



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
Provost's Conference Room, Millican Hall, 3rd floor
June 20, 2018

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 8:30 a.m. Committee members Joshua Bolona and David Walsh were present. Committee members Robert Garvy, John Lord, and John Sprouls attended by teleconference call. Chairman Marcos Marchena was present.

MINUTES APPROVAL

The minutes of the April 18, 2018, and May 24, 2018, Finance and Facilities Committee meetings were approved as submitted.

NEW BUSINESS

Direct Support Organizations' 2017-18 Third-Quarter Financial Reports (INFO-1)

William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, and John C. Pittman, Associate Vice President for Administration and Finance, Debt Management, reported that the 2017-18 third-quarter financial reports for the period that ended March 31, 2018, for the UCF DSOs were provided as information items.

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

Merck and Brad Stricklin, Senior Associate Athletics Director and Chief Financial Officer, requested the release of unrestricted UCF Stadium Corporation revenues. The 2018-19 budget, which was approved by the UCF Stadium Corporation's board, reflects projected unrestricted excess revenues of \$4,899,340 to be available for transfer to the UCFAA. The committee unanimously approved the release of unrestricted UCF Stadium Corporation revenues as presented.

2018-19 Direct Support Organizations' Budgets (FFC-2)

Merck presented for approval the 2018-19 operating budgets for the following DSOs: UCF Athletics Association, UCF Convocation Corporation, UCF Finance Corporation, UCF Foundation, UCF Limbitless Solutions, UCF Research Foundation, and UCF Stadium Corporation. The committee unanimously approved the budgets as presented, but the UCF Athletics Association budget was approved contingent upon its approval by the UCFAA board at

their meeting on June 20. It also was requested the UCF Athletics Association come back before the committee at the October committee meeting to present an update and review of the budget.

Five-year Capital Improvement Plan (FFC-3)

Merck and Lee Kernek, Associate Vice President for Administration and Finance, requested approval of the capital improvement plan options for 2019-20 through 2023-24. Each year, the university must submit an updated capital improvement plan to the Board of Governors. This plan identifies projects that will be included in the three-year Public Education Capital Outlay list and provides information to the State Board of Education for its request for capital project funding for 2019-20. The capital improvement plan must be submitted to the Board of Governors' staff by August 1, 2018.

Kernek requested that the Academic Health Sciences Center Parking Garage (FFC-7 on the agenda) be added to Attachment B "2019-20 Fixed Capital Outlay Projects Requiring Board of Governors Approval to be Constructed, Acquired, and Financed by a University or a University Direct Support Organization with Approved Debt" if the Academic Health Sciences Center Parking Garage is approved.

Trustee Garvy requested that after the election primaries in August, the committee discuss how to voice concerns to the state legislature over lack of plant operations and maintenance funds.

The committee unanimously approved the 2019-20 Capital Improvement Plan with the addition of the Academic Health Sciences Center Parking Garage to Attachment B, contingent upon the garage's approval by the committee.

Razing of Building 38 (FFC-4)

Kernek requested approval for the demolition of Building 38. The estimated cost to correct the problems within the building is \$3,000,000, which is greater than 187 percent of the building cost. Building 39 already received survey recommendation from the Board of Governors in 2015 for demolition, and a supplemental survey recommendation has been received to demolish Building 38, as well.

According to Florida Board of Governors' Regulation 9.004 Razing of Buildings, each university's Board of Trustees shall have the authority to raze buildings. Prior to demolition of any educational support facility with a replacement cost exceeding \$1,000,000, the university shall obtain an Educational Plant Survey recommendation for demolition. The university Board of Trustees shall review and approve the Educational Plant Survey recommendation and transmit to the Board of Governors for validation.

The cost to demolish Buildings 38 and 39 is estimated to be approximately \$300,000.

Trustee Garvy requested that the pictures of Building 38 in its debilitated condition be presented to the state legislature when discussing the lack of plant operations and maintenance funds. The committee unanimously approved the demolition of Building 38.

2018-19 College of Medicine Faculty Practice Plan Budget (FFC-5)

Deborah German, Vice President for Medical Affairs and Dean of the College of Medicine, and Steve Omli, Assistant Dean of Medical School Finances, presented the 2018-19 College of

Medicine Faculty Practice Plan budget. The College of Medicine's Faculty Practice Plan, UCF-Health, operates a clinic on University Boulevard that provides multi-specialty care to the community, as well as a second location in the Gateway building at the Lake Nona Health Sciences Campus.

The committee unanimously approved the 2018-19 Faculty Practice Plan budget as presented. It was requested the College of Medicine budgeting process be added to the UCF Athletics Association budget update in October, and Chairman Marchena suggested instead a general budgeting workshop for the trustees.

2018-19 College of Medicine Self-insurance Program Budget (FFC-6)

German and Omli discussed the 2018-19 College of Medicine Self-insurance Program budget. The Self-insurance Program provides comprehensive professional and general liability protection in connection with the delivery of health care services in the College of Medicine, College of Nursing, College of Health and Public Affairs, UCF Health Services, and Counseling and Psychological Services. The committee unanimously approved the 2018-19 Self-insurance Program budget as presented.

Academic Health Sciences Center Parking Garage (FFC-7)

Kernek requested approval of the Health Sciences Campus Parking Garage I and to move forward with the advertisement and solicitation of an architect and engineer for the design of this project. The Academic Health Sciences Center, which comprises the College of Medicine, Burnett School of Biomedical Sciences, and the future Health Sciences and College of Nursing building, is in need of a parking garage. Preliminary studies have begun on temporary parking solutions, along with the location and size of future buildings.

The estimated total project cost of the parking garage is \$20,000,000, which is based on a 1,000-car parking garage at \$20,000 per parking space. This value is a total project cost and includes design fees, permitting, site development, and the parking garage. An additional \$500,000 will be reserved for a temporary parking solution. The garage will be 100 percent financed, with \$1 million set aside for design and permitting (which will be reimbursed via bond proceeds). This arrangement is typically a 25-year amortization, paid for by parking revenues.

The committee unanimously approved the Health Sciences Campus Parking Garage I and the advertisement and solicitation of an architect and engineer for the design. Chairman Marchena said he supports the parking garage as long as fee increases are not needed to pay for it.

Use of Spectrum Stadium for Professional Football Games (FFC-8)

Merck and David Hansen, Chief Operating Officer for the UCF Athletics Association, requested approval to rent Spectrum Stadium to Legendary Field Exhibitions (LFE) to conduct professional football games beginning in February 2019.

The use agreement consists of an initial three-year term beginning with the 2019 season and an option to extend the term for an additional three years. LFE will hold a minimum of five and maximum of seven games plus playoff games at Spectrum Stadium between January 15 and May 15 of each year. Games are scheduled to be played on Fridays, Saturdays, or Sundays, with most being played on Sundays. Attendance is projected to average 17,500 spectators per game.

Previous questions and concerns brought up at the May 24 Finance and Facilities Committee meeting regarding this item were answered by Athletics staff in conversation with the trustees following that meeting.

The committee unanimously approved the use of Spectrum Stadium for the professional football games.

Amendment to Sublease Agreement between UCF and Pegasus Hotel (FFC-9)

Scott Cole, Vice President and General Counsel, requested approval of an amendment to the sublease with Pegasus Hotel for the on-campus hotel and conference center. Modifications have been made to the original sublease since its approval by the Board of Trustees at the November 29, 2015 meeting. The number of room keys has increased from 135 to 179. Because of this increase, the base rent and variable rent have been increased proportionally to the new number of rooms. Also, the construction start date is now no later than September 1, 2018.

The committee unanimously approved the amendment.

Assignment of Option to Purchase 11.4 Acres at Lake Nona (FFC-10)

German, Cole, and Jeanette Schreiber, Associate Vice President for Medical Affairs and Chief Legal Officer for the UCF College of Medicine, requested approval for the assignment to Central Florida Health Services the option to purchase 11.4 acres of land adjacent to the site for the UCF Lake Nona Medical Center.

This land is adjacent to the 25-acre parcel owned by UCF and leased to the UCF-HCA joint venture, Central Florida Health Services, for use as the hospital campus of UCF Lake Nona Medical Center. The additional 11.4 acres is needed to complete the hospital campus and for future growth. UCF owns the option, which expires on June 25, 2018.

It was proposed that UCF assign the option to Central Florida Health Services, which will purchase the 11.4 acres from Lake Nona, subject to the same conditions of use imposed for the 25 acres. The value of the option will be credited to the UCF Academic Health direct support organization as part of its equity in the hospital joint venture. In 25 years, ownership of the 11.4 acres will revert to UCF Academic Health and UCF to be joined with the 25 acres and subleased by UCF Academic Health to Central Florida Health Services as a single 36-acre hospital campus.

The committee unanimously approved the assignment of the option to purchase the 11.4 acres of land to Central Florida Health Services.

UCF Investments Quarterly Report Ended March 31, 2018, Including Annual Review (INFO-2)

Merck and Tracy Clark, Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance, presented the UCF Investments Quarterly Report for the quarter that ended March 31, 2018. The report also included annual review information

Campus Master Plan Public Comment Meeting Minutes (INFO-3)

Because of the committee's request at the May 24, 2018 FFC meeting, the minutes of the May 22, 2018 campus master plan public meeting were provided by Kernek as an information item.

Student Transportation Rebid Discussion

Merck and Kris Singh, Director of Parking of Transportation Services, informed the committee the current contract for the campus student shuttle service expires in June 2020, so it is time to take the contract to bid. The university will be seeking a 10-year agreement that includes the use of 12-year busses, which are heavy-duty and longer lasting than the current shuttle fleet. The university also is exploring the use of propane, compressed natural gas, diesel, and electric fuel options. The final agreement will come before the committee for approval.

Arecibo Observatory Update Discussion

Elizabeth Klonoff, Vice President for Research and Dean of the College of Graduate Studies, provided an update on UCF's acquisition of the Arecibo Observatory in Puerto Rico. They moved at the end of May from the transition grant to the real grant and have written additional grant proposals to assist with the management and running of the facility. They also are in the process of replacing scientists who left following the transition.

Chair Martins adjourned the Finance and Facilities Committee meeting at 9:50 a.m.

Respectfully submitted: _____ Date _____
William F. Merck II
Vice President for Administration and Finance
and Chief Financial Officer