UNIVERSITY OF CENTRAL FLORIDA

Finance and Facilities Committee Meeting

Aug 12, 2020 8:30 AM - 10:30 AM EDT

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UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee
Virtual Meeting
August 12, 2020, 8:30-10:30 a.m.
(Or Upon Adjournment of previous meeting)

Livestream:
https://ucf.webex.com/ucf/onstage/g.php?MTID=e37caf896f11f0a652de3d842eca9db4b
Conference call number: 1-408-418-93882, access code: 132 703 2351#

AGENDA

1.	Call to order	Alex Martins, *Chair, Finance and Facilities Committee*
2.	Roll Call	Elizabeth Hamilton, *Assistant Vice President For Strategic Initiatives*
3.	Minutes of the June 17, 2020 meeting	Chair Martins
4.	Reports	Chair Martins
	Discussion	COO/CFO Update *Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operation Officer* *Joseph Trubacz, Interim Vice President for Finance And Chief Financial Officer*
	INFO-1	FY21 Finance and Facilities Committee Annual Plan *Chair Martins*
5.	New Business	Chair Martins
	FFC-1	Post Investigation Action Plan Implementation Update *Joseph Trubacz* *Kathy Mitchell, Associate Vice President for Finance*

FFC-2	UCF Foundation Debt Refinancing *Glen Dawes, Associate Vice President and Chief Financial Officer, UCF Foundation*
FFC-3	UCF Convocation Corporation Management Agreement with UCF Athletics Association *Misty Shepherd* *Scott Carr, Deputy Athletic Director for Brand Activation* *Jordan Clark, Associate General Counsel*
FFC-4	First Amendment to Ground Lease Agreement Between Knights Krossing Student Housing, LLC and CaPFA Capital Corp, 2000F *Misty Shepherd* *Jennifer Cerasa, Senior Associate General Counsel*
INFO-2	Sightlines Facilities Annual Condition Assessment Report *Misty Shepherd* *Duane Siemen, Interim Associate Vice President for Facilities and Safety*
INFO-3	Investment Program Structure *Joseph Trubacz* *Danta White, Assistant Vice President and University Controller*
INFO-4	University Quarterly Investments Report Ended June 30, 2020 *Joseph Trubacz* *Danta White*
INFO-5	Contract Prepayment Guidelines *Joseph Trubacz* *Joel Levenson, Assistant Vice President for Tax, Payables, and Procurement*
INFO-6	Potential Opportunity for UCF Research Foundation to Establish a Geospace Research Program, with Employees and Site in California *Elizabeth Klonoff, Vice President for Research and Dean, College of Graduate Studies*
6. Adjournment	Chair Martins

UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
June 17, 2020
UCF *FAIRWINDS* Alumni Center

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 Danny Gaekwad, Caryl McAlpin, and William Yeargin attended by teleconference. Committee member David Walsh attended in person. Board of Trustees Chair Beverly Seay attended by teleconference. Trustees Joseph Conte and Joseph Harrington attended in person.

MEETING MINUTES

The minutes of the May 13, 2020 Finance and Facilities Committee meeting were unanimously approved as submitted.

REPORTS

Joseph Trubacz, Interim Vice President for Financial Affairs and Chief Financial Officer, provided the committee with a brief financial update. Trubacz informed the committee that the University of Central Florida (UCF) is projecting a new carryforward amount of $45 – $50 million based on actual and projected revenues and expenditures, and that these funds will be the main source of funding for the ERP project that will be discussed at the Board of Trustees (BOT) meeting on June 18, 2020. Trubacz updated the committee on UCF's current enrollment numbers, which reflected a small decrease of 2.7 percent for the Fall semester. Trubacz informed the committee of cost cutting measures being implemented to increase efficiency without furloughing staff, which include:

a. Continuing the hiring, spending, and travel freezes, which are estimated to save $13.55 million over four months, translating into approximately $3.4 million per month.
b. Implementing budget software, which is planned to start this summer and go live after the first of the year.
c. Implementing DocuSign campus-wide this summer to facilitate electronic signatures and increase efficiency while working remotely.

Trubacz informed the committee of a recently formed auxiliary working group, chaired by Bert Francis, Assistant Vice President for Debt Management, that will examine each auxiliary's financial position to better understand the revenue and expenditure drivers that are critical to interpreting financial sustainability. The findings of the working group will then be presented to the BOT in a clear and consistent manner.

Trubacz also informed the committee of the re-establishment of the University Budget Committee. The committee will look holistically at the university budget and increase transparency. It will include representatives from the President's Cabinet and Faculty and act as an advisory board to the President.

Trubacz stated that the Board of Governors (BOG) has allowed for continued flexibility with carryforward spending through June 2021.

Trubacz provided the committee with an update on CARES Act funding. In the first round of student funding, UCF awarded a total of $16,715,854 to 18,514 students who met eligibility criteria and completed an application that stated their need for support. The maximum award levels for the first round of emergency aid were $950 for Pell-eligible students and $900 for non-Pell-eligible students. If students requested less in their applications, they received the lesser amount. Requests ranged from $9 for technology to $30,000 for medical bills. When possible, UCF worked to provide funding in the amount each applicant requested unless it exceeded the maximum award level. UCF will reopen the application window later this month to allow students who missed the first application window to apply and so that students who did not receive the maximum amount can request additional support if they have other expenses.
The institutional portion of funds is available but has not been drawn down yet. Based on the latest communication received from the BOG, state universities will not receive any of the $174 million awarded to the state for the Governor's Emergency Education Relief funding, which will instead be going to childcare and K-12 education.

Trubacz concluded by informing the committee that UCF is waiting to hear from the BOG regarding possible budget cuts associated with COVID-19.

Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer, provided the committee with the COO update. Shepherd informed the committee that UCF is currently implementing plans related to the repopulation of campus. UCF is following the guidance from CDC, OSHA, WHO, and state and local agencies to effectively implement these plans. Shepherd provided the committee with steps that have been implemented, including:

a. Touchless mechanics in buildings: 400 StepNpulls installed, 250 swipe-to-open retrofits for existing doors, auto faucet and toilet valves, and touchless elevator controls;
b. Utilization of plexiglass shields;
c. UVC lighting technology to disinfect air flow through ventilation systems in certain high-density buildings; and
d. Upgrading filters throughout.

Shepherd stated that UCF has also worked to enhance cleaning protocols and are using products that are CDC/EPA-approved effective on coronavirus. UCF is adding additional resources to its housekeeping team to provide more frequent cleaning of high-touch areas and common areas, and deep cleaning of bathrooms. Each building will have between one and three full-time team members assigned to it, based on size.

Shepherd addressed the current events surrounding the death of George Floyd and assured the committee that the UCF Police Department (UCFPD) is currently evaluating policies and training to ensure diversity and inclusion. Currently, UCFPD has several required training courses, including fair and impartial policing, Muslim student association training, fair and impartial policing booster course, procedural justice, and safe zone training. Shepherd also indicated that UCFPD will be reviving the Chief's Advisory Council, which includes students, faculty, staff, and parents. This group was first formed in 2015 and met quarterly, but evolved to a larger, more loosely organized group of campus partners. The Council will revisit how to best organize and move forward, and meetings will resume in the fall.

Shepherd stressed the importance of seeking out and investing in training opportunities, such as requiring all officers and staff to complete Harvard's Project Implicit Bias test, and having certain officers selected to participate in a "train the trainer" course on Implicit Bias Training to teach this course in-house for all new officers as part of their onboarding.

Shepherd also provided a brief update on the Emergency Management team, which has started planning for the current hurricane season. Emergency Management has developed the first comprehensive hurricane plan, which allows UCF to capture action items for implementation in all phases of a hurricane: preparation, response, and recovery.

Yeargin asked Shepherd if they are currently monitoring the outbreak of COVID-19 cases near campus and whether that will have an impact on the repopulation of campus. Shepherd stated that they are not concerned at this time, but will continue to monitor the situation and implement the processes in place to ensure student safety.

Martins asked Shepherd about UCF's plans for food and beverage service. Shepherd informed Martins that Aramark submitted plans to UCF on increased safety measures. These measures include prepacked food options, disposable dishes, masks worn by staff members, wellness checks for staff members, eliminating self-serve stations, and frequent cleaning.

Walsh inquired when UCF will know about budget cuts due to COVID-19 from the BOG, to which Janet Owen, Vice President, Government Relations, replied that they anticipate the governor will release the information any day now.

NEW BUSINESS

<u>University Operating Budget Quarter Ended March 31, 2020 (INFO-1)</u>

Kristie Harris, Associate Vice President for Financial Affairs, gave a brief overview of the University Operating Budget for the quarter ending March 31, 2020. Harris stated that through the third quarter, UCF has not seen a major impact due to COVID-19; however, it will be reflected in the fourth-quarter report.

Harris informed the committee that they are constantly brainstorming new report formats to bring to the committee and will have more reports in the coming fiscal year.

The committee had no questions regarding the University Operating Budget.

FY 2020-21 Continuation Operating Budget (FFC-1)

Trubacz requested approval of a continuation budget for FY 2020-21 at the same funding levels approved by the BOT on June 19, 2019, for the 2019-20 operating budget. Once the state budget has been finalized by the governor, staff will prepare and submit a detailed operating budget to the BOG on or before the submission deadline of August 21, 2020. Additionally, the final budget will be presented to the BOT for approval at a future meeting due to the uncertainties of the pandemic.

Yeargin asked Trubacz if other universities within the SUS are taking the same route, to which Trubacz replied that this seems to be the route most institutions are taking at this time.

Walsh inquired whether UCF is continuing with business as usual until cuts are made, to which Trubacz responded that this budget allows UCF to continue operating into the next fiscal year with the spending, hiring, and travel freezes that have been implemented. The budget will be reevaluated once the cuts have been made.

The committee unanimously approved the Continuation Operating Budget for FY 2020-21.

Five-Year Capital Improvement Plan (FFC-2)

Shepherd provided the committee with a brief overview of the Capital Improvement Plan (CIP). The CIP is a component of the university's Legislative Budget Request (LBR) and puts forth the capital projects for which UCF is seeking Public Education Capital Outlay (PECO) or other state funds. Shepherd informed the committee that approval of the CIP does not constitute the BOT's approval of any specific project and that it does not include all capital projects, but rather only those for which UCF is seeking additional state funding. This year's CIP includes a new facility for Teaching/Learning Labs, a new facility for interdisciplinary research (Research II), and a new facility for performing arts (Performing Arts Center II). It also includes the renovation of the Communication and Media Building - Downtown, the Chemistry Building, and Howard Phillips Hall. Shepherd provided an overview of each project and its importance to UCF.

Shepherd explained that in 2017, UCF held a three-day workshop at which each college presented its vision for future program growth and its greatest facility needs. From that exercise, the highest priorities identified were two new innovative, interdisciplinary facilities to meet campus-wide needs for teaching and research laboratories.

Walsh asked Shepherd if the committee was being asked to approve the whole five-year plan or each individual year. Shepherd informed the committee that the approval was for the entirety of the CIP.

The committee unanimously approved the Five-Year Capital Improvement Plan.

Direct Support Organizations' 2019-20 Third-Quarter Financial Reports (INFO-2)

Christina Tant, Assistant Vice President for Direct Support Organization (DSO) Accounting and Reporting, provided the committee with the DSOs' 2019-20 Third-Quarter Financial Reports. These reports are provided to the BOT quarterly for informational purposes only. Tant informed the committee that there was no information to highlight.

The committee had no questions regarding the Direct Support Organizations' 2019-20 Third-Quarter Financial Reports.

2020-21 Direct Support Organizations' Budgets (FFC-3)

Tant informed the committee that the DSOs develop their annual budgets and present them for approval to their respective boards of directors each spring. Each DSO board has one voting member who also serves as a member of the BOT. All of the budgets presented were approved by the respective DSO boards.

Tant highlighted the UCF Athletics Association (UCFAA) budget, which reflects a $5.1 million net surplus. Of the budgeted revenues, approximately half is from student athletic fees and university scholarship support, and half is driven by football. The budget assumes a full college football season of seven home games with spectators present. Tant expressed that UCFAA is working on plans to mitigate potential revenue shortfalls and is prepared to make additional adjustments to the budget.

Tant next highlighted the Stadium Corporation. The budget reflects a net surplus of $12.1 million and debt service of $3.6 million, leaving approximately $8.5 million available to transfer to UCFAA to fund its operations. Like UCFAA, this budget also assumes a full college football season with spectators present.

Tant stated that UCF Academic Health's budget reflects increased leasing operations at the Lake Nona Cancer Center. The net decrease of $178,000 will be funded by cash on hand at the end of FY 2020.

The UCF Convocation Corporation budget will need to be adjusted based on student housing and retail shortfalls due to COVID-19.

Tant then provided a brief overview of the remaining DSO budgets.

The committee unanimously approved the 2020-21 Direct Support Organizations' Budgets.

UCF Athletics Association Request to Participate in the CARES Act Payroll Tax Deferral Program (FFC-4)

Brad Stricklin, Executive Associate Athletics Director and Chief Financial Officer, informed the committee of the CARES Act Payroll Tax Deferral Program, which allows UCFAA to defer payment of payroll taxes (6.2 percent of employer wages, up to $137,700) from the date of BOT approval through December 31, 2020. The deferred taxes would be paid in 50 percent installments by December 31, 2021, and by December 31, 2022, with no interest charged.

Stricklin stated that this would provide UCFAA with additional cash flow, interest free, for the summer and fall at a time when most of the football-related revenue is used to pay the debt obligations for the football stadium. Stricklin informed the committee that this deferment would free up approximately $315,000, which allows UCFAA to maintain a positive cash flow.

The committee unanimously approved UCFAA's participation in the CARES Act Payroll Tax Deferral Program.

Release of Unrestricted UCF Stadium Corporation Revenues (FFC-5)

Stricklin gave a brief background of the release of the unrestricted UCF Stadium Corporation revenues. Stricklin stated that this request has come before the committee every June for the last 11 years. UCFAA requests a blanket approval for any funds above debt requirements to be returned to them. UCF Stadium Corporation's board reflects a projected $12,151,024 net increase from operations. Of that amount, $3,623,606 is budgeted for debt service payments, leaving projected unrestricted excess revenues of $8,527,418 available for transfer to UCFAA. Stricklin emphasized that the UCFAA budget is dependent upon receiving these unrestricted excess revenues.

The committee unanimously approved the release of revenues above budgeted obligations from the UCF Stadium Corporation to UCFAA for FY 2020-21.

Renewal of Lines of Credit - Fifth Third Bank (FFC-6)

Stricklin informed the committee that UCFAA currently has two lines of credit with Fifth Third Bank. The first line of credit is a Reducing Revolving Line used for construction. This line of credit was originally opened in 2004 for the purpose of constructing facilities for women's sports. The original line of credit was $4.5 million and was increased to $8.5 million in 2006 to help facilitate the initial costs of Spectrum Stadium and then additional needs once the stadium bonds were issued and the line was reimbursed for the initial expenses. Each year, the line is renewed and includes a negotiated principal payment. The interest rate on this line is tax-exempt. There are no more draws available on the line and the balance owed is $5,080,000.

Stricklin stated that the second line of credit is a Revolving Line (Operating). This line of credit assists UCFAA with cash flow timing issues and was opened in 2012. This line is currently in the amount of $5 million but must "rest" with a zero balance for 14 consecutive days. This year, the line was rested in March. The interest rate on this line is at taxable rate. Stricklin stated that the lines of credit are crucial for UCFAA due to the uncertainties of changes to the football season caused by the COVID-19 pandemic.

McAlpin asked Stricklin if UCFAA frequently tries to negotiate the interest rates of the loans with Fifth Third Bank. Stricklin informed McAlpin that UCFAA tries to receive the best rate possible.

The committee unanimously approved the Renewal of Lines of Credit - Fifth Third Bank.

UCF Lake Nona Cancer Center Amended and Restated Master Lease Agreement (FFC-7)

Shepherd provided the committee with the history of the Sanford Burnham property in Lake Nona. The property was purchased from Orange County through the UCF Real Estate Foundation (UCFREF) as the holding entity. The property was immediately leased to UCF for the development of a comprehensive research and treatment center that would allow College of Medicine cancer research to coexist with several highly recognized private entities in the field. Shepherd stated that as UCF and UCF Academic Health (UCFAH) became more involved in preparing the building for private tenants, unanticipated costs associated with changing the facility from a single-tenant space to a multi-tenant space were discovered. UCFREF agreed to cover the building renovation costs and worked with UCF to amend the master lease to charge UCF rent based on the square footage it occupied, in addition to the rent received from the third-party sub-subtenants.

Shepherd introduced Jeanette Schreiber, Chief Legal Officer and Associate Vice President for Medical Affairs, who explained to the committee members that the purpose of the proposed amendments is to provide a structure for UCF to pay annual rent and operating expenses to UCFREF for the portion of the UCF Lake Nona Cancer Center occupied by UCF, which funds will be used by UCFREF to cover the expenses of managing and maintaining the property; to clarify the insurance language in Master Lease; and to make other minor changes to align language throughout the Master Lease.

Walsh inquired if the subleases received by the private residents are formally linked to the mortgage payment to the county. Schreiber explained that they are not formally linked; however, the cost of the mortgage will be covered by rent from the private tenants.

The committee unanimously approved the Lake Nona Cancer Center Amended and Restated Master Lease Agreement.

Lake Nona Cancer Center Amended and Restated UCFAH Sublease (FFC-8)

Schreiber stated that the purpose of the proposed amendments to the UCFAH sublease is:

1. To make conforming changes to align with amendments being proposed to the Master Lease between UCFREF and UCF regarding the role of UCFREF as owner;
2. To clarify the rent commencement date;
3. To clarify insurance requirements for sub-subtenants; and
4. To attach the amended and restated Master Lease.

The committee unanimously approved the Lake Nona Cancer Center Amended and Restated UCFAH Sublease.

Post Investigation Action Plan Implementation Update (FFC-9)

Kathy Mitchell, Associate Vice President for Financial Initiatives, provided the committee with an update on the tasks assigned to the Finance team. Mitchell stated that items 43, 44, 45, and 48 have been completed.

Chair Martins asked Mitchell if all items from the Post Investigation Action Plan will be completed by the scheduled completion date of June 30, 2020, to which Mitchell replied they would.

The committee unanimously approved the completion of items 43, 44, 45, and 48 from the Post Investigation Action Plan.

UCF Investments Quarterly Report Ended March 31, 2020 (INFO-3)

Danta White, Assistant Vice President and University Controller, provided the committee with the quarterly update on the university's investment portfolio for the quarter ended March 31, 2020. White explained that the portfolio experienced an overall quarterly net loss of $15.8 million primarily as a result of COVID-19's effect on the market; however, since that time, UCF's investments have seen a significant recovery.

Walsh had several questions regarding the losses reflected in the investment portfolio. Mitchell and White will follow up with Walsh later to ensure his questions are answered sufficiently.

UCF Investment Policy Manual Update (FFC-10)

White explained to the committee that the university establishes its investment parameters in accordance with sections 1011.42(5) and 218.415, Florida Statutes, and the UCF Investment Policy Manual (policy), He stated that this policy is applicable to UCF funds being held to meet current expenses and the excess of funds required to meet current expenses. White informed the committee that the changes made to the policy include updates for changes in the name of the Finance and Facilities Committee, the titles of the Vice President and Chief Financial Officer and the Division of Finance, and corrections to investment index nomenclature.

The committee unanimously approved the revisions to the UCF Investment Policy and Manual.

Martins adjourned the Finance and Facilities Committee meeting at 10:22 a.m.

Reviewed by: ____

Alex Martins — Date
Chair, Finance and Facilities Committee

Respectfully submitted: ____

Janet Owen — Date
Associate Corporate Secretary

ITEM: INFO-1

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
August 12, 2020

Title: FY21 Finance and Facilities Committee Annual Plan

Background:
In response to trustee feedback, the Board Office, in coordination with the President's Office and committee staff, have drafted a template for all committees to use in developing plans for strategic discussions, informational presentations, and actionable items that come before the committees on an annual basis. The draft template was presented to all committee chairs for their input and direction on strategic discussions to address in FY21.

Chair Martins will present the Finance and Facilities Committee's Annual Plan and open the floor for discussion and committee input.

Issues to be Considered:
If members of the committee have additional input for agenda items to be added to the annual plan.

Alternatives to Decision:
This item is being provided for information only.

Fiscal Impact and Source of Funding:
N/A

Recommended Action:
This item is being provided for information only.

Authority for Board of Trustees Action:
N/A

Contract Reviewed/Approved by General Counsel:
N/A

Committee Chair or Chair of the Board approval:
Chair Martins has approved adding this item to the agenda.

Submitted by:
Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer
Joseph Trubacz, Interim Vice President for Finance and Chief Financial Officer

Supporting Documentation:
Attachment A: FY21 Finance and Facilities Committee Annual Plan

Facilitators/Presenters:
Chair Alex Martins

UNIVERSITY OF CENTRAL FLORIDA

UCF Board of Trustees
Finance and Facilities Committee Annual Plan

Fiscal Year 2021 (July 1, 2020 – June 30, 2021)

Last Updated: July 24, 2020

Mission Statement:

The University of Central Florida is a public multi-campus, metropolitan research university that stands for opportunity. The university anchors the Central Florida city-state in meeting its economic, cultural, intellectual, environmental and societal needs by providing high-quality, broad based education and experienced-based learning; pioneering scholarship and impactful research; enriched student development and leadership growth; and highly relevant continuing education and public service initiatives that address pressing local, state, national, and international issues in support of the global community.

Charter Summary:

Purpose: The general purpose of the **Finance and Facilities Committee** is to provide review, policy guidance and strategic oversight of the university's financial matters, financial reporting statements, campus master planning activities and other real estate type activities for both the university and its direct support organizations (DSOs).

For university financial matters, the Committee will review actions presented to the Board and provide a recommendation.

For campus master planning and other real estate matters the Committee will coordinate the campus master planning process and provide recommendations to the Board for action.

Minimum Number of meetings: 3 — Charter last amended: April 23, 2020

Minimum Number of members: 5 — Next charter review: April 14, 2021

2020-2021 Committee Priorities:

Align actions with approved goals: Ensure university actions align with the president's strategic goals approved by the Board of Trustees.

Emerging Issues Monitoring: Enterprise ERP, New Budget Model, Current Financial Standing/Internal Loans, Contracts, Stadium Infrastructure, Real Estate and Space Utilization, Shared Services and Efficiencies

Types of Agenda Items:

Currently, agenda items fall into three categories: Discussion, Information, and Motion.

> **Discussion:** These items may include a specific theme that carries through several meetings. The chair develops these items with committee staff and presentations are structured to engage the Committee in strategic discussion.
>
> **Information:** These items are brought before the Committee to educate, but also to engage the committee members in discussion that will set the background for a future action. Except for extenuating circumstances, the Committee should never be asked to act on a decision with significant fiscal or reputational impact without prior discussion as a full body.
>
> **Motion (Action):** These items require committee approval as required by federal or state laws, external standards, Board of Governor's Regulations, Board policies, and/ or university regulations. These items require a motion and a vote, but approval is never assumed. Staff bring recommendations to the Committee, but the approval lies within the Committee's decision-making authority.

Finance and Facilities Committee
Annual Plan Detail – FY21

Committee Meeting Date	Item Type	Agenda Item	Lead(s)
August 12, 2020	Discussion	COO/CFO Update	Shepherd Trubacz
	Information	FY21 Finance and Facilities Annual Plan	Martins
	Motion	Post Investigation Action Plan Implementation Update	Trubacz Mitchell
	Motion	UCF Foundation Debt Refinancing	Trubacz Francis Dawes
	Motion	First Amendment to Ground Lease Agreement between Knights Krossing Student Housing, LLC and CaPFA Capital Corp. 2000F.	Shepherd Cerasa
	Information	Sightlines Facilities Annual Condition	Shepherd Siemen
	Information	Investment Program Structure	Trubacz White, Danta
	Information	University Quarterly Investments Report Ended June 30, 2020	Trubacz White, Danta
	Information	Contract Prepayment Guidelines	Trubacz Levenson
Committee Meeting Date	**Item Type**	**Agenda Item**	**Lead(s)**
September 10, 2020	Discussion	COO/CFO Update	Shepherd Trubacz
	Information	2019-20 Fixed Capital Outlay Budget Update	Shepherd Siemen
	Motion	2020-21 Fixed Capital Outlay Budget	Shepherd Siemen
	Information	2019-20 University Carryforward Year-End Update	Trubacz Harris
	Motion	2020-21 University Carryforward Spending Plan	Trubacz Harris
	Information	Campus Master Plan Neighborhood Meeting Public Comments	Shepherd Martin, Bill
Committee Meeting Date	**Item Type**	**Agenda Item**	**Lead(s)**
October 14, 2020	Discussion	COO/CFO Update	Shepherd Trubacz
	Motion	2020-21 University Operating Budget	Trubacz Harris
	Motion	ERP Vendor Contract and Implementation Partner Contract	Trubacz Sink
	Discussion	Solar Farm	Shepherd Siemen
	Information	University Operating Budget, Ended June 30, 2020 – Qtr. 4	Trubacz Harris
	Information	DSO Budget Update (placeholder until final confirmation by Brad Strickland)	Trubacz Tant Strickland

Committee Meeting Date	Item Type	Agenda Item	Lead(s)
November 19, 2020			
	Discussion	COO/CFO Update	Shepherd Trubacz
	Discussion	Student Fees	Trubacz Ehasz
	Information	Facilities Process Improvements Recommendations Update (Hill Report)	Shepherd Siemen
	Information	UCF and DSO Debt Report	Trubacz Francis
	Information	FY20 University Draft Audited Financial Report	Trubacz White, Danta
	Information	DSOs' Financial Report, Ended June 30, 2020 - Qtr. 4	Trubacz Tant
Committee Meeting Date	**Item Type**	**Agenda Item**	**Lead(s)**
January 14, 2021	Discussion	COO/CFO Update	Shepherd Trubacz
	Information	University Operating Budget, Ended September 30, 2020 – Qtr. 1	Trubacz Harris
	Information	University Quarterly Investment Report, Ended September 30, 2020 – Qtr. 1	Trubacz White, Dante
	Information	DSOs' Financial Report, September 30, 2020 – Qtr. 1	Trubacz Tant
	Information	Auxiliary Financial Report, September 30, 2020 – Qtr. 1	Trubacz Francis
Committee Meeting Date	**Item Type**	**Agenda Item**	**Lead(s)**
February 10, 2021	Discussion	COO/CFO Update	Shepherd Trubacz
	Discussion	Mid-Year Annual Plan Assessment	Martins
	Information	Housing Update (Consultant Report)	Trubacz Ehasz
	Information	ERP Update	Trubacz Sink
	Information	Mid-Year Carryforward Spending Plan Update	Trubacz Harris
	Motion	Parking and Housing 2021-22 Auxiliary Facilities Operating Budget	Trubacz Francis
Committee Meeting Date	**Item Type**	**Agenda Item**	**Lead(s)**
April 14, 2021	Discussion	COO/CFO Update	Shepherd Trubacz
	Discussion	Five-Year Capital Improvement Plan/LBR Overview	Shepherd
	Motion	Housing Rental Rates	Trubacz Ehasz
	Motion	Investment Policy Manual Updates	Trubacz White, Danta
	Motion	Fees (if needed) Distance Learning, Parking Decal	Trubacz Ehasz
	Information	CMP Neighborhood Meeting Public Comments	Shepherd Martin, Bill
	Information	Finance and Facilities Charter Review	Martins
	Information	University Operating Budget, Quarter Ended, Dec. 31, 2020 – Qtr. 2	Trubacz Harris

	Information	University Quarterly Investments Report Ended Dec. 31, 2020 – Qtr. 2	Trubacz White, Danta
	Information	DSOs' Financial Report, Ended December 31, 2020 – Qtr. 2	Trubacz Tant
	Information	Auxiliary Financial Report, Ended December 31, 2020 – Qtr. 2	Trubacz Francis
Committee Meeting Date	**Item Type**	**Agenda Item**	**Lead(s)**
June 16, 2021	Discussion	COO/CFO Update	Shepherd Trubacz
	Discussion	End-of-Year Annual Plan Assessment	Martins
	Motion	Finance and Facilities Charter Amendments	Martins
	Motion	Five-Year Capital Improvement Plan	Shepherd Siemen
	Motion	2021-22 University Operating Budget	Trubacz Harris
	Information	ERP Update	Trubacz Sink
	Information	University Operating Budget, Ended March 31, 2021 – Qtr. 3	Trubacz Harris
	Information	DSOs' Financial Report, Ended March 31, 2021 – Qtr. 3	Trubacz Francis
	Motion	DSOs' 2021-22 Budgets	Trubacz Francis
	Motion	Renewal of UCFAA's Line of Credit	Trubacz Tant
	Motion	Release of Unrestricted UCF Stadium Corporation Revenues	Trubacz White, Danny Stricklin
	Information	University Quarterly Investments Report, Ended March 31, 2021 – Qtr. 3	Trubacz White, Danta
	Information	Auxiliary Financial Report, Ended March 31, 2021 – Qtr. 3	Trubacz Francis
	Information	UCF and DSO Debt Update	Trubacz Francis

ITEM: FFC-1

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
August 12, 2020

Title: Post-Investigation Action Plan for Items with Finance and Facilities Committee Oversight

Background:
The Audit and Compliance committee was charged by the Chairman of the Board of Trustees with developing a board plan for oversight of the implementation of recommendations from the inappropriate transfer of E&G funds to construction.

As requested by the Board of Trustees, University Audit and University Compliance, Ethics, and Risk accumulated all recommendations, sorted them by similarity, assigned a theme, ranked them by risk, and worked with leadership to assign the appropriate university staff and obtain an action plan with target completion dates for each recommendation. This plan was approved by the Board of Trustees on July 18, 2019. The action items in this plan have been sorted by board committee and distributed to the chair of each committee with oversight. Attachment A includes those items which are assigned to the Finance and Facilities Committee.

Issues to be Considered:
Issue 14 states: "The University should require all newly hired F&A and Facilities department employees, and other employees with budgetary responsibilities, to undergo education and training regarding the proper use of state-appropriated funds, the relevant state statutes, regulations and BOG guidance, and should provide for regular training and education of all such employees regarding these matters. The University should also implement periodic education and training on the key concepts regarding the budgeting process and the appropriation of state funds for members of the BOT and University leaders." Training on the proper use of funds was provided to the BOT on 5/17/19 and 11/20/19, to new members of the BOT in January and May 2020 and to university VPs and Deans on 5/31/19. Three mandatory training sessions were delivered in March and May 2020 for all F&A staff and will continue with Budget Directors as well as for facilities and construction accounting.

Issue 12 states: "E&G funds should not be transferred or encumbered except as authorized in budgets and carry forward commitment lists approved by the Board of Trustees." An internal process was developed based on BOG guidance and the BOT Delegation of Authority. A newly drafted University Budgets Policy containing the restrictions on use of E&G funds was approved by the University Policies and Procedures Committee on June 26, 2020 and forwarded to the President for his approval and signature.

Issue 13 states: "University investment policies and accounting of investment shares of various university accounts should disclose the source and possible use of all funds commingled in investment programs. Care should be taken to avoid risking University reserves or endowments through internal allocation practices that are not fully accountable to the BOT." A revision to the UCF Investment Policy Manual was approved by the Board of Trustees on June 18, 2020.

Issue 16 states: "The General Counsel, audit, and other compliance offices should help train budget, finance and accounting staff, and their administrative superiors, in applicable laws and regulations." Training on the proper use of funds was provided to the BOT on 5/17/19 and 11/20/19, to new members of the BOT in

January and May 2020 and to university VPs and Deans on 5/31/19. Three mandatory training sessions were delivered in March and May 2020 for all F&A staff. Training was delivered to the Financial Focus Group in May 2020 and will continue with Budget Directors as well as for facilities and construction accounting.

Issue 31 states: "Reporting Relationship of Academic/DSO Financial Leads and CFO - We recommend that each unit's designated finance lead (sometimes this is a single role that combines finance/operations at the unit level) serve as a dual report to the CFO organization (potentially reporting in to an AVP of Finance)." The reporting relationships were evaluated by university leadership. Athletics DSO financial accounting and reporting staff moved to F&A in January. Through further evaluation and discussion with the interim provost and chief HR officer, the university restructured the University Budget Committee to include the primary budget directors for each college and division. The repurposed Committee is now the University Budget Directors Committee. A newly developed University Budget Policy contains a section addressing the Budget Directors Committee, its purpose and the reporting expectations to the AVP for Budget, Planning, & Analysis. Additional recommendations to strengthen DSO reporting structure were provided to the President and the BOT during the June 18 BOT meeting. Those recommendations and action items will be tracked separately.

Issue 32 states: "CFO Role in Budgeting - UCF would benefit from formalizing the CFO's role to include setting the overall fiscal constraint in the budget process (e.g. revenue, expenditure, liquidity and debt targets). From a practicable standpoint, this translates into the President, Provost and the CFO "stacking hands" on fiscal capacity, with the Provost driving the budget allocation process thereafter." A newly developed Board Policy for University Operating, Carryforward, and Capital Outlay Budgets was approved by the Board of Trustees on June 18, 2020.

Issue 37 states: "The University should develop, as a supplement to the budgeting documents and reports required to be submitted to the BOT and/or BOG by Florida law and BOG regulations, a clear and consistent reporting package to be presented to the BOT on a periodic basis, designed to appropriately inform the Board regarding the funding of capital projects." A newly developed Board Policy for University Operating, Carryforward, and Capital Outlay Budgets was approved by the Board of Trustees on June 18, 2020.

Issue 46 states: "All SUS leadership should jointly search for best practices in budgeting and accountability. Each Board of Trustees should adopt policies to ensure adherence to budget and planning laws and regulations." A newly developed Board Policy for University Operating, Carryforward, and Capital Outlay Budgets was approved by the Board of Trustees on June 18, 2020.

Issue 57 states: "Benchmarking of A&F Services for Efficiency & Effectiveness - UCF has the opportunity to establish a new culture of performance. Benchmarking cost and quality of transaction processing areas in Finance, Procurement, HR, IT and Facilities would provide UCF with a fact-based approach to staffing and performance improvement." Division of Finance gathered professional staffing and audited expenditure data from SUS peer institutions and the University Innovation Alliance to determine the efficiency and effectiveness of staffing. Improvements were identified and are in progress. Separate benchmarking efforts by the Administration Division for HR, Facilities, and Police have been conducted. UCFPD participated in a BOG request in early 2020 with all SUS which identified opportunities. Facilities contracts with an independent consultant every year, Sightlines, which provides benchmarking against SUS peers as well as southern region schools of similar size and stature. The 2020 report was just finalized and shared with the President. HR benchmarking was conducted both through Huron ERP pre-launch process as well as against

SUS partners and peer institutions; that work continues. UCF's IT governance is addressed separately by the BOT Emerging Issues taskforce (see the related April 23, 2020, BOT agenda item).

Review the proposed and completed action plans to determine whether they are the right approach for the board to meet its fiduciary duties in protecting the university against future risks of this nature.

Alternatives to Decision:
Not mark items 12, 13, 14, 16, 31, 32, 37, 46, and 57 as complete and propose an alternative approach for ensuring the board meets its fiduciary duties with respect to the recommendations.

Fiscal Impact and Source of Funding:
N/A

Recommended Action:
Mark items 12, 13, 14, 16, 31, 32, 37, 46, and 57 as complete. With approval of these items, all items on the Post-Investigation Action Plan for which the Finance and Facilities Committee has oversight have been completed.

Authority for Board of Trustees Action:
BOG Regulation 1.001 (3)(a)

Contract Reviewed/Approved by General Counsel:
N/A

Committee Chair or Chair of the Board approval:
Chair Martins has approved adding this item to the agenda.

Submitted by:
Joseph Trubacz, Interim Vice President for Finance and Chief Financial Officer
Kathy Mitchell, Associate Vice President for Finance

Supporting Documentation:
Attachment A: Post Investigation Action Plan for Items with Finance and Facilities Committee Oversight

Facilitators/Presenters:
Joseph Trubacz, Interim Vice President for Finance and Chief Financial Officer
Kathy Mitchell, Associate Vice President for Finance

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Item #	Summary Source	Source Detail	Recommendation	Risk Rating	Theme	Responsible Office	Responsible Person	Responsible BOT Committee	Action Plan	Action Plan Completion	Status	Completion Date
14	Bryan Cave Investigation	Bryan Cave January 17, 2019 Report	The University should require all newly hired F&A and Facilities department employees, and other employees with budgetary responsibilities, to undergo education and training regarding the proper use of state-appropriated funds, the relevant state statutes, regulations and BOG guidance, and should provide for regular training and education of all such employees regarding these matters. The University should also implement periodic education and training on the key concepts regarding the budgeting process and the appropriation of state funds for members of the BOT and University leaders.	High	Training & Awareness	CFO	Joseph Trubacz	Finance and Facilities Committee	A process was developed to provide initial training on the proper use of funds to new F&A and Facilities employees, with periodic refreshes provided to existing employees and BOT members. Training on the proper use of funds was provided to the BOT on 5/17/19 and 11/20/19, to new members of the BOT in January and May 2020 and to university VPs and Deans on 5/31/19. Three mandatory training sessions were delivered in March and May 2020 for all F&A staff. Training was delivered to the Financial Focus Group in May 2020 and will continue with Budget Directors as well as for facilities and construction accounting.	Training on the proper use of funds was provided to the BOT on 5/17/19 and 11/20/19, to new members of the BOT in January and May 2020 and to university VPs and Deans on 5/31/19. Three mandatory training sessions were delivered in March and May 2020 for all F&A staff. Training was delivered to the Financial Focus Group in May 2020 and will continue with Budget Directors as well as for facilities and construction accounting.	**Completed**	**June-20**
12	Public Integrity and Ethics Committee	Public Integrity and Ethics Committee March 14, 2019 Report	E&G funds should not be transferred or encumbered except as authorized in budgets and carry forward commitment lists approved by the Board of Trustees.	High	Policies & Procedures	CFO	Joseph Trubacz	Finance and Facilities Committee	An internal process was developed based on BOG guidance and the BOT Delegation of Authority. A newly drafted University Budgets Policy containing the restrictions on use of E&G funds was approved by the University Policies and Procedures Committee on June 26, 2020 and forwarded to the President for his approval and signature.	An internal process was developed based on BOG guidance and the BOT Delegation of Authority. A newly drafted University Budgets Policy containing the restrictions on use of E&G funds was approved by the University Policies and Procedures Committee on June 26, 2020 and forwarded to the President for his approval and signature.	**Completed**	**June-20**
13	Public Integrity and Ethics Committee	Public Integrity and Ethics Committee March 14, 2019 Report	University investment policies and accounting of investment shares of various university accounts should disclose the source and possible use of all funds commingled in investment programs. Care should be taken to avoid risking University reserves or endowments through internal allocation practices that are not fully accountable to the BOT's	High	Policies & Procedures	CFO	Joseph Trubacz	Finance and Facilities Committee	Procedures were developed to clarify the sources of funding in each of the university's investment vehicles. A revision to the UCF Investment Policy Manual was approved by the Board of Trustees on June 18, 2020.	A revision to the UCF Investment Policy Manual was approved by the Board of Trustees on June 18, 2020.	**Completed**	**June-20**
16	Public Integrity and Ethics Committee	Public Integrity and Ethics Committee March 14, 2019 Report	The General Counsel, audit, and other compliance offices should help train budget, finance and accounting staff, and their administrative superiors, in applicable laws and regulations	High	Training & Awareness	CFO	Joseph Trubacz	Finance and Facilities Committee	A process was developed to provide initial training on the proper use of funds to new F&A and Facilities employees, with periodic refreshes provided to existing employees and BOT members. Training on the proper use of funds was provided to the BOT on 5/17/19 and 11/20/19, to new members of the BOT in January and May 2020 and to university VPs and Deans on 5/31/19. Three mandatory training sessions were delivered in March and May 2020 for all F&A staff. Training was delivered to the Financial Focus Group in May 2020 and will continue with Budget Directors as well as for facilities and construction accounting.	Training on the proper use of funds was provided to the BOT on 5/17/19 and 11/20/19, to new members of the BOT in January and May 2020 and to university VPs and Deans on 5/31/19. Three mandatory training sessions were delivered in March and May 2020 for all F&A staff. Training was delivered to the Financial Focus Group in May 2020 and will continue with Budget Directors as well as for facilities and construction accounting.	**Completed**	**June-20**
31	Accenture	Accenture January 17, 2019 Report	Reporting Relationship of Academic/DSO Financial Leads and CFO - We recommend that each unit's designated finance lead (sometimes this is a single role that combines finance/operations at the unit level) serve as a dual report to the CFO organization (potentially reporting in to an AVP of Finance).	Medium	Internal Control Redesign & Process Enhancements	President, Provost & CFO	Alex Cartwright, Michael Johnson & Joseph Trubacz	Finance and Facilities Committee	The Division of Finance, led by the CFO, hired a new Assistant VP for Budget, Planning, and Administration following which time the reporting structure for the college/division/unit Budget Directors was re-evaluated to ensure consistency in training, work product, and communication. Athletics DSO financial accounting and reporting staff moved to F&A in January. Through further evaluation and discussion with the interim provost and chief HR officer, the university restructured the University Budget Committee to include the primary budget directors for each college and division. The repurposed Committee is now the University Budget Directors Committee. A newly developed University Budget Policy contains a section addressing the Budget Directors Committee, its purpose and the reporting expectations to the AVP for Budget, Planning, & Analysis. Additional recommendations to strengthen DSO reporting structure were provided to the President and the BOT during the June 18 BOT meeting. Those recommendations and action items will be tracked separately.	The reporting relationships were evaluated by university leadership. Athletics DSO financial accounting and reporting staff moved to F&A in January. Through further evaluation and discussion with the interim provost and chief HR officer, the university restructured the University Budget Committee to include the primary budget directors for each college and division. The repurposed Committee is now the University Budget Directors Committee. A newly developed University Budget Policy contains a section addressing the Budget Directors Committee, its purpose and the reporting expectations to the AVP for Budget, Planning, & Analysis. Additional recommendations to strengthen DSO reporting structure were provided to the President and the BOT during the June 18 BOT meeting. Those recommendations and action items will be tracked separately.	**Completed**	**June-20**

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Item #	Summary Source	Source Detail	Recommendation	Risk Rating	Theme	Responsible Office	Responsible Person	Responsible BOT Committee	Action Plan	Action Plan Completion	Status	Completion Date
32	Accenture	Accenture January 17, 2019 Report	CFO Role in Budgeting - UCF would benefit from formalizing the CFO's role to include setting the overall fiscal constraint in the budget process (e.g. revenue, expenditure, liquidity and debt targets). From a practicable standpoint, this translates into the President, Provost and the CFO "stacking hands" on fiscal capacity, with the Provost driving the budget allocation process thereafter.	Medium	Internal Control Redesign & Process Enhancements	President, Provost & CFO	Alex Cartwright, Michael Johnson & Joseph Trubacz	Finance and Facilities Committee	The Division of Finance will draft a University Budgets policy, which will include the CFO's responsibility for establishing the total available funding from all sources to be allocated in the university's budget. After this amount is set, the CFO, Provost, and President will jointly determine the allocation to the academic and non-academic units across campus. The Provost, working with the deans and vice provosts, will take the lead on allocations to the academic units reporting to the Provost; the CFO, working with the other vice presidents, will take the lead on allocations to the non-academic units. When the allocation process is completed, the CFO, Provost, and President will review and sign the final allocation document. F&A is working with Huron Consulting to develop a new budget model to be implemented fiscal year 2021. A newly drafted University Budgets Policy was approved by the University Policies and Procedures Committee on June 26, 2020 and forwarded to the President for his approval and signature.	A newly drafted University Budgets Policy was approved by the University Policies and Procedures Committee on June 26, 2020 and forwarded to the President for his approval and signature.	**Completed**	**June-20**
21	Association of Governing Boards	AGB January 17, 2019 Memo	The UCF budget should be developed with appropriate engagement of the Board through its Finance Committee as institution priorities are being shaped with a focus on the strategic plan of the University.	Medium	BOT & Staff Interaction	CFO	Joseph Trubacz	Finance and Facilities Committee	Annual budgets for the university and DSOs were presented at the June 2019 BOT meeting. Going forward, UCF will need to determine budget approval workflow including use of various internal committees such as the Budget Committee and how the BOT will be involved in the decision making process prior to formal presentation of the proposal. F&A is working with Huron Consulting to develop a new budget model to be implemented fiscal year 2021. A newly developed Board Policy for University Operating, Carryforward, and Capital Outlay Budgets was approved by the Board of Trustees on June 18, 2020.	A newly developed Board Policy for University Operating, Carryforward, and Capital Outlay Budgets was approved by the Board of Trustees on June 18, 2020.	**Completed**	**June-20**
37	Bryan Cave Investigation	Bryan Cave January 17, 2019 Report	The University should develop, as a supplement to the budgeting documents and reports required to be submitted to the BOT and/or BOG by Florida law and BOG regulations, a clear and consistent reporting package to be presented to the BOT on a periodic basis, designed to appropriately inform the Board regarding the funding of capital projects.	Medium	Monitoring Post-Transaction Activities	CFO	Joseph Trubacz	Finance and Facilities Committee	Budget reporting templates were developed and presented to the Finance and Facilities Committee (FFC) on September 18, 2019 and full BOT on September 19. Adjustments were made and resubmitted to the FFC at October 16, 2019 meeting and then presented to the BOG Facilities Committee on October 30, 2019. A board policy/procedure that outlines the final budget reporting package and frequency for submitting to the BOT and BOG will be developed and presented for Board approval. A newly developed Board Policy for University Operating, Carryforward, and Capital Outlay Budgets was approved by the Board of Trustees on June 18, 2020.	A newly developed Board Policy for University Operating, Carryforward, and Capital Outlay Budgets was approved by the Board of Trustees on June 18, 2020.	**Completed**	**June-20**
46	Public Integrity and Ethics Committee	Public Integrity and Ethics Committee March 14, 2019 Report	All SUS leadership should jointly search for best practices in budgeting and accountability. Each Board of Trustees should adopt policies to ensure adherence to budget and planning laws and regulations.	Medium	Policies & Procedures	CFO	Joseph Trubacz	Finance and Facilities Committee	Budget reporting templates were developed and presented to the Finance and Facilities Committee (FFC) on September 18, 2019 and full BOT on September 19. Adjustments were made and resubmitted to the FFC at October 16, 2019 meeting and then presented to the BOG Facilities Committee on October 30, 2019. A board policy/procedure that outlines the final budget reporting package and frequency for submitting to the BOT and BOG will be developed and presented for Board approval. A newly developed Board Policy for University Operating, Carryforward, and Capital Outlay Budgets was approved by the Board of Trustees on June 18, 2020.	A newly developed Board Policy for University Operating, Carryforward, and Capital Outlay Budgets was approved by the Board of Trustees on June 18, 2020.	**Completed**	**June-20**

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Item #	Summary Source	Source Detail	Recommendation	Risk Rating	Theme	Responsible Office	Responsible Person	Responsible BOT Committee	Action Plan	Action Plan Completion	Status	Completion Date
57	Accenture	Accenture January 17, 2019 Report	Benchmarking of A&F Services for Efficiency & Effectiveness - UCF has the opportunity to establish a new culture of performance. Benchmarking cost and quality of transaction processing areas in Finance, Procurement, HR, IT and Facilities would provide UCF with a fact based approach to staffing and performance improvement.	Low	Internal Control Redesign & Process Enhancements	CFO and COO	Joseph Trubacz and Misty Shepherd	Finance and Facilities Committee	The Division of Finance and the Division of Administration will benchmark transaction processing in areas such as Finance & Accounting, Procurement, Facilities, Police, and HR and will use this information to reassess staffing needs in those units. Division of Finance gathered professional staffing and audited expenditure data from SUS peer institutions and the University Innovation Alliance to determine the efficiency and effectiveness of staffing. Improvements were identified and are in progress. Separate benchmarking efforts by the Administration Division for HR, Facilities, and Police have been conducted. UCFPD participated in a BOG request in early 2020 with all SUS which identified opportunities. Facilities contracts with an independent consultant every year, Sightlines, which provides benchmarking against SUS peers as well as southern region schools of similar size and stature. The 2020 report was just finalized and shared with the President. HR benchmarking was conducted both through Huron ERP pre-launch process as well as against SUS partners and peer institutions; that work continues. UCF's IT governance is addressed separately by the BOT Emerging Issues taskforce (see the related April 23, 2020, BOT agenda item).	Division of Finance gathered professional staffing and audited expenditure data from SUS peer institutions and the University Innovation Alliance to determine the efficiency and effectiveness of staffing. Improvements were identified and are in progress. Separate benchmarking efforts by the Administration Division for HR, Facilities, and Police have been conducted. UCFPD participated in a BOG request in early 2020 with all SUS which identified opportunities. Facilities contracts with an independent consultant every year, Sightlines, which provides benchmarking against SUS peers as well as southern region schools of similar size and stature. The 2020 report was just finalized and shared with the President. HR benchmarking was conducted both through Huron ERP pre-launch process as well as against SUS partners and peer institutions; that work continues. UCF's IT governance is addressed separately by the BOT Emerging Issues taskforce (see the related April 23, 2020, BOT agenda item).	**Completed**	**June-20**
48	Auditor General	Florida Auditor General January 4, 2019 Report	Enhance procedures to ensure and demonstrate that E&G carryforward funds are only used for authorized purposes. Such enhancements may include appropriate training to ensure that University management responsible for approving the use of E&G funding understand the restrictions for such use and documenting support for allowable uses of the funding.	Medium	Training & Awareness	CFO	Joseph Trubacz	Finance and Facilities Committee	Training will be developed and provided to budget and finance decision makers to ensure E&G carryforward funds are used for authorized purposes. Working with other SUS institutions, F&A is developing funds use guidelines that will be posted on F&A's website. Training materials and guidelines will be developed with a timeline for implementation by June 2020. Training on the proper use of funds was provided to the BOT on 5/17/19 and to university VPs and Deans on 5/31/19. Guidelines have been drafted and will be posted on a newly developed website with the implementation of the Expenditure of University Funds policy once approved. The Expenditure of University Funds Policy was approved by the University Policies and Procedures Committee on April 30 and forwarded to the President for his approval and signature. Corresponding Expenditure Guidelines were posted on the F&A website.	The approval of the Expenditure of University Funds Policy and corresponding Expenditure Guidelines posted to the F&A website satisfies this corrective action item. This action item had a proposed completion date in June 2020 but was completed in May, 2020.	**Completed**	**May-20**
43	Board of Trustees	Board of Trustees January 24, 2019 Meeting	Office of the General Counsel, Compliance, Ethics and Risk Office, and Internal Audit will develop updated policies and procedures for the board's consideration to further ensure proper use of state appropriated E&G funds.	Medium	Policies & Procedures	CFO	Joseph Trubacz	Finance and Facilities Committee	F&A will consult with the Office of the General Counsel, Compliance, Ethics and Risk Office, and Internal Audit to develop updated policies and procedures to further ensure proper use of state appropriated E&G funds. An Expenditure of University Funds policy has been drafted and is currently under review. The Expenditure of University Funds Policy was approved by the University Policies and Procedures Committee on April 30 and forwarded to the President for his approval and signature. Corresponding Expenditure Guidelines were posted on the F&A website.	The approval of the Expenditure of University Funds Policy and corresponding Expenditure Guidelines posted to the F&A website satisfies this corrective action item. This action item had a proposed completion date in June 2020 but was completed in May, 2020.	**Completed**	**May-20**

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Item #	Summary Source	Source Detail	Recommendation	Risk Rating	Theme	Responsible Office	Responsible Person	Responsible BOT Committee	Action Plan	Action Plan Completion	Status	Completion Date
44	Bryan Cave Investigation	Bryan Cave January 17, 2019 Report	The University should require F&A to consult with the University's General Counsel, Compliance, Ethics, and Risk Office, Internal Audit, and the BOG, as appropriate, to develop specific written policies and procedures designed to reasonably ensure the proper use of state-appropriated E&G funding. These policies and procedures should, at a minimum, clearly identify those persons and/or bodies within the university with responsibility to approve and oversee expenditures of E&G.	Medium	Policies & Procedures	CFO	Joseph Trubacz	Finance and Facilities Committee	F&A will consult with the University's General Counsel, Compliance, Ethics, and Risk Office, Internal Audit, and the BOG, as appropriate, to develop specific written policies and procedures designed to reasonably ensure the proper use of state-appropriated E&G funding. These policies and procedures will, at a minimum, clearly identify those persons and/or bodies within the university with responsibility to approve and oversee expenditures of E&G. An Expenditure of University Funds policy has been drafted and is currently under review. The Expenditure of University Funds Policy was approved by the University Policies and Procedures Committee on April 30 and forwarded to the President for his approval and signature. Corresponding Expenditure Guidelines were posted on the F&A website.	The approval of the Expenditure of University Funds Policy and corresponding Expenditure Guidelines posted to the F&A website satisfies this corrective action item. This action item had a proposed completion date in June 2020 but was completed in May, 2020.	**Completed**	**May-20**
45	Bryan Cave Investigation	Bryan Cave January 17, 2019 Report	The policies and procedures should also describe the documentation necessary to support certain funding-related requests, such as budget transfer requests above a certain threshold, and provide clear instructions to employees charged with the responsibility to approve such requests.	Medium	Policies & Procedures	CFO	Joseph Trubacz	Finance and Facilities Committee	F&A will consult with the University's General Counsel, Compliance, Ethics, and Risk Office, Internal Audit, and the BOG, as appropriate, to develop specific written policies and procedures designed to reasonably ensure the proper use of state-appropriated E&G funding. These policies and procedures will also describe the documentation necessary to support certain funding-related requests, such as budget transfer requests above a certain threshold, and provide clear instructions to employees charged with the responsibility to approve such requests. The drafted Expenditure of University Funds policy with corresponding guidelines include a description of the documentation necessary to support certain funding-related requests and provides clear instructions to employees charged with the responsibility to approve such requests. The Expenditure of University Funds Policy was approved by the University Policies and Procedures Committee on April 30 and forwarded to the President for his approval and signature. Corresponding Expenditure Guidelines were posted on the F&A website.	The approval of the Expenditure of University Funds Policy and corresponding Expenditure Guidelines posted to the F&A website satisfies this corrective action item. This action item had a proposed completion date in June 2020 but was completed in May, 2020.	**Completed**	**May-20**
10	Public Integrity and Ethics Committee	Public Integrity and Ethics Committee March 14, 2019 Report	Capital projects in excess of $1 million in cost should not be undertaken before the President and General Counsel certify the actual source of all funds to be expended and that planning and funding conform to the Capital Outlay Budget, Capital Improvement Plan, Master Plan, applicable laws and regulations. Such certifications should be submitted to the BOT for information at the next scheduled meeting	High	Internal Control Redesign & Process Enhancements	General Counsel	Scott Cole	Finance and Facilities Committee	To be included in Board Operating Procedures 2. The Board of Trustees Policy titled Capital Projects Funding Certification implemented in September 2018 already requires capital projects over $2 million to have a written certification signed by the president, vice president submitting the item, the CFO and general counsel identifying the source of funds and certifying that they are appropriate for that purpose. This recommendation would reduce the $2 million threshold to $1 million and requires further discussion by the Finance and Facilities Committee. Additionally, the Committee will need to determine whether having the GC certify is appropriate. The proposed completion date was changed from March 2020 to April 2020 due to a change in the FFC meeting schedule.	During the Finance and Facilities Committee meeting on April 22, 2020 the Committee voted to retain the $2 million threshold that currently exists in the Board of Trustees Policy titled Capital Projects Funding Certification implemented in September 2018. The Committee also agreed that the General Counsel's signature is still appropriate and will remain on the certifications; however, the certification form wording will be changed to reflect General Counsel's legal approval of the funding shown on the certification form, not as to whether that source of funding was, in fact, later used on the project. The certification form may be modified and submitted for approval at a future Finance and Facilities Committee meeting. There is no further action required for this action item and it is therefore now considered completed.	**Completed**	**April-20**
11	Public Integrity and Ethics Committee	Public Integrity and Ethics Committee March 14, 2019 Report	Internal loans should be fully disclosed and audited to ensure the safety and security of all funds, particularly E&G funds.	High	Internal Control Redesign & Process Enhancements	CFO	Dennis Crudele	Finance and Facilities Committee	Internal loans have been discussed with the President, BOT chairman, and Finance & Facilities Committee chair. The CFO is in the process of obtaining signed loan agreements for each loan and will present a complete list and repayment plan to the BOT at the November 14, 2019 meeting. A follow up training is also scheduled for November 20, 2019 during the Board retreat. Annual updates will be provided to the BOT until all internal loans are repaid.	The list of internal loans and plan for repayment was presented to the BOT at the November 14, 2019 meeting and fully discussed during the Board retreat on November 20, 2019.	**Completed**	**December-19**

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Item #	Summary Source	Source Detail	Recommendation	Risk Rating	Theme	Responsible Office	Responsible Person	Responsible BOT Committee	Action Plan	Action Plan Completion	Status	Completion Date
7	Board of Trustees	Board of Trustees September 8, 2018 Meeting	All future board and committee approvals of capital projects over $2 million require a written certification signed by the president, vice president submitting the item, the CFO and general counsel identifying the source of funds and certifying that they are appropriate for that purpose.	High	Internal Control Redesign & Process Enhancements	General Counsel	Scott Cole	Finance and Facilities Committee	To be included in Board Operating Procedures 2. Upon further review it was determined that this recommendation had already been satisfied by the Board of Trustees Policy titled Capital Projects Funding Certification implemented in September 2018.	Board of Trustees Policy titled Capital Projects Funding Certification was established by the Board in September 2018 and posted to the BOT website. There is no further action required.	**Completed**	**November-19**
42	Board of Governors	Board of Governors January 31, 2019 Audit and Compliance Committee Meeting	Develop a policy for the authorization of funds, which is approved the President, CFO, Legal, and Board of Trustees. NOTE ***This was not a recommendation from the BOG. Marchena/Pres Whittaker informed them that this was an action we were taking.	Medium	Policies & Procedures	CFO	Dennis Crudele	Finance and Facilities Committee	To be included in Board Operating Procedures 2. This commitment refers to the policy on capital projects. Upon further review it was determined that this had already been satisfied by the Board of Trustees Policy titled Capital Projects Funding Certification implemented in September 2018.	Board of Trustees Policy titled Capital Projects Funding Certification was established by the Board in September 2018 and posted to the BOT website. There is no further action required.	**Completed**	**November-19**
55	Accenture	Accenture January 17, 2019 Report	Customer Experience & Employee Satisfaction Surveys - As part of promoting a performance oriented culture, A&F would benefit from an employee satisfaction survey. These surveys could be conducted every 2-3 years at a low cost (given the value) with small, dedicated internal teams taking actions to address the survey findings.	Low	Culture, Ethics, & Governance	CFO	Dennis Crudele	Finance and Facilities Committee	The Division of Finance will consider use of periodic employee satisfaction surveys.	A&F considered the use of periodic satisfaction surveys and determined that the existing process to survey satisfaction with services is accomplished by Procurement Services' and F&A's email signature blocks that solicit feedback. A&F considers this action item completed. Original completion date was for June 2020 but has been changed to reflect November 2019 completion.	**Completed**	**November-19**
15	Public Integrity and Ethics Committee	Public Integrity and Ethics Committee March 14, 2019 Report	Budget and finance decision makers should receive regular notifications of changes in applicable laws and regulations including new Board of Governance guidance.	High	Training & Awareness	CFO	Dennis Crudele	Finance and Facilities Committee	F&A will continue to provide notification via email, budget directors' meetings, and financial focus group meetings, to budget and finance decision makers as there are changes to applicable laws and regulations. Particular emphasis will be given to new Board of Governors guidance when it is received.	Division of Financial Affairs developed a communication plan that outlines the process for monitoring additions or changes to Florida Statutes and BOG Regulations and the procedure for communicating those changes. This action item was originally marked with a proposed completion date in December 2019 but was completed in October, 2019.	**Completed**	**October-19**
17	Public Integrity and Ethics Committee	Public Integrity and Ethics Committee March 14, 2019 Report	Boards of Trustees should approve E&G carryforward commitments reported to the BOG's each August and approve University changes to the approved commitments on a quarterly basis	High	Transparency & Pre-Approvals	CFO	Dennis Crudele	Finance and Facilities Committee	An internal process is being developed based on BOG guidance.	Division of Financial Affairs developed a process document that outlines the requirement and process for seeking approval of annual E&G carryforward expenditure plans by the BOT and BOG. This action item was originally marked with a proposed completion date in December 2019 but was completed in October, 2019.	**Completed**	**October-19**
6	Board of Governors	Board of Governors September 13, 2018 FAC and Full Board Meetings	University will not move forward with any capital projects until the UCF BOT has completed the implementation of the procedures discussed at the UCF BOT meeting held on 9/6/18 and verified to the BOG that the procedures are in place.	High	Internal Control Redesign & Process Enhancements	COO	Misty Shepherd	Finance and Facilities Committee	All proposed projects on hold until further notice.	1. University Audit will continue to perform real-time capital project monitoring for all projects costing two million dollars or more that are approved by the UCF Board of Trustees between the time period of 9/15/2019 to 12/31/2021. We would use the current monitoring approach including providing 60 day status memos throughout the course of each project. 2. For calendar year 2022, the President and Chair of the UCF BOT Finance and Facilities Committee would jointly decide to: a) Extend the monitoring program for another 12 months b) Make the monitoring program permanent (perhaps adjusting the dollar amount for volume of projects, inflation or regulatory changes) c) Continue monitoring efforts on a project by project basis based on a request from the President or Committee Chair at the time the project is formally approved by the BOT d) Discontinue the monitoring program altogether	**Completed**	**September-19**

Pending Recommendation List

Post Investigation Action Plan

As of June 30, 2020

Item #	Summary Source	Source Detail	Recommendation	Risk Rating	Theme	Responsible Office	Responsible Person	Responsible BOT Committee	Action Plan	Action Plan Completion	Status	Completion Date
3	Public Integrity and Ethics Committee	Public Integrity and Ethics Committee March 14, 2019 Report	Capital Outlay Budgets must comply with statutory requirements showing all capital projects and the actual source of funds committed to each project	High	Culture, Ethics, & Governance	COO	Misty Shepherd	Finance and Facilities Committee	The BOG has provided a template to all universities for presenting their capital outlay budget. UCF is actively using the template and will be presenting it for BOT approval in July 2019. The FFC meeting scheduled for September 18th will address the Capital Budget, at that time the committee will also acknowledge that the we have met our obligation with regards to this recommendation and it can be removed from open items.	The original date for presenting the budget to the board was July but the BOG made changes to the instructions and the template and therefore gave all university's an extension to September. The FFC meeting scheduled for September 18th will address the Capital Budget, at that time the committee will also acknowledge that the we have met our obligation with regards to this recommendation and it can be removed from open items. This was agenda item FFC4 on the September 18 meeting.	**Completed**	**September-19**
33	Auditor General	Florida Auditor General January 4, 2019 Report	Document the BOT approval of any auxiliary fund deficit fund balances that were caused by restoration of the E&G funds and provide such documentation to the BOG.	Medium	Internal Control Redesign & Process Enhancements	CFO	Dennis Crudele	Finance and Facilities Committee	Documentation to be reviewed and approved during upcoming Board meetings	UCF's response to the Auditor General included the following paragraph on page 17: In terms of auxiliary balances addressed in this finding, as permitted by BOG Regulation 9.013, Auxiliary Operations, UCF has determined that its auxiliary services will be self-supporting in the aggregate, and not on an individual basis Accordingly, an auxiliary operation had a temporarily deficit fund balance due to the timing of when the correcting journal entries were posted; however, at no time was there a deficit in the collective fund balance for all auxiliary operations.	**Completed**	**July-19**

ITEM: FFC-2

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
August 12, 2020

Title: UCF Foundation Debt Refinancing

Background:
With interest rates at historical low, the Foundation has identified two opportunities for possible debt savings.

1. Series 2009 Promissory Note
2. Series 2018 Promissory Note

The 2009 Promissory Note Overview:

The Series 2009 Notes were originally issued for the purpose of refinancing the Research Pavilion, Institute of Simulation and Training, and Orlando Tech Center Buildings. The Notes consisted of a $12,640,000 tax exempt Note and a $7,385,000 Taxable Note. The Taxable Note was paid off on October 1, 2017 and currently only the Tax-Exempt Note is outstanding. The Tax-Exempt Note is currently outstanding in the aggregate principal amount of $9,775,000 and matures annually through 2025 at an interest rate of 4.96% and is callable at any time without a call premium. The 2009 Note is secured solely by a Mortgage on the properties.

Truist has proposed a taxable rate of 2.39% which will result in $120,000 - $130,000 in annual savings. Over the remaining 6-year life of the note, the total annual savings are expected to be $650,000 and present value savings are estimated at $605,000.

The Series 2018 Promissory Note Overview:

The Series 2018 Notes were for the purpose of the acquisition of the L3 Building (now Digital Learning) located in Central Florida Research Park. The Series 2018 has an outstanding balance of $5,792,000 and a final maturity of October 1, 2038. The Note has an interest rate of 3.93% but is subject to a "Put" on any date on or after December 11, 2029. The Series 2018 Note has a call premium of 2% prior to January 1, 2024. Like the Series 2009 Note, the Series 2018 Note is secured solely by a Mortgage on the property.

Based on initial discussion with Truist, the Foundation may be able to save approximately $40,000* annually through July 1, 2029 and $360,000* through July 1, 2029 (12/11/2029 Put Date). The debt would be issued under the same provisions as on the existing bonds. In addition, we are also in discussions with the bank to waive the 2% prepayment penalty on the Notes.

Issues to be Considered:

The 2009 Promissory Note
As part of our analysis the Foundation looked at two alternatives: (1) refunding using tax exempt debt and (2) refunding using taxable debt. The Foundation would save approximately $150,000 annually and $770,000 over the life of the financing assuming a tax-exempt refinancing and $130,000 annually and $650,000 over the life of the financing under taxable refunding. However, by refinancing the loan with taxable debt, the Foundation will increase its ability to lease the property to both tax-exempt

entities and for-profit entities, while still providing significant debt service savings to the Foundation. Given the uncertainty in the post COVID environment, the Foundation will benefit from having this flexibility. A more detailed summary of each refunding opportunity is attached.

<u>The Series 2018 Promissory Note</u>

As part of our analysis the Foundation looked at two alternatives: (1) refunding using tax exempt debt and (2) refunding using taxable debt. Considering this building has been highly customized to suit the needs of the UCF Digital Learning Division and the Continuing Education Division, the Foundation does not anticipate a change in tenant mix. The Foundation is proposing continuation of the tax-exempt debt to maximize available debt service savings.
A more detailed summary of each refunding opportunity is attached.

Alternatives to Decision:
The board has the following options:

- Approve refinancing at the reduced tax-exempt rate for 2009 series.
- Continue with the existing financing structure and make no changes.

Fiscal Impact and Source of Funding:

Promissory Note, Series 2009 – Refunding Results Summary*		
Statistic	**Prior Series 2009**	**Proposed Series 2020****
Principal Amount	$9,775,000	$10,000,000
Interest Rate	4.96%	2.39% (Taxable)
Max Annual Debt Service	$1,927,816	$1,803,172
Debt Service Savings	-	$649,823

*Preliminary and subject to change based upon Truist Financial Corporation Proposal dated 7/13/2020. Assumed dated date of August 3, 2020, assumed cost of issuance of $60,000 for the financing
**Assumes Series 2009 Prepayment Penalty is waived by existing Lender

Promissory Note, Series 2018 – Refunding Results Summary*		
Statistic	**Prior Series 2018**	**Proposed Series 2020****
Principal Amount	$5,792,000	$5,931,000
Interest Rate	3.93%	2.70% (Tax Exempt)
Max Annual Debt Service	$448,048	$407,563
Savings Through Put Date**	-	$361,390

*Preliminary and subject to change based upon Truist Financial Corporation Proposal dated 7/13/2020. Assumed dated date of August 3, 2020, assumed cost of issuance of $60,000 for the financing
**Assumes Series 2018 Prepayment Penalty is waived by existing Lender, Includes Debt Service Savings only through 12/11/2029 Put Date

Recommended Action:
The Foundation is seeking authority to move forward with refinancing the Series 2009 Note as a taxable note and the Series 2018 Note as a tax exempt note, both at a reduced rate (to be locked after approval), resulting in annual debt service savings and no extension to the life of either notes.

Authority for Board of Trustees Action:
Section 1010.62 Florida Statutes
BOG Debt Management Guidelines

Contract Reviewed/Approved by General Counsel:
N/A

Committee Chair or Chair of the Board approval:
Chair Martins has approved adding this item to the agenda.

Submitted by:
Joe Trubacz, Interim Vice President for Finance and Chief Financial Officer
Glen Dawes, Associate Vice President and Chief Financial Officer, UCF Foundation

Supporting Documentation:
Attachment A – Summary of proposed refunding of promissory Note, Series 2009
Attachment B – Summary of proposed refunding of promissory Note, Series 2018

Facilitators/Presenters:
Joe Trubacz, Interim Vice President for Finance and Chief Financial Officer
Glen Dawes, Associate Vice President and Chief Financial Officer, UCF Foundation

University of Central Florida Foundation, Inc.

Preliminary & Subject to Change

Summary of Proposed Refunding of Promissory Note, Series 2009

As of July 13, 2020[1]

Proposed Tax Exempt Series 2020[2]	
Refunded Loan	
Note Refunded	Promissory Note, Series 2009
Par Amount Refunded	$9,775,000
Maturities Refunded	10/1/2020 - 10/1/2025
Refunded Interest Rate	4.96%
Max Annual Debt Service	$1,927,816
Total Debt Service	$11,299,332
Refunding Loan	
Par Amount Issued	$10,000,000
Dated Date	8/3/2020
Maturities	10/1/2020 - 10/1/2025
Interest Rate	1.95%
Max Annual Debt Service	$1,779,028
Total Debt Service	$10,528,374
Savings	$770,958
Present Value Savings ($)	$725,856
Present Value Savings (%)	7.43%

Proposed Taxable Series 2020[3]	
Refunded Loan	
Note Refunded	Promissory Note, Series 2009
Par Amount Refunded	$9,775,000
Maturities Refunded	10/1/2020 - 10/1/2025
Refunded Interest Rate	4.96%
Max Annual Debt Service	$1,927,816
Total Debt Service	$11,299,332
Refunding Loan	
Par Amount Issued	$10,000,000
Dated Date	8/3/2020
Maturities	10/1/2020 - 10/1/2025
Interest Rate	2.39%
Max Annual Debt Service	$1,803,172
Total Debt Service	$10,649,509
Savings	$649,823
Present Value Savings ($)	$604,570
Present Value Savings (%)	6.18%

Debt Service Summary[2]

Year Ended	*Prior Series 2009*	*TE Series 2020*	*Savings*
10/1/2020	$1,677,420	$1,651,417	$26,003
10/1/2021	1,918,664	1,768,410	150,254
10/1/2022	1,924,016	1,777,113	146,904
10/1/2023	1,925,400	1,775,035	150,365
10/1/2024	1,927,816	1,777,373	150,444
10/1/2025	1,926,016	1,779,028	146,989
Total	**$11,299,332**	**$10,528,374**	**$770,958**

Debt Service Summary[3]

Year Ended	*Prior Series 2009*	*Taxable Series 2020*	*Savings*
10/1/2020	$1,677,420	$1,658,506	$18,914
10/1/2021	1,918,664	1,790,282	128,382
10/1/2022	1,924,016	1,797,281	126,735
10/1/2023	1,925,400	1,798,205	127,196
10/1/2024	1,927,816	1,803,172	124,644
10/1/2025	1,926,016	1,802,064	123,952
Total	**$11,299,332**	**$10,649,509**	**$649,823**

Notes

(1) Analysis is preliminary & Subject to Change as of July 13, 2020

(2) Assumes prepayment provision / penalty waived, preliminary tax-exempt interest rate as of July 13, 2020

(3) Assumes prepayment provision / penalty waived, preliminary taxable interest rate as of July 13, 2020

University of Central Florida Foundation, Inc.

Preliminary & Subject to Change

Summary of Proposed Refunding of Capital Improvement Revenue Note, Series 2018 (L3)

As of July 13, 2020[1]

Proposed Tax Exempt Series 2020[2]	
Refunded Loan	
Note Refunded	CIRN, Series 2018
Par Amount Refunded	$5,792,000
Maturities Refunded	10/1/2020 - 10/1/2038 (Semi-Annual)
Refunded Interest Rate	3.93%
Max Annual Debt Service	$448,048
Total Debt Service	$8,055,748
Refunding Loan	
Par Amount Issued	$5,931,000
Dated Date	8/3/2020
Maturities	10/1/2020 - 10/1/2038 (Semi-Annual)
Interest Rate	2.70%
Max Annual Debt Service	$407,563
Total Debt Service	$7,530,445
Savings	$525,302
Present Value Savings ($)	$427,970
Present Value Savings (%)	7.39%

Proposed Taxable Series 2020[3]	
Refunded Loan	
Note Refunded	CIRN, Series 2018
Par Amount Refunded	$5,792,000
Maturities Refunded	10/1/2020 - 10/1/2038 (Semi-Annual)
Refunded Interest Rate	3.93%
Max Annual Debt Service	$448,048
Total Debt Service	$8,148,862
Refunding Loan	
Par Amount Issued	$5,931,000
Dated Date	8/3/2020
Maturities	10/1/2020 - 10/1/2038 (Semi-Annual)
Interest Rate	3.27%
Max Annual Debt Service	$427,461
Total Debt Service	$7,895,312
Savings	$253,551
Present Value Savings ($)	$200,815
Present Value Savings (%)	3.47%

Debt Service Summary[2]

Year Ended	*Prior Series 2009*	*TE Series 2020*	*Savings*
7/1/2021	$447,407	$406,787	$40,620
7/1/2022	446,614	406,374	40,240
7/1/2023	447,480	407,366	40,114
7/1/2024	447,494	406,526	40,968
7/1/2025	448,048	406,762	41,286
7/1/2026	447,710	407,152	40,558
7/1/2027	446,970	407,323	39,647
7/1/2028	446,261	407,563	38,699
7/1/2029	446,266	407,007	39,258
7/1/2030	433,241	407,521	25,720
7/1/2031	407,019	406,789	230
7/1/2032	411,311	407,017	4,294
7/1/2033	414,856	406,626	8,230
7/1/2034	419,234	407,168	12,066
7/1/2035	423,229	407,436	15,792
7/1/2036	428,920	407,518	21,402
7/1/2037	433,986	407,152	26,835
7/1/2038	438,708	406,599	32,109
7/1/2039	220,992	203,759	17,233
Total	**$8,055,748**	**$7,530,445**	**$525,302**

Debt Service Summary[3]

Year Ended	*Prior Series 2009*	*Taxable Series 2020*	*Savings*
7/1/2021	$447,407	$426,826	$20,581
7/1/2022	446,614	426,707	19,907
7/1/2023	447,480	426,618	20,862
7/1/2024	447,494	426,718	20,776
7/1/2025	448,048	426,643	21,405
7/1/2026	447,710	426,708	21,001
7/1/2027	446,970	426,492	20,478
7/1/2028	446,261	427,315	18,946
7/1/2029	446,266	427,097	19,169
7/1/2030	439,113	426,902	12,211
7/1/2031	424,967	426,376	-1,409
7/1/2032	427,421	426,742	679
7/1/2033	428,970	426,279	2,691
7/1/2034	431,317	426,676	4,641
7/1/2035	433,199	426,674	6,525
7/1/2036	436,715	426,385	10,330
7/1/2037	439,472	427,461	12,011
7/1/2038	441,813	427,200	14,614
7/1/2039	221,624	213,491	8,133
Total	**$8,148,862**	**$7,895,312**	**$253,551**

Notes

(1) Analysis is preliminary & Subject to Change as of July 13, 2020

(2) Assumes prepayment penalty is waived, preliminary tax-exempt interest rate as of July 13, 2020, Assumes Interest Rate is the Same for Refunding and Refunded Notes after 12/11/2029 Put Date

(3) Assumes prepayment penalty is waived, preliminary taxable interest rate as of July 13, 2020, Assumes Interest Rate is the Same for Refunding and Refunded Notes after 12/11/2029 Put Date

opSecurities
Holdings Company.

ITEM: FFC-3

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
August 12, 2020

Title: UCF Convocation Corporation Management (UCFCC) Agreement with UCF Athletics Association (UCFAA)

Background:
In March 2019, Interim President, Thad Seymour directed Danny White and Misty Shepard to analyze the viability of UCFAA entering a Management Agreement with UCFCC to manage the Convocation Corporations assets. In April 2019, after an initial analysis showed efficiencies, synergies and revenue opportunities, Interim President Seymour approved the concept and assembled a working group to do more due diligence and draft a Management Agreement for review and approval from the UCFCC Board and UCF Board of Trustees. The original target date for transition to UCFAA managing the UCFCC assets was January 1, 2020 but the process has taken longer than expected. The UCFCC and UCFAA Management Agreement was presented on June 25, 2020, and the UCFCC board unanimously adopted.

Issues to be Considered:

A. Original intent of UCFCC was to provide funding for UCFAA. ″After the restricted balance requirement is met, any excess revenues annually become unrestricted surplus funds that can then flow into the Housing Unrestricted Surplus Fund to be used for an UCFAA purpose if approved by the UCF and UCFAA Boards." - *Convocation Center Analysis by C.H. Johnson Consulting, Inc. Section 6, Page 23, September 2005*
B. Athletics is a tenant and customer through rent, revenue and cash outlays for Housing
C. UCFAA manages all Intercollegiate Athletics facilities on campus with the exception of Addition Financial Arena and the Venue
D. UCFAA has made a significant investment in the Men's and Women's Basketball programs and both are building postseason teams. Management of the facilities where these teams' practice and play will allow UCFAA to grow both programs
E. Management of the facilities will provide additional revenue opportunities and UCFAA has a proven track record of increasing revenue (Athletics revenues from ticket sales, per seat donations and sponsorships have increased 90% since FY2015)
   1. Premium Seating and Ticket Sales
      a. UCFAA has successfully renovated the football stadium to increase premium seating by more than 6,500 seats since 2016 with an annual revenue increase of $5.4M. This will be a priority with management of Addition Financial Arena
      b. UCFAA currently has an in-house Outbound Ticket Sales Team
      c. UCFAA currently has an in-house Fundraising Team
   2. Corporate Partnerships
      a. UCFAA successfully negotiated a three-year extension to the naming rights partnership with Addition Financial Arena.
      b. UCFAA will work with UCF Business Services and the DEP to leverage sponsorship packages that include retail space on Plaza Drive

   c. UCFAA currently has an In-House Corporate Sales Team
3. Venue Rentals
   a. Work with Spectra to include the football stadium and John Euliano Park as venue rental opportunities
4. Contracts
   a. Opportunity to combine and leverage contracts with UCFAA and UCFCC

F. Retail operations will have growth opportunities to leverage corporate partnerships and increase overall revenue.
   a. UCFAA would work through the UCF Director of Business Services
G. UCFAA will work closely with the UCF DSO accounting staff to ensure funds flow obligations are maintained at the current level
H. Estimated savings and efficiencies with F&S management:
I. The transition will provide several key advantages for operation efficiencies and annual projected cost savings of $1.5M at a minimum, high potential for this savings to increase as restructure becomes more established.
   1. Central management of all Housing and Athletic facilities under a single entity will significantly reduce overhead costs and maintain consistent standard levels of service.
   2. These properties will fit into the zone management philosophy already implemented throughout the campus and result in reduction of 7 full time staff (plans exist to absorb the impacted individuals into existing vacancies in other areas of campus).
   3. Efficiencies in contract labor and supply chain.
   4. Landscaping would be managed and maintained with standards consistent with remainder of campus and enhance overall campus aesthetics.
   5. Retail operations would be managed by UCF Director of Business Services to provide synergies and leverage greater inventory for food service agreements and independent vendor leasing.
   6. Reduced liability and compliance risk by ensuring employment practices and property insurance coverage is consistently managed.
   7. Housing (Towers) will see no impact to their operating business, resident life issues will continue to be managed by UCF Housing

Alternatives to Decision:
UCFCC operates without a Management Agreement with UCFAA

Fiscal Impact and Source of Funding:
Immediate cost savings to UCFCC with additional anticipated savings. Increased revenue opportunities

Recommended Action:
Approval of the UCFCC and UCFAA amended management agreement.

Authority for Board of Trustees Action:
N/A

Associate Vice President for Direct Support Organizations (AVP/DSOs) Review:
Reviewed by Margaret Jarrell-Cole, Esq., AVP/DSOs; Jordan Clark, Associate General Counsel

Contract Review by Legal Counsel Review:
Reviewed by Jordan Clark, UCF Associate General Counsel.

Committee Chair or Chair of the Board approval:
Chair Martins has approved adding this item to the agenda.

Submitted by:
Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer
Danny White, Vice President and Director of Athletics

Supporting Documentation:
Attachment A: UCFCC Revised Management Agreement

Facilitators/Presenters:
Scott Carr, Deputy Athletic Director for Brand Advancement
Jordan Clark, Associate General Counsel
Brad Stricklin, Executive Associate Athletic Director, and Chief Financial Officer
David Hansen, Executive Associate Athletic Director and Chief Operating Officer
Duane Siemen, Interim Associate Vice President for Facilities and Safety

MANAGEMENT AND USE AGREEMENT

This Management and Use Agreement (this "**Agreement**") is made effective as of the 1st day of July 1, 2020 by and between **UCF Convocation Corporation**, a Florida not-for-profit corporation (the "**Corporation**") and **UCF Athletics Association, Inc.**, a Florida not-for-profit corporation, organized under the laws of the State of Florida ("**Manager**").

RECITALS

WHEREAS, The University of Central Florida Board of Trustees (the "Board") owns an approximately 252,000 square foot multipurpose, indoor sports, convocation and entertainment facility on the University of Central Florida campus (the "Arena"), and a 87,000 square foot multipurpose venue (the "Venue"), the adjacent parking Garage F (the "Garage", together with the Arena, the Venue, are referred to herein as the "Facilities"); and

WHEREAS, the Corporation currently operates and manages the Facilities on behalf of the Board pursuant to the terms of an Operating Agreement dated as of August 1, 2015 (the "Operating Agreement"); and

WHEREAS, the Corporation previously financed and/or refinanced the costs of the Arena and the Venue with proceeds of the Corporation's Refunding Revenue Bonds, Series 2015A and its Refunding Revenue Bonds, Series 2015B (the "Series 2015 Bonds") issued pursuant to the terms of Trust Indenture dated as of August 1, 2015 by and between the Corporation and U.S. Bank National Association ("2015 Indenture"); and

WHEREAS, pursuant to the 2015 Indenture the Corporation pledged all revenues generated from the use of the Facilities including the Facilities Revenues, Naming Rights Revenues and Non-Operating Revenues to the payment of the Series 2015 Bonds; and

WHEREAS, pursuant to the Operating Agreement the Corporation is permitted to hire a professional management company to manage the Facilities, and Corporation retained Global Spectrum L.P. d/b/a Spectra Venue Management, a limited partnership operated under the laws of Delaware pursuant to that certain Management Agreement effective as of September 1, 2016 ("Sub-Manager Agreement") to manage the Arena and Venue; and

WHEREAS, the Corporation desires to engage Manager to manage and operate the Facilities and to be Corporation's agent and fulfill its obligations under the Sub-Manager Agreement and all other contractual obligations related to the Facilities; and

NOW THEREFORE, for and in consideration of the foregoing, the mutual covenants and promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1
SCOPE OF SERVICES

The Corporation hereby retains the Manager to operate and manage the Facilities, and engages the Manager during the Term (as defined in Section 2.1 below) to act as the Manager of the Facilities, subject to and as more fully described in this Agreement, and, in connection therewith, to perform the services described in Exhibit A attached hereto. In consideration of acting as the Manager of the Facilities authorizes the manager to use the Facilities as part of its University's intercollegiate athletics program.

Manager acknowledges and agrees to abide by the terms of the 2015 Indenture, the Operating Agreement, the Sub-Manager Agreement, and all other existing contractual obligations related to the Facilities. In particular the Manager acknowledges that the Pledged Revenues that secure the repayment of the Series 2015 Bonds include the Facilities Revenues that will be collected by the Manager, on the Corporation's behalf and remitted to the Trustee no later the 15th day of the month following receipt thereof as provided in the 2015 Indenture. "Facility Revenues" means all Naming Rights Revenues, advertising and sponsorship revenues and amounts collected by or on behalf of the Corporation related to or associated with premium seating or suites located in the Facilities. "Naming Rights Revenues" means the earned portion of amounts paid to the Corporation and/or the University of Central Florida Foundation, Incorporated ("Foundation") by a vendor or donor pursuant to a naming rights agreement including any extension or renewals thereof or a new agreement related to the Facilities and transferred to the Trustee by the Foundation as provided in the Fundraising Agreement.

Manager agrees to accommodate the University's reserved right to use the Arena pursuant to the terms of the Operating Agreement and Sub-Manager Agreement, which provide that the University and its affiliates have priority right to use the Arena and Venue or any part thereof for the aggregate of at least one hundred (100) days each Fiscal Year during the term of the Agreement.

Manager hereby accepts such engagement and shall perform the services.

ARTICLE 2
TERM AND TERMINATION

Section 2.1. Term. Unless sooner terminated as provided herein, the Term of this Agreement ("Term") shall be coterminous with the term of the Operating Agreement. This Agreement shall be binding on the parties upon execution and delivery hereof. For purposes of this Agreement, a "Fiscal Year" shall mean the period July 1 through June 30.

Section 2.2. Termination.

(a) This Agreement may be terminated (i) by either party upon sixty (60) days written notice, and (ii) by either party immediately by written notice upon the other party being adjudged bankrupt or insolvent, or if any receiver or trustee of all or any part of the business property of the other party shall be appointed and shall not be discharged within one hundred twenty (120) days after appointment, or if either party shall make an assignment of its property for the benefit of creditors or shall file a voluntary petition in bankruptcy or insolvency, or shall apply for bankruptcy under the bankruptcy or insolvency laws now in force or hereinafter enacted, Federal, State or otherwise, or if such petition shall be filed against either party and shall not be dismissed within one hundred twenty (120) days after such filing.

(b) Upon termination or expiration of this Agreement for any reason, Manager shall (i) promptly discontinue the performance of all services hereunder, (ii) deliver or otherwise make available to the Corporation all data, electronic files, documents, procedures, reports, estimates, summaries, and other such information and materials with respect to the Facilities as may have been accumulated by Manager in performing its obligations hereunder, whether completed or in process, (iii) assign to the Corporation all contracts or leases entered into by Manager in furtherance of its duties hereunder, who shall accept such assignments and be solely responsible for performing under such agreements following the date of such assignment, (iv) shall surrender possession of the Facilities and (v) within forty-five (45) days after expiration, provide any financial settlement reports required for reimbursement of expenses incurred by the Manager or approved transfers to the Manager from the unrestricted net surplus fund.

(c) The remedies described in this Section shall be in addition to any other remedies the parties may be entitled to, either by virtue of the terms of this Agreement, at law or in equity, as a result of a breach or termination of this Agreement.

ARTICLE 3

OWNERSHIP; USE OF THE FACILITIES

Section 3.1. Ownership of Facilities, Data, Equipment and Materials. Manager acknowledges that the University will at all times retain ownership interest in the Facilities, technical equipment, furniture, displays, fixtures and similar property, including improvements made during the Term and all revenues generated from or in any way related to the Facilities. However, the University desires the Corporation continue to operate and maintain the Facilities and Pledge Revenues generated by and through such operation to secure the Series 2015 Bonds. Any data, equipment or materials furnished by the Corporation, the University or any of its affiliates to Manager or acquired by Manager as an Operating Expense, to be used at the Facilities, shall remain the property of the Corporation, the University or such University affiliate, as applicable, and shall be returned to the Corporation, the University or such University affiliate when no longer needed by Manager to perform under this Agreement.

Section 3.2. Right of Use. The Corporation hereby grants Manager the right and license to use the Facilities during the Term and Manager accepts such right of use, for the purpose of performing the services herein specified, including the operation and maintenance of all physical and mechanical facilities necessary for, and related to the operation, maintenance and management of the Facilities.

Section 3.3. Use by the Manager. The Manager shall have the right to use the Facilities or any part thereof during the Term hereof, for any activities involving the University's intercollegiate athletics program. Pledged Revenues and Non-Operating Revenues generated from the use of the Facilities by the Manager shall be applied as provided in the 2015 Indenture. As consideration for use of the Facilities, Manager agrees to perform the services hereunder as Manager and remit to the Trustee the revenues required by the 2015 Indenture that were generated from the use or management of the Facilities. Manager shall have the right to use the Arena and Venue or any part thereof during the Term hereof, for any and all training activities related to the education of the University's student- athletes.

ARTICLE 4
PERSONNEL AND STAFFING

Section 4.1. Generally. All staff and other personnel to be used by the Manager related to the Manager's obligations hereunder at the Facilities shall be engaged or hired by Manager, and may be employees, agents or independent contractors of Manager (or a subsidiary or affiliate thereof), the University, or other University affiliate. Manager shall select the number, function, qualifications, and compensation, including salary and benefits, of its employees and shall control the terms and conditions of employment (including without limitation termination thereof) relating to such employees. Manager agrees to use reasonable and prudent judgment in the selection and supervision of such personnel.

Section 4.2. Sub-Manager. Manager will honor and abide by that certain Sub-Manager Agreement to manage the Arena and Venue. As stated above, Manager shall act as Corporation's agent and fulfill Corporation's obligations under the Sub-Manager Agreement as well as providing oversight and supervision of the sub-manager. The sub-manager will continue to have general responsibility for day-to-day operations of the Arena and Venue, supervision of applicable employees, and management and coordination of all activities associated with events taking place at the Arena and Venue. Manager shall not make any changes or amendments to the Sub-Manager Agreement without written approval from the Corporation.

ARTICLE 5
OPERATING BUDGET

Section 5.1. Establishment of Operating Budget

(a) Manager shall manage and operate (as applicable) the Facilities pursuant to the annual approved operating budget in substantially the form attached hereto as Exhibit B**.** For each Fiscal Year the Manager shall prepare and deliver to the Corporation's Treasurer (the "Corporation Representative") no later than 60 days prior to the end of the current Fiscal Year, an operating budget for the Facilities, as applicable, for the next Fiscal Year, which operating budget shall be subject to the review and approval of the Corporation Representative, pursuant to the procedures set forth in Section 5.2 below.

Each annual operating budget prepared and delivered to the Corporation hereunder shall include all information required to allow the Corporation to comply with its obligation under the 2015 Indenture and the Operating Agreement which includes, but not limited to; a projection of gross operating revenues and Operating Expenses, presented on a quarterly and annual basis. Each operating budget shall serve as an estimate of expected revenue and expenses for the Facilities, as applicable. The Corporation agrees to provide Manager with all information in its possession to assist Manager in preparing each operating budget. Each operating budget prepared by Manager delivered to the Corporation hereunder, once approved pursuant to the procedures in Section 5.2 below, shall be referred to herein as the **"Operating Budget".**

(b) The projected Operating Expenses in each Operating Budget shall include, but not be limited to, the following expenses on a line item basis, all of which shall be deemed to be Operating Expenses of the Facilities and shall be payable by Manager with funds from the Operating Fund held under the 2015 Indenture, unless specifically stated otherwise herein: (i) cost of operating supplies (ii) advertising, marketing, group sales, and public relations costs, (iii) cleaning expenses, (iv) data processing costs, (v) dues, subscriptions and membership costs, (vi) printing and stationary costs, (vii) postage and freight costs, (viii) equipment rental costs, (ix) minor repairs, maintenance, and equipment servicing, not including expenses relating to performing capital improvements, (x) security expenses, (xi) telephone and communication charges, (xii) cost of employee uniforms and identification, (xiii) exterminator, and trash removal costs, if applicable (xiv) computer, software, hardware and training costs, (xv) parking expenses, (xvi) utility expenses, (xvii) office expenses, (xviii) audit, accounting and legal fees, (xix) all bond and insurance costs, including but not limited to personal property, liability, and worker's compensation insurance, (xx) commissions and all other fees payable to third parties (e.g. commissions relating to food, beverage and merchandise concessions services, ticketing services and advertising sales commissions), if applicable, (xxi) expenses relating to the operation by Manager of food and beverage concessions, including without limitation the cost of food and beverage product, ice, and other supplies; and (xxii) applicable taxes.

Section 5.2. Approval of Operating Budget. Each Operating Budget shall be subject to the review and approval of the Corporation, which approval shall not be unreasonably withheld or delayed. In order for the Corporation to fully evaluate and analyze such budgets or upon any other request by the Corporation relating to income and expenses, Manager agrees to provide the Corporation such reasonable financial information relating to the Facilities as may be in Manager's possession and as is requested by the Corporation from time to time. If extraordinary events occur during any Fiscal Year which could not reasonably be contemplated at the time the corresponding Operating Budget was prepared, Manager may submit an amendment to such budget for review and approval by the Corporation (which approval shall not be unreasonably withheld or delayed). If the Corporation fails to approve any annual Operating Budget (or any proposed amendment thereto), the Corporation shall promptly provide Manager the specific reasons therefor and its suggested modifications to Manager's proposed Operating Budget or amendment in order to make it acceptable.

Section 5.3. Adherence to Operating Budget. Manager shall use all reasonable efforts to manage and operate the Facilities in accordance with the applicable Operating Budget. Without the prior consent of the Corporation, Manager shall not exceed, commit or contract to expend any sums in excess of the aggregate amounts allowed in the Operating Budget, except if (i) such additional expenditure is necessary to perform an Emergency Repair (as defined in Section 9.2 below), in which event Manager shall use commercially reasonable efforts to notify the Corporation prior to making such repair, or (ii) such additional cost is offset by a corresponding increase in Revenue (as defined in Section 7.2). Manager agrees to report in writing to the Corporation, as promptly as practicable after becoming aware of such, any significant change or variance in the bottom line number in the Operating Budget, and any material increase in the total costs (as opposed to any particular line item cost) from that provided for in the Operating Budget (unless such change, variance or increase is a result of, or offset by, a corresponding increase in revenue).

ARTICLE 6
FUNDING

Section 6.1. Source of Funding. Manager shall pay all items of expense for the operation, maintenance, supervision and management of the Facilities from the funds in the Operating Fund, except as otherwise specifically stated herein, which Manager may access periodically by submitting a requisition to the Trustee for this purpose. The Operating Fund shall be funded by amounts generated by operation of the Facilities (as described in Article 7 below) or otherwise made available by Corporation. To ensure sufficient funds are available to the Manager, the Manager shall be permitted to requisition Operating Expenses in advance for the subsequent month. Amounts requisitioned by Corporation or the Manager shall be deposited in an account in a local qualified public depository (the "Operating Account") and shall be used by the Manager exclusively to pay Operating Expenses related to the Facilities.

Section 6.2. Advancement of Funds. Under no circumstances shall Manager be required to pay for or advance any of its own funds to pay for any Operating Expenses. In the event that, notwithstanding the foregoing, Manager agrees to advance its own funds to pay for approved Operating Expenses, the Corporation shall requisition the Trustee to reimburse Manager from the Operating Fund for the full amount of such advanced funds.

ARTICLE 7
PROCEDURE FOR HANDLING INCOME

Section 7.1. Event Account. In accordance with the terms of the Sub-Manager Agreement, Manager shall collect and deposit as soon as practicable following receipt, in an interest-bearing account in a local qualified public depository to be designated by Manager **("Event Account"),** all Pledged Revenues received or generated by the Manager from the use and management of the Facilities and any similar event-related revenues which Manager receives in contemplation of, or arising from, an event, pending completion of the event. Such monies will be held in escrow for the protection of ticket purchasers, the Corporation, the University, sub-manager, and Manager, to provide a source of funds as required for payments of direct incidental expenses in connection with the games played or other events performed at the Facilities that must be paid prior to or contemporaneously with such events. Promptly following completion of such events, Manager shall transfer all funds in the Event Account, to the Trustee for deposit into the Revenue Fund as provided in the 2015 Indenture.

Section 7.2. Accrued Interest. Interest accrued on amounts in the Event Account shall be part of the Facilities operating income and shall be transferred to the Operating Fund. Bank service charges, if any, on such account(s) shall be deducted from interest earned. The Event Account shall be established by Manager and in the name of Manager (as trustee for the Corporation). Manager shall have authority to sign checks and make withdrawals from such account, subject to the terms and conditions of this Agreement, without needing to obtain the co-signature of the Corporation Representative.

Section 7.3. Revenue Fund Deposits. Except as provided in Section 7.1, all Facility Revenues derived from operation of the Facilities shall be deposited by Manager with the trustee for deposit to the Revenue Fund no later than the 15th day following the month in which such amounts are collected by the Manager. The Manager shall not pledge, assign or encumber, or grant a security interest in, any of the Facility Revenues, which have been pledged and assigned by the Corporation for the benefit of the holders of the Series 2015 Bonds issued under the 2015 Indenture.

ARTICLE 8
FISCAL RESPONSIBILITY; REPORTING

Section 8.1. Records. Manager agrees to keep and maintain, separate and independent records, in accordance with generally accepted accounting principles, devoted exclusively to its operations in connection with the management and use of the Facilities. Such records (including books, ledgers, journals, and accounts) shall contain all entries reflecting the business operations under this Agreement. The Corporation or the University shall have the right to audit and inspect such records from time to time during the Term, upon reasonable notice to Manager and during Manager's ordinary business hours.

Section 8.2. Monthly Financial Reports. Manager will cause to be prepared and maintain financial reports for the Facilities including a balance sheet, aging report on accounts receivable, and statement of revenues and expenditures (budget to actual) for each month and year to date in accordance with generally accepted accounting principles.

ARTICLE9
CAPITAL IMPROVEMENTS

Section 9.1. Schedule of Capital Expenditures. Manager shall annually, at the time of submission of the annual Operating Budget to Corporation, provide to the Corporation a schedule of capital improvements necessary at the Facilities and requiring a Capital Expenditure (as defined below), for the purpose of allowing the Corporation to consider for inclusion such projects in its budget for the ensuing year and to prepare and update a long range funding and capital expenditure budget. For purposes of this paragraph, **"Capital Expenditures"** shall mean all expenditures for building additions, alterations, or improvements and for purchases of additional or replacement furniture, machinery, or equipment, where the cost of such expenditure is greater than $5,000.

Section 9.2. Responsibility for Capital Expenditures. The parties acknowledge that the Corporation shall be solely responsible for all Capital Expenditures at the Facilities. Notwithstanding the foregoing, Manager shall have the right to make Capital Expenditures at the Facilities for **"Emergency Repairs"** (defined as the repair of a condition which, if not performed immediately, creates an imminent danger to persons or property and/or an unsafe condition at the Facilities threatening persons or property), and shall be promptly reimbursed by the Corporation for any such expenditure.

Section 9.3 Responsibility for Renewal and Replacement Funds. Pursuant to the Operating Agreement, the Corporation established a Renewal and Replacement Fund (“R&R Fund”) to be held by Corporation. The Manager agrees to budget annually the amount necessary to fund the R&R Fund for the purpose of funding capital improvements to the Facilities. The deposit to the R&R Fund may be adjusted from time to time by the Corporation as provided in the annual budget. The Manager agrees to obtain a condition assessment report at least bi-annually to confirm the amount being deposited into the R&R Fund is sufficient to maintain the Facilities.

ARTICLE 10
LIABILITY

Section 10.1. Liability. The Corporation assumes any and all liability for personal injury and property damage attributable to the negligent acts or omissions of the Corporation, the University, and its affiliates and the officers, employees, servants, and agents thereof while acting within the scope of their employment. Manager shall be a third-party beneficiary of the aforementioned provision. Manager assumes any and all risks of personal injury and property damage attributable the negligent acts or omissions of Manager's officers, employees, servants, and agents in furtherance of the obligations of Manager under this agreement. The Corporation and Manager further agree that nothing contained herein shall be construed or interpreted as (1) denying to either party any remedy of defense available to such party under the laws of the State of Florida or (2) a waiver of sovereign immunity of the State of Florida beyond the waiver provided in Section 768.28, Florida Statutes.

Section 10.2. Survival. The obligations of the parties contained in this Article 12 shall survive the termination or expiration of this Agreement and continue on for a period of two (2) years thereafter.

ARTICLE 11
INSURANCE

Section 11.1. Types and Amount of Coverage. Manager agrees to obtain or cause to be obtained insurance coverage in the manner and amounts as set forth in Exhibit C, attached hereto, and shall provide the Corporation upon request a certificate or certificates of insurance evidencing such coverage. Manager shall maintain such referenced insurance coverage at all times during the Term and will not make any material modification or change from these specifications without the prior approval of the Corporation. Each insurance policy shall include a requirement that the insurer provide the Corporation and the University at least thirty days written notice of cancellation or material change in the terms and provisions of the applicable policy. The cost of all such insurance shall be an Operating Expense.

Section 11.2. Rating; Additional Insureds. All insurance policies shall be issued by insurance companies rated no less than A VIII in the most recent "Bests" insurance guide, and licensed in the State of Florida or as otherwise agreed by the parties. All such policies shall be in such form and contain such provisions as are generally considered standard for the type of insurance involved. The commercial general liability policy, automobile liability insurance policy and umbrella or excess liability policy to be obtained by Manager hereunder shall name the Corporation and the University as additional insureds. The workers compensation policy to be obtained by Manager hereunder shall contain a waiver of all rights of subrogation against the Corporation and the University. Manager shall require all Facility licensees (i.e. users) and, when appropriate, services providers with whom Manager contracts hereunder, to maintain appropriate insurance for the types of activities in which they are engaged and provide to Manager certificates of insurance evidencing such insurance. If Manager subcontracts any of its obligations under this Agreement, Manager shall either: (a) cover all subcontractors under its policies of insurance, or (b) require each subcontractor not so covered to secure insurance that will protect against applicable hazards or risks of loss as and in the minimum amounts designated herein, and name Manager, the Corporation and the University as additional insureds.

ARTICLE 12
REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 12.1. Representations and Warranties by Manager. Manager represents and warrants to the Corporation the following: (i) all required approvals have been obtained, and Manager has full legal right, power and authority to enter into and perform its obligations hereunder, and (ii) this Agreement has been duly executed and delivered by Manager and constitutes a valid and binding obligation of Manager, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally or by general equitable principles.

Section 12.2. Representations, Warranties and Covenants by the Corporation. The Corporation represents and warrants to the Manager the following: (i) all required approvals have been obtained, and the Corporation has full legal right, power and authority to enter into this Agreement and to grant the rights granted by it hereunder and to perform its obligations hereunder, and (ii) this Agreement has been duly executed and delivered by the Corporation and constitutes a valid and binding obligation of the Corporation, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally or by general equitable principles.

ARTICLE 13
MISCELLANEOUS

Section 13.1. Force Majeure. Except as otherwise provided herein, neither party shall be obligated to perform, and neither party shall be deemed to be in default of its performance, if prevented by: (a) fire, earthquake, hurricane, wind, flood, act of God, riot, endemic, pandemic, or civil commotion occurring at the Facilities, as applicable or (b) any law, ordinance, rule, regulation, or order of any public or military authority stemming from the existence of health, safety, economic or energy controls, hostilities, war, or governmental law and regulation, or (c) labor dispute which results in a strike or work stoppage affecting the Facilities, as applicable or services described in this Agreement.

Section 13.2. Assignment. Neither party may assign this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed. Any purported assignment in contravention of this Section shall be void.

Section 13.3. [Reserved]

Section 13.4. Notices. All notices required or permitted to be given pursuant to this Agreement shall be in writing and delivered personally or sent by registered or certified mail, return receipt requested, or by generally recognized, prepaid, overnight air courier services, to the address and individual set forth below. All such notices to either party shall be deemed to have been provided when delivered, if delivered personally, three (3) days after mailed, if sent by registered or certified mail, or the next business day, if sent by generally recognized, prepaid, overnight air courier services.

If to Manager:

UCF ATHLETICS ASSOCIATION
Chief Operating Officer
c/o David Hansen
P.O. Box 163555
Orlando, FL 32816-3555

If to the Corporation:

University of Central Florida
Administration and Finance
Interim Vice President and Chief Operating Officer
c/o Misty Shepherd
4365 Andromeda Loop N.
Millican Hall, Suite 384
Orlando, Florida 32816

University of Central Florida
Office of the General Counsel
c/o Scott Cole, Esquire
4365 Andromeda Loop N.

Millican Hall, Suite 360
Orlando, Florida 32816

The designation of the individuals to be so notified and the addresses of such parties set forth above may be changed from time to time by written notice to the other party in the manner set forth above.

Section 13.5. Severability. If a court of competent jurisdiction or an arbitrator determines that any term of this Agreement is invalid or unenforceable to any extent under applicable law, the remainder of this Agreement (and the application of this Agreement to other circumstances) shall not be affected thereby, and each remaining term shall be valid and enforceable to the fullest extent permitted by law.

Section 13.6. Prior Agreements. This Agreement (including the exhibits and schedules referenced herein) incorporates and includes all prior negotiations, correspondence, conversations, agreements, and understandings concerning the subject matter hereof. Accordingly, the parties agree that no deviation from the terms hereof shall be predicated upon any prior representations, agreements or understandings, whether oral or written.

Section 13.7. Governing Law. The Agreement is entered into under and pursuant to, and is to be construed and enforceable in accordance with, the laws of the State of Florida, without regard to its conflict of laws principles.

Section 13.8. Amendments. Neither this Agreement nor any of its terms may be changed or modified, waived, or terminated (unless as otherwise provided hereunder) except by an instrument in writing signed by an authorized representative of the party against whom the enforcement of the change, waiver, or termination issought.

Section 13.9. Waiver; Remedies. No failure or delay by a party hereto to insist on the strict performance of any term of this Agreement, or to exercise any right or remedy consequent to a breach thereof, shall constitute a waiver of any breach or any subsequent breach of such term. No waiver of any breach hereunder shall affect or alter the remaining terms of this Agreement, but each and every term of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. The remedies provided in this Agreement are cumulative and not exclusive of the remedies provided by law or in equity.

Section 13.10. Relationship of Parties. Nothing contained in this Agreement shall be deemed to create, whether express or implied, a partnership, joint venture, employment, or agency relationship between the Corporation and Manager, except as otherwise expressly set forth in this Agreement.

Section 13.11. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same document. A facsimile copy of a signature to this Agreement shall be deemed and treated for purposes of execution to be as valid as an original signature hereto.

IN WITNESS WHEREOF, each party hereto has caused this Management and Use Agreement to be executed on behalf of such party by an authorized representative as of the date first set forth above.

UCF CONVOCATION CORPORATION		**UCF ATHLETICS ASSOCIATION, INC.**	
By:	______________________	By:	______________________
Name:	______________________	Name:	______________________
Title:	______________________	Title:	______________________

EXHIBIT A
MANAGER'S DUTIES AT FACILITIES

Manager's obligations at the Facilities shall include the following obligations:

(a) Develop an Operations Manual, which shall contain recommended terms with respect to the management and operation of the Facilities, including policies and procedures to be implemented in operating the Facilities. Such Operations Manual shall be subject to the approval of the Corporation, which approval shall not be unreasonably withheld, delayed or conditioned.

(b) Manage all aspects of the Facilities in accordance with the Operations Manual and the terms of this Agreement, including but not limited to managing purchasing, payroll, fire prevention, security, crowd control, routine repairs, preventative maintenance, janitorial services, promotions, advertising,· energy conservation, security, box office, admission procedures, and general user services.

(c) Establish and adjust prices, rates and rate schedules for user, license, concessions, occupancy, and advertising agreements, and booking commitments.

(d) As agent for the Corporation, procure, negotiate, execute, administer and assure compliance with service contracts with respect to the Facilities, including without limitation contracts for ticketing, web development and maintenance, computer support services, FF&E purchasing services, engineering services, electricity, steam, gas, fuel, maintenance, telephone, staffing personnel including guards and ushers, extermination and other services which are deemed by Manager to be either necessary or useful in operating the Facilities.

(e) As agent for the Corporation, procure, negotiate, execute, administer and assure compliance with vendor, food and beverage concessions, catering and merchandising agreements, user/rental agreements, booking commitments, licenses, and all other contracts or agreements required in the ordinary course of business in operating the Facilities, provided that the rights granted in such agreements do not conflict with any third party contracts already in existence.

(f) Require that all material vendors and licensees of the Facilities execute vendor/license agreements containing standard indemnification and insurance obligations on the part of each such vendor/licensee and provide the Corporation with a copy of all such agreements within thirty (30) business days of their date of execution.

(g) Operate and maintain the Facilities, including the equipment utilized in connection with its operation and any improvements made during the term of this Agreement, in the condition received, normal wear and tear excepted.

(h) Hire or otherwise engage, pay, supervise, and direct all personnel Manager deems necessary for the operation of the Facilities in accordance with Article 4 of the Agreement, and Conduct staff planning, retention and training programs as determined to be necessary by Manager in its sole discretion.

(i) Maintain detailed, accurate and complete financial and other records of all its activities under this Agreement in accordance with generally accepted accounting principles, which records shall be made available to the Corporation or the University upon request, in accordance with Section 8.1 of the Agreement.

(j) Submit to the Corporation in a timely manner financial and other reports detailing Manager's activities in connection with the Facilities, as set forth in Section 8.2 of the Agreement.

(k) Prepare a proposed annual operating budget and submit such proposed budget to the Corporation, both in accordance with Article 5 of the Agreement.

(l) Pay all expenses relating to operation of the Facilities ("Operating Expenses") and other expenses incurred in connection with the operation, maintenance, supervision and management of the Facilities from the Operating Fund.

(m) If requested by the Corporation and at the Corporation's sole cost and expense, institute, defend, and settle in good faith any and all legal actions or proceedings concerning the operation of the Facilities, including without limitation actions or proceedings to collect charges, rentals or other income generated by the operation of the Facilities, or to cancel or terminate any agreement pertaining to the operation of the Facilities, pursuant to the terms thereof, for the breach or default thereunder by the other party.

(n) Secure (or assist the appropriate third party to secure, as applicable) all licenses and permits necessary for the operation and use of the Facilities, as applicable, for the specific events to be held therein, and for the general occupancy of the Facilities, including without limitation all necessary food and liquor licenses, and renewals thereof. The Corporation shall cooperate in this process to the extent reasonably required, and any costs associated with this process shall be an operating expense of the Facilities, payable by funds from the Operating Fund.

(o) Collect, deposit, and hold in escrow in the Event Account any ticket sale revenues which it receives in the contemplation of or arising from a basketball game or other event pending the completion of the event, as more fully described in Section 7.1 of the Agreement.

(p) Collect in a timely manner and deposit in the Operating Fund all Revenues (as defined in Section 7.2 of the Agreement).

(q) Subject to the Corporation making available sufficient funds in a timely manner, pay, with such funds, any and all governmental assessments, franchise fees, excises, license and permit fees, levies, charges and taxes, of every kind and nature whatsoever, which at any time during the Term may be assessed, levied, or imposed on, or become due and payable out of or in respect of, (i) activities conducted at the Facilities including without limitation the sale of concessions, the sale of tickets, and the performance of events (such as any applicable sales and/or admissions taxes, use taxes, excise taxes, occupancy taxes, employment taxes, and withholding taxes), or (ii) any payments received from any holders of a leasehold interest or license in or to the Facilities from any guests, or from any others using or occupying all or any part of the Facilities (collectively, "Taxes").

(r) Plan, prepare, implement, coordinate and supervise all public relations and other promotional programs for the Facilities.

(s) Manager shall document all major damage to, or loss in, inventory of the Facilities during the Term as soon as such damage or loss is discovered by Manager, and Manager shall promptly notify the Corporation of such damage or loss.

(t) Purchase, on behalf of Corporation with funds from the Operating Fund, and maintain during the Term all materials, tools, machinery, equipment and supplies necessary for the operation of the Facilities.

(u) As agent for the Corporation, manage risk management and Facilities insurance needs, as more fully described in Article 13 of the Agreement.

(v) Make and be responsible for all routine and minor repairs, maintenance, preventative maintenance, and equipment servicing. Manager shall be responsible for ensuring that all repairs, replacements, and maintenance shall be of first-class quality. Any replacement of an item in inventory, or any new item added to the inventory, which is paid for by the University or the Corporation, shall be deemed the property of the University or Corporation, as applicable.

(w) Manage and operate the ticketing and box-office services.

(x) Oversee event related parking operations in coordination with UCF Division of Parking Services and UCF Police Department.

(y) Cause such other acts and things to be done in and about the Facilities as determined by Manager in its reasonable discretion to be necessary for the operation, control, supervision, direction and maintenance of the Facilities, as applicable.

EXHIBIT B
ANNUAL OPERATING BUDGET

EXHIBIT C INSURANCE

At all times during this Agreement, Manager shall:

(a) maintain commercial general liability insurance, including products and completed operations, bodily injury and property damage liability, contractual liability, independent contractors' liability and personal and advertising injury liability against claims occurring on, in, or about the Facilities, or otherwise arising under this Agreement;

(b) maintain umbrella or excess liability insurance;

(c) maintain commercial automobile liability insurance, including coverage for the operation of owned, leased, hired and non-owned vehicles;

(d) maintain appropriate workers compensation and employer's liability insurance as shall be required by and be in conformance with the laws of the State of Florida; and

(e) maintain professional liability insurance and self-insured employment practices liability coverage;

Such liability insurance shall be maintained in the following minimum amounts throughout the Term:

Commercial General Liability
$1,000,000 per occurrence
$1,000,000 personal and advertising injury
$1,000,000 products-completed operations aggregate

Automobile Liability
$1,000,000 per accident (PI and PD combined single limit)
$1,000,000 uninsured/underinsured motorist

Umbrella or Excess Liability
$5,000,000 per occurrence and aggregate

Workers Compensation
Workers Compensation: Statutory
Employer's Liability: $100,000 each accident-bodily injury by accident
$500,000 policy limit-bodily injury by disease
$100,000 each employee-bodily injury by disease

Professional Liability/Errors & Omissions (Claims Made)

$1,000,000 each occurrence/aggregate

Policy is to include:
Entity Coverage

ITEM: FFC-4

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
August 12, 2020

Title: First Amendment to Ground Lease Agreement by and between Knight's Krossing Student Housing, LLC And CaPFA Capital Corp. 2000f

Background: Knight's Krossing Student Housing, LLC (the "Company") has been requested to amend the Ground Lease Agreement between the Company, as Lessor and CAPFA Capital Corp. 2000F, as Lessee, ("CAPFA Corp") dated December 1, 2000 (the "Existing Ground Lease") which ground leases the land under two student housing properties known as Knight's Circle and Pointe at Central.

The requested First Amendment to Ground Lease Agreement (the "First Amendment") accommodates CAPFA Corp's refunding the existing bonds secured, in part, by a mortgage on its leasehold interest in the land under the Existing Ground Lease and its interest in the improvements thereon; which refunding will be accomplished by the issuance of new refunding bonds which will likewise be so secured (the "Refinancing").

The First Amendment:

- Adjusts the definitions and other provisions in the Existing Ground Lease to take into account the Refinancing.
- Deletes references and provisions as to the Bond Insurer as there will be none in the Refinancing.
- Adjust the term of the Existing Ground Lease to have the 40 year term commence on the December 1, 2000 date of the refunded bonds not from the date of the refunding bonds.
- Modernizes the definition of "Eligible Subtenants" consistent with current practices at both properties.
- Conforms the provisions as to CAPFA Corp's maintenance of its existence and transfer of substantially all of its assets to the Refinancing provisions while maintaining the Company's right to acquire the leased land and improvements as originally provided.

Entering into the First Amendment is advantageous to the Company and the Foundation as additional rent will start immediately instead of in projected FY2029, there are significant interest savings from the existing coupon rate of 5.1%, there will be funding of a debt service reserve, there will be provision for a repair and replacement fund, and all of the foregoing will be without an extension of the Existing Ground Lease maximum term of 40 years from the date of the existing bonds.

Issues to be Considered:
Allowing the Foundation to begin receiving rental income under the terms of the Refinancing
Adjusting the definition of Eligible Tenants

Alternatives to Decision:
Alternative is to not approve the First Amendment

Fiscal Impact and Source of Funding:
The estimated surplus flow to the Foundation is expected to start in March 2022 and is expected to be in the $2m - $4m range. This range could be negatively impacted if the properties incur significant additional operating costs related to COVID or other unanticipated expenses.

Recommended Action:
Recommend approval to the Board of Trustees.

Authority for Board of Trustees Action:
University of Central Florida Board of Trustees Policy Delegation of Authority to the President, Items Requiring Specific Approval of the Board Number 3
Finance and Facilities Committee Charter 5.8
Florida Statutes 1004.28

Contract Reviewed/Approved by General Counsel*:*
Reviewed by Jennifer Cerasa, Legal Counsel, UCF Foundation

Chair of the Board approval:
Chair Martins has approved adding this item to the agenda.

Submitted by:
Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer
Jennifer Cerasa, Legal Counsel, UCF Foundation

Supporting Documentation:
Attachment A: Summary of First Amendment to Ground Lease Agreement

Facilitators/Presenters:
Jennifer Cerasa, Legal Counsel, UCF Foundation

Summary

Purpose/Background	On December 1, 2000 the University of Central Florida Foundation, Inc. (UCFF) entered into a ground lease agreement with Capital Projects Finance Authority (CaPFA) to finance and construct student housing projects, Knights Circle and The Pointe at Central. The purpose of this First Amendment is to update the terms to permit the refinance of the Student Housing Revenue Bonds, Series 2000F and the Series 2000G, together with the 2000F Bonds are referred to collectively, as the "Refunded Bonds"; which will provide interest cost savings and restore surplus revenue payments to UCFF starting in March of 2022.
Parties	Knight's Krossing Student Housing, L.L.C (Lessor) And CAPFA Capital Corporation. 2000F (Lessee)
Term	The original term remains the same, although this Amendment redefines the term of the existing Ground Lease by providing that the forty (40) year term commences on the December 1, 2000 date of the refunded bonds not from the date of the refunding bonds to avoid inadvertently extending the term.
Obligations of UCF	No changes.
Obligations of other party	No significant changes- Lessee's maintenance of its existence and transfer of substantially all its assets to the refinancing provisions while maintaining the company's right to acquire the leased land and improvements as originally provided.
Financial terms	First Amendment is advantageous to the Lessor and the Foundation as additional rent will start immediately instead of in projected FY2029, there are significant interest savings from the existing coupon rate of 5.1%, there will be funding of a debt service reserve, there will be provision for a repair and replacement fund, and all of the foregoing will be without an extension of the Ground Lease Term. Estimated annual benefit to Lessor is between Two Million and 000/100 Dollars ($2M) – Four Million and 000/100 Dollars ($4M).
Termination rights	No changes.
Additional terms	Updates definitions to new bond refinancing. Eligible Subtenants are redefined to remove categories of preferences for students. Occupancy is available to all students enrolled in an accredited university or college. Removes bond insurance requirements. Removes Lessor's right of early purchase of the property.

Link to agreements	Ground Lease Agreement: https://bot.ucf.edu/files/2020/07/Ground-Lease-between-Knights-Krossing-CAPFA.pdf First Amendment to Ground Lease Agreement: https://bot.ucf.edu/files/2020/07/First-Amd-to-Ground-Sublease-01618647-6.pdf

ITEM: INFO-2

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
August 12, 2020

Title: Sightlines Facilities Annual Condition Assessment Report

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Background:
Sightlines completed its FY19 Facilities Benchmarking & Analysis for The University of Central Florida on May 13, 2020. Key observations from the report include:

- The significant addition of new space on campus over the last 10 years, which has been driven by gains in enrollment and lower space per student compared to other SUS and R1 schools.
- The low and declining historical investment into existing buildings, at a time when building renewal needs are increasing in many of the oldest spaces on campus.
- Increased efficiency in facilities operations, despite the increasing need and limited capital investment into existing space.

Issues to be Considered:
N/A

Alternatives to Decision:
N/A

Fiscal Impact and Source of Funding:
N/A

Recommended Action:
For information only.

Authority for Board of Trustees Action:
Specific trustee request.

Contract Reviewed/Approved by General Counsel:
N/A

Chair of the Board approval:
Chair Martins has approved adding this item to the agenda.

Submitted by:
Misty Shepherd, Interim Vice President and Chief Operating Officer

Supporting Documentation:
Attachment A: Sightlines FY19 Facilities Benchmarking & Analysis Report

Facilitators/Presenters:
Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer
Duane Siemen, Interim Associate Vice President for Facilities and Safety

Attachment A

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University of Central Florida

FY19 Facilities Benchmarking & Analysis

August 12, 2020

University of the Sciences in Philadelphia
University of Toledo
University of Vermont
University of Washington
University of West Florida
University of Wisconsin - Madison
Vanderbilt University
Virginia Commonwealth University
Wake Forest University
Washburn University
Washington State University
Washington State University - Tri-Cities Campus
Washington State University - Vancouver
Washington University in St. Louis
Wayne State University
Wellesley College
Wesleyan University
West Chester University
West Virginia Health Science Center
West Virginia University
Western Oregon University
Westfield State University
Widener University
Williams College
Worcester Polytechnic Institute
Worcester State University

UCF R1 Peer Institutions

UCF

ROPA+ Analysis E&G Space Totaling **4.8M*** GSF

South Eastern R1 Institution
Georgia Institute of Technology
Louisiana State University
The University of Alabama at Birmingham
The University of Mississippi
The University of Tennessee - Knoxville E&G
University of Arkansas
University of Georgia
University of Missouri - Columbia
University of North Texas
University of Texas at Austin
University of Texas Dallas

***Scope of analysis:** *Main Campus (Orlando), UCF Downtown, Lake Nona, Rosen College*

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Space Profile

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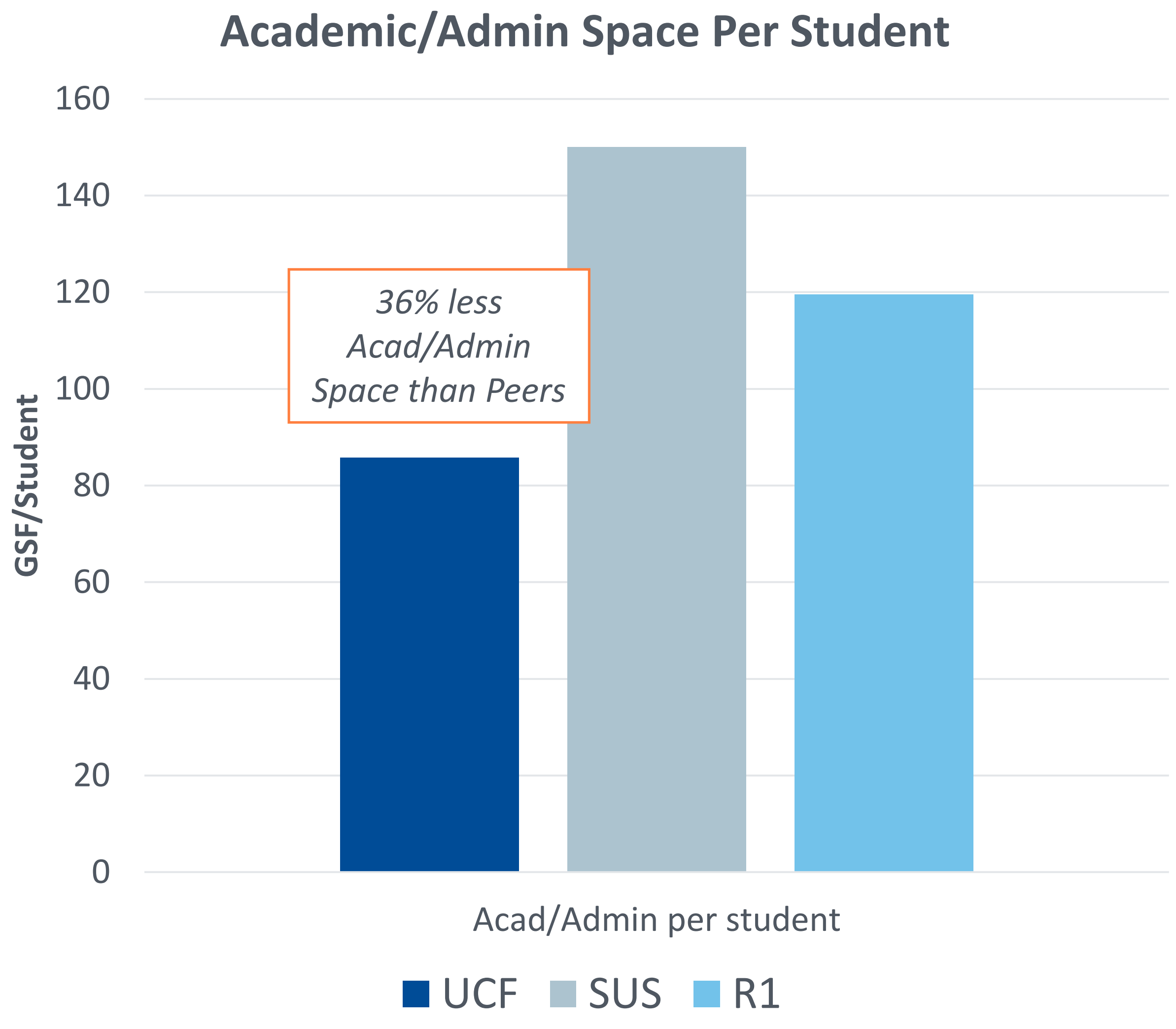
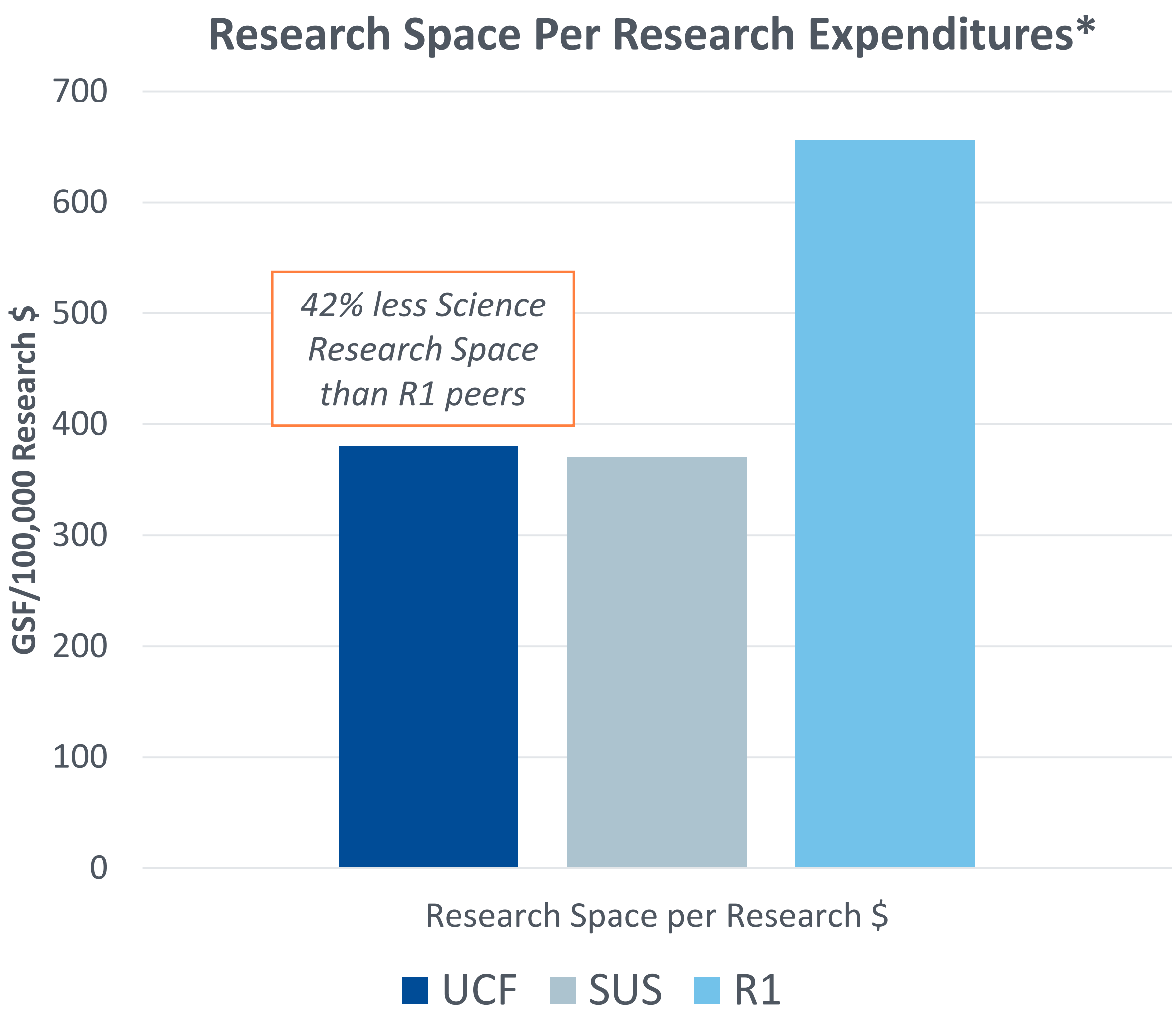
Distribution of GSF by Function





*R&D expenditure from NSF Higher Education Research and Development Survey (HERD)

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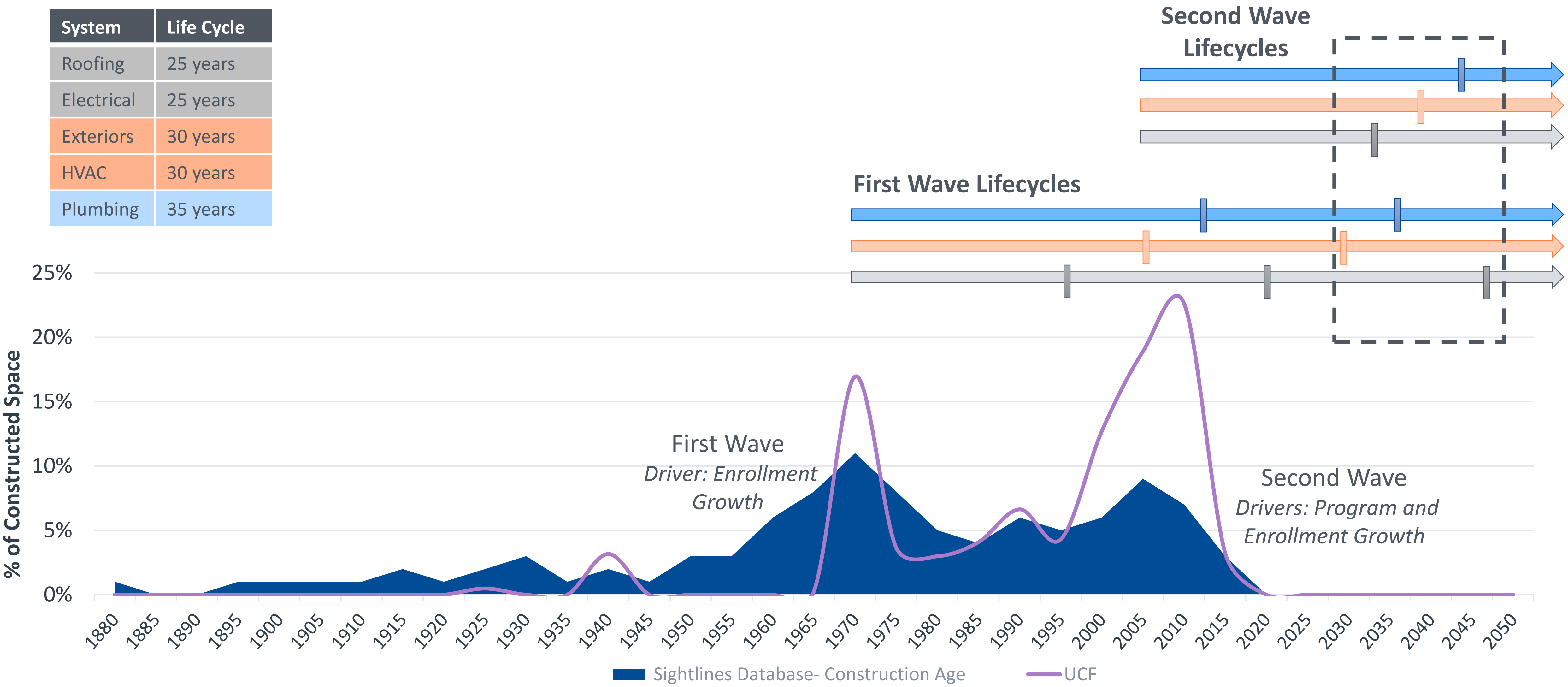
Higher Education Waves of Construction

System	Life Cycle
Roofing	25 years
Electrical	25 years
Exteriors	30 years
HVAC	30 years
Plumbing	35 years



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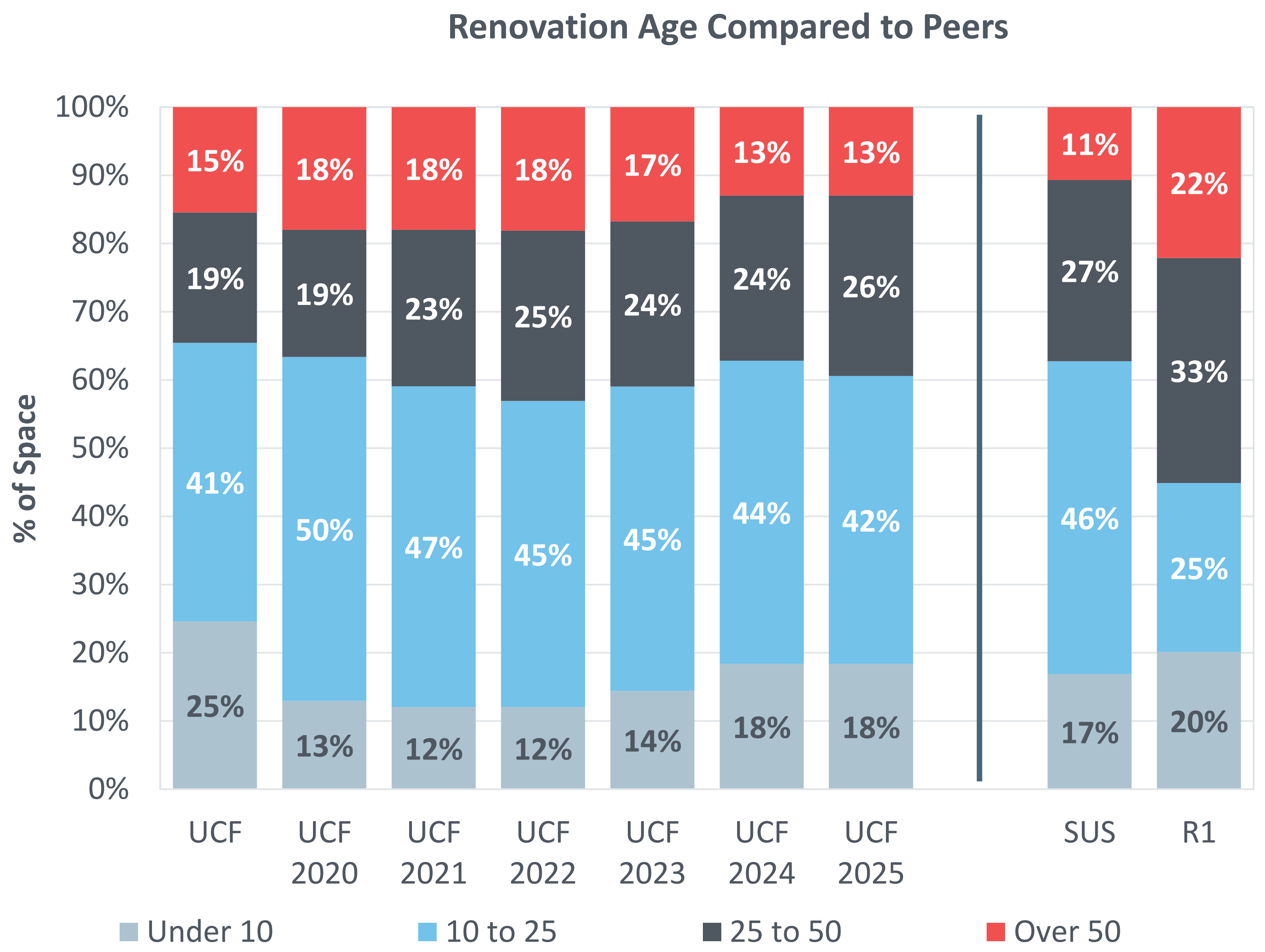
Square Footage by Age w/ renovation scenarios



What – if Modelling:

2023 – Biological Sciences, 2023 – Howard Philips hall 2024 – Chemistry , 2024 - Library

Buildings Over 50

Life cycles of major building components are past due. Failures are possible. Core modernization cycles are missed.

Highest risk

Buildings 25 to 50

Major envelope and mechanical life cycles come due. Functional obsolescence prevalent.

Higher Risk

Buildings 10 to 25

Short life-cycle needs; primarily space renewal.

Medium Risk

Buildings Under 10

Little work. "Honeymoon" period.

Low Risk

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Capital Profile

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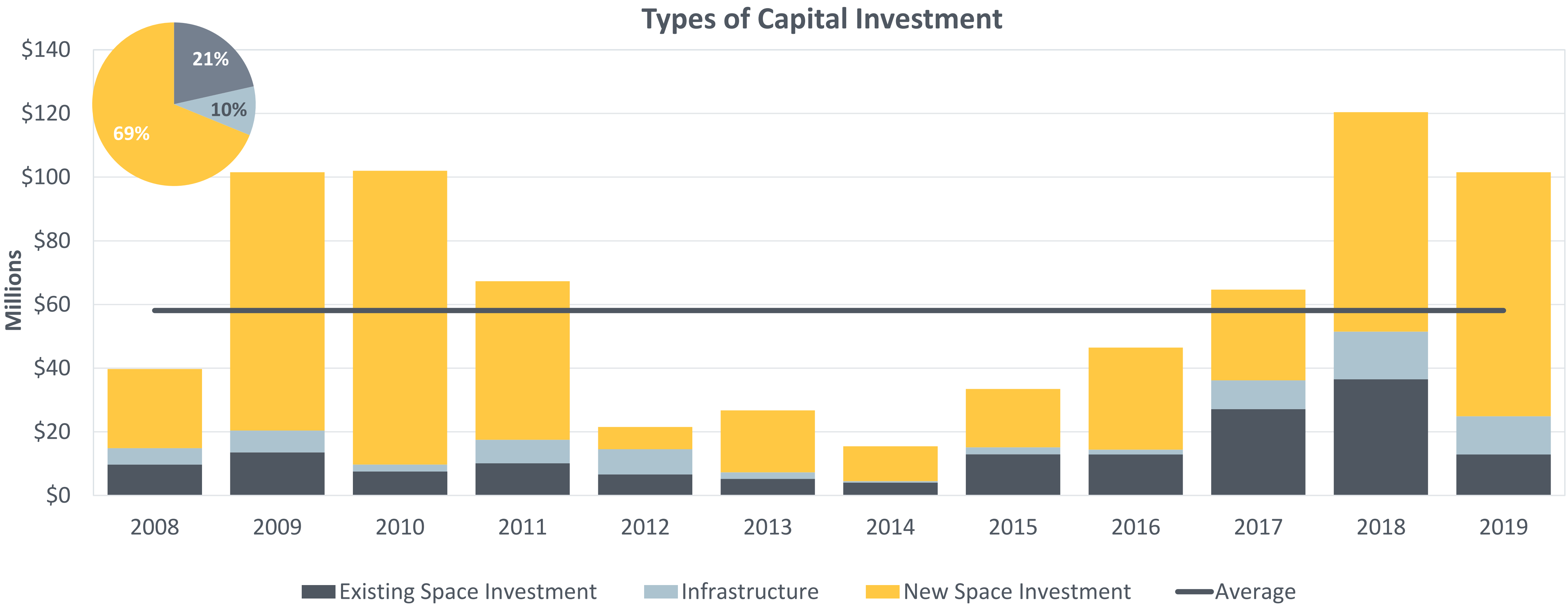
Total Capital Investment



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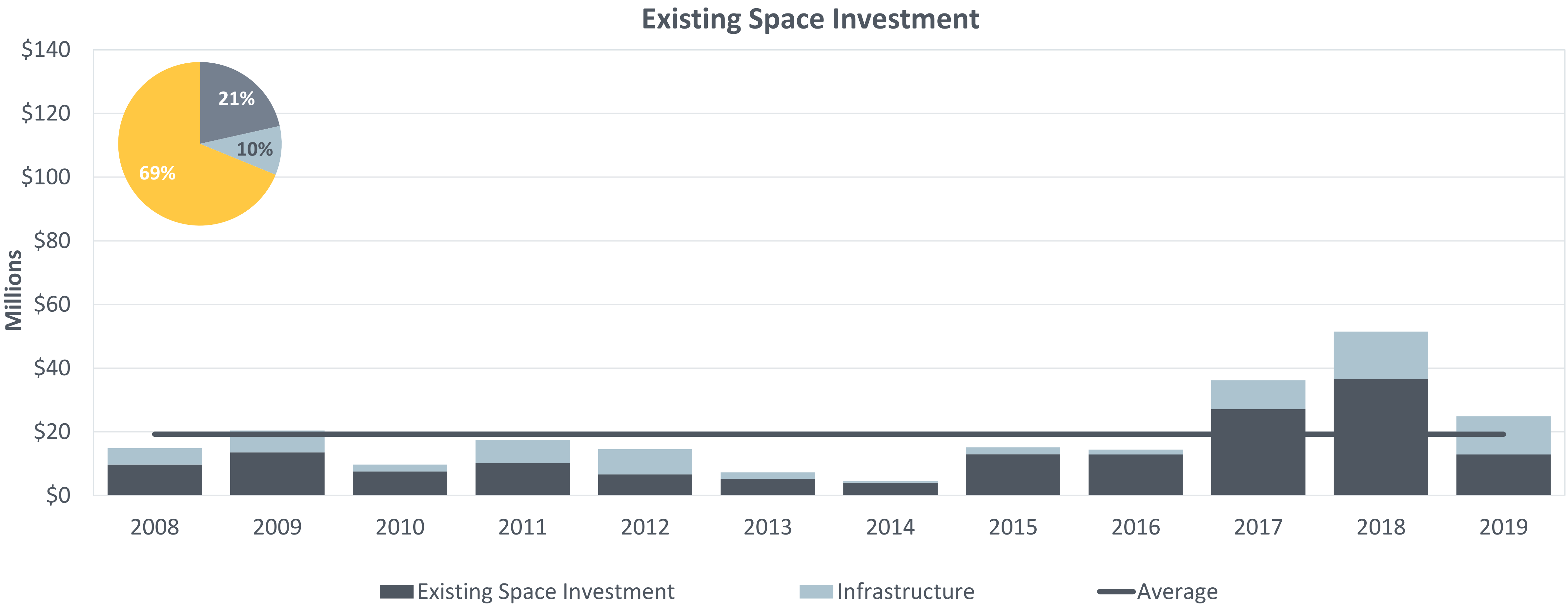
Capital Investment into Existing Space Only



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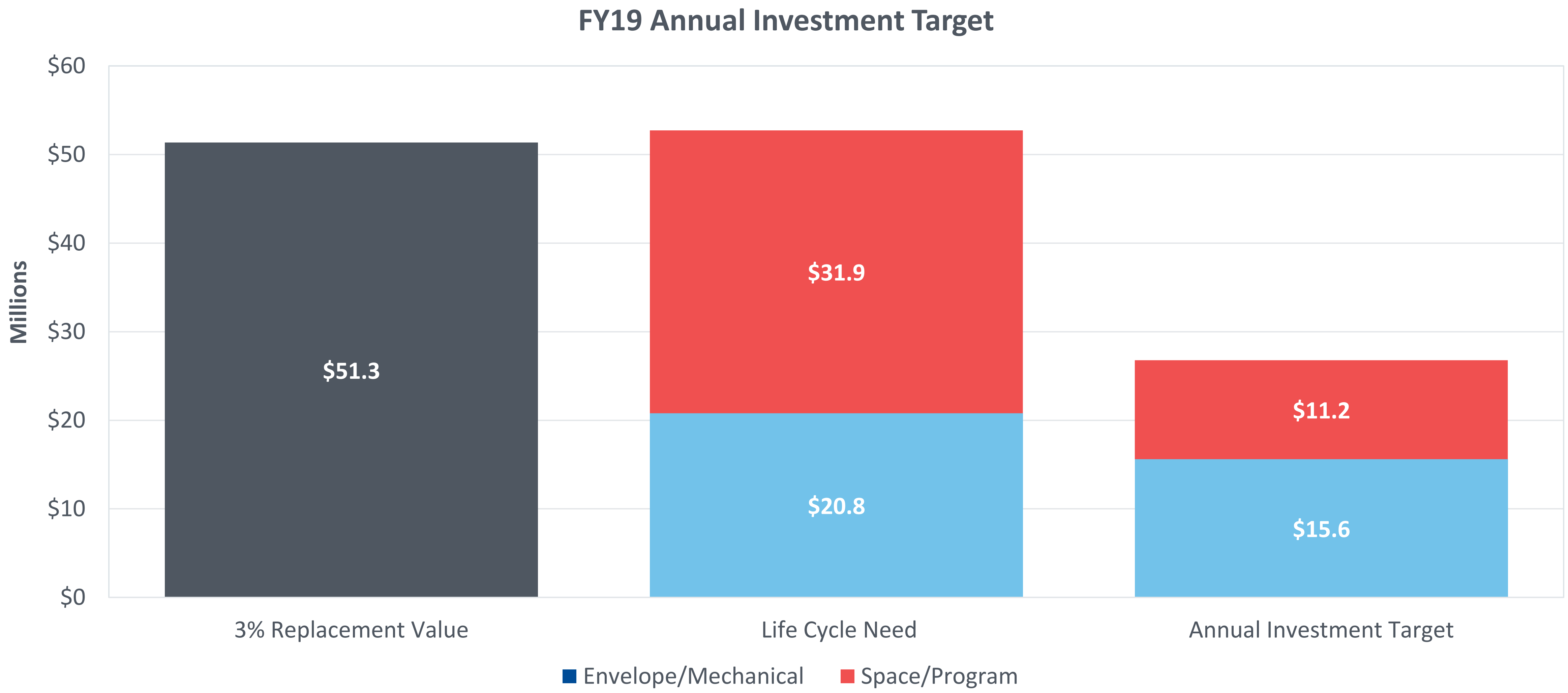
How Much Does UCF Need to be spending annually?

Annual Funding Target: **$26.7M**



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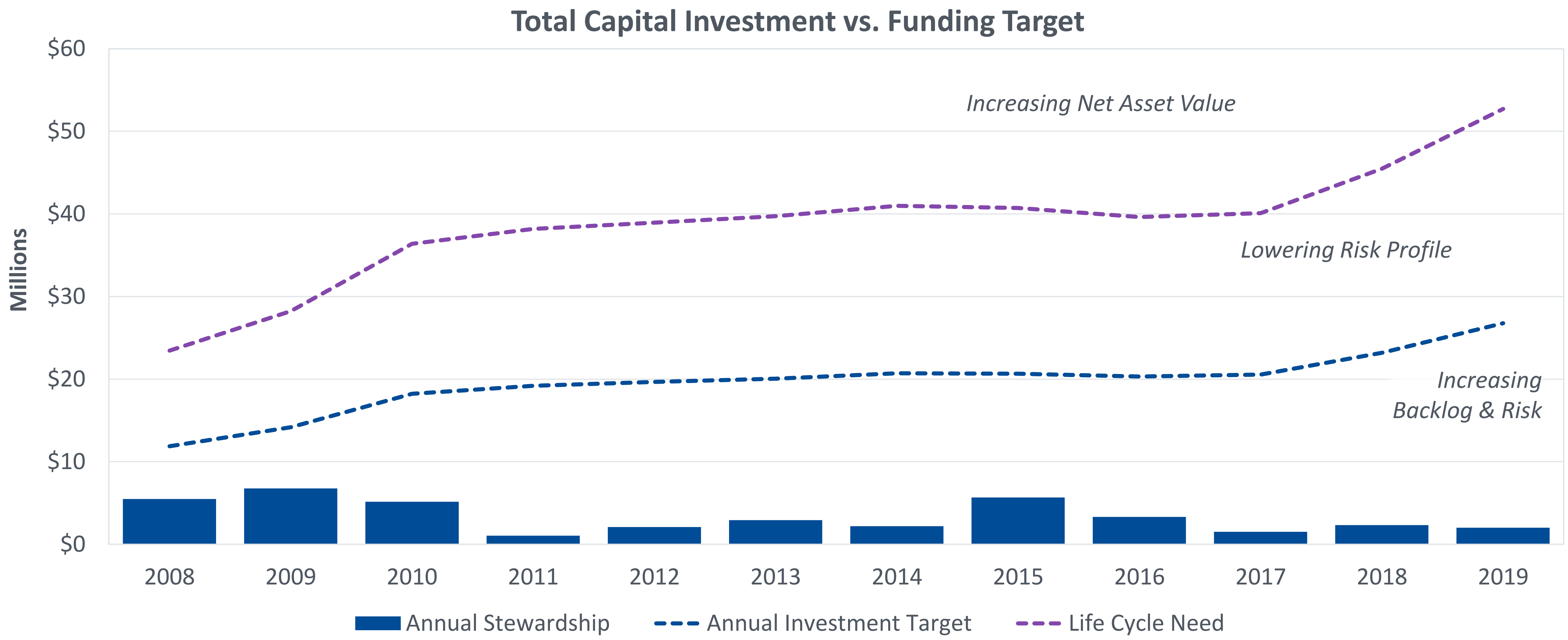
Recurring Capital funding falling short of target

Target has increased over the years due to new constructions on campus



Infrastructure not included

Annual Stewardship= Recurring Funds + PM

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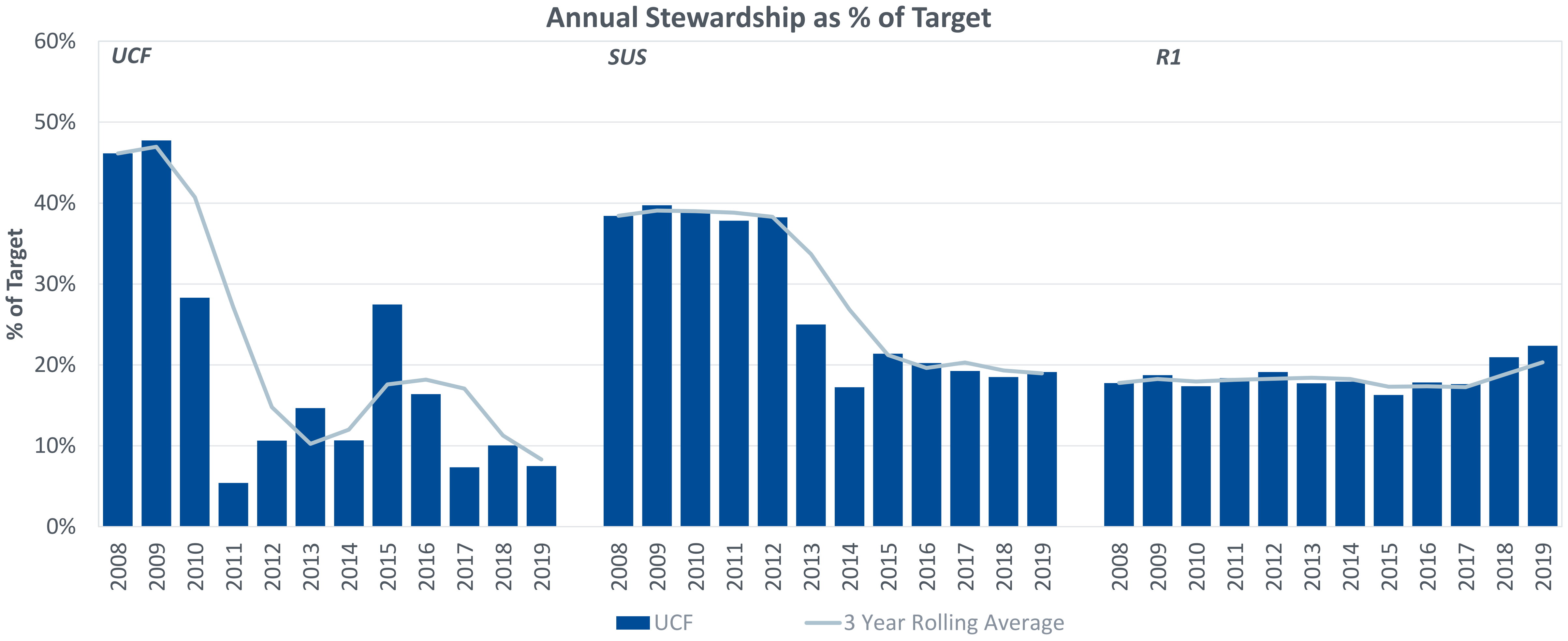
Annual investment has been trending downward at UCF

Florida SUS peers are maintaining recurring funding at a higher rate



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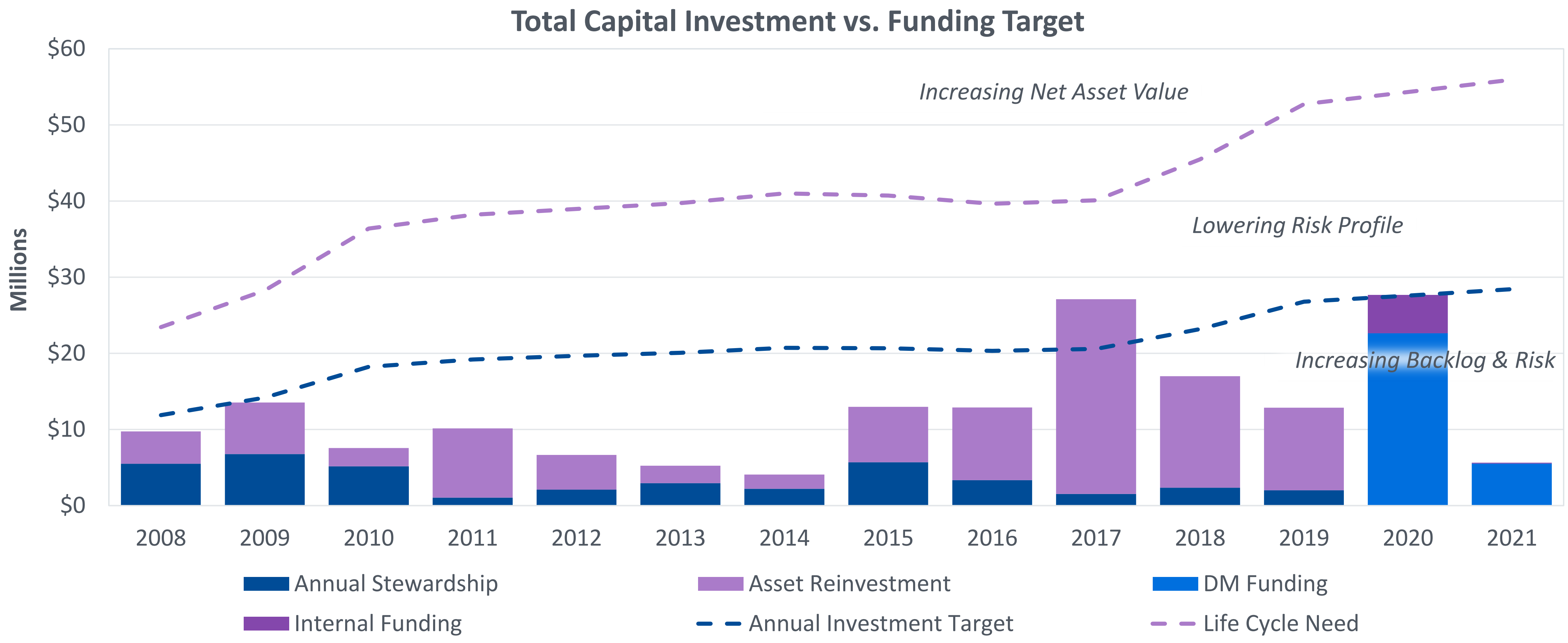
Future investment projections don't bridge the gap

Target has increased over the years due to new constructions on campus



Infrastructure not included

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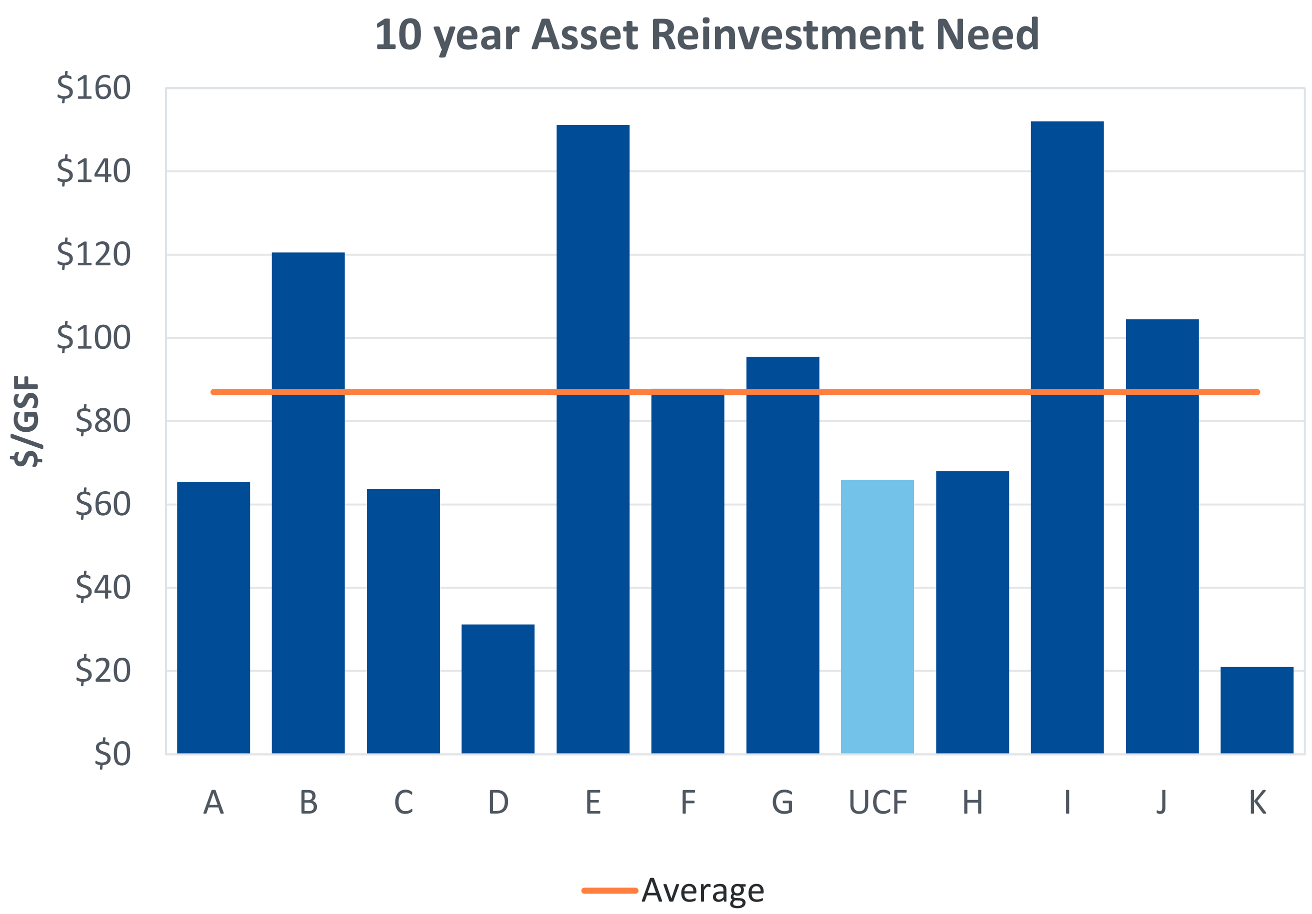
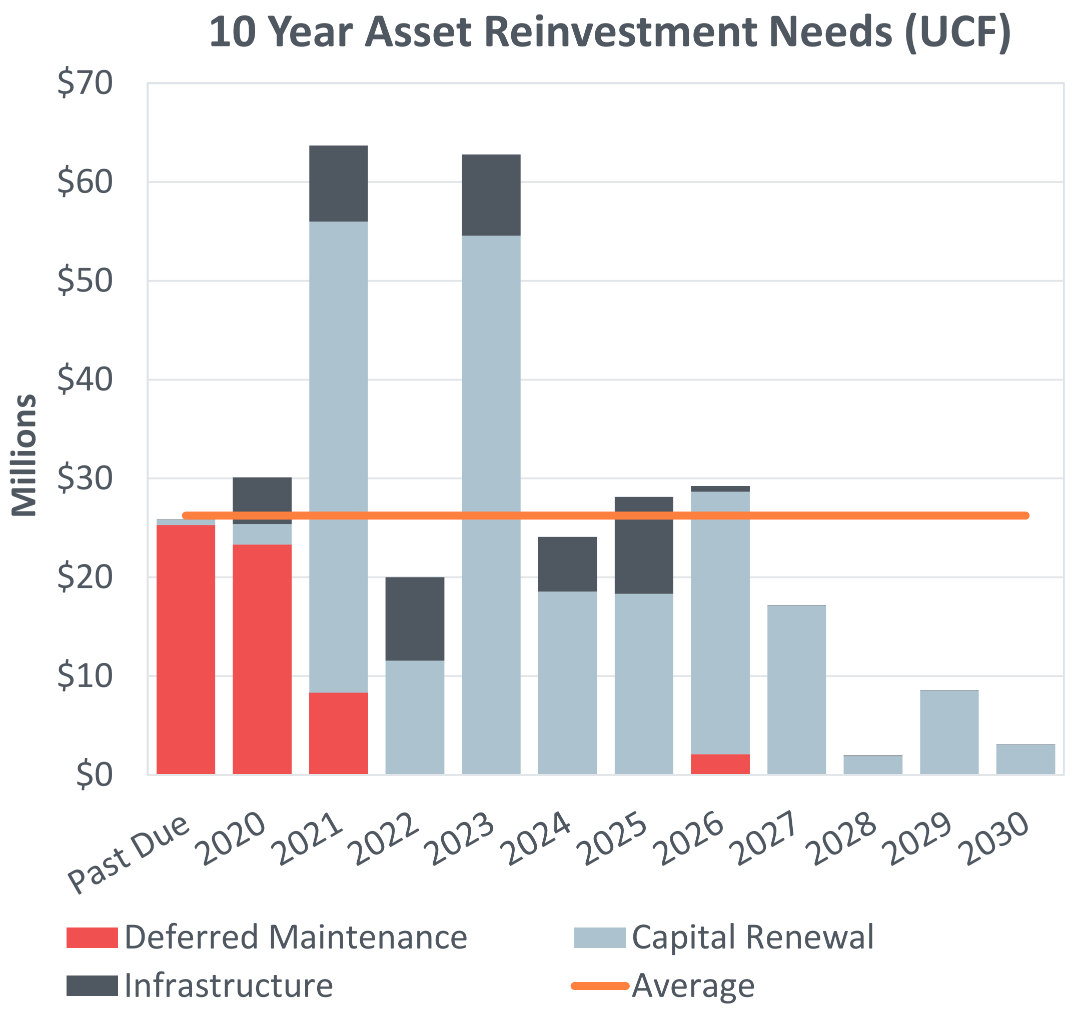
UCF's Comprehensive Backlog allows for better planning





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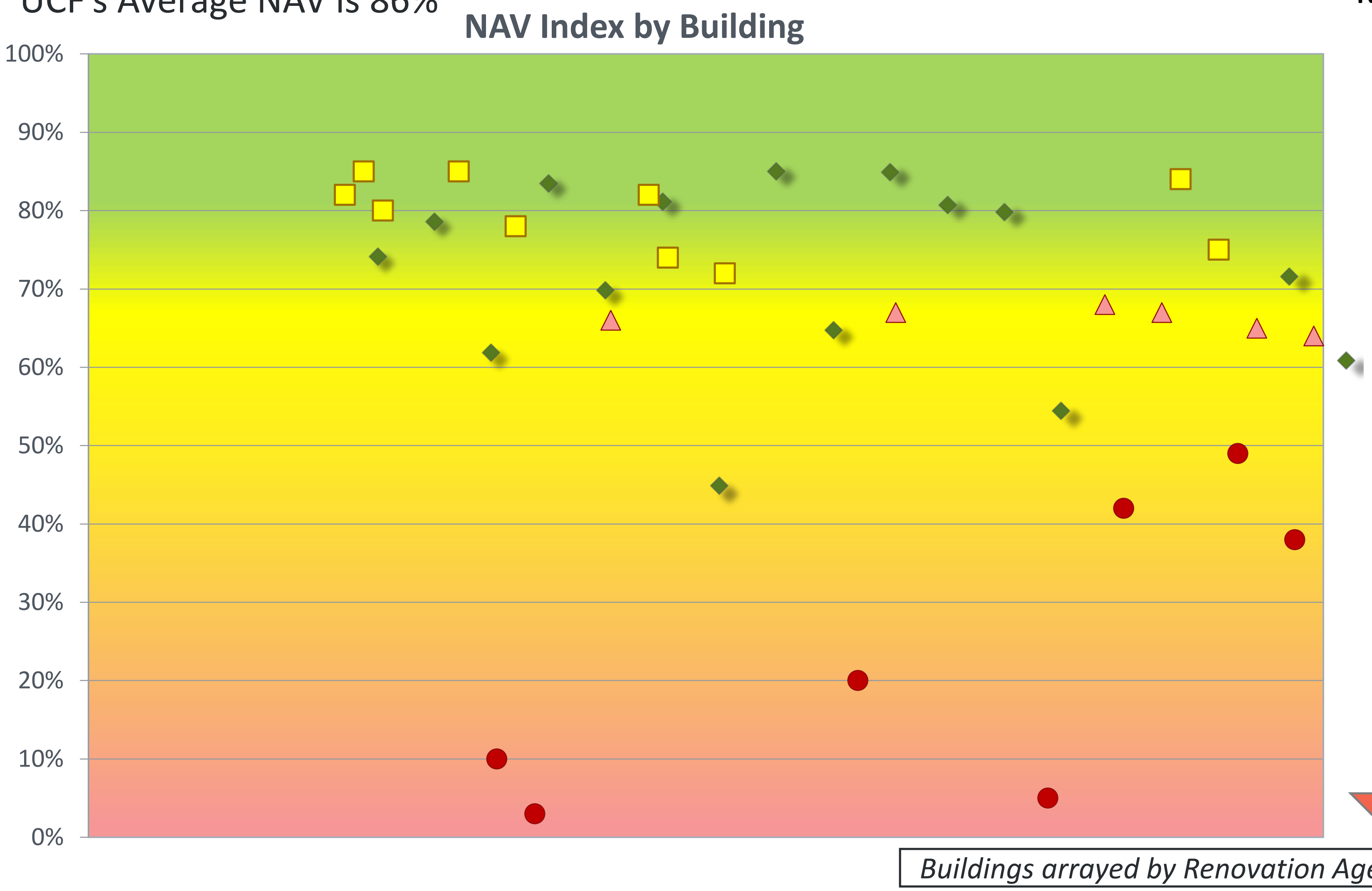
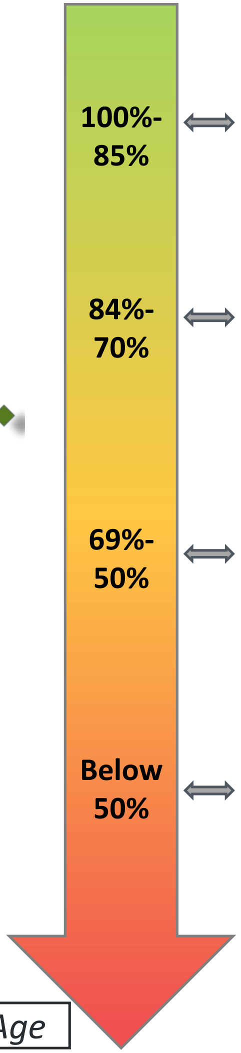
Net Asset Value Informs Investment Strategy

UCF's Average NAV is 86%





Investment Strategy

Capital Upkeep Stage: Primarily new or recently renovated buildings w/ sporadic building repair & life cycle needs; "You pick the projects"

Repair and Maintain Stage: Buildings are beginning to show their age and may require more significant investment on a case-by-case basis

Systemic Renovation Stage: Buildings may require more significant repairs ; large-scale capital infusions/ renovations are inevitable; "The projects pick you"

Transitional/Gut Renovation Stage: Major buildings components are in jeopardy of complete failure.

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Operations Profile

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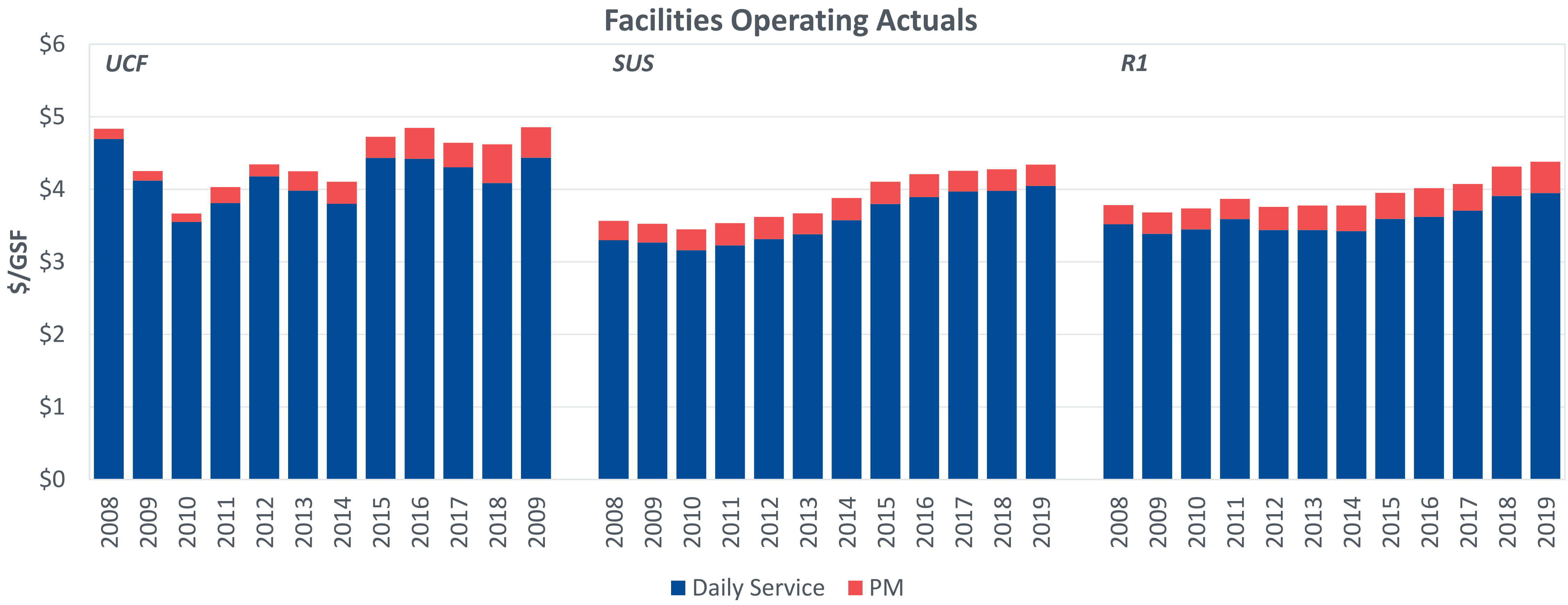
Facilities Operating Actuals



Daily Service – People and expenses for day to day upkeep of campus

Planned/Preventive Maintenance – Proactive work that extend lifecycle and improves building reliability

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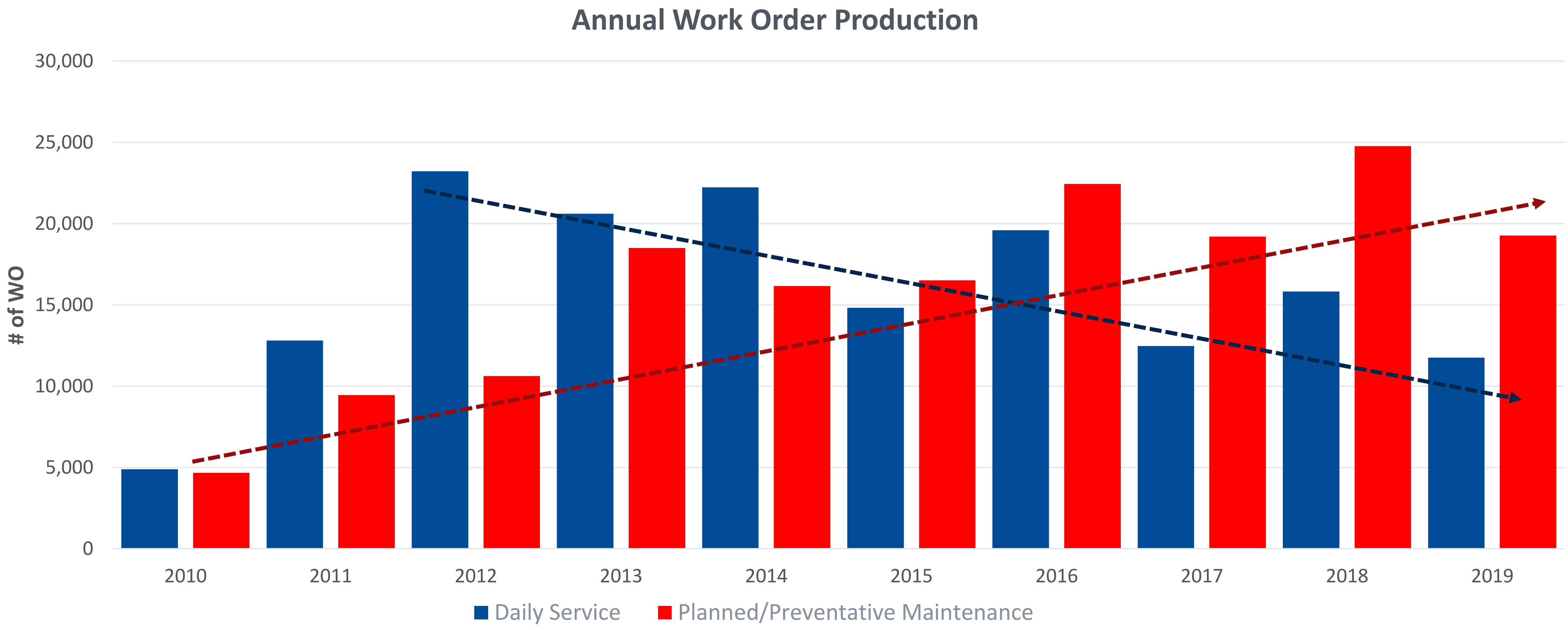
Increasing focus on PM drives down Daily Service requests



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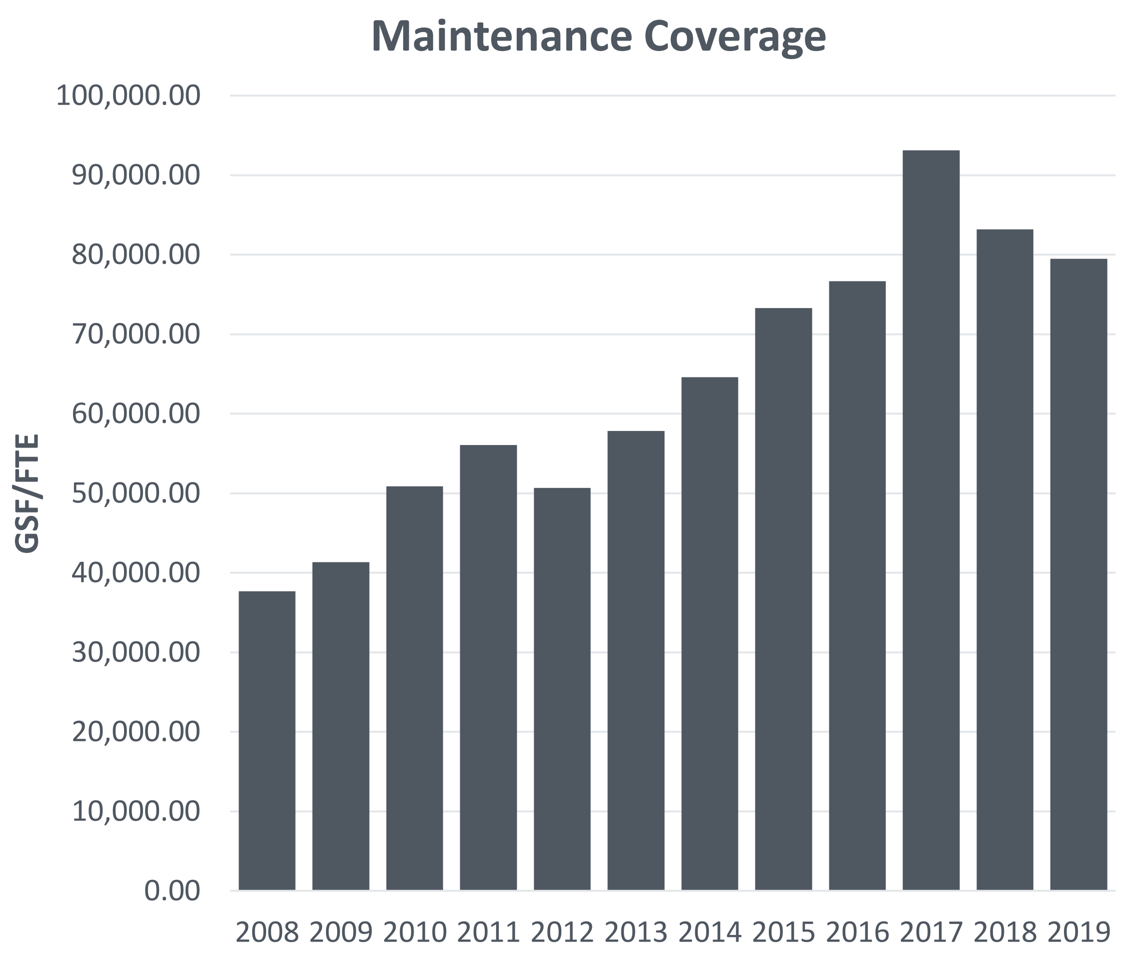
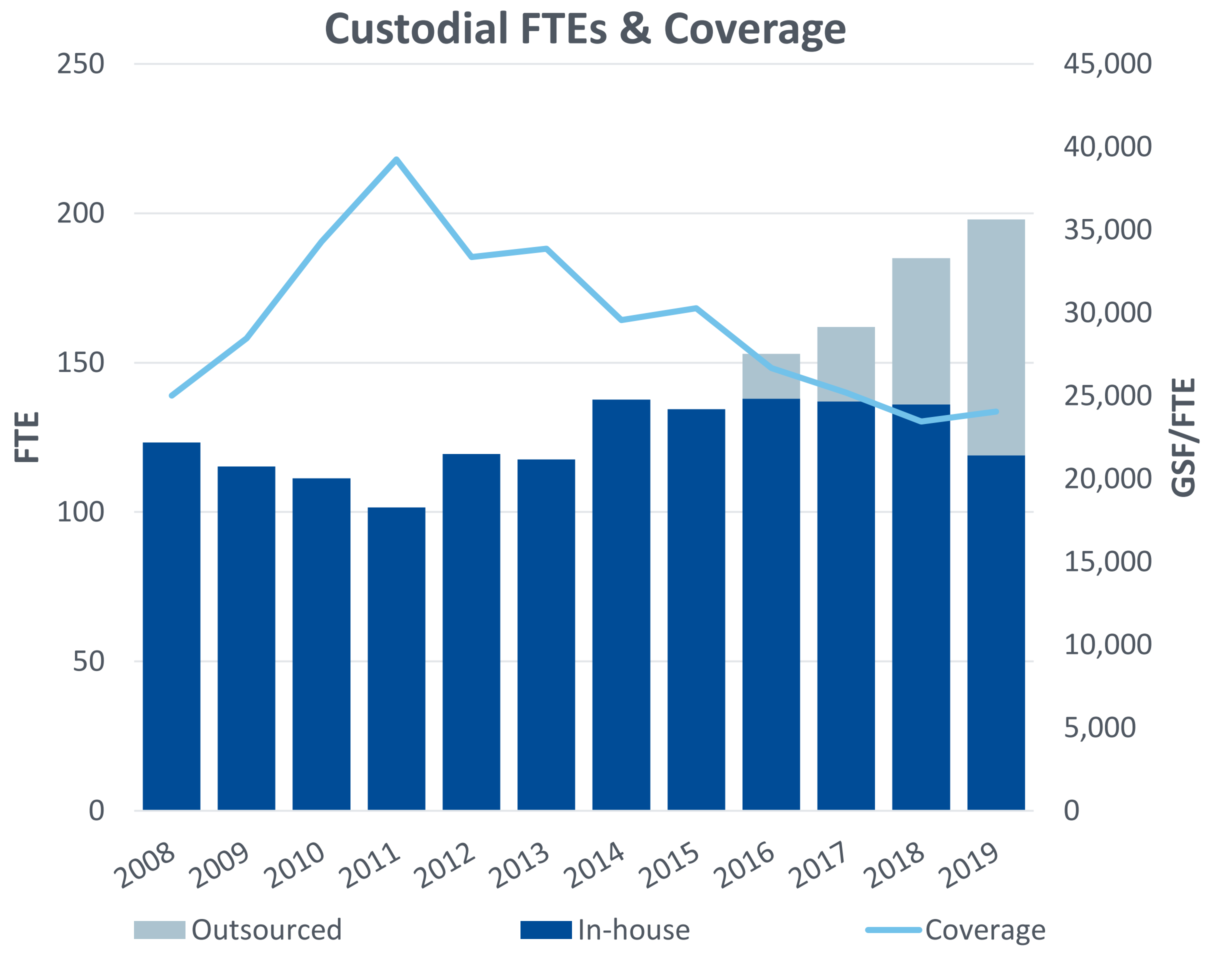
Staffing Reorganization increases efficiency





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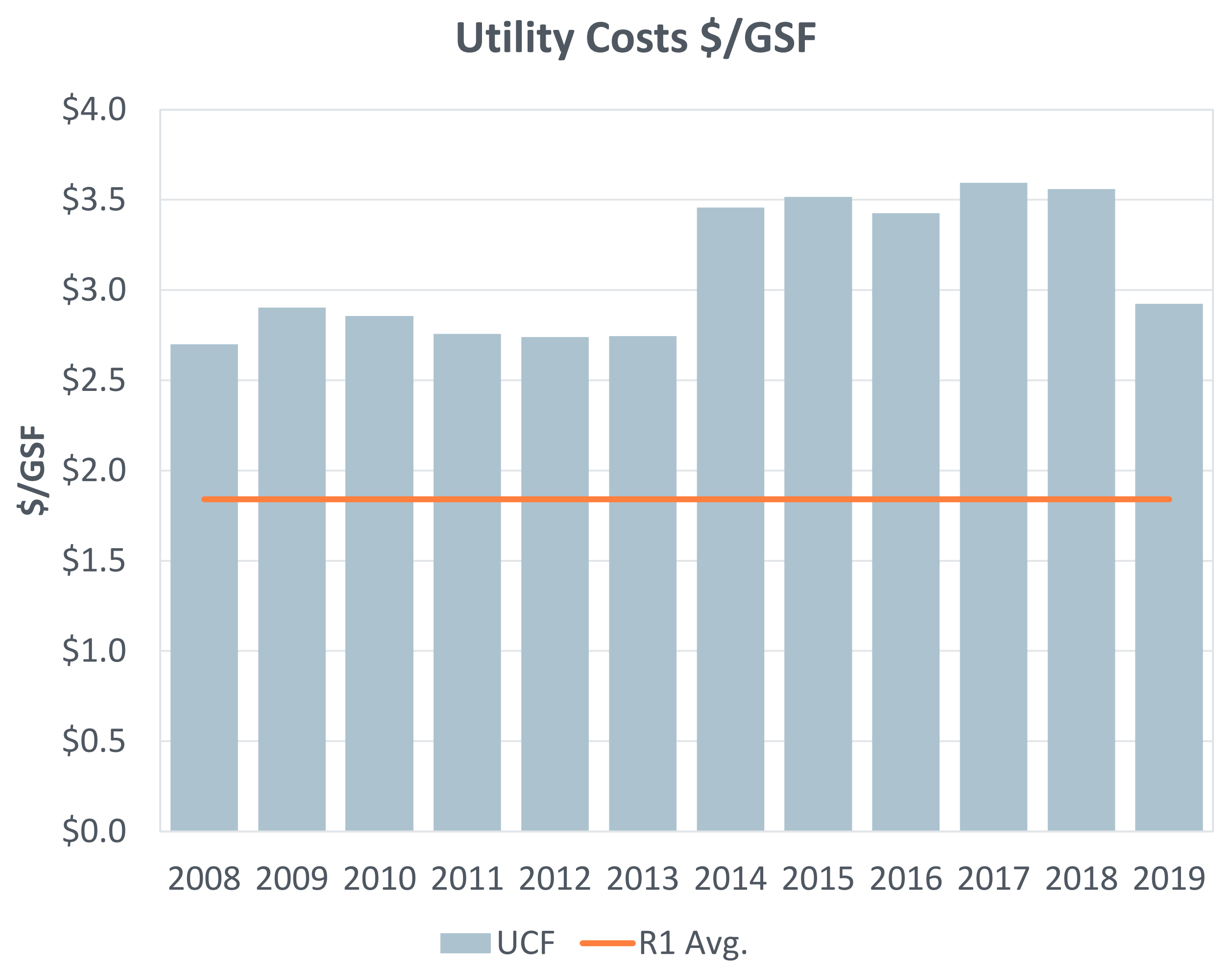
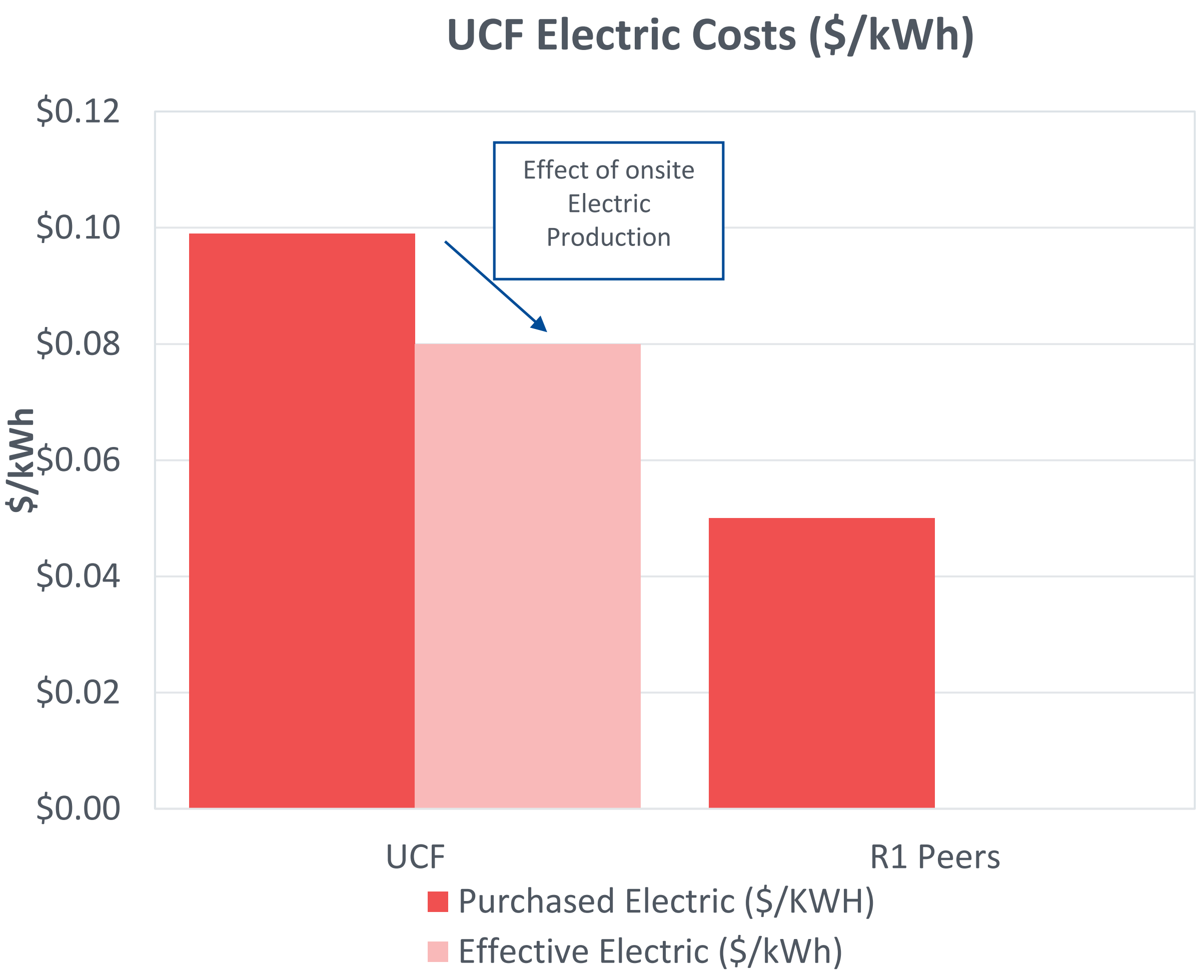
UCF's utility costs are driven by higher electric rates

Onsite electric production offsets higher unit costs





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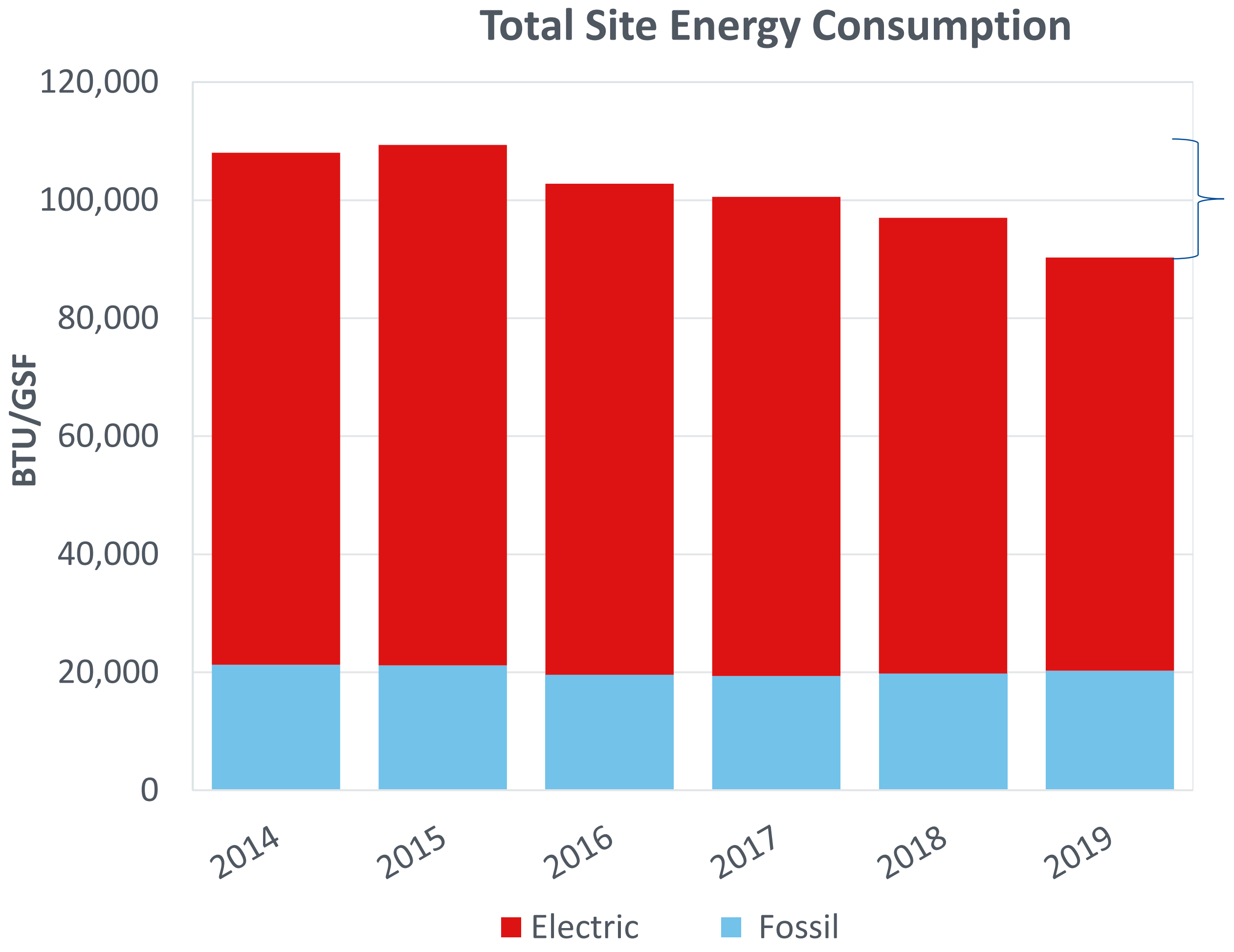
Reduced Energy use has greater impact due to high unit cost



Impact of reduced electric use

(Between 2014 and 2019):

In 2019 – approx. $650K*

Cumulative (since 2014) – approx. $1.9M*

**Represents an estimated cost avoidance from reducing consumption from the 2014 levels*

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Questions and Discussion

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ITEM: INFO-3

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
August 12, 2020

Title: Investment Program Structure

Background:
The university establishes its investment parameters in accordance with sections 1011.42(5) and 218.415, Florida Statutes, and the UCF Investment Policy Manual (policy), including its supplement and operating pool sub-sections (Attachments A-F). The Vice President for Finance and Chief Financial Officer or designee consolidates, where practicable and allowable, cash balances and investments from all funds covered by the policy to minimize risk exposure and maintain liquidity while maximizing investment earnings.

As required by section 218.415, Florida Statutes, 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. In addition to funds invested in the authorized State Treasurer's Special Purpose Investments Account (SPIA) and State Board of Administration's Local Government Investment Pool (SBA), excess funds may be divided in four different pools for the structured portfolio as follows: Pool I is designated as cash reserves for operational expenses; Pool II is designated to cover the University's medium term requirements such as debt service for the next year; Pool III is considered excess cash reserves that may be invested in longer term investments (up to seven years). Safety and optimization of investment returns may be the investment objectives of funds invested in Pool IV only (liquidity is secondary).

The UCF Investment Policy Manual was last updated by the Board of Trustees on June 18, 2020. Network connection issues prevented this information from being fully presented at that meeting.

Issues to be Considered:
N/A

Alternatives to Decision:
N/A

Fiscal Impact and Source of Funding:
N/A

Recommended Action:
For information only.

Authority for Board of Trustees Action:
N/A.

Committee Chair or Chair of the Board approval:
Chair Martins has approved adding this item to the agenda.

Submitted by:
Joseph Trubacz, Interim Vice President for Finance and Chief Financial Officer
Danta White, Assistant Vice President and University Controller

Supporting Documentation:
Attachment A - Investment Policy Manual
Attachment B - UCF Operating Funds Supplement
Attachment C - UCF Operating Pool I Sub-Section
Attachment D - UCF Operating Pool II Sub-Section
Attachment E - UCF Operating Pool III Sub-Section
Attachment F - UCF Operating Pool IV Sub-Section
Attachment G – Investment Program Structure Presentation

Facilitators/Presenters:
Joseph Trubacz, Interim Vice President for Finance and Chief Financial Officer
Danta White, Assistant Vice President and University Controller

UNIVERSITY OF CENTRAL FLORIDA

INVESTMENT POLICY MANUAL

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Investment Policy

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. The Vice President for Finance and Chief Financial Officer (Vice President) or designee will consolidate, where practicable and allowable, cash balances and investments from all funds covered by this policy to minimize risk exposure and maintain liquidity while maximizing investment earnings.

This policy and manual is applicable to the University of Central Florida funds being held to meet current expenses and the excess of funds required to meet current expenses. This policy and manual is also applicable to the university's various Direct Support Organizations that do not have an investment policy or manual approved by its board.

Investment Objectives

As required by section 218.415, Florida Statutes, 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. In addition to funds invested in the authorized State Treasurer's Special Purpose Investments Account (SPIA) and State Board of Administration's Local Government Investment Pool (SBA), excess funds may be divided in four different pools for the structured portfolio as follows: Pool I will be designated as cash reserves for operational expenses; Pool II will be designated to cover the University's medium term requirements such as debt service for the next year; Pool III will be considered excess cash reserves that may be invested in longer term investments (up to seven years). Safety and optimization of investment returns may be the investment objectives of funds invested in Pool IV only (liquidity is secondary).

1. Safety - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks the preservation of capital in the overall portfolio. The objective will be to limit credit risk and interest rate risk to a level commensurate with the risks associated with prudent investment practices and the performance benchmarks stated herein, if applicable.

2. Credit Risk - The University will limit credit risk (the risk of loss due to the failure of the security issuer or backer) by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specified credit ratings.

3. Liquidity - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature to meet anticipated demands (static liquidity). Since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). The portfolio may be placed in local government investment pools, money market mutual funds or similar funds that perform similar to money market funds that offer same-day liquidity for short-term funds.

4. Yield - The investment portfolio shall be designed with the objective of attaining a market rate of return, as measured by specified benchmarks, throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

   A. A security with declining credit risk may be sold early to minimize loss of principal.

   B. A security swap that would improve the quality, yield, or target duration in the portfolio.

   C. Liquidity needs of the portfolio require that the security be sold.

   D. Adverse market or economic conditions.

5. Transparency - The University shall operate its portfolio in a transparent manner, making its periodic reports both available for public inspection and designed in a manner which communicates clearly and fully information about the portfolio, including market pricing, adjusted book value, and yields.

To the extent possible Education and General funds will be invested in the State Treasurer's Special Purpose Investment Account (SPIA) and State Board of Administration's Local Government Investment Pool (SBA); any excess Education and General funds may be invested in fixed income investments.

Performance Measurement

As a benchmark for investment returns, the University's investment portfolio, net of fees, should strive to equal or exceed the returns provided by the State Treasurer's Special Purpose Investment Account (SPIA). However, achieving this benchmark is secondary to the requirements for safety and liquidity.

Prudence and Ethical Standards

1. Prudence - The standard of prudence to be used by investment officials shall be the Prudent Person Rule and shall be applied in the context of managing an overall portfolio. University personnel, acting in accordance with this investment policy shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported to the University's governing board in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. The Prudent Person Rule states that: "Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

2. Ethics and Conflicts of Interest - The Vice President and other authorized personnel shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. These investment officials shall disclose annually, in a written statement, any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. They shall refrain from undertaking personal investment transactions with the same individual(s) with whom business is conducted on behalf of the University.

3. Delegation of Authority - Authority to manage the investment program is granted to the Vice President. The Vice President may delegate authority to the Associate Vice President for Financial Affairs (Associate Vice President). Additional authorized personnel include any other person or position approved by the University's governing board. The University may seek professional advice and therefore may contract with a federally registered investment advisory firm that specializes in public funds fixed income management, and it may also seek advice and counsel from the Finance and Facilities Committee to assist with investment decisions. The Finance and Facilities Committee will approve and, from time to time as they deem necessary, amend this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy. The Vice President shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Broker Dealers, Safekeeping and Custody

1. Authorized Financial Dealers and Institutions – For assets not delegated to the fiduciary management of a professional third party investment organization, the University shall list financial institutions consisting of banks and other depository institutions authorized to provide depository and investment services. In addition, a list will be maintained of security broker/dealers consisting of "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule) that are providing services to the University or that the University contemplates using.

2. Delivery vs. Payment - Securities transactions between a broker-dealer and the safekeeping agent or custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

3. Safekeeping, Custody & Perfection of Interest - Securities shall be held with a third party; and all securities purchased by, and all collateral obtained by, the University should be properly designated as an asset of the University. No withdrawal of securities, in whole or in part, shall be made from safekeeping or custody, except by an authorized staff member of the University.

Authorized Investments

This investment policy is authorized by the University's Board of Trustees. The following investments are authorized to be utilized in achieving the objectives of this policy. Investments not listed are prohibited. The investment portfolio must be structured in such manner as to provide sufficient safety and liquidity to pay obligations as they come due. Investment maturities should anticipate cash flow requirements.

Prior to conducting transactions as authorized by this policy the Vice President shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investments, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the bid deemed to best meet the investment objectives shall be selected.

Investments shall be limited to securities selected from the following types:

1. The United States Treasury and Agency securities - Securities that are issued by the United States Treasury or those for which the full faith and credit of the United States government guarantees fully all principal and interests payments.

    A. Credit Ratings
    Ratings are not required for U.S. Treasury securities. Agencies backed by the full faith and credit of the United States government, such as Government National Mortgage Association (GNMA), must have at least one AAA (or its equivalent) long-term credit rating from a Nationally Recognized Statistical Rating Organization (NRSRO). The Finance and Facilities Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

    B. Interest Rate Risk Restrictions
    The United States Treasury and Agency securities backed by the full faith and credit of the United States government. At the time of purchase, securities must have an average effective maturity no greater than seven years from the date of settlement. The forward delivery period on such securities may not exceed 60 days.

2. Government Sponsored Enterprises (GSE) - Securities issued by the Federal Farm Credit Bank, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, the Federal National Mortgage Association, or the Federal Agricultural Mortgage Corporation. Any other GSE shall be considered as corporate debt for the purposes of this policy and shall be authorized under the criteria set forth in section 7, Corporations.

    A. Credit Ratings
    Authorization of the listed GSE in section 7 is predicated upon these institutions maintaining at least one AAA (or its equivalent) long-term credit rating from a NRSRO. The Finance and Facilities Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

    B. Interest Rate Risk Restrictions
    At the time of purchase, securities must have an average effective maturity no greater than seven years from the date of settlement. The forward delivery period on such securities may not exceed 60 days.

3. The State Board of Administration's Local Government Investment Pool (SBA), the State Treasurer's Special Purpose Investments Account (SPIA) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes.

   A. Credit Rating
      Local Government Investment Pools - At the time of purchase, the local government investment pool must carry an Af (or its equivalent) rating from a NRSRO (if applicable). The Finance and Facilities Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

4. Money Market Mutual Funds - Shares of any money market fund that is registered as an investment company under the federal "Investment Company Act of 1940", as amended.

   A. Credit Rating
      At the time of purchase, money market funds must carry an A1 (or its equivalent) rating from a NRSRO. The Finance and Facilities Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

   B. Interest Rate Risk Restrictions
      At the time of purchase, shares in the money market fund must be fully redeemable on the next business day.

5. Interest-bearing time deposits or savings accounts in Qualified Public Depositories (QPD) as defined in Section 280.02, Florida Statutes.

   A. Credit Rating or Limitations
      Bank deposits for the University must comply with Section 280.16, Florida Statutes. Such deposits in QPD's must be collateralized according to the statutory requirements.

6. Repurchase Agreements - Securities referred to in section 4 or 5 and that can otherwise be purchased under this policy may be subject to a repurchase agreement. Such securities subject to this agreement must have a coupon rate that is fixed from the time of settlement until its maturity date, and must be marketable. Such securities must be delivered to the University or to a third-party custodian or third-party trustee for safekeeping on behalf of the public entity. The collateral securities of any repurchase agreement must be collateralized at no less than one hundred two percent and marked to market no less frequently than weekly. All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in the master repurchase agreement. All repurchase agreement transactions shall adhere to the requirements of the master repurchase agreement.

   A. Credit Ratings
      At the time of purchase the counter-party to any such agreement must carry short-term credit ratings which conform to those required by section 7.

   B. Interest Rate Risk Restrictions

For repurchase agreements, at the time of purchase such agreement must have a maturity no greater than one year from the date of settlement. The forward delivery period on such securities may not exceed 60 days.

7. Corporations - United States dollar denominated debt instruments issued by a corporation or bank which is organized and operated within the United States.

    A. Credit Ratings
    At the time of purchase, all non-money market instruments must carry at least one "investment grade" (or its equivalent) long-term credit ratings from a NRSRO. For money market instruments, which comply with rule 2a7 at the time of purchase, such securities must carry at least two short-term credit ratings and no short-term credit rating may fall below A1+ from Standard & Poor's, P1 from Moody's, or F1+ from Fitch. The Finance and Facilities Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

    Should a security's credit rating drop below these standards after purchase, the University's authorized personnel shall act as Prudent Persons in managing the risks associated with this security, and shall timely notify the Finance and Facilities Committee of such an event.

    B. Interest Rate Risk Restrictions
    At the time of purchase, such securities must have an average effective maturity no greater than seven years from the date of settlement. The forward delivery period on such securities may not exceed 60 days.

8. Other investments authorized by law or by ordinance for a county or a municipality.

9. Other investments authorized by law or by resolution for a school district or a special district.

10. Direct Support Organizations (DSO) duly authorized by the University's Board of Trustees – An agreement or memorandum of understanding must be executed prior to the placement of funds with any DSO.

11. Mutual funds, unit investment trusts or professionally managed securities or other investment vehicles specifically authorized by the Finance and Facilities Committee.

University Endowment

The preferred recipient of gifts for the University is the UCF Foundation, Inc. However, there may be special circumstances whereby a monetary gift or other asset is received by the University directly, or the University may choose to establish a quasi-endowment with funds available for such purpose from other sources. In these instances, the University may choose to enter into an agreement with the UCF Foundation, Inc. to manage the investment of a portion or all of a particular University endowment or quasi-endowment. The Foundation has several investment options. The decision as to which of the options to be utilized for University funds would be specified in a contractual document between the University and the Foundation, with specific instructions as to the authorization and manner in which receipts and disbursements would be processed. The University's assets may be pooled with Foundation assets for investment purposes, but with procedures in place for detailed accounting and reporting of the University's shares in the pool. These investments may deviate from the balance of this policy's direction to limit investments to no more than five years duration.

Risk and Diversification

The University portfolio shall be diversified to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. The diversification strategies laid out in this policy shall be reviewed and revised periodically, as deemed necessary by the Vice President and any revisions shall require the approval of the Finance and Facilities Committee.

Investments that vary in length to maturity will be made to correlate with the University's cash flow projections. The correlation will be made conservatively, considering the University's projected need for liquidity. Cash flow information will be used as a basis for informed decisions regarding the allocation of cash balances into categories of investments with varying maturities. The investment vehicles used in the four categories will be determined by the Vice President in consultation with an investments consultant, the chair of the Finance and Facilities Committee and other appropriate University staff.

In order to ensure liquidity and diversify risk to principal, multiple depository banks, in addition to the bank(s) currently under contract with the University to provide treasury services, may be utilized to hold and invest short term cash.

Qualified Public Depositories, Investment Institutions and Dealers

The Associate Vice President will maintain the current approved list of qualified public depositories (as defined in Section 280.02, Florida Statutes).

Third Party Custodial Agreements

Securities will be held with a third party; and all securities purchased by, and all collateral obtained by the University will be properly designated as an asset of the University. If a bank serves in the capacity of Investment Manager, said bank could also perform the required custodial and reporting services. No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by those designated within the Investment Management and Custodial Agreement between the Custodian and the University. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

Master Repurchase Agreement

The Associate Vice President or the Investment Manager, if applicable, will maintain a master repurchase agreement and require all approved institutions and dealers transacting repurchase agreements to adhere to the requirements of the master repurchase agreement. The master repurchase agreement is a separate document.

Bid Requirement

For assets not delegated to the fiduciary management of a professional third party investment organization, the University shall require purchases and sales to be executed in a competitive bid environment wherein at least three (3) offers or bids are requested for each security. Exceptions to this approach may be made when (1) prices for purchases or sales are compared to systems providing current market prices and deemed reasonable, (2) when the security to be purchased is unique to one institution or (3) the security has recently been issued and is trading at the same price by all financial institutions.

Internal Controls

The Associate Vice President shall establish a system of internal controls and operational procedures, which will be documented in writing. The internal controls will be reviewed by the University Audit staff and are subject to audit by the Auditor General of the State of Florida. The controls will be designed to prevent losses of public funds arising from fraud, employee error, imprudent actions by employees and misrepresentation by third parties. The internal controls and operational procedures is a separate document.

Continuing Education

The Vice President, Associate Vice President, or designee, will annually (during each calendar year) complete eight hours of continuing education in subjects or courses of study related to investment practices and products.

Reporting

1. Methods - The Vice President, or designee, shall or shall have prepared and provide to the Finance and Facilities Committee an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. An outside investment advisor or other third party may be utilized to prepare the report. The management summary will be prepared in a manner that will allow the University to ascertain whether investment activities during the reporting period have conformed to the investment policy. This investment report shall include securities in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be available to the public.

2. Compliance – If any investment held does not meet the guidelines of this policy, it shall be temporarily exempted from the requirements of the policy until appropriate disposition of the security is agreed upon with the University's investment advisory firm.

Annual Review

This policy shall be reviewed on an annual basis. Any changes or amendments to the manual, operating funds supplement or operating pool sub-sections must be approved by the Finance and Facilities Committee.

Glossary

Benchmark. A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Bid. The price offered by a buyer of securities.

Collateral. Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Delivery vs. Payment. Delivery versus payment is delivery of securities to a third party with an exchange of money for the securities. The transaction is not complete until both parties provide their commitments.

Diversification. Dividing investment funds among a variety of securities offering independent returns.

Direct Support Organization (DSO). An organization pursuant to Section 1004.28, Florida Statutes, as certified by the University Board of Trustees.

Federal Deposit Insurance Corporation (FDIC). A federal agency that insures bank deposits, currently up to $250,000 per deposit.

Federal Farm Credit Bank (FFCB). The Federal Farm Credit Banks Funding Corporation issues debt securities as fiscal agent for the Farm Credit System, which is a nationwide network of borrower-owned lending institutions and service organizations specializing in agricultural and rural America. The mission of this government-sponsored enterprise is to ensure the availability of sound, dependable funding for agricultural producers, cooperatives, and certain farm related business.

Federal Home Loan Bank (FHLB). Government sponsored wholesale banks that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district bank.

Federal Home Loan Mortgage Corporation (FHLMC). FHLMC, commonly referred to as Freddie Mac, is a government sponsored enterprise that provides liquidity to the mortgage markets, much like FNMA and FHLB.

Federal National Mortgage Association (FNMA). FNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The Corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

LIBOR. London Interbank Offer Rate.

Liquidity. A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

Market Value. The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement. A written contract covering all future transactions between the parties to repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity. The date upon which the principal or stated value of an investment becomes due and payable.

Portfolio. Collection of securities held by an investor.

Prudent Person Standard. An investment standard in which investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Qualified Public Depository. Any bank, savings bank, or savings association that is organized under the laws of the United States or the State of Florida; has its principal place of business or a branch office to receive deposits in Florida; has deposit insurance under the provisions of the Federal Deposit Insurance Act; meets the requirements of Chapter 280, Florida Statutes (Florida Security for Public Deposits Act); and has been designated by the Chief Financial Officer of the State of Florida as a qualified public depository.

Repurchase agreement (REPO). A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use REPOs extensively to finance their positions. Exception: When the Fed is said to be doing REPOs, it is lending money that is increasing bank reserves.

Safekeeping. A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Spread. (1) The yield or price difference between the bid and offer on an issue. (2) The yield or price difference between different issues.

State Board of Administration's Local Government Investment Pool (SBA). The aggregate of all funds from political subdivisions that are placed in the custody of the State Board of Administration for investment and reinvestment.

State Treasury Special Purpose Investment Account (SPIA). The aggregate of all funds from governmental entities that are placed in the custody of the State Treasury for investment and reinvestment.

Treasury Bills. A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in one month, three months, or six months.

Yield. The rate of annual income return on an investment, expressed as a percentage.
(1) Income yield is obtained by dividing the current dollar income by the current market price for the security. (2) Net yield or yield to maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

OPERATING FUNDS SUPPLEMENT
to the
University of Central Florida Investment Policy Manual

This Operating Funds Supplement (Supplement) and its sub-sections are part of the University of Central Florida Investment Policy Manual and are intended only to complement the objectives and guidelines outlined therein. The purpose of this Supplement is to set forth the specific investment objectives and parameters for the management of financial assets of the University of Central Florida Operating Funds (4 internally segmented portfolios collectively referred to as the Fund). This Supplement is designed to ensure the prudent management of financial assets, the availability of operating and capital funds when needed, and to earn an investment return competitive with comparable funds and appropriate measurement benchmarks.

This document will be used to identify and convey the specific objectives and restrictions of each of the four (4) Operating Fund Pools, which shall be designated as Operating Pools I-IV in sub-sections to this Supplement. Whereas individual guidelines and objectives will be defined for each Pool, the following criteria will apply collectively to all of the Operating Pools.

I. Investment Guidelines

A. Authorized Investments

Pursuant to the investment powers of the Finance and Facilities Committee as set forth in the Florida Statutes and the delegation of authority granted by the University Board of Trustees, the Finance and Facilities Committee sets forth the following general investment guidelines and limitations for all Operating Pools where the listed security type is an allowable investment.

1. Equities
    a. Securities must be traded on a national exchange or electronic network.
    b. Not more than 5% of the Fund's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
    c. All securities must be readily marketable.
    d. Additional criteria may be outlined in the specific Operating Pool guidelines and/or a manager's addendum.

2. Fixed Income
    a. Not more than 5% of the Fund's assets, at the time of purchase, shall be invested in bonds issued by any single corporation.
    b. All securities must be readily marketable.
    c. Additional criteria may be outlined in the specific Operating Pool guidelines and/or a manager's addendum.

3. Cash & Equivalents
    a. The money market fund(s) or short-term investment fund (STIF) options provided by the Fund's custodian.

b. Securities must be rated in one of the two (2) highest credit quality categories for short-term securities by at least two nationally recognized rating services.

c. The maturity of any single security shall not exceed 180 days and shall maintain a dollar-weighted average effective maturity of 90 days or less.

d. All securities must be readily marketable.

4. Pooled Investment Funds

a. Investments made by the Fund may include pooled investment funds. For purposes of this Supplement, pooled investment funds may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity.

b. Pooled investment funds may be governed by separate documents which may include investments not expressly permitted in this Supplement. In the event of investment by the Fund into a pooled investment fund, the Finance and Facilities Committee will adopt the prospectus or governing policy of that pooled investment fund as the stated addendum to this Supplement.

B. Absolute Restrictions

No investments shall be permitted in:

1. Any investment prohibited by State or Federal Law.

2. Any investment not specifically allowed as part of this Supplement or its sub-sections.

3. Direct investment in 'Scrutinized Companies' identified in the periodic publication by the State Board of Administration ("SBA list", updated on their website www.sbafla.com/fsb/), is prohibited. Any security identified as non-compliant on or before January 1, 2010 must be divested by September 1, 2010. Securities identified after January 1, 2010, are subject to the provisions of Section II-C below. However, if divestiture of business activities is accomplished and the company is subsequently removed from the SBA list, the manager can continue to hold that security. Indirect investment in 'Scrutinized Companies' (through pooled investment funds) are governed by the provisions of Section II-E below.

II. Portfolio Communications & Compliance

A. It is the direction of the Finance and Facilities Committee that the Fund assets are held by a third party custodian, and that all securities purchased by, and all collateral obtained by the Fund shall be properly designated as Fund assets. No withdrawal of assets, in whole or in part, shall be made from safekeeping except by an authorized member of the Board of Trustees or their designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis to insure that the custodian will have the security or money in hand at conclusion of the transaction.

B. On a monthly basis, the custodian shall supply an accounting statement that will include a summary of all receipts and disbursements and the cost and the market value of all assets.

C. On a quarterly basis, the Investment Managers shall provide a written report affirming compliance with the provisions outlined in this Supplement, the respective sub-section and the Investment Manager's addendum (collectively referred to as "Permitted Provisions Documents"). If an Investment Manager owns an investment that complied with Permitted Provisions Documents at the time of purchase, which subsequently exceeds the applicable limit or does not satisfy the Permitted Provisions Documents, such excess or noncompliant investments may be continued until it is economically feasible to dispose of such investment in accordance with the prudent man standard of care. However, no additional assets may be allocated to the designated investment unless authorized in writing by the Finance and Facilities Committee. Investment Managers will provide immediate written notice to the Finance and Facilities Committee of any deviation from the standards set forth in the Permitted Provisions Documents and are also required to provide an action plan outlining the investment 'hold or sell' strategy.

D. The Investment Consultant shall evaluate and report on a quarterly basis the rate of return net of investment fees and relative performance of the Fund.

E. The Investment Consultant, on behalf of the Fund, shall send a letter to any pooled investment fund referring the investment manager to the listing of 'Scrutinized Companies' by the State Board of Administration ('SBA list'), on their website www.sbafla.com/fsb/. This letter shall request that they consider removing such companies from the pooled investment fund or create a similar actively managed pooled investment fund devoid of such companies. If the manager creates a similar pooled investment fund, the Fund shall replace all applicable investments with investments in the newly offered pooled investment fund in an expedited timeframe consistent with prudent investing standards. Once sending the required correspondence, the Fund is not required to sell or limit additional purchases of the pooled investment fund.

F. At least annually, the Finance and Facilities Committee shall provide the Investment Managers with projected disbursement needs of the Fund so that the investment portfolio can be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To this end the Investment Managers should, to the extent possible, attempt to match investment maturities with known cash needs and anticipated cash-flow requirements.

III. Investment Manager Responsibilities

A. Within the guidelines and restrictions set forth herein, it is the intention of the Finance and Facilities Committee to give each Investment Manager full investment discretion with respect to assets under its management.

B. Each Investment Manager is expected to provide any reasonable information requested by the Finance and Facilities Committee. At a minimum, each manager shall provide a quarterly report detailing their investment activity, the portfolio's current value and any changes in investment philosophy or strategy. Each Investment Manager is expected to meet with the Finance and Facilities Committee or their designated representatives periodically to review investment performance and philosophy.

C. It will be the responsibility of each Investment Manager to review the monthly valuations provided by the Fund's custodian and to note, in writing, any significant discrepancies from the valuations provided in their own reports.

D. When feasible and appropriate, all securities shall be competitively bid. Except as otherwise required by law, the most economically advantageous bid shall be selected. Commissions paid for purchase of securities must meet the prevailing best-execution rates. The responsibility of monitoring best price and execution of trades placed by each Investment Manager on behalf of the Fund will be governed by the Portfolio Management Agreement between the Fund and the Investment Manager.

E. Investment Managers shall vote any and all proxies solicited in connection with securities held by the Fund. Investment Managers shall produce a written proxy voting policy statement, and shall keep records with respect to its voting decisions and submit an annual report to the Finance and Facilities Committee summarizing votes cast. Voting of proxies must be done solely in the interests of the Fund.

F. Investment Managers must promptly provide to the Finance and Facilities Committee information about changes in the management, ownership and key personnel in a timely fashion, which is not to exceed one month from the change.

G. Unless otherwise provided by the Fund's custodian, each Investment Manager will monitor portfolio activity to minimize uninvested cash balances.

IV. Criteria for Investment Manager Review

The Finance and Facilities Committee wishes to adopt standards by which judgments of the ongoing performance of an Investment Manager may be made. If, at any time, any three (3) of the following is breached, the Investment Manager may be warned of the Finance and Facilities Committee's serious concern for the Fund's continued safety and performance. If any five (5) of these are violated the consultant may recommend a manager search for that mandate.

- Four (4) consecutive quarters of relative under-performance verses the benchmark.
- Three (3) year trailing return below the top 40th percentile within the appropriate peer group and under performance verses the benchmark.
- Five (5) year trailing return below the top 40th percentile and under performance verses the benchmark.
- Three (3) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Five (5) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Style consistency or purity drift from the mandate.
- Management turnover in portfolio team or senior management.
- Investment process change, including varying the index or benchmark.
- Failure to adhere to the IPS or other compliance issues.
- Investigation of the firm by the Securities and Exchange Commission (SEC).
- Significant asset flows into or out of the company.
- Merger or sale of firm.
- Fee increases outside of the competitive range.

- Servicing issues – key personnel stop servicing the account without proper notification.
- Failure to attain a 60% vote of confidence by the Finance and Facilities Committee.

Nothing in this section shall limit or diminish the Finance and Facilities Committee's right to terminate the manager at any time for any reason.

V. Review and Amendments

It is the Finance and Facilities Committee's intention to review this document at least annually and to amend it to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Finance and Facilities Committee should be notified in writing.

By signing this document, the Vice President for Finance and Chief Financial Officer attests that this Supplement has been recommended by the Investment Consultant, reviewed by the Fund's legal counsel for compliance with applicable law, and approved by the Chairman of the Finance and Facilities Committee of the Board of Trustees.

University of Central Florida

Joseph Trubacz
Interim Vice President for Finance and
Chief Financial Officer

7/15/2020
Date

OPERATING POOL I SUB-SECTION

to the

Operating Funds Supplement to the University of Central Florida Investment Policy Manual

This Sub-Section is a part of the Operating Funds Supplement to the University of Central Florida Investment Policy Manual and is intended only to complement the objectives and guidelines outlined therein. The purpose of this Sub-Section is to set forth the specific investment objectives and parameters for the management of financial assets of Operating Pool I.

Operating Pool I will be designated as cash reserves for operational expenses. In addition to compliance with the provisions of the Operating Funds Supplement to the University of Central Florida Investment Policy Manual, Operating Pool I investments must comply with the following guidelines and objectives.

I. Investment Objectives

A. Operating Pool I should be structured to provide immediate liquidity for the University's daily operating requirements. Investments shall be made subject to the University's cash flow needs in accordance with the schedule provided by the Finance and Facilities Committee and shall be subject to any revisions thereafter.

B. Investments shall be undertaken in a manner that seeks the preservation of capital and immediate liquidity in the portfolio. The objective will be to limit credit risk and interest rate risk to a level commensurate with prudent investment practices of such short-term cash reserve portfolios.

II. Guidelines

A. Authorized Investments

Pursuant to the investment powers of the Finance and Facilities Committee as set forth in the Florida Statutes and the delegation of authority granted by the University Board of Trustees, the Finance and Facilities Committee sets forth the following investment guidelines and limitations.

1. Cash & Equivalents

2. Pooled investment funds
    a. For purposes of Operating Pool I, pooled investment funds will be limited to registered 2a-7 mutual funds, CDARS, SPIA.
    b. Holdings in pooled Investment funds shall be prudently diversified based on current market conditions as well as the current level of Pool I assets. Such pooled funds should be guaranteed as to timely payment of principal and interest by the Federal Government or its Agencies. Maximum Investments shall be limited to applicable guarantee coverage amounts (if any).

III. Target Allocations

In order to provide for a diversified and liquidity focused portfolio, the Finance and Facilities Committee will employ a number of professionally managed short-term strategies to manage and administer Operating Pool I. The Finance Committee has established the following target asset allocation for Operating Pool I.

Asset Group	Target	Range	Comparison
Cash & Equivalents	100%	N/A	90 Day US T-Bills / SPIA

IV. Investment Performance Objectives

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers.

A. Total Portfolio Performance

1. The performance of Operating Pool I will be measured for rolling three (3) and five (5) year periods. The performance of the portfolio will be compared to the return of the target index comprised of the 90-day U.S. Treasury Bill. In addition, the performance of the portfolio will be compared to the return of the Special Purpose Investment Account (SPIA).

2. On an absolute basis, the objective is that Operating Pool I will provide the necessary stability and liquidity to meet the University's daily operating needs.

V. Review and Amendments

It is the Finance and Facilities Committee's intention to review this Sub-Section at least annually and to amend it to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Finance and Facilities Committee should be notified in writing.

By signing this document, the Vice President for Finance and Chief Financial Officer attests that this Sub-Section has been recommended by the Investment Consultant, reviewed by the Fund's legal counsel for compliance with applicable law, and approved by the Chairman of the Finance and Facilities Committee of the Board of Trustees.

University of Central Florida

Joseph Trubacz 7/15/2020

Interim Vice President for Finance and Chief Financial Officer Date

OPERATING POOL II SUB-SECTION

to the

Operating Funds Supplement to the University of Central Florida Investment Policy Manual

This Sub-Section is a part of the Operating Funds Supplement to the University of Central Florida Investment Policy Manual and is intended only to complement the objectives and guidelines outlined therein. The purpose of this Sub-Section is to set forth the specific investment objectives and parameters for the management of financial assets of Operating Pool II.

Operating Pool II will be designated to cover the University's medium-term requirements such as debt service for the next year. In addition to compliance with the provisions of the Operating Funds Supplement to the University of Central Florida Investment Policy Manual, Operating Pool II investments must comply with the following guidelines and objectives.

I. Investment Objectives

A. Operating Pool II should be structured to provide adequate liquidity and current income. Investments shall be made subject to the debt service cash flow needs of the University in accordance with the schedule provided by the Finance and Facilities Committee and shall be subject to any revisions thereafter.

B. Investments shall be undertaken in a manner that seeks the preservation of capital and adequate liquidity in the portfolio. The objective will be to limit credit risk and interest rate risk to a level commensurate with prudent investment practices of such debt service reserve portfolios.

II. Guidelines

A. Authorized Investments

Pursuant to the investment powers of the Finance and Facilities Committee as set forth in the Florida Statutes and the delegation of authority granted by the University Board of Trustees, the Finance and Facilities Committee sets forth the following investment guidelines and limitations.

1. Fixed Income
   a. All fixed income investments shall maintain a minimum rating of A- or higher by a major credit rating service.
   b. The weighted average quality of the fixed income portfolio shall maintain a rating of AA+ or higher.
   c. Duration of the fixed income portfolio shall not exceed the effective duration of the ICE BofAML 1-Year Treasury index by 25%.
   d. The maturity of any single security at the time of purchase shall not exceed an average effective maturity of 3 years.
   e. Operating Pool II shall maintain a dollar-weighted average effective maturity of 1 year or less.

2. Cash & Equivalents

3. Pooled investment funds

    a. For purposes of Operating Pool II, pooled investment funds may include CDARS, SPIA, mutual funds, commingled funds, and exchange-traded funds.

    b. Investments in any single pooled investment fund shall be limited to 50% of the market value of the Operating Pool II's assets.

III. Target Allocations

In order to provide for a diversified portfolio, the Finance and Facilities Committee will engage investment professionals to manage and administer Operating Pool II. Each Investment Manager retained will be responsible for the assets and allocation of their mandate only and, where applicable, will be provided an addendum to this Sub-Section with their specific performance objectives and investment evaluation criteria. The Finance and Facilities Committee has established the following target asset allocation for Operating Pool II:

Asset Group	Target	Range	Comparison
Fixed Income	**75%**	50% - 100%	ICE BofAML 1-year Treasury
Cash & Equivalents	**25%**	0%-50%	90 Day US T-Bills

The Finance and Facilities Committee will monitor the aggregate asset allocation of the portfolio and will rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, cash contributions into and withdrawals from the portfolio will be executed proportionally based on the most current market values available. The Finance and Facilities Committee does not intend to exercise short-term changes to the target allocation.

IV. Investment Performance Objectives

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers.

A. Total Portfolio Performance

1. The performance of Operating Pool II will be measured for rolling three (3) and five (5) year periods. The performance of the portfolio will be compared to the return of the target index consisting of 75% ICE BofAML 1-Year Treasury and 25% 90 Day US T-Bill index.

2. On an absolute basis, the objective is that the return of the Operating Pool II portfolio will provide liquidity and current income.

V. Review and Amendments

It is the Finance and Facilities Committee's intention to review this Sub-Section at least annually and to amend it to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Finance and Facilities Committee should be notified in writing.

By signing this document, the Vice President for Finance and Chief Financial Officer attests that this Sub-Section has been recommended by the Investment Consultant, reviewed by the Fund's legal counsel for compliance with applicable law, and approved by the Chairman of the Finance Committee of the Board of Trustees.

University of Central Florida

Joseph Trubacz
Interim Vice President for Finance and
Chief Financial Officer

7/15/2020
Date

OPERATING POOL III SUB-SECTION

to the

Operating Funds Supplement to the University of Central Florida Investment Policy Manual

This Sub-Section is a part of the Operating Funds Supplement to the University of Central Florida Investment Policy Manual and is intended only to complement the objectives and guidelines outlined therein. The purpose of this Sub-Section is to set forth the specific investment objectives and parameters for the management of financial assets of Operating Pool III.

Operating Pool III will be considered excess cash reserves that may be invested in longer term investments (up to 7 years). In addition to compliance with the provisions of the Operating Funds Supplement to the University of Central Florida Investment Policy Manual, Operating Pool III investments must comply with the following guidelines and objectives.

I. Investment Objectives

A. Operating Pool III should be structured to provide the moderate growth and a reasonable safety of principal while generating an above benchmark total rate of return. Investments shall be made subject to the University reserve needs in accordance with the schedule provided by the Finance and Facilities Committee and shall be subject to any revisions thereafter.

B. Investments shall be undertaken in a manner that seeks to balance the growth of the portfolio against the limited time horizon of Operating Pool III. Given the limited time horizon of Operating pool III, reasonable liquidity should be maintained as a primary objective.

II. Guidelines

A. Authorized Investments

Pursuant to the investment powers of the Finance and Facilities Committee as set forth in the Florida Statutes and the delegation of authority granted by the University Board of Trustees, the Finance and Facilities Committee sets forth the following investment guidelines and limitations.

1. Equity
   a. Investments in equity securities shall not exceed twenty percent (20%) of the market value of Operating Pool III's assets.

2. Fixed Income
   a. All fixed income investments shall maintain a minimum rating of A- or higher by a major credit rating service.
   b. The weighted average quality of the fixed income portfolio shall maintain a rating of AA- or higher.
   c. The duration of the fixed income portfolio shall not exceed the effective duration of the ICE BofAML 1-5 Year Government/Corporate A or Better Index by 50%.

   d. The maturity of any single security at the time of purchase shall not exceed an average effective maturity of 7 years.

3. Cash & Equivalents

4. Pooled Investment Funds

   a. For purposes of Operating Pool III, pooled investment funds may include mutual funds, commingled funds, and exchange-traded funds.

III. Target Allocations

In order to provide for a diversified portfolio, the Finance and Facilities Committee will engage investment professionals to manage and administer Operating Pool III. Each Investment Manager retained will be responsible for the assets and allocation of their mandate only and, where applicable, will be provided an addendum to this Sub-Section with their specific performance objectives and investment evaluation criteria. The Finance and Facilities Committee has established the following target asset allocation for Operating Pool III.

Asset Group	Target	Range	Comparison
Domestic Equity	**15%**	10% - 20%	S&P 500
Intermediate Fixed Income	**85%**	75% - 95%	ICE BofAML 1-5yr G/C A or Better
Cash & Equivalents	**0%**	0% - 15%	90 Day US T-Bills

The Finance and Facilities Committee will monitor the aggregate asset allocation of the portfolio, and will rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, cash contributions into and withdrawals from the portfolio will be executed proportionally based on the most current market values available. The Finance and Facilities Committee does not intend to exercise short-term changes to the target allocation.

IV. Investment Performance Objectives

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers.

A. Total Portfolio Performance

1. The performance of Operating Pool III will be measured for rolling three (3) and five (5) year periods. The performance of the portfolio will be compared to the return of the target index consisting of 15% S&P 500 and 85% ICE BofAML 1-5 Year Government/Corporate A or Better index.

2. On a relative basis, it is expected that Operating Pool III's performance will rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.

3. On an absolute basis, the objective is that the return of Operating Pool III will provide a total return that exceeds the Consumer Price Index plus 2%.

B. Equity Performance

1. The combined equity portion of the portfolio is expected to perform at a rate at least equal to the S&P 500 index.

2. On a relative basis, the equity portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.

3. Individual components of the equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum.

C. Fixed Income Performance

1. The combined fixed income portion of the portfolio is expected to perform at a rate at least equal to the ICE BofAML 1-5 Year Government/Corporate A or Better index.

2. On a relative basis, the fixed income portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.

3. Individual components of the fixed income portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum.

V. Review and Amendments

It is the Finance and Facilities Committee's intention to review this Sub-Section at least annually and to amend it to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Finance and Facilities Committee should be notified in writing.

By signing this document, the Vice President for Finance and Chief Financial Officer attests that this Sub-Section has been recommended by the Investment Consultant, reviewed by the Fund's legal counsel for compliance with applicable law, and approved by the Chairman of the Finance Committee of the Board of Trustees.

University of Central Florida

Joseph Trubacz

Interim Vice President for Finance and Chief Financial Officer

7/15/2020

Date

OPERATING POOL IV SUB-SECTION

to the

Operating Funds Supplement to the University of Central Florida Investment Policy Manual

This Sub-Section is a part of the Operating Funds Supplement to the University of Central Florida Investment Policy Manual and is intended only to complement the objectives and guidelines outlined therein. The purpose of this Sub-Section is to set forth the specific investment objectives and parameters for the management of financial assets of Operating Pool IV.

Operating Pool IV will be designated for long term investments. In addition to compliance with the provisions of the Operating Funds Supplement to the University of Central Florida Investment Policy Manual, Operating Pool IV investments must comply with the following guidelines and objectives.

I. Investment Objectives

A. Operating Pool IV should be structured to maximize the long-term growth of the portfolio while generating an above benchmark total rate of return.

B. Investments shall be undertaken in a manner that seeks to create a diversified portfolio of long-term assets without consideration for current income or pending expenditure. While reasonable liquidity should be maintained, it will be considered a secondary objective.

II. Guidelines

A. Authorized Investments

Pursuant to the investment powers of the Finance and Facilities Committee as set forth in the Florida Statutes and the delegation of authority granted by the University Board of Trustees, sets forth the following investment guidelines and limitations.

1. Equity

   a. Collective investment in equity and equivalent securities (domestic and international) shall not exceed sixty-five percent (75%) of the market value of Operating Pool IV's assets.

   b. Foreign securities shall not exceed twenty percent (20%) of the market value of Operating Pool IV's assets.

2. Fixed Income

   a. All fixed income investments shall maintain a minimum rating of "investment grade" or higher by a major credit rating service.

   b. The weighted average quality of the fixed income portfolio shall maintain a rating of "A" or higher.

   c. Duration of the fixed income portfolio shall not exceed the effective duration of the Bloomberg Barclays Aggregate Bond index by 50%.

3. Cash & Equivalents

4. Pooled Funds

    a. For purposes of Operating Pool IV, pooled investment funds may include mutual funds, commingled funds, and exchange-traded funds, limited partnerships and private equity.

III. Target Allocations

In order to provide for a diversified portfolio, the Finance and Facilities Committee will engage investment professionals to manage and administer Operating Pool IV. Each Investment Manager retained will be responsible for the assets and allocation of their mandate only and may be provided an addendum to this Sub-Section with their specific performance objectives and investment evaluation criteria. The Finance and Facilities Committee has established the following asset allocation targets for the total fund:

Asset Group	Target	Range	Comparison
Domestic Equity	**45%**	40% - 50%	S&P 500
International Equity	**15%**	10% - 20%	MSCI-ACWxUS
Alternative Assets*	**5%**	0% - 10%	TBD
Total Equity & Equivalents	***65%***	*55% - 75%*	
Broad Market Fixed Income	**30%**	25% - 35%	Bloomberg Barclays Capital Aggregate
TIPS*	**5%**	0% - 10%	Bloomberg Barclays TIPS
Total Fixed Income	***35%***	*30% - 40%*	
Cash & Equivalents	**0%**	0% - 5%	90 Day US T-Bills

*Benchmark will default to domestic equity and broad market fixed income, respectively, if these portfolios are not funded. Targets and ranges above are based on market value of total Operating Pool IV assets.

The Finance and Facilities Committee will monitor the aggregate asset allocation of the portfolio, and will rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, contributions and withdrawals from the portfolio will be executed proportionally based on the most current market values available. The Finance and Facilities Committee does not intend to exercise short-term changes to the target allocation.

IV. Investment Performance Objectives

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers.

A. Total Portfolio Performance

1. The performance of Operating Pool IV will be measured for rolling three (3) and five (5) year periods. The performance of the portfolio will be compared to the return of the target index comprised of 45% S&P 500, 15% MSCI-All Country World excluding U.S., 5% Alternative Assets, 30% Bloomberg Barclays Aggregate Bond and 5% Bloomberg Barclays TIPS Index.

2. On a relative basis, it is expected that Operating Pool IV's performance will rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.

3. On an absolute basis, the objective is that the return of Operating Pool IV will provide a total return that exceeds the Consumer Price Index plus 4.5%.

B. Equity Performance

1. The combined equity portion of the portfolio is expected to perform at a rate at least equal to a combined target index consisting of 70% S&P 500, 23% MSCI All Country World excluding U.S. Index and 7% Alternative Investments.

2. On a relative basis, the equity portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.

3. Individual components of the equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum.

C. Fixed Income Performance

1. The combined fixed income portion of the portfolio is expected to perform at a rate at least equal to a combined target index consisting of 85% Barclays Capital U.S. Aggregate Bond and 15% Barclays TIPS index.

2. On a relative basis, the fixed income portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.

D. Alternative and Other Asset Performance

1. The overall objective of the alternative and/or "other asset" portion of the portfolio, if utilized, is to reduce the overall volatility of the portfolio and enhance returns. This portion of the fund will be benchmarked as outlined in the Investment Manager addendum.

V. Review and Amendments

It is the Finance and Facilities Committee's intention to review this Sub-Section at least annually and to amend it to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Finance and Facilities Committee should be notified in writing.

By signing this document, the Vice President for Finance and Chief Financial Officer attests that this Sub-Section has been recommended by the Investment Consultant, reviewed by the Fund's legal counsel for compliance with applicable law, and approved by the Chairman of the Finance and Facilities Committee of the Board of Trustees.

University of Central Florida

Joseph Trubacz ______________________ 7/15/2020
Interim Vice President for Finance and Chief Financial Officer — Date

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.

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University of Central Florida Investment Manual

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Operating Funds Supplement
to the
University of Central Florida Investment Manual

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

|

Manager Investment Policy Addendum(s)

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%) ICE BofAML 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%) ICE BofAML 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%) Bloomberg Barclays Aggregate.

*University of Central Florida Investment Manual; 2/17/15
Amended 6/18/2020

ITEM: INFO-4

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
August 12, 2020

Title: Investments Quarterly Report Ended June 30, 2020, Including Annual Review

Background:
This item is provided to the trustees quarterly for information purposes only. The attached report provides an update on the university's investment portfolio for the quarter ended June 30, 2020 (Attachment A).

At June 30, 2020, the university had the following cash and investment balances:

Bank of America operating account	$ 63,948,065
State of Florida Special Purpose Investment Account (SPIA)	$ 219,138,660
Bank of New York Structured Investment Portfolio	$ 313,407,365
Total Cash and Investments	$ 596,494,091

The structured investment portfolio had quarterly net gains totaling $21,136,684.

Issues to be Considered:
N/A

Alternatives to Decision:
N/A

Fiscal Impact and Source of Funding:
N/A

Recommended Action:
For information only.

Authority for Board of Trustees Action:
Specific trustee request.

Committee Chair or Chair of the Board approval:
Chair Martins has approved adding this item to the agenda.

Submitted by:
Joseph Trubacz, Interim Vice President for Financial Affairs and Chief Financial Officer

Supporting Documentation:
Attachment A: UCF Investments Quarterly Report as of June 30, 2020

Facilitators/Presenters:
Joseph Trubacz, Interim Vice President for Financial Affairs and Chief Financial Officer
Danta White, Assistant Vice President and University Controller

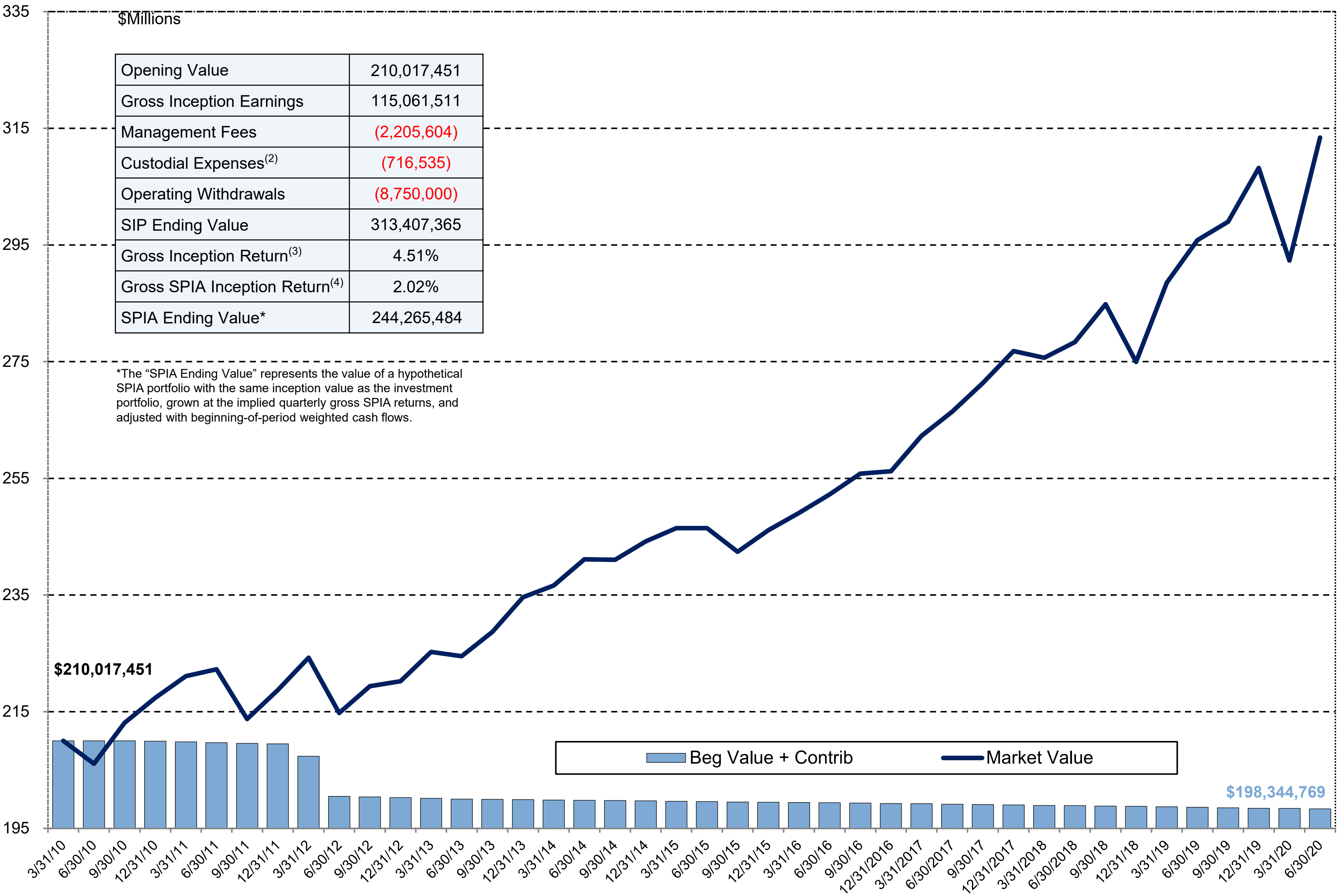
University of Central Florida
Total Operating Portfolio Summary[1]
As of June 30, 2020

Cash & Non-Investment Portfolio	12/31/2019 Reported Value	03/31/2020 Reported Value	06/30/2020 Reported Value
Bank of America	$13,251,291	$12,760,238	$63,948,065
SPIA	$245,655,156	$256,257,806	$219,138,660
Total Cash & Non-Investment Portfolio	**$258,906,447**	**$269,018,044**	**$283,086,725**

Structured Investment Portfolio (BNY)	12/31/2019 Reported Value	03/31/2020 Reported Value	*1st Quarter Gain/(Loss)*	06/30/2020 Reported Value	*2nd Quarter Gain/(Loss)*	*Inception Gain/(Loss)[2]*
Pool I	**$0**	**$0**	***$0***	**$0**	***$0***	***$85,789***
Pool II	**$53,442,937**	**$53,689,498**	***$250,391***	**$54,456,127**	***$784,144***	***$4,865,866***
Fixed Income (Pool III)[3]	$120,753,795	$125,051,644	*$2,317,745*	$127,689,874	*$2,674,472*	*$25,362,662*
Domestic Equity (Pool III)	$24,221,345	$17,938,490	*($4,282,856)*	$21,623,997	*$3,685,507*	*$22,226,525*
Total Pool III	**$144,975,141**	**$142,990,134**	***($1,965,111)***	**$149,313,871**	***$6,359,979***	***$47,589,226***
Fixed Income (Pool IV)[4]	$35,874,676	$38,228,900	*$362,093*	$40,126,838	*$1,916,575*	*$12,293,087*
Domestic Equity (Pool IV)	$57,745,076	$44,892,548	*($10,852,527)*	$54,115,834	*$9,223,285*	*$44,492,638*
International Equity (Pool IV)	$16,171,119	$12,541,995	*($3,629,124)*	$15,394,696	*$2,852,701*	*$5,734,902*
Total Pool IV	**$109,790,870**	**$95,663,444**	***($14,119,558)***	**$109,637,367**	***$13,992,561***	***$62,520,630***
Total Structured Investment Portfolio	**$308,208,949**	**$292,343,076**	***($15,834,279)***	**$313,407,365**	***$21,136,684***	***$115,061,511***

Total Operating Portfolio	**$567,115,396**	**$561,361,120**	**$596,494,091**	**Total Equity Allocation**	**15.28%**

portfolio gain/(loss) data is presented gross of management fees and portfolio expenses but net of physical cash flows.
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 $10,812 cash balance held in the Pool III mutual fund account.
4. Pool IV's fixed Income market value includes the $15,382 cash balance held in the Pool IV mutual fund account.



Opening Value	210,017,451
Gross Inception Earnings	115,061,511
Management Fees	(2,205,604)
Custodial Expenses[2]	(716,535)
Operating Withdrawals	(8,750,000)
SIP Ending Value	313,407,365
Gross Inception Return[3]	4.51%
Gross SPIA Inception Return[4]	2.02%
SPIA Ending Value*	244,265,484

*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.

$313,407,365

Quarterly Gross Info

Earnings: $21,136,684

Return: 7.23%

SPIA: 0.71%

FYTD Returns

Gross: 6.04%

Net: 5.97%

contributions include cash flows associated with management fees, portfolio expenses and physical cash flows
odial expense figure is reduced by commission recapture income received
3. Annualized performance number. Net of management fees inception earnings = $112,855,907. Net inception return = 4.42%
4. The gross SPIA inception return corresponds with the 3/31/10 inception of UCF's investment portfolio. Net inception SPIA return = 1.90%

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 year 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 Income:	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 Income:	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.

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	

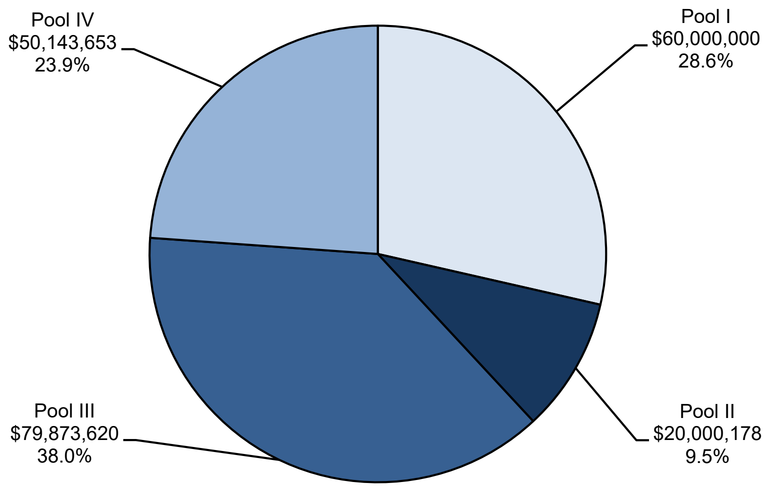
Pool II	$54,456,127	Current Allocation
Short-Term Fixed Income	**$54,456,127**	**100.0%**
Galliard Capital Management	$54,456,127	

Pool III	$149,313,871	Current Allocation
Intermediate Fixed Income (85%)	**$127,689,874**	**85.5%**
Galliard Capital Management(1)	$69,714,593	
Sawgrass Asset Management	$57,975,282	
Domestic Equity (15%)	**$21,623,997**	**14.5%**
Vanguard Institutional Index	$21,623,997	

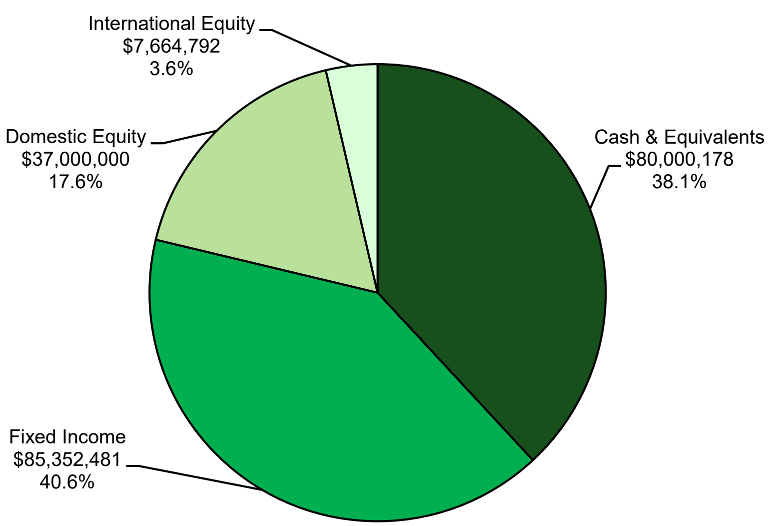
Pool IV	$109,637,368	Current Allocation
Broad Market Fixed Income (35%)	**$40,126,838**	**36.6%**
Galliard Capital Management(2)	$24,463,301	
Dodge & Cox Income	$15,663,537	
Domestic Equity (50%)	**$54,115,834**	**49.4%**
Vanguard Institutional Index	$54,115,834	
International Equity (15%)	**$15,394,696**	**14.0%**
Europacific Growth	$15,394,696	

III's Galliard Asset Management's market value includes the $10,812.01 cash balance held in the Pool III mutual fund account.
IV's Galliard market value includes the $15,381.66 cash balance held in the Pool IV mutual fund account.

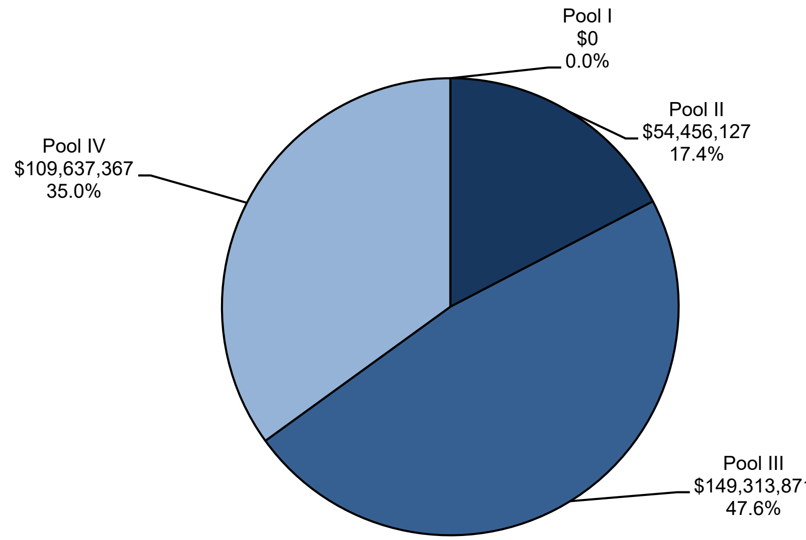
3/31/2010: $210,017,451
Pool Allocation



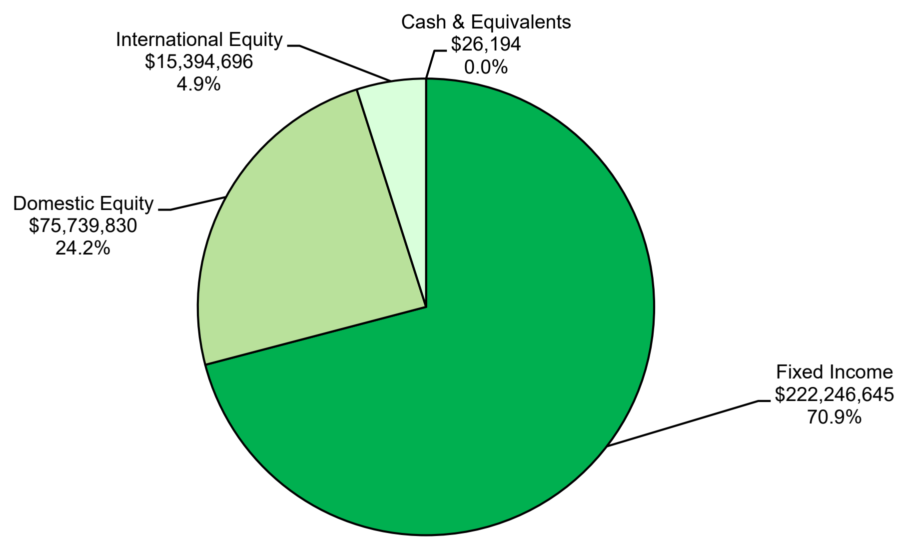
Asset Allocation



03/31/2020: $313,407,365
Pool Allocation



Asset Allocation



As of 6/30/2020	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Date
Total Fund (Net)	7.21	5.97	5.97	5.59	4.95	4.42	4/1/2010
Pool II							
Galliard Capital Management	1.29	2.96	2.96	2.39	1.76	1.29	4/1/2010
75% BofA ML 1Yr Treasury Note + 25% BB Barclays 3M Treas Index.	-0.01	2.55	2.55	2.13	1.45	-0.01	
Pool III							
Galliard Capital Management	2.65	5.54	5.54	3.72	2.88	2.54	4/1/2010
BofA ML 1-5Yr Govt/Corp A Rated & Above	1.03	5.33	5.33	3.38	2.50	2.19	
Sawgrass Asset Management	1.49	5.37	5.37	3.50	2.67	2.35	4/1/2010
BofA ML 1-5Yr Govt/Corp A Rated & Above	1.03	5.33	5.33	3.38	2.50	2.19	
Pool IV							
EuroPacific Growth Fund	22.75	3.15	3.15	4.75	4.85	5.89	4/1/2010
MSCI AC World ex USA	16.30	-4.39	-4.39	1.61	2.74	3.98	
Galliard Capital Management	4.36	9.16	9.16	5.72	4.77	4.55	4/1/2010
Bloomberg Barclays Aggregate	2.90	8.74	8.74	5.32	4.30	4.08	
Dodge & Cox Income	5.98	8.35	8.35	5.37	4.74	4.23	11/1/2014
Bloomberg Barclays Aggregate	2.90	8.74	8.74	5.32	4.30	3.92	

1. F[illegible] presented net of management fees
2. F[illegible] periods greater than one year are annualized
3. Returns are expressed as percentages
4. The portfolio's target passive exposure to the S&P 500 in Pool III (15%) and Pool IV (50%) are not displayed but are included in the total fund's performance data.

	Pool II		Pool III			Pool IV		
	% of Galliard	% of Benchmark[1]	% of Galliard	% of Sawgrass	% of Benchmark[2]	% of Galliard	% of Dodge & Cox	% of Benchmark[3]
Sector Distribution								
U.S. Government/Agency Debentures	34.9%	100.0%	18.1%	56.1%	75.4%	6.3%	7.7%	38.4%
Other U.S. Government	4.3%	0.0%	13.4%	0.0%	0.0%	12.9%	5.7%	1.1%
Taxable Municipal	12.0%	0.0%	7.2%	0.0%	0.0%	13.3%	0.0%	1.3%
Corporates	19.6%	0.0%	28.6%	43.1%	16.4%	30.5%	45.5%	27.3%
Asset Backed Securities (ABS)	28.3%	0.0%	11.9%	0.0%	0.0%	4.0%	6.2%	0.4%
Commercial Mortgage Backed Securities (CMBS)	0.5%	0.0%	4.2%	0.0%	0.0%	5.4%	0.7%	1.3%
Mortgage Backed Securities (MBS)	0.0%	0.0%	15.8%	0.0%	0.0%	24.5%	30.5%	26.9%
Sovereign / Supranationals	0.0%	0.0%	0.0%	0.0%	8.3%	0.0%	0.0%	3.4%
Cash / Equivalents	0.5%	0.0%	0.8%	0.8%	0.0%	3.1%	3.7%	0.0%
Quality Distribution								
AAA	72.0%	100.0%	67.0%	57.9%	80.7%	59.4%	41.2%	69.9%
AA	8.2%	0.0%	8.5%	15.7%	4.5%	11.5%	5.8%	3.5%
A	18.4%	0.0%	22.1%	26.4%	14.8%	15.2%	11.6%	12.4%
BBB	1.4%	0.0%	2.2%	0.0%	0.0%	13.8%	27.5%	14.3%
< BBB	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%	10.2%	0.0%
NR/NA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%	0.0%
Maturity Distribution								
0-1 yrs	64.3%	100.0%	10.7%	14.2%	0.1%	5.2%	4.8%	0.4%
1-3 yrs	35.7%	0.0%	47.0%	34.8%	59.9%	14.1%	17.7%	24.3%
3-5 yrs	0.0%	0.0%	30.2%	44.2%	40.0%	38.1%	24.4%	33.0%
5-10 yrs	0.0%	0.0%	12.1%	6.8%	0.0%	22.2%	28.2%	23.0%
10+ yrs	0.0%	0.0%	0.0%	0.0%	0.0%	20.4%	25.0%	19.3%
Portfolio Characteritics								
Weighted Average Quality	AA+	AAA	AA+	AA-	AA	AA	A	AA
Effective Maturity	0.8 years	0.7 years	3.0 years	3.1 years	2.8 years	7.5 years	9.2 years	8.0 years
Effective Duration	0.8 years	0.7 years	2.6 years	2.6 years	2.7 years	5.8 years	5.0 years	6.0 years
Top 5 Holdings (Credit Issues)								
Bond 1	Capital One Prime Auto Receivables Trust 1.02%	US Treasury 100%	FNCI 15-YR 2.00 UMBS TBA 1.11%	UNITED STATES TREAS NTS 2.5 05/15/2024 11.75%	JPMorgan Chase 0.67%	FGLMC 30-YR 3.50 2015 FGLMC POOL Q35734 1.09%	U.S. Treasury Note/Bond 0.125% 05/31/2022	FACL 3 2019 0.86%
Bond 2	Honda Auto Receivables 2020-1 Owner Trust 1.00%		FN 3.02 2019 MULTIFAMILY POOL BM6009 1.09%	UNITED STATES TREAS NTS 1.625 10/31/2023 11.14%	Bank of America 0.61%	FNCL 30-YR 4.50 2018 UMBS POOL BK7939 1.09%	U.S. Treasury Note/Bond 0.375% 03/31/2022	FACL 3 2016 0.74%
Bond 3	Toyota Auto Receivables 2020-A Owner Trust 1.00%		FNCI 15-YR 2.00 UMBS TBA 0.89%	UNITED STATES TREAS NTS 2.75 05/31/2023 11.05%	Goldman Sachs 0.48%	FNCL 30-YR 2.50 UMBS TBA 1.05%	Fannie Mae Pool 2.00% 08/01/2050	FRCL 3 2019 0.69%
Bond 4	Hyundai Auto Receivables Trust 2020-A 0.81%		FNCI 15-YR 3.00 2020 UMBS POOL QN1349 0.83%	UNITED STATES TREAS NTS 2.75 02/28/2025 8.44%	Wells Fargo 0.40%	FGLMC 30-YR 3.50 2015 FGLMC POOL Q32021 0.95%	U.S. Treasury Inflation Indexed 0.125% 04/15/2022	G2SF 3 2019 MULTI 0.65%
Bond 5	Ford Credit Auto Owner Trust 2020-B 0.78%		FN 3.40 2019 MULTIFAMILY POOL BM6008 0.80%	UNITED STATES TREAS NTS 1.625 02/15/2026 2.78%	Morgan Stanley 0.37%	FNCL 30-YR 3.00 2019 UMBS POOL QA5182 0.92%	Imperial Brands PLC 4.25% 07/21/2025	G2SF 3 2016 MULTI 0.62%

1. 7[illegible]ofA Merrill Lynch 1 Year US Treasury Index, 25% Bloomberg Barclays 3-Month Treasury Bill Index
2. B[illegible] Lynch 1-5 Year US Corp & Govt Index A Rated & Above
3. Barclays U.S. Aggregate Bond Index

▪ The basic strategy/logic behind the portfolio's current positioning

– **Galliard:** Galliard's investment strategy is designed to generate income while providing safety of principal. As bottom-up, value-driven fundamental investors, we believe in the power of a realizable yield advantage to drive consistent outperformance over a full market cycle relative to the stated benchmark. The Galliard University of Central Florida portfolios (Pools II, III, IV) continue to emphasize non-U.S. Treasury securities through a diversified allocation to high quality spread sectors. Within the corporate sector, our focus remains on best of breed, stable corporate issuers with industry-leading market positions and ample financial flexibility. We also favor an allocation to high quality consumer asset-backed securities, including auto loans/leases, equipment leases and credit card receivables. Additionally, we continue to find opportunities in under-followed sectors such as taxable municipals, Small Business Administration and Agency multifamily securitizations, as well as lesser known government-guaranteed debt programs such as Export-Import Bank and Overseas Private Investment Corporation. At a macro level, we are keeping each of the UCF portfolios' duration positioning neutral versus benchmarks. We continue to stress high quality, diversification and liquidity within portfolios as cheap insurance against market volatility.

– **Sawgrass:** Given the current environment, we believe the portfolio has been constructed to outperform the benchmark while remaining high quality with a focus on risk. Given the uncertain economic outlook, the UCF portfolio currently has a neutral duration position. The Federal Reserve has stated that they intend to keep front-end rates low and we do not see a substantial rise in interest rates. Given a stable rate environment, callable Federal Agency bonds can provide incremental yield pickup. The portfolio is currently overweight corporate bonds. The Federal Reserve has begun programs to purchase short-maturity, investment grade corporate bonds. We believe that these programs will support prices and, along with focusing on high quality issuers, can provide additional total return opportunities.

▪ What you view as the greatest near-term risk for the portfolio?

– **Galliard**: From a relative to benchmark performance perspective, the greatest near-term risk would be another turn in the economic cycle that derails the fragile, emerging recovery, and results in renewed flight-to-quality and market stress. In this environment, as we saw in late March, we would expect U.S. Treasuries to outperform spread sectors and sourcing liquidity to be challenging. Our portfolios typically underperform benchmarks under these circumstances. Galliard portfolios balance the risk from our underweight to U.S. Treasuries (and the corresponding overweight to non-Treasury spread sectors) through an emphasis on diversification, defensive issue selection within credit sectors, and a significant weighting to government-backed spread sectors historically proven to provide significant downside protection in "risk-off" markets. In addition, portfolios consistently maintain a meaningful allocation to U.S. Treasuries and Agency RMBS pass-throughs for liquidity. Shorter portfolios (Pools II and III) hold relatively more Treasuries and Pool IV holds relatively more Agency MBS pass-throughs.

From an absolute return perspective, the greatest near-term risks continue to be general market volatility (driven by current economic conditions, geopolitical tensions, and/or uncertainties surrounding the COVID19 pandemic or other exogenous shock) and low interest rates. With the expectation that interest rates will remain low for the foreseeable future, reinvestment at lower rates will impact future income and total return potential, which is challenging for investors. In light of this and the potential for further volatility, Galliard is maintaining broad portfolio diversification, emphasizing our disciplined underwriting process, and exercising patience and caution on our allocation decisions.

– **Sawgrass:** The overweight corporate bond position provides the biggest near-term risk. If there is another shock to the economy, similar to what was seen in Q1, there is potential for these bonds to underperform. However, we believe both the Federal Reserve purchase programs and our focus on high-quality issuers, serve to lower this risk and any underperformance will be temporary.

What you view as the greatest long-term opportunity for the portfolio?

– **Galliard:** We believe that our philosophy of employing a strategic overweight to spread sectors combined with rigorous security analysis/issue selection within these sectors represents a key value proposition for client portfolios. Our goal is to construct portfolios to consistently out-yield the benchmark, and over time our portfolios have historically realized that yield advantage in terms of total return outperformance vs. their respective benchmarks. Importantly, our focus on high quality, defensive sectors and issuers – and our commitment to broad diversification – are designed to provide downside protection through the economic/credit cycle. Furthermore, our continued emphasis on under-followed, less efficient sectors such as taxable municipals, lesser known government-guaranteed agency debt such as Export-Import Bank, Small Business Administration, Overseas Private Investment Corporation and Agency multifamily securitizations will continue to present long-term opportunities for the UCF portfolios.

– **Sawgrass:** Corporate bonds would also represent the greatest long-term opportunity for the portfolios. After the significant spread widening in the first quarter, we selectively added at more attractive levels. Although spreads have tightened substantially from their peak, they are mostly still higher from where they were earlier in the year and have further room to outperform.

ITEM: INFO-5

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
August 12, 2020

Title: Contract Prepayment Guidelines

Background:
On December 11, 2019, during the discussion of amendment #4 to the Huron Master Services Agreement, trustees expressed concern that 80 percent of the initial contract had been prepaid. Staff explained that this was done to receive a 20 percent discount on the contracted price and that the university had an extensive history with Huron demonstrating their ability to provide quality work; further, this was approved by the project's steering committee and the University Budget Committee.

Then-trustee Garvy requested, and Chair Martins agreed, that a discussion of prepayment for services be brought to a future committee meeting. Accordingly, the Division of Finance has updated its policy for advance payments and is bringing it to the committee for discussion.

Issues to be Considered:
Requesting departments must document that the benefits of contract prepayment outweigh the risks. Advance payments are a common business practice and are required by certain suppliers for a variety of reasons; however, the risk that the vendor will not provide the agreed-upon goods or services at an acceptable standard of quality and timeliness must be considered prior to any prepayments.

Alternatives to Decision:
N/A

Fiscal Impact and Source of Funding:
Advance payment of certain contracts will accelerate the timing of expenditures. The university's PeopleSoft financial system will prevent payments where the department does not have adequate budget for the expense.

Recommended Action:
For information only.

Authority for Board of Trustees Action:
Specific trustee request.

Contract Reviewed/Approved by General Counsel:
N/A

Committee Chair or Chair of the Board approval:
Chair Martins has approved adding this item to the agenda.

Submitted by:
Joseph Trubacz, Interim Vice President for Finance and Chief Financial Officer

Supporting Documentation:
Attachment A: Division of Finance Policy on Advance Payments

Facilitators/Presenters:
Joseph Trubacz, Interim Vice President for Finance and Chief Operating Officer
Joel Levenson, Assistant Vice President for Tax, Payables, and Procurement

University of Central Florida
Division of Finance
Procedures Document

Purpose of Procedure:	Documentation of advance payment authorizations
Who Processes:	Disbursements (Vendors Payable & PCard) staff
How often:	As needed
What is Processed:	Invoices requiring a payment prior to receiving goods or services
Where are the results distributed:	PeopleSoft Financials
Date:	09/01/2017; Revised 05-19-2020
Author:	Joel Levenson, AVP for Tax, Payables, Procurement

Summary:
This documents the university's procedures for advanced vendor payments.

Background Information:
Although section 215.422(14), Florida Statutes, and Florida Administrative Code Rule 69I-40.120(3) concerning advance payments made by other state agencies do not apply to the Florida public universities, it is best practice to document the university's position and procedures for approving certain advance payments when the benefits outweigh the risks. Advance payments are a common business practice and are required by certain suppliers for a variety of reasons; however, the risk that the vendor will not provide the agreed-upon goods or services at acceptable standards of quality and timeliness must be considered prior to any prepayments.

Examples of items and services that may require advance payments include:

- operating capital for a specialized piece of equipment
- catering
- license agreements including, but not limited to, software approved through UCFIT
- monthly rent or lease payments

The following are examples of items and services that are qualified for automatic prepayment approval:

1) a continuous need for the maintenance or service of a research project
2) a mission-critical need of the department
3) customized equipment or furnishings
4) other (justification provided by the requesting department)

The following are examples of goods and services that are strictly prohibited from advance payments:

1) professional services, including but not limited to, consulting, accounting, and legal services.
2) internal UCF charges, other than monthly contracts. Example:
   Department X receives an invoice in April for May's copier lease. Payment for the copier lease in April for May is allowable. Payment for next fiscal year's anticipated copier invoices is prohibited.
3) Any expenditure with the intent to expend current year operating budget prior to fiscal year close.

Procedures:

I. Review of payment terms

   A. The Division of Finance (Finance) will review the prepayment during the vouchering process to ensure the payment meets the prepayment terms. Examples of allowable prepayment terms are provided below.
   B. Non-research project invoices which include payment terms requiring a payment prior to the requesting department receiving the requested goods or services, will be automatically approved for an advanced payment by Finance **if the prepayment terms are documented on the invoice, or other agreement between the university and the payee. The advance payments must meet the criteria listed, above.**
   C. For research projects requesting an advance payment, Finance will consider the prepayment approved after review and approval by the Office of Research.

II. The disbursement staff processor is required to document the prepayment, if the payment meets both of criteria A and B, below. The documentation of the prepayment is an excel file titled, "Advance Multi-Year Payments" located on the Finance T:drive and is available for review by General Accounting.

   A. The prepayment is for a term of service, or for goods expected to be received after a fiscal year end in which the payment occurs.
   B. The payment is for $5,000 or more.

III. Any exceptions to this procedure must be approved in writing in advance of the purchase by the Assistant Vice President for Tax, Payables, and Procurement.

Examples of allowable prepayment terms:

BACKSTAGE EQUIPMENT, INC.
8052 Lankershim Bl.
North Hollywood, CA 91605

Sales Order

Tel: (818) 504-6026
Fax: (818) 504-6180

Customer No.: UCF
Order No.: 26725

Bill To: **University Of Central Florida**
12405 Aquarius Agora Drive
Bldg 75, NSC 157 Film
Orlando, FL 32816

Ship To: **University Of Central Florida**
12405 Aquarius Agora Drive
Bldg 75, NSC 157 Film
Orlando, FL 32816

Date	Ship Via	F.O.B.	Terms
05/25/17	Pilot Freight	Origin	-Prepaid-

Purchase Order Number	Required Date	Sales Person	Our Order Number
Verbal	06/15/17	Zulema Flores	26725

Quantity Req	Shipped	B.O.	Item Number	Description	Serial Number	Unit Price	Amount
1			G-02	Super Duz-All Cart Dims. L63" x W29" x H68" 324 lbs.		$1,995.00	$1,995.00
1			E-15	Stinger Cart (Complete) L16" x W26" x H38" 79 lbs		$495.00	$495.00
1			GE-13	C-Stand/Hi-Roller Utility Cart Dims. L36" x W26" x H60" 100 lbs.		$995.00	$995.00
1			E-01	Electrician's Cart Dims. L61" x W29" x H64" 255 lbs.		$1,575.00	$1,575.00
6			B-03	Milk Crate w/ Ring		$20.00	$120.00
4			B-05	School Crate		$20.00	$80.00
6			B-04	Milk Crate Liner-Metal Dims. L19" x W13" x H11" 4 lbs.		$10.50	$63.00
4			B-06	School Crate Liner L17 3/4" x W11 3/4" x H4 7/8		$10.00	$40.00
1			PACK	Packing Charge 5% charge of the net price		$268.15	$268.15
				John Bowen (407) 823-3803 Jonathan.bowen@ucf.edu			

Order subtotal	$5,631.15
Freight charges	$931.48
Order total	$6,562.63

CITRUS CLUB
A Member of the ClubCorp Family

PRIVATE EVENT AGREEMENT

EVENT:	UCF
DATE OF EVENT:	August 03, 2017

ROOM	TIME IN	TIME OUT	ROOM FEE
Hamlin	08/03/2017 06:00 pm	08/03/2017 09:00 pm	$0.00

ESTIMATED ATTENDEES:	35	FOOD AND BEVERAGE MINIMUM:	$1,500.00
ESTIMATED COST:	$1,948.95	NONREFUNDABLE DEPOSIT:	$1,000.00
MEMBER/CLIENT:	UCF Executive Developement Center		
PHONE:	(407) 235-3914	EMAIL:	rwagoner@bus.ucf.edu
CLIENT REP:	Becky Wagoner		
PHONE:	(407) 235-3914	EMAIL:	rwagoner@bus.ucf.edu

This Agreement is not binding upon the Club unless it is signed by both parties and any deposit paid by: 02/28/2017

This Private Event Agreement (this "Agreement") is between Citrus Club, Inc. ("Club"), located at 255 South Orange Ave, Orlando, FL, 32801-3481 and UCF Executive Developement Center ("Member/Client").

Member/Client has requested that Club reserve a portion of Club's facilities for an event, party, banquet, or function (the "Event"). Member/Client has selected the arrangement summarized above, which will be more specifically described on Exhibit "A" to be attached hereto (the "Banquet Event Order"). Member/Client understands and agrees that the following are express terms and conditions applicable to the Event:

1. **Payment Schedule**. At the time of execution of this Agreement by both parties, Member/Client shall pay to Club a nonrefundable deposit of $1,000.00 to secure the Event. This nonrefundable deposit will be applied to the total cost of the Event. No later than 06/04/2017 (or, if blank, 60 days prior to the Event), Member/Client will pay an additional deposit equal to 50% of the estimated cost for the Event set forth above (the "Estimated Cost"). The remaining 50%, less the nonrefundable deposit, is due no later than 07/27/2017 (or, if blank, 7 days prior to the Event). In the event of an overpayment, the Club shall issue a refund check to Member/Client for the difference within 20 days after the Event. Any outstanding amounts and any additional charges incurred with respect to the Event will be charged to Member/Client's authorized credit card. If any payment is not made when due, the Club may, at its option, deem the Event canceled, in which case cancellation charges will apply.

ITEM: INFO-6

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
August 12, 2020

Title: Potential Opportunity for UCF Research Foundation to establish a Geospace Research Program, with Employees and Site in California

Background:

SRI International (SRI), a nonprofit California corporation founded by Stanford University in 1946, operates a Center for Geospace Studies, reported as a worldwide leader in several research fields related to the broad subject of space physics. The Geospace group has a diverse pool of scientists who have played a pivotal role in the Space Science academic community, both nationally and internationally. Certain strategic business decisions by SRI are reported to have led to the potential opportunity for transfer of some or all of the Geospace researchers, and their sponsored research, to UCF, via the UCF Research Foundation.

The Geospace researchers focus on advanced fundamental physics related to the near-Earth environment, heliosphere, and space plasmas; discover the evolution, dynamics, and coupling mechanisms in the upper atmosphere, magnetosphere, solar and interplanetary space, develop ground and space based sensor and deploy them for basic scientific research. Similar to UCF's operation of the Arecibo Observatory (and in fact, SRI previously operated the Arecibo Observatory), they operate a parabolic dish radar in Sondrestrom, Greenland, and advanced modular incoherent scatter radars in Alaska and the Canadian Arctic, in addition to providing information technology and communications support to the entire Arctic as a team member in the NSF Arctic Research Support and Logistics Services program. Each of these would potentially transfer to the UCF Research Foundation to complement and further enhance the mission of UCF's Florida Space Institute (FSI) to grow UCF space research.

UCF's FSI seeks to essentially transfer the Geospace program, to include scientists and research awards, to UCF, to enable FSI to expand the scientific work of the group in an academic environment and begin to establish leadership in Geospace research both national and internationally focusing on solving critical scientific problems, particularly in areas with immediate and consequential societal impact. The Geospace researchers are reported to have expertise in teaching both the basics and applications of space physics, advising undergraduate and graduate student projects, and developing comprehensive curricula involving theoretical and practical training for students at all levels.

Issues to be Considered:

Although interested in UCF because of the synergies briefly discussed, many of the Geospace researchers are not willing to relocate from California, and for an employer to have employees in California, at minimum, registration to do business is legally required. Complexities suggest operating such activity through the UCF Research Foundation is preferred. Please refer to Attachment A – threshold issues currently identified.

Approval is being sought today via the Educational Programs Committee, as a preliminary approval for the UCF Research Foundation to potentially register to do business in California, pending successful navigation of the threshold issues. That is, no filings for registration will result but the preliminary approval will support the dedication of resources to fully investigate and create detailed proposals for mitigation and management of the threshold issues. Thereafter, the matter will be brought back to this Committee and the Board for more specific consideration and approval to move forward.

Alternatives to Decision:
Denial of the preliminary approval, which will likely result in an abandonment of the efforts to transfer the Geospace researchers.

Fiscal Impact and Source of Funding:

Committed preliminary obligations include a six-month consulting services contract with ARES Corporation, supporting certain activities of a former SRI Geospace director, in the amount of $223,566.72. An FSI department account is being used to cover these costs, with the Vice President for Research having granted approval for pre-spending against at least one of the sponsored projects that is potentially to be transferred. In the event the transfers do not proceed, the Office of Research and FSI will sponsor and share those costs accordingly.

Pending further investigation into the threshold issues, additional costs, such as, for example, those associated with engaging California legal counsel and a Professional Employer Organization to outsource the UCF Research Foundation human resource services for the California employees, and with leasing space and implementing appropriate infrastructure to support compliance with California data privacy laws and the like, are anticipated to be recoverable from related sponsored research overhead, including transfers from SRI to UCF Research Foundation, and new sponsored projects anticipated to be awarded to the UCF Research Foundation via the new Geospace program. As with the ARES contract, any other expenses accrued prior to such earned overhead being recovered will be sponsored and shared by the Office of Research and FSI accordingly. Further investigation into the threshold issues will enable provision of more detailed analysis of fiscal impact.

Recommended Action:
For information only.

Authority for Board of Trustees Action:
Board of Governors' Regulation 1.001
Board of Governors' Regulation 9.011
Board of Governors' Regulation 10.002

Contract Reviewed/Approved by General Counsel:
N/A

Committee Chair or Chair of the Board approval:
Chair Martins has approved adding this item to the agenda.

Submitted by:
Elizabeth A. Klonoff, Ph.D., ABPP, Vice President for Research and Dean of the College of Graduate Studies

Supporting Documentation:
Attachment A: Threshold Issues to be Considered
Attachment B: Center for Geospace Studies: A Path Forward Proposal
Attachment C: ARES Corporation Consulting Services Agreement

Facilitators/Presenters:
Elizabeth A. Klonoff, Ph.D., ABPP, Vice President for Research and Dean of the College of Graduate Studies
Sandra Sovinski, Deputy General Counsel for Research

Threshold Issues to be Considered

Currently Identified Threshold Issues related to the Potential Opportunity for UCF Research Foundation to establish a Geospace Research Program, with Employees and Site in California:

1. Identification of all information necessary for seeking Florida Board of Governors' approval for establishment of special purpose center apart from the main campus, as applicable pursuant to BOG regulation 8.009.
2. Confirmation of no applicable SRI agreements with restrictive covenants (non-competes)*
3. Tax implications of operating in California*
4. California Board of Education obligations *
5. California employment law/privacy law compliance obligations*
    a. Infrastructure/operational needs
    b. Ensuring coincident compliance with Florida law
6. Suitable research/office space in California
7. Terms and obligations of current sponsored projects, if transferred
8. Pending sponsored project proposals
9. Necessary rights to SRI intellectual property and confidential information, for continued research

*Indicates Threshold Issues that will require California counsel

Center for Geospace Studies
A Path Forward

Mission statement

The Center for Geospace Studies (CGS) mission is to:

advance fundamental physics related to the near-Earth environment, heliosphere, and space plasmas; discover the evolution, dynamics, and coupling mechanisms in the upper atmosphere, magnetosphere, solar and interplanetary space; develop ground- and space-based sensors and deploy them for basic scientific research as well as environmental monitoring and situational awareness; create physics-based and computational models for improved understanding of plasma physics as well as operational forecasting.

Background

The Center for Geospace Studies (CGS) has a long standing reputation as a worldwide leader in several research fields related to the broad subject of space physics. CGS scientists share a diverse pool of expertise to study the earth's plasma environment that includes the mesosphere, thermosphere, ionosphere, and magnetosphere. CGS has played a pivotal role in the Space Science academic community, both nationally and internationally, and a number of leading US academics, as well as key members of international communities, are CGS alumni.

CGS has built and operated incoherent-scatter radar facilities for research since the early seventies, and has designed, built and operated state-of-the-art phased array incoherent-scatter radars since the early 2000s. CGS also has a longstanding heritage of ground-based and satellite optical and radio instrument development. Multiple instruments developed by CGS have been flown in large and small satellites.

CGS has an established reputation in data analysis research of ionospheric physics and magnetosphere-ionosphere coupling physics. Members of CGS are recognized experts in Big Data analysis techniques and applications and play leading roles in the geospace community in open data access, application of machine learning, and cyberinfrastructure development.

Beyond the broad range of expertise in Space Physics research, CGS brings a culture of effective multi-disciplinary collaboration that is critical for the advancement of cutting-edge projects.

Research Assets

The CGS (and precursor Radio Physics Laboratory), has maintained research expertise in the space physics community by building and developing new measurement tools, operating large national observatories, refining supportive optical and RF instruments, developing physics-based models for interpreting state variables, and exploiting opportunities for space payload fabrication, flight, and analysis. Some of these research achievements and current capabilities are listed below.

Ground-based Instruments

Incoherent Scatter Radars (ISRs)

Chatanika and Sondrestrom Incoherent Scatter Radar:

The L-band single parabolic dish radar made crucial auroral region measurements in Chatanika, Alaska, before being moved to Sondrestrom, Greenland, where it operated for over three decades under a cooperative agreement with the NSF. CGS teams successfully developed this first movable ISR, and operated it in harsh remote locations. Measurements obtained with this radar in both Alaska and Greenland are responsible for developing critical understanding of space plasmas, and the measurements techniques and systems developed were instrumental for future ISR operations.

Advanced Modular Incoherent Scatter Radar (AMISR):

Building upon experience with the Sondrestrom ISR, CGS developed and built the world's first phased array incoherent scatter radar, which is known as AMISR. Under cooperative agreement with the NSF, CGS built, operates, and maintains two AMISRs. The Poker Flat Incoherent Scatter Radar (PFISR) is located at the Poker Flat Research Range (PFRR) in Alaska and has been performing science operations nearly continuously since March 2007 with greater than 90% uptime. PFISR is co-located with many other scientific instruments, including cameras, lidars, and magnetometers and is often used to support NASA sounding rocket campaigns launching from PFRR. The continuous operations capability of PFISR has captured dynamics that would otherwise have been missed with a campaign only operation schedule, including storm time onset dynamics. The North face Resolute Bay Incoherent Scatter Radar (RISR-N) is located in the Canadian Arctic at Resolute Bay, Nunavut. RISR-N has been in operation since 2008, performing campaign-style experiments throughout the year, until 2019 when semi-continuous operations were trialed. RISR-N is the only ISR in the world located deep in the polar cap, providing unique and critical specification of the polar cap ionosphere for studies of upflow and outflow, convection, patches, ion-neutral coupling, and polar cap arcs.

Arecibo Observatory

CGS has a substantial history in the operation of the Arecibo Observatory including providing all the staff of the Space and Atmospheric Physics Section (SAS). SAS maintained and operated the Incoherent Scatter Radar, commissioned and operated the Arecibo Ionospheric Modification Facility (Heater), operated the Observatory-based LIDAR and optical facility, and established the Remote Optical Facility (ROF) on Culebra. The combination of the extreme sensitivity of the incoherent scatter radar and the local heater facility is unique in the World and supports fundamental plasma physics research while the incoherent scatter radar itself is also a key contributor to geospace science and system science.

Optical camera networks

CGS scientists have developed and deployed a large network of all-sky cameras measuring ionospheric airglow between 200-350 km, known as the MANGO (Midlatitude Allsky-imaging Network for GeoSpace Observations) network. These science-grade cameras were developed using off-the-shelf components at a fraction of the cost of traditional scientific all-sky cameras. The camera and enclosure systems were designed to be stand-alone, autonomous, and requiring minimal maintenance. Based on the successful operation of MANGO, NSF awarded the new Distributed Array of Small Instruments (DASI) grant to CGS to create a similar network of cameras measuring thermospheric airglow at 100km altitude.

Space-based sensors

FUV photometer

A far UV photometer measuring the atomic oxygen at 135.6-nm, the CubeSat Tiny Ionospheric Photometer (CTIP) was developed and flown on the USAF SENSE operational mission. It will also be flown in FY 2021 in a rotating tomographic geometry for the NSF IT-SPINS mission. A two-channel narrow-band variant of CTIP, capable of boresighted atomic oxygen and molecular nitrogen measurements, was recently developed with NASA Heliophysics support and is currently proposed for dayside O/N2 assessment on both a CubeSat mission (UAF) as well as a MidEx mission (GSFC). This new FUV photometer was the primary instrument on a cis-lunar hydrogen geocorona mission down-selected for concept development in 2015.

RF beacons

CGS has built and flown NASA and DoD supported phase-coherent RF beacons since the mid 1960s in support of basic and applied investigations of ionospheric structuring. The most recent payloads flying include the Multifrequency Ionospheric Sensing Transmitter (MIST) and the Tandem Beacon Experiment (TBEx), orbiting on the six COSMIC-2 and two TBEx host satellites, respectively. These beacons are currently being used for studies of equatorial plasma bubble genesis and evolution.

Passive Radar receivers

CGS investigators have developed a series of CubeSat-scale UHF radar receivers for use with ground-based high power transmitters in support of high-latitude plasma turbulence and equatorial scintillation studies. The Radio Aurora Explorer (RAX) was the primary payload on the first-ever NSF CubeSat mission and successfully measured turbulent plasma structuring in response to a geoeffective CME. The follow-on all digital Ionospheric Scintillation Explorer (ISX) receiver was specifically designed to capture serendipitous transmissions from digital TV stations in a passive radar mode.

Physics-based and Computational Models

CGS space physics research is supported by a family of first-principle models, standard operational processing, and mission-specific retrieval tools. These tools include, for example, incoherent scatter spectral retrieval of range-resolved plasma density, temperative, and composition; vector velocity extraction from line-of-sight plasma drifts; auroral average energy and energy flux from radar and optical data inversion; and estimates of neutral wind, joule heating, and electrical conductivity.

Remote facility operation and maintenance

CGS has decades of experience on the Arctic Research Support and Logistics Services (ARSLS) program of the National Science Foundation. SRI iss part of a team led by CH2M HILL, Inc. providing information technology and communications support to Arctic scientists. The team's work covers the entire Arctic, including Greenland, Canada, Alaska, Russia, and the Arctic Ocean. It provides Internet infrastructure, radio, and satellite phone communications, remote data transportation, and serves as the communications backbone for remote autonomous scientific instrumentation.

Vision for future

Academic

Expand the scientific work of the group in an academic environment to establish leadership in geospace research both nationally and internationally focusing on solving critical scientific problems, particularly in areas with immediate and consequential societal impact.

Teaching

CGS scientists have expertise in teaching both the basics and applications of space physics, advising undergraduate and graduate student projects, and developing comprehensive curricula involving theoretical and practical training for students at all levels.
Potential courses that can be taught by CGS scientists in collaboration with the departments of Physics, Applied Physics, and Engineering:

- Fundamentals of space plasma physics
- Magnetosphere and ionospheric physics
- Physics of space weather
- Theory and applications of incoherent scatter radars
- Radar diagnostics of the upper atmosphere
- Design of miniaturized remote-sensing instrument payloads
- Design of small satellite missions

These courses could be customized for students at advanced undergraduate to graduate levels, semester teaching, or summer seminar series for credit. The courses could be taught in Florida with lecturers from both UCF and the CGS in Silicon Valley. Such a course would be able to include a practical applied component where students would be able to participate in operations, experiments, data processing/interpretation, and scientific research using existing research assets, such as the Arecibo or AMISR radars.

Student advising

CGS could provide unique opportunities for students of UCF via a visiting scholar program, summer research projects, and supervision/co-supervision of master's and/or PhD students.

- Summer research via REU program/funding directly from NASA/NSF grants awarded to Geospace
- Master's and PhD projects require coursework and research.
    - Several CGS projects are conducive to well-defined master's thesis project work, which could be undertaken in California under the supervision of the CGS scientists.
    - CGS scientists would collaborate with UCF faculty on PhD students, come up with research projects for a student's PhD thesis, and be on the thesis committee for the student.
- Undergraduate senior projects
    - Several CGS projects are amenable to defined undergraduate senior projects for Engineering and Computer Science students. CGS scientists have worked with several teams of senior undergraduate students in the past on their senior projects.

Additional student opportunities: As an established campus in the Silicon Valley, the CGS group can serve as a conduit to introduce UCF students to wider opportunities that exist in the Silicon Valley.

Research

The initial years will establish a firm foothold of the Space Physics program with the existing capabilities brought onboard by CGS and the synergy achieved between CGS's expertise and the expertise of the Physics, Computer Science and Engineering departments. These would include:

1. Design at least one 50-million class Cube-Sat constellation mission that would address compelling outstanding questions in Space Physics. Such a mission

would involve the participation of advanced undergraduate and graduate students from the Physics, Engineering and Computer Sciences departments. Because all the necessary expertise to make such a mission possible would not be initially within the group, the mission team would involve other institutions. Building up the key missing components for proposing completely in-house spacecraft missions will be part of the ten-year plan.

2. Continue to create proposal ideas for projects that make use of synergy between ground-based assets and high-altitude in-situ measurements. There are several examples of NASA missions that can greatly enhance the science return by using proper combination of ground-based optical and radio technologies with spacecraft assets. One of them is the mission proposal “Mechanisms of Energetic Mass Ejection Explorer” (MEME-X), which has three CGS members as Co-Is. Another example is the Living With a Star (LWS) mission concept “Geospace Dynamics Constellation” which is designed to study the coupling between the magnetosphere and the ionosphere/thermosphere (IT) system.
3. Create effective collaboration with Earth Science and Planetary Astronomy groups at UCF in order to explore new discovery science. Since the science carried out by CGS is at the boundaries of several disciplines and atmospheric and geospace regions, there exists significant potential to join forces with other disciplines. The fields of Earth Science, Planetary Astronomy, and Geospace studies all would benefit from mutual sharing of expertise in technology and science.

In the longer term we will leverage CGS expertise and established heritage in radio and optical techniques to build a robust program of instrument development (ground-based and spacecraft). This objective will require building appropriate facilities for manufacturing and testing and the plan contemplates the establishment of:

1. A robust program for spacecraft mission support,
2. A robust program for instrument development, and the development of the next generation of phased-array radars. We will leverage the concepts for the next generation phased array radars that have already been created at CGS to develop an entire new system that will serve the objectives of the next generation of science.

Recruitment of additional faculty will be necessary to add the capabilities that will be required for the development of these programs. We envision the addition of expertise in the areas of Artificial Intelligence, Data Science, Spacecraft Systems, modelling and theory of plasmas, and electrical engineers with expertise in radio techniques.

STANDARD CONSULTING SERVICES AGREEMENT

This Consulting Agreement ("Agreement") between the University of Central Florida Board of Trustees, for the benefit of the Florida Space Institute ("UCF" or "Client") and ARES Corporation ("Consultant" or "Contractor") is made and entered into as of the date of the last signature hereto.

WHEREAS, UCF desires to retain the services of Consultant that were contemplated in GSA Contract GS-23F-0113L, pursuant to the following details.

1. Client hereby enters into this Agreement for services with Consultant in consideration of and pursuant to the terms and conditions set forth herein.

2. Consultant will perform those services described in the Attachment A - Statement of Work and by reference incorporated herein.

3. Consultant's services under this Agreement shall commence on date of last signature on this Agreement and end six months from this commencement date, unless renewed by mutual written agreement of the parties hereto prior to the termination date or sooner terminated pursuant to the terms hereof. Renewals shall not exceed five (5) years or twice the length of this initial Agreement.

4. Consultant will submit monthly invoices for services performed and expenses incurred. Client will make payment to Consultant within thirty (30) days of receipt of an invoice from Consultant. Labor will be reimbursed at hourly rates proposed by Consultant and listed in Attachment B - Pricing. Consultant will have to obtain Client's prior written approval for travel and all such travel shall only be reimbursed in accordance with applicable law, including, but not limited to Section 112.061, Florida Statutes as well as applicable UCF policies and regulations.

5. Consultant will be permitted to use and be granted access to Client's or Client's designee's equipment, supplies, information and facilities as deemed necessary by Client for the purpose of fulfilling the Statement of Work.

6. Consultant's obligations under the terms of this Agreement shall be considered fulfilled upon completion of the period of performance.

7. Consultant agrees to hold in strict confidence and not disclose to anyone (unless required by law), or specifically authorized by Client, any and all of Client's information to which Consultant will have had access.

8. Consultant is retained by UCF only for the purposes and to the extent set forth in this Agreement. Consultant's relationship to UCF shall be that of an independent contractor. UCF shall not reserve any control with respect to the activities of Consultant or the manner and means by which Consultant affects the services described in this Agreement. UCF shall not have any obligations with respect to employment contributions, taxes, premiums, or other items payable under federal, state and local laws with respect to the activities of Consultant.

9. Either party may terminate this Agreement with thirty (30) days' prior written notice to the other party. Client shall be responsible only for payments still due to Consultant for services performed in accordance with this Agreement up to the time of termination. Client may terminate this Agreement at any time for refusal by Consultant to allow public access, mandated by law, to all documents, papers, letters, or other non-exempt materials subject to the provisions of Chapter 119, Florida Statutes, and made or received by Consultant or Client in conjunction with this Agreement.

10. **IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT: Office of the General Counsel (407)823-2482, gcounsel@ucf.edu, University Of Central Florid 4365 Andromeda Loop N, Millican Hall, Suite 360, Orlando, FL 32816-0015.**

PUBLIC RECORDS, CONTRACT FOR SERVICES

To the extent that Contractor meets the definition of “Contractor” under Section 119.0701, Florida Statutes, in addition to other contract requirements provided by law, Contractor must comply with public records laws, including the following provisions of Section 119.0701, Florida Statutes:

1. Keep and maintain public records required by the public agency to perform the service.

2. Upon request from the public agency's custodian of public records, provide the public agency with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in this chapter or as otherwise provided by law.

3. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the public agency.

4. Upon completion of the contract, transfer, at no cost, to the public agency all public records in possession of the contractor or keep and maintain public records required by the public agency to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the public agency, upon request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

A request to inspect or copy public records relating to a public agency's contract for services must be made directly to the public agency. If the public agency does not possess the requested records, the public agency shall immediately notify the contractor of the request, and the contractor must provide the records to the public agency or allow the records to be inspected or copied within a reasonable time.
If a contractor does not comply with the public agency's request for records, the public agency shall enforce the contract provisions in accordance with the contract.

This Contractor and any subcontractors shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability.

11. If Consultant will be handling Restricted Data or Highly Restricted Data, as those terms are defined in UCF Policy 4-008.1 Data Classification and Protection, Consultant hereby agrees to fully comply with all of the requirements set forth in said policy. Consultant hereby agrees to indemnify, hold harmless and defend UCF and its Board of Trustees, officers, agents and employees from and against any claims, damages, or other harm arising from or in any way related to Consultant’s breach of any of the obligations set forth in UCF Policy 4-008.1 Data Classification and Protection, ning to the handling of Restricted Data or Highly Restricted Data.

If Consultant has access to any personally-identifiable information, Consultant hereby agrees to comply with all applicable laws that require the notification of individuals in the event of unauthorized release of personally-identifiable information or other event requiring notification. In the event of a breach of any of Consultant's security obligations or other event requiring notification under applicable law ("Notification Event"), Consultant agrees to assume responsibility for informing all such individuals in accordance with applicable law and to indemnify, hold harmless and defend UCF and its Board of Trustees, officers, agents and employees from and against any claims, damages, or other harm related to such Notification Event.

This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

12. Not withstanding anything contained herein, Consultant's liability shall not exceed the total value as set forth in Attachment B to this Agreement.

13. Consultant will obtain written permission of Client to subcontract services under this Agreement.

14. Any notice or other communication required under this Agreement shall be in writing and sent to the addresses set forth below:

If to Consultant:
ARES Corporation
Attn.: Eugene Jerebitski
8444 Westpark Dr, McLean, VA 22102
Phone: 703-714-9960
If to UCF:
University of Central Florida
Florida Space Institute
12354 Research Parkway
Partnership 1 Building Suite 214
Orlando, FL 32826
Phone (321) 266-7382
Fax (407) 823-6359

Notices shall be given by and to the hereto assigned representative on behalf of Client, and by Consultant, or such authorized designees as either party may designate in writing.

15. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof. No failure or delay by a party hereto to insist on the strict performance of any term of this Agreement, or to exercise any right or remedy consequent to a breach thereof, shall constitute a waiver of any breach or any subsequent breach of such term.

16. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

17. Consultant agrees to reimburse UCF for any and all expenses incurred by UCF due to the intentional, negligent or wrongful acts or omissions of Consultant or mistakes made by Consultant in performing the services hereunder. If any

corrective action is required due to Consultant's acts or omissions, Consultant shall reimburse Client for any and all costs associated with such corrective action.

18. Anything specifically created for Client by Consultant hereunder shall be considered specially ordered for UCF as a "work made for hire," or, if for any reason held not to be a "work for hire," Consultant hereby assigns all of its right, title and interest therein to UCF. If anything not specifically created for Client is used in the performance of Consultant's services hereunder, Consultant retains ownership of said materials and hereby grants Client a perpetual, fully paid-up, non-exclusive license to use such materials, make copies thereof and distribute these materials for Client's purposes, indefinitely.

19. Consultant agrees to keep and maintain, separate and independent records, in accordance with generally accepted accounting principles and as long as required by law, devoted exclusively to its activities, duties and obligations pursuant to this Agreement. Such records (including books, ledgers, journals, and accounts) shall contain all entries reflecting the business operations under this Agreement. UCF or its authorized agent shall have the right to audit and inspect such records from time to time during the term of this Agreement, upon reasonable notice to Consultant and during regular business hours.

20. To the extent that Consultant qualifies as a provider pursuant to the National Child Protection Act of 1993, as amended, or as a service provider in accordance with applicable Florida law/Statutes, who has direct contact with children receiving services or with adults who are developmentally disabled receiving services or who qualifies as a direct service provider to the elderly (as defined by Florida law/Statutes), Consultant hereby guarantees that Consultant and/or anyone acting on Consultant's behalf (including, but not limited to Consultant's employees, agents, subcontractors, etc.) has undergone/passed a Level II (two) background check with the State of Florida, as provided under Chapter 435 and hereby certifies that none of Consultant's employees, agents, subcontractors and/or anyone else acting on Consultant's behalf, has any disqualifying offenses, including, but not limited to those listed in Section 435.04, Florida Statutes.

21. Consultant hereby expressly agrees to instruct its employees, agents, subcontractors and/or anyone else acting on Consultant's behalf, to report to the University of Central Florida police any instance of child abuse, abandonment, or neglect witnessed or learned about that occurred on University of Central Florida property or during an event or function sponsored by the University of Central Florida.

22. This Agreement shall be governed by the laws of the State of Florida. Venue for any action arising hereunder shall be in Orange County, Florida.

In Witness Whereof, the parties signify their agreement by the signatures affixed below.

University of Central Florida Board of Trustees	**Consultant**
Elizabeth Adele Klonoff	Eugene Jerebitski
By: ~~Signed: Tuesday, June~~ 16, 2020	By: ~~Signed: Wednesday, Ju~~ne 10, 2020
Print Name: Dr. Elizabeth Klonoff	Print Name:
Title: Vice President, Research	Title:
Date:	Date:

Attachment A

Statement of Work

ARES will provide a Senior Research Scientist/Manager with knowledge of the SRI Space and Atmospheric Science capabilities and personnel. ARES has selected Dr. John Kelly, an acknowledged expert in Atmospheric Science Incoherent Scatter Radar, Optical Instrumentation including the use of Lidar and the management of large groups of scientists performing technical activities in the field to include Plasma Physics, Electrical Engineering, Atmospheric Modeling and data collection and analysis. The position requires an advanced degree, PhD or equivalent in Electrical Engineering or Physics.

Dr. Kelly will help develop a comprehensive plan that integrates the SRI GeoSpace Team with the FSI and College of Sciences. Dr. Kelly work closely with the Director, Florida Space Institute and the VP, Office of Research and Commercialization, Dean College of Graduate Studies. Should Client retain a legal or business consultant to review such an integration of operations in the context of legal and regulatory requirements, Dr. Kelly will work cooperatively with that consultant.

Dr. Kelly will assist in the development of a capture and transition strategy/plan that will facilitate the orderly transition of the GeoSpace team from SRI to UCF/FSI as a Center for Geospace Studies (CGS). This plan will include developing an organization structure and job descriptions for the needed staff. The plan will address current and future facility needs including office space and laboratory space. The selected individual will develop an organization chart that includes the assimilation of the Arecibo SAS group.

A plan that delineates both current and future collaborations and funding opportunities will be developed for both the current year and future (5) years. The plan will also include the needed effort to effectively transfer current grants to UCF.

The organization of the Work Plan, is as follows:

i) High level management
   - a. Establish and execute COVID-19 policy consistent with Federal, Florida, and Calif. Policies
   - b. Learn the UCF (FSI) system, procedures, policies, goals.
   - c. Blend the CGS vision with UCF/FSI vision-a working document
   - d. Maintain collaborative relationship with SRI
   - e. Study existing higher education business models that operate within California/Silicon Valley to include a complete discussion of how they work with the California Department of Education
   - F. Study the business model of Independent Research Institutes eg SETI, Breakthrough, others to understand their business model and interaction with the California Department of Education.
   - G. Collaborate with any other consultants that are involved with the establishment of a California entity of the University of Central Florida Research Foundation (UCFRF)

ii) Integration of CGS staff into FSI/UCF
   - i. Investigate employment mechanisms and whether
     - 1. PIs need UCF status for grant transfers
     - 2. Need UCF employee number for faculty appointments
   - ii. Specific staff members needing part time positions now
     - 1. Projects that need University rates and support asap
       - a. DASI (Kendall and Bhatt)
       - b. Transfer NSF grants - DASI and MANGO
     - 2. SRI CGS staff status – reduced hours
   - iii. Determine timeline for others

1. Arrange CGS staff visits to Orlando for introductions, seminars, etc.

iv. Develop plan for UCF infrastructure support
   1. Computers
   2. Software
   3. Electronic lab

v. Negotiate office space as needed over phased period

iii) Science and Academic Program

i. Identify tasks for CGS staff.
   1. Transfer NSF grants to UCF
   2. Transfer other awards as appropriate (SRI concurrence)
   3. Identify new proposal opportunities (NSF, NASA, other)
   4. Submit proposals
   5. Determine approach to team with SRI for certain non-academic projects

iv) Immediate Opportunities

i. Step into the AO management
   1. SAS staff
   2. Specific CGS staff (TvE, Bhatt, Jorgensen)
   3. Large Facility issues with NSF

ii. Identify CGS projects that will promote collaboration between UCF Physics, Electrical Engineering and Computer Science Departments.

v) Define the roles and responsibilities of staff to be consistent with UCF/FSI guidelines and expectations

a. Staff desires and obligations
   1. Management
   2. Faculty
   3. Research
   4. Joint
   5. Support

Timeline and Deliverables

Completion of the work will be documented in up to five reports with target completion dates*:

1. COVID-19 work policy – 6/1/2020
2. CGS/UCF/FSI vision document - 06/08/2020
3. CGS staff employment plan,- 08/15/2020
4. Staff transfer schedule - 10/11/2020
5. Grant and Cooperative Agreement transfer schedule - 10/18/2020

*Due to uncertainties associated with the on-going Covid-19 pandemic, post-Covid-19 recovery arrangements (both National and State-specific), and inevitable impacts on decision making, filling of vacant posts, etc., these target dates may be delayed

Attachment B

Pricing

Labor Category Description	Role	Proposed Hourly Rate	Number of Hours	Total
Sr. Subject Matter Expert (8-2)	Principal Investigator	$218.00	1,008	$219,744.00
Sr. Consultant (7-1)	Provide oversight and contract/program management support	$159.28	24	$3,822.72
			1,032	**$223,566.72**