



University of Central Florida
Board of Trustees Meeting
October 24, 2016
Millican Hall, 3rd floor, President's Boardroom
Agenda
8:00 a.m.
800-442-5794, passcode, 463796

- | | | | |
|------|---------------|----------|---|
| I. | Call to Order | | Marcos Marchena
Chairman, Board of Trustees |
| II. | Roll Call | | Rick Schell
Associate Corporate Secretary |
| III. | New Business | | Chairman Marchena |
| | BOT-1 | Approval | Public-Private Partnership
To Establish an Academic
Hospital at the UCF Health
Sciences Campus at Lake
Nona |
| IV. | Adjournment | | Chairman Marchena |

ITEM: BOT-1

BOARD OF TRUSTEES
University of Central Florida

SUBJECT: Public-Private Partnership to Establish an Academic Hospital at the UCF Health Sciences Campus at Lake Nona

DATE: October 24, 2016

PROPOSED BOARD ACTION

Approve the UCF Academic Health, Inc. to proceed with filing with the Board of Governors a public-private partnership proposal for an academic teaching hospital at the UCF Health Sciences Campus at Lake Nona.

BACKGROUND INFORMATION

On September 13, 2016, the Board of Trustees ratified the selection by UCF Academic Health, Inc. of HCA as its partner to build and operate an academic teaching hospital at the UCF Health Sciences Campus at Lake Nona.

Board of Trustees approval is needed in order for UCF Academic Health, Inc. to proceed with the public-private partnership approval processes.

Attachment A provides an overview of the UCF Academic Hospital project and the public-private partnership submission.

Attachment B provides a legal summary of partnership structure and Q&A.

Supporting documentation:

Attachment A: Introduction and Overview of Request for Approval of a Public-Private Partnership to Establish an Academic Hospital at the University of Central Florida Health Sciences Campus at Lake Nona

Attachment B: UCF Academic Hospital: Legal Summary of Partnership Structure and Q&A, prepared by David Grauer and Tamara Maynard of Jones Day.

Prepared by: Scott Cole, Vice President and General Counsel

Submitted by: Deborah German, M.D., Chair, UCF Academic Health, Inc.



Attachment A

Request for Approval of a Public-Private Partnership to Establish an Academic Hospital at the University of Central Florida Health Sciences Campus at Lake Nona

**A partnership of UCF Academic Health, Inc. and
Hospital Corporation of America, Inc.**

October 27, 2016



UCF Health Sciences Campus at Lake Nona

Attachment A

Request for Approval of a Public-Private Partnership to Establish an Academic Hospital at the University of Central Florida Health Sciences Campus in Lake Nona

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Attachment A

Introduction and Overview

UCF Academic Health, Inc. (UCFAH), a direct support organization (DSO) of the University of Central Florida (UCF), respectfully requests that the Board of Governors approve a public-private partnership that will establish a UCF Academic Hospital on UCF-owned land adjacent to the College of Medicine on the UCF Health Sciences Campus at Lake Nona in Orlando. The Academic Hospital is a critical next step in pursuing the integrated teaching, research and clinical mission of the UCF College of Medicine and will be developed and operated through a partnership with Hospital Corporation of America (HCA), the nation's largest hospital provider.

As described in detail below and in the attached documents, this public-private partnership model provides a unique opportunity for UCF and its College of Medicine through UCFAH to have shared (50-50) governance and 20% ownership of an academic hospital without any initial cash investment and without assuming any debt or liability for the hospital's development or operations. HCA will provide all funds (in cash) and expertise to build and manage the hospital and will assume responsibility for its operations, while UCFAH will provide land, academic expertise and oversight, and the UCF brand.

The proposed hospital will enable UCF to build academic excellence through training students and residents; obtaining funding for clinical, translational and population health research programs; attracting excellent research and clinical faculty; and expanding partnerships across all missions. The hospital will initially have 100 beds and will focus on serving the rapidly growing Lake Nona community. Over time, the hospital will grow and diversify as the population and market expands, serving and expanding the UCF College of Medicine's education and research missions while providing excellent care to patients.

After providing a brief background on UCF's College of Medicine, this Introduction and Overview will summarize the proposed hospital partnership, the critical needs it will address, and opportunities it provides for academic success of UCF and its College of Medicine, for growth of the research-intense Lake Nona Medical City where it will be located, and for our communities and state. It will describe the process followed by UCFAH and the UCF Board of Trustees in choosing HCA as its hospital partner and will address the partnership structure and legal and financial protections provided through the implementing partnership agreements.

Background on UCF's College of Medicine

UCF's College of Medicine was established in 2006 and already has a strong track record of success in building its academic programs. The College is located on a 50-acre tract of land donated by Tavistock Development Company in southeast Orlando near the Orlando International Airport, where it was located to anchor a rapidly growing biomedical complex known as Lake Nona Medical City. In addition to educating physicians and developing a much needed physician workforce, the UCF College of Medicine was charged with advancing economic development for the community and state through programs of medical research, creation of jobs, and advancement of industry. The College serves as a catalyst in Lake Nona Medical City driving innovation through research, technology, incubation of new businesses, and partnerships – while training the next generation of physicians.

Exhibit 1 below shows the undeveloped Lake Nona Medical City location in 2006 and Exhibit 2 reflects the rapid growth that has followed including the UCF College of Medicine's educational and research buildings, the Orlando VA Medical Center, Nemours Children's Hospital, the Sanford-Burnham-Prebys Research Institute, and the University of Florida School of Pharmacy and research building. Added more recently are the Florida Blue Innovation Center and business incubator space. See articles included in this Section I Attachment A: Articles describing the rapid and diverse continuing growth of Lake Nona Medical City.

Attachment A

EXHIBIT 1



EXHIBIT 2



Attachment A

In 2006, UCF recruited its founding Dean for the College of Medicine, Deborah C. German, MD, who now serves as Vice President for Medical Affairs and Dean of the College of Medicine. (See Dr. German's CV in this Section Attachment 2: Bios and CV's). Dr. German brought a depth of experience and vision to the College and recruited a team that is committed under her leadership to building "the nation's premier 21st century college of medicine." This requires developing programs and resources across all medical school missions: education, research, and patient care – enhanced through partnerships that leverage the strengths and resources of each partner.

The first decade of UCF College of Medicine's growth was dedicated primarily to educational excellence - achieving full accreditation for its MD program from the Liaison Committee on Medical Education (LCME) and building strong educational programs. The College admitted its 8th class and graduated its 4th class of MD students in 2016. During its first decade, the College has:

- Obtained full accreditation from the LCME
- Graduated 263 medical school graduates
- Reached its full complement of 480 medical students
- Achieved annual enrollment of over 3000 biomedical sciences undergraduate and graduate students
- Established rapidly growing graduate medical education programs, currently 126 residents, and a UCF-HCA GME Consortium discussed below
- Hired 686 faculty and staff
- Engaged 2,529 affiliated and volunteer faculty
- Developed affiliations with over 36 partner organizations
- Brought in almost \$95 million in research funding
- Built UCF Health, a multi-specialty faculty physician practice with three locations and 22 clinical faculty
- Developed a Regional Extension Center that assists over 3100 community providers with health IT and clinical and operational best practices

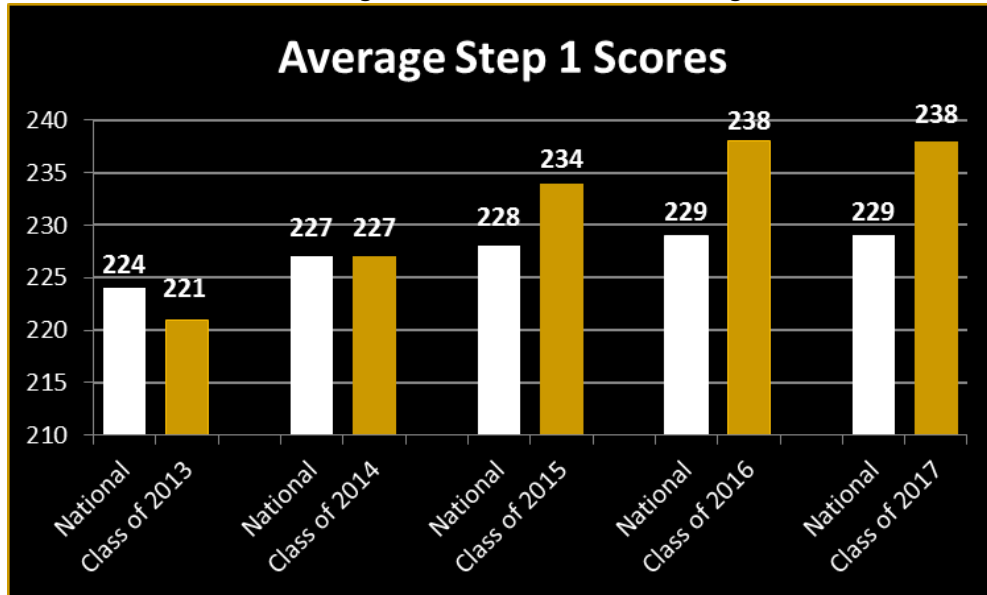
Success of MD Program Graduates. UCF College of Medicine MD students and graduates, are performing exceptionally well on their national exams. The following four Exhibits summarize the most recent available information on national test results and residency match statistics.

Exhibit 3 below shows Step 1 scores, an exam taken after the second year of medical school, prior to the medical students' beginning their clinical clerkships. As demonstrated, after the initial year, the College of Medicine's medical student classes have equaled and then exceeded the national average over the last 4 years.

Attachment A

EXHIBIT 3

US Medical Licensing Examination Step 1 Results
UCF College of Medicine v. National Average

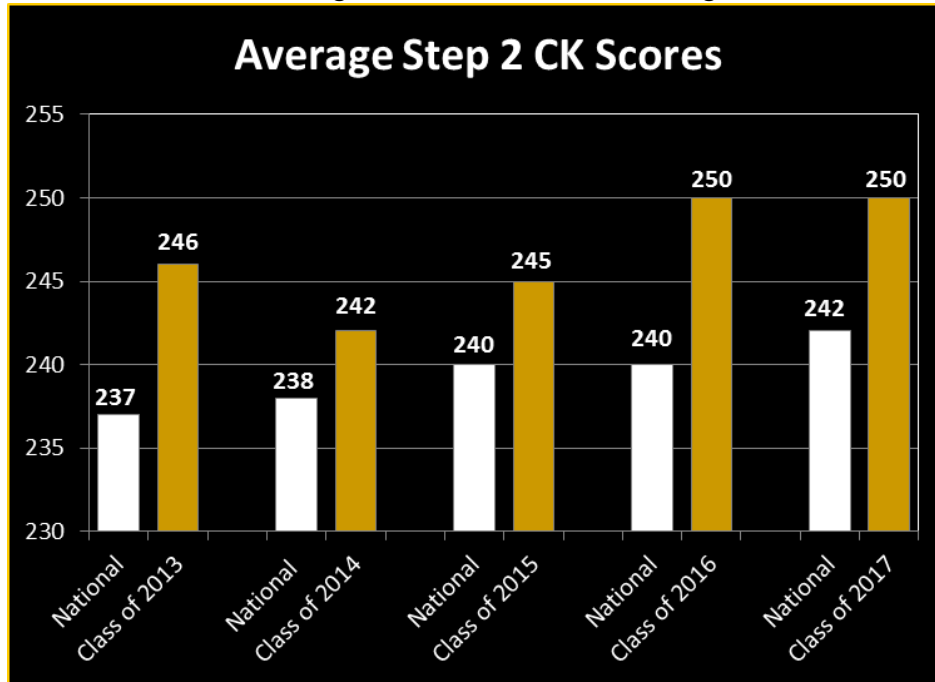


Attachment A

Exhibit 4 below shows the results of the Step 2 Clinical Knowledge scores. Every MD class at the UCF College of Medicine—even the inaugural class of 2013 that matriculated in 2009—surpassed the national test averages. This Step 2 Clinical Knowledge testing is conducted after the first clinical year for medical students (the third year of their MD education).

EXHIBIT 4

US Medical Licensing Examination Step 2 Results
UCF College of Medicine v. National Average

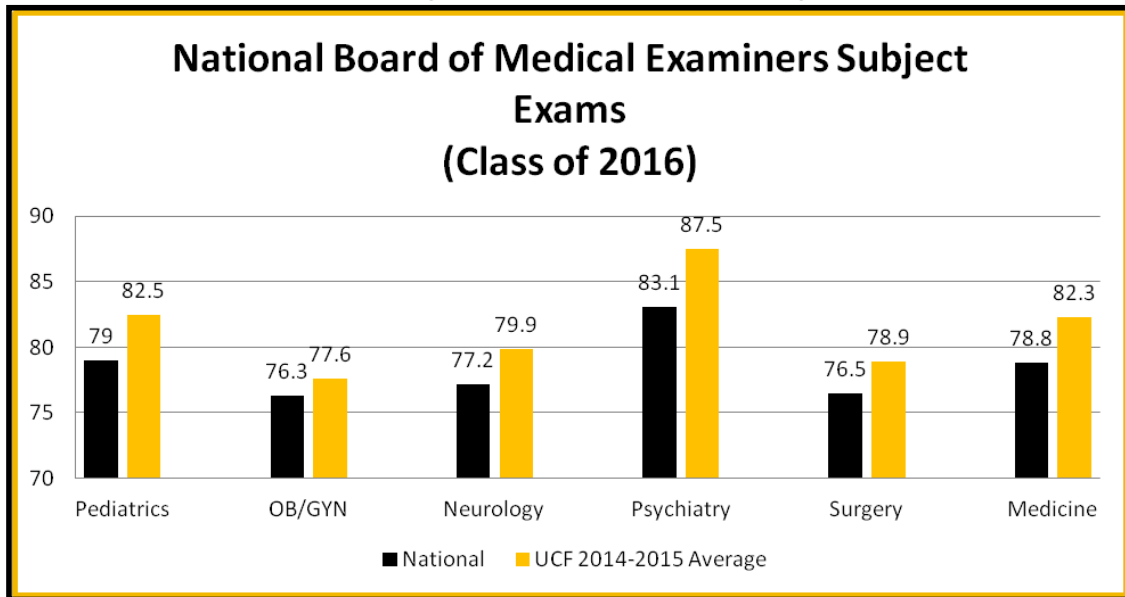


Attachment A

In addition, the UCF College of Medicine’s MD Class of 2016 outperformed the national average on their National Board of Medical Examiners’ Subject Exams. As shown on Exhibit 5 below, UCF students taking Pediatric, OB/GYN, Neurology, Psychiatry, Surgery and Medicine Subject Exams performed better than the national average.

EXHIBIT 5

**National Board of Medical Examiners
Subject Exam Results
UCF College of Medicine v. National Average**



Development of Graduate Medical Education (GME - Residency) Programs and UCF-HCA GME Consortium. UCF College of Medicine established its first GME program in 2014 in internal medicine, in partnership with the Orlando VA Medical Center and HCA’s Osceola Regional Medical Center. In 2015, UCF and HCA broadly expanded their GME partnership to create the *UCF College of Medicine – HCA Graduate Medical Education Consortium* (the “UCF-HCA GME Consortium”), which currently includes residency programs in Ocala Regional Medical Center, North Florida Regional Medical Center in Gainesville, and Osceola Regional Medical Center. The numbers and specialties of GME programs are expanding rapidly at each of these hospitals. Currently the UCF-HCA GME Consortium includes 126 residents, with a plan to have over 580 residency positions by 2021 across an increasing number of HCA Florida hospitals.

The UCF Academic Hospital in Lake Nona will become a major educational center for UCF College of Medicine. The hospital will have residency positions added through the UCF-HCA GME Consortium as soon as the hospital has ramped up its services to a level that will support adding residents and students. In addition UCF College of Medicine will continue to build and maintain affiliations with other hospital partners across Central Florida and beyond, providing diverse educational and research opportunities and resources for students, residents and faculty.

Attachment A

Developing a University Teaching and Research Hospital

From its earliest days, the UCF College of Medicine has planned to develop a university teaching and research hospital in order to best achieve its academic mission through integrating education and research with clinical services. In 2012, UCF purchased 25.2 acres of land adjacent to the College of Medicine as a site for the future Academic Hospital.

An academic hospital in very close proximity to the College of Medicine will serve as an essential lab, catalyst and resource for clinical and translational research and well as supporting population health and health outcomes research. In addition, the UCF Academic Hospital will grow to be a primary location for education of students and residents, complementing the educational experiences provided by affiliated hospital partners across the state.

The UCF Academic Hospital in partnership with HCA will develop facilities needed for inpatient and outpatient surgeries. This will enable UCF College of Medicine to recruit employed clinical faculty in procedural specialties. Without a nearby place to perform surgeries, it has been very difficult to recruit faculty in surgical specialties. The College of Medicine currently has only one employed surgeon who practices at the Orlando VA Medical Center. Recruiting additional procedural specialists is essential for developing the College's educational and research programs.

As the UCF Academic Hospital clinical services and research programs grow, it will greatly enhance the College's ability to recruit expert clinical and research faculty, who will in turn enable the College to develop the highly specialized research and patient care resources that top-tier medical schools are known for. Patients who are unable to be successfully diagnosed or treated in community health care settings frequently seek the care from specialized university-based medical centers which are often better able to address unusual or difficult diagnoses and to provide novel and emerging clinical interventions or apply clinical research protocols. Such specialized programs require an academic hospital that enables medical school faculty to fully integrate research with clinical care. A UCF Academic Hospital partnered with HCA will also enable UCF College of Medicine's participation and leadership in piloting and evaluating new medical technologies and emerging models of care and payment. By applying rigorous research practices and protocols, an academic hospital develops and validates best practices that can be shared across the hospital system and with community providers, improving quality of care on a broad scale. Through the proposed Academic Hospital partnership, UCFAH will leverage the financial strength, infrastructure, operational expertise and large data resources of HCA, enabling UCF College of Medicine to pursue research and development that provides novel and innovative treatments and measurably improves population health.

The proposed Academic Hospital will provide the missing link for clinical services at Lake Nona Medical City, which currently has hospitals that serve only children and veterans. In addition to addressing these educational, research and clinical needs, the Academic Hospital will enable UCF College of Medicine to deliver on its promise of advancing economic development, in collaboration with research and clinical partners across Lake Nona Medical City and beyond.

Need for Integrated Governance and Proximity. Since its inception, UCF College of Medicine has been exploring how an academic hospital could be developed that would ensure full commitment to the academic medical mission as required to develop a top-tier research-based academic medical center. University teaching hospitals that truly integrate the medical school's academic mission through shared governance have been most successful in achieving high national rankings and obtaining federal research funding. Similarly, academic medical centers where the medical school is located on the same campus or very close to its teaching and research hospital have been most successful in achieving high rankings as successful research-based medical schools. Commitment to the academic mission is secured through fully integrating education and research into the mission of the hospital, and clinical-research partnerships and activity are naturally enabled and enhanced by co-locating clinical and research faculty and resources.

Attachment A

The strong correlation of both integrated governance and close proximity with achieving higher ranking as a research-based medical school is well illustrated by the chart in Exhibit 6 below.

EXHIBIT 6

Medical School Research Rank USNWR: 1-29	Structure of Hospital Relationship	Proximity to Campus (< miles)	Medical School Research Rank USNWR: 30-58	Structure of Hospital Relationship	Proximity to Campus (< miles)	Medical School Research Rank USNWR: 59-87	Structure of Hospital Relationship	Proximity to Campus (< miles)	Medical School Research Rank USNWR: 88-92	Structure of Hospital Relationship	Proximity to Campus (< miles)
Harvard	A	1	University of Rochester	I	1	University of Vermont	A	1	East Carolina University	A	1
Stanford	I	1	OHSU	I	1	Medical University of SC	I	1	New York Medical College	A	1
Johns Hopkins	I	1	University of S California	I	1	University of Kentucky	I	1	University of Central Florida	A	18
UCSF	I	1	Ohio State	I	1	University of Texas - SA	I	1	University of South Dakota	A	1
University of Pennsylvania	I	1	University of Iowa	I	1	George Washington	A	1	University of Toledo	I	1
Washington University	A	1	Brown University	A	1	St. Louis University	I	1	California Northstate	A	8
Columbia	I	1	University of Alabama	I	1	University of Arizona	I	1	East Tennessee State	I	1
Duke	I	1	University of Colorado	I	1	University of Connecticut	I	1	Eastern Virginia	A	1
University of Washington	I	1	University of Minnesota	I	1	University of Nebraska	I	1	Edward Via College	A	2
Yale	I	1	Yeshiva University (Einstein)	A	1	University of South Florida	A	11	Florida State University	A	4
New York University	I	1	Dartmouth College (Geisel)	I	4	University of Kansas	I	1	Georgia Health Sciences	A	1
University of Chicago	I	1	University of Cincinnati	I	1	Virginia Commonwealth	I	2	Kansas City University	A	3
University of Michigan (AA)	I	1	University of Florida	I	1	Wayne State University	A	1	Lake Erie College	A	3
UCLA	I	1	University of Maryland	I	1	University of Oklahoma	A	1	Lincoln Memorial University	A	4
Vanderbilt	I	1	University of California-Irvine	I	15	Augusta University	I	1	Marshall University	A	1
University of Pittsburgh	I	1	University of Miami (Miller)	I	1	Rutgers	I	1	Michigan State	A	5
Northwestern University	I	1	University of Utah	I	1	University of Tennessee	A	1	Nova Southeastern	A	3
Cornell University	A	1	Georgetown University	A	1	Texas A&M	A	7	Ohio University	A	1
UCSD	I	2	Indiana Univ - Indianapolis	I	1	University of Missouri	I	1	Oklahoma State	I	1
Baylor	A	1	Tufts University	I	1	Creighton University	A	2	Rocky Vista	A	4
Icahn School of Medicine	I	1	University of California-Davis	I	1	University of Louisville	I	1	Rowan	A	1
UNC	I	1	University of Illinois	I	1	University of New Mexico	I	1	Touro College	A	1
Emory	I	1	University of Massachusetts	A	1	University of Nevada-Reno	A	4	University at Buffalo	I	7
Mayo Medical School	I	1	Wake Forest University	I	3	Drexel University	A	8	University of New England	A	5
Case Western	A	1	Temple University Katz	I	1	Hofstra University	A	12	University of North Texas	A	3
UT Southwestern	I	1	Medical College of Wisconsin	A	1	Texas Tech University	A	1	University of Pikeville	A	1
University of Wisconsin	I	1	Stony Brook University-SUNY	I	1	University of Arkansas	I	1	West Virginia (Osteopathic)	A	N/A
University of Virginia	I	1	Thomas Jefferson	I	1	West Virginia University	I	1	Western University	A	2
Boston University	A	1	University of Texas	I	2	Michigan State University	A	2	Wright State University	A	13



Exhibit 6 lists the medical schools in US News and World Report Research rank order starting with Harvard and ending with Wright State. Only those schools that receive rankings are listed: some US Medical Schools are unranked. The top ranked medical schools are more likely to have an integrated governance structure (blue) than an affiliated, non-integrated governance structure (pink). The chart also shows that close proximity of the medical school to the teaching and research hospital is highly correlated with being a top rated medical school. All but one of the top 25 medical schools is within one mile of its teaching hospital (green), while further distances between the medical school and teaching hospital (yellow) are more common among lower ranked schools.

UCF provided well for the critical proximity factor in 2012 when it purchased the adjacent land for an academic hospital. However, the need for integrated governance continued to be studied and pursued.

New Partnership Model Needed. After much review, UCF concluded that a new partnership model was needed to achieve integrated governance without taking on the financial and operational risks of full investment in a teaching and research hospital. Many traditional, well established top-tier medical schools have university teaching hospitals that fully integrate ownership of the medical school and hospital. Although these models provide many examples of excellence, this traditional model would require an increasing and unacceptable level of financial investment, debt and risk for the university. As the United States health care payment and delivery system changes to financially reward more patient-centered, value-based, outpatient-focused care, some traditional academic health systems with large and aging infrastructures are facing significant financial and systems challenges in attempting to adapt to the changing health care environment. Instead, UCF College of Medicine began discussions with multiple hospital partners about potential partnership models that would include no less than fifty percent

Attachment A

(50%) governance of the partnership hospital by UCF while having limited investment by and minimal risk to the university. The College worked with multiple potential partners and consultants to explore different concepts and structures. A model for including three or more hospital systems in a single academic hospital partnership with UCF was even advanced but was not acceptable to the hospitals due to competitive reasons.

Issues of Timing in Market Growth and Regulatory Requirements. The final path to developing the partnership Academic Hospital was recently accelerated by market growth and regulatory requirements. Specifically, (1) rapid growth of the Lake Nona area market has attracted the interest of multiple competing hospital systems and (2) filings under the Florida Certificate of Need process for acute care hospitals triggered an accelerated timeline for complying with the Invitation to Negotiate (ITN) and Public Private Partnership (P-3) approval process. Due to this confluence of circumstances, the opportunity for UCF to have an Academic Hospital at Lake Nona is now or never.

Market Growth. When UCF College of Medicine first began discussing the need for a UCF Academic Hospital at Lake Nona, potential hospital partners cautioned that there were “not enough rooftops” yet in the Lake Nona area to provide a market for the services. However, beginning in 2013, growth of housing boomed in the Lake Nona and surrounding areas. Moreover, the Southeast Region of Orlando, which includes the Lake Nona and surrounding areas, and nearby Osceola County have been identified as an areas of rapid growth. For example, according to the City of Orlando Economic Development Department’s 2014 “Growth Management Plan-2013-2040 Growth Projections Report”, the Southeast Region of Orlando, is expected to increase by 67%. Over the next five years, Osceola County is projected to have even greater growth than Orange County, with an overall growth rate of 16.6%. The 65+ population, who tend to be higher utilizers of health care, is projected to grow by nearly 23% in Orange County and 30% in Osceola County during the next five years. Details for these and other growth projections are provide in the Market Feasibility Analysis prepared by Sullivan Consulting Group, Inc. and Platt HMC, Inc. in Section II Tab 2 Attachment A and in the Certificate of Need application provided as Attachment Section II Tab 2 Attachment E.

This rapid and substantial market growth led to strong interest from competing area health systems in building a hospital to serve the Lake Nona and surrounding community. Both Florida Hospital and HCA advised the College of their interest and evolving plans to develop hospital in Lake Nona, with or without a UCF partnership.

Certificate of Need Process. New acute care hospitals in Florida must obtain certificate of need (CON) approval from the Florida Agency for Health Care Administration (AHCA). For a state university such as UCF, this required CON approval process must work together with the ITN and P-3 approval processes. The CON process controls development of new hospitals; only one new acute care adult hospital will be approved to serve the growing Lake Nona area. If any competing health system were to obtain a CON for an adult hospital in Lake Nona, that would preclude UCF or any other interested organization from developing such a hospital in the area. AHCA accepts CON Letters of Intent (LOI) for acute care hospitals twice per year, in August and February. This initial step in the CON application process triggers competing filings by other interested health systems, which are all then “batched” as competing CON applications for a single service area such as Lake Nona. When it became clear that the Lake Nona and surrounding market was ready to support the UCF Academic Hospital, UCF developed a confidential plan to issue an Invitation to Negotiate during the six-month period between AHCA LOI dates. That would have allowed UCF to select a hospital partner and begin the P-3 process before filing a CON LOI. However, on August 1, 2016, two competing health systems filed LOIs beginning a potential CON application process for a hospital in Lake Nona.

It’s Now or Never. On August 1, 2016 both Florida Hospital and HCA filed LOIs indicating their intent to build an acute care hospital in Orange County, Florida. At that point, UCFAH and the UCF Board of Trustees realized that the vision of a partnership Academic Teaching Hospital must be pursued immediately or the opportunity to have a UCF teaching and research hospital at Lake Nona would likely be lost forever. So on August 5, 2016, the UCF Board of Trustees endorsed a decision by UCFAH to commence its ITN process to solicit proposals from potential health systems and select a partner to develop and operate a UCF Academic Hospital. Timelines showing these

Attachment A

overlapping processes are included in this Section I, Tab 3: Timelines. As further described below, UCFAH conducted a thorough ITN process and ultimately selected HCA as its partner for the UCF Academic Hospital. This UCFAH Board decision was ratified by the UCF Board of Trustees on September 13, 2016. On October 12, 2016, as required by AHCA regulations, a joint UCF-HCA CON application was filed on behalf of the partnered UCF Academic Hospital.

The CON review process by AHCA will be concurrent with the P-3 review and approval process. As described below, the two processes will need to proceed at a similar pace to avoid threatening UCFAH’s academic hospital partnership opportunity, due to expiration of a CON unless construction commences within eighteen months.

UCFAH Finds an Academic Hospital Partner and an Innovative Partnership Structure

The ITN Process On August 5, 2016, UCFAH issued its “Invitation to Negotiate: Selection of Partner for Development and Operation of a UCF Academic Hospital on the UCF Health Sciences Campus at Lake Nona.” See the full ITN at Section II, Tab 1 Attachment A. The ITN was sent to local hospital system partners, was posted on the UCF website, and was submitted for broad circulation by the Florida Hospital Association and the Association of Academic Medical Centers. The ITN laid out a clear process and listed criteria and considerations for selection of the partner. These criteria are listed below in Exhibit 7:

EXHIBIT 7

<p>1. Qualifications, experience, capabilities Considerations include:</p> <ul style="list-style-type: none"> • Experience and qualifications in planning, developing, funding, operating and managing hospitals • Demonstrated quality and excellence in delivery of patient care • Qualifications of key individuals who will be assigned to the project
<p>2. Commitment to UCF’s Educational and Community Mission Considerations include:</p> <ul style="list-style-type: none"> • Commitment to and compatibility of proposal with UCF College of Medicine’s educational mission • Demonstrated commitment to serving Medicaid and other indigent patients
<p>3. Structure and governance Considerations include:</p> <ul style="list-style-type: none"> • Proposed structure for hospital including UCF ACADEMIC HEALTH’s participation in ownership, governance, management, and medical leadership • Approach for limiting financial risk to UCF ACADEMIC HEALTH and providing return on investment to UCF ACADEMIC HEALTH
<p>4. Financial considerations Considerations include:</p> <ul style="list-style-type: none"> • Proposed approach for funding hospital, including proposed investment by UCF Academic Health • Financial strength and stability of responder; ability to operate high quality services while ensuring financial sustainability • Financial information and plan presented
<p>5. Research and Innovation Considerations include:</p> <ul style="list-style-type: none"> • Approach for and experience in pursuing new and emerging models of care and value-based payment • Opportunities for research and innovation • Commitment to clinical, population based and other research

Attachment A

Proposals in response to the ITN were received from all three major health systems in Central Florida. The proposals were carefully reviewed by a Fact Finding Committee appointed by the chair of UCFAH, including an outside expert on health care finance. Due diligence was conducted to gather comparative publicly available information on quality of care, financial issues, and fraud and abuse compliance information. The UCFAH Board held multiple meetings to consider all of the information provided. The UCFAH Board members asked questions, and more information was gathered.

On September 1, 2016 the UCFAH Board unanimously selected HCA as its partner for UCF's Academic Hospital.

The UCFAH Board then requested ratification by the UCF Board of Trustees of the selected partner and there was further review and discussion. On September 13, 2016 the UCF Board of Trustees ratified UCFAH's selection of HCA as a partner.

Reasons for selecting HCA as the partner for UCF's academic hospital included the following:

- HCA's strong national reputation and experience for building and operating quality hospitals
- The proposed hospital partnership structure allowing 50-50 representation on the Governing Board and reserved rights for UCFAH's representatives on 17 specified major decisions
- Proposed ownership structure allowing a 20% equity interest with no cash investment, enabling long-term financial opportunities for UCFAH
- Demonstrated national strength in academic research partnerships including national database
- HCA's experience around the country in emerging models of care delivery and payment
- UCF's positive experience with HCA as a partner in the UCF-HCA GME Consortium

See Section II, Tab 1 Attachment B for HCA's Proposal responding to the ITN.

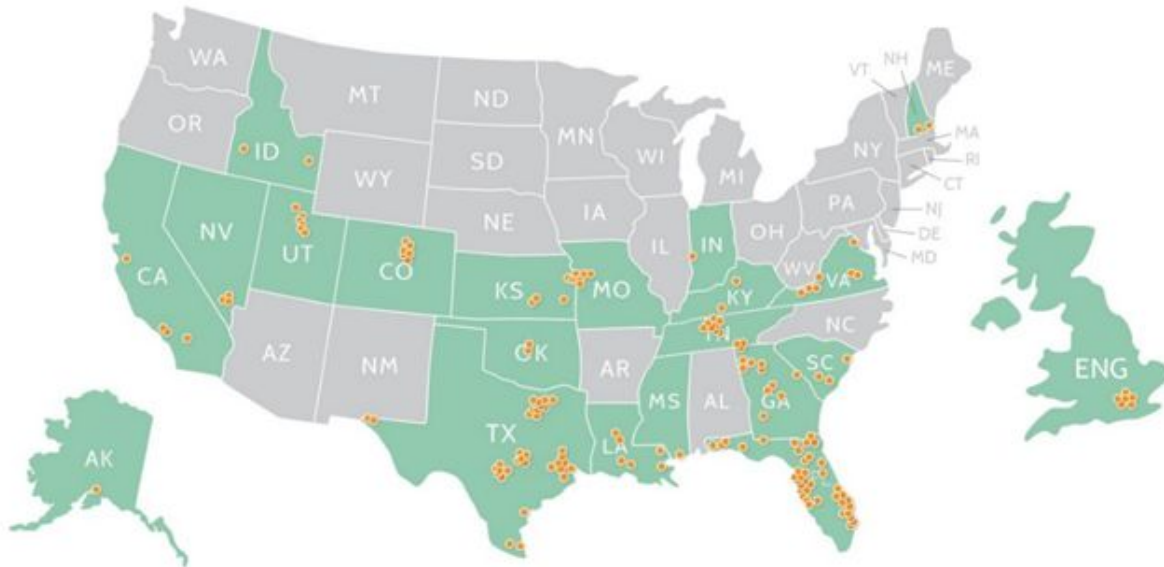
See Section II, Tab ___ Attachment ___ for a further summary of the multiple actions taken by the UCFAH Board and the UCF Board of Trustees in issuing the ITN, selecting the partner for development and operation of the UCF academic hospital, and approving the filings for both P-3 and CON approvals of the partnership academic hospital.

UCFAH's Selected Partner: Hospital Corporation of America (HCA)

Experience and Quality. HCA is the largest hospital operator in the United States and has extensive experience in planning, developing, funding, operating and managing hospitals. HCA's facilities include 169 hospitals and 116 freestanding surgery centers in 20 states and England. HCA currently delivers about five percent of all inpatient care in the United States and about 25% of all hospital care (48 hospitals) in Florida. See map of HCA locations in Exhibit 8 below. HCA's model favors affiliation with physicians with rather than physician employment, and it has approximately 35,000 affiliated physicians and 3,500 employed physicians.

Attachment A

EXHIBIT 8



Due diligence conducted by UCFAH on national health care quality measures was consistent with HCA's reported commitment to excellence and to continuous quality improvement. HCA has scored well on CMS core measures, and more than three quarters (78%) of HCA's hospitals are considered Top Performers by The Joint Commission, the nation's leading hospital accrediting organization. See further discussion of HCA's qualifications, experience, capabilities, and demonstrated quality in its ITN Response (Section II, Tab 1 Attachment B pp. 3-29) and in the CON Application (Section II Tab 2 Attachment E pp.).

Commitment to Research and Broader Research Opportunities. HCA brings national research experience and opportunities including leadership in developing best practices to measurably improve patient safety and infection control. HCA has established one of the nation's largest patient safety organizations (HCA PSO, LLC). HCA's patient database, the nation's largest, will be available to UCF as a partner, for research in collaboration with HCA's national physician leaders and analytics experts. Such research using "big data" and population health studies is funded through large grants from federal agencies including, for example, the Patient-Centered Outcomes Research Institute (PCORI), NIH and AHRQ among others.

Commitment to Care of Medicaid and Indigent Patients. HCA has a demonstrated commitment to serving Medicaid and other indigent and underserved patients. In Florida alone, in 2015 HCA delivered approximately \$716 million in uncompensated care or roughly 8% of its net revenue, not including underpayments by Medicaid and Medicare. HCA is committed to providing free, non-elective care for patients whose income is less than 200 percent of the Federal Poverty Level and who do not qualify for Medicaid. In 2015, approximately 25.6% of patients in HCA's North Florida Division were Medicaid patients and another 12.2 percent were self-pay or charity patients.

Financial Strength. With operating revenues of nearly \$40 billion, free operating cash flows in excess of \$4.5 billion and over \$2.7 billion available for capital investment, HCA is financially stable and has the strength to fund the UCF Academic Hospital's development and services. HCA has committed to provide such funding entirely from its cash

Attachment A

reserves. See further discussion and information regarding HCA's financial resources in Section II Tab___Attachment ___.

Partnership Experience. In addition to HCA meeting all of UCFAH's ITN qualifications and having the strongest proposal, UCFAH is confident in its ability to successfully partner with HCA based on the successful experience developing and operating residency programs together over the last several years.

A New Partnership Model

Partnership Structure. The partnership structure developed by UCFAH and HCA will enable UCFAH to achieve its goal of having shared governance (50-50) and the ability to design and oversee integration of educational and research as core missions of the hospital - without making cash investments or assuming the financial risk, debt or liability that are inherent in many traditional ownership models for university teaching hospitals. In summary:

- UCFAH and HCA have established an LLC joint venture (JV) entity of which HCA will own 80% and UCFAH will own 20%
- UCFAH will appoint 4 members of the LLC Governing Board and HCA will appoint 4 members
- UCFAH has right to select and remove the Vice-Chair of the Governing Board
- A majority of UCF appointed representatives on the Governing Body must vote in favor of all Major Decisions, which include, for example, selection of the hospital chief executive officer (CEO) and chief medical officer (CMO); changes to mission, vision, values statements; admission of new members to the LLC; adoption and amendment of the hospital strategic plan; material changes to educational programs; amendment to or termination of the management agreement; any capital contribution calls; incurring capital expenditures in any one year in excess of 20% of the JV value; or ratification of and material changes to capital and operating budgets. (For a complete list of Major Decision rights, see the Legal Summary and Operating Agreement in Section II Tab___ Attachment ___)
- Upon receiving P-3 and CON approval and all other required approvals, the JV partners will collaborate in design and development of a 100-bed hospital including emergency services and 8 Labor & Delivery beds.
- HCA will supply the funds needed to construct and operate the hospital, including cash needed for initial working capital. All such construction and start-up funding will be provided by HCA in cash, and UCFAH contributes no start-up capital
- UCFAH's contribution will be a long-term lease of the 25.2 acres owned by UCF adjacent to the College of Medicine on the Lake Nona Health Sciences Campus and the value of the UCF brand and other intangible resources as determined by an independent valuation firm
- When a CMO is engaged for the Academic Hospital, he or she must be employed by UCF
- UCFAH must agree to any dilution of its interest in the JV LLC and, if its interest at any time is less than 20%, UCFAH retains the right to purchase additional interests to reestablish and maintain up to a 20% interest
- Any additional funding needed to cover losses will be provided by HCA. When needed in the future, the JV entity will be provided inter-company loans by HCA at a fair market value lending rate.
- The JV entity will allocate funding annually designated for Community Benefit, which will be distributed as determined by the UCFAH-appointed members of the Governing Board

Through this governance model, UCFAH is able to have the level of shared governance it needs to ensure that the UCF College of Medicine academic mission is fully and consistently integrated into the hospital's mission and operations and to guide the hospital's strategic plan and future development. UCFAH will rely on the substantial expertise and operational and financial resources of HCA to develop and manage the hospital services and HCA will carry the financial and legal responsibility for its operations.

The financial commitment and risk of UCFAH and UCF are limited to UCFAH's contributions to the JV entity, specifically the long-term lease of UCF's 25.2 acres purchase for an academic hospital. The Florida LLC structure

Attachment A

limits a member's liability for JV activities or obligations to the assets contributed to the JV entity. UCFAH and UCF thus are protected both by law and by contractual indemnification (see Operating Agreement, Section II Tab__Attachment ____ pp. 9, from financial or legal liability of the JV LLC or its contracted management company that operates the hospital. Similarly, UCFAH-designated Governing Board members acting in good faith will be protected from personal liability (a) by Florida law (b) through section 8.9 of the Operating Agreement, and (c) if a UCF employee acting *ex officio*, by sovereign immunity. The hospital will be covered for professional and general liability as well as directors' and officers' liability through HCA's portfolio of insurance programs including a combination of commercial insurance and self-insurance.

As its return on investment, UCFAH will receive a share of distributed profits based on its percentage of ownership. Thus as long it maintains 20% ownership, UCFAH will receive 20% of distributed hospital profits, which will be applied by UCFAH in support of the Academic Hospital or other missions of the UCF College of Medicine.

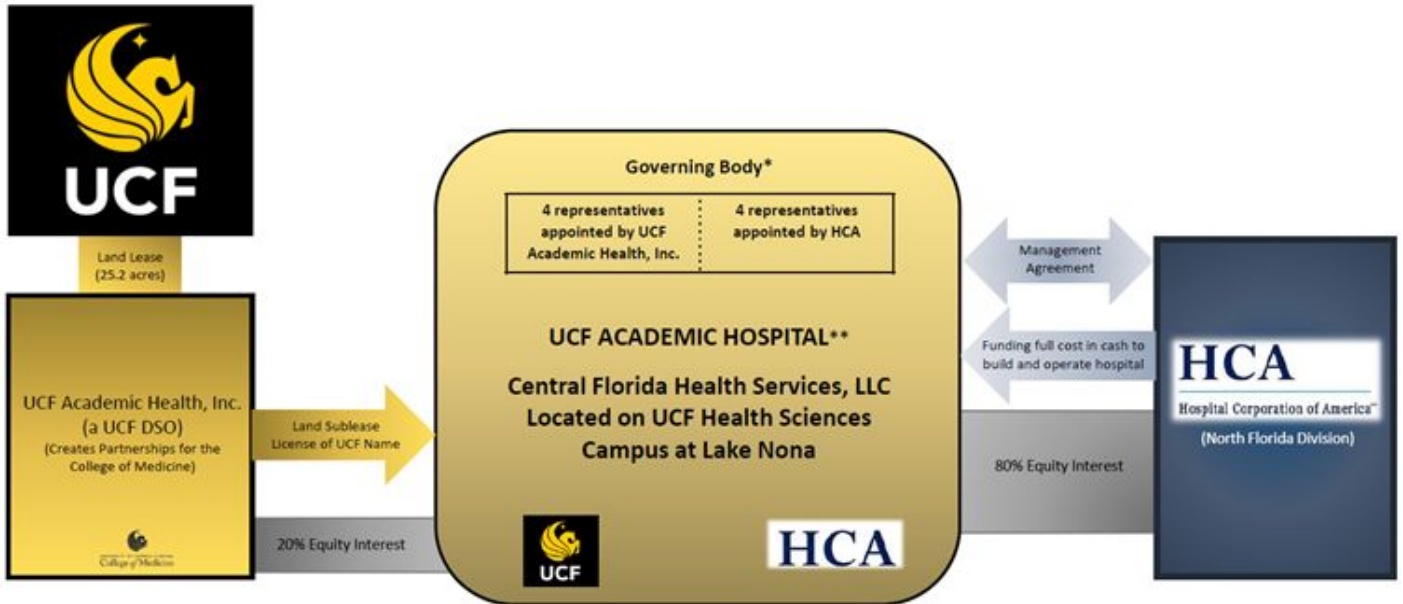
The UCF Academic Hospital partnership provides HCA the opportunity to establish an academic and clinical hub for its existing hospitals in Florida and further entry into the highly competitive Central Florida hospital market. Historically, 80% of hospital inpatient services in Central Florida have been provided by Florida Hospital and Orlando Health. The UCF Academic Hospital partnership will bring competitive balance and an additional alternative for patients, physicians and payors.

See UCF Academic Hospital partnership structure on next page as Exhibit 9:

Attachment A

EXHIBIT 9

UCF Academic Hospital Partnership Structure



*Governing Body Authority over reserved Major Decisions such as:

- Approve CEO and CMO
- Mission, Vision, Goals and Strategy
- Educational Programs
- Quality, Credentialing, Compliance
- Indigent/Charity Care, Community Benefit
- Management Agreement
- Capital Calls
- Capital Expenditures > 20% of Assets
- Capital and Operating budgets
- Organizational Changes

**Hospital name TBD

Attachment A

Hospital Pro-Forma. HCA's 5 year pro forma for the proposed Academic Hospital is included in Exhibit 10 below. These projections show the year Academic Hospital breaking even in its first full year of operation.

EXHIBIT 10

All Numbers in millions:					
Capital Investment	HCA	UCF	Total		
Ownership Percent (proposed)	80%	20%	100%		
Estimate for 80 bed hospital	\$ 104,000	\$ 26,000	\$ 130,000		
Estimate for 100 bed hospital	\$ 120,000	\$ 30,000	\$ 150,000		
Patient Revenues					
	Year 1	Year 2	Year 3	Year 4	Year 5
TOTAL OPERATING REVENUE	\$71,242	\$75,229	\$79,449	\$83,954	\$88,723
Operating Expenses					
Salaries & Benefits	\$20,499	\$21,514	\$22,579	\$23,700	\$24,874
Supplies	\$5,480	\$5,769	\$6,072	\$6,392	\$6,728
Purchased Services	\$8,407	\$8,877	\$9,375	\$9,907	\$10,469
Other Operating Expenses	\$10,627	\$11,372	\$12,174	\$13,042	\$13,976
Non-Income Taxes	\$3,527	\$3,487	\$3,450	\$3,415	\$3,437
CASH EXPENSE	\$48,539	\$51,019	\$53,649	\$56,456	\$59,485
EBITDA	\$22,703	\$24,210	\$25,800	\$27,498	\$29,238
Depreciation	\$6,037	\$6,062	\$6,112	\$6,162	\$6,368
PRETAX INCOME/ (LOSS)	\$16,666	\$18,148	\$19,689	\$21,337	\$22,870
Federal & State Taxes	\$6,429	\$7,001	\$7,595	\$8,231	\$8,822
NET INCOME	\$10,237	\$11,147	\$12,094	\$13,106	\$14,048
FREE CASH FLOW	\$16,274	\$17,209	\$18,205	\$19,268	\$20,416
			HCA	UCF	Total
Return on Investment (80 bed hospital)			14.8%	14.8%	14.8%
Return on Investment (100 bed hospital)			12.9%	12.9%	12.9%
Notes:					
- Cash Distributions will be decided by the Board and range from 50% to 100%.					

The HCA proposal and pro forma were assessed by UCF's independent financial advisor Stephen Johnson of GG Funding. Mr. Johnson was engaged by UCF College of Medicine and UCF Academic Health to review and advise on the proposals received in response to the ITN, conduct financial due diligence, and closely examine the hospital pro forma and other materials provided by HCA. Mr. Johnson concluded that HCA is financially strong and more than capable of meeting its obligation to fund the construction and startup operations of the UCF Academic Hospital in cash, and that the pro formas presented are reasonable and consistent with expectations for HCA's performance based on current market and industry trends. Mr. Johnson's report can be found in Section II Tab ___ Attachment ___.

Attachment A

Future Expansion. The UCF Academic Hospital will begin as a 100-bed hospital designed with the ability to grow. As the market for services grows and the Academic Hospital is ready to expand, future expansion may be funded through a combination of any of the following, which will enable UCF to retain its ownership percentages: retained or distributed profits from hospital operations, intercompany loan to the JV entity from HCA, or capital contributions by the partners. If UCFAH agrees to future capital contributions, UCFAH would fund any such future capital contribution through a combination of further intangible contributions (e.g. brand), philanthropy, and revenues from clinical operations.

Public-Private Partnership - the Best of Both. HCA is a for-profit company. The UCF Academic Hospital will be a joint venture between a for-profit and a non-profit, tax-exempt organization and will have features of both. The hospital will pay state and local taxes (estimated \$ 900,000 annually) and will have a full commitment to the UCF College of Medicine academic mission, care of indigent patients, and community benefit. The UCF Foundation will have an exclusive opportunity to pursue philanthropy in connection with the Academic Hospital services. This public-private hospital partnership brings together the best of both models, implementing a non-profit academic mission with the operational experience and financial expertise and discipline of a for-profit hospital company.

In addition to protecting the interests of UCF and UCFAH, this governance and ownership structure provides a new opportunity and model for a cost-effective university teaching and research hospital. The UCF Academic Hospital will be poised to be successful in navigating the changing health care environment and to be a leader in health care transformation and in educating future health care providers in practicing in the emerging models of health care delivery and payment.

Governing Agreements. The UCFAH-HCA partnership will be implemented through several interrelated corporate agreements listed below. The Operating Agreement has been executed, with obligations contingent upon receiving both P-3 and CON approval, demonstrating the strength of commitment of both UCFAH and HCA to the partnership and project. The Operating Agreement and drafts or summaries of other agreements are included in Section II, Tab__Attachment____. Together these governing agreements will provide a series of rights and protections for UCFAH and UCF as summarized in by UCF's attorney David Grauer from Jones Day in Section II, Tab__Attachment____.

- Operating Agreement, executed October 12, 2016 – implements the JV LLC entity that will obtain a CON and develop and operate the Academic Hospital
- Development Agreement outlines processes, rights and timelines relating to developing the hospital
- Land Leases, through which UCF will lease its 25.2 acres to UCFAH and UCFAH will sublease to the JV LLC entity. If HCA develops a Freestanding Emergency Department in advance of the hospital, HCA will initially sublease a portion of the 25.2 acres at fair market value.
- Management Agreement

Certificate of Need Filed October 12, 2016: As noted above, the JV LLC filed a complete Certificate of Need application with AHCA on October 12, 2017 on behalf of the UCFAH-HCA hospital partnership. A copy of the CON application is provided as Section II Tab 2 Attachment E .The Application fully addresses the community population growth, market and need for the proposed hospital in Lake Nona. Letters of support signed by approximately 350 individuals and organizations were provided on behalf of the UCF community.

AHCA will issue its initial decision on the CON application on December 2, 2016, which may become final as soon as January 9, 2017 or may be appealed by a competitor. The CON will be time-limited. Once the CON is final, the JV entity will be allowed 18 months from the date of issuance to complete planning, design, permitting and begin construction to include placing footers in the ground or else the CON will be subject to termination.

Attachment A

UCFAH's interests and participation in the Academic Hospital and CON project are conditioned upon receiving P-3 approval from the Board of Governors. If the CON is awarded as early as January 9, 2017 but the P-3 approval is delayed, HCA will have the right to buy out the interests of UCFAH and proceed separately with the CON on another nearby site. This would preclude UCF from the opportunity to ever have an Academic Hospital in Lake Nona.

UCF will keep the Board of Governors informed of the CON time frames and will take all steps possible to promptly answer questions from the Board of Governors and provide all requested information.

Expert Advice and Assistance.

In addition to UCF 's in-house expertise and experience in health care legal, financial and operational issues, the University retained a team of outside national experts and trusted advisors who have provided extensive assistance and advice in all aspects of the UCF Academic Hospital project. These include:

David Grauer, Partner
Jones Day
325 John H. McConnell Boulevard, Suite 600
Columbus, OH 43215-2673

Tamara Maynard, Associate
Jones Day
325 John H. McConnell Boulevard, Suite 600
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Stephen Johnson, Principle
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325 North St. Paul Street, Suite 800
Dallas, TX 75201-3852

R. Terry Rigsby, Partner
Pennington, P.A.
215 S. Monroe Street, Suite 200
Tallahassee, FL 32301

Michael A. Ryan, Esquire
Lowndes, Drosdick, Doster, Kantor & Reed, P.A.
215 North Eola Drive
Orlando, FL 32801

Conclusion

Upon approval of both the Board of Directors of UCF Academic Health and the UCF Board of Trustees, on October 27, 2016, this Request for Approval of a Public-Private Partnership to Establish an Academic Hospital at the University of Central Florida Health Sciences Campus in Lake Nona, consisting of the above Introduction and Overview and referenced Attachments, will be filed with the Board of Governors and the Division of Bond and Finance in Tallahassee, FL. The University and UCF Academic Health are requesting consideration of this Proposal by the Board of Governors at its January 25-26, 2017 meeting.

Attachment B

UCF ACADEMIC HOSPITAL**LEGAL SUMMARY OF PARTNERSHIP STRUCTURE AND Q&A¹**

Prepared by David Grauer and Tamara Maynard of Jones Day

The following chart sets forth a high-level summary of certain rights and benefits of UCF Academic Health, Inc. (“UCFAH”) in the transaction documents between UCFAH and Hospital Corporation of America, Inc. or its affiliated entities (referred to herein collectively as “HCA”) and provides cross-references to the applicable section numbers in the transaction documents. All references to “Company” herein refer to “Central Florida Health Services, LLC”.

<u>Benefits</u>	<u>Transaction document</u>
<ul style="list-style-type: none"> UCFAH will have up to 20% equity in the Company for its interest in land and other intangibles (without adding cash in deal). 	<ul style="list-style-type: none"> Section 4.1(d), Operating Agreement
<ul style="list-style-type: none"> If UCFAH’s land and intangible contribution does not equal 20%, it will have the right at any time to purchase additional Units in the Company (“Units”) to get to a 20% interest in the Company. 	<ul style="list-style-type: none"> Section 4.7, Operating Agreement
<ul style="list-style-type: none"> UCFAH is not required to provide any start-up working capital. 	<ul style="list-style-type: none"> Sections 4.1(c) and 4.1(d), Operating Agreement
<ul style="list-style-type: none"> UCFAH cannot be required to provide additional capital contributions to the Company without its consent and cannot be diluted. 	<ul style="list-style-type: none"> Section 4.2 and 8.4(d)(xii), Operating Agreement
<ul style="list-style-type: none"> If UCFAH’s initial capital contributions exceed 20%, the Company will make a special distribution of cash to UCFAH so that UCFAH’s interest equals 20%. 	<ul style="list-style-type: none"> Section 4.1(e), Operating Agreement
<ul style="list-style-type: none"> The Company will create a Community Benefit Fund to assist various community healthcare related activities that will be spent at the discretion of the UCFAH Governors. 	<ul style="list-style-type: none"> Definition of Community Benefit Fund and Section 8.1, Operating Agreement
<ul style="list-style-type: none"> UCFAH will have the right to elect or appoint half of the Company’s Governing Board. 	<ul style="list-style-type: none"> Definition of UCFAH Governors, Operating Agreement
<ul style="list-style-type: none"> The parties have agreed that 17 major decisions will require approval of both the UCFAH Governors and the HCA Governors. For all other decisions of the Governing Board, any deadlocks will be broken by the HCA Governors. 	<ul style="list-style-type: none"> Definition of Approval of the Governing Board and Section 8.4(d), Operating Agreement
<ul style="list-style-type: none"> UCFAH and HCA have agreed to an initial vision, mission and values statement, and any amendments to the Company’s vision, mission and values statement will be a major decision requiring the approval of UCFAH and HCA. 	<ul style="list-style-type: none"> Section 8.4(d)(vi), Operating Agreement.

¹ **Note:** All provisions and language referenced in this document are brief summaries and/or excerpts of the applicable transaction documents as of October 20, 2016 and should not be considered in isolation. For additional details, please review the applicable provisions and language in the transaction documents.

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Date Created: 10/21/16

Attachment B

Benefits	Transaction document
<ul style="list-style-type: none"> UCFAH will have the right to approve the selection of the CEO. 	<ul style="list-style-type: none"> Sections 8.2(a) and 8.4(d)(x), Operating Agreement
<ul style="list-style-type: none"> UCFAH will have the right to select and remove the Vice Chairman of the Governing Board. 	<ul style="list-style-type: none"> Section 8.4(b)(ii), Operating Agreement
<ul style="list-style-type: none"> Selection of the CMO requires the approval of both parties. 	<ul style="list-style-type: none"> Sections 8.2(b) and 8.4(d)(x), Operating Agreement
<ul style="list-style-type: none"> The CMO will be an employee of UCF or a person to be employed by UCF. 	<ul style="list-style-type: none"> Section 8.2(b), Operating Agreement
<ul style="list-style-type: none"> UCFAH will have the right to nominate three members of the physician Advisory Board. 	<ul style="list-style-type: none"> Section 8.5, Operating Agreement
<ul style="list-style-type: none"> UCFAH will have certain rights to determine if, when and how the Company will take any action to enforce the terms and provisions of the Management Agreement. 	<ul style="list-style-type: none"> Section 8.4(g), Operating Agreement
<ul style="list-style-type: none"> If UCFAH is unable to get tax exempt status or its tax exempt status is threatened by the operations of the Company, it has a put right at fair market value (“FMV”) and is able to buy out the noncompete tail of 5 years. 	<ul style="list-style-type: none"> Section 3.2, Operating Agreement
<ul style="list-style-type: none"> UCFAH will have several additional put rights at FMV, including (i) on an annual basis after receipt of the audited financial statements of the Hospital, (ii) if HCA transfers its Units to a third party (other than a Permitted Transfer), (iii) if the Management Agreement expires and is not renewed, or (iv) if UCFAH determines that continuing as a Member of the Company will result in material adverse harm to UCF’s reputation. 	<ul style="list-style-type: none"> Section 12.10(a), (b), (c), and (d), Operating Agreement
<ul style="list-style-type: none"> Upon the occurrence of a Terminating Event (which includes: (i) a material breach by HCA of certain transfer limitations; (ii) a bankruptcy of HCA; (iii) if HCA is excluded from participation in Medicare/Medicaid or other federal health care programs; or (iv) if UCFAH terminates the Development Agreement (pursuant to the terms and conditions of the Development Agreement), the Company, at the election of UCFAH, will have the right to purchase HCA’s membership interest in the Company at FMV. 	<ul style="list-style-type: none"> Definition of Terminating Event and Section 12.9, Operating Agreement
<ul style="list-style-type: none"> UCFAH has a right of first refusal to purchase HCA’s membership interest in the Company if HCA proposes to transfer its membership interest in the Company (other than pursuant to a Permitted Transfer) or to purchase the Company’s assets if the Company receives a binding offer to purchase substantially all of the assets of the Company. 	<ul style="list-style-type: none"> Sections 13.1, 13.2 and 13.3, Operating Agreement

Attachment B

Benefits	Transaction document
<ul style="list-style-type: none"> UCFAH will have certain rights to review and approve the designs, plans and construction documents for the Emergency Facility and the Hospital and to approve certain substantial changes. In addition, UCFAH will have inspection rights. UCFAH will request that the final Development Agreement include a guaranteed maximum price provision. 	<ul style="list-style-type: none"> Sections 4.2 and 5.3, draft Development Agreement

Certain Events. The following chart provides a high-level summary description of how certain events will be handled in the transaction documents between UCFAH and HCA and provides cross-references to the applicable section numbers in the transaction documents.

Event	Transaction document
<ul style="list-style-type: none"> Q: What happens if the parties fail to obtain P3 approval? A: HCA will have the right to require UCFAH to sell its units in the Company to HCA at FMV if P3 approval is not obtained by (i) December 31, 2017 <u>or</u> (ii) if the Company receives a final, non-appealable CON with respect to the development of the Hospital prior to December 31, 2017, the later of (a) the date on which such CON becomes final and non-appealable or (b) June 30, 2017. 	<ul style="list-style-type: none"> Definition of P3 Approval Outside Date and Section 12.11, Operating Agreement
<ul style="list-style-type: none"> Q: What happens if HCA goes bankrupt? A: Upon the occurrence of a Terminating Event (which includes an HCA bankruptcy), the UCFAH will have the right to purchase HCA's membership interest in the Company at FMV. 	<ul style="list-style-type: none"> Definition of Terminating Event and Section 12.9, Operating Agreement
<ul style="list-style-type: none"> Q: What happens if there is an adverse licensure or Medicare/Medicaid issue? A: If HCA or any of its members or equity holders (but not an equity holder of HCA) is excluded from participation in Medicare, Medicaid or any other federal health care program; is debarred, suspended, or otherwise excluded from participating in any other federal procurement or non-procurement program or activity; or is convicted of a criminal offense described in 42 U.S.C. § 1320a-7(a), UCFAH will have the right to purchase HCA's membership interest in the Company at FMV. 	<ul style="list-style-type: none"> Definition of Terminating Event and Section 12.9, Operating Agreement
<ul style="list-style-type: none"> Q: What happens if the Hospital loses money? A: Subject to the Approval of the Manager (except in the case of a Major Decision, in which case Approval of the Governing Board), HCA may lend money to the Company at a FMV Lending rate. 	<ul style="list-style-type: none"> Section 4.5, Operating Agreement

Attachment B

Event	Transaction document
<ul style="list-style-type: none"> • Q: (1) What happens if the Hospital has a temporary need for cash to pay its expenses? • A: HCA will advance funds to the Company at a FMV Lending rate in accordance with its cash management system. 	<ul style="list-style-type: none"> • Section 7.1, Operating Agreement
<ul style="list-style-type: none"> • Q: Can UCFAH be required to put additional cash into the deal? • A: No. 	<ul style="list-style-type: none"> • Section 4.2 and 4.4(a), Operating Agreement
<ul style="list-style-type: none"> • Q: What happens if there is a huge medical malpractice verdict against the hospital? • A: The Company, at the Company's expense, will have standard insurance coverages. Under Florida law, UCFAH will not be liable for debts of the Hospital. 	<ul style="list-style-type: none"> • Section 8.9, Operating Agreement • Email of 10/19/2016 from HCA providing standard coverages. • Sections 605.0304 and 605.04093, Florida Statutes
<ul style="list-style-type: none"> • Q: Can UCFAH or UCF be held financially or legally responsible for the liabilities of the Hospital or the Company entity? • A: A member or manager is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the company solely by reason of being or acting as a member or manager. The Operating Agreement also includes provisions wherein the Company indemnifies the members of the Company and their affiliates (which would include UCFAH and UCF). Additionally, the Florida statutes provide that a "debt, obligation, or other liability of a limited liability company is solely the debt, obligation, or other liability of the company." 	<ul style="list-style-type: none"> • Section 8.9, Operating Agreement • Sections 605.0304 and 605.04093, Florida Statutes
<ul style="list-style-type: none"> • Q: How is the UCF brand protected? • A: If UCFAH reasonably determines that continuing as a member of the Company will result in material adverse harm to UCF's reputation, UCFAH has a put right at FMV. In addition, neither party may use the brand or other intellectual property of the other party without the other party's consent. 	<ul style="list-style-type: none"> • Section 12.10(d), Operating Agreement • Addition to Development Agreement and Ground Leases.

Attachment B

Event	Transaction document
<ul style="list-style-type: none"> • Q: Where does HCA indemnify UCFAH and UCF against various financial and legal risks of operations? • A: The Operating Agreement includes provisions wherein the Company indemnifies the members of the Company and their affiliates (which would include UCFAH and UCF). Additionally, it is anticipated that the Development Agreement and the Management Agreement will contain indemnification provisions. 	<ul style="list-style-type: none"> • Section 8.9, Operating Agreement
<ul style="list-style-type: none"> • Q: What happens if HCA elects not to build the stand alone Emergency Department? • A: The Emergency Department will be built with the Hospital. 	<ul style="list-style-type: none"> • To be added to the Development Agreement.
<ul style="list-style-type: none"> • Q: What happens if the parties fail to obtain the CON? • A: Either party can terminate the Development Agreement. 	<ul style="list-style-type: none"> • Section 8.2(e), draft Development Agreement.
<ul style="list-style-type: none"> • Q: What happens if HCA fails to build the Hospital within a reasonable timeframe? • A: UCFAH will have the right to terminate the Development Agreement and purchase HCA's interest in the Hospital at FMV. 	<ul style="list-style-type: none"> • Definition of Terminating Event and Section 12.9, Operating Agreement. • To be added to the Development Agreement.
<ul style="list-style-type: none"> • Q: What happens if there is a material breach of the transfer provisions of the Operating Agreement by HCA? • A: Upon the occurrence of a Terminating Event (which includes a material breach of the transfer provisions by HCA), UCFAH will have the right to purchase HCA's membership interest in the Company at FMV. 	<ul style="list-style-type: none"> • Definition of Terminating Event and Section 12.9, Operating Agreement

Attachment B

Event	Transaction document
<ul style="list-style-type: none"> • Q: Can HCA sell the Hospital? • A: HCA is permitted to transfer its membership interest (a) to an Affiliate; or (b) to an entity that is not an Affiliate of HCA in connection with a disposition by HCA of substantially all of the assets or equity interests of HCA's applicable subsidiaries in certain multi-facility transactions. Otherwise, with regard to the Hospital operated by the Company, UCFAH has a right of first refusal (i) to purchase HCA's membership interest in the Company if HCA proposes to transfer its membership interest in the Company to another entity or (ii) to purchase the Company's assets if the Company receives and accepts a binding offer to purchase substantially all of the assets of the Company. 	<ul style="list-style-type: none"> • Definition of Permitted Transfer and Multi-facility Transaction and Sections 13.1, 13.2 and 13.3, Operating Agreement
<ul style="list-style-type: none"> • Q: What restrictions are placed on UCFAH and HCA by participating in this arrangement? • A: Restrictions for both parties are focused on maintaining the viability of the Hospital. UCFAH has noncompetition restrictions within a three-mile radius of the Hospital relating to (i) medical practice development of nontraditional ancillary services, (ii) location for hospital clinical research involving service lines that the Hospital offers (the Hospital must be given the first right to provide the services) and (iii) development of health care facilities that provide services the Hospital will or could provide. HCA has noncompetition restrictions within a three-mile radius of the Hospital relating to the development of health care facilities that provide services the Hospital will or could provide. Outside the three mile radius and in the Hospital's service area, both parties must give the Hospital the first right to provide restricted services. 	<ul style="list-style-type: none"> • Section 10.1, Operating Agreement
<ul style="list-style-type: none"> • Q: How will HCA fund its 80% interest in the Company and can it place any liens on the UCF land or Hospital building? • A: HCA will fund by providing cash and will not place any liens on UCF land or the Company Hospital building. 	<ul style="list-style-type: none"> • Section 4.1(c), Operating Agreement. • Sections 4.3 and 5.4, draft Development Agreement. • Additional provisions to be added to the Ground Lease Agreements.
<ul style="list-style-type: none"> • Q: Can UCFAH be diluted below its initial membership interest percentage (i.e., below 20%)? • A: Not without its consent. 	<ul style="list-style-type: none"> • Section 8.4(d)(xii), Operating Agreement

Attachment B

Event	Transaction document
<ul style="list-style-type: none"> • Q: How will expansion and growth of the hospital be funded? What happens if UCFAH does not have funding available to contribute? • A: UCFAH has the right to agree to all expansion and growth opportunities. Within that right, is the right for UCFAH to agree as to how expansion and growth will be funded which could include the reservation of Hospital profits, additional capital contributions of the members paid in over time, obtaining financing from HCA or other lenders or philanthropy. UCFAH's 20% interest cannot be diluted by expansion and growth funding without its consent. 	<ul style="list-style-type: none"> • Section 8.4, Operating Agreement