



UNIVERSITY OF CENTRAL FLORIDA

**Board of Trustees  
Finance and Facilities Committee  
Teleconference Meeting  
March 24, 2020, 9 a.m.  
Conference call in phone number 800-442-5794, passcode 463796**

**AGENDA**

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|---|--|
| <b>I. CALL TO ORDER</b>   | Alex Martins<br><i>Chair, Finance and Facilities Committee</i>   |
| <b>II. ROLL CALL</b>  | Tracy D. Slavik<br><i>Coordinator for Administrative Affairs Division</i>  |
| <b>III. NEW BUSINESS</b>  | Chair Martins  |
| <ul style="list-style-type: none"><li>• UCF Academic Health, Inc. and Florida Cancer Specialists &amp; Research Institute, LLC Sub-Sublease (<a href="#">FFC-1</a>)</li></ul> | Misty Shepherd<br><i>Interim Vice President for Administrative Affairs and Chief Operating Officer</i><br>Deborah German<br><i>Chair, UCF Academic Health, Inc.</i><br>Jeanette Schreiber<br><i>Secretary, UCF Academic Health, Inc.</i><br>Jennifer Cerasa<br><i>Senior Associate General Counsel</i> |
| <ul style="list-style-type: none"><li>• UCF Academic Health, Inc. and Clinical Education Shared Services, LLC Sub-Sublease (<a href="#">FFC-2</a>)</li></ul>                  | Misty Shepherd<br>Deborah German<br>Jeanette Schreiber<br>Jennifer Cerasa  |
| <ul style="list-style-type: none"><li>• UCF Academic Health, Inc. and Sarah Cannon Research Institute, LLC Sub-Sublease (<a href="#">FFC-3</a>)</li></ul>                     | Misty Shepherd<br>Deborah German<br>Jeanette Schreiber<br>Jennifer Cerasa  |

- UCF Academic Health, Inc. and  
Central Florida Health Services, LLC  
Sub-Sublease ([FFC-4](#))  
Misty Shepherd  
Deborah German  
Jeanette Schreiber  
Jennifer Cerasa

**IV. OTHER BUSINESS**

Chair Martins

**V. CLOSING COMMENTS**

Chair Martins

ITEM: **EFC-1**

**UCF BOARD OF TRUSTEES**  
**Finance and Facilities Committee**  
**March 24, 2020**

**Title:** UCF Academic Health, Inc. and Florida Cancer Specialists & Research Institute, LLC Sub-Sublease

**Background:**

On August 27, 2018 the University of Central Florida Real Estate Foundation, L.L.C. (UCFREF) purchased from Orange County the former Sanford Burnham Prebys property in Lake Nona. UCFREF immediately leased the property to the University of Central Florida (UCF) for the development of a comprehensive cancer research and treatment center, which will include wet lab space for UCF COM cancer research and clinical oncology services to be provided by private partners. On December 1, 2018 UCF sublet approximately 80,000 square feet of the building to UCF Academic Health, Inc. (UCFAH) so that UCFAH can develop partnerships and sub-subleases with private sub-tenants. The rent from those sub-subleases will be used to fund UCFREF's \$2 million annual mortgage commitment to Orange County. The UCFAH administrative team, working with external advisors, has negotiated a 10-year clinical space sub-sublease lease arrangement with Florida Cancer Specialists & Research Institute, LLC (FCS) to occupy approximately 6,974 rentable square feet in the UCF Lake Nona Cancer Center. As superior lease holders for the property, UCFREF and UCF are requested to join in the execution of the sub-sublease.

FCS is a well-established medical oncology group that provides services throughout Florida.

**Issues to be Considered:**

Under the terms of the sublease between UCF and UCFAH, rental revenue collected by UCFAH from its tenants will be used beginning December 1, 2020 to support UCFREF's mortgage commitment. Operating and maintenance payments collected by UCFAH from its tenants will be used to assist with costs related to operating and maintaining the property. The approval of the proposed sub-sublease arrangement will enable FCS to complete its tenant improvements on the agreed upon timetable with rent payments estimated to commence December 1, 2020.

UCFAH's administrative team worked with outside counsel and the UCF Office of the General Counsel to draft the proposed sub-sublease. On February 14, 2020 the UCFAH Board of Directors approved the proposed sub-sublease arrangement.

**Alternatives to Decision:**

The Finance and Facilities Committee can vote to not approve the agreement implementing the lease arrangement with FCS or request that revisions be made to the sub-sublease.

**Fiscal Impact and Source of Funding:**

Rent collected from the FCS lease arrangement will initially generate approximately \$237,116 in annual revenue that will be applied towards the mortgage obligation to Orange County. Each year, the rent will increase by 3 percent. FCS will pay a proportionate share of operating and maintenance expenses to be used to support the costs of operating and maintaining the property.

**Recommended Action:**

Review and recommend approval by the BOT of UCFAH's sub-sublease with FCS for approximately 6,974 square feet in the UCF Lake Nona Cancer Center including the joinder to the sub-sublease by UCF and

UCFREF, and including any minor modifications approved by the Chair of UCFAH; and authorize UCFAH to take such actions as are necessary regarding implementing the lease arrangement.

**Authority for Board of Trustees Action:**

UCF Regulation 4.034, University Direct Support Organizations  
Policy BOT-4, Delegation of Authority to the President

**Contract Reviewed/Approved by General Counsel:**

Jeanette C. Schreiber, Senior Associate Vice President for Medical Affairs, Deputy General Counsel for Health Affairs

Jennifer F. Cerasa, Senior Associate General Counsel

**Committee Chair or Chair of the Board approval:**

Chair Alex Martins has approved adding this item to the agenda.

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**Submitted by:**

Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer  
Deborah C. German, Chair, UCF Academic Health, Inc.

**Supporting Documentation:**

Attachment A: Contract Summary Form for Draft Sub-Sublease between UCFAH and FCS  
Attachment B: Overview of UCFAH UCF Lake Nona Cancer Center Leases

**Facilitators/Presenters:**

Deborah C. German, Chair, UCF Academic Health, Inc.  
Jeanette C. Schreiber, Secretary, UCF Academic Health, Inc.  
Jennifer F. Cerasa, Senior Associate General Counsel

## Attachment A

**Summary of Clinical Space Sub-Sublease between  
UCF Academic Health, Inc. and Florida Cancer Specialists & Research Institute, LLC**

<b>Purpose/Background</b>	<p>Florida Cancer Specialists &amp; Research Institute, LLC ("FCS") is sub-subleasing from UCF Academic Health, Inc. approximately 6,974 Rentable Square Feet of clinical and /or research space at the UCF Lake Nona Cancer Center. FCS is obtaining a right of first refusal for approximately 2,262 additional rentable square feet. Final rentable square feet will be determined prior to rent commencement. The sub-subleased space will be utilized as an oncology medical office, which will include PET-CT imaging.</p> <p>The Property is owned by the University of Central Florida Real Estate Foundation and is leased to the University of Central Florida Board of Trustees pursuant to that certain Master Lease dated August 27, 2018. A portion of the Building containing approximately 80,000 square feet is subleased to UCFAH. UCFAH is sub-subleasing the space to partners/tenants in the UCF Lake Nona Cancer Center.</p>
<b>Parties to Lease</b>	UCF Academic Health, Inc. ("UCFAH" or "Landlord") and Florida Cancer Specialists & Research Institute, LLC ("FCS" or "Tenant")
<b>Joinder to Leases by</b>	University of Central Florida Real Estate Foundation, L.L.C. and University of Central Florida Board of Trustees
<b>Term</b>	Initial term is 10 years with potential for extension of two additional term(s) of 5 lease years each.
<b>Obligations of UCFAH</b>	<p>Landlord's consultant is responsible for determining final rentable square feet prior to the Rent Commencement Date based on standards of BOMA.</p> <p>Landlord provides Tenant with the non-exclusive right of not more than 6 parking spaces per 1,000 Rentable Square Feet.</p> <p>Landlord will install data cabling, at Tenant's request and expense.</p> <p>Landlord will provide Wi-Fi service accessible to the building's common areas.</p> <p>Landlord shall cause all portions of the building to be maintained, repaired and replaced, excluding those portions required to be maintained, repaired and replaced by Tenant.</p>
<b>Obligations of Other Party</b>	<p>Tenant is responsible for its Tenant Improvements.</p> <p>Tenant is responsible for the interior signage at its premises at Tenant's expense.</p> <p>Tenant is responsible for hazardous materials removal, at Tenant's expense.</p> <p>Tenant must have its own internet domain name, own internet provider and is responsible for its own telephone service.</p>

	<p>Tenant must be a member of and participate in the UCF Lake Nona Cancer Center Member Association.</p> <p>Tenant is responsible for maintenance, repair and replacement of all nonstructural portions of the interior of the Premises, excepting ordinary wear and tear.</p> <p>Tenant's PET-CT equipment and facilities must be separately metered.</p> <p>Tenant is responsible for the janitorial and cleaning services for its premises and lightbulb replacement in its premises.</p> <p>Tenant is responsible for carrying insurance and for ensuring contractors are insured.</p>
<b>Financial terms</b>	<p>Base Rent is \$34.00 per rentable square foot for the First Lease Year and subject to a 3% escalation each year. Base Rent for the Initial Lease Year equals \$237,116 before reductions for tenant improvement allowance, payable in equal monthly installments of \$19,759.67.</p> <p>Tenant pays Additional Rent, consisting of Tenant's Proportionate Share of Operating Expenses, Sales Tax and Taxes (which are generally defined to include real estate taxes, personal property and ad valorem taxes, and other levies, charges, impact fees and local improvement rates and assessments attributable to Tenant's occupancy and use of the Premises.)</p> <p>Tenant is responsible for the costs of tenant improvements, subject to a tenant improvement allowance of up to \$5 per rentable square foot for the first 5 years of the lease term (total \$25 per square foot tenant improvement allowance), which may be reduced by the value of a rent free occupancy period for up to three months beginning September 1, 2020.</p> <p>Tenant will pay Landlord a review fee of \$10,035 to cover Landlord's costs of consulting architects and engineers in reviewing Tenant's plans.</p>
<b>Termination rights</b>	<p>Landlord may terminate Lease in the event of a default by Tenant, including, e.g., Tenant dissolution, bankruptcy or adjudication of insolvency. Tenant has no termination rights in the event of Landlord's default.</p>
<b>Additional terms</b>	<p>Permitted Use – Oncology medical office, subject to all other terms and conditions of the Lease.</p> <p>The rentable square feet will be finalized prior to the rent commencement date based on Tenant's tenant improvement plans, and base rent and proportionate share of expenses will be adjusted accordingly.</p> <p>For the first five years of the lease term, Tenant will have the exclusive right in the building to provide PET-CT services.</p>

	<p>Tenant may assign or sublet the Premises with written notice to Landlord and with Landlord's consent, but each sublet will be subject and subordinate to this Lease and Tenant will remain liable.</p> <p>Property is subject to additional use and deed restrictions.</p>
<b>Link to agreement</b>	<a href="https://bot.ucf.edu/files/2020/03/UCFAH-FCS-Sub-Sublease-w.-exhibits-2.28.20.pdf">https://bot.ucf.edu/files/2020/03/UCFAH-FCS-Sub-Sublease-w.-exhibits-2.28.20.pdf</a>

## Attachment B

# Overview of UCF Lake Nona Cancer Center Leases

**UCF Academic Health, Inc.**

**March 24, 2020**

**Deborah C. German, MD, Vice President for Health Affairs and  
Dean, College of Medicine**

**Jeanette C. Schreiber, JD, MSW, Senior Associate Vice President for  
Health Affairs and Chief Legal Officer, College of Medicine**



# Background: Acquisition of Former Sanford Burnham Prebys Building

- On August 27, 2018, UCF Real Estate Foundation (UCF REF) purchased building and land from Orange County
  - Instant expansion of research space at a fraction of the time and cost to build
- Goals
  - State-of-the art research facility as part of the UCF Health Sciences Campus
  - UCF cancer research and treatment center with partners
  - Mortgage payments covered by rent from private tenants



## Background continued

- Lease structure
  - UCF REF leased building and land to UCF
  - UCF subleased approximately 80,000 s.f. to UCF Academic Health (UCFAH) to sublease to private partners
- \$50 Million, paid over 30 years to Orange County with no interest
  - Quarterly mortgage payments begin on 12/1/2020
  - Annual mortgage obligation is \$2 million for first 20 years, then \$1 million for 10 years
- Renamed UCF Lake Nona Cancer Center
  - Next to UCF Lake Nona Medical Center



# Summary of Sub-Subleases

## Building Layout First Floor



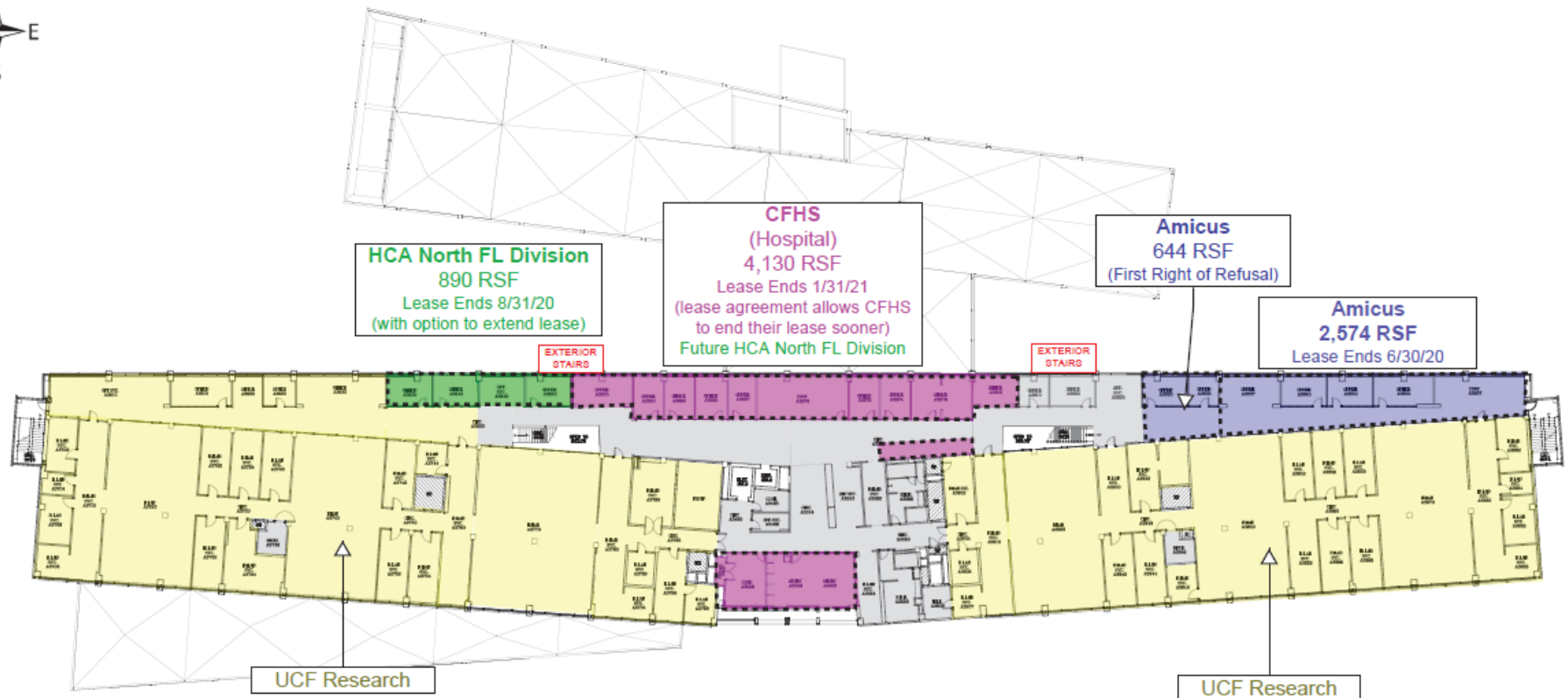
# Summary of Sub-Subleases

## Building Layout Second Floor



# Summary of Sub-Subleases

## Building Layout Third Floor



# Summary of Sub-Subleases

## Common terms in all Leases:

Landlord: UCF Academic Health, Inc.

Term: 10 years with potential for extension of two additional terms

Joinder: University of Central Florida Real Estate Foundation, L.L.C.  
University of Central Florida Board of Trustees

Expenses: Tenants pay proportionate share of operating expenses (for CESS capped at \$10.50/sq. ft.). Tenants also responsible for sales taxes, real estate taxes, personal property and ad valorem taxes and other levies, charges, impact fees and local improvement rates and assessments attributable to tenancy.

Escalation: Base rent subject to 3% annual escalation

Tenant Improvements: All tenant improvements are responsibility of the Tenant, subject to architectural and engineering approvals by Landlord.



# Summary of Sub-Subleases continued

Tenant	Total Rentable Square Feet	Base Rent	Initial Annual Rent	Initial Monthly Installments	TI Allowance	Review Fee
Central Florida Health Services, LLC	14,263 sq. ft. (comprised of existing 11,806 sq. ft. and 2,457 sq/ ft. to be constructed)	\$31/sq. ft. (not incl. premises to be constructed)	\$365,986	\$30,498.83	None	\$20,265
Sarah Cannon Research Institute, LLC	19,562 sq. ft.	\$31/sq. ft.	\$606,422	\$50,535.17	None	\$11,400
Florida Cancer Specialists & Research Institute, LLC	6,974 sq. ft. with ROFR for approx. 2,262 sq. ft (estimate)	\$34/sq. ft.	\$237,116 (before TI allowance credit)	\$19,759.67	\$25/sq. ft, reduced by rent free occupancy for up to 3 mos., paid as rent reduction over 5 years	\$10,035
Clinical Education Shared Services, LLC	16,953 sq. ft. (comprised of Clin. Adv. A - 8,133 sq. ft. and Clin. Adv. B - 8,820 sq. ft.)	\$31/sq. ft.	\$525,543	\$43,795.25	None	\$11,400

# Leases: Financial Summary

<b>Revenue from Temporary Leases</b>	<b>Total Rent Collected by Dec 1, 2020</b>	<b>Total Operating Expenses Collected by Dec 1, 2020</b>
Amicus	\$102,967	\$25,742
CFHS – Administrative	\$157,017	\$42,359
HCA NFL	\$34,777	\$9,414
<b>Total temporary leases</b>	<b>\$294,761</b>	<b>\$77,516</b>

<b>Annual Revenue from Long-Term Leases</b>	<b>Annual Rent</b>	<b>Annual Operating Expenses (est.)</b>
CFHS Radiation Therapy	\$365,986	\$123,963
FCS (after TI allowance credit)	\$214,102	\$73,227
Sarah Cannon	\$606,422	\$205,401
CEES	\$525,543	\$178,007
HCA NFL	\$158,836	\$44,321
<b>Total</b>	<b>\$1,870,889</b>	<b>\$624,919</b>

<b>Remaining leasable 16,267 s.f.</b>	<b>\$553,078</b>	<b>\$170,804</b>
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# Lake Nona Cancer Center

## Mission and Vision

- Above all else, we are committed to the care and improvement of human life.
- We provide personalized integrated cancer care enriched by education and groundbreaking research, transforming health in our community and around the world.

## UCF Lake Nona Cancer Center Members Association

All members agree:

- To accept the shared mission, values, principles and rules
- To be affiliated with UCF to engage learners
- To participate in research as is appropriate for tenant's operations in collaboration with UCF basic science and clinical researchers
- To establish a coordinated clinical partnership using the most optimal, evidence-based clinical care

# Questions?

ITEM: **EFC-2**

**UCF BOARD OF TRUSTEES  
Finance and Facilities Committee  
March 24, 2020**

**Title:** UCF Academic Health, Inc. and Clinical Education Shared Services, LLC Sub-Sublease

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**Background:**

On August 27, 2018 the University of Central Florida Real Estate Foundation, L.L.C. (UCFREF) purchased from Orange County the former Sanford Burnham Prebys property in Lake Nona. UCFREF immediately leased the property to the University of Central Florida (UCF) for the development of a comprehensive cancer research and treatment center, which will include wet lab space for UCF COM cancer research and clinical oncology services to be provided by private partners. On December 1, 2018 UCF sublet approximately 80,000 square feet of the building to UCF Academic Health, Inc. (UCFAH) so that UCFAH can develop partnerships and sub-subleases with private sub-tenants. The rent from those sub-subleases will be used to fund UCFREF's \$2 million annual mortgage commitment to Orange County. The UCFAH administrative team, working with external advisors, has negotiated a 10-year sub-sublease arrangement with Clinical Education Shared Services, LLC (CESS) to occupy approximately 16,953 rentable square feet in the UCF Lake Nona Cancer Center. As superior lease holders for the property, UCFREF and UCF are requested to join in the execution of the sub-sublease.

CESS is an HCA affiliate that trains nurses and other clinical staff who work in HCA-affiliated facilities.

**Issues to be Considered:**

Under the terms of the sublease between UCF and UCFAH, rental revenue collected by UCFAH from its tenants will be used beginning December 1, 2020 to support UCFREF's mortgage commitment. Operating and maintenance payments collected by UCFAH from its tenants will be used to assist with costs related to operating and maintaining the property. The approval of the proposed sub-sublease arrangement will enable CESS to complete its tenant improvements on the agreed upon timetable with rent payments commencing the earlier of occupancy or 154 days after UCFAH delivers exclusive possession of the space to CESS after completion of demolition. The CESS rent commencement date is currently estimated to be October 15, 2020.

UCFAH's administrative team worked with outside counsel and the UCF Office of the General Counsel to draft the proposed sub-sublease. On February 14, 2020 the UCFAH Board of Directors approved the proposed sub-sublease arrangement.

**Alternatives to Decision:**

The Finance and Facilities Committee can vote to not approve the agreement implementing the lease arrangement with CESS or request that revisions be made to the sub-sublease.

**Fiscal Impact and Source of Funding:**

Rent collected from the CESS lease arrangement will initially generate approximately \$525,543 in annual revenue that will be applied towards the mortgage obligation to Orange County. Each year, the rent will increase by 3 percent. CESS will pay a share of operating and maintenance expenses totaling \$10.50 per rentable square foot which will initially generate approximately \$178,007 in annual additional rent which will be used to support the costs of operating and maintaining the property. Each year, the operating and maintenance expenses will increase by 3 percent.

**Recommended Action:**

Review and recommend approval by the BOT of UCFAH's sub-sublease with CESS for approximately 16,953 rentable square feet in the UCF Lake Nona Cancer Center, including the joinder to the sub-sublease by UCF and UCFREF, and including any minor modifications approved by the Chair of UCFAH; and authorize UCFAH to take such actions as are necessary regarding implementing the lease arrangement.

**Authority for Board of Trustees Action:**

UCF Regulation 4.034, University Direct Support Organizations  
Policy BOT-4, Delegation of Authority to the President

**Contract Reviewed/Approved by General Counsel:**

Jeanette C. Schreiber, Senior Associate Vice President for Medical Affairs, Deputy General Counsel for Health Affairs

Jennifer F. Cerasa, Senior Associate General Counsel

**Committee Chair or Chair of the Board approval:**

Chair Alex Martins has approved adding this item to the agenda.

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**Submitted by:**

Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer  
Deborah C. German, Chair, UCF Academic Health, Inc.

**Supporting Documentation:**

Attachment A: Contract Summary Form for Draft Sub-Sublease between UCFAH and CESS

*Note an overview of all four UCFAH UCF Lake Nona Cancer Center leases is provided as Attachment B on FFC-1.*

**Facilitators/Presenters:**

Deborah C. German, Chair, UCF Academic Health, Inc.  
Jeanette C. Schreiber, Secretary, UCF Academic Health, Inc.  
Jennifer F. Cerasa, Senior Associate General Counsel

## Attachment A

**Summary of Sub-Sublease between  
UCF Academic Health, Inc. and Clinical Education Shared Services, LLC**

<b>Purpose/Background</b>	<p>Clinical Education Shared Services, LLC ("CESS"), an affiliate of Hospital Corporation of America ("HCA"), is leasing approximately 16,953 Rentable Square Feet of space at the UCF Lake Nona Cancer Center. The sub-subleased space will be utilized as a simulation training and general training facility for nurses and other clinical staff providing services in HCA-affiliated facilities.</p> <p>The Property is owned by the University of Central Florida Real Estate Foundation and is leased to the University of Central Florida Board of Trustees pursuant to that certain Master Lease dated August 27, 2018. A portion of the building containing approximately 80,000 square feet is subleased to UCFAH. UCFAH is sub-subleasing the space to partners/tenants in the UCF Lake Nona Cancer Center.</p>
<b>Parties to Leases</b>	UCF Academic Health, Inc. ("UCFAH" or "Landlord") and Clinical Education Shared Services, LLC ("CESS" or "Tenant")
<b>Joinder to Leases by:</b>	University of Central Florida Real Estate Foundation, L.L.C. and the University of Central Florida Board of Trustees
<b>Term</b>	Initial term is 10 years with potential for extension of two additional term(s) of 5 lease years each.
<b>Obligations of UCFAH</b>	<p>Landlord is responsible for removing equipment and fixtures and performing demolition work prior to delivering possession of the Premises to the Tenant.</p> <p>Landlord's consultant is responsible for confirming final rentable square feet prior to the rent commencement date based on standards of BOMA.</p> <p>Landlord provides Tenant with the non-exclusive right of not more than 4 parking spaces per 1,000 Rentable Square Feet.</p> <p>Landlord will provide, at Tenant's expense, directory strip signs and a sign on the door of Tenant's Premises.</p> <p>Landlord will install data cabling, at Tenant's request and expense.</p> <p>Landlord shall cause all portions of the building to be maintained, repaired and replaced, excluding those portions required to be maintained, repaired and replaced by Tenant.</p>
<b>Obligations of Other Party</b>	<p>Tenant is responsible for its Tenant Improvements.</p> <p>Tenant must have its own internet domain name, own internet provider and is responsible for its own telephone service.</p> <p>Tenant is responsible for maintenance, repair and replacement of all nonstructural portions of the interior of the Premises, excepting ordinary wear and tear.</p> <p>Tenant is responsible for hazardous materials removal, at Tenant's expense.</p>

	<p>As applicable, Tenant must be a member of and participate in the UCF Lake Nona Cancer Center Member Association.</p> <p>Tenant is responsible for carrying insurance or self-insuring and for ensuring contractors are ensured.</p>
<b>Financial terms</b>	<p>Base Rent is \$31.00 per rentable square foot for the First Lease Year and subject to a 3% adjustment each year. Base Rent for the Initial Lease Year equals \$525,543, payable in equal monthly installments of \$43,795.25.</p> <p>Tenant pays Additional Rent, consisting of Tenant's Share of Operating Expenses totaling \$10.50 per rentable square foot for the first Lease Year and subject to a 3% adjustment each year. Tenant's Share of Operating Expenses for the first Lease Year is \$178,006.50, payable in equal monthly installments of \$14,833.88. Tenant also pays as Additional Rent Tenant Sales Tax and Taxes (which are generally defined to include real estate taxes, personal property and ad valorem taxes, and other levies, charges, impact fees and local improvement rates and assessments attributable to Tenant's occupancy and use of the Premises.)</p> <p>Tenant is responsible for the costs of tenant improvements.</p> <p>Tenant will pay Landlord a review fee of \$11,400 to cover Landlord's costs of consulting architects and engagement in reviewing Tenant's plans.</p>
<b>Termination rights</b>	<p>Landlord may terminate the lease in the event of a default by Tenant, including, e.g., Tenant dissolution, bankruptcy or adjudication of insolvency.</p>
<b>Additional terms</b>	<p>Tenant may sublet the Premises with written notice to Landlord, but each sublet will be subject and subordinate to this Lease and Tenant will remain liable. Tenant may also assign to an HCA subsidiary.</p> <p>Permitted Use –general and administrative office use, including but not limited to meeting and conference use, medical simulation training and general employee training, subject to all other terms and conditions of the Lease.</p> <p>Property is subject to additional deed restrictions.</p>
<b>Link to agreement</b>	<p><a href="https://bot.ucf.edu/files/2020/03/UCFAH-CESS-Sub-Sublease-w-exhibits-v.2.pdf">https://bot.ucf.edu/files/2020/03/UCFAH-CESS-Sub-Sublease-w-exhibits-v.2.pdf</a></p>

ITEM: **EFC-3**

**UCF BOARD OF TRUSTEES  
Finance and Facilities Committee  
March 24, 2020**

**Title:** UCF Academic Health, Inc. and Sarah Cannon Research Institute, LLC Sub-Sublease

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**Background:**

On August 27, 2018 the University of Central Florida Real Estate Foundation, L.L.C. (UCFREF) purchased from Orange County the former Sanford Burnham Prebys property in Lake Nona. UCFREF immediately leased the property to the University of Central Florida (UCF) for the development of a comprehensive cancer research and treatment center, which will include wet lab space for UCF COM cancer research and clinical oncology services to be provided by private partners. On December 1, 2018 UCF sublet approximately 80,000 square feet of the building to UCF Academic Health, Inc. (UCFAH) so that UCFAH can develop partnerships and sub-subleases with private sub-tenants. The rent from those sub-subleases will be used to fund UCFREF's \$2 million annual mortgage commitment to Orange County. The UCFAH administrative team, working with external advisors, has negotiated a 10-year clinical and research space sub-sublease arrangement with Sarah Cannon Research Institute, LLC (Sarah Cannon) to occupy approximately 19,562 rentable square feet in the UCF Lake Nona Cancer Center. As superior lease holders for the property, UCFREF and UCF are requested to join in the execution of the sub-sublease.

Sarah Cannon is the cancer research affiliate of HCA.

**Issues to be Considered:**

Under the terms of the sublease between UCF and UCFAH, rental revenue collected by UCFAH from its tenants will be used beginning December 1, 2020 to support UCFREF's mortgage commitment. Operating and maintenance payments collected by UCFAH from its tenants will be used to assist with costs related to operating and maintaining the property. The approval of the proposed sub-sublease arrangement will enable Sarah Cannon to complete its tenant improvements on the agreed upon timetable with rent payments commencing the earlier of occupancy or 170 days after UCFAH delivers exclusive possession of the space to Sarah Cannon after completion of demolition. It is currently estimated that the rent commencement date will be in early November 2020.

UCFAH's administrative team worked with outside counsel and the UCF Office of the General Counsel to draft the proposed sub-sublease. On February 14, 2020 the UCFAH Board of Directors approved the proposed sub-sublease arrangement.

**Alternatives to Decision:**

The Finance and Facilities Committee can vote to not approve the agreement implementing the lease arrangement with Sarah Cannon or request that revisions be made to the sub-sublease.

**Fiscal Impact and Source of Funding:**

Rent collected from the Sarah Cannon lease arrangement will initially generate approximately \$606,422 in annual revenue that will be applied towards the mortgage obligation to Orange County. Each year, the rent will increase by 3 percent. Sarah Cannon will pay a proportionate share of operating and maintenance expenses to be used to support the costs of operating and maintaining the property.

**Recommended Action:**

Review and recommend approval by the BOT of UCFAH's sub-sublease with Sarah Cannon for approximately 19,562 rentable square feet in the UCF Lake Nona Cancer Center, including the joinder to the sub-sublease by UCF and UCFREF, and including any minor modifications approved by the Chair of UCFAH; and authorize UCFAH to take such actions as are necessary regarding implementing the lease arrangement.

**Authority for Board of Trustees Action:**

UCF Regulation 4.034, University Direct Support Organizations  
Policy BOT-4, Delegation of Authority to the President

**Contract Reviewed/Approved by General Counsel:**

Jeanette C. Schreiber, Senior Associate Vice President for Medical Affairs, Deputy General Counsel for Health Affairs

Jennifer F. Cerasa, Senior Associate General Counsel

**Committee Chair or Chair of the Board approval:**

Chair Alex Martins has approved adding this item to the agenda.

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**Submitted by:**

Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer  
Deborah C. German, Chair, UCF Academic Health, Inc.

**Supporting Documentation:**

Attachment A: Contract Summary Form for Draft Sub-Sublease between UCFAH and Sarah Cannon  
Research Institute

*Note an overview of all four UCFAH UCF Lake Nona Cancer Center leases is provided as Attachment B on FFC-1.*

**Facilitators/Presenters:**

Deborah C. German, Chair, UCF Academic Health, Inc.  
Jeanette C. Schreiber, Secretary, UCF Academic Health, Inc.  
Jennifer F. Cerasa, Senior Associate General Counsel



## Attachment A

**Summary of Clinical and Research Space Sub-Sublease between  
UCF Academic Health, Inc. and Sarah Cannon Research Institute, LLC**

<b>Purpose/Background</b>	<p>Sarah Cannon Research Institute, LLC ("Sarah Cannon"), an affiliate of Hospital Corporation of America ("HCA"), is leasing approximately 19,562 Rentable Square Feet of clinical space and the location designated for Tenant's generator at the UCF Lake Nona Cancer Center. The sub-subleased space will be utilized as a medical oncology office and drug discovery facility.</p> <p>The Property is owned by the University of Central Florida Real Estate Foundation and is leased to the University of Central Florida Board of Trustees pursuant to that certain Master Lease dated August 27, 2018. A portion of the building containing approximately 80,000 square feet is subleased to UCFAH. UCFAH is sub-subleasing the space to partners/tenants in the UCF Lake Nona Cancer Center.</p>
<b>Parties to Leases</b>	UCF Academic Health, Inc. ("UCFAH" or "Landlord") and Sarah Cannon Research Institute, LLC ("Sarah Cannon" or "Tenant")
<b>Joinder to Leases by:</b>	University of Central Florida Real Estate Foundation, L.L.C. and the University of Central Florida Board of Trustees
<b>Term</b>	Initial term is 10 years with potential for extension of two additional term(s) of 5 lease years each.
<b>Obligations of UCFAH</b>	<p>Landlord is responsible for removing equipment and fixtures and performing demolition work prior to delivering possession of the Premises to Tenant.</p> <p>Landlord's consultant is responsible for confirming final rentable square feet prior to the rent commencement date based on standards of BOMA.</p> <p>Landlord provides Tenant with the non-exclusive right of not more than 4 parking spaces per 1,000 Rentable Square Feet.</p> <p>Landlord will provide, at Tenant's expense, directory strip signs and a sign on the door of Tenant's Premises.</p> <p>Landlord will install data cabling, at Tenant's request and expense.</p> <p>Landlord shall cause all portions of the building to be maintained, repaired and replaced, excluding those portions required to be maintained, repaired and replaced by Tenant.</p>
<b>Obligations of Other Party</b>	<p>Tenant is responsible for its Tenant Improvements.</p> <p>Tenant must have its own internet domain name, own internet provider and is responsible for its own telephone service.</p> <p>Tenant is responsible for maintenance, repair and replacement of generator and all nonstructural portions of the interior of the Premises, excepting ordinary wear and tear.</p> <p>Tenant is responsible for hazardous materials removal, at Tenant's</p>

	<p>expense.</p> <p>Tenant must be a member of and participate in the UCF Lake Nona Cancer Center Member Association.</p> <p>Tenant is responsible for carrying insurance or self-insuring and for ensuring contractors are ensured.</p>
<b>Financial terms</b>	<p>Base Rent is \$31.00 per rentable square foot for the First Lease Year and subject to a 3% adjustment each year. Base Rent for the Initial Lease Year equals \$606,422, payable in equal monthly installments of \$50,535.17.</p> <p>Tenant pays Additional Rent, consisting of Tenant's Proportionate Share of Operating Expenses, Tenant Sales Tax and Taxes (which are generally defined to include real estate taxes, personal property and ad valorem taxes, and other levies, charges, impact fees and local improvement rates and assessments attributable to Tenant's occupancy and use of the Premises.)</p> <p>Tenant is responsible for the costs of tenant improvements.</p> <p>Tenant will pay Landlord a review fee of \$11,400 to cover Landlord's costs of consulting architects and engagement in reviewing Tenant's plans.</p>
<b>Termination rights</b>	<p>Landlord may terminate the lease in the event of a default by Tenant, including, e.g., Tenant dissolution, bankruptcy or adjudication of insolvency.</p>
<b>Additional terms</b>	<p>Tenant may sublet the Premises with written notice to Landlord, but each sublet will be subject and subordinate to this Lease and Tenant will remain liable. Tenant may also assign to an HCA subsidiary.</p> <p>Permitted Use – Medical oncology office and drug discovery facility, subject to all other terms and conditions of the Lease.</p> <p>Tenant may install a generator at its sole expense and subject to Landlord's approval.</p> <p>Property is subject to additional deed restrictions.</p>
<b>Link to agreement</b>	<p><a href="https://bot.ucf.edu/files/2020/03/UCFAH-Sarah-Cannon-Sub-Sublease-w-exhibits-2-28-20.pdf">https://bot.ucf.edu/files/2020/03/UCFAH-Sarah-Cannon-Sub-Sublease-w-exhibits-2-28-20.pdf</a></p>

ITEM: **EFC-4**

**UCF BOARD OF TRUSTEES**  
**Finance and Facilities Committee**  
**March 24, 2020**

**Title:** UCF Academic Health, Inc. and Central Florida Health Services, LLC Sub-Sublease

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**Background:**

On August 27, 2018 the University of Central Florida Real Estate Foundation, L.L.C. (UCFREF) purchased from Orange County the former Sanford Burnham Prebys property in Lake Nona. UCFREF immediately leased the property to the University of Central Florida (UCF) for the development of a comprehensive cancer research and treatment center, which will include wet lab space for UCF COM cancer research and clinical oncology services to be provided by private partners. On December 1, 2018 UCF sublet approximately 80,000 square feet of the building to UCF Academic Health, Inc. (UCFAH) so that UCFAH can develop partnerships and sub-subleases with private sub-tenants. The rent from those sub-subleases will be used to fund UCFREF's \$2 million annual mortgage commitment to Orange County. The UCFAH administrative team, working with external advisors, has negotiated a 10-year clinical space sub-sublease arrangement with Central Florida Health Services, LLC (CFHS) to occupy approximately 14,263 rentable square feet in the UCF Lake Nona Cancer Center. As superior lease holders for the property, UCFREF and UCF are requested to join in the execution of the sub-sublease.

CFHS is the joint venture partnership between UCF Academic Health, Inc. and a Hospital Corporation of America subsidiary that is building UCF Lake Nona Medical Center in Lake Nona adjacent to the Cancer Center. On January 27, 2020, the CFHS Governing Board approved the development of radiation oncology services in the cancer center as a department of the hospital.

**Issues to be Considered:**

Under the terms of the sublease between UCF and UCFAH, rental revenue collected by UCFAH from its tenants will be used beginning December 1, 2020 to support UCFREF's mortgage commitment. Operating and maintenance payments collected by UCFAH from its tenants will be used to assist with costs related to operating and maintaining the property. The approval of the proposed sub-sublease arrangement will enable CFHS to complete its tenant improvements on the agreed upon timetable with rent payments commencing the earlier of occupancy or 263 days after UCFAH delivers exclusive possession of the space to CFHS after completion of demolition. It is currently estimated that the rent commencement date will be February 1, 2021.

UCFAH's administrative team worked with outside counsel and the UCF Office of the General Counsel to draft the proposed sub-sublease. On February 14, 2020 the UCFAH Board of Directors approved the proposed sub-sublease arrangement.

**Alternatives to Decision:**

The Finance and Facilities Committee can vote to not approve the agreement implementing the lease arrangement with CFHS or request that revisions be made to the sub-sublease.

**Fiscal Impact and Source of Funding:**

Rent collected from the CFHS lease arrangement will initially generate approximately \$365,986 in annual revenue that will be applied towards the mortgage obligation to Orange County. Each year, the rent will increase by 3 percent. CFHS will pay a proportionate share of operating and maintenance expenses to be used to support the costs of operating and maintaining the property.

**Recommended Action:**

Review and recommend approval by the BOT of UCFAH's sub-sublease with CFHS for approximately 14,263 rentable square feet in the UCF Lake Nona Cancer Center, including the joinder to the sub-sublease by UCF and UCFREF, and including any minor modifications approved by the Chair of UCFAH; and authorize UCFAH to take such actions as are necessary regarding implementing the lease arrangement.

**Authority for Board of Trustees Action:**

UCF Regulation 4.034, University Direct Support Organizations  
Policy BOT-4, Delegation of Authority to the President

**Contract Reviewed/Approved by General Counsel:**

Jeanette C. Schreiber, Senior Associate Vice President for Medical Affairs, Deputy General Counsel for Health Affairs

Jennifer F. Cerasa, Senior Associate General Counsel

**Committee Chair or Chair of the Board approval:**

Chair Alex Martins has approved adding this item to the agenda.

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**Submitted by:**

Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer  
Deborah C. German, Chair, UCF Academic Health, Inc.

**Supporting Documentation:**

Attachment A: Contract Summary Form for Draft Sub-Sublease between UCFAH and CFHS

*Note an overview of all four UCFAH UCF Lake Nona Cancer Center leases is provided as Attachment B on FFC-1.*

**Facilitators/Presenters:**

Deborah C. German, Chair, UCF Academic Health, Inc.  
Jeanette C. Schreiber, Secretary, UCF Academic Health, Inc.  
Jennifer F. Cerasa, Senior Associate General Counsel

## Attachment A

**Summary of Clinical and Research Space Sub-Sublease between  
UCF Academic Health, Inc. and Central Florida Health Services, LLC**

<b>Purpose/Background</b>	<p>Central Florida Health Services, LLC ("CFHS") is the joint venture partnership between UCF Academic Health, Inc. ("UCFAH") and a Hospital Corporation of America ("HCA") subsidiary that is building UCF Lake Nona Medical Center adjacent to the UCF Lake Nona Cancer Center. CFHS is leasing approximately 14,263 Rentable Square Feet of clinical space at the UCF Lake Nona Cancer Center, which consists of approximately 11,806 Rentable Square Feet on the first floor of the building, approximately 2,457 Rentable Square Feet in additional space to be constructed by tenant to house its linear accelerator (the "Vault"), a new patient entrance area to be constructed by tenant (the "Canopy") and the location designated for Tenant's generator. The sub-subleased space will be utilized to provide radiation oncology services to patients.</p> <p>The Property is owned by the University of Central Florida Real Estate Foundation and is leased to the University of Central Florida Board of Trustees pursuant to that certain Master Lease dated August 27, 2018. A portion of the building containing approximately 80,000 square feet is subleased to UCFAH. UCFAH is sub-subleasing the space to partners/tenants in the UCF Lake Nona Cancer Center.</p>
<b>Parties to Leases</b>	UCF Academic Health, Inc. ("UCFAH" or "Landlord") and Central Florida Health Services, LLC ("CFHS" or "Tenant")
<b>Joinder to Leases by:</b>	University of Central Florida Real Estate Foundation, L.L.C. and the University of Central Florida Board of Trustees
<b>Term</b>	Initial term is 10 years with potential for extension of two additional term(s) of 5 lease years each.
<b>Obligations of UCFAH</b>	<p>Landlord is responsible for removing equipment and fixtures and performing demolition work prior to delivering possession of the Premises to the Tenant.</p> <p>Landlord's consultant is responsible for confirming final rentable square feet prior to the rent commencement date based on standards of BOMA.</p> <p>Landlord provides Tenant with the non-exclusive right of not more than 4 parking spaces per 1,000 Rentable Square Feet.</p> <p>Landlord will provide, at Tenant's expense, directory strip signs and a sign on the door of Tenant's Premises.</p> <p>Landlord will install data cabling, at Tenant's request and expense.</p>

	Landlord shall cause all portions of the building to be maintained, repaired and replaced, excluding those portions required to be maintained, repaired and replaced by Tenant.
<b>Obligations of Other Party</b>	<p>Tenant is responsible for its Tenant Improvements.</p> <p>Tenant must have its own internet domain name, own internet provider and is responsible for its own telephone service.</p> <p>Tenant is responsible for maintenance, repair and replacement of all nonstructural portions of the interior of the Premises, excepting ordinary wear and tear.</p> <p>Tenant is responsible for hazardous materials removal, at Tenant's expense.</p> <p>Tenant must be a member of and participate in the UCF Lake Nona Cancer Center Member Association.</p> <p>Tenant is responsible for maintenance, repair and replacement of the Vault, Canopy and Generator at its sole cost and expense.</p> <p>Tenant must separately meter any Specialized Equipment (e.g. linear accelerator, CT scanner, etc.).</p> <p>Tenant is responsible for carrying insurance or self-insuring and for ensuring contractors are ensured.</p>
<b>Financial terms</b>	<p>Base Rent is \$31.00 per rentable square foot for the First Lease Year and subject to a 3% increase each year. Base Rent for the Initial Lease Year equals \$365,986.00, payable in equal monthly installments of \$30,498.83.</p> <p>Tenant pays Additional Rent, consisting of Tenant's Proportionate Share of Operating Expenses, Tenant Sales Tax and Taxes (which are generally defined to include real estate taxes, personal property and ad valorem taxes, and other levies, charges, impact fees and local improvement rates and assessments attributable to Tenant's occupancy and use of the Premises).</p> <p>Tenant is responsible for the costs of tenant improvements.</p> <p>Tenant will pay Landlord a review fee of \$20,265 to cover Landlord's costs of consulting architects and engagement in reviewing Tenant's plans.</p>
<b>Termination rights</b>	Landlord may terminate the lease in the event of a default by Tenant, including, e.g., Tenant dissolution, bankruptcy or adjudication of insolvency.

<b>Additional terms</b>	<p>Tenant may sublet the Premises with written notice to Landlord, but each sublet will be subject and subordinate to this Lease and Tenant will remain liable. Tenant may also assign to an HCA subsidiary.</p> <p>Permitted Use - Performance of diagnostic imaging services and/or an oncology treatment facility (including without limitation the provision of oncology treatment services, fluoroscopy services, x-ray services, plain film radiography services, computerized tomography services, ultrasound services, radiation therapy services, mammography and breast diagnostic services, nuclear medicine testing services, and magnetic resonance imaging services), subject to all other terms and conditions of the Lease.</p> <p>Tenant may install a generator at its sole expense and subject to Landlord's approval.</p> <p>Property is subject to additional deed restrictions.</p>
<b>Link to agreement</b>	<p><a href="https://bot.ucf.edu/files/2020/03/UCFAH-CFHS-Sub-Sublease-w.-exhibits-2-28-20.pdf">https://bot.ucf.edu/files/2020/03/UCFAH-CFHS-Sub-Sublease-w.-exhibits-2-28-20.pdf</a></p>