



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
FAIRWINDS Alumni Center
July 18, 2019

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 11:09 a.m. Committee members Robert Garvy, Kyler Gray, David Walsh, and Bill Yeargin were present. Committee member John Sprouls attended via teleconference. Trustees Ken Bradley, Beverly Seay, and Bill Self were present.

MEETING MINUTES

The minutes of the June 19, 2019, Finance and Facilities Committee meeting were approved as submitted.

NEW BUSINESS

Legislative Budget Requests (FFC-1)

Thad Seymour, Interim President, Dennis Crudele, Interim Chief Financial Officer, Elizabeth Dooley, Provost and Vice President for Academic Affairs, and Janet Owen, Vice President for Government Relations, presented for approval the Legislative Budget Requests. Requests submitted for consideration must align with the goals and objections of UCF's strategic priorities and Accountability Plan.

Seymour stated that the first request is called *UCForward* and is designed to accelerate the university's pursuit of excellence and statewide impact. Combined with a new enrollment strategy, this \$18.4 million plan addresses three areas of excellence: 1) student affordability and success, 2) research and economic prosperity, and 3) healthcare education and delivery.

The plan includes 90 new faculty hires, 40 new academic advisors, and support for high-impact practices including research and partnerships, particularly in the health sciences arena.

The second is called UCF RESTORES and seeks \$3.7 million (of which \$1.2 million is non-recurring) that will allow service to Florida citizens who have been affected by trauma. Specifically, this request will continue the UCF RESTORES innovative treatment program and allow it to develop new initiatives that address crucial mental health needs in Florida.

Upon approval by the board, these legislative budget requests will be sent to the Board of Governors for their consideration in the 2019-20 legislative session beginning in January 2020. Trustee Self expressed his pleasure at having faculty and advising at the top of the list.

Trustee Bradley asked how funding is being spent for the “Build a 21st-century healthcare ecosystem” initiative in the *UCForward* request. Dooley said those dollars are for faculty, who will conduct clinical research.

Trustee Walsh stated that the efforts to embellish undergraduate teaching and improve quality are noteworthy.

Vice Chair Garvy asked Owen if she has received feedback from the legislature. She said she has talked with legislative members in Central Florida, and upon approval of this item by the board, Seymour will personally visit legislative leaders in Florida and Board of Governors’ members.

Seymour added that he has briefed BOG Chancellor Criser and Vice Chair Kitson and explained how this aligns to UCF’s strategy and priorities moving forward.

Chair Martins stated that these requests hit the heart of the strategic plan and focus on the four-year graduation rate and the faculty-to-student ratio.

The committee unanimously approved the legislative budget requests as submitted.

Five-Year Capital Improvement Plan (FFC-2)

Misty Shepherd, Interim Vice President for Administrative Affairs and Operations, and Duane Siemen, Interim Associate Vice President for Facilities, presented for approval the Five-Year Capital Improvement Plan.

Shepherd stated that, each year, the university must submit an updated Capital Improvement Plan (CIP) to the Board of Governors. This plan identifies projects that will be included in the three-year Public Education Capital Outlay (PECO) list, and provides information to the State Board of Education for its request for capital project funding for 2020-21.

The projects included in the CIP adhere to criteria prescribed by the Board of Governors: Remodeling/Renovation/Maintenance/Repair, Projects Previously Funded by the Legislature, Capital Renewal and Stewardship of Existing Facilities, and New Facility Request.

The renovation projects listed in the UCF CIP include updates that should provide for operating cost efficiencies. UCF has three PECO-Eligible Project Requests, all of which are renovations: the Biological Sciences building, Howard Phillips Hall, and the exterior of the Communications and Media Building on the UCF Downtown campus. One CITF Project Request, Phase II of the John C. Hitt Library Renovation, was requested.

Once submitted, the Board of Governors will evaluate all universities based on the criteria above and a newly established points-based system to present a request for PECO funding to the legislature. If the state does not approve the funds requested, the university may include the same projects on next year’s CIP, or, if available may request authorization to use E&G carryforward funds.

Walsh noted that this was a more concise approach than previous plans. Shepherd concurred and said that these projects have the highest impact with the lowest cost.

Garvy asked what the alternative for funding is if PECO falls through. Shepherd stated that, within the new guidelines, the university can seek approval from the legislature to complete projects using existing carryforward funds.

Martins stated that the focus and conciseness of the list is commendable.

The committee unanimously approved the Five-Year Capital Improvement List as presented.

UCF and Valencia College Partnership Agreement for Downtown Campus (FFC-3)

Shepherd, Mike Kilbride, Assistant Vice President for UCF Downtown, and Jennifer Cerasa, Senior Associate General Counsel, presented for approval the UCF and Valencia College partnership agreement for the UCF Downtown campus. To provide a consistent experience for students, faculty, and staff on the shared campus and reduce the duplication of services, UCF and Valencia are entering into a partnership agreement to outline how they will share costs and provide lower division courses, share facilities, and provide shared services on the campus.

Valencia College will contribute approximately \$1.2 million annually toward the operating costs of the downtown campus. UCF will share one-third of the net commission generated from the Downtown campus store and Downtown campus vending with Valencia College.

The agreement will go into effect on August 1, 2019 and terminates on June 30, 2029. The term will automatically be renewed for two, successive 10-year terms thereafter, unless either party provides written notice of its intent to terminate or amend the agreement.

Kilbride stated that the agreement is broken down into several components:

- UCF-owned-and-leased facilities and Valencia-owned-and-leased facilities and how services are provided to each;
- Facilities in general and licensing UCF space to Valencia;
- Co-listing general education courses, which allows UCF students to take Valencia courses at Valencia's rate;
- Shared services, such as campus safety, IT, and connection costs; and
- Student services, which allows Valencia students to pay a fee to use UCF facilities, such as the Recreation and Wellness Center and other services.

Seymour acknowledged the amount of work that went into this agreement. It represents hundreds of hours of meetings between UCF and Valencia and is possibly an unprecedented agreement between a college and a university.

Garvy commented that the downtown campus is a milestone in UCF and Valencia's histories and shows the partnership attitude that is the cornerstone of UCF. Martins concurred.

The committee unanimously approved the UCF and Valencia College Partnership Agreement for the Downtown Campus as presented.

Centroplex Lease Agreement with the City of Orlando (FFC-4)

Shepherd, Kilbride, and Cerasa presented for approval the Centroplex lease agreement with the City of Orlando. In February 2016, UCF and the City of Orlando executed a Memorandum of

Understanding that outlined the basic framework of the terms of future agreements to be entered into between UCF and the city for the development of the new campus in downtown Orlando's Creative Village, should the campus be approved by the Board of Governors and receive the needed state funding.

In the Memorandum of Understanding, the City committed to leasing the entire Centroplex I Garage to the university, with a total of 603 parking spaces and 10,000 square feet of adjacent retail space for a term of five years (ending on June 30, 2024), with an option to renew for three additional one-year periods. The city committed to the following payment terms:

- \$1 per space per year for 300 spaces
- \$52.50 per space per month for 303 spaces
- \$5,000 per month for 10,000 square feet of adjacent retail space

The parking garage will be managed by UCF Parking and Transportation Services to provide parking for students, faculty, and staff of the downtown campus. The retail space will house the UCF Police Department's Downtown substation and Flying Horse Editions, a collaborative research studio for visual arts.

The rent for the garage and adjacent retail space totals \$251,190 and will be funded by Parking and Transportation auxiliary funds. The lease formalizes UCF's agreement with the City of Orlando to support parking, safety, and space needs of the UCF Downtown campus.

The committee unanimously approved the Centroplex lease agreement with the City of Orlando as presented.

Addendum to Management Agreement between Creative Village SHP Owner, LLC and UCF Board of Trustees (FFC-5)

Shepherd, Kilbride, and Cerasa presented for approval the addendum to the management agreement between Creative Village SHP Owner and UCF for the management of student housing at the UCF Downtown campus.

UCF previously entered into a management agreement on October 8, 2018 with Creative Village SHP Owner, LLC (Owner) to provide that UCF would manage and market the privately-owned student housing project now known as UnionWest. The management agreement contemplated that UCF, Valencia, and the owner would enter into a future addendum where the parties agreed upon an allocation of the student housing beds between UCF and Valencia. This addendum to the management agreement sets forth the allocation of the 600 student beds between Valencia and UCF and provides for a tiered release approach. The addendum runs concurrently with the management agreement, which has a 20-year term and expires in 2039.

Cerasa said of the 600 beds, 400 beds are initially allotted to UCF students and 200 beds to Valencia students. The number of beds allotted to Valencia students either drops or remains the same, depending on the number of completed housing applications by Valencia students.

Walsh asked for the current occupancy rate. Kilbride stated that it is over 80 percent full, and both UCF and Valencia students are responding well.

Martins stated that the trustees had the opportunity to tour the facility, and he is pleased to see the high occupancy rate.

The committee unanimously approved the addendum to the management agreement between Creative Village SHP Owner and UCF for the management of student housing at the UCF Downtown campus.

Student Transportation Services Agreement (FFC-6)

Shepherd and Kris Singh, Director of Parking and Transportation Services, presented for approval the agreement to provide student shuttle service to, from, and within the vicinity of UCF's main campus. Service includes transportation to the Health Sciences Campus at Lake Nona, Rosen School of Hospitality Management, UCF Downtown Campus, and other locations mutually agreed upon during the term of the contract.

The Invitation to Negotiate (ITN) was issued on October 15, 2018. The negotiation team worked over several months and was advised by UCF Trustee David Walsh. After all negotiations and Best and Final Offers, Groome Transportation was selected as the awardee. They provided the best overall value for this service, saving the university over \$23,780,400 through negotiations. Overall experience of the provider, driver requirements and wages, servicing and fueling locations, start-up plan, innovation and technology, and staffing and supervisory roles also were considered.

The contract is for 10 years (2020 to 2030), with an extension that may not exceed 12 months or the completion of a competitive solicitation. The contract can be terminated for cause after a 90-day cure period, for breaching Florida's public records law (F.S. 119), or by mutual consent of both parties.

Shuttle services will be provided using 61 buses (45 Blue Bird propane powered, eight El Dorado bio-diesel powered, and eight Starcraft propane-powered buses). Groome will be responsible for all day-to-day operations, administration, and maintenance of the shuttle fleet. UCF's obligations are approximately \$86 million over 10 years and is funded through the Transportation Access Fee. No fee increases are being requested.

Singh stated the contract will begin next year, allowing Groome the time to build the buses and have them ready for service by July 1, 2020.

Martins stated he asked Walsh to serve on the ITN committee and thanked him for his time and work.

Walsh stated Groome provided Key Performance Indicators for availability, reliability, safety and on-time performance and demonstrated they could meet UCF's needs on a cost basis.

Trustee Seay asked if this was a fixed-price contract. Singh said that it escalates two percent per year. She questioned Groome scoring almost 200 points below the leader on Attachment D. Singh stated that once Groome entered into face-to-face negotiations, they presented additional incentives that were not stated in their original proposal, on which that scoring was based.

She also asked if the main cost differential was labor. Singh said that equipment would be first and labor second.

Bradley asked how much funding is available annually from the Transportation Access Fee. Singh said \$15 million, of which \$8 million funds the shuttles. The remaining funds pay for debt service on the garages, operations, equipment, and salaries.

The committee unanimously approved the awarding of the student transportation services agreement to Groome Transportation as presented.

Sublease of South Orlando Campus to Orange County (FFC-7)

Shepherd and Cerasa presented for approval the sublease of the South Orlando campus to Orange County. In 2015, Orange County Board of County Commissioners executed a resolution in support of the UCF Downtown campus, where in it committed \$3 million toward the construction of the UCF Downtown campus, contingent upon (among other items that have been satisfied) the execution of a long-term lease to the county at nominal consideration for the property known as the UCF of South Orlando Center located at 7300 Lake Ellenor Drive.

This proposed sublease is the final step in obtaining Orange County's commitment. The property is generally located near the intersection of West Oak Ridge Road and South Orange Blossom Trail. It is owned by the Board of Internal Improvement Trust Fund and was leased to UCF as part of the Master Lease 2721. The property has previously been used for overflow parking by a neighboring business, and a neighboring elementary school had constructed a baseball field on the property. However, UCF has no university related purpose to continue to lease the property and previously had discussed removing the property from the master lease. Subsequently, Orange County expressed interest in subleasing the property to build a public park and recreational facility, which may include after-school programs, meeting space for community classes and gatherings, and athletic fields.

The term of the sublease is for 50 years. UCF will cooperate with the county in securing any necessary easement rights. The county will submit a land use plan for the subleased premises to the Division of State Lands, maintain insurance, pay any taxes, assessments, or utility fees, and maintain the property. UCF can terminate upon breach of the sublease after 60 days written notice.

Cerasa stated that the sublease is subject to approval by the state, who are aware and are supportive.

She added that the property had minor petroleum contamination from an underground heating oil storage tank, which has only recently been cleared. The university received the Site Completion Rehabilitation Order (SRCO) from the Florida Department of Environmental Protection. The property also has monitoring wells, but they have not been checked in some time. An adjacent property, known as the Ashland Site, has an existing approved clean up due to environmental contamination, but the South Orlando Center site is no longer monitored as part of the clean-up.

UCF will indemnify the county for any existing environmental conditions, but not for future contamination and/or contamination that is exacerbated by the County's occupancy and use.

Martins asked Cerasa to confirm that all indemnification and "hold harmless" language was agreed upon on behalf of the university. Cerasa confirmed and said that UCF has indemnified the county for any action that took place during UCF's ownership, however the county is responsible for anything that occurs once they take possession.

Walsh asked what the fair market value of the property is. Cerasa said that because the state owns the land, the fair market value is unknown. This land is part of the \$20 million worth of community support the county pledged to UCF in its support of UCF Downtown.

Seay asked if the university will be held responsible if any new issues are discovered now that the county is subleasing the property. Cerasa said that it depends on the source. If an issue stems from the county placing a park on the property, for example, the county is responsible. If the issue stems from UCF's time as the holder of the lease, the university is responsible. However, she is confident the site is safe and clean.

Walsh suggested a Phase I environmental study be completed to establish a baseline. Cerasa said the university has completed multiple Phase I studies, and Phase II was part of receiving the SCRO from FDEP, who said no discoverable contamination is present.

The committee unanimously approved the Sublease of the South Orlando Campus to Orange County as presented.

UCFAA Fifth Third Lines of Credit Renewal (FFC-8)

Shepherd and Bert Francis, Assistant Controller, presented for approval the request to renew the University of Central Florida Athletics Association (UCFAA) lines of credit with Fifth Third Bank. UCFAA has two lines of credit (a construction line and an operating line) with Fifth Third Bank that must be renewed annually. The local UCFAA board has approved the renewal, and it now requires Board of Trustees approval.

Francis stated that they are looking to extend the lines for an additional year (until July 2020).

The construction line interest rate will change from 67 percent of 30-day LIBOR Rate plus 1.34 percent to 79 percent of 30-day LIBOR Rate plus 1.34 percent. Principal payment of \$295,000 will be due on July 15, 2020.

The operating line interest rate is 30-day LIBOR Rate plus 2.0 percent. The line is automatically paid down as deposits are made into UCFAA's operating accounts. UCFAA pays an unused fee of 0.45 percent on the average unused balance every quarter.

The committee unanimously approved the renewal of the UCFAA lines of credit with Fifth Third Bank.

7-Eleven Lease at Knights Plaza (FFC-9)

Shepherd and Ronnie Lamkin, General Manager for the UCF Convocation Corporation, presented for approval the lease for Petroleum Marketing Group (PMG) to construct and operate a 7-Eleven store at Knights Plaza.

The store will be located in the space that was previously occupied by Knight Aide Pharmacy, which consisted of a pharmacy and convenience store. There are several exclusions and exclusivities prescribed by the lease in order to protect UCF's existing contracts, interests, and reputation (such as no tobacco, e-cigarettes, gum, or alcohol).

The lease provides an initial term of five years and allows for a five-year extension at the tenant's option, provided that all of the tenant's obligations are met during the initial term. After those terms expire, the lease provides two five-year terms with the landlord's approval, which may be withheld at its sole and absolute discretion.

The lease is the traditional retail lease structure and is for 2,037 square feet of space at \$24 per square foot, with a four percent annual increase in base rent.

The committee unanimously approved the lease with PMG to construct and operate a 7-Eleven store at Knights Plaza as presented.

2018 Capital Projects Summary (INFO-1)

Shepherd and Bill Martin, Director of Facilities Planning, presented the revised summary of projects completed in 2018 that includes the requested Project Management costs (stemming from the May 16, 2109 FFC meeting) on the total project costs for all buildings (with the exception of UCF Global, which was unchanged). The materials included information on planned cost, projected cost, actual cost, projected timeline, actual timeline, final square footage, and any programmatic changes after the construction manager's guaranteed maximum price for the following buildings and projects:

- Research I
- John C. Hitt Library, Phase 1
- District Energy Plant IV
- Trevor Colbourn Hall
- Student Union, Phase 2
- Baseball Stadium Expansion


Because of the extent of the Global UCF project, it was included in this presentation, although it was completed in 2016. All revisions were identified with yellow highlights.

2019-20 University Operating Budget Amendment (INFO-2)

Crudele notified the committee of a reduction to the 2019-20 university operating budget, which was approved by the board at the June 19, 2019 BOT meeting, following the governor's veto of \$1,693,525 Education and General recurring funding for operation of the UCF Downtown Campus. The board is required to be notified of the veto.

Martins adjourned the Finance and Facilities Committee meeting at 12:15 p.m.

Reviewed by:

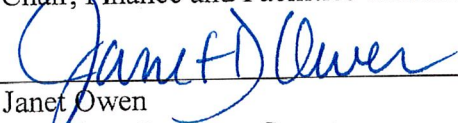


Alex Martins
Chair, Finance and Facilities Committee

8.14.19

Date

Respectfully submitted:



Janet Owen
Associate Corporate Secretary

8.14.19

Date