



UNIVERSITY OF CENTRAL FLORIDA

University of Central Florida
Board of Trustees Meeting
August 21, 2018
3 p.m.
President's Boardroom, Millican Hall, 3rd floor
Conference call in phone number 800-442-5794, passcode 463796

AGENDA

- | | | |
|---|----------|--|
| 1. Welcome and call to order | | Marcos Marchena, Chairman |
| 2. Roll call | | Grant J. Heston, Assistant Corporate Secretary |
| 3. Public comment | | Grant J. Heston |
| 4. Compensation and Labor Committee report | | Chair Sprouls |
| 5. Finance and Facilities Committee report | | Chair Martins |
| 6. Nominating and Governance Committee report | | Chair Yeargin |
| 7. Consent Agenda | | Chairman Marchena |
| CL – 1 | Approval | AFSCME Agreement |
| FF – 1 | Approval | Release of Unrestricted UCF Stadium Corporation Revenues |
| FF – 2 | Approval | Purchase of the L3 Building |
| NG – 1 | Approval | Appointment of Board Member to UCF Convocation Corporation |
| NG – 2 | Approval | Appointment of Board Member to UCF Stadium Corporation |

8. New Business Chairman Marchena

BOT – 1 Approval Sanford Burnham Prebys building

9. Announcements and Adjournment Chairman Marchena

Board of Governors meeting September 12 – 13, 2018
New College
Sarasota

Board of Trustees meeting September 27, 2018
FAIRWINDS Alumni Center

Inauguration November 9, 2018
CFE Arena, morning TBD

ITEM: CL-1

**University of Central Florida
BOARD OF TRUSTEES**

SUBJECT: Article 7, Wages; and Article 29, Notice of Separation; of the Collective Bargaining Agreement between the University of Central Florida Board of Trustees and the American Federation of State, County and Municipal Employees

DATE: August 21, 2018

PROPOSED BOARD ACTION

Ratify the reopened articles of the 2016-2019 Collective Bargaining Agreement between the University of Central Florida Board of Trustees and the American Federation of State, County, and Municipal Employees.

BACKGROUND INFORMATION

Over 1,100 USPS employees at the University of Central Florida are represented for purposes of collective bargaining by the American Federation of State, County, and Municipal Employees. The collective bargaining agreement includes the Blue Collar Unit, the Administrative and Clerical Unit, and the Other Professional Unit. The parties entered into a three-year collective bargaining agreement on January 13, 2017, and pursuant to that agreement negotiations for reopened articles began in July 2018. Union membership voted to ratify the reopened articles on August 3, 2018, and the University of Central Florida administration recommends in favor of ratification.

Supporting documentation:

Attachment A: Article 7, Wages; and Article 29, Notice of Separation; of the Collective Bargaining Agreement between the University of Central Florida Board of Trustees and the American Federation of State, County and Municipal Employees

Prepared by: Maureen Binder, Associate Vice President and Chief Human Resources Officer

Submitted by: John Sprouls, Chair of the Compensation and Labor Committee

Attachment A

Article 7

WAGES

7.1 Salary Increases.

A. For Fiscal Year ~~2017-188-19~~, ~~2.252~~% across-the-board base salary increases shall be administered to eligible employees effective the first pay period subsequent to ratification by both parties. The eligibility criteria are:

1. Employee was hired on or prior to June 30, ~~2016-2018~~, and has been continuously employed through the date of implementation.
2. Employee has a current performance appraisal of at least “Effective.” If a current performance appraisal is not on file with Human Resources, a performance rating of “Effective” will be assumed. Any employee with a less than “Effective” rating on file who receives an updated rating of “Effective” or higher on or prior to June 30, ~~201618~~, shall receive the raise effective the beginning of the first pay period subsequent to receipt in Human Resources.
3. Employee has not received a termination notice or an advanced notice of separation at the time of implementation. Employees on interim or other time-limited appointments are eligible for this salary increase.

7.2 Other Funds. Eligible employees whose salaries are funded from a contract, grant, auxiliary, or local fund shall receive salary increases equivalent to employees whose salaries are funded from E&G sources, provided that such salary increase funds are available within the contract, grant, auxiliary, or local fund. In the event such salary increases are not permitted by the terms of the contract or grant, or in the event adequate funds are not available, the university shall seek to have the contract or grant modified to permit such increases.

7.3 Nothing contained herein prevents the university from providing salary increases beyond those increases specified.

Attachment A

Article 29

ADVANCE NOTICE OF SEPARATION

29. ~~Advance~~ Notice of Separation.

A. USPS employees have no expectation of continued employment beyond that specified in University Regulation UCF-3.038. An employee may only be issued a written ~~Advance~~ Notice of Separation by Human Resources, in accordance with University Regulation UCF-3.038. Any separation for cause, however, falls primarily under Article 22 “Disciplinary Action,” and University Regulation UCF 3.0191.

B. Notice of Separation means an employee is given written notice that his or her employment with the University will end at the time set forth in the notice. Any employee receiving a ~~written Advance~~ Notice of Separation shall receive such notice ~~16 weeks~~~~four months~~ prior to the effective date of separation, in accordance with university regulation. At the time of or following issuance of an Advance Notice of Separation, the University may elect at its discretion to have the employee work the 16 week notice period. Alternatively, the University may require the pay the employee work for a portion of the notice period with payment for the balance of the 16 weeks or payout the full notice period, as may be allowed under Florida law. If the University elects this option, it shall pay the employee an amount, less withholding, equal to the salary for that portion of the notice period which the University is paying out, and the employee’s employment shall terminate immediately.

C. The decision to issue an ~~Advance~~ Notice of Separation to a USPS employee shall not be based on constitutionally or statutorily impermissible grounds.

D. To successfully contest a ~~written Advance~~ Notice of Separation, the employee must establish that the action taken by the university was arbitrary and capricious, or because of an alleged violation of law. A contest of an ~~an Advance~~ Notice of Separation will be subject to the grievance procedure set forth in Article 23 with the exception that an employee would have up to thirty (30) calendar days to file a Step 1 grievance from the date notification was received. An employee is not precluded from filing an EEOC or FCHR charge alleging unlawful discrimination.

E. Any employee receiving a ~~written Advance~~ Notice of Separation shall receive a neutral reference from their most recent supervisor. Such notice will be recorded as an end of appointment. If the affected employee accurately reports their supervisor on the UCF application, any prospective UCF employer considering hiring the employee during the ~~six months~~16 weeks prior to the effective date of separation shall receive only the neutral reference from the most recent supervisor. The neutral reference shall include: beginning and ending date of employment, position held, job summary of duties and responsibilities, most recent rate of pay while employed, and most recent five years of performance appraisals.

ITEM: FF-1

**University of Central Florida
Board of Trustees**

SUBJECT: Release of Unrestricted UCF Stadium Corporation Revenues

DATE: August 21, 2018

PROPOSED BOARD ACTION

Approve the release of revenues above budgeted obligations from the UCF Stadium Corporation to the UCF Athletics Association for 2018-19.

BACKGROUND INFORMATION

The attached 2018-19 budget, approved by the UCF Stadium Corporation's board, reflects projected unrestricted excess revenues of \$4,899,340 to be available for transfer to the UCFAA.

Supporting documentation: Attachment A: UCF Stadium Corporation 2018-19 Budget

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

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

Board of Trustees Meeting - Consent Agenda

Attachment A

UCF Stadium Corporation Football Stadium Pro Forma	Budgeted 2017-18	Projected Actuals 2017-18	Budget 2018-19
Operating Revenues			
Ticket sales ¹	\$ 4,037,559	\$ 4,064,747	\$ 4,064,747
Sponsorships	234,000	234,000	239,000
Concessions and catering ²	200,000	291,623	275,000
Revenues from beverage agreement	180,000	180,000	180,000
Merchandise sales	250,000	250,000	250,000
Other revenues	30,000	65,000	50,000
Premium seating - West Side	1,842,007	1,845,040	2,039,231
Premium seating - Field Cabanas ³	-	184,160	266,000
Naming rights	850,000	800,000	800,000
Total Operating Revenues	7,623,566	7,914,570	8,163,978
Non-Operating Revenue			
Additional funds pledged from UCFAA revenues			
UCFAA rent	2,121,000	2,121,000	2,121,000
Legendary Field Exhibitions rent ⁴	-	-	375,000
Total additional funds pledged from UCFAA revenues	2,121,000	2,121,000	2,496,000
Additional funds to be used to pay debt			
Fundraising	125,000	125,000	125,000
Signed pledges for leadership center	375,000	375,000	390,000
Total additional funds to be used to pay debt	500,000	500,000	515,000
Total Non-Operating Revenue	2,621,000	2,621,000	3,011,000
Total Sources of Funds	10,244,566	10,535,570	11,174,978
Debt Service			
Tax-exempt bond interest	1,405,919	1,405,919	1,350,419
Tax-exempt bond principal	1,110,000	1,110,000	1,165,000
Taxable bond interest	426,669	426,669	418,444
Taxable bond principal	350,000	350,000	360,000
Leadership center interest	81,124	81,124	74,775
Leadership center principal	255,000	255,000	261,000
Additional principal payment on leadership center	38,876	-	-
Total Debt Service	3,667,588	3,628,712	3,629,638
Net Income Available for Operations and Maintenance	6,576,978	6,906,858	7,545,340
Less: Operating Expenses			
Other	50,000	50,000	50,000
Total Operating Expenses	50,000	50,000	50,000
Net Operating Surplus	6,526,978	6,856,858	7,495,340
Less: Deposit to Reserve Accounts	(100,000)	(100,000)	(100,000)
Less: Return of UCFAA Rent Revenue	(2,121,000)	(2,121,000)	(2,496,000)
Unrestricted Net Cash Flow Available to Transfer to UCFAA	\$ 4,305,978	\$ 4,635,858	\$ 4,899,340
Repair and Replace Expenditures			
Non-recurring maintenance	248,666	162,802	79,756
Rust remediation	250,000	271,250	-
Total Repair and Replace Expenditures	498,666	434,051	79,756

[1] 2017-18 projected ticket sales of \$4.1 million includes approximately \$1.2 million of anticipated proceeds from the event cancellation insurance policy.

[2] 2017-18 projected concessions and catering income of \$292,000 includes approximately \$96,000 of anticipated proceeds from the event cancellation insurance policy.

[3] Field Cabana premium seating revenues are projected to increase with the addition of new north end zone cabanas.

[4] Rent payments expected from Legendary Field Exhibitions, LLC for the use of the stadium to hold professional football games in 2018-19.

ITEM: FF-2

**University of Central Florida
Board of Trustees**

SUBJECT: Purchase of L3 Building

DATE: August 21, 2018

PROPOSED BOARD ACTION

Recommend approval of a Purchase and Sale Agreement to permit the UCF Foundation or a related entity to purchase the building, commonly known as L3, located at 12351 Research Parkway.

BACKGROUND INFORMATION

The proposed Purchase and Sale Agreement permits the UCF Foundation or a related entity to purchase the property located at 12351 Research Parkway, also known as L3, for \$6 million dollars. The UCF Foundation will be seeking a loan to secure the purchase. The UCF Division of Digital Learning will lease the building from the UCF Foundation for five years and pre-pay all of the lease payments. The 46,185-square-foot building contains both office space and a high bay area and is situated on five acres of land that backs up to the south border of campus.

The Purchase and Sale Agreement contains a 75-day due diligence period to confirm the land and building is suitable for its intended purposes.

Supporting documentation: Attachment A: Purchase and Sale Agreement

Prepared by: Jennifer Cerasa, Associate General Counsel

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

Attachment A

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into as of the Effective Date (as hereinafter defined), by and between **UNIVERSITY OF CENTRAL FLORIDA REAL ESTATE FOUNDATION, INC.**, a Florida not-for-profit corporation ("Buyer") and **RESEARCH PARK INVESTMENTS INC.**, a Florida corporation ("Seller").

RECITALS:

WHEREAS, Seller owns certain real property located at 12351 Research Parkway, Orlando, in Orange County Florida, consisting of approximately five (5) acres and a building consisting of approximately 46,185 square feet as more particularly described in Exhibit "A" (the "Property"); and

WHEREAS, Buyer desires to purchase and Seller desires to sell the Property, subject to the terms and conditions more particularly set forth in this Agreement;

NOW THEREFORE, IN CONSIDERATION of the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

1. **PURCHASE AND SALE.**

1.1 Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase and acquire from Seller, fee simple title to the Property subject to the terms conditions set forth in this Agreement.

1.2 The Property shall include the following:

A. **Appurtenances and Improvements.** All of the appurtenances and improvements thereunto belonging or appertaining to the Property.

B. **Alleys, Strips or Gores.** All right, title and interest of the Seller in and to all alleys, strips, canals or gores of land, if any, lying adjacent to the Property.

C. **Leases, Access and Awards.** All right, title and interest of Seller in and to any leases, rights-of-way, canals, ponds, borrow pits, rights of ingress or egress, or other interests in, on or to any land, highway, street, road or avenue, open or proposed, on or across, in front of abutting Property; and all right, title and interest of Seller in and to any awards made, or to be made in lieu thereof, and in and to any unpaid awards for damages thereto by reason of a change of grade of any such highway, street, road or avenue.

D. **Reversionary Rights.** All right, title and interest of Seller in and to reversionary rights, if any, attributable to the Property or appurtenances.

E. Permits and entitlement. All permits, licenses, approvals, entitlements associated with the Property.

F. Personal Property. All personal property installed in and comprising a part of the Property.

2. PURCHASE PRICE AND PAYMENT: Buyer shall pay Six Million and 00/100 U.S. Dollars (\$6,000,000.00) at the time of Closing, subject to adjustments, credits and prorations as herein provided (the "Purchase Price"). The Purchase Price shall be paid by bank wire transfer delivered to the Escrow Agent for disbursement in compliance with the Settlement Statement (hereinafter defined).

3. EARNEST MONEY DEPOSIT.

3.1 Deposit. Within five (5) business days after the Effective Date, Buyer shall deliver One Hundred Thousand and 00/100 U.S. Dollars (the "Deposit") to the Escrow Agent, in immediately available funds. If Buyer does not terminate this Agreement under Section 5.1 below, the Deposit shall be applied to payment of the Purchase Price at Closing (hereinafter defined). If this Agreement is terminated during the Due Diligence Period, the Deposit shall be refunded to the Buyer. If this transaction is terminated before the Closing, the Escrow Agent shall deliver the Deposit to Seller or to Buyer as required by the terms of this Agreement.

3.2 Escrow Agent. The Escrow Agent is Earl M. Barker, Jr., of Slott, Barker & Nussbaum, 334 East Duval Street, Jacksonville, Florida 32202. The Escrow Agent is directed to hold and retain the Deposit in its attorney's trust account without interest and to deliver the same, subject to the notice provisions hereinafter contained, to the party who is to receive it under the provisions of this Agreement. The Escrow Agent joins in the execution of this Agreement for the express purposes of (i) acknowledging receipt (subject to collection) of the Deposit and (ii) agreeing to be bound by the provisions set forth in this Agreement with respect to the disbursement of the Deposit.

- (a) The parties hereby authorize disbursement and delivery of the Deposit by the Escrow Agent in accordance with the terms and provisions set forth in this Agreement. If, however, in the sole discretion of the Escrow Agent, some doubt exists as to when, to whom, or under what circumstances the Deposit shall be disbursed hereunder, and the parties are unable after ten (10) days written notice thereof from Escrow Agent to agree and direct Escrow Agent in writing with respect thereto, the Escrow Agent shall be entitled, as of right, to interplead and deposit of the Deposit (or such part of the Deposit as to which the Escrow Agent believes some doubt exists) in the Circuit Court in and for the County of Orange, State of Florida, and upon such interpleader and deposit, the Escrow Agent shall be relieved and discharged of all further liability or responsibility with respect to the Deposit (or the part thereof that is deposited) and with respect to this Agreement.

Costs, expenses and attorneys' fees incurred by the Escrow Agent in connection with such interpleader and deposit shall be deducted from the Deposit by the Escrow Agent prior to its deposit into the registry of the Court.

- (b) The parties understand that the Escrow Agent is the attorney for the Seller in this Agreement. The parties agree that the Escrow Agent may act as Escrow Agent notwithstanding such representation and understand and agree that upon interpleader with respect to the Deposit and in any other dispute arising under this Agreement, the Escrow Agent may represent such party, including but not limited to representation in connection with any claim made or to be made against the Deposit. The parties each waive any claim which they or either of them may have against the Escrow Agent and which may arise under or pursuant to the terms of this Agreement unless such claim shall constitute a willful and knowing breach of the Escrow Agent's duties and obligations under this Agreement or unless the same shall constitute conversion of the Deposit to the use of the Escrow Agent.

3.3 In any case arising under this Agreement, the Escrow Agent shall be entitled to recover and shall receive judgment for a reasonable attorney's fee and all costs and expenses incurred by the Escrow Agent, including attorney's fees, costs and expenses for services rendered by the Escrow Agent in any interpleader action filed by the Escrow Agent. Attorney's fees, costs and expenses of the Escrow Agent shall be taxed against the parties as provided for taxable costs of litigation or as provided in this Agreement.

3.4 Exculpation of Escrow Agent. The Escrow Agent shall not be liable to either party for damages or otherwise for any action taken in good faith or in reliance upon a written document that purports to be executed on behalf of a party, provided however, that this release of liability shall not apply to intentional disbursement in violation of this Agreement. The Escrow Agent is authorized to act in reliance upon a written document, regular on its face, that purports to be executed by a party unless the Escrow Agent is advised in writing or has actual knowledge to the contrary prior to taking action. Buyer acknowledges and agrees that in the event of any dispute between Buyer and Seller, Escrow Agent shall be entitled to continue to represent Seller in addition to serving as Escrow Agent.

4. CLOSING. Delivery of all documents and payment of all moneys required by this Agreement shall occur at a closing (the "Closing"). The Closing will occur on the later of: (i) the day that is fifteen (15) days after the expiration of the Due Diligence Period or its termination by written notice as hereinafter provided; or (ii) the day that is ten (10) days of the satisfaction of all Closing Conditions. A party shall not be required to attend Closing if the party delivers documents or makes payment to the Escrow Agent as required by this Agreement for delivery or payment at Closing in consummation of this Agreement. The Closing shall take place at the offices of the Title Company (hereinafter defined and sometimes called "Closing Agent") or at such other place within Orange County, Florida, as the parties may agree. Unless otherwise agreed in writing, the Closing shall convene at 10:00 AM prevailing local time at the offices of the Closing Agent on the day hereinabove specified or, if the day specified is a Saturday, Sunday or legal holiday at such

offices, on the first day thereafter that is not a Saturday, Sunday or legal holiday. A legal holiday is any day that SunTrust Bank is not open for the conduct of banking business.

5. DUE DILIGENCE PERIOD.

5.1 Feasibility for Use. Buyer shall have seventy-five (75) days from the Effective Date (“Due Diligence Period”) to in its sole discretion, whether acquisition of the Property is feasible and the Property is suitable for its use. If the Buyer, in its sole discretion, decides that acquisition of the Property is not feasible or the Property is unsuitable to Buyer for any reason whatsoever, the Buyer shall have the unilateral right to terminate this Agreement at any time before expiration of the Due Diligence Period by delivering written notice thereof to Seller and the Escrow Agent; whereupon, the Escrow Agent shall refund the Deposit to Buyer and neither party shall have any further obligations hereunder, except those obligations that expressly survive the termination hereof; provided however, as a condition to Buyer receiving refund of the Deposit as provided in this Section 5.1, Buyer shall deliver to the Escrow Agent Seller’s Certification or Receipt that Buyer shall have delivered to Seller copies of all inspection or test reports, surveys, studies, site plans and/or related documents prepared or obtained as part of such inspections and investigations (excluding any of Buyer's proprietary or confidential information). Such documents delivered to Seller shall become the property of Seller, with the understanding that Buyer makes no representations or warranty with regard to such test reports, surveys, studies, site plans and/or related documents. Buyer may terminate the Due Diligence Period at any time by written notice.

5.2 Buyer's Investigation of the Property. During the Due Diligence Period, provided this Agreement has not been terminated, Buyer shall have the right to enter upon all portions of the Property and to make all inspections and investigations of the condition of the Property which it may deem necessary, including, but not limited to, soil borings, percolation tests, engineering and topographical studies, and the availability of utilities, all of which inspections shall be undertaken at Buyer's expense. Buyer and Buyer's representatives and their agents, employees and representatives shall exercise due care and ordinary prudence in performing such inspections, examinations, investigations and tests and shall be responsible for all liabilities and obligations arising from or during such inspections, examinations, investigations and tests.

Buyer agrees that its inspections and investigations of the Property pursuant to this Agreement shall not unreasonably interfere with the Seller’s current use or enjoyment of the Property nor shall Buyer, without the prior written consent of Seller, conduct any invasive or destructive testing or bore or drill into any part of the Building or improvements on the Property. In the event that Buyer's inspections or investigations unreasonably interfere with such use or enjoyment, Buyer and Seller shall work in good faith to resolve such interference, such that Buyer can continue its inspections and investigations without interfering with the Seller’s use and enjoyment of the Property. In connection therewith, Buyer will conduct its inspections and investigations upon reasonable prior notice to Seller, and Buyer will adhere to Seller’s reasonable access and security requirements.

5.3 Seller Information. Seller has provided and may provide documents and information to assist Buyer in its investigation of the Property. The parties stipulate and agree that all information that Seller provides to Buyer is provided without warranty or representation of any kind except that the document or documents are within Seller's possession or control. Seller specifically does not warrant or represent that any statement or statements within any document or paper or any information is true and correct in fact. Buyer agrees that it shall not rely on Seller's statements or documents that Seller may provide or make available to Buyer but that Buyer shall rely on its independent investigation and consultants and, to the extent the same are material, that it shall verify or confirm any information, facts, statements, assertions or opinions that Seller provides or that are contained within documents that Seller provides or makes available to Buyer.

6. TITLE.

6.1 Title to be Conveyed. At Closing, Seller shall convey good and marketable, fee simple title to the Property to Buyer by statutory special warranty deed, complying with requirements of the Title Company, free and clear of any and all liens, encumbrances, conditions, easements, assessments, restrictions and other conditions except the following which shall be referred to herein as the "Permitted Exceptions":

A. General real estate taxes and special assessments for the year of Closing and subsequent years not yet due and payable;

B. Restrictions, covenants, conditions and easements shown on the Plat of Central Florida Research Park Section I, recorded in Plat Book 12, pages 123, et seq., of the Public Records of Orange County, Florida, which among other matters, shows an easement of 30 feet along the westerly property line for drainage purposes, as set out and reserved on said Plat;

C. Restrictions, covenants, conditions and easements, which include provisions for a private charge or assessment, as contained in the Declaration of Covenants, Conditions, Restrictions, Reservations and Easements dated January 26, 1982, filed July 16, 1982, in Official Records Book 3296, page 1248, together with the First Amendment, as recorded in Official Records Book 3326, page 302, Second Amendment recorded in Official Records Book 3334, page 466, Third Amendment recorded in Official Records book 3423, page 2491, and further amended by Amended and Restated Declaration of Covenants, Conditions, Restrictions, Reservations and Easements recorded in Official Records Book 3602, page 2270, Second Amended and Restated in Official Records Book 3867, page 4376, Second Amendment to Third Amended in Official Records Book 4784, page 4268, Third Amended and Restated in Official Records Book 4294, page 3790 and First Amendment to Third Amended and Restated in Official Records Book 4521, page 1093, all of the Public Records of Orange County, Florida;

D. Agreement by and between Orange County and Orange County Research and Development Authority dated March 5, 1981, filed January 29, 1982, in Official Records Book 3256, page 1876, Public Records of Orange County, Florida;

E. Memorandum of Utility Service Contract by and between University of Central Florida and Orange County Research and Development Authority dated

March 13, 1981, filed January 29, 1982, in Official Records Book 3256, page 1859, and First Addendum to Utility Service Contract recorded in Official Records Book 3589, page 981, and Second Addendum to Utility Service Contract recorded in Official Records Book 37 43, page 218, Public Records of Orange County, Florida;

F. Easement Dedication Agreement recorded September 28, 1983, in Official Records Book 3423, page 1484, Public Records of Orange County, Florida;

G. Utility Agreement recorded November 14, 1983, in Official Records Book 3440, page 2703, Public Records of Orange County, Florida;

H. The Central Florida Research Park Development Order recorded December 18, 1984, in Official Records Book 3587, page 2217, and First Amendment recorded September 22, 1989, in Official Records Book 4117, page 2464, Public Records of Orange County, Florida;

I. Easement Agreement in favor of Southern Bell Telephone and Telegraph Company dated August 31 , 1984, filed September 25, 1984, in Official Records Book 3558, page 44, Public Records of Orange County, Florida;

J. Distribution Easement in favor of Florida Power Corporation recorded March 15, 1985, in Official Records Book 3618, page 1650, Public Records of Orange County, Florida;

K. Interlocal Agreement by and between Orange County Research and Development Authority and the University of Central Florida recorded January 30, 1986, in Official Records Book 3744, page 1731 , Public Records of Orange County, Florida;

L. Right-of-Way Easement granted to Southern Bell Telephone and Telegraph Company recorded October 3, 1985, in Official Records Book 3697, page 1722, Public Records of Orange County, Florida;

M. Covenants, conditions, easements, dedications and rights-of-way approved in writing Buyer; and

P. Matters of record disclosed in the Title Commitment to which Buyer fails to object or agrees to accept pursuant to Section 6.

6.2 Title Review.

6.2.1 Title Commitment. Within fifteen (15) days after the Effective Date of this Agreement, Buyer shall obtain a commitment for issuance to Buyer by First American Title (the "Title Company") to issue to Buyer an owner's title title insurance policy regarding the Property together with complete copies of all instruments identified as conditions or exceptions in Schedule B, Section 2 thereof (the "Title Commitment") and shall provide a copy thereof to Seller.

6.2.2 Buyer's Review. No later than thirty (30) days after the Effective Date, Buyer shall notify Seller in writing of any objections Buyer has to the condition of title. Buyer shall have the right to object to any requirement, matter, interest or condition that has any adverse effect on the the Property (each of which shall be called a "Title Objection"). If Buyer fails to notify Seller in writing of specific objections to title within the fifteen (15) day review period, title shall be deemed accepted subject to the conditions set forth in the Title Commitment, which shall be Permitted Exceptions. Buyer may not object to the matters listed in Section 6.1.A through D, all which shall be Permitted Exceptions.

6.2.3 Seller Response. Seller shall may, but shall not be obliged, to undertake to eliminate or cure any Title Objection to the reasonable satisfaction of the Buyer and the Title Company, provided that Seller shall be obliged to discharge liens or claims, the discharge of which requires only the payment of money ("Monetary Liens"), which shall be discharged by Seller as of or at Closing. Seller may apply any funds Seller would receive at Closing to discharge of Monetary Liens. In the event Seller declines or fails to eliminate or cure any Title Objection within thirty (30) days after receipt of Buyer's objection notice, Buyer may terminate this Agreement by notice in writing to Seller and, upon such termination, shall be entitled to refund of the Deposit or, in the alternative, Buyer may accept such title as Seller can convey, in either event with no further liability of Seller under this Agreement. Except as set forth herein, any exceptions listed in the Title Commitment other than those to which Buyer gives notice of a Title Objection within the period set forth above shall be deemed acceptable to Buyer. At Closing, Seller shall provide the Title Company with such certification and affidavits as are required by law for removal of standard title exceptions other than exceptions for matters that would be disclosed by an accurate survey or knowledgeable inspection of the Property.

6.3 Survey. Buyer has the right to obtain, at Buyer's sole cost and expense, a survey of the Property from a properly licensed land surveyor and such survey may be used to delete any standard survey exceptions for the Owner's Policy of Title Insurance.

6.4 Owner's Title Insurance. Buyer shall not be obligated to proceed to Closing unless the Title Company is prepared to issue a standard form Owner's Title Insurance Policy (the "Owner's Policy") in the amount of the Purchase Price, subject only to the Permitted Exceptions and deleting the standard exceptions for (1) rights of parties in possession, (2) taxes or assessments for the year of Closing, (3) and construction, mechanics and materialmen's liens which have not been filed of record but relate to work performed for Seller before the Closing. Buyer will pay all charges, fees and premiums related to title insurance.

7. REPRESENTATIONS AND WARRANTIES.

7.1 Seller Representations and Warranties. The Property is sold and conveyed without warranty or representation in its **AS IS** condition except only that Seller represents and warrants to Buyer as of the Effective Date and as of the Closing Date as follows:

7.1.1 Authority. The execution and delivery of this Agreement by Seller and the consummation by Seller of the transaction contemplated by this Agreement are within

Seller capacity and all requisite action has been taken to make this Agreement valid and binding on Seller in accordance with its terms.

7.1.2 No Legal Bar. The execution by Seller of this Agreement and the consummation by Seller of the transaction hereby contemplated does not, and on the Closing Date will not, result in a breach of or default under any indenture, agreement, instrument or obligation to which any Seller is a party and which affects all or any portion of the Property.

7.1.3 No Default. Seller is not in default under any indenture, mortgage, deed of trust, loan agreement, or other agreement to which any Seller is a party and which would have an adverse effect on any portion of the Property.

7.1.4 Litigation. There are no legal actions, suits or other legal or administrative proceedings, pending or threatened, that affect the Property or any portion thereof, and Seller has no knowledge that any such action is presently contemplated.

7.1.5 Hazardous Material. Motor vehicles containing Petroleum, domestic cleaning products containing organic solvents and other Hazardous Materials, paints and adhesives containing Petroleum products, and Petroleum lubricants and solvents have been brought and used on the Property from time to time. Tenants of the Property used leased premises for electronics manufacturing (which involved or may have involved the use of Hazardous Materials in fabricating electronic circuit boards, cleaning electronic parts and manufacturing equipment and lubricating manufacturing equipment) and for other uses that would involve use of hydraulic fluid, a Petroleum product. The Building is equipped with a hydraulic elevator. Hazardous Materials were collected in barrels and removed from the Property by and as a result of the activity of a former tenant. Releases of Hazardous Materials may have occurred on the Property. Hazardous Materials includes all toxic or hazardous materials, chemicals, wastes, pollutants or similar substances, including, without limitation, Petroleum (as hereinafter defined), asbestos insulation and/or urea formaldehyde insulation, which are regulated, governed, restricted or prohibited by any federal, state or local law, decision, statute, rule, regulation or ordinance currently in existence or hereafter enacted or rendered, including, but not limited to, those materials or substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "pollutants" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., and any applicable statutes, ordinances or regulations under the laws of the State in which the Property is located, and any rules and regulations promulgated thereunder, all as presently or hereafter amended. "Petroleum" for purposes of this Agreement shall include, without limitation, oil or petroleum of any kind and in any form including but not limited to oil, petroleum, fuel oil, oil sludge, oil refuse, oil mixed with other waste, crude oil, gasoline, diesel fuel and kerosene.

7.1.6 Title. No party has any right or option to acquire the Property or any portion thereof, and no party has any interest in the Property other than the Buyer.

7.1.7 No Unrecorded Commitments or Contracts. The Property is subject to no pre-existing commitments for contributions or assessments of money or land or use agreements, easements or restrictions which would be binding upon Buyer, except as set forth in the public records of Orange County Florida, or as required by utility providers

7.1.8 Continuing Status of Title. The title to the Property shall remain unchanged from and after the Effective Date through Closing except for any title defects which Seller or Buyer shall cause to be removed. The Property is and will continue to be, from the date hereof through the Closing hereunder, free from all mechanic's liens and any rights to mechanic's liens arising at the request of Seller. There are no rights of first refusal or options of any kind applicable to the Property.

7.1.9 No Disturbance of Property. Except for crops, if any, which may be picked and harvested in the ordinary course of business, Seller shall not remove, disturb or damage any minerals, vegetation, wetlands, bodies of water or animals located on, in or under the Property.

7.1.10 Compliance with Laws. Seller will abide by and comply with all laws, ordinances and regulations applicable to the Property.

7.2 Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller as of the Effective Date and as of Closing Date as follows:

7.2.1 Authority. The execution and delivery of this Agreement by Buyer and the consummation by Buyer of the transaction contemplated by this Agreement are within Buyer's capacity and all requisite action has been taken to make the execution delivery and performance of this Agreement valid and binding on Buyer in accordance with its terms.

7.2.2 No Legal Bar. The execution by Buyer of this Agreement and the consummation by Buyer of the transaction hereby contemplated does not, and on the Closing Date will not, result in a breach of or default under any indenture, agreement, instrument or obligation to which Buyer is a party and which affects all or any portion of the Property.

7.3. Survival. Seller and Buyer's representation and warranties contained in this Section 8 shall survive the Closing Date for three (3) months.

8. CONDITIONS OF CLOSING.

8.1 Conditions of Obligation to Close. Neither party shall be obligated to close unless each of the following conditions (the "Closing Conditions") are either fulfilled or waived in writing by the respective party:

8.1.1 Compliance with Covenants. Seller shall have performed all covenants, agreements and obligations and complied with all conditions required by this Agreement to be performed or complied with by Seller prior to the Closing Date, and Seller

representations and warranties shall be true and correct in all material respects as of the date of Closing.

8.1.2 Status of Title. The Title Company shall be prepared to issue the Owner's Policy in the form required by Section 6.4 hereof.

9. CLOSING DOCUMENTS.

9.1 Seller Documents. At Closing, Seller shall deliver the following documents ("Seller Closing Documents") to Buyer:

9.1.1 Deed. A statutory Special Warranty Deed, which shall be duly executed by Seller, sufficient to convey to Buyer good and marketable fee simple title free and clear of all liens, encumbrances and other conditions of title other than the Permitted Exceptions.

9.1.2 Construction Lien Affidavit. An affidavit without indemnity from Seller in the form required by law for removal of standard title exceptions other than exceptions regarding survey or personal inspection of the Property.

9.1.3 FIRPTA. A FIRPTA Non-Foreign Transferor Affidavit in accordance with Section 1445 of the Internal Revenue Code.

9.1.4 Closing Statement. A Closing statement setting forth the Purchase Price, Deposit and all credits, adjustments and proration's between Buyer and Seller, and the net proceeds due to Seller.

9.1.5 Buyer's Documents. At Closing, Buyer shall deliver the Closing Documents, if any, required to be delivered by Buyer, including any such additional documents as the Title Company may reasonably require and as may be consistent with local custom and practice to cause the Property to be conveyed as required hereby and the Owner's Policy to be issued (collectively, "Buyer's Closing Documents").

10. CLOSING PROCEDURES. The Closing shall proceed in the following manner:

10.1 Transfer of Funds. Buyer shall deliver the Purchase Price to the Escrow Agent by wire transfer to a depository designated by Escrow Agent.

10.2 Delivery of Documents. Seller shall deliver Seller Closing Documents to the Escrow Agent and Buyer shall deliver Buyer's Closing Documents to the Escrow Agent.

10.3 Disbursement of Funds and Documents. At Closing, when authorized by the parties (which authorization may be provided by email message), the Escrow Agent shall (i) disburse the proceeds of the sale received at the Closing to Seller, (ii) deliver the Seller Closing Documents to Buyer, and (iii) deliver the Buyer's Closing Documents to Seller. Seller and Buyer

shall coordinate with the Title Company the recording of their Closing Documents in the appropriate order.

11. PRORATIONS AND CLOSING COSTS.

11.1 Prorations. The following items shall be prorated and adjusted between Seller and Buyer as of midnight of the day before the Closing, except as otherwise specified:

11.1.1 Taxes. Real estate property taxes for the Property shall be prorated based on amounts for the current year with maximum discount permitted by law, except that if tax amounts for the current year are not available, proration's shall be made based upon the taxes for the preceding year, with maximum discount permitted by law.

11.1.2 Pending and Certified Liens. Certified municipal liens and pending municipal liens for which work has been substantially completed shall be paid by Seller and other pending liens shall be assumed by Buyer, provided however, that Buyer shall be exclusively responsible for payment of any liens or assessments arising from its use of the Property.

11.1.3 Other Items. All other items required by any other provision of this Agreement to be prorated or adjusted.

11.2 Re-Prorations. If subsequent to the Closing, taxes for the year of Closing (or any other item prorated hereunder) are determined to be higher or lower than as prorated (except due to any Land Use Approvals), a re-proration and adjustment will be made at the request of Buyer or Seller upon presentation of actual tax or other bills and any payment required as a result of the re-proration shall be made within thirty (30) days following demand therefor. The provisions of this Section 11.2 shall survive the Closing.

11.3 Seller's Closing Costs. Seller shall pay for the following items at the time of Closing:

- A. Certified and pending municipal special assessments liens for which the work has been substantially completed;
- B. Any State and local transfer taxes and documentary stamps on the Deed; and
- C. Seller's attorney fees and fees of Seller's real estate broker.

11.4 Buyer's Closing Costs. Buyer shall pay for the following items at the time of Closing:

- A. Recording of the Deed;
- B. Survey;
- C. All title insurance premiums and costs;

- D. Buyer's attorney fees and fees of Buyer's real estate broker; and
- E. All costs and expenses related to any loans or financing arrangements of Buyer, including but not limited to any Documentary stamps on Notes and intangible tax on mortgages.

12. CONDEMNATION.

In the event of the institution of any proceedings by any governmental authority which shall relate to the taking or proposed taking of any material portion of the Property by eminent domain prior to Closing, Seller shall promptly notify Buyer and Buyer shall thereafter have the right and option within ten (10) days after receipt by Buyer of the notice from Seller to terminate this Agreement by giving Seller written notice of Buyer's election to terminate. Seller hereby agrees to furnish Buyer with written notice of a proposed condemnation within ten (10) business days after the Seller's receipt of such notification. Should Buyer terminate this Agreement, the Deposit shall be disbursed to Buyer, and thereafter the parties hereto shall be released from their respective obligations and liabilities hereunder except pursuant to those provisions which expressly survive the termination hereof. Should Buyer elect not to terminate, the parties hereto shall proceed to Closing and Seller shall assign and convey all of its right, title and interest in all awards in connection with such taking to Buyer.

13. DEFAULT.

13.1 Buyer's Default. In the event that the transfer of the Property fails to close due to wrongful refusal or default on the part of Buyer, the Deposit shall be paid to the Seller as agreed liquidated damages and thereafter, unless otherwise expressly provided herein, neither Buyer nor Seller shall have any further obligation under this Agreement except pursuant to those provisions which expressly survive the termination hereof. Buyer and Seller acknowledge that if Buyer defaults, Seller will suffer damages in an amount that cannot be ascertained with reasonable certainty on the Effective Date and that the amount of the Deposit to be paid to or retained by Seller most closely approximates the amount necessary to compensate Seller in the event of such default. Buyer and Seller agree that this is a bona fide liquidated damages provision and not a penalty or forfeiture provision. Seller waives all other remedies including the right to recover damages in excess of the Deposit and the right to enforce specific performance.

13.2 Seller's Default. In the event that the Seller shall fail to fully and timely perform any of its obligations hereunder prior to or at the Closing, then Buyer may, at its option (i) declare Seller in default under this Agreement by written notice delivered to Seller, in which event the Buyer may terminate this Agreement and the Deposit shall be refunded to Buyer or (ii) seek specific performance of this Agreement. Buyer waives all other remedies including the right to recover damages in excess of the Deposit prior to the Closing.

13.3 Notice. Prior to declaring a default and exercising the remedies described herein, the non-defaulting party shall issue written notice of default to the defaulting party

describing the event or condition of default in sufficient detail to enable a reasonable person to determine the action necessary to cure the default. The defaulting party shall have ten (10) days from delivery of the notice in which to cure the default. If the default has not been cured within the ten (10) day period, the non-defaulting party may exercise the remedies described above.

14. REAL ESTATE COMMISSION

If and when Closing occurs and Seller receives the Purchase Price, Seller will pay to Colliers International a commission pursuant to the terms of a separate listing agreement entered into between Seller and Broker for services rendered in connection with this transaction. Seller hereby represents and warrants to Buyer that except for the above referenced broker, no real estate broker, salesman or finder is involved in this transaction that is entitled to receive any real estate brokerage commission in the event of a closing hereunder.

If and when Closing occurs, Buyer will pay to Cushman and Wakefield a commission pursuant to the terms of a separate agreement entered into between Buyer and broker for services rendered in connection with this transaction. Buyer hereby represents and warrants to Buyer that except for the above referenced broker, no real estate broker, salesman or finder is involved in this transaction that is entitled to receive any real estate brokerage commission in the event of a closing hereunder.

This Section 14 shall survive Closing or termination of this Agreement.

15. NOTICES.

Any notice, request, demand, instruction or other communication to be given to either party hereunder, except where required to be delivered at the Closing, shall be in writing and shall be hand-delivered or sent by Federal Express or a comparable overnight mail service, or mailed by U.S. registered or certified mail, return receipt requested, postage prepaid, to Buyer, Seller, Seller's Counsel and Escrow Agent, at their respective addresses set forth below. Notice shall be deemed to have been given upon receipt or refusal of delivery of said written notice. The addressees and addresses for the purpose of this Section may be changed by giving written notice. Unless and until such written notice is received, the last addressee and address stated herein shall be deemed to continue in effect for all purposes hereunder.

If to Buyer: University of Central Florida Real Estate Foundation,
LLC
12424 Research Parkway, Suite 250
Orlando, FL 32826
Attn: Legal Counsel

With a copy to: University of Central Florida
4365 Andromeda Loop North
Suite 360
Orlando FL 32816
Attn: Scott Cole

If to Seller: Research Park Investment, Inc.
12351 Research Parkway
Orlando, Florida 32826
Attn: Daniel B. Webb

With a copy to: Earl M. Barker, Jr.
Slott, Barker & Nussbaum
334 East Duval Street
Jacksonville, FL 32202

If to Escrow Agent: Earl M. Barker Jr.
Slott, Barker & Nussbaum
334 East Duval Street
Jacksonville, FL 32202

16. ASSIGNMENT.

The terms and conditions of this Agreement are hereby made binding on the successors and assigns of the parties hereto. Neither party may assign its interest in this Agreement without the prior written consent of the other party.

17. MISCELLANEOUS.

17.1 Counterparts. This Agreement may be executed in any number of counterparts, any one and all of which shall constitute the Agreement of the parties and each of which shall be deemed an original.

17.2 Section and Paragraph Headings. The section and paragraph headings herein contained are for the purposes of identification only and shall not be considered in construing this Agreement.

17.3 Amendment. No modification or amendment of this Agreement shall be of any force or effect unless in writing executed by both Seller and Buyer.

17.4 Governing Law. This Agreement shall be interpreted in accordance with the laws of the State of Florida.

17.5 Entire Contract. This Agreement sets forth the entire agreement between Seller and Buyer relating to the Property and all subject matters herein and supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the parties.

17.6 Time of the Essence. Time is of the essence in performance of all obligations by Buyer and Seller under this Agreement.

17.7 Computation of Time. Any reference herein to time periods of less than six (6) days shall exclude Saturdays, Sundays and legal holidays in the computation thereof. Any time period provided for in this Agreement which ends on a Saturday, Sunday or legal holiday in Florida will extend to 5:00 p.m., local time in Florida, on the next full business day.

17.8 Construction of Contract. Each of the parties to this Agreement have participated freely in the negotiation and preparation hereof; accordingly, this Agreement shall not be more strictly construed against any one of the parties hereto.

17.9 Gender. As used in this Agreement, the masculine shall include the feminine and neuter; the singular shall include the plural; and the plural shall include the singular as the context may require.

17.10 Relationship of the Parties. Nothing herein contained shall be deemed to (i) create a relationship between Seller and Buyer as other than buyer and seller; (ii) authorize either party to bind the other in any manner whatsoever; or (iii) create a fiduciary duty on the part of either party to the other.

17.11 NoRecording. Neither this Agreement nor any memorandum thereof shall be recorded in the public records. Any such recordation shall be a breach of this Agreement.

17.12 Recitals. All of the recitals shall be incorporated and become a part of this Agreement.

17.13 Confidentiality. Except as required in the normal conduct of the business of the parties hereto by law, or as part of Buyer's investigation of the Property, neither party shall, without the prior written approval of the other party, at any time during the term of this Agreement or thereafter, divulge to any third party, other than its attorneys, accountants, employees, lenders, investors, and professional advisors (and in the case of Seller, to members of the Board of Directors of the University of Central Florida Foundation, Incorporated or University of Central Florida Board of Trustees) who are bound by confidentiality, any information concerning the contents of this Agreement.

17.14 Force Majeure. No party to this Agreement shall be liable to the other for any failure to perform any obligation of such party or for delay in such performance if and to the extent nonperformance or delay is the result of acts of God, war, insurrection, casualty, catastrophic weather events, inability of any party to access banking and financial institutions, governmental order or directive, lack of materials, personnel or labor, interruption in commerce or any other act or event that is beyond the reasonable control of the party required to perform. In the event of such an act or event, unless performance is made permanently impossible or impracticable by the act or event, the time for performance shall be extended until the same reasonably may be accomplished by commercially reasonable means. If the act or event cannot be accomplished by commercially reasonable means within a reasonable time, nonperformance shall be excused and upon the election of either party this Agreement shall terminate on the basis that no default shall have occurred, the Deposit shall be returned to the Buyer and the obligations

of the Parties hereunder, other than those that expressly survive termination of this Agreement, shall be cancelled..

17.15 Radon Gas. Pursuant to Florida statute, Seller hereby notifies Buyer as follows: **Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your County Public Health Unit.**

17.16 Effective Date. Effective Date shall be the date upon which the last of the parties signs this Agreement.

Signatures appear on following pages

Seller Execution Page

IN WITNESS WHEREOF, the Parties have caused these presents to be executed on the day and year indicated above.

SELLER

RESEARCH PARK INVESTMENTS, INC.

By: 
Daniel B. Webb
Its President



Buyer Execution Page

IN WITNESS WHEREOF, the Parties have caused these presents to be executed on the day and year indicated above.

BUYER

**UNIVERSITY OF CENTRAL FLORIDA
FOUNDATION, INC.**

By: _____
Michael J. Morsberger, Vice President
and Chief Executive Officer

Approved as to form and legality

_____, 2018

Associate General Counsel

**“EXHIBIT A”
Legal Description**

Lot 7, Block 2, Central Florida Research Park Section 1, according to the plat thereof on file in the office of the Comptroller in and for Orange County, Florida recorded in Plat Book 12, Pages 123, situate lying and being in Orange County, Florida.

ITEM: NG-1

**University of Central Florida
Board of Trustees**

SUBJECT: Appointment of Board Member to UCF Convocation Corporation

DATE: August 21, 2018

PROPOSED BOARD ACTION

Approve the appointment of Danny White to the UCF Convocation Corporation Board of Directors.

Danny White is Vice President and Director of Athletics at UCF. He began his tenure at UCF in 2015. White was named one of Sports Business Journal's 40 Under 40 award winners in both 2017 and 2018. White was also recognized by the Orlando Business Journal on its 40 Under 40 list for the Central Florida area's top professionals under the age of 40 who have made significant achievements in their careers. He was also named to the 2017 50 Most Powerful People in Orlando by Orlando Magazine. In the Spring of 2018, White was named a finalist for the Sports Business Journal's Athletics Director of the Year honor.

White is a 2002 graduate of Notre Dame with a bachelor's degree in business administration. He earned master's degrees in both business administration and sports administration from Ohio University. He completed a doctorate degree in higher education from the University of Mississippi in 2016.

BACKGROUND INFORMATION

Florida Statute 1004.28(3) now requires that the university board of trustees approve all board appointments to direct support organizations.

Supporting documentation: None

Prepared by: Scott Cole, Vice President and General Counsel

Submitted by: Scott Cole, Vice President and General Counsel

ITEM: NG-2

**University of Central Florida
Board of Trustees**

SUBJECT: Appointment of Board Member to UCF Stadium Corporation

DATE: August 21, 2018

PROPOSED BOARD ACTION

Approve the appointment of Grant Heston to the UCF Stadium Corporation Board of Directors.

Grant J. Heston is Vice President for Communications and Marketing and Chief of Staff for the University of Central Florida. He oversees the Office of the President, serves as the liaison to the Board of Trustees and is responsible for communications and marketing, WUCF TV and FM, University Audit and the Ombuds Office. He also oversees on-campus football game day operations and special assignments. Mr. Heston earned a bachelor's degree in journalism from the University of Florida and an MBA from UCF. He has been with UCF since 2007.

BACKGROUND INFORMATION

Florida Statute 1004.28(3) now requires that the university board of trustees approve all board appointments to direct support organizations.

Supporting documentation: None

Prepared by: Scott Cole, Vice President and General Counsel

Submitted by: Scott Cole, Vice President and General Counsel

ITEM: BOT-1

**University of Central Florida
Board of Trustees**

SUBJECT: Transfer and Use of Sanford Burnham Prebys Building and Land

DATE: August 21, 2018

PROPOSED BOARD ACTION

Approve (1) transfer of Sanford Burnham Prebys Building and Land (SBP Premises) from Orange County to the UCF Real Estate Foundation, (2) Lease of the SBP Premises by UCF Real Estate Foundation to UCF, (3) Sublease of the SBP Premises by UCF to Sanford Burnham Prebys until November 30, 2018, (4) Sublease of a portion of the SBP Premises from UCF to UCF Academic Health effective December 1, 2018, and (5) Termination and Release Agreement with SBP.

BACKGROUND INFORMATION

In 2007, Sanford Burnham was recruited to establish a research institute in Lake Nona Medical City with financial incentives from the State of Florida, Orange County, the City of Orlando, Tavistock Development Company, UCF, and others. This included construction by Sanford Burnham of a 173,476 square foot state-of-the-art research building on 12 acres of land. In 2017, Sanford Burnham Prebys (formerly Sanford Burnham) determined that it would close its operations in Lake Nona. In January 2018, UCF presented a proposal to Orange County, City of Orlando, and Tavistock Development Company to take over the SBP Premises to be repurposed as a comprehensive cancer research and treatment center.

Following extensive planning and negotiations, it was agreed that the UCF Real Estate Foundation would acquire the SBP Premises for the sum of \$50 Million, payable pursuant to the terms of a 30 year non-recourse promissory note to Orange County and secured by a mortgage on the building.

Approximately half of the SBP Premises will be used for UCF cancer research and the remaining approximately 80,000 square feet will be subleased to private partners providing clinical research and treatment of cancer. Together they will comprise the UCF Lake Nona Cancer Center. Fair market rent paid by private partners will ultimately cover costs of acquiring the SBP Premises.

The SBP Premises are located adjacent to the site of the UCF Lake Nona Medical Center, which will serve cancer center patients who need inpatient care. The comprehensive cancer research and treatment center will enable education, research, and advanced cancer care on a single site, adjacent to UCF's health sciences campus and emerging academic health sciences center.

Attached supporting documents summarize the transactions that will affect the acquisition of the SBP Premises and establishment of the comprehensive cancer research and treatment center.

Supporting documentation:

- Attachment A: Transaction Summary of Documents Transferring the SBP Premises from Orange County to the UCF Real Estate Foundation
- Attachment B: Summary of Lease of SBP Premises at 6400 Sanger Rd., Orlando, FL 32827, from UCF Real Estate Foundation to UCF
- Attachment C: Summary of Sublease of SBP Premises from UCF to Sanford Burnham Prebys until November 30, 2018
- Attachment D: Summary of Sublease from UCF to UCF Academic Health, Inc. commencing December 1, 2018
- Attachment E: Summary of Termination and Release

Prepared by: Jeanette C. Schreiber, Sr. Associate Vice President for Health Affairs
and Chief Legal Officer for the UCF College of Medicine
Jennifer Cerasa, Associate General Counsel

Submitted by: W. Scott Cole, Vice President and General Counsel
Deborah C. German, Vice President for Health Affairs and Dean of the
UCF College of Medicine

TRANSACTION SUMMARY
UNIVERSITY OF CENTRAL FLORIDA USE
OF SANFORD BURNHAM PREBYS BUILDING

This Transaction Summary summarizes the significant terms of the contemplated use by the University of Central Florida (“UCF”) from Orange County (“County”), of the Sanford Burnham Prebys Building (“Building”) and approximately twelve (12) acres of associated developed Land (“Land”).

The purpose of the transaction contemplated herein is to enhance economic development and impact in the region through high wage jobs that will participate in research, education, and clinical care; to create new opportunities for collaboration; and to expand biomedical research at the Building and the UCF College of Medicine at Lake Nona.

This Transaction Summary is a non-binding description of the proposed terms and conditions regarding the use of the Building and Land and does not create or impose any obligation on any person or entity until execution and approval of the transaction documents.

TERMS

1. Term. UCF, through one of its direct support organizations (DSO), will acquire the Building and Land from the County for the sum of fifty million dollars (\$50,000,000) and a pledge to enhance economic development and impact in the region through high wage jobs that will participate in research, education, and clinical care.
2. Documents. County and DSO will execute at least the following documents (“Documents”) outlining this Transaction Summary:
 - a. Transfer Agreement
 - b. County Deed
 - c. Promissory Note
 - d. Mortgage
 - e. UCC-1 Financing Statement (State of Florida and Orange County) - for equipment
3. Closing Costs. UCF will pay for any and all closing costs associated with the Documents, including but not limited to, recording fees, doc stamps (if any), title and lien search, and title insurance (if desired by UCF).

4. Deed. Within the Deed, there will be three (3) restrictive covenants:
- a. Perpetual Covenant: The Building and Land shall be used only for purposes as outlined in the Permissible Uses (as defined herein).
 - b. In the event UCF and/or the DSO sell or transfer the Building and Land within forty (40) years of the Note Commencement Date and the price of the transaction exceeds fifty million and 00/100 dollars (\$50,000,000.00), UCF and/or DSO (as applicable) shall pay County one half (1/2) of the purchase price above fifty million dollars (\$50,000,000.00), which will be distributed between the Funding Parties as outlined in the Funding Parties Agreement. UCF and/or the DSO shall own the Building and Land for a minimum of ten (10) years from the Note Commencement Date (as outlined below). Except with respect to a Permitted Transfer (as defined herein), the Funding Parties shall have an exclusive, non-cancellable right of first refusal to purchase the Building and Land (the "ROFR"). If, at any time during UCF's and/or DSO's ownership of the Building and Land (the "ROFR Term"), UCF or DSO shall receive a bona fide offer to purchase the Building and Land hereunder from a third-party buyer, which offer UCF or DSO has determined that it is willing to accept, then prior to any acceptance of the same, UCF and/or DSO shall deliver to the Funding Parties a complete and accurate copy of the offer (which shall include a statement of the purchaser's intended use), together with UCF's and/or DSO's notice of its intention to accept the same (the "Offer Notice"). The Funding Parties shall have the right, but not the obligation, to be exercised within ninety (90) calendar days after receipt of the Offer Notice, to accept the terms of the offer, in writing. If the Funding Parties do not timely accept the offer, UCF and/or DSO may proceed to sell the Building and Land to the third-party buyer making the offer, strictly upon the same terms set forth in the Offer Notice, and upon the closing of such sale, this ROFR shall automatically terminate as to the Building and Land. If UCF and/or DSO accepts the terms of the Offer Notice, the parties shall proceed under a contract formed pursuant to the terms of the Offer Notice.
 - c. DSO shall have the right to transfer the Building and Land to an Affiliate (as defined herein) of DSO (a "Permitted Transfer") subject to the Security Instruments and all other matters of record; provided, however, the DSO shall pay all transaction expenses associated with such Permitted Transfer. As used herein, the term "Affiliate" shall mean any entity which directly controls, is controlled by, or is under common control with the DSO, where "control" means ownership of fifty-one percent (51%) or greater of the equity of the DSO or the ability to control the majority of the governing board of the DSO.

5. Promissory Note. DSO will execute a non-recourse promissory note, without interest, to the County in the principal amount of \$50,000,000 to be paid as follows:
 - a) Commencing on the the First Principal Payment Date (as defined herein) and continuing each quarterly period thereafter for a period of twenty (20) years, DSO shall pay the sum of \$500,000.00 as of the first day of the first month of each quarterly period. The aggregate quarterly payments during said 20-year period shall be equal to \$40,000,000.00.
 - b) Commencing on the twentieth (20th) anniversary of the First Principal Payment Date and continuing each quarterly period thereafter for a period of ten (10) years, DSO shall pay the sum of \$250,000.00 as of the first day of the first month of each quarterly period. The aggregate quarterly payments during said 10-year period shall be equal to \$10,000,000.00.
 - c) As used herein, the term “First Principal Payment Date” shall mean the first day of the calendar month following the earlier to occur of (i) the date that is five (5) days after UCF begins receiving rent payments from two (2) anchor subtenants (initially intended to be Sarah Cannon Research Institute and Provision Healthcare), or (ii) the date which is the earlier to occur of (A) two (2) years after UCF takes occupancy of the Property, or (B) November 30, 2020.
 - d) DSO will have the right to prepay the promissory note at any time without penalty.
 - e) County will not assign the promissory note or mortgage without prior written approval of DSO not to be unreasonably withheld.
6. Security. The promissory note will be secured by a mortgage on the Building and Land and a UCC-1 on certain equipment (collectively, the “Security Instruments”). The mortgage will contain a due-on-sale clause (except with respect to a Permitted Transfer).
7. Leases. The DSO will lease the Building and Land to UCF for no less than a 30 year period at a lease rate of no less than the promissory note payment amounts listed in paragraph 5 (a) and (b) above. UCF may sublease a portion of the Building and Land to UCF Affiliates and private tenants.
8. Permissible Uses. The permissible uses on the Property, which shall be limited to the following and shall be subject to compliance with all applicable laws are: (a) medical, life science and clinical research and development, (b) light manufacturing in the life sciences or medical field, including diagnostics, devices, pharmaceuticals and reagents, (c) undergraduate, graduate and post-graduate education, including classrooms and lecture halls, (d) research facilities related to a medical hospital, (e) ancillary related

research-oriented healthcare and life science uses, and administrative uses related to the permissible uses, (f) Clinical Services (as defined herein), and (g) support services for the foregoing permissible uses which may include, but is not limited to, a cafeteria/restaurant, child day care center and fitness facility for use by personnel and employees of UCF, a direct support organization of UCF (“UCF DSO”), and their lessees (“Permissible Uses”).

As used herein, “Clinical Services” shall mean those services conducted within the Property involving or relating to the direct medical diagnosis, care and treatment of patients which serve UCF’s academic health sciences center mission, enabling integration of the educational, research and clinical activities of UCF and any UCF DSO. As such, (i) tenants, subtenants or other occupants of the Property performing Clinical Services shall be limited to clinical organizations and medical physician practices that participate in one or more of the research and educational activities included in the Permissible Uses or support the diagnosis, care and treatment of patients involved in such research and educational activities, (ii) all Clinical Services shall be in support of any Permissible Uses described in subparts (a) through (d) above, and shall be provided by UCF, a UCF DSO, or a UCF Affiliate (as defined herein), (iii) all Clinical Services shall be related to (x) cancer research, education and diagnosis, and supportive care of these patients (y) general and specialized care and treatment of patients with cancer or cancer-related conditions, or (z) other primary areas of research conducted at the Property, and (iv) at least fifty percent (50%) of the medical practitioners (and no less than 1/3 of the doctors) will be connected to UCF’s academic health sciences center mission, such as through employed, affiliate or volunteer faculty appointment; cancer research, education and diagnosis and supportive care of these patients; or general and specialized care and treatment of patients with cancer or cancer-related conditions, enabling integration of the educational, research and clinical activities of UCF and any UCF DSO.

As used herein, the term “UCF Affiliate” includes an entity, organization, or practice that (a) has a shared ownership or governance arrangement with UCF or a UCF DSO, or (b) has an affiliation agreement with UCF or a UCF DSO that involves participation in the UCF academic health sciences mission of education, research, and clinical activities. For clarification, UCF Affiliates may include medical practices with a non-financial UCF affiliation including medical practitioners who hold affiliate or volunteer UCF faculty appointments, care for patients on clinical research protocols, provide care and treatment of patients with cancer or cancer-related conditions, educate students or residents, or otherwise advance research conducted at the Property.

By way of example, and not limitation, Clinical Services may include:

imaging and other diagnostic testing, radiological and laboratory services, proton therapy services, chemotherapy services, and clinical practices or auxiliary services supporting the diagnostic, care, treatment and related needs of patients of health care organizations and medical physician practices providing Clinical Services on the Property.

Additionally, in no event shall the Permissible Use include:

1. Medical office building where medical offices are leased to, or occupied by, medical physician practices that (a) are not participating in one of the Permissible Uses through a formal written agreement for a bona fide structured partnership, joint effort or affiliation between UCF or a UCF DSO supporting or facilitating UCF's academic health sciences center mission, and (b) are solely engaged in a real estate relationship such as a landlord-tenant or buyer-seller type of relationship;
2. Residential uses (including, without limitation, multi-family housing, single-family housing, senior housing and assisted living housing);
3. Temporary housing or lodging of any kind (including, without limitation, drug rehabilitation or "halfway" house);
4. No noxious activity shall be carried on or upon any portion of the Property, nor shall anything be done thereon which may be or may become a nuisance to others, or which adversely affects the health, safety or welfare of others including any users of the Property;
5. Any noise or sound that is objectionable due to intermittence, beat, frequency, shrillness or loudness, or which is in excess of the permissible decibel levels promulgated by the City of Orlando Code of Ordinances;
6. Any franchised or branded food, retail or non-medical commercial services operation which are marketed and available to the general public. By way of example, and not limitation, the Grantee or its tenants, subtenants or occupants performing Clinical Services may provide non-branded food, retail or commercial services marketed exclusively for the patients of health care organizations or medical physician practices providing Clinical Services on the Property included in the Permissible Uses.

Beginning as of the date which is twenty-five (25) years following DSO's first principal payment under the Mortgage, the Permissible Uses shall also include any research, educational, or clinical service that is undertaken by UCF or a UCF DSO, or a UCF Affiliate. In the event DSO desires to lease space to a non-UCF Affiliate or to perform any research, educational, clinical service or community use that is not within the Permissible Uses as defined herein, DSO shall obtain LNLC's prior written consent, in each instance and in LNLC's sole and absolute discretion, which consent shall be recorded

against the Property in the Public Records of Orange County, Florida, which consent shall be subject to certain limitations to be set forth in the Amended and Restated Funding Parties Agreement.

9. Insurance. The DSO will be responsible for maintaining adequate property, casualty, and liability insurance on the Building in amounts normally maintained in connection with DSO owned buildings.
10. No liens. The DSO will not allow any liens to be attached to the Building in connection with any alterations or additions to the Building or allow any other liens superior in right to that of the County's mortgage. In the event a lien is attached to the Building or Land that would be superior in right to that of County's mortgage, County may pay the lien and charge UCF for the repayment of said lien, plus (i) legal fees and (ii) interest for the outstanding balance, which shall be the lesser of (a) 18% or (b) the highest amount allowed by law.
11. Damage to the Building. If, during the term of the mortgage and note, the Building is partially or substantially damaged or destroyed by fire or other casualty, UCF shall immediately notify County. In the event County allows UCF to apply insurance proceeds to restoration, repair, or replacement of the Building, UCF shall, at UCF's sole cost and expense, whether or not the proceeds shall be sufficient, restore, repair, replace, or rebuild the Building to substantially the same condition before such damage. In the event, in County's sole opinion, insurance proceeds exceed the cost of restoration, repair, or replacement of the Building, County may elect to apply the balance of the insurance proceeds to pay down or off the outstanding note and return the remainder of the funds to UCF.
12. Access by County. Upon reasonable prior notice, County shall have the right during normal business hours (and at all times in the case of emergency) to enter the Building to insure compliance with the Documents and Permissible Uses.
13. Default.
 - a. Events of default by the DSO under the Note and Mortgage will include:
 - i. Failure to make a Note payment when due.
 - ii. Failure to utilize the Building and Land for the Permissible Uses.
 - iii. Failure to otherwise comply with the terms of the Mortgage.
 - iv. Failure to maintain the Building or Land.
 - b. The DSO will be given a reasonable time to cure any defaults.
14. Law and Venue. Disputes arising under the Note and Mortgage will be

governed by Florida law, with venue for any action in Orange County, Florida.

15. Naming of the Building. UCF will have the exclusive right to name the Building and may designate the Building and Land as part of the UCF Health Sciences Campus.
16. Equipment. UCF and County will work with the State of Florida Department of Economic Opportunity (DEO) and Sanford Burnham Prebys to allow UCF to take title to any equipment remaining in the Building at the time of closing of the transaction.

TIMING

The parties will make good faith efforts to meet the following timeline towards completing the transaction.

- Parties to agree on the form of agreements between the DSO and Orange County by July 15, 2018.
- Approval and execution of the transaction by the respective governing bodies by August 21, 2018.
- Closing on the transaction and conveyance of the Building and Land by Deed by September 1, 2018.
- DSO takes possession of Building by December 1, 2018.

APPROVALS

This Transaction Summary does not purport to reflect all of the terms and conditions of the proposed transaction. Statements of intent or understandings contained in this Transaction Summary will not be deemed to constitute any offer, acceptance, or legally binding agreement. Binding obligations will not exist unless and until execution of appropriate agreements and approval by the Funding Parties and UCF Board of Trustees.

Attachment B

**Summary of Lease of SBP Premises at 6400 Sanger Rd., Orlando FL 32827
from UCF Real Estate Foundation to UCF**

<u>Summary</u>	UCF Real Estate Foundation will lease the entire former Sanford Burnham Prebys Building and Property to UCF for purposes of developing a comprehensive cancer research and treatment center.
<u>Parties</u>	University of Central Florida Real Estate Foundations, L. L. C. (Landlord) and University of Central Florida Board of Trustees (Tenant)
<u>Effective Date and Term</u>	The effective date is August 27, 2018, and the term continues for 30 years following the fixed rent commencement date (defined below), with 3 optional ten-year extensions, for a total of 60 years.
<u>Premises</u>	Building and 12 acres of land at 6400 Sanger Road, Orlando, Florida
<u>Use Restrictions</u>	Use of the property is subject to the restrictions set forth in the County Deed (see Permissible Uses, Transaction Summary, pp. 3-6) and to the restrictions imposed by the Master Developer, Lake Nona Land Company, LLC.
<u>Rent Commencement</u>	Payment of fixed rent will begin the first day of the month following the date that is 5 days after Tenant begins receiving rent from 2 anchor subtenants <u>OR</u> the earlier of two years after the date that UCF takes occupancy of the Premises or December 1, 2020.
<u>Fixed Rent</u>	This is a triple net lease with Landlord to receive fixed annual rent and additional rent. The total fixed annual rent over thirty years is \$50 million, comprised of fixed annual rent for the first 20 years of \$500,000/quarter (\$2 million/year) and fixed annual rent for the next 10 years of \$250,000/quarter (\$1 million/year).
<u>Additional Rent</u>	Tenant shall pay as additional rent sums associated with ownership of the Premises, including but not limited to real estate taxes, assessments for public improvements, Landlord's property insurance premiums, any expenses the Landlord incurs carrying out the lease terms together with 5% interest, any late charges for outstanding rent and any future rental taxes that may be imposed.
<u>Obligations</u>	Landlord will not be obligated to pay any expenses or incur any liabilities of any kind relating to the Premises during the lease term. Tenant is responsible for maintenance, damage and cleaning.
<u>Termination</u>	For default, Landlord may terminate with 30 days notice.
<u>Assignment and Subletting</u>	Tenant has broad rights to assign lease to a related entity or further sublet any or all of the Premises.

Attachment C

**Summary of Sublease of SBP Premises
from UCF to Sanford Burnham Prebys until November 30, 2018**

<u>Summary</u>	UCF will sublease the Sanford Burnham Prebys building and land to Sanford Burnham Prebys for three months to allow time needed for 18 remaining scientists to relocate to their new employer.
<u>Parties</u>	University of Central Florida Board of Trustees (Landlord) and Sanford Burnham Prebys Medical Discovery Institute (SBP) (Tenant)
<u>Start Date and Term</u>	The start date is August 27, 2018, and the term ends November 30, 2018.
<u>Premises</u>	Building and 12 acres of land at 6400 Sanger Road, Orlando, Florida
<u>Use Restrictions</u>	Use of the Premises is limited to use by personnel who are currently using the Premises for biomedical research and administrative purposes related to biomedical research.
<u>Rent</u>	The rent payable by SBP shall be payment of all costs of operation and maintenance of the Premises in the same manner SBP paid for such costs prior to the start date.
<u>Obligations</u>	SBP is required to maintain the Premises to the standard of care required by covenants with regard to the exterior of the Premises and as previously exercised by SBP with regard to the interior, and to provide insurance.
<u>Termination</u>	A non-breaching party may terminate this sublease if a breach by the other party is not cured within 30 days of written notice. If SBP defaults, Landlord may terminate the sublease and retake possession of the Premises.
<u>UCF Access</u>	During the lease term, with appropriate notice, UCF may access the building as needed for inspection, repairs and maintenance, showing to a prospective tenant, or planning for UCF's future occupation or alterations.
<u>Extended Term</u>	From December 1, 2018 – August 31, 2020, SBP may lease 5,000 square feet of laboratory and office space located on the 3 rd floor of the Premises or at UCF's option, space located in the Burnett School of Biomedical Sciences Building. Gross monthly rent during the extended term shall be \$60/sq. ft., with additional charges for use of the Burnett School vivarium.

Attachment D

Summary of Sublease from UCF to UCF Academic Health, Inc. commencing December 1, 2018

<u>Summary</u>	Effective December 1, 2018, UCF will sublease to its DSO, UCF Academic Health, a portion of the former Sanford Burnham Prebys building of approximately 80,000 square feet, to be subleased to private tenants providing clinical cancer research and treatment.
<u>Parties</u>	University of Central Florida Board of Trustees (Landlord) and UCF Academic Health, Inc. (Tenant)
<u>Effective Date and Term</u>	The effective date is December 1, 2018, and the term continues for 30 years. Landlord and Tenant may extend the lease for additional terms at any time upon mutual agreement.
<u>Premises</u>	80,000 square feet of the building located at 6400 Sanger Road, Orlando, Florida
<u>Use Restrictions</u>	In accordance with the Master Lease, use of the property is subject to the restrictions set forth in the County Deed (see Permissible Uses, Transaction Summary pp. 3-6) and to the restrictions imposed by the Master Developer, Lake Nona Land Company, LLC.
<u>Rent Commencement</u>	Payment of base rent will begin on the first day of the month following the date that is 5 days after Tenant begins receiving rent from 2 anchor subtenants <u>OR</u> the earlier of two years after the date that UCF takes occupancy of the Premises or December 1, 2020.
<u>Base Rent</u>	This is a net lease with Landlord to receive base rent and additional rent. The base rent shall be the amount received by Tenant from its subtenants, payable quarterly, provided that Tenant's base rent shall not exceed the amount of rent due in that year by Landlord to Owner (UCF Real Estate Foundation) under the Master Lease.
<u>Additional Rent</u>	Tenant shall pay as additional rent any sums received from its subtenants for operating and maintenance expenses, including common area maintenance charges, utility assessments or similar charges.
<u>Termination</u>	Landlord shall terminate and assume all rights in any subleases if Tenant fails to cure a default within the cure period.

Attachment E

Termination and Release Agreement

Sanford Burnham Prebys Medical Discovery Institute and University of Central Florida Board of Trustees

<u>Summary</u>	Effective August 27, 2018, the UCF Funding Agreement will terminate, and the Parties will release each other from any claims arising out of the Funding Agreement. The Parties have also agreed to certain assurances in connection with the transfer of the SBP building and land to UCF.
<u>Parties</u>	Sanford Burnham Prebys Medical Discovery Institute (f/k/a Burnham Institute for Medical Research) (SBP) and University of Central Florida Board of Trustees
<u>Termination of UCF Funding Agreement</u>	In 2007, UCF entered into the UCF Funding Agreement, whereby it agreed to provide financial support to SBP to assist SBP with the establishment of its operations in Florida. Simultaneous with Orange County's transfer to UCF of the SBP building and land located at 6400 Sanger Road, Orlando, Florida, the UCF Funding Agreement will terminate. The Parties have agreed to release each other from any claims arising out of the UCF Funding Agreement.
<u>Certain Closing Costs</u>	Pursuant to an agreement with Orange County, UCF has agreed to pay all 2018 storm water assessments for the SBP building and land, SBP has agreed to reimburse UCF for its pro-rata share of the assessments, and the parties have agreed to use the 2017 assessment to estimate the pro-rata share.
<u>Assurances Regarding Environmental Matters</u>	<p>SBP's environmental insurance coverage will be applicable for claims discovered and reported through December 31, 2021, and SBP will use reasonable efforts to name UCF as an additional insured on its environmental insurance coverage.</p> <p>SBP will indemnify UCF for environmental claims asserted prior to December 31, 2021 with maximum liability of \$2,000,000.</p>