



**Board of Trustees
Finance and Facilities Committee Meeting
July 23, 2015
10:30 – 11:45 a.m.
Fairwinds Alumni Center
Conference call in phone number 800-442-5794, passcode 463796**

REVISED AGENDA

- I. CALL TO ORDER** Marcos R. Marchena
Chair, Finance and Facilities Committee

- II. ROLL CALL** Tracy D. Slavik
*Coordinator, Administrative Services for
Administration and Finance Division*

- III. JOINT SESSION:** The Finance and Facilities Committee will join
the Educational Programs Committee – 10:30 a.m.
 - UCF Downtown Update (INFO-1) A. Dale Whittaker
Provost and Executive Vice President
William F. Merck II
*Vice President for Administration and Finance
and Chief Financial Officer*

- IV. END OF JOINT SESSION – 11:00 a.m.** Chair Marchena

- V. MEETING MINUTES**
 - Approval of the May 21, 2015, and June
15, 2015, Finance and Facilities Committee
meetings minutes Chair Marchena

VI. NEW BUSINESS

Chair Marchena

- Revised 2015-16 University Operating Budget (FFC-1)
William F. Merck II
Tracy Clark
Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance
- 2015-16 College of Medicine Self-insurance Program Budget (FFC-2)
Deborah C. German
Vice President for Medical Affairs and Dean of the College of Medicine
David Noel
Vice President for Administration and Finance for the College of Medicine
Steve Omli
Director of Finance and Accounting for the College of Medicine
- 2015-16 College of Medicine Faculty Practice Plan Budget (FFC-3)
Deborah C. German
David Noel
Steve Omli
- UCF Investment Policy and Manual (FFC-4)
William F. Merck II
Tracy Clark
- Refinancing of the UCF Stadium Corporation Series 20016 A and B Certificates of Participation (INFO-2)
William F. Merck II
John C. Pittman
Associate Vice President for Administration and Finance, Debt Management

VII. OTHER BUSINESS

Chair Marchena

VIII. CLOSING COMMENTS

Chair Marchena

ITEM: INFO-1

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: UCF Downtown Update

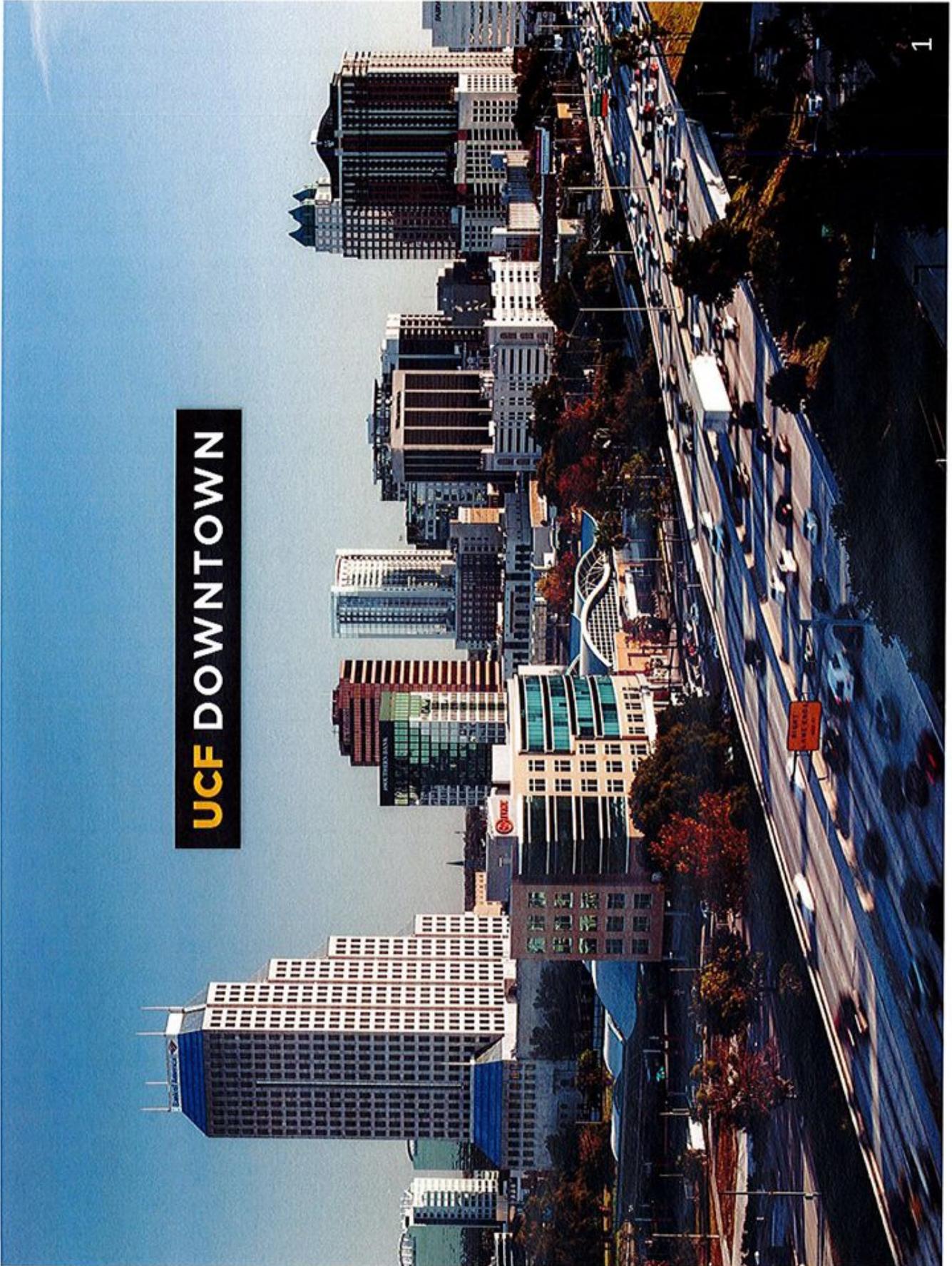
DATE: July 23, 2015

For information only.

Supporting documentation: UCF Downtown Update

Prepared by: Diane Z. Chase, Vice Provost for Academic Program Quality

Submitted by: A. Dale Whittaker, Provost and Executive Vice President
William F. Merck II, Vice President for Administration and
Finance and Chief Financial Officer



Campus Vision

We will create **IMPACT:**

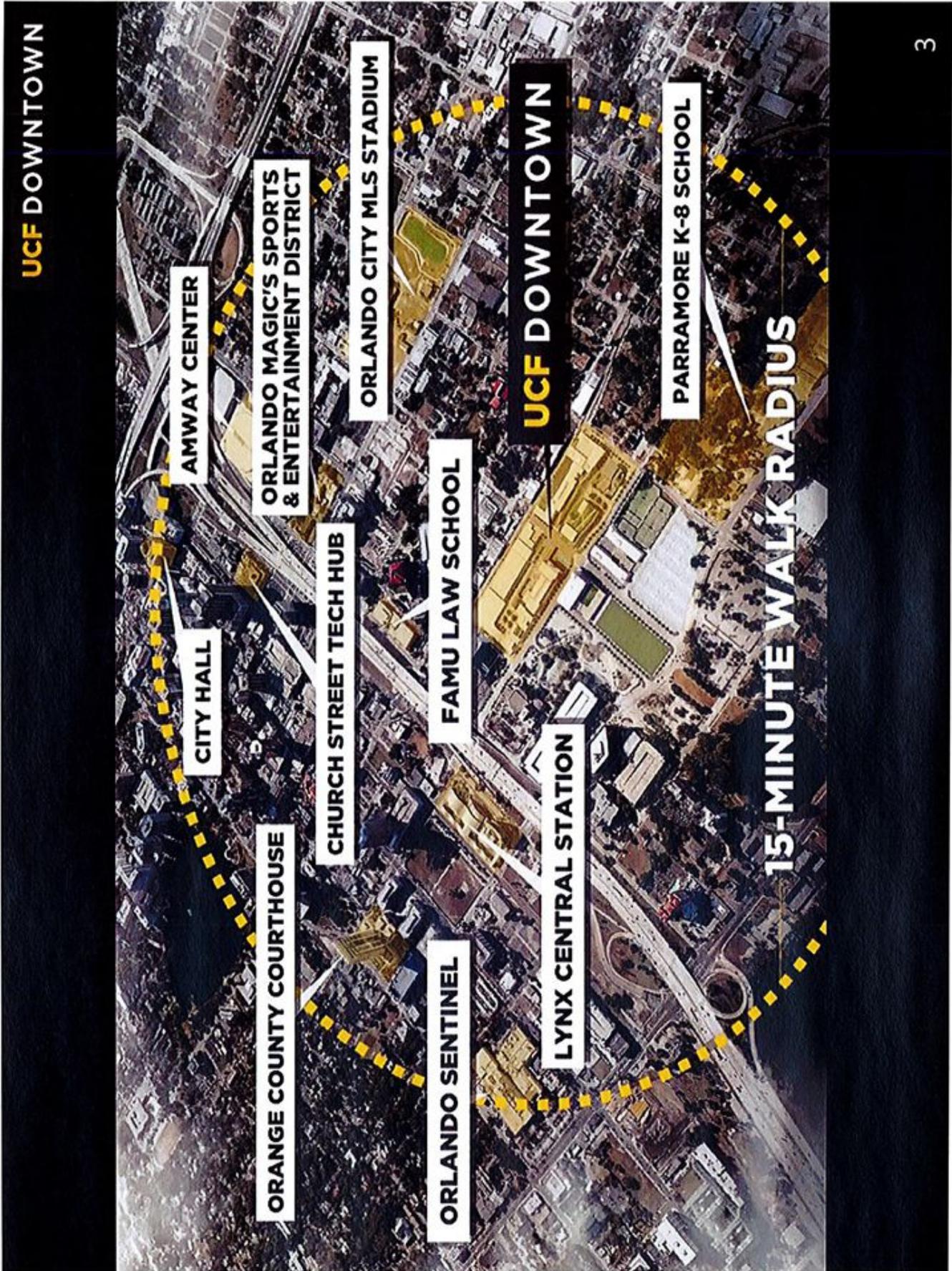
Foster student success and entrepreneurship.

We will expand **ACCESS:**

Promote inclusivity and empower all students.

We will cultivate **INNOVATION:**

Challenge boundaries and create catalysts for change.



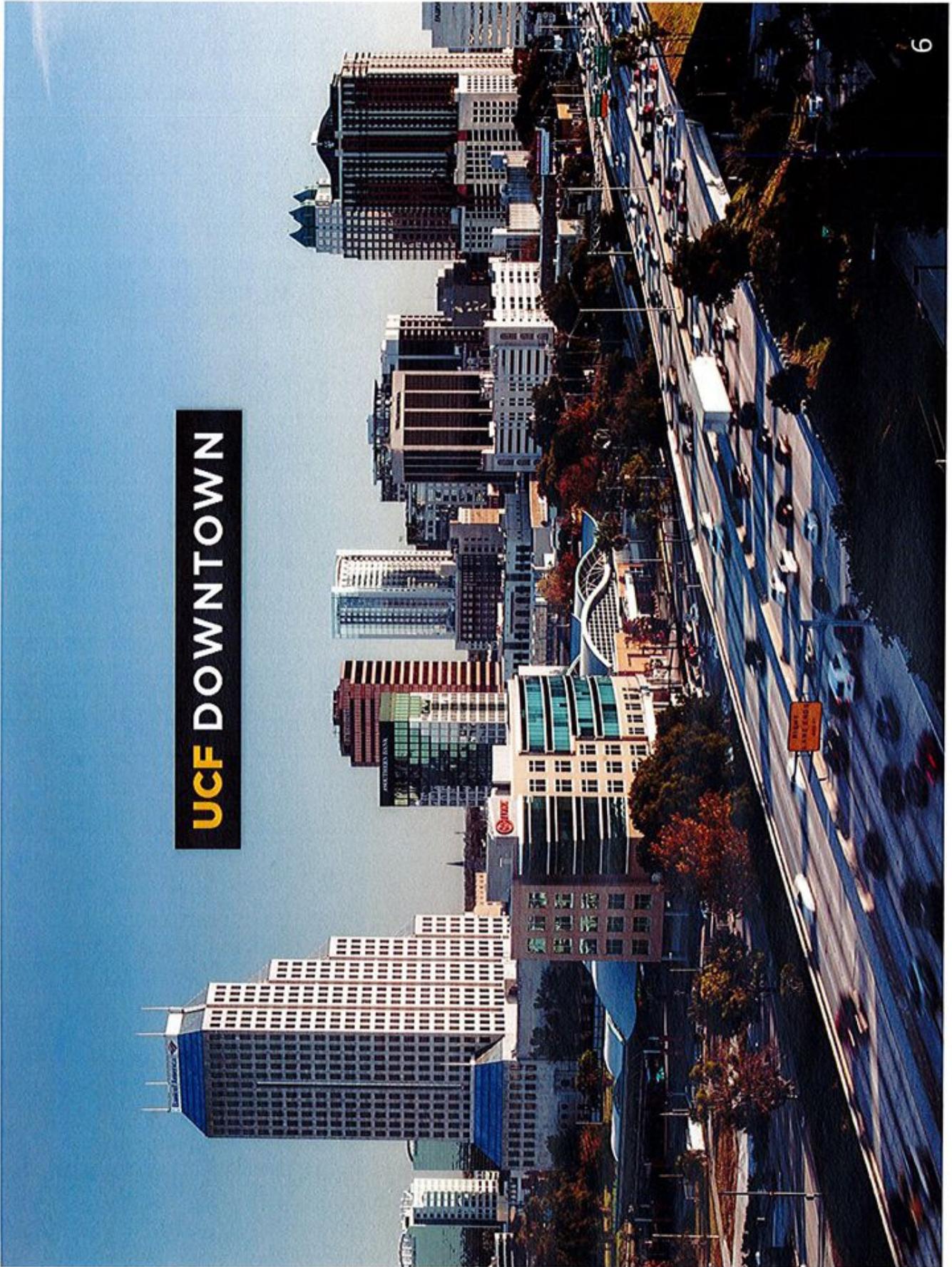
UCF DOWNTOWN

Academic ROI Improvements

	JANUARY 2015	JUNE 2015
Total Bachelor's Degrees Awarded	1,008	1,500+
Total Graduate Degrees Awarded	104	400+
UCF/Valencia Enrollment	6,000	10,000
Programs in an Area of Strategic Emphasis	6	11

Campus Facilities

- **700 beds** (300 UCF and 400 developer)
- More than **1,000 parking spaces**
- **540,000 gross square feet** for Academic Programs





Board of Trustees
Finance and Facilities Committee Meeting
Fairwinds Alumni Center
May 21, 2015

MINUTES

CALL TO ORDER

Trustee Marcos Marchena, chair of the Finance and Facilities Committee, called the meeting to order at 10:03 a.m. Committee members Robert Garvy, Alex Martins, Keith Koons, and Cait Zona were present. Committee member John Sprouls attended by teleconference. Trustees Richard Crotty and Olga Calvet were present.

NEW BUSINESS

Amendments to University Tuition and Fee Regulation UCF-9.001 (FFC-1)

William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, and Tracy Clark, Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance, discussed the proposed amendments to University Tuition and Fee Regulation UCF-9.001, which reflects the tuition and fees for the 2015-16 academic year. No changes to tuition and fees are being proposed for 2015-16 except for the repeat course fee, which pursuant to Section 1009.285 F.S. is adjusted annually by the Florida Board of Governors. This fee was updated for Fall 2015. The committee unanimously approved the amendments as presented.

University Operating Budget Report ended March 31, 2015 (INFO-1)

Clark presented the University Operating Budget Report for the quarter that ended March 31, 2015.

2015-16 University Operating Budget (FFC-2)

Merck and Clark presented the operating budgets for the Educational & General, Medical School, Auxiliary Enterprises, Sponsored Research, Student Financial Aid, Student Activities, Technology Fee, and Concessions areas. Because the legislature has not yet come to agreement on the state budget, the 2015-16 proposed budgets for general revenue and lottery assume the continuation of 2014-15 recurring appropriations. An update will be provided to the Board of Trustees after the General Appropriations Act for 2015-16 has been approved by the governor. The committee unanimously approved the 2015-16 University Operating Budget as presented.

2015-16 Capital Outlay Budget (FFC-3)

Merck and Lee Kernek, Associate Vice President for Administration and Finance, requested approval of the university's 2015-16 capital outlay budget and authorization for the president to make necessary adjustments to the 2015-16 capital outlay budget. The committee unanimously

approved the 2015-16 capital outlay budget as presented and granted approval for the president to make non-material changes to this budget as necessary during the year.

Amendments to University Regulation UCF-4.0292 Potentially Hazardous Events (FFC-4)

Youndy Cook, Deputy General Counsel, presented amendments to existing university regulation UCF-4.0292 Potentially Hazardous Events. The regulation is being amended to clarify and improve procedures for groups and individuals to propose and hold potentially hazardous events on university property, and it outlines the process for review and, as appropriate, approval or disapproval of such events. The committee unanimously approved the amendments.

Amendments to University Regulation UCF-6.007 Traffic/Parking Regulation and Enforcement (FFC-5)

Cook presented amendments to existing university regulation UCF-6.007 Traffic/Parking Regulation and Enforcement. This regulation relates to campus traffic and parking requirements, including restrictions on parking and the requirement that any vehicle parked on campus must properly display a parking permit. The committee unanimously approved the amendments.

Minor Amendment to Campus Master Plan—New Temporary Athletics Parking Area (FFC-6)

Kernek presented a request to approve a minor amendment to the University of Central Florida Campus Master Plan to set aside three acres of currently undeveloped land in the northeast sector of campus, south of the softball field, for a grassed parking lot to be called “Temporary Athletics Football Game Day Parking.” The amendment constitutes a minor amendment that only requires Board of Trustees approval for adoption, which the committee unanimously approved.

Refinancing of UCF Convocation Corporation Series 2005 A and B Certificates of Participation (FFC-7)

Merck and John Pittman, Associate Vice President for Administration and Finance, Debt Management, requested approval to refinance the outstanding arena tax-exempt and taxable bonds. In accordance with the university’s Debt Guidelines, the refinancing does not increase the principal amount outstanding nor extend the amortization schedule. Present value-savings exceed the recommended 5 percent. The current certificates of participation will be refunded with traditional revenue bonds to be issued by the UCF Convocation Corporation. The outstanding principal on the certificates is currently \$92,225,000. Annual debt-service savings are estimated to be in excess of \$500,000. The committee unanimously approved the request to refinance the certificates of participation.

2016 Finance and Facilities Committee Meeting Dates (INFO-2)

Merck presented the 2016 Finance and Facilities Committee meeting dates as an information item.

Chair Marchena adjourned the Finance and Facilities Committee meeting at 10:40 a.m.

Respectfully submitted: William F. Merck II 7-1-15
William F. Merck II Date
Vice President for Administration and Finance
and Chief Financial Officer



Board of Trustees
Finance and Facilities Committee Meeting
Fairwinds Alumni Center
June 15, 2015

MINUTES

CALL TO ORDER

Trustee Marcos Marchena, chair of the Finance and Facilities Committee, called the meeting to order at 8:30 a.m. Committee members Alex Martins, Keith Koons, and Cait Zona were present. Committee member Robert Garvy attended by teleconference.

MINUTES APPROVAL

The minutes of the April 22, 2014, Finance and Facilities Committee meeting were approved as submitted.

NEW BUSINESS

Direct Support Organizations' 2014-15 Third-Quarter Financial Reports (INFO-1)

William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, and John C. Pittman, Associate Vice President for Administration and Finance, Debt Management, reported that the Direct Support Organizations' 2014-15 third-quarter financial reports ended March 31, 2015, were provided as information items.

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

Merck and Pittman presented a request for the release of unrestricted UCF Stadium Corporation revenues. The 2015-16 budget, which was approved by the UCF Stadium Corporation's board, reflects projected unrestricted excess revenues of \$4,286,620 to be available for transfer to the UCFAA. In addition, the UCF Stadium Corporation anticipated refunding the Series 2006 Certificates of Participation and will be seeking the release of funds held in the Restricted Surplus account, approximately \$4,100,000. Of the \$4.1 million released from the Restricted Surplus to the UCFAA, approximately \$3 million is earmarked to pay outstanding loans from the university. The committee unanimously approved the release of unrestricted UCF Stadium Corporation revenues as presented.

Amend Payment Schedule for UCFAA Loan to the University (FFC-2)

Merck, Pittman, and Brad Stricklin, Senior Associate Athletic Director and Chief Financial Officer, presented an amended payment schedule for the UCFAA loan to the university. The UCF Athletics Association received several loans from the university between 2004 and 2007. In 2009, those loans were consolidated into one. The current payment schedule, approved by the board in June 2012, took into consideration UCF's move to the Big East Conference planned for 2013-14. The Big East Conference became the American Athletic Conference with significantly

lower conference distribution revenue than expected. The amended payment schedule reduces the payments for the 2015 through 2020 fiscal years with accelerated payments thereafter. The term also has been extended from the 2022 to the 2025 fiscal year. The committee unanimously approved the amended payment schedule as presented.

2015-16 Direct Support Organizations' Budgets (FFC-3)

Merck introduced the DSO's budget for 2015-16. Each budget was presented and accepted individually. The committee unanimously approved the budgets as presented.

Five-year Capital Improvement Plan (FFC-4)

Merck and Lee Kernek, Associate Vice President for Administration and Finance, requested approval of the capital improvement plan options for 2016-17 through 2020-21. Each year, the university must submit an updated capital improvement plan to the Board of Governors. This plan identifies projects that will be included in the three-year Public Education Capital Outlay list and provides information to the State Board of Education for its request for capital project funding for 2016-17.

The Board of Governors' staff originally requested that the capital improvement plan be submitted to them by July 1, 2015. However, because 2015-16 appropriations were not completed, the state universities have been given a choice of submitting plans or waiting for budget decisions. After conferring with Board of Governors' staff, the university proposes to submit two capital improvement plan versions, with a request for flexibility to adjust after 2015-16 allocations are determined. Plan A assumes that 2015-16 funding is provided for Engineering Building I renovation, other than furnishings and equipment; Interdisciplinary Research and Incubation Facility Planning and Design; Partnership IV, other than furnishings and equipment; and Downtown Campus Building I in total. Plan B assumes no funding is allocated for 2015-16. The attached schedules include the following for each plan option:

- projects that are proposed for inclusion in the five-year capital improvement plan, and
- items to be included in the 2016-17 Appropriations Authorization Bill, including projects funded by bonds, DSO projects, and projects requiring general revenue to operate.

The committee unanimously approved the submission of the two versions of the 2016-17 Capital Improvement Plan with the projects listed in the attached schedules, with flexibility for the president to modify the final plan upon receipt of the 2015-16 budget allocation as presented.

UCF Investments Quarterly Report Ended March 31, 2014 (INFO-2)

Tracy Clark, Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance, with assistance from Troy Brown and Dave West from Bogdahn Group reviewed the investments quarterly update as of March 31, 2015.

Fixed Income Investment Concentration Review (INFO-3)

Merck, Clark, Brown, and West presented the Fixed Income Investment Concentration review. The review was provided by the committee's request to see the changes that were made to the portfolio as a result of changes made to the Investment Policy at the October 2014 meeting.

Chair Marchena adjourned the Finance and Facilities Committee meeting at 9:40 a.m.

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

7-1-15
Date

ITEM: FFC-1

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Revised 2015-16 University Operating Budget

DATE: July 23, 2015

PROPOSED COMMITTEE ACTION

Approval of the university's revised 2015-16 operating budget.

BACKGROUND INFORMATION

Approve the operating budgets for the Educational & General, Medical School, Auxiliary Enterprises, Sponsored Research, Student Financial Aid, Student Activities, Technology Fee, and Concessions areas as indicated in Attachment A.

The Educational & General and Medical School budgets have been amended to reflect the state appropriations proposed by the legislature and approved by the governor. All other budgets previously approved by the Finance and Facilities Committee on May 21, 2015, remain unchanged.

Supporting documentation: Revised 2015-16 Operating Budget (Attachment A)
Changes in E&G Funding (Attachment B)

Prepared by: Tracy Clark, Associate Provost for Budget, Planning, and
Administration and Associate Vice President for Finance
Christy Tant, Senior Associate Controller, Finance and Accounting

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

Attachment A University of Central Florida 2015-16 Revised Operating Budget

	2015-16 Approved Budget	2015-16 Revised Budget	2014-15 Operating Budget	%	\$
				Increase (Decrease)	Increase (Decrease)
Educational & General (E&G) ¹					
State Appropriations	\$ 271,810,774	\$ 288,525,798	\$ 276,261,498	4%	\$ 12,264,300
Student Tuition and Fees	253,232,726	253,232,726	246,536,692	3%	6,696,034
Total Educational and General	<u>525,043,500</u>	<u>541,758,524</u>	<u>522,798,190</u>	4%	<u>18,960,334</u>
Medical School (E&G) ¹					
State Appropriations	25,183,699	26,027,664	25,683,699	1%	343,965
Student Tuition and Fees	14,863,096	14,863,096	13,430,910	11%	1,432,186
Total Educational and General	<u>40,046,795</u>	<u>40,890,760</u>	<u>39,114,609</u>	5%	<u>1,776,151</u>
Auxiliary Enterprises	236,260,851	236,260,851	206,596,893	14%	29,663,958
Sponsored Research	155,283,000	155,283,000	152,584,000	2%	2,699,000
Student Financial Aid	507,419,674	507,419,674	503,923,681	1%	3,495,993
Student Activities	20,500,000	20,500,000	20,000,000	3%	500,000
Technology Fee	9,100,000	9,100,000	9,100,000	0%	-
Concessions	500,000	500,000	460,000	9%	40,000
Total Operating Budget	<u>\$ 1,494,153,820</u>	<u>\$ 1,511,712,809</u>	<u>\$ 1,454,577,373</u>	4%	<u>\$ 57,135,436</u>

¹ See Attachment B for detail of the change in budget.

Attachment B University of Central Florida Changes in E&G Funding

Changes in University E&G Funding	State Appropriations	Tuition and Fees	Total
2014-15 Adjusted budget	\$ 276,261,498	\$ 246,536,692	\$ 522,798,190
Projected credit hour increase		6,696,034	6,696,034
Reversal of non-recurring items:			
Center for Reading - Istation	(1,500,000)		(1,500,000)
Anti-hazing Online Education	(1,000,000)		(1,000,000)
STEM Instructional Enhancement	(1,000,000)		(1,000,000)
Evans Community School	(685,000)		(685,000)
Lou Frey Institute	(250,000)		(250,000)
Dual Enrollment	(15,724)		(15,724)
Net increase increase (decrease)	(4,450,724)	6,696,034	2,245,310
2015-16 Approved budget	271,810,774	253,232,726	525,043,500
Performance Funding - net effect of state investment ¹	14,717,871		14,717,871
Pension and health adjustments	55,451		55,451
<u>Unique University issues:</u>			
Evans Community School (non-recurring)	900,000		900,000
Lou Frey Institute (non-recurring)	250,000		250,000
Center for Reading - Istation	500,000		500,000
Florida Center for Nursing	450,000		450,000
Plant, operations, and maintenance for new space	297,472		297,472
Institute for Human and Machine Cognition	(440,000)		(440,000)
Permanent transfer to UCF Medical School	(15,770)		(15,770)
Subtotal	1,941,702	-	1,941,702
Net increase	16,715,024	-	16,715,024
2015-16 Revised budget	\$ 288,525,798	\$ 253,232,726	\$ 541,758,524

¹ The 2015-16 total performance funding allocation per the BOG is comprised of the following:

Restoration of base institutional investment	\$ 34,581,558
Restoration of base contributed to state investment	8,378,896
New state investment (\$100 million to SUS)	14,717,871
Total 2015-16 Performance Funding Allocation	\$ 57,678,325

Changes in Medical School Funding	State Appropriations	Tuition and Fees	Total
2014-15 Adjusted budget	\$ 25,683,699	\$ 13,430,910	\$ 39,114,609
Enrollment increase		1,432,186	1,432,186
Reversal of non-recurring item:			
Crohn's and Colitis Research	(500,000)		(500,000)
Net increase (decrease)	(500,000)	1,432,186	932,186
2015-16 Approved budget	25,183,699	14,863,096	40,046,795
Pension and health adjustments	(8,805)		(8,805)
<u>Unique University issues:</u>			
Crohn's and Colitis Research (\$500k non-recurring)	837,000		837,000
Permanent transfer from University	15,770		15,770
Subtotal	852,770	-	852,770
Net increase	843,965	-	843,965
2015-16 Revised budget	\$ 26,027,664	\$ 14,863,096	\$ 40,890,760

ITEM: FFC-2

**University of Central Florida
Board of Trustees
Finance and Facilities Committee**

SUBJECT: 2015-16 College of Medicine Self-insurance Program Budget

DATE: July 23, 2015

PROPOSED COMMITTEE ACTION

Recommend approval of the 2015-16 Self-insurance Program budget presented by the College of Medicine.

BACKGROUND INFORMATION

With approval of the Finance Committee and Board of Trustees, the UCF College of Medicine Self-insurance Program was established effective July 1, 2009, to provide comprehensive professional and general liability protection in connection with delivery of health care services. The Self-insurance Program is operated by the UCF College of Medicine Self-insurance Program Council in accordance with section 10.001(1)(c)(4) of the Florida Board of Governors Regulations.

Since 2009, the Self-insurance Program has provided liability protection for clinical activities of the College of Medicine's faculty, students, and residents. Effective July 1, 2010, the Self-insurance Program Council approved the inclusion of health care providers in the College of Nursing, College of Health and Public Affairs, and UCF Health Services into the UCF College of Medicine Self-insurance Program. Effective July 1, 2014, Counseling and Psychology Services is included.

The College of Medicine presents for approval the attached 2015-16 Self-insurance Program budget.

Supporting documentation: 2015-16 Operating Budget (Attachment A)
Four-year Historical Trend (Attachment B)

Prepared by: Deborah C. German, Vice President for Medical Affairs and
Dean of the College of Medicine
David Noel, Associate Vice President of Administration and
Finance for the College of Medicine
Steven Omli, Director of Finance and Accounting for the College of
Medicine

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

Attachment A

University of Central Florida College of Medicine Self-Insurance Program Operating Budget	
	<u>2015-16</u>
OPERATING REVENUE	
Assessments	
College of Health and Public Affairs	\$ 2,044
College of Medicine	71,313
College of Medicine Graduate Medical Education	42,328
College of Nursing	24,355
Counseling and Psychological Services	5,135
UCF Student Health	60,402
UCF Health	2,059
Total operating revenue	207,636
OPERATING EXPENSES	
Annual premium contribution expense	\$ 75,000
Excess coverage premium expense	12,636
Clarity claims reporting system	5,000
Total premium and loss expenses	92,636
Contracted services expense (UF Self-Insurance Program)	115,000
Total operating expenses	207,636
Net Income (Loss) from Operations	\$0

Note: The Self-Insurance Program was capitalized in the amount of \$1,000,000 in 2010-11, 2011-12, and 2012-13 for a total of \$3,000,000.

Terms Used

Assessments represents liability premiums funded from the respective covered colleges and health care providers out of their annual operating budgets. These assessments fund contributions for allocated liability risk, expense for excess coverage premiums, and contracted services expenses for management services provided by the University of Florida’s Self-Insurance Program.

Annual premium contribution expense represents the liability premiums paid into the UCF Self-Insurance Program.

Excess coverage premium expense represents the additional coverage provided through the University of Florida’s captive insurance company.

Contracted services expense represents services provided by the University of Florida’s Self-Insurance Program, including administration, training, risk management, and claims review and management.

Attachment B

	Actual Total Contributions			Estimated Total Contribution
	2012-13	2013-14	2014-15	2015-16
University of Central Florida Participants				
College of Health and Public Affairs	\$ 6,766	\$ 4,018	\$ 1,795	\$ 2,044
College of Medicine	\$ 114,173	\$ 83,896	\$ 53,797	\$ 71,313
College of Medicine Graduate Medical Education	\$ -	\$ -	\$ 53,718	\$ 42,328
College of Nursing	\$ 16,303	\$ 20,764	\$ 24,242	\$ 24,355
Counseling and Psychological Services	\$ -	\$ -	\$ 4,773	\$ 5,135
UCF Student Health	\$ 73,755	\$ 58,041	\$ 54,487	\$ 60,402
UCF Health	\$ 2,431	\$ 2,275	\$ 1,943	\$ 2,059
Total University of Central Florida Participants:	\$ 213,427	\$ 168,995	\$ 194,755	\$ 207,636

ITEM: FFC-3

**University of Central Florida
Board of Trustees
Finance and Facilities Committee**

SUBJECT: 2015-16 College of Medicine Faculty Practice Plan Budget

DATE: July 23, 2015

PROPOSED COMMITTEE ACTION

Recommend approval of the 2015-16 College of Medicine Faculty Practice Plan budget presented by the College of Medicine.

BACKGROUND INFORMATION

With approval and support from the Finance Committee and Board of Trustees, the College of Medicine's Faculty Practice Plan, UCF-Health, opened in November 2011.

The College of Medicine presents for approval the attached budget for 2015-16 showing revenues and expenses for the fourth year of operation of the Faculty Practice Plan.

Supporting documentation: 2015-16 Faculty Practice Plan Operating Budget
(Attachment A)
Faculty Practice Plan Five-year Operating Budget
(Attachment B)

Prepared by: Deborah C. German, Vice President for Medical Affairs and
Dean of the College of Medicine
David Noel, Associate Vice President of Administration and
Finance for the College of Medicine
Steven Omli, Director of Finance and Accounting for the College
of Medicine

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

Attachment A



One-Year Budget Summary

	<u>2016</u>
Revenue	\$ 3,365,455
Expense	
Non-Faculty Salary and Benefits	\$ 3,866,213
Operating Expenses	1,769,796
Total Expense	5,636,009
Operating Loss	(2,270,554)
Transfer From/(To)	2,270,554
Net Cash Flow	\$0

Assumptions

This budget supports and demonstrates the continuation of start-up, operating, and growth expenses for UCF-Health at the Quadrangle and Gateway buildings. The Quadrangle is a 22,000 square-foot facility located on University Boulevard, and Gateway is a 75,000 square-foot facility at Lake Nona. UCF-Health will eventually occupy 25,000 square feet of Gateway, and Florida Hospital will occupy the remaining 50,000 square feet. The Gateway building is operating as a partnership with Florida Hospital to provide seamless and quality patient care to the community.

Clinical faculty salaries and benefits are funded in the college's operating budget. Excess revenues generated from practice operations will be returned to the college to support clinical faculty salaries as they become available.

Attachment B



Five-Year Budget Summary

Accounts	Approved Budget	Projected Actual *	Budget				
	2015	2015	2016	2017	2018	2019	2020
Total Revenue	\$ 2,917,787	\$ 1,744,014	\$ 3,365,455	\$ 7,080,841	\$ 11,916,486	\$ 16,365,677	\$ 18,587,228
Expense							
Non-Faculty Salary and Benefits	\$ 2,565,421	\$ 2,108,324	\$ 3,866,213	\$ 5,178,050	\$ 6,440,608	\$ 6,640,457	\$ 6,841,371
Operating Expenses	1,308,119	2,517,670	1,769,796	2,348,996	2,785,610	3,101,084	3,255,271
Total Expense	3,873,540	4,625,994	5,636,009	7,527,046	9,226,218	9,741,541	10,096,642
Operating Income (Loss)	(955,753)	(2,881,980)	(2,270,554)	(446,205)	2,690,268	6,624,136	8,490,586
Faculty Salaries and Benefits	2,166,543	1,737,739	3,164,046	5,100,783	7,562,758	7,852,856	8,207,165
COM Support	3,122,296	4,619,719	5,434,600	5,546,988	4,872,490	1,228,720	-
Net Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	\$283,421

* Based on ten months Actual. The projected 2014-15 expenses are higher than budgeted due to approximately \$1.5 million of start-up costs for the new Gateway location, which opened in Spring 2015.

ITEM: FFC-4

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: UCF Investment Policy and Manual

DATE: July 23, 2015

PROPOSED COMMITTEE ACTION

Approval of the revisions to the University of Central Florida Investment Policy and Manual.

BACKGROUND INFORMATION

The university establishes its investment parameters in accordance with sections 1011.42(5) and 218.415, Florida Statutes, and the UCF Investment Policy and Manual. The Vice President for Administration and Finance or designee will consolidate, where practicable and allowable, cash balances and investments from all funds covered by this policy to minimize risk exposure and maintain liquidity while maximizing investment earnings.

Supporting documentation: University of Central Florida Investment Policy and Manual

Prepared by: Tracy Clark, Associate Provost for Budget, Planning and Administration and Associate Vice President for Finance

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



UNIVERSITY OF CENTRAL FLORIDA

INVESTMENT POLICY AND MANUAL

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General Information Investment Policy

The following are detailed procedures related to UCF policy 3-113, accessible on the policy web site, <http://policies.ucf.edu/>.

The University establishes its investment parameters in accordance with sections 1011.42(5) and 218.415, Florida Statutes, and complies with all applicable state ordinances and covenants. The Vice President for Administration and Finance and Chief Financial Officer (Vice President) or designee will consolidate, where practicable and allowable, cash balances and investments from all funds covered by this policy to minimize risk exposure and maintain liquidity while maximizing investment earnings.

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

Investment Objectives

As required by F. S. 218.415, the investment objectives of the University for invested funds shall be to provide for safety of capital, liquidity of funds, and investment income, in that order. The optimization of investment returns shall be secondary to the requirements for safety and liquidity. In addition to funds invested in the authorized State Treasurer's Special Purpose Investments Account (SPIA) and State Board of Administration's Local Government Investment Pool (SBA), excess funds may be divided in four different pools of funds for the structured portfolio as follows: Pool I will be designated as cash reserves for operational expenses, ~~based on specific criteria to be determined by the Finance Committee~~; Pool II will be designated to cover the University's medium term requirements such as debt service for the next year; Pool III will be considered excess cash reserves that may be invested in longer term investments (up to five-seven years). ~~Pool IV will be designated for long term investments such as the UCF Foundation, Inc.~~ Safety and optimization of investment returns may be the investment objectives of funds invested in Pool IV only (liquidity is secondary).

1. Safety - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks the preservation of capital in the overall portfolio. The objective will be to limit credit risk and interest rate risk to a level commensurate with the risks associated with prudent investment practices and the performance benchmarks stated herein, if applicable.
2. Credit Risk - The University will limit credit risk (the risk of loss due to the failure of the security issuer or backer) by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specified credit ratings.
3. Liquidity - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature to meet anticipated demands (static liquidity). Since all

possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). The portfolio may be placed in local government investment pools, money market mutual funds or similar funds that perform similar to money market funds that offer same-day liquidity for short-term funds.

4. Yield - The investment portfolio shall be designed with the objective of attaining a market rate of return, as measured by specified benchmarks, throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:
 - A. A security with declining credit risk may be sold early to minimize loss of principal.
 - B. A security swap that would improve the quality, yield, or target duration in the portfolio.
 - C. Liquidity needs of the portfolio require that the security be sold.
 - D. Adverse market or economic conditions.
5. Transparency - The University shall operate its portfolio in a transparent manner, making its periodic reports both available for public inspection and designed in a manner which communicates clearly and fully information about the portfolio, including market pricing, adjusted book value, and yields.

Performance Measurement

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

Prudence and Ethical Standards

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

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

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

Broker Dealers, Safekeeping and Custody

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

- ~~2. Annual Review—An annual review of the financial conditions and registration of qualified financial institutions and broker/dealers will be conducted by the Vice President or investment advisor under the direction of the University. The distribution of trading among the approved broker/dealers of securities which at the time of purchase had maturities greater than seven days shall be reported annually to the Finance Committee.~~

- ~~3.2.~~ Delivery vs. Payment - Securities transactions between a broker-dealer and the safekeeping agent or custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

- ~~4.3.~~ Safekeeping, Custody & Perfection of Interest - Securities shall be held with a third party; and all securities purchased by, and all collateral obtained by, the University should be

properly designated as an asset of the University. No withdrawal of securities, in whole or in part, shall be made from safekeeping or custody, except by an authorized staff member of the University.

Authorized Investments

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

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

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

1. The United States Treasury and Agency securities - Securities that are issued by the United States Treasury or those for which the full faith and credit of the United States government guarantees fully all principal and interests payments.
 - A. Credit Ratings
Ratings are not required for U.S. Treasury securities. Agencies backed by the full faith and credit of the United States government, such as Government National Mortgage Association (GNMA), must have at least ~~two one~~ AAA (or its equivalent) /Aaa/AAA long-term credit rating from a Nationally Recognizes Statistical Rating Organization (NRSRO)s from Standard & Poor's, Moody's or Fitch respectively. The Finance and Facilities Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.
 - B. Interest Rate Risk Restrictions
The United States Treasury and Agency securities backed by the full faith and credit of the United States government. At the time of purchase, securities must have ~~a-an~~ average effective maturity no greater than ~~five-seven~~ years from the date of settlement ~~to the maximum possible maturity date.~~ The forward delivery period on such securities may not exceed 60 days.
2. Government Sponsored Enterprises (GSE) - Securities issued by the Federal Farm Credit Bank, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, the Federal National Mortgage Association, or the Federal Agricultural Mortgage Corporation. Any other GSE shall be considered as corporate debt for the purposes of this policy and shall be authorized under the criteria set forth in section 7, Corporations.

- A. Credit Ratings

Authorization of the listed GSE in section 7 is predicated upon these institutions maintaining at least ~~two-one~~ AAA (or its equivalent) /Aaa/AAA-long-term credit rating ~~from a NRSROs from Standard & Poor's, Moody's or Fitch respectively~~. The Finance and Facilities Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

B. Interest Rate Risk Restrictions

At the time of purchase, securities must have ~~a~~ an average effective maturity no greater than ~~five-seven~~ years from the date of settlement ~~to the maximum possible maturity date~~. The forward delivery period on such securities may not exceed 60 days.

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

A. Credit Rating

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

~~A. Interest Rate Risk Restrictions~~

~~At the time of purchase, shares in the local government investment pool must be fully redeemable on the next business day.~~

~~7.4.~~ Money Market Mutual Funds - Shares of any money market fund that is registered as an investment company under the federal "Investment Company Act of 1940", as amended.

A. Credit Rating

At the time of purchase, money market funds must carry an AAA-A1 (or its equivalent) rating from ~~Standard & Poor's~~ NRSRO. The Finance and Facilities Committee may direct the University to use other ratings that may be more appropriate for the prevailing economic situation.

B. Interest Rate Risk Restrictions

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

~~8.5.~~ Interest-bearing time deposits or savings accounts in Qualified Public Depositories (QPD) as defined in s. 280.02.

A. Credit Rating or Limitations

Bank deposits for the University must comply with Chapter 280.16 Florida Statutes. Such deposits in QPD's must be collateralized according to the statutory requirements.

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

A. Credit Ratings

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

B. Interest Rate Risk Restrictions

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

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

A. Credit Ratings

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

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

B. Interest Rate Risk Restrictions

At the time of purchase, such securities must have an average effective maturity no greater than three-seven years from the date of settlement ~~to the maximum possible maturity date~~. The forward delivery period on such securities may not exceed 60 days.

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

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

~~13.10.~~ Direct Support Organizations (DSO) duly authorized by the University's Board of Trustees. An agreement or memorandum of understanding must be executed prior to the placement of funds with any DSO.

~~14.11.~~ Mutual funds, unit investment trusts or professionally managed securities or other investment vehicles specifically authorized by the Finance and Facilities Committee.

~~Portfolio Composition~~

~~The portfolio managed by the University, as opposed to funds placed with the Foundation, shall be maintained as a short-term maturity portfolio. The following restrictions apply in the management and investment of the University portfolio:~~

- ~~1. The effective maturity of floating rate securities shall be considered as the time until the next full reset of the coupon. The maximum effective duration of a floating rate security shall be five years from the date of purchase.~~
- ~~2. To provide sufficient liquidity and stability of principal, at least 25% of the fund investments shall have an effective duration of one year or less.~~

University Endowment

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

Risk and Diversification

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

Investments that vary in length to maturity will be made to correlate with the University's cash flow projections. The correlation will be made conservatively, considering the University's projected need for liquidity. ~~As the University develops a history with these guidelines, it is anticipated that the Finance Committee will refine and further define the maturity risks and diversification requirements. It is anticipated that the Associate Vice President will provide annual cash flow projections, taking into consideration revenue receipt timing, payroll disbursements, debt service schedules and other historical operational expenditures. This Cash flow~~ information will be used as a basis for informed decisions regarding the allocation of cash balances into categories of investments with varying maturities. The investment vehicles used in the four categories will be determined by the Vice President in consultation with an investments consultant, the chair of the Finance and Facilities Committee and other appropriate University staff.

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

Qualified Public Depositories, Investment Institutions and Dealers

The Associate Vice President will maintain the current approved list of qualified public depositories (as defined in Florida Statute 280.02), ~~investment institutions and dealers for the purchase and sale of securities.~~

Third Party Custodial Agreements

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

Master Repurchase Agreement

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

Bid Requirement

For assets not delegated to the fiduciary management of a professional third party investment organization, The University shall require purchases and sales to be executed in a competitive bid

environment wherein at least three (3) offers or bids are requested for each security. Exceptions to this approach may be made when (1) prices for purchases or sales are compared to systems providing current market prices and deemed reasonable, (2) when the security to be purchased is unique to one institution or (3) the security has recently been issued and is trading at the same price by all financial institutions.

Internal Controls

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

Continuing Education

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

Reporting

1. Methods - The Vice President, or designee, shall or shall have prepared and provide to the Finance and Facilities Committee an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. An outside investment advisor or other third party may be utilized to prepare the report. The management summary will be prepared in a manner that will allow the University to ascertain whether investment activities during the reporting period have conformed to the investment policy. This investment report shall include ~~a list of~~ securities in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be available to the public.
- ~~2. Performance Standards—The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The appropriate benchmark against which the portfolio performance shall be measured shall be the 90-day Treasury Bill rate. At a minimum, portfolio performance shall be measured by comparing its year-to-date earnings to budgeted year-to-date earnings and its monthly “effective rate of return” to the 90-day Treasury Bill rate of return. Benchmarks may change over time based on the portfolio’s weighted average maturity.~~
- ~~3.2. Marking to Market—The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. Information will be included in the report provided to the Finance Committee during scheduled meetings. Compliance – If any investment held does not meet the guidelines of this~~

policy, it shall be temporarily exempted from the requirements of the policy until appropriate disposition of the security is agreed upon with the University's investment advisory firm.

Annual Review

~~Exemption—Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.~~

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

Glossary

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

Bid. The price offered by a buyer of securities.

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

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

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

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

Federal Deposit Insurance Corporation (FDIC). A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

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

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

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

Federal National Mortgage Association (FNMA). FNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The Corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities

are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

LIBOR. London Interbank Offer Rate.

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

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

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

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

Portfolio. Collection of securities held by an investor.

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

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

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

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

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

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

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

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

Yield. The rate of annual income return on an investment, expressed as a percentage.

(1) Income yield is obtained by dividing the current dollar income by the current market price for the security. (2) Net yield or yield to maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

OPERATING FUNDS SUPPLEMENT

to the
University of Central Florida Investment Manual

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

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

I. Investment Guidelines

A. Authorized Investments

Pursuant to the investment powers of the Finance 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 general investment guidelines and limitations for all Operating Pools where the listed security type is an allowable investment.

1. Equities

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

2. Fixed Income

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

3. Cash & Equivalents

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

- b. Securities must be rated in one of the two (2) highest credit quality categories for short-term securities by at least two nationally recognized rating services.
 - c. The maturity of any single security shall not exceed 180 days and shall maintain a dollar-weighted average effective maturity of 90 days or less.
 - d. All securities must be readily marketable.
4. Pooled Investment Funds
- a. Investments made by the Fund may include pooled investment funds. For purposes of this Supplement, pooled investment funds may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity.
 - b. Pooled investment funds may be governed by separate documents which may include investments not expressly permitted in this Supplement. In the event of investment by the Fund into a pooled investment fund, the Finance Committee will adopt the prospectus or governing policy of that pooled investment fund as the stated addendum to this Supplement.

B. Absolute Restrictions

No investments shall be permitted in:

- 1. Any investment prohibited by State or Federal Law.
- 2. Any investment not specifically allowed as part of this Supplement or its sub-sections.
- 3. Direct investment in 'Scrutinized Companies' identified in the periodic publication by the State Board of Administration ("SBA list", updated on their website www.sbafla.com/fsb/), is prohibited. Any security identified as non-compliant on or before January 1, 2010 must be divested by September 1, 2010. Securities identified after January 1, 2010, are subject to the provisions of Section II-C below. However, if divestiture of business activities is accomplished and the company is subsequently removed from the SBA list, the manager can continue to hold that security. Indirect investment in 'Scrutinized Companies' (through pooled investment funds) are governed by the provisions of Section II-E below.

II. Portfolio Communications & Compliance

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

- C. On a quarterly basis, the Investment Managers shall provide a written report affirming compliance with the provisions outlined in this Supplement, the respective sub-section and the Investment Manager's addendum (collectively referred to as "Permitted Provisions Documents"). If an Investment Manager owns an investment that complied with Permitted Provisions Documents at the time of purchase, which subsequently exceeds the applicable limit or does not satisfy the Permitted Provisions Documents, such excess or noncompliant investments may be continued until it is economically feasible to dispose of such investment in accordance with the prudent man standard of care. However, no additional assets may be allocated to the designated investment unless authorized in writing by the Finance Committee. Investment Managers will provide immediate written notice to the Finance Committee of any deviation from the standards set forth in the Permitted Provisions Documents and are also required to provide an action plan outlining the investment 'hold or sell' strategy.
- D. The Investment Consultant shall evaluate and report on a quarterly basis the rate of return net of investment fees and relative performance of the Fund.
- E. The Investment Consultant, on behalf of the Fund, shall send a letter to any pooled investment fund referring the investment manager to the listing of 'Scrutinized Companies' by the State Board of Administration ('SBA list'), on their website www.sbafla.com/fsb/. This letter shall request that they consider removing such companies from the pooled investment fund or create a similar actively managed pooled investment fund devoid of such companies. If the manager creates a similar pooled investment fund, the Fund shall replace all applicable investments with investments in the newly offered pooled investment fund in an expedited timeframe consistent with prudent investing standards. Once sending the required correspondence, the Fund is not required to sell or limit additional purchases of the pooled investment fund.
- F. At least annually, the Finance Committee shall provide the Investment Managers with projected disbursement needs of the Fund so that the investment portfolio can be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To this end the Investment Managers should, to the extent possible, attempt to match investment maturities with known cash needs and anticipated cash-flow requirements.

III. Investment Manager Responsibilities

- A. Within the guidelines and restrictions set forth herein, it is the intention of the Finance Committee to give each Investment Manager full investment discretion with respect to assets under its management.
- B. Each Investment Manager is expected to provide any reasonable information requested by the Finance Committee. At a minimum, each manager shall provide a quarterly report detailing their investment activity, the portfolio's current value and any changes in investment philosophy or strategy. Each Investment Manager is expected to meet with the Finance Committee or their designated representatives periodically to review investment performance and philosophy.
- C. It will be the responsibility of each Investment Manager to review the monthly valuations provided by the Fund's custodian and to note, in writing, any significant discrepancies from the valuations provided in their own reports.

- D. When feasible and appropriate, all securities shall be competitively bid. Except as otherwise required by law, the most economically advantageous bid shall be selected. Commissions paid for purchase of securities must meet the prevailing best-execution rates. The responsibility of monitoring best price and execution of trades placed by each Investment Manager on behalf of the Fund will be governed by the Portfolio Management Agreement between the Fund and the Investment Manager.
- E. Investment Managers shall vote any and all proxies solicited in connection with securities held by the Fund. Investment Managers shall produce a written proxy voting policy statement, and shall keep records with respect to its voting decisions and submit an annual report to the Finance Committee summarizing votes cast. Voting of proxies must be done solely in the interests of the Fund.
- F. Investment Managers must promptly provide to the Finance Committee information about changes in the management, ownership and key personnel in a timely fashion, which is not to exceed one month from the change.
- G. Unless otherwise provided by the Fund's custodian, each Investment Manager will monitor portfolio activity to minimize uninvested cash balances.

IV. Criteria for Investment Manager Review

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

- Four (4) consecutive quarters of relative under-performance versus the benchmark.
- Three (3) year trailing return below the top 40th percentile within the appropriate peer group and under performance versus the benchmark.
- Five (5) year trailing return below the top 40th percentile and under performance versus the benchmark.
- Three (3) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Five (5) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Style consistency or purity drift from the mandate.
- Management turnover in portfolio team or senior management.
- Investment process change, including varying the index or benchmark.
- Failure to adhere to the IPS or other compliance issues.
- Investigation of the firm by the Securities and Exchange Commission (SEC).
- Significant asset flows into or out of the company.
- Merger or sale of firm.
- Fee increases outside of the competitive range.
- Servicing issues – key personnel stop servicing the account without proper notification.

- Failure to attain a 60% vote of confidence by the Finance Committee.

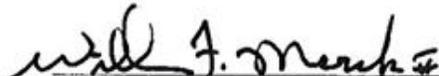
Nothing in this section shall limit or diminish the Finance Committee's right to terminate the manager at any time for any reason.

V. Review and Amendments

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

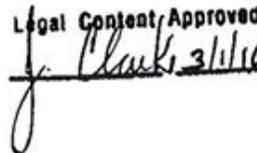
By signing this document, the Vice President for Finance & Administration and Chief Financial Officer attests that this Supplement has been recommended by the Investment Consultant, reviewed by the Fund's legal counsel for compliance with applicable law, and approved by the Chairman of the Finance Committee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

University of Central Florida



Vice President for Finance & Administration
Chief Financial Officer

3/2/10
Date

Legal Content Approved

3/1/10

OPERATING POOL I 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 I.

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

I. Investment Objectives

- A. Operating Pool I should be structured to provide immediate liquidity for the University's daily operating requirements. Investments shall be made subject to the University's cash flow needs in accordance with the schedule provided by the Finance Committee, and shall be subject to any revisions thereafter.
- B. Investments shall be undertaken in a manner that seeks the preservation of capital and immediate liquidity in the portfolio. The objective will be to limit credit risk and interest rate risk to a level commensurate with prudent investment practices of such short-term cash reserve portfolios.

II. Guidelines

A. Authorized Investments

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

III. Target Allocations

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

Cash & Equivalents	100%	N/A	90 Day US T-Bills / SPIA
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IV. Investment Performance Objectives

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

A. Total Portfolio Performance

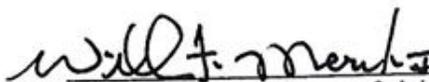
1. The performance of Operating Pool I will be measured for rolling three (3) and five (5) year periods. The performance of the portfolio will be compared to the return of the target index comprised of the 90 day U.S. Treasury Bill. In addition, the performance of the portfolio will be compared to the return of the Special Purpose Investment Account (SPIA).
2. On an absolute basis, the objective is that Operating Pool I will provide the necessary stability and liquidity to meet the University's daily operating needs.

V. Review and Amendments

It is the Finance 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


 Vice President for Finance & Administration
 Chief Financial Officer

6-3-13
 Date

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

2. Cash & Equivalents

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

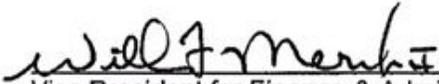
- 1. The performance of Operating Pool II will be measured for rolling three (3) and five (5) year periods. The performance of the portfolio will be compared to the return of the target index consisting of 75% Merrill Lynch 1-Year Treasury and 25% 90 Day US T-Bill index.
- 2. On an absolute basis, the objective is that the return of the Operating Pool II portfolio will provide liquidity and current income.

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



Vice President for Finance & Administration
Chief Financial Officer

2-17-15
Date

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- or higher by a major credit rating service.
- b. The weighted average quality of the fixed income portfolio shall maintain a rating of AA- or higher.
- c. The duration of the fixed income portfolio shall not exceed the effective duration of the 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 7 years.

3. Cash & Equivalents

4. Pooled Investment Funds

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

III. Target Allocations

In order to provide for a diversified portfolio, the 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%.

B. Equity Performance

1. The combined equity portion of the portfolio is expected to perform at a rate at least equal to the S&P 500 index.
2. On a relative basis, the equity portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.
3. Individual components of the equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum.

C. Fixed Income Performance

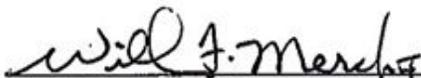
1. The combined fixed income portion of the portfolio is expected to perform at a rate at least equal to the Merrill Lynch 1-5 Year Government/Corporate A or Better index.
2. On a relative basis, the fixed income portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.
3. Individual components of the fixed income portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum.

V. Review and Amendments

It is the Finance 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



Vice President for Finance & Administration
Chief Financial Officer

2-17-15
Date

OPERATING POOL IV 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 IV.

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

I. Investment Objectives

- A. Operating Pool IV should be structured to maximize the long-term growth of the portfolio while generating an above benchmark total rate of return.
- B. Investments shall be undertaken in a manner that seeks to create a diversified portfolio of long-term assets without consideration for current income or pending expenditure. While reasonable liquidity should be maintained, it will be considered a secondary objective.

II. Guidelines

A. Authorized Investments

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

1. Equity

- a. Collective investment in equity and equivalent securities (domestic and international) shall not exceed sixty-five percent (75%) of the market value of Operating Pool IV's assets.
- b. Foreign securities shall not exceed twenty percent (20%) of the market value of Operating Pool IV's assets.

2. Fixed Income

- a. All fixed income investments shall maintain a minimum rating of "investment grade" or higher by a major credit rating service.
- b. The weighted average quality of the fixed income portfolio shall maintain a rating of "A" or higher.
- c. Duration of the fixed income portfolio shall not exceed the effective duration of the Barclays Aggregate Bond index by 50%.

3. Cash & Equivalents

4. Pooled Funds

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

III. Target Allocations

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

Domestic Equity	45%	40% - 50%	S&P 500
International Equity	15%	10% - 20%	MSCI-ACWxUS
Alternative Assets*	5%	0% - 10%	TBD
<i>Total Equity & Equivalents</i>	<i>65%</i>	<i>50% - 60%</i>	
Broad Market Fixed Income	30%	25% - 35%	Barclays Capital Aggregate
TIPS*	5%	0% - 10%	Barclays TIPS
<i>Total Fixed Income</i>	<i>35%</i>	<i>25% - 40%</i>	
Cash & Equivalents	0%	0% - 5%	90 Day US T-Bills

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

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

IV. Investment Performance Objectives

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

A. Total Portfolio Performance

- 1. The performance of Operating Pool IV will be measured for rolling three (3) and five (5) year periods. The performance of the portfolio will be compared to the return of

the target index comprised of 45% S&P 500, 15% MSCI-All Country World excluding U.S., 5% Alternative Assets, 30% Barclays Aggregate Bond and 5% Barclays TIPS Index.

2. On a relative basis, it is expected that Operating Pool IV's performance will rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.
3. On an absolute basis, the objective is that the return of Operating Pool IV will provide a total return that exceeds the Consumer Price Index plus 4.5%.

B. Equity Performance

1. The combined equity portion of the portfolio is expected to perform at a rate at least equal to a combined target index consisting of 70% S&P 500, 23% MSCI All Country World excluding U.S. Index and 7% Alternative Investments.
2. On a relative basis, the equity portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.
3. Individual components of the equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum.

C. Fixed Income Performance

1. The combined fixed income portion of the portfolio is expected to perform at a rate at least equal to a combined target index consisting of 85% Barclays Capital U.S. Aggregate Bond and 15% Barclays TIPS index.
2. On a relative basis, the fixed income portfolio is expected to rank in the top 40th percentile of the appropriate peer universe over three (3) and five (5) year time periods.

D. Alternative and Other Asset Performance

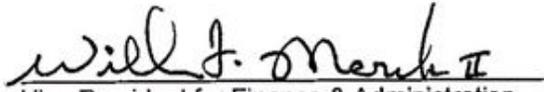
1. The overall objective of the alternative and/or "other asset" portion of the portfolio, if utilized, is to reduce the overall volatility of the portfolio and enhance returns. This portion of the fund will be benchmarked as outlined in the Investment Manager addendum.

V. Review and Amendments

It is the Finance 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


Vice President for Finance & Administration
Chief Financial Officer

11-13-13
Date

ITEM: INFO-2

**University of Central Florida
Board of Trustees
Finance and Facilities Committee**

SUBJECT: Refinancing of the UCF Stadium Corporation Series 2006 A and B Certificates of Participation

DATE: July 23, 2015

BACKGROUND INFORMATION

In 2006, \$64,535,000 in variable-rate taxable and fixed-rate tax-exempt Certificates of Participation were issued through the Golden Knights Corporation, subsequently renamed the UCF Stadium Corporation. The first opportunity to refinance the certificates occurs in 2016. The current principal balance of the taxable certificates is \$11,430,000, and the current principle balance of the tax-exempt certificates is \$39,460,000.

Net present-value savings on the tax-exempt certificates exceed 5 percent. The refinancing goal is to substitute the cash-funded debt service reserve fund and purchase a surety bond in its place, then use the cash from the purchase to redeem additional certificates. In addition, the restriction on the surplus funds would be removed, allowing the \$4.1 million accumulated in the fund to be released to the corporation. The Finance and Facilities Committee has already recommended the release of the surplus funds to flow to the UCF Athletic Association and the subsequent use of approximately \$3 million to be used toward repayment of the association's debt with the university.