Board of Trustees
Finance and Facilities Committee Meeting
October 22, 2014
8:30 a.m.
President's Boardroom, Millican Hall, 3rd Floor
Conference call in phone number 800-442-5794, passcode 463796

AGENDA

I.	**CALL TO ORDER**	Marcos R. Marchena *Chair, Finance and Facilities Committee*
II.	**ROLL CALL**	Tracy D. Reedy *Coordinator, Administrative Services* *for Administration and Finance Division*
III.	**MEETING MINUTES**	Chair Marchena
	• Approval of the August 5, 2014, Finance and Facilities Committee meeting minutes	
IV.	**NEW BUSINESS**	Chair Marchena
	• Review of Debt Guidelines (FFC-1)	William F. Merck II *Vice President for Administration and Finance and Chief Financial Officer* John C. Pittman *Associate Vice President for Administration and Finance, Debt Management*
	• Revisions to UCF Investment Policy (FFC-2)	William F. Merck II Tracy Clark *Associate Vice President for Administration and Finance and Controller*

	• UCF Investments Quarterly Report Ended June 30, 2014 (INFO-1)	William F. Merck II Tracy Clark
	• University Operating Budget Report Quarter Ended June 30, 2014 (INFO-2)	William F. Merck II Tracy Clark
	• Direct Support Organizations' 2013-14 Fourth-Quarter Financial Reports (INFO-3) – Golden Knights Corporation and UCF Athletic Association – UCF Convocation Corporation – UCF Finance Corporation – UCF Foundation – UCF Research Foundation	William F. Merck II John C. Pittman
	• Energy and Sustainability Report (INFO-4)	Lee Kernek *Associate Vice President for Administration and Finance*
	• UCF Foundation Financial Report Presentation (INFO-5)	Robert J. Holmes, Jr. *Vice President for Alumni Relation and Development, and CEO for UCF Foundation* Bert Francis *Associate Vice President and Chief Financial Officer* John C. Pittman
V.	**OTHER BUSINESS**	Chair Marchena
VI.	**CLOSING COMMENTS**	Chair Marchena

University of Central Florida

Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Millican Hall, 3rd floor
August 5, 2014

MINUTES

CALL TO ORDER

Trustee Marcos Marchena, chair of the Finance and Facilities Committee, called the meeting to order at 8:31 a.m. Committee members Jim Atchison, Robert Garvy, Reid Oetjen, and John Sprouls attended via teleconference. Trustees Olga Calvet and Beverly Seay attended via teleconference.

MINUTES APPROVAL

The minutes of the May 22, 2014, and June 4, 2014, Finance and Facilities Committee meetings were approved as submitted.

NEW BUSINESS

2014-15 Direct Support Organizations' Budgets (FFC-1)

William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, presented the 2014-15 operating budgets for the following DSOs: Golden Knights Corporation, UCF Athletics Association, UCF Convocation Corporation, UCF Finance Corporation, UCF Foundation, and the UCF Research Foundation. These budgets have been approved by their respective boards, but the Florida Board of Governors also requires the local boards of trustees for the state universities approve the operating budgets of the universities' DSOs. The committee unanimously approved the 2014-15 budgets as presented for all of the DSOs.

Release of Unrestricted Golden Knights Corporation Revenues (FFC-2)

Merck requested the approval for the release of projected unrestricted excess revenues of $10,789,320 above budgeted obligations from the Golden Knights Corporation to the University of Central Florida Athletics Association for 2014-15. The committee unanimously approved the release of the funds.

Market Tuition Proposals (FFC-3)

Diane Z. Chase, Executive Vice Provost for Academic Affairs, requested approval to establish market tuition rates for the Health Information Administration graduate certificate program and for the online Master of Social Work degree program in the College of Health and Public Affairs and the Master of Science in Management track in Business Analytics in the College of Business Administration. The committee unanimously approved the requested market tuition rates as proposed for each program.

Amendment to 2010 Campus Master Plan for Academic Support Facility (Colbourn Hall) (FFC-4)
Lee Kernek, Associate Vice President for Administration and Finance, requested a minor amendment to the University of Central Florida Campus Master Plan to construct an approximately 75,336 gross-square-foot and 50,224 net-square-foot academic support facility that replaces, as closely as possible, the space categories and square footage now contained within Colbourn Hall. The committee unanimously approved the minor amendment.

Amendment to 2010 Campus Master Plan for New Chilled Water Plant (FFC-5)
Kernek requested a minor amendment to the University of Central Florida Campus Master Plan to construct an approximately 14,700 gross-square-foot and 9,800 net-square-foot chilled water plant that will provide new generation capacity to accommodate forthcoming demands of academic facilities in the northeast quadrant of the Academic Core. The committee unanimously approved the minor amendment.

Refinancing of the UCF Convocation Corporation Series 2005A Certificates of Participation (FFC-6)
John C. Pittman, Associate Vice President for Administration and Finance, Debt Management, requested approval to refinance the UCF Convocation Corporation Series 2005A Certificates of Participation, resulting in possible annual savings in excess of 5 percent. Various financing alternatives are currently being explored to determine what will yield the best overall savings. The committee unanimously approved the refinancing of this debt.

Delegating Authority to the President of the University (FFC-7)
Merck requested approval to amend the resolution titled "Resolution of University of Central Florida Board of Trustees Delegating Authority to the President of the University" item (7) to read "Establish the internal academic calendar of the university within general guidelines of the Board of Governors to include university holidays that may be in addition to state holidays or other university closings that are deemed by the president to be in the best interests of the university." This resolution codifies the practice of closing the university (except for essential personnel) for varying periods of time during holiday periods (which may or may not coincide with state holidays) when classes are not in session, or at other times deemed by the president to be in the best interest of the university. The committee unanimously approved the amending of the resolution.

Golden Knights Corporation East Side Club and Athletic Leadership Center Debt (INFO-1)
Todd Stansbury, Director of Athletics, Brad Stricklin, Senior Associate Athletics Director and Chief Financial Officer, and David Hansen, Senior Associate Athletics Director of Internal Operations, reviewed a plan to issue debt up to $8,000,000 through the Golden Knights Corporation via a 15-year bank loan to construct a premium seating and club lounge on the east side of the football stadium bowl and an Athletic Leadership Center adjacent to the football stadium on the east side. The approval was contingent upon the completion of the required fund-raising.

The committee unanimously voted to approve the debt issuance with the contingency.

UCF Finance Corporation Financial Report Presentation (INFO-2)
Pittman and Deborah German, Vice President for Medical Affairs and Dean of the UCF College of Medicine, presented the UCF Finance Corporation's history, operating results, and budget.

University and DSO Debt Report (INFO-3)
Pittman reported that the University and DSO Debt Report was provided as an information item.

Chair Marchena adjourned the Finance and Facilities Committee meeting at 9:17 a.m.

Respectfully submitted: Will F. Merck II   10-10-14
William F. Merck II   Date
Vice President for Administration and Finance
and Chief Financial Officer

ITEM: FFC-1

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: UCF's Revised Debt Management Guidelines

DATE: October 22, 2014

PROPOSED COMMITTEE ACTION

Approve UCF's revised debt management guidelines.

BACKGROUND INFORMATION

The university revised its Debt Management Guidelines in 2010 after the Board of Governors adopted revised Debt Management Guidelines at its September 16, 2010, meeting. Types of debt issuances are excluded from requiring Board of Governors' approval. The university's guidelines currently have no exclusions and require all new issuances of debt to be approved. In order to make the issuance of smaller debt items more efficient, the guidelines have been amended to allow some of the types of debt currently excluded from approval by the Board of Governors to be excluded from approval by the Board of Trustees under certain conditions. The amendments do not alter existing Board of Governors' policy. A red-lined copy of UCF's Debt Management Guidelines is attached reflecting the recommended changes.

Supporting documentation: UCF's Revised Debt Management Guidelines

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

Submitted by: William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer

UNIVERSITY OF CENTRAL FLORIDA

DEBT MANAGEMENT GUIDELINES

Approved

November 30, 2006

Revised - ~~October 12, 2010~~October 22, 2014

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TABLE OF CONTENTS

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I. INTRODUCTION

The Need for and Purpose of Debt Management Guidelines

The University of Central Florida ("University" or "UCF") and its direct support organizations ("DSOs") have funded significant investments in infrastructure, such as buildings, equipment, land, and technology, to meet the needs of a growing student population and to upgrade and maintain existing capital assets. A significant amount of the funding for this investment in infrastructure has been provided through the issuance of debt for the benefit of the university and its ("DSOs").

All debt issuances issued by the university or related entity must be approved in advance by the Board of Trustees ("BOT"). Certain debt must also be approved by the Florida Board of Governors ("Board") pursuant to its debt issuance guidelines dated April 27, 2006.

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For purposes of these guidelines:

i) "debt" means bonds, loans, promissory notes, lease-purchase agreements, certificates of participation, installment sales, leases, or any other financing mechanism or financial arrangement, whether or not a debt for legal purposes, for financing or refinancing, for or on behalf of a state University or a direct support organization, or for the acquisition, construction, improvement or purchase of capital outlay projects;

ii) "capital outlay project" means (i) any project to acquire, construct, improve or change the functional use of land, buildings, and other facilities, including furniture and equipment necessary to operate a new or improved building or facility, and (ii) any other acquisition of equipment or software; and

iii) "financing documents" means those documents and other agreements entered into by the state University or the DSO establishing the terms, conditions, and requirements of the debt issuance.

iv) "auxiliary enterprise" means any activity defined in section 1011.47(1), Florida Statutes, and performed by a university or a direct support organization.

~~iv)~~v) "related entity" means any legally defined organization created or controlled by the university.

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II. GENERAL DEBT ISSUANCE GUIDELINES

~~***PROCESS FOR SUBMITTING DEBT FOR APPROVAL***~~

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Debts That May Be Issued Without Board of Governor's Approval

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University boards of trustees may authorize the state universities and their DSOs, as applicable, to engage in the following types of financings without Board approval:

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- Universities may finance the acquisition of equipment and software provided such financings are accomplished in accordance with the deferred-purchase provisions in Chapter 287, Florida Statutes.
- DSOs may finance the acquisition of equipment and software financings provided the overall term of the financing, including any extension, renewal or refinancings, hereof, does not exceed five years or the estimated useful life of the equipment or software, whichever is shorter.
- DSOs may issue promissory notes and grant conventional mortgages for the acquisition of real property. However, no mortgage or note shall exceed 30 years.
- University and DSO debt secured solely with gifts and donations and pledges of gifts so long as the maturity of the debt, including extensions, renewals and refundings, does not exceed five years and so long as the facilities being financed have been included in the university's five-year capital improvement plan that has been approved by the Board of Governors.

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- Refundings for debt service savings where final maturities are not extended.
- Fully collateralized lines of credit intended to be used for temporary cash flow needs.
- Energy Performance-Based Contracts, in accordance with the provisions of section 1013.23, Florida Statutes, not to exceed $10,000,000.
- Universities may borrow up to $20,000,000 from a university DSO on a non-recourse basis to finance a capital project. The term of the borrowing may not exceed thirty (30) years, and the interest rate, if any, may not exceed current market interest rates. The university retains legal title to any capital project financed in whole or in part by such loan irrespective of whether the loan is repaid. The DSO is prohibited from transferring the

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note or any other instrument associated with the borrowing to any other entity.

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DEBTS THAT MAY BE ISSUED WITHOUT BOARD OF TRUSTEES' APPROVAL

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The following types of financings are exempt from Board of Governors' approval but may be engaged in by the university and its DSOs as applicable, with approval by the President of the university and without BOT approval.

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o Universities may finance the acquisition of equipment and software provided such financings are accomplished in accordance with the deferred-purchase provisions in Chapter 287, Florida Statutes up to an amount not to exceed $100,000.

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o DSOs may finance the acquisition of equipment, software and mortgage backed financings provided the estimated useful life of the equipment, software, or property (excluding real property) does not exceed five years and the amount does not exceed $100,000.

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Any DSO debt issued under these exemptions must still be approved by the Board of Directors for the DSO.

PROCESS FOR SUBMITTING DEBT FOR APPROVAL

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Timing. The submission of proposed debt for approval by the BOT shall be governed by the following process:

a) No later than four weeks prior to a BOT meeting where approval for the issuance of debt is sought, a copy of all information required to be submitted by these guidelines in support of the request shall be provided to the BOT Associate Corporate Secretary for inclusion in the board packet.

Information required for the board package.

a) A proposed agenda item.

b) Any ~~A~~ feasibility study and/or consultant report that was undertaken by the University or DSO describing the project and its feasibility. Support for quantitative metrics justifying the need for construction and the assessment of private sector alternatives (cost comparison) should be included in this section.

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c) For debt issued by DSOs, a resolution adopted by the DSO board approving issuance of the debt.

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d) Estimated project cost, with schedules drawn by month and including start and completion dates, and estimated useful life, and the date ~~bond~~ debt proceeds are required.

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e) The sources-and-uses of funds, clearly depicting all costs, funding sources expected to be used to complete the project, and the estimated amount of the debt to be issued.

f) An estimated debt service schedule with the assumed interest rate on the debt clearly disclosed. If the proposed overall debt service is not structured on a level debt service basis, an explanation shall be provided that gives the reason it is desirable to deviate from a level debt structure.

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g) One consolidated debt service schedule separately showing any outstanding debt related to or impacting the debt being proposed, the proposed debt and the new estimated total debt service.

h) A description of the security supporting the repayment of the proposed debt and the lien position the debt will have on that security. If the lien is junior to any other debt, the senior debt must be described. Furthermore, a description of why the debt is proposed to be issued on a junior lien basis must be provided. A statement citing the legal authority for the source of revenues securing repayment must also be provided.

i) If debt is to be incurred on a parity basis with outstanding debt, a schedule showing estimated compliance with any additional bonds requirement set forth in the documents governing the outstanding debt. The applicable provisions of the documents for ~~bonds~~debt of DSOs should be provided.

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j) If auxiliary revenues are pledged for debt service, financial statements for five years, if available, for the auxiliary,

k) A five-year history, if available, and five-year projection of the revenues securing payment and debt service coverage.

l) Evidence that the project is consistent with the University's master plan or a statement that the project is not required to be in the master plan.

m) For variable rate debt proposals:

   i) the expected reduction in total borrowing costs based on a comparison of fixed versus variable interest rates;

   ii) a variable rate debt management plan that addresses liquidity and interest rate risks and provides, at a minimum: a description of budgetary controls, a description of liquidity arrangements, a discussion of why the amount of variable rate debt being proposed is appropriate, and a plan for hedging interest rate exposure. If interest rate risks are to be mitigated by the use of derivatives, then evidence that the counterparty has a long term rating of at least an A/A2 and

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a swap management plan as set forth in the Board's Debt Management Guidelines must be submitted.

iii) a pro forma showing the fiscal feasibility of the project using current market interest rates plus 200 basis points;

iv) the total amount of variable rate debt including the proposed debt as a percentage of the total amount of University and DSO debt outstanding; and

v) the individual or position that will be responsible for the reporting requirements for variable rate debt as set forth in these guidelines.

n) If all or any portion of the financing is contemplated to be done on a taxable basis, then evidence must be submitted demonstrating that the issuance of taxable debt is in the best interest of the University.

o) A statement explaining whether legislative approval is required, and if required, an explanation as to when legislative approval will be sought or evidence that legislative approval has already been obtained.

p) If a request is made to employ a negotiated method of sale, an analysis must be provided supporting the selection of this method that includes a discussion of the factors set forth in section IV of these Guidelines.

q) A description of the process used to select each professional engaged in the transaction, showing compliance with the competitive selection process required by these Guidelines. Specific contact information for each selected professional must be included, and at a minimum, should disclose the professional's name, firm name, address, email address, phone number, and facsimile number.

r) The most recent annual variable rate debt report.

s) The calculation of a return on investment or an internal rate of return for revenue generating projects. Other appropriate measures should be provided for non-revenue generating projects. If the proposed debt is to be issued on a parity basis, project costs may be offset against total system revenues.

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~~s) Evidence of legislative approval required by 1010.62 (6) or compliance with an exception under 1010.62 (7).~~

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Committing University Resources for Debt Issued by Direct Support Organizations

The debt of any DSO may not be secured by an agreement or contract with the University unless the source of payments under such agreement or contract is limited to revenues that the University is authorized to use for the payment of debt service. Any such contract or agreement shall also be subject to the requirements set forth under "Security Features – Pledged Revenues."

Credit Ratings

Any public offering of debt obligations shall ~~Where possible, all new financings should~~ be structured to achieve a minimum rating of "A" from at least two nationally recognized rating agencies. Credit enhancement may be used to achieve this goal. Privately placed debt obligations are not required to have a rating.

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Tax Status

All University and DSO debt should be issued tax exempt unless the issuance of taxable debt is in the University's best interest.

Security Features

Pledged Revenues. The revenues that may secure debt include the following:

a) Activity and Service Fee, subject to the limitation that annual debt service payable from these fees does not exceed five percent of the revenues derived therefrom.

b) Athletic Fee, subject to the limitation that annual debt service payable from these fees does not exceed five percent of the revenues derived therefrom.

c) Health Fee.

d) Transportation Access Fee.

e) Hospital Revenue.

f) Licenses and Royalties for facilities that are functionally related to the University operation or DSO reporting such royalties and licensing fees.

g) Gifts and Donations for debt not longer than five years.

h) Overhead and indirect costs and other monies not required for the payment of direct costs of grants.

i) Assets of University Foundations and DSOs and earnings thereon.

j) Auxiliary Enterprise Revenues, e.g., housing, parking, food service, athletic, retail sales, research activities.

Revenues which are not enumerated above may not be pledged to secure debt unless authorized by law for such purpose. In the case of university-issued debt, the pledge of revenues which secures debt should specifically identify the sources pledged and not use general or vague terms such as "lawfully available revenues." The guidelines for pledging revenues and securing debt shall also apply to debt structures which involve an agreement, contract or lease with the university or its DSOs, i.e., the revenues being pledged to secure debt must be specifically identified and lawfully available for such purpose.

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Functional Relationships. Revenues from one auxiliary enterprise (a "Supporting Auxiliary Enterprise") may not be used to secure debt of another auxiliary enterprise unless the Board, after review and analysis, determines that the facility being financed (the "Facility") is functionally related to the Supporting Auxiliary Enterprise's revenues being used to secure such debt. The Board must determine whether a functional relationship exists whenever revenues from a Supporting Auxiliary Enterprise will be used to pay or secure the debt of a Facility or when proceeds of ~~bonds~~debt issued by a Supporting Auxiliary Enterprise will be used, directly or indirectly, to pay costs relating to a Facility. When a functional relationship is established between a Facility and a Supporting Auxiliary Enterprise, only that portion of the Supporting Auxiliary ~~Enterprises's~~Enterprise's revenues that exceed its operating requirements and debt service, if any, may be pledged to secure such debt; provided that such pledge may be on parity with outstanding debt if permitted by the covenants and conditions of the outstanding debt.

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A functional relationship exists when a nexus is established between the Facility and the Supporting Auxiliary Enterprise's revenues. Whether a facility is functionally related to the Supporting Auxiliary Enterprise's revenues must be determined on a case by case basis, taking into consideration the unique facts and circumstances surrounding each individual situation.

Examples of functional relationships include, but are not limited to a parking facility intended to provide parking to residents of a student housing facility and located with reasonably close proximity to a student housing facility; a food services facility intended to serve residents of a student housing facility and located within reasonably close proximity to a student housing facility; or shared infrastructure (e.g. water lines, sewer lines, utilities, plaza areas) located within reasonably close proximity to both the Facility and the Supporting Auxiliary Enterprise. While representations that a Facility will provide general benefits to or enhance the experience of the student body are desirable, this factor alone is not determinative in and of itself to establish a functional relationship between the Facility and the Supporting Auxiliary Enterprise's revenues.

Lien Status. All ~~bonds~~debt of a particular program should be secured by a first lien on specified revenues. Additionally, ~~bonds~~debt should generally be equally and ratably secured by the revenues pledged to the payment of any outstanding ~~bonds~~debt of a particular bond program.

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However, the creation of a subordinate lien is permissible if a first lien is not available or circumstances require.

Reserve Fund. Debt service reserve requirements may be satisfied by a deposit of bond proceeds, purchase of a reserve fund credit facility, or funding from available resources over a specified period of time. In the submission of a request for debt issuance, it is preferred, though not required, that the bond size for the proposed debt include provisions for funding a reserve from bond proceeds. This provision will ensure that, in the event the University is unable to obtain a reserve fund credit facility, it will still have an authorized bond amount sufficient to fund its needs. Debt service reserve requirements may also be satisfied with cash balances.

Credit Enhancement. Any bond insurance or credit enhancement should be chosen through a competitive selection process analyzing the cost of the insurance or credit enhancement and the expected interest cost savings to result from their use.

Capitalized Interest. Capitalized interest from bond proceeds should only be used when necessary for the financial feasibility of the project.

Structural Features

Length of Maturity. The final maturity on ~~bonds~~debt should not exceed thirty years.

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Debt secured by gifts and donations shall not be considered long-term financing but may be used as a temporary or construction loan to accelerate construction of facilities. Accordingly, the maturity of debt secured by gifts and donations shall not exceed five years, including roll-overs or refinancings except refinancings to implement permanent financing. Debt issued to finance equipment and software may not be longer than five years or the useful life of the asset being financed, whichever is shorter. Lastly, the final maturity of the debt should not exceed the estimated useful life of the assets being financed.

Redemption Prior to Maturity ~~*Bonds*~~*Debt* should be structured with the least onerous call features as may be practical under prevailing market conditions. ~~Bonds~~Debt of a particular issue may be sold as non-callable if it is shown to be in the best interest of the University or DSO.

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Debt Issued With a Forward Delivery Date. Debt with a forward delivery date may be issued if the advantages outweigh the interest rate penalty that will be incurred and the University or DSO is protected from adverse consequences of a failure to deliver the debt.

Interest Accrual Features

Fixed Rate, Current Interest Debt. Fixed rate debt will continue to be the primary means of financing infrastructure and other capital needs.

Derivatives. The University or a DSO should normally issue conventional fixed rate ~~bonds~~debt. However, alternative financing instruments may be used when the inherent risks and additional costs are identified and proper provision is made to protect the University and DSO

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from such risks. A comprehensive derivatives policy should be established prior to entering into transactions using derivatives products.

Capital Appreciation Bonds. When a compelling University interest is demonstrated capital appreciation bonds may be issued.

Variable Rate ~~Bonds~~Debt. Variable rate debt may be issued where, considering the totality of the circumstances, such ~~bonds~~debt can reasonably be expected to reduce the total borrowing cost to the University or DSO over the term of the financing. The following guidelines should apply to the issuance of variable rate debt:

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a) *Expected reduction in total borrowing cost.* In determining reasonably expected savings, a comparison should be made between a fixed rate financing at then current interest rates and a variable rate transaction, based on an appropriate floating rate index. The cost of the variable rate transaction should take into account all fees associated with the borrowing that would not typically be incurred in connection with fixed rate ~~bonds~~debt, such as tender agent, remarketing agent, or liquidity provider fees.

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b) *Budgetary controls.* The following guidelines should be followed in establishing a variable rate debt service budget:

i) A principal amortization schedule should be established, with provisions made for payment of amortization installments in each respective annual budget;

ii) Payment of interest for each budget year shall be calculated using an assumed budgetary interest rate that allows for fluctuations in interest rates on the ~~bonds~~debt without exceeding the amount budgeted. The budgetary interest rate may be established by: (1) using an artificially high interest rate given current market conditions; or (2) setting the rate based on the last 12 months actual rates of an appropriate index plus a 200 basis point cushion or spread to anticipate interest rate fluctuations during the budget year. The spread should be determined by considering the historical volatility of short-term interest rates, the dollar impact on the budget and current economic conditions and forecasts; or, (3) any other reasonable method determined by the University or DSO and approved by the Board;

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iii) The amount of debt service actually incurred in each budget year should be monitored monthly to detect any significant deviations from the annual budgeted debt service. Any deviations in interest rates that might lead to a budgetary problem should be addressed immediately; and

iv) As part of the effort to monitor actual variable rate debt service in relation to the budgeted amounts and external benchmarks, the University or DSO should establish a system to monitor the performance of any service provider whose role it is to periodically reset the interest rates on the debt, i.e., the remarketing agent or auction agent.

d) *Establish a hedge with short-term investments.* Consideration should be given to mitigating the variable interest rate risk by creating a hedge with short-term investments. Appropriate personnel should monitor the hedge monthly. The ratio of such short-term investments to variable debt needs to be examined in conjunction with other interest rate risk hedging, striking an overall balance to minimize interest rate risk.

e) *Variable interest rate ceiling.* The bond documents should include an interest rate ceiling of no greater than 12%.

f) *Mitigating interest rate risks with derivatives.* At a minimum, a University or DSO engaging in this type of interest rate risk mitigation must provide:

  i) Evidence that the counterparty has a long term rating of at least an A/A2; and

  ii) A swap management plan that details the following:

    a) Why the University is engaging in the swap and what the objectives of the swap are.

    b) The swap counterparty's rating.

    c) An understanding by the issuer of the cash flow projections that detail costs and benefits for the swap.

    d) The plan of action addressing the aforementioned risks associated with swaps.

    e) The events that trigger an early termination (both voluntary and involuntary) under the swap documents, the cost of this event, and how such would be paid.

    f) The method for rehedging variable rate exposure should early termination be exercised.

    g) A list of key personnel involved in monitoring the terms of the swap and counterparty credit worthiness.

g) *Liquidity.* If UCF or DSO chooses to provide its own liquidity, it must maintain liquid assets or facilities equal to 100% of the outstanding VRDOs.

h) *Submission of periodic reports.* By September 30th of each year, ~~T~~the University will prepare and submit to the BOT an annual variable rate debt report showing the position during the previous period of the University or DSO variable rate debt with respect to the following measures:

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  i) the total principal amount of variable rate debt to principal amount of total debt;

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ii) the amount of debt service accrued during the reporting period in relation to the pro-rata amount of annual budgeted debt service for the reporting period. If the amount of debt service that accrued during the reporting period exceeded the pro-rata amount of annual budgeted debt service for the period, the University shall explain what actions were taken to assure that there would be sufficient revenues and budget authority to make timely payments of debt service during the subsequent years; and

iii) the amount of variable rate debt in relation to the amount of the University's and/or DSO's short-term investments, and any other strategies used to hedge interest rate risk.

Other Types of Financings

Refunding ~~Bonds~~Debt. The following guidelines should apply to the issuance of refunding ~~bonds~~debt, unless circumstances warrant a deviation therefrom:

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a) Refunding ~~bonds~~debt should be structured to achieve level annual debt service savings.

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b) The life of the refunding ~~bonds~~debt should not exceed the remaining life of the ~~bonds~~debt being refunded.

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c) Advance refunding ~~bonds~~debt issued to achieve debt service savings should have a minimum target savings level measured on a present value basis equal to 5% of the par amount of the ~~bonds~~debt being advance refunded. The 5% minimum target savings level for advance refundings should be used as a general guide to guard against prematurely using the one advance refunding opportunity for post-1986 bond issues. However, because of the numerous considerations involved in the sale of advance refunding ~~bonds~~debt, the 5% target should not prohibit advance refundings when the circumstances justify a deviation from the guideline.

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d) Refunding ~~bonds~~debt that do not achieve debt service savings may be issued to restructure debt or provisions of bond documents if such refunding serves a compelling University interest.

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Certificates of Participation and Lease-Type Financing. The University or DSO may utilize these financing structures for all purposes, but it shall be considered as debt for the purposes of these guidelines and the universities shall always budget and make available monies necessary to pay debt service, notwithstanding the right to cancel the lease.

Conversions of existing variable rate debt. A conversion between interest rate modes pursuant to the provisions of variable rate financing documents does not require BOG approval. However, ten days prior to the conversion, the universities or their DSOs must notify the Board Office of a conversion and provide a summary of the terms of (i.e.

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interest rate, debt service schedule, etc.) and reasons for the conversion. The universities and DSOs should answer all questions and provide any additional information that BOG staff deem necessary to fully understand the conversion.

III. METHOD OF SALE AND USE OF PROFESSIONALS

Analysis of Method of Sale

The University or DSO may utilize either a competitive or negotiated sale. If, however, a request is made for a DSO to sell debt using a negotiated sale, staff must provide the BOT with an analysis showing that a negotiated sale is desirable. The analysis should include, but not necessarily be limited to, a consideration of the following factors:

a) Debt Structure

i) pledged revenues – strong revenue stream vs. limited revenue base;

ii) security structure – conventional resolution, cash flow, rate and coverage covenants vs. unusual or weak covenants;

iii) debt instrument – traditional serial and term bonds vs. innovative, complex issues requiring special marketing; and

iv) size – a smaller transaction of a size that can be comfortably managed by the market vs. a large size that the market cannot readily handle.

b) Credit Quality

i) ratings – "A" or better vs. below single "A"; and

ii) outlook – stable vs. uncertain.

c) Issuer

i) type of organization – well-known, general purpose vs. special purpose, independent authority;

ii) frequency of issuance – regular borrower vs. new or infrequent borrower; and

iii) market awareness – active secondary market vs. little or no institutional awareness.

d) Market

i) interest rates – stable; predicable vs. volatile;

ii) supply and demand – strong investor demand, good liquidity vs. oversold, heavy supply; and

iii) changes in law – none vs. recent or anticipated

~~Bonds~~Debt may also be sold through a private or limited placement, but only if it is determined that a public offering through either a competitive or negotiated sale is not in the best interests of the University or DSO.

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Allocation of Bonds

In the event a negotiated sale by a DSO is determined to be in the University's best interest, syndicate rules shall be established that foster competition among the syndicate members and ensure that all members of the syndicate have an opportunity to receive a fair and proper allocation of bonds based upon their ability to sell the bonds.

Report on Sale of ~~Bonds~~Debt

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The University or DSO shall prepare a report on the sale of ~~bonds~~debt or anytime it incurs debt. The report shall be prepared and provided to the BOT as soon as practicable but in no event later than one month after closing the transaction in the format and manner provided by the BOT, which at a minimum, shall include the following:

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a) The amount of the debt.

b) The interest rate on the debt.

c) A final debt service schedule or estimated debt service schedule if a variable rate debt or the interest rate is subject to adjustment.

d) Any aspect of the transaction that was different from the transaction submitted for approval.

e) Itemized list of all fees and expenses incurred on the transaction, including legal fees.

f) For negotiated sale of ~~bonds~~debt:

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i) the underwriters' spread detailing the management fee;

ii) takedown by maturity and aggregate takedown;

iii) any risk component and an itemized list of the expense component;

iv) orders placed by each underwriter and final bond allocation;

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v) total compensation received by each underwriter; and

vi) any report or opinion of the financial advisor.

g) Final official statement for publicly offered bonds.

h) Bond insurance or any other form of credit enhancement and the terms thereof.

i) Credit rating reports.

Selection of Financing Professionals

The use of underwriters for negotiated financings and the use of financial advisors for negotiated and competitive offerings is necessary to assist in the proper structuring and sale of debt. To assure fairness and objectivity in the selection of professionals and to help select the most qualified professional, the selection of underwriters and financial advisors should be accomplished through a competitive selection process.

IV. DISCLOSURE

Primary Disclosure

Staff shall use best practices in preparing disclosure documents in connection with the public offer and sale of debt so that accurate and complete financial and operating information needed by the markets to assess the credit quality and risks of each particular debt issue is provided.

Continuing Disclosure

DSOs shall fulfill all continuing disclosure requirements set forth in the transaction documents and as required under Rule 15c2-12 of the Securities and Exchange Commission.

V. POST-ISSUANCE CONSIDERATIONS

Investment of Proceeds of Debt Issued by DSOs

Construction Funds. Funds held for payment of debt service and all other funds held as required by the documents of any financing shall be invested consistent with the terms of the Financing Documents.

Arbitrage Compliance

The University and its DSOs will comply with federal arbitrage regulations. Any arbitrage rebate liabilities should be calculated and funded annually.

VI. EFFECT

The foregoing guidelines shall be effective immediately and may be modified from time to time by the Board as circumstances warrant. The guidelines are intended to apply prospectively to all University and DSO debt.

ITEM: FFC-2

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Revisions to UCF Investment Policy

DATE: October 22, 2014

PROPOSED COMMITTEE ACTION

Approval of the revisions to the operating funds supplement to the UCF Investment Policy.

BACKGROUND INFORMATION

UCF's investment policy has cash balances divided into four pools ranging from extremely low risk cash and cash equivalents in Pool I to a combination of longer maturity bonds and equity investments in Pools II, III, and IV. For context, as of August 31, 2014, the total market value of all four pools was approximately $242,750,000. Pool I had a market value of approximately $30,000,000, Pool II $20,150,000, Pool III $119,600,000, and Pool IV $73,000,000.

In order to increase portfolio diversification and provide increased flexibility to manage the duration and yield curve exposures and relative value, the university's investment consultant has recommended changes to the authorized investment guidelines in Operating Pool II and Operating Pool III as follows:

1. In Operating Pool II:
    a. increase the maximum average effective maturity of the securities from one and a half years to three years at the time of purchase,
    b. lower the minimum rating of corporate securities from AAA to A-, and
    c. change the weighted average quality of the portfolio from AAA to AA+ rating or higher.

2. In Operating Pool III:
    a. increase the maximum average effective maturity of the securities from five years to seven years at the time of purchase,
    b. lower the minimum rating of corporate securities from A to A-, and
    c. change the weighted average quality of the portfolio from AA to AA- rating or higher.

Supporting documentation: Summary of Manger Requested Investment Policy Changes (Attachment A)
UCF Operating Pool II Sub-section (Attachment B)
UCF Operating Pool III Sub-section (Attachment C)

Prepared by: Tracy Clark, Associate Vice President for Finance and Controller

Submitted by: William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer

Attachment A

University of Central Florida
Summary of Manager Requested Investment Policy Changes

Galliard Pool II Ultra-Short Core Fixed Income

Current Policy Standard	Suggested Revision	Rationale	Risk Assessment	Recommendation
Maximum security average effective maturity of 1.5 years	Maximum security average effective maturity of 3 years	• Increased portfolio diversification across all sectors • Increased flexibility to manage duration/yield curve exposures	Overall portfolio risk reduction due to increased sector diversification and ability to manage overall portfolio duration/yield curve positioning	Accept – Page 8
Securities shall maintain a minimum security rating of AAA	Securities shall maintain a minimum security rating of A-	Increased portfolio diversification by adding the potential for additional corporate holdings to the portfolio	Overall portfolio risk reduction due to increased sector diversification and the addition of high quality corporates to the portfolio	Accept – Page 8
Securities shall maintain a minimum security rating of AAA	Average portfolio quality shall be AA+ or higher	Increased portfolio diversification	Overall portfolio risk reduction due to increased sector diversification	Accept – Page 8

Galliard Pool III Short-Intermediate Fixed Income

Current Policy Standard	Suggested Revision	Rationale	Risk Assessment	Recommendation
Maximum security average effective maturity of 5 years	Maximum security average effective maturity of 7 years	• Increased portfolio diversification across all sectors • Increased flexibility to manage duration/yield curve exposures	Overall portfolio risk reduction due to increased sector diversification and ability to manage overall portfolio duration/yield curve positioning	Accept – Page 11
Securities shall be rated A at a minimum	Corporates shall be rated A- or better	Increased portfolio diversification by adding corporate holdings to the portfolio	Overall portfolio risk reduction due to increased sector diversification and the addition of high quality corporates to the portfolio	Accept – Page 11
Average portfolio quality shall be AA or higher	Average portfolio quality shall be AA- or higher	Increased portfolio diversification	Overall portfolio risk reduction due to increased sector diversification	Accept – Page 11

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Attachment B

OPERATING POOL II SUB-SECTION

to the

Operating Funds Supplement to the University of Central Florida Investment Manual

This Sub-Section is a part of the Operating Funds Supplement to the University of Central Florida Investment 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 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 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 Committee as set forth in the Florida Statutes and the delegation of authority granted by the University Board of Trustees, the Finance Committee sets forth the following investment guidelines and limitations.

1. Fixed Income

a. All fixed income investments shall maintain a minimum rating of ~~"AAA"~~A- or higher by a major credit rating service.

~~a.~~b. The weighted average quality of the fixed income portfolio shall maintain a rating of AA+ or higher.

~~b.~~c. Duration of the fixed income portfolio shall not exceed the effective duration of the Merrill Lynch 1-Year Treasury index by 25%.

~~c.~~d. The maturity of any single security at the time of purchase shall not exceed an average effective maturity of 3~~1.5~~ years.

~~d.~~e. Operating Pool II shall maintain a dollar-weighted average effective maturity of 1 year or less.

2. Cash & Equivalents

Attachment B

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 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 Committee has established the following target asset allocation for Operating Pool II:

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

The Finance 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 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% Merrill Lynch 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.

Attachment B

V. Review and Amendments

It is the Finance 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 Committee should be notified in writing.

By signing this document, the Vice President for Finance & Administration 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

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Vice President for Finance & Administration Date
Chief Financial Officer

Attachment C

OPERATING POOL III SUB-SECTION

to the

Operating Funds Supplement to the University of Central Florida Investment Manual

This Sub-Section is a part of the Operating Funds Supplement to the University of Central Florida Investment 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 5 years). In addition to compliance with the provisions of the Operating Funds Supplement to the University of Central Florida Investment 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 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 Committee as set forth in the Florida Statutes and the delegation of authority granted by the University Board of Trustees, the Finance 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"~~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"~~AA- or higher.
   c. The duration of the fixed income portfolio shall not exceed the effective duration of the Merrill Lynch 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 ~~5~~7 years.

Attachment C

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 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 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%	ML 1-5yr G/C A or Better
Cash & Equivalents	**0%**	0% - 15%	90 Day US T-Bills

The Finance 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 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% ML 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%.

Attachment C

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 40^{th} 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 Merrill Lynch 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 40^{th} 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 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 Committee should be notified in writing.

By signing this document, the Vice President for Finance & Administration 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

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Vice President for Finance & Administration — Date
Chief Financial Officer

ITEM: INFO-1

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: UCF Investments Quarterly Report Ended June 30, 2014

DATE: October 22, 2014

For information only.

University of Central Florida
Total Operating Portfolio Summary[1]
As of June 30, 2014

Cash & Non-Investment Portfolio	12/31/2013 Reported Value	3/31/2014 Reported Value	6/30/2014 Reported Value
Bank of America	$37,248,685	$1,178,270	$13,439,591
CNL - Money Market	$5,016	$5,005	$5,005
SPIA	$229,065,110	$307,186,076	$266,489,136
UCF Parking Bonds (SPIA)	$3,253,688	$1,517,576	$1,434,524
UCF Housing Bonds (SPIA)	$6,712,874	$4,817,158	$3,050,499
Total Cash & Non-Investment Portfolio	**$276,285,374**	**$314,704,084**	**$284,418,754**

Structured Investment Portfolio (BNY)	12/31/2013 Market Value	3/31/2014 Market Value	*1st Quarter Gain/(Loss)*	6/30/2014 Market Value	*2nd Quarter Gain/(Loss)*	*Inception Gain/(Loss)[2]*
Pool I	**$30,000,819**	**$29,997,809**	***$740***	**$29,995,852**	***$748***	***$29,691***
Pool II	**$20,138,451**	**$20,146,668**	***$15,989***	**$20,152,873**	***$12,649***	***$247,484***
Fixed Income (Pool III)[3]	$97,274,815	$97,754,271	*$516,236*	$100,242,848	*$709,872*	*$7,642,845*
Domestic Equity (Pool III)	$19,132,814	$19,476,005	*$343,191*	$18,681,909	*$1,005,905*	*$8,784,146*
Total Pool III	**$116,407,629**	**$117,230,276**	***$859,427***	**$118,924,757**	***$1,715,777***	***$16,426,991***
Fixed Income (Pool IV)[4]	$20,539,798	$20,904,645	*$381,141*	$24,809,962	*$516,163*	*$4,042,963*
Domestic Equity (Pool IV)	$37,430,579	$38,101,983	*$671,404*	$36,670,682	*$1,968,699*	*$17,647,486*
International Equity (Pool IV)	$10,102,388	$10,243,176	*$140,788*	$10,558,251	*$315,076*	*$2,898,556*
Total Pool IV	**$68,072,765**	**$69,249,803**	***$1,193,332***	**$72,038,895**	***$2,799,938***	***$24,589,005***
Total Structured Investment Portfolio	**$234,619,664**	**$236,624,556**	***$2,069,487***	**$241,112,376**	***$4,529,112***	***$41,293,170***
Total Operating Portfolio	**$510,905,038**	**$551,328,640**		**$525,531,130**		

1. The portfolio gain/(loss) data is presented gross of management fees and portfolio expenses but net of physical cash flows.
2. The inception date for analysis is 3/31/10. The actual funding of the various portfolios occurred during March 2010.
3. Pool III's fixed Income market value includes the $12,276 cash balance held in the Pool III mutual fund account.
4. Pool IV's fixed Income market value includes the $28,453 cash balance held in the Pool IV mutual fund account.

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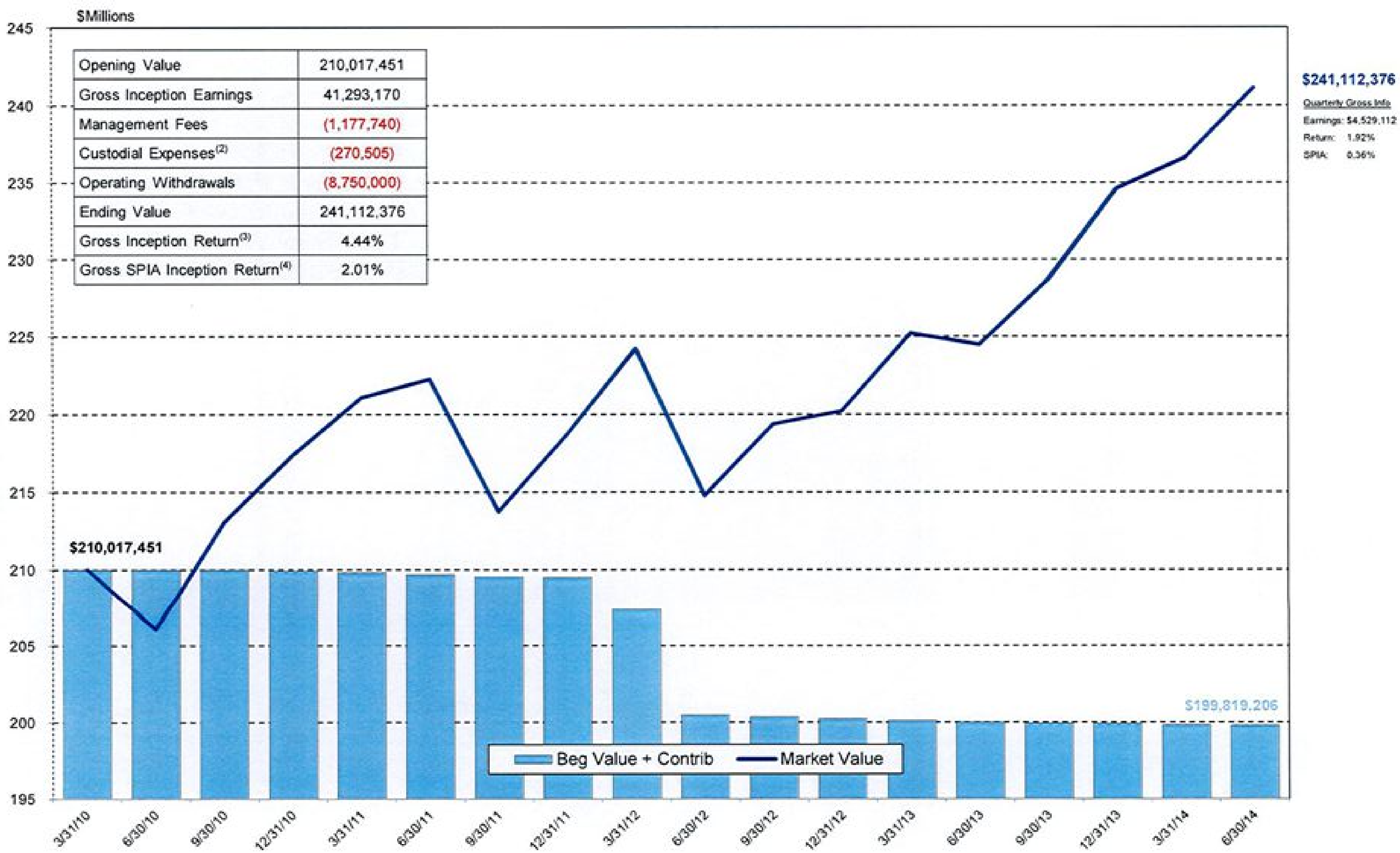
University of Central Florida
Structured Investment Portfolio vs. Net Contributions(1)
As of June 30, 2014

Opening Value	210,017,451
Gross Inception Earnings	41,293,170
Management Fees	(1,177,740)
Custodial Expenses(2)	(270,505)
Operating Withdrawals	(8,750,000)
Ending Value	241,112,376
Gross Inception Return(3)	4.44%
Gross SPIA Inception Return(4)	2.01%



1. Net contributions include cash flows associated with management fees, portfolio expenses and physical cash flows
2. Custodial expense figure is reduced by commission recapture income received
3. Annualized performance number. Net of management fees inception earnings = $40,115,430. Net inception return = 4.31%
4. The gross SPIA inception return corresponds with the 3/31/10 inception of UCF's investment portfolio. Net inception SPIA return = 1.89%

Page 2

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University of Central Florida
Structured Investment Portfolio Investment Policy Compliance Checklist[1]
As of June 30, 2014

Pool I:	Yes	No	N/A
Investments in any single pooled investment fund shall be limited to 50% of the market value of Operating Pool I's assets.			✓

Pool II:	Yes	No	N/A
Investments in any single pooled investment fund shall be limited to 50% of the market value of Operating Pool II's assets.			✓
All fixed income investments shall maintain a minimum rating of "AAA" or higher by a major credit rating service.	✓		
Duration of the fixed income portfolio shall not exceed the effective duration of the Merrill Lynch 1-Year Treasury index by 25%.	✓		
The maturity of any single security shall not exceed 1.5 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:	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%.	✓		

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

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

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

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University of Central Florida
Structured Investment Portfolio Detail
As of June 30, 2014

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	30% Barclays Agg + 5% Barclays TIPS + 50% S&P 500 + 15% MSCI-ACWxUS

Pool I	$29,995,852	Current Allocation
Cash & Equivalents	**$29,995,852**	**100.0%**
Fidelity Money Market	$29,995,852	

Pool II	$20,152,873	Current Allocation
Short-Term Fixed Income	**$20,152,873**	**100.0%**
Galliard Capital Management	$20,152,873	

Pool III	$118,913,757	Current Allocation
Intermediate Fixed Income (85%)	**$100,230,572**	**84.3%**
Galliard Capital Management	$53,878,117	
Sawgrass Asset Management	$46,352,455	
Domestic Equity (15%)	**$18,683,185**	**15.7%**
Vanguard Institutional Index[1]	$18,683,185	

Pool IV	$72,038,895	Current Allocation
Broad Market Fixed Income (35%)	**$24,809,961**	**34.4%**
Galliard Capital Management	$14,394,733	
PIMCO Total Return[2]	$7,328,489	
Galliard Treasury Inflation Protected (TIPS)	$3,086,739	
Domestic Equity (50%)	**$36,670,682**	**50.9%**
Vanguard Institutional Index	$36,670,682	
International Equity (15%)	**$10,558,252**	**14.7%**
Europacific Growth	$5,364,009	
Manning & Napier Overseas	$5,194,243	

1. Pool III's Vanguard Institutional Index market value includes the $12,276 cash balance held in the Pool III mutual fund account.
2. Pool IV's PIMCO Total Return market value includes the $28,453 cash balance held in the Pool IV mutual fund account.

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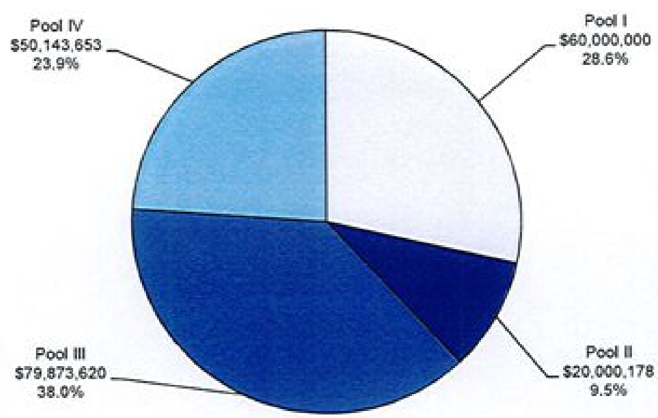
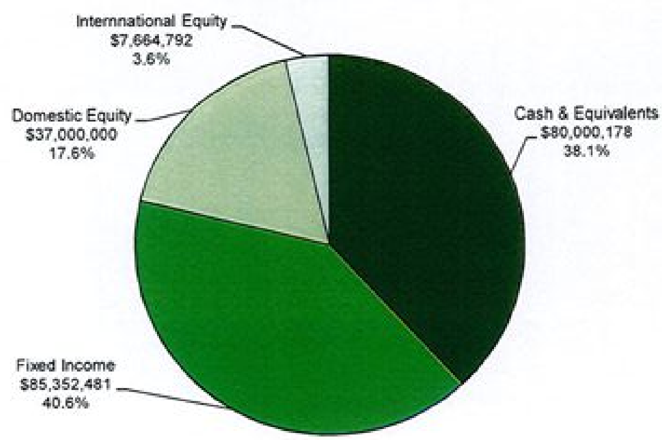
University of Central Florida
Initial Pool & Asset Allocation vs. Current Structured Investment Portfolio
As of June 30, 2014

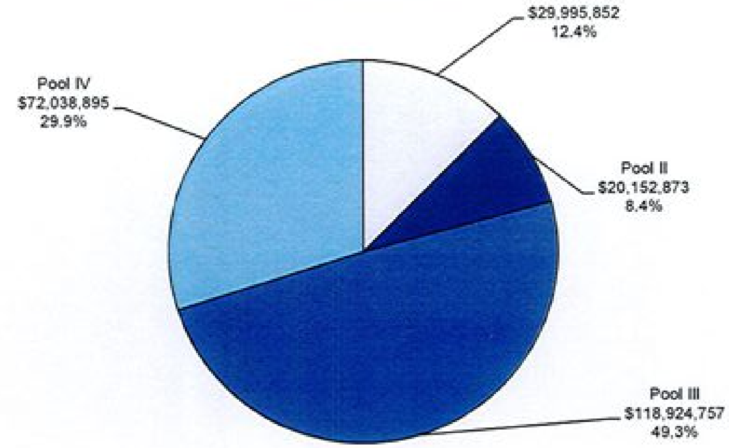
3/31/2010: $210,017,451
Pool Allocation



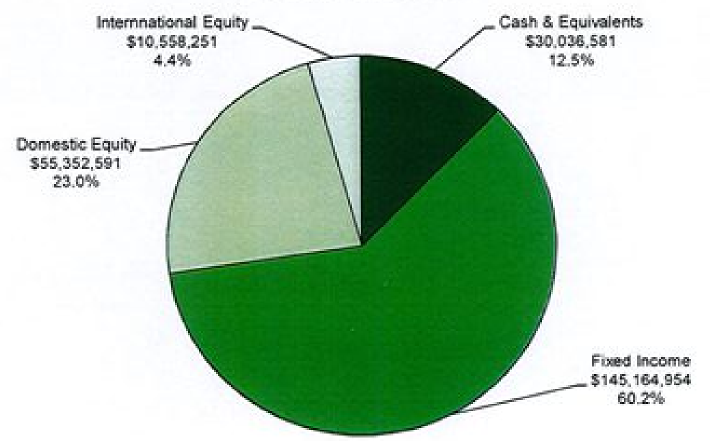
Asset Allocation



6/30/2014: $241,112,376
Pool Allocation



Asset Allocation



THE BOGDAHN GROUP

ITEM: <u>INFO-2</u>

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: University Operating Budget Report Quarter Ended June 30, 2014

DATE: October 22, 2014

For information only.

University of Central Florida
Operating Budget Report

as of June 30, 2014 (100% of year)

2013-14	Revenue	Expenditures	Expenditure Budget	% of Budget Spent	Revenue as % of Budget	Revenue less Expenditures	Fund Balance (as of July 1)
Educational & General	$ 501,347,043	$ 468,931,218	$ 611,434,294	76.7%	82.0%	$ 32,415,825	$ 121,024,562
Medical School	35,823,976	29,784,418	48,249,923	61.7%	74.2%	6,039,558	14,496,365
Auxiliary Enterprises	174,317,591	165,800,333	188,545,104	87.9%	92.5%	8,517,258	159,354,663
Sponsored Research	143,198,054	132,847,365	150,912,000	88.0%	94.9%	10,350,688	23,797,770
Student Financial Aid	451,327,166	450,985,732	521,544,307	86.5%	86.5%	341,434	28,560,028
Student Activities	18,164,462	18,806,150	21,945,080	85.7%	82.8%	(641,688)	8,954,497
Concessions	500,783	281,708	420,000	67.1%	119.2%	219,075	884,687
Technology Fee	8,955,030	9,147,734	9,945,000	92.0%	90.0%	(192,704)	4,711,636
	$ 1,333,634,105	$ 1,276,584,659	$ 1,552,995,708	82.2%	85.9%	$ 57,049,446	$ 361,784,208

2012-13	Revenue	Expenditures	Expenditure Budget	% of Budget Spent	Revenue as % of Budget	Revenue less Expenditures	Fund Balance (as of July 1)
Educational & General	$ 416,525,322	$ 461,230,923	$ 581,424,002	79.3%	71.6%	$ (44,705,601)	$ 165,730,164
Medical School	33,065,995	29,704,742	42,378,001	70.1%	78.0%	3,361,253	11,135,112
Auxiliary Enterprises	163,375,858	135,562,942	174,983,999	77.5%	93.4%	27,812,916	131,685,970
Sponsored Research	140,044,408	138,751,857	154,597,904	89.8%	90.6%	1,292,551	22,505,218
Student Financial Aid	449,557,973	449,064,638	539,721,705	83.2%	83.3%	493,335	28,066,694
Student Activities	18,834,419	19,230,214	22,186,188	86.7%	84.9%	(395,795)	9,350,292
Concessions	538,016	290,578	380,000	76.5%	141.6%	247,438	637,249
Technology Fee	9,193,526	10,805,376	11,075,000	97.6%	83.0%	(1,611,850)	6,323,487
	$ 1,231,135,517	$ 1,244,641,270	$ 1,526,746,799	81.5%	80.6%	$ (13,505,753)	$ 375,434,186

ITEM: INFO-2

University of Central Florida
Operating Budget Status

June 30, 2014

Year-to-Date Activity and Variances

The attached reports include revenues and expenditures for the 12 months ended June 30, 2014, compared to the operating budget. Student credit hours are consistent with the enrollment plan and are slightly less than the prior year by 1.1 percent. Revenue and expenditures as a percentage of budget are 5.3 percent and 0.7 percent, respectively, higher than last year. Overall, revenues and expenditures as a percent of the operating budget are 86 percent and 82 percent, respectively. Specific activities and variances in certain budget categories are described below.

Educational & General

E&G revenues increased $84.8 million. State appropriations increased $76.4 million, which is primarily due to the restoration of the 2012-13 budget reduction of $52.6 million and $15.5 million in additional funding for compensation and benefits. Tuition and fees increased $8 million, which includes an increase in Summer tuition revenue resulting from the Fall 2012 rate increase and the 1.7 percent consumer price index increase to undergraduate base tuition.

E&G expenditures increased by $7.7 million. Salaries and benefits increased $16.4 million, which includes pay rate increases, an increase in the number of employees, and legislative increases in employer contributions to fund state retirement and health care plans. The increase in salaries and benefits was offset by an $8.7 million decrease in capital purchases and other non-recurring expenses.

Medical School

Medical school revenues increased by $2.8 million primarily due to increased state appropriations and student fees.

Total medical school expenditures are consistent with prior year. Salaries and benefits increased $0.4 million.

Auxiliary Enterprises

Auxiliary revenues increased $10.9 million. $19.2 million of the increase was related to an accounting change for utilities by facility operations. Housing revenues increased $3.4 million due to the opening of additional housing facilities. These increases were offset by a decrease in realized gains on investments in conjunction with a prior-year fourth-quarter gain of $10.5 million realized from a transfer of equity investments to indexed investment funds.

Expenditures increased $30.2 million. Utilities increased $16.3 million primarily due to the accounting change for facility operations. Salaries and benefits increased $6.3 million, which includes an increase in the number of employees, pay rate increases, and increases in employer rates for retirement and health care plans. Computer Services and Technology purchases for resale increased $2.5 million. Construction funding increased by $5.9 million for the Health

ITEM: INFO-2

University of Central Florida
Operating Budget Status

June 30, 2014

Center addition and Housing projects. There was also an increase in asset purchases of $1.4 million below capitalization thresholds. These increases were offset by a $3.2 million decrease in license expenditures associated with the prior year WUCF TV license purchase.

Sponsored Research

Sponsored research revenues increased $3.2 million primarily attributable to a change in accounting. Historically, revenues were recorded on a cash basis throughout the year with a conversion to accrual basis for year-end financial reporting. Beginning in November 2013, revenues are now recorded on an accrual basis throughout the year.

Overall research expenditures decreased $5.9 million primarily due to a $5 million expenditure for facility improvements in the prior year.

Student Financial Aid

Student financial aid revenues increased $1.8 million. Actual activity showed an increase in funding for Federal Pell Grants of $3 million, an increase in institutional funding of $3.1 million, and combined increases in First Generation Grants, Private Loans, and College of Medicine Scholarships totaling $1.2 million, offset by a decrease in Federal Direct Lending of $4.2 million and a decrease of $1.6 million for Bright Futures Scholarships.

Student financial aid expenditures increased $1.9 million. Need-based student awards increased $3.5 million offset by a $2.5 million decrease in non-need-based student awards.

Student Activities

Student activities revenues and expenses remain consistent with the prior year.

Concessions

Concessions revenues and expenses remain consistent with the prior year.

Technology Fee

Technology fee revenues were consistent with the prior year.

Technology fee expense variances are due to timing differences in the progress of the various projects. Approximately 59 percent of 2013-14 and 98 percent of 2012-13 and prior years' awarded funds have been spent or transferred to Computer Services and Telecommunications for projects completed or in progress.

University of Central Florida
Operating Budget Status

Explanation of Terms

Budgets

Educational & General. The Educational & General budget includes expenditures for instructional activities and related administrative support. This budget is funded by general revenue, Educational Enhancement funds, and student fees. E&G student fees include tuition and out-of-state fees.

Auxiliary Enterprises. Auxiliary enterprises include those activities that are not instructional in nature but support the operation of the university. The primary auxiliary areas include Housing, Student Health Services, Parking Services, Computer Store, Telecommunications, Continuing Education, Dining Services, and the Bookstore. The auxiliaries must generate adequate revenue to cover expenditures and allow for future renovations and building or equipment replacement, if applicable. Several of the auxiliaries are partially or wholly funded by student fees, including Student Health Services, Parking Services, and Material and Supply Fees.

Sponsored Research. Sponsored research includes research activities that are funded by federal, state, local, and private funds.

Student Financial Aid. The student financial aid budget largely represents scholarship and loan funds that are received by the university and subsequently disbursed to students. Large disbursements of these funds occur at the beginning of the fall and spring semesters. The expenditures in this budget will therefore not coincide with the months remaining in the year.

Student Activities. The student activities budget is funded by the Activity and Service Fee paid by the students and includes expenditures for student government and student clubs and organizations. This budget also includes all expenditures for the Student Union and the Recreation and Wellness Center. Expenditures for these entities are funded by the Activity and Service Fee and by revenue generated through functions in the facilities.

Concessions. The concessions budget is funded from vending machine revenue. These funds are used for events and other expenditures that support the university.

Technology Fee. The technology fee was established in January 2009 as allowed by Florida Statute 1009.24. The university began charging 5 percent of the tuition per credit hour beginning in the fall term of the 2009-10 academic years. A committee and guidelines for the allocation and use of the technology resources were established. The revenue from this fee will be used to enhance instructional technology resources for students and faculty.

University of Central Florida
Operating Budget Status

Explanation of Terms

Expenditure Categories

Salaries and Benefits. Salaries and benefits include salary payments, along with employer benefit costs, including FICA, health insurance, life insurance, disability insurance, and pre-tax benefits. Benefits are approximately 30 percent of salaries for permanent employees.

Expenses. Expenses include office supplies, repairs, maintenance costs, contract services, and all other items not included as salaries, capital purchases, or debt service.

Capital Purchases. Capital purchases include personal property with a value of $5,000 or more and library resources with a value of $250 or more, and an expected life of one year or more.

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

ITEM: INFO-3

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Direct Support Organizations' 2013-14 Fourth-Quarter Financial Reports

DATE: October 22, 2014

For information only.

UCF Athletic Association and Golden Knights Corporation
Consolidated Statement of Operations - Cash Basis
For the year ended June 30, 2014

	UCF Athletic Association Actual 2013-14	Golden Knights Corporation Actual 2013-14	Combined Actual 2013-14	UCF Athletic Association Budget 2013-14	Golden Knights Corporation Budget 2013-14	Combined Budget 2013-14	Variance to Budget Favorable (Unfavorable)		UCF Athletic Association Actual 2012-13	Golden Knights Corporation Actual 2012-13	Combined Actual 2012-13	Variance to Prior Year Favorable (Unfavorable)	
Operating revenues													
Athletic events, including premium seating [1]	$16,068,701	$ 1,595,635	$17,664,336	$ 10,538,606	$ 1,550,000	$ 12,088,606	$ 5,575,730	46.12 %	$ 7,393,317	$ 1,529,655	$ 8,922,972	$8,741,364	97.96 %
University allocations	22,471,540	-	22,471,540	22,251,975	-	22,251,975	219,565	0.99 %	22,630,458	-	22,630,458	(158,918)	(0.70)%
Sponsorship	3,072,541	500,000	3,572,541	3,078,673	500,000	3,578,673	(6,132)	(0.17)%	2,943,672	1,250,000	4,193,672	(621,131)	(14.81)%
Contributions	2,084,859	325,000	2,409,859	2,015,141	556,800	2,571,941	(162,082)	(6.30)%	2,032,006	225,000	2,257,006	152,853	6.77 %
Other	558,351	681,135	1,239,486	448,228	605,000	1,053,228	186,258	17.68 %	460,349	570,681	1,031,030	208,456	20.22 %
Total operating revenues	44,255,992	3,101,770	47,357,762	38,332,623	3,211,800	41,544,423	5,813,339	13.99 %	35,459,802	3,575,336	39,035,138	8,322,624	21.32 %
Operating expenses													
Scholarships	6,898,905	-	6,898,905	6,881,809	-	6,881,809	(17,096)	(0.25)%	6,606,464	-	6,606,464	(292,441)	(4.43)%
Employee compensation	15,783,025	-	15,783,025	14,938,123	-	14,938,123	(844,902)	(5.66)%	14,657,118	-	14,657,118	(1,125,907)	(7.68)%
Sport operations [1]	10,431,373	-	10,431,373	6,421,653	-	6,421,653	(4,009,720)	(62.44)%	6,353,966	-	6,353,966	(4,077,407)	(64.17)%
Support operations	6,617,139	898,927	7,516,066	6,557,478	969,114	7,526,592	10,526	0.14 %	5,947,134	852,045	6,799,179	(716,887)	(10.54)%
Other	1,011,634	-	1,011,634	1,027,960	-	1,027,960	16,326	1.59 %	537,297	-	537,297	(474,337)	(88.28)%
Total operating expenses	40,742,076	898,927	41,641,003	35,827,023	969,114	36,796,137	(4,844,866)	(13.17)%	34,101,979	852,045	34,954,024	(6,686,979)	(19.13)%
Net operating income	3,513,916	2,202,843	5,716,759	2,505,600	2,242,686	4,748,286	968,473	20.40 %	1,357,823	2,723,291	4,081,114	1,635,645	40.08 %
Nonoperating revenues (expenses)													
Net transfers (to GKC) / from UCFAA	(1,279,544)	1,279,544	-	(1,837,599)	1,837,599	-	-	-	(1,547,836)	1,547,836	-	-	-
Interest income	12,146	150,060	162,206	32,000	155,000	187,000	(24,794)	(13.26)%	42,048	153,522	195,570	(33,364)	(17.06)%
Interest expense	(158,445)	(2,022,334)	(2,180,779)	(250,000)	(2,081,485)	(2,331,485)	150,706	6.46 %	(233,001)	(2,074,187)	(2,307,188)	126,409	5.48 %
Total nonoperating expenses	(1,425,843)	(592,730)	(2,018,573)	(2,055,599)	(88,886)	(2,144,485)	125,912	5.87 %	(1,738,789)	(372,829)	(2,111,618)	93,045	4.41 %
Net increase (decrease) from operations	$ 2,088,073	$ 1,610,112	$ 3,698,186	$ 450,001	$ 2,153,800	$ 2,603,801	$ 1,094,385		$ (380,966)	$ 2,350,462	$ 1,969,496	$ 1,728,690	
Debt service													
Total principal and interest payments	$ 1,047,495	$ 3,287,334	$ 4,334,829	$ 700,000	$ 3,988,285	$ 4,688,285	$ 353,456	7.54 %	$ 817,152	$ 3,624,187	$ 4,441,339	$ 106,510	2.40 %

[1] Variance from budget is due to Tostito's Fiesta Bowl revenues and expenses not anticipated in the budget. In addition, athletic event revenue was higher in 2013-14 due to a larger pay-out from the American conference than Conference USA in 2012-13.

UCF Convocation Corporation
Statement of Operations
For the year ended June 30, 2014

	2013-14				2012-13			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Arena Operations								
Revenues								
Event related	$ 5,748,732	$ 6,396,175	$ (647,443)	(10.1)%	$ 3,747,763	$ 5,885,393	$ (2,137,630)	(36.3)%
Premium seating and sponsorship	1,353,599	1,359,000	(5,401)	(0.4)%	1,064,795	863,210	201,585	23.4 %
Rental Income	2,723,691	2,729,052	(5,361)	(0.2)%	2,694,275	2,660,509	33,766	1.3 %
University support	2,500,000	2,285,575	214,425	9.4 %	985,000	968,412	16,588	1.7 %
Other	573,238	513,493	59,745	11.6 %	587,451	514,715	72,736	14.1 %
Total revenues	12,899,260	13,283,295	(384,035)	(2.9)%	9,079,284	10,892,239	(1,812,955)	(16.6)%
Expenses								
Direct event	4,701,472	5,033,900	332,428	6.6 %	2,855,412	4,584,622	1,729,210	37.7 %
Operating and indirect event	3,320,568	3,259,200	(61,368)	(1.9)%	3,025,067	3,273,172	248,105	7.6 %
Direct premium seating	504,626	796,572	291,946	36.7 %	237,377	198,156	(39,221)	(19.8)%
Total expenses	8,526,666	9,089,672	563,006	6.2 %	6,117,856	8,055,950	1,938,094	24.1 %
Net increase from arena operations	4,372,594	4,193,623	178,971	4.3 %	2,961,428	2,836,289	125,139	4.4 %
Housing Operations								
Revenues								
Apartment rentals	16,735,800	17,542,290	(806,490)	(4.6)%	18,190,167	17,990,975	199,192	1.1 %
Parking	1,036,388	1,036,388	-	0.0 %	1,036,388	1,036,388	-	0.0 %
Other	138,388	129,500	8,888	6.9 %	159,210	152,000	7,210	4.7 %
Total revenues	17,910,576	18,708,178	(797,602)	(4.3)%	19,385,765	19,179,363	206,402	1.1 %
Total expenses	5,967,576	6,510,100	542,524	8.3 %	5,423,744	5,928,181	504,437	8.5 %
Net increase from housing operations	11,943,000	12,198,078	(255,078)	(2.1)%	13,962,021	13,251,182	710,839	5.4 %
Retail Operations								
Total revenues	1,705,993	1,772,157	(66,164)	(3.7)%	1,634,102	1,883,997	(249,895)	(13.3)%
Total expenses	542,588	568,754	26,166	4.6 %	459,320	602,308	142,988	23.7 %
Net increase from retail operations	1,163,405	1,203,403	(39,998)	(3.3)%	1,174,782	1,281,689	(106,907)	(8.3)%
Net increase from total operations	$ 17,478,999	$ 17,595,104	$ (116,105)		$ 18,098,231	$ 17,369,160	$ 729,071	
Debt service								
Total principal and interest payments	$ 16,204,440				$ 16,202,295			

UCF Finance Corporation
Statement of Operations
For the year ended June 30, 2014

	2013-14				2012-13			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Revenues								
University transfers	$ 2,664,091	$ 2,600,400	$ 63,691	2.4 %	$ 2,700,606	$ 2,758,656	$ (58,050)	(2.1)%
Interest	12,640	14,000	(1,360)	(9.7)%	17,892	10,000	7,892	78.9 %
Total revenues	2,676,731	2,614,400	62,331	2.4 %	2,718,498	2,768,656	(50,158)	(1.8)%
Expenses								
Operating	18,310	26,603	8,293	31.2 %	12,514	22,603	10,089	44.6 %
Interest	2,492,373	2,418,000	(74,373)	(3.1)%	2,527,709	2,556,959	29,250	1.1 %
Debt related	171,993	179,900	7,907	4.4 %	188,378	199,197	10,819	5.4 %
Total expenses	2,682,676	2,624,503	(58,173)	(2.2)%	2,728,601	2,778,759	50,158	1.8 %
Net decrease from operations	$ (5,945)	$ (10,103)	$ 4,158		$ (10,103)	$ (10,103)	$ -	
Debt service								
Total principal and interest payments	$ 3,732,373				$ 3,702,709			

UCF Foundation
Statement of Operations
For the year ended June 30, 2014

	2013 - 14				2012 - 13			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Revenues								
Unrestricted gifts, fees, and investment earnings	$ 6,349,216	$ 5,244,889	$ 1,104,327	21.1%	$ 5,211,254	$ 4,893,582	$ 317,672	6.5%
Real estate	1,893,316	1,846,371	46,945	2.5%	1,855,263	1,809,907	45,356	2.5%
Other	7,788,816	9,017,506	(1,228,690)	(13.6)%	6,536,930	7,626,219	(1,089,289)	(14.3)%
Total revenue	16,031,348	16,108,766	(77,418)	(0.5)%	13,603,447	14,329,708	(726,261)	(5.1)%
Expenses								
Academic and university support	1,511,625	1,618,055	106,430	6.6 %	1,622,024	1,618,055	(3,969)	(0.2)%
Development, alumni relations, and operations	12,640,736	14,490,711	1,849,975	12.8 %	11,147,422	12,711,653	1,564,231	12.3%
Total expenses	14,152,361	16,108,766	1,956,405	12.1 %	12,769,446	14,329,708	1,560,262	10.9%
Net increase from total operations	$ 1,878,987	$ -	$ 1,878,987		$ 834,001	$ -	$ 834,001	
Debt service								
Total principal and interest payments	$ 4,495,743				$ 4,852,236			

UCF Research Foundation
Statement of Operations
For the year ended June 30, 2014

	2013-14				2012-13			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Revenues								
Operating revenue[1]	$ 5,659,993	$ 6,054,469	$ (394,476)	(6.5)%	$ 4,522,958	$ 5,521,600	$ (998,642)	(18.1)%
Management fees and other	270,228	281,290	(11,062)	(3.9)%	185,611	271,000	(85,389)	(31.5)%
Total revenues	5,930,221	6,335,759	(405,538)	(6.4)%	4,708,569	5,792,600	(1,084,030)	(18.7)%
Expenses								
Total operating expenses	5,428,184	6,028,469	600,285	10.0 %	4,600,186	5,461,600	861,413	15.8 %
Net increase from operations	$ 502,037	$ 307,290	$ 194,747		$ 108,383	$ 331,000	$ (222,617)	

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

ITEM: INFO-4

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Sustainability and Energy Management Update

DATE: October 22, 2014

For Information Only

UNIVERSITY OF CENTRAL FLORIDA

Sustainability and Energy Management Update

Energy Conservation Successes

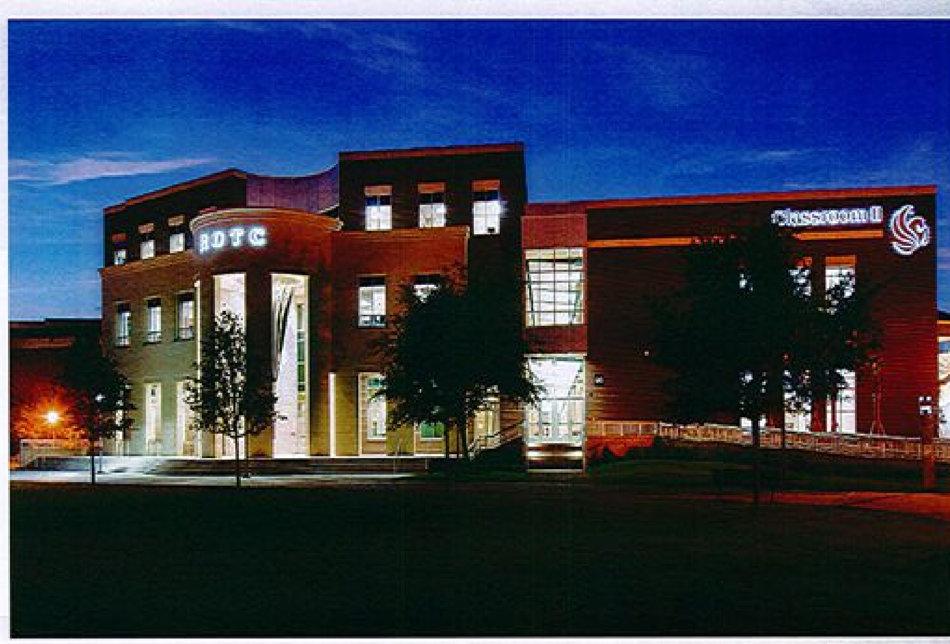
Curtis C. Wade
10/22/14

1

UNIVERSITY OF CENTRAL FLORIDA

Overview

- Green Buildings and Energy Conservation
- Past Successes
- Combined Heat and Power Plant
- Cost Avoidance 2012-13
- Cumulative Savings
- 2013-14 Energy Projects
- Climate Action Plan
- Analytics
- Sustainability Outreach

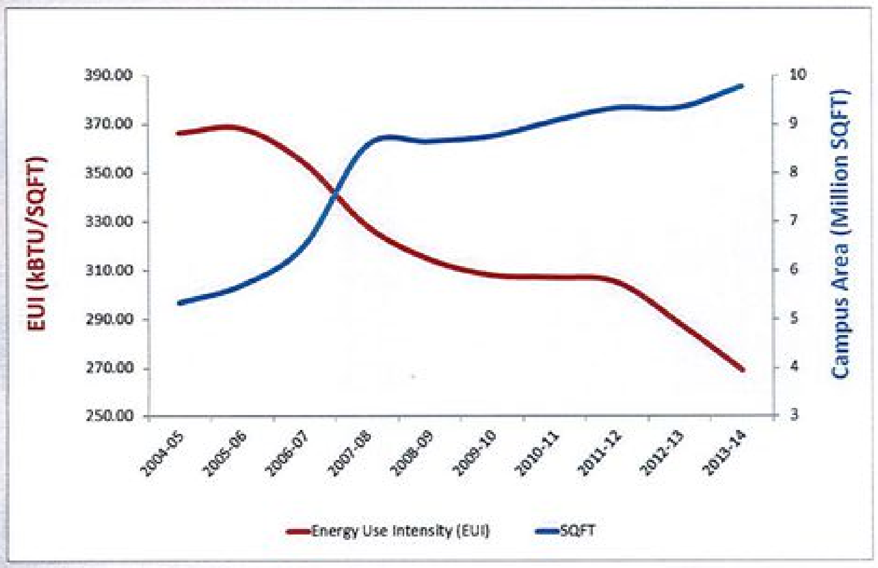


2

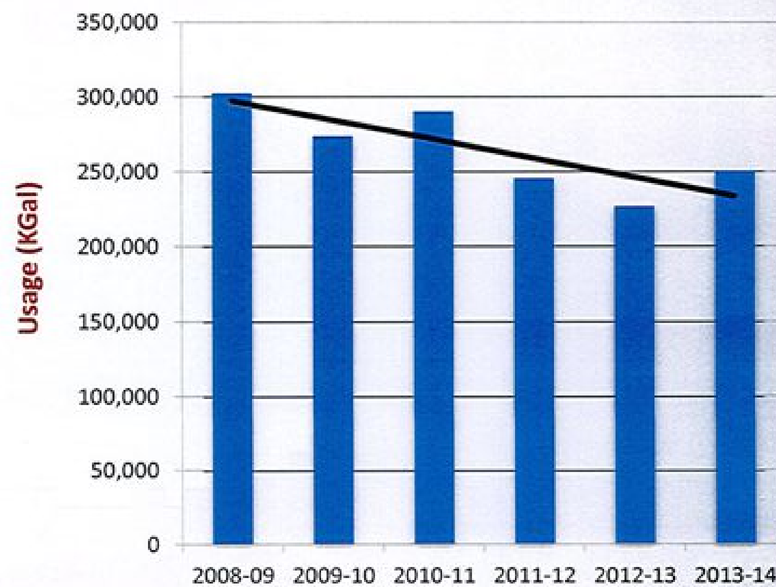
UNIVERSITY OF CENTRAL FLORIDA

Green Buildings and Energy Reduction

Electricity and Gas



Potable Water



3

UNIVERSITY OF CENTRAL FLORIDA

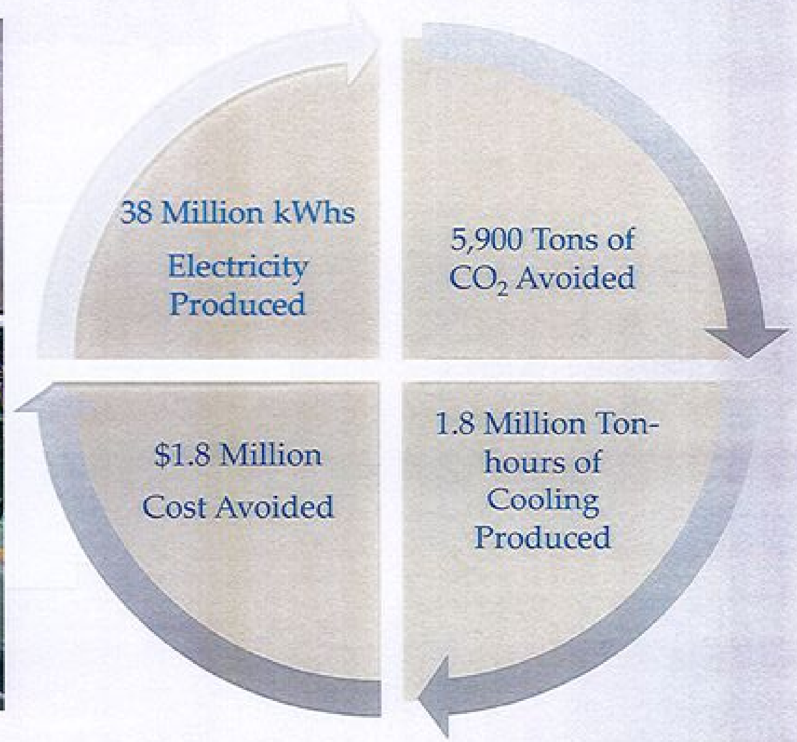
Past Successes

- Demand Response
- Renewables

4

UNIVERSITY OF CENTRAL FLORIDA

Combined Heat and Power Plant



Power Production • Climate Action • Cost Avoidance

5

UNIVERSITY OF CENTRAL FLORIDA

Cost Avoidance 2012-13

Chilled Water Production
$526,000

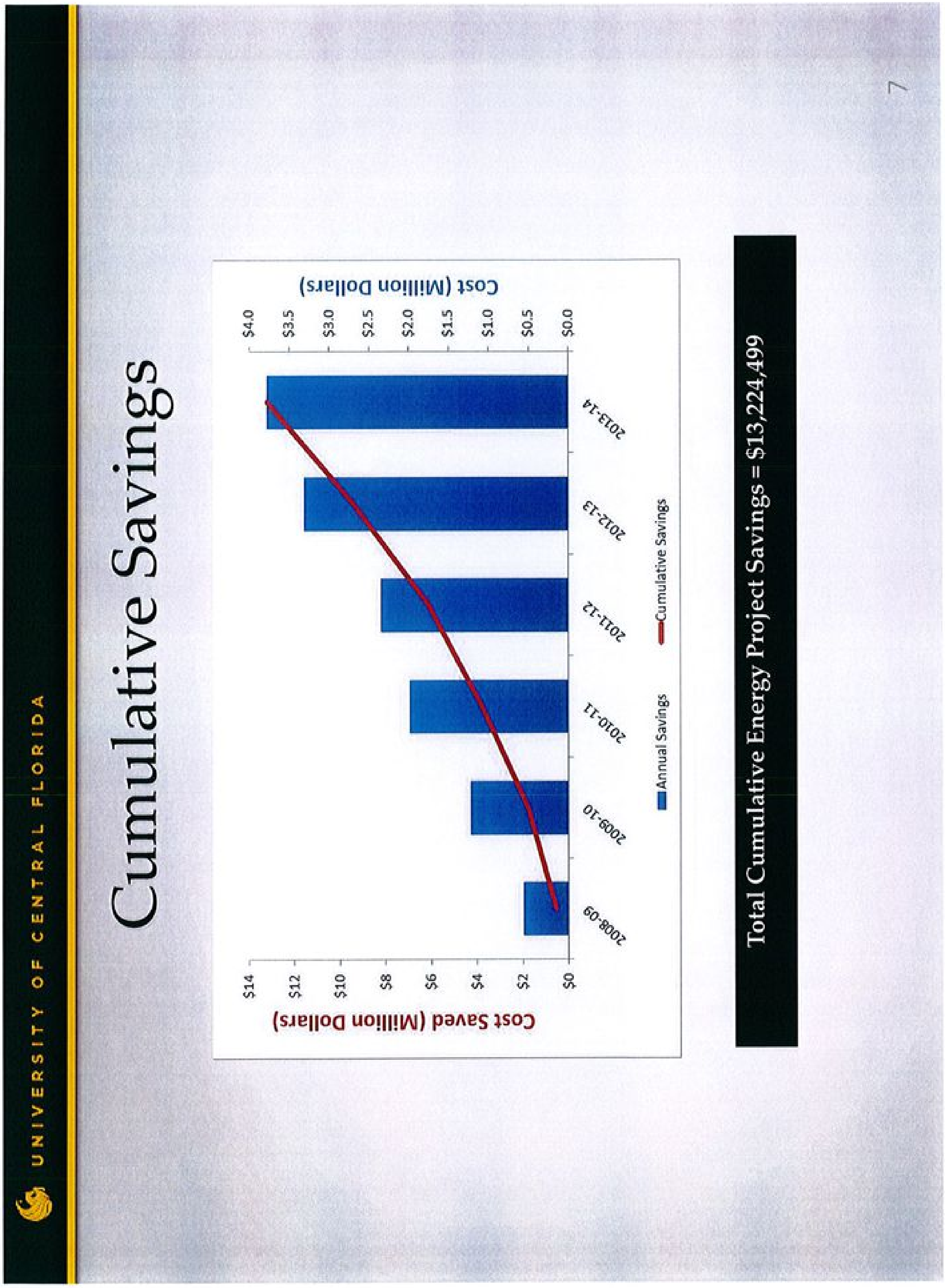
Utility Rebates
$60,000

Natural Gas Procurement
$104,000

Renewable Energy Generation
$16,000

Electrical Conservation
$3.61 million

6



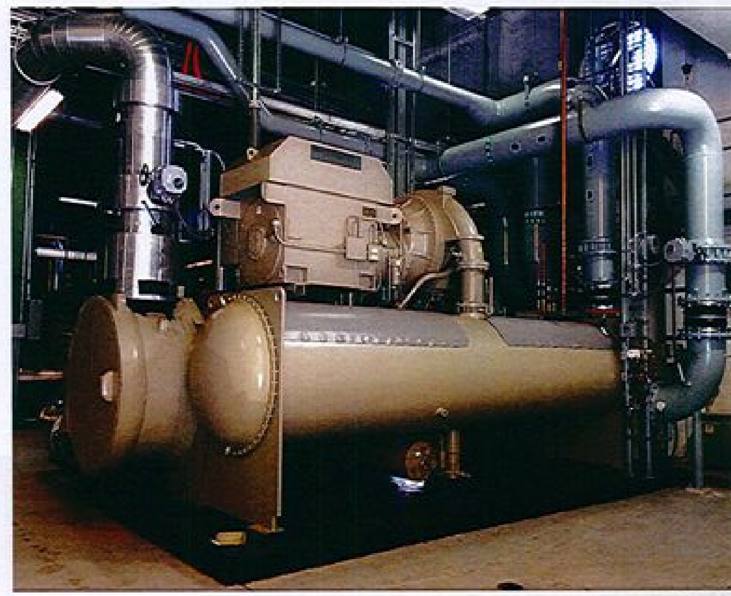
UNIVERSITY OF CENTRAL FLORIDA
Cumulative Savings
Cost Saved (Million Dollars)
$14
$12
$10
$8
$6
$4
$2
$0
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
Cost (Million Dollars)
$4.0
$3.5
$3.0
$2.5
$2.0
$1.5
$1.0
$0.5
$0.0
Annual Savings
Cumulative Savings
Total Cumulative Energy Project Savings = $13,224,499
7

UNIVERSITY OF CENTRAL FLORIDA

2013-14 Energy Projects

Partnership I and II

District Energy Plant

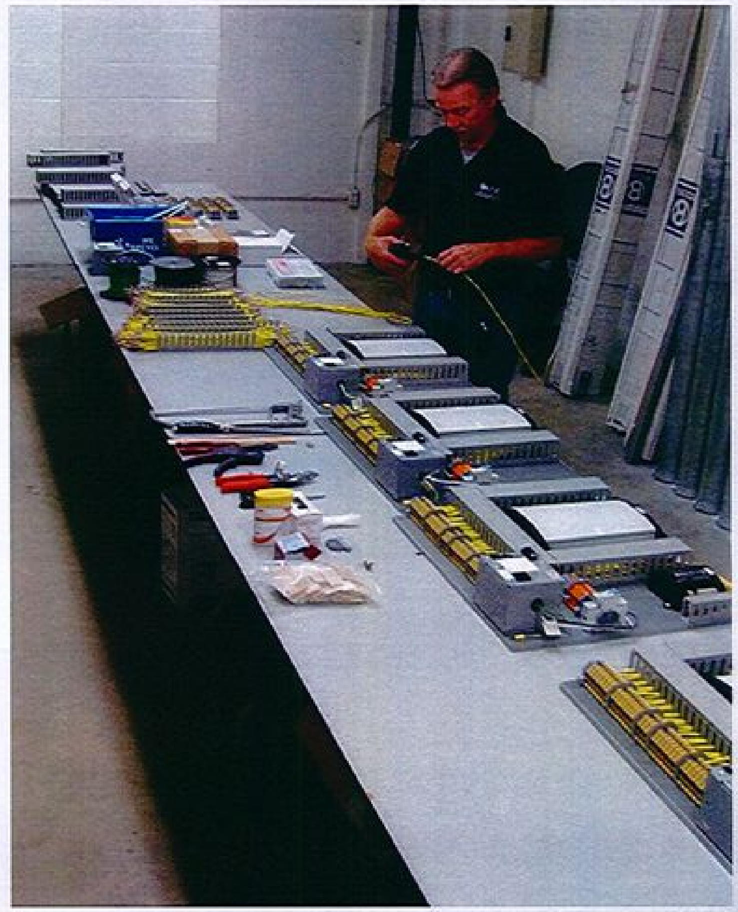


8

UNIVERSITY OF CENTRAL FLORIDA

2014 Energy Projects

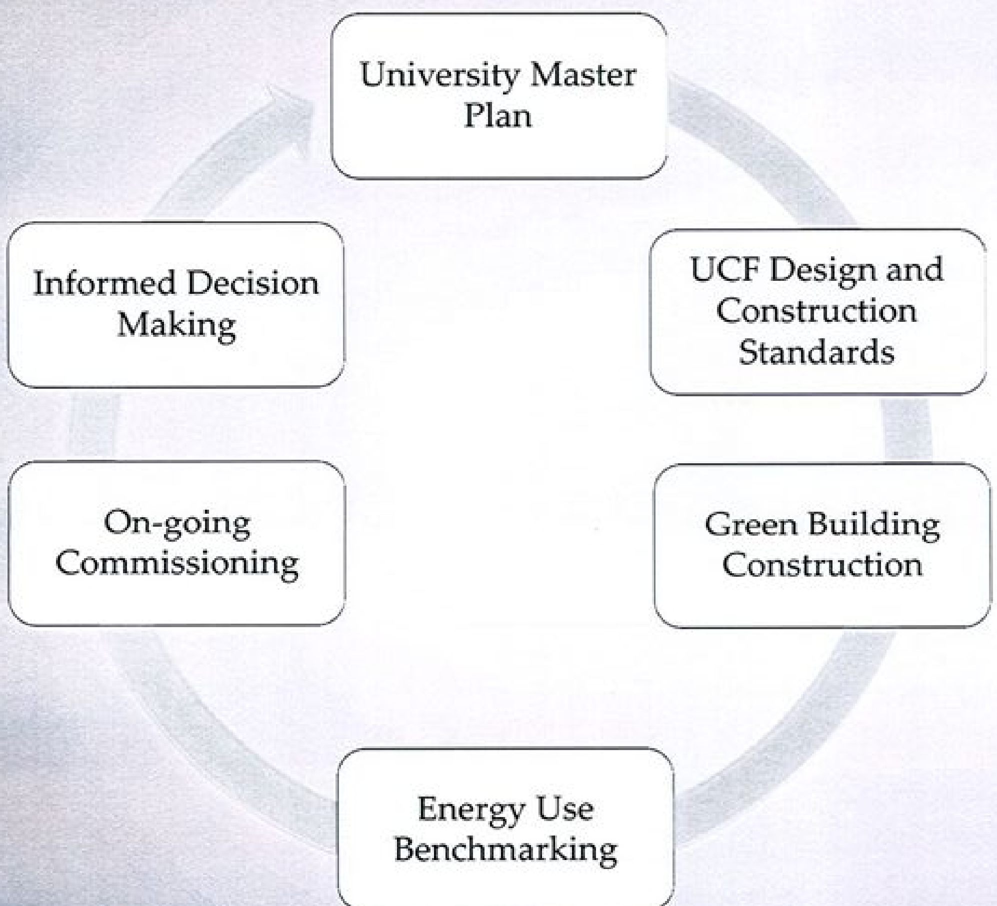
- Building Automation
- In-house Systems Integration
- High-quality Fabrication
- Consistent Sequences



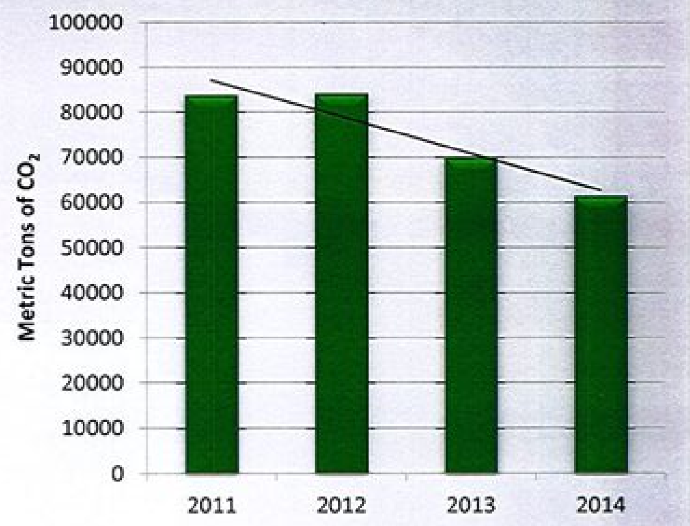
9

UNIVERSITY OF CENTRAL FLORIDA

Climate Action Plan



GHG Emissions Reduction at UCF's Main Campus

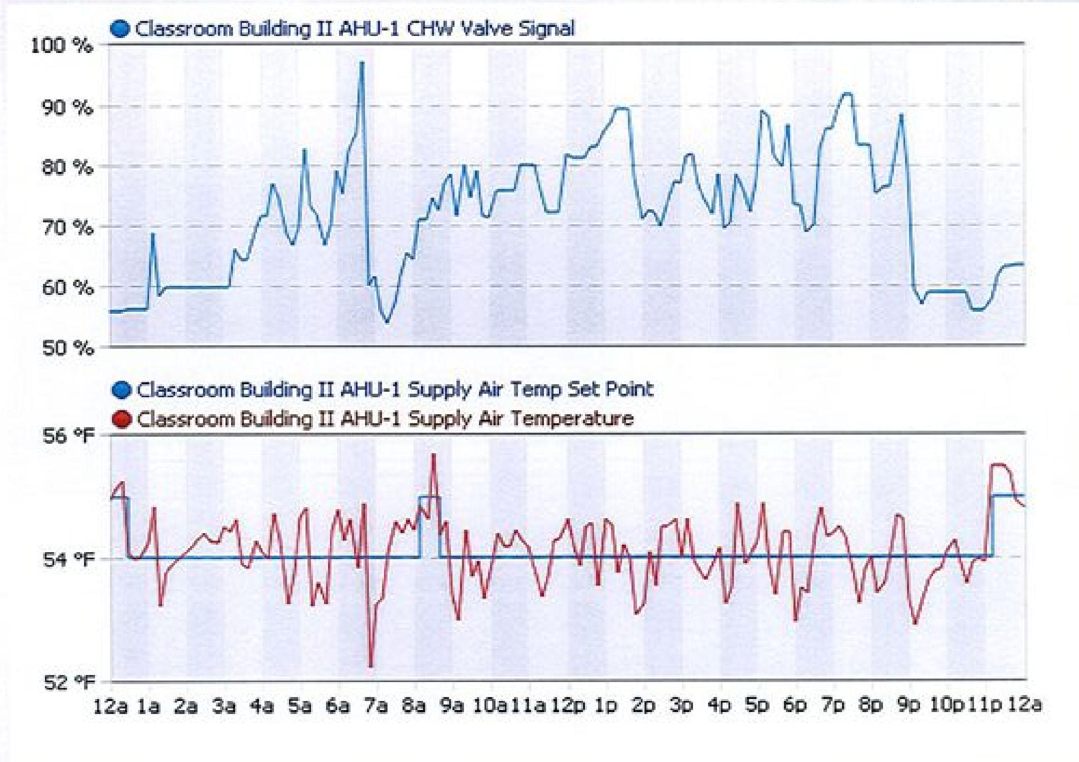


10

UNIVERSITY OF CENTRAL FLORIDA

Analytics

- Predictive Maintenance
- Energy Benchmarking
- Customer Service
- Real–time Commissioning
- Opportunities for Cost Reduction



11

UNIVERSITY OF CENTRAL FLORIDA

Sustainability Outreach

THE CENTER FOR GREEN SCHOOLS

Community Partnerships

- Green Apple Day of Service
- Green School Recognition Program

On Campus

- Sustainability Innovation Competition
- Green Room Certification
- Greenest Resident Assistant Competition

12

ITEM: INFO-5

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: UCF Foundation Financial Report Presentation

DATE: October 22, 2014

For information only.

The UCF Foundation, Inc.

A 501 (c)(3) Direct Support Organization

What is the foundation?

The foundation serves as the official fundraising organization and recipient of gifts for the university.

As a 501 (c)(3) non-profit organization, the foundation is a direct support organization of the university that operates exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the university.

UCF *Foundation, Inc.*

2

What is the foundation?

Mission: *The UCF Foundation encourages, stewards, and celebrates charitable contributions from alumni and friends to support the University of Central Florida.*

UCF *Foundation, Inc.*

3

What is the foundation?

The foundation is governed by its own board of directors. The board's role includes:

– having fiduciary oversight of financial and investment advisor

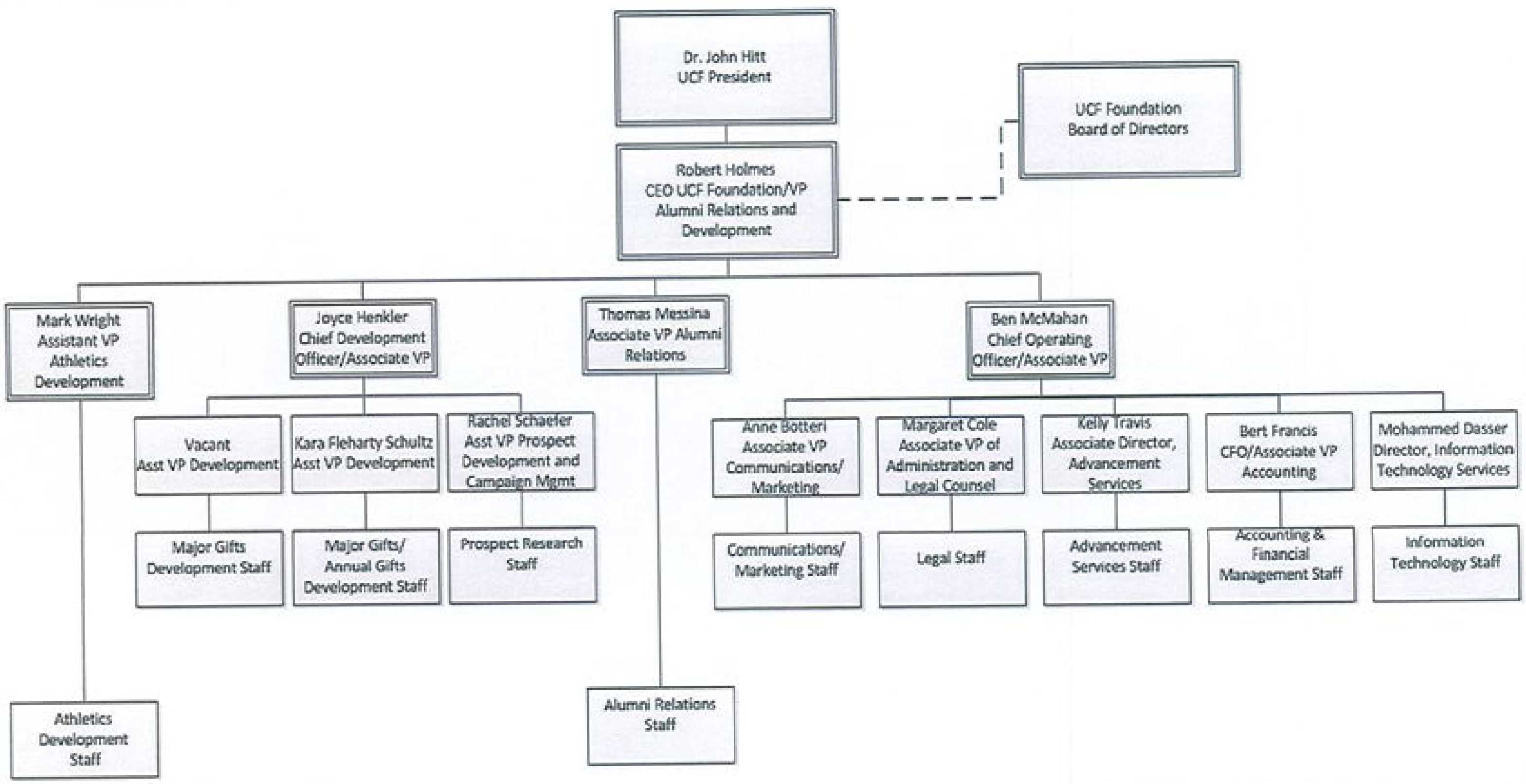
– establishing real estate policies and procedures affecting the foundation

– providing support for the fundraising plans

4

UCF *Foundation, Inc.*

UCF Foundation Staff

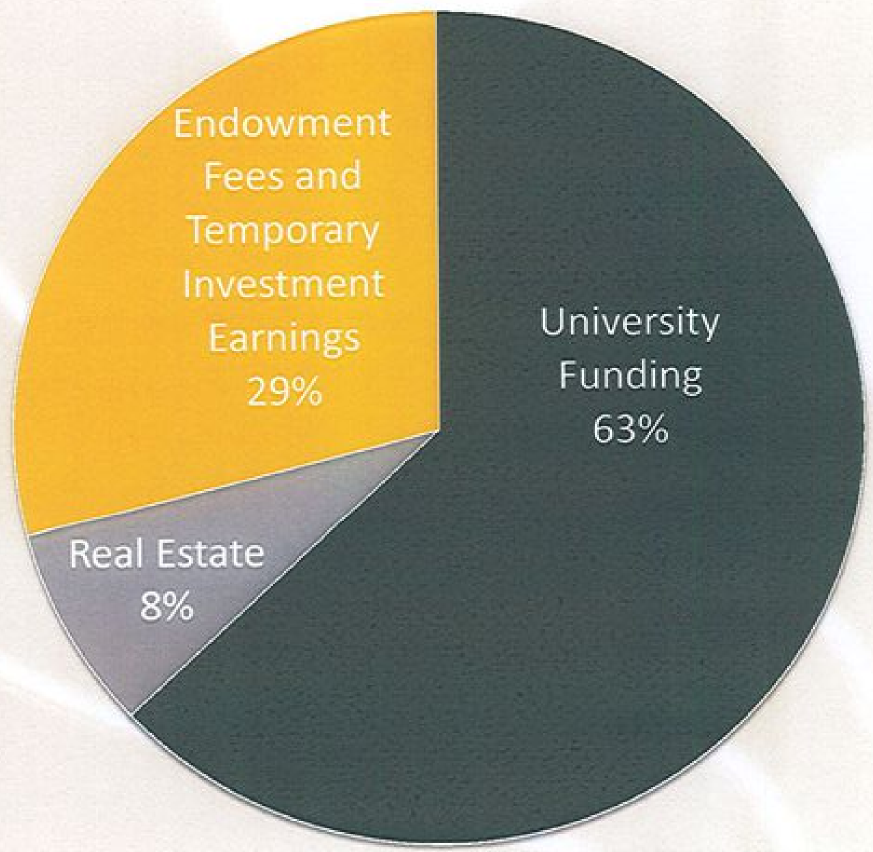


5

UCF *Foundation, Inc.*

2014-15 Unrestricted Operating Budget

(Revised)*

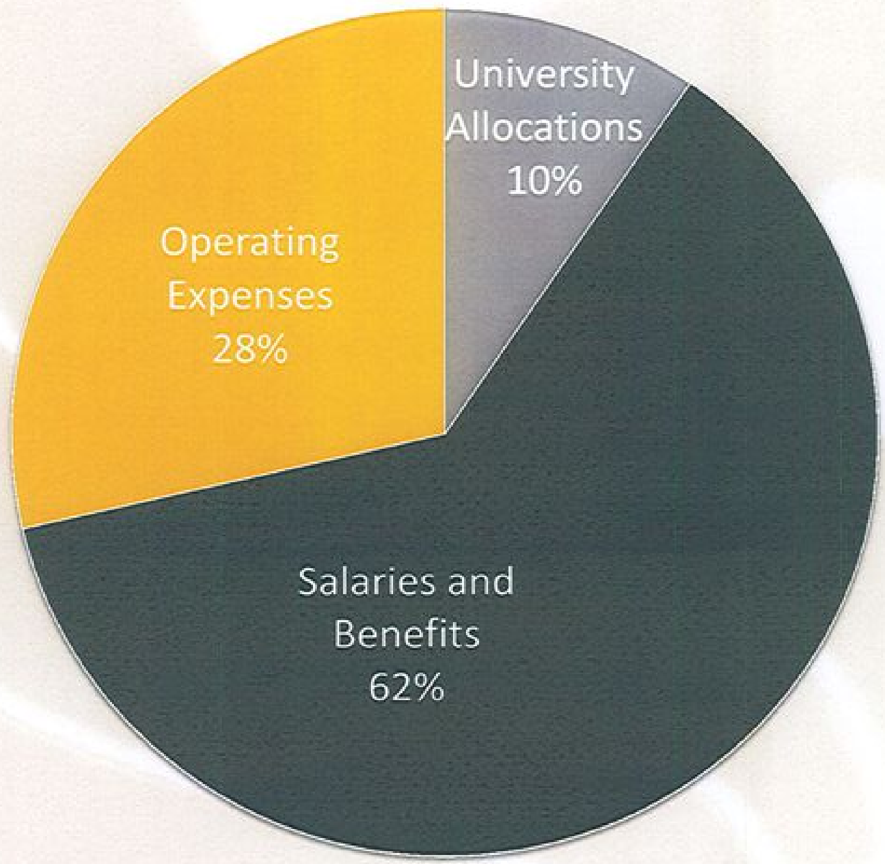


Total Revenue
$16,471,405

6 *After elimination of gift fees and rental rate adjustment

UCF *Foundation, Inc.*

2014-15 Unrestricted Operating Budget



Total Expenses
$16,471,405

UCF *Foundation, Inc.*

7

The UCF Foundation Budget

Statement of Operations

	2014-15 Budget	2013-14 Actual	2012-13 Actual	2011-12 Actual
Funding Sources				
Unrestricted Gifts, Fees, and Investment Earnings	$ 5,409,292	$ 6,349,216	$ 5,211,254	$ 4,437,826
University Funding	9,062,113	7,788,816	6,536,930	7,008,320
Real Estate	2,000,000	1,893,316	1,855,263	1,806,883
Total Funding Sources	**$ 16,471,405**	**$ 16,031,348**	**$ 13,603,447**	**$ 13,253,029**
Funding Uses				
Academic and University Support	$ 1,580,405	$ 1,511,625	$ 1,622,024	$ 1,422,523
Development, Alumni, and Operations	14,891,000	12,640,736	11,147,422	11,647,943
Total Funding Uses	**$ 16,471,405**	**$ 14,152,361**	**$ 12,769,446**	**$ 13,070,466**
Excess Sources over Uses	$ -	$ 1,878,987	$ 834,001	$ 182,563

UCF *Foundation, Inc.*

8

The UCF Campaign

Campaign Fundraising Priorities

Students—*From scholarships to internships, study-abroad programs to service-learning opportunities, charitable support for students enhances access to a UCF education for a new generation of Knights.*

Faculty—*Philanthropy assists UCF in recruiting, retaining, and rewarding accomplished faculty, expanding the possibilities for faculty and student collaboration, and achieving breakthroughs in research.*

Program—*Curricular and co-curricular programs on campus and in the community transform students' academic experiences into real-world know-how that benefits the region, state, and nation.*

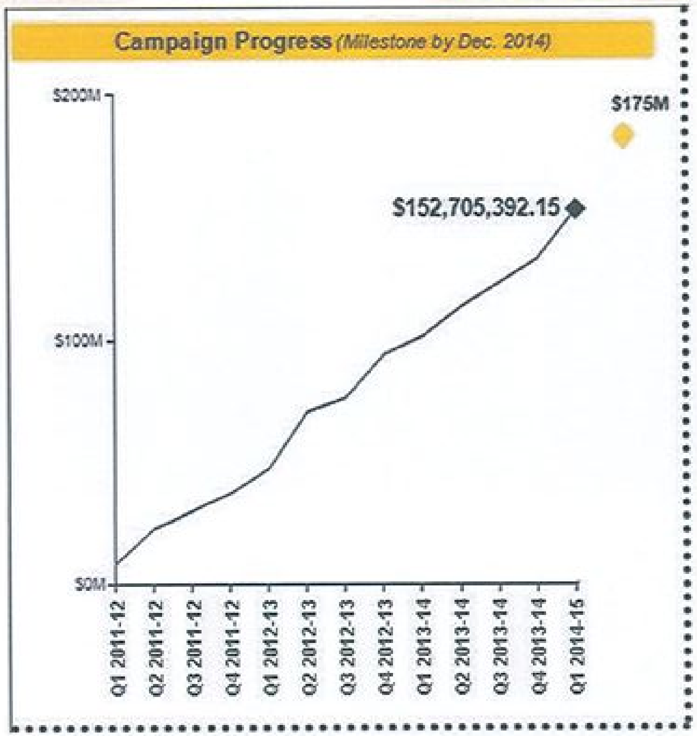
Facilities—*From a state-of-the-art medical campus, a vibrant performing arts center, and expanded spaces for academics and athletics, support for new facilities enhances the campus for students and the community.*

9

UCF *Foundation, Inc.*

The UCF Campaign

Campaign Progress to Date



UCF *Foundation, Inc.*

10

The UCF Campaign

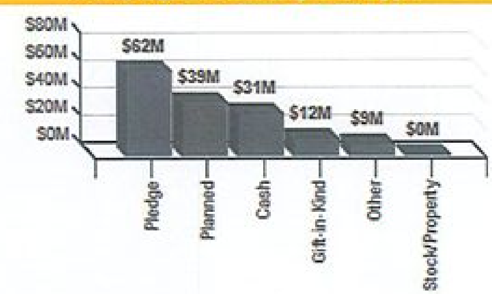
Campaign Progress to Date

Planned Gift Goal

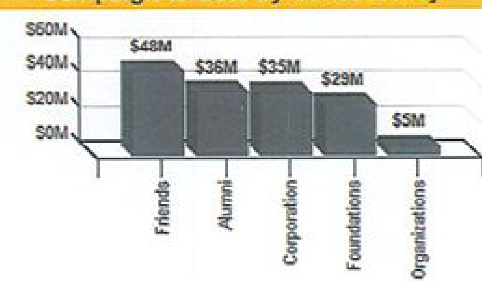
Major Gift Goal

Annual Gift Goal

Campaign to Date by Gift Type



Campaign to Date by Constituency



11

UCF *Foundation, Inc.*

The UCF Campaign

Development Team Priorities

Endowment Focus

The foundation is focusing on increasing its endowments to support the university and supplement foundation operations.

The foundation's endowment pool ranks 339 out of 835 endowments per the NACUBO Survey (June 2013).

12

UCF *Foundation, Inc.*

The UCF Campaign

Development Team Priorities

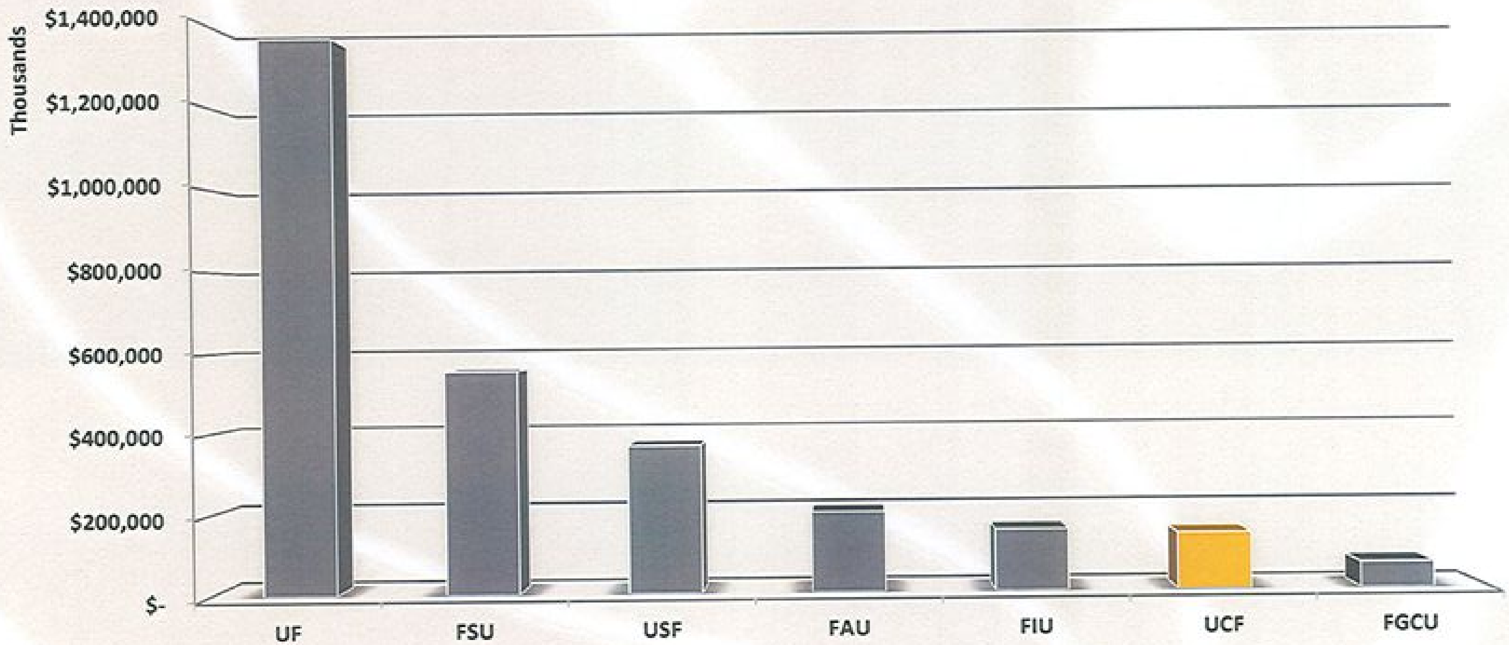
Endowment Focus

The campaign goal includes increasing the endowments by $200 million for programs, chairs, professorships, and scholarships.

UCF *Foundation, Inc.*

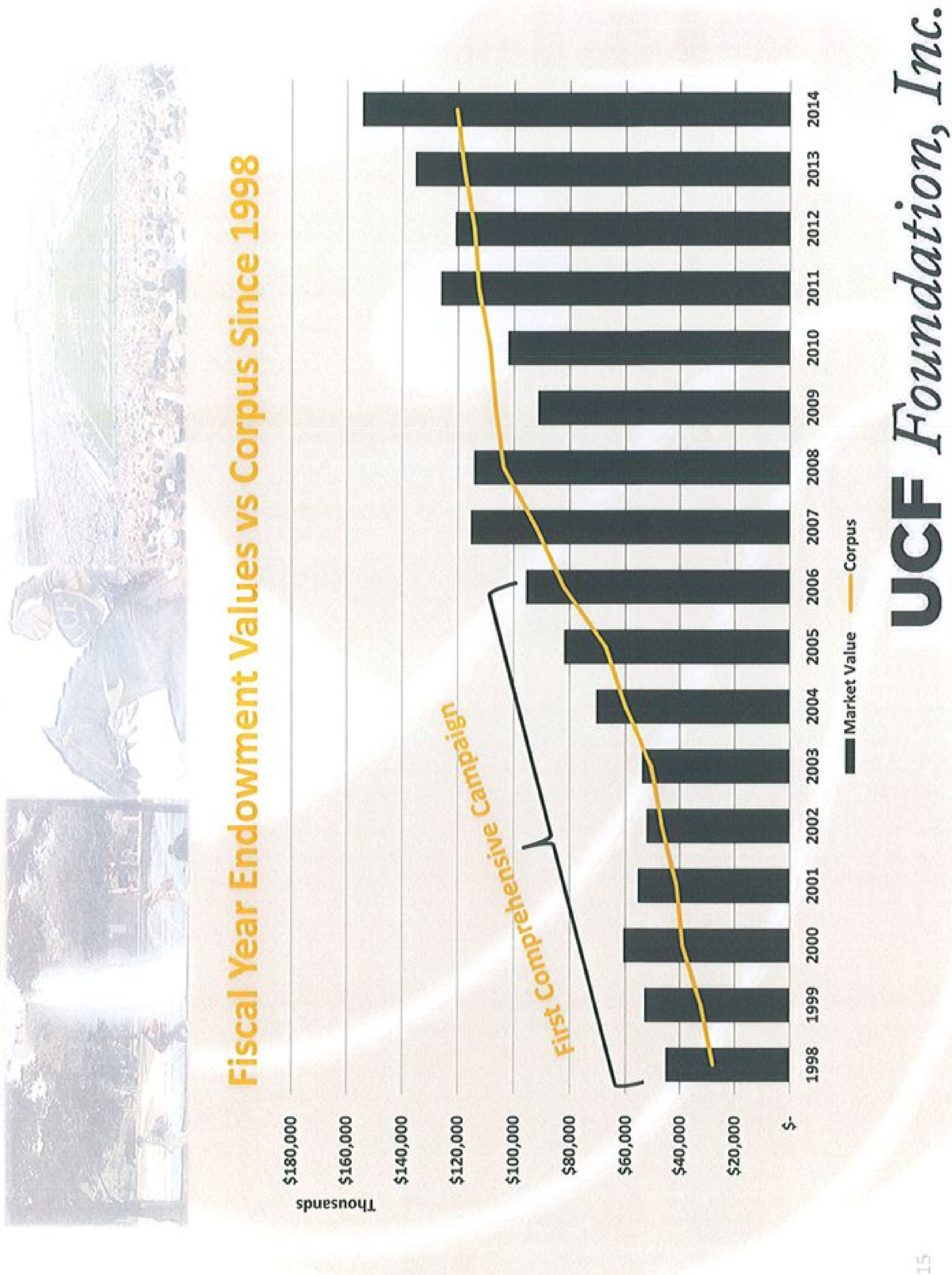
13

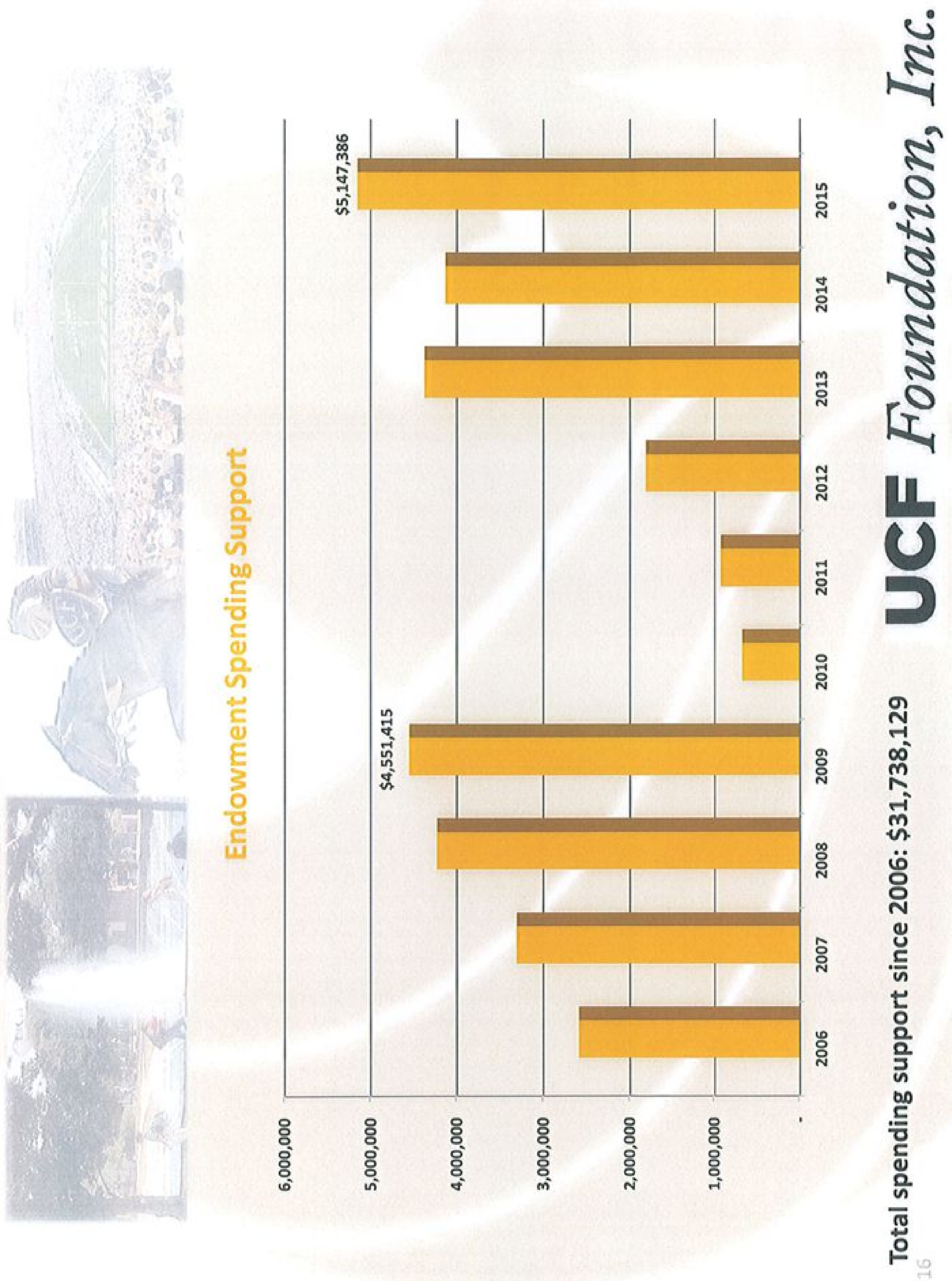
State University System Endowment Values as of June 30, 2013



UCF Foundation, Inc.

14


Fiscal Year Endowment Values vs Corpus Since 1998
Thousands
$180,000
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$-
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
First Comprehensive Campaign
Market Value
Corpus
UCF Foundation, Inc.
15



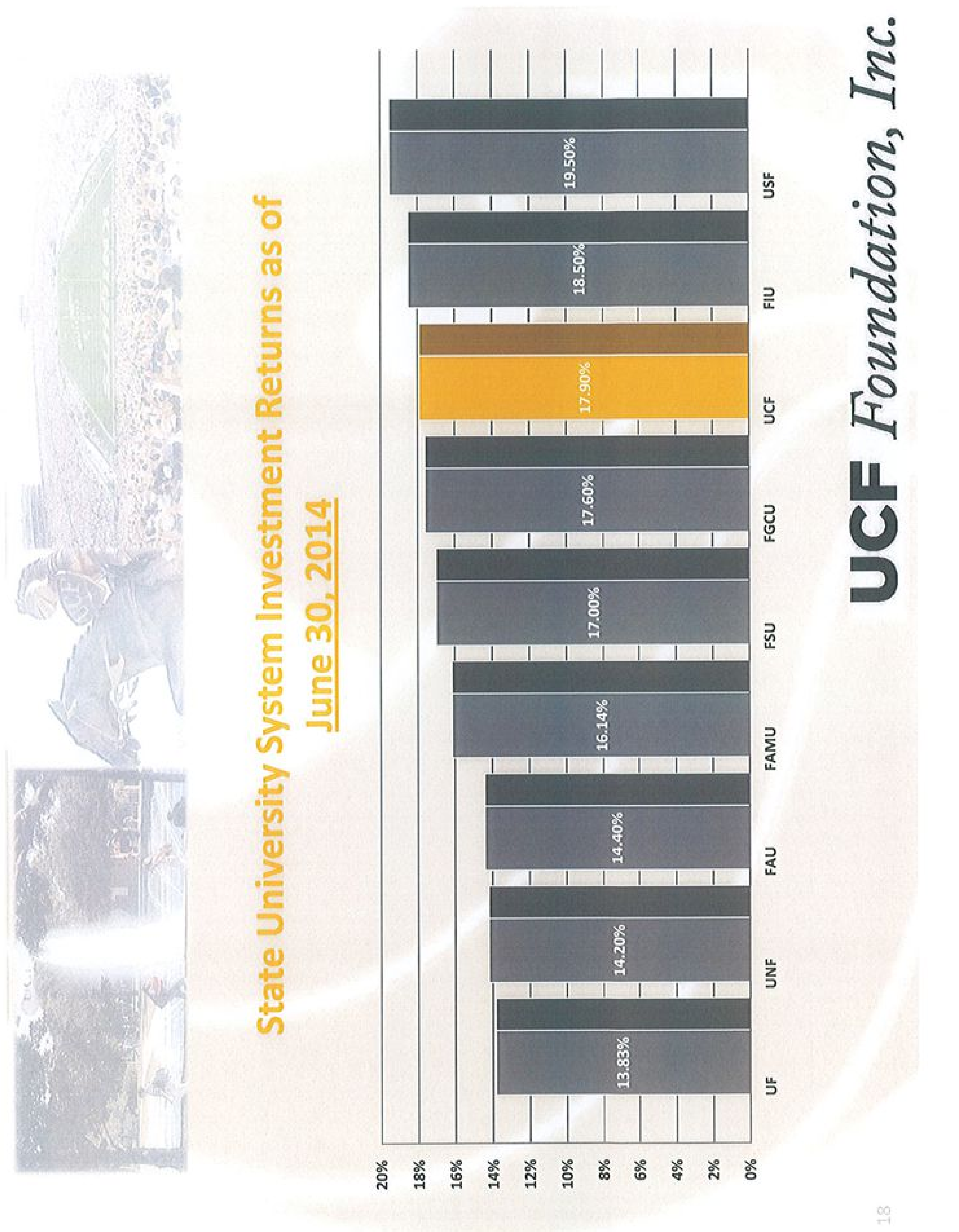
Endowment Spending Support
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
$4,551,415
$5,147,386
Total spending support since 2006: $31,738,129
UCF Foundation, Inc.
16

2015 Spending Distribution by College

College or Area	Spending Distribution
Athletics	$ 22,706
Burnett Honors College	$ 12,480
College of Arts and Humanities	$ 279,935
College of Business Administration	$ 1,586,776
College of Education	$ 241,128
College of Engineering and Computer Science	$ 340,581
College of Health and Public Affairs	$ 19,608
College of Medicine	$ 121,247
College of Nursing	$ 268,039
College of Optics and Photonics and CREOL	$ 246,884
College of Sciences	$ 172,559
Community Relations	$ -
Division of Development and Alumni Relations	$ 81,608
Graduate Studies	$ 4,895
Human Resources	$ 2,192
Information Technologies and Resources	$ 31,221
General Scholarships	$ 469,305
Regional Campuses	$ 23,807
Research	$ 23,426
Strategy, Marketing, Communications, and Admissions	$ 44,127
Student Development and Enrollment Services	$ 23,410
The Rosen College of Hospitality Management	$ 1,131,451
Grand Total	$ 5,147,386

UCF Foundation, Inc.

17


State University System Investment Returns as of
June 30, 2014
20%
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%
13.83%
14.20%
14.40%
16.14%
17.00%
17.60%
17.90%
18.50%
19.50%
UF
UNF
FAU
FAMU
FSU
FGCU
UCF
FIU
USF
UCF Foundation, Inc.
18

REAL ESTATE OVERVIEW

September 2014

UCF Foundation, Inc.

19


Discovery Drive
UCF Biomolecular Research Annex
OTC • Building 500
OTC • Building 100-400
OTC • Building 600
OTC • Building 700
Research Pavilion
Innovative Center
University Tower
University Parkway
Research Parkway
Science Drive
SR 434 • Alafaya Drive

20

RESEARCH PAVILION

12424 Research Parkway

Purchased November 1994
Matures October 2025

Tenants-
UCF Foundation
UCFF Real Estate
UCFF Calling Center
UCF Communication Disorders*
UCF Accounting and Finance
UCF Office of Diversity Initiatives
UCF Analysis and Planning
UCF Archaeology Lab
UCF Center for Nursing
UCF Herbarium
UCF NanoScience Technology Center
UCF Center for Autism and Related Disabilities
UCF Aphasia House*
Environmental Health and Safety
Orange County Research and Development
Presagis USA
HAVOK
StrongPoint

*Moving to Innovative Center in 2014-15

Total Square Feet – 133,175

21

UCF *Foundation, Inc.*

INNOVATIVE CENTER

3280 Progress Drive

Purchased March 1998
Matures October 2017

Tenants –
UCF Human Resources
UCF Continuing Education
Aptima

Moving from Research Pavilion to Innovative Center in 2014-15:
UCF Communication Disorders
UCF Aphasia House

Total Square Feet – 37,327

22

UCF *Foundation, Inc.*

ORLANDO TECH CENTER

12423-12479 Research Parkway

Purchased May 2000
Matures October 2017 and October 2025

Tenants –

- UCF Strategy, Marketing, Communications, and Admissions
- UCF Advanced Materials Processing and Analysis Center
- UCF Business Services
- UCF Purchasing
- UCF Materials Characterization Facility
- UCF Psychology
- UCF Visual Arts and Design
- UCF Computer Services and Telecommunications
- UCF Nursing
- UCF Research, Development, and Engineering Command
- UCF Institute of Government
- UCF Lou Frey Institute
- UCF Flying Horse
- UCF Center for Crisis Communications
- WUCF-TV

Four Buildings
Total Square Feet – 147,686

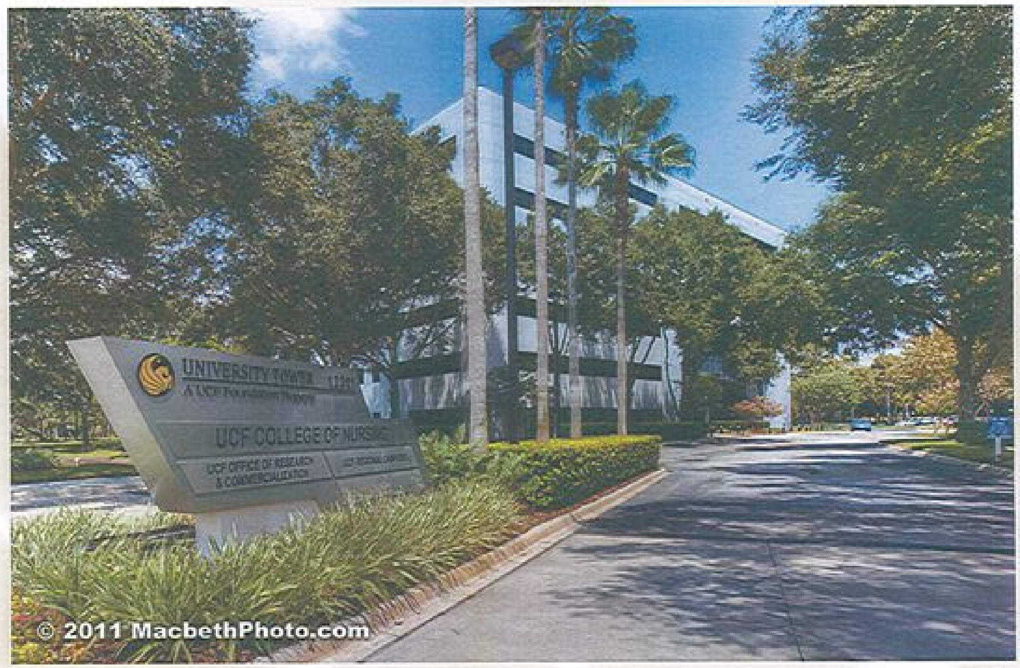
UCF Foundation, Inc.

UNIVERSITY TOWER

12201 Research Parkway

Purchased December 2004
Matures April 2029

Tenants-
UCF College of Nursing
UCF Office of Research
UCF Victim Services
UCF Regional Campuses
Tropical Smoothie Café



Total Square Feet – 97,573

UCF *Foundation, Inc.*

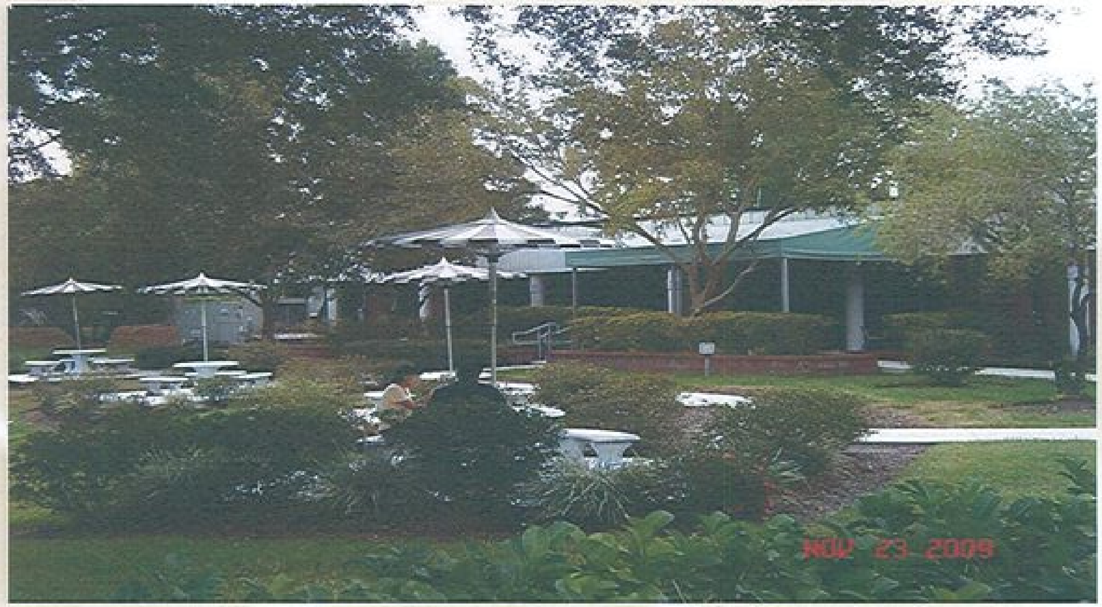
24

BIOMOLECULAR ANNEX

12722 Research Parkway

Purchased December 2004
Matures April 2029

Tenant –
UCF Biomolecular Research



Total Square Feet – 16,000

UCF *Foundation, Inc.*

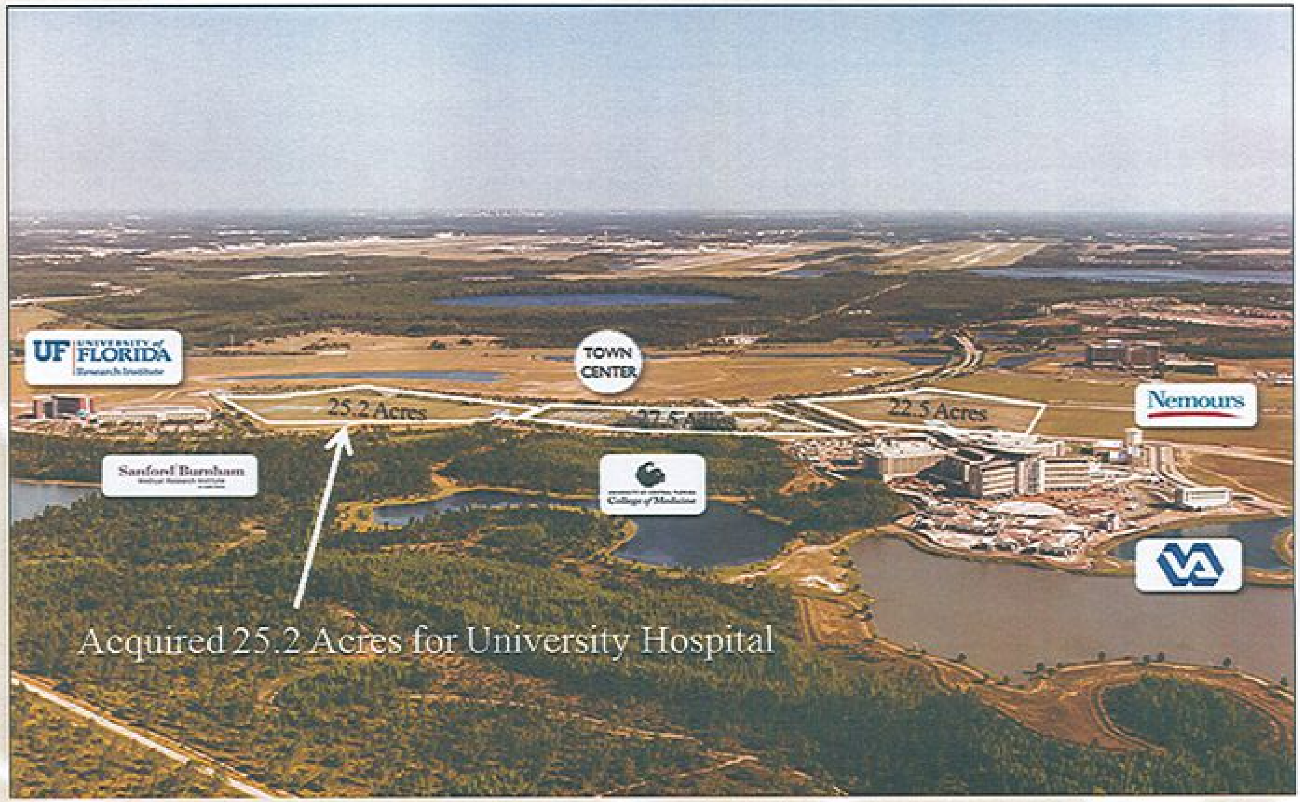
25

Lake Nona Health Science Campus

Donation of 45 acres in 2007

Reconfigured in 2008 to 50 usable acres

UCF purchased 25 acres in 2012



26

UCF *Foundation, Inc.*

Rosen School of Hospitality Management

Purchased 20 acres in 2001
with $8.2 million donation

UCF *Foundation, Inc.*

27

KNIGHT'S CIRCLE

12440 Golden Knight Circle, across Alafaya Trail from UCF's main campus in Orlando on approximately 62 acres.

Knight's Circle houses about 2,532 students in 595 apartments in 34 buildings.

UCF *Foundation, Inc.*

28

The POINTE at CENTRAL

25.5 acres located on the west side of Alafaya Trail, three-quarters of a mile north of State Road 50 and approximately one mile south of the University of Central Florida.

The property consists of 29 three-story apartment buildings housing 1,224 students and one clubhouse facility.

UCF *Foundation, Inc.*

NorthView Land

Donated in 2012

8.5 acres
- 50 percent to UCFF and 50 percent to Hillel

600 beds of student housing

Co-located with 40,000-square-foot Faith Center

Opened August 2013

UCF Foundation, Inc.

30

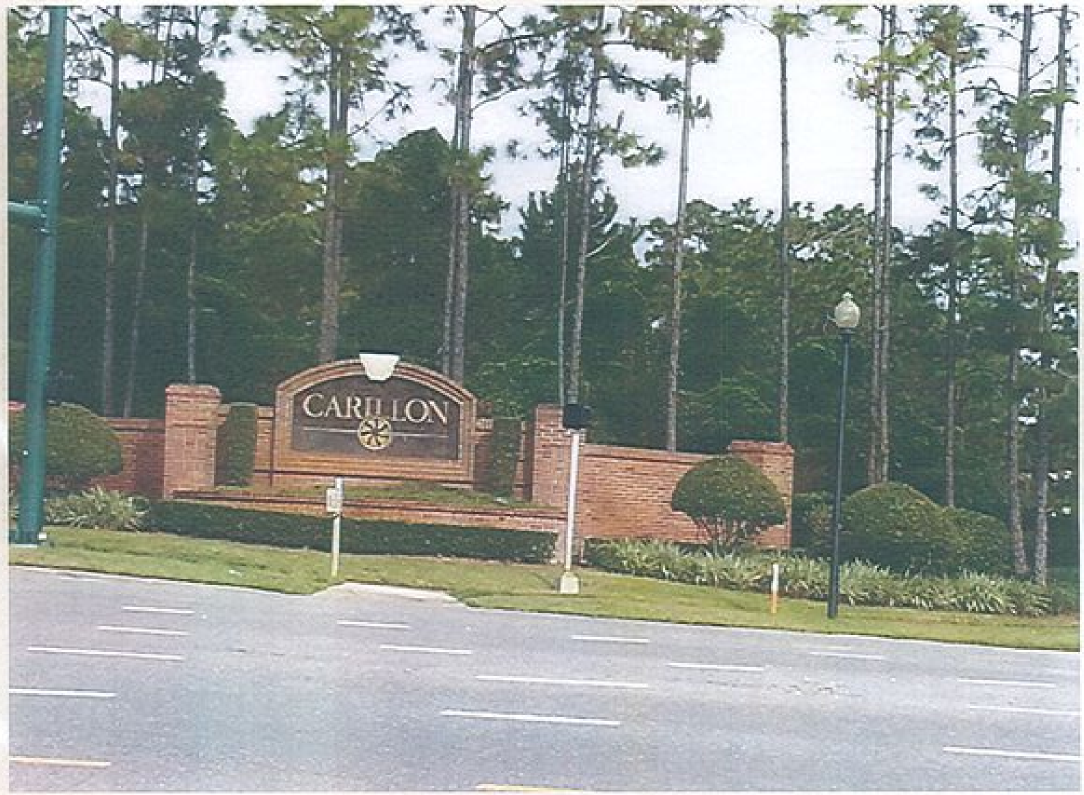
McCulloch Property

Purchased in 2005

Matures 2017

8.5 acres

Potential Retail

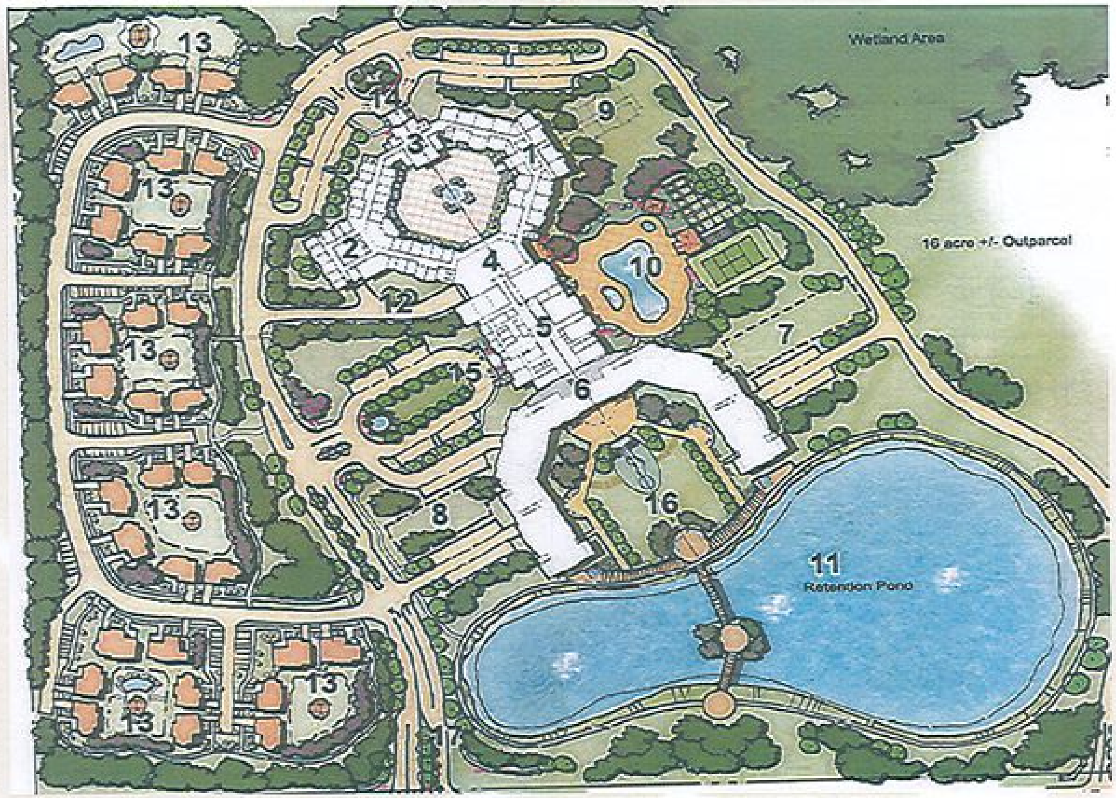


UCF *Foundation, Inc.*

CONTINUING CARE RETIREMENT COMMUNITY

59 acres purchased in January 2014 for a continuing care retirement community

Separate 501(c)(3)



UCF *Foundation, Inc.*