

N

All maps are diagrammatic and conceptual. The various areas shown are approximate and not to survey accuracy. The intent of these maps is to illustrate general areas of existing or potential use.

Rev 20181025

0 1,000 2,000 4,000 Feet

Attachment D - Future Land Use

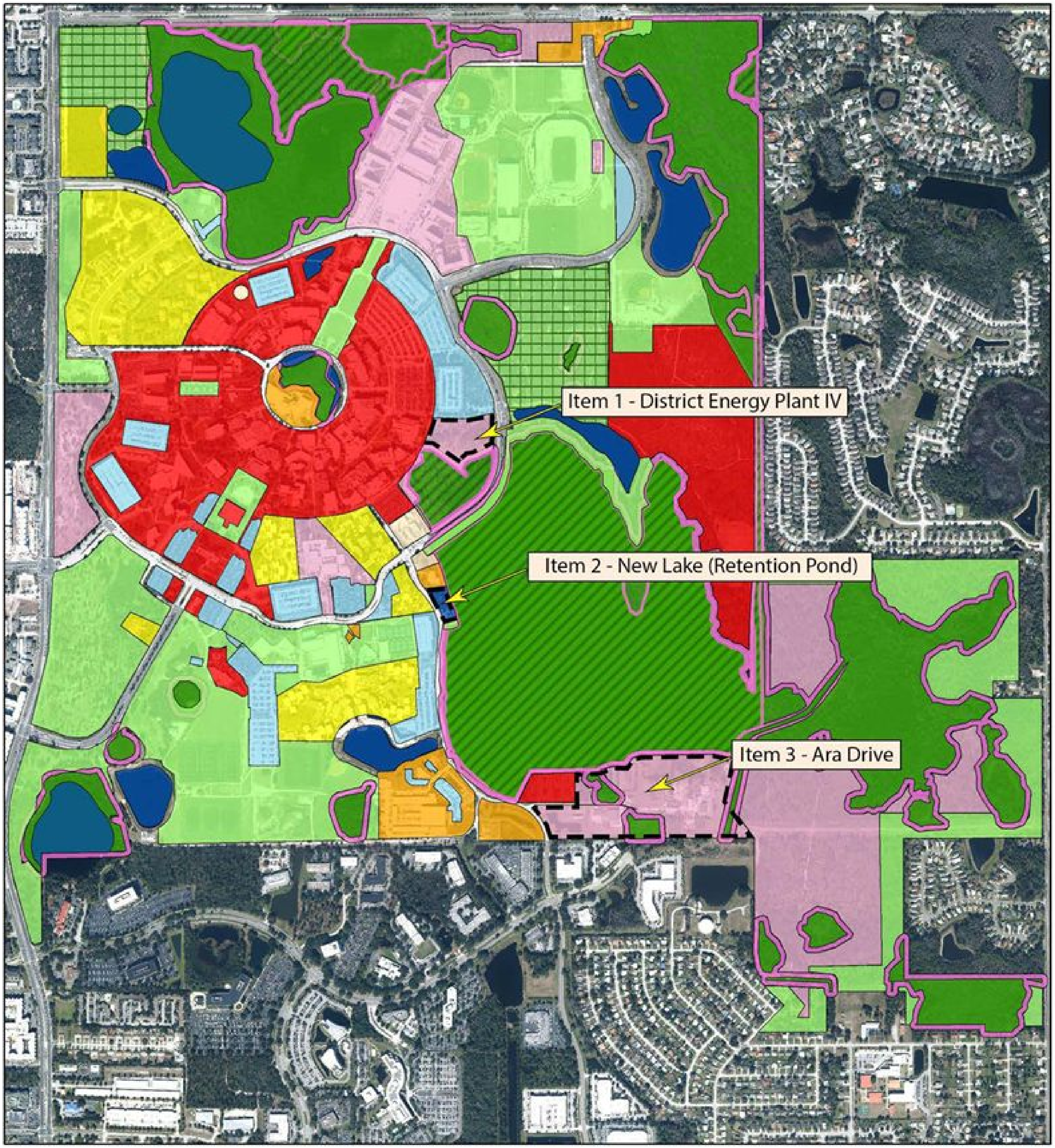


Figure 4-1

Future Land Use

Comprehensive Master Plan Update
University of Central Florida
Orlando, Florida
2015-2025

All maps are diagrammatic and conceptual. The various areas shown are approximate and not to survey accuracy. The intent of these maps is to illustrate general areas of existing or potential use.

N

Legend

Parking
Support
Academic/Research
Lakes
Utility
Conservation (wetland)
Conservation (upland)
Conservation Easements
Residential
Recreation/Open Space
Mixed Use
Conservation (wetland)

Rev 20181024

0 1,000 2,000 4,000 Feet

Attachment E - Recreation and Open Space

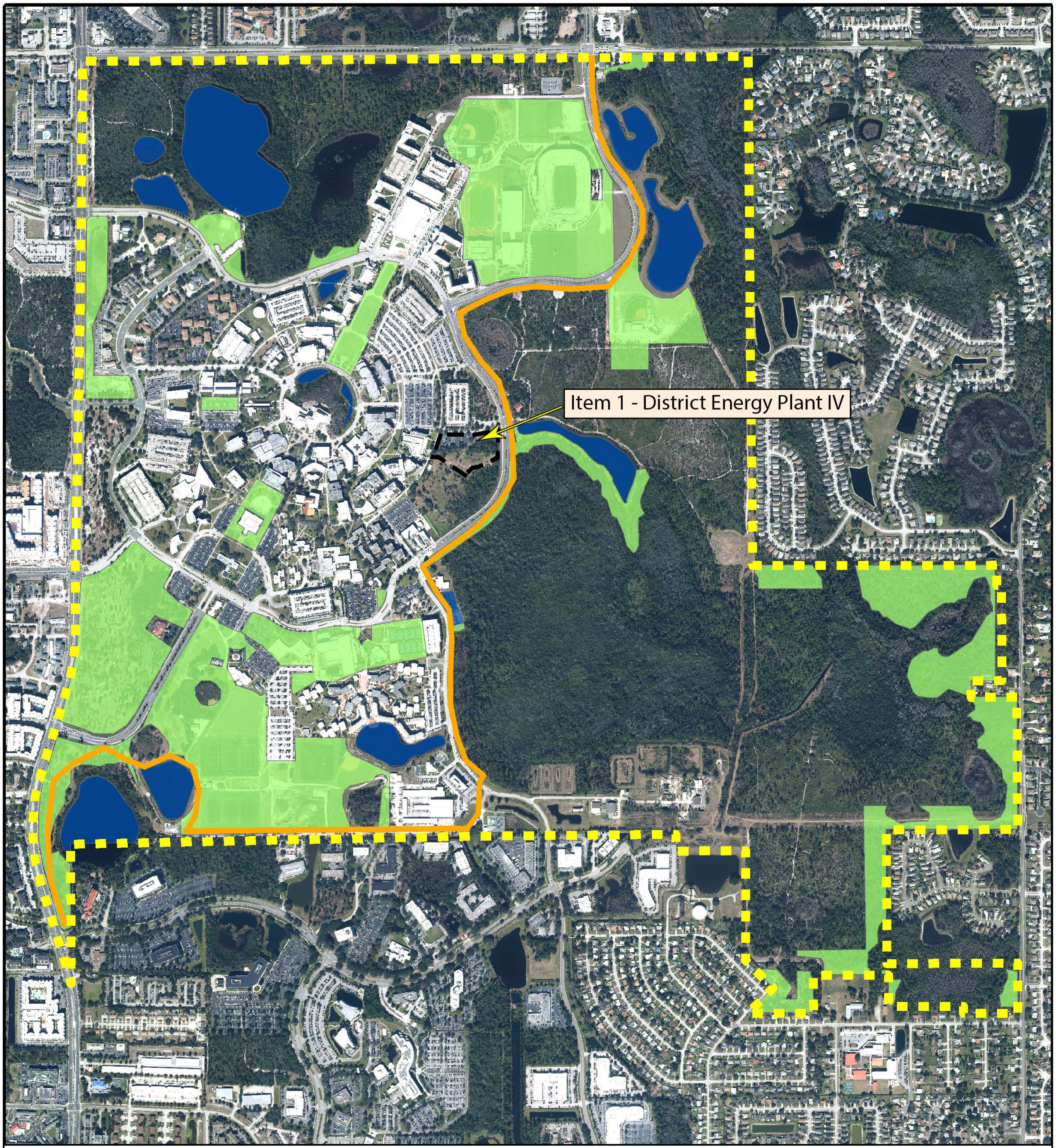


Figure 8-1

Recreation and Open Space

Comprehensive Master Plan Update
University of Central Florida
Orlando, Florida
2015-2025

Legend

- Boundary
- Proposed Little Econ Greenway Trail
- Recreation and Open Space
- Lakes and Ponds

N

All maps are diagrammatic and conceptual. The various areas shown are approximate and not to survey accuracy. The intent of these maps is to illustrate general areas of existing or potential use.

Rev 20181024

0 1,100 2,200 4,400 Feet

ITEM: FFC-3

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Minor Amendment to Align the University of Central Florida 2015-25 Campus Master Plan Update

DATE: December 12, 2018

PROPOSED COMMITTEE ACTION

Approve a minor amendment to align the UCF 2015-25 Campus Master Plan Update (CMP) with the Five-year Capital Improvement Plan for 2019-20 through 2023-24 (CIP).

BACKGROUND INFORMATION

The purpose of the proposed amendment is to align the CMP with the CIP that was approved by the UCF Board of Trustees on July 19, 2018. The following projects that were on the CIP will be added to or revised on the CMP by modifying the Capital Improvements List, Urban Design and Capital Improvements Map, Future Land Use Map, and Recreation and Open Space Map.

- Adding two new projects on the Main Campus
  1. Dining, Housing, and Residence Life and Creative School for Children Partnership Building
  2. The Ara District Energy Plant
- Revising an existing project on the Main Campus
  3. Research II (added to the CMP on January 13, 2017)
     - Aligning the project name to match the CIP
- Adding one new project on the Rosen campus
  4. Rosen Parking Garage

     Note: Since this project is not located within the UCF Main Campus, the statutory thresholds referenced under section 1013.30(9), F.S. do not apply. These thresholds address an increase in density or intensity of land use on the campus, a decrease in the amount of natural areas and open spaces, and the rearrangement of land use within the campus with its corresponding impacts.

As detailed in the attached memorandum, the amendment would constitute a minor amendment that needs only Board of Trustees' approval for adoption.

Supporting documentation: Attachment A: Memorandum
Attachment B: Project Locations
Attachment C: Urban Design and Capital Improvements Map
Attachment D: Capital Improvements List
Attachment E: Future Land Use Map
Attachment F: Recreation and Open Space Map

Prepared by: Lee Kernek, Associate Vice President for Administration and Finance

Submitted by: Misty Shepherd, Interim Vice President for Administration and Finance

Attachment A

MEMORANDUM

TO: Scott Cole, Vice President and General Counsel

FROM: Susan B. Hutson, Assistant Director of Planning, Facilities Planning & Construction

SUBJECT: Minor Amendment 12.12.2018 - Align CMP with CIP

DATE: November 15, 2018

The University of Central Florida proposes "Minor Amendment 12.12.2018 - Align CMP with CIP" to align the *UCF 2015-25 Campus Master Plan Update (CMP)* with the *Five-year Capital Improvement Plan for 2019-20 through 2023-24 (2019 CIP)*, by modifying the Capital Improvements List, Urban Design and Capital Improvements Map, Future Land Use Map, and Recreation and Open Space Map.

UCF proposes that several projects that were included on the 2019 CIP be added to or revised on the CMP, including:

- Adding two new projects on the Main Campus
  1. Dining, Housing, and Residence Life and Creative School for Children Partnership Building
  2. The Ara District Energy Plant
- Revising an existing project on the Main Campus
  3. Research II:
     - Aligning the project name to match the CIP.
- Adding one new project on the Rosen campus
  4. Rosen Parking Garage

     Note: Since this project is not located within the UCF Main Campus, the statutory thresholds referenced under section 1013.30(9), F.S. do not apply. These thresholds address an increase in density or intensity of land use on the campus, a decrease in the amount of natural areas and open spaces, and the rearrangement of land use within the campus with its corresponding impacts.

Adding two new projects on the Main Campus:

1. Dining, Housing, and Residence Life and Creative School for Children Partnership Building.

   This new auxiliary building complex will include graduate and non-traditional student housing, a campus meal-plan dining hall, and supporting office space, along with a new Creative School for Children.

   The complex will be located west of the Recreation and Wellness Center, on the former site of Buildings 38 and 39 and part of Parking Lot B7. The land use will be modified to Mixed Use in order to facilitate planning the site to accommodate the mix of Residential and Support, and the possible rearrangement of the north end of Parking Lot B7 within the complex site.

   This new project requires modification of:
   - The Capital Improvements List
     - Dining, Housing, and Residence Life and Creative School for Children Partnership Building - Project addition on line 115

        - The Creative School has been Line 92 on the List since the 2015-25 CMP was approved
    - Figure 3.1 The Urban Design and Capital Improvements Map - Project addition to map
    - Figure 4.1 The Future Land Use Map - Change of land use
    - Figure 8.1 The Recreation and Open Space Map – Land use reduction

2. Ara District Energy Plant

   This new district energy plant will serve the Ara Drive research area with chilled water. Contingent upon time of construction, and the cost to purchase electricity at that time, UCF will need to evaluate the economics of coupling electrical generation and storage with this plant.

   The project will be located on the north side of Ara Drive, near Robinson Observatory. The land north of Ara Drive is planned for Utility and Mixed use, and will support a Utility plant.

   This new project requires modification of:
    - The Capital Improvements List - Project addition on line 113
    - Figure 3.1 The Urban Design and Capital Improvements Map - Project addition to map

Revising an existing project on the Main Campus

3. Research II

   Research I and Research II were added to the CMP by a minor amendment dated October 14, 2016 and approved by the Board of Trustees January 13, 2017. The two facilities were located in the academic reserve south of the softball stadium, and their combined area was to be 262,881 square feet. Research Buildings I and II will not exceed the building area approved by the BOT. Research I is 105,545 square feet, and Research II is proposed to be 138,000 square feet, for a total of 243,545 square feet.

   This Minor Amendment proposes to:
   - Align the name of Research II to match the CIP: *Research II – Science, Engineering, and Commercialization Facility*

   The name change requires modification of:
    - The Capital Improvements List - Name change on line 106

Adding one project to the Rosen Campus:

4. Rosen Parking Garage

   Adding the Rosen Garage requires modification of:
    - The Capital Improvements List - Project addition on line 114
    - Figure 3.1 The Urban Design and Capital Improvements Map – Project addition to *Off Campus Facilities* map inset (114)

Compliance with Florida Statute 1013.30(9):

F.S. 1013.30(9) An amendment to a campus master plan must be reviewed and adopted under subsections (6)-(8) if such amendment, alone or in conjunction with other amendments, would:

(a) Increase density or intensity of use of land on the campus by more than 10 percent;

(b) Decrease the amount of natural areas, open space, or buffers on the campus by more than 10 percent; or

(c) Rearrange land uses in a manner that will increase the impact of any proposed campus development by more than 10 percent on a road or on another public facility or service provided or maintained by the state, the county, the host local government, or any affected local government.

UCF Response to F.S. 1013.30, (9), (a)

1. The Dining, Housing, and Residence Life and Creative School for Children Partnership Building will add 260,000 gross square feet to the main campus.
2. The Ara Drive District Energy Plant will add 10,000 gross square feet to the main campus.

UCF has just over 9,100,000 gross square feet of buildings on the Main Campus. The addition of 270,000 gross square feet constitutes a 2.97% increase in overall campus square footage. This change does not trip the 10 percent threshold for density or intensity of use of land on campus.

UCF Response to F.S. 1013.30, (9), (b)

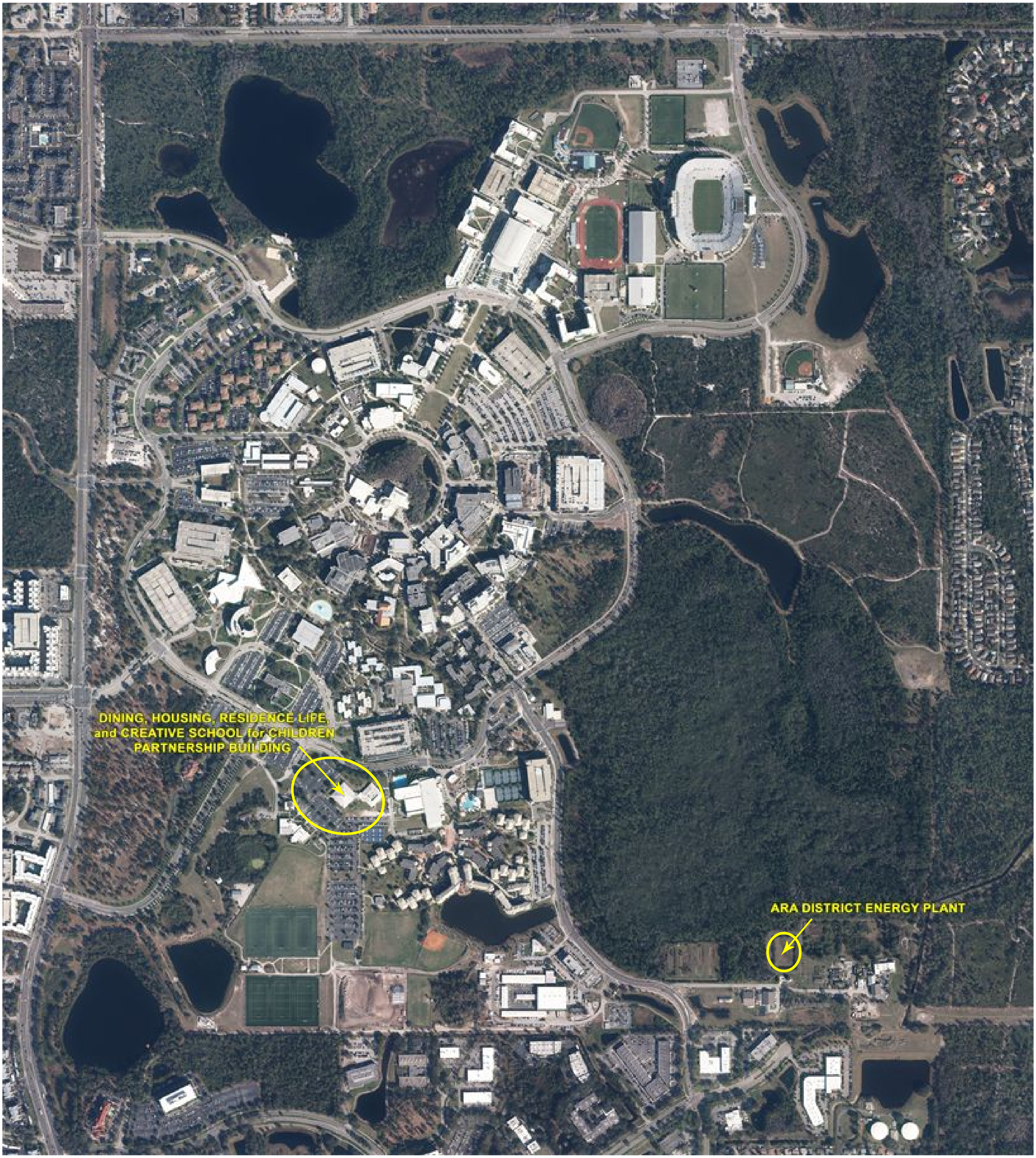
1. The site proposed for the Dining, Housing, and Residence Life and Creative School for Children Partnership Building will reduce Recreation and Open Space.

   UCF has 298 acres of Recreation and Open Space Land Use. The project will reduce that by about four (4) acres, which will be reclassified for Mixed Use. This represents a reduction of 1.34%, and does not trip the 10% threshold for effect on natural areas, open space, or buffers.
2. The Ara Drive District Energy Plant will not affect natural areas, open space, or buffers.

UCF Response to F.S. 1013.30, (9), (c)

1. No additional parking will be required for the Dining, Housing, and Residence Life and Creative School for Children Partnership Building, as the site is in close proximity to Parking Garage B and Parking Lots B7 and B8. The project will have negligible effect on roads, public facilities or services.
2. The Ara Drive District Energy Plant will have negligible effect on roads or on another public facility or service. It would have a couple of service parking spaces and infrequent deliveries.

Attachment B - Project Locations - November 20, 2018



Attachment C - Urban Design and Capital Improvements - November 20, 2018

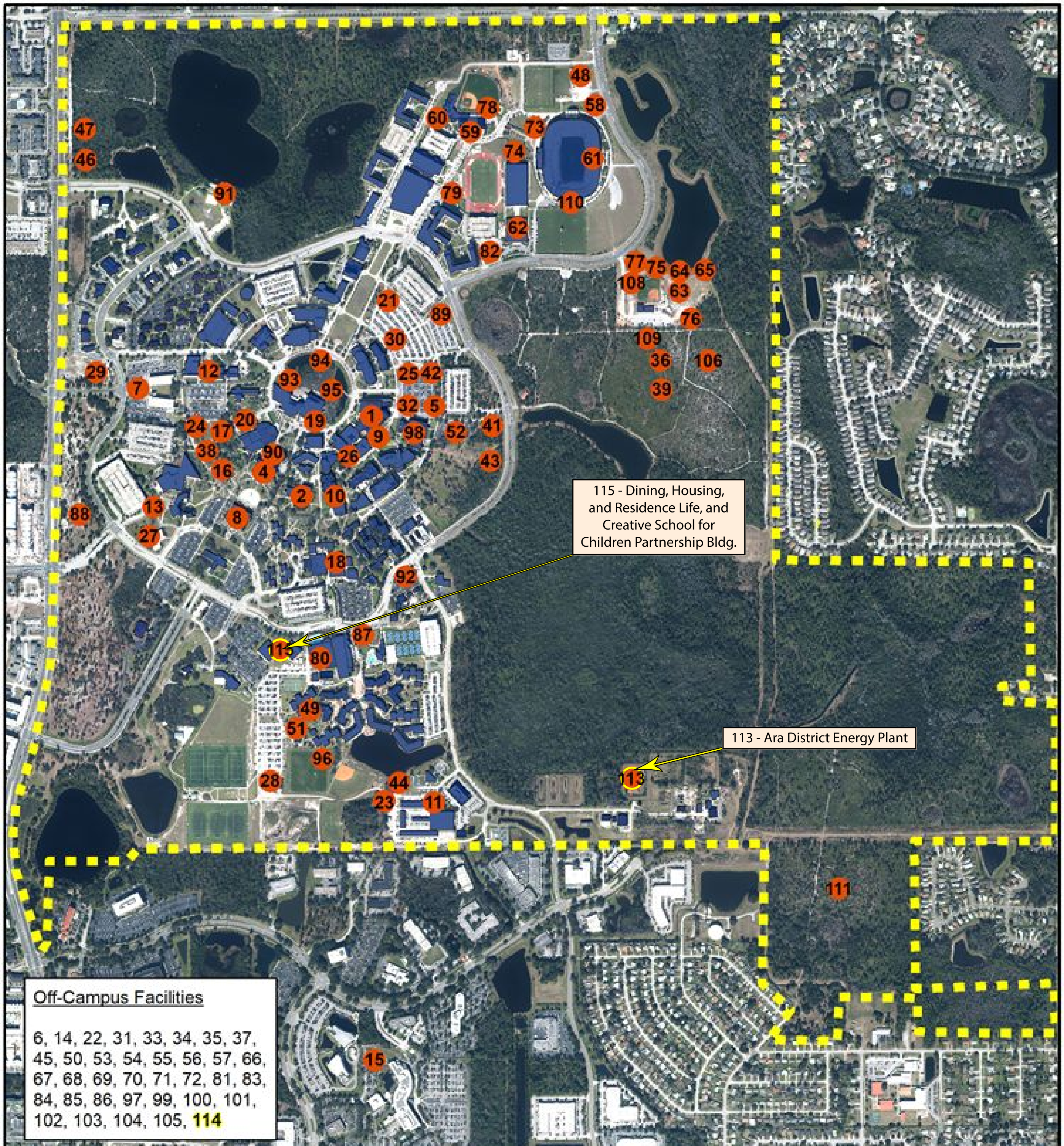


Figure 3-1

Urban Design and Capital Improvements

Comprehensive Master Plan Update
University of Central Florida
Orlando, Florida
2015-2025

To locate buildings on map, refer to Element 14: Capital Improvements List

Legend
- 2015 Capital Improvements List Item
- Project Added or Changed
- Existing Buildings
- Boundary

All maps are diagrammatic and conceptual. The various areas shown are approximate and not to survey accuracy. The intent of these maps is to illustrate general areas of existing or potential use.

0 1,000 2,000 4,000 Feet

Attachment D

UNIVERSITY OF CENTRAL FLORIDA

CAPITAL IMPROVEMENTS LIST

#	PROJECT LIST 2015 -25 Revised 11/15/2018	*Fund Type	2015-16 YR #1	2016-17 YR #2	2017-18 YR #3	2018-19 YR #4	2019-20 YR #5	2020-21 YR #6	2021-22 YR #7	2022-23 YR #8	2023-24 YR #9	2024-25 YR #10	Net	Gross	Total Estimated Cost ($M)
	MAIN CAMPUS FTE		22,890	23,128	23,484	23,661	23,661	23,646	23,833	24,038	24,237	24,591			
1	ENGINEERING BUILDING I RENOVATION	PECO	$13,954,277	$925,000									118,186	130,885	14,879,277
2	MATHEMATICAL SCIENCES BUILDING REMODELING AND RENOVATION	PECO	$9,422,105	$700,000									100,289	106,523	10,122,105
3	UTILITIES, INFRASTRUCTURE	PECO	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	N/A	N/A	140,000,000
4	JOHN C. HITT LIBRARY RENOVATION PHASE II	PECO, CITF	$3,500,000	$29,500,000	$3,500,000								222,387	226,506	36,500,000
5	RESEARCH BUILDING I (INTERDISCIPLINARY RESEARCH AND INCUBATOR FACILITY)	PECO	$5,924,183	$33,852,470	$5,924,183								78,676	118,013	45,700,836
6	UCF VC CLASSROOM BUILDING	PECO	$7,500,000												7,500,000
7	ARTS COMPLEX PHASE II (PERFORMANCE)	PECO	$5,000,000	$40,000,000	$5,000,000								100,396	150,594	50,000,000
8	MILLICAN HALL RENOVATION	PECO		$349,418	$6,363,058	$349,418							87,742	88,680	7,061,894
9	BUSINESS ADMINISTRATION RENOVATION	PECO		$9,475,843	$494,001								118,624	121,074	9,969,844
10	CHEMISTRY RENOVATION	PECO		$539,843	$9,815,338	$539,843							43,265	49,073	10,895,024
11	FACILITIES & SAFETY COMPLEX RENOVATION	PECO			$4,856,238										4,856,238
12	VISUAL ARTS RENOVATION AND EXPANSION	PECO			$3,000,000	$24,000,000	$3,000,000						79,373	85,000	30,000,000
13	MULTI-PURPOSE RESEARCH AND EDUCATION BUILDING	PECO		$2,779,189	$22,235,512	$2,779,189							47,310	75,384	27,793,890
14	COLLEGE OF NURSING AND ALLIED HEALTH	PECO, C		$7,350,000	$58,800,000	$7,350,000							119,206	170,684	73,500,000
15	PARTNERSHIP IV	PECO	$2,450,000	$19,600,000	$2,450,000								78,294	117,442	24,500,000
16	HOWARD PHILLIPS HALL RENOVATION	PECO			$6,564,996	$652,249							56,903	64,619	7,217,245
~~17~~	~~COLBOURN HALL RENOVATION~~	~~PECO~~			~~$7,865,978~~	~~$410,075~~							~~73,500~~	~~83,957~~	~~8,276,053~~
18	FERRELL COMMONS (E AND G SPACE) RENOVATION	PECO			$6,564,996	$652,249							86,149	93,860	7,217,245
19	COLLEGE OF SCIENCES BUILDING RENOVATION	PECO				$317,437	$2,539,494	$317,436					49,580	54,644	3,174,367
20	REHEARSAL HALL RENOVATION	PECO				$48,007	$384,055	$48,006					9,322	10,743	480,068
21	CLASSROOM BUILDING III	PECO			$2,400,000	$19,200,000	$2,400,000						53,332	79,998	24,000,000
22	FACILITIES BUILDING AT LAKE NONA	B,P			$600,000	$4,800,000	$600,000						13,866	20,799	6,000,000
23	RECYCLING CENTER	PECO				$2,300,000	$18,400,000	$2,300,000					26,666	40,000	23,000,000
24	HUMANITIES AND FINE ARTS II ~~(Phase I)~~	PECO				$2,772,353	$17,060,631	$2,772,353					58,362	87,543	22,605,337
25	SIMULATION AND TRAINING BUILDING	PECO				$2,370,336	$18,410,374	$2,370,336					39,950	59,924	23,151,046
26	BUSINESS ADMINISTRATION III BUILDING	PECO				$1,584,527	$12,307,012	$1,584,527					41,118	61,677	15,476,066
27	EDUCATION BUILDING II	PECO				$2,062,318	$15,594,083	$2,062,318					51,479	77,219	19,718,719
28	BAND BUILDING	PECO				$455,045	$2,800,279	$455,045					10,024	13,529	3,710,369
29	ARTS COMPLEX PHASE III	PECO				$1,210,857	$7,627,447	$1,210,857					25,447	38,171	10,049,161
30	SOCIAL SCIENCES FACILITY	PECO													0
31	COASTAL BIOLOGY STATION	PECO			$2,500,000										2,500,000
32	RESEARCH BUILDING IV ~~(INTERDISCIPLINARY RESEARCH BUILDING II)~~	PECO								$2,370,336	$17,330,596	$2,370,336	40,543	60,815	22,071,268
33	CENTER FOR EMERGING MEDIA BUILD OUT	PECO								$6,360,339			16,544	24,816	6,360,339
34	ROSEN STORAGE SHED	P	$225,000												225,000
35	ROSEN EDUCATIONAL FACILITY	P	$17,000,000												17,000,000
36	TEMPORARY GAME DAY PARKING	O			$200,000										200,000
37	UCF HEALTH EXPANSION AND WELLNESS CENTER	P, B					$1,145,664	$9,165,312	$1,145,664						11,456,640
38	HUMANITIES AND FINE ARTS II (Phase II)	PECO								$1,107,260	$8,600,076	$1,107,260	27,364	41,045	10,814,596
39	PARTNERSHIP CAMPUS	PECO											N/A	N/A	0
40	CAPITAL IMPROVEMENT RESERVE	PECO											N/A	N/A	0
41	SUSTAINABILITY CENTER (Phase I)	PECO, C								$5,000,000			5,000	7,500	5,000,000
42	CIVIL AND ENVIRONMENTAL ENGINEERING	PECO, C		$1,160,667	$14,508,333	$1,741,000							50,000	75,000	17,410,000
43	SUSTAINABILITY CENTER (Phase II)	PECO, C				$5,000,000							5,000	7,500	5,000,000
44	LABORATORY AND ENVIRONMENTAL SUPPORT EXPANSION	O	$1,800,000												1,800,000
45	CREATIVE VILLAGE GARAGE	P,B	$15,000,000												15,000,000
46	SPECIAL PURPOSE HOUSING AND PARKING GARAGE I	P, B	$25,000,000										106,667	160,000	25,000,000
47	SPECIAL PURPOSE HOUSING II	P, B	$8,000,000										21,333	32,000	8,000,000
48	PARKING DECKS	P, B	$17,000,000										112,000	168,000	17,000,000
49	GRADUATE HOUSING	P, B	$50,000,000										100,000	150,000	50,000,000
50	REFINANCE UCF FOUNDATION PROPERTIES	P, B	$37,410,000										288,167	432,250	37,410,000
51	STUDENT HOUSING	P, B	$50,000,000										149,333	224,000	50,000,000
52	GARAGE EXPANSION	P, B	$5,000,000										33,891	50,837	5,000,000
53	WET TEACHING LAB AND EXPANDED STEM FACILITY (CLASSROOM AND LAB BUILDING)	P, B							$14,258,248	#########	$14,258,248		60,976	91,464	142,582,482
54	FACILITIES BUILDING AT LAKE NONA	P, B	$6,000,000										13,866	20,799	6,000,000
55	EXPO CENTER HOUSING	P, B	$16,000,000										68,667	103,000	16,000,000
56	REGIONAL CAMPUSES MULTI-PURPOSE BUILDINGS	P, B	$28,000,000										40,000	60,000	28,000,000
57	PARTNERSHIP GARAGE	P, B	$7,000,000										994,900		7,000,000
58	PARKING DECK (ATHLETIC COMPLEX)	P, B	$5,000,000										112,000	168,000	5,000,000

Attachment D Capital Improvements List -2018 - REVISED 11-15-2018

59	BASEBALL STADIUM EXPANSION PHASE II	P, B	$4,500,000										3,800	5,700	4,500,000
60	BASEBALL CLUB HOUSE EXPANSION AND RENOVATION	P, B	$1,000,000												1,000,000
61	BRIGHTHOUSE NETWORKS STADIUM EXPANSION AND IMPROVEMENTS PHASE I	P, B	$11,000,000											21,337	11,000,000
62	~~WAYNE DENSCH SPORTS CENTER EXPANSION~~ ROTH ATHLETIC CENTER	P, B	$1,000,000										12,000	18,000	1,000,000
63	TENNIS COMPLEX PHASE I	P, B	$1,400,000										4,980	7,470	1,400,000
64	TENNIS COMPLEX PHASE II	P, B	$1,000,000												1,000,000
65	TENNIS COMPLEX PHASE III	P, B	$2,000,000												2,000,000
66	MULTI-PURPOSE MEDICAL RESEARCH AND INCUBATOR FACILITY	P, B	$112,863,923												112,863,923
67	HEALTH SCIENCES CAMPUS PARKING GARAGE I	P, B	$15,000,000												15,000,000
68	BIO-MEDICAL ANNEX RENOVATION AND EXPANSION	P, B	$12,800,000												12,800,000
69	OUTPATIENT CENTER	P, B	$75,000,000												75,000,000
70	DENTAL SCHOOL	P, B		$73,000,000											73,000,000
71	INFRASTRUCTURE AND SITEWORK LAKE NONA CLINICAL FACILITIES	P, B			$10,000,000										10,000,000
72	STRATEGIC LAND AND PROPERTY	P, B	$100,000,000										N/A	N/A	100,000,000
73	BRIGHTHOUSE NETWORKS STADIUM EXPANSION AND IMPROVEMENTS PHASE II	P, B	$5,000,000										14,225	21,337	5,000,000
74	TRACK AND SOCCER CLUB HOUSE	P, B	$850,000										2,800	4,200	850,000
75	SOFTBALL PRACTICE FIELD	P,B	$250,000										N/A	N/A	250,000
76	ATHLETICS PRACTICE FIELD	P, B	$500,000										N/A	N/A	500,000
77	WOMENS COMPETITION AND PRACTICE FIELD	P, B	$2,000,000										N/A	N/A	2,000,000
78	BASEBALL PRACTICE FIELD	P, B	$400,000										N/A	N/A	400,000
79	BASKETBALL PRACTICE FACILITY	P, B	$12,000,000										32,000	48,000	12,000,000
80	RECREATION AND WELLNESS CENTER PHASE III	P, B	$20,000,000										5,200	7,800	20,000,000
81	LIFE SCIENCES INCUBATOR, LAKE NONA	P, B	$30,000,000										36,667	55,000	30,000,000
82	EAST ATHLETICS CENTER	P, B	$15,000,000										11,706	17,559	15,000,000
83	CARACOL in BELIZE	C		$350,000									49,570	72,555	350,000
84	BURNETT BIO-MEDICAL SCIENCE CENTER INFRASTRUCTURE	C		$7,500,000									6,271	9,407	7,500,000
85	ORLANDO REPERTORY THEATRE III RENOVATIONS	C		$75,000	$75,000	$75,000							8,000	12,000	225,000
86	RESEARCH LAB, LAKE NONA	C, P, B	$6,412,845	$97,268,758	$9,180,000								132,018	198,027	112,861,603
87	FOOD RETAIL VENUE	O		$2,500,000											2,500,000
88	HOTEL AND CONFERENCE CENTER	P	$60,000,000										190,000	250,000	60,000,000
89	PARKING GARAGE VII	B		$20,000,000									242,667	364,000	20,000,000
90	JOHN C. HITT LIBRARY EXPANSION	CITF, P	$44,114,399	$40,471,926	$40,471,926								109,703	164,554	125,058,251
91	LAKE CLAIRE RENOVATION	CITF	$3,000,000										100,000	150,000	3,000,000
92	CREATIVE SCHOOL FOR CHILDREN	CITF	$6,000,000										25,000	37,500	6,000,000
93	STUDENT UNION II (Phase I)	CITF	$14,000,000										37,800	56,700	14,000,000
94	STUDENT UNION II (Phase II)	CITF	$6,000,000										17,000	25,500	6,000,000
95	STUDENT UNION II (Phase III)	CITF	$21,000,000										60,000	90,000	21,000,000
96	RWC PARK PHASE IV	CITF	$5,000,000										32,000	48,000	5,000,000
97	~~DOWNTOWN ACADEMIC BUILDING~~ DR. PHILLIPS ACADEMIC COMMONS	ECO, P, AUX, ~~E&G~~		$60,000,000									112,381	165,000	60,000,000
98	CREOL EXPANSION PHASE II	AUX , O ~~E&G~~			$6,784,228								10,208	13,900	6,784,228
99	DOWNTOWN CAMPUS COMBINED HEAT AND POWER PLANT (TRI-GENERATION)	AUX, O, ~~E&G~~			$15,118,178								11,000	13,000	15,118,178
100	TEACHING HOSPITAL AT LAKE NONA	P													0
101	DOWNTOWN PARKING GARAGE II	B			$15,300,000									200,000	15,300,000
102	FLORIDA SOLAR ENERGY CENTER RENOVATION	PECO				$10,000,000									10,000,000
103	~~DOWNTOWN PHASE II~~ UCF DOWNTOWN BUILDING II	PECO, P, ~~E&G~~						$77,717,325					150,325	222,000	77,717,325
104	DOWNTOWN PHASE III	PECO, P, ~~E&G~~								$29,000,000			55,333	83,000	29,000,000
105	DOWNTOWN PHASE IV	PECO, P, ~~E&G~~								$42,164,850			80,000	120,000	42,164,850
106	RESEARCH BUILDING II - SCIENCE, ENGINEERING, AND COMMERCIALIZATION FACILITY	PECO					$6,058,800	$48,470,400	$6,058,800				85,019	126,258	60,588,000
107	RESEARCH BUILDING III	PECO					$6,609,620	$52,876,800	$6,609,600				91,929	136,623	66,096,020
108	SOFTBALL STADIUM EXPANSION AND RENOVATION	P, B			$10,200,000										10,200,000
109	FUTURE GOLF RANGE AND SHORT GAME FACILITY	O													0
110	GARVY CENTER STUDENT-ATHLETE NUTRITION	P, O			$2,500,000									3,128	2,500,000
111	UCF SOLAR FARM	~~E&G~~			$14,700,000									40-50 Acres	14,700,000
112	LEARNING LABORATORY - ACTIVE LEARNING, TEACHING LAB, AND MAKER SPACE FACILIT	PECO						$8,512,000	$68,096,000	$8,512,000			100,000	150,000	85,120,000
113	~~ARA CHILLED WATER PLANT~~ ARA DISTRICT ENERGY PLANT	O							$25,000,000				22,000	30,800	25,000,000
114	ROSEN GARAGE	P, O							$13,000,000					345,624	13,000,000
115	DINING, HOUSING & RESIDENCE LIFE AND CREATIVE SCHOOL FOR CHILDREN PARTNERSHI	CITF,BOND, P								#########			260,000	390,000	101,000,000
TOTAL															
									New Campus Sq. Ft.						
									Off Campus Sq. Ft.						

Funding sources denote probable building completion year

Projects in green denote projects planned **off-campus.**

Projects in blue denote renovation and/or remodeling projects

UCF SOLAR FARM - Not Approved under FFC Review

*Fund Types:

PECO (Public Education Capital Outlay), C (Courtelis), P (Private),

B (Bond), CITF (Capital Improvement Trust Fund), O (Other)

Attachment D Capital Improvements List -2018 - REVISED 11-15-2018

Attachment E - Future Land Use - November 15, 2018

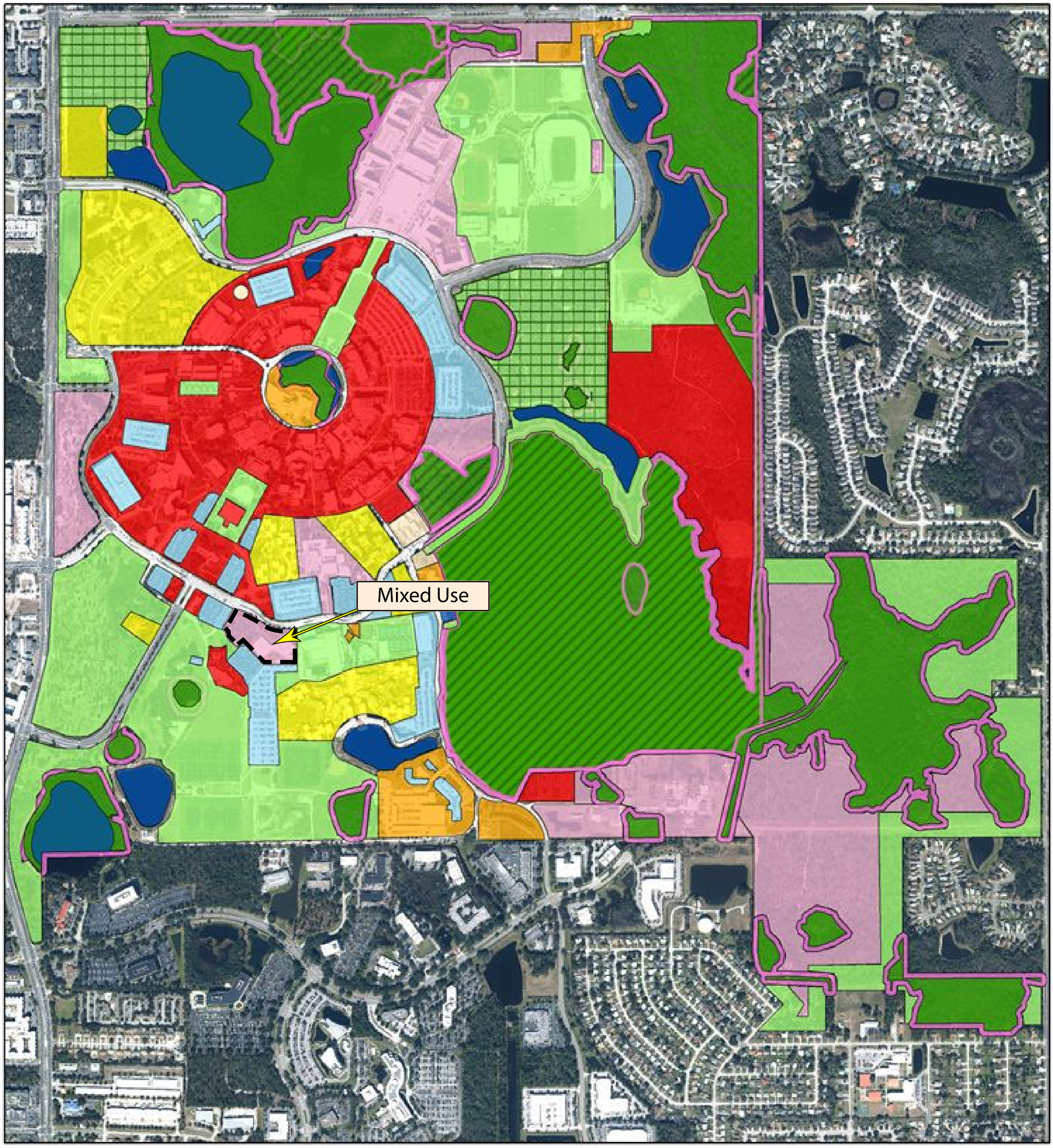


Figure 4-1

Future Land Use

Comprehensive Master Plan Update
University of Central Florida
Orlando, Florida
2015-2025

Legend

- Parking
- Support
- Academic/Research
- Lakes
- Utility
- Conservation (wetland)
- Conservation (upland)
- Conservation Easements
- Residential
- Recreation/Open Space
- Mixed Use

0 1,000 2,000 4,000 Feet

N

All maps are diagrammatic and conceptual. The various areas shown are approximate and not to survey accuracy. The intent of these maps is to illustrate general areas of existing or potential use.

Rev 20181115

Attachment F - Recreation and Open Space - November 15 2018

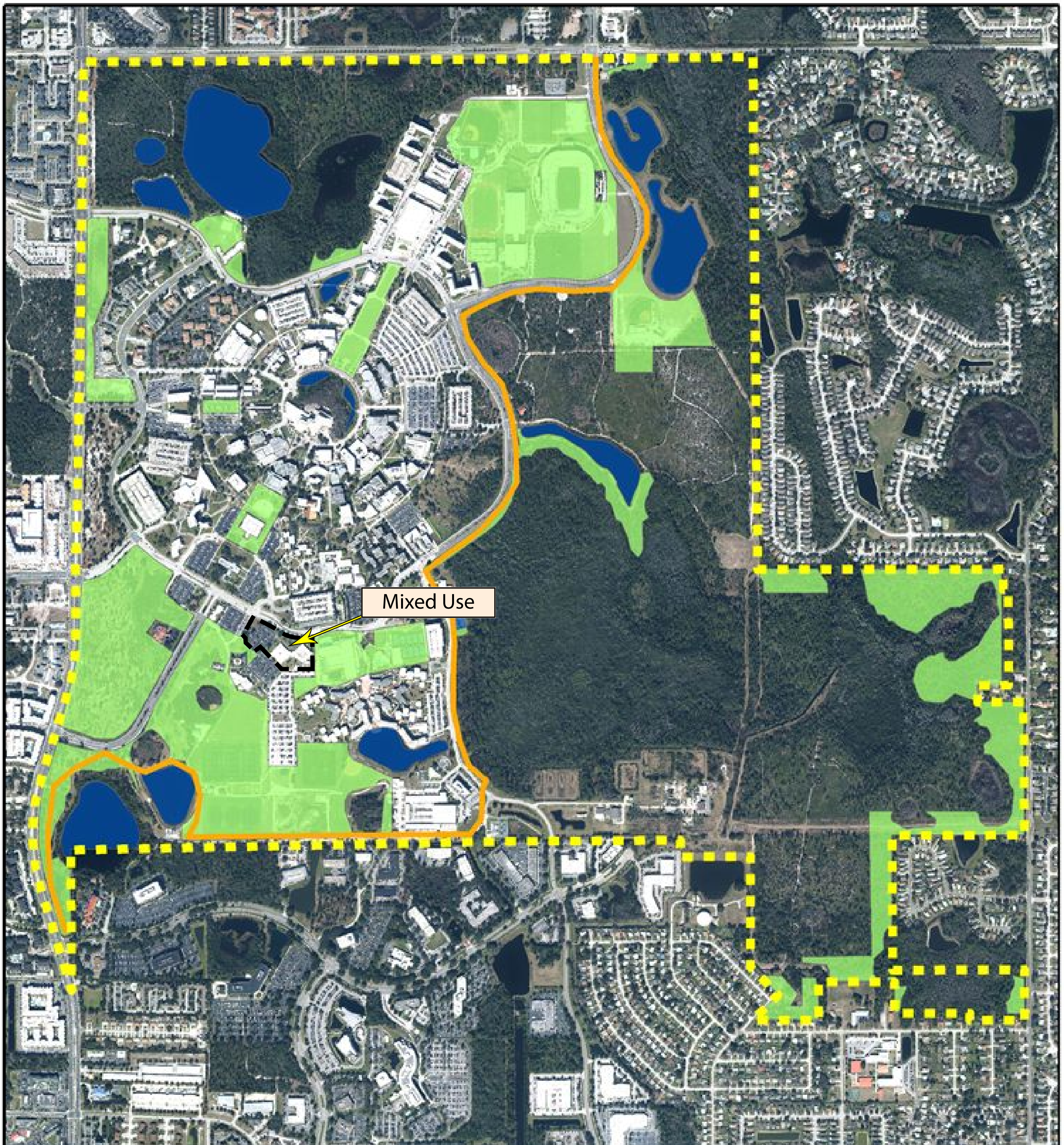


Figure 8-1

Recreation and Open Spa

Comprehensive Master Plan Update
University of Central Florida
Orlando, Florida
2015-2025

Legend

Parking	Utility	Residential
Support	Conservation (wetland)	Recreation/Open Space
Academic/Research	Conservation (upland)	Mixed Use
Lakes	Conservation Easements	

N

All maps are diagrammatic and conceptual. The various areas shown are approximate and not to survey accuracy. The intent of these maps is to illustrate general areas of existing or potential use.

Rev 20181115

0 1,100 2,200 4,400 Feet

ITEM: FFC-4

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Subway Contract Amendment

DATE: December 12, 2018

PROPOSED COMMITTEE ACTION

Approve up to two five-year retail lease renewal options for Subway at Knights Plaza.

BACKGROUND INFORMATION

Subway has been a lease tenant of the UCF Convocation Corporation (and now the university) since its inception in 2007. They are a long-term tenant with a good track record of paying rent. The two five-year renewal options will allow Subway to refresh its current space as required by the franchise and amortize that cost over time. The first renewal option will occur beginning March 29, 2022.

Supporting documentation: Attachment A: Lease Amendment

Prepared by: Ronnie Lamkin, General Manager, UCF Convocation Corporation

Submitted by: Misty Shepherd, Interim Vice President for Administration and Finance

Attachment A

FIRST AMENDMENT TO THE AGREEMENT
by and between
UPI, LLC
and
SUBWAY REAL ESTATE, LLC

This first amendment ("Amendment") is entered into effective upon execution by both Parties ("the Amendment date") and shall amend and modify that certain lease agreement by and between Subway Real Estate Corp. (the "Tenant") and UPI, LLC (the "Landlord"):

WHEREAS, UPI LLC and Subway Real Estate, LLC entered into a certain lease agreement, dated effective on the 26th day of July, 2006 and commencing on the 29th day of March 2007 (the "Agreement or Lease"); and

WHEREAS, except as amended herein all the terms and conditions of the Lease remain in full force and effect:

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. Effective as of August 1, 2015 the "Landlord" shall be defined as "University of Central Florida, and Its Board of Trustees."

2. Effective as of the Amendment date, Section 4 of the Lease- Term- is amended to add:

(d) Additionally, Two (2) 5-years' renewal options as stated: provided no default has occurred in the observance or performance of any of Tenant's obligations or agreements hereunder which remains uncured at time of lease renewal, Tenant shall have the right, to renew this Lease for the Renewal Term. If Tenant chooses to not renew under these terms, Tenant shall deliver to Landlord notice of Tenant's intention to not renew no later than 180 days prior to the expiration of the then- current Term. The Renewal Term shall be based upon the same terms and provisions set forth herein, except that Base Rent shall be increased consistent with terms for the Extended Term. Tenant's failure to provide notice by the applicable Renewal Notice Deadline shall be deemed a waiver of all remaining Renewal Options. The first of these option periods shall commence on March 29, 2022 and expire on March 28, 2027.

3. All terms and conditions of the Lease not expressly amended by this First Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, each of the undersigned is a duly authorized and valid existing representative of their respective party and each has executed this Amendment to be effective as of the date first above written.

University of Central Florida, and Its Board of Trustees

By: ____________________________

Printed Name:

Title:

Date: __________________________

Witness:_________________________

Witness:_________________________

Subway Real Estate, LLC

By: ____________________________

Printed Name:

Title:

Date: __________________________

Witness:_________________________

Witness:_________________________

ITEM: INFO-2

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Direct Support Organizations' 2018-19 First-Quarter Financial Reports

DATE: December 12, 2018

For information only.

Supporting documentation: Attachment A: UCF Athletic Association and Stadium Corporation
Attachment B: UCF Convocation Corporation
Attachment C: UCF Finance Corporation
Attachment D: UCF Foundation
Attachment E: UCF Limbitless Solutions
Attachment F: UCF Research Foundation
Attachment G: Central Florida Clinical Practice Organization

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

Submitted by: Kathy Mitchell, Interim Chief Financial Officer

Attachment A

UCF Athletic Association and The UCF Stadium Corporation
Consolidated Statement of Operations
Through the quarter ended September 30, 2018

	UCF Athletic Association Actual 2018-2018	UCF Stadium Corporation Actual 2018-2019	Combined Actual 2018-2019	UCF Athletic Association Budget 2018-2019	UCF Stadium Corporation Budget 2018-2019	Combined Budget 2018-2019	Variance to Budget Favorable (Unfavorable)		UCF Athletic Association Actual 2017-2018	UCF Stadium Corporation Actual 2017-2018	Combined Actual 2017-2018	Variance to Prior Year Favorable (Unfavorable)	
Operating revenues													
Athletic events, including premium seating [1]	$ 3,600,968	$ 2,040,899	$ 5,641,867	$ 3,599,277	$ 2,143,865	$ 5,743,142	(101,275)	(1.76)%	$ 2,734,752	$ 1,618,361	$ 4,353,113	$ 1,288,754	29.61 %
University allocations	12,759,344	-	12,759,344	12,888,719	-	12,888,719	(129,375)	(1.00)%	13,042,772	-	13,042,772	(283,428)	(2.17)%
Sponsorship [2]	822,600	750,000	1,572,600	812,615	750,000	1,562,615	9,985	0.64 %	12,689	750,000	762,689	809,911	106.19 %
Contributions	132,673	-	132,673	154,677	-	154,677	(22,004)	(14.23)%	405,333	-	405,333	(272,660)	(67.27)%
Other	242,978	-	242,978	244,921	-	244,921	(1,943)	(0.79)%	168,456	-	168,456	74,522	44.24 %
Total operating revenues	17,558,563	2,790,899	20,349,462	17,700,209	2,893,865	20,594,074	(244,612)	(1.19)%	16,364,002	2,368,361	18,732,363	1,617,099	8.63 %
Operating expenses													
Scholarships	3,702,632	-	3,702,632	3,674,638	-	3,674,638	(27,994)	(0.76)%	3,309,410	-	3,309,410	(393,222)	(11.88)%
Employee compensation	5,685,629	-	5,685,629	5,607,570	-	5,607,570	(78,059)	(1.39)%	5,162,603	-	5,162,603	(523,026)	(10.13)%
Sport operations	2,289,657	-	2,289,657	2,309,452	-	2,309,452	19,795	0.86 %	2,322,123	-	2,322,123	32,466	1.40 %
Support operations	2,604,992	-	2,604,992	2,610,968	-	2,610,968	5,976	0.23 %	2,161,746	-	2,161,746	(443,246)	(20.50)%
Other	958,253	15,301	973,554	961,533	15,000	976,533	2,979	0.31 %	1,314,389	99,460	1,413,849	440,295	31.14 %
Total operating expenses	15,241,163	15,301	15,256,464	15,164,161	15,000	15,179,161	(77,303)	(0.51)%	14,270,271	99,460	14,369,731	(886,733)	(6.17)%
Net operating income	2,317,400	2,775,598	5,092,998	2,536,048	2,878,865	5,414,913	(321,915)	(5.94)%	2,093,731	2,268,901	4,362,632	730,366	16.74 %
Nonoperating revenues (expenses)													
Net transfers (to Stadium Corp) / from UCFAA	(631,504)	631,504	-	(631,504)	631,504	-	-	-	(3,366,775)	3,366,775	-	-	-
Interest income	-	20,405	20,405	-	12,500	12,500	7,905	63.24 %	-	15,439	15,439	4,966	32.17 %
Interest (expense)	(64,817)	(921,819)	(986,636)	(69,300)	(921,819)	(991,119)	4,483	0.45 %	(46,737)	(956,856)	(1,003,593)	16,957	1.69 %
Capital project donations - Athletics	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted accounts revenue	343,684	-	343,684	340,607	-	340,607	3,077	0.90 %	30,506	-	30,506	313,178	1026.61 %
Restricted accounts outlay	(381,804)	-	(381,804)	(383,119)	-	(383,119)	1,315	0.34 %	(27,214)	-	(27,214)	(354,590)	(1302.97)%
Capital projects outlay	(318,703)	-	(318,703)	(312,154)	-	(312,154)	(6,549)	(2.10)%	(419,228)	-	(419,228)	100,525	23.98 %
Total nonoperating revenues (expenses)	(1,053,144)	(269,910)	(1,323,054)	(1,055,470)	(277,815)	(1,333,285)	10,231	0.77 %	(3,829,448)	2,425,358	(1,404,090)	81,036	(5.77)%
Net increase (decrease) from operations	**$ 1,264,256**	**$ 2,505,688**	**$ 3,769,944**	**$ 1,480,578**	**$ 2,601,050**	**$ 4,081,628**	**$ (311,684)**		**$ (1,735,717)**	**$ 4,694,259**	**$ 2,958,542**	**$ 811,402**	
Debt service:													
Principal [3]	$ -	$ 245,000	$ 245,000	$ -	$ -	$ -	$ (245,000)	(100.00)%	$ -	$ -	$ -	$ (245,000)	(100.00)%
Interest	64,817	921,819	986,636	69,300	921,819	991,119	4,483	0.45 %	46,737	956,856	1,003,593	16,957	1.69 %
Total Debt Service	**$ 64,817**	**$ 1,166,819**	**$ 1,231,636**	**$ 69,300**	**$ 921,819**	**$ 991,119**	**$ (240,517)**	**(99.55)%**	**$ 46,737**	**$ 956,856**	**$ 1,003,593**	**$ (228,043)**	**(98.31)%**

[1] Athletic event revenues exceeded prior year primarily due to increase in ticket sales due to having 3 home games in the first quarter.

[2] Sponsorship revenues exceeded prior year due to including Nike Sponsorship in the first quarter.

[3] There was an optional prepayment of $245k on the Series 2015C revenue bonds in September 2018. This was not a budgeted expenditure.

Attachment B

UCF Convocation Corporation
Statement of Operations
For the quarter ended September 30, 2018

	2018-19 Actual	2018-19 Budget	2018-19 Variance Favorable (Unfavorable)		2017-18 Actual	2017-18 Budget	2017-18 Variance Favorable (Unfavorable)	
Housing Operations								
Revenues								
Apartment rentals	$ 8,607,821	$ 8,712,500	$ (104,679)	(1.2)%	$ 8,677,456	$ 8,712,500	$ (35,044)	(0.4)%
Parking	259,097	259,097	-	-	259,097	259,097	-	-
Other	27,890	18,750	9,140	48.7 %	31,013	18,750	12,263	65.4 %
Total revenues	8,894,808	8,990,347	(95,539)	(1.1)%	8,967,566	8,990,347	(22,781)	(0.3)%
Total expenses	1,953,364	2,055,539	102,175	5.0 %	2,484,339	2,620,356	136,017	5.2 %
Net increase from housing operations	6,941,444	6,934,808	6,636	0.1 %	6,483,227	6,369,991	113,236	1.8 %
Retail Operations								
Total revenues	480,581	479,793	788	0.2 %	448,499	462,626	(14,127)	(3.1)%
Total expenses	130,725	152,119	21,394	14.1 %	124,909	178,693	53,784	30.1 %
Net increase from retail operations	349,856	327,674	22,182	6.8 %	323,590	283,933	39,657	14.0 %
Arena Operations								
Revenues								
Event related [1]	479,628	1,054,225	(574,597)	(54.5)%	1,233,740	470,397	763,343	162.3 %
Premium seating and sponsorship	252,555	212,255	40,300	19.0 %	207,625	210,000	(2,375)	(1.1)%
Rental Income	2,333,750	2,333,750	-	-	2,333,750	2,333,750	-	-
Other	44,956	35,170	9,786	27.8 %	36,786	46,126	(9,340)	(20.2)%
Total revenues	3,110,889	3,635,400	(524,511)	(14.4)%	3,811,901	3,060,273	751,628	24.6 %
Expenses								
Direct event	287,281	799,293	512,012	64.1 %	1,142,518	502,293	(640,225)	(127.5)%
Operating and indirect event	929,738	972,429	42,691	4.4 %	2,067,243	2,086,206	18,963	0.9 %
Direct premium seating	76,340	76,340	-	-	72,465	72,465	-	-
Total expenses	1,293,359	1,848,062	554,703	30.0 %	3,282,226	2,660,964	(621,262)	(23.3)%
Net increase from arena operations	1,817,530	1,787,338	30,192	1.7 %	529,675	399,309	130,366	32.6 %
Net increase from total operations	$ 9,108,830	$ 9,049,820	$ 59,010		$ 7,336,492	$ 7,053,233	$ 283,259	
Debt Service								
Total Debt Service	**$ -**				**$ -**			

[1] Actual event revenues generated were less than budget due to a concert cancellation and the re-scheduling of a major event.

Attachment C

UCF Finance Corporation
Statement of Operations
For the quarter ended September 30, 2018

	2018-19				2017-18			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Revenues								
University transfers	$ 760,373	$ 766,557	$ (6,184)	(0.8)%	$ 1,035,832	$ 823,814	$ 212,018	25.7 %
Interest	12,435	8,750	3,685	42.1 %	9,178	1,625	7,553	100.0 %
Total revenues	772,808	775,307	(2,499)	(0.3)%	1,045,010	825,439	219,571	26.6 %
Expenses								
Operating	12,500	14,500	2,000	13.8 %	16,155	16,025	(130)	(0.8)%
Interest	760,308	760,807	499	0.1 %	588,926	572,729	(16,197)	(2.8)%
Debt related [1]	-	-	-	0.0 %	439,929	236,685	(203,244)	(85.9)%
Total expenses	772,808	775,307	2,499	0.3 %	1,045,010	825,439	(219,571)	(26.6)%
Net change from operations	$ -	$ -	$ -		$ -	$ -	$ -	
Debt Service								
Principal	$ 2,498,000				$ 1,490,000			
Interest	760,308				588,926			
Total Debt Service	$ 3,258,308				$ 2,078,926			

[1] Debt related fees previously consisted of letter of credit fees and remarketing fees associated with the old debt. After the debt refunding in September 2017, the Finance Corporation will no longer incur these expenses.

Attachment D

UCF Foundation
Unrestricted Operations
For the period ended September 30, 2018

	2018 - 19				2017 - 18			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Unrestricted revenues								
University and other related support	$ 4,155,421	$ 4,160,920	$ (5,499)	(0.1)%	$ 3,875,120	$ 3,844,803	$ 30,317	0.8%
Gifts, fees, and investment earnings	1,596,603	1,677,500	(80,897)	(4.8)%	1,519,555	1,388,155	131,400	9.5%
Real estate operations	492,339	492,339	-	0.0 %	736,250	736,250	-	0.0%
Total unrestricted revenue	6,244,363	6,330,759	(86,396)	(1.4)%	6,130,925	5,969,208	161,717	2.7%
Unrestricted expenses								
Academic and university support	233,873	267,748	33,875	12.7 %	1,414,698	1,551,371	136,673	8.8%
Development, alumni relations, and operations	4,777,741	5,020,978	243,237	4.8 %	4,419,340	4,710,561	291,221	6.2%
Total unrestricted expenses	5,011,614	5,288,726	277,112	5.2 %	5,834,038	6,261,932	427,894	6.8%
Net increase (decrease) from unrestricted operations	$ 1,232,749	$ 1,042,033	$ 190,716	(18.3)%	$ 296,887	$ (292,724)	$ 589,611	201.4 %
Debt Service								
Principal	$0				$ -			
Interest	-				35,625			
Total Debt Service	$ -				$ 35,625			

The information provided above is a reflection of the foundation's unrestricted activity only and does not include income distribution from endowment or revenue for current operations with donor designations and restrictions.

For the period ending September 30, 2018, the foundation dispersed **$4.6 million** on behalf of the university in support of programs, scholarships, and other university priorities. Resources for these expenditures comes in the form of spendable distributions from endowed funds as well as restricted and unrestricted gifts for current operations, provided as follows:

Unrestricted	233,873
Restricted (including endowment)	4,324,265
Total Dispersed	**$ 4,558,138**

Attachment E

Limbitless Solutions, Inc.

Statement of Operations

For the quarter ended September 30, 2018

	2018-19				2017-18			
	Actual	**Budget**	**Variance Favorable (Unfavorable)**		**Actual**	**Budget**	**Variance Favorable (Unfavorable)**	
Revenues								
Donations	$ 86,168	$ 187,500	$ (101,332)	(54.0)%	$ 27,227	$ 18,750	$ 8,477	45.2 %
Sponsorships	-	-	-	0.0 %	-	18,750	(18,750)	(100.0)%
Other	766	6,700	(5,934)	(88.6)%	-	-	-	0.0 %
Total revenues	86,934	194,200	(107,266)	(55.2)%	27,227	37,500	(10,273)	(27.4)%
Expenses								
Operating expenses	23,837	86,218	62,381	72.4 %	25,522	35,450	9,928	28.0 %
Total expenses	23,837	86,218	62,381	72.4 %	25,522	35,450	9,928	28.0 %
Net change from operations	$ 63,097	$ 107,982	$ (44,885)		$ 1,705	$ 2,050	$ (345)	

Attachment F

UCF Research Foundation
Statement of Operations
For the quarter ended September 30, 2018

	2018-19				2017-18			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Revenues								
Operating revenue[1]	$ 2,613,432	$ 2,557,500	$ 55,932	2.1%	$ 2,813,641	$ 2,340,000	$ 473,641	16.8%
Management fees and other	139,290	138,750	540	0.4%	166,001	136,250	29,751	17.9%
Total revenues	2,752,722	2,696,250	56,472	2.1%	2,979,642	2,476,250	503,392	16.9%
Expenses								
Total operating expenses	2,622,015	2,591,500	(30,515)	(1.2)%	2,844,432	2,395,750	(448,682)	(15.8)%
Net increase from operations	$ 130,707	$ 104,750	$ 25,957	19.9%	$ 135,210	$ 80,500	$ 54,710	40.5%

[1] Operating includes royalties, contributions, rents, conferences, unit residuals, and consortiums.

Attachment G

Central Florida Clinical Practice Organization

Statement of Operations

For the quarter ended September 30, 2018

	2018-19				2017-18			
	Actual	**Budget**	**Variance Favorable (Unfavorable)**		**Actual**	**Budget**	**Variance Favorable (Unfavorable)**	
Revenues								
Patient Care	1,307,178	1,561,178	(254,000)	(16.3)%	972,902	1,181,448	(208,546)	(17.7)%
Other	210,686	251,546	(40,860)	(16.2)%	261,407	501,840	(240,434)	(47.9)%
Total revenues	**1,517,864**	**1,812,724**	**(294,860)**	**(16.3)%**	**1,234,309**	**1,683,288**	**(448,979)**	**(26.7)%**
Expenses								
Faculty Salaries and Benefits	562,401	567,761	5,360	0.9 %	124,727	142,104	17,377	12.2 %
Staff Salaries and Benefits	1,007,416	1,261,319	253,903	20.1 %	-	974,888	974,888	100.0 %
Medical Supplies	272,210	192,709	(79,501)	(41.3)%	198,690	215,721	17,031	7.9 %
Information Technology	91,348	135,568	44,220	32.6 %	62,970	138,077	75,107	54.4 %
Professional Fees	103,399	124,447	21,048	16.9 %	141,020	159,226	18,206	11.4 %
Facility	49,976	367,969	317,993	86.4 %	75,934	352,194	276,259	78.4 %
Supplies and Repairs	20,825	28,143	7,319	26.0 %	16,601	28,375	11,774	41.5 %
Marketing	20,658	40,500	19,842	49.0 %	24,205	47,805	23,600	49.4 %
Depreciation	13,363	-	(13,363)	-	8,703	-	(8,703)	-
Other	10,943	19,351	8,407	43.4 %	8,795	19,518	10,723	54.9 %
Total expenses	**2,152,538**	**2,737,767**	**585,229**	**21.4 %**	**661,646**	**2,077,907**	**1,416,261**	**68.2 %**
Net increase (decrease)	**(634,674)**	**(925,043)**	**290,369**	**31.4 %**	**572,662**	**(394,619)**	**967,282**	**245.1 %**

	2018-19	2017-18
Cash Balance		
Beg Bal for Fiscal Year Reported	$ 6,565,885	$ 5,190,655
Change in Cash for the Quarter	536,925	551,944
Accounts Payable Adjustment	(1,234,842)	(170,962)
Adj Cash Bal for the Qtr Reported	**$ 5,867,968**	**$ 5,571,637**

ITEM: INFO-3

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: University Draft Audited Financial Report 2017-18

DATE: December 12, 2018

For information only.

Supporting documentation: Attachment A: University Draft Audited Financial Report

Prepared by: Christina Tant, Assistant Vice President and University Controller

Submitted by: Kathy Mitchell, Interim Chief Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2018, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2018, and June 30, 2017.

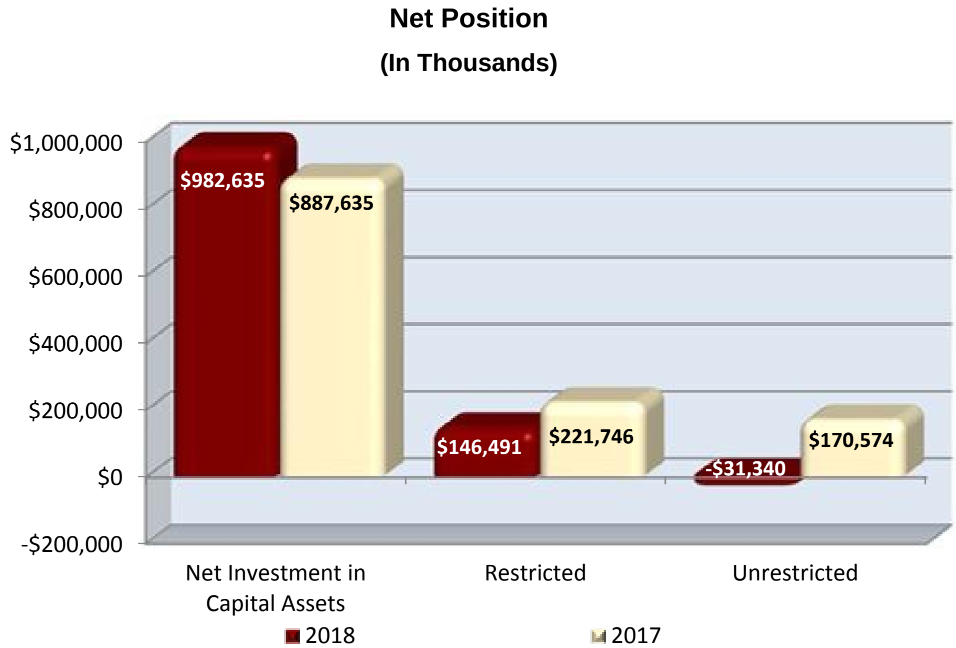
FINANCIAL HIGHLIGHTS

The University's assets and deferred outflows of resources totaled $2.0 billion at June 30, 2018. This balance reflects a $106.5 million, or 5.5 percent, increase as compared to June 30, 2017, primarily from higher construction activity. Liabilities and deferred inflows of resources increased by $288.7 million, or 44.6 percent, totaling $936.1 million at June 30, 2018. As a result, the University's net position decreased by $182.2 million, resulting in a year-end balance of $1.1 billion. The increases in liabilities and deferred inflows of resources, and decrease in net position were largely impacted by the adoption of Governmental Accounting Standards Board's (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This accounting standard requires the University, as a participating employer in the State Group Health Insurance Program, to recognize its proportionate share of the net other post employment benefits liability of the State Group Health Insurance Program cost-sharing multiple employer defined benefit plans. Changes in liabilities are recognized through the Statement of Revenues, Expenses, and Changes in Net Position, or reported as deferred inflows or outflows of resources on the Statement of Net Position, depending on the nature of the change. The initial adoption also resulted in a decrease to beginning net position of $220.5 million.

The University's operating revenues totaled $550.3 million for the 2017-18 fiscal year, representing a 5.2 percent increase compared to the 2016-17 fiscal year due mainly to increases in grants and contracts and auxiliary revenues. Operating expenses totaled $1.1 billion for the 2017-18 fiscal year, representing an increase of 8.5 percent as compared to the 2016-17 fiscal year due mainly to increases in compensation and employee benefits and scholarships, fellowships, and waivers.

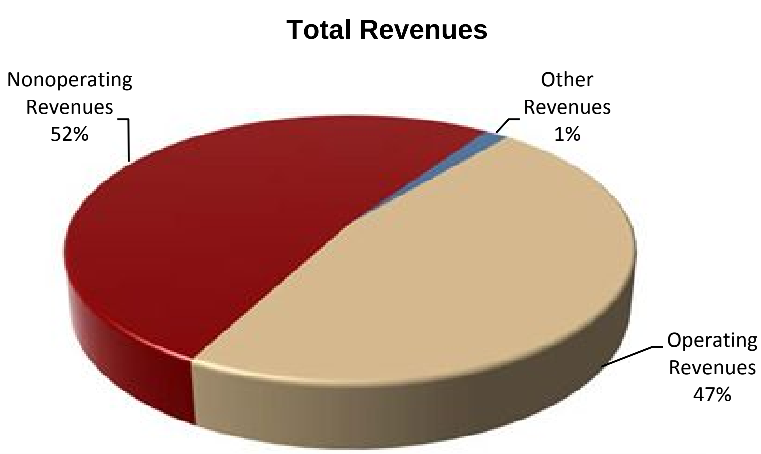
Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2018, and June 30, 2017, is shown in the following graph:

Draft



The deficit unrestricted net position for 2018 can be attributed primarily to the full recognition of certain long-term liabilities (i.e. compensated absences payable, other postemployment benefits payable and net pension liabilities) in the current unrestricted funds that are expected to be paid over time. Additional information about the University's deficit net position in individual funds is presented in Note 4 in the accompanying notes to financial statements.

The following chart provides a graphical presentation of University revenues by category for the 2017-18 fiscal year:



Overview of Financial Statements

Pursuant to GASB Statement No. 35, the University's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component units. These component units include:

- Blended Component Units
  - UCF Finance Corporation
  - University of Central Florida College of Medicine Self-Insurance Program
- Discretely Presented Component Units
  - University of Central Florida Foundation, Inc.
  - University of Central Florida Research Foundation, Inc.
  - UCF Athletics Association, Inc.
  - UCF Convocation Corporation
  - UCF Stadium Corporation
  - Central Florida Clinical Practice Organization, Inc.

Information regarding these component units, including summaries of the blended and discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component units. For those component units reporting under GASB standards, MD&A information is included in their separately issued audit reports.

The Statement of Net Position

The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University, using the accrual basis of accounting, and presents the financial position of the University at a specified time. Assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, which is one indicator of the University's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition.

The following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30:

Condensed Statement of Net Position at June 30

(In Thousands)

	2018	2017
Assets		
Current Assets	$ 628,594	$ 602,302
Capital Assets, Net	1,147,334	1,058,909
Other Noncurrent Assets	106,460	144,896
Total Assets	1,882,388	1,806,107
Deferred Outflows of Resources	151,467	121,206
Liabilities		
Current Liabilities	123,159	111,498
Noncurrent Liabilities	760,062	534,411
Total Liabilities	883,221	645,909
Deferred Inflows of Resources	52,848	1,449
Net Position		
Net Investment in Capital Assets	982,635	887,635
Restricted	146,491	221,746
Unrestricted	(31,340)	170,574
Total Net Position	$ 1,097,786	$ 1,279,955

Total assets as of June 30, 2018, increased by $76.3 million or 4.2 percent. This increase is primarily due to higher capital related activity including building construction, acquisitions, and donations of capital assets. Major capital projects include research, academic and partnership facilities, the development of a downtown campus, and renovations and modernization of the library.

Total liabilities as of June 30, 2018, increased by $237.3 million, or 36.7 percent, deferred inflows and outflows of resources increased by $51.4 million and $30.3 million, respectively, and total net position decreased $182.2 million. These changes were primarily related to annual changes in actuarial determined amounts for other postemployment benefits and pensions.

<u>The Statement of Revenues, Expenses, and Changes in Net Position</u>

The statement of revenues, expenses, and changes in net position presents the University's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the University's activity for the 2017-18 and 2016-17 fiscal years:

Draft

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years

(In Thousands)

	2017-18	2016-17
Operating Revenues	$ 550,334	$ 523,006
Less, Operating Expenses	1,100,003	1,013,825
Operating Loss	(549,669)	(490,819)
Net Nonoperating Revenues	568,965	485,568
Loss Before Other Revenues	19,296	(5,251)
Other Revenues	18,988	60,633
Net Increase In Net Position	38,284	55,382
Net Position, Beginning of Year	1,279,955	1,224,573
Adjustment to Beginning Net Position (1)	(220,453)	-
Net Position, Beginning of Year, as Restated	1,059,502	1,224,573
Net Position, End of Year	$ 1,097,786	$ 1,279,955

(1) As discussed in Notes 2 and 3 of the financial statements, the University's beginning net position was decreased in conjunction with the implementation of GASB Statement No. 75.

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2017-18 and 2016-17 fiscal years:

Operating Revenues
For the Fiscal Years

(In Thousands)

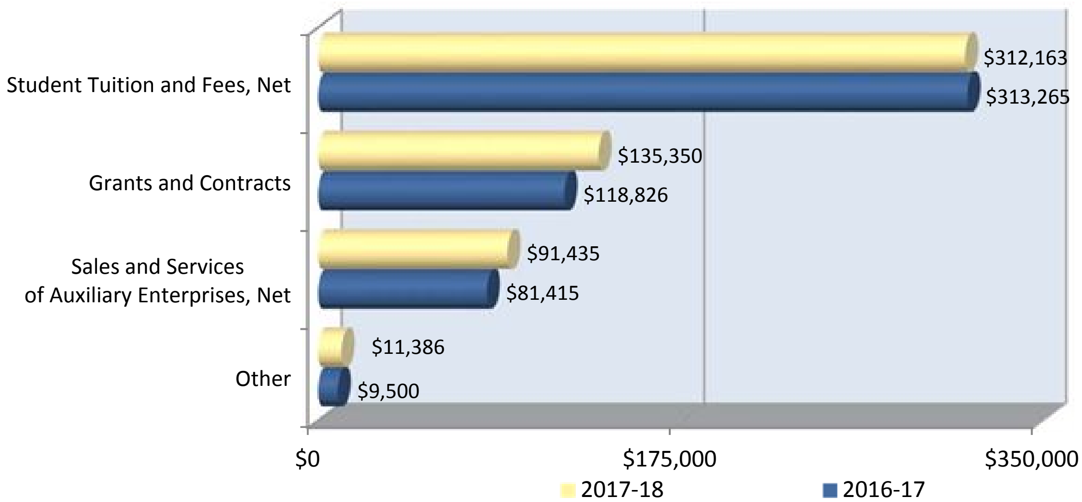
	2017-18	2016-17
Student Tuition and Fees, Net	$ 312,163	$ 313,265
Grants and Contracts	135,350	118,826
Sales and Services of Auxiliary Enterprises, Net	91,435	81,415
Other	11,386	9,500
Total Operating Revenues	$ 550,334	$ 523,006

The following chart presents the University's operating revenues for the 2017-18 and 2016-17 fiscal years:

Draft

Operating Revenues

(In Thousands)



Total operating revenues increased by $27.3 million, or 5.2 percent. Grants and contracts increased by $16.5 million, or 13.9 percent, primarily related to increases in federal and private grants. Net sales and services of auxiliary enterprises increased by $10.0 million, or 12.3 percent, and was primarily due to higher revenues from the College of Medicine residency program.

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the University's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The University has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to financial statements.

The following summarizes operating expenses by natural classification for the 2017-18 and 2016-17 fiscal years:

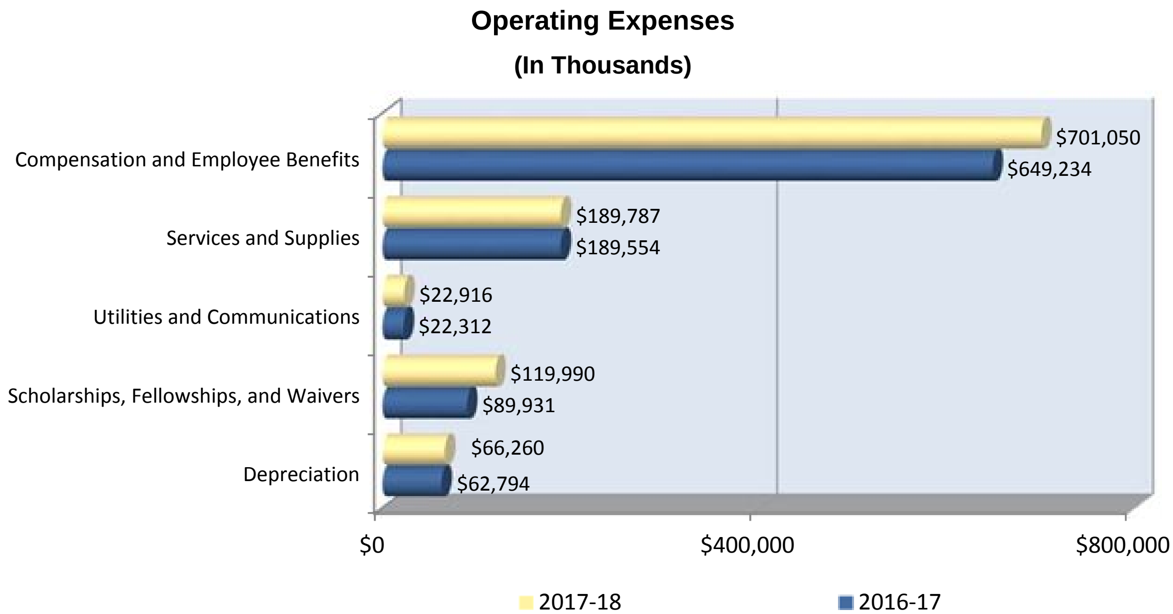
Operating Expenses
For the Fiscal Years

(In Thousands)

	2017-18	2016-17
Compensation and Employee Benefits	$ 701,050	$ 649,234
Services and Supplies	189,787	189,554
Utilities and Communications	22,916	22,312
Scholarships, Fellowships, and Waivers	119,990	89,931
Depreciation	66,260	62,794
Total Operating Expenses	$ 1,100,003	$ 1,013,825

Draft

The following chart presents the University's operating expenses for the 2017-18 and 2016-17 fiscal years:



Operating expenses increased $86.2 million, or 8.5 percent, over the 2016-17 fiscal year. Compensation and employee benefits increased by $51.8 million. Salaries increased $35.8 million due to investments in the University faculty hiring plan including support personnel, growth in post-doctoral medical resident programs, and annual salary increases. Retirement expenses including actuarial determined pension expenses increased $12.5 million. Scholarships, fellowships, and waivers increased by $30.1 million, resulting from increased awards for the Florida Bright Futures Scholarship Program, Federal Pell Grants, and Florida Student Assistance Grants.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2017-18 and 2016-17 fiscal years:

Draft

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2017-18	2016-17
State Noncapital Appropriations	$ 375,458	$ 360,532
Federal and State Student Financial Aid	192,728	140,560
Investment Income	15,592	12,998
Other Nonoperating Revenues	25,766	17,694
Loss on Disposal of Capital Assets	(79)	(502)
Interest on Capital Asset-Related Debt	(7,534)	(8,014)
Other Nonoperating Expenses	(32,966)	(37,700)
Net Nonoperating Revenues	$ 568,965	$ 485,568

Net nonoperating revenues increased by $83.4 million, or 17.2 percent, primarily due to an increase in Federal and State student financial aid of $52.2 million. The University received additional funds for the Florida Bright Futures Scholarship Program, Federal Pell Grants, and Florida Student Assistance Grants in the 2017-18 fiscal year. State noncapital appropriations increased by $14.9 million due to additional emerging pre-eminence funding and other appropriations supporting new faculty, doctoral assistantships, and scholarships.

Other Revenues

This category is composed of State capital appropriations, capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2017-18 and 2016-17 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2017-18	2016-17
State Capital Appropriations	$ 12,472	$ 45,552
Capital Grants, Contracts, Donations, and Fees	6,516	15,081
Total	$ 18,988	$ 60,633

Other revenues decreased $41.6 million, or 68.7 percent, primarily due a decrease in State capital appropriations.

The Statement of Cash Flows

The statement of cash flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the University's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the University. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2017-18 and 2016-17 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2017-18	2016-17
Cash Provided (Used) by:		
Operating Activities	$ (440,992)	$ (389,998)
Noncapital Financing Activities	554,407	483,367
Capital and Related Financing Activities	(110,880)	(106,644)
Investing Activities	4,226	(16,020)
Net Increse (Decrease) in Cash and Cash Equivalents	6,761	(29,295)
Cash and Cash Equivalents, Beginning of Year	19,023	48,318
Cash and Cash Equivalents, End of Year	$ 25,784	$ 19,023

Cash and cash equivalents increased $6.8 million. Cash used by operating activities increased by $51.0 million compared to the 2016-17 fiscal year primarily due to an increase in cash payments to and on behalf of employees for compensation and benefits. Cash inflows from noncapital financing activities increased by $71.0 million primarily due to an increase in cash received from Federal and State student financial aid and State appropriations net of pass-through disbursements. Cash provided by investing activities increased by $20.2 million primarily due to prior year purchases of long term fixed income investments from proceeds received from liquidations of cash equivalent money-market investments.

Major sources of funds came from State noncapital appropriations ($375.5 million), net student tuition and fees ($310.2 million), Federal and State student financial aid ($193.0 million), grants and contracts ($135.2 million), and net sales and services of auxiliary enterprises ($93.6 million). Major uses of funds were for payments made to and on behalf of employees ($660.4 million), payments to suppliers ($210.6 million), payments related to the purchase or construction of capital assets ($144.9 million), and payments to students for scholarships and fellowships ($120.0 million).

Capital Assets, Capital Expenses and Commitments, and Debt Administration

Capital Assets

At June 30, 2018, the University had $2.0 billion in capital assets, less accumulated depreciation of $836.1 million, for net capital assets of $1.1 billion. Depreciation charges for the current fiscal year totaled $66.3 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Draft

Capital Assets, Net at June 30

(In Thousands)

	2018	2017
Land	$ 42,742	$ 36,159
Construction in Progress	90,060	81,061
Buildings	902,373	838,249
Infrastructure and Other Improvements	37,358	31,994
Furniture and Equipment	40,909	40,482
Library Resources	26,082	24,155
Leasehold Improvements	7,163	6,088
Works of Art and Historical Treasures	647	721
Capital Assets, Net	$ 1,147,334	$ 1,058,909

Additional information about the University's capital assets is presented in the notes to the financial statements.

Capital Expenses and Commitments

Major capital expenses for projects completed or in process through June 30, 2018, include the Interdisciplinary Research and Incubator Facility, Partnership IV Phase II, District Energy Plant IV, Trevor Colbourn Hall, the John C. Hitt Library renovations, and the UCF Downtown Academic Building. The University's major construction commitments at June 30, 2018, are as follows:

	Amount (In Thousands)
Total Committed	$ 173,872
Completed to Date	(90,060)
Balance Committed	$ 83,812

Additional information about the University's construction commitments is presented in the notes to financial statements.

Debt Administration

As of June 30, 2018, the University had $180.6 million in outstanding capital improvement debt payable, and loans and notes payable, representing an increase of $3.6 million, or 2.0 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	2018	2017
Capital Improvement Debt	$ 117,242	$ 125,664
Bonds Payable	-	51,315
Notes Payable	63,359	-
Total	$ 180,601	$ 176,979

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Additional information about the University's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2018-19 fiscal year. The University manages this through the continual efficient and strategic use of resources and entrepreneurial efforts by academic, administrative, and auxiliary departments. The budget that the Florida Legislature adopted for the 2018-19 fiscal year provided a 2 percent increase for State universities, including $20 million in new recurring performance-based funding, plus $30 million specifically aimed at meeting the State's performance goals. The University received a total of $6 million of this new funding.

The Florida Legislature also provided $20 million in new funding for institutions that meet emerging pre-eminence and pre-eminence metrics aimed to advance the State's national reputation for higher education. The University of Central Florida qualified for emerging pre-eminence status and received $1.5 million of this new funding, which will be invested in initiatives to enhance the University's reputation as a global research institution and advance toward pre-eminence status.

In addition to State funding, the University relies on other revenue streams to maintain the open access to and high quality of its academic programs. Net tuition and fee revenue remained steady from 2016-17 to 2017-18. Overall, enrollment increased 2.9 percent with a student count of approximately 66,180.The University continues to invest in recruitment, retention, and academic advising initiatives to manage enrollment and support students' success.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Christina Tant, CPA, Assistant Vice President and University Controller, University of Central Florida, 12424 Research Parkway, Suite 300, Orlando, Florida 32826-3249.

Draft

BASIC FINANCIAL STATEMENTS

University of Central Florida
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2018

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 15,035,677	$ 23,148,532
Restricted Cash and Cash Equivalents	3,259,264	14,409,735
Investments	482,654,905	-
Accounts Receivable, Net	63,673,249	18,718,120
Loans and Notes Receivable, Net	1,328,258	-
Due from State	54,725,914	-
Due from Component Units	1,128,037	416,904
Due from University	-	18,549,356
Inventories	2,518,321	34,783
Other Current Assets	4,270,526	1,777,311
Total Current Assets	628,594,151	77,054,741
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	7,489,055	2,989,201
Restricted Investments	86,045,062	212,992,971
Loans and Notes Receivable, Net	4,927,741	18,894,977
Depreciable Capital Assets, Net	1,014,313,741	116,844,051
Nondepreciable Capital Assets	133,019,996	60,003,940
Due from Component Units	5,800,498	-
Other Noncurrent Assets	2,198,226	3,008,507
Total Noncurrent Assets	1,253,794,319	414,733,647
Total Assets	1,882,388,470	491,788,388
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	7,544,000	-
Pensions	130,985,600	-
Deferred Loss on Debt Refundings	12,936,932	5,133,159
Total Deferred Outflows of Resources	151,466,532	5,133,159
LIABILITIES		
Current Liabilities:		
Accounts Payable	15,423,789	6,554,905
Construction Contracts Payable	15,029,921	-
Salary and Wages Payable	24,792,352	-
Deposits Payable	11,253,542	-
Due to Component Units	18,549,356	416,904
Due to University	-	1,128,037
Unearned Revenue	15,858,633	13,657,058
Other Current Liabilities	2,430,622	2,514,854
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	8,270,000	-
Bonds Payable	-	4,881,000
Loans and Notes Payable	2,498,000	2,737,000
Certificates of Participation Payable	-	4,355,000
Compensated Absences Payable	4,014,061	77,500
Other Postemployment Benefits Payable	3,446,000	-
Net Pension Liability	1,592,767	-
Total Current Liabilities	123,159,043	36,322,258

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University of Central Florida
A Component Unit of the State of Florida
Statement of Net Position (Continued)

June 30, 2018

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	108,972,210	-
Bonds Payable	-	118,823,072
Loans and Notes Payable	60,861,000	22,992,999
Certificates of Participation Payable	-	100,040,000
Compensated Absences Payable	53,329,664	691,558
Other Postemployment Benefits Payable	297,066,000	-
Net Pension Liability	231,550,093	-
Unearned Revenues	-	27,140
Due to University	-	5,800,498
Other Noncurrent Liabilities	8,283,443	373,968
Total Noncurrent Liabilities	760,062,410	248,749,235
Total Liabilities	883,221,453	285,071,493
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	42,480,000	-
Pensions	10,367,486	-
Total Deferred Inflows of Resources	52,847,486	-
NET POSITION		
Net Investment in Capital Assets	982,635,149	(71,227,921)
Restricted for Nonexpendable:		
Endowment	-	136,083,134
Restricted for Expendable:		
Debt Service	1,418,562	-
Loans	3,224,757	-
Capital Projects	128,591,852	693,884
Other	13,255,701	118,996,395
Unrestricted	(31,339,958)	27,304,562
TOTAL NET POSITION	$ 1,097,786,063	$ 211,850,054

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

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University of Central Florida
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2018

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $169,884,143 (Pledged for Capital Improvement Debt: $17,518,614 for Student Health and $14,706,584 for Parking)	$ 312,163,236	$ -
Federal Grants and Contracts	100,966,565	-
State and Local Grants and Contracts	8,979,649	-
Nongovernmental Grants and Contracts	25,404,197	-
Sales and Services of Auxiliary Enterprises, Net (Pledged for Capital Improvement Debt: $29,521,514 for Housing and $6,280,813 for Parking)	91,434,807	-
Gifts and Donations	-	44,158,583
Interest on Loans and Notes Receivable	114,405	-
Other Operating Revenues: Pledged for Capital Improvement Debt: $399,474 for Housing and $1,129,249 for Parking)	11,271,405	115,752,812
Total Operating Revenues	550,334,264	159,911,395
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	701,049,970	19,389,015
Services and Supplies	189,786,518	115,585,159
Utilities and Communications	22,916,333	-
Scholarships, Fellowships, and Waivers	119,990,341	-
Depreciation	66,259,952	5,674,815
Total Operating Expenses	1,100,003,114	140,648,989
Operating Income (Loss)	(549,668,850)	19,262,406
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	375,457,594	-
Federal and State Student Financial Aid	192,727,881	-
Investment Income	15,591,848	10,788,867
Other Nonoperating Revenues	25,766,297	14,033,750
Loss on Disposal of Capital Assets	(78,755)	-
Interest on Capital Asset-Related Debt	(7,534,030)	(9,368,779)
Other Nonoperating Expenses	(32,966,232)	(2,898,347)
Net Nonoperating Revenues (Expenses)	568,964,603	12,555,491
Income Before Other Revenues	19,295,753	31,817,897
State Capital Appropriations	12,472,073	-
Capital Grants, Contracts, Donations, and Fees	6,516,188	-
Additions to Permanent Endowments	-	5,693,092
Increase in Net Position	38,284,014	37,510,989
Net Position, Beginning of Year	1,279,955,049	169,386,134
Adjustment to Beginning Net Position	(220,453,000)	4,952,931
Net Position, Beginning of Year, as Restated	1,059,502,049	174,339,065
Net Position, End of Year	$ 1,097,786,063	$ 211,850,054

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

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University of Central Florida
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2018

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 310,232,223
Grants and Contracts	135,189,532
Sales and Services of Auxiliary Enterprises, Net	93,628,755
Interest on Loans and Notes Receivable	107,116
Payments to Employees	(660,449,757)
Payments to Suppliers for Goods and Services	(210,561,501)
Payments to Students for Scholarships and Fellowships	(119,990,340)
Loans Issued to Students	(321,005)
Collection on Loans to Students	1,034,355
Other Operating Receipts	10,138,651
Net Cash Used by Operating Activities	(440,991,971)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	375,457,594
Federal and State Student Financial Aid	193,009,852
Federal Direct Loan Program Receipts	252,634,150
Federal Direct Loan Program Disbursements	(252,634,150)
Net Change in Funds Held for Others	(2,048,956)
Other Nonoperating Disbursements	(12,011,011)
Net Cash Provided by Noncapital Financing Activities	554,407,479
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	95,059,505
State Capital Appropriations	45,969,360
Other Receipts for Capital Projects	5,408,897
Purchase or Construction of Capital Assets	(144,900,911)
Principal Paid on Capital Debt and Leases	(91,960,493)
Interest Paid on Capital Debt and Leases	(20,456,632)
Net Cash Used by Capital and Related Financing Activities	(110,880,274)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	827,249,101
Purchases of Investments	(834,196,711)
Investment Income	11,173,837
Net Cash Provided by Investing Activities	4,226,227
Net Increase in Cash and Cash Equivalents	6,761,461
Cash and Cash Equivalents, Beginning of Year	19,022,535
Cash and Cash Equivalents, End of Year	$ 25,783,996

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University of Central Florida
A Component Unit of the State of Florida
Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2018

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (549,668,850)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	66,259,952
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(3,911,636)
Inventories	(197,195)
Other Assets	(523,345)
Accounts Payable	1,829,061
Salaries and Wages Payable	1,561,362
Deposits Payable	65,730
Compensated Absences Payable	2,639,883
Unearned Revenue	3,592,790
Other Liabilities	961,308
Other Postemployment Benefits Payable	(21,716,000)
Net Pension Liability	33,539,407
Deferred Outflows of Resources Related to Other Postemployment Benefits	(4,493,000)
Deferred Inflows of Resources Related to Other Postemployment Benefits	42,480,000
Deferred Outflows of Resources Related to Pensions	(22,330,064)
Deferred Inflows of Resources Related to Pensions	8,918,626
NET CASH USED BY OPERATING ACTIVITIES	$ (440,991,971)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized gains on investments were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 4,185,671
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (78,755)
A donation of capital assets was recognized on the statement of revenues, expenses, and changes in net position, but is not a cash transaction for the statement of cash flows.	$ 5,525,000

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

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NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity. The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of 5 years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors Regulations, and selecting the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activities are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Blended Component Units. Based on the application of the criteria for determining component units, the UCF Finance Corporation (Corporation) and the University of Central Florida College of Medicine Self-Insurance Program (Program) are included within the University's reporting entity as blended component units, and are therefore reported as if they are part of the University. The Corporation's purpose is to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. The Program's purpose is to provide comprehensive general liability and professional liability coverage for the University's Trustees and students for claims and actions arising from clinical activities of the College of Medicine, College of Nursing, UCF Health Services, College of Health Professions and Sciences (previously included in the College of Health and Public Affairs), and the Central Florida Clinical Practice Organization, Inc., faculty, staff, and resident physicians. Condensed financial statements for the University's blended component units are shown in a subsequent note. The condensed financial statements are reported net of eliminations.

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) and the Central Florida Clinical Practice Organization, Inc. (an affiliated organization), are included within the University reporting entity as discretely presented component units. These legally separate, not-for-profit, corporations are organized and operated to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests, and valuable education support services and are governed by separate

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boards. Florida Statute authorizes these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University.

These organizations and their purposes are explained as follows:

- University of Central Florida Foundation, Inc. is a not-for-profit Florida Corporation whose principal function is to provide charitable and educational aid to the University.
- University of Central Florida Research Foundation, Inc. was organized to promote and encourage, as well as assist in, the research activities of the University's faculty, staff, and students.
- UCF Athletics Association, Inc. was organized to promote intercollegiate athletics to benefit the University and surrounding communities.
- UCF Convocation Corporation was created to finance and construct a convocation center, and to manage the Towers student housing and its related retail space on the north side of campus.
- UCF Stadium Corporation was created to finance, build, and administer an on-campus football stadium.
- Central Florida Clinical Practice Organization, Inc. is an affiliated organization component unit of the University and was formed for the purpose of supporting the medical education program and clinical faculty within the College of Medicine.
- Limbitless Solutions, Inc. is a not-for-profit Florida Corporation whose purpose is to develop affordable open source 3D printed bionic solutions for individuals with disabilities, increase accessibility with art infused bionics, and to promote access and engagement in STEM/STEAM education. Financial activities of this component unit are not included in the University's financial statements as the total assets related to this component unit represent less than one percent of the total aggregate component units' assets.

An annual audit of each organization's financial statements, included in the University's financial statements, is conducted by independent certified public accountants. The annual report is submitted to the Auditor General and the University Board of Trustees. Additional information on the University's discretely presented component units, including copies of audit reports, is available by contacting the Assistant Vice President and University Controller. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

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- Management's Discussion and Analysis
- Basic Financial Statements:
    - Statement of Net Position
    - Statement of Revenues, Expenses, and Changes in Net Position
    - Statement of Cash Flows
    - Notes to Financial Statements
- Other Required Supplementary Information

Measurement Focus and Basis of Accounting. Basis of accounting refers to when revenues, expenses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The University's discretely presented component units use the economic resources measurement focus and the accrual basis of accounting, and follow GASB standards of accounting and financial reporting.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been eliminated from revenues and expenses for reporting purposes.

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of capital assets, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income (net of unrealized gains or losses on investments). Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third party making payment on behalf of the student. The University applied "The Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating

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the cash payments to students, excluding payments for services, on a ratio of total aid to the aid not considered third-party aid.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts, money market funds, and investments with original maturities of three months or less. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. The University also holds $11,956,951 in money market funds and short-term investments. The money market funds and investments are permissible under the current investment policy; the primary portion of these investments are held in Rule 2a-7 mutual funds and securities rated AAA (or its equivalent) by a nationally recognized statistical rating organization. The Corporation, a blended component unit, holds $3,259,264 in money market funds. The money market funds are uninsured, but collateralized by securities held by the financial institutions, not in the name of the Corporation. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

Cash and Cash Equivalents – Discretely Presented Component Units. Cash and cash equivalents for the University's discretely presented component units are reported as follows:

Component Unit	Cash in Bank	Money Market Funds	Total
University of Central Florida Foundation, Inc.	$ 15,142,906	$ 1,510,127	$ 16,653,033
University of Central Florida Research Foundation, Inc.	372,116	-	372,116
UCF Athletics Association, Inc.	469,491	-	469,491
UCF Convocation Corporation	598,134	15,285,558	15,883,692
UCF Stadium Corporation	-	603,251	603,251
Central Florida Clinical Practice Organization, Inc.	6,565,885	-	6,565,885
Total Component Units	$ 23,148,532	$ 17,398,936	$ 40,547,468

The University holds certain cash balances for various discretely presented component units. Cash amounts held for University of Central Florida Research Foundation, Inc., UCF Convocation Corporation, and UCF Stadium Corporation were $11,181,760, $4,563,495, and $2,125,986, respectively.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the component unit will not be able to recover deposits.

- **University of Central Florida Foundation, Inc.** – Cash deposits consist of non-interest-bearing demand deposits, money market, and cash deposits. At June 30, 2018, approximately

$15,601,453 in cash deposits were not insured by Federal deposit insurance and were not collateralized.

- **UCF Athletics Association, Inc.** – The Association does not have a deposit policy for custodial credit risk, although all demand deposits with banks are insured up to the FDIC limits. As of June 30, 2018, $133,483 of the Association's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.
- **UCF Convocation Corporation** – At June 30, 2018, the Convocation Corporation held $15,285,558 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation's name.
- **UCF Stadium Corporation** – At June 30, 2018, the Stadium Corporation held $603,251 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation's name.
- **Central Florida Clinical Practice Organization, Inc.** – At June 30, 2018, The Central Florida Clinical Practice Organization, Inc. had deposits in banking institutions. A portion of the deposits, totaling $6,352,327, were in excess of the Federal deposit insurance limit as of June 30, 2018.

Capital Assets. University capital assets consist of land, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, leasehold improvements, works of art and historical treasures, computer software, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of $4 million for intangible assets, which includes computer software, $5,000 for tangible personal property, and $250 for library resources. New buildings and improvements have a $100,000 capitalization threshold. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 5 to 10 years
- Library Resources – 10 years
- Leasehold Improvements – the lessor of the remaining lease term, or the estimated useful life of the improvement
- Works of Art and Historical Treasures – 5 to 15 years
- Computer Software – 5 to 10 years

Noncurrent Liabilities. Noncurrent liabilities include capital improvement debt payable, loans and notes payable, compensated absences payable, other postemployment benefits payable, net pension liabilities, and other noncurrent liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premium or discount. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.

Pensions. For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and the HIS fiduciary net positions have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

2. Reporting Changes

Governmental Accounting Standards Board Statement No. 75. The University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended. This statement addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB) provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB they provide; and requires more extensive note disclosures and supplementary information about a government's OPEB liability.

3. Adjustment to Beginning Net Position

The beginning net position of the University was decreased by $220,453,000 due to the implementation of GASB Statement No. 75. The University's total OPEB liability reported at June 30, 2017, increased by $220,453,000 to $322,228,000 as of July 1, 2017, due to the transition in the valuation methods under GASB Statement No. 45 to GASB Statement No. 75, and beginning balances for deferred outflows/inflows or resources were not restated.

The beginning net positions of the UCF Convocation Corp and UCF Stadium Corporation were increased by $4,304,506 and $648,425, respectively, due to the implementation of GASB Statement No. 86, Certain Debt Extinguishment Issues. Each component unit removed the impact of previous write-offs of unamortized prepaid bond insurance costs associated with associated debt refunding's and re-calculated each deferred loss on refunding amounts.

4. Deficit Net Position in Individual Funds

The University reported an unrestricted net position which included a deficit in the current funds – unrestricted as shown below:

Fund	Net Position
Current Funds - Unrestricted	$ (155,532,914)
Auxiliary Funds	124,192,956
Total	$ (31,339,958)

As shown in the following schedule, this deficit can be attributed primarily to the full recognition of certain long-term liabilities (i.e. compensated absences payable, OPEB payable and net pension liabilities) in the current unrestricted funds that are expected to be paid over time:

	Amount
Total Unrestricted Net Position Before Recognition of Certain Long-Term Liabilities, Deferred Outflows and Deferred Inflows of Resources	$ 464,923,685
Amount Expected to be Paid in Future Years:	
Compensated Absences Payable	53,329,664
Other Post Employment Benefits Payable and Related Deferred Outflows and Deferred Inflows of Resources	332,002,000
Net Pension Liability and Related Deferred Outflows and Deferred Inflows of Resources	110,931,979
Total Amount Expected to be Paid in Future Years	496,263,643
Total Unrestricted Net Position	$ (31,339,958)

5. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The Board of Trustees has adopted a written investment policy and manual providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open end or closed end management type investment companies; and other investments approved by the Board of Trustees as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

All of the University's recurring fair value measurements as of June 30, 2018 are valued using quoted market prices (Level 1 inputs), with the exception of corporate, municipal and other bonds, certain federal agency obligations and certificates of deposits which are valued using matrix pricing models which may consider quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices that are observable

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(Level 2 inputs) and investments with the State Treasury which are valued based on the University's share of the pool (Level 3 inputs).

The University's investments at June 30, 2018, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	$ 297,957,515	$ -	$ -	$ 297,957,515
SBA Debt Service Accounts	1,323,706	1,323,706	-	-
Certificates of Deposit	1,461,927	-	1,461,927	-
United States Government				
and Federally-Guaranteed Obligations	38,823,044	38,823,044	-	-
Federal Agency Obligations	27,317,998	461,493	26,856,505	-
Bonds and Notes	96,177,016	-	96,177,016	-
Mutual Funds				
Equities	92,898,939	92,898,939	-	-
Bonds	12,739,822	12,739,822	-	-
Total investments by fair value level	$ 568,699,967	$ 146,247,004	$ 124,495,448	$ 297,957,515

Investments held by the University's component units at June 30, 2018, are reported as follows:

Investments by fair value level	University of Central Florida Foundation Inc.	University of Central Florida Research Foundation Inc.	Total	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity - Domestic	$ 5,220,769	$ 399,220	$ 5,619,989	$ 5,551,591	$ 68,398	$ -
Equity - International	27,405,051	-	27,405,051	27,405,051	-	-
Domestic - Fixed Income	36,824,207	-	36,824,207	36,824,207	-	-
Global All Assets	14,575,447	-	14,575,447	14,575,447	-	-
Real Assets	4,073,225	-	4,073,225	473,225	-	3,600,000
Total investments by fair value level	88,098,699	399,220	88,497,919	$ 84,829,521	$ 68,398	$ 3,600,000
Investments measured at the net asset value (NAV)						
Equity - Domestic	7,425,643	-	7,425,643			
Equity - International	45,655,944	-	45,655,944			
Domestic - Fixed Income	4,377,176	-	4,377,176			
International Fixed Income	21,325,906	-	21,325,906			
Global All Assets	8,549,709	-	8,549,709			
Private Equity Funds	7,208,893	-	7,208,893			
Private Debt Funds	1,662,464	-	1,662,464			
Hedge Funds:						
Credit	7,686,794	-	7,686,794			
Event Driven	6,563,227	-	6,563,227			
Global Macro	5,185,778	-	5,185,778			
Long Short	2,230,741	-	2,230,741			
Long Short Credit	2,211,562	-	2,211,562			
Equity Linked	4,116,965	-	4,116,965			
Real Assets	294,250	-	294,250			
Total investments measured at the NAV	124,495,052	-	124,495,052			
Total investments	$ 212,593,751	$ 399,220	$ 212,992,971			

All of the University's component units' recurring fair value measurements as of June 30, 2018 are valued using quoted market prices (Level 1 inputs), with the exception of equity investments valued

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quarterly by respective fund managers (Level 2 inputs) and real assets valued based on an appraisal utilizing recent sale and property comparisons of like assets (Level 3 inputs).

For the University's component units, the valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

Investments measured at the net asset value (NAV)	**University of Central Florida Foundation Inc.**	**Unfunded Commitments**	**Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
Equity - Domestic	$ 7,425,643	$ -	Immediate	
Equity - International	45,655,944	-	Immediate	
Domestic - Fixed Income	4,377,176	-	Immediate	
International Fixed Income	21,325,906	-	Monthly	30 Days
Global All Assets	8,549,709	-	Immediate	
Private Equity Funds	7,208,893	10,626,424		
Private Debt Funds	1,662,464	4,062,135		
Hedge Funds:				
Credit	7,686,794	-	Monthly/Quarterly	30-90 Days
Event Driven	6,563,227	-	Quarterly	60-90 Days
Global Macro	5,185,778	-	Monthly/Quarterly	30-62 Days
Long Short	2,230,741	-	Monthly	30 Days
Long Short Credit	2,211,562	-	Monthly	30 Days
Equity Linked	4,116,965	-	Monthly/Quarterly	30-60 Days
Real Assets	294,250	2,775,706		
Total investments measured at the NAV	$ 124,495,052	$ 17,464,265		

Net Asset Value

GASB Statement No. 72, *Fair Value Measurement and Application*, permits the fair value of certain equity and debt investments that do not have readily determinable fair values to be based on their net asset value (NAV) per share. The investments held at net asset value reflect:

Domestic Equity and International Equity: These funds are operated by money managers and can be actively managed or passively managed to an index. These funds are privately placed, and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair values of both funds are provided by the money managers which use a quoted price in active markets for the underlying assets.

Domestic Fixed Income: The fund is operated by a money manager and is passively managed to an index. The fund is privately placed, and its fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair values of the fund is provided by the money manager which uses a quoted price in the active markets for the underlying assets.

International Fixed Income: Two of the funds invest in fixed income bonds ranging in credit ratings focused on domestic and international investments. One fund utilizes a focus on credit driven strategies for the underlying investments and can contain both domestic and international investments in the portfolio. These funds are privately placed, and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair values of the three funds are provided by the money managers which use a quoted price in active markets for the underlying assets.

Global All Assets: The fund invests in a global strategy including domestic, international, and global companies and is privately placed, and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of this fund is provided by the money manager which uses a quoted price in active markets for the underlying assets.

Private Equity and Private Debt Funds: Private equity and private debt includes distinct limited partnerships or limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets or notes of the fund. Private equity and private debt are not traded on a public, primary exchange. Private equity can include equity rights to private companies, capital lent to companies, or other privately held securities. Private equity commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. Private debt funds aim to take advantage of structural imbalances between demand and supply of credit for consumers, small and medium enterprises, and trade finance consisting of private notes and bonds with equity components. In this portfolio, private equity capital and private debt are invested with general partners of a legally formed limited partnership, whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

Credit and Long Short Credit Hedge Funds: The credit linked class of hedge funds seeks to profit from the mispricing of related debt securities. Returns are not generally dependent on the general direction of market movements. This strategy utilizes quantitative and qualitative analysis to identify securities or spreads between securities that deviate from their fair value and/or historical norms. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Event Driven Hedge Funds: The event driven hedge funds class includes investments in hedge funds that invest across the capital structure in equity and debt securities. Managers invest in situations with the expectation that a near term event will act as a catalyst changing the market's perception of a company, thereby increasing or decreasing the value of its equity or debt. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Global Macro Hedge Funds: The global macro hedge fund class includes hedge funds that trade highly liquid instruments, long and short, including currencies, commodities, fixed income instruments and equity indices. Two types of strategies are employed in this portfolio: discretionary strategies that employ broad analysis of economic, financial and political data to identify themes, and systematic strategies that use algorithmic models to analyze historical data, both technical and fundamental. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Long/Short Hedge Funds: The equity long\short hedge fund class includes investments in hedge funds that invest both long and short stocks and equity indices. Management of the hedge funds has the ability to shift investments across a variety of stocks, equity indices, and to a lesser extent other securities from a net long position to a net short position. In this portfolio, the managers are focused primarily on the United States, Europe and Asia. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Equity Linked Hedge Funds: The equity linked class of hedge funds includes investments in debt instruments and options on equities. The equities options provide investors with principle protection while providing exposure to equities. Returns are dependent on performance of the equities options. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Real Assets: Real assets include one investment vehicle consisting of a distinct limited liability company. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets or notes of the fund. Real assets consist of capital not traded on a public, primary exchange. For purposes of this portfolio, real assets include private holdings in domestic and international real estate. Real asset commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. In this portfolio, real assets capital is invested with general partners of a legally formed limited partnership, whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

External Investment Pools

The University reported investments at fair value totaling $297,957,515 at June 30, 2018, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities.

Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of A+f by Standard & Poor's, had an effective duration of 3 years, and fair value factor of 0.9872 at June 30, 2018. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

State Board of Administration Debt Service Accounts

The University reported investments totaling $1,323,706 at June 30, 2018, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The

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University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

Other Investments

The University and its discretely presented component units invested in various debt and equity securities, mutual funds, and certificates of deposit. The following risks apply to the University's and its discretely presented component units' investments other than external investment pools:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(16), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due. Investments of the University and its component units in debt securities, bond mutual funds, and debt related hedge funds, and their future maturities at June 30, 2018, are as follows:

University Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years) Less Than 1	1 - 5	More Than 5
U.S. Government and				
Federally-Guaranteed Obligations	$ 38,823,044	$ 8,132,949	$ 29,754,027	$ 936,068
Federal Agency Obligations	27,317,998	161,358	11,598,556	15,558,084
Bonds and Notes	96,177,016	10,314,503	67,677,669	18,184,844
Mutual Funds - Bonds	12,739,822	512,849	5,625,716	6,601,257
Total	$ 175,057,880	$ 19,121,659	$ 114,655,968	$ 41,280,253

Component Units' Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years) Less Than 1	1 - 5	More Than 5	Investments not directly subject to interest rate risk (1)
Domestic Fixed Income	$ 41,201,383	$ -	$ 31,707,453	$ 5,116,754	$ 4,377,176
International Fixed Income	21,325,906	-	-	-	21,325,906
Global All Assets	23,125,156	-	-	-	23,125,156
Private Debt	1,662,464	-	-	-	1,662,464
Hedge Funds	27,995,067	-	-	-	27,995,067
Total	$ 115,309,976	$ -	$ 31,707,453	$ 5,116,754	$ 78,485,769

(1) Certain UCF Foundation alternative investments are held in funds and are not directly subject to credit risk. Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The investments listed above with quality ratings reflect the credit risk related to debt-type securities that are directly held by the Foundation.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States government or obligations explicitly guaranteed by the

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United States government are not considered to have credit risk and do not require disclosure of credit quality. The University's investment policy limits fixed income exposure to investment grade assets and provides credit quality guidelines applicable to the investment objective. The University's component units' investment policies provide information on asset classes, target allocations, and ranges of acceptable investment categories. The following schedule represents the ratings at June 30, 2018, of the University's and its component units' debt instruments using Moody's and Standard and Poor's, nationally recognized rating agencies:

University Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A
Federal Agency Obligations	$ 27,317,998	$ 27,317,998	$ -	$ -	$ -
Bonds and Notes	96,177,016	33,327,844	17,612,842	43,203,950	2,032,380
Mutual Funds - Bonds	12,739,822	-	2,193,322	10,546,500	-
Total University	$ 136,234,836	$ 60,645,842	$ 19,806,164	$ 53,750,450	$ 2,032,380

Component Units' Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A	Investments not directly subject to credit risk (1)
Domestic Fixed Income	$ 41,201,383	$ 4,936,250	$ 22,706,796	$ 4,312,601	$ 4,868,560	$ 4,377,176
International Fixed Income	21,325,906	-	-	-	-	21,325,906
Global All Assets	23,125,156	-	-	-	-	23,125,156
Private Debt	1,662,464	-	-	-	-	1,662,464
Hedge Funds	27,995,067	-	-	-	-	27,995,067
Total Component Units	$ 115,309,976	$ 4,936,250	$ 22,706,796	$ 4,312,601	$ 4,868,560	$ 78,485,769

(1) Certain UCF Foundation alternative investments are held in funds and are not directly subject to credit risk. Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The investments listed above with quality ratings reflect the credit risk related to debt-type securities that are directly held by the Foundation.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's or its component units' investments in a single issuer. The University's and its component units' investment policies require diversification sufficient to reduce the potential of a single security, single sector of securities, or single style of management having a disproportionate or significant impact on the portfolio. The University's investment policy states that not more than five percent of the investment portfolio's assets shall be invested in securities on any one issuing company, and no single corporate bond issuer shall exceed five percent of the portfolio. Guidelines for individual sectors of the portfolio further indicate percentage limitations.

6. Receivables

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2018, the University reported the following amounts as accounts receivable:

Description	Amount
Contracts and Grants	$ 30,720,327
Student Tuition and Fees	25,843,270
Other	7,109,652
Total Accounts Receivable	$ 63,673,249

Loans and Notes Receivable. Loans and notes receivable represent all amounts owed on promissory notes from debtors, including student loans made under the Federal Perkins Loan Program and other loan programs.

Allowance for Doubtful Receivables. Allowances for doubtful accounts, and loans and notes receivable, are reported based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. Accounts receivable, and loans and notes receivable, are reported net of allowances of $2,243,573 and $813,915, respectively, at June 30, 2018.

7. Due From State

The amount due from State primarily consists of $54,725,914 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations due from the State to the University for construction or purchase of University facilities.

8. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2018, is shown in the following table:

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Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 36,158,790	$ 6,582,763	$ -	$ 42,741,553
Works of Art and Historical Treasures	218,000	-	-	218,000
Construction in Progress	81,060,507	114,462,132	105,462,196	90,060,443
Total Nondepreciable Capital Assets	$ 117,437,297	$ 121,044,895	$ 105,462,196	$ 133,019,996
Depreciable Capital Assets:				
Buildings	$ 1,280,736,374	$ 105,242,054	$ -	$ 1,385,978,428
Infrastructure and Other Improvements	61,398,415	7,946,159	-	69,344,574
Furniture and Equipment	219,142,437	16,873,663	6,258,974	229,757,126
Library Resources	133,044,526	6,736,286	-	139,780,812
Leasehold Improvements	13,635,574	2,408,381	-	16,043,955
Works of Art and Historical Treasures	1,677,354	-	-	1,677,354
Computer Software and Other Capital Assets	7,850,435	-	-	7,850,435
Total Depreciable Capital Assets	1,717,485,115	139,206,543	6,258,974	1,850,432,684
Less, Accumulated Depreciation:				
Buildings	442,487,657	41,118,116	-	483,605,773
Infrastructure and Other Improvements	29,404,555	2,582,530	-	31,987,085
Furniture and Equipment	178,660,353	16,341,903	6,154,567	188,847,689
Library Resources	108,888,933	4,809,859	-	113,698,792
Leasehold Improvements	7,547,874	1,333,028	-	8,880,902
Works of Art and Historical Treasures	1,173,751	74,516	-	1,248,267
Computer Software and Other Capital Assets	7,850,435	-	-	7,850,435
Total Accumulated Depreciation	776,013,558	66,259,952	6,154,567	836,118,943
Total Depreciable Capital Assets, Net	$ 941,471,557	$ 72,946,591	$ 104,407	$ 1,014,313,741

9. Unearned Revenue

Unearned revenue at June 30, 2018, includes grant and contract prepayments, auxiliary prepayments, and student tuition and fees received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2018, the University reported the following amounts as unearned revenue:

Description	Amount
Auxiliary Prepayments	$ 9,377,959
Grant and Contracts	5,593,659
Student Tuition and Fees	887,015
Total Unearned Revenue	$ 15,858,633

10. Deferred Outflow / Inflow of Resources

The deferred outflows and inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Total deferred outflows of resources related to pensions were $130,985,600 and deferred inflows of resources related to pensions were $10,367,486 for the year ended June 30, 2018. Note 12 includes a complete discussion of defined benefit pension plans.

The deferred outflows and inflows related to Other Postemployment Benefits (OPEB) are an aggregate of items related to OPEB as calculated in accordance with GASB Statement No. 75, Accounting and

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Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program. Total deferred outflows of resources related to OPEB were $7,544,000 and deferred inflows of resources related to OPEB were $42,480,000 for the year ended June 30, 2018. Note 11 includes a complete discussion of Other Postemployment Benefits.

The total deferred outflows of resources related to the deferred loss on debt refunding's were $12,936,932 for the year ended June 30, 2018. The deferred loss was created as a result of the UCF Finance Corp debt refinancing, which terminated the UCF Finance Corporation's interest rate swap liability at a cost of $13,447,600. The deferred loss will be amortized as a component of interest expense over the remaining life of the UCF Finance Corporation's series 2017 refunding term loan. Note 11 includes a complete discussion of the UCF Finance Corporation's debt refinancing.

11. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2018, include capital improvement debt payable, bonds payable, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities. Long-term liabilities activity for the fiscal year ended June 30, 2018, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	$125,664,116	$ 28,045,000	$ 36,466,906	$117,242,210	$ 8,270,000
Bonds Payable	51,315,000	-	51,315,000	-	-
Loans and Notes Payable	-	63,420,513	61,513	63,359,000	2,498,000
Compensated Absences Payable	54,725,455	6,806,246	4,187,976	57,343,725	4,014,061
Other Postemployment Benefits Payable	322,228,000	23,815,000	45,531,000	300,512,000	3,446,000
Net Pension Liability	199,603,453	152,562,429	119,023,022	233,142,860	1,592,767
Interest Rate Swap	12,550,585	781,216	13,331,801	-	-
Other Noncurrent Liabilities	7,464,053	1,740,792	921,402	8,283,443	-
Total Long-Term Liabilities	$773,550,662	$277,171,196	$270,838,620	$779,883,238	$ 19,820,828

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Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2018:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2002 - Housing	$ 14,055,000	$ 1,140,000	4.25	2019
2007A - Housing	38,780,000	1,830,000	5.25	2019
2012A - Housing	66,640,000	60,411,476	3 to 5	2042
2018A - Housing	23,255,000	25,844,412	4 to 5	2030
Total Student Housing Debt	142,730,000	89,225,888		
Student Health Center Debt:				
2004A	8,000,000	3,150,000	4.5 to 5	2024
Parking Garage Debt:				
2010B - Parking Garage VI	11,140,000	9,720,000	4.9 to 6.2	2029
2011A - Parking Garage	11,005,000	3,398,088	3 to 5	2022
2012A - Parking Garage	7,860,000	6,533,585	3 to 5	2032
2018A - Parking Garage	4,790,000	5,214,649	5	2024
Total Parking Garage Debt	34,795,000	24,866,322		
Total Capital Improvement Debt	$ 185,525,000	$ 117,242,210		

(1) Amount outstanding includes unamortized discounts and premiums.

The University extinguished long-term capital improvement debt obligations by the issuance of new long-term capital improvement debt instruments as follows:

On March 15, 2018 the Florida Board of Governors issued $23,255,000 of University of Central Florida Dormitory Revenue Refunding Capital Improvement Bonds, Series 2018A, with a net premium of $3,179,007, and interest rates ranging from 4 to 5 percent. The University's portion of the refunding bonds, $26,434,007, was used to partially defease $2,435,000 of the outstanding Capital Improvement Dormitory Revenue Bonds, Series 2002 and $23,630,000 of the outstanding Capital Improvement Dormitory Revenue Bonds, Series 2007A. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's statement of net position. As a result of the refunding, the University reduced its capital improvement debt service requirement by $3,977,202 over the next 12 years and obtained an economic gain of $3,439,521.

On June 21, 2018, the Florida Board of Governors issued $4,790,000 of University of Central Florida Parking Facility Revenue Refunding Capital Improvement Bonds, Series 2018A, with a net premium of $476,498, and an interest rate of 5 percent. The University's portion of the refunding bonds, $5,266,498, was used to defease $5,220,000 of the outstanding Capital Improvement Parking Facility Revenue Bonds, Series 2004A. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's statement of net position. As a result of the refunding, the

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University reduced its capital improvement debt service requirement by $323,112 over the next 6 years and obtained an economic gain of $295,881.

The University has pledged a portion of future housing rental revenues, parking revenues, and health service facility fees based on credit hours to repay $185,525,000 in capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student housing, student health facilities, and student parking garages. The bonds are payable solely from housing rental revenues, parking and transportation fees, and student health fees and are payable through 2042. The University has committed to appropriate each year amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $152,905,301, and principal and interest paid for the current year totaled $13,950,116 excluding refunding defeasances. During the 2017-18 fiscal year, operating revenues generated from housing rentals, parking revenues, and student health fees totaled $29,920,988, $22,116,647, and $17,518,614, respectively.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2018, are as follows:

Fiscal Year Ending June 30	**Principal**	**Interest**	**Total**
2019	$ 8,270,000	$ 4,825,193	$ 13,095,193
2020	8,410,000	4,446,040	12,856,040
2021	8,225,000	4,034,658	12,259,658
2022	7,385,000	3,652,328	11,037,328
2023	7,195,000	3,286,563	10,481,563
2024-2028	33,195,000	11,578,154	44,773,154
2029-2033	19,390,000	5,608,804	24,998,804
2034-2038	9,885,000	3,118,969	13,003,969
2039-2042	9,565,000	834,592	10,399,592
Subtotal	111,520,000	41,385,301	152,905,301
Net Discounts and Premiums	5,722,210	-	5,722,210
Total	$ 117,242,210	$ 41,385,301	$ 158,627,511

Loans and Notes Payable. During the 2007 fiscal year, one of the University's blended component units, the UCF Finance Corporation (Corporation), issued $60 million in bonds to finance the construction of the Burnett Biomedical Sciences Building, part of the University's medical school. The Corporation entered into an interest rate swap agreement in connection with the bond issuance as a means to lower its borrowing costs when compared with fixed-rate bonds at the time of their issuance.

In September 2017, the Corporation issued a $63,359,000 Refunding Term Loan, Series 2017 to a bank. The loan will mature on July 1, 2037 and bear interest at a fixed rate of 2.4 percent per annum with a 15 year interest put option. The loan is secured by the University's indirect cost revenues received by the University from Federal, State, and private grants. Proceeds of $63,359,000 from the term loan, plus an additional $918,460 contributed from the Corporation were used to purchase $50,627,660 in U.S. Treasury State and Local Government Securities, to pay $13,447,600 to terminate the interest rate swap liability, and to fund $202,200 of cost of issuance expenses. The payment of the swap is included in

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Interest Paid on Capital Debt and Leases in the Statement of Cash Flows. The U.S. Treasury State and Local Government Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2007 bonds, which defeased the bonds. The trust assets and the liability for the defeased bonds are not included in the statement of net position. The trust extinguished the defeased bonds on October 20, 2017. As a result of the refinancing, the Finance Corporation reduces its debt service requirement by $5,804,859 over the next 20 years and obtained an economic gain of $4,315,688.

The University agreed to use a ground sublease to lease to its blended component unit, the Corporation, a parcel of property located in Orange County, Florida, where approximately 198,000 square feet of classroom, laboratory, and administrative office space, together with related infrastructure was constructed. The facilities are used solely for education and research purposes and are operated and managed by the University. The University and the Corporation entered into an agreement whereby the Corporation leases the facilities to the University for the occupancy of the facilities. The University has agreed to pay a base rent equal to all amounts due and payable under the term loan.

Annual requirements to amortize the outstanding term loan as of June 30, 2018, are as follows:

Fiscal Year	**Loans and Notes Payable**		
Ending June 30	**Principal**	**Interest**	**Total**
2019	$ 2,498,000	$ 1,490,640	$ 3,988,640
2020	2,559,000	1,429,956	3,988,956
2021	2,621,000	1,367,796	3,988,796
2022	2,684,000	1,304,136	3,988,136
2023	2,750,000	1,238,928	3,988,928
2024-2028	14,783,000	5,159,700	19,942,700
2029-2033	16,670,000	3,274,680	19,944,680
2034-2037	18,794,000	1,149,264	19,943,264
Total	$ 63,359,000	$ 16,415,100	$ 79,774,100

On March 8, 2018 the Corporation entered into a note with a bank for up to $20,000,000 to secure the construction commitments for a new University Downtown campus education facility. The note bears a variable rate of interest equal to a per annum rate of 81% multiplied by the sum of the LIBOR plus 0.50% and is subject to adjustment to reflect changes in the LIBOR Rate. The rate on June 30, 2018 was 2.74%. The balance of the note was $0 as of June 30, 2018. Payments will be made on an annual basis on March 8th of each year beginning March 8, 2019.

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2018, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $57,343,725. The current portion of the compensated absences liability, $4,014,061 is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years calculated as a percentage of those years' total compensated absences liability.

Other Postemployment Benefits Payable. The University follows GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

General Information about the OPEB Plan

Plan Description. The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan administered by the State of Florida. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for funding the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of $300,512,000 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. At June 30, 2018, the University's proportionate share, determined by its proportion of total benefit payments made, was 2.78 percent, which was a decrease of 0.05 from its proportionate share measured as of June 30, 2017.

Actuarial Assumptions and Other Inputs. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60 percent
Salary increases	Varies by FRS Class
Discount rate	3.58 percent
Healthcare cost trend rates	
Preferred Provider Option (PPO) Plan	7.80 percent for 2018, decreasing to an ultimate rate of 3.80 percent for 2076 and later years
Health Maintenance Organization (HMO) Plan	5.20 percent for 2018, decreasing to an ultimate rate of 3.80 percent for 2076 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

While an experience study had not been completed for the OPEB Plan, the actuarial assumptions that determined the total OPEB liability for the OPEB Plan were based on certain results of the most recent experience study for the FRS Plan.

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	**Current Discount Rate (3.58%)**	**1% Increase (4.58%)**
University's proportionate share of the total OPEB liability	$374,009,000	$300,512,000	$244,398,000

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	**Healthcare Cost Trend Rates**	**1% Increase**
University's proportionate share of the total OPEB liability	$239,181,000	$300,512,000	$383,830,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

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For the fiscal year ended June 30, 2018, the University recognized OPEB expense of $19,854,000. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ -	$ 42,480,000
Change in proportionate share	3,961,000	-
Transactions subsequent to the measurement date	3,583,000	-
Total	$ 7,544,000	$ 42,480,000

Of the total amount reported as deferred outflows of resources related to OPEB, $3,583,000 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2019	$ (5,503,000)
2020	(5,503,000)
2021	(5,503,000)
2022	(5,503,000)
2023	(5,503,000)
Thereafter	(11,004,000)
Total	$(38,519,000)

Net Pension Liability. As a participating employer in the Florida Retirement System, the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2018, the University's proportionate share of the net pension liabilities totaled $233,142,860. Note 12 includes a complete discussion of defined benefit pension plans.

Interest Rate Swap. As described previously in the Loans and Notes Payable section above, the Corporation's interest rate swap liability was terminated in September 2017.

Other Noncurrent Liabilities. Other noncurrent liabilities primarily consist of the liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan Program. Under the Perkins Loan program, the University receives Federal capital contributions that must be returned to the Federal Government if the program has excess cash or the University ceases to participate in the program. Federal capital contributions held by the University totaled $6,413,545 as of June 30, 2018.

Certificate of Participation Payable and Bonds Payable – Component Units.

UCF Convocation Corporation

During the 2013-14 and 2014-15 fiscal years, the UCF Convocation Corporation issued two refunding certificates of participation, Series 2014A for $58,645,000 and Series 2014B for $58,930,000 related to the construction of four residential housing towers, two adjacent parking facilities, and certain surrounding commercial retail space during the 2004-05 and 2005-06 fiscal years. The refunding certificates will mature on October 1, 2034, and October 1, 2035, respectively, and bear interest at a fixed rate of 3.61 and 3.80 percent, respectively, per annum.

During the 2015-16 fiscal year, the UCF Convocation Corporation issued a $48,385,000 Refunding Revenue Bond, Series 2015A and a $34,775,000 Taxable Refunding Revenue Bond, Series 2015B to a bank, related to the acquisition, construction, and installation of a new convocation center, renovation of the existing University Arena, and construction of related infrastructure during the 2005-06 fiscal year. The bonds will mature on October 1, 2035, and bear interest at fixed rates ranging from 2 to 5 percent per annum.

The outstanding balance of UCF Convocation Corporation certificates and revenue bonds at June 30, 2018, was $104,395,000 and $76,785,000, respectively, before an unamortized premium of $976,067.

The University entered into an operating agreement with the UCF Convocation Corporation whereby the UCF Convocation Corporation will be solely responsible for management and operations of the convocation center and related facilities. The University assigned its rights, title, and interest in revenues generated from use of the facilities to the UCF Convocation Corporation and granted it the right to pledge revenues to secure repayment of the refunding revenue bonds. The University retained the right for priority use of the facilities for a period of at least 100 days annually. In exchange, the University agreed to pay UCF Convocation Corporation $2,200,000 per year for the term of the agreement. The term of the agreement ends in 2036 and cannot be terminated prior to the time that all related bonds have been paid in full. Amounts paid to UCF Convocation Corporation for the fiscal year ended June 30, 2018, totaled $2,200,000.

The University entered into a support agreement with the UCF Convocation Corporation such that it will fund certain deficiencies that may arise in the event the corporation is unable to make the minimum payments on the certificates or bonds. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts. In the event of certain deficiencies for debt service coverage requirements or reserve account shortfalls, the University agrees to defer collecting certain expenditures to cover any such deficiencies.

In fiscal year 2018, the UCF Convocation Corporation met requirements necessary to release certain restricted funds held by the trustee. The Corporation’s governing board made the decision to remit a portion of these funds back to the University. Transfers to the University totaled $704,711 for fiscal year ended June 30, 2018.

UCF Stadium Corporation

During the 2015-16 fiscal year, the UCF Stadium Corporation issued Series 2015A tax-exempt refunding revenue bonds for $33,995,000 with a net premium of $2,332,576, Series 2015B taxable refunding revenue bonds for $10,250,000, and a Series 2015C non-taxable refunding revenue bond for $3,810,000, to a bank, related to the construction of a football stadium on the campus at the University. The bonds include both term and serial bonds and are secured by a pledge from the UCF Athletics Association, Inc. of gross ticket revenues, rent, away game guarantees, conference distributions, and sponsorship revenues. The bonds bear fixed interest rates that range from 2.75 percent to 5.15 percent, and maturity dates that range from March 2029 to March 2036.

The outstanding balance of all UCF Stadium Corporation revenue bonds at June 30, 2018, was $43,908,000, before an unamortized premium of $2,035,005.

The University entered into a support agreement with the UCF Stadium Corporation such that it will fund certain deficiencies that may arise in the event either corporation is unable to make the minimum payments on the bonds. In addition, if the Corporation has deficiencies for debt service coverage or reserve account shortfalls, the University agrees to transfer funds to cover any such deficiencies. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts.

Loans and Notes Payable – Component Units.

UCF Foundation, Inc.

During the 2004-05 fiscal year, the University of Central Florida Foundation, Inc. entered into a note for the purchase of land and buildings. The note is secured by the land, buildings, and lease revenues. In May 2017, the note was refinanced to a 3.34 percent fixed rate. The principal balance at the time of the refinance was $7,535,000 with the note still maturing on April 1, 2029. As of June 30, 2018, the remaining outstanding principal was $7,015,000.

During the 2009-10 fiscal year, the University of Central Florida Foundation, Inc. entered into a note with a bank for $19,925,000. The note is comprised of a tax-exempt portion with a fixed rate of 4.96 percent and a taxable portion with a fixed rate of 5.83 percent. The note is secured by buildings and lease revenue. As of June 30, 2018, the taxable note was fully repaid and the remaining outstanding principal for the tax-exempt note was $12,440,000.

UCF Athletics Association, Inc.

During the 2014-15 fiscal year, the UCF Athletics Association, Inc. modified a construction line of credit with a local bank to a line of credit promissory note. The note matures June 2033, and the repayment schedule assumes the agreement is renewed annually. If the agreement is not renewed, the entire balance will be due in full at that time. In July 2018, the UCF Athletics Association, Inc. renewed the agreement until July 2019, which carries interest at 67 percent of LIBOR plus 1.34 percent (2.76 percent at June 30, 2018). The note is secured by an amount not to exceed 5 percent of the prior year's collection of student athletic fees and conference payments from the American Athletics Conference. As of June 30, 2018, the amount outstanding on the note was $5,654,999.

In June 2018, the UCF Athletics Association, Inc. also renewed an operating line of credit agreement with a local bank for $5,000,000. The line carries an interest rate of LIBOR plus 2 percent (4.13 percent at June 30, 2018). The line is secured by all contract royalties under a multimedia agreement, as well as, all NCAA grant-in-aid and sports sponsorship distributions. As of June 30, 2018, there was $620,000 outstanding on the operating line of credit.

Due to University – Component Units. Three of its component units reported moneys due to the University totaling $6,928,535. The UCF Athletics Association, Inc. received several loans from the University between 2004 and 2007. In 2009, those loans were consolidated into one loan. In July 2015, the Board of Trustees approved an amendment to the previous payment schedule. A payment of $500,000 was made during the 2017-18 fiscal year with future years' payments ranging from $500,000 to $1,200,000. The loan matures in fiscal year 2025 and bears interest at a variable rate equal to the preceding fiscal year's average SPIA rate of return. As of June 30, 2018, the amount outstanding, including interest, totaled $6,210,502.

12. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class employed by the State and faculty and specified employees in the State university system. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the University are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The University's FRS and HIS pension expense totaled $41,271,242 for the fiscal year ended June 30, 2018.

FRS Pension Plan.

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class* (SMSC) – Members in senior management level positions.

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- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost of living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65

Retirement at age 68 or with 36 or more years of service	1.68
Senior Management Service Class	2.00
Special Risk Class	3.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
FRS, Regular	3.00	7.92
FRS, Senior Management Service	3.00	22.71
FRS, Special Risk	3.00	23.27
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	13.26
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The University's contributions to the Plan totaled $18,255,686 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the University reported a liability of $176,504,316 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The University's proportionate share of the net pension liability was based on the University's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the University's proportionate share was 0.596715076 percent, which was an increase of 0.03684922 from its proportionate share measured as of June 30, 2016.

For the year ended June 30, 2018, the University recognized pension expense of $35,487,896. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16,198,849	$ 977,743
Change of assumptions	59,317,911	-
Net difference between projected and actual earnings on FRS Plan investments	-	4,374,218
Changes in proportion and differences between University contributions and proportionate share of contributions	19,109,928	-
University FRS contributions subsequent to the measurement date	18,255,686	-
Total	$ 112,882,374	$ 5,351,961

The deferred outflows of resources totaling $18,255,686, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2019	$ 15,248,291
2020	30,432,102
2021	20,739,594
2022	5,247,691
2023	12,845,328
Thereafter	4,761,721
Total	$ 89,274,727

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Total	100%			
Assumed inflation - Mean			2.6%	1.9%

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 7.10 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2017 valuation was updated from 7.60 percent to 7.10 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.10 percent) or 1 percentage point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
University's proportionate share of the net pension liability	$319,462,151	$176,504,316	$57,816,559

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan.

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a

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State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled $2,887,590 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the University reported a liability of $56,638,544 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within 1 year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, and update procedures were used to determine liabilities as of July 1, 2017. The University's proportionate share of the net pension liability was based on the University's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the University's proportionate share was 0.529705387 percent, which was an increase of 0.030014652 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the University recognized pension expense of $5,783,346. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ 117,930
Change of assumptions	7,961,432	4,897,595
Net difference between projected and actual earnings on HIS Plan investments	31,410	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	7,222,794	-
University HIS contributions subsequent to the measurement date	2,887,590	-
Total	$ 18,103,226	$ 5,015,525

The deferred outflows of resources totaling $2,887,590 resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the

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fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2019	$ 2,403,494
2020	2,397,550
2021	2,394,697
2022	2,015,619
2023	1,171,322
Thereafter	(182,571)
Total	$ 10,200,111

Actuarial Assumptions. The total pension liability at July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal bond rate	3.58 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.58 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2017 valuation was updated from 2.85 percent to 3.58 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 3.58 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
University's proportionate share of the net pension liability	$64,632,079	$56,638,544	$49,980,371

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report.

13. Retirement Plans – Defined Contribution Pension Plans

FRS Investment Plan. The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2017-18 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution,

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leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The University's Investment Plan pension expense totaled $4,145,785 for the fiscal year ended June 30, 2018.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in FRS for 8 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 3.3 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 8.45 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled $20,369,919, and employee contributions totaled $11,861,163 for the 2017-18 fiscal year.

14. Construction Commitments

The University's major construction commitments at June 30, 2018, are as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
UCF Downtown Academic Building	$ 57,606,901	$ 14,083,718	$ 43,523,183
John C. Hitt Library Renovations	39,135,178	21,633,751	17,501,427
Trevor Colbourn Hall	35,093,018	30,008,522	5,084,496
CREOL Expansion Phase II	6,379,029	1,166,986	5,212,043
Student Union Expansion	5,356,088	3,232,891	2,123,197
Roth Athletic Center	2,507,815	377,140	2,130,675
Utilities Relocation Project	1,726,836	706,816	1,020,020
UCF Downtown Central Energy Plant	1,273,343	236,072	1,037,271
Subtotal	149,078,208	71,445,896	77,632,312
Other Projects (1)	24,794,363	18,614,547	6,179,816
Total	$ 173,872,571	$ 90,060,443	$ 83,812,128

(1) Individual projects with current balance committed of less than $1 million at June 30, 2018.

15. Operating Lease Commitments

The University leased buildings under operating leases, which expire in fiscal year 2033. These leased assets and the related commitments are not reported on the University's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. Future minimum lease commitments for these noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2019	$ 11,456,189
2020	12,422,270
2021	7,053,820
2022	6,773,556
2023	6,017,826
2024-2028	11,107,688
2029-2033	9,483,111
Total Minimum Payments Required	$ 64,314,460

The University of Central Florida Foundation, Inc., receives rents and reimbursement for certain operating expenses from the University for various buildings owned by the Foundation and occupied by the University. The Foundation and University are also parties to a long-term 99-year ground lease for use of the land at Lake Nona for the Health Sciences Campus. Rents and reimbursements paid by the University for the year ended June 30, 2018, were $9,445,452.

The University has also entered into rental agreements with the UCF Convocation Corporation for use of parking garages and various retail spaces surrounding the arena. Rents paid to the UCF Convocation Corporation for the year needed June 30, 2018, totaled $2,393,192.

The University has entered into a forty year lease for the use of a research and development center, with base rent of $1 per year, and is responsible for all operating and maintenance charges for the center. The University has entered into a five-year management services agreement with another entity to manage and operate the center. The entity will be responsible for payment of all operating and maintenance costs with some allowable costs reimbursed by the University.

16. Risk Management Programs

State Self-Insurance Program.

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2017-18 fiscal year, for property losses, the State retained the first $2 million per occurrence for all perils except named windstorm and flood. The State retained the first $2 million per occurrence with an annual aggregate retention of $40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of $2 million per occurrence were commercially insured up to $92.5 million for named windstorm and flood through February 14, 2018, and decreased to $78 million starting February 15, 2018. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $225 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to $200,000 per person, and $300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

University Self-Insurance Program.

The University of Central Florida, College of Medicine Self-Insurance Program (Program) was established pursuant to Section 1004.24, Florida Statutes, on September 25, 2008. The Program's purpose is to provide comprehensive general liability and professional liability (malpractice) coverage for the University of Central Florida Board of Trustees and students for claims and actions arising from the clinical activities of the College of Medicine, College of Nursing, UCF Health Services, College of Health Professions and Sciences (previously included in the College of Health and Public Affairs), and the Central Florida Clinical Practice Organization, Inc., faculty, staff and resident physicians. The Program provides legislative claims bill protection. The Program is distinct from and entirely independent of the self-insurance programs administered by the State described in Note 13.

The University is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Program also provides $1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; $250,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; $250,000 per claim protection for participants who engage in approved community service and act as Good Samaritans; and student protections of $200,000 for a claim arising from an occurrence for any one person, $300,000 for all claims arising from an occurrence and professional liability required by a hospital or other healthcare facility for educational purposes not to exceed a per occurrence limit of $1,000,000.

The Self-Insurance Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not

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reported. Changes in the balances of claims liability for the Self-Insurance Program during the 2016-17 and 2017-18 fiscal years are presented in the following table:

Fiscal Year		Claims Liabilities Beginning of Year		Current Claims and Changes in Estimates		Claim Payments		Claims Liabilities End of Year
June 30, 2017	$	141,222	$	92,630	$	(274)	$	233,578
June 30, 2018		233,578		368,940		(1,023)		601,495

17. Litigation

The University is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the University's legal counsel and management, should not materially affect the University's financial position.

18. Functional Distribution of Operating Expenses

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as research and public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net position are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

Functional Classification	Amount
Instruction	$ 368,234,137
Research	143,653,460
Public Services	13,361,770
Academic Support	80,961,892
Student Services	55,325,718
Institutional Support	96,144,613
Operation and Maintenance of Plant	60,749,798
Scholarships, Fellowships, and Waivers	119,990,341
Depreciation	66,259,952
Auxiliary Enterprises (Net)	94,845,046
Loan Operations	476,387
Total Operating Expenses	$ 1,100,003,114

19. Segment Information

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources are required to be accounted for separately. The following financial

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information for the University's Housing, Parking, and Health Service facilities represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Services Capital Improvement Debt
Assets			
Current Assets	$ 13,907,999	$ 11,257,929	$ 10,194,101
Capital Assets, Net	90,501,932	59,250,294	10,321,067
Other Noncurrent Assets	11,712,667	17,158,837	6,522,000
Total Assets	116,122,598	87,667,060	27,037,168
Liabilities			
Current Liabilities	9,395,919	3,812,868	1,240,738
Noncurrent Liabilities	84,185,888	24,555,374	2,685,000
Total Liabilities	93,581,807	28,368,242	3,925,738
Net Position			
Net Investment in Capital Assets	1,282,036	31,636,904	7,171,067
Restricted - Expendable	11,590,403	17,107,972	6,448,077
Unrestricted	9,668,352	10,553,942	9,492,286
Total Net Position	$ 22,540,791	$ 59,298,818	$ 23,111,430

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Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Services Capital Improvement Debt
Operating Revenues	$ 29,971,788	$ 22,116,646	$ 22,215,310
Depreciation Expense	(4,277,614)	(2,871,423)	(580,955)
Other Operating Expenses	(16,417,131)	(11,931,376)	(17,473,206)
Operating Income	9,277,043	7,313,847	4,161,149
Nonoperating Revenues (Expenses):			
Nonoperating Revenue	526,316	669,684	231,119
Interest Expense	(3,957,120)	(1,214,085)	(197,916)
Other Nonoperating Expense	(176,917)	(49,473)	-
Net Nonoperating Revenue (Expenses)	(3,607,721)	(593,874)	33,203
Other Revenues, Expenses, Gains and Losses	(6,516,032)	(2,926,786)	(3,065,664)
Increase (Decrease) in Net Position	(846,710)	3,793,187	1,128,688
Net Position, Beginning of Year	23,387,501	55,505,631	21,982,742
Net Position, End of Year	$ 22,540,791	$ 59,298,818	$ 23,111,430

Condensed Statement of Cash Flows

	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Services Capital Improvement Debt
Net Cash Provided (Used) by:			
Operating Activities	$ 13,296,893	$ 9,567,175	$ 3,820,687
Noncapital Financing Activities	(2,943,272)	(1,643,924)	(2,415,397)
Capital and Related Financing Activities	(13,131,665)	(6,241,387)	(1,085,516)
Investing Activities	3,322,094	(783,988)	111,933
Net Increase in Cash and Cash Equivalents	544,050	897,876	431,707
Cash and Cash Equivalents, Beginning of Year	1,374,835	1,285,429	783,081
Cash and Cash Equivalents, End of Year	$ 1,918,885	$ 2,183,305	$ 1,214,788

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20. Blended Component Units

The University has two blended component units as discussed in Note 1. The following financial information is presented net of eliminations for the University's blended component units:

Condensed Statement of Net Position

	Blended Component Units					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units	University	Eliminations	Total Primary Government
Assets:						
Other Current Assets	$ 3,259,264	$ 5,681,660	$ 8,940,924	$ 619,653,227	$ -	$ 628,594,151
Capital Assets, Net	-	-	-	1,147,333,737	-	1,147,333,737
Due From University / Blended CU	48,064,711	-	48,064,711	-	(48,064,711)	-
Other Noncurrent Assets	-	-	-	106,460,582	-	106,460,582
Total Assets	51,323,975	5,681,660	57,005,635	1,873,447,546	(48,064,711)	1,882,388,470
Deferred Outflows of Resources	12,936,932	-	12,936,932	138,529,600	-	151,466,532
Liabilities:						
Other Current Liabilities	3,258,308	601,495	3,859,803	119,299,240	-	123,159,043
Due To University / Blended CU	-	-	-	48,064,711	(48,064,711)	-
Noncurrent Liabilities	60,861,000	-	60,861,000	699,201,410	-	760,062,410
Total Liabilities	64,119,308	601,495	64,720,803	866,565,361	(48,064,711)	883,221,453
Deferred Inflows of Resources	-	-	-	52,847,486	-	52,847,486
Net Position:						
Net Investment in Capital Assets	-	-	-	982,635,149	-	982,635,149
Restricted - Expendable	141,599	5,080,165	5,221,764	141,269,108	-	146,490,872
Unrestricted	-	-	-	(31,339,958)	-	(31,339,958)
Total Net Position	$ 141,599	$ 5,080,165	$ 5,221,764	$ 1,092,564,299	$ -	$ 1,097,786,063

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Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Blended Component Units					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units	University	Eliminations	Total Primary Government
Operating Revenues	$ -	$ 1,432,659	$ 1,432,659	$ 550,334,264	$ (1,432,659)	$ 550,334,264
Depreciation Expense	-	-	-	(66,259,952)	-	(66,259,952)
Other Operating Expenses	(742,920)	(826,996)	(1,569,916)	(1,032,428,638)	255,392	(1,033,743,162)
Operating Income (Loss)	(742,920)	605,663	(137,257)	(548,354,326)	(1,177,267)	(549,668,850)
Nonoperating Revenues (Expenses):						
Nonoperating Revenue	3,672,465	109,847	3,782,312	609,329,653	(3,568,345)	609,543,620
Interest Expense	(2,129,545)	-	(2,129,545)	(5,404,485)	-	(7,534,030)
Other Nonoperating Expense	(800,000)	-	(800,000)	(36,990,599)	4,745,612	(33,044,987)
Net Nonoperating Revenues	742,920	109,847	852,767	566,934,569	1,177,267	568,964,603
Other Revenues	-	-	-	18,988,261	-	18,988,261
Increase in Net Position	-	715,510	715,510	37,568,504	-	38,284,014
Net Position, Beginning of Year	141,599	4,364,655	4,506,254	1,275,448,795	-	1,279,955,049
Adjustment to Beginning Net Position (1)	-	-	-	(220,453,000)	-	(220,453,000)
Net Position, Beginning of Year, as Restated	141,599	4,364,655	4,506,254	1,054,995,795	-	1,059,502,049
Net Position, End of Year	$ 141,599	$ 5,080,165	$ 5,221,764	$ 1,092,564,299	$ -	$ 1,097,786,063

Condensed Statement of Cash Flows

	Blended Component Units					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units	University	Eliminations	Total Primary Government
Net Cash Provided (Used) by:						
Operating Activities	$ (528,222)	$ 1,053,557	$ 525,335	$ (440,338,410)	$ (1,178,896)	$ (440,991,971)
Noncapital Financing Activities	-	-	-	550,967,406	3,440,073	554,407,479
Capital and Related Financing Activities	(394,577)	-	(394,577)	(108,224,520)	(2,261,177)	(110,880,274)
Investing Activities	44,237	(827,544)	(783,307)	5,009,534	-	4,226,227
Net Increase (Decrease) in Cash and Cash Equivalents	(878,562)	226,013	(652,549)	7,414,010	-	6,761,461
Cash and Cash Equivalents, Beginning of Year	4,137,826	1,567,691	5,705,517	13,317,018	-	19,022,535
Cash and Cash Equivalents, End of Year	$ 3,259,264	$ 1,793,704	$ 5,052,968	$ 20,731,028	$ -	$ 25,783,996

21. Discretely Presented Component Units

The University has six discretely presented component units as discussed in Note 1. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

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Condensed Statement of Net Position

	Direct-Support Organizations						Other	
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation	Total Direct-Support Organizations	Central Florida Clinical Practice Organizations, Inc.	Total
Assets:								
Current Assets	$ 28,453,930	$ 15,006,687	$ 4,224,510	$ 18,923,437	$ 3,063,841	$ 69,672,405	$ 7,382,336	$ 77,054,741
Capital Assets, Net	75,481,744	-	22,650,504	78,580,471	-	176,712,719	135,272	176,847,991
Other Noncurrent Assets	234,177,642	399,220	-	2,989,201	-	237,566,063	319,593	237,885,656
Total Assets	338,113,316	15,405,907	26,875,014	100,493,109	3,063,841	483,951,187	7,837,201	491,788,388
Deferred Outflows of Resources	-	-	-	4,456,977	676,182	5,133,159	-	5,133,159
Liabilities:								
Current Liabilities	2,916,641	9,107,491	7,363,025	12,445,462	4,108,921	35,941,540	380,718	36,322,258
Noncurrent Liabilities	18,019,108	-	11,867,055	174,706,067	44,157,005	248,749,235	-	248,749,235
Total Liabilities	20,935,749	9,107,491	19,230,080	187,151,529	48,265,926	284,690,775	380,718	285,071,493
Net Position:								
Net Investment in Capital Assets	56,026,744	-	16,995,505	(99,118,619)	(45,266,823)	(71,363,193)	135,272	(71,227,921)
Restricted Nonexpendable	136,083,134	-	-	-	-	136,083,134	-	136,083,134
Restricted Expendable	104,621,697	914,274	693,762	13,459,836	710	119,690,279	-	119,690,279
Unrestricted	20,445,992	5,384,142	(10,044,333)	3,457,340	740,210	19,983,351	7,321,211	27,304,562
Total Net Position	$ 317,177,567	$ 6,298,416	$ 7,644,934	$ (82,201,443)	$ (44,525,903)	$ 204,393,571	$ 7,456,483	$ 211,850,054

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Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Direct-Support Organizations						Other	
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation	Total Direct-Support Organizations	Central Florida Clinical Practice Organizations, Inc.	Total
Operating Revenues	$ 56,987,606	$ 11,770,482	$ 59,157,030	$ 32,641,933	$ 3,644,882	$ 164,201,933	$ 6,091,038	$ 170,292,971
Depreciation Expense	(1,733,080)	-	(924,514)	(2,980,672)	-	(5,638,266)	(36,549)	(5,674,815)
Operating Expenses	(49,586,383)	(11,161,075)	(54,992,976)	(16,636,510)	(438,710)	(132,815,654)	(2,158,520)	(134,974,174)
Operating Income	5,668,143	609,407	3,239,540	13,024,751	3,206,172	25,748,013	3,895,969	29,643,982
Net Nonoperating Revenues (Expenses):								
Nonoperating Revenues	12,575,647	370,625	1,298,964	137,635	58,170	14,441,041	-	14,441,041
Interest Expense	-	-	(248,788)	(7,306,551)	(1,813,440)	(9,368,779)	-	(9,368,779)
Other Nonoperating Expenses	(33,995)	-	-	(935,703)	(23,676)	(993,374)	(1,904,973)	(2,898,347)
Net Nonoperating Revenues (Expenses)	12,541,652	370,625	1,050,176	(8,104,619)	(1,778,946)	4,078,888	(1,904,973)	2,173,915
Other Revenues, Expenses, Gains, and Losses	5,693,092	-	-	-	-	5,693,092	-	5,693,092
Increase in Net Position	23,902,887	980,032	4,289,716	4,920,132	1,427,226	35,519,993	1,990,996	37,510,989
Net Position, Beginning of Year	293,274,680	5,318,384	3,355,218	(91,426,081)	(46,601,554)	163,920,647	5,465,487	169,386,134
Adjustment to Beginning Net Position	-	-	-	4,304,506	648,425	4,952,931	-	4,952,931
Net Position, Beginning of Year, as Restated	293,274,680	5,318,384	3,355,218	(87,121,575)	(45,953,129)	168,873,578	5,465,487	174,339,065
Net Position, End of Year	$ 317,177,567	$ 6,298,416	$ 7,644,934	$ (82,201,443)	$ (44,525,903)	$ 204,393,571	$ 7,456,483	$ 211,850,054

The UCF Convocation Corporation and the UCF Stadium Corporation have a deficit net position of $82,201,443 and $44,525,903, respectively, as of June 30, 2018. These deficits are attributed to the transfer of buildings and building improvements to the University as a result of the August 2015 and December 2015 debt refunding which terminated the ground lease between the UCF Convocation Corporation and the University, and the UCF Stadium Corporation and the University. The Corporations' debts related to the refunding were previously included as a component of the Net Investment in Capital Assets net position but are now included as component of unrestricted net position on their stand-alone financial statements. The University has reclassified the amounts to Net Investment in Capital Assets in the Statement of Net Position. As the UCF Convocation Corporation and the UCF Stadium Corporation continue to reduce its outstanding long term debt obligations, the deficit net position will decrease.

22. Subsequent Events

In July 2018, the UCF Convocation Corporation issued Refunding Revenue Bonds, Series 2018 of $104,636,000 to a bank. The Series 2018 bonds were issued at par. This issuance includes term bonds with maturity dates extending through October 2035 and a fixed interest rate of 3.52 percent. Proceeds of $104,636,000 from the Refunding Revenue Bonds plus an additional $1,087,838 from the UCF Convocation Corporation were used to purchase $105,482,838 of U.S. Treasury State and Local Government Series Securities. These securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the outstanding 2014A and 2014B certificates, which defeased the certificates. The UCF Convocation Corporation expects to extinguish the debt on October 1, 2018.

The defeasance of the 2014A and 2014B certificates terminated the Housing ground lease agreement between the University and the UCF Convocation Corporation, resulting in the UCF Convocation Corporation transferring $78.3 million in net carrying value of all buildings and improvements to the University. Pursuant to the Operating Agreement between the University and the UCF Convocation Corporation, the UCF Convocation Corporation will continue to operate and maintain the facilities, and the University will relinquish its right to the future revenues earned by the facilities to the UCF Convocation Corporation. The revenues generated by and through such operation will secure repayment of the Series 2018 refunding revenue bonds.

On August 27, 2018, the UCF Foundation, Inc. closed on a 175,000 square foot building located in Lake Nona Medical City to be used by the University as a cancer research and treatment facility. The purchase price of the Sanford Burnham building and land is $50,000,000, funded by a 30 year, interest free, mortgage.

Draft

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

	2018
University's proportion of the total other postemployment benefits liability	2.78%
University's proportionate share of the total other postemployment benefits liability	$ 300,512,000.00
University's covered-employee payoll	$ 418,056,891.00
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payoll	71.88%

Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan

	2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)	**2013** (1)
University's proportion of the FRS net pension liability	0.596715076%	0.559865856%	0.538161499%	0.484303900%	0.360374086%
University's proportionate share of the FRS net pension liability	$ 176,504,316	$ 141,366,568	$ 69,510,775	$ 29,549,662	$ 62,036,419
University's covered payroll (2)	$ 396,397,337	$ 364,535,289	$ 333,695,268	$ 305,107,256	$ 289,894,138
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	44.53%	38.78%	20.83%	9.69%	21.40%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.89%	84.88%	92.00%	96.09%	88.54%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of University Contributions – Florida Retirement System Pension Plan

	2018 (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
Contractually required FRS contribution	$ 18,255,686	$ 15,533,963	$ 13,653,222	$ 13,120,834	$ 10,608,311
FRS contributions in relation to the contractually required contribution	(18,255,686)	(15,533,963)	(13,653,222)	(13,120,834)	(10,608,311)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 418,056,891	$ 396,397,337	$ 364,535,289	$ 333,695,268	$ 305,107,256
FRS contributions as a percentage of covered payroll	4.37%	3.92%	3.75%	3.93%	3.48%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Draft

Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan

	2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)	**2013** (1)
University's proportion of the HIS net pension liability	0.529705387%	0.499690735%	0.469662225%	0.430757459%	0.415357381%
University's proportionate share of the HIS net pension liability	$ 56,638,544	$ 58,236,885	$ 47,898,159	$ 40,276,874	$ 36,162,321
University's covered payroll (2)	$ 166,665,368	$ 153,090,572	$ 140,702,712	$ 127,489,508	$ 122,964,996
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	33.98%	38.04%	34.04%	31.59%	29.41%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	1.64%	0.97%	0.50%	0.99%	1.78%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	2018 (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
Contractually required HIS contribution	$ 2,887,590	$ 2,803,354	$ 2,561,234	$ 1,795,341	$ 1,475,630
HIS contributions in relation to the contractually required HIS contribution	(2,887,590)	(2,803,354)	(2,561,234)	(1,795,341)	(1,475,630)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 167,400,707	$ 166,665,368	$ 153,090,572	$ 140,702,712	$ 127,489,508
HIS contributions as a percentage of covered payroll	1.72%	1.68%	1.70%	1.28%	1.16%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The University's June 30, 2018, proportionate share of the total OPEB liability decreased from the prior fiscal year as a result in assumptions related to a decrease in the discount rate from 4 percent to 3.58 percent.

2. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of Assumptions. The long-term expected rate of return was decreased from 7.60 percent to 7.10 percent, and the active member mortality assumption was updated.

3. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of Assumptions. The municipal rate used to determine total pension liability increased from 2.85 percent to 3.58 percent.

ITEM: INFO-4

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: University Operating Budget Report Quarter Ended September 30, 2018

DATE: December 12, 2018

For information only.

Supporting documentation: Attachment A: UCF Operating Budget Quarterly Report

Prepared by: Tracy Clark, Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance

Submitted by: Kathy Mitchell, Interim Chief Financial Officer

Attachment A

University of Central Florida
Operating Budget Status

September 30, 2018

Year-to-Date Activity and Variances

The attached reports include revenues and expenditures for the three months ended September 30, 2018, compared to the operating budget. Student credit hours are 2.9 percent higher than the enrollment plan and 5.5 percent higher than the prior year. Overall, revenues and expenditures as a percent of the operating budget are 39 percent and 29 percent, respectively, compared to 34 percent and 27 percent in the prior year. Specific activities and variances in certain budget categories are described below.

<u>Educational & General</u>

Revenues increased $106.6 million. This reflects an $8.5 million increase in tuition and fees attributed to enrollment growth and an increase in out-of-state students; $13.3 million of cumulative market gains from the university's managed investment portfolio previously recorded only in the financial statements at year end; and approximately $85 million return of E&G funds transferred to facility projects in previous years. Of this amount, approximately $38.2 million was used for the construction of Trevor Colbourn Hall, $13.8 million was spent on nine additional repair and renovation and construction projects, and $32.4 million had been transferred but unspent at the end of the prior year. The $38.2 million and $13.8 million expended amounts were replaced with unrestricted auxiliary and research funds as noted in the respective sections below.

Expenditures increased $12.1 million. Salaries and benefits increased $4.4 million due to investments in the university faculty hiring plan, as well as annual increases in health and retirement benefits. Funding for campus wide minor repairs increased $5.0 million, non-need-based scholarships increased $1.0 million, and post-doctoral fellowships increased $1.0 million.

<u>Medical School</u>

Revenues increased $1.5 million due to an increase of $0.6 million in state appropriations for the Professional and Graduate Degree Excellence Program and $0.7 million of cumulative market gains from the university's managed investment portfolio previously recorded only in the financial statements at year end.

Expenditures increased $0.9 million due to flooding at the Gateway location of the faculty practice and a pre-payment for IT infrastructure on the Health Sciences Campus.

University of Central Florida
Operating Budget Status

September 30, 2018

Auxiliary

Revenues increased $26.2 million. This increase reflects $19.3 million of cumulative market gains from the university's managed investment portfolio previously recorded only in the financial statements at year end and $5.7 million of increases in medical residency programs; market rate programs; transportation, health and equipment fees; bookstore commissions; and capital contributions from a food service vendor.

Expenditures increased by $39.8 million. This reflects $44.7 million used to replace E&G funds expended on facility projects. Of this amount, approximately $38.2 million was used for the construction of Trevor Colbourn Hall and $6.2 million was spent on nine additional repair/renovation and construction projects. This increase was offset by prior period funding transfers for the construction of the downtown campus of $11.4 million.

Sponsored Research

Revenues increased $8.3 million primarily related to increases in Federal funding.

Expenditures increased $13.1 million. This reflects $7.6 million used to replace E&G funds expended on nine additional repair/renovation and construction projects and an increase of $4.3 million related to growth in Federal research activity and annual increases in health and retirement benefits.

Student Financial Aid

Revenues increased $21.3 million. State funding for Bright Futures increased by $7.7 million. Florida Medallion Scholars now receive 75 percent of tuition and applicable fees beginning Fall 2019. Funding for Florida Student Assistance Grants increased $5.7 million due to an increase in state funding for the program. Federal Pell Grants and loans increased $3.1 million. Private loans and scholarship funding increased $3 million. Institutional funding increased $1 million for non-need-based scholarships.

Expenditures increased $26.1 million. State, Federal, private and institutional funded awards increased by $20.2 million, $3.5 million, $1.4 million and $1 million, respectively. Differences between revenues and expenditures by category are primarily related to timing differences between receipt and disbursement of funds.

Student Activities

Revenues and expenses were consistent with prior year.

University of Central Florida
Operating Budget Status

September 30, 2018

Concessions

Revenues increased $0.3 million due to the timing of receipt of commission and sponsorship revenue from Coca-Cola. Expenses decreased $0.3 million due to prior year support for the construction of academic buildings.

Technology Fee

Technology fee revenues were consistent with the prior year. Technology fee expenditure variances are due to timing differences in the progress of the various projects. Approximately 53 percent of 2017-18, 93 percent of 2016-17 and 96 percent of the 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 September 30, 2018 (25% of year)

2018-19		Revenue		Expenditures		Expenditure Budget	% of Budget Spent	Revenue as % of Budget		Revenue less Expenditures	Fund Balance (as of July 1)
Educational & General	$	360,553,654	$	171,247,216	$	832,545,700	20.6%	43.3%	$	189,306,438	$ 194,346,578
Medical School		12,036,128		10,534,597		57,510,887	18.3%	20.9%		1,501,531	12,469,224
Auxiliary Enterprises		95,955,855		100,706,520		293,773,689	34.3%	32.7%		(4,750,665)	171,012,351
Sponsored Research		42,716,875		47,897,339		171,988,000	27.8%	24.8%		(5,180,464)	17,262,602
Student Financial Aid		265,935,758		247,873,522		620,465,788	39.9%	42.9%		18,062,236	35,856,378
Student Activities		8,581,493		4,520,274		23,729,718	19.0%	36.2%		4,061,219	6,720,833
Concessions		321,233		70,294		750,000	9.4%	42.8%		250,939	1,127,274
Technology Fee		4,092,316		3,037,534		9,100,000	33.4%	45.0%		1,054,782	10,422,368
	$	790,193,313	$	585,887,296	$	2,009,863,782	29.2%	39.3%	$	204,306,017	$ 449,217,608

2017-18		Revenue		Expenditures	Expenditure Budget	% of Budget Spent	Revenue as % of Budget		Revenue less Expenditures	Fund Balance (as of July 1)
Educational & General	$	253,961,932	$	159,116,672	804,577,029	19.8%	31.6%	$	94,845,260	$ 171,373,402
Medical School		10,583,900		9,638,565	54,950,633	17.5%	19.3%		945,335	16,551,914
Auxiliary Enterprises		69,711,966		60,951,326	275,887,508	22.1%	25.3%		8,760,641	152,957,497
Sponsored Research		34,461,202		34,769,816	163,703,000	21.2%	21.1%		(308,615)	14,105,576
Student Financial Aid		244,672,130		221,737,444	515,975,644	43.0%	47.4%		22,934,686	31,352,047
Student Activities		8,875,818		4,178,161	28,217,277	14.8%	31.5%		4,697,657	9,930,928
Concessions		23,532		333,275	750,000	44.4%	3.1%		(309,742)	1,228,548
Technology Fee		4,037,599		2,393,355	9,100,000	26.3%	44.4%		1,644,245	9,471,663
	$	626,328,080	$	493,118,613	$1,853,161,091	26.6%	33.8%	$	133,209,466	$ 406,971,575

University of Central Florida
Operating Expenditure Report

as of September 30, 2018 (25% of year)

2018-19

	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	$ 94,182,109	$ 75,200,801	$ 1,864,306	$ -	$ 171,247,216	55.0%	43.9%	1.1%	-	100.0%
Medical School	7,508,655	2,591,506	434,436	-	10,534,597	71.3%	24.6%	4.1%	-	100.0%
Auxiliary Enterprises	19,880,538	73,257,297	625,519	6,943,167	100,706,520	19.7%	72.7%	0.6%	6.9%	100.0%
Sponsored Research	19,158,137	27,061,247	1,677,955	-	47,897,339	40.0%	56.5%	3.5%	-	100.0%
Student Financial Aid	1,097,066	246,776,456	-	-	247,873,522	0.4%	99.6%	-	-	100.0%
Student Activities	2,360,217	2,158,907	-	1,151	4,520,274	52.2%	47.8%	-	0.0%	100.0%
Concessions	-	70,294	-	-	70,294	-	100.0%	-	-	100.0%
Technology Fee	396	2,556,610	480,527	-	3,037,534	0.0%	84.2%	15.8%	-	100.0%
	$ 144,187,117	$ 429,673,118	$ 5,082,743	$ 6,944,317	$ 585,887,296	24.6%	73.3%	0.9%	1.2%	100.0%

2017-18

	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	$ 89,810,706	$ 68,390,232	$ 915,735	$ -	$ 159,116,672	56.4%	43.0%	0.6%	-	100.0%
Medical School	7,585,488	1,722,106	275,174	55,798	9,638,565	78.7%	17.9%	2.9%	0.6%	100.0%
Auxiliary Enterprises	17,705,544	35,991,411	394,633	6,859,738	60,951,326	29.0%	59.0%	0.6%	11.3%	100.0%
Sponsored Research	16,146,232	18,251,554	372,031	-	34,769,816	46.4%	52.5%	1.1%	-	100.0%
Student Financial Aid	1,061,237	220,671,125	5,082	-	221,737,444	0.5%	99.5%	0.0%	-	100.0%
Student Activities	2,290,202	1,887,960	-	-	4,178,161	54.8%	45.2%	-	-	100.0%
Concessions	412	332,863	-	-	333,275	0.1%	99.9%	-	-	100.0%
Technology Fee	169,291	1,984,348	239,716	-	2,393,355	7.1%	82.9%	10.0%	-	100.0%
	$ 134,769,110	$ 349,231,598	$ 2,202,370	$ 6,915,536	$ 493,118,613	27.3%	70.8%	0.4%	1.4%	100.0%

University of Central Florida
Operating Budget Report

as of September 30, 2018 (25% of year)

Statistical Information

Student Credit Hours [1]

Actual Compared to UCF Plan	2018-19				2017-18			
	Actual	Plan	Difference	% Variance	Actual	Plan	Difference	% Variance
Summer	278,485	267,046	11,439	4.3%	254,450	253,141	1,309	0.5%
Fall[2]	741,401	724,314	17,087	2.4%	712,335	704,555	7,780	1.1%
Spring	-	-	-	0.0%	-	-	-	0.0%
	1,019,886	991,360	28,526	2.9%	966,785	957,696	9,089	0.9%

Current Year Compared to Prior Year	2018-19	2017-18	Difference	% Variance	2017-18	2016-17	Difference	% Variance
Summer	278,485	254,450	24,035	9.4%	254,450	244,369	10,081	4.1%
Fall	741,401	712,335	29,066	4.1%	712,335	690,075	22,260	3.2%
Spring	-	-	-	0.0%	-	-	-	0.0%
	1,019,886	966,785	53,101	5.5%	966,785	934,444	32,341	3.5%

Additional Statistical Information

	2018-19	2017-18	Difference	% Variance
Student headcount - Fall 2018[2] and 2017	68,571	66,180	2,391	3.6%
Percent in-state students - Fall 2018 and 2017	90.5%	91.5%	-0.9%	
Foundation endowment - June 30, 2018 and 2017	$161,573,513	$155,232,331	$ 6,341,182	4.1%
Foundation assets - June 30, 2018 and 2017	$338,113,316	$320,594,257	$ 17,519,059	5.5%
On-campus housing, including Greek housing[3]	6,907			
Rosen Campus housing[3]	384			
Affiliated housing[3]	3,756			
Managed housing[3]	594			
Gross square footage - Orlando Campus[3]	9,525,265			
Acreage - Orlando Campus[3]	1,415			

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

[2] Fall 2018 is preliminary.

[3] As of Fall 2018.

University of Central Florida
Operating Budget Status

September 30, 2018

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 commissions and related sponsorship revenue. These funds are used for events and other expenditures that support the university.

Technology Fee. The technology fee was established in January 2009 as allowed by Florida Statute 1009.24. The university began charging 5 percent of the tuition per credit hour beginning in the Fall term of the 2009-10 academic year. A committee and guidelines for the allocation and use of the technology resources 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

September 30, 2018

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 30 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.

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

ITEM: INFO-5

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: University Investments Presentation and Investments Quarterly Report Ended September 30, 2018

DATE: December 12, 2018

For information only.

Supporting documentation: Attachment A: UCF Investments Presentation
Attachment B: UCF Investments Quarterly Report

Prepared by: Tracy Clark, Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance

Submitted by: Kathy Mitchell, Interim Chief Financial Officer

Attachment A

Governing Policy

Florida Statutes

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.

University of Central Florida Investment Manual

Operating Funds Supplement to the University of Central Florida Investment Manual

Operating Pool Sub-Section(s) (Pools I – IV)

Manager Investment Policy Addendum(s)

Cash and Investments as of September 30, 2018

Depository/Custodian	UCF Current Strategy	Market Value
Bank of America	Used for Current Operations	$ 7,477,459
State Treasury Special Purpose Investment Account	Used for Current Operations	383,534,764
Bank of New York Mellon		
Pool I	No Allocated Funds	-
Pool II	Fixed income investments with average effective maturities of 1 year or less.	51,556,393
Pool III	Longer term fixed income investments (5 years or less); Equity investments up to 20% of total pool assets.	135,324,786
Pool IV	Long term fixed income investments (greater than 5 years); Equity investments up to 75% of total pool assets.	97,975,716
Total Bank of New York Mellon		284,856,895
Grand Total		**$675,869,117**

Average cash flows:	1 month	5 months *
Cash inflows	$124,000,000	$620,000,000
Cash outflows	$120,000,000	$600,000,000

* The *Strategic Financial Analysis for Higher Education Seventh Edition* published by KPMG, Prager, Sealy & Co., LLC, and Attain recommends five months of expenses to expendable net assets as a benchmark for the Primary Reserve Ratio. This ratio measures how long an institution could function using its expendable reserves without relying on additional net assets generated by operations.

Managed Pool Program (Inception: 2010)

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.

Pool I

Purpose: Cash reserves for operating expenses, based on specific criteria to be determined by the Finance Committee.
Target Benchmark / Term: Cash & Equivalents; 90 Day T-Bills / SPIA; 90 Days

Pool II

Purpose: Designated to cover the University's medium term requirements such as debt service for the next year.
Target Benchmark / Term: (75%) ML 1-year Treasury / (25%) 90 Day US T-Bills

Pool III

Purpose: Considered excess cash reserves that may be invested in longer term investments (up to five years).
Target Benchmark / Term: (15%) S&P 500 / (85%) BOA/ML 1-5 year G/C A or Better

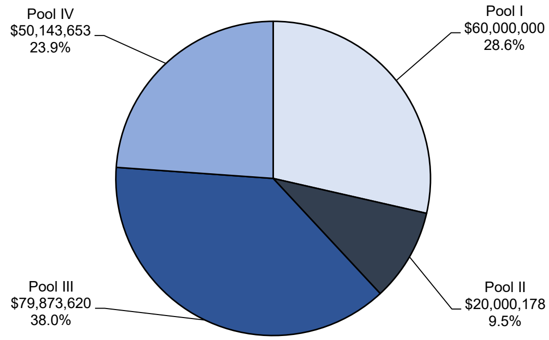
Pool IV

Purpose: Considered excess cash reserves that may be invested in longer term investments (beyond five years).
Target Benchmark / Term: (50%) S&P 500 / (15%) MSCI-ACWxUS / (35%) BB Aggregate.

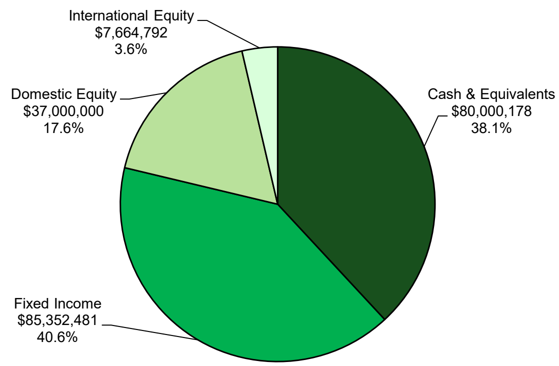
*University of Central Florida Investment Manual; 2/17/15

Operating Funds General Investment Structure (Inception and Current)

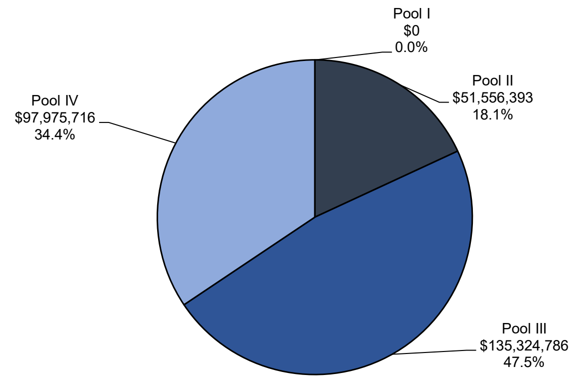
3/31/2010: $210,017,451
Pool Allocation



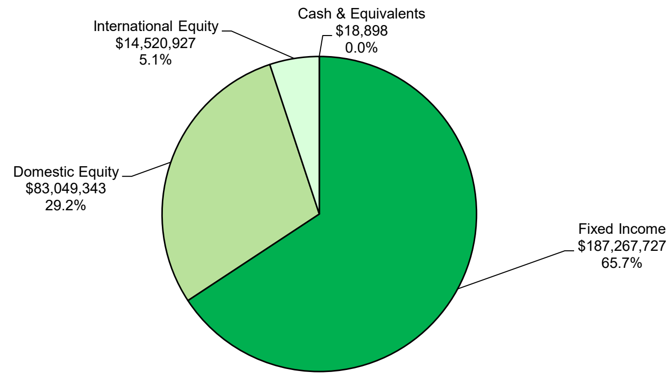
Asset Allocation



09/30/2018: $284,856,895
Pool Allocation



Asset Allocation



Current Managers by Pool as of September 30, 2018

Pool I	$0	Current Allocation
Cash & Equivalents	**$0**	**100.0%**
Fidelity Money Market	$0	

Pool II	$51,556,393	Current Allocation
Short-Term Fixed Income	**$51,556,393**	**100.0%**
Galliard Capital Management	$51,556,393	

Pool III	$135,324,786	Current Allocation
Intermediate Fixed Income (85%)	**$106,651,037**	**78.8%**
Galliard Capital Management	$57,493,885	
Sawgrass Asset Management	$49,157,152	
Domestic Equity (15%)	**$28,673,750**	**21.2%**
Vanguard Institutional Index	$28,673,750	

Pool IV	$97,975,716	Current Allocation
Broad Market Fixed Income (35%)	**$29,079,195**	**29.7%**
Galliard Capital Management	$19,019,246	
Dodge & Cox Income	$10,059,949	
Domestic Equity (50%)	**$54,375,593**	**55,5%**
Vanguard Institutional Index	$54,375,593	
International Equity (15%)	**$14,520,927**	**14.8%**
Europacific Growth	$14,520,927	

Total Equity Allocation	**14.44%**

Galliard Capital Management – Fixed Income ($128.1 million)

Firm Overview

Galliard is a wholly owned subsidiary of Wells Fargo & Company, a publicly-traded financial services company. The Managing Partners have an agreement with Wells Fargo to split Galliard's revenues while continuing to manage the business autonomously. The structure offers clients the expertise of a specialized investment management firm while providing access to the vast resources of Wells Fargo including legal, technology and custody support services.

Galliard Capital Management focuses exclusively on institutional asset management and is well known as a leading provider in stable value and fixed income management services to institutional investors. The company opened its doors in 1995 with 15 clients and $1.8 billion in assets under management. Today, Galliard manages more than $90 billion in assets under management for hundreds of institutional clients.

Team Overview

The Galliard investment process is team-based. The six-member fixed income committee meets monthly on a formal basis and more frequently as needed to discuss potential changes to the portfolio. The three senior managing partners on the team are Richard Merriam, Ajay Mirza and Karl Tourville. An additional nine corporate credit and structured product analysts, as well as one trader, support the key decision-makers.

Strategy Overview

Galliard actively manages fixed income portfolios through a team approach. As a fundamental value manager, most of Galliard's time and resources focus on individual security selection with strong emphasis on credit research and relative value analysis. Furthermore, the team has a bias towards high quality companies/structures with tangible hard assets. In addition, providing an above average yield is a major focus and a significant source of excess return. The process is the same for all strategies, only the benchmark/universe is different.

The investment team focuses on spread sectors and combines top-down macro analysis with fundamental bottom-up credit analysis. Galliard does not try to anticipate interest rate movements because it introduces unacceptable risk to achieving long-term portfolio objectives. The team keeps a broad exposure to all of the benchmark's sectors and portfolios are well diversified with individual holdings typically around 0.5%.

Galliard controls market risk by maintaining overall portfolio duration to +/-10% that of the benchmark and the average portfolio quality is around AA-. They manage credit risk by completing a thorough underwriting process where they take a lender's perspective where the analysis focuses on collateral, cash flow and covenants.

Expectations

The strategy will remain strategically overweight credit relative to the benchmark. As such, it should be expected to perform well in relatively stable interest rate environments and during economic expansions when credit spreads are tightening. Conversely, the strategy will most likely underperform during market dislocations and periods of slowing economic growth which result in credit spread widening. While the strategy seeks to provide downside protection primarily through diversification and exposure to higher quality credits, the relative underweight to U.S. Treasury bonds which can result in diminished performance as volatility increases.

Points to Consider

Senior leadership at the firm is nearing the phase where succession planning is considered. Founding Partner John Caswell retired last year and Richard Merriam and Karl Tourville have 32 and 29-years of experience, respectively. While neither have indicated, they are considering retirement, Galliard has instituted officer level positions within each functional area as a part of the broader planning process.

The strategy has experienced significant AUM growth in recent years having grown nearly fourfold since 2012. While we have not observed any deterioration in the strategy's performance, often times large AUM growth often precedes declining relative performance.

Galliard does not meet with management teams when assessing corporate credit issues. The team also relies on third-party rating services as a devil's advocate check to the team's internal work. While this approach would not be considered best in class relative to peers who conduct 100% of credit research internally, we are comforted by the team's experience and approach to conducting research.

Recommendation Summary

We believe Galliard's willingness to provide customized solutions with an emphasis on customer service are the key differentiators for the strategy. The investment team is led by seasoned veterans who have demonstrated the ability to generate excess returns through a variety of market conditions. Galliard's investment philosophy of remaining overweight investment grade credit in order to generate excess yield while avoiding negative credit events is time-tested. As such, we believe the Galliard Short Term Core strategy is suitable for clients seeking a high quality exposure to the space that is managed with limited benchmark duration deviation and low turnover.

Sawgrass – High Quality Core Fixed Income ($49.2 million)

Firm Overview

Based in Jacksonville, Florida, Sawgrass Asset Management was founded in 1998 by active principals Andrew Cantor, Dean McQuiddy, and Brian Monroe as a lift-out from what was the investment subsidiary of Barnett Bank. Sawgrass is 100% employee owned by seven partners. The firm manages approximately $4 billion across growth equity and fixed income strategies primarily for institutional clients.

The firm employs over 20 people, 10 of which are investment professionals. The firm has not lost any key management or investment professionals since inception. Day-to-day operations of the business are conducted by the firm's four-member management team.

Team Overview

David Furfine is the Director of Fixed Income and the head of the four-person team tasked with managing the High Quality Core Fixed Income strategy. Furfine, who manages all the firms fixed income strategies, has over 30 years of experience and has held his role since the inception of the firm. Furfine is supported by Liridon Gila, David Siegel and Andrew Cantor. Gila, whose background lies in securitized product, is primarily responsible for security and market analysis. Additionally, he works with Cantor on the firm's proprietary relative value model used to assess market conditions and attractive sectors. Sigel is the team's expert in regard to corporate credit. Although each man has a say in the team's investments, ultimately the final decision lies with Furfine.

Strategy Overview

The team's investment philosophy is predicated on the belief that market inefficiencies create opportunities. The investment process incorporates elements of both top-down and bottom-up approaches with an emphasis placed on the team's analysis on five key macro factors: U.S. GDP growth, inflation, fiscal policy, monetary policy and international markets. Inputs into the analysis are standard fare economic indicators and are used to influence the strategy's duration/curve positioning and sector allocations. In combination with the top-down viewpoint, the team also focuses on fundamental credit research with the goal of identifying undervalued securities. Using a proprietary credit model that incorporates both fundamental and relative value inputs, the team assigns a score of between 0 – 100 to issuers for each of the inputs. They will value the entire corporate peer universe but will typically allocate to companies with a score of 50 or better in each category while avoiding those that fall short. The underlying metrics are primarily balance sheet and market based in nature and are sourced from CMS BondEdge. The process is automated and allows for quick assess to both the current portfolio holdings as well as analyze potential inclusions to measure the impact. While the model isn't overly complex, it does cut across sectors and securities and is robust in nature.

Expectations

Sawgrass targets between 50-100 basis points of excess returns annually on a gross of fees basis. The strategy will remain overweight to investment grade corporate and structured credit while maintaining an underweight to higher quality U.S. Treasury and Government Agency bonds. As such, the strategy should outperform the benchmark during stable to improving credit environments. However, it will struggle to keep pace with more aggressive strategies in the peer universe.

During periods of increasing market volatility and spread widening, Sawgrass tends to lag the benchmark due to the strategic underweight in U.S. Treasury bonds relative to the benchmark. However, we would expect the strategy to outperform its peers who allocate to higher beta sectors.

Points to Consider

The extremely small four man team requires much from each of its members. During our most recent visit, it was clear each of the team members has a lot on their respective plates. It was further evident that there are limits to their ability to cover sectors beyond corporate credit because of their small structure.

The small team size also enhances the importance of each of the four members. Furfine and Cantor, half the team, are 33 years and 42 years into their careers, respectively. Given their importance and longevity, it will be difficult to replace them when they decide to retire. While they have not indicated an interest in departing, a succession plan will need to be put into place sooner than later, especially in regard to Cantor, who doubles as the firm CCO.

The strategy's have been inconsistent over both the short or long term. The strategy has not added alpha net of fees since 2013. Furthermore, the long term numbers that show well are being propped up by outperformance in the 2008-2010 time period. These returns suggest that environments marked by low volatility and stable credit spreads present challenges to the firm's limited alpha generation capabilities.

Recommendation Summary

The Sawgrass Core Fixed Income strategy is designed to provide clients with a benchmark-aware experience with broad exposure to the investment grade corporate and mortgage credit markets. The portfolio maintains an inherent yield advantage relative to the benchmark which should produce excess returns over most market environments. The investment team led by Furfine is experience and tested. The team excels in providing "high-touch" service offering to customize solutions to meet specific client needs. Finally, the strategy is offered in separate account with competitive fees and low account minimums. As such, we believe the Sawgrass strategy is appropriate as a stand alone exposure for clients who desire a high quality approach to core fixed income.

Dodge & Cox – Income Fund ($10.1 million)

Firm Overview

Established in 1930, Dodge & Cox (D&C) is one of the oldest investment management firms in the country. In its early years, the firm managed assets exclusively for individuals and families but began to work with institutional clients in the 1960s.

D&C is an independent investment firm owned entirely by approximately one-third of its active employees. The firm operates out of a single investment office in San Francisco. D&Cs independence allows it to make business decisions that it believes to be in the long-term best interest of their clients. D&C manages in excess of $297 billion in client assets within three primary broad asset classes: US Equity, International Equity and Fixed Income.

Team Overview

The Income Fund is managed by the firm's Fixed Income Investment Policy Committee. The eight members of this committee have an average tenure at D&C of 22-years. The eight PMs are supported by a deep group of analysts. 21 Fixed Income specific analysts along with 27 global industry analysts allow the team to reference up to date research and analysis across their investment universe without the need for an extended lead time.

Strategy Overview

The Fund seeks a high and stable rate of current income, consistent with long-term preservation of capital. A secondary objective is to take advantage of opportunities to realize capital appreciation.

The Fund invests in a diversified portfolio consisting primarily of high-quality bonds and other debt securities. Debt securities in which the Fund may invest include government and government-related obligations, mortgage- and asset-backed securities, corporate and municipal bonds, and other debt securities, and may include fixed and floating rate instruments. A maximum of 20% of the Fund's total assets may be invested in debt obligations rated below investment grade.

D&C uses both qualitative and quantitative analysis in their bottom-up research approach to construct their portfolios. Security selection is the largest portion of the "value-add" within the portfolios. In selecting securities, D&C considers many factors, including yield, credit ratings, liquidity, call risk, duration, structure, and capital appreciation potential. This also plays into the firm's decision making in regard to sector weightings. The team does not specifically acknowledge a top-down approach but there will be pieces of this analysis brought into the strategy. A couple examples include considerations of economic trends and duration positioning.

Expectations

The strategy's focus on income as a component of total return tends to result in a yield advantage relative to its competition. This creates challenges when the portfolio management team becomes bearish as maintaining a yield advantage when the fund lowers its overall duration profile can results in a tradeoff to lower quality issues, which can negatively impact the fund when credit spreads widen. Typically, the fund will have a sizeable allocation to corporate credit and high yield, the latter of which can grow during market dislocations. In essence, when credit does well, this fund will do well. In markets where interest rates remain stable, the fund should also outperform the benchmark and peers due to the yield advantage inherent to the strategy.

The strategy is especially attractive coming off market troughs at the early stages of an economic recovery given its overweight to corporate credit and high yield. The strategy should be used cautiously at the tail end of a bull rally as its credit exposures would be subject to decline when economic indicators turn negative.

Points to Consider

Duration has typically been shorter than the Barclays U.S. Aggregate bond Index for most of the past two decades. While the typical deviation relative to the index tends to be modest, deviations of up to two years have occurred and can leave the strategy subject to significant underperformance in falling yield environments.

Recommendation Summary

We recommend the Dodge & Cox Income Fund to clients who seek a time-tested process overseen by an experienced team. The strategy should be especially attractive to clients focused on fees, as D&C's expense ratio for this fund (DODIX) is well below the category average. When combined with the strategy's attractive long-term results, this creates a unique blend of characteristics in this asset class.

The eight-member team that oversees this strategy is extremely seasoned and have been with the firm for the bulk of their careers. But behind this group is an equally impressive contingent of industry and regional analysts that not only support the efforts of D&C's fixed income teams, but also their equity cohorts. There is a significant amount of cross pollination across the organization with the equity teams gaining insight from the credit analysts and vice versa. This results in a more informed group of portfolio managers that oversee not only this fund, but across D&C's product suite.

While D&C is a name brand in the industry and may give outsiders the impression of a bureaucratic behemoth, in essence it has retained its investment boutique culture. The firm has launched only six strategies since its founding in 1930. The organization remains 100% employee-owned with 76 of the firm's 260 employees holding shares. Average fund manager tenure of over 20 years is rare for a firm with assets at this level.

Capital Group American Funds EuroPacific Growth Fund ($14.5 million)

Firm Overview
The Capital Group (CG) traces its roots back to 1931. CG is one of the largest privately held investment management organizations in the world and serves as adviser to the American Funds. CG is headquartered in Los Angeles, California and employs more than 7,000 associates across all subsidiaries with full-service locations in New York, London, and Singapore. The firm is 100% owned by over 400 active employees, and manages total fund assets of over $1 trillion across the asset class spectrum.

Team Overview
CG's portfolio management style is differentiated. The firm employs a multiple portfolio counselor system whereby each portfolio counselor manages his/her portion of the assets completely autonomously. Each has his/her own investing style. The EuroPacific Growth Fund utilizes nine portfolio counselors with average tenure with the firm of over 22 years. In addition, senior analysts manage a sleeve of the portfolio with their best ideas.

CG's team of investment analysts specialize by industry and provide company research to all equity products. CG utilizes around 100 analysts, split between US and non-US competencies. The US team is located in Los Angeles, San Francisco and New York, while the non-US team resides in Hong Kong, London, Tokyo, Beijing, Singapore, Mumbai and Geneva. Between 25 and 35 analysts are selected to participate in the research portfolio sleeve.

Strategy Overview
The process is based on fundamental, bottom-up research conducted on a global basis. CG believes that on-the-ground, in-person research is key to understanding businesses and companies. The team conducts thousands of company meetings annually. Analysts focus their efforts on determining an accurate value of the company in order to find the most attractively priced stocks based on their future earnings power. They then must communicate their findings and recommendations effectively to portfolio counselors. The portfolio counselors and analysts have regular discussions about companies to attempt to address multiple perspectives. In the end, the portfolio counselors and analysts make independent buy and sell decisions. The Fund typically holds around 300 securities. There is no formal rating system that communicates the research group's collective opinion on a stock, or one that dictates buy/sell activity. These decisions are solely up to the individual portfolio counselors and analysts as long as they are within the parameters dictated by the Fund's investment objectives.

CG utilizes a system that monitors recent activity in securities to ensure appropriate communication among the investment professionals and to facilitate coordination if needed. Besides having to invest at least 80% of assets in securities of issuers domiciled in Europe or the Pacific Basin, the only other formal constraint on the portfolio is a maximum weighting per industry of 25%. Cash is determined at the portfolio counselor level and is typically between 5-12%. The Fund will hedge currency as a defensive measure via forward currency contracts. Emerging equities are typically between 20-30% of the portfolio, but have been as high as 35%.

Expectations
The larger-than-typical cash allocation will tend to buffer the Fund somewhat during bear markets (e.g. 2001-02 and 2008). The Fund also will tend to do well when emerging market equities outperform as it has historically had an overweight in companies domiciled in developing countries.

The Fund has tended to lag in big rallies, especially low quality booms (e.g. 2003 and 2009), due to its lack of ability to own smaller, less liquid securities. In addition, cash has caused a drag on performance in these types of markets.

Points to Consider
The massive asset level of the Fund is an ongoing issue to watch. We would expect the large assets to limit flexibility and force the PMs to only own larger, more liquid securities. However, the asset base has been extremely large for well over a decade and yet the Fund has been able to outperform the index consistently. CG has not communicated any ultimate capacity level of the Fund.

CG does not publicly provide individual portfolio counselor performance attribution. This makes it difficult—if not impossible—to know if all nine are adding value on a consistent basis.

Given the size of the fund and cash flows, an above-average cash balance is consistent.

The larger allocation to emerging equities relative to peers counters the higher cash level typically by adding increased return potential, but with increased volatility. However, the portfolio is well diversified and the volatility of the total portfolio is reasonable.

Recommendation Summary
The Research Group recommends EuroPacific Growth Fund as an inexpensive core international equity allocation that has historically and consistently outperformed the index net of fees. Given its diversification by stock, sector, and country, as well as its lack of a strong style bias (growth versus value), the Fund is appropriate as a standalone international option. In addition, given its consistent overweight to emerging equities, it is a good way for smaller and/or risk averse plans to obtain exposure to the asset class without having to hire a dedicated manager.

The multiple portfolio counselor system utilized by CG makes PM turnover less impactful and disruptive to the investor, process, and ultimately to performance. With the exception of retirements, CG has experienced very little turnover in its key investment staff.

Vanguard – Institutional Index Fund ($83 million)

Firm Overview

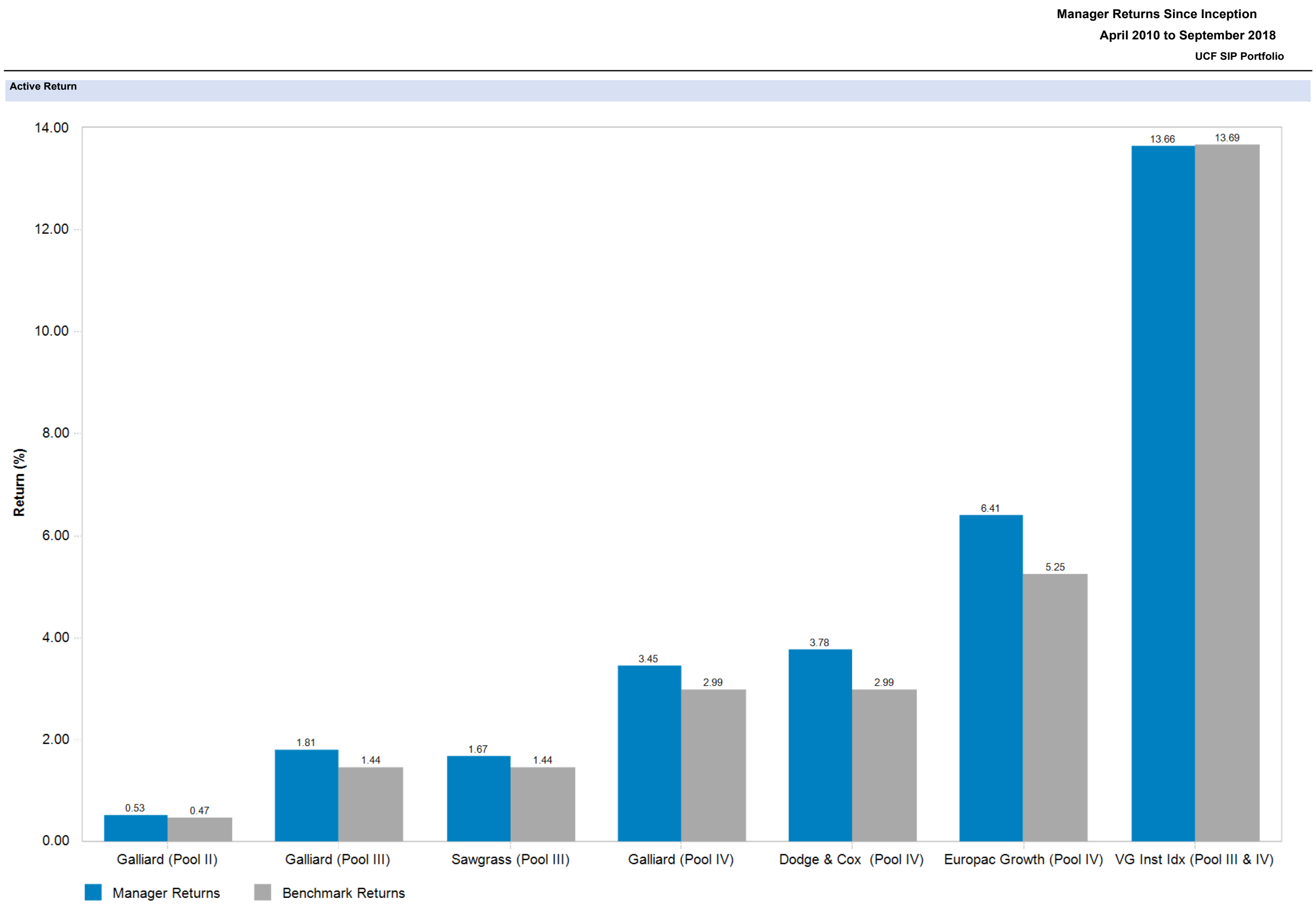
Founded in 1975 and headquartered in Malvern, PA, The Vanguard Group (Vanguard) is structured as a “mutual” mutual fund company, owned by the Vanguard funds and its investors. Vanguard’s fund family comprises more than 170 member funds with more than $4.2 trillion in assets across a broad array of active and passive investment categories including equities, fixed income, balanced funds, money market and stable value strategies.

Team Overview

Donald M. Butler, CFA, Principal of Vanguard. He has been with Vanguard since 1992; has managed investment portfolios since 1997. Education: B.S.B.A., Shippensburg University.
Michelle Louie, CFA, Portfolio Manager at Vanguard. She has been with Vanguard since 2010, has worked in investment management since 2011. Education: B.S., The American University; M.B.A., Georgia Institute of Technology.
Scott E. Geiger, Portfolio Manager at Vanguard. He has been with Vanguard since 2006; has worked in investment management since 2008; has managed investment portfolios since 2013. Education: B.S., Millersville University.

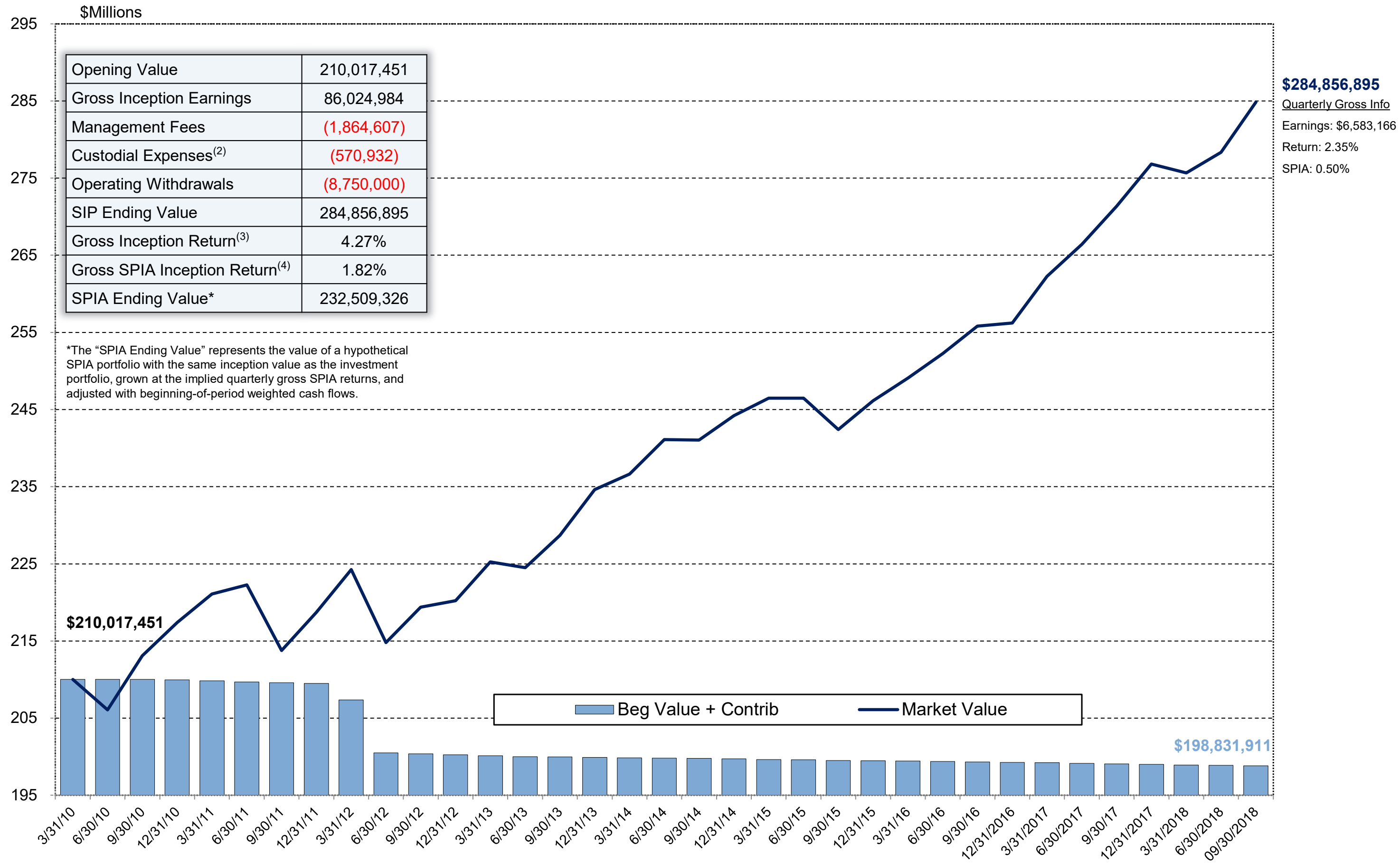
Strategy Overview

The Fund employs an indexing investment approach designed to track the performance of the Standard & Poor‘s 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.



*All returns shown net of fees. Dodge and Cox and Vanguard Inst'l Index have only been in the UCF portfolio since 11/2014 and 6/2013 respectively; however the performance of both funds dated back to 4/2010 is included above for the sake of uniformity.

Structured Investment Portfolio vs. Net Contributions[1] as of September 30, 2018



Opening Value	210,017,451
Gross Inception Earnings	86,024,984
Management Fees	(1,864,607)
Custodial Expenses[2]	(570,932)
Operating Withdrawals	(8,750,000)
SIP Ending Value	284,856,895
Gross Inception Return[3]	4.27%
Gross SPIA Inception Return[4]	1.82%
SPIA Ending Value*	232,509,326

*The "SPIA Ending Value" represents the value of a hypothetical SPIA portfolio with the same inception value as the investment portfolio, grown at the implied quarterly gross SPIA returns, and adjusted with beginning-of-period weighted cash flows.

1. Net contributions include cash flows associated with management fees, portfolio expenses and physical cash flows
2. Custodial expense figure is reduced by commission recapture income received
3. Annualized performance number. Net of management fees inception earnings = $84,160,377. Net inception return = 4.17%
4. The gross SPIA inception return corresponds with the 3/31/10 inception of UCF's investment portfolio. Net inception SPIA return = 1.70%

Structured Investment Portfolio Investment Policy Compliance Checklist(1) as of September 30, 2018

Pool I:	Yes	No	N/A
Investments limited to registered 2a-7 mutual funds, CDARS, and or/SPIA.			✓

Pool II:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "A-" or higher by a major credit rating service.	✓		
The weighted average quality of the fixed income portfolio shall maintain a rating of "AA+" or higher.	✓		
Duration of the fixed income portfolio shall not exceed the effective duration of the Merrill Lynch 1-Year Treasury index by 25%.	✓		
The maximum average effective maturity of any single security shall not exceed 3 years.	✓		
Operating Pool II shall maintain a dollar-weighted average effective maturity of 1 years or less.	✓		

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

Pool III Fixed:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "A-" or higher by a major credit rating service.	✓		
The weighted average quality of the fixed income portfolio shall maintain a rating of "AA-" or higher.	✓		
The duration of the fixed income portfolio shall not exceed the effective duration of the benchmark by 50%.	✓		
Operating Pool III shall maintain a dollar-weighted average effective maturity of 7 years or less.	✓		

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

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

1. Taken as an excerpt from the UCF quarterly performance evaluation report. Individual managers are also measured on an ongoing basis against a combination of 15 quantitative and qualitative criteria.

University of Central Florida
Total Operating Portfolio Summary[1]
As of September 30, 2018

Cash & Non-Investment Portfolio	03/31/2018 Reported Value	06/30/2018 Reported Value	09/30/2018 Reported Value
Bank of America	$1,445,595	$11,237,245	$7,477,459
SPIA	$347,445,906	$301,820,822	$383,534,764
Total Cash & Non-Investment Portfolio	**$348,891,501**	**$313,058,067**	**$391,012,223**

Structured Investment Portfolio (BNY)	03/31/2018 Reported Value	06/30/2018 Reported Value	*2nd Quarter Gain/(Loss)*	09/30/2018 Reported Value	*3rd Quarter Gain/(Loss)*	*Inception Gain/(Loss)[2]*
Pool I	**$0**	**$0**	***$0***	**$0**	***$0***	***$85,786***
Pool II	**$51,024,721**	**$51,286,982**	***$266,218***	**$51,556,393**	***$285,893***	***$1,847,086***
Fixed Income (Pool III)[3]	$105,944,354	$106,270,129	*$344,757*	$106,651,037	*$414,622*	*$13,081,707*
Domestic Equity (Pool III)	$25,742,718	$26,623,331	*$880,613*	$28,673,750	*$2,050,419*	*$20,275,986*
Total Pool III	**$131,687,072**	**$132,893,460**	***$1,225,369***	**$135,324,786**	***$2,465,041***	***$33,357,694***
Fixed Income (Pool IV)[4]	$29,066,589	$29,026,842	*($35,029)*	$29,079,195	*$66,946*	*$6,519,788*
Domestic Equity (Pool IV)	$48,817,319	$50,487,272	*$1,669,954*	$54,375,593	*$3,888,321*	*$39,353,399*
International Equity (Pool IV)	$15,068,926	$14,643,963	*($424,963)*	$14,520,927	*($123,036)*	*$4,861,230*
Total Pool IV	**$92,952,834**	**$94,158,077**	***$1,209,962***	**$97,975,716**	***$3,832,232***	***$50,734,416***
Total Structured Investment Portfolio	**$275,664,626**	**$278,338,519**	***$2,701,549***	**$284,856,895**	***$6,583,166***	***$86,024,984***

Total Operating Portfolio	**$624,556,127**	**$591,396,586**	**$675,869,117**	**Total Equity Allocation**	**14.44%**

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 $269 cash balance held in the Pool III mutual fund account.
4. Pool IV's fixed Income market value includes the $18,629 cash balance held in the Pool IV mutual fund account.

University of Central Florida
Structured Investment Portfolio vs. Net Contributions(1)
As of September 30, 2018

Opening Value	210,017,451
Gross Inception Earnings	86,024,984
Management Fees	(1,864,607)
Custodial Expenses(2)	(570,932)
Operating Withdrawals	(8,750,000)
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SPIA Ending Value*	232,509,326

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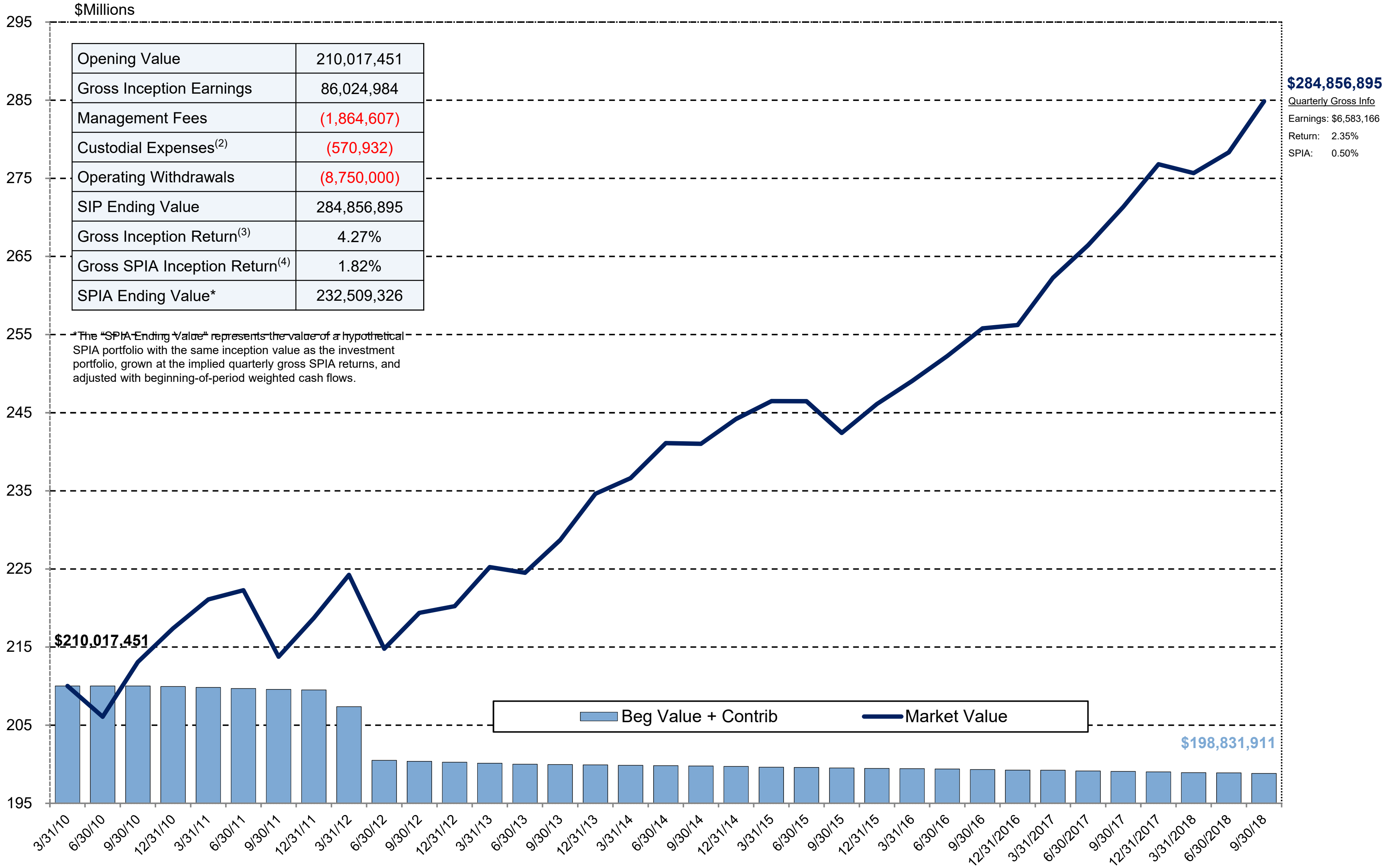


1. Net contributions include cash flows associated with management fees, portfolio expenses and physical cash flows
2. Custodial expense figure is reduced by commission recapture income received
3. Annualized performance number. Net of management fees inception earnings = $84,160,377. Net inception return = 4.17%
4. The gross SPIA inception return corresponds with the 3/31/10 inception of UCF's investment portfolio. Net inception SPIA return = 1.70%

University of Central Florida
Structured Investment Portfolio Investment Policy Compliance Checklist[1]
As of September 30, 2018

Pool I:	Yes	No	N/A
Investments limited to registered 2a-7 mutual funds, CDARS, and or/SPIA.			✓

Pool II:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "A-" or higher by a major credit rating service.	✓		
The weighted average quality of the fixed income portfolio shall maintain a rating of "AA+" or higher.	✓		
Duration of the fixed income portfolio shall not exceed the effective duration of the Merrill Lynch 1-Year Treasury index by 25%.	✓		
The maximum average effective maturity of any single security shall not exceed 3 years.	✓		
Operating Pool II shall maintain a dollar-weighted average effective maturity of 1 years or less.	✓		

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

Pool III Fixed:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "A-" or higher by a major credit rating service.	✓		
The weighted average quality of the fixed income portfolio shall maintain a rating of "AA-" or higher.	✓		
The duration of the fixed income portfolio shall not exceed the effective duration of the benchmark by 50%.	✓		
Operating Pool III shall maintain a dollar-weighted average effective maturity of 7 years or less.	✓		

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

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

1. Taken as an excerpt from the UCF quarterly performance evaluation report. Individual managers are also measured on an ongoing basis against a combination of 15 quantitative and qualitative criteria.

University of Central Florida
Structured Investment Portfolio Detail
As of September 30, 2018

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% S&P 500
Pool IV	35% Barclays Agg + 50% S&P 500 + 15% MSCI-ACWxUS

Pool I	$0	Current Allocation
Cash & Equivalents	**$0**	**100.0%**
Fidelity Money Market	$0	

Pool II	$51,556,393	Current Allocation
Short-Term Fixed Income	**$51,556,393**	**100.0%**
Galliard Capital Management	$51,556,393	

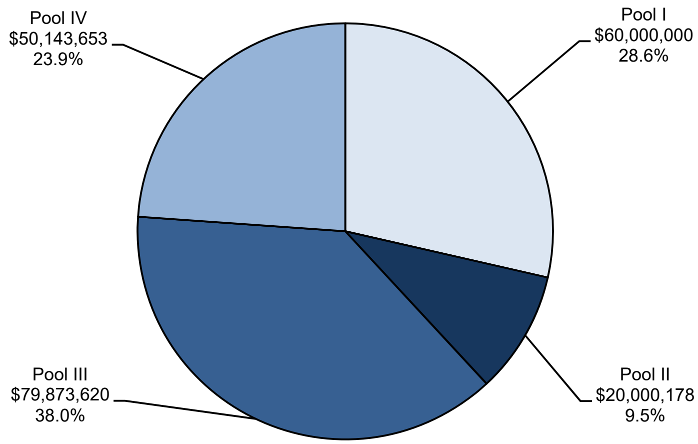
Pool III	$135,324,786	Current Allocation
Intermediate Fixed Income (85%)	**$106,651,037**	**78.8%**
Galliard Capital Management(1)	$57,493,885	
Sawgrass Asset Management	$49,157,152	
Domestic Equity (15%)	**$28,673,750**	**21.2%**
Vanguard Institutional Index	$28,673,750	

Pool IV	$97,975,716	Current Allocation
Broad Market Fixed Income (35%)	**$29,079,195**	**29.7%**
Galliard Capital Management(2)	$19,019,246	
Dodge & Cox Income	$10,059,949	
Domestic Equity (50%)	**$54,375,593**	**55.5%**
Vanguard Institutional Index	$54,375,593	
International Equity (15%)	**$14,520,927**	**14.8%**
Europacific Growth	$14,520,927	

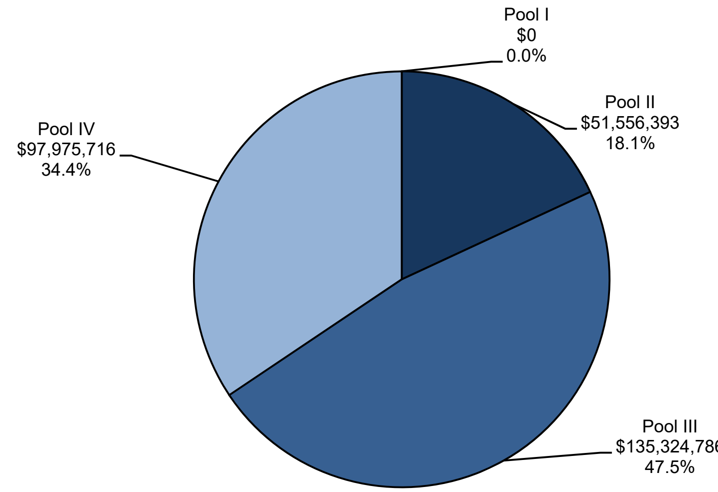
1. Pool III's Galliard Asset Management's market value includes the $269.36 cash balance held in the Pool III mutual fund account.
2. Pool IV's Galliard market value includes the $18,628.53 cash balance held in the Pool IV mutual fund account.

University of Central Florida
Initial Pool & Asset Allocation vs. Current Structured Investment Portfolio
As of September 30, 2018

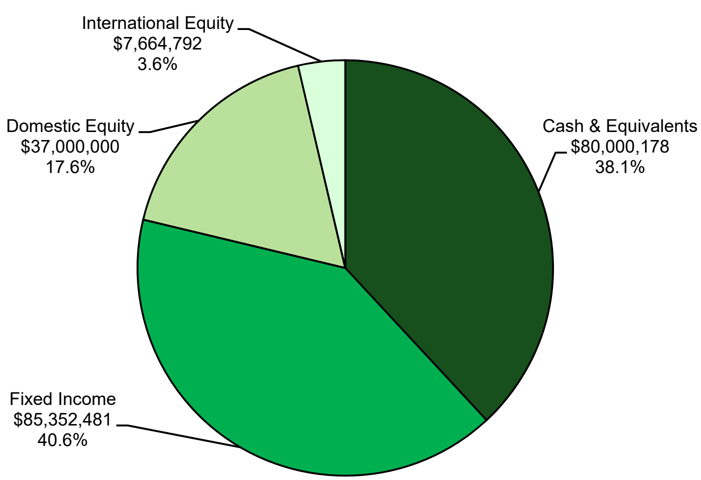
3/31/2010: $210,017,451
Pool Allocation



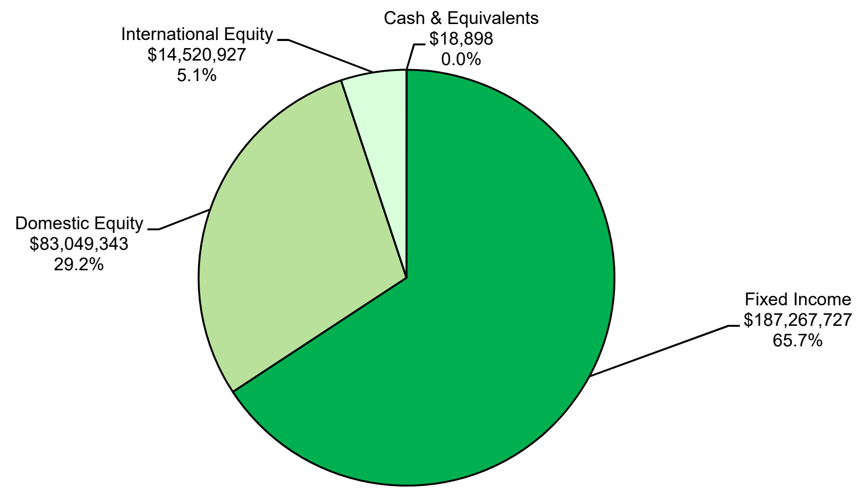
09/30/2018: $284,856,895
Pool Allocation



Asset Allocation



Asset Allocation



ITEM: INFO-6

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Five-year Internal Capital Plan 2019-23

DATE: December 12, 2018

For information only.

Supporting documentation: Attachment A: Five-year Internal Capital Plan 2019-23

Prepared by: Kathy Mitchell, Interim Chief Financial Officer

Submitted by: Kathy Mitchell, Interim Chief Financial Officer

Finance and Facilites Committee - New Business

Attachment A

UCF Facilities Projects
Five Year Internal Capital Plan, FY19 - 23
Updated as of 7/18/2018 approved by FBC and 8/29/2018 per approval by Dr. Whittaker

SCOPE: Capital projects greater than $250k (i.e new construction, renovations, private/public partnerships, leases, etc.) and include unit/division-funded projects that exceed $1 million and are planned to start within the next five years

	FY19	FY20	FY21	FY22	FY23	Project Cost FY19 - FY23	Secured Funding Sources: External – State	CITF	Philanthropy	P III	Debt	DSO Debt	Total External	Internal - Division/Unit (incl. Bonds): Academic Affairs	Admin & Finance	F&S	Central Reserves: Investment Earnings	Auxiliary	E&G	Total Internal	Funding Needed
NEW CONSTRUCTION																					
Research																					
Research II - Science, Engineering and Commercialization Facility	-	-	-	-	112,100,000	112,100,000	Potential	-	Potential	-	-	-	-	-	-	-	-	-	-	-	112,100,000
Academic																					
Learning Laboratory - Active Learning, Teaching Lab, and Maker Space Facility	-	8,500,000	68,100,000	8,500,000	-	85,100,000	Potential	-	Potential	-	-	-	-	-	-	-	-	-	-	-	85,100,000
College of Nursing/Health Sciences Building	-	-	5,100,000	40,800,000	5,100,000	51,000,000	Potential	-	Potential	Potential	-	Potential	-	-	-	-	-	51,000,000	-	51,000,000	-
Rosen Educational Facility and equipment	-	16,000,000	-	-	-	16,000,000	-	-	14,000,000	-	-	-	14,000,000	2,000,000	-	-	-	-	-	2,000,000	-
Lease L3 Building purchase, reno, and FFE in Research Park	9,400,000	-	-	-	-	9,400,000	-	-	-	-	-	5,000,000	5,000,000	4,400,000	-	-	-	-	-	4,400,000	-
Performing Arts Complex Phase I	-	-	-	3,100,000	27,800,000	30,900,000	Potential	-	Potential	-	-	-	-	-	-	-	-	-	-	-	30,900,000
DOWNTOWN Campus Services Buildout		2,500,000				2,500,000	-	-	-	-	-	-	-	-	2,500,000	-	-	-	-	2,500,000	-
Athletics																					
Roth Athletics Center (formerly Wayne Densch Expansion)	11,200,000	-	-	-	-	11,200,000	-	-	11,200,000	-	-	-	11,200,000	-	-	-	-	-	-	-	-
Kenneth G. Dixon Athletic Village enhancements	800,000	800,000	800,000	-	-	2,400,000	-	-	2,400,000	-	-	-	2,400,000	-	-	-	-	-	-	-	-
Auxiliary and Business																					
Rosen Parking Garage	-	-	13,000,000	-	-	13,000,000	-	-	-	-	13,000,000	-	13,000,000	-	-	-	-	-	-	-	-
Academic Health Center Parking Garage	-	-	20,000,000	-	-	20,000,000	-	-	-	-	20,000,000	-	20,000,000	-	-	-	-	-	-	-	-
Creative School	-	-	6,000,000	-		6,000,000	-	6,000,000	-	-	-	-	6,000,000	-	-	-	-	-	-	-	-
Dining, Housing & Res Life Partnership Building	-	-	-	95,000,000	-	95,000,000	-	-	-	-	95,000,000	-	95,000,000	-	-	-	-	-	-	-	-
DEFERRED MAINTENANCE AND CAPITAL RENEWAL																					
Academic																					
John C. Hitt Library Renovation Phase II	7,700,000	8,600,000	8,600,000	8,600,000	-	33,500,000	-	33,500,000	-	-	-	-	33,500,000	-	-	-	-	-	-	-	-
Chemistry Renovation into classroom/office space	-	-	-	5,000,000	-	5,000,000	Potential	-		-	-	-	-	-	-	-	-	-	-	-	5,000,000
Business Admin Building I Renovation	2,000,000	2,400,000	-	-	-	4,400,000	Potential	-	-	-	-	-	-	-	-	-	-	-	-	-	4,400,000
Business Admin Classroom Remodel to Adaptive Learning Space	1,900,000	-	-	-	-	1,900,000	-	-	-	-	-	-	-	1,900,000	-	-	-	-	-	1,900,000	-
Engineering Building I Renovation	-	1,500,000	17,700,000	1,200,000	-	20,400,000	Potential	-	-	-	-	-	-	-	-	-	-	-	-	-	20,400,000
Florida Solar Energy Center Reno	200,000	-	-	11,100,000	-	11,300,000	Potential	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000	11,100,000
F&S Biology Code Compliance	-	-	3,700,000	-	-	3,700,000	Potential	-	-	-	-	-	-	-	-	Potential	-	-	-	-	3,700,000
F&S Visual Arts HVAC	4,000,000	-		-	-	4,000,000	-	-	-	-	-	-	-	-	-	-	-	-	4,000,000	4,000,000	-
F&S Biology HVAC	-	-	500,000	4,500,000	-	5,000,000	-	-	-	-	-	-	-	-	-	Potential	-	-	-	-	5,000,000
Athletics																					
Stadium Rust Remediation	-	14,000,000	-	-	-	14,000,000	-	-	-	-	-	14,000,000	14,000,000	-	-	-	-	-	-	-	-
NON-CAPITAL FACILITIES NEEDS (LESS THAN $2M)																					
Research																					
Engineering 2 Renovation for Smart Cities Simulation Lab (Rm 418)	1,500,000	-	-	-	-	1,500,000	-	-	-	-	-	-	-	Potential	-	-	-	-	-	-	1,500,000
CECS renovation of leased space for High Pressure Shock Tube Lab	500,000	-	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-	-	-	-	-	500,000	-
DOWNTOWN Research Hub Renovation	-	1,500,000	-	-	-	1,500,000	-	-	Potential	-	-	-	-	Potential	-	-	-	-	-	-	1,500,000
Biology Arthropods Lab and Compliance	1,900,000	-	-	-	-	1,900,000	-	-	-	-	-	-	-	150,000	-	-	-	-	1,750,000	1,900,000	-
Chemical storage facility	-	1,200,000	-	-	-	1,200,000	-	-	-	-	-	-	-	Potential	-	-	-	-	-	-	1,200,000
Academic																					
Chemistry Building Sustainment	600,000	600,000	600,000	-	-	1,800,000	-	-	-	-	-	-	-	-	-	Potential	-	-	600,000	600,000	1,200,000
Administrative and Support																					
F&S Campus Development Agreement Safety projects	600,000	2,200,000	-	-	-	2,800,000	-	-	-	-	-	-	-	-	-	-	-	-	725,000	725,000	2,075,000
F&S Wastewater Treatment Capacity	700,000	-	-	-	-	700,000	-	-	-	-	-	-	-	-	-	-	-	-	700,000	700,000	-
TOTAL Projects	**$ 41,200,000**	**$ 59,800,000**	**$ 144,100,000**	**$ 177,800,000**	**$ 145,000,000**	**$ 567,900,000**	**$ -**	**$ 39,500,000**	**$ 25,800,000**	**$ -**	**$ 128,000,000**	**$ 19,000,000**	**$ 212,300,000**	**$ 8,950,000**	**$ 2,500,000**	**$ -**	**$ -**	**$ 51,000,000**	**$ 7,250,000**	**$ 69,700,000**	**$ 285,900,000**

Appendix: Project Descriptions (updated 7/18/18)

Project Name	Project Description
Research II - Science, Engineering and Commercialization Facility	A new building containing dry, damp, and wet research labs for College of Science, CREOL, and College of Engineering, including shared space, a clean room, and "We & Me" office spaces. Location TBD.
Learning Laboratory - Active Learning, Teaching Lab, and Maker Space Facility	A new building located on the main campus containing teaching labs for the College of Science, College of Engineering, College of Medicine, and the College of Community Education and Innovation including shared space, offices, and classrooms.
College of Nursing/Health Sciences Building	A new building at Academic Health Science Center (AHSC) in Lake Nona. Considering UCF Foundation to build and College of Nursing and other health related programs to lease.
Rosen Educational Facility and equipment	The new building on the Rosen campus will include offices, classrooms and kitchen. UCF will lease the building to Rosen, and Rosen will manage the building.
Lease L3 Building in Research Park	Foundation is pursuing purchase of L3 building in Research Park for ~$6.9m plus $1.8m in renovations and $.7m in FF&E net of university lease prepayment. UCF Digital Learning and Continuing Education to lease this space for at least 5 years.
Performing Arts Complex Phase I	A new building comprised of two main performance venues, including a 500 seat concert hall and a 520 seat proscenium theatre and a laboratory. In addition, the convertible space between these 2 venues will be used as laboratory space which can be adapted to a 263 seat recital and lecture hall or a 225 seat black box theatre.
DOWNTOWN Campus Services Buildout	The build out of the shell space in the garage for card services, parking decal sales, and flex space for parking services, business services and some Facility Operations support space.
Roth Athletics Center (formerly Wayne Densch Expansion), Phase I and Phase II	The new building attached to the North side of the Wayne Densch Center. It will contain football operations (meetings/classroom, offices, expanded locker room, new recruiting room), men's and women's soccer (locker rooms & meetings), Athletics administration, and Olympic sport coaches. Phase I is the shell of the building and Phase II is the build out.
Kenneth G. Dixon Athletics Village enhancements "Knights Walk"	Paved walkways and landscaping that will connect the Football Stadium and Soccer Field to the Venue and Arena. The passage way will start at the south side of the Football Stadium, pass between the Wayne Densch Sport Center and Nicholson Fieldhouse, move along south of the track & soccer field, and finish on the east side of the Venue/Arena.
Rosen Parking Garage	The garage at the Rosen campus will contain 600 spaces.
Academic Health Center Parking Garage	Parking at AHSC needs will be approximately 1,000 spaces.
Creative School	A new building for the Creative School to replace current building. Location TBD.
Dining, Housing & Res Life Partnership Building	A complex that includes dining, housing and residential life for graduate students. Locations are still being analyzed for this project.

Appendix: Project Descriptions (updated 7/18/18)

Project Name	Project Description
John C. Hitt Library Renovation Phase II	Phase II will include the construction of a building that connects the ARC to the library building, and a complete renovation of the existing library buildings.
Chemistry Renovation into classroom/office	If Chemistry moves into the new Research II building, then the current Chemistry building can be renovated into classroom/office space.
Business Admin Building I Renovation	Includes classroom reconfiguration including adaptive learning, tutoring spaces, address air quality
Business Admin Classroom Remodel to Adaptive Learning Space	Renovate and combine classrooms 238 and 239; and 107 to flexible, mixed mode adaptive learning spaces.
Engineering Building I Renovation	Continuation to complete building renovations.
Florida Solar Energy Center Reno	Renovations contingent upon management decision to continue or move operations.
F&S Biology Code Compliance	This building compliance concerns are as a result of too much chemical inventory in the building. The department is working to better manage the inventory and to ensure all amounts of inventory are in compliance. Included in this project are the costs of reworking the chemical inventory and to bring in a consultant to validate we are in compliance. It was also noted that project costs can be significantly reduced with enforcement of better controls and usage of a central chemical storage facility.
F&S Visual Arts HVAC	The Visual Arts Building's HVAC is at risk of failure.
F&S Biology HVAC	The Biology Building's HVAC is at risk of failure.
Stadium Rust Remediation	This project will repair the rust damage throughout the stadium.
Engineering 2 Renovation for Smart Cities Simulation Lab (Rm 117)	This project will renovate a suite in the Engineering 2 Building in order to accommodate the Smart Cities Simulation lab.
CECS renovation of leased space for High Pressure Shock Tube Lab	This project will renovate leased space in Research Park to accommodate a High Pressure Shock Tube Lab.
Downtown Research Hub Renovation	The Research Hub for Downtown is planned be located in the leased space in the Garage near the Bob Car center.
Biology Arthropods Lab and Compliance	Relocate lab to the Biology Field Research Center on Ara Drive and address fire code compliance violations in teaching collections space.
Chemical storage facility	A central chemical receiving and storage facility. Chemicals would be distributed from the main campus facility.
Chemistry Building Sustainment	This project will allow the Chemistry building to continuing functioning until the renovations made to turn it into classroom/office space after Research II is completed.
F&S CDA - Campus Entryways Phase I	Campus Development Agreement is a contractual obligation with Orange County requiring specific projects to increase the safety of pedestrians and others entering and leaving the university.

Appendix: Project Descriptions (updated 7/18/18)

Project Name	Project Description
F&S CDA - Alafaya Pedestrian Safety - Alafaya & University Wayfinding/Branding	This project adds signage to Alafaya and University to help guide visitor and students to the University per agreement with Orange county. The University will be required to start this project once the county notifies us.
F&S CDA - Alafaya Pedestrian Safety - Campus Bike Path	This project adds campus bike paths per agreement with Orange county. The University will be required to start this project once the county notifies us.
F&S CDA - Educational Programs	As part of the Campus Development Agreement, the University is required to offer campus safety educational programs.
F&S Wastewater Treatment Capacity	Wastewater capacity is needed in order meet the demands of a growing University. The capacity available is limited and may not be available in future years if it is not purchased soon.