



UNIVERSITY OF CENTRAL FLORIDA

**Board of Trustees
Finance and Facilities Committee Meeting
April 17, 2019
8:30 a.m.
President's Boardroom, Millican Hall, 3rd floor
Conference call in phone number 800-442-5794, passcode 463796**

AGENDA

- | | |
|---|--|
| I. CALL TO ORDER | Alex Martins
<i>Chair, Finance and Facilities Committee</i> |
| II. ROLL CALL | Tracy D. Slavik
<i>Coordinator for Administrative Services for
Administration and Finance Division</i> |
| III. MEETING MINUTES | |
| <ul style="list-style-type: none">• Approval of the March 13, 2019, and March 21, 2019, Finance and Facilities Committee meetings minutes | Chair Martins |
| IV. NEW BUSINESS | Chair Martins |
| <ul style="list-style-type: none">• Lockheed College Work Experience Program Contract Amendments (FFC-1) | Misty Shepherd
<i>Interim Vice President for Administrative Affairs and Operations</i>
Elizabeth Klonoff
<i>Vice President for Research and Dean of the College of Graduate Studies</i>
Sandra Sovinski
<i>Deputy General Counsel</i> |
| <ul style="list-style-type: none">• Schlumberger Global Master Services Agreement Amendment (FFC-2) | Misty Shepherd
Elizabeth Klonoff
Sandra Sovinski |

- Clarification of Board of Trustees Contract Approval Requirements (INFO-1) Misty Shepherd
Elizabeth Klonoff
Sandra Sovinski

- Direct Support Organizations' 2018-19 Second-Quarter Financial Reports (INFO-2) Robert Caslen
Senior Counsel to the President
Bert Francis
Assistant Controller
 - UCF Athletic Association and UCF Stadium Corporation
 - UCF Convocation Corporation
 - UCF Finance Corporation
 - UCF Foundation
 - UCF Limbitless Solutions
 - UCF Research Foundation
 - Central Florida Clinical Practice Organization

- University and Direct Support Organization Debt Report (INFO-3) Robert Caslen
Bert Francis

- University Final Audited Financial Report 2017-18 (INFO-4) Robert Caslen
Brad Hodum
Interim Controller

- 2018 Capital Projects Summary (INFO-5) Misty Shepherd
Bill Martin
Director, Facilities Planning

- L3 Building Lease Documents (INFO-6) Misty Shepherd

V. OTHER BUSINESS Chair Martins

VI. CLOSING COMMENTS Chair Martins



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
 Finance and Facilities Committee Meeting
 President’s Boardroom, Millican Hall, 3rd Floor
 March 13, 2019

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 9 a.m. Committee members John Lord, David Walsh, and Bill Yeargin were present. Vice Chair Garvy attended by teleconference. Trustee Bill Self was present. Trustees Ken Bradley, Joseph Conte, Danny Gaekwad, and Beverly Seay attended by teleconference.

NEW BUSINESS

Carryforward Spending Plan (FFC-1)

Elizabeth Dooley, Provost and Vice President, presented for approval the use of \$20 million E&G carryforward funds for deferred maintenance as listed in Attachment B and \$60.6 million E&G carryforward funds as outlined in Attachment C.

As background, Martins explained that at its November 8, 2018 meeting, the Board of Governors (BOG) requested university boards of trustees approve expenditure plans for their remaining 2017-18 “Committed” E&G carryforward funds and submit those BOT-approved plans to the BOG for consideration and approval at its January 31, 2019 meeting.

At the December 12, 2018 meeting (Attachment A), the Board of Trustees (BOT) approved a plan for spending the \$20.6 million in “Committed” E&G carryforward funds, including:

Faculty research support	\$ 9,311,210
Faculty recruitment and start-up	\$ 5,687,830
UCF Downtown	\$ 3,414,000
Digital Learning Course Redesign Initiative	\$ 1,119,659
Undergraduate Student Support	\$ 476,695
Graduate Student Support	\$ 583,996
Total	<u>\$ 20,593,390</u>

At this meeting, the BOT also was given information about two new funding initiatives directed by then-President Whittaker with agreement from the vice presidents and then-Chairman Marchena:

1. \$40 million was transferred from E&G carryforward funds to Student Financial Assistance to establish the Constellation Fund for student scholarships.

2. \$20 million was transferred from E&G carryforward funds to Facilities Operations to address critical deferred maintenance across the university. (Attachment B)

On January 31, 2019, the BOG approved the university's planned use of \$20 million carryforward funds for deferred maintenance.

It also directed UCF to go back to their BOT for a more robust discussion of the recommended uses of the \$20.6 million in E&G carryforward fund commitments and the \$40 million that was transferred for scholarships (total of \$60.6 million to be discussed).

Provost Dooley stated BOG regulation 9.007 *State University Operating Budgets* (Attachment E) requires that E&G funds be used for operating activities such as construction, research, support, public service, plant operations and maintenance, student services, libraries, administrative support, and other enrollment-related and stand-alone operations of the university.

The university's carryforward plan totals \$80.6 million in non-recurring funds. The plan was created and developed with feedback from multiple stakeholders including the deans, academic leaders, administrators, faculty, staff, and students. They also worked with the BOG to ensure the university was in line with the BOG's original intent. If approved, UCF's carryforward spending plan will be considered at the March 27-28, 2019 BOG meeting.

Dooley said that her goal as Provost and Chief Academic Officer is to strengthen the academic mission of the university. UCF's strength as a university draws from excellent faculty and dynamic students and that UCF must support student success and faculty excellence to move forward. This carryforward spending plan supports colleges and academic units, and strengthens undergraduate and graduate programs, as well as the research enterprise. Dooley noted that 66 percent of the carryforward funds initially redirected from the colleges and other units in the plan presented in December was reduced to only 25 percent in this plan.

The meeting materials contain a detailed breakdown on how those funds will be used according to the BOG categories and by academic unit. Among the six categories, the university is significantly investing in academic excellence and student success. The funds are earmarked to support faculty research, faculty recruitment and retention, start-up costs, and instructional support for faculty.

Along with the Provost, the deans, faculty, staff, and other academic leaders felt strongly that the plan should retain funds to support students who have the greatest unmet financial need. Therefore, the Provost recommended the investment of \$16.8 million for student financial initiatives, which is noted in Attachment C.

Of the \$16.8 million in student financial assistance, \$7.5 million is for upper-division scholarships that help juniors and seniors complete their degrees, \$3.75 million is for the Top Ten Knights program for high school graduates who finish at the top of their class (72 percent of those students have unmet needs), \$3.7 million is for Charge On 15 (a completion program encouraging students to take 30 credit hours per academic year), \$1.5 million is for medical students, and more than is for \$300,000 for undergraduate and graduate student support at the college level.

The first page of Attachment C is a summary of the proposed uses of the carryforward funds by BOG Strategic Category and University Initiative.

Academic & Student Affairs	\$ 30,987,812
Student Financial Aid	\$ 16,871,118
Student Welfare	\$ 6,726,292
Information Technology	\$ 3,695,282
Deferred Maintenance	\$ 1,352,145
Campus Safety & Security	\$ 960,741
Total	<u>\$ 60,593,390</u>

The next two pages of Attachment C provide details of the proposed uses by BOG Strategic Category, University Initiative, and Detailed Plan. The final three pages of Attachment C sort the same information by College/Unit.

Dooley stated that the revised carryforward spending plan will allow the continuation of the university’s mission of excellence and continual innovation while preparing students to be global citizens, as well as leaders supporting faculty in profound ways.

Trustee Lord made a motion to approve, and Trustee Yeargin seconded the motion.

Martins asked for clarification as to whether the committee was being asked to approve two separate amounts: the \$20 million in deferred maintenance and the \$60.6 million in other spending as described in Attachment C. Dooley confirmed yes. While the BOG approved the use of \$20 million for deferred maintenance at the January BOG meeting, the BOT must approve the actual spending of those funds.

Yeargin asked how widely input was gathered for this program, and whether anyone opposed the plan. Dooley reiterated that, following the January BOG meeting, the colleges now only had 25 percent of their carryforward funds redirected. Dooley and her team went back to the deans and college leaders, who all participated in developing a plan for spending their carryforward funds using the BOG categories. For the student financial assistance allocations, a task force that included members of Faculty Senate, students, and a focus group that gathered feedback from other faculty and students, provided input. She had heard no disagreements to the updated carryforward spending plan.

Martins asked if they sought input from the BOG staff. Dooley confirmed they worked with Tim Jones, Vice Chancellor, Finance/Administration and Chief Financial Officer for the BOG, on these materials before they went live. The university sent the materials to the BOG more than two weeks ago but received no feedback.

Lord brought up deferred maintenance and said the university is only skimming the top of existing problems. He asked for the feedback being received on how to address this concern and handle it. Robert Caslen, Senior Counsel to the President, said that Misty Shepherd, Interim Vice President for Administrative Affairs and Operations, would be the best person to answer that question but was unable to attend the meeting because she was in Tallahassee testifying on other matters. In his view, however, the university is moving in the right direction.

Lord asked whether staff is satisfied that \$20 million will cover all critical maintenance needs and whether there are any outstanding concerns of which the trustees should be aware. Caslen reiterated that the university is moving in the right direction, and this carryforward spending plan is a good balance of maintenance and student and faculty needs.

Martins requested that, at the March 21 Finance and Facilities Committee meeting, the trustees be informed whether any critical maintenance needs are not being met. He added this is a longstanding issue, and that Chairman Garvy has been vocal for years about lack of funding for deferred maintenance across the system. UCF needs the support of the legislature to receive more deferred maintenance funding.

Yeargin asked Dooley whether, given this need for critical deferred maintenance, if she agreed that the carryforward spending plan is a good balance. She responded yes, because supporting faculty research is necessary for the continued success of the academic enterprise. The resources need to be there for faculty and student success.

Yeargin also asked Dooley if deferred maintenance will affect academics at some point, and if this deferred maintenance is covered by the \$20 million in the carryforward spending plan. Dooley said yes, and noted some of the college deans allocated \$1.3 million towards local-level deferred maintenance in their spending plans.

Martins asked if appropriate funds were allocated to the Student Welfare category, given prior presentations the committee has heard on needs in this area. Dooley said \$339,000 has been allocated to campus safety and security funds, which addresses anti-hazing and high-risk behaviors. Funds for training and professional development for staff, peer services, a care and concern team, crisis team, mandatory online training, Title IX, student conduct, and online mental health education and training are embedded in the plan, as well. Also, Maribeth Ehasz, Vice President for Student Enrollment and Development Services, is on a BOG wellness committee looking at initiatives in place across the state university system.

Trustee Walsh clarified that the deferred maintenance need across campus is approximately \$200 million, and what the trustees are voting on today is the \$20 million in deferred maintenance that was allocated in December's proposed carryforward spending plan but was not officially voted on at that time. Dooley confirmed. Walsh said his other concern is the student-to-faculty ratio, and this updated carryforward spending plan triples the amount of money for additional faculty. Dooley said she agrees that is a critical need from the academic side.

Trustee Self said that this plan is much better than what was originally presented in faculty support. He wanted to make note Faculty Senate did hear concerns about class sizes, student-to-faculty ratio, and summer support. He also thinks this should become an annual exercise, as it is difficult to know the context of each category relative to what that category receives in the base budget. He also said that the base contributions for some of these plans should be noted. For example, \$3.75 million is going to fund Top Ten Knights, but how much also was contributed to that program from the base E&G budget, and what is the true dollar amount of the various accounts.

Dooley said that \$500,000 was allocated for summer support and \$300,000 was allocated to support students completing their degree in a timely fashion. Martins suggested that a workshop on budgets and university financial processes be held for the trustees. Garvy replied that a retreat

to discuss trustee responsibilities is being arranged with the Association of Governing Boards, and that budget training will be pursued as well. He also said the \$200 million in deferred maintenance includes current needs and needs for the next 10 years. \$80 million of that is “past due”, so the \$20 million allocated in the current spending plan is 25 percent of the current need.

Trustee Seay noted that it is important to look at numbers in context of the university’s strategic plan. Walsh said an updated summary of funding for research budgets also could be helpful in evaluating the overall university budgets.

Trustee Bradley asked whether the \$12.9 million in unrealized gains on E&G investments on the original request in December is still accurate and whether the total rollover budget is correct. Seay confirmed and said the gains were realized and transferred from the investment account into the SPIA account for E&G.

Bradley also asked if deferred maintenance projects can be more than \$1 million. Scott Cole, Vice President and General Counsel, said that the recently released draft of the House committee report suggests the law is \$1 million. This is different from prior understanding and practice, and he is hoping for greater clarity during the next legislative session. The BOG has not provided specific written guidance. Martins summarized that the university’s threshold is \$2 million, and that the legislature wants this changed to \$1 million, but that the \$1 million limit is not official at this point.

Lord said he is anxious for an update on the search for the interim Chief Financial Officer. Grant Heston, Vice President for Communications and Marketing and Chief of Staff, said the university is working with the Association of Governing Boards on finding a long-term Interim Chief Financial Officer and Interim Chief Operating Officer. Lord asked whether the search was being treated as a 911 and whether the university pushing to conclude the search. Heston confirmed.

The committee unanimously approved the request for \$20 million E&G carryforward funds for deferred maintenance as outlined in Attachment B and \$60.6 million E&G carryforward funds as outlined in Attachment C.

Martins adjourned the Finance and Facilities Committee meeting at 9:38 a.m.

Reviewed by:

Alex Martins Date
Chair, Finance and Facilities Committee

Respectfully submitted :

Grant J. Heston Date
Associate Corporate Secretary



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
FAIRWINDS Alumni Center
March 21, 2019

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 11:15 a.m. Committee members Josh Boloña, Robert Garvy, John Lord, David Walsh, and Bill Yeargin were present. John Sprouls attended by teleconference. Trustees Ken Bradley, Joseph Conte, Danny Gaekwad, Beverly Seay, and Bill Self were present.

MEETING MINUTES

The minutes of the January 24, 2019, Finance and Facilities Committee meeting were approved as submitted.

NEW BUSINESS

Update Signature Authority for Checks (FFC-1)

Robert Caslen, Senior Counsel to the President, presented for approval the removal of three individuals from the list of designated personnel with signature authority for checks and the addition of one individual. William Merck, Tracy Clark, and Christina Tant are not currently working for UCF and need to be removed. Phillip Henson, Director, Finance and Accounting, needs to be added. The addition of Henson would give the university three authorized check signers: Joel Levenson, Associate Controller; Tera Alcalá, Associate Controller; and Henson.

The committee unanimously approved the request to remove Merck, Clark, and Tant from the list of designated personnel with signature authority for checks and add Henson.

Autonomous Vehicle Shuttle Service and Minor Amendment to Align Campus Master Plan Update (FFC-2)

Misty Shepherd, Interim Vice President for Administrative Affairs and Operations, and Elizabeth Klonoff, Vice President for Research and Dean of the College of Graduate Studies, presented for approval:

1. The deployment and research of autonomous vehicles (AV) shuttles on campus; allowing reasonable discretion to the Primary Investigator and advising UCF departments (Office of Research and Commercialization, Facilities Planning and Construction, Environmental Health and Safety, Transportation, Police, etc.), with regard to safety, scheduling, routes, and other factors.

2. A minor amendment to the 2015-25 Campus Master Plan Update (2015 CMP) to update the Transportation element to support the deployment of an autonomous vehicle (AV) shuttle service on campus as part of UCF's multi-modal transit system.

In 2018, UCF partnered with the Florida Department of Transportation (FDOT) for an Advanced Transportation and Congestion Management Technologies Deployment (ATCMTD) grant. FDOT was awarded \$11.9 million dollars, from which UCF will benefit through subsequent grant-funded projects.

UCF Facilities Planning and Construction (FP&C), Transportation and Parking, the Police, and Environmental Health and Safety (EH&S) met to propose AV shuttle routes to the Primary Investigator, Dr Mohamed Abdel-Aty, Chair of Civil, Environmental, and Construction Engineering.

Three routes were proposed, subject to change as the specifics of the grant proposal develop. Aligning the CMP with recommended routes would improve linkages between modes of travel and improve transit service within the campus core. Charging stations for the AV shuttles are proposed within the walled service yard of Health and Public Affairs I (Building 80). At the University Master Planning Committee (UMPC) meeting on February 10, 2019, Dr. Abdel-Aty presented the project; Renee Michel, Director of EH&S, voiced the support of the Office of Research; and FP&C presented the Minor Amendment and route recommendations. The UMPC unanimously approved.

Shepherd said that in order to enter into the next steps of an Invitation to Negotiate (ITN) for the provider of the autonomous shuttles, the university needs to revise the campus master plan to identify the three chosen shuttle routes. These revisions require the approval of the committee and the board.

Klonoff said this project has been in the works for several years. UCF receives about \$9 million in a flow-through from the FDOT, in cooperation with the City of Orlando and other local universities. UCF will be obtaining data on the use and effectiveness of autonomous vehicles. The committee is being asked today to approve a revision in the campus master plan that identifies the exact AV routes.

Klonoff added the data collection is for three years, while the CMP is for five years. The university UMPC felt it made sense for the board to approve this because the three-year commitment represented a large proportion of the master plan time period. She added the requested approval is only for the AV routes. There is no capital construction required by UCF. The FDOT will purchase the vehicles and handle the insurance.

Chair Martins stated for the record that he had spoken to staff at length, and he wants to clarify that this is not a capital project and no university funds are being used. Klonoff added that UCF students and postdoctoral students will be working on the project, but FDOT is paying for the vehicles and all associated expenses.

Trustee Boloña asked why those three routes were chosen. Susan Hutson, Assistant Director of Facilities Planning and Construction, said the UCF transportation systems do not address getting students, staff, and faculty from one type of transportation to other places on campus. Almost all shuttle stops are at the perimeter of campus. The Campus Master Plan states the university will

improve the transportation of people into the academic core of campus. These AV routes provide that access. One route is from a LYNX station to a shuttle station., the second route is from a shuttle station to the Student Union and the library, and the third is from the Student Union to Knights Plaza. ADA-friendly vehicles also will be used.

Shepherd added that Facilities and the Police Department also provided input on the placement of the three routes.

Boloña asked if more handicapped parking spaces will be added to the parking lots contained within the AV routes, given the ADA-friendly vehicles. Kris Singh, Director of Parking and Transportation Services, said that the 2020 Campus Master Plan moves general parking currently located on the inner core to outside parking. The inner core space is being devoted to the AVs and handicapped parking.

Chairman Garvy asked to what degree have they analyzed unintended consequences, such as bicycles and skateboards. Klonoff said that the goal of the data to be collected is just that. She has been told that the sensors in the vehicles are more accurate than golf carts being driven by a human, and the AVs should be safer. Singh added that the AV routes are separate from pedestrian routes (where skateboarders and bicyclists are permitted), so there should not be any interference.

Garvy also asked if the insurance coverage was approved by General Counsel. Shepherd said the CMP amendment must be approved before an ITN can be issued to obtain the providers for the AVs and subsequent insurance. The university will bring the insurance policy back to the committee for final approval.

Trustee Yeargin asked if the university can receive indemnification from the state, and Shepherd and Klonoff reiterated they cannot proceed with obtaining insurance until the CMP amendment is approved, but General Counsel can ensure the ITN is written to specify what insurance protections the university needs.

Trustee Walsh asked if the AV shuttles are in conflict with the regular shuttle service on campus. Singh confirmed that they would not be. Walsh also requested a sentence in the ITN for the insurance company that states UCF is not responsible for the payment.

Trustee Self expressed his appreciation that this item came before the UMPC before being presented to the trustees.

The committee unanimously approved 1) the deployment and research of autonomous vehicles (AV) shuttles on campus; allowing reasonable discretion to the Primary Investigator and advising UCF departments (Office of Research and Commercialization, Facilities Planning and Construction, Environmental Health and Safety, Transportation, Police, etc.), with regard to safety, scheduling, routes, and other factors, and 2) a minor amendment to the 2015-25 Campus Master Plan Update (2015 CMP) to update the Transportation element to support the deployment of an autonomous vehicle (AV) shuttle service on campus as part of UCF's multi-modal transit system.

Investments Quarterly Report Ended December 31, 2018 (INFO-1)

Caslen introduced Brad Hodum, Interim Controller, who provided an update on the UCF investments portfolio for the quarter that ended December 31. Hodum stated that the university's portfolio had a \$9.9 million loss for the quarter. However, it rebounded and had gains of \$7.3 million in January and another \$2.9 million in gains in February, so the portfolio is now at a small gain overall. He also said the portfolio was rebalanced in October, and \$10.4 million was moved from equities into fixed income. In addition, on January 31, 2019, \$24.3 million of unrealized gains was realized.

Martins highlighted to the committee that the portfolio met all of the standards on the structured investment portfolio investment policy compliance checklist.

Garvy asked if following the sale of securities if the equities percentage remained the same, particularly in Pool IV.

Troy Brown, Executive Director of &Co (the university's portfolio manager), said the rebalancing in October was a sale and then subsequent transfer to fixed income, which moved the equities in Pools III and IV back to their target allocation. The January 31 realization of gains was a simultaneous sale and repurchase, working with their partner Vanguard. This was a shift from unrealized to realized, so no change in the overall equity portfolio occurred.

Trustee Seay said these realized gains are what she referenced at last week's meeting for the refunding of E&G funds used for Trevor Colburn Hall.

Garvy asked if allocations for Pool IV at the end of February are consistent with the end of December, and Brown confirmed that they were.

Walsh asked if the realization of gains was on the report. Brown said no, because that action took place in January, but this report is for the period that ended December 31.

No Fee Increases for 2019-20 (INFO-2)

Caslen presented for informational purposes that no fees are being increased for 2019-20. The university is committed to keeping costs as low as possible for students and their families, while maintaining a high-quality education. This allows students to complete their undergraduate education with as little debt as possible. When tuition and fees do not increase, students may not have to work as much while they are enrolled, allowing time to focus more on their education and graduate sooner.

Two areas did request fees but were denied by the President's Office:

- The College of Medicine requested a three percent increase in the medical school tuition rate.
- UCF Online requested:
 - to rescind the partial waiver of the non-resident fee for online student; and
 - to raise the Distance Learning fee from \$18 per credit hour to \$30 per credit hour to match other State University System institutions.

Steve Omli, Assistant Dean of Medical School Finances, said this is the fifth year the College of Medicine revenues have stayed flat, yet costs are increasing, and they have hired additional

faculty. Also, the College's revenue is independent from the rest of the university. The three percent raise would still put them below the 25th percentile nationally for tuition rates and the lowest in the state. He said it is important for them to find a way to increase their recurring E&G revenue going forward.

Martins asked for the impact on these programs for the coming year because of the fee requests being denied. Omli said they are developing their budget now, and they are considering not filling open faculty and staff positions.

A robust dialogue with input and questions from all the trustees discussing if the College of Medicine and UCF Online fees could potentially be raised for 2019-20 followed. It was decided based on feedback from Provost Elizabeth Dooley and Interim President Thad Seymour to wait until the next academic year to pursue fee increases so the information could be properly researched, organized, and presented to the trustees with ample time to review.

Technology Fee Update (INFO-3)

Joel Hartman, Vice President for Information Technologies and Resources and Chief Information Officer, and Dooley presented as an information item a summary of the disbursement of the technology fee dollars for 2018-19 and prior years. Total funding of \$18,755,019 was requested for 2018-19, of which \$7,248,742 was awarded to 16 colleges or units.

Hartman said that the Technology Fee was authorized by the Florida Legislature in 2007 and adopted by the UCF Board of Trustees effective in 2009-10. The purpose of the fee is to fund instructional technology resources for students and faculty. The Technology Fee Committee submits an RFP campus-wide each fall. The proposals submitted are reviewed and ranked by the committee, which consists of 16 members: Eight undergraduate and graduate students, four faculty members, one representative from the Faculty Center for Teaching and Learning, two representatives from Information Technology and Resources, and then Hartman serves as the non-voting Chair.

The committee received 94 proposals requesting more than \$18.7 million in resources. They were able to fund 45 proposals.

Martins clarified this is the awarding of the dollars accumulated from the Technology Fee, not a fee increase request.

Campus Master Plan Public Comment Meeting Minutes (INFO-4)

Shepherd and Bill Martin, Director of Facilities Planning, presented as an information item the minutes from the December 19, 2018 Campus Master Plan Public Comment meetings. Trustee Bradley asked if the meetings are open to anyone. Martin confirmed that they were, and Martins added the attendees tend to be neighbors. Martin added it is primarily neighbors to the east of campus.

2018 Capital Projects Summary (INFO-5)

Martins requested that because of time constraints this item be tabled and presented at the next Finance and Facilities Committee meeting, allowing sufficient time to discuss it.

He also said he has attempted a tour of those buildings for the trustees. He is still interested in having that tour and one of the UCF Downtown Campus prior to its opening. He will work with staff to schedule those.

OTHER BUSINESS

L3 Building Lease

Trustee Walsh requested that the arm’s-length lease between the university and the UCF Foundation for occupancy of the L3 Building, a condition of the trustees approving the L3 Building purchase at the August 15, 2018, Finance and Facilities Committee meeting, be brought to the committee for approval before it is signed. Scott Cole, Vice President and General Counsel, said the lease will not be signed until it is approved by the board. Martins asked that the lease be placed on the agenda for the next committee meeting.

(Note: In the afternoon’s board meeting, Cole clarified that the lease had been signed but he would work with the UCF Foundation to provide a copy of the lease agreement at the next Finance and Facilities Committee Meeting.)

Martins adjourned the Finance and Facilities Committee meeting at 12:15 p.m.

Reviewed by:

Alex Martins Date
Chair, Finance and Facilities Committee

Respectfully submitted :

Grant J. Heston Date
Associate Corporate Secretary

ITEM: FFC- 1

**UCF BOARD OF TRUSTEES
Finance and Facilities Committee
April 17, 2019**

Title: Lockheed College Work Experience Program Contract Amendments

Background:

UCF and Lockheed executed the current College Work Program Blanket Contract (CWEP Contract) January 1, 2017, with a term ending December 31, 2021. Under the CWEP Contract, Lockheed funded \$5,000,000 to UCF in 2017, and \$5,000,000 in 2018.

An amendment to Lockheed Purchase Order #4102886387 was issued February 11, 2019, to provide an additional \$8,500,000, for a total funded value of \$18,500,000, and with a total anticipated value for the CWEP Contract \$28,500,000. Another amendment was issued February 12, 2019, to update certain text, and another amendment was issued March 1, 2019, to remove certain text.

Issues to be Considered:

(1) CWEP Program

- CWEP provides an opportunity for undergraduate and graduate students to gain real-world work experience relevant to their academic and career goals while maintaining full-time enrollment with UCF.
- Funding provides UCF students with a year-round paid opportunity with training experience on the cutting edge of technology.
- CWEP Facts:
 - Established by Martin Marietta in 1981
 - Over 3,000 student headcount since 2003
 - Over 700 students participated in 2018
 - Over \$93 million funded since 1988
- UCF Stakeholders:
 - SDES and Career Services
 - College of Engineering and Computer Science
 - Office of Research
 - Finance and Accounting
- CWEP Impact:
 - Lockheed Martin hires more graduates from UCF than any other university
 - UCF First Destination Survey (FDS) data says:
 - Lockheed Martin is the #1 employer for UCF College of Engineering and Computer Science and College of Business grads
 - Lockheed Martin is the # 4 employer for all UCF majors

**CWEP History prepared by Mark Greenwood, Program Manager, UCF Career Services*

(2) CWEP Contract

- CWEP student participants (“Students”) are UCF employees, with attendant employer-employee risks including Workers’ Compensation and General Liability risks.
- Lockheed Martin owns all Student’s intellectual property with no UCF license.

- Students are assigned to work at Lockheed Martin Missiles and Fire Control facilities, with all/some directly charging work time to a U.S. Government contract.
- UCF CWEP Contract obligations include Students' compliance matters, such as:
 - Prohibiting Students from bringing any software to Lockheed Martin facilities
 - Performing drug screening and background checks
 - Obtaining required security clearances
 - Complying with Lockheed Martin Supplier Code of Conduct
 - Complying with export control laws and regulations
 - Complying with Lockheed Martin premises rules and restrictions
 - Complying with confidentiality obligations
- CWEP Contract may be terminated for convenience

Alternatives to Decision:

Approve execution of Lockheed Purchase Order #4102886387 Amendment Numbers 2, 3, and 4 *or*

Reject execution of Lockheed Purchase Order #4102886387 Amendment Number 2, 3, and 4.

Fiscal Impact and Source of Funding:

Approval: UCF receives \$8,500,000 funding from Lockheed for the CWEP program.

Recommended Action:

Approve Lockheed Purchase Order #4102886387 Amendment Numbers 2, 3, and 4.

Authority for Board of Trustees Action:

Board of Governors' Regulation 1.01

Board of Governors' Sponsored Research Regulation 10.002

Committee Chair or Chairman of the Board approval:

Approved by Chair Alex Martins.

Submitted by:

Elizabeth Klonoff, Vice President for Research and Dean of the College of Graduate Studies

Supporting Documentation:

Attachment A: Purchase Order #4102886387 Amendment Number 4

Attachment B: Purchase Order #4102886387 Amendment Number 3

Attachment C: Purchase Order #4102886387 Amendment Number 2

Attachment D: Purchase Order #4102886387 Amendment Number 1

Attachment E: College CWEP Program Blanket Contract

Facilitators/Presenters:

Sandra Sovinski, Deputy General Counsel for Research



Purchase Order: 4102886387

Amendment Number: 4

Order Date: 03/01/2019

Missiles & Fire Control

Document Type: Contract Labor
Status: In Process

Buyer:

Missiles & Fire Control
L001
1701 West Marshall Drive
GRAND PRAIRIE TX 75051-2704
USA

Order Contact: Rochelle Rose
Buyer ID: SSQ
Phone: 407/356-3194
FAX:
E-mail: rochelle.rose@lmco.com

Seller:

Vendor ID: LM0019962
THE UNIVERSITY OF CENTRAL FLORIDA
BOARD OF TRUSTEES
12201 RES PKWY STE 501
ORLANDO FL 32826
USA

Bill To:

Seller shall use Vendor Invoice Processor (VIP). See below for additional info.

Ship To:

CAUTION: This PO may contain multiple items with differing ship-to addresses. See individual items for shipping addresses and instructions.

Terms of Sale:

Pay immediately without deduction

Total Purchase Order Value

18,500,000.00 USD

This transmittal is signed electronically by the procurement representative or buyer identified; Upon acknowledgement by seller, this transmittal is signed electronically by Seller authorized representative; written signature not required if signed electronically.

Lockheed Martin
Authorized Procurement Representative
Electronically signed by:

Accepted By:
Seller Authorized Representative
Electronically signed by:

Rochelle Rose **Date:** 03/01/2019

Date:



Purchase Order: 4102886387

Amendment Number: 4

Order Date: 03/01/2019

Notes

This Purchase Order and attachment(s), if any, are being transmitted electronically and executed by electronic signature in lieu of a hard copy Purchase Order/release and is the only document that the Seller will receive. By receipt and acknowledgment of this Purchase Order, or by performance, Seller agrees that this electronic Purchase Order shall have the same force and effect as if executed and sent in hard copy. Both parties agree that the validity of this Purchase Order shall not be contested on the basis that this Purchase Order contains an electronic signature. Seller certifies that those representations and certifications contained in the referenced terms and conditions are current and accurate.

Except as hereby amended by this amendment, all terms and conditions of this purchase order including previous amendments, if any, remain in effect and are applicable to this amendment. The total amount shown on this document reflects the value of the entire purchase order, not just the elements changed by this amendment.

Ethics Statement:

Lockheed Martin values relationships that are grounded in a shared commitment to performing in accordance with the highest standards of professional business conduct and encourages all suppliers to implement an effective ethics program, including adopting a written code of conduct. In performance of this Contract, both parties are expected to conduct themselves in a manner consistent with the principles expressed in either the Lockheed Martin's Supplier Code of Conduct, available at <http://www.lockheedmartin.com/us/suppliers/ethics.html>, or the Defense Industry Initiative Model Supplier Code of Conduct available at <https://www.dii.org/featured-tools>. Should you have any questions, wish to use our training materials, or observe conduct contrary to the principles set forth in the Codes referred to above, please do not hesitate to call the Lockheed Martin ethics helpline at 1-800-LM-ETHIC (1-800-563-8442).

Lockheed Martin's Commitment to Sustainability:

Sustainability is a key element of our business model for innovation and growth. It allows us to operate efficiently and exceed customer needs, which are important aspects of our long-term business planning. Sustainable thinking permeates wide-ranging strategies in areas such as technology research and development, talent management, facilities operations and supply chain management.

Lockheed Martin has established a sustainability strategy that integrates environmental, social and governance stewardship into all aspects of our business. Suppliers are key to our ability to achieve success in sustainability. To learn how you can partner with us to drive responsible growth and maintain high standards please visit our Sustainable Supply Chain Management website at <http://www.lockheedmartin.com/us/suppliers/sustainable-supply-chain.html>

We also invite you to review our Sustainability Report at <http://www.lockheedmartin.com/sustainability> to learn more about Lockheed Martin's objectives.

Suggestions or questions regarding our sustainability strategy can be sent to <mailto:sustainability.lm@lmco.com>.



Purchase Order: 4102886387

Amendment Number: 4

Order Date: 03/01/2019

Bill To Statement:

Seller will implement and utilize Lockheed Martin's Vendor Invoice Processor (VIP) invoicing system. This is a web-based system that is accessible through the internet. Lockheed Martin will provide each Seller employee with VIP access and VIP role in order to enter their billable hours, non-labor invoicing and appropriate charge number directly into VIP. Seller has a responsibility to maintain an accurate Exostar Vendor Master profile. Seller will grant LM Procure to Pay (LM P2P) access under Exostar's Managed Access Gateway for each user requiring access to VIP. Lockheed Martin will then provide each Seller employee with access to VIP and create their VIP role so they can enter their billable time into VIP weekly. Seller shall submit their information according to the deadlines provided by the responsible Lockheed Martin buyer in order to be processed in the weekly payment run. Seller may delegate the responsibility to enter VIP information to a backup "data entry" employee to ensure information is submitted in time for weekly processing as the electronic VIP invoice used by Lockheed Martin to pay the Seller for services rendered. Seller shall also invoice non-labor cost and supporting documentation through the VIP system. In utilizing the VIP system, Seller's employees (biller, data entry, and approver) attest that the work effort recorded is accurate and complete.

All invoicing for this purchase order will be completed using the Vendor Invoice Processor (VIP) system. Seller is responsible for the accuracy of all information entered into the VIP system by their employees, and Seller shall regularly reconcile the contract-to-date billing through VIP to Seller's government approved accounting/billing system. Any adjustments/corrections shall be promptly corrected within VIP and submitted for processing.

PO Header Text:

Header text:

LOCKHEED MARTIN MISSILES AND FIRE CONTROL IS AWARDING THIS PURCHASE ORDER 4102886387 TO UNIVERSITY OF CENTRAL FLORIDA IN SUPPORT OF THE COLLEGE WORK EXPERIENCE PROGRAM (CWEP).

THE ANTICIPATED VALUE OF THIS PURCHASE ORDER IS \$25,000,000.00 OVER A FIVE YEAR PERIOD INCLUDING OPTIONS. FUNDING IS CURRENTLY LIMITED TO \$18,500,000.00. SELLER IS NOT AUTHORIZED TO EXPEND MONEY OR INCUR OBLIGATIONS IN EXCESS OF \$18,500,000.00 WHICH IS THE MAXIMUM LIABILITY OF LMMFC UNDER THIS PURCHASE ORDER.

LOCKHEED MARTIN RESERVES THE UNILATERAL RIGHT TO EXERCISE THE OPTIONS IDENTIFIED HEREIN AT THE PRICE STATED FOR EACH OF THE OPTIONS. LOCKHEED MARTIN SHALL EXERCISE THESE OPTIONS BY WRITTEN NOTICE TO SELLER AT ANY TIME UP TO THE OPTION EXPIRATION DATE. LOCKHEED MARTIN SHALL NOT BE LIABLE TO SELLER IN ANY MANNER IN THE EVENT OPTIONS ARE NOT EXERCISED.

OPTION NAME: OPTION 2020
 OPTION EXPIRATION DATE: JANUARY 31, 2020
 OPTION PRICE (TOTAL): \$5,000,000.00

THE FOLLOWING IS THE ANITICIPATED SCHEDULE OF RELEASES:

BASE YEAR: \$5,000,000.00 UPON CONTRACT AWARD



Purchase Order: 4102886387

Amendment Number: 4

Order Date: 03/01/2019

OPTION 1: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2018
OPTION 2: \$8,500,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2019
OPTION 3: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2020
OPTION 4: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2021

PERIOD OF PERFORMANCE SHALL BEGIN UPON CONTRACT AWARD AND SHALL END ON DECEMBER 31, 2021.

THIS PO SERVES AS A VEHICLE TO FACILITATE THE ACCUMULATION OF BILLING EXPENDITURES. ALL CWEP PARTICIPANTS WILL ENTER THEIR TIME INTO THE LOCKHEED MARTIN APPROVED PROCUREMENT SYSTEM P2P VIA THE VIP TIME KEEPING DATABASE. THE HOURS ARE APPROVED IN ADVANCE BY THE LOCKHEED MARTIN MANAGER AND CANNOT EXCEED THOSE ESTABLISHED IN THE CONTRACT.

TERMS AND CONDITIONS AND RATES ARE PER "COLLEGE WORK PROGRAM BLANKET CONTRACT" DATED 02/21/2017, AND AMENDMENTS, MADE A PART HEREOF BY REFERENCE.

PO Version Documentation:

Modification 04

Remove tax from line item RR 3-1-19

Modification 03

Updated header text RR 2-12-19

Modification 02

Added \$8,500,000.00 of funding to cover until the January 31,2020. This increases the anticipated value for contract from \$25,000,000.00 to\$28,500,000.00

Previous PO Value = \$10,000,000.00

Dollar value of Revision 002 = \$8,500,000.00

New Total PO value = \$18,500,000.00

Buyer has the right to exercise 2 year option before the

POP expires on January 31,2020.

RR 2-11-19

Modification 01

Added \$5,000,000 of funding to cover until the January 31,2019.

Previous PO Value = \$5,000,000.00

Dollar value of Revision 001 = \$5,000,000.00

New Total PO value = \$10,000,000.00

Buyer has the right to exercise 1 year option before the

POP expires on January 31,2019.

RR 1-25-18

Terms and Conditions Text:

The Terms and Conditions listed below are incorporated by reference and



Purchase Order: 4102886387

Amendment Number: 4

Order Date: 03/01/2019

made a part of this Contract. Unless otherwise limited in this Contract, each document applies in its entirety. Copies of Terms and Conditions referenced in this Contract may be obtained from the Lockheed Martin web address <http://www.lockheedmartin.com/us/suppliers/tandc.html> or the Lockheed Martin procurement representative.

Doc Number: PER AGREEMENT W/UCF Revision Date: Form/Exhibit:
Title:

Tax Cert URL:
<http://www.lockheedmartin.com/content/dam/lockheed/data/corporate/documents/p2p/44direct.pdf>

Line	Item	Quantity	Unit	Price	Price Unit	Currency	Item Total
1		1.000	Activ.unit	18,500,000.00	1	USD	18,500,000.00

Item Description

Description: Contract Labor
Part Revision Number (if applicable): N/A

Service Details

Line	Service	Description	Quantity	Unit	Gross Price	Currency	Item Total
10		Contract Labor	1.000	Activ.unit	18,500,000.00	USD	18,500,000.00

Schedule

Quantity: 1.000 Activ.unit	Contract Delivery Schedule: 01/31/2020
-------------------------------	--

NAICS: North American Industry Classification System

NAICS information is not available or is not applicable.

Item Ship to

Lockheed Martin Corporation
1701 W. Marshall Drive
GRAND PRAIRIE TX 75051-3601
USA

DPAS Rating / Prime Contract



Purchase Order: 4102886387

Amendment Number: 4

Order Date: 03/01/2019

Quantity	Prime Contract	DPAS
1.000		
Line item Contract Type, Status		
TIME AND MATERIAL		DEFINITIZED.
FOB		
FOB (F.O.B. Origin Freight Collect) SEE PO TEXT FOR ROUTING URL		
Carrier		
Shipping on all 150+ pound orders will now be initiated through Allyn International (https://ala.allynintl.com/). For all other orders, please view account numbers and business import/export contacts at https://procure.external.lmco.com/irj/portal/LMRoutingGuides by logging into Exostar > LMP2P > LM Routing Guides link on left.		
Tax		
Exemption Desc: Taxable		
PO Codes (See Appendix A for PO Code Notes)		
Notes ID:100/Qualifier Code:P ADDITIONAL TERMS AND CONDITIONS AND TAX INFORMATION Notes ID:111/Qualifier Code:P MFC ESH CONTRACTOR MANUAL AND ORIENTATION		
Notes		
<p>*****</p> <p>Appendix A: PO Code Notes</p> <p>*****</p> <p>Notes ID:100/Qualifier Code:P 26 February 2018</p> <p>1.,,Terms and conditions</p> <p>1.1.,,When reviewing this purchase order in P2P, Supplier may: "accept"<(>,<)> "reject"</p> <p>In the event that you "acknowledge with comments", your comments will have no force and affect on the contract unless specifically agreed to, in writing, by the Lockheed Martin buyer. Acknowledgement with comments acts as an acceptance of Lockheed Martin terms and conditions and</p>		



Purchase Order: 4102886387

Amendment Number: 4

Order Date: 03/01/2019

purchase order notes. In the event that you have an issue with the purchase order as issued, defer taking further action until contacting the buyer and resolving the issue.

1.2.,,Seller agrees that the manufacturing and/or fabrication of work being delivered under this contract will be performed at the location indicated on the Seller response to the solicitation and will not be moved to another production facility without the prior express written approval of Lockheed Martin.

1.3.,,Advance notification from Supplier on production changes; the Seller shall make no changes to work under this contract including any change in design, manufacturing process, materials, or otherwise which may affect form, fit, or function of the work without prior notification to and approval by the Lockheed Martin Procurement Representative. Such notification shall consist of detailed drawings clearly defining such changes and the date such changes are proposed to be effective. Such notification shall not constitute approval of the proposed change nor relieve Seller of Seller's obligation to comply with requirements contained in this contract. If the proposed change is approved, the change shall be incorporated into this contract by amendment.

1.4.,,It is incumbent upon the Seller to ensure that their EXOSTAR profile is current.

1.5.,,1.5. If this order involves delivery of hazardous material, packaging and shipment of such material must comply with Department of Transportation regulations, title 49 CFR, and the OSHA hazard communication standard CFR 1910.1200. A safety data sheet (SDS) must be provided to the buyer by the Seller as a condition of this order.

Seller shall enter buyer's purchase order number on the top right of first page of the SDS. The warning label required by 29 CFR 1910.1200 shall not be obscured by other stamps or labels.

1.6.,,When a SDS is required, Seller shall mail it separately, before material is shipped the first time, to the applicable address below. A SDS must also accompany every shipment. All locations are part of Lockheed Martin Missiles and Fire Control: purchase order from:

Camden, Arkansas; send SDS to: ESH Mgr, M143 bldg., PO Box 1015,
Camden, AR 71711

Dallas, Texas; send SDS to: ESH Mgr, M/S: ESH-00, PO Box 650003



Purchase Order: 4102886387

Amendment Number: 4

Order Date: 03/01/2019

Dallas, TX 75265-0003

Lufkin, Tx; send SDS to: Safety Mgr, PO Box 150340, Lufkin, TX 75915

Chelmsford, MA; send SDS to: Safety Mgr, 16 Maple Road, Chelmsford, MA 01824

White Sands Missile Range, NM; send SDS to: LM Missile and Fire Control, ESH Mgr, PO Box 57, Mail Station WSM-57, White Sands Missile Range, NM 88002

Troy, AL ; Send SDS to: ESH Manager, 5500 County Road 37, Troy, AL 36081

1.7.,,"Labeling requirements, ozone-depleting substances" new Federal EPA Regulations, pursuant to the Clean Air Act Amendments of 1990, Title VI, require labeling of all containers of, and all products containing or manufactured with, specific ozone-depleting substances. Submission of a proposal, or acceptance of this order is certification that the labeling requirements of section 611 of the Clean Air Act as implemented by 40 CFR part 82, Subpart E have been complied with.

1.8.,,The Seller shall notify the buyer in writing within 24 hours of termination of employment of any employee who has been granted access to the buyer's workgroup collaboration system (Livelink).

1.9.,,Notwithstanding any other provision of this contract, facilitating payments as defined in the united states foreign corrupt practices act (15 U.S.C. §§ 78dd-1, et seq.) Shall not me made by Seller in connection with the performance of this contract.

2.,,Shipping/Packaging Information

2.1. Requirements that are identified herein as FOB shipping point require Seller interface with Lockheed Martin transportation prior to hardware or item shipment. The buyer will not pay for shipping expenses that are arranged by the Seller and invoiced to the buyer. Detailed shipping instructions are located at the Lockheed Martin P2P portal <https://procure.external.lmco.com/irj/portal/lmroutingguides> you will be prompted to logon to EXOSTAR before accessing this URL.

2.2.,,Each line item on the purchase order must be shipped in separate packaging. This is essential and necessary to meet requirements even though part numbers may be the same for two separate line items.



Purchase Order: 4102886387

Amendment Number: 4

Order Date: 03/01/2019

Individual line items are generated by the buyer to support both commercial and government requirements and may require different processing before final delivery to the customer.

2.3.,,If any item on this order is to be shipped in place or drop shipped to a location other than Lockheed Martin Missiles and Fire Control, the Seller shall complete the Inbound Delivery and Barcode per paragraph 2.4. The Seller shall furnish to the Buyer a copy of the shipping document/packing slip.

2.4. Barcode:

''

The LMP2P SHIP TO LMC guidebook is located:

<http://www.myexostar.com/WorkArea/DownloadAsset.aspx?id=315>

To directly access the Exostar P2P Portal link go to
<https://portal.exostar.com>

The following Barcode requirements shall apply to all Purchase orders.

The supplier shall print and supply two Barcode labels before shipping your product to Lockheed Martin. One label is to be attached to the container and the second label is to be attached to the packing slip.

The Barcode is created using the P2P "SHIP TO LMC" process. During the SHIP TO LMC process, an Inbound Delivery number will be created and displayed as part of the Barcode document. Creating the Inbound Delivery number is critical to processing the receipt and invoicing.

3. General Information:

3.1.,,For FAQs and LMP2P support guides, check out:

<http://www.myexostar.com/myexostarall.aspx?id=1362>

Thank you for your continued support.

Notes ID:111/Qualifier Code:P

(21 June 2017)

The Contractor

.,,Shall comply with all federal, state, county and city environmental, safety, health and fire standards.



Purchase Order: 4102886387

Amendment Number: 4

Order Date: 03/01/2019

.,,Shall comply with the Lockheed Martin Missiles and Fire Control environmental, safety and health contractor manual and the local site safety orientation

.,,Perform contracted work safely. Contractors that perform unsafe acts or create unsafe conditions may be subject to a stoppage of work until the unsafe condition is rectified to the satisfaction of the contract monitor. Stoppage of work for unsafe conditions will not constitute grounds for an adjustment to the contract.

*****OLD NOTE LANGUAGE*****
 (25 May 2010)

Contractors shall comply with all federal, state, and local environmental, safety, and health standards including but not limited to the following:

- (1) The occupational Safety and Health Standards (29 CFR 1910) - General Industry.
- (2) The Occupational Safety and Health Standards (29 CFR 1926) - Construction Industry.
- (3) Environmental protection Agency Standards (40 CFR).
- (4) The National Electric Code and NFPA 70E.
- (5) The NFPA 101 Life Safety Code.
- (6) All Lockheed Martin Missiles and Fire Control Environmental Safety and Health Policies as they apply to the work being performed. The applicable policies are available upon request.
- (7) The requirements in the Lockheed Martin Missiles and Fire Control Environmental, Safety and Health Contractor manual and orientation.

Contractors that perform unsafe acts or create unsafe conditions may be subject to a stoppage of work until the unsafe condition is rectified to the satisfaction of the Contract Monitor. Stoppage of work for unsafe conditions will not constitute grounds for an adjustment to the contract.

Total Purchase Order Value	18,500,000.00 USD
End of Document	

Attachment B



Purchase Order: 4102886387

Amendment Number: 3

Order Date: 02/12/2019

Missiles & Fire Control

Document Type: Contract Labor
Status: In Process

Buyer:

Missiles & Fire Control
L001
1701 West Marshall Drive
GRAND PRAIRIE TX 75051-2704
USA

Seller:

Vendor ID: LM0019962
THE UNIVERSITY OF CENTRAL FLORIDA
BOARD OF TRUSTEES
12201 RES PKWY STE 501
ORLANDO FL 32826
USA

Order Contact: Rochelle Rose
Buyer ID: SSQ
Phone: 407/356-3194
FAX:
E-mail: rochelle.rose@lmco.com

Bill To:

Seller shall use Vendor Invoice Processor (VIP). See below for additional info.

Ship To:

CAUTION: This PO may contain multiple items with differing ship-to addresses. See individual items for shipping addresses and instructions.

Terms of Sale:

Pay immediately without deduction

Total Purchase Order Value 18,500,000.00 USD

This transmittal is signed electronically by the procurement representative or buyer identified; Upon acknowledgement by seller, this transmittal is signed electronically by Seller authorized representative; written signature not required if signed electronically.

Lockheed Martin
Authorized Procurement Representative
Electronically signed by:

Accepted By:
Seller Authorized Representative
Electronically signed by:

Rochelle Rose **Date:** 02/12/2019

Date:



Purchase Order: 4102886387

Amendment Number: 3

Order Date: 02/12/2019

Notes

This Purchase Order and attachment(s), if any, are being transmitted electronically and executed by electronic signature in lieu of a hard copy Purchase Order/release and is the only document that the Seller will receive. By receipt and acknowledgment of this Purchase Order, or by performance, Seller agrees that this electronic Purchase Order shall have the same force and effect as if executed and sent in hard copy. Both parties agree that the validity of this Purchase Order shall not be contested on the basis that this Purchase Order contains an electronic signature. Seller certifies that those representations and certifications contained in the referenced terms and conditions are current and accurate.

Except as hereby amended by this amendment, all terms and conditions of this purchase order including previous amendments, if any, remain in effect and are applicable to this amendment. The total amount shown on this document reflects the value of the entire purchase order, not just the elements changed by this amendment.

Ethics Statement:

Lockheed Martin values relationships that are grounded in a shared commitment to performing in accordance with the highest standards of professional business conduct and encourages all suppliers to implement an effective ethics program, including adopting a written code of conduct. In performance of this Contract, both parties are expected to conduct themselves in a manner consistent with the principles expressed in either the Lockheed Martin's Supplier Code of Conduct, available at <http://www.lockheedmartin.com/us/suppliers/ethics.html>, or the Defense Industry Initiative Model Supplier Code of Conduct available at <https://www.dii.org/featured-tools>. Should you have any questions, wish to use our training materials, or observe conduct contrary to the principles set forth in the Codes referred to above, please do not hesitate to call the Lockheed Martin ethics helpline at 1-800-LM-ETHIC (1-800-563-8442).

Lockheed Martin's Commitment to Sustainability:

Sustainability is a key element of our business model for innovation and growth. It allows us to operate efficiently and exceed customer needs, which are important aspects of our long-term business planning. Sustainable thinking permeates wide-ranging strategies in areas such as technology research and development, talent management, facilities operations and supply chain management.

Lockheed Martin has established a sustainability strategy that integrates environmental, social and governance stewardship into all aspects of our business. Suppliers are key to our ability to achieve success in sustainability. To learn how you can partner with us to drive responsible growth and maintain high standards please visit our Sustainable Supply Chain Management website at <http://www.lockheedmartin.com/us/suppliers/sustainable-supply-chain.html>

We also invite you to review our Sustainability Report at <http://www.lockheedmartin.com/sustainability> to learn more about Lockheed Martin's objectives.

Suggestions or questions regarding our sustainability strategy can be sent to <mailto:sustainability.lm@lmco.com>.



Purchase Order: 4102886387

Amendment Number: 3

Order Date: 02/12/2019

Bill To Statement:

Seller will implement and utilize Lockheed Martin's Vendor Invoice Processor (VIP) invoicing system. This is a web-based system that is accessible through the internet. Lockheed Martin will provide each Seller employee with VIP access and VIP role in order to enter their billable hours, non-labor invoicing and appropriate charge number directly into VIP. Seller has a responsibility to maintain an accurate Exostar Vendor Master profile.

Seller will grant LM Procure to Pay (LM P2P) access under Exostar's Managed Access Gateway for each user requiring access to VIP. Lockheed Martin will then provide each Seller employee with access to VIP and create their VIP role so they can enter their billable time into VIP weekly. Seller shall submit their information according to the deadlines provided by the responsible Lockheed Martin buyer in order to be processed in the weekly payment run. Seller may delegate the responsibility to enter VIP information to a backup "data entry" employee to ensure information is submitted in time for weekly processing as the electronic VIP invoice used by Lockheed Martin to pay the Seller for services rendered. Seller shall also invoice non-labor cost and supporting documentation through the VIP system. In utilizing the VIP system, Seller's employees (biller, data entry, and approver) attest that the work effort recorded is accurate and complete.

All invoicing for this purchase order will be completed using the Vendor Invoice Processor (VIP) system. Seller is responsible for the accuracy of all information entered into the VIP system by their employees, and Seller shall regularly reconcile the contract-to-date billing through VIP to Seller's government approved accounting/billing system. Any adjustments/corrections shall be promptly corrected within VIP and submitted for processing.

PO Header Text:

Header text:

LOCKHEED MARTIN MISSILES AND FIRE CONTROL IS AWARDING THIS PURCHASE ORDER 4102886387 TO UNIVERSITY OF CENTRAL FLORIDA IN SUPPORT OF THE COLLEGE WORK EXPERIENCE PROGRAM (CWEP).

THE ANTICIPATED VALUE OF THIS PURCHASE ORDER IS \$25,000,000.00 OVER A FIVE YEAR PERIOD INCLUDING OPTIONS. FUNDING IS CURRENTLY LIMITED TO \$18,500,000.00. SELLER IS NOT AUTHORIZED TO EXPEND MONEY OR INCUR OBLIGATIONS IN EXCESS OF \$18,500,000.00 WHICH IS THE MAXIMUM LIABILITY OF LMMFC UNDER THIS PURCHASE ORDER.

LOCKHEED MARTIN RESERVES THE UNILATERAL RIGHT TO EXERCISE THE OPTIONS IDENTIFIED HEREIN AT THE PRICE STATED FOR EACH OF THE OPTIONS. LOCKHEED MARTIN SHALL EXERCISE THESE OPTIONS BY WRITTEN NOTICE TO SELLER AT ANY TIME UP TO THE OPTION EXPIRATION DATE. LOCKHEED MARTIN SHALL NOT BE LIABLE TO SELLER IN ANY MANNER IN THE EVENT OPTIONS ARE NOT EXERCISED.

OPTION NAME: OPTION 2020

OPTION EXPIRATION DATE: JANUARY 31, 2020

OPTION PRICE (TOTAL): \$5,000,000.00

THE FOLLOWING IS THE ANITICIPATED SCHEDULE OF RELEASES:

BASE YEAR: \$5,000,000.00 UPON CONTRACT AWARD



Purchase Order: 4102886387

Amendment Number: 3

Order Date: 02/12/2019

OPTION 1: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2018
OPTION 2: \$8,500,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2019
OPTION 3: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2020
OPTION 4: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2021

PERIOD OF PERFORMANCE SHALL BEGIN UPON CONTRACT AWARD AND SHALL END ON DECEMBER 31, 2021.

THIS PO SERVES AS A VEHICLE TO FACILITATE THE ACCUMULATION OF BILLING EXPENDITURES. ALL CWEP PARTICIPANTS WILL ENTER THEIR TIME INTO THE LOCKHEED MARTIN APPROVED PROCUREMENT SYSTEM P2P VIA THE VIP TIME KEEPING DATABASE. THE HOURS ARE APPROVED IN ADVANCE BY THE LOCKHEED MARTIN MANAGER AND CANNOT EXCEED THOSE ESTABLISHED IN THE CONTRACT.

TERMS AND CONDITIONS AND RATES ARE PER "COLLEGE WORK PROGRAM BLANKET CONTRACT" DATED 02/21/2017, AND AMENDMENTS, MADE A PART HEREOF BY REFERENCE.

PO Version Documentation:

Modification 03

Updated header text RR 2-12-19

Modification 02

Added \$8,500,000.00 of funding to cover until the January 31,2020. This increases the anticipated value for contract from \$25,000,000.00 to\$28,500,000.00

Previous PO Value = \$10,000,000.00

Dollar value of Revision 002 = \$8,500,000.00

New Total PO value = \$18,500,000.00

Buyer has the right to exercise 2 year option before the

POP expires on January 31,2020.

RR 2-11-19

Modification 01

Added \$5,000,000 of funding to cover until the January 31,2019.

Previous PO Value = \$5,000,000.00

Dollar value of Revision 001 = \$5,000,000.00

New Total PO value = \$10,000,000.00

Buyer has the right to exercise 1 year option before the

POP expires on January 31,2019.

RR 1-25-18

Terms and Conditions Text:

The Terms and Conditions listed below are incorporated by reference and made a part of this Contract. Unless otherwise limited in this Contract, each document applies in its entirety. Copies of Terms and Conditions referenced in this Contract may be obtained from the Lockheed



Purchase Order: 4102886387

Amendment Number: 3

Order Date: 02/12/2019

Martin web address <http://www.lockheedmartin.com/us/suppliers/tandc.html>
 or the Lockheed Martin procurement representative.

Doc Number: PER AGREEMENT W/UCF Revision Date: Form/Exhibit:
 Title:

Tax Cert URL:
<http://www.lockheedmartin.com/content/dam/lockheed/data/corporate/documents/p2p/44direct.pdf>

Line	Item	Quantity	Unit	Price	Price Unit	Currency	Item Total
1		1.000	Activ.unit	18,500,000.00	1	USD	18,500,000.00

Item Description

Description: Contract Labor
 Part Revision Number (if applicable): N/A

Service Details

Line	Service	Description	Quantity	Unit	Gross Price	Currency	Item Total
10		Contract Labor	1.000	Activ.unit	18,500,000.00	USD	18,500,000.00

Schedule

Quantity: 1.000 Activ.unit	Contract Delivery Schedule: 01/31/2020		
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NAICS: North American Industry Classification System

NAICS information is not available or is not applicable.

Item Ship to

Lockheed Martin Corporation
 1701 W. Marshall Drive
 GRAND PRAIRIE TX 75051-3601
 USA

DPAS Rating / Prime Contract

Quantity	Prime Contract	DPAS
1.000		



Purchase Order: 4102886387

Amendment Number: 3

Order Date: 02/12/2019

Line item Contract Type, Status
TIME AND MATERIAL DEFINITIZED.
FOB
FOB (F.O.B. Origin Freight Collect) SEE PO TEXT FOR ROUTING URL
Carrier
Shipping on all 150+ pound orders will now be initiated through Allyn International (https://ala.allynintl.com/). For all other orders, please view account numbers and business import/export contacts at https://procure.external.lmco.com/irj/portal/LMRoutingGuides by logging into Exostar > LMP2P > LM Routing Guides link on left.
Tax
Exemption Desc: Taxable
PO Codes (See Appendix A for PO Code Notes)
Notes ID:100/Qualifier Code:P ADDITIONAL TERMS AND CONDITIONS AND TAX INFORMATION Notes ID:111/Qualifier Code:P MFC ESH CONTRACTOR MANUAL AND ORIENTATION
Notes
<p>*****</p> <p>Appendix A: PO Code Notes</p> <p>*****</p> <p>Notes ID:100/Qualifier Code:P 26 February 2018</p> <p>1.,,Terms and conditions</p> <p>1.1.,,When reviewing this purchase order in P2P, Supplier may: "accept"<(,<)> "reject"</p> <p>In the event that you "acknowledge with comments", your comments will have no force and affect on the contract unless specifically agreed to, in writing, by the Lockheed Martin buyer. Acknowledgement with comments acts as an acceptance of Lockheed Martin terms and conditions and purchase order notes. In the event that you have an issue with the purchase order as issued, defer taking further action until contacting the buyer and resolving the issue.</p>



Purchase Order: 4102886387

Amendment Number: 3

Order Date: 02/12/2019

1.2.,,Seller agrees that the manufacturing and/or fabrication of work being delivered under this contract will be performed at the location indicated on the Seller response to the solicitation and will not be moved to another production facility without the prior express written approval of Lockheed Martin.

1.3.,,Advance notification from Supplier on production changes; the Seller shall make no changes to work under this contract including any change in design, manufacturing process, materials, or otherwise which may affect form, fit, or function of the work without prior notification to and approval by the Lockheed Martin Procurement Representative. Such notification shall consist of detailed drawings clearly defining such changes and the date such changes are proposed to be effective. Such notification shall not constitute approval of the proposed change nor relieve Seller of Seller's obligation to comply with requirements contained in this contract. If the proposed change is approved, the change shall be incorporated into this contract by amendment.

1.4.,,It is incumbent upon the Seller to ensure that their EXOSTAR profile is current.

1.5.,,1.5. If this order involves delivery of hazardous material, packaging and shipment of such material must comply with Department of Transportation regulations, title 49 CFR, and the OSHA hazard communication standard CFR 1910.1200. A safety data sheet (SDS) must be provided to the buyer by the Seller as a condition of this order.

Seller shall enter buyer's purchase order number on the top right of first page of the SDS. The warning label required by 29 CFR 1910.1200 shall not be obscured by other stamps or labels.

1.6.,,When a SDS is required, Seller shall mail it separately, before material is shipped the first time, to the applicable address below. A SDS must also accompany every shipment. All locations are part of Lockheed Martin Missiles and Fire Control: purchase order from:

Camden, Arkansas; send SDS to: ESH Mgr, M143 bldg., PO Box 1015, Camden, AR 71711

Dallas, Texas; send SDS to: ESH Mgr, M/S: ESH-00, PO Box 650003 Dallas, TX 75265-0003

Lufkin, Tx; send SDS to: Safety Mgr, PO Box 150340, Lufkin, TX 75915



Purchase Order: 4102886387

Amendment Number: 3

Order Date: 02/12/2019

Chelmsford, MA; send SDS to: Safety Mgr, 16 Maple Road, Chelmsford, MA
01824

White Sands Missile Range, NM; send SDS to: LM Missile and Fire
Control, ESH Mgr, PO Box 57, Mail Station WSM-57, White Sands Missile
Range, NM 88002

Troy, AL ; Send SDS to: ESH Manager, 5500 County Road 37, Troy, AL
36081

1.7.,,"Labeling requirements, ozone-depleting substances" new Federal
EPA Regulations, pursuant to the Clean Air Act Amendments of 1990, Title
VI, require labeling of all containers of, and all products containing
or manufactured with, specific ozone-depleting substances. Submission
of a proposal, or acceptance of this order is certification that the
labeling requirements of section 611 of the Clean Air Act as implemented
by 40 CFR part 82, Subpart E have been complied with.

1.8.,,The Seller shall notify the buyer in writing within 24 hours of
termination of employment of any employee who has been granted access to
the buyer's workgroup collaboration system (Livelihood).

1.9.,,Notwithstanding any other provision of this contract, facilitating
payments as defined in the united states foreign corrupt practices act
(15 U.S.C. §§ 78dd-1, et seq.) Shall not me made by Seller in connection
with the performance of this contract.

2.,,Shipping/Packaging Information

2.1. Requirements that are identified herein as FOB shipping point
require Seller interface with Lockheed Martin transportation prior to
hardware or item shipment. The buyer will not pay for shipping expenses
that are arranged by the Seller and invoiced to the buyer. Detailed
shipping instructions are located at the Lockheed Martin P2P portal
<https://procure.external.lmco.com/irj/portal/lmroutingguides> you will
be prompted to logon to EXOSTAR before accessing this URL.

2.2.,,Each line item on the purchase order must be shipped in separate
packaging. This is essential and necessary to meet requirements even
though part numbers may be the same for two separate line items.

Individual line items are generated by the buyer to support both
commercial and government requirements and may require different
processing before final delivery to the customer.



Purchase Order: 4102886387

Amendment Number: 3

Order Date: 02/12/2019

2.3.,,If any item on this order is to be shipped in place or drop shipped to a location other than Lockheed Martin Missiles and Fire Control, the Seller shall complete the Inbound Delivery and Barcode per paragraph 2.4. The Seller shall furnish to the Buyer a copy of the shipping document/packing slip.

2.4. Barcode:

''

The LMP2P SHIP TO LMC guidebook is located:

<http://www.myexostar.com/WorkArea/DownloadAsset.aspx?id=315>

To directly access the Exostar P2P Portal link go to
<https://portal.exostar.com>

The following Barcode requirements shall apply to all Purchase orders.

The supplier shall print and supply two Barcode labels before shipping your product to Lockheed Martin. One label is to be attached to the container and the second label is to be attached to the packing slip.

The Barcode is created using the P2P "SHIP TO LMC" process. During the SHIP TO LMC process, an Inbound Delivery number will be created and displayed as part of the Barcode document. Creating the Inbound Delivery number is critical to processing the receipt and invoicing.

3. General Information:

3.1.,,For FAQs and LMP2P support guides, check out:
<http://www.myexostar.com/myexostarall.aspx?id=1362>

Thank you for your continued support.

Notes ID:111/Qualifier Code:P
(21 June 2017)

The Contractor

.,,Shall comply with all federal, state, county and city environmental, safety, health and fire standards.

.,,Shall comply with the Lockheed Martin Missiles and Fire Control environmental, safety and health contractor manual and the local site safety orientation



Purchase Order: 4102886387

Amendment Number: 3

Order Date: 02/12/2019

.,,Perform contracted work safely. Contractors that perform unsafe acts or create unsafe conditions may be subject to a stoppage of work until the unsafe condition is rectified to the satisfaction of the contract monitor. Stoppage of work for unsafe conditions will not constitute grounds for an adjustment to the contract.

*****OLD NOTE LANGUAGE*****

(25 May 2010)

Contractors shall comply with all federal, state, and local environmental, safety, and health standards including but not limited to the following:

- (1) The occupational Safety and Health Standards (29 CFR 1910) - General Industry.
- (2) The Occupational Safety and Health Standards (29 CFR 1926) - Construction Industry.
- (3) Environmental protection Agency Standards (40 CFR).
- (4) The National Electric Code and NFPA 70E.
- (5) The NFPA 101 Life Safety Code.
- (6) All Lockheed Martin Missiles and Fire Control Environmental Safety and Health Policies as they apply to the work being performed. The applicable policies are available upon request.
- (7) The requirements in the Lockheed Martin Missiles and Fire Control Environmental, Safety and Health Contractor manual and orientation.

Contractors that perform unsafe acts or create unsafe conditions may be subject to a stoppage of work until the unsafe condition is rectified to the satisfaction of the Contract Monitor. Stoppage of work for unsafe conditions will not constitute grounds for an adjustment to the contract.

Total Purchase Order Value	18,500,000.00 USD
End of Document	



Purchase Order: 4102886387

Amendment Number: 2

Order Date: 02/11/2019

Missiles & Fire Control

Document Type: Contract Labor
Status: In Process

Buyer:

Missiles & Fire Control
L001
1701 West Marshall Drive
GRAND PRAIRIE TX 75051-2704
USA

Seller:

Vendor ID: LM0019962
THE UNIVERSITY OF CENTRAL FLORIDA
BOARD OF TRUSTEES
12201 RES PKWY STE 501
ORLANDO FL 32826
USA

Order Contact: Rochelle Rose
Buyer ID: SSQ
Phone: 407/356-3194
FAX:
E-mail: rochelle.rose@lmco.com

Bill To:

Seller shall use Vendor Invoice Processor (VIP). See below for additional info.

Ship To:

CAUTION: This PO may contain multiple items with differing ship-to addresses. See individual items for shipping addresses and instructions.

Terms of Sale:

Pay immediately without deduction

Total Purchase Order Value 18,500,000.00 USD

This transmittal is signed electronically by the procurement representative or buyer identified; Upon acknowledgement by seller, this transmittal is signed electronically by Seller authorized representative; written signature not required if signed electronically.

Lockheed Martin
Authorized Procurement Representative
Electronically signed by:

Accepted By:
Seller Authorized Representative
Electronically signed by:

Rochelle Rose **Date:** 02/11/2019

Date:



Purchase Order: 4102886387

Amendment Number: 2

Order Date: 02/11/2019

Notes

This Purchase Order and attachment(s), if any, are being transmitted electronically and executed by electronic signature in lieu of a hard copy Purchase Order/release and is the only document that the Seller will receive. By receipt and acknowledgment of this Purchase Order, or by performance, Seller agrees that this electronic Purchase Order shall have the same force and effect as if executed and sent in hard copy. Both parties agree that the validity of this Purchase Order shall not be contested on the basis that this Purchase Order contains an electronic signature. Seller certifies that those representations and certifications contained in the referenced terms and conditions are current and accurate.

Except as hereby amended by this amendment, all terms and conditions of this purchase order including previous amendments, if any, remain in effect and are applicable to this amendment. The total amount shown on this document reflects the value of the entire purchase order, not just the elements changed by this amendment.

Ethics Statement:

Lockheed Martin values relationships that are grounded in a shared commitment to performing in accordance with the highest standards of professional business conduct and encourages all suppliers to implement an effective ethics program, including adopting a written code of conduct. In performance of this Contract, both parties are expected to conduct themselves in a manner consistent with the principles expressed in either the Lockheed Martin's Supplier Code of Conduct, available at <http://www.lockheedmartin.com/us/suppliers/ethics.html>, or the Defense Industry Initiative Model Supplier Code of Conduct available at <https://www.dii.org/featured-tools>. Should you have any questions, wish to use our training materials, or observe conduct contrary to the principles set forth in the Codes referred to above, please do not hesitate to call the Lockheed Martin ethics helpline at 1-800-LM-ETHIC (1-800-563-8442).

Lockheed Martin's Commitment to Sustainability:

Sustainability is a key element of our business model for innovation and growth. It allows us to operate efficiently and exceed customer needs, which are important aspects of our long-term business planning. Sustainable thinking permeates wide-ranging strategies in areas such as technology research and development, talent management, facilities operations and supply chain management.

Lockheed Martin has established a sustainability strategy that integrates environmental, social and governance stewardship into all aspects of our business. Suppliers are key to our ability to achieve success in sustainability. To learn how you can partner with us to drive responsible growth and maintain high standards please visit our Sustainable Supply Chain Management website at <http://www.lockheedmartin.com/us/suppliers/sustainable-supply-chain.html>

We also invite you to review our Sustainability Report at <http://www.lockheedmartin.com/sustainability> to learn more about Lockheed Martin's objectives.

Suggestions or questions regarding our sustainability strategy can be sent to <mailto:sustainability.lm@lmco.com>.



Purchase Order: 4102886387

Amendment Number: 2

Order Date: 02/11/2019

Bill To Statement:

Seller will implement and utilize Lockheed Martin's Vendor Invoice Processor (VIP) invoicing system. This is a web-based system that is accessible through the internet. Lockheed Martin will provide each Seller employee with VIP access and VIP role in order to enter their billable hours, non-labor invoicing and appropriate charge number directly into VIP. Seller has a responsibility to maintain an accurate Exostar Vendor Master profile. Seller will grant LM Procure to Pay (LM P2P) access under Exostar's Managed Access Gateway for each user requiring access to VIP. Lockheed Martin will then provide each Seller employee with access to VIP and create their VIP role so they can enter their billable time into VIP weekly. Seller shall submit their information according to the deadlines provided by the responsible Lockheed Martin buyer in order to be processed in the weekly payment run. Seller may delegate the responsibility to enter VIP information to a backup "data entry" employee to ensure information is submitted in time for weekly processing as the electronic VIP invoice used by Lockheed Martin to pay the Seller for services rendered. Seller shall also invoice non-labor cost and supporting documentation through the VIP system. In utilizing the VIP system, Seller's employees (biller, data entry, and approver) attest that the work effort recorded is accurate and complete.

All invoicing for this purchase order will be completed using the Vendor Invoice Processor (VIP) system. Seller is responsible for the accuracy of all information entered into the VIP system by their employees, and Seller shall regularly reconcile the contract-to-date billing through VIP to Seller's government approved accounting/billing system. Any adjustments/corrections shall be promptly corrected within VIP and submitted for processing.

PO Header Text:

Header text:

LOCKHEED MARTIN MISSILES AND FIRE CONTROL IS AWARDING THIS PURCHASE ORDER 4102886387 TO UNIVERSITY OF CENTRAL FLORIDA IN SUPPORT OF THE COLLEGE WORK EXPERIENCE PROGRAM (CWEP).

THE ANTICIPATED VALUE OF THIS PURCHASE ORDER IS \$25,000,000.00 OVER A FIVE YEAR PERIOD INCLUDING OPTIONS. FUNDING IS CURRENTLY LIMITED TO \$18,500,000.00. SELLER IS NOT AUTHORIZED TO EXPEND MONEY OR INCUR OBLIGATIONS IN EXCESS OF \$18,500,000.00 WHICH IS THE MAXIMUM LIABILITY OF LMMFC UNDER THIS PURCHASE ORDER.

LOCKHEED MARTIN RESERVES THE UNILATERAL RIGHT TO EXERCISE THE OPTIONS IDENTIFIED HEREIN AT THE PRICE STATED FOR EACH OF THE OPTIONS. LOCKHEED MARTIN SHALL EXERCISE THESE OPTIONS BY WRITTEN NOTICE TO SELLER AT ANY TIME UP TO THE OPTION EXPIRATION DATE. LOCKHEED MARTIN SHALL NOT BE LIABLE TO SELLER IN ANY MANNER IN THE EVENT OPTIONS ARE NOT EXERCISED.

OPTION NAME: OPTION 2020

OPTION EXPIRATION DATE: JANUARY 31, 2020

OPTION PRICE (TOTAL): \$5,000,000.00

THE FOLLOWING IS THE ANITICIPATED SCHEDULE OF RELEASES:

BASE YEAR: \$5,000,000.00 UPON CONTRACT AWARD



Purchase Order: 4102886387

Amendment Number: 2

Order Date: 02/11/2019

OPTION 1: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2018
OPTION 2: \$8,500,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2019
OPTION 3: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2020
OPTION 4: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2021

PERIOD OF PERFORMANCE SHALL BEGIN UPON CONTRACT AWARD AND SHALL END ON DECEMBER 31, 2021.

THIS PO SERVES AS A VEHICLE TO FACILITATE THE ACCUMULATION OF BILLING EXPENDITURES. ALL CWEP PARTICIPANTS WILL ENTER THEIR TIME INTO THE LOCKHEED MARTIN APPROVED PROCUREMENT SYSTEM P2P VIA THE VIP TIME KEEPING DATABASE. THE HOURS ARE APPROVED IN ADVANCE BY THE LOCKHEED MARTIN MANAGER AND CANNOT EXCEED THOSE ESTABLISHED IN THE CONTRACT.

TERMS AND CONDITIONS AND RATES ARE PER "COLLEGE WORK PROGRAM BLANKET CONTRACT" DATED 02/21/2017 MADE A PART HEREOF BY REFERENCE.

PO Version Documentation:

Modification 02

Added \$8,500,000.00 of funding to cover until the January 31,2020. This increases the anticipated value for contract from \$25,000,000.00 to\$28,500,000.00

Previous PO Value = \$10,000,000.00

Dollar value of Revision 002 = \$8,500,000.00

New Total PO value = \$18,500,000.00

Buyer has the right to exercise 2 year option before the

POP expires on January 31,2020.

RR 2-11-19

Modification 01

Added \$5,000,000 of funding to cover until the January 31,2019.

Previous PO Value = \$5,000,000.00

Dollar value of Revision 001 = \$5,000,000.00

New Total PO value = \$10,000,000.00

Buyer has the right to exercise 1 year option before the

POP expires on January 31,2019.

RR 1-25-18

Terms and Conditions Text:

The Terms and Conditions listed below are incorporated by reference and made a part of this Contract. Unless otherwise limited in this Contract, each document applies in its entirety. Copies of Terms and Conditions referenced in this Contract may be obtained from the Lockheed Martin web address <http://www.lockheedmartin.com/us/suppliers/tandc.html> or the Lockheed Martin procurement representative.



Purchase Order: 4102886387

Amendment Number: 2

Order Date: 02/11/2019

Doc Number: PER AGREEMENT W/UCF Revision Date: Form/Exhibit:							
Title:							
Tax Cert URL: http://www.lockheedmartin.com/content/dam/lockheed/data/corporate/documents/p2p/44direct.pdf							
Line	Item	Quantity	Unit	Price	Price Unit	Currency	Item Total
1		1.000	Activ.unit	18,500,000.00	1	USD	18,500,000.00
Item Description							
Description: Contract Labor							
Part Revision Number (if applicable): N/A							
Service Details							
Line	Service	Description	Quantity	Unit	Gross Price	Currency	Item Total
10		Contract Labor	1.000	Activ.unit	18,500,000.00	USD	18,500,000.00
Schedule							
Quantity: 1.000 Activ.unit		Contract Delivery Schedule: 01/31/2020					
NAICS: North American Industry Classification System							
NAICS information is not available or is not applicable.							
Item Ship to							
Lockheed Martin Corporation 1701 W. Marshall Drive GRAND PRAIRIE TX 75051-3601 USA							
DPAS Rating / Prime Contract							
Quantity		Prime Contract			DPAS		
1.000							
Line item Contract Type, Status							
TIME AND MATERIAL		DEFINITIZED.					



Purchase Order: 4102886387

Amendment Number: 2

Order Date: 02/11/2019

FOB
FOB (F.O.B. Origin Freight Collect) SEE PO TEXT FOR ROUTING URL
Carrier
Shipping on all 150+ pound orders will now be initiated through Allyn International (https://ala.allynintl.com/). For all other orders, please view account numbers and business import/export contacts at https://procure.external.lmco.com/irj/portal/LMRoutingGuides by logging into Exostar > LMP2P > LM Routing Guides link on left.
Tax
Exemption Desc: Taxable
PO Codes (See Appendix A for PO Code Notes)
Notes ID:100/Qualifier Code:P ADDITIONAL TERMS AND CONDITIONS AND TAX INFORMATION Notes ID:111/Qualifier Code:P MFC ESH CONTRACTOR MANUAL AND ORIENTATION
Notes
<p>*****</p> <p>Appendix A: PO Code Notes</p> <p>*****</p> <p>Notes ID:100/Qualifier Code:P 26 February 2018</p> <p>1.,,Terms and conditions</p> <p>1.1.,,When reviewing this purchase order in P2P, Supplier may: "accept"<(,<)> "reject"</p> <p>In the event that you "acknowledge with comments", your comments will have no force and affect on the contract unless specifically agreed to, in writing, by the Lockheed Martin buyer. Acknowledgement with comments acts as an acceptance of Lockheed Martin terms and conditions and purchase order notes. In the event that you have an issue with the purchase order as issued, defer taking further action until contacting the buyer and resolving the issue.</p> <p>1.2.,,Seller agrees that the manufacturing and/or fabrication of work being delivered under this contract will be performed at the location</p>



Purchase Order: 4102886387

Amendment Number: 2

Order Date: 02/11/2019

indicated on the Seller response to the solicitation and will not be moved to another production facility without the prior express written approval of Lockheed Martin.

1.3.,,Advance notification from Supplier on production changes; the Seller shall make no changes to work under this contract including any change in design, manufacturing process, materials, or otherwise which may affect form, fit, or function of the work without prior notification to and approval by the Lockheed Martin Procurement Representative. Such notification shall consist of detailed drawings clearly defining such changes and the date such changes are proposed to be effective. Such notification shall not constitute approval of the proposed change nor relieve Seller of Seller's obligation to comply with requirements contained in this contract. If the proposed change is approved, the change shall be incorporated into this contract by amendment.

1.4.,,It is incumbent upon the Seller to ensure that their EXOSTAR profile is current.

1.5.,,1.5. If this order involves delivery of hazardous material, packaging and shipment of such material must comply with Department of Transportation regulations, title 49 CFR, and the OSHA hazard communication standard CFR 1910.1200. A safety data sheet (SDS) must be provided to the buyer by the Seller as a condition of this order.

Seller shall enter buyer's purchase order number on the top right of first page of the SDS. The warning label required by 29 CFR 1910.1200 shall not be obscured by other stamps or labels.

1.6.,,When a SDS is required, Seller shall mail it separately, before material is shipped the first time, to the applicable address below. A SDS must also accompany every shipment. All locations are part of Lockheed Martin Missiles and Fire Control: purchase order from:

Camden, Arkansas; send SDS to: ESH Mgr, M143 bldg., PO Box 1015, Camden, AR 71711

Dallas, Texas; send SDS to: ESH Mgr, M/S: ESH-00, PO Box 650003 Dallas, TX 75265-0003

Lufkin, Tx; send SDS to: Safety Mgr, PO Box 150340, Lufkin, TX 75915

Chelmsford, MA; send SDS to: Safety Mgr, 16 Maple Road, Chelmsford, MA 01824



Purchase Order: 4102886387

Amendment Number: 2

Order Date: 02/11/2019

White Sands Missile Range, NM; send SDS to: LM Missile and Fire Control, ESH Mgr, PO Box 57, Mail Station WSM-57, White Sands Missile Range, NM 88002

Troy, AL ; Send SDS to: ESH Manager, 5500 County Road 37, Troy, AL 36081

1.7.,,"Labeling requirements, ozone-depleting substances" new Federal EPA Regulations, pursuant to the Clean Air Act Amendments of 1990, Title VI, require labeling of all containers of, and all products containing or manufactured with, specific ozone-depleting substances. Submission of a proposal, or acceptance of this order is certification that the labeling requirements of section 611 of the Clean Air Act as implemented by 40 CFR part 82, Subpart E have been complied with.

1.8.,,The Seller shall notify the buyer in writing within 24 hours of termination of employment of any employee who has been granted access to the buyer's workgroup collaboration system (Livelink).

1.9.,,Notwithstanding any other provision of this contract, facilitating payments as defined in the united states foreign corrupt practices act (15 U.S.C. §§ 78dd-1, et seq.) Shall not me made by Seller in connection with the performance of this contract.

2.,,Shipping/Packaging Information

2.1. Requirements that are identified herein as FOB shipping point require Seller interface with Lockheed Martin transportation prior to hardware or item shipment. The buyer will not pay for shipping expenses that are arranged by the Seller and invoiced to the buyer. Detailed shipping instructions are located at the Lockheed Martin P2P portal <https://procure.external.lmco.com/irj/portal/lmroutingguides> you will be prompted to logon to EXOSTAR before accessing this URL.

2.2.,,Each line item on the purchase order must be shipped in separate packaging. This is essential and necessary to meet requirements even though part numbers may be the same for two separate line items.

Individual line items are generated by the buyer to support both commercial and government requirements and may require different processing before final delivery to the customer.

2.3.,,If any item on this order is to be shipped in place or drop shipped to a location other than Lockheed Martin Missiles and Fire



Purchase Order: 4102886387

Amendment Number: 2

Order Date: 02/11/2019

Control, the Seller shall complete the Inbound Delivery and Barcode per paragraph 2.4. The Seller shall furnish to the Buyer a copy of the shipping document/packing slip.

2.4. Barcode:

''
The LMP2P SHIP TO LMC guidebook is located:

<http://www.myexostar.com/WorkArea/DownloadAsset.aspx?id=315>

To directly access the Exostar P2P Portal link go to
<https://portal.exostar.com>

The following Barcode requirements shall apply to all Purchase orders.
The supplier shall print and supply two Barcode labels before shipping your product to Lockheed Martin. One label is to be attached to the container and the second label is to be attached to the packing slip.

The Barcode is created using the P2P "SHIP TO LMC" process. During the SHIP TO LMC process, an Inbound Delivery number will be created and displayed as part of the Barcode document. Creating the Inbound Delivery number is critical to processing the receipt and invoicing.

3. General Information:

3.1.,,For FAQs and LMP2P support guides, check out:
<http://www.myexostar.com/myexostarall.aspx?id=1362>

Thank you for your continued support.

Notes ID:111/Qualifier Code:P
(21 June 2017)

The Contractor

.,,Shall comply with all federal, state, county and city environmental, safety, health and fire standards.

.,,Shall comply with the Lockheed Martin Missiles and Fire Control environmental, safety and health contractor manual and the local site safety orientation

.,,Perform contracted work safely. Contractors that perform unsafe acts or create unsafe conditions may be subject to a stoppage of work until the unsafe condition is rectified to the satisfaction of the contract



Purchase Order: 4102886387

Amendment Number: 2

Order Date: 02/11/2019

monitor. Stoppage of work for unsafe conditions will not constitute grounds for an adjustment to the contract.

*****OLD NOTE LANGUAGE*****

(25 May 2010)

Contractors shall comply with all federal, state, and local environmental, safety, and health standards including but not limited to the following:

- (1) The occupational Safety and Health Standards (29 CFR 1910) - General Industry.
- (2) The Occupational Safety and Health Standards (29 CFR 1926) - Construction Industry.
- (3) Environmental protection Agency Standards (40 CFR).
- (4) The National Electric Code and NFPA 70E.
- (5) The NFPA 101 Life Safety Code.
- (6) All Lockheed Martin Missiles and Fire Control Environmental Safety and Health Policies as they apply to the work being performed. The applicable policies are available upon request.
- (7) The requirements in the Lockheed Martin Missiles and Fire Control Environmental, Safety and Health Contractor manual and orientation.

Contractors that perform unsafe acts or create unsafe conditions may be subject to a stoppage of work until the unsafe condition is rectified to the satisfaction of the Contract Monitor. Stoppage of work for unsafe conditions will not constitute grounds for an adjustment to the contract.

Total Purchase Order Value	18,500,000.00 USD
End of Document	



Purchase Orders: 4102886387

Amendment Number: 1

Order Date: 01/25/2018

Missiles & Fire Control

Document Type: Contract Labor
Status: Accepted

Buyer:

Missiles & Fire Control
L001
1701 West Marshall Drive
GRAND PRAIRIE TX 75051-2704
USA

Order Contact: Rochelle Rose
Buyer ID: SSQ
Phone: 407/356-3194
FAX:
E-mail: rochelle.rose@lmco.com

Seller:

Vendor ID: LM0019962
THE UNIVERSITY OF CENTRAL FLORIDA
BOARD OF TRUSTEES
12201 RES PKWY STE 501
ORLANDO FL 32826
USA

Vendor Status By: Jane Gentilini
Date : 02/01/2018
Phone: 407-823-3778
FAX: 407-823-3299
E-mail: dbackman@ucf.edu

Bill To:

Seller shall use Vendor Invoice Processor (VIP). See below for additional info.

Ship To:

CAUTION: This PO may contain multiple items with differing ship-to addresses. See individual items for shipping addresses and instructions.

Terms of Sale:

Pay immediately without deduction

Total Purchase Order Value	10,000,000.00 USD
-----------------------------------	--------------------------

This transmittal is signed electronically by the procurement representative or buyer identified;
Upon acknowledgement by seller, this transmittal is signed electronically by Seller authorized representative; written signature not required if signed electronically.

Lockheed Martin
Authorized Procurement Representative
Electronically signed by:

Rochelle Rose **Date:** 01/25/2018

Accepted By:
Seller Authorized Representative
Electronically signed by:

Jane Gentilini **Date:** 02/01/2018



Purchase Orders: 4102886387

Amendment Number: 1

Order Date: 01/25/2018

Notes

This Purchase Order and attachment(s), if any, are being transmitted electronically and executed by electronic signature in lieu of a hard copy Purchase Order/release and is the only document that the Seller will receive. By receipt and acknowledgment of this Purchase Order, or by performance, Seller agrees that this electronic Purchase Order shall have the same force and effect as if executed and sent in hard copy. Both parties agree that the validity of this Purchase Order shall not be contested on the basis that this Purchase Order contains an electronic signature. Seller certifies that those representations and certifications contained in the referenced terms and conditions are current and accurate.

ATTENTION: This is a notice regarding the definition of the word "promptly" as referenced in Lockheed Martin Corp Docs incorporated herein.

For the purposes of the requirement to promptly report compromises of information in the Information of Lockheed Martin clause of the applicable CorpDoc referenced in this Contract, "promptly" shall be deemed to mean "within 72 hours of the discovery of the incident involving any information covered by this clause."

Ethics Statement:

Lockheed Martin values relationships that are grounded in a shared commitment to performing in accordance with the highest standards of professional business conduct and encourages all suppliers to implement an effective ethics program, including adopting a written code of conduct. In performance of this Contract, both parties are expected to conduct themselves in a manner consistent with the principles expressed in either the Lockheed Martin's Supplier Code of Conduct, available at <http://www.lockheedmartin.com/us/suppliers/ethics.html>, or the Defense Industry Initiative Model Supplier Code of Conduct available at <https://www.dii.org/featured-tools>. Should you have any questions, wish to use our training materials, or observe conduct contrary to the principles set forth in the Codes referred to above, please do not hesitate to call the Lockheed Martin ethics helpline at 1-800-LM-ETHIC (1-800-563-8442).

Sustainability Strategy:

Consistent with our values and our commitment to setting the highest standards, Lockheed Martin has established a sustainability strategy that integrates **environmental**, **social** and **governance** stewardship principles into our Company's business lifecycle. In all three facets, our suppliers represent a key partner in achieving success in sustainability. Please visit our Sustainable Supply Chain Management website at <http://www.lockheedmartin.com/us/suppliers/sustainable-supply-chain.html> and our Sustainability Report at <http://www.lockheedmartin.com/sustainability> to learn more about Lockheed Martin's objectives and how you can partner with us to drive responsible growth and raise standards. Suggestions or questions regarding our sustainability strategy can be sent to <mailto:sustainability.lm@lmco.com>.

Bill To Statement:

Seller will implement and utilize Lockheed Martin's Vendor Invoice Processor (VIP) invoicing system. This is a



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web-based system that is accessible through the internet. Lockheed Martin will provide each Seller employee with VIP access and VIP role in order to enter their billable hours, non-labor invoicing and appropriate charge number directly into VIP. Seller has a responsibility to maintain an accurate Exostar Vendor Master profile. Seller will grant LM Procure to Pay (LM P2P) access under Exostar's Managed Access Gateway for each user requiring access to VIP. Lockheed Martin will then provide each Seller employee with access to VIP and create their VIP role so they can enter their billable time into VIP weekly. Seller shall submit their information according to the deadlines provided by the responsible Lockheed Martin buyer in order to be processed in the weekly payment run. Seller may delegate the responsibility to enter VIP information to a backup "data entry" employee to ensure information is submitted in time for weekly processing as the electronic VIP invoice used by Lockheed Martin to pay the Seller for services rendered. Seller shall also invoice non-labor cost and supporting documentation through the VIP system. In utilizing the VIP system, Seller's employees (biller, data entry, and approver) attest that the work effort recorded is accurate and complete.

All invoicing for this purchase order will be completed using the Vendor Invoice Processor (VIP) system. Seller is responsible for the accuracy of all information entered into the VIP system by their employees, and Seller shall regularly reconcile the contract-to-date billing through VIP to Seller's government approved accounting/billing system. Any adjustments/corrections shall be promptly corrected within VIP and submitted for processing.

PO Header Text:

Header text:

LOCKHEED MARTIN MISSILES AND FIRE CONTROL IS AWARDING THIS PURCHASE ORDER 4102886387 TO UNIVERSITY OF CENTRAL FLORIDA IN SUPPORT OF THE COLLEGE WORK EXPERIENCE PROGRAM (CWEP).

THE ANTICIPATED VALUE OF THIS PURCHASE ORDER IS \$25,000,000.00 OVER A FIVE YEAR PERIOD INCLUDING OPTIONS. FUNDING IS CURRENTLY LIMITED TO \$10,000,000.00. SELLER IS NOT AUTHORIZED TO EXPEND MONEY OR INCUR OBLIGATIONS IN EXCESS OF \$10,000,000.00 WHICH IS THE MAXIMUM LIABILITY OF LMMFC UNDER THIS PURCHASE ORDER.

LOCKHEED MARTIN RESERVES THE UNILATERAL RIGHT TO EXERCISE THE OPTIONS IDENTIFIED HEREIN AT THE PRICE STATED FOR EACH OF THE OPTIONS. LOCKHEED MARTIN SHALL EXERCISE THESE OPTIONS BY WRITTEN NOTICE TO SELLER AT ANY TIME UP TO THE OPTION EXPIRATION DATE. LOCKHEED MARTIN SHALL NOT BE LIABLE TO SELLER IN ANY MANNER IN THE EVENT OPTIONS ARE NOT EXERCISED.

OPTION NAME: OPTION 2019

OPTION EXPIRATION DATE: JANUARY 31,2019

OPTION PRICE (TOTAL):\$5,000,000.00

THE FOLLOWING IS THE ANITICIPATED SCHEDULE OF RELEASES:

BASE YEAR: \$5,000,000.00 UPON CONTRACT AWARD

OPTION 1: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2018

OPTION 2: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2019

OPTION 3: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2020

OPTION 4: \$5,000,000.00 TO BE EXERCISED NO LATER THAN JANUARY 31, 2021



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PERIOD OF PERFORMANCE SHALL BEGIN UPON CONTRACT AWARD AND SHALL END ON DECEMBER 31, 2021.

THIS PO SERVES AS A VEHICLE TO FACILITATE THE ACCUMULATION OF BILLING EXPENDITURES. ALL CWEP PARTICIPANTS WILL ENTER THEIR TIME INTO THE LOCKHEED MARTIN APPROVED PROCUREMENT SYSTEM P2P VIA THE VIP TIME KEEPING DATABASE. THE HOURS ARE APPROVED IN ADVANCE BY THE LOCKHEED MARTIN MANAGER AND CANNOT EXCEED THOSE ESTABLISHED IN THE CONTRACT.

TERMS AND CONDITIONS AND RATES ARE PER "COLLEGE WORK PROGRAM BLANKET CONTRACT" DATED 02/21/2017 MADE A PART HEREOF BY REFERENCE.

PO Version Documentation:

Modification 01
 Added \$5,000,000 funding to cover until the January 31,2019.
 Previous PO Value = \$5,000,000.00
 Dollar value of Revision 001 = \$5,000,000.00
 New Total PO value = \$10,000,000.00
 Buyer has the right to exercise 1 year option before the
 POP expires on January 31,2019.

Terms and Conditions Text:

The Terms and Conditions listed below are incorporated by reference and made a part of this Contract. Unless otherwise limited in this Contract, each document applies in its entirety. Copies of Terms and Conditions referenced in this Contract may be obtained from the Lockheed Martin web address <http://www.lockheedmartin.com/us/suppliers/tandc.html> or the Lockheed Martin procurement representative.

Doc Number: PER AGREEMENT W/UCF Revision Date: Form/Exhibit:
 Title:

Tax Cert URL:
<http://www.lockheedmartin.com/content/dam/lockheed/data/corporate/documents/p2p/44direct.pdf>

Line	Item	Quantity	Unit	Price	Price Unit	Currency	Item Total
1		1.000	Activ.unit	10,000,000.00	1	USD	10,000,000.00



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Item Description							
Description:		Contract Labor					
Part Revision Number (if applicable):		N/A					
Service Details							
Line	Service	Description	Quantity	Unit	Gross Price	Currency	Item Total
10		Contract Labor	1.000	Activ.unit	10,000,000.00	USD	10,000,000.00
Schedule							
Quantity: 1.000 Activ.unit		Contract Delivery Schedule: 01/31/2019					
Item Ship to							
Lockheed Martin Corporation 1701 W. Marshall Drive GRAND PRAIRIE TX 75051-3601 USA							
DPAS Rating / Prime Contract							
Quantity			Prime Contract			DPAS	
1.000							
Line item Contract Type, Status							
TIME AND MATERIAL				DEFINITIZED.			
FOB							
FOB (F.O.B. Origin Freight Collect) SEE PO TEXT FOR ROUTING URL							
Carrier							
https://procure.external.lmco.com/irj/portal/LMRoutingGuides Please select Exostar from the dropdown menu. Log into LMP2P and access the Routing Guides from the left hand side link on the LMP2P Home page.							
Tax							
Exemption Desc: Nontaxable							
PO Codes (See Appendix A for PO Code Notes)							
Notes ID:100/Qualifier Code:P ADDITIONAL TERMS AND CONDITIONS AND TAX INFORMATION Notes ID:111/Qualifier Code:P							



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MFC ESH CONTRACTOR MANUAL AND ORIENTATION

Notes

Appendix A: PO Code Notes

Notes ID:100/Qualifier Code:P

24 August 2016

1.,,Terms and conditions

1.1.,,When reviewing this purchase order in P2P, Supplier may:

"accept"<(>,<)>

"reject"

In the event that you "acknowledge with comments", your comments will have no force and affect on the contract unless specifically agreed to, in writing, by the Lockheed Martin buyer. Acknowledgement with comments acts as an acceptance of Lockheed Martin terms and conditions and purchase order notes. In the event that you have an issue with the purchase order as issued, defer taking further action until contacting the buyer and resolving the issue.

1.2.,,Seller agrees that the manufacturing and/or fabrication of work being delivered under this contract will be performed at the location indicated on the Seller response to the solicitation and will not be moved to another production facility without the prior express written approval of Lockheed Martin.

1.3.,,Advance notification from Supplier on production changes; the Seller shall make no changes to work under this contract including any change in design, manufacturing process, materials, or otherwise which may affect form, fit, or function of the work without prior notification to and approval by the Lockheed Martin Procurement Representative. Such notification shall consist of detailed drawings clearly defining such changes and the date such changes are proposed to be effective. Such notification shall not constitute approval of the proposed change nor relieve Seller of Seller's obligation to comply with requirements contained in this contract. If the proposed change is approved, the change shall be incorporated into this contract by amendment.



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1.4.,,It is incumbent upon the Seller to ensure that their EXOSTAR profile is current.

1.5.,,1.5. If this order involves delivery of hazardous material, packaging and shipment of such material must comply with Department of Transportation regulations, title 49 CFR, and the OSHA hazard communication standard CFR 1910.1200. A safety data sheet (SDS) must be provided to the buyer by the Seller as a condition of this order.

Seller shall enter buyer's purchase order number on the top right of first page of the SDS. The warning label required by 29 CFR 1910.1200 shall not be obscured by other stamps or labels.

1.6.,,When a SDS is required, Seller shall mail it separately, before material is shipped the first time, to the applicable address below. A SDS must also accompany every shipment. All locations are part of Lockheed Martin Missiles and Fire Control: purchase order from:

Camden, Arkansas; send SDS to: ESH Mgr, M143 bldg., PO Box 1015, Camden, AR 71711

Dallas, Texas; send SDS to: ESH Mgr, M/S: ESH-00, PO Box 650003 Dallas, TX 75265-0003

Lufkin, Tx; send SDS to: Safety Mgr, PO Box 150340, Lufkin, TX 75915

Chelmsford, MA;send SDS to: Safety Mgr, 16 Maple Road, Chelmsford, MA 01824

White Sands Missile Range, NM; send SDS to: LM Missile and Fire Control, ESH Mgr, PO Box 57, Mail Station WSM-57, White Sands Missile Range, NM 88002

1.7.,,"Labeling requirements, ozone-depleting substances" new Federal EPA Regulations, pursuant to the Clean Air Act Amendments of 1990, Title VI, require labeling of all containers of, and all products containing or manufactured with, specific ozone-depleting substances. Submission of a proposal, or acceptance of this order is certification that the labeling requirements of section 611 of the Clean Air Act as implemented by 40 CFR part 82, Subpart E have been complied with.

1.8.,,The Seller shall notify the buyer in writing within 24 hours of termination of employment of any employee who has been granted access to



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the buyer's workgroup collaboration system (Livelihood).

1.9.,,Notwithstanding any other provision of this contract, facilitating payments as defined in the united states foreign corrupt practices act (15 U.S.C. §§ 78dd-1, et seq.) Shall not me made by Seller in connection with the performance of this contract.

2.,,Shipping/Packaging Information

2.1. Requirements that are identified herein as FOB shipping point require Seller interface with Lockheed Martin transportation prior to hardware or item shipment. The buyer will not pay for shipping expenses that are arranged by the Seller and invoiced to the buyer. Detailed shipping instructions are located at the Lockheed Martin P2P portal

<https://procure.external.lmco.com/irj/portal/lmroutingguides> you will be prompted to logon to EXOSTAR before accessing this URL.

2.2.,,Each line item on the purchase order must be shipped in separate packaging. This is essential and necessary to meet requirements even though part numbers may be the same for two separate line items.

Individual line items are generated by the buyer to support both commercial and government requirements and may require different processing before final delivery to the customer.

2.3.,,If any item on this order is to be shipped in place or drop shipped to a location other than Lockheed Martin Missiles and Fire Control, the Seller shall complete the Inbound Delivery and Barcode per paragraph 2.4. The Seller shall furnish to the Buyer a copy of the shipping document/packing slip.

2.4. Barcode:

''

The LMP2P SHIP TO LMC guidebook is located:

<http://www.myexostar.com/WorkArea/DownloadAsset.aspx?id=315>

To directly access the Exostar P2P Portal link go to

<https://portal.exostar.com>

The following Barcode requirements shall apply to all Purchase orders.

The supplier shall print and supply two Barcode labels before shipping your product to Lockheed Martin. One label is to be attached to the container and the second label is to be attached to the packing slip.



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The Barcode is created using the P2P "SHIP TO LMC" process. During the SHIP TO LMC process, an Inbound Delivery number will be created and displayed as part of the Barcode document. Creating the Inbound Delivery number is critical to processing the receipt and invoicing.

3. General Information:

3.1.,,For FAQs and LMP2P support guides, check out:
<http://www.myexostar.com/myexostarall.aspx?id=1362>

Thank you for your continued support.

Notes ID:111/Qualifier Code:P
(21 June 2017)

The Contractor

- .,,Shall comply with all federal, state, county and city environmental, safety, health and fire standards.
- .,,Shall comply with the Lockheed Martin Missiles and Fire Control environmental, safety and health contractor manual and the local site safety orientation
- .,,Perform contracted work safely. Contractors that perform unsafe acts or create unsafe conditions may be subject to a stoppage of work until the unsafe condition is rectified to the satisfaction of the contract monitor. Stoppage of work for unsafe conditions will not constitute grounds for an adjustment to the contract.

*****OLD NOTE LANGUAGE*****
(25 May 2010)

Contractors shall comply with all federal, state, and local environmental, safety, and health standards including but not limited to the following:

- (1) The occupational Safety and Health Standards (29 CFR 1910) - General Industry.
- (2) The Occupational Safety and Health Standards (29 CFR 1926) - Construction Industry.
- (3) Environmental protection Agency Standards (40 CFR).
- (4) The National Electric Code and NFPA 70E.



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- (5) The NFPA 101 Life Safety Code.
- (6) All Lockheed Martin Missiles and Fire Control Environmental Safety and Health Policies as they apply to the work being performed. The applicable policies are available upon request.
- (7) The requirements in the Lockheed Martin Missiles and Fire Control Environmental, Safety and Health Contractor manual and orientation.
Contractors that perform unsafe acts or create unsafe conditions may be subject to a stoppage of work until the unsafe condition is rectified to the satisfaction of the Contract Monitor. Stoppage of work for unsafe conditions will not constitute grounds for an adjustment to the contract.

Total Purchase Order Value	10,000,000.00 USD
End of Document	

Attachment E

**COLLEGE CWEP PROGRAM (CWEP)
BLANKET CONTRACT**

This Contract, made and entered into as of 1 JANUARY 2017, by and between Lockheed Martin Corporation, a Maryland Corporation with offices located at 5600 Sand Lake Road, Orlando, Orange County, Florida (hereinafter referred to as "LOCKHEED MARTIN"), and The University of Central Florida Board of Trustees, with an office located 12201 Research Parkway, Suite 501, Orlando, FL 32826 (hereinafter referred to as "UNIVERSITY"). LOCKHEED MARTIN and the UNIVERSITY may hereinafter be referred to individually as "Party" and collectively as "Parties".

WITNESSETH

That in consideration of the mutual covenants set forth herein, the Parties hereto do hereby mutually agree.

1. PURPOSE

All work shall be performed in accordance with the terms of this Contract including the Appendices which are incorporated herein. The UNIVERSITY shall furnish to LOCKHEED MARTIN, as requested, its employees (herein after referred to as CWEP Students) in accordance with the UNIVERSITY Academic Curriculum, Enrollment Classifications, Applicant Qualifications, and agreed upon Pay Rates and Billing Rates. The requirements to be considered qualified as CWEP Students are delineated in the UNIVERSITY CWEP.

2. CONTRACT TYPE

This Fixed Rate Contract, with Rate being defined as the hourly Billing Rate paid to the UNIVERSITY as compensation for each hour of work performed by its CWEP Students under this Contract.

3. SCOPE

This Contract authorizes but does not obligate LOCKHEED MARTIN to make requests for utilization of the UNIVERSITY'S CWEP Students in the performance of work as described herein. The extent of LOCKHEED MARTIN'S financial liability under this Contract shall be to pay for services received in accordance with the Contract and pursuant to CWEP Student time sheets received hereunder. The UNIVERSITY agrees that LOCKHEED MARTIN is not obligated to request any minimum quantity of services, nor is it limited to any specific maximum quantity of services under this Contract and shall be subject only to the UNIVERSITY'S ability to recruit and place qualified CWEP Students, and to adhere to the elements of the Contract.

4. PERIOD OF PERFORMANCE

This Contract shall begin on January 1, 2017 and shall end on December 31, 2021 unless terminated earlier as provided in Clause 11, unless the Parties mutually agree to extend the Period of Performance by modification of this Contract.

5. WORK FACILITIES

LOCKHEED MARTIN will provide, at no cost to the UNIVERSITY, working space including facilities and supplies necessary to support UNIVERSITY CWEP Students in the performance of their assigned tasks.

UNIVERSITY and CWEP Students shall comply with the requirements and guidance detailed in the MFC Environmental, Safety and Health Contractor Manual, attached hereto as Appendix J.

6. UNAUTHORIZED INSTALLATION OF SOFTWARE

Neither UNIVERSITY nor any person acting on behalf shall bring any software into a facility owned, operated or under the control of LOCKHEED MARTIN or install any software into any computer system owned, operated or under the control of LOCKHEED MARTIN.

UNIVERSITY shall include the above paragraph in all Student Work Agreements relating to work to be or being performed at LOCKHEED MARTIN.

7. LOCATION OF WORK

The UNIVERSITY shall furnish the services of its CWEP Students at the facilities of LOCKHEED MARTIN CORPORATION located at 5600 Sand Lake Road, Orlando, Florida, or at such location or locations that may be agreed by the Parties.

8. SECURITY REQUIREMENTS

If access to classified information will be required in the performance of all or a portion of the services described under this Contract, the UNIVERSITY shall comply with the security clearance requirements of the United States Government as set forth in the current edition of the "Industrial Security Manual for Safeguarding Classified Information", and any other pertinent Governmental security regulations. The required security classification level for each CWEP Student shall be stated at the time of release issuance. Each CWEP Student shall obtain the required clearance prior to obtaining access to such classified information.

9. DRUG SCREEN AND BACKGROUND CHECKS

All CWEP Students of the UNIVERSITY assigned to work at LOCKHEED MARTIN facilities shall be subject to LOCKHEED MARTIN Safety and Security Rules and Regulations and will require satisfactory background screening and urine drug screening.

DRUG SCREENING

Drug Screening must be completed prior to the commencement of work and such drug screening must have been administered within the previous thirty (30) consecutive days.

Drug Screening must be accomplished through a NIDA approved test company, approved in writing by LOCKHEED MARTIN, prior to CWEP Student's reporting date. Drug Screening shall test for the substances identified to the approved testing company by LOCKHEED MARTIN's Medical and Health Services.

Results of the drug screen to be filed by the UNIVERSITY. No person that has a positive drug test shall be assigned to work at LOCKHEED MARTIN facilities. Negative drug screening tests must be made available to LOCKHEED MARTIN's Medical and Health Service if requested.

The drug screen results are valid for the duration of the CWEP Student's assignment at LOCKHEED MARTIN's facilities. UNIVERSITY CWEP Students leaving a position at LOCKHEED MARTIN's

facilities for over twenty-one (21) consecutive days must be retested (drug screen) prior to being reassigned to LOCKHEED MARTIN facilities.

LOCKHEED MARTIN shall have the absolute right to direct that a UNIVERSITY CWEP Student assigned to LOCKHEED MARTIN facilities be tested for drug or alcohol usage on a probable cause basis. UNIVERSITY supervision assigned to each LOCKHEED MARTIN facility also shall be required to direct drug or alcohol testing of any UNIVERSITY CWEP Student assigned to LOCKHEED MARTIN facilities when such supervisor believes probable cause to exist.

BACKGROUND SCREENING

Background screening of each University CWEP Student is required before entering any LOCKHEED MARTIN facility. Background Screening shall be the responsibility of the UNIVERSITY and must be performed annually on all CWEP Students who are assigned to actively work at LOCKHEED MARTIN and must follow all LOCKHEED MARTIN facility security requirements.

The background screening will be performed through the preferred third party provider, approved by LOCKHEED MARTIN, pursuant to the Lockheed Martin Contractor Screen Program. Screening will include Local County Felony and Misdemeanor, National criminal Database, Social Security Number Verification, and terrorist watch and disbarred lists. UNIVERSITY must register all CWEP Student with the Lockheed Martin Contractor Screening Program at the following web address: <https://ca.fadv.com/CA/welcome.do?lmc>, before unescorted physical access to Lockheed Martin controlled or owned facilities in the United States will be granted. Instructions for complying with this requirement are attached hereto at Appendix I.

A written request for an exception to either the drug or background screening must be submitted in writing and approved by the Security Manager for LOCKHEED MARTIN which may be granted at LOCKHEED MARTIN sole discretion. The UNIVERSITY must complete these checks for individuals assigned to LOCKHEED MARTIN prior to working on any LOCKHEED MARTIN site.

CWEP Students already assigned to LOCKHEED MARTIN as of the first day of this Contract will not be subject to the foregoing drug screening and background checks unless or until such time as they no longer perform work for the UNIVERSITY under this Contract for over twenty-one (21) consecutive days.

10. AUTHORIZED REPRESENTATIVES

Only the Authorized Representatives of LOCKHEED MARTIN and the UNIVERSITY have authority on behalf of their respective employers to make changes to this Contract. All amendments must be identified as such in writing and executed by the parties.

Any modification to a CWEP Student's performance period must be agreed to by an Authorized Representative of either LOCKHEED MARTIN or the UNIVERSITY.

LOCKHEED MARTIN AUTHORIZED REPRESENTATIVES:

Human Resources matters:

Cathy Cantwell
Lockheed Martin Corporation
5600 Sand Lake Road
Orlando, FL 32819

407-356-3364
cathy.a.cantwell@lmco.com

Procurement/Contract matters:

Michelle Francis
Lockheed Martin Corporation
5600 Sand Lake Road
Orlando, FL 32819
407-356-5820
MP141
michelle.d.francis@lmco.com

UNIVERSITY AUTHORIZED REPRESENTATIVES:

UNIVERSITY On-Site Coordinator:

Mark Greenwood, Assistant Director
University of Central Florida
Lockheed Martin College Work Experience Program
UCF Career Services Department
UCF Phone: 407-823-3314
Lockheed Phone: 407-356-7017
UCF Fax: 407-823-5909
Mark.Greenwood@ucf.edu
Mark.I.Greenwood@lmco.com

UNIVERSITY Principal Investigator:

Lynn Hansen, Executive Director
University of Central Florida
Career Services
407-823-2362
Lynn.Hansen@ucf.edu

UNIVERSITY Contract Manager:

Jane Gentilini
Office of Research and Commercialization
12201 Research Parkway, Suite 501
Orlando, FL 32826
Office: 407-882-1452
Jane.Gentilini@ucf.edu

The list of Authorized Representatives may be amended from time to time at the discretion of the each Party, by written notice to the other Party.

11. TERMINATION

- a. This Contract may be terminated for the convenience of LOCKHEED MARTIN or the UNIVERSITY at their sole discretion without default by either Party. In such case, LOCKHEED MARTIN shall be liable only for those services rendered prior to the date the termination becomes effective.
- b. LOCKHEED MARTIN shall have the right to require the UNIVERSITY to remove from the worksite any CWEP Student as LOCKHEED MARTIN may lawfully request.

12. PAYMENT

The UNIVERSITY shall be paid for services provided under this Contract upon receipt of an authorized CWEP Student's time sheet and approved UNIVERSITY'S Invoice as created by LOCKHEED MARTIN.

The applicable Pay Rates /Billing Rates for performance hereunder shall be set forth in the confirmation of release and shall be in accordance with Appendix C.

Additional categories of labor skills and applicable rates may be negotiated by the Parties hereto and added to Appendix C from time to time. Likewise, categories of labor skills may be deleted or amended as agreed by the Parties.

When a CWEP Student changes enrollment classification (i.e., from freshman to sophomore, etc.), it shall be the responsibility of the UNIVERSITY to notify LOCKHEED MARTIN of such changes in enrollment classification prior to the effective date of such changes.

The hourly straight time Billing Rates shall be determined using Appendix C. The straight time Billing Rate is the product of the Pay Rate multiplied by the UNIVERSITY'S total mark-up. The Billing Rate percentage shall include all overhead, general and administrative expenses, Federal and State (including FICA) payroll taxes, background checks, all other indirect expenses attributable to employment of the CWEP Student by the UNIVERSITY, and all other charges by the UNIVERSITY.

LOCKHEED MARTIN and the UNIVERSITY agree that no CWEP Student shall work in excess of twenty-five (25) hours per each work week at LOCKHEED MARTIN. This limit to hours per week shall apply to both the performance during Academic Semester and the performance during Summer Breaks, inclusive of Holiday and Spring Breaks.

Likewise, CWEP Students shall not work or be paid for designated LOCKHEED MARTIN or UNIVERSITY holidays/shut down days unless approved by the CWEP Coordinator.

In addition, no payment will be made by LOCKHEED MARTIN for wages for days on which the CWEP Student is absent from work, including absence due to illness, leave, vacations, funerals, or for any other reason.

The amount to be paid for time worked by the CWEP Student shall be computed by multiplying the applicable hourly straight time Billing Rate set forth in Appendix C by the number of straight time hours worked. Fractional parts of an hour shall be payable in one-tenth hour (.1) increments only.

Only "allowable costs" as defined in Section 31.3 of the Federal Acquisition Regulations shall be included in the markup/indirect rate percentage. The Pay and Billing Rates set forth in Appendix C and the markup/indirect rate percentage shall be fixed for the Period of Performance of this Contract and the term of any release issued hereunder. In the event of any Federal or State mandated changes which would impact the UNIVERSITY'S ability to cover costs under the terms of this Contract, the UNIVERSITY shall give NINETY (90) days notice prior to the effective date of change. This notice shall include data which documents the cost changes and provides justification for any rate change. If LOCKHEED MARTIN elects to continue with this Contract, the Parties will negotiate the impact of such change. In no event shall any negotiated adjustment include cost incurred by the UNIVERSITY prior to the effective date of the change.

It is recognized that all or a portion of the CWEP Students will be directly charging their work time to a U.S. Government Contract. For those CWEP Students, the UNIVERSITY will comply with Appendix D.

13. INVOICING

The UNIVERSITY is not required to submit invoices for labor hours worked since LOCKHEED MARTIN shall compute such payments using the LM P2P – VIP System as provided above. LOCKHEED MARTIN shall pay the UNIVERSITY for all labor hours worked by its students through an automated system.

The UNIVERSITY retains the right to conditionally accept any payment as completed and accurate relative to the billing period supporting such payment. The UNIVERSITY shall notify LOCKHEED MARTIN's Contract Monitor and Contract Administrator of any discrepancies relative to payment within ninety (90) days after each payment.

14. INDEPENDENT CONTRACTOR

The UNIVERSITY shall perform its obligations under this Contract as an independent contractor and not as an agent, servant, or representative of LOCKHEED MARTIN. For all purposes, CWEP Students furnished for the performance of this Contract shall be the employees of the UNIVERSITY only and certified as such and subject to its control. The UNIVERSITY shall fully perform all of its lawful duties as an employer. Nothing contained in this Contract shall be construed as granting to UNIVERSITY or any personnel of UNIVERSITY rights under any LOCKHEED MARTIN benefit plan.

15. PUBLICITY

Without written permission of LOCKHEED MARTIN, the UNIVERSITY shall not issue any news releases or publish any advertising, promotion piece or publicity of any kind using the name of LOCKHEED MARTIN CORPORATION or any variation thereof, including Trademark or logo owned by LOCKHEED MARTIN, nor should they imply any relationship exists between it and LOCKHEED MARTIN.

16. HIRING

LOCKHEED MARTIN agrees not to hire as its own employee any CWEP Student providing services hereunder for a period of not less than three (3) months after termination of work from the LOCKHEED MARTIN CWEP. This provision is not applicable to those CWEP Students who have completed their Academic Curriculum when such can be substantiated by baccalaureate or higher degree, or are certified as having completed their program by the University On-Site Coordinator.

17. TERMS AND CONDITIONS

This Contract and the following documents shall apply to the performance of all services rendered hereunder; attached hereto and made a part hereof by references:

APPENDIX A – Statement of Work
APPENDIX B – College CWEP Program Guidelines (CWEP)
APPENDIX C – Pay Rates and Billing Rates
APPENDIX D – ADDITIONAL TERMS AND CONDITIONS FAR AND DFARS CLAUSES
APPENDIX E – Student Assignment and Non-disclosure agreement
APPENDIX F – LOCKHEED MARTIN Supplier Code of Conduct
APPENDIX G – Proprietary Information Agreement between UNIVERSITY and LOCKHEED MARTIN
APPENDIX H – Unauthorized Software; Drug and Background Screening
APPENDIX I – LOCKHEED MARTIN MFC Contractor Screening Guide
APPENDIX J – LOCKHEED MARTIN MFC Environmental, Safety and Health Contractor Manual

18. CWEP STUDENT ASSIGNMENT AND NON DISCLOSURE AGREEMENT

The UNIVERSITY agrees that any proprietary information of LOCKHEED MARTIN, whether or not patentable and of any kind of nature whatsoever, shall not in any way or manner be used or disclosed by the UNIVERSITY to any person, business, or organization, to the extent permitted by law, and pursuant to Paragraph 27 of this Agreement and the terms specified in the PIA, Appendix G. LOCKHEED MARTIN shall, at its discretion, require CWEP Students to attend Safeguards Non-Disclosure Briefing held and controlled by LOCKHEED MARTIN and sign the Appendix E, "Student Assignment and Non-Disclosure Agreement."

19. INSURANCE

The UNIVERSITY shall maintain at its expense for the duration of this Contract Workmen's Compensation to meet statutory limits and Employer's Liability, Comprehensive General Liability Insurance and other insurance as will furnish reasonable protection against claims which may arise from operations under this Contract, whether such operations be by the UNIVERSITY or anyone directly or indirectly employed by either of them. The UNIVERSITY as an agency of the State of Florida belongs to the State Self Insured Plan as established by the Insurance Commission of the State of Florida. Certificates of such insurance shall be filed with LOCKHEED MARTIN. Provisions shall be made for thirty (30) days advance written notice, by mail to LOCKHEED MARTIN of changes in or cancellation of any such insurance. UNIVERSITY and LOCKHEED MARTIN further agree that nothing contained herein shall be construed or interpreted as (1) denying to either Party any remedy or defense available to such Party under the laws of the State of Florida; (2) the consent of the State of Florida or its agents and agencies to be sued; or (3) a waiver of sovereign immunity of the State of Florida beyond the waiver provided in Section 768.28, Florida Statutes.

20. RECORDS

The UNIVERSITY agrees to maintain accurate books, records, documents, and any other evidence pertaining to the costs and expenses of this Contract (hereinafter collectively called "records"), for four (4) years after the expiration date of this Contract, to the extent and in such detail as will properly support all hours performed, other costs and expenses of whatever nature for which reimbursement is claimed

under the provisions of this Contract.

21. RESPONSIBILITY

To the extent permitted by applicable State of Florida Law (to include the liability caps set forth in Section 768.28, Florida Statutes), regardless of the number or nature of claims in tort, contract or equity, the UNIVERSITY shall be responsible for and hold harmless LOCKHEED MARTIN from and against all losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorney's fees, all expenses of litigation and/or settlement, and court costs which LOCKHEED MARTIN may sustain or incur in consequence of (i) UNIVERSITY's failure to pay any employee for the work rendered under this Contract.

22. ETHICAL PRACTICES

UNIVERSITY, by execution of this Contract, agrees that it is familiar with, understand, and will comply with the applicable standards and requirements set forth in the paragraphs in the LOCKHEED MARTIN Supplier Code of Conduct, attached hereto as Appendix F to this Contract. The UNIVERSITY shall provide a copy of Appendix F to each CWEP Student.

23. APPLICABLE LAWS

This Contract and any matter arising out of or related to this Contract shall be governed by the laws of the State of Florida without regard to its conflicts of laws provisions, except that any provision of Appendix D shall be construed and interpreted according to the federal common law of government contracts as enunciated and applied by federal judicial bodies, boards or contracts appeals, and quasi-judicial agencies of the federal Government.

The Parties, in the performance of this Contract, agree to comply with all applicable local, state, and federal laws, orders, rules, regulations, and ordinances. The Parties shall procure all licenses/permits, pay all fees, and other required charges and shall comply with all applicable guidelines and directives of any local, state and/or federal governmental authority.

24. DISPUTES

All disputes under this Contract that are not disposed of by mutual agreement may be decided by recourse to an action at law or in equity. Each Party hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to trial by jury in respect to any litigation directly or indirectly arising out of under or in connection with this Contract.

25. EXPORT CONTROL

The UNIVERSITY agrees to comply, and will ensure that its employees, faculty, graduate assistants, students, and CWEP Students comply with all applicable U.S. export control laws and regulations, specifically including, but not limited to, the requirements of Arms Export Control Act, 22 U.S.C. 2751-2794, the International Traffic in Arms Regulations (ITAR), 22 C.F.R. 120 et seq., and the Export Administration Regulations, 15C.F.R. 730-774, including the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, UNIVERSITY agrees that it will not transfer any export controlled item, data, or services, to include transfer to foreign persons including its employees, faculty, graduate assistants, students, and CWEP Students, without the authority of an export

license, agreement, or applicable exemption or exception.

26. GRATUITIES AND KICKBACKS

The UNIVERSITY shall not offer or give a kickback or gratuity, in the form of entertainment, gifts, or otherwise, for the purpose of obtaining or rewarding favorable treatment as a LOCKHEED MARTIN supplier. By accepting this Contract, UNIVERSITY certifies and represents that it has not made or solicited and will not make or solicit kickbacks in violation of FAR 52 203-7 or the Anti-Kickback Act of 19896 (41 USC 51-58), both of which are incorporated herein by this specific reference, except that paragraph (c) (1) of FAR 52.203-7 shall not apply.

27. INFORMATION OF THE PARTIES

Information provided by one Party to the other remains the property of the disclosing Party. Each Party agrees to comply with the terms of the Proprietary Information Agreement set forth in Appendix G, and to comply with all proprietary information markings and restrictive legends applied by the disclosing Party. Each Party agrees not to use any proprietary information provided by the other for any purpose except to perform this Contract and to the extent permitted by law, and pursuant to Paragraph 27 of this Agreement and the terms specified in the PIA, Appendix G. agrees not to disclose such information to third Parties without prior written consent of the disclosing Party. Each Party shall maintain data protection processes and systems sufficient to adequately protect provided information and comply with any law or regulation applicable to such information.

If a Party becomes aware of any compromise of information provided by the other, (an "Incident"), that Party will take appropriate immediate actions to investigate and contain the Incident and any associated risks, including prompt notification to the other soon after learning of the Incident. As used in this Section, "compromise" means that any information provided by a Party has been exposed to unauthorized access, inadvertent disclosure, known misuse, loss, destruction, or alteration other than as required to perform the Contract. Each Party will additionally provide its reasonable cooperation to the other in any investigation it may conduct regarding the nature and scope of any Incident.

Any provided information identified as proprietary or subject to restrictions on public disclosure by law or regulation shall be encrypted (i) if transmitted via the internet, or (ii) during electronic storage if potentially accessible by the internet or otherwise by non-authorized users.

The provisions set forth above are in addition to and do not alter, change or supersede any obligations contained in a proprietary information agreement between the Parties.

28. NOTICES

All notices pertaining to this Contract shall be in writing, and shall be deemed to have been duly given by a Party if served upon the other personally, or is sent to the other by certified or registered mail, or by email. Notice by mail shall become effective when received. All notices or communications from each Party to the other shall be addressed as follows:

LOCKHEED MARTIN CORPORATION
Michelle Francis
Subcontract Administrator Sr.
5600 Sand Lake Road
MP141
Orlando, FL 32819

UNIVERSITY OF CENTRAL FLORIDA
Jane Gentilini
Contract Manager
12201 Research Pkwy.
Suite 501
Orlando, FL 32826

michelle.d.francis@lmco.com

jane.gentilini@ucf.edu

29. INTELLECTUAL PROPERTY

UNIVERSITY agrees that LOCKHEED MARTIN shall be the sole owner of any and all inventions, discoveries, improvements, mask works and patents as well as any and all data, copyrights, reports, and works of authorship, conceived, developed, generated or delivered by any CWEP Student performing pursuant to this Agreement. If necessary to perfect LOCKHEED MARTIN'S ownership interest, UNIVERSITY shall assign all rights, title and interest that may accrue to it in any and all inventions, discoveries, improvements, mask works and patents as well as any and all data, copyrights, reports, and works of authorship, conceived, developed, generated or delivered by any CWEP Student performing pursuant to this Agreement.

30. RELEASE OF INFORMATION

Neither Party shall, without the prior written consent of the other Party, disclose any information of any nature whatsoever relative to this Agreement except as may be required to ensure performance or is required by law. The UNIVERSITY shall not use "Lockheed Martin," "Lockheed Martin Corporation" or any other name, trademark or logo owned by LOCKHEED MARTIN, in whatever shape or form, without the prior written consent of LOCKHEED MARTIN. LOCKHEED MARTIN shall not use "UCF", "University of Central Florida", or any other name or trademark or logo owned by UNIVERSITY, in whatever shape or form, without the prior written consent of UNIVERSITY.

LOCKHEED MARTIN recognizes that the UNIVERSITY may wish to publish certain information for a student thesis, dissertation, publication or presentation and LOCKHEED MARTIN agrees that it will not, after being given the opportunity to examine the relevant draft, prevent such publication in accordance with normal academic custom, provided that: (a) it may be necessary for such publication to be delayed in order not to prejudice the obtaining or validity of intellectual property rights in any country of the world, and (b) such results or information shall not include any information that LOCKHEED MARTIN deems proprietary or confidential. Any delay in publication shall not exceed ninety (90) days from the date LOCKHEED MARTIN receives a copy of the proposed publication.

31. SEVERABILITY

Each clause, paragraph and subparagraph of this Contract is severable, and if one or more of them are declared invalid, the remaining provisions of this Contract will remain in full force and effect.

32. WAIVERS, APPROVALS, AND REMEDIES

Failure by either Party to enforce any of the provisions of this Contract or applicable law shall not constitute a waiver of the requirements of such provisions or law, or as a waiver of the right of a Party thereafter to enforce such provision or law. LOCKHEED MARTIN'S approval of documents shall not relieve UNIVERSITY of its obligation to comply with the requirements of this Contract. The rights and remedies of either Party of its Contract are cumulative and in addition to any other rights and remedies provided by law or in equity.

33. CHANGES

The LOCKHEED MARTIN Procurement Representative may at any time, by written notice to and

acceptance by UNIVERSITY, make changes within the general scope of this Contract.

If any such change causes an increase in the cost of, or the time required for, performance of any part of this Contract, LOCKHEED MARTIN shall make an equitable adjustment in the Contract price and/or delivery schedule, and modify this Contract accordingly.

UNIVERSITY must assert its right to an equitable adjustment under this paragraph within thirty (30) days from the date of receipt of the written change order.

Failure to agree to any adjustment shall be in accordance with the "Disputes" clause of this Contract. However, nothing contained in this "Changes" clause shall excuse UNIVERSITY from proceeding without delay in the performance of the unchanged tasks of this Contract.

34. FURNISHED PROPERTY

LOCKHEED MARTIN may provide to CWEP Students property owned by either LOCKHEED MARTIN or its customer (Furnished Property). Furnished Property shall be used only for the performance of this Contract.

Title to Furnished Property shall remain in LOCKHEED MARTIN or its customer. LOCKHEED MARTIN shall clearly mark (if not so marked) all Furnished Property to show its ownership.

Except for reasonable wear and tear, the UNIVERSITY shall be responsible for, only to the extent covered by the UNIVERSITY's insurance coverage, loss or damage caused by the negligence of its CWEP Students, as well as the failure to return or unauthorized use of Furnished Property.

35. SURVIVABILITY

If this Contract expires, is completed, or is terminated, the Parties shall not be relieved of their respective obligations contained in the following provisions:

- Applicable Laws
- Disputes
- Export Control
- Independent Contractor
- Information of the Parties
- Insurance
- Intellectual Property
- Notices
- Records
- Responsibility
- Security Requirements
- CWEP Student Non-Disclosure Agreement

36. ENTIRE AGREEMENT

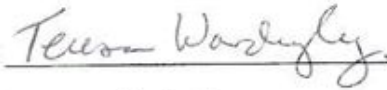
This Contract supersedes all prior offers, negotiations or agreement, expressed or implied, concerning the subject matter hereof and constitutes the final complete and entire agreement between the Parties. Any terms or conditions proposed by either Party inconsistent with or in addition to the provisions expressed in this Contract shall be void and of no effect unless specifically agreed to in writing by the Authorized Representative of both Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Contract as of the day and first year written above.

THE UNIVERSITY OF CENTRAL FLORIDA
BOARD OF TRUSTEES

LOCKHEED MARTIN CORPORATION

By: 

By: 

Name: Jane Gentilini _____

Name: Teresa Wardingley

Title: _Associate Director, Contracts& Grants

Title: Director, Category Management

Date: 2/20/2017

Date: 

APPENDIX A
COLLEGE WORK EXPERIENCE PROGRAM (CWEP)
STATEMENT OF WORK

1. AUTHORIZED REPRESENTATIVE

As described in this Contract the UNIVERSITY shall provide an on-site coordinator who shall be responsible for the following:

- Review College Work Experience Program Applications, certificates of Citizenship, and compliance with Contract requirements.
- Receive, review, and activate “Release Authorization Plan (RAP) for Contract Labor Acquisition” (Release) on each qualifying CWEP Student
- Coordinate efforts for placement of CWEP Students.
- Responsible for all interview scheduling, offers, onboarding, Lockheed Martin systems set up, and program exits, as well as ensuring the policies and procedures for students are being followed at Lockheed Martin worksite.
- Act as the Lockheed Martin Functional Coordinator for the UCF/Lockheed Martin College Work Experience Program
- Review student’s time cards and approve for University certification.
- Receive and review evaluations of College Work Experience Program students
- Keep appropriate Contract Monitor apprised of any necessary changes in a College Work Experience Program student release due to changes in department, supervision, and/or classification.
- Will serve as the College Work Experience Program student’s primary point of contact.

2. The UNIVERSITY and its College Work Experience Program participants shall put forth their best efforts on behalf of Lockheed Martin in the performance of work under this contract. The UNIVERSITY shall furnish LOCKHEED MARTIN only those participants who are bona fide United States citizens and aliens authorized to work in the United States that have met the requirements set forth by the UNIVERSITY and LOCKHEED

MARTIN. As a Defense Contractor, LOCKHEED MARTIN is subject to security restrictions imposed upon it by the United States Government, therefore, LOCKHEED MARTIN may be precluded from placing other than U.S. citizens in certain positions. Such personnel shall perform ordered services diligently and in a timely manner in accordance with the highest professional standards under the direction of the UNIVERSITY.

3. The specific task assignment to be performed by the UNIVERSITY'S College Work Experience Program participants shall be made by the LOCKHEED MARTIN Program Monitor/Immediate Supervisor as indicated in each release. Task assignments shall be in accordance with the academic curriculum of the student and are subject to the specific approval of the UNIVERSITY'S on-site coordinator.

4. FACILITIES

Work Experience Students shall not be entitled to utilize LOCKHEED MARTIN recreation facilities. No Work Experience Student shall use any LOCKHEED MARTIN Equipment or supplies to conduct personal business at any time. The University shall inform its Work Experience Students of these restrictions prior to commencement of work hereunder.

5. CWEP STUDENT INTERVIEWS

Any of the UNIVERSITY Work Experience Students may be interviewed in person or by telephone by LOCKHEED MARTIN, at its option and expense. In cases where such interviews are undertaken, it is required that the Work Experienced Student interview be first arranged and coordinated by the UNIVERSITY Representative. At no time, under the performance of the contract, shall the UNIVERSITY permit or authorize its Work Experience Students to interview without the prior consent of the requesting LOCKHEED MARTIN representative.

6. WORK EXPERIENCE STUDENTS REPORTING

All Work Experience Students must report to the designated LOCKHEED MARTIN representative following clearance by the UNIVERSITY on-site coordinator. At such time of reporting, the Work Experience Student shall present a signed certification of

direct labor rates being paid to said CWEP Student and that he or she is a bona fide United States Citizen or alien authorized to work in the United States. Such Certification must be duly executed by the UNIVERSITY on-site coordinator.

7. EXIT INTERVIEWS

UNIVERSITY shall take such steps as required to insure that all Work Experience Students, upon completion of their work assignment at LOCKHEED MARTIN. Exit through LOCKHEED MARTIN'S College Work Study Office located at the Facility authorizing exit interviews.

8. Work Schedule

LOCKHEED MARTIN hereby agrees to limit CWEP Students weekly performance to those hourly limitations set forth below. Any deviation to such limitations must be bilaterally approved by the parties hereto prior to the effective date of such a deviation. Hourly work week limitations are as follows:

- Maximum 25.0 hours per each work week during the UNIVERSITY'S Academic Semester for Undergraduate Students
- Maximum 25.0 hours per each work week during the UNIVERSITY'S Academic Semester for Graduate Students
- Maximum 25.0 hours per each work week during Semester Breaks
- Maximum 25.0 hours per each work week during Summer Semester provided the classes taken are less than twelve (12) credit hours during summer session. The working hours may be limited by the Contract Monitor and the on-site coordinator.
- Maximum 9.0 hours per day unless approved otherwise by the CWEP Coordinator

The Work Experience Student shall record all hours worked on the LOCKHEED MARTIN VIP System at the end of the day in a complete status. The Work Experience Students Program Monitor or immediate supervisor will review VIP and will approve online in the VIP system as evidence of his/her approval of the time worked by the Work Experience Students. VIP input is subject to review by the UNIVERSITY on-site coordinator and is subject to approval of the Contract Monitor.

9. TERMS AND CONDITIONS

The UNIVERSITY shall not furnish any Work Experience Student under this contract who reports his/her earnings via Internal Revenue Form 1099, without the written approval of LOCKHEED MARTIN's authorized representative.

10. RECORDS

The UNIVERSITY shall be responsible for requiring each Work Experience Student engaged in work on premises owned, occupied, or under the control of LOCKHEED MARTIN to display such identification as may be approved, provided and directly by LOCKHEED MARTIN. All prescribed identification shall immediately be delivered to LOCKHEED MARTIN upon cancellation of any release of Work Experience Student.

11. INDEPENDENT CONTRACTOR RELATIONSHIP AND UNIVERSITY PERSONNEL

(a) UNIVERSITY will ensure that UNIVERSITY personnel assigned to work on LOCKHEED MARTIN's premises comply with any on-premises guidelines and: (i) do not bring weapons of any kind onto LOCKHEED MARTIN's premises; (ii) do not manufacture, sell, distribute, possess, use or be under the influence of controlled substances or alcoholic beverages while on LOCKHEED MARTIN's premises; (iii) do not possess hazardous materials of any kind on LOCKHEED MARTIN's premises without LOCKHEED MARTIN's authorization; (iv) remain in authorized areas only; (v) will not conduct any non-LOCKHEED MARTIN related business activities (such as interviews, hirings, dismissals or personal solicitations) on LOCKHEED MARTIN's premises, (vi) will not send or receive non-LOCKHEED MARTIN related mail through LOCKHEED MARTIN's 's mail systems; and (vii) will not sell, advertise or market any products or memberships, distribute printed, written or graphic materials on LOCKHEED MARTIN's premises without LOCKHEED MARTIN's written permission or as permitted by law.

(b) All persons, property, and vehicles entering or leaving LOCKHEED MARTIN's premises are subject to search.

(c) UNIVERSITY will promptly notify LOCKHEED MARTIN and provide a report of any accidents or security incidents involving loss of or misuse or damage to LOCKHEED MARTIN's intellectual or physical assets, and all physical altercations, assaults, or harassment.

(d) Prior to entry on LOCKHEED MARTIN premises, UNIVERSITY shall coordinate with LOCKHEED MARTIN to gain access to facilities. UNIVERSITY shall provide information reasonably required by LOCKHEED MARTIN to ensure proper identification of personnel, including, but not limited to verification of citizenship, lawful permanent resident status, protected individual or other status.

(e) UNIVERSITY personnel: (i) will not remove LOCKHEED MARTIN assets from LOCKHEED MARTIN's premises without LOCKHEED MARTIN authorization; (ii) will use LOCKHEED MARTIN assets only for purposes of this Contract; (iii) will only connect with, interact with or use computer resources, networks, programs, tools or routines that LOCKHEED MARTIN agrees are needed to provide services; and (iv) will not share or disclose user identifiers, passwords, cipher keys or computer dial port telephone numbers. LOCKHEED MARTIN may periodically audit UNIVERSITY's data residing on LOCKHEED MARTIN's information assets.

(f) LOCKHEED MARTIN may, at its sole discretion, have UNIVERSITY remove any specified employee of UNIVERSITY from LOCKHEED MARTIN's premises and request that such employee not be reassigned to any LOCKHEED MARTIN premises under this Contract.

(g) UNIVERSITY shall provide LOCKHEED MARTIN any information about UNIVERSITY's personnel that LOCKHEED MARTIN is required by law to obtain, including information on "leased employees" and "management services organization" as these terms are used in Secs. 414(m), (n), and (o) of the Internal Revenue Code.

(h) Violation of this clause may result in termination of this Contract in addition to any other remedy available to LOCKHEED MARTIN at law or in equity. UNIVERSITY shall reimburse LOCKHEED MARTIN for any unauthorized use of LOCKHEED

MARTIN assets to the extent permitted by law and without exceeding the caps, regardless of the number or nature of claims in tort, contract or equity, set forth in 768.28 F.S. for torts.

(i) UNIVERSITY shall advise the LOCKHEED MARTIN Procurement Representative of any unauthorized direction or course of conduct.

APPENDIX B

COLLEGE WORK EXPERIENCE PROGRAM GUIDELINES (UCF)

In accordance with the contractual agreement between Lockheed Martin and the University of Central Florida, the following guidelines outline the responsibilities designated to the participants (CWEP Students) of the College Work Experience Program (CWEP). To insure the effective operation of the program, CWEP Students agree to adhere to the appropriate responsibilities as indicated.

I. THE CWEP STUDENT SHALL:

- be eligible to obtain a security clearance when necessary,
- be enrolled as a full time student at the University of Central Florida and taking a minimum of 12 credit hours as an undergraduate student or taking a minimum of nine (9) credit hours as a post baccalaureate/graduate student, except for Lockstep MBA students. Any college credits being taken at another institution must be in addition to full-time enrollment at UCF,
- have and maintain a minimum GPA of 3.0, both UCF and overall, as an undergraduate student or a minimum GPA of 3.0, both UCF and overall, as a post baccalaureate/graduate student. Failure to meet the GPA requirement will result in one semester probation and termination from the program if under the requirement for two (2) consecutive semesters,

The GPA must be based on a minimum of one semester of full time course work at UCF,

- satisfy the appropriate academic standards of the college and work standards established by Lockheed Martin,
- receive a rate increase as he/she advances from one school year to the next and is taking classes at the new level (i.e., junior to senior, senior to grad, etc). NOTE: A CWEP Student enrolled as a post-baccalaureate is paid at the senior rate until he/she is ACCEPTED into a graduate program and is taking classes in that status,
- inform CWEP and campus coordinator of changes in your academic program/major as they occur,
- Summer Enrollment is required only at the discretion of the University and/or the choice of the CWEP Student. If the CWEP Student chooses NOT to enroll during the summer

session, then no rate increase for a higher classification will be given until the CWEP Student is taking classes at the new level,

- work a minimum of twelve (12) hours and a maximum of twenty five (25) hours per each work week year round,
- Exemptions to the above guidelines in regard to enrollment status, GPA requirements and work hours can be made on a case-by-case basis as long as the exemption is approved in writing by the University of Central Florida and Lockheed Martin.
- be responsible for assuring that time worked is recorded accurately in Lockheed Martin's electronic time keeping system (VIP) on a weekly basis for supervisor approval. The deadline for inputting time into the system is 12:00 midnight on Friday. **Failure to meet this deadline will cause your paycheck to be delayed,**
- **NOT** be allowed to hold another employed position without the approval of the on-site campus coordinator while participating in the CWEP program,
- comply with UCF and/or Lockheed Martin regulations required for the successful operation of the departmental program,
- agree not to bring any software into a facility owned, operated or under the control of LOCKHEED MARTIN or install any software into any computer system owned, operated or under the control of LOCKHEED MARTIN,
- agree to background screening and urine drug screening and understand and agree that no person that has a positive drug test will be assigned to work at Lockheed Martin facilities,
- do not bring weapons of any kind onto LOCKHEED MARTIN's premises,
- do not manufacture, sell, distribute, possess, use or be under the influence of controlled substances or alcoholic beverages while on LOCKHEED MARTIN's premises,
- do not possess hazardous materials of any kind on LOCKHEED MARTIN's premises without LOCKHEED MARTIN's authorization,
- remain in authorized areas only,
- do not conduct any non-LOCKHEED MARTIN related business activities (such as interviews, hirings, dismissals or personal solicitations) on LOCKHEED MARTIN's premises,

- do not send or receive non-LOCKHEED MARTIN related mail through LOCKHEED MARTIN's 's mail systems,
- do not sell, advertise or market any products or memberships, distribute printed, written or graphic materials on LOCKHEED MARTIN's premises without LOCKHEED MARTIN's written permission or as permitted by law,
- do not remove LOCKHEED MARTIN assets from LOCKHEED MARTIN's premises without LOCKHEED MARTIN authorization,
- only connect with, interact with or use computer resources, networks, programs, tools or routines that LOCKHEED MARTIN agrees are needed to provide services,
- do not share or disclose user identifiers, passwords, cipher keys or computer dial port telephone numbers.
- comply with the LOCKHEED MARTIN Supplier Code of Conduct,
- agree to and execute a LOCKHEED MARTIN assignment and non-disclosure agreement,
- NOT be entitled to utilize LOCKHEED MARTIN recreation facilities,
- NOT use any LOCKHEED MARTIN Equipment or supplies to conduct personal business at any time,
- agree to reimburse LOCKHEED MARTIN for any unauthorized use of LOCKHEED MARTIN assets,
- be a bona fide United States Citizen or alien authorized to work in the United States,
- give a **two week notice** of resignation from the program, schedule an exit interview with a CWEP staff member, and return picture/access badge and any applicable items to Lockheed Martin,
- work task assigned by a designated Lockheed Martin employee. **CWEP Students are NOT allowed to work on weekends, when the facility is not in operation.** CWEP Students are not permitted to work on shut-down Fridays, unless a request is made by the LOCKHEED MARTIN manager to the UNIVERSITY CWEP coordinator and prior approval is granted. **The 25 hour per each work week limit still applies.**
- **NOT** participate in business travel without the approval from the CWEP Coordinator,
- abide by UCF's Golden Rule which can be found at www.goldenrule.sdes.ucf.edu and

- commit to at least two full semesters at Lockheed Martin.

_____ Unless otherwise stated, **violation of any of the above once will result in verbal and written warning.**

_____ Unless otherwise stated, **violation of any of the above twice will result in one-week suspension without pay.**

_____ Unless otherwise stated, **violation of any of the above three times will result in dismissal from program.**

Only course work and grade point average officially recorded at the UCF Registrar's Office will be recognized for acceptance into the program. **Failure to maintain these requirements will result in termination.**

No CWEP Student shall work more than twenty five (25) hours per each work week under any circumstances. **Failure to abide by this requirement will result in termination.**

II. THE UNIVERSITY OF CENTRAL FLORIDA SHALL:

- coordinate the necessary paperwork to insure CWEP Students are paid, the college reimbursed, and a security clearance is provided when required and authorized by Lockheed Martin,
- certify CWEP Students for pay under State University System (SUS) guidelines,
- monitor the academic progress and enrollment status of CWEP Students,
- inform Lockheed Martin of any changes in CWEP Students' academic status or classification and send recommendation of rate changes for eligible CWEP Students who are currently enrolled in classes at the new level,
- terminate CWEP Students who fail to maintain program guidelines and requirements and
- supervise the work experience, students job activities and assignment.

UNAUTHORIZED INSTALLATION OF SOFTWARE

Neither UCF nor any person acting on its behalf shall bring any software into a facility owned, operated or under the control of LOCKHEED MARTIN nor install any software into any computer system owned, operated or under the control of LOCKHEED MARTIN.

DRUG SCREENING AND CRIMINAL BACKGROUND CHECKS

All CWEP Students of the university assigned to work at LOCKHEED MARTIN shall be subject to LOCKHEED MARTIN Safety and Security Rules and Regulations and must satisfactory pass a background check and urine drug screen. Drug screening and background checks must be completed prior to the commencement of work. The background screening will be performed through the preferred third party provider approved by LOCKHEED MARTIN. Screening will include Local County Felony and Misdemeanor, National Criminal Database, Social Security Number Verification, and terrorist watch and disbarred lists. Periodic updates may be required by the university CWEP coordinator,

I have read the above conditions of my participation in CWEP and understand that from this date forward I will be responsible for my actions regarding these matters.

DATED THIS _____ DAY OF _____, 20 _____

UNIVERSITY OF CENTRAL FLORIDA

PARTY (STUDENT)

PRINT NAME _____

PRINT NAME _____

SIGNATURE _____

SIGNATURE _____

PROGRAM/DEPT CWEP

COMPANY _____

I HAVE READ AND UNDERSTAND THAT FAILURE TO ABIDE BY THE ABOVE GUIDELINES MAY RESULT IN TERMINATION FROM THE COLLEGE WORK EXPERIENCE PROGRAM (CWEP).

IT IS RECOGNIZED THAT THIS IS NOT AN EMPLOYMENT CONTRACT. I UNDERSTAND AND AGREE THAT MY WORK ASSIGNMENT AND MY CONTINUED PARTICIPATION IN THE PROGRAM SHALL BE AT THE WILL OF LOCKHEED MARTIN AND/OR THE UNIVERSITY OF CENTRAL FLORIDA AND MAY BE TERMINATED AT ANY TIME.

Print Name, Student

Student Signature

Date

Print Name, CWEP Rep

CWEP signature

Date

Lockheed Martin Missiles Fire Control • Orlando
 UCF College Work Experience Program
 Appendix C

Classification/ Tech Status	Pay Rate	Billing Rate
Freshman – Non-Tech	\$11.22	\$14.70
Freshman – Tech	\$14.58	\$19.10
Sophomore – Non-Tech	\$12.65	\$16.58
Sophomore – Tech	\$16.28	\$21.33
Junior – Non-Tech	\$14.03	\$18.37
Junior – Tech	\$18.26	\$23.93
Senior – Non-Tech	\$15.40	\$20.17
Senior – Tech	\$20.24	\$26.51
Graduate – Non-Tech	\$19.31	\$25.29
Graduate – Tech	\$24.07	\$31.53

**APPENDIX D – ADDITIONAL TERMS AND CONDITIONS
FAR AND DFARS CLAUSES**

INCORPORATION OF FAR/DFARS CLAUSES

The Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplements (DFARS), clauses referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, to this Contract. The Contracts Disputes Act shall have no application to this Contract. Any reference to a "Disputes" clause shall mean the "Disputes" clause of this Contract.

GOVERNMENT SUBCONTRACT

- (a) This Contract is entered into by the parties in support of a U.S. Government contract.
- (b) As used in the FAR clauses referenced below and otherwise in this Contract:
 - 1. "Commercial Item" means a commercial item as defined in FAR 2.101.
 - 2. "Contract" means this Contract.
 - 3. "Contracting Officer" shall mean the U.S. Government Contracting Officer for LOCKHEED MARTIN's government prime contract under which this Contract is entered.
 - 4. "Contractor" and "Offeror" means UNIVERSITY, as defined in this CorpDoc, acting as the immediate subcontractor to LOCKHEED MARTIN.
 - 5. "Prime Contract" means the contract between LOCKHEED MARTIN and the U.S. Government or between LOCKHEED MARTIN and its higher-tier contractor who has a contract with the U.S. Government.
 - 6. "Subcontract" means any contract placed by the UNIVERSITY or lower-tier subcontractors under this Contract.

NOTES

The following notes apply to the clauses incorporated by reference below only when specified in the parenthetical phrase following the clause title and date.

- 1. Substitute "LOCKHEED MARTIN" for "Government" or "United States" throughout this clause.
- 2. Substitute "LOCKHEED MARTIN Procurement Representative" for "Contracting Officer", "Administrative Contracting Officer", and "ACO" throughout this clause.
- 3. Insert "and LOCKHEED MARTIN" after "Government" throughout this clause.
- 4. Insert "or LOCKHEED MARTIN" after "Government" throughout this clause.

5. Communication/notification required under this clause from/to the Contractor to/from the Contracting Officer shall be through LOCKHEED MARTIN.

6. Insert "and LOCKHEED MARTIN" after "Contracting Officer", throughout the clause.

7. Insert "or LOCKHEED MARTIN PROCUREMENT REPRESENTATIVE" after "Contracting Officer", throughout the clause.

PROVISIONS OF THE FEDERAL ACQUISITION REGULATION INCORPORATED BY REFERENCE (FAR)

The following FAR clauses apply to this Contract:

FAR 52.203-6 RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (SEP 2006) (Applies if this Contract exceeds \$150,000.)

FAR 52.203-12 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (OCT 2010) (Applies if this Contract exceeds \$150,000.)

FAR 52.203-13 CONTRACTOR CODE OF BUSINESS ETHICS AND CONDUCT (APR 2010) (Applies if this Contract exceeds \$5,000,000 and the period of performance is more than 120 days. Disclosures made under this clause shall be made directly to the Government entities identified in the clause.)

FAR 52.203-14 DISPLAY OF HOTLINE POSTER(S) (DEC 2007) (Applies if this Contract exceeds \$5,000,000. Contact Lockheed Martin Procurement Representative for the location where posters may be contained if not indicated elsewhere in the Contract.)

FAR 52.204-2 SECURITY REQUIREMENTS (AUG 1996) (Applies if the Work requires access to classified information.)

FAR 52.204-10 REPORTING EXECUTIVE COMPENSATION AND FIRST-TIER SUBCONTRACT AWARDS (JUL 2013) (Subparagraph (d)(2) does not apply. If SELLER meets the thresholds specified in paragraphs (d)(3) and (g)(2) of the clause, SELLER shall report required executive compensation by posting the information to the Government's Central Contractor Registration (CCR) database. All information posted will be available to the general public.)

FAR 52.209-6 PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (AUG 2013) (Applies if this Contract exceeds \$30,000. Copies of notices provided by SELLER to the Contracting Officer shall be provided to LOCKHEED MARTIN.)

FAR 52.215-2 AUDIT AND RECORDS-NEGOTIATION (OCT 2010) (Applies if this Contract exceeds \$150,000 and if: (1) SELLER is required to furnish cost or pricing data, or (2) the Contract requires SELLER to furnish cost, funding, or performance reports, or (3) this is an incentive or redeterminable type contract. Note 3 applies.)

FAR 52.215-10 PRICE REDUCTION FOR DEFECTIVE CERTIFIED COST OR PRICING DATA (AUG 2011) (Applies if submission of certified cost or pricing data is required. Notes 2 and 4 apply except the first time "Contracting Officer" appears in paragraph (c)(1). "Government" means "LOCKHEED MARTIN" in paragraph (d)(1). Rights and obligations under this clause shall survive completion of the Work and final payment under this Contract.)

FAR 52.215-11 PRICE REDUCTION FOR DEFECTIVE CERTIFIED COST OR PRICING DATA - MODIFICATIONS (AUG 2011) (Applies if submission of certified cost or pricing data is required for modifications. Notes 2 and 4 apply except the first time "Contracting Officer" appears in paragraph (d)(1). "Government" means "LOCKHEED MARTIN" in paragraph (e)(1). Rights and obligations under this clause shall survive completion of the Work and final payment under this Contract.)

FAR 52.215-12 SUBCONTRACTOR CERTIFIED COST OR PRICING DATA (OCT 2010) (Applies if this Contract exceeds \$700,000 and is not otherwise exempt under FAR 15.403.)

FAR 52.215-13 SUBCONTRACTOR CERTIFIED COST OR PRICING DATA - MODIFICATIONS (OCT 2010) (Applies if this Contract exceeds \$700,000 and is not otherwise exempt under FAR 15.403.)

FAR 52.215-15 PENSION ADJUSTMENTS AND ASSET REVERSIONS (OCT 2010) (Applies if this Contract meets the applicability requirements of FAR 15.408(g). Note 5 applies.)

FAR 52.215-18 REVERSION OR ADJUSTMENT OF PLANS FOR POST-RETIREMENT BENEFITS (PRB) OTHER THAN PENSIONS (JUL 2005) (Applicable if this Contract meets the applicability requirements of FAR 15.408(j). Note 5 applies.)

FAR 52.215-19 NOTIFICATION OF OWNERSHIP CHANGES (OCT 1997) (Applies if this Contract meets the applicability requirements of FAR 15.408(k). Note 5 applies.)

FAR 52.215-20 REQUIREMENTS FOR CERTIFIED COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA (OCT 2010) (Note 2 applies in paragraph (a)(1).)

FAR 52.215-21 REQUIREMENTS FOR CERTIFIED COST OR PRICING DATA OR INFORMATION OTHER THAN CERTIFIED COST OR PRICING DATA - MODIFICATIONS (OCT 2010) (Note 2 applies in paragraphs (a)(1) and (b).)

FAR 52.215-23 LIMITATION ON PASS-THROUGH CHARGES (OCT 2009) (Applies if the prime contract to which this Contract relates is with the Department of Defense. Applicable if this Contract exceeds \$700,000 except those that meet the criteria of 15.408(n)(2)(i)(B)(2). Notes 4 and 6 apply.)

FAR 52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (JUL 2013)

FAR 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (JAN 2011) (Applies if this Contract exceeds \$650,000 except the clause does not apply if SELLER is a small business concern. Note 2 is applicable to paragraph (c) only. SELLER's subcontracting plan is incorporated herein by reference.)

FAR 52.222-4 CONTRACT WORK HOURS AND SAFETY STANDARDS ACT - OVERTIME COMPENSATION (JUL 2005) (Applies if the Contract may require or involve the employment of laborers and mechanics.)

FAR 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (FEB 1999)

FAR 52.222-26 EQUAL OPPORTUNITY (MAR 2007)

FAR 52.222-35 EQUAL OPPORTUNITY FOR VETERANS (SEP 2010) (Applies if this Contract is for \$100,000 or more.)

FAR 52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (OCT 2010) (Applies if this Contract exceeds \$15,000.)

FAR 52.222-37 EMPLOYMENT REPORTS ON VETERANS (SEP 2010) (Applies if this Contract is for \$100,000 or more.)

FAR 52.222-40 NOTIFICATION OF EMPLOYEE RIGHTS UNDER THE NATIONAL LABOR RELATIONS ACT (DEC 2010) (Applies if this Contract exceeds \$10,000.)

FAR 52.222-50 COMBATING TRAFFICKING IN PERSONS (FEB 2009) (Note 2 applies. In paragraph (e) Note 3 applies.)

FAR 52.222-54 EMPLOYMENT ELIGIBILITY VERIFICATION (AUG 2013)(Applies if this Contract exceeds \$3,000.)

FAR 52.223-18 CONTRACTOR POLICY TO BAN TEXT MESSAGING WHILE DRIVING (AUG 2011) (Applies if this Contract exceeds \$3,000.)

FAR 52.227-1 AUTHORIZATION AND CONSENT (DEC 2007) (Applies only if the Prime Contract contains this clause.)

FAR 52.227-2 NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (DEC 2007) (Applies if this Contract exceeds \$150,000. Notes 2 and 4 apply.)

FAR 52.227-10 FILING OF PATENT APPLICATIONS-CLASSIFIED SUBJECT MATTER (DEC 2007) (Applies if the Work or any patent application may cover classified subject matter.)

FAR 52.230-5 COST ACCOUNTING STANDARDS -- EDUCATIONAL INSTITUTIONS (MAY 2012) (Applies only when referenced in this Contract that this CAS clause applies. "United States" means "United States or LOCKHEED MARTIN." Delete paragraph (b) of the clause.)

FAR 52.230-6 ADMINISTRATION OF COST ACCOUNTING STANDARDS (JUN 2010) (Applies if

FAR 52.230-2 or FAR 52.230-3 applies.)

FAR 52.233-3 PROTEST AFTER AWARD (SEP 2006) (In the event LOCKHEED MARTIN's customer has directed LOCKHEED MARTIN to stop performance of the Work under the Prime Contract under which this Contract is issued pursuant to FAR 33.1, LOCKHEED MARTIN may, by written order to SELLER, direct SELLER to stop performance of the Work called for by this Contract. "30 days" means "20 days" in paragraph (b)(2). Note 1 applies except the first time "Government" appears in paragraph (f). In paragraph (f) add after "33.104(h) (1)" the following: "and recovers those costs from LOCKHEED MARTIN".)

FAR 52.234-1 INDUSTRIAL RESOURCES DEVELOPED UNDER DEFENSE PRODUCTION ACT TITLE III (DEC 1994) (Notes 1 and 2 apply.)

FAR 52.242-15 STOP-WORK ORDER (AUG 1989) (Notes 1 and 2 apply.)

FAR 52.246-4 INSPECTION OF SERVICES - FIXED PRICE (AUG 1996) (Note 3 applies, except in paragraphs (e) and (f) where Note 1 applies.)

FAR 52.249-8 DEFAULT (FIXED-PRICE SUPPLY AND SERVICE) (APR 1984) (Notes 1 and 2 apply, except Note 1 is not applicable to paragraph (c). Note 4 applies to the second and third time "Government" appears in paragraph (e). Timely performance is a material element of this Contract.)

**PROVISIONS OF THE DEPARTMENT OF DEFENSE FEDERAL ACQUISITION
REGULATION SUPPLEMENT (DFARS)**

The following DFARS clauses apply to this Contract:

DFARS 252.203-7001 PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE CONTRACT-RELATED FELONIES (DEC 2008) (Applies if this Contract exceeds \$150,000. The terms "contract," "contractor," and "subcontract" shall not change in meaning in paragraphs (a) and (d). Delete paragraph (g). Note 5 applies.)

DFARS 252.203-7003 AGENCY OFFICE OF THE INSPECTOR GENERAL (DEC 2012) (Applies when FAR 52.203-13 applies to this Contract.)

DFARS 252.203-7004 DISPLAY OF FRAUD HOTLINE POSTER(S) (DEC 2012) (Applies in lieu of FAR 52.203-14.)

DFARS 252.204-7008 EXPORT-CONTROLLED ITEMS (APR 2010)

DFARS 252.211-7000 ACQUISITION STREAMLINING (OCT 2010) (Applies if this Contract exceeds \$1.5M. Note 1 applies.)

DFARS 252.215-7000 PRICING ADJUSTMENTS (DEC 2012) (Applies if FAR 52.215-12 or 52.215-13 applies to this Contract.)

DFARS 252.219-7003 SMALL BUSINESS SUBCONTRACTING PLAN (DoD CONTRACTS) (AUG 2012) (Applies if FAR 52.219-9 applies to this Contract. Delete paragraph (g).)

DFARS 252.222-7006 RESTRICTION ON THE USE OF MANDATORY ARBITRATION AGREEMENTS (DEC 2010) The certification in paragraph (b)(2) applies to both SELLER in its own capacity and to Seller's covered subcontractors.)

DFARS 252.226-7001 UTILIZATION OF INDIAN ORGANIZATIONS, INDIAN-OWNED ECONOMIC ENTERPRISES AND NATIVE HAWAIIAN SMALL BUSINESS CONCERNS (SEP 2004) (Applies if this Contract exceeds \$500,000. Note 2 applies to paragraph (c) the first time "Contracting Officer" appears.) In subparagraph (f)(1) "Contractor" shall mean "LOCKHEED MARTIN." LOCKHEED MARTIN shall have no liability to SELLER for any incentive payment under this clause unless and until the Government provides said incentive payment to LOCKHEED MARTIN.)

DFARS 252.231-7000 SUPPLEMENTAL COST PRINCIPLES (DEC 1991)

DFARS 252.243-7001 PRICING OF CONTRACT MODIFICATION (DEC 1991)

DFARS 252.249-7002 NOTIFICATION OF ANTICIPATED CONTRACT TERMINATION OR REDUCTION (OCT 2010) (Applies if this Contract exceeds \$650,000. Note 2 applies. Delete paragraph (d) (1) and the first five words of paragraph (d) (2).)

CERTIFICATIONS AND REPRESENTATIONS

SELLER acknowledges that LOCKHEED MARTIN will rely upon SELLER certifications and representations contained in this clause and in any written offer, proposal or quote, or company profile submission, which results in award of a contract to SELLER. By entering into such contract, SELLER republishes the certifications and representations submitted with its written offer, including company profile information, and oral offers/quotations made at the request of LOCKHEED MARTIN, and SELLER makes those certifications and representations set forth below. SELLER shall immediately notify LOCKHEED MARTIN of any change of status regarding any certification or representation.

FAR 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (SEP 2007) (Applicable to solicitations and contracts exceeding \$150,000)

(a) Definitions. As used in this provision--

"Lobbying contact" has the meaning provided at 2 U.S.C. 1602(8).

The terms "agency," "influencing or attempting to influence," "officer or employee of an agency," "person," "reasonable compensation," and "regularly employed" are defined in the FAR clause of this solicitation entitled "Limitation on Payments to Influence Certain Federal Transactions" (52.203-12).

(b) Prohibition. The prohibition and exceptions contained in the FAR clause of this solicitation entitled "Limitation on Payments to Influence Certain Federal Transactions" (52.203-12) are hereby incorporated by reference in this provision.

(c) Certification. SELLER hereby certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on its behalf in connection with the awarding of this contract.

(d) Disclosure. If any registrants under the Lobbying Disclosure Act of 1995 have made a lobbying contact on behalf of the offeror with respect to this contract, SELLER shall complete and submit, with its offer, to LOCKHEED MARTIN OMB Standard Form LLL, Disclosure of Lobbying Activities, to provide the name of the registrants. SELLER need not report regularly employed officers or employees of the offeror to whom payments of reasonable compensation were made.

(e) Penalty. Submission of this certification and disclosure is a prerequisite for making or entering into this contract imposed by 31 U.S.C. 1352. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure required to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

FAR 52.209-5 Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters (APR 2010)

(a)(1) SELLER certifies, to the best of its knowledge and belief, that--

(i) SELLER and/or any of its Principals--

(A) Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

(B) Have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or State antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating Federal criminal tax laws, or receiving stolen property;

(C) Are not presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subdivision (a)(1)(i)(B) of this provision; and

(ii) SELLER has not, within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.

(D) Have not, within a three-year period preceding this offer, been notified of any delinquent Federal taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied.

(1) Federal taxes are considered delinquent if both of the following criteria apply:

(i) The tax liability is finally determined. The liability is finally determined if it has been assessed. A liability is not finally determined if there is a pending administrative or judicial challenge. In the case of a judicial challenge to the liability, the liability is not finally determined until all judicial appeal rights have been exhausted.

(ii) The taxpayer is delinquent in making payment. A taxpayer is delinquent if the taxpayer has failed to pay the tax liability when full payment was due and required. A taxpayer is not delinquent in cases where enforced collection action is precluded.

(2) Examples. (i) The taxpayer has received a statutory notice of deficiency, under I.R.C. Sec. 6212, which entitles the taxpayer to seek Tax Court review of a proposed tax deficiency. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek Tax Court review, this will not be a final tax liability until the taxpayer has exercised all judicial appeal rights.

(ii) The IRS has filed a notice of Federal tax lien with respect to an assessed tax liability, and the taxpayer has been issued a notice under I.R.C. Sec. 6320 entitling the taxpayer to request a hearing with the IRS Office of Appeals contesting the lien filing, and to further appeal to the Tax Court if the IRS determines to sustain the lien filing. In the course of the hearing, the taxpayer is entitled to contest the underlying tax liability because the taxpayer has had no prior opportunity to contest the liability. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek tax court review, this will not be a final tax liability until the taxpayer has exercised all judicial appeal rights.

(iii) The taxpayer has entered into an installment agreement pursuant to I.R.C. Sec. 6159. The taxpayer is making timely payments and is in full compliance with the agreement terms. The taxpayer is not delinquent because the taxpayer is not currently required to make full payment.

(iv) The taxpayer has filed for bankruptcy protection. The taxpayer is not delinquent because enforced collection action is stayed under 11 U.S.C. 362 (the Bankruptcy Code).

(2) Principal, for the purposes of this certification, means an officer, director, owner, partner, or a person having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a division, or business segment; and similar positions).

(b) SELLER shall provide immediate written notice to LOCKHEED MARTIN if, at any time prior to contract award, SELLER learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(c) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that SELLER knowingly rendered an erroneous certification, in addition to other remedies available, LOCKHEED MARTIN may terminate this contract for default.

FAR 52.222-22 Previous Contracts and Compliance Reports (FEB 1999)

SELLER represents that if SELLER has participated in a previous contract or subcontract subject to the Equal Opportunity clause (FAR 52.222-26) (a): SELLER has filed all required compliance reports and (b) that representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

FAR 52.222-25 Affirmative Action Compliance (APR 1984)

SELLER represents: (a) that SELLER has developed and has on file at each establishment, Affirmative Action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or (b) that in the event such a program does not presently exist, SELLER will develop and place in operation such a written Affirmative Action Compliance Program within one-hundred twenty (120) days from the award of this Contract.

APPENDIX E

STUDENT ASSIGNMENT AND NON-DISCLOSURE AGREEMENT

1. The Parties. This Agreement (the "**Agreement**") is entered into between Lockheed Martin Corporation acting through its **Missiles and Fire Control located at 5600 Lake Road**, Orlando FL 32819 a company incorporated under the laws of the State of Maryland (the "**LOCKHEED MARTIN**") and **The Student** on the date signed by Student, below (the "Effective Date"); for the purpose of preventing the unauthorized disclosure of Proprietary Information and assigning certain rights, title and interest which may vest in the Student during the course of participation in the College Work Experience Program. (LOCKHEED MARTIN and Student collectively referred to as the "**Parties**").

2. Proprietary Information. LOCKHEED MARTIN has created, developed, has custody of, and owns Proprietary and otherwise sensitive information. In addition, as a participant in the College Work Experience Program, the Parties acknowledge that the Student may have opportunity to conceive, develop, generate or deliver inventions, discoveries, improvements, maskworks and patents as well as data, copyrights, reports, and works of authorship. The aforementioned information is denominated for the purposes of this Agreement as "Proprietary Information." Proprietary Information shall include but is not limited to, financial, commercial, and/or technical information provided by LOCKHEED MARTIN to the Student in whatever form (i.e., oral, print, electronic).

All information marked as "Proprietary" or "Confidential", both technical and non-technical, pertaining to Corporation's business in whatever form, including but not limited to text, drawings, mask works or computer software programs, is presumed to be Proprietary Information until it becomes readily available to the general public lawfully and without breach of Proprietary obligation. The fact that individual elements of the Corporation's Proprietary Information may be in the public domain shall not relieve the obligations hereunder unless the specific combination or combinations of elements as disclosed in such Proprietary Information is available to the public.

3. Exclusions. This Agreement imposes no obligation upon Student with respect to information that: (a) is or becomes publicly available through no fault of Student; (b) was in Student's possession before receipt from LOCKHEED MARTIN; (c) is rightfully received by Student from a third party without a duty of Proprietary; (d) is independently developed by Student; (e) is disclosed by the Student under operation of law; or (f) is disclosed by Student with LOCKHEED MARTIN's prior written approval.

4. Obligations of the Student. Student shall hold and maintain the Proprietary Information in the strictest confidence for the sole and exclusive benefit of LOCKHEED MARTIN. Student shall not disclose, directly or indirectly, any Proprietary Information, or make such Information available to others. Proprietary Information includes existing and contemplated technical information such as, for example, compositions, formulas, products, processes, methods, systems, designs, specifications, mask works, testing or evaluation procedures, machines, manufacturing procedures, production techniques, research and development activities, inventions, discoveries and improvements and also existing and contemplated business, marketing and financial information such as, for example, business plans and methods, marketing information, cost estimates, forecasts, financial data, bid and proposal information, customer identification, and sources of supply.

Student shall not, without prior written approval of LOCKHEED MARTIN, use for Student's own benefit, publish, copy, or otherwise disclose to others, or permit the use by others for their benefit or to the detriment of LOCKHEED MARTIN, any Proprietary Information.

5. Return of Proprietary Information: Upon termination of participation in the College Work Experience Program or upon earlier request by LOCKHEED MARTIN, the Student shall return all documents and items provided by the LOCKHEED MARTIN that incorporate Proprietary Information. Nothing in this provision or this Agreement shall prevent UCF, students' employer, for the College Work Experience Program, from complying with document retention obligations pursuant to Florida Public Records statutes.

6. Assignment. Student has been advised that under the Agreement with the University of Central Florida (“UCF”), LOCKHEED MARTIN has certain rights to review information contained in any thesis, dissertation or publication prior to publication. Student further understands that publication or public distribution of research results may be temporarily delayed in order to allow LOCKHEED MARTIN to protect its rights and interests in any Invention by the filing of patent domestic and/or foreign application. Student further understands that the actual inventorship of any Invention shall be determined by relevant provisions of U.S. patent law.

In consideration of the opportunity to participate in the College Work Experience Program, the undersigned Student hereby conveys, assigns and transfers to LOCKHEED MARTIN all of his/her right, title and interest in and to Inventions developed by Student in the course of his/her work while at LOCKHEED MARTIN.

Student further agrees to execute all documents necessary to implement this assignment and to cooperate fully with UCF, LOCKHEED MARTIN and its representatives in the filing of any assignment related documents with domestic or foreign patent office(s). Student also agrees to cooperate in the filing and prosecution of any patent application arising out of work for LOCKHEED MARTIN. The cost of such prosecution and cooperation shall be borne exclusively by LOCKHEED MARTIN or its assigns or UCF and its assigns, as applicable.

7. Injunctive Relief: The parties acknowledge and agree that failure to comply with the obligations herein, a breach, or a threatened breach of any of the provisions herein, may cause irreparable harm and substantial loss may be suffered; as a result, in addition to any other remedies made available at law or in equity, LOCKHEED MARTIN will be entitled to injunctive relief to enforce the provisions contained herein.

8. Termination. This Agreement shall remain in effect for as long as the Student participates in the College Work Experience Program. However, the “Obligations of the Student” and “Assignment” provisions of this Agreement shall survive a breach or termination of this Agreement.

9. Miscellaneous. Nothing contained in this Agreement shall create a Joint Venture, Partnership, or Employer/Employee relationship between the parties. If a court finds any provision of this Agreement invalid or unenforceable, the remainder of this Agreement shall be interpreted to best effect the intent of the Parties. This Agreement expresses the complete understanding of the Parties with respect to the subject matter and supersedes all prior proposals, agreements, representations, and understandings. This Agreement may not be amended except in a writing signed by both Parties. The failure to exercise any right provided in this Agreement shall not be a waiver of prior or subsequent rights. This Agreement and each Party’s obligations shall be binding on the representatives, assigns, and successors of such Party. Each party has signed this Agreement through its authorized representative. This Agreement is made under and shall be interpreted under the Laws of the State of Florida in a court of competent jurisdiction within the State of Florida.

LOCKHEED MARTIN:

Lockheed Martin Corporation

Name (print): _____

Signature: _____

Date: _____

Student acknowledges they are citizen of the United States of America.

Student (print): _____

Signature: _____

Date: _____

Lockheed Martin Corporation
6801 Rockledge Drive, Bethesda, MD 20817



Dan Pleshko
Vice President, Global Supply Chain Operations

November 25, 2013

Dear Valued Lockheed Martin Supplier:

With the year quickly coming to a close, I would like to express my appreciation for your continuing support and hard work. You, our supplier partners, are essential to ensuring that we deliver the products and services that meet the critical needs of our customers. This year brought with it significant challenges and uncertainty, yet through collaboration and perseverance we continue to build strong relationships and a strong supply chain. Especially during turbulent times, it is essential that we keep a focus on ethics and integrity, not only within our own organization, but within those of our supplier partners.

In recognition of the continually growing imperative for Sustainability, Lockheed Martin took multiple steps in 2013 to prioritize our supply chain's impact on environmental, social and governance performance. One outcome of this effort resulted in identifying a way to better express our expectations of suppliers' ethics and business conduct.

With the release of our new [Lockheed Martin Supplier Code of Conduct](#), now referenced in the ethics clause of all new purchase orders, all suppliers can more closely focus on the most relevant ethics and business conduct matters for our business relationship.

This succinct, four-page document is electronically accessible and replaces prior references to our internal Code of Conduct, *Setting the Standard*, which contains information not directly relevant to our suppliers.

The new Supplier Code will allow us to jointly focus on ethical expectations pertinent to our relationship. We believe that you will find this document useful as a guide and reference. Please share it widely with your team and feel free to contact us for clarification or discussion.

At this time of year, we would ask that you pay special attention to the section concerning gifts and business courtesies, as referenced below:

"In particular, note that our employees who are in any way involved in procurement decisions ... may not accept any business courtesies, with the exception of very low value promotional items. In any business relationship, our suppliers must ensure that the offering or receipt of any gift or business courtesy is permitted by law and regulation; does not violate the rules and standards of the recipient's organization; is consistent with reasonable marketplace customs; and will not adversely impact the reputation of Lockheed Martin."

Please also visit our newly enhanced "[Ethics Resources for Suppliers](#)" page on LockheedMartin.com for additional tools and information on reviewing and improving your own Ethics and Business Conduct program. As always, should you have any questions, please contact the Lockheed Martin worldwide, toll-free Ethics Help Line at 1-800-563-8442 (1-800-441-7457 for hearing or speech impaired).

From the Lockheed Martin business community to yours, we extend our very best wishes for a happy holiday season to you, your employees, and families. Thank you again for your collaboration this past year, and we wish you prosperity and joy in the new year.

Regards,

A handwritten signature in dark ink, appearing to read "DeL", located below the typed name "Dan Pleshko".

PROPRIETARY INFORMATION AGREEMENT

THIS PROPRIETARY INFORMATION AGREEMENT, effective when last executed by a Party hereto, is made by and between **LOCKHEED MARTIN CORPORATION**, a Maryland corporation acting through its Missiles and Fire Control business unit having a place of business at Orlando, Florida, United States of America (hereinafter referred to as "LOCKHEED MARTIN"), and **THE UNIVERSITY OF CENTRAL FLORIDA BOARD OF TRUSTEES**, having a place of business at Orlando, Florida, United States of America (hereinafter referred to as "UCF"), each or both of which may also hereinafter be referred to as the "Party" or "Parties", respectively.

WHEREAS, LOCKHEED MARTIN possesses or may in the future possess certain technical, business, financial and other information of a proprietary nature ("Proprietary Information") specifically including Program specific or functional support information, which includes but is not limited to any information of a proprietary nature or for which a party may derive value such as company financial information, company procedures and process, human resource information, business strategy, employee information, business contact and relationships including vendor and supplier information, etc.; and/or Technical Information, which includes but is not limited to information, regardless of the form, of a scientific or technical nature (including computer software and computer software documentation) ("Subject"); and

WHEREAS, UCF desires access to LOCKHEED MARTIN'S aforesaid Proprietary Information solely to enable select students approved for the College Work Study Program to have access to said LOCKHEED MARTIN Proprietary Information as they participate in the College Work Study Program ("Purpose"); and

WHEREAS, LOCKHEED MARTIN is willing to provide UCF students participating in the College Work Study Program with such required access solely for the above-stated Purpose and under strict conditions preserving the proprietary nature of the Proprietary Information and assuring prevention of its unauthorized use and disclosure;

NOW, THEREFORE, in consideration of these premises, and of the mutual promises and covenants contained herein, the Parties hereto agree as follows:

1) Proprietary Information. This Agreement does not require, nor may it be implied that LOCKHEED MARTIN shall be required to disclose any particular Proprietary Information to UCF hereunder. For purposes of this Agreement, "Proprietary Information"

shall mean and include all technical, business, financial and other information to which UCF is provided access hereunder:

- (i) in written or other tangible form marked with a proprietary legend; or
- (ii) in electronic form where any display of the information also displays a proprietary legend, or such legend is marked on the media containing such information; or
- (iii) via any computer or terminal located at a LOCKHEED MARTIN facility or which, regardless of location, requires entry by UCF of a password or key prior to being afforded access (such information shall be deemed Proprietary Information, whether or not the information is marked or identified as such); or
- (iv) in oral or visual form such as during a meeting attended by UCF at which the Subject is discussed (oral and visual Proprietary Information will be identified as such at the time of disclosure).

In the event that LOCKHEED MARTIN inadvertently or accidentally fails to identify information furnished to UCF as being Proprietary Information in accordance with the forgoing, LOCKHEED MARTIN may correct such inadvertence or accident by notifying UCF in writing promptly after the discovery thereof; provided, however, that UCF shall have no liability with respect to any disclosures or uses of the unidentified or unmarked Proprietary Information which may have occurred prior to receipt of such written notification.

2) Period of Protection. The "Period of Protection" during which Proprietary Information received pursuant to this Agreement shall be subject to an obligation of confidentiality and protection, and subject to restrictions on handling, disclosure and use, shall extend until seven (7) years after the date of execution of this Agreement, to the extent permitted by law.

3) Standard of Care. UCF shall take all steps as are reasonably necessary or prudent to preserve in confidence Proprietary Information disclosed to UCF pursuant to this Agreement, but not less than those precautions required by UCF's internal disciplines and procedures to protect and safeguard the confidentiality of its own most valuable proprietary information which it does not wish disseminated or misused. Any third party Proprietary Information to which UCF is provided access pursuant to this Agreement shall be protected and handled by UCF in the same manner as required herein for Proprietary Information belonging to LOCKHEED MARTIN.

4) Protection and Handling of Proprietary Information. UCF agrees that, to the extent permitted by law, unless it has the prior written permission of LOCKHEED MARTIN:

(i) it will not disclose any of LOCKHEED MARTIN's Proprietary Information to any third party;

(ii) it will copy only such portions of the Proprietary Information as may reasonably be necessary to carry out the above stated Purpose, provided that each such copy, whether in whole or in part, includes a reproduction of all proprietary markings and legends contained on the original which pertain to the copied portions;

(iii) it will permit access to the Proprietary Information only by those of its officers and employees who have a strict need-to-know in order to carry out the above stated Purpose, provided that each such person is informed by UCF that the information is Proprietary Information belonging to LOCKHEED MARTIN and as such, is subject to protection and handling in accordance with the terms of this Agreement; and

(iv) it will not attempt to determine the content or structure, or otherwise reverse engineer any material sample, hardware or software to which UCF is provided access pursuant to this Agreement.

5) Restriction on Use. UCF may use the Proprietary Information received hereunder solely for the aforementioned Purpose. No other use is permitted without the prior written permission of LOCKHEED MARTIN. Without limiting the foregoing, UCF shall not use any of LOCKHEED MARTIN's Proprietary Information to design, develop, modify or fabricate any product without the prior express written permission of LOCKHEED MARTIN, and then only to the extent that such use complies fully and specifically with all conditions imposed by LOCKHEED MARTIN in such express written permission.

6) Exceptions to Duty. This Agreement does not restrict disclosure or use of information otherwise qualifying as Proprietary Information if UCF can show by documentary evidence that any one of the following conditions exists:

(i) the information was already in the public domain when LOCKHEED MARTIN disclosed it to UCF, or entered the public domain after LOCKHEED MARTIN disclosed it under this Agreement, but through no fault of UCF;

- (ii) UCF knew the information and held it without restriction as to further disclosure and use when LOCKHEED MARTIN disclosed the information under this Agreement;
- (iii) another source lawfully disclosed the information to UCF and did not restrict UCF in its further disclosure or use;
- (iv) UCF developed the information independently, by personnel who did not have access to LOCKHEED MARTIN's information;
- (v) the information was disclosed in response to a subpoena or court order duly issued in a judicial or legislative process, provided that the UCF notified LOCKHEED MARTIN of the subpoena at least five (5) days prior to the disclosure, and fully cooperated with LOCKHEED MARTIN in appealing the disclosure or obtaining a protective order for the Proprietary Information required to be disclosed; or
- (vi) the information was not subject to a statutory exception and was disclosed pursuant to statutory public records obligations of UCF.

Information disclosed by LOCKHEED MARTIN under this Agreement shall not be deemed to be within the foregoing exceptions merely because such information is embraced by more general information which is within the scope of such exceptions. In addition, any combination of features disclosed by LOCKHEED MARTIN shall not be deemed to be within the foregoing exceptions merely because individual features are within the scope of such exceptions, but shall be within the scope of such exceptions only if the specific combination disclosed by LOCKHEED MARTIN is itself within the scope of such exceptions. The occurrence of any of the exceptions set forth above shall not be construed as an express or implied grant of any rights, licenses or immunities under any intellectual, industrial, or property right of LOCKHEED MARTIN. All Proprietary Information disclosed by LOCKHEED MARTIN shall be prima facie considered proprietary and confidential and the burden of establishing the application of any of the above exceptions shall rest solely with UCF.

7) Inadvertent Disclosure or Use. The Receiving Party shall not be liable for accidental or inadvertent disclosure or use of Proprietary Information received pursuant to this Agreement, if such Receiving Party shows that the above Standard of Care was employed in the protection and handling of the Originating Party's Proprietary Information, and that upon discovery, the Receiving Party made a reasonable effort to retrieve any such accidentally or inadvertently disclosed Proprietary Information, ceased all unauthorized use, and took such additional measures as may reasonably have been

required under the circumstances to prevent any further unauthorized disclosure and use of the Originating Party's Proprietary Information.

8) Ownership of Proprietary Information. LOCKHEED MARTIN represents that it owns or otherwise has the right to furnish to UCF all information transferred to UCF hereunder.

9) Restrictions on Export. UCF shall not disclose any Proprietary Information or other information furnished hereunder in any manner contrary to the laws and regulations of the United States of America. UCF agrees that it will not transfer any export controlled item, data, or service, to include transfer to foreign persons, as defined in ITAR 22 CFR 120.16, employed by or associated with, or under contract to UCF or UCF'S lower-tier suppliers, without the authority of an export license, agreement, or applicable exemption or exception.

10) No Warranty or Liability. LOCKHEED MARTIN MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO PROPRIETARY INFORMATION FURNISHED HEREUNDER INCLUDING, WITHOUT LIMITATION, NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, FREEDOM FROM DEFECTS, FREEDOM FROM TRADE SECRET, PATENT OR COPYRIGHT INFRINGEMENT, ADEQUACY, ACCURACY OR SUFFICIENCY, WHETHER ARISING BY LAW, CUSTOM OR CONDUCT. LOCKHEED MARTIN SHALL NOT BE LIABLE FOR ANY DAMAGES THAT MAY RESULT FROM RECEIPT OR USE OF, OR RELIANCE ON ANY OF THE INFORMATION FURNISHED BY LOCKHEED MARTIN, REGARDLESS OF WHETHER LOCKHEED MARTIN WAS AWARE OF THE POSSIBILITY OF SUCH DAMAGES OCCURRING OR NOT, NOR SHALL LOCKHEED MARTIN BE LIABLE FOR ANY INCIDENTAL, SPECIAL, CONSEQUENTIAL, PUNITIVE OR MULTIPLE DAMAGES.

11) Independent Contractors. The Parties hereto are and shall remain independent contractors. This Agreement shall not constitute, create, give effect to, or otherwise imply an employment relationship, teaming arrangement, joint venture, pooling arrangement, partnership, or formal business organization of any kind, nor does this Agreement or the disclosure or receipt of any information hereunder constitute an offer, acceptance, promise or obligation by either Party to enter into any contract, subcontract, amendment, agreement or other business relationship with the other Party. Unless otherwise agreed in writing, each Party shall perform hereunder solely at its own cost and expense.

12) No License. Nothing in this Agreement shall be deemed to grant a license, directly or by implication, estoppel, or otherwise, under any intellectual, industrial, or

other property right associated with any information disclosed under this Agreement, whether such information is Proprietary Information or not. Without limiting the foregoing, no right in, or license under, any present or future proprietary information, trade secret, invention, patent, copyright, mask work, trade name or trademark is either offered or granted under this Agreement.

13) No Purchase Obligation. Neither Party has any obligation under this Agreement to purchase any product or service from the other Party, to offer for sale any product using or incorporating Proprietary Information of the other Party, to enter into a business relationship with the other Party, or to refrain from engaging in any relationship with any third party. Further, neither Party has an obligation to provide Proprietary Information to the other Party as the result of entering into this Agreement. Nothing in this Agreement shall be construed as a representation that either Party will not pursue similar opportunities independently, or with any third parties, provided that the obligations of this Agreement are not breached.

14) Assignment. UCF shall not assign, nor in any manner attempt to transfer, any Proprietary Information received hereunder or its interests in this Agreement or any part hereof, without first obtaining the prior written approval of LOCKHEED MARTIN. LOCKHEED MARTIN may, without any further approval of UCF, assign this Agreement to a successor corporation in the event of a corporate name change or merger, or to a purchaser of that portion of LOCKHEED MARTIN'S business to which the subject of this Agreement pertains.

15) Term and Termination. This AGREEMENT shall (unless extended by written mutual agreement) automatically terminate on 30 November 2018, but may be terminated earlier by either Party giving thirty (30) days notice in writing to the other Party of its intention to terminate. Termination shall not, however, affect the rights and obligations contained herein with respect to Proprietary Information to which UCF was afforded access prior to termination; such rights and obligations with respect to such Proprietary Information shall survive termination of this Agreement until the Period of Protection has expired. Upon termination, or upon sooner request by LOCKHEED MARTIN, UCF shall return all copies of LOCKHEED MARTIN's Proprietary Information to LOCKHEED MARTIN, including any copies made by UCF, except for one copy for legal and archival purposes. Alternately, LOCKHEED MARTIN may request UCF to destroy all such copies of LOCKHEED MARTIN's Proprietary Information and certify such destruction to LOCKHEED MARTIN.

16) Controlling Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Florida, United States of America, but without reference to its conflict of law provisions.

17) Notices. Any notices and Proprietary Information not furnished in person shall be transmitted either electronically or by mail to Lockheed Martin at

LOCKHEED MARTIN CORPORATION
5600 Sand Lake Road
Orlando, Florida 32819 U.S.A.
Attention: Miryam Graddy (miryam.a.graddy@lmco.com)
407-356-9588

and to University Of Central Florida at:
UNIVERSITY OF CENTRAL FLORIDA
4000 Central Florida Boulevard
Orlando, Florida 32816 U.S.A.
Attention: Jane Gentilini, Associate Director, Contracts & Grants
Email: Jane.Gentilini@ucf.edu
Phone: (407)882-1452

Each party may change its respective address or representative at any time by written notice given to the other party.

18) Entirety. This Agreement contains the entire understanding between the Parties relative to the protection, handling and use of Subject Proprietary Information, and supersedes all prior and collateral communications, reports, and understandings between the Parties in respect thereto. No change, modification, alteration, or addition to any provision hereof shall be binding unless in writing and signed by authorized representatives of both Parties. Invalidity or unenforceability of any provision of this Agreement shall not limit or impair the operation or validity or enforceability of any other provision hereof.

AS EVIDENCE OF MUTUAL AGREEMENT to the foregoing terms and conditions by the Parties hereto, the Parties have executed this PROPRIETARY INFORMATION AGREEMENT on the date(s) shown herein below. The "Effective Date" shall be the date of signature by the last executing Party.

[signatures on following page]

LOCKHEED MARTIN CORPORATION

**THE UNIVERSITY OF CENTRAL
FLORIDA**

Authorized Signature

Authorized Signature

Title

Title

Date

Date

APPENDIX H

UNAUTHORIZED INSTALLATION OF SOFTWARE

Student agrees that he/she shall not bring any software into a facility owned, operated or under the control of LOCKHEED MARTIN nor install any software into any computer system owned, operated or under the control of LOCKHEED MARTIN.

DRUG SCREENING AND CRIMINAL BACKGROUND CHECKS

All Student-employees of the University of Central Florida (“UCF”) assigned to work at LOCKHEED MARTIN shall be subject to LOCKHEED MARTIN Safety and Security Rules and Regulations. **ALL STUDENT-EMPLOYEES ASSIGNED TO LOCKHEED MARTIN WILL REQUIRE SATISFACTORY SCREENING THROUGH A URINE DRUG SCREEN AND A STATE OF FLORIDA CRIMINAL BACKGROUND CHECK.** Drug screening and background checks must be completed prior to the commencement of work.

No person having positive drug test results shall be assigned to work at LOCKHEED MARTIN. All background checks showing any arrests and/or convictions shall be reported to LOCKHEED MARTIN Group Investigation Office for evaluation. Determination of acceptability of the Student-employee will be made by UCF and LOCKHEED MARTIN on a CASE-BY-CASE BASIS. Negative results of the drug screening tests may be made available to LOCKHEED MARTIN Health Service, if requested.

The drug screening results are valid for the duration of the Student-employee assignment at LOCKHEED MARTIN. Student-employees leaving a position at LOCKHEED MARTIN for over twenty-one (21) consecutive days must be re-tested (drug screened) if reassigned to LOCKHEED MARTIN. Student-employee leaving a position at LOCKHEED MARTIN for over sixty (60) days must have an updated criminal background check, with any arrests and/or convictions being reported to LOCKHEED MARTIN Group Investigation Office.

I have read the above conditions of my employment and understand that from this date forward I will be responsible for my actions regarding these matters.

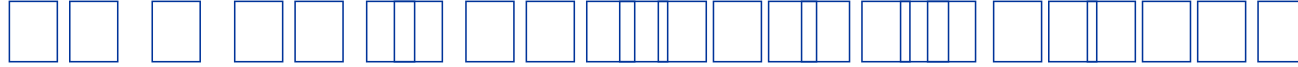
DATED THIS _____ DAY OF _____, 20_____

LOCKHEED MARTIN CORPORATION (CWEP Coordinator/Program Assistant)	PARTY (STUDENT)
Print Name:	Print Name:
Signature:	Signature:
Program/Dept: College Work Experience Program	Company: University of Central Florida



Wolf Louis □





[Redacted text]

[Redacted text] **Missiles and Fire Control** [Redacted text]
[Redacted text], [Redacted text]
[Redacted text]

[Redacted text]

[Redacted text] **A** [Redacted text]
[Redacted text] **A** [Redacted text]
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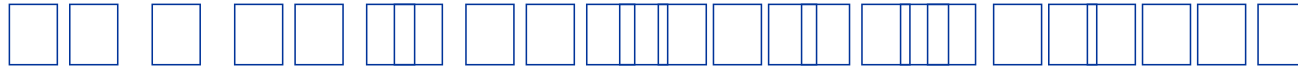
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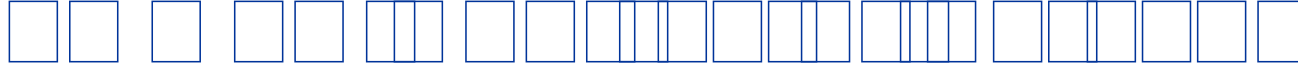
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□

Report Type	Eligible	Decisional	Ineligible
Social Security Number (SSN) Trace	<ul style="list-style-type: none"> ◆ Name is Exact Match ◆ Name is a reasonable match with minor spelling difference ◆ Last name does not match SSN (i.e. maiden name) ◆ Additional names have been found that are unrelated to the candidate – result must include applicants name. ◆ No Record Found ◆ SSN issued within last 5 years but no later than June 2011 ◆ Name Mismatch - Transposed Names 	<ul style="list-style-type: none"> ◆ SSN is not validly issued, was invalidly formatted, or was issued since July 2011 	<ul style="list-style-type: none"> ◆ SSN was issued before applicant was born ◆ SSN belongs to a deceased person ◆ SSN is retired from use ◆ No Name Match - Social is returned with names that are unrelated or not similar to the applicant – does not include applicant name
Criminal	<ul style="list-style-type: none"> ◆ No record/no convictions found ◆ All other items that are not identified as Ineligible 	<ul style="list-style-type: none"> ◆ N/A 	<ul style="list-style-type: none"> ◆ Any Felony Convictions ◆ Charges pending, active warrants, or currently on probation/parole for any felony offense ◆ One or more Misdemeanor Convictions in the last five years that involve the use or threat of violence ◆ Any two or more Misdemeanor Convictions in the last five years
CP Global Watch	<ul style="list-style-type: none"> ◆ Not listed on any database/Clear 	<ul style="list-style-type: none"> ◆ N/A 	<ul style="list-style-type: none"> ◆ Listed on any database/Hit



A [Redacted]

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[Redacted] **A** **A** [Redacted]

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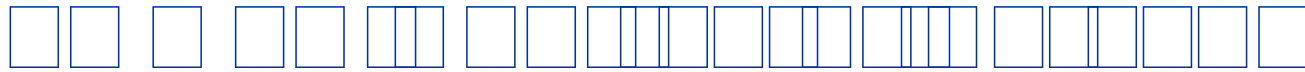
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[Redacted] **A** [Redacted] **A** [Redacted]

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Step 1 - Register to Use Contractor Screening

Visit the Contractor Screening website.

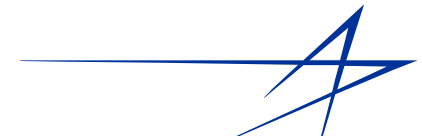
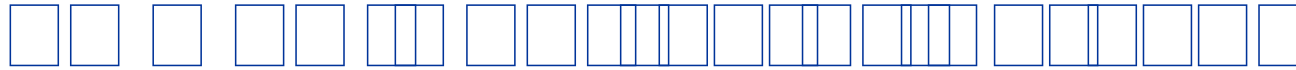
<https://ca.fadv.com/CA/welcome.do?lmc#>

Click on the link to Register as Service Provider.

Complete all Registration fields, remember ID and password.

Registration usually takes 3-5 business days. You may be contacted for additional information needed.

Bookmark the link for future access.

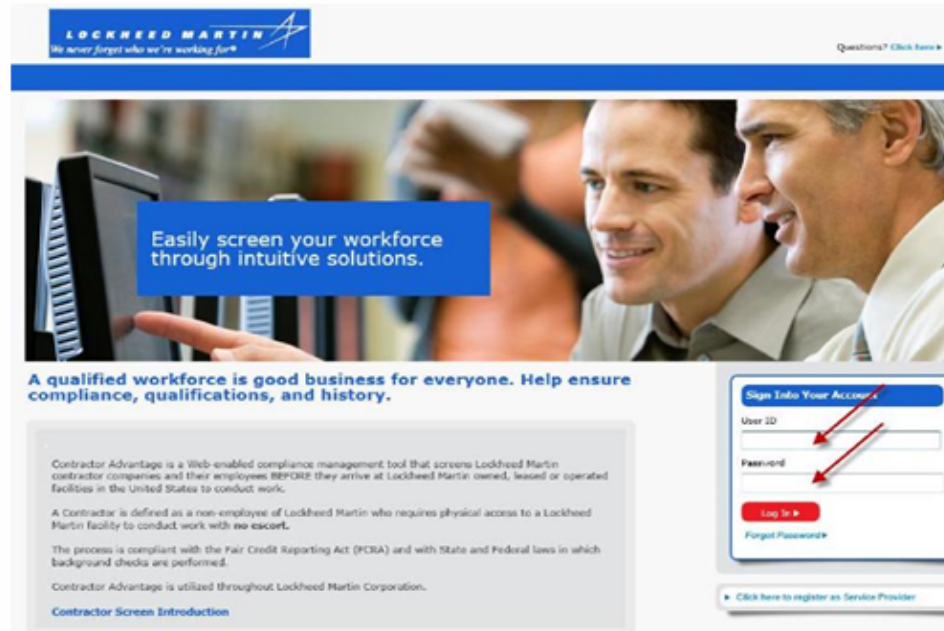


Step 2 - Log In to Contractor Screening

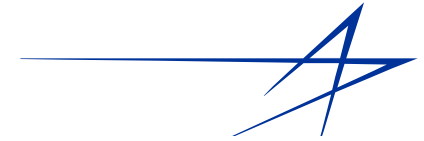
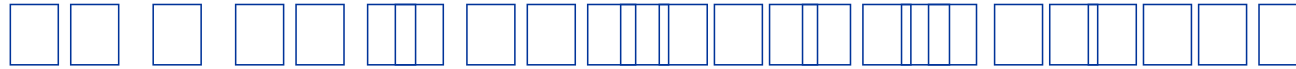
Visit the Contractor Screening website.

<https://ca.fadv.com/CA/welcome.do?lmc#>

Enter ID and Password from Registration and Click LOG IN.



Read and Accept the Legal Agreement (shown on first visit).
Read and Accept the FCRA Agreement (shown on every visit).



Step 3 - Add Persons to Roster

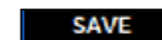
Click the People tab and select Add New Person.

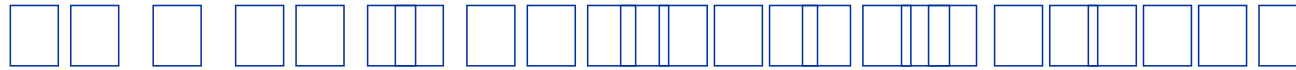


Enter information for the new person on the Person Information screen. Make sure to complete all required fields (noted with an asterisk *).

* Legal First Name
Middle Name
* Legal Last Name
Suffix Name
* SSN (Numbers Only, TaxID's will not be ac
* Date of Birth (mm/dd/yyyy)
* Type
User Field 1
User Field 2
Current Address
* Country UNITED STATES OF AMERICA
* Address 1
Address 2
* City
* State Select
* Zip Code
* Vendor Locations LOC1 - 1094 - DEFAULT LOCATION- 0824 Hanging

Make sure all information is correct and click **SAVE**. The person is immediately added to the roster.





Step 4 - Order Screens for Employees

Select a Person in the Roster to View Person Status Detail.

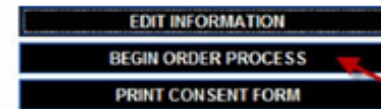
Click **BEGIN ORDER PROCESS.**

Select the Package desired. Ensure a signed consent form is on file and check the box. If needed a consent form may be printed.

Enter Previous Address and Reported Previous Convictions if known.

Provide Payment Detail Information.

BI's can take a few minutes to 3 days, dependent on the conviction and technology of the respective county's courthouse.



Select a package to view the package details and begin the ordering process:

- Vendor Basic Package
- 30 Day Package

Vendor Basic Package - \$28.77

Social Security Verification, National Criminal Record File, Global Sanction Search.

If you do not currently have consent to perform a background check already on file fr individual sign it before continuing to the next step.

I have a signed consent form for this individual on file.

Service Name Vendor Basic Package

Order Total: \$28.77

* Payment Method

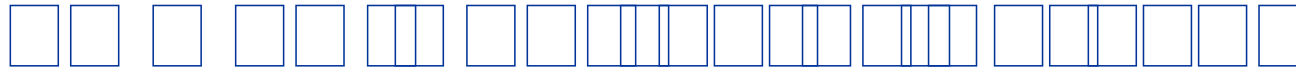
* Card Type

* Card Number

* CSC Number

The CSC (Credit Security Code) is a 3 or 4 digit

* Expiration Date -



Step 5 - Review Employee Compliance

After the Screens are completed, Contractors can view the Employee Roster and quickly determine which ones meet the Compliance Standards for Lockheed Martin facilities.

Compliant meets standards

Non-Compliant does not meet standards

Vendor Name: Aramark

First Name:

Last Name:

Compliance Status:

Compliance Expires:

SSN:

Person Status:

Type:

Vendor Locations:

User Field 1:

User Field 2:

Self Reported Conviction:

Search By Date:

SEARCH

148 found. Displaying Results.

Name	Compliance Status	Compliance Expires	SSN	Person Status	Order Date	Completion Date	User Field 1	User Field 2	Type	Location
Ali, Amrshad	Non-Compliant	03/11/2010	XXXX02784	Active	02/11/2010	02/11/2010			Sub Contractor	DEFAULT LOCATION
Anderson, VINCENT	Compliant	12/01/2011	XXXX08784	Active	12/10/2010	12/14/2010			Employee	DEFAULT LOCATION
Ayala, Maribel	Compliant	02/24/2011	XXXX03552	Active	02/04/2010	03/01/2010			Sub Contractor	DEFAULT LOCATION
barber, aeraldi	Non-Compliant	05/26/2010	XXXX03615	Active	04/25/2010	04/25/2010			Sub Contractor	DEFAULT LOCATION
Bamos, Haydee	Compliant	12/01/2011	XXXX01169	Active	12/10/2010	12/14/2010			Employee	DEFAULT LOCATION
Basto, Linda	Non-Compliant	01/14/2011	XXXX05572	Active	12/14/2010	12/15/2010			Employee	DEFAULT LOCATION
Bein, jonathan	Compliant	03/09/2011	XXXX04329	Active	03/09/2010	03/12/2010			Sub Contractor	DEFAULT LOCATION
Black, David	Compliant	12/01/2011	XXXX00223	Active	05/04/2010	05/06/2010			Sub Contractor	DEFAULT LOCATION
Bowley, Leslie	Compliant	12/01/2011	XXXX05594	Active	09/08/2010	09/09/2010			Employee	DEFAULT LOCATION





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Vendor Name: Aramark

First Name:

Last Name:

Compliance Status: Select:

Compliance Expires: Select:

SSN:

Person Status: Select:

Type: Select:

Vendor Locations: ALL:

User Field 1:

User Field 2:

Self Reported Conviction: Select:

Search By Date: Select:

SEARCH

149 found. Displaying Results.

Name ↕	Compliance Status ↕	Compliance Expires ↕	SSN ↕	Person Status ↕	Order Date ↕	Completion Date ↕	User Field 1 ↕	User Field 2 ↕	Type ↕	Location
Ali, Amshad	Non-Compliant	03/11/2010	XXXXX2784	Active	02/11/2010	02/11/2010			Sub Contractor	DEFAULT LOCATION
Anderson, VINCENT	Compliant	12/31/2011	XXXXX8764	Active	12/10/2010	12/14/2010			Employee	DEFAULT LOCATION
Ayala, Maribel	Compliant	02/24/2011	XXXXX3552	Active	02/24/2010	03/01/2010			Sub Contractor	DEFAULT LOCATION
barber, gerald	Non-Compliant	05/26/2010	XXXXX3615	Active	04/26/2010	04/26/2010			Sub Contractor	DEFAULT LOCATION
Barrios, Haydee	Compliant	12/31/2011	XXXXX1189	Active	12/10/2010	12/14/2010			Employee	DEFAULT LOCATION
Beato, Linda	Non-Compliant	01/14/2011	XXXXX5572	Active	12/14/2010	12/15/2010			Employee	DEFAULT LOCATION
Belin, jonathan	Compliant	03/09/2011	XXXXX4329	Active	03/09/2010	03/12/2010			Sub Contractor	DEFAULT LOCATION
Black, David	Compliant	12/31/2011	XXXXX0023	Active	05/04/2010	05/06/2010			Sub Contractor	DEFAULT LOCATION
Bowley, Leslie	Compliant	12/31/2011	XXXXX5994	Active	09/08/2010	09/09/2010			Employee	DEFAULT LOCATION

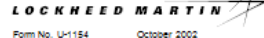
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_____, _____, _____



_____, _____



Form No. U-1154 October 2002

Unclassified/Classified Meeting Notification

SUBMIT 24 HOURS PRIOR TO MEETING

TO: Security/Visit Control Team MP Phone Choose Below FAX Choose Below

FROM: Phone:

SUBJECT: Unclassified Meeting Classified Meeting Notification (check appropriate box)

Dates of meeting, from to arrival time via (gate or lobby)

Program / organization hosting meeting:

Subject of meeting:

Location of meeting/areas to be visited:

Type of badges (Check one): Visitor/Escort Visitor/Non-Escort VIP/Escort VIP/Non-Escort

VIP badges must be provided to Security by the requester. Non-Escort badges require authorization by a Manager or above, or Protocol.

Non-Escort Authorization: (Name of Manager authorizing) (Title of Manager authorizing)

Additional instructions/requirements:

CLASSIFIED MEETINGS ONLY

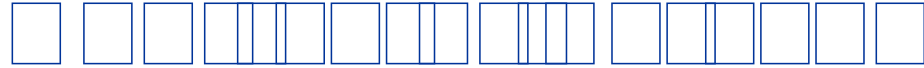
Clearance Level Required: Top Secret Secret Confidential
 Special Accesses Required: COMSEC CNWDI NATO WNINTEL

Host/Monitor for Classified meeting: Phone:

PERSONS SCHEDULED TO ATTEND THIS MEETING

Attendee Full Name (Alphabetically)	Citizenship	Company Name	Social Security No.

A blank copy of this form may not be the form currently in effect. The current version is always the version online.
 Form No. U-1154 October 2002 Page 1 of 1



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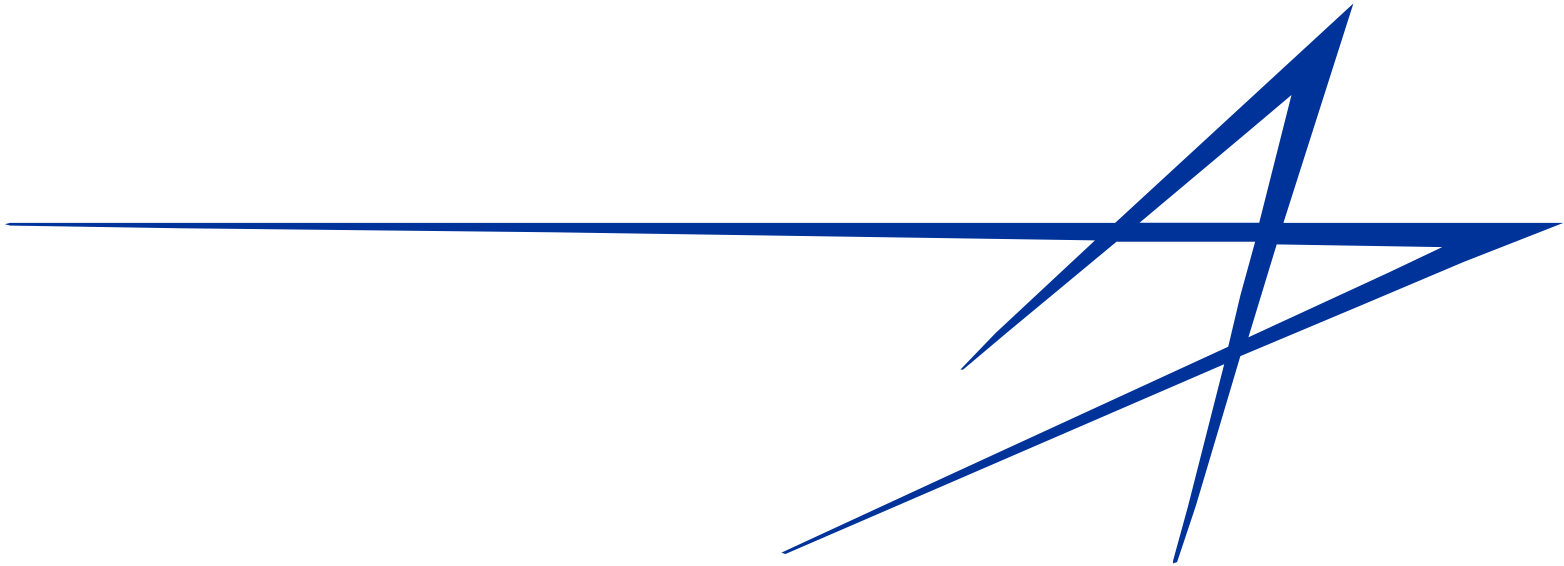
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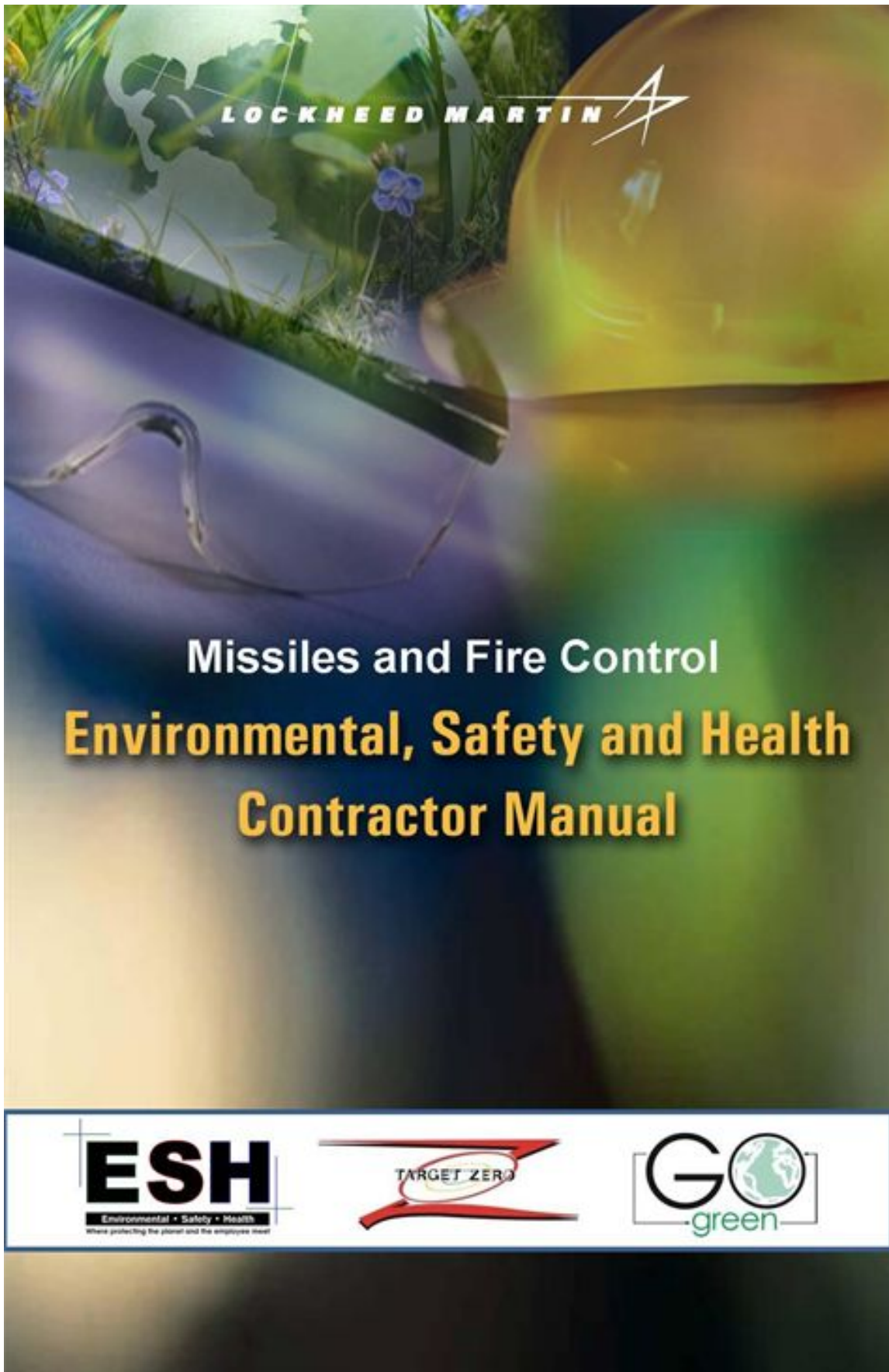




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General Evacuation

LMMFC has developed emergency response plans for all facilities. You may be asked to participate in an evacuation drill in preparation for an actual emergency. When the fire alarm sounds or you are notified by your LMMFC contact you and your employees should:

- Stop all work;
- Shut off electrical equipment and machines and secure classified material, if possible;
- Walk to the nearest exit, including emergency exits with panic bar assemblies. Push the bar and exit the building.
- Account for all of your employees and move to the evacuation assembly area and wait there for your LMMFC contact.
- Do not re-enter the facility until instructed to do so by LMMFC Facilities Protection or the ESH office.

If your employees are not working in their normal work areas, or they are in hallways, rest rooms, etc., they should use the nearest exit. Once outside the building, your employees should stay at least 200 feet away from the building while proceeding to the assembly area (if you are unaware of the assembly areas, ask your LMMFC contact in advance of an emergency).

Your employees should become familiar with the evacuation routes in their work areas.

Environmental, Safety and Health Contractor Manual

Medical Emergencies/Occupational Health Services

Many of our locations have an Occupational Health Service group on duty during working hours. In the event that your employees are injured while on LMMFC property they should:

- Report the injury immediately to the on-site supervisor and Occupational Health Services (if available) as soon as possible.
- If the injury is serious and the employee is unable to report to Occupational Health Services, they should call or have someone else call the site emergency number and request emergency medical response. Your employees should be prepared to provide the location of the emergency, building number or name, floor and column number and details on the nature of the emergency.

On-site supervisors should report all injuries to the LMMFC contact or ESH office and OHS, no matter how minor, immediately. Copies of reports of all injuries must be given to the ESH office and documentation relative to incident investigation(s). ESH may request further information depending on the incident.

All contractors are encouraged to report Near Miss/Close Call incidents to ESH or their LMMFC contact. Near Misses and Close Calls will be investigated to determine cause and mitigation of exposure.





General Information

ESH Policy Statement

MFC ESH Policy 1-1-003: The Environmental, Safety and Health (ESH) Policy of Missiles and Fire Control is to operate our facilities in a regulatory compliant, responsible manner that protects the environment and surrounding communities, commits to pollution prevention and prevention of occupational injury and ill health, conserves natural resources, and provides a safe and healthful workplace for employees, contractors, and visitors. This Policy Statement requires MFC employees to:

- Integrate ESH considerations into strategic business decisions, engineering design, procurement, facilities management and production
- Continually improve the environmental aspects and safety and health performance of our business and establish and review ESH goals in applicable performance measurements
- Cultivate ESH responsibility by all employees' at all organizational levels and those who work on behalf of and under the control of the Company.

The letters "ESH" are rendered in a large, bold, black font. The "E" has a green outline, the "S" has a red outline, and the "H" has a blue outline. The logo is centered and framed by thin blue and green lines that intersect at the top and bottom.

Where protecting the planet and the employee meet

Environmental, Safety and Health Contractor Manual

ESH Contractor Program

Lockheed Martin Missiles and Fire Control is dedicated to ensuring that a safe working environment exists for both its own employees as well as for contractor and subcontractor employees. As part of our company wide initiative, we have implemented a Contractor ESH Program to reflect the importance of environment, safety and health in our business.

Our program consists of five parts:

1. A complete review of the project's Environmental, Safety and Health (ESH) requirements;
2. A review of all contractor project implementation plans;
3. Orientation of all contractor employees in our site requirements for emergency procedures, chemical usage and accident reporting;
4. Certification of required training as required;
5. Periodic work-site inspections to ensure compliance.

We expect all contractors or subcontractors working at our facilities are:

- Fully qualified and trained to OSHA requirements found in 29 CFR 1910 and 29 CFR 1926 as applicable;
- Responsible for the safety of their employees as well as protection of Lockheed Martin Corporation (LMMFC) employees and property at their project site;
- In compliance with all local, state and federal regulations, statutes or laws.

Your cooperation and continued support of Environmental, Safety and Health (ESH) is greatly appreciated.



Your Rights and Responsibilities

This manual provides you with standards that must become part of your everyday work at our facility (ies). It does not supersede any standards set by any regulatory agency, nor does it eliminate the need for sound ESH practices beyond those given in this manual. The general information given here may be superseded or supplemented by more detailed or more current requirements.

Missiles and Fire Control requires that you read this manual before you start work. On the job, you are expected to follow these and other ESH practices. Failure to do so may result in warnings and other appropriate actions to protect you and your employees. Repeat minor or a single serious infraction will result in restricted access or removal from the premises for contractor employees and possible contract termination.

Maintaining a safe and healthy work environment that is environmentally sound is a continuous effort that requires everyone's cooperation. The contractor is responsible for maintaining safe working conditions and reasonable and prudent Environmental, Safety and Health practices while on LMMFC property.

It is the LMMFC policy to comply with all applicable local, state and federal laws and regulations affecting the health, safety and environmental liability and the enforcement of those requirements on its contractors.

It is your responsibility (the contractor or contract employee) to:

- Learn about all applicable hazards in the workplace;
- Use proper practices and procedures;
- Properly use personal protective equipment;
- Use all personal and equipment safeguards;
- Observe the Tobacco-Free policy when on premises. Premises includes property that Lockheed Martin owns, leases as a tenant, or operates for a customer-owner, including all buildings, spaces, grounds, parking lots, vehicles, and aircraft. Tobacco is any product including, but not limited to, cigarettes, cigars, cigarillos, pipes, chewing tobacco, or snuff;



ESHDP022 7

Environmental, Safety and Health Contractor Manual

- Promptly report any on-the-job accidents or unsafe conditions to your on site Supervisor or foreman;
- Stop the job in the event of any accident involving personnel, production hardware or equipment and notify your on site Supervisor or foreman;
- Maintain good housekeeping practices;
- Report any spills of chemicals or other hazardous materials immediately by calling the emergency number provided;
- Make certain you have the required training for the work you are performing;
- Wear the badge(s) provided to you visibly on the upper front part of your body at all times;
- Wear long pants and shirts with sleeves in accordance with work area requirements;
- Ensure that all have medical certifications in accordance with their job function and legal requirements;
- Conduct periodic safety meetings/tool box talks and submit to LMMFC upon request;
- Prohibit the use of cell phones and other electronic devices while operating a motor vehicle unless using a hands free device;
- Prohibit the use of LMMFC equipment (ie ladders, forklifts, tools etc.) unless Third Party User Loaned Tool/Equipment Indemnity Agreement is allowed at the LMMFC facility and proper signatures are obtained.
- Protect your work site with appropriate “Caution” and “Warning” signs and barricading.



Your Rights and Responsibilities (cont)

- Provide upon request your LMMFC site contact and/or ESH with the name(s) of the competent person(s) for each of the listed standards, as they may apply. This list should not be considered all-inclusive. The contractor is responsible for providing the name(s) of competent person(s) for standards that have been omitted from this list:

29CFR1910.66,	Powered platforms for building maintenance, including Appendix C, Personal Fall Arrest System
29CFR1926.32,	Definitions
29CFR1926.53,	Ionizing Radiation
29CFR1926.62,	Lead
29CFR1926.450,	Scaffolds
29CFR1926.500,	Fall Protection
29CFR1926.650,	Excavations
29CFR1926.705,	Requirements for lift-slab operations
29CFR1926.803,	Compressed air
29CFR1926.1101,	Asbestos
29CFR1926.1127,	Cadmium
40 CFR Part 82,	Protection of Stratospheric Ozone
Subpart F	

If you have any questions about any ESH provisions or meanings, you should address them with your employer, the LMMFC contract monitor, site contact, or the ESH office.

Environmental, Safety and Health Contractor Manual

Enforcement Policy

Our goal is to prevent injuries and losses attributed to unsafe work practices or conditions. To ensure our expectations for compliance are being met, Lockheed Martin MFC has developed the following enforcement policy:

Any noncompliance issues voluntarily disclosed to the ESH Department by the contractor or a contract monitor would not be considered for enforcement provided corrective action is taken in a timely manner.

Enforcement actions are based on severity and frequency of infractions. MFC reserves the right to restrict access of contractor employees and/or to terminate the contract if, in the Company's discretion, contractor infractions are sufficiently serious to warrant such action.



Environmental Safety and Health

Air Emissions

All air emission sources (e.g. chemical operations, combustion units, etc) must be reviewed and authorized by LMMFC ESH department prior to use. Contractor must coordinate any regulatory notifications and/or permits with LMMFC ESH. In accordance with LMMFC policy on ozone depleting compounds [e.g. Chlorofluorocarbons (CFC)], all site contractors must comply with the following standards:

- a) Fluorocarbon refrigerants may not be vented.
- b) All refrigerants must be recovered using an EPA certified recovery unit.
- c) All refrigerant leaks must be repaired, and integrity verified in accordance with 40 CFR 82. Written documentation or leak repair efforts and follow-up verifications must be provided to the LM Contact for all units greater than 50 lbs of CFC charge.
- d) Written documentation reporting all refrigerant used or charged into equipment must be provided to the LM Contact for all units greater than 50 lbs of CFC charge.
- e) All personnel performing refrigeration system installation, maintenance, and disposal must provide a photocopy of their EPA refrigeration certification card to the LM Contact. A copy will be retained for the Project File.
- f) All equipment and tools must be supplied by the contractor and/or its subcontractors, and shall be maintained in a safe operating condition, free from defects or wear which may constitute hazard to any person or property.

No generators greater than 50KW shall be employed on site without prior ESH approval.

Environmental, Safety and Health Contractor Manual

Asbestos

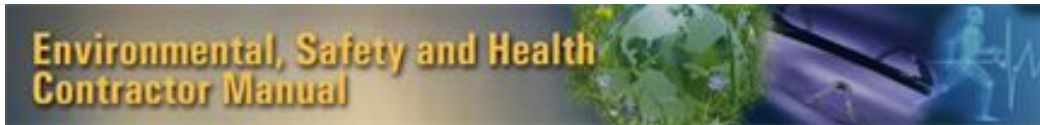
ASBESTOS (29 CFR 1926.1101)

If any work involves any potentially Asbestos Containing Material, stop job and contact Contract Monitor or ESH Department.

DO NOT disturb or dispose of materials containing asbestos without ESH approval.

Materials that may contain asbestos at our site are:

- Pipe elbows, tee's, valves – hard packed cement
- Hi Pressure steam lines – some straight runs
- Most valve and stem packing – rope type braid
- Gaskets – valve flanges
- Floor tile – all floor tile and mastic is suspect
- Fire doors – lining inside of older doors
- Under our wooden floors – felt and mastic
- HVAC insulation wrap –in our fan rooms



Compressed Gas Cylinders

Chain or secure cylinders in an upright position at all times whether in storage or use.

Move cylinders only when they are chained to a handcart; never drop, roll or slide them across the ground or floor.



Keep the protective cap in place at all times when the cylinder is not in actual use. Cylinder must be properly labeled with contents and hazard warnings.

Always use the proper regulator for each cylinder. Do not use an adapter or other connections to attach a regulator to a gas cylinder.

Store and properly secure cylinders in a well ventilated location. The use and storage of flammable/combustible gases is restricted in the facility. Advance approval by the LMMFC ESH office is required.

All cylinders utilized on site shall be free of corrosion and inspected/tested per Department of Transportation (DOT) requirements. Any cylinder that does not meet DOT inspection requirements must be tagged "Do Not Use" and removed from LMMFC property.

Keep oxidizing gases separate from fuel gases by distances required by the National Fire Protection Association (NFPA)/OSHA.

Cylinders should be tagged and capped when empty. It is recommended that full and empty cylinders be stored separately.

Environmental, Safety and Health Contractor Manual

Confined Space Entry

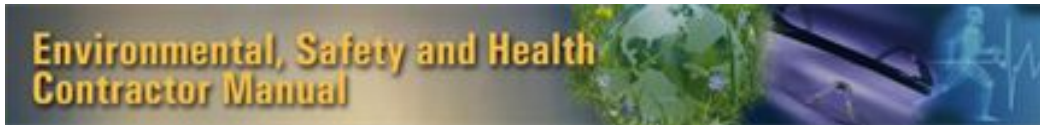


When the operations or work activities involve confined space entry, contractors are required to supply LMMFC a copy of their confined space entry program and receive job specific orientation about potential hazards associated with specific permit required confined spaces. Contractors will issue their own entry permits and provide a copy to the LMMFC site contact and/or ESH prior to entering the confined space for approval.

Confined spaces include, but are not limited to, storage tanks, water meter pits, sewers, boilers, ventilation ducts, tanks, tunnels and open top spaces that are more than four (4) feet in depth such as pits, vaults and equipment.

Permit required confined spaces are marked with caution signs that remind the contractor that a permit is required before entry.

Contractor and subcontractor personnel shall notify the LM contact prior to performing any work in confined spaces. Contractor shall coordinate all work activities involving confined space entry with LMMFC ESH. All personnel associated with such activities shall be trained by their employer to perform those responsibilities defined in 29 CFR 1910.146. Any such work may be performed only after issuance of a "Confined Space Entry Permit". Inform LM contact or LMMFC ESH of hazards confronted or created in permit spaces during entry operations.



Cranes and Hoisting Operations

All proposed helicopter or crane operations involving movement over the roof of any LMC building shall be coordinated through your Contract Monitor.



- The erection, operation or dismantling of any boom-type lifting or hoisting equipment, or any part thereof, closer than 15 feet from energized overhead high-voltage lines is prohibited.
- Mobile cranes shall not be operated or moved within 3 feet of any open trench.
- Equipment adjacent to trenches shall not be moved until all personnel are evacuated from the trench area.
- Hoist and rigging equipment and associated attachments must have the required manufacturer's label that includes its rated working load capacity.
- All hoisting machinery operated by the contractor shall be documented by a competent person, or by a government or private agency recognized by the U.S. Department of Labor showing an annual inspection within the prior 12 months.
- Maintain hoist and rigging equipment inspection records and provide these upon request.
- NOTE: Contractor may not use LMMFCC hoist and rigging equipment without prior written approval by LMMFC ESH.

Environmental, Safety and Health Contractor Manual

Electrical Safety



Any contractor that will be installing or repairing electrical equipment or electrical distribution systems shall be qualified and have the appropriate training by their employer before commencing work at our facilities. The minimum requirements for training are contained in the OSHA Electrical Construction standards, 29 CFR 1926.400. Proof of training must be available upon request by LMMFC.

Do not work on any LMMFC electrical equipment until the equipment has been de-energized and locked out. LMMFC Lockout/Tagout program shall be followed. Your Contract Monitor or ESH can supply you with a copy of the Lockout/Tagout Program.

Work that requires electrical equipment to be energized for proper installation, test or service must be reviewed and cleared by the ESH office prior to actual installation, test or service. All such hot work will require the contractor to have safety related procedures, appropriate personal protective equipment, specialized training and adequate working clearance in the work area. All work carried out on energized electrical circuits greater than 50 volts shall be conducted in accordance with National Fire Protection Association (NFPA) 70E. Electrical circuits cannot be shut down without the authorization of the Facilities Maintenance office.



Electrical extension cords used on LMMFC projects must be free from splices or other damage. The extension cords must be manufactured from UL listed components and must be one continuous assembly. Daisy chained cords are not permitted. Multiple outlet extension cords are allowed if properly sized for the load. Extension cord sets used with portable electric tools and appliances shall be of the three wire type and designed for hard or extra hard service. Flexible cords used with temporary and portable lights shall be designed for hard or extra hard service.



Electrical Safety (cont)

Flexible power cords and extension cords shall be protected from mechanical damage. Sharp corners and projections shall be avoided. Flexible cords and extension cords may pass through doorways or other pinch points, if protection is provided to avoid damage and do not create a hazard.

Contractors shall use either ground fault circuit interrupters or an assured equipment grounding program as specified in 29 CFR 1926.404 to protect employees on construction sites. The program shall cover all cord sets, receptacles that are not a part of the building and equipment connected by cord and plug that are available for use or used by employees on the construction site.

All electrical work sites in aisles or other areas accessible to LMMFC residents shall be barricaded such that anyone outside the barricade will be at least three (3) feet from any electrical hazard. No work site with exposed, energized parts shall be left open at the end of the work day. Protective covers or enclosures or Lockout/Tagout shall be used to protect against accidental contact.

Energy Controlled Procedures (LOTO)

1. Contractors are required to provide Lockout/Tag out programs and training to their employees as required by OSHA standards.
2. Contractors are to provide all locks, warning tags, and lockout/tag out devices necessary to safely perform the job.
3. Notify Facilities/ESH prior to performing lockout/tag out and to coordinate/communicate the Energy Control Program to achieve compliance with the on-site Lockout/Tagout program.



Note: At the **Chelmsford** facility no contractors are allowed to perform any tasks associated with LO/TO. Please work with the facilities organization to complete.

Environmental, Safety and Health Contractor Manual

Erosion and Sediment Control Measures

- Burn off of the ground cover is not permitted unless specifically authorized by LMMFC and properly permitted. Contractor shall comply with all burn permit conditions if obtained and applicable.
- Manage and controls borrow pit areas to prevent sediment from entering nearby streams or lakes. Restore areas, including those outside the borrow pit, disturbed by borrow and haul operations. Restoration includes grading, replacement of topsoil, and establishment of a permanent vegetative cover.
- Follow the applicable sediment and erosion control plan. ESH must approve the sediment and erosion control plan prior to commencement of work.

Explosives

Use of explosives will not be permitted for any activity unless LMMFC ESH has granted specific advance written approval. This will not be granted until LMMFC ESH, Facilities, and Facilities Protection have reviewed a detailed Health and Safety Plan (HASP).

Process Safety Management

- The purpose of Process Safety Management (PSM) is to prevent or minimize consequences of catastrophic releases of toxic, reactive, flammable or explosive in various industries. The requirements of a Process Safety Management Program are outlined in 29 CFR 1910.119.
- PSM applies to contractors performing maintenance or repair, turnaround, major renovation, or specialty work on or adjacent to a covered process. It does not apply to contractors providing incidental services which do not influence process safety, such as janitorial work, food and drink services, laundry, delivery or other supply services.” Please contact ESH if you are unsure if PSM applies to the work you will be performing while on site.



Fall Protection

1. Fall protection systems and fall protection equipment are required on any working surface six feet or greater above a lower level, or on any operation where a reasonable probability of injury may be prevented by the use of such systems and equipment.
2. Only personal fall arrest equipment (harness systems and lifelines) appropriately rated by the manufacturer for the type or work under consideration will be used. "Body Belts" are not permitted.
3. All shoe sole materials must provide adequate sole-to-surface friction to prevent slip and/or fall injuries.
4. Head protection; such as hard hats, are to be worn in all areas in which there exists the possibility of falling objects from above.
5. Employees are to be protected from falling objects by toe-boards; screens or guardrail systems erected to prevent objects from falling from higher levels, or be protected by a canopy structure erected to deflect falling objects. The area to which objects could fall may be marked with signs or barricaded so those employees are prohibited from entering the area.



Environmental, Safety and Health Contractor Manual

Fire Sprinkler Impairment

1. Construction materials or other equipment shall not be placed upon or suspended from any fire sprinkler pipes, valves, or supports, either temporarily or permanently.
2. No work shall be performed, or any valve opened or closed, on any fire sprinkler system without the prior approval of Facilities Protection and/or ESH.
3. Coordinate any planned sprinkler system impairments with Facilities Protection, Facilities or ESH as soon as possible prior to beginning work. Facilities Protection, Facilities and/or ESH is responsible for ensuring that all notifications are made and all precautions are taken before work is performed on the fire sprinkler system.



Orlando Notification: Notice shall be provided to LMMFC ESH 48 hours prior to the work.



Flammable, Combustible and Toxic Materials

All ESH pre-approved flammable liquids brought onto LMMFC property must be stored in properly labeled, approved containers and in areas approved by the ESH office and Facilities Engineering or Facilities Protection. Notify your LMMFC contact in advance of any use of flammable materials within LMMFC grounds and buildings.

- Every effort will be made to use the safest product with the lowest flammability range. This includes alternate methods of construction or design.
- The contractor will also provide a safe storage area outside of the building(s). This area will be in compliance with all applicable codes and shall have adequate secondary containment.
- Flammable and combustible liquids must be dispensed from metal safety cans bearing a Factory Mutual (FM) or Underwriters' Laboratory (UL) listing.
- Metal cans shall have the perforated metal screen (flash arrestor) in place. Must follow all OSHA and NFPA requirements for flammable and combustible materials.
- When using flammable and combustible materials, additional ventilation may be required to control ignition sources. Ventilation equipment used to exhaust flammable vapors must be hazardous location rated.



Environmental, Safety and Health Contractor Manual

Hazard Communication/MSDS



Under the Hazard Communication Standard, each contractor is required to have an MSDS for each material with which its employees work.

Contractors/Vendors must submit MSDSs to the ESH office for review prior to bringing the chemical on site.

Hazardous materials include, but are not limited to, adhesives, solvents, acids, caustics, paints, floor covering, coating, cleaners, detergents, flammable and combustible liquids, and insulation materials.

If the materials have not been previously reviewed by the ESH office, the contractor will be denied access until the Lockheed Martin ESH office has been contacted and clearance is arranged. Clearance is never automatic, many substances that are highly toxic or damaging to the environment are never allowed on LMMFC property. It is always best to request clearance prior to any required use date.

If any contractor is found using materials on site that have not been reviewed by the ESH office, corrective action may be taken to remove the materials. Further action may include work stoppage or contract cancellation. MSDSs must be kept where they are readily accessible to all employees who might come into contact with the hazardous material.

Contractors are responsible for ensuring that all of their employees, agents or subcontractors who work with hazardous materials have received Hazard Communication (Right To Know) training by their employer. Proof of training must be available upon request by LMMFC.

The spill or release of any substance must be immediately reported to LMMFC through established LMMFC emergency procedures. Stop source of leak or spill if it is safe to do so and follow Facilities emergency procedures.



Health & Safety Plan (HASP)

In some instances, a job HASP will be required. Examples of jobs that would require a job specific HASP would include, but are not limited to, asbestos abatement, environmental remediation, confined space activities and any other activities that pose a significant impact to the environment or the health and safety of personnel. A HASP shall provide the following:

- a) an outline of the requirements of each project;
- b) a description of how the project will be completed;
- c) specific training requirements for the project and a listing of personnel required to be so trained;
- d) certification of training for those employees who have received applicable training and medical surveillance;
- e) copies of certificates of insurance;
- f) emergency response plans and telephone numbers; and
- g) the methods for assuring contractor and subcontractor compliance with regulatory requirements.

Copies of HASPs shall be retained on site and available to LMMFC ESH or the LM Contact.

Historical and Archeological Resources

Carefully preserve and report immediately to LMMFC items having possible historical or archeological interest that are discovered in the course of work. Protect monuments, markers and works of art.

Environmental, Safety and Health Contractor Manual

Hot Work



If your work requires welding, cutting, gas heaters, flame cutting, or any spark producing activity, you must obtain a “Hot Work Permit” from the appropriate Facilities Protection or ESH office and/or its designated representative (for further information contact the LMMFC project engineer), and strictly follow site procedures. All welding and cutting operations must be conducted in accordance with ANSI Z49.1.

Housekeeping and Material Storage

Maintain good housekeeping at all times. Clean work areas and store items neatly at the end of each work shift. Remove combustible material (e.g., trash, wood, rags, cardboard, paper) at the end of each day appropriately.



Electrical panels, emergency equipment, means of egress, aisles and passageways may not be blocked. Materials may not be stored on scaffolds, runways, loading docks, or roofs in excess of materials needed for immediate use. Storage within stairwells is not permitted.

Enclosed non-combustible disposal chutes are required whenever solids waste materials are dropped greater than ten feet.

Storage of chemicals outside is prohibited unless adequate secondary containment is used and the chemicals are protected from contact with precipitation.

Indoor Air Quality

Gasoline, diesel, liquefied petroleum (LP) gas powered internal combustion engines shall not be used inside LMMFC buildings unless prior written approval is obtained from LMMFC ESH. Such equipment includes, but is not limited to Powered Industrial Vehicles, pressure washers, concrete saws, generators and the like.



Laser/Radiation Usage

Lasers and/or radiation sources are not to be used on LMMFC property without prior written approval from the LMMFC ESH department.

NOTE : For ceiling leveling lasers, trained personnel and warning signs are required. LMMFC ESH permission is not required for these types of lasers.

Machinery, Tools and Equipment



Any machinery or equipment used in the work area must have appropriate guarding, interlocks or controls to ensure safe operation, including but not limited to emergency stops, power drop outs/zero start controllers, and point of operation guards. Machinery and equipment must be inspected for defects in the guarding and operation before each use.

Never remove, make inoperative or reduce the effectiveness of any equipment or machine guard.

Never override any safety interlock or attempt to operate any piece of equipment or machinery without guards or other required safety devices in place and fully functional.

Never operate any piece of equipment or machinery when it is functioning improperly or at any time when operation would constitute a hazard. Any piece of equipment that does not meet this requirement must be repaired at once, prior to further use, or removed from the premises.

Occasionally, during installation of equipment or demolition of an existing area, there may be times when a piece of equipment must be left in an incomplete state. It may be potentially hazardous to operate the equipment or to enter the area during this time. When such situations occur, the equipment must be locked out or the area must be identified with yellow tape that reads "Caution – Do not Enter."

Environmental, Safety and Health Contractor Manual

Natural Resources

The contractor is responsible for preserving the natural resources within the project boundaries and outside the limits of permanent work. The contractor must restore the natural resources to an equivalent or improved condition upon completion of work. They must confine construction activities to within the limits of the work indicated or specified.

Except in areas to be cleared, the contractor is not to remove, cut, deface, injure or destroy trees or shrubs without the permission of LMMFC ESH. The contractor is not to fasten or attach ropes, cables, or guys to existing nearby trees for anchorages, unless authorized by LMMFC ESH. Where such use of attach ropes, cables, or guys is authorized, the contractor shall be responsible for any resultant damage.

The contractor shall protect existing trees which are to remain and which may be injured, bruised, defaced, or otherwise damaged by construction operations.

Noise

1. Operations involving high noise producing equipment are not to be conducted in populated areas.
2. Noise levels must be within safe limits and/or employees must be provided proper hearing protection.
3. Hearing protection equipment must be used in the event safe noise levels are exceeded.



Make the maximum use of low-noise emission products, as certified by the EPA.



Painting and Spray Painting



If painting on roofs, contact your LMMFC contact for closing of air intakes for air handling systems to prevent intake of vapors into the ventilation system.

Ensure that all paint containers are properly stored and paint related wastes are properly disposed.

Paint and adhesives with low odor thresholds used in areas adjacent to and occupied by personnel may be applied only on off-shift or on weekends, to minimize employee exposure and odor complaints.

Paint Containing Lead

Construction work activities where personnel may be occupationally exposed to lead must follow OSHA's construction standard "Lead Exposure in Construction," 29 CFR 1926.62.

- Paint and undercoating on steel structures or members must be assessed as to lead content, prior to the activities listed above. When lead is detected, controls will be required to ensure acceptable worker protection.
- Prior to conducting any of the above listed activities, contact the LMMFC ESH department to determine the presence of lead. Ensure all lead-containing paint is disposed of in accordance with all site disposal requirements.

Environmental, Safety and Health Contractor Manual

Personal Protective Equipment (PPE)

If your work exposes your employees to potential hazards, they should be furnished with the appropriate personal protective equipment. If you do not have the appropriate personal protective equipment, you may not work on LMMFC property. Personal protective equipment includes, but is not limited to, such items as safety glasses, goggles, face shields, respirators, hearing protection, gloves, plastic aprons, arm guards, hard hats and foot protection.

If your Safety Program requires the use of personal protective equipment within the work area, appropriate warning signs shall be in place to notify any person entering the area the PPE is required. Any person, LMMFC employee, visitor or contractor, inside a work area that has PPE requirements, shall wear the appropriate equipment.

Eye Protection

Your employees are required to wear adequate eye protection when exposed to the risk of eye injury or when in areas which present eye injury hazards.

Watch for signs indicating that eye protection is required. In some areas where eye injury hazards may be encountered, a pair of safety glasses may not be sufficient. Safety goggles, full face shields or safety glasses with side shields or tinted lenses may be required to avoid injury. Signs are posted in areas that require the use of eye protection.



On all construction or demolition projects ANSI Z87 safety glasses will be worn (no exceptions). Sunglass safety lenses are only suitable for outdoor work.

Prescription eyewear will have the ANSI Z87 stamp and side shields. If prescription eyewear is not duly rated, the employee will wear ANSI Z87 overprotection. Overprotection will not interfere with fit or vision.



Personal Protective Equipment (PPE) cont.

Foot Protection

Safety shoes with steel reinforced toes protect your employees from crushing foot injuries. Safety shoes are required whenever material handling equipment is used or your employees may come in contact with dangerous work surfaces such as nails, rolling stock or other foot hazards.

LMMFC has foot protection required areas in most manufacturing areas and your site contact or ESH can cover those locations with you prior to commencing work. If working in an LMMFC foot protection required area, the contractor will be required to wear appropriate foot protection.



Hand Protection



Gloves protect your employees' hands from small cuts, nicks, abrasions, skin irritations, burns and chemical absorption through the skin. Never immerse hands in chemicals, even when wearing protective gloves. Never use torn or "holed" gloves. Do not wear jewelry while performing electrical tasks or when operating or servicing rotating equipment.

Head Protection

Hard hats may protect you from overhead hazards, impact, flying objects and electrical shock and burns. Hard hats must be worn when working in an area with exposure to overhead hazards.

ANSI Z89 Hard hats will be worn during all construction and demolition activities. The hard hat rule will be enforced until the project is complete and occupants are moving into the space.



Environmental, Safety and Health Contractor Manual

Portable Ladders/Ladders

1. Manufactured portable wood ladders shall be labeled as being designed and manufactured in accordance with the provisions of the American National Standards Institute, A14.1 – 1982.

Note: Orlando does not allow wooden ladders.

Manufactured portable metal ladders shall be labeled as being designed and manufactured in accordance with the provisions of ANSI A14.2 –

1982. Ladders made by fastening cleats across a single rail shall not be used.



2. Ladders shall be maintained in good condition at all times, the joint between the steps and side rails shall be tight, all hardware and fittings securely attached, and the movable parts shall operate freely without binding or undue play.
3. Frayed or badly worn rope shall be replaced.
4. Safety feet and other auxiliary equipments shall be kept in good condition to ensure proper performance.
5. Ladders shall be inspected frequently and those which have developed defects shall not be used on Lockheed Martin property.
6. Rungs shall be kept free of grease, lubricants, and other materials.
7. Ladders shall not be placed in front of doors opening toward the ladder unless the door is blocked open, locked or guarded. Ladders shall not be placed in passageways, driveways, or any location where they may be displaced by activities being conducted on any other work, unless protected by barricades or guards.
8. Portable metal ladders shall NOT be used in the vicinity of electrical circuits in places where they may come in contact with them.
9. Ladders shall not be used to gain access to any elevated platform or roof unless the top of the ladder extends at least three feet above the point of support at the eave, gutter, or platform line.
10. Sitting or standing on the top two steps of a ladder is prohibited.



Portable Ladders/Ladders (cont.)

11. Store ladders in a safe manner when not in use. Place them where they will not obstruct traffic and secure them as necessary.

Powder Actuated Tools

- You must be trained and qualified by the tool manufacturer before using powder-actuated tools. You must carry a valid operator's card issued by the tool manufacturer and present it to your LMMFC Contract Monitor and ESH upon request.
- You must not leave these tools unattended or available to unauthorized persons.
- Powder-actuated tools must meet the design requirements in "American National Safety Requirements for Explosive Actuated Fastening Tools" (ANSI A 10.3 – 1977). Only tools which meet these design standards may be used.
- Use of powder-actuated tools in explosive or flammable atmospheres is strictly prohibited.



Roofing Operations

- Any roofing work must be in complete compliance with OSHA construction standard, 29 CFR 1926.500, which requires fall protection and a fall protection plan.
- The use of open flames on roofing will require you to post a fire watch. It is your responsibility to make all arrangements with the ESH office.

**Environmental, Safety and Health
Contractor Manual****Sandblasting (silica-based materials are prohibited)**

Provide tarpaulin drop cloths and windscreens under and around blasting operations to confine and collect dust, sand, paint, and other debris for disposal in accordance with the requirements specified. ESH must pre-approve work practice and materials prior to the commencement of work.

- Perform work involving removal of hazardous material in accordance with 29 CFR 1910.94. Collect abrasive blasting waste containing lead or other heavy metals in approved containers. Contact LMMFC ESH to take receipt of containers. Dispose of non-hazardous abrasive blasting debris in accordance with paragraph title, "Disposal of Rubbish and Debris."
- Collect dust, sand, paint, and other debris resulting from sandblasting operations and store in drums with watertight lids. LMMFC ESH will take a representative sample of this material, and test it per Resource Conservation and Recovery Act requirements. If material is hazardous, LMMFC ESH will handle the disposal of such hazardous materials. If the material is non-hazardous, Contractor shall handle the disposal of non-hazardous materials.



Scaffolds

The contractor shall ensure all scaffold safety rules are followed as required by 29 CFR 1910.28, 29 CFR 1910.29, 29 CFR 1926.451 and other applicable regulations and standards.

- All scaffolds will be built and inspected by a competent person per OSHA requirements.
- Rolling scaffold wheels will be locked.
- **“Walking” a scaffold** (moving a scaffold from the work platform via shuffling or pulling/pushing) **is prohibited.**
- Daily inspections of scaffolds shall be made available to the ESH department upon request.
- Hardhats are required when employees are exposed to a possible bump hazard or when falling objects could cause a possible hazard.
- Scaffolds shall be erected, moved, dismantled, altered and inspected only under the supervision and direction of a competent person qualified in scaffold erection, moving, dismantling or alteration.



Environmental, Safety and Health Contractor Manual

Scissor Lifts, Aerial Lifts and Other Personnel Lift Devices

Contractors must follow the Manufacturer's operator manual when operating manually or self-propelled aerial lifts, i.e. Genie Personnel Lifts, Scissors Lifts, Boom Lifts, etc.

- Inspect the equipment and test the controls prior to use each day. If defective, tag out of service and do not use.
- Only trained, authorized personnel are allowed to use.
- Do not exceed maximum weight limit listed on the equipment.
- Be sure base is level at all times. Never adjust leveling jacks when a person is elevated in the platform.
- Do not climb, sit, stand or hang on the guardrails or midrails.
- On boom lifts and vehicle mounted elevating platforms; each worker must wear a full body harness with their lanyards attached to the anchor points provided by the manufacturer on the platform.
- Do not move Personnel Lifts when elevated, tip over may result.
- Stay clear of overhead electrical wires and obstructions. Maintain the minimum safe approach distances to power lines in accordance with OSHA requirements, the manufacturer's safety warnings and equipment labels.
- A full body harness shall be worn and a lanyard attached to the manufacturer's designated tie off point (consult the operator's manual).





Trenching

Before performing excavation work on the property, the contractor must locate known underground pipes, electrical conductors and other hazardous conditions. Approval of any excavation must be obtained from the ESH office and the Facilities office prior to starting work.

All excavations must be protected against hazardous ground movement with shoring, when required.



Environmental permits may be required prior to work start date. Environmental sampling may be required prior to soil disposal. Contact site ESH department for specific requirements.

Adequate physical protection barriers and warning lights shall be provided at all excavations and trenches. Barricades must be sufficiently rigid that a person cannot displace them by walking into them at a normal speed. Any excavation that must remain open past the normal work shift must be barricaded with a standard guard rail or an alternate method approved by the ESH office.

Any liquid entering an excavation that requires disposal (dewatering) must be removed in a manner approved by the ESH office.

Utility Shutdown

LMMFC ESH, Facilities and Security need to be informed 48 hours prior to any utility shutdown.

Environmental, Safety and Health Contractor Manual

Vehicle Operations and Powered Industrial Trucks

All equipment brought on site must comply with applicable OSHA standards. Only electric- powered equipment is allowed inside the building without prior approval of the ESH office. Motor vehicles, forklifts and other equipment powered by flammable/combustible liquids are not allowed inside building(s).



Note: **Orlando** and **Grand Prairie** allow propane forklifts to be used in the buildings.

Operators of powered equipment must be trained and certified by their employer. Proof of training must be available upon request by LMMFC. Safe and proper practices must be followed at all times or vehicle operating privileges will be suspended or revoked at the discretion of **Security** Facilities Protection, ESH or site contact.

1. Personal or contractor vehicles shall not be serviced (e.g., oil changes, tune-ups, washing/detailing, brake changes, etc.) while on company property except in emergency situations (e.g., towing for repairs, flat tire repair, jump start, windshield replacement, etc.)



Warning Signs and Barricades

The Contractor must barricade the construction sites to prevent all unauthorized personnel from walking through the construction area.



Barricades can be, "A" frame barricades, stanchions, etc. Barriers shall be substantial. Overhead work conducted in aisles where objects could fall and possibly strike passersby must have sufficient safeguards in place, i.e., overhead protective barrier (netting, hard barrier), detour routes, consider working off-shifts.

Signs must also be posted to indicate to unauthorized personnel that entry through the construction area is strictly prohibited. In addition, a detour route must be pre-selected and marked appropriately.

Floor and wall openings must be guarded by substantial barriers, railings, netting, fences, guardrails, steel plates and covering material to prevent slip, trips and falls.

Covers for holes in floors, roofs or other walking/working surfaces shall be secured, capable of supporting without failure at least twice the weight of employees, equipment, and materials imposed on the cover at any one time.

Environmental, Safety and Health Contractor Manual

Waste: Hazardous, Sanitary & Solid

Hazardous Waste

Any generation of hazardous wastes (solid or liquid) must be coordinated with the ESH office prior to generating the waste. Storage, labeling and handling of hazardous waste must meet state and federal requirements.



- Store hazardous waste in approved containers (49 CFR 178) properly labeled to identify the type of waste. Contact LMMFC ESH to take receipt of containers. For oil and hazardous material spills, notify LMMFC immediately.
- Conduct the fueling and lubricating of equipment and motor vehicles to protect against spills and evaporation. Contact LMMFC ESH for proper disposal of discarded lubricants and all excess oil.
- Properly dispose of electrolyte solution from lead-acid batteries. Do not dump electrolyte onto the ground or into storm drains or sanitary sewers.
- All pole and pad mounted electrical transformers that are taken out of service must be tested by LMMFC ESH prior to disposal.
- Keep dust down at all times, including during on-working periods. Sprinkle or treat, with dust suppressants, the soil at the site, haul roads, and other areas disturbed by operations. Dry power brooming will not be permitted. Instead, use vacuuming, wet mopping, wet sweeping, or wet power brooming. Air blowing will be permitted only for cleaning non-particulate debris such as steel reinforcing bars. Indoor work areas shall incorporate dust suppression/control techniques (i.e. vacuum cleaning instead of sweeping, separation of work area from occupied space using plastic barriers, provide construction duct particulate filters, etc) to minimize emission/spread of dust into occupied space. Only wet cutting will be permitted for cutting concrete blocks, concrete, and bituminous concrete. Do not unnecessarily shake bags of cement, concrete mortar, or



Hazardous Waste (cont)

plaster. Construction materials shall be transported and stored so as to protect them from inclement weather.

- Handle generated hazardous waste in accordance with 40 CFR 262 .
- The Contractor will make arrangements with LMMFC ESH department for the characterization, handling, storage and disposal of all hazardous waste generated by the project. The Contractor shall dispose of no Hazardous Waste. Contact LMC Contact and LMMFC ESH to coordinate disposal.

Solid and Sanitary Waste

Pick up solid wastes, and place in containers that are regularly emptied. Follow all site recycling practices, including but not limited to the recycling of paper, glass, plastic, metals, woods, cardboard, and concrete.

- Do not prepare or cook food on the project site.
- Prevent contamination of the site and other areas when handling and disposing wastes. On completion, leave the areas clean. Control and properly dispose of waste.
- Dispose of rubbish and debris in accordance with the requirements specified.
- Remove and dispose rubbish and debris from LMC.
- Place garbage in approved containers and move to a pickup point or disposal area, where directed.
- For any soils brought to the facility from off-site, the contractor must supply a “clean fill certification” to LMMFC ESH for approval prior to land application.



Environmental, Safety and Health Contractor Manual

Water Resources

Chemical and chemical-containing substances may not be discharged through any storm or sanitary sewer system, or disposed of on any outside grounds. All potential discharges must be reviewed and authorized in advance by LMMFC ESH.

- Prevent oily or other hazardous substances from entering the ground, drainage areas, or local bodies of water. Provide adequate protection to contain any leaks (110% of container size)
- Do not disturb fish and wildlife. Do not alter water flows or otherwise significantly disturb the active habitat adjacent to the project and critical to the survival of fish and wildlife, except as indicated or specified. Do not encroach upon wetland areas without authorization from LMMFC ESH.
- No dredging, filling or dewatering may occur on-site until LMMFC ESH receives appropriate dewatering and/or dredge/fill permits. Contractor shall comply with all permit conditions of the dewatering and or dredge and fill permit if required and obtained.
- Sanitary sewer connection cannot be made until LMMFC ESH receives appropriate industrial wastewater permit modification or notification.



Storm Water Pollution Prevention

- All contractors and/or subcontractors conducting construction activities from which runoff goes into or adjacent to any surface water in the state must submit the appropriate Notice of Intent and obtain permit approval depending on the area of land to be disturbed and their role as primary or secondary operator.
- Large construction activities which disturb 5 or more acres, or are part of a larger common plan of development that will disturb 5 or more acres, are regulated under a construction general permit.
- Small construction activities which disturb at least 1 but less than 5 acres, or are part of a larger common plan of development that will disturb at least 1 but less than 5 acres, are also regulated under a general permit.
- If a permit is required, contractors and/or subcontractors are required to comply with all aspects of the general permit including the implementation of a storm water pollution prevention plan.
- Approval is required from LMMFC ESH before any equipment will be permitted to ford live streams or stormwater conveyance systems or swales.
- No site work can begin until LMMFC ESH receives appropriate storm water permit modification and/or construction discharge permits. Contractor shall comply with all permit conditions of the stormwater permit if required and obtained.



Environmental, Safety and Health Contractor Manual

Working Alone

When working in a hazardous location, it is mandatory that at least two (2) persons be assigned to work within voice or visual contact of each other.

When it is necessary to work off shift, weekend or holiday hours, arrangements must be made with the LM Contact two days in advance of such work.

Contractors and/or subcontractors are not permitted to work alone while conducting hazardous activities.

Examples of hazardous activities include, but are not limited to; electrical, machinery and equipment operation, and sprinkler work. The LM Contact and the LMMFC ESH department will determine what is considered a hazardous activity. It is the Contractors' responsibility to inform the LM Contact as to when off shift, weekend or holiday work that is planned and to inform the LM Contact as to the type of work to be conducted.





APPENDIX A – TERMS AND DEFINITIONS

- **Chemical Waste:** This includes, but is not limited to, salts, acids, alkalis, herbicides, pesticides, and organic and inorganic chemicals.
- **Contractor/Subcontractor:** Any agent or agency or their subcontractors who provide personnel under their immediate supervision to fulfill a written agreement with Lockheed Martin Missiles and Fire Control (LMMFC) or LMMFC owned, leased or customer site locations. Contractor and subcontractor efforts include but are not limited to construction, maintenance, security, office equipment repair, furniture and equipment moving, and administrative and clerical support. Not included are contractor employees who work under direct supervision of LMMFC; these employees are governed by the Company’s internal ESH programs.
- **Debris:** Combustible and noncombustible wastes such as ashes and waste materials resulting from construction or maintenance and repair work, leaves and tree trimmings.
- **ESH:** LMMFC Environmental, Safety and Health Department
- **Garbage:** Refuse and scraps resulting from preparation, cooking, dispensing and consumption of food.
- **Hazardous Waste:** hazardous substances as defined in 40 CFR 261 or as defined by applicable state and local regulations.
- **Health and Safety Plan (HASP):** A job specific health and safety plan, giving detail to the specifics of the job.
- **Lockheed Martin (LM) Contact:** Lockheed Martin employee expressly designated as the LM Contact or if no such designation is made, the employee in charge of a project.
- **Oily Waste:** Petroleum products and bituminous materials.
- **Personnel:** Any contractor employee, subcontractor employee, Lockheed Martin employee, customer or visitor.



Environmental, Safety and Health Contractor Manual

- Rubbish: Combustible and noncombustible wastes such as paper, boxes, glass, crockery, metal, lumber, cans and bones.
- Sediment: Soil and other debris that have eroded and have been transported by runoff water or wind.
- Sewage: Waste characterized as domestic sanitary sewage.
- Solid Waste: Rubbish, debris, garbage, and other discarded solid materials, except hazardous waste as defined in paragraph entitled "Hazardous Waste", resulting from industrial, commercial, and agricultural operations and from community activities.

APPENDIX B – FLORIDA SPECIFIC APPLICABLE PUBLICATIONS

- U.S. Army Corps of Engineers (COE)
- Department of Transportation
- State of Florida Department of Environmental Protection (DEP)
- State of Florida – South Florida Water Management District
- State of Florida Fish and Wildlife Conservation Commission
- Orange County Code
- State of Florida – St. Johns Water Management District
- National Fire Protection Association
- American National Standards Institute
- Florida Department of Health



APPENDIX C - THIRD PARTY USER LOANED TOOL/EQUIPMENT INDEMNITY AGREEMENT (Archbald, Ocala and Chelmsford Only)

Whereas, _____ ("User") is performing work for Lockheed Martin Corporation (LMC) at its plant in Ocala, Florida and Chelmsford, Massachusetts; and whereas, LMC has certain tools, equipment, manned or unmanned, or other items ("Items") on this site for use in performance of its work and User has requested that User be allowed to use Items in connection with work it is performing at the site, all of which work is important to Owner.

Now, therefore, in consideration of LMC agreeing to allow the use of Items by the User, the parties hereby covenant and agree as follows:

1. LMC agrees that the User may use Items as described below, but only at times convenient to LMC, and User agrees to request and receive LMC permission before each use of any Items.
2. User agrees that LMC can terminate the right of User to make use of Items at any time by giving written notice of such termination to User. User warrants that all personnel operating the equipment shall be properly qualified and trained prior to use.
3. **LMC MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE SUITABILITY OR FITNESS OF ANY ITEMS SUPPLIED, AND USER SHALL INSPECT, ACCEPT AND UTILITZE SUCH ITEMS AT ITS SOLE RISK AND EXPENSE. ANY LMC OPERATORS OF ITEMS UTILIZED BY USER SHALL BE UNDER USER'S SUPERVISION, DIRECTION AND CONTROL. USE OF ANY ITEM BY USER SHALL CONSTITUTE AN ABSOLUTE AND IRREBUTTABLE PRESUMPTION THAT USER ACCEPTS SUCH ITEMS AND SERVICES OF ANY OPERATOR "AS IS, WHERE IS" AND SHALL BE SOLELY RESPONSIBLE FOR THE SAFE OPERATION THEREOF, NOT WITHSTANDING ANY LATENT OR PATENT DEFECTS OR ACT OR OMISSIONS OF OPERATORS FURNISHED BY LMC.**
4. To the fullest extent permitted by law, User agrees to defend, indemnify and hold harmless LMC and their agents, employees,



**Environmental, Safety and Health
Contractor Manual**

directors, successors, and assigns against any and all claims, damages, losses, and expenses (including attorney's fees) arising out of, resulting from, or related to the use of Items by User, including but not limited to bodily injury to persons (including operators) and damage to property (including Items), regardless of whether or not such claim, damage, loss, or expense is caused, in whole or in part, by the negligence of any of the indemnified parties. This agreement shall be governed in accordance with the laws of the State of Florida, Pennsylvania and Massachusetts.

_____ (User)

Witnessed By: _____

Title: _____

Date: _____



Revision History – Effective with Releases after –3/22/2010

All text changes and procedure additions shall be annotated with an asterisk (*). Deletions shall be briefly explained in this record.

Revision Date - Changes effective this release - Approved by

- – Initial release of document – Mike Self - 3/22/2010

IMPORTANT NOTICE: A hard copy of this procedure/form may not be the document currently in effect. The current version is always the version on the Lockheed Martin Missiles and Fire Control – Dallas network, eshforms directory

ITEM: FFC-2

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
April 17, 2019

Title: Schlumberger Global Master Services Agreement Amendment

Background:

UCF and Schlumberger Technology Corporation executed the Global Master Services Agreement (Master Agreement) September 29, 2014, with an initial term ending September 29, 2016. By a first amendment executed by UCF in May, 2017, and effective September 29, 2016, the Master Agreement was extended until September 29, 2018.

A second amendment is pending execution, is to be effective January 1, 2019*, and is to extend the term until December 31, 2023, thereby extending the entire term of the contract to nine years.

Issues to be Considered:

(1) Performance History

- E2i Creative Studio research lab at UCF's Institute for Simulation & Training has been working with Schlumberger under Master Agreement task orders, with the goal of transforming Schlumberger's global workforce competency system through the creation of a Simulation-Based Blended Learning System (SBBLS).
 - a. The SBBLS components include:
 - i. a blended-learning approach,
 - ii. simulation-based training,
 - iii. learning management adoption and sustainment,
 - iv. longitudinal assessment and evaluation,
 - v. andragogical customization,
 - vi. post-classroom sustainment, and
 - vii. online distribution.
- Task order funding to date is \$4,570,000.
- Future activity is expected to revolve around the extension of the pilot systems throughout the Schlumberger enterprise.

Schlumberger Performance History prepared by UCF Institute for Simulation & Training

(2) Master Agreement

- Schlumberger or its Affiliates may order services under the Master Agreement.
- UCF must execute and require UCF personnel to execute Schlumberger's standard forms/agreements for access to certain proprietary technology networks, computer systems, and software
- Deliverables are "as is" with no warranty
- Deliverables are owned by Schlumberger, excluding UCF intellectual property and confidential information.
- UCF has a license to use deliverables for academic, research, and teaching
- UCF retains ownership of intellectual property UCF creates
- Schlumberger has an option to license UCF work product that is outside defined deliverables
- Either party may terminate for convenience
- Term of Master Agreement automatically extends for completion of orders being performed*
- Neither party may hire or solicit employees of the other directly involved in the Master Agreement, during the term and for one year after. (Excludes employee application)

Alternatives to Decision:

Approve execution of Schlumberger Master Agreement Amendment Number 2 *or*

Reject execution of Schlumberger Master Agreement Amendment Number 2.

Fiscal Impact and Source of Funding:

Approval: UCF continues to provide ordered services to Schlumberger until December 31, 2023.

Rejection: Master Agreement will remain expired as of December 31, 2018.

Recommended Action:

Approve Schlumberger Master Agreement Amendment Number 2

Authority for Board of Trustees Action:

Board of Governors' Regulation 1.01

Board of Governors' Sponsored Research Regulation 10.002

Committee Chair or Chairman of the Board approval:

Approved by Chair Alex Martins.

Submitted by:

Elizabeth Klonoff, Vice President for Research and Dean of the College of Graduate Studies

Supporting Documentation:

Attachment A: Master Agreement Amendment 2, *including edits as marked*

Attachment B: Master Agreement

Attachment C: Master Agreement Amendment 1

Facilitators/Presenters:

Sandra Sovinski, Deputy General Counsel for Research

Attachment A

Amendment 2 to the Global Master Service Agreement for Purchase of Consulting Services.

N SLB-HR_TR/012014-UCF/ASL

This 2nd Amendment (the "Amendment") dated as of the date of last signature is by and between **Schlumberger Technology Corporation**, a company incorporated under the laws of Texas, having its registered address at 300 Schlumberger Dr., Sugar Land TX 77007 ("Schlumberger") on the one hand, and **The University of Central Florida Board of Trustees**, a public body corporate under the laws of Florida, having an address at 12201 Research Parkway, Suite 501, Orlando, FL 32826-3246, ("Consultant"). Schlumberger and Consultant are sometimes herein referred as a "Party" and collectively as the "Parties".

WHEREAS the Parties have entered in to a Global Master Services Agreement (as amended, the "Agreement"), referenced SLB-HR-TR/01/2014-UCF/ASL effective 29th day of September 2014.

AND WHEREAS the Agreement was set to expire on September 29th 2018 but pursuant to Article 8.2(a) of Exhibit A was automatically deemed extended until December 31, 2018 pursuant to outstanding Task Order #6 ending on such date.

AND WHEREAS the Parties wish to extend the Agreement beyond December 31, 2018.

AND WHEREAS the Parties now wish to amend the Agreement, which amendment shall be effective as of January 1, 2019;

NOW, THEREFORE, in consideration of the above recitals, the Parties agree as follows:

1. Clause 3 is deleted in its entirety and is replaced with the following:

The Agreement shall come into force on the Effective Date, and shall remain in full force and effect until December 31, 2023. Article 19.2 is deleted in its entirety and is replaced with the following:

The Parties agree (i) to treat as secret and confidential, and (ii) not to, at any time during each individual Service Order term and for five (5) years after the Effective Date of each Service Order thereafter, disclose, or distribute, or publish, or copy, or reproduce, or sell, or lend, or manipulate, or otherwise make use of (except for the purpose of performing this Agreement provided that the disclosure is made to the employees of the receiving Party on a need-to-know basis), or permit use to be made of, any Confidential Information of the other Party, except with the disclosing Party's express written consent.

All capitalized terms not defined in this Amendment shall have the meanings ascribed to them in the Agreement. Except as specifically amended herein, all provisions of the Agreement shall remain unchanged and in full force and effect. No representations, memoranda, agreements or other matters, oral or written, prior to the execution of this Amendment shall vary, alter or interpret the terms hereof.

Agreed and valid as of the Amendment Effective Date:

Schlumberger Technology Corporation	The University of Central Florida Board of Trustees
Signature	Signature
Name	Name
Title	Title
Date	Date

DRAFT

Attachment B

Supplier: University of Central Florida
Contract ref: SLB-HR-TR/01/2014-UCF/ASL

GLOBAL MASTER SERVICES AGREEMENT

N°SLB-HR-TR/012014-UCF/ASL

between

SCHLUMBERGER TECHNOLOGY CORPORATION

and

UNIVERSITY OF CENTRAL FLORIDA

for

Consulting Services

Supplier: University of Central Florida
Contract ref: SLB-HR-7R/01/2014-UCF/ASL

FORM OF AGREEMENT

This Agreement for Purchase of Consulting Services is entered into as of this 29th day of September 2014 ("**Effective Date**") by and between:

- (i) **Schlumberger Technology Corporation**, a company incorporated under the laws of Texas, having a place of business at 5599 San Felipe Street, Houston TX 77056 ("**Schlumberger**") on the one hand; and
- (ii) **University of Central Florida**, on behalf of its Board of Trustees, a public body corporate under the laws of Florida, having its registered address at 12201 Research Parkway, Suite 501, Orlando, FL 32826-3246 ("**Consultant**") on the other hand.

Schlumberger and Consultant are hereinafter sometimes referred to individually as "**Party**" and collectively as "**Parties**".

Consultant has the technical knowledge and experience, relevant to Schlumberger's business as defined in Exhibit A of the Agreement ("**the Field**"); and

WHEREAS Schlumberger is willing to engage Consultant in a capacity of an independent contractor in order to have Consultant's knowledge and experience available to Schlumberger for specific services in relation to the Field, and Consultant is willing, ready and able to accept such engagement.

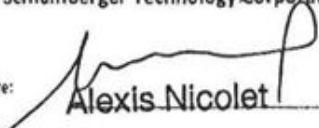
NOW THEREFORE, in consideration of the mutual covenants hereinafter recited and other good and valuable consideration (the receipt and sufficiency of which is mutually acknowledged), Schlumberger and Consultant do hereby agree as follows:

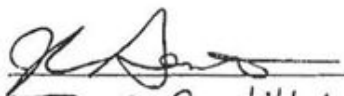
1. This Agreement for Purchase of Consulting Services consists of this document (also referred to as "**Form of Agreement**"), and Exhibit A (**Terms and Conditions for Purchase of Consulting Services**), Exhibit B (**Description of Services and Pricing**), Exhibit C (**Key Performance Indicators and Invoicing Procedures**), Exhibit D (**Schlumberger's Quality, Health, Safety and Environment Policy**), Exhibit E (**Form of Local Service Order**), as applicable Exhibit F (**Trade Compliance and Customs**), and Exhibit G (**Working Conditions Guidelines**), attached hereto and made an integral part hereof, (collectively, the "**Agreement**"). The order of precedence between all said documents is set forth in Exhibit A.
2. Subject to the terms and conditions hereof, Schlumberger hereby retains Consultant for the performance of the services set forth in Exhibit B, and Consultant hereby agrees to said retention.
3. The Agreement shall come into force on the Effective Date, and shall remain in full force and effect for a period of two (2) years thereafter, unless earlier terminated pursuant to the provisions hereof.

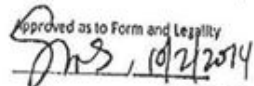
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in duplicate originals by their duly authorized representatives.

For Schlumberger Technology Corporation

For University of Central Florida

Signature: 
 Name: Alexis Nicolet
 Title: Vice President

Signature: 
 Name: Jane C. Gentilini
 Title: Asst. Director for Contracts and Grants

Approved as to Form and Legality

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EXHIBIT A – TERMS AND CONDITIONS FOR PURCHASE OF CONSULTING SERVICES

ARTICLE 1 – PROVISION OF SERVICES TO SCHLUMBERGER

Consultant is a reputable service provider in the Field, i.e. development of stimulation tools for educational purposes. Subject to the terms and conditions of this Agreement, Schlumberger agrees to retain and engage Consultant in an independent advisory capacity (not as an employee or agent of Schlumberger) during the term of this Agreement for the performance of, and Consultant accepts such engagement and agrees to render for the benefit of Schlumberger, the Field-related services stated in Exhibit B ("**Service(s)**").

ARTICLE 2 – PRECEDENCE; DEFINITION OF AFFILIATE; ORDERS

- 2.1 The various parts of the Agreement shall be read as one document, the contents of which, in the event of conflict or inconsistency, shall be given precedence in the following order listed in declining weight: (i) the Form of Agreement, (ii) Exhibit A, (iii) Exhibits B and C, (iv) Exhibits D and F, and (v) Exhibits E and G. In case of conflict or inconsistency between the provisions of the Agreement (or those referred to in the Agreement) and any applicable laws or regulations, the provisions of the Agreement (or those referred to in the Agreement) shall, to the extent legally possible, prevail (and to the extent legally impossible, be amended accordingly), notwithstanding anything herein to the contrary.
- 2.2 This Agreement shall apply to any performance of the Services by Consultant, and shall replace the Schlumberger Terms and Conditions for Purchase Orders which are referred to (a) in Schlumberger orders sent automatically either by (i) the Schlumberger Web Procurement System ("**SWPS**") or by (ii) the Oracle system ("**Oracle**"), the electronic purchasing system used by Smith International and M-I Swaco, which are wholly owned Schlumberger companies (hereafter equally referred to as "**Electronic Orders**"); or (b) in Schlumberger manual/non-Electronic Orders ("**Traditional Orders**"). This Agreement also applies in place of any terms or conditions (i) provided by Consultant during the performance of the Agreement, or (ii) contained or referred to in any form generally used by Consultant, or any correspondence, other contracts performed by the Parties, or elsewhere, which may have been applicable to the subject matter hereof, or (iii) implied by trade, custom, practice or course of dealing. Any of said terms and conditions (other than, as applicable, the forms referred to in Article 3) are void and unenforceable, and any purported provisions to the contrary are hereby excluded or extinguished.
- 2.3 This Agreement is a global master agreement which sets the terms and conditions under which (i) any Schlumberger Affiliate (as defined in this Article 2.3), or Schlumberger as the case may be, may, from time to time, engage Consultant or an Affiliate of Consultant for the provision of the Services (as such term is defined hereunder), and (ii) Consultant or an Affiliate of Consultant may provide the Services to Schlumberger Affiliate or to Schlumberger as the case may be. For the purposes of this Agreement, "**Affiliate(s)**" means, with respect to either Party, an entity that controls or is controlled by that Party, or an entity that is controlled by the same entity that controls the Party. Control means having the right to decide, directly or indirectly, the manner of exercising more than fifty percent (50%) of the votes in a general meeting of an entity or more than fifty percent (50%) of the votes in a meeting of the executive body of an entity.
- 2.4 Schlumberger or its Affiliates may order the Services from Consultant (or an Affiliate of Consultant either (i) by way of an Electronic or Traditional Order(s) as defined in Article 2.2 above, or (ii) by way of a "**Service Order**" which means any statement of work issued pursuant to this Agreement in substantially the form of Exhibit E attached hereto, signed by the Parties hereto (or an Affiliate thereof) and providing for the performance of the Services together with any written acceptance by a Party (or its Affiliate) of a proposal it receives from the other Party (or its Affiliate) with respect to the Services to be provided. Where the context requires; Electronic Orders, Traditional Orders and Service Order may be equally referred to as "**Order**" in this Agreement.

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- 2.5 It is the intention of the Parties that (a) each Affiliate of Consultant providing the Services hereunder shall be bound by the terms and conditions of this Agreement and be solely responsible for the Services that it provides hereunder or under the applicable Order, and (b) each Affiliate of Schlumberger that signs a separate Order with Consultant or its Affiliate shall be bound by the terms and conditions of this Agreement with respect to the Services provided under such Order. When any Schlumberger Affiliate engages Consultant or an Affiliate of Consultant for the provision of the Services pursuant to the terms hereof, Consultant or Consultant's Affiliate shall only look to that Schlumberger Affiliate for the performance of its obligations, including payment of invoices due. For purposes of this Agreement, the term "*Schlumberger*" shall refer to Schlumberger, any of its Affiliates that has executed an Order, or both, as the context requires and the term "*Consultant*" shall refer to Consultant, any of its Affiliates that has executed an Order, or both, as the context requires.
- 2.6 Each Order shall be a separate agreement between the parties executing the Order. To the extent Consultant has accepted any Order for the performance of the Services at any time after the Effective Date of this Agreement, such Order shall be subject to the terms of this Agreement. In the event of a conflict between the terms and conditions of an Order and those set forth in this Agreement, this Agreement controls unless the Order expressly references the specific section number of the Agreement, which will be modified for purposes of that Order only. Any exceptions expressly agreed upon in writing by both Parties pursuant to a particular Order will apply only for purposes of that Order, and will not be deemed to in any way amend, modify, cancel, or waive the provisions of this Agreement for any other Order.
- 2.7 Schlumberger shall have the right at any time to request changes in an Order including type of Services (provided always such change falls within the scope of the Services covered in this Agreement) and time, method and place of performance. If said change(s) trigger(s) increased or decreased costs or a longer or shorter period for performance or impacts any of the other conditions applicable to the Order as originally submitted, Consultant shall so notify Schlumberger within five (5) working days from receipt of the Order change(s) request (unless a different period is stated in the change request). Should Consultant fail to notify Schlumberger in accordance with the preceding sentence, Schlumberger shall contact Consultant in order to get formal acknowledgement of the change request and confirmation of acceptance or rejection of the change request by Consultant. Should Consultant be unable to perform the requested change, Consultant shall formally reject the change request. Should Consultant be able to perform the requested change the Parties shall agree on the applicable changes in the original conditions prior to implementation of the change.

ARTICLE 3 – OTHER FORMS

If Consultant is granted access to certain proprietary technology network networks, computer systems, software and/or premises of Schlumberger or its Affiliate ("*Systems*") to perform the Services hereunder, Consultant acknowledges and agrees that it shall execute, and cause its personnel to execute, Schlumberger's standard forms/agreements in relation thereto, provided that Consultant has had the opportunity to review said forms/agreements and make any necessary, legally required changes thereto.

ARTICLE 4 – NON-EXCLUSIVE RELATIONSHIP BETWEEN THE PARTIES

- 4.1 The Parties expressly acknowledge and agree that their relationship under this Agreement shall be non-exclusive, and that each of them may, subject to their obligations hereof pertaining to proprietary or confidential information or the like, and non-interference, enter into substantially similar agreements with other parties with respect to (i) services similar (or substantially similar) to the Services contemplated hereunder, or part thereof, or (ii) as applicable, the Services, or part thereof.
- 4.2 The Parties expressly acknowledge and agree that Schlumberger makes no commitment of any kind with respect to a business volume or the like, notwithstanding anything herein to the

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contrary. No supply or provision of Services shall be performed under this Agreement except against an Order issued by an authorized representative of Schlumberger.

ARTICLE 5 – PRICES

Schlumberger shall pay Consultant the applicable prices set out in Exhibit B. Said remuneration shall be the sole and final remuneration due to Consultant. The rates set forth in Exhibit B shall be valid during the term of the Agreement.

ARTICLE 6 – TAXES

- 6.1 Except as otherwise agreed by the Parties in writing, the prices (rates of compensation) provided under this Agreement shall include all applicable taxes, duties, and levies including, without limitation, those described in Articles 6.2, 6.3, 6.4, and 6.6, paid, payable, levied or assessed on Consultant or any of its employees, agents, subcontractors and similar by the relevant government, arising directly or indirectly for the performance of the Services by Consultant under this Agreement.
- 6.2 Consultant confirms that it has been determined by the Internal Revenue Service to be an organization described in section 115 of the Internal Revenue Code of 1986 that it is not a private foundation as described in section 590(a) of the Code, therefore not subjected to corporate income tax, branch profit tax, capital gains tax, franchise tax and similar taxes, charges and levies that would arise as a result of the performance of this Agreement. Contractor further confirms that this determination as not been revoked or modified and continues in full force and effect as of the Effective Date of this Agreement. If the determination is revoked or modified, Consultant will notify Schlumberger as soon as reasonably practicable to discuss the necessary amendments to the Agreement required by such revocation or modification.6.3 Consultant shall assume full and exclusive liability for the payment of all taxes (and associated penalties and interest), as required by applicable law, including, by way of illustration and not limitation, personal income tax, employment compensation insurance, old age benefits, welfare funds, pensions and annuities, national insurance contributions, social security benefits and disability insurance, and similar charges payable, levied or imposed on any of its employees, subcontractors or agents and arising directly or indirectly from the performance of this Agreement.
- 6.4 Consultant shall assume full and exclusive liability for the payment of all taxes (and associated penalties and interest), to the extent required by applicable law and consistent with its status as a public university, including, by way of illustration and not limitation, sales and use tax, customs and import duties and levies and similar charges payable, levied or imposed on the procurement of goods by Consultant or any of its employees, subcontractors or agents and arising directly or indirectly from the performance of this Agreement.
- 6.5 The prices are exclusive of Value Added Tax and/or Sales Tax. Notwithstanding the provisions of Article 6.4, if applicable, Value Added Tax and/or Sales Tax will be added to Consultant's invoices and such invoices will be presented in accordance with applicable regulations with respect to Value Added Tax and/or Sales Tax.
- 6.6 Not used.
- 6.7 Consultant shall be responsible for its liability to any competent authority resulting from Consultant's failure to (i) make timely payment of or pay any of the charges specified in Articles 6.2, 6.3, 6.4 or 6.6 above, including legal and valid interest, legal and valid penalties and any other legal and valid liability assessed to Consultant from any competent authority, or (ii) comply with the reporting, filing or other procedural requirements with respect to their payment.
- 6.8 In the event that Schlumberger receives a direct request from any governmental authority requesting information regarding Consultant, and upon written request by Schlumberger,

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Consultant shall provide evidence to confirm Consultant's compliance with governmental tax reporting and payment obligations as required by applicable law.

ARTICLE 7 – REPRESENTATIONS; LICENSES

- 7.1 Consultant represents that:
- (a) it has the full corporate power and authority to enter into this Agreement and to carry out its obligations under this Agreement;
 - (b) it has agreed to provide the Services, and has adequate resources and fully trained personnel to enable it to provide same;
 - (c) it shall make good faith efforts to obtain and maintain all licenses and permits required under applicable laws and regulations in connection with the performance of the Services;
 - (d) it will possess the authority to grant such grants and licenses as are granted by Consultant in this Agreement or in the applicable Service Order and that to the best of its knowledge, but without conducting an investigation, there is no action, suit, claim, investigation or other proceeding pending as of the Effective Date of this Agreement, which would affect, threaten or otherwise adversely affect any rights granted by Consultant herein;
 - (e) no additional license or license fees other than those specifically stated in the applicable Service Order are known to be required in order for Schlumberger and its Affiliates to use the Services, the Work Product and/or the deliverables; and
 - (f) it shall (where applicable) provide for work on Schlumberger premises, staff which is fully trained and which has the required competences for the Services which Consultant is required to perform, and that such staff will comply with Schlumberger's workplace policies and standards, including without limitation drug and alcohol policy;
 - (g) in order to confirm that the requirements of the Agreement are met, Schlumberger shall have the right but not the obligation, at all times during the performance of the Services, to examine same and all documentation relating thereto, and to reject any item which does not comply with the requirements of the Agreement.
- 7.2 Consultant represents that:
- (a) the Services will be performed with that level of care and skill ordinarily exercised by members of the educational research profession currently practicing under similar conditions and circumstances, and utilizing sufficient personnel possessing the skills, experience and abilities to perform the Services;
 - (b) the Services will be performed in accordance with the specifications stated in this Agreement and the applicable Service Order;
 - (c) its performance of the Services shall comply with all applicable laws as further elaborated in Article 21; and
 - (d) Schlumberger will receive the deliverables (as defined in article 11) "as is" without warranty of any kind, either expressed or implied, including without limitation the implied warranties of merchantability, fitness for a particular purpose. consultant makes no representation and extends no warranties of any kind as to the usefulness of deliverables or intellectual property (as defined in article 11). if Schlumberger chooses to exploit the deliverables or intellectual property in any manner whatsoever, Schlumberger does so at its own risk. consultant is not liable for any direct, indirect, consequential, special or other damages suffered by Schlumberger as a result of Schlumberger's use of the deliverables or intellectual property.
 - (e) it shall report as soon as practicable in writing to Schlumberger any claim arising out of injury, death, property damage or loss, or any accident involving any person or property in connection with the performance by Consultant of this Agreement.
- 7.3 Schlumberger shall review Consultant's Services and deliverables provided in accordance with the performance schedule set forth in Exhibit B. Schlumberger shall notify Consultant within thirty (30) days of receipt that the Services and deliverables do not conform with that set forth in Exhibit E, and shall specify the non-conformance. Consultant and Schlumberger shall determine in good faith, and Consultant shall take such actions as are agreed to rectify the matter. If performance of

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such corrective actions will result in additional expenses to Consultant, such expenses may be negotiated with Schlumberger if they cannot be managed within the existing approved budget.

- 7.4 The foregoing representations shall not be affected by inspection or acceptance of the Services, or payment by Schlumberger. Said representations do not apply in lieu of all other terms, representations or guarantees.

ARTICLE 8 – TERMINATION

- 8.1 The Agreement may be terminated as follows:
- (a) Either Party may terminate the Agreement, in whole or in part, by serving a written notice to the other Party if a Force Majeure event (as defined in Clause 20) lasts for more than forty five (45) consecutive days.
 - (b) Schlumberger may terminate the Agreement, in whole or in part, effective ten (10) business days upon written notice to Consultant, if Consultant becomes bankrupt or insolvent, or if Consultant's business is placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of Consultant or otherwise, or if Consultant undergoes any proceeding analogous to the foregoing.
 - (c) Schlumberger may terminate the Agreement, in whole or in part, effective ten (10) business days upon written notice to Consultant, if (i) Consultant is in breach of its obligations hereunder, and fails to initiate remedy to said breach within a period of five (5) business days after having received written notice thereof, or (ii) repeatedly breaches its obligations hereunder, or (iii) commits a breach which is incapable of being remedied.
 - (d) Schlumberger may terminate the Agreement, in whole or in part, effective ten (10) business days upon written notice to Consultant, if Consultant is guilty of a conduct or a course of conduct or is convicted of a criminal offence which may bring either Party into disrepute.
 - (e) Schlumberger may terminate the Agreement, in whole or in part, effective immediately upon written notice to Consultant, if Consultant fails to observe the requirements of Article 22.
 - (f) Without prejudice to Article 8.2, either Party may terminate the Agreement at any time for convenience, in whole or in part, subject to thirty (30) days' notice to the other Party.
- 8.2 If at the time of expiry of the Agreement, an Order, or several Orders is or are being performed, said Order(s) shall either:
- (a) be completed (at the prices applicable on such date of expiry) and the term of the Agreement shall be deemed extended accordingly; or
 - (b) terminate concurrently. If the termination occurs pursuant to the provisions of Articles 8.1(a) to (e), the provisions of Article 8.4 shall apply. If (i) the Agreement is terminated pursuant to Article 8.1(f), and (ii) Consultant had incurred specific expenses to be able to perform said Order (which Consultant is able to substantiate), the provisions of Article 8.5 shall apply.
- 8.3 An Order may be cancelled/terminated as follows:
- (a) Schlumberger may cancel, in whole or in part, an Order at any time prior to its acceptance by Consultant.
 - (b) Either Party may cancel, in whole or in part, an Order if a Force Majeure event lasts for more than fifteen (15) consecutive days.
 - (c) Schlumberger may cancel for cause, in whole or in part, an Order, in the event of Consultant's default or failure to (i) comply with the terms and conditions of this Agreement, or (ii) comply with the specific instructions of an Order accepted by Consultant. Additionally, Schlumberger may cancel an Order for cause, in whole or in part, if Consultant becomes bankrupt or insolvent, or if Consultant's business is placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of Consultant or otherwise, or undergoes any proceeding analogous to the foregoing.
 - (d) Schlumberger may cancel for convenience, in whole or in part, an Order at any time after acceptance by Consultant. The cancellation notice shall specify the extent to which the performance of work related to the Order is terminated, and the time at which such

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termination becomes effective. The cancellation notice shall provide for reasonable time limits to permit Consultant to terminate work on the Order. After receipt of said notice, Consultant shall stop the performance of said work to the extent specified in the notice of termination, and the provisions of Article 8.5 shall apply.

- 8.4 If an Order is cancelled pursuant to Articles 8.3(b) or 8.3(c), or as a result of the Agreement being terminated pursuant to Articles 8.1(a) to (e), Schlumberger shall pay Consultant for the Services performed until the date of the termination notice and for any uncancellable obligations. In addition, Schlumberger may request Consultant to (i) transfer title to, and deliver to Schlumberger, in the manner, time, and extent directed by Schlumberger and as agreed to by Consultant, any completed or such partially completed work, and transfer contract rights that Consultant has acquired for the performance of the terminated part of the Order, and (ii) grant Schlumberger a royalty-free, assignable and non-exclusive license to use Consultant's designs, processes, drawings, and technical data (as applicable) to permit completion by Schlumberger of the terminated part of the Order.
- 8.5 If an Order is cancelled pursuant to Article 8.3(d) or as a result of the Agreement being terminated pursuant to Article 8.1(f), the following shall apply:
- (a) If the Order is cancelled before the commencement of the Services, Schlumberger shall be responsible for all direct and documented costs (including facilities and administrative direct costs) incurred by Consultant in relation to the cancelled Order up to the date of Schlumberger's notification of the Order cancellation. Such costs shall not exceed a maximum of one hundred percent (100%) of the Order value, reduced where applicable by the amounts already paid by Schlumberger in respect thereof;
 - (b) If the Order is cancelled after the commencement of the Services, Consultant shall be paid for Services performed up to the date of cancellation and the Parties shall agree on a reasonable termination charge. The total amounts due to Consultant under this Article 8.5(b) shall not exceed a maximum of one hundred percent (100%) of the Order value.
- Consultant shall formally acknowledge receipt of Schlumberger cancellation notice and provide Schlumberger with a status of the Services in progress for the cancelled Order within five (5) business days of receipt of notice of cancellation. Consultant will, on a best efforts basis, mitigate costs associated with an Order cancellation under this Article 8.5.
- 8.6 The rights and remedies of Schlumberger under this Article 8 (and the remainder of the Agreement) are not exclusive, and apply in addition to any other rights and remedies available at law, in contract, in equity or otherwise.
- 8.7 If either Party exercises its rights under this Article 8, under no circumstances shall it become liable for the consequential damages which may be sustained by the other Party as a result thereof.

ARTICLE 9 – GENERAL PERFORMANCE OF THE AGREEMENT

- 9.1 Consultant shall, according to the reporting requirements specified in the Orders, submit reports to Schlumberger, disclosing fully the status of the Services carried out and the results and conclusions of such Services. The Parties may, once a year (or upon such frequency that Schlumberger may select and Consultant agrees), meet to review the general performance of the Agreement and any Orders, exchange and compare information, as appropriate, and determine action plans to settle issues, if any. Consultant shall, on a quarterly basis, provide Schlumberger with reports detailing the types and quantities of, and aggregate price for, the Services provided to Schlumberger during the just-completed quarter.
- 9.2 Key performance indicators ("KPIs") have been developed and mutually agreed upon between the Parties as per Exhibit C. KPIs shall be continuously monitored and periodically evaluated, in order to ensure that Schlumberger's requirements are fully complied with. Consultant shall report KPIs according to the reporting requirements specified in the Orders or subject to request by Schlumberger. Failure to achieve the agreed KPIs shall require prompt remedial action, and improvement shall be monitored via Schlumberger's Suppliers Management Plan. As part of KPIs

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implementation, Consultant agrees to participate in Schlumberger business meetings and reviews, including but not limited to Quarterly Business Reviews.

- 9.3 Each Party agrees not to hire, solicit, or accept solicitation (either directly or indirectly) from, the employees of the other Party directly involved in the Agreement, during the term hereof and for one (1) year thereafter, except as the Parties may agree on a case-by-case basis. The foregoing does not affect the rights of either Party's employees to apply for a position within the other Party's organization.

ARTICLE 10 – PAYMENT

- 10.1 The applicable prices are referred to in Article 5.1. Invoices shall cover Services performed and specified in the Order during the preceding month (if any), and shall state the Order reference number. Payment shall be made by Schlumberger within fifty (50) days from Schlumberger's receipt of invoice, unless, (i) the Services are defective, or fail to conform to the warranties provided hereunder, or (ii) Schlumberger disputes the correctness of the invoice submitted, in which case the Parties shall use their best efforts to settle their dispute at the earliest. Schlumberger shall remit the undisputed portion in accordance with the provisions this Article 10.1.
- 10.2 Schlumberger may (i) withhold payment in respect of any part of the price, without liability for interest, where the amount in question is the subject of any valid dispute or difference between the Parties.
- 10.3 Payments made by Schlumberger shall not (i) constitute an acceptance of the Services provided pursuant to an Order, or (ii) be construed as a waiver of any rights Schlumberger may have hereunder for defective or non-conforming Services, or for breach by Consultant of its obligations hereunder, or (iii) prejudice the rights of Schlumberger to question or dispute any portion of any invoice. Furthermore, Schlumberger reserves the right to reject any invoice submitted more than six (6) months after the completion of the Services contemplated under the corresponding Order.

ARTICLE 11 – INTELLECTUAL PROPERTY RIGHTS – DELIVERABLES – WORK PRODUCT

- 11.1 Any Schlumberger Background Intellectual Property is and will remain the exclusive property of Schlumberger. Any Consultant Background Intellectual Property is and will remain the exclusive property of Consultant. "**Background Intellectual Property**" means Intellectual Property relevant to the Services, including but not limited to Intellectual Property as defined in Article 11.2 below, patents, drawings, specifications, trade secrets, trademarks, tools, equipment, and the like, and already owned by the Party on the Effective Date of this Agreement. Except as specifically elaborated in this Article 11, nothing in the Agreement shall be construed as granting any rights under any Background Intellectual Property or other Intellectual Property owned by the Parties, or to the Confidential Information of the Parties.
- 11.2 The term "**Intellectual Property**" means individually and collectively all inventions, improvements and/or discoveries, patentable or unpatentable, copyrightable or uncopyrightable, including but not limited to mask works, computer software, both object and source code, data bases and works of authorship. Intellectual Property developed solely by Consultant shall be solely and exclusively owned by Consultant ("**Consultant Intellectual Property**"). Intellectual Property developed solely by Schlumberger shall be solely and exclusively owned by Schlumberger ("**Schlumberger Intellectual Property**"). "**Joint Intellectual Property**" means any Intellectual Property developed jointly by Consultant and Schlumberger under this Agreement. Joint Intellectual Property will be owned jointly by Consultant and Schlumberger who agree to jointly determine proper inventorship, authorship, and ownership subject to Title 35 of the United States Code for inventions and Title 17 of the United States Code for works of authorship, and to jointly determine filing and licensing.
- 11.3 Nothing in the Agreement shall circumvent or restrict either party's pre-existing obligations with the U.S. government pertaining to any kind of intellectual property or any copyrightable material

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or other Intellectual Property, including but not limited to such pre-existing obligations contained in grants, contracts and other types of agreements or arrangements between either Parties, and the U.S. government. These obligations may include granting licenses to the U.S. government for certain Intellectual Property or any copyrightable material or other intellectual property which is being developed.

- 11.4 Deliverables –“*Deliverables*” shall mean non-patentable work items as specified in each Order or Service Order, as set forth in Exhibit E, that Consultant creates or develops directly as a result of the provision of the Services by Consultant and that includes Schlumberger Background Intellectual Property and/or Schlumberger’s Confidential Information and/or Schlumberger’s Intellectual Property, but excludes any Consultant or its other customers Background Intellectual Property and/or Consultant’s Confidential Information, and/or Consultant’s Intellectual Property. The Deliverables shall be considered the sole and exclusive property of Schlumberger and shall be treated by Consultant as Schlumberger’s Confidential Information for all purposes except for publication, and then only identified as confidential at time of publication review. Schlumberger hereby grants to Consultant a worldwide, royalty free, non-transferable license to use the Deliverables as necessary for the purpose of fulfilling Consultant’s non-commercial academic, research, and teaching interests only, subject to Consultant’s confidentiality obligations as per Article 19 of the Agreement.
- 11.5 Notwithstanding the provisions of Article 11.4, Schlumberger acknowledges that as a result of the performance of the Services under this Agreement, Consultant may develop other work product that is generic in its very nature, and outside the defined Deliverables (the “*Work Product*”). The Work Product shall be owned solely by Consultant. Consultant hereby grants to the Schlumberger an option to license such Work Product as necessary for the purpose of fulfilling Schlumberger’s non-commercial and internal business interests only.
- 11.6 Publications - Prior to the publication of such results, Consultant will provide Schlumberger a copy of any proposed publication sixty (60) days in advance of submission for review for Schlumberger Confidential Information, material which could affect potential patents, and to forward to a prime funding source if applicable. After receipt of the draft, Schlumberger shall, within a timeframe of maximum thirty (30) days, either agree to the publication or submit its objection. If an objection is raised, discussion in good faith shall be held to determine acceptable modifications to remove or revise the Confidential Information, as may be appropriate to resolve the issue and allow approval of dissemination within thirty (30) additional days. If information is identified that is potentially patentable, the proposed publication shall be delayed to allow for patent application filing to prevent a potential loss of rights, with the maximum delay not to exceed sixty (60) days from the date of receipt of the draft by Schlumberger , unless otherwise agreed to in writing by the Parties.
- 11.6 Schlumberger Competitors - Nothing herein is intended to preclude Consultant from developing for itself or third parties, materials which are competitive with the Deliverables; provided however that (i) Consultant shall not use any Schlumberger Confidential Information in conjunction with the development of such materials, (ii) such materials shall not incorporate any Deliverables. For the purposes of this Agreement, a *Schlumberger Competitor* shall mean an entity that is engaged, directly or indirectly, in the manufacture, marketing, distribution and/or selling of products and/or services which constitute Schlumberger’s core business, including, without limitation, well stimulation, wireline logging, measurement-while-drilling (MWD), logging-while-drilling (LWD), directional drilling and well construction, as well as equipment, methods and products related thereto.
- 11.7 This provisions of this Article 11 shall survive the expiry or termination of the Agreement.

ARTICLE 12 – PROVISION OF PERSONNEL AND EQUIPMENT

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Consultant shall provide all personnel, equipment and materials required for the performance of the Services, and such personnel, equipment and materials shall be compliant with Article 7. Consultant acknowledges that time is of the essence in relation to the timing of any service performance under the agreement.

ARTICLE 13 – REMOVAL FROM PREMISES

Schlumberger may instruct Consultant to remove from Schlumberger's premises any person engaged in any part of the Services who in the reasonable opinion of Schlumberger is either:

- (a) incompetent or negligent in the performance of his or her duties; or
- (b) engaged in activities which are contrary or detrimental to the interests of Schlumberger; or
- (c) is not conforming to Schlumberger's workplace policies and standards referred to in Article 7.

ARTICLE 14 – NO ADVERSE INTERFERENCE

Consultant agrees that during the term of this Agreement, it shall not, and shall cause its personnel involved in the performance of the Agreement not to, adversely interfere with the business affairs of Schlumberger, or attempt to induce directly or indirectly any employee of Schlumberger to terminate his or her employment with Schlumberger.

ARTICLE 15 – AUDIT

Schlumberger shall have the right, at any time up to five (5) years after expiry or termination of the Agreement, to audit Consultant's books, records and data in any form to verify the compliance with the terms hereof and the correctness of any invoice submitted by Consultant. Said right shall be exercised solely for the purposes defined in this Article.

ARTICLE 16 – INDEPENDENT CONTRACTOR

- 16.1 In the performance of the Services hereunder, Consultant shall be an independent contractor with the authority to control and direct the performance of the details of the Services, subject to Schlumberger's right to give instructions and right of inspection and supervision. The presence of, and the inspection and supervision by, Schlumberger's representative shall not relieve Consultant from its obligations and responsibilities and accordingly, any provision of this Agreement which may appear to give Schlumberger any right of direction or control of the Services to be performed by Consultant shall not relate to the method or details of performance by Consultant, but shall relate only to the results of the work, which must be satisfactory to Schlumberger.
- 16.2 The Agreement shall not be construed as creating a relationship of employment, co-employer, joint employer, joint-venture, partnership or the like. Neither Party shall act or be deemed to act on behalf of the other Party (or its Affiliates), or have the right to bind the other Party (or its Affiliates). Each Party shall remain an independent entity, and act as an independent entity. Each Party shall at all times during the performance of the Agreement be responsible for the payment of wages and benefits to, and as applicable, tax withholding from, its own employees. Without limiting the generality of the foregoing, the employees and subcontractors engaged by Consultant for the performance of the Agreement, shall be the direct employees and subcontractors of Consultant, and Consultant shall remain solely responsible for all matters related to compliance with relevant employment laws pertaining to its employees.

ARTICLE 17 – LIABILITIES AND INDEMNITIES

- 17.1 Consultant assumes any and all risks of personal injury and property damage attributable to the negligent acts or omissions of Consultant and its officers, employees, servants, and agents thereof or other persons acting or engaged to act by Consultant in furtherance of the obligations of Consultant under this Agreement and while acting within the scope of their employment by Consultant. Schlumberger assumes any and all risks of personal injury and property damage attributable to the negligent acts or omissions of Schlumberger and its officers, employees, servants, and agents, or other persons acting or engaged to act by Schlumberger in furtherance of the obligations of Schlumberger under this Agreement. Consultant warrants and represents that it

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is self-funded for liability insurance, both public and property, with said protection being applicable to officers, employees, servants, and agents while acting within the scope of their employment by Consultant. Consultant and Schlumberger further agree that nothing contained herein shall be construed or interpreted as (1) denying to either party any remedy or defense available to such party under the laws of the State of Florida; (2) the consent of the State of Florida or its agents and agencies to be sued; or (3) a waiver of sovereign immunity of the State Florida beyond the waiver provided in Section 768.28, Florida Statutes.

- 17.2 Neither Party shall be liable to the other for any punitive, indirect or consequential damages sustained by the other (or its Affiliate) in connection with the performance of the Agreement, including without limitation business interruptions, loss of profits, loss of revenues, loss of use of assets and loss of contracts.

ARTICLE 18 – INSURANCE

The state of Florida is self-insured. As a state university, Consultant participates in the State Risk Management Trust Fund for General Liability, Automobile Liability and Workers Compensation coverage with said protection being applicable to officers, employees, servants, and agents while acting within the scope of their employment by Consultant. Under this program, Consultant shall, provide and maintain: (i) General Liability coverage with limits of two hundred thousand US Dollars (\$200,000) each person and three hundred thousand US Dollars (\$300,000) each occurrence; (ii) Workers' Compensation coverage is provided to comply the applicable State Workers' Compensation, (iii) Occupational Disease Laws and any rule promulgated thereunder; (iv) Automobile Liability coverage limits for General Liability of two hundred thousand US Dollars (\$200,000) per person, three hundred thousand US Dollars (\$300,000) per occurrence and for Personal Injury of ten thousand US Dollars (\$10,000) each person and ten thousand US Dollars (\$10,000) each occurrence.

ARTICLE 19 – CONFIDENTIALITY

- 19.1 The Parties acknowledge that except as specifically excluded under this Article 19.1, any information disclosed to or obtained by a Party during the performance of the Agreement, and the terms of this Agreement, shall be considered **Confidential Information** if identified and marked as set forth in this Article 19.1. Each disclosure in tangible form will be clearly marked as confidential, and each verbal disclosure will be identified as confidential at the time of disclosure, and summarized in a writing, marked as confidential, and provided to the receiving party within thirty (30) days after the initial disclosure. The receiving Party and its personnel agree to safeguard the Confidential Information to the same extent it safeguards its own. Confidential Information does not include information that is:

- a. already known to the receiving Party at the time of disclosure as evidenced by written record; or
- b. generally available to the public or becomes available to the public through no fault of the receiving Party as evidenced by written record; or
- c. developed by the receiving Party independently of and without reference to the Confidential Information as evidenced by written record; or
- d. received from a third party who had a legal right to disclose such information without restriction as evidenced by written record; or
- e. disclosed pursuant to applicable law, regulation or order, provided that the disclosing Party takes reasonable steps, to the extent legally possible, to give the other Party sufficient prior notice to give the other Party the opportunity to seek proactive order.

Upon written request of the disclosing Party, the receiving Party shall promptly return all confidential information of the disclosing Party, together with all copies thereof provided, however, that anything that constitutes a public record shall be subject to and governed by Chapter 119, Florida Statutes and shall be retained in accordance with Florida State retention requirements.

- 19.2 The Parties agree (i) to treat as secret and confidential, and (ii) not to, at any time during the Agreement term and for three (3) years thereafter, disclose, or distribute, or publish, or copy, or

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reproduce, or sell, or lend, or manipulate, or otherwise make use of (except for the purpose of performing this Agreement provided that the disclosure is made to the employees of the receiving Party on a need-to-know basis), or permit use to be made of, any Confidential Information of the other Party, except with the disclosing Party's express written consent.

- 19.3 The Parties expressly acknowledge that the disclosure made to the receiving Party does not grant the receiving Party any right other than the limited right to use the Confidential Information for the performance of the Agreement (and nothing contained herein shall be construed as granting or conferring any rights to the disclosing Party's trademarks, inventions, copyrights, patents or the like).
- 19.4 Upon expiry or termination of this Agreement for whatever reason, the Parties shall return all Confidential Information of the other Party (excluding this Agreement) except for an archival copy as may be required by law.
- 19.5 It is Schlumberger's policy not to publicly endorse other organizations through press releases or marketing materials. Consultant acknowledges and agrees that Consultant does not have the right (i) to make any press releases, either directly or indirectly, that are endorsements or create marketing collateral involving Schlumberger; or (ii) to quote any Schlumberger employee in any press release, except if Schlumberger has given his prior written authorization to such press release. Consultant further acknowledges and agrees that Consultant does not have the right (i) to use the Schlumberger name or logo on any Consultant advertisements, articles, websites, presentations or other marketing material, or (ii) to advertise or publish the fact that Schlumberger has contracted with Consultant except as may be required under Florida Statute. Schlumberger agrees not to use the name, trademark or other identifier of Consultant for any publicity, advertising, promotion, news release or for commercially related purposes without prior written approval of Consultant. Nothing herein shall prevent Consultant from complying with information requests as required under the applicable law, or court orders, nor from including information about this Agreement in internal reports.

ARTICLE 20 – FORCE MAJEURE

Neither Consultant, nor Schlumberger, shall be liable for delay or non-performance of its obligations hereunder (or part thereof) if the cause of delay or non-performance is an event which is unforeseeable, beyond the control of the Party affected, and cannot be remedied by the exercise of reasonable diligence, including without limitation acts of God, acts of civil or military authority, governmental orders, war, fire, explosion, labor unrest (except if limited to the Party affected) or epidemic ("*Force Majeure*"). The Party affected shall be relieved from its obligations (or part thereof) as long as the Force Majeure lasts and hinders the performance of said obligations (or part thereof), it being understood that Force Majeure shall not excuse any obligation of Schlumberger to pay for invoices due for services actually performed in accordance with the provisions hereof. The Party affected shall promptly notify the other Party and make reasonable efforts to mitigate the effects of Force Majeure with reasonable dispatch.

ARTICLE 21 – COMPLIANCE WITH LAWS

- 21.1 Consultant represents that, to the best of its knowledge, no applicable laws or regulations shall be violated in the performance of the Services contemplated hereunder, and that Consultant shall comply with, and adhere to, all applicable laws and regulations which may apply to Consultant in connection with this Agreement.
- 21.2 Without limitation to the generality of the foregoing, Consultant shall strictly comply with, and adhere to, all applicable laws and regulations pertaining to environment, health and safety, and to trade and import and export control including as applicable, those of the United States.

ARTICLE 22 – BUSINESS CONDUCT

- 22.1 Consultant undertakes, for the duration of this Agreement, to maintain and enforce its own policies and procedures relating to business ethics (which policies and procedures contain

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provisions that in compliance with applicable U.S. laws and regulations, and to ensure compliance with the Relevant Requirements (as defined below).

22.2 Consultant represents and agrees that:

- (a) in obtaining this Agreement it has complied, and in performing this Agreement it shall comply, with all applicable laws, statutes, regulations and orders relating to anti-bribery, anti-corruption, competition and trade control ("**Relevant Requirements**");
- (b) It shall not provide gifts or entertainment to Schlumberger's employees: (i) above a nominal value of two hundred US Dollars (\$200) or the equivalent in local currency or in any manner that is deemed excessive or extravagant; or (ii) in the case of an event (including sporting or other entertainment events), where Consultant does not attend;
- (c) it shall ensure that any payment or advantage made or given to anyone on behalf, or for the benefit, of Schlumberger is properly and accurately recorded in Consultant's books and records, including the amount or value, purpose and receipt, which records shall be maintained with supporting documentation and provided to Schlumberger upon reasonable request;
- (d) it shall immediately notify Schlumberger in writing: (i) of any request or demand for any undue financial or other advantage of any kind that it receives in connection with the performance of this Agreement; and/or (ii) on becoming aware of or suspecting that there has been any breach of this Article 22.

22.3 Consultant shall ensure that there is a written contract between Consultant and any of its subcontractors supplying services or goods in connection with this Agreement, which imposes terms equivalent to those imposed on Consultant in this Article 22 ("**Relevant Terms**").

ARTICLE 23 – DATA PRIVACY AND PROTECTION

Not used

ARTICLE 24 – ASSIGNMENT AND SUBCONTRACTING

- 24.1 Neither Party shall, without the prior written consent of the other Party, have the right to assign its rights and obligations under the Agreement, to another party, and any purported assignment without such consent shall be null and void. However, Schlumberger shall have the right to assign, in whole or in part, its rights and obligations under the Agreement to any of its Affiliates.
- 24.2 Consultant shall not subcontract whole or part of its obligations under this Agreement without Schlumberger's prior written, and any purported subcontracting without such consent shall be null and void. Consultant shall not be relieved of its obligations to Schlumberger by subcontracting any part thereof, and shall obligate any subcontractor to terms no less stringent than those set forth in this Agreement.

ARTICLE 25 – GOVERNING LAW AND DISPUTE RESOLUTION

- 25.1 This Agreement shall be governed by, and construed in accordance with, the laws of the State of Florida.
- 25.2 Either Party is free to pursue other remedies of law available for any dispute that cannot be settled amicably within ninety (90) days of its notification by one Party to the other. Nothing herein shall, however, prohibit a Party from seeking temporary or preliminary injunctive relief in a court of competent jurisdiction.

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ARTICLE 26 – NOTICES

Notices shall be sent by registered post or fax, or delivered in person, to the following address:

If to Schlumberger:

Schlumberger
Attention: Penelope Ratcliffe
62 Buckinghamgate
London, SW1E 6PA
United Kingdom,
TEL: (+44) 7827823991
Email: Pratlcliffe@slb.com

If to Consultant for administrative matters:

UCF Office of Research & Commercialization
Attention: Mindy Solivan
12201 Research Parkway, Ste. 501
Orlando, FL 32826

Tel.: (407) 882-0262

Email: Mindy.Solivan@ucf.edu

Said notices shall be deemed received (i) upon delivery if hand delivered, (ii) upon delivery if sent by registered post, and (iii) upon recipient's confirmation of receipt if faxed.

ARTICLE 27 – GENERAL LEGAL PROVISIONS

- 27.1 The Agreement (as defined in the Form of Agreement) and any terms and conditions referred to herein embody the entire agreement between the Parties with respect to the subject matter hereof, and prevail over any previous oral or written understandings, commitments or agreements pertaining to the subject matter hereof. The Agreement shall not be modified in any manner, except by a written instrument duly signed by each Party.
- 27.2 Any provision herein which in any way contravenes applicable laws or regulations shall be deemed severable to the extent of such contravention, and the legality, validity or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. The Parties shall promptly negotiate to restore this Agreement as near as possible to its original intent and economic effect.
- 27.3 The provisions of the Agreement which by their nature are intended to survive the termination or expiry of the Agreement (including without limitation warranty, indemnity/liability and confidentiality provisions) shall remain in full force and effect after said termination or expiry.
- 27.4 The headings contained in the Agreement are for convenience of reference only, and do not constitute a part of the Agreement.
- 27.5 The terms and conditions contained in this Agreement may not be discharged in whole or in part by waiver, renunciation, or failure of enforcement, unless specifically agreed to in writing by the Party to which said terms and conditions benefit.
- 27.6 The Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, submission, negotiation, or drafting hereof. If this Agreement is translated, this original English version shall prevail.
- 27.7 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

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EXHIBIT B – DESCRIPTION OF SERVICES AND PRICING

The following services, individually or collectively, constitute the "*Service(s)*" contemplated under this Agreement.

AS PER INDIVIDUAL SERVICE ORDER(S)

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EXHIBIT C – KEY PERFORMANCE INDICATORS – INVOICING PROCEDURES
AS PER INDIVIDUAL SERVICE ORDER(S)

Supplier: University of Central Florida
Contract ref: SLB-HR-TR/01/2014-UCF/ASL

Invoicing requirements

DEAR VALUED VENDOR

The intention of this communication is to inform you about decisions in the organization which will potentially impact your department. Starting March 2010 we are using a third party organization (Accenture) to manage, process invoices, statement reconciliations and all other communication received from our vendors.

NEW INVOICING PROCEDURE

ALL invoices with their back-up documentation, statements and correspondence relating to changes in vendor's details MUST be submitted as per submission location list from below Annex 1 - The locations, where goods and services are delivered continue to remain as indicated on your Order.

PAYMENT & REMITTANCE

As part of the payment process, our Accounts Payable system notifies suppliers of their remittance information in advance of funds being deposited to their accounts. This notification is by way of email. To benefit from the above service, you are required to provide us with an appropriate generic email address to send remittance information.

VENDOR INFORMATION UPDATES

We wish to emphasize that updates to your vendor information are only made upon receipt of written instructions (on your letterhead) and signed by an authorized official to your corresponding Schlumberger Procurement contact person.

MY SUPPLIER PORTAL, CALL CENTRE HELPDESK AND EMAIL ADDRESS

The My Supplier Portal is a web based product which operates alongside, and is complementary to, the Finance and Accounting Support Center. The Portal provides a self-service capability and enables our vendors to view the live status of their invoices via internet; submit invoices (service available only for certain countries where allowed by local tax legislation, see full list of countries in scope in Annex 1 below) and submit help desk requests to support center at a time suitable to you 24 hours a day, 7 days a week.

Visit the My Supplier Portal at www.slb.mysupplierportal.com and register as a new user.

Alternatively, should you not be able to or have access to the Internet, we have a dedicated Held Desk in 11 languages, using one of the numbers as follows:

- +1-703-404-9996 (English)
- +40 372-286 214 (Arabic)
- +40 372-286 215 (French)
- +40 372-286 216 (Russian)
- +40 372-286 249 (German)
- +40 372-286 249 (Italian)
- +40 372-286 249 (Hungarian)
- +40 372-286 249 (Romanian)
- +40 372-286 249 (Turkish)
- +35 314-078 748 (Spanish and Portuguese)

EMAIL ADDRESS

eMail address is also available at your service 24 hours a day, 7 days a week. In order to open a ticket, please send an email with your query at:

SLB.FINANCE@ACCENTURE.COM – for English

SLB.FINANCE.RO@ACCENTURE.COM - For Arabic, Russian, German, Italian, Hungarian, Turkish and French

SLB.FINANCE.BA@ACCENTURE.COM - for Spanish and Portuguese

Supplier: University of Central Florida
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INVOICING REQUIREMENTS - REMINDER

MINIMUM INVOICING REQUIREMENTS (OCTOBER 2013)

1. MINIMUM REQUIREMENT FOR ORDERS SUPPORTED BY AN ELECTRONIC ORDER

- 1.1 Invoices must be billed to the appropriate Schlumberger legal entity raising the order as provided by our Requisitioner or as stated in our official Order.
- 1.2 The invoices must indicate the following as per the attached Electronic Order Invoice sample:
 - 1.2.1 Reference must be made to our Order number
 - 1.2.2 Description of the goods/service
 - 1.2.3 Quantity of the goods
 - 1.2.4 Unit of measure of the goods (in the same UOM as the Order)
 - 1.2.5 Unit price of the goods (in the same currency as the Order)
 - 1.2.6 Total price of the goods/services in figure and words
 - 1.2.7 Invoice currency (same currency as the Order)
 - 1.2.8 VAT must be stated on the invoice for all VATable transaction (as per local legislation requirements).
- 1.3 The Order and Delivery order for service delivery must be attached to all submitted invoices and referenced on the invoices itself.
- 1.4 Invoices must match the Orders and Delivery notes. Invoices will be rejected if there is a mismatch of the legal entity, purchase price and or quantity.
- 1.5 Other relevant supporting documents (if applicable) must be attached to the invoices. TMS invoices should always be sent with required supporting documentation attached (IID).

2. MINIMUM REQUIREMENT FOR ORDERS NOT SUPPORTED BY A TRADITIONAL ORDER

- 2.1 Invoices must be billed to the appropriate Schlumberger legal entity raising the Order as provided by our Requisitioner/Procurement contact person or as stated in the Order.
- 2.2 The invoices must indicate the following as per attached Traditional Order Invoice sample:
 - 2.2.1 The full name of our employee requesting for the products/services (requisitioner/buyer)
 - 2.2.2 Reference must be made to our accounting unit (cost centre) and activity code. Please ask the requisitioner/buyer of the products /services.
 - 2.2.3 Description of goods/services
 - 2.2.4 Quantity of the goods
 - 2.2.5 Unit of measure of the goods
 - 2.2.6 Unit price of the goods
 - 2.2.7 Total price of the goods/services in figure and words
 - 2.2.8 Invoice currency
 - 2.2.9 VAT must be stated on the invoice for all VATable transaction. (as per local legislation requirements).
 - 2.2.10 Name of the person for which the cost is charged (if applicable)
 - 2.2.11 Traditional Order template attached
- 2.3 Vendor's Delivery Order and or must be attached to the invoices submitted.
- 2.4 Invoice must match the delivery notes, contractual prices, terms and condition (if relevant). Invoices will be rejected if there is any mismatch of the legal entity, purchase price or quantity.
- 2.5 Other relevant supporting documents (if applicable) must be attached to the invoices. CWO invoices should always be sent with required supporting documentation attached.

3. OTHER RECOMMENDED REQUIREMENTS:

- 3.1 Our payment of invoices is done via electronic bank transfer. Accordingly, Vendors are to provide correct bank account details.
- 3.2 Vendor's bank account details must be consistent and printed (not hand written or stamped) on the face of Vendor's invoice.
- 3.3 Vendor's email address must be printed on the invoice from which the vendor must send outstanding invoice list for our follow up, reconciliation and communication.

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- 3.4 The email address provided by the Vendor under the above requirement 3.3, should be generic and not personal and must be an active email address which is regularly checked by the Vendor.
- 3.5 It is advisable to have your invoice on a standard A4 size paper.

Please note that any change relating to Vendor's bank account details will need to be notified immediately to your Requisitioner and such correspondence MUST be written on the Vendor's official letter headed paper and signed by the Vendor's duly authorized signatories. Furthermore, you are to ensure that your organization is aware of these requirements and obtain all the necessary information at the time of order, as failure to provide the required information on your invoices may lead to your invoices being rejected by Schlumberger.

ANNEX 1

Country	Country code	Primary Invoice Delivery
Albania	AL	Local Schlumberger office
Algeria	DZ	Local Schlumberger office
Angola	AO	Local Schlumberger office
Argentina	AR	Local Schlumberger office
Australia	AU	My Supplier Portal
Austria	AT	Prague Scanning Centre
Azerbaijan	AZ	Local Schlumberger office/Prague Scanning Centre
Bahrain	BH	Local Schlumberger office
Bangladesh	BD	Local Schlumberger office
Bolivia	BO	Local Schlumberger office
Brazil	BR	Local Schlumberger office
Brunei	BN	Local Schlumberger office
Cameroon	CM	Prague Scanning Centre
Canada	CA	My Supplier Portal/San Antonio Scanning Centre
Chad	TD	Prague Scanning Centre
Chile	CL	Local Schlumberger office
Colombia	CO	Local Schlumberger office
Congo	CG	Prague Scanning Centre
Cyprus	CY	Local Schlumberger office
Denmark	DK	Local Schlumberger office
Ecuador	EC	Local Schlumberger office
Egypt	EG	Local Schlumberger office
Equatorial Guinea	GQ	Prague Scanning Centre
France	FR	Prague Scanning Centre
Gabon	GA	Prague Scanning Centre
Germany	DE	My Supplier Portal
Ghana	GH	Prague Scanning Centre
Guatemala	GT	Local Schlumberger office
Hungary	HU	Local Schlumberger office
India	IN	Local Schlumberger office
Indonesia	ID	Local Schlumberger office
Iraq	IQ	My Supplier Portal
Israel	IL	My Supplier Portal
Italy	IT	Local Schlumberger office
Ivory Coast	CI	Prague Scanning Centre
Jordan	JO	Local Schlumberger office
Kazakhstan	KZ	Local Schlumberger office
Kuwait	KW	Local Schlumberger office

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Country	Country code	Primary Invoice Delivery
Libya	LY	Local Schlumberger office
Malaysia	MY	Local Schlumberger office
Mauritania	MR	Local Schlumberger office
Mexico	MX	Local Schlumberger office
Mozambique	MZ	Prague Scanning Centre
Netherlands	NL	My Supplier Portal
Neutral zone (KHAFJI)	NS	Local Schlumberger office
New Zealand	NZ	My Supplier Portal
Nigeria	NG	Local Schlumberger office
NORWAY	NO	My Supplier Portal
Oman	OM	Local Schlumberger office
Pakistan	PK	Local Schlumberger office
Papua New Guinea	PG	My Supplier Portal
Peru	PE	Local Schlumberger office
Philippines	PH	Local Schlumberger office
Poland	PL	Local Schlumberger office
Qatar	QA	Local Schlumberger office
Romania	RO	Prague Scanning Centre
Saudi Arabia	SA	Local Schlumberger office
Singapore	SG	Local Schlumberger office
South Africa	ZA	Prague Scanning Centre
Spain	ES	Local Schlumberger office
Srilanka		Local Schlumberger office
Switzerland	CH	My Supplier Portal
Tanzania	TZ	Prague Scanning Centre
Thailand	TH	Local Schlumberger office
Trinidad and Tobago	TT	Local Schlumberger office
Tunisia	TN	Prague Scanning Centre
Turkey	TR	Local Schlumberger office
Turkmenistan	TM	Prague Scanning Centre
Uganda	UG	Prague Scanning Centre
United Arab Emirates	AE	My Supplier Portal
United Kingdom	GB	My Supplier Portal
United States	US	My Supplier Portal/San Antonio Scanning Centre
Uruguay	UY	Local Schlumberger office
Uzbekistan	UZ	Prague Scanning Centre
Venezuela	VE	Local Schlumberger office
Vietnam	VN	Local Schlumberger office
Yemen	YE	Local Schlumberger office

Prague Scanning Centre	San Antonio Scanning Centre
Accenture Services, S.R.O BSS EDM Attn: Schlumberger United States V Parku 2316/12, 14800 Prague 4, Czech Republic Contact phone: + 420225075201	For overnight mail : Schlumberger United States Attn: BSS EDM 6415 Babcock Rd., Suite 100 San Antonio, Texas 78249
	For regular US mail: Schlumberger, PO Box 696409 San Antonio, Texas 78269

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Contract ref: SLB-HR-TR/Q1/2014-UCF/ASL

EXHIBIT D – SCHLUMBERGER'S QUALITY, HEALTH, SAFETY AND ENVIRONMENT POLICY

The long-term business success of Schlumberger depends on our ability to continually improve the quality of our products and services while protecting people and the environment. Emphasis must be placed on ensuring human health, operational safety, environmental protection, quality enhancement and community goodwill. This commitment is in the best interests of our customers, our employees, our stockholders and those in the communities in which we work and live.

Schlumberger requires the active commitment to, and support of QHSE from all employees. In addition, line management has a leadership role in the communication and implementation of, and ensuring compliance with, QHSE policies and standards. We are committed to:

- Protect the health and safety of our people at all times and in all circumstances
- Eliminate QHSE accidents and events
- Provide a framework for the setting of QHSE goals and performance objectives, and the use of an effective management system
- Monitor, evaluate and continually improve our QHSE performance through the definition of operational standards, training, assessments and audits
- Be fully prepared to respond to any QHSE emergency
- Minimize our impact on the Environment through pollution prevention and control of emissions, the efficient use of natural resources and the reduction and recycling of waste
- Educate our employees, customers, contractors, and business partners on the safe and environmentally responsible use of our services and products, and how their actions can influence QHSE performance
- Communicate openly with interested parties about our QHSE policy, programs and performance

We are committed to the proactive integration of QHSE objectives into our management system at all levels, actively reinforced by reward programs that recognize outstanding QHSE performance demonstrated by our employees and contractors.

The commitments in this Policy are in addition to our basic obligation to comply with Schlumberger standards, as well as all applicable laws and regulations where we operate. This is critical to our business success because it reduces risk and adds value to our products and services.

Paal Kibsgaard
Chairman and Chief Executive Officer, Schlumberger Ltd

Supplier: University of Central Florida
Contract ref: SLB-HR-TR/01/2014-UCF/ASL

EXHIBIT E - FORM OF LOCAL SERVICE ORDER

Supplier: University of Central Florida
Contract ref: SLB-HR-TR/01/2014-UCF/ASL

SERVICE ORDER

N' [...]

between

SCHLUMBERGER [...]

and

[...]

for

[...]

Supplier: University of Central Florida
Contract ref: SLB-HR-TR/01/2014-UCF/ASL

This Service Order ("SO") is entered into on this [...] day of [...], 20[...], by and between:

Schlumberger [*insert entity*], a company incorporated under the laws of [...], having its registered address at [...] ("*Schlumberger*") on the one hand, and [...], a company incorporated under the laws of [...], having its registered address at [...], ("*Consultant*").

This SO incorporates to the terms and conditions contained in the Master Services Agreement (the "*Agreement*"), referenced SLB-HR-XX/XX/2014-UCF/ASLN² and effective [...] 2014, entered into by and between Schlumberger Technology Corporation and University of Central Florida. All capitalized terms not defined in this SOW shall have the meanings ascribed to them in the Agreement.

The objective of this SO to confirm the scope of Consultant's work and the compensation for this project.

1. PROJECT DETAILS

- 1. Project name: **[to be inserted]**
- 2. Description of Consultant's responsibilities: **[to be inserted]**
- 3. Description of Schlumberger's responsibilities: **[to be inserted]**
- 4. Period of time over which work will be performed: **[to be inserted]**

2. FEE STRUCTURE

Consultant's compensation for the services will be professional fees in the amount of **[to be inserted]**.

In addition to such compensation, Consultant may also bill Schlumberger for necessary travel and other expenses related to the services requested.

3. PAYMENT

Your invoice must contain the following information (Schlumberger contact to provide):

Location: _____
 Contact Person: _____
 Legal Entity: _____
 Accounting Unit (AU): _____
 Activity Code (AC): _____
 Date effective: _____

If the above information is not displayed on the invoice, payment will be delayed as invoice will be returned to you.

INVOICE ADDRESS

Please forward your invoice to:

REMITTANCE ADDRESS:
 University of Central Florida
 Contracts & Grants
 PO Box 160118
 Orlando, FL 32816-0118
 Phone: (407)384-2000

Supplier: University of Central Florida
Contract ref: SLB-HR-TR/01/2014-UCF/ASL

4. NOTICES

Any notice that is to be given by one Party to the other under this SO will be given in writing and delivered as follows:

For Schlumberger

[...]

[...]

To the attention of: [...]

For Consultant

[...]

To the attention of: [...]

5. MISCELLANEOUS/SPECIAL CONDITIONS

[to be inserted as appropriate or marked N/A]

EXECUTED AS AN AGREEMENT BY THE DULY AUTHORIZED REPRESENTATIVES OF THE PARTIES

For and on behalf of:
Schlumberger [...]

For and on behalf of:
[...]

Signature:

Signature:

Name

Name

Title

Title

Date

Date

Supplier: University of Central Florida
Contract ref: SLB-HR-TR/01/2014-UCF/ASL

EXHIBIT F – TRADE COMPLIANCE AND CUSTOMS

- 1 Consultant acknowledges that various national laws may apply to govern the import and export of the goods and information that are the subject matter of this Agreement. Once the deliverables are received, Schlumberger shall be responsible for the import and export of the goods and information under these laws, unless otherwise agreed by the parties.
- 2 To the extent the laws or regulations applying to import or export of the goods and information, which are the subject matter of the Agreement are amended, repealed or superseded, Schlumberger, at its sole option, shall establish new terms to this Exhibit, provided however that Supplier/UCF must agree in writing to such new terms to be bound thereby.
- 3 **EXPORT CONTROL**
The Parties shall comply with U.S. export control laws and regulations that apply to information and materials that are exchanged under this Agreement, specifically the requirements of ITAR, 22 CFR 120 et seq.; and the Export Administration Regulations, 15 C.F.R. 730-774, nuclear technology regulations, 10 CFR 810, and/or other restrictions imposed by the U.S. Treasury Department's Office of Foreign Access Controls (OFAC), including the requirement for obtaining any export license or other U.S. Government approval, if applicable. Schlumberger shall notify Consultant before providing Consultant with any export controlled information or materials. Consultant retains the right to decline receipt of any defense article, technical data or defense service subject to the ITAR other items and commodities subject to the EAR, and financial transactions or services of value subject to the jurisdiction of the OFAC. The transfer of certain technical data and commodities may require a license from the cognizant agency of the U.S. Government and/or written assurances by the Parties that they will not re-export data or commodities to certain foreign countries without prior approval of the cognizant government agency. While Consultant agrees to cooperate in securing any license necessary in connection with the Agreement, Consultant cannot and does not guarantee that such licenses will be granted.

Consultant will accept receipt of articles and technical data subject to the ITAR and EAR upon notification and implementation of a Technology Control protocols by Consultant to ensure that all defense articles, technical data, items, information and materials Consultant has agreed to receive are clearly identified and marked in writing, or if disclosed orally, identified as being subject to the EAR or the ITAR prior to its disclosure and thereafter summarized in a written document that is provided to the recipient of the disclosure within fifteen (15) days of the disclosure.

Schlumberger shall not use Consultant's facilities, equipment, technology or any other Consultant-furnished material.

i) in any transaction with Iran, Cuba, Syria, Sudan or North Korea without written pre-authorization from Consultant ECO; and

ii) with any person or entity listed by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) Specially Designated National (SDN) List at website: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>.

In the event Schlumberger's failure to comply with this Paragraph 3, Consultant shall have the right to terminate this Agreement immediately in accordance with the terms of Article 8.1(c) or 8.3(c) Exhibit A of this Agreement.

Supplier: University of Central Florida
 Contract ref: SLB-HR-TR/01/2014-UCF/ASL

EXHIBIT G – WORKING CONDITIONS GUIDELINES

The last fifteen years have seen an increase in focus on the social, environmental and economic impacts of private enterprise on the workplace, the marketplace, the environment and the community. It is commonly recognized that private enterprise is critical to social, environmental and economic development, in particular in relation to human rights, healthcare, nutrition, education, decline of poverty and corruption, and solutions to climate change and energy supply. As a company that has long practiced responsible and ethical business behaviours and in light of current Supply Chain trends, Schlumberger determined requirements for the suppliers it engages, with a view to establishing a relationship which promotes responsible social, environmental and economic practices, in a collaborative manner. Hence, Supplier is to comply with the following working conditions guidelines, it being understood that Schlumberger agrees to partial non-compliance provided that (i) the same is clearly identified by Supplier, (ii) mutually agreed upon measures are implemented by Supplier during the planned remedial period, and (iii) the progress of said measures may be monitored by Schlumberger or its representative. Supplier's compliance with this Exhibit G does not relieve Supplier from its obligation to comply with applicable laws and Exhibit D. To the extent of a conflict between these Exhibit G guidelines and Supplier's/UCF's guidelines, policies, regulations and/or applicable laws, UCF shall abide by its guidelines, policies, regulations and/or applicable laws.

ARTICLE 1 – LABOR

- 1.1 **Freely Chosen Employment.** All work is to be voluntary and workers are to be free to leave upon reasonable notice. Use of forced, bonded, indentured or involuntary prison labor is prohibited. Workers must not be required to hand over passports or work permits as a condition of employment.
- 1.2 **Child Labor.** Use of child labor is strictly prohibited – child labor includes any person under the age of fifteen (15), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. Legitimate workplace apprenticeship programs are supported. Workers under the age of eighteen (18) must not be required to perform hazardous work. The educational needs of such workers are to be taken into account when determining working hours.
- 1.3 **Discrimination.** Supplier is to provide workplaces that are free of harassment and unlawful discrimination. Supplier must not engage in discrimination based on race, color, gender, age, sexual orientation, ethnicity, disability, religion, union membership or marital status in hiring and employment practices such as promotions, rewards and access to training.
- 1.4 **Harsh or Inhumane Treatment.** Harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers is strictly prohibited, as is any threat of such treatment.
- 1.5 **Minimum Wages.** Compensation paid to workers must comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Any disciplinary wage deductions are to conform to local law. The basis on which workers are being paid is to be clearly conveyed to them in a timely manner.
- 1.6 **Working Hours.** Workers strain is clearly linked to increased accidents, illness, lowered productivity and increased turnover. Workers must therefore not be required to work more than the maximum set by local law, including overtime hours. Workers are to be allowed at least one day of rest per week. In addition where workers are contracted to spend long periods of time away from their home country, consideration is to be taken of their needs to remain in contact with their families and they are to be allowed to return home at least one time per year.
- 1.7 **Freedom of Association.** Workers are to be allowed the right to freely associate in accordance with local laws. Workers are to be able to communicate openly with their management regarding working conditions without fear of reprisal, intimidation or harassment.

ARTICLE 2 – HEALTH AND SAFETY

When providing a product or service outside of a Schlumberger worksite, Supplier is to comply with the following procedures:

- 2.1 **Machine Safeguarding.** Physical guards, interlocks and barriers are to be provided and properly maintained for machinery used by workers.
- 2.2 **Industrial Hygiene.** Workers' exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. When hazards cannot be adequately controlled by engineering and administrative means, workers are to be provided with appropriate personal protective equipment.
- 2.3 **Safety.** Workers' exposure to workplace safety hazards (e.g., electrical and other energy sources, fire, vehicles, slips, trips and fall hazards) is to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout). Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate personal protective equipment.
- 2.4 **Emergency Preparedness and Response.** Emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures, including emergency reporting, workers' notification and evacuation procedures, workers' training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.
- 2.5 **Occupational Injury and Illness.** Procedures and systems are to be in place to manage, track and report occupational injury and illness, including provisions to:
 - (a) encourage workers' reporting;
 - (b) classify and record injury and illness cases;
 - (c) provide necessary medical treatment;
 - (d) investigate cases and implement corrective actions to eliminate their causes; and
 - (e) facilitate return of workers to work.
- 2.6 **Physically Demanding Work.** Workers' exposure to physically demanding tasks, including manual material handling and heavy lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.
- 2.7 **Dormitories and Canteen (As Applicable).** When dormitories and canteen are provided, workers are to be provided with clean toilet facilities, access to potable water, sanitary food preparation and storage facilities. Workers' dormitories are to be clean and safe and to provide emergency exits, adequate temperature, light, ventilation and reasonable personal space.

**FIRST AMENDMENT TO THE GLOBAL
MASTER SERVICES AGREEMENT FOR PURCHASE OF CONSULTING SERVICES
N°SLB-HR-TR/012014-UCF/ASL**

This first amendment of the contract (herein referred to as "Amendment N°1") is made and shall be effective as of the 29th day of September 2016 by and between

Schlumberger Technology Corporation, a company incorporated under the laws of Texas, having a place of business at 300 Schlumberger Drive, Sugar Land TX 77007 (herein referred to as "Schlumberger"); and

The University of Central Florida Board of Trustees, a public body corporate under the laws of Florida, having an address at 12201 Research Parkway, Suite 501, Orlando, FL 32826-3246 (herein referred to as "Consultant")

Schlumberger and Consultant are herein sometimes referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS the Parties have entered into a Global Master Services Agreement for the Purchase of Consulting Services referenced N°SLB-HR-TR/012014-UCF/ASL, effective as of the 29th day of September 2014 (hereinafter referred to as " Agreement");

AND WHEREAS, the Agreement expired by its own terms on September 28, 2016. The Parties never intended for the Agreement to expire but desired for the Agreement to continue and continued to act in accordance with the terms thereunder;

AND WHEREAS the Parties now wish to amend the Agreement, which amendments shall be effective as of the 29th day of September 2016, notwithstanding the signature date of this Amendment N°1;

NOWHERE, In consideration of the above recitals, the Parties agree as follows:

1. Form of Agreement, Clause 3 is deleted in its entirety and is replaced with the following:

The Agreement shall come into force on the Effective Date, and shall remain in full force and effect for a period of four (4) years thereafter, unless earlier terminated pursuant to the provisions hereof.

4. Except as amended above all other terms and conditions of the Agreement, shall remain the same and continue in full force and effect. All Capitalized terms not defined in this Amendment N°1 shall be given the same meaning as provided in the Agreement.

5. The Parties hereto accept the terms and conditions contained herein, and agree to be bound by them. This Amendment N°1 is executed below by duly authorized representatives of the Parties.

IN WITNESS thereof, duly authorized representatives of Consultant and Schlumberger hereto have signed this Amendment on the day and year first written above.

For **Schlumberger Technology Corporation**

For **The University of Central Florida Board of Trustees.**

Signature:

DocuSigned by:
Alexis Nicolet
BA68CAF9307449D...

Name: Alexis Nicolet

Title: vp

Date: 6/19/2017

Signature:

Mindy Solivan

Signed: Wednesday, May 24, 2017

Name:

Title:

Date:

ITEM: INFO-1

**UCF BOARD OF TRUSTEES
Finance and Facilities Committee
April 17, 2019**

Title: Clarification of Board of Trustees Contract Approval Requirements

Background:

UCF employees currently have several UCF documents available for guidance in determining whether a contract is required to be presented to and/or approved by the Board of Trustees. These documents include the following:

UCF Board of Trustees Guidelines for Materiality (“Materiality Guidelines”)
Board of Trustees Delegation of Authority to the President (“Delegation of Authority”)
UCF Regulation 4.034 Direct Support Organizations (“Regulation 4.034”)

(1) These documents are not consistent as to dollar and/or term thresholds that require contract approval by the Board.

The more recent Delegation of Authority essentially renders the Materiality Guidelines unnecessary, and inconsistencies between the two cause uncertainties as to the requirements, which can be rectified by eliminating the Materiality Guidelines and updating the Delegation of Authority.

(2) UCF Regulation 4.034, which sets forth requirements for Board approval of certain DSO contracts, identifies certain exceptions, including for sponsored research, and including expenditures funded by third parties.

Historically, and to date, Research Contracts* have not been referred to or approved by the Board. However, neither the Delegation of Authority nor the Material Guidelines specifically refer to Research Contracts or any exceptions. Updating the Delegation of Authority to include an exception for Research Contracts would confirm current practice.

**Research Contracts: “all grants, contracts, and other agreements with terms and conditions for research, sponsored training, clinical trials, patents and licensing, technology transfer, and research compliance including but not limited to agreements that obligate university project funds.” UCF Policy 2-107.5.*

Issues to be Considered:

Inconsistencies (**boldface**):

Delegation of Authority	Materiality Guidelines	Regulation 4.034
Requires BOT Approval	Requires BOT to be promptly informed ; Should be referred to BOT	Requires BOT Approval
Financial commitment, obligation, or contingent risk of five million dollars or .5% percent of the University budget, whichever amount is smaller.	An annual financial commitment, obligation, or contingent risk of five million dollars or .5% of the university budget, whichever amount is smaller.	An annual financial commitment, obligation, or contingent risk of five million dollars or .5% of the university budgets, whichever amount is smaller
Contractual obligation of either more than five (5) years' duration or an aggregate net value of five million or more dollars.	A contractual obligation of more than five (5) years' duration, having an aggregate net value of five million or more dollars	A contractual obligation of either more than five (5) years' duration or an aggregate net value of five million or more dollars

Alternatives to Decision:

- (1) Eliminate the Materiality Guidelines and Revise Delegation of Authority to clarify:
 - a. Contracts with an annual financial commitment, obligation, or contingent risk of five million dollars or .5% of the university budget, whichever is smaller, require Board approval;
 - b. Contracts with both (i) more than five (5) years' duration, and (ii) an aggregate net value of five million or more dollars, require Board approval;
 - c. Options, renewals, and extensions described in a contract are to be taken into account in evaluating thresholds for that contract;
 - d. Contract amendments that cause an executed contract to exceed the threshold require Board approval; *and*
 - e. Research Contracts meeting the thresholds do not require Board approval, **OR**

- (2) Eliminate the Materiality Guidelines and Revise Delegation of Authority to clarify:
- a. Contracts with an annual financial commitment, obligation, or contingent risk of five million dollars or .5% of the university budget, whichever is smaller, require Board approval;
 - b. Contracts with both (i) more than five (5) years' duration, and (ii) an aggregate net value of five million or more dollars, require Board approval;
 - c. Options, renewals, and extensions described in a contract are to be taken into account in evaluating thresholds for that contract;
 - d. Contract amendments that cause an executed contract to exceed the threshold require Board approval; *and*
 - e. Provide frequent Board availability, upon short notice, to approve Research Contracts that exceed the thresholds; **OR**
- (3) Eliminate the Materiality Guidelines and Revise Delegation of Authority to clarify:
- a. Contracts with an annual financial commitment, obligation, or contingent risk of five million dollars or .5% of the university budget, whichever is smaller, require Board approval;
 - b. Contracts with both (i) more than five (5) years' duration, and (ii) an aggregate net value of five million or more dollars, require Board approval;
 - c. Options, renewals, and extensions described in a contract are to be taken into account in evaluating thresholds for that contract;
 - d. Contract amendments that cause an executed contract to exceed the threshold require Board approval; *and*
 - e. Designate one Trustee with authorization to approve Research Contracts that exceed the thresholds.

Fiscal Impact and Source of Funding:

Potential for loss of research funding and sponsor relationships.

Recommended Action:

The **Nominating and Governance Committee** will be asked to adopt decision alternative (1), to eliminate the Material Guidelines, and revise the Delegation of Authority, including an exemption for Research Contracts.

The Finance and Facilities Committee is being informed of this request because the committee approves most of the university's long-term and high-dollar-value contracts.

Authority for Board of Trustees Action:

Board of Governors' Regulation 1.01

Board of Governors' Sponsored Research Regulation 10.002

Board of Governors' Procurement Regulation 18.001

Note: The recommended action is in agreement with the approach of the University of Florida Board of Trustees, who allow Research Contracts to be approved by the President or designee without Board approval, irrespective of threshold (which is \$10M for UF), except where there is a new appropriation

requirement, new entity creation, or outside debt, and where there is a facilities or real estate transaction that exceeds the threshold. UF reports benchmarks for its research agreement exemption as Ohio State, Michigan, Penn State, and Texas, each of whom do not require Board approval of research and IP agreements, but do require Board approval of IP policy.

Committee Chair or Chairman of the Board approval:

Approved by Chair Alex Martins.

Submitted by:

Elizabeth Klonoff, Vice President for Research and Dean of the College of Graduate Studies

Supporting Documentation:

- Attachment A: UCF Board of Trustees Guidelines for Materiality
- Attachment B: Board of Trustees Delegation of Authority to the President
- Attachment C: UCF Regulation 4.034 Direct Support Organizations
- Attachment D: UCF Signature Authority Policy 2-107.5
- Attachment E: Board of Governors' Regulation 1.01
- Attachment F: Board of Governors' Sponsored Research Regulation 10.002
- Attachment G: Board of Governors' Procurement Regulation 18.001
- Attachment H: UF Governance Enhancement Standards

Facilitators/Presenters:

Sandra Sovinski, Deputy General Counsel for Research

UNIVERSITY OF CENTRAL FLORIDA

MATERIALITY

I. Background

Article IX, Section 7, of the Florida Constitution captioned "State University System" provides in part: "A Board of Trustees shall administer each public university and a Board of Governors shall govern the State University System. Each local constituent university shall be administered by a Board of Trustees...." The Board of Governors shall establish the powers and duties of the Board of Trustees.

A Resolution adopted by the Board of Governors on January 7, 2003, provided that "each Board of Trustees is vested with authority to govern its University, as necessary to provide proper governance and improvement of the University in accordance with the laws and rules of the Board of Governors. Each Board of Trustees shall perform all duties assigned by law or by the Board of Governors."

II. Guidelines for Materiality

The UCF Board of Trustees wishes to adopt a policy regarding "materiality" to guide the administration in those matters that must be submitted to the Board of Trustees for approval. The policy will not apply to those items that have been specifically approved by the Board as part of the budget review process.

As a guiding principle, university management should promptly inform the Board of all material items affecting the university. A matter will be regarded as material to the university if it involves any of the following:

- (a) an annual financial commitment, obligation, or contingent risk of five million dollars or .5% percent of the university budget, whichever amount is smaller
- (b) a contractual obligation of more than five (5) years' duration, having an aggregate net value of five million or more dollars
- (c) changes requiring SACS substantive-change approval
- (d) acquisition (including gifts), sale, or encumbrance of real property of at least one million dollars
- (e) potential for significant damage to the reputation of the university
- (f) any significant strategic changes to the university's primary mission or capital investment programs

Any item that is believed to have the potential to be material to the university should be referred to the Board of Trustees or its chair. In the great majority of cases, the matter will be dealt with by the Board of Trustees through its committee structure. However, some matters that could materially affect the university's reputation may require immediate action by the president or other members of the administration before it is possible to notify or consult with the Board of Trustees. In such cases, every effort should be made to consult with the chair of the Board and appropriate committee chair(s) before action is taken. In all such cases, the chair and Board should be appropriately informed as soon as practicable.

Items that meet this definition of "materiality" should be brought to the Board's attention as set forth above when they become known. In addition, the Board should also be informed of any items, which, by mandate of Statute, Board of Governors regulations, or Board of Trustees policy, require Board approval.

Attachment B

**UNIVERSITY OF CENTRAL FLORIDA
BOARD OF TRUSTEES
POLICY**

Delegation of Authority to the President

POLICY STATEMENT

Article IX, Section 7 of the Florida Constitution provides that the Board of Governors shall establish the powers and duties of the university boards of trustees. Board of Governors Regulation 1.001, copy attached as Exhibit A, delegates those powers and duties to the boards of trustees.

The Board of Trustees desires to further delegate certain of its powers and duties to the President as more particularly described below. Any power or duty delegated by the Board to the President may be rescinded at any time by majority vote of the Board. Except as otherwise provided herein, the President may further delegate his or her powers and duties to employees of the University in accordance with the University's Policy on Delegation of Authority.

DEFINITIONS

Affiliated Entities: Direct support organizations, practice plan corporations, or self-insurance trust funds of the University of Central Florida.

Board: UCF Board of Trustees

BOG: Florida Board of Governors

President: President of UCF

UCF or University: University of Central Florida

PROCEDURES:

Except as provided herein, the Board delegates to the President all usual and customary powers of a President to administer the day to day operations of the University. This includes the powers and duties described in Board of Governors Regulation 1.001 and those reasonably implied therefrom, which are not required to be directly performed by the Board.

The President's authority also includes the following:

1. Propose regulations for approval by the Board.
2. Govern Traffic on the grounds of the University.
3. Close and/or suspend operations of the campus as deemed necessary.
4. Set the agenda for Board meetings in consultation with the Chair of the Board.
5. Establish the University calendar.
6. Administer the personnel program subject to Board and BOG policies and regulations.
7. Administer University travel in accordance with Section 112.061, Florida Statutes.
8. Administer the collective bargaining process.
9. Administer the financial activities of the university including proposing university budgets and managing university revenues and expenditures.
10. Administer the purchasing and construction programs and act as custodian for university property.
11. Execute contracts on behalf of the Board.
12. Oversee the research activities of the University, including managing the intellectual property of the university.
13. Oversee the philanthropic activities of the University.
14. Perform such other duties related to the above not specifically retained by the Board.

Items requiring specific approval of the Board:

1. All duties required to be undertaken directly by the Board pursuant to BOG Regulation 1.001.
2. Financial commitment, obligation, or contingent risk of five million dollars or .5% percent of the University budget, whichever amount is smaller.
3. Contractual obligation of either more than five (5) years' duration or an aggregate net value of five million or more dollars.
4. Changes requiring SACS substantive-change approval.
5. Acquisition (including gifts), sale, or encumbrance of real property.
6. Matters with potential for significant damage to the reputation of the University.
7. Any material change to the University's investment program.
8. Approval of capital projects valued at two million dollars or more and any material changes to such projects.
9. Borrowing of funds by the University or Affiliated Entities and any changes to the term of existing indebtedness.
10. Public Private Partnerships.
11. Use of University funds for capital improvement projects exceeding two million dollars in construction costs and all changes to such projects that increase project costs by more than 10 percent of the original estimate.
12. Creation, dissolution or amendment of governing documents of Affiliated Entities.
13. Review and confirmation of all appointments by the President to affiliated entities other than President or designee as provided in Section 1004.28 F.S.
14. Adoption of or amendment to the University strategic plan.

15. Annual operating and capital budgets for the University and Affiliated Entities and amendments to any line item of two million dollars or greater that exceeds 10% of the value of such line item.
16. University works plans, accountability plans and all other significant reports required to be submitted to the BOG.
17. Creation or termination of degree programs.
18. Naming of Buildings.
19. Establishment or closure of educational sites.
20. Amendment to University governing documents.
21. Establishment or elimination of Board Committees.
22. Hiring, supervision, termination and annual evaluation of the President.
23. University regulations and Board policies.
24. Annual institutional budget request and changes thereto in an amount greater than the lower of five million dollars or .5% of the budget
25. Adoption of new or changes in existing tuition and fees.
26. Internal and external audits of the University and Affiliated Entities.
27. Campus master plan, capital improvement plans, and amendments thereto.
28. Adoption or amendments to Committee charters.
29. Awarding of Tenure.
30. Collective bargaining agreements and impasse.
31. Conferral of degrees.
32. Transfer of university funds to, from, or among Affiliated Entities.
33. Performance unit plan adoption, amendment and cancellation as well as participation, goals and payments under the performance unit plan.
34. Hiring and firing or reduction of compensation of the Vice President and General Counsel, Chief Compliance Officer, and Chief Audit Executive, who shall report to the Board as well as the President.
35. Selection of Chair and Vice Chair of the Board.
36. All items required by the BOG or Florida Legislature to be approved by the Board.
37. Any additional items required by the Board to be approved by it.

Items requiring President to consult with the Board Chair before implementation:

1. Hiring, dismissal (except for Vice President and General Counsel, Chief Compliance officer and Chief Audit Executive) and any annual increase of more than 5% in the compensation of any Vice President or other direct report to the President, the head football coach or the head men's basketball coach. The President and Chair shall review and agree annually on the individuals that are governed by this provision.
2. Initiation, appeal or settlement of lawsuits involving the University or Affiliated Entities other than tort claims handled by the State Division of Risk Management.
3. Any matter which has the potential to create significant political or reputational issues for the University.

4. Employment contract with an employee of the University or an Affiliated Entity with a term greater than one year

INITIATING AUTHORITY

UCF Board of Trustees

History: New ____-2017.

Authority: Section 7(c), Art. IX, Fla. Const.; FL BOG Regulation 1.001; FL BOG Delegation Best Practices and Principles.

Attachment C

UCF-4.034 University Direct Support Organizations.

(1) As provided in Section 1004.28, Florida Statutes, and Florida Board of Governors Regulation 9.011, a Direct Support Organization is an organization that is certified by the University of Central Florida Board of Trustees as operating in a manner consistent with the goals of the University and the best interest of the State.

(2) To obtain certification as a Direct Support Organization, the organization must submit to the Board of Trustees the following:

- (a) The proposed Articles of Incorporation.
- (b) The proposed Bylaws, which shall describe the operating procedures and specific individual responsibilities of the Board of Directors, committees, and officers of the organization.

(3) The Articles of Incorporation and the Bylaws, together, shall provide that:

- (a) Persons employed by the organization shall not be considered to be employees of the State of Florida by virtue of employment by the organization.
- (b) The chief executive officer or director of the organization shall be selected and appointed by the governing board of the organization, subject to prior approval by the President of the University. The director or chief executive officer shall report to the President of the University or the President's designee, who shall be a vice president or other senior officer reporting directly to the President.
- (c) The chair of the Board of Trustees shall appoint a Trustee representative to the board of directors and executive committee of the organization, and the President of the University or his/her designee shall serve on the board of directors and executive committee of the organization. The Board of Trustees shall approve appointments to each direct support organizations Board of Directors, except for the chair's Trustee representative and the president (or president's designee). The chair's Trustee representative may not be the university president; nor may the chair and president appoint the same person to represent both the chair and the president on any one direct support organization board.
- (d) Any subsequent amendments to the Articles of Incorporation or Bylaws of the organization must be submitted to the Board of Trustees for approval prior to becoming effective.

- (e) The organization shall provide equal employment opportunities for all persons regardless of race, color, religion, sex, age, or national origin. Personal services provided to the organization must comply with Section 1012.976, Florida Statutes.
- (4) Upon certification by the Board of Trustees, a direct support organization is authorized to use the property, facilities and personal services of the University.
- (5) Direct support organizations shall conduct business in accordance with the Board of Trustees' Materiality Guidelines, UCF Debt Management Guidelines, and the Delegation of Authority to President. As required therein, the Board of Trustees shall approve: purchases, acquisitions, and project expenditures with an annual financial commitment, obligation, or contingent risk of five million dollars or .5% of the university budgets, whichever amount is smaller; a contractual obligation of either more than five (5) years' duration or an aggregate net value of five million or more dollars; and the issuance of debt by a direct support organization. The provisions of this paragraph are not intended to apply to either: (i) the receipt by or award of funds to a direct support organization, such as donations or sponsored research funding or (ii) a direct support organization expenditure where the funding is supplied by a third party (including but not limited to a granting agency, awarding entity, or donor) as part of a grant, award, sponsored research contract, or donation.
- (6) The President of the University shall have the authority to monitor and control the use of University name and resources by the organization, monitor compliance of the organization with state and federal laws and rules of the Board of Trustees, and approve salary supplements and other compensation or benefits paid to the University faculty and staff from organization assets.
- (7) The President of the University shall determine the compensation of organization employees from organization assets and such authority may not be delegated.
- (8) A Direct Support Organization shall prepare, at least annually, a budget to be reviewed and approved by the organization's governing board and the Board of Trustees.
- (9) The Direct Support Organization shall prepare quarterly expenditure plans for review and approval by the President or designee, who shall be a vice president or other senior officer of the university reporting directly to the President.
- (10) Direct support organizations shall provide for an annual audit by an independent certified public accountant, as prescribed by applicable law and rules, which shall be forwarded to the Board of Trustee for review and oversight.

(11) The University President may request that the Board of Trustees decertify a direct support organization if the President determines that the organization is no longer serving the best interest of the university. The request for decertification shall include a plan for disposition of the direct support organization's assets and liabilities.

(12) The organization shall comply with all other obligations required by law and regulation, including those required by Section 1004.28, Florida Statutes and Florida Board of Governor Regulation 9.011. As set forth therein, the organization shall not use state funds for travel expenses.

Authority: BOG Regulations 1.001 and 9.011. History—New 4-3-03; Formerly 6C7-4.034; Amended 5-11-09, Amended 9-15-14, 1-24-19.



UNIVERSITY OF CENTRAL FLORIDA

Office of the President

SUBJECT: Signature Authority / Salary Supplement Policy	Effective Date: 2/5/2019	Policy Number: 2-107.5	
	Supersedes: 2-107.4	Page 1	Of 7
	Responsible Authority: Vice President and General Counsel		

DATE OF INITIAL ADOPTION AND EFFECTIVE DATE 9/26/2012

APPLICABILITY/ACCOUNTABILITY

This policy applies to all written contracts relating to commercial and non-commercial transactions involving goods, supplies, equipment, services, programs, and real and personal property. The policy also applies to approval of salary supplemental payments.

BACKGROUND

The proper delegation of authority to execute contracts with external entities and to approve salary supplemental payment is necessary to minimize legal, financial, and related risks to the university. This policy regulates and clarifies which employees of the university have authority to sign contracts and to whom such authority may be delegated.

POLICY STATEMENT

A valid delegation of authority from the president or other university official listed herein provides individuals with the authority to enter into contracts with external entities on behalf of the university and/or to approve salary supplemental payments. Individuals who enter into contracts without signature authority may subject their departments or units to

finances and disciplinary action up to and including termination. Such individuals may also be personally liable under the contract.

DEFINITIONS

Conflict of Interest. A divergence between an individual's private interests and their employment obligations to the university such that an independent observer may reasonably question whether the individual's actions or decisions are influenced or determined by considerations other than the best interest of the university.

Contract. An agreement between two or more parties that creates an obligation to do or not do a particular thing. This includes memoranda of understanding, affiliation agreements, and leases. A contract does not require the payment of money or other compensation to create an obligation.

Delegation. The transfer of authority from one person to another.

Signature Authority. The authority to bind the university by contract.

PROCEDURES

I. Authorized Signatories

A. Level 1.

The president has authority to sign all contracts on behalf of the university pursuant to Section 5.1 of the Bylaws of the University of Central Florida Board of Trustees. This authority is retained and may be exercised notwithstanding delegations of authority to sign certain contracts to other administrative officers. Some contracts may be subject to prior approval of the Florida Board of Governors or UCF Board of Trustees before execution by the president or designee.

B. Level 2.

(1) The provost and vice president for Academic Affairs is the principal academic officer of the university and is the second-highest ranking officer of the university. The provost may execute all contracts and agreements, limited to \$500,000 in expenditures or liability relating to academic affairs, including research, health care, and licensing matters.

(2) The vice president for Administration and Finance is responsible for all nonacademic administrative operations of the university. The vice president for Administration and Finance may execute contracts involving administrative areas of the university up to \$500,000 and has final authority to approve sole-source

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purchases. In accordance with UCF Regulation 7.203, the vice president for Administration and Finance may sign lease agreements up to \$1 million.

(3) The chief financial officer of the university is responsible for fiscal operations of the university and may execute contracts involving all fiscal areas of the university up to \$500,000.

(4) The vice president for Research and dean of the College of Graduate Studies may execute all grants, contracts, and other agreements with terms and conditions for research, sponsored training, clinical trials, patents and licensing, technology transfer, and research compliance including but not limited to agreements that obligate university project funds. This authority may be delegated as outlined by Section III, except that the Level 3 limits described therein do not apply. Level 3 limits shall apply to the vice president and all delegates for all agreements obligating non-project (departmental) funds. This subsection does not apply to the exclusive responsibilities of the College of Graduate Studies.

(5) The vice president for Health Affairs and dean of the College of Medicine, as the chief medical officer and health officer, may execute contracts and documents directly related to Academic Health Sciences Center or the College of Medicine, including the clinical practice, clinical and clinically-related services, clinical and related affiliations, and other agreements and documents relating to the development and operations of UCF Health, the College of Medicine, Student Health Services, and the Academic Health Sciences Center, limited to \$500,000 in expenditures or liability. This authority is limited to commitments of three years or less.

(6) The vice president and General Counsel may execute documents related to actual or threatened legal or administrative proceedings involving UCF or its direct support organizations, limited to \$500,000 in expenditures or liability.

C. Level 3.

Vice presidents may execute contracts on behalf of the university within their areas of responsibility, limited to \$250,000 in expenditures or liability, except as set forth in Section I(B) herein.

II. Additional Contracting Authority

A. Procurement of Goods and Services: The UCF Procurement Services department is responsible for coordinating procurement for the university and for the development of procurement policies and procedures. All personnel are required to abide by the Procurement Services department's policies and procedures when requisitioning goods and services unless otherwise exempted under those policies and procedures. The assistant vice president of Procurement Services may execute contracts for the procurement of goods and

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services, limited to \$500,000 in expenditures or liability and limited to \$100,000 for leases.

- B. Due to the nature of building emergencies, the associate vice president for Administration and Finance (Facilities and Safety) may authorize expenditures of up to \$500,000 when acting in an emergency, as defined by the vice president for Administration and Finance. Further, the associate vice president for Administration and Finance (Facilities and Safety) may sign change orders and additional service authorizations on contracts that have previously been signed in compliance with this policy so long as such change orders do not exceed 10% of the project's original cost or cause a project to exceed its approved budget.

III. Delegation Parameters

The president and vice presidents may delegate their authority to sign agreements to other UCF employees as they deem necessary and appropriate. Except as otherwise stated in this policy, delegates are subject to the signature authority limits of Level 3 positions, as defined in Section I(C), unless further restricted by their delegations. It is unacceptable to divide contracts for related purposes into multiple parts in order to circumvent any monetary limits. The president and vice presidents have authority to approve salary supplemental payments in accordance with UCF and Human Resources policies and procedure and any applicable collective bargaining agreements and may delegate such authority as needed. These supplements include such things as uniform/tool allowances, one-time performance payments, stipends, awards, and criminal justice incentive pay.

IV. Delegation Responsibilities

- A. The person to whom authority is delegated and who approves any contract or transaction that constitutes a commitment between the university and external entities has the responsibility to:
 - (1) verify the availability of funds for the contract or transaction;
 - (2) obtain legal review and approval in compliance with UCF Policy 2-102.2;
 - (3) ensure that there is no real or apparent conflict of interest on the part of any individual or organization involved in the contract or transaction, or, where there is a real or apparent conflict of interest, the issues have been resolved prior to entering into the contract or transaction; and
 - (4) confirm that all necessary approvals have been obtained.
- B. Even if signature authority is delegated, the ultimate responsibility shall remain with the delegating individual (delegator).

V. Delegation Process

The procedures to follow for proper delegations of authority under this policy are outlined below.

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- A. All delegations of authority must be in writing. A form to be used for such purpose can be found at the link below. Any delegations made shall supersede extant or prior delegations; accordingly, delegators should list all current delegations to a particular position rather than adding new delegations in separate writings.
- B. The delegation of authority is associated with an appointment. Delegation of authority does not transfer with the person who holds the appointment.
- C. The delegation must include (1) a specification of the scope, terms, and limitations of the delegation; (2) the contract or types of contracts the delegate is authorized to sign; and (3) the duration of the delegation, not to exceed the maximum limit as provided by this policy.
- D. A copy of the delegation must be transmitted within three business days to the Office of the General Counsel at contracts@ucf.edu. A copy must also be maintained in the office of both the delegator and the delegate. The Office of the General Counsel will maintain a master list of all delegations.
- E. By default, all delegations of authority governed by this policy are considered in effect for a period of three (3) years and may be less as stated in the delegation. Delegations may be revoked or modified at any time by the delegator. Upon the expiration of this authority, the appropriate individual must reauthorize the delegation in writing.
- F. Any senior administrative leadership change (to include an interim or acting leadership appointment) should precipitate a review of all existing delegations of authority to determine whether existing delegations of authority should continue under the new leadership.
- G. At the beginning of each fiscal year, all university officers should review the written delegations governing their areas to ensure that such delegations are current, accurate, and consistent with the needs of the institution and its various units.

VI. Penalties for non-compliance

- A. First violation: written reminder to the head of the department or unit of the requirements of the policy.
- B. Second violation: five hundred dollar fine assessed against the department or unit.
- C. Third and subsequent violations: one thousand dollar fine assessed against the department or unit.

- D. In addition to the above, the individual signing without authority shall be subject to progressive discipline consistent with existing policy, up to and including termination.

RELATED DOCUMENTS AND POLICY LINKS

The following policies or regulations should be consulted in conjunction with this policy.

- A. BOG 1.001 University Board of Trustees Powers and Duties:
http://www.flbog.edu/documents_regulations/regulations/1_001_PowersandDuties_Final.pdf
- B. Bylaws of the University of Central Florida Board of Trustees:
<https://bot.ucf.edu/files/2018/06/BOT-bylaws-Seventh-Amended-and-Restated.pdf>
- C. Procurement Services regulations:
<http://regulations.ucf.edu/chapter7.asp>
- D. Procurement Services Procedure Manual:
https://procurement.ucf.edu/wp-content/uploads/sites/3/2018/11/ProcurementServicesManual_112018.pdf
- E. Conflict of Interest regulation:
http://regulations.ucf.edu/chapter3/documents/3.018OutsideActivityorEmploymentFINAL2_Sept14.pdf
- F. Real property leasing regulation:
<http://regulations.ucf.edu/chapter7/documents/7.203RealPropertyLeasingFINALApril16.pdf>
- G. Contract review policy:
<http://policies.ucf.edu/documents/2-102.3ContractReview.pdf>
- H. University of Central Florida Board of Trustees Materiality Guidelines:
<https://bot.ucf.edu/files/2017/03/BOTMaterialityGuidelines.pdf>

CONTACTS

Office of the General Counsel, 4365 Andromeda Loop N., Millican Hall 360, Orlando, Florida, 32816-0015; (407) 823-2482.

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FORMS

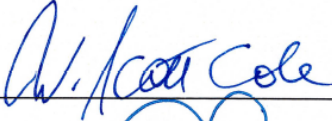
Delegation of Authority form:
<https://generalcounsel.ucf.edu/forms/>

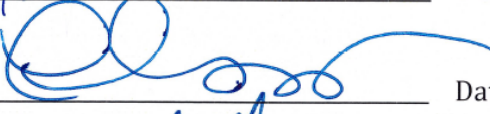
INITIATING AUTHORITY


Vice President and General Counsel

POLICY APPROVAL
(For use by the Office of the President)

Policy Number: 2-107.5

Initiating Authority:  Date: 1/8/19

University Policies and Procedures Committee Chair:  Date: 12/17/18

President or Designee:  Date: 2/5/19

History 2-107 9/26/2012; 2.107.1 2/13/2013; 2-107.2 5/1/2013; 2-107.3 2/25/2015; 2-107.4 6/9/2017, 2-107.5 10/29/2018, 12/17/2018

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Attachment E

1.001 University Board of Trustees Powers and Duties

- (1) Pursuant to Article IX, section 7(c), Florida Constitution, the Board of Governors shall establish the powers and duties of the board of trustees as set forth herein and as may be established in Board of Governors' regulations. This regulation supersedes the delegation of authority to the boards of trustees contained in the Board of Governors' Resolution dated January 7, 2003. The intent of this regulation is to delegate powers and duties to the university boards of trustees so that the university boards have all of the powers and duties necessary and appropriate for the direction, operation, management, and accountability of each state university.
- (2) Composition of Boards; Membership and Organization.
 - (a) Each university shall be administered by a board of trustees, consisting of thirteen members dedicated to the purposes of the State University System. Each university board of trustees includes six members appointed by the Governor and five members appointed by the Board of Governors, all of whom must be confirmed by the Senate. All trustees are required to attend a Board of Governors orientation session, preferably prior to service on the university board. The chair of the faculty senate, or the equivalent, and the president of Student Government, or the equivalent, are also members. Board of trustee members shall serve staggered terms of five years and may be reappointed for subsequent terms, except for the faculty and student representatives who shall serve for the duration of the term of their respective elected offices. All members are public officers subject to the requirements of the Florida Code of Ethics.
 - (b) Each board of trustees shall select its chair and vice chair from the appointed members. Each chair shall serve for two years and may be reelected for one additional consecutive two-year term. Any exception to this term of office must be approved by a two-thirds vote of the board of trustees.
 - (c) The duties of the chair shall include presiding at all meetings of the board of trustees, calling special meetings of the board of trustees, attesting to actions of the board of trustees, and notifying the Board of Governors or the Governor, as applicable, in writing whenever a board member has three consecutive unexcused absences from regular board meetings in any fiscal year, which may be grounds for removal as provided in section 1001.71, Florida Statutes.
 - (d) The university president shall serve as the chief executive officer and corporate secretary of the board of trustees and shall be responsible to the board of trustees for all operations of the university and for setting

the agenda for meetings of the board of trustees in consultation with the chair.

- (e) Members of the boards of trustees shall receive no compensation but may be reimbursed for travel and per diem expenses as provided in section 112.061, Florida Statutes.
 - (f) Each board of trustees shall establish the powers and duties of the university president.
 - (g) Each board of trustees shall be a public body corporate with all the powers of a body corporate, including the power to adopt a corporate seal, to contract and be contracted with, to sue and be sued, to plead and be impleaded in all courts of law and equity, and to give and receive donations. In all suits against the board of trustees, service of process shall be made on the chair of the board of trustees or on a university designee.
 - (h) Each board of trustees shall be primarily acting as an instrumentality of the state pursuant to section 768.28, Florida Statutes, for purposes of sovereign immunity.
 - (i) Each board of trustees is subject to the public records and open meetings requirements set forth in Article I, section 24 of the Florida Constitution and laws implementing that section.
 - (j) Each board of trustees shall keep and, within two weeks after a board meeting, post prominently on the university's website detailed meeting minutes for all meetings, including the vote history and attendance of each trustee, as provided in section 1001.71, Florida Statutes.
- (3) University Administration and Oversight.
- (a) Each board of trustees shall be responsible for the administration of its university in a manner that is dedicated to, and consistent with the university's mission which shall be otherwise consistent with the mission and purposes of the State University System as defined by the Board of Governors.
 - (b) Each board of trustees may establish committees of the board to address matters including, but not limited to, academic and student affairs, strategic planning, finance, audit, property acquisition and construction, personnel, and budgets.
 - (c) Each board of trustees shall adopt a strategic plan in alignment with the Board of Governors' systemwide strategic plan and regulations, and the university's mission. University strategic plans shall be submitted to the Board of Governors for approval.
 - (d) Each board of trustees shall prepare a multi-year workplan/report for the Board of Governors that outlines its university's top priorities, strategic directions, and specific actions and financial plans for

achieving those priorities, as well as performance expectations and outcomes on institutional and systemwide goals. The workplan/report shall reflect the university's distinctive mission and focus on core institutional strengths within the context of State University System goals and regional and statewide needs.

- (e) Each board of trustees shall have a policy addressing conflicts of interest for its members.
 - (f) Each board of trustees shall maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.
 - (g) Each board of trustees may promulgate regulations and procedures related to data and technology, including information systems, communications systems, computer hardware and software, and networks.
 - (h) Each board of trustees is authorized to secure comprehensive general liability insurance.
 - (i) Each board of trustees may provide for payment of the cost of civil actions against officers, employees, or agents of its board.
 - (j) Each board of trustees is authorized to promulgate university regulations in accordance with the Regulation Development Procedure adopted by the Board of Governors.
 - (k) Each board of trustees may govern traffic on the grounds of the university and in other areas in accordance with law and any mutual aid agreements entered into with other law enforcement agencies.
 - (l) Each board of trustees shall be responsible for campus safety and emergency preparedness, to include safety and security measures for university personnel, students, and campus visitors.
 - (m) Each board of trustees is authorized to create divisions of sponsored research and establish policies regulating the administration and operation of the divisions of sponsored research.
- (4) Academic Programs and Student Affairs.
- (a) Each board of trustees shall adopt university regulations or policies, as appropriate, in areas including, but not limited to:
 1. authorization and discontinuance of degree programs;
 2. articulation and access;
 3. admission and enrollment of students;
 4. minimum academic performance standards for the award of a degree;
 5. student financial assistance;
 6. student activities and organizations;
 7. student records and reports;

8. antihazing, related penalties, and program for enforcement;
9. reasonable accommodation of religious observances; and
10. uniform student code of conduct and related penalties.

Such regulations or policies shall be consistent with any applicable Board of Governors' regulations.

- (b) Each board of trustees shall establish a committee to periodically review and evaluate the student judicial system. At least one-half of the members of the committee shall be students appointed by the student body president.
 - (c) Each board of trustees shall approve the internal procedures of student government organizations.
 - (d) Each board of trustees shall require that institutional control and oversight of its intercollegiate athletics program is in compliance with the rules and regulations of the National Collegiate Athletic Association. The university president is responsible for the administration of all aspects of the intercollegiate athletics program.
- (5) Personnel.
- (a) Each board of trustees shall provide for the establishment of the personnel program for all the employees of the university, including the president, which may include but is not limited to: compensation and other conditions of employment, recruitment and selection, nonreappointment, standards for performance and conduct, evaluation, benefits and hours of work, leave policies, recognition and awards, inventions and works, travel, learning opportunities, exchange programs, academic freedom and responsibility, promotion, assignment, demotion, transfer, tenure, and permanent status, ethical obligations and conflicts of interest, restrictive covenants, disciplinary actions, complaints, appeals and grievance procedures, and separation and termination from employment. To the extent allowed by law, university employees shall continue to be able to participate in the state group insurance programs and the state retirement systems.
 - (b) Each board of trustees shall act as the sole public employer with regard to all public employees of its university for the purposes of collective bargaining, and shall serve as the legislative body for the resolution of impasses with regard to collective bargaining matters.
 - (c) Each board of trustees shall select its university president subject to confirmation of the candidate by the Board of Governors and in accordance with the requirements of Regulation 1.002. A presidential search committee shall be appointed to make recommendations to the full board of trustees. The board of trustees shall select a candidate for confirmation by the Board of Governors. Prior to confirmation, the board of trustees shall submit a written description of the selection

process and criteria, the qualifications of the selected candidate, and a copy of the proposed employment contract to the Board of Governors for its consideration in confirming the candidate. The candidate selected by the board of trustees shall be required to appear before the Board of Governors at the meeting where confirmation of the candidate will be considered. Such meeting will be held as soon as practicable to ensure a timely transition. Renewals of presidential employment contracts shall be subject to confirmation by the Board of Governors and shall be limited to one-year terms.

- (d) In the event that a board of trustees selects an interim president, such selection is subject to confirmation of the candidate by the Board of Governors. If it is determined by the board of trustees to be in the best interests of the university, the interim president selected by the board may be delegated full authority to serve as the interim president during the period prior to confirmation by the Board of Governors. Continued service as interim president requires confirmation by the Board of Governors, and the candidate selected by the board of trustees shall be required to appear before the Board of Governors at the meeting where confirmation will be considered. Such meeting will be held as soon as practicable to ensure a timely transition.
 - (e) Each board of trustees shall develop guidelines for the annual evaluation of the president.
 - (f) Each board of trustees shall conduct an annual evaluation of the president. The chair of the board of trustees shall request input from the Chair of the Board of Governors, who may involve the Chancellor, during the annual evaluation process pertaining to responsiveness to the Board of Governors' strategic goals and priorities, and compliance with systemwide regulations.
- (6) Financial Management.
- (a) Each board of trustees shall be responsible for the financial management of its university and shall submit an institutional budget request, including a request for fixed capital outlay, and an operating budget to the Board of Governors for approval in accordance with the guidelines established by the Board of Governors.
 - (b) Each board of trustees shall establish tuition and fees in accordance with regulations established by the Board of Governors.
 - (c) Each board of trustees shall establish waivers for tuition and fees pursuant to regulations established by the Board of Governors.
 - (d) Each board of trustees shall engage in sound debt management practices for the issuance of debt by the university and its direct support organizations, and shall comply with the guidelines established by the Board of Governors in connection with the

- authorization, issuance and sale of university and direct support organization debt.
- (e) Each board of trustees shall account for expenditures of all state, local, federal, and other funds in accordance with guidelines or regulations established by the Board of Governors, and as provided by state or federal law.
 - (f) Each board of trustees may enter into agreements for, and accept, credit card payments as compensation for goods, services, tuition, and fees.
 - (g) Each board of trustees shall establish policies and procedures for the performance of annual internal audits of university finances and operations. All reports generated from such audits must be submitted to the Board of Governors after review and acceptance by the board of trustees, or its designee.
 - (h) Each board of trustees and each direct support organization shall submit annual financial statements to the Board of Governors.
- (7) Property and Purchasing.
- (a) Each board of trustees and university direct support organization must obtain prior approval from the Board of Governors before entering into a binding contractual obligation to improve real property that will result in the board or the direct support organization seeking a commitment of state funds for the development, construction, operation, or maintenance of an educational or research facility.
 - (b) Each board of trustees shall have the authority to acquire real and personal property and contract for the sale and disposal of same, and approve and execute contracts for purchase, sale, lease, license, or acquisition of commodities, goods, equipment, and contractual services, leases of real and personal property, and construction. The acquisition may include purchase by installment or lease-purchase. Such contracts may provide for payment of interest on the unpaid portion of the purchase price.
 - (c) With respect to state-funded real property acquisitions, each board of trustees may, with the consent of the Board of Trustees of the Internal Improvement Trust Fund, sell, convey, transfer, exchange, trade, or purchase real property and related improvements necessary and desirable to serve the needs and purposes of the university.
 1. The board of trustees may secure appraisals and surveys in accordance with the policies and procedures of the Board of Trustees of the Internal Improvement Trust Fund. Whenever the board of trustees finds it necessary for timely property acquisition, it may contract, without the need for competitive selection, with one or more appraisers whose names are

contained on the list of approved appraisers maintained by the Division of State Lands in the Department of Environmental Protection.

2. The board of trustees may negotiate and enter into an option contract before an appraisal is obtained. The option contract must state that the final purchase price may not exceed the maximum value allowed by law. The consideration for such an option contract may not exceed 10 percent of the estimate obtained by the board of trustees or 10 percent of the value of the parcel, whichever is greater, unless otherwise authorized by the board of trustees.
 3. Title to property acquired by a university board of trustees prior to January 7, 2003, and to property acquired thereafter with state funds shall vest in the Board of Trustees of the Internal Improvement Trust Fund. With respect to all other real property acquired by a university, such property shall be titled in the name of the university board of trustees, or as the trustees of the university may deem appropriate.
- (d) Each board of trustees shall submit to the Board of Governors, for approval, plans for all new campuses and instructional centers.
 - (e) Each board of trustees shall administer a program for the maintenance and construction of facilities.
 - (f) Each board of trustees may exercise the right of eminent domain pursuant to the provisions of chapter 1013, Florida Statutes.
 - (g) Each board of trustees shall be responsible for the use, maintenance, protection, and control of, and the imposition of charges for, university-owned or university-controlled buildings and grounds, property and equipment, name trademarks and other proprietary marks, and the financial and other resources of the university.
 - (h) With respect to any funds or real or personal property designated by will, deed, agreement, or court appointment to be held in trust for the benefit of the university, or its students, faculty members, officers, or employees, or otherwise, or for any educational purpose, a university board of trustees is authorized to act as trustee with full legal capacity as trustee to administer such trust property and, in such event, the title thereto shall vest in the board of trustees as trustee. In all such cases, the university board of trustees shall have the power and capacity to do and perform all things as fully as any individual trustee or other competent trustee might do or perform, and with the same rights, privileges, and duties including the power, capacity, and authority to convey, transfer, mortgage, or pledge such property held in trust and to contract and execute all other documents relating to said trust property which may be required for or appropriate to the

administration of such trust or to accomplish the purposes of any such trust. Nothing herein shall be construed to authorize a board of trustees to contract a debt on behalf of, or in any way to obligate, the state; and the satisfaction of any debt or obligation incurred by the board as trustee under the provisions of this section shall be exclusively from the trust property, mortgaged or encumbered.

- (i) Each board of trustees shall prepare and adopt a campus master plan pursuant to section 1013.30, Florida Statutes.
 - (j) Each board of trustees shall prepare, adopt, and execute a campus development agreement pursuant to section 1013.30, Florida Statutes.
 - (k) Each board of trustees may authorize the rent or lease of parking facilities, provided that such facilities are funded through parking fees or parking fines imposed by a university. A board of trustees may authorize a university to charge fees for parking at such rented or leased parking facilities and parking fines.
 - (l) Each board of trustees shall promulgate regulations that establish basic criteria related to the procurement of commodities and contractual services.
 - (m) Each board of trustees shall be responsible for the fire safety and sanitation of public educational and ancillary plants.
- (8) Miscellaneous Powers and Duties.
- (a) Each board of trustees is authorized to form such corporate entities as are necessary to establish and maintain faculty practice plans for the collection, distribution, and regulation of fees generated by faculty members engaged in the provision of healthcare services to patients as an integral part of their academic activities and employment as faculty. Each such faculty practice plan must be adopted by the board of trustees in accordance with regulations of the Board of Governors and approved by the Board of Governors.
 - (b) Each board of trustees is authorized to establish direct support organizations and university health services support organizations and certify them to use university property, facilities, and services.
 - (c) Each board of trustees may establish educational research centers for child development.
 - (d) Each board of trustees is authorized to protect, develop, and transfer the work products of university personnel and other university agents and contractors, which authority shall include but not be limited to licensing, assigning, selling, leasing, or otherwise allowing the use of or conveying such work products and securing and enforcing patents, copyrights, and trademarks on such products. Each board of trustees shall have policies and procedures concerning the work products of university personnel that facilitate technology development and

transfer for the public benefit. Such policies must include, without limitation, provisions that take into account the contributions of university personnel in the development of work products and that require any proceeds from such work products be used to support the research and sponsored training programs of the university.

- (e) Each board of trustees is responsible for compliance with all applicable laws, rules, regulations, and requirements.
- (f) Each board of trustees shall perform such other duties as provided by the Board of Governors, or as each board of trustees may determine are necessary or appropriate for the administration of the university so long as the trustees comply with any applicable laws and Board of Governors' regulations and policies.

Authority: Section 7(c), Art. IX, Fla. Const.; History: Resolution 1-07-03, New 3-26-09, Amended 09-16-10, 08-31-17.

Attachment F

10.002 Sponsored Research

- (1) University boards of trustees are authorized to create divisions of sponsored research and establish policies regulating the administration and operation of the divisions of sponsored research.
- (2) Each university shall annually certify to the Board of Governors that it has policies in place to negotiate, enter into, and execute research contracts including, but not limited to, policies for solicitation and acceptance of research grants and research donations, policies for the collection of fees and research donations in the context of university sponsored research, and policies relating to the appropriate use of research funds.
- (3) Each certification will further provide that reasonable control and monitoring systems are in place for research activities to comply with applicable laws and the mission and long term plans of the university. The certification will be submitted to the Board of Governors by October 1 of each calendar year.
- (4) The certification form will be signed, to the best of the certifying official's knowledge, by the most senior officer responsible for research as designated by the President and the annual certification will be reported to the board of trustees.

Authority: Section 7(d), Art. IX, Fla. Const.; History: New 6-22-17.

Attachment G

18.001 Procurement Regulation

(1) Authority of the Institutions.

Each university Board of Trustees shall adopt regulations establishing basic criteria related to procurement, including procedures and practices to be used in acquiring commodities and contractual services, as follows:

- (a) Removing any contractor from the University's competitive vendor list that fails to fulfill any of its duties specified in a contract with the University(s) and to reinstate any such contractor when satisfied that further instances of default will not occur.
- (b) Planning and coordinating purchases in volume and negotiating and executing agreements and contracts for commodities and contractual services under which the University may make purchases.
- (c) Evaluating, approving, and utilizing contracts that are entered into after a public and open competitive solicitation by any State of Florida agency or department, the Federal Government, other states, political subdivisions, cooperatives or consortia, or any independent college or university for the procurement of commodities and contractual services, when it is determined to be cost-effective and in the best interest of the University, to make purchases under contracts let by such other entities. Universities shall review existing consortia and cooperative contracts to identify potential savings and, if there is the potential for savings, enter into new consortia and cooperative contracts to achieve the savings, with the goal of achieving a five-percent savings on existing contract prices.
- (d) Awarding contracts for commodities and contractual services to multiple suppliers, if it is determined to be in the best interest of the University. Such awards may be on a university, regional or State University System-wide basis and the contracts may be for multiple years.
- (e) Rejecting or canceling any or all competitive solicitations when determined to be in the best interest of the University.
- (f) Barring any vendor from doing business with the University for demonstrated cause, including previous unsatisfactory performance.
- (g) Prohibiting University employees and University direct support organization employees participating on a procurement selection committee for commodities or services from soliciting donations from responding vendors during the selection process, except for donations or other benefits expressly stated in the procurement document.
- (h) Permitting the extension(s) of a contract, entered into as a result of a competitive solicitation, for up to twelve (12) months or until completion of the competitive solicitation and award or protest, whichever is longer.
- (i) Permitting the renewal(s) of a contract, entered into as a result of a competitive solicitation, for a period that may not exceed 5 years or twice the term of the original contract, whichever is longer. This provision is not intended to apply

retroactively; existing contracts entered into prior to January 1, 2017, including any specified renewal period(s) may continue in accordance with the existing contract terms.

(2) Competitive Solicitation Threshold.

Each university Board of Trustees shall establish a competitive solicitation threshold not greater than \$75,000 (the "Competitive Solicitation Threshold") for the purchase of commodities or contractual services.

(a) When only one response is received to the competitive solicitation for commodities or contractual services that exceed the Competitive Solicitation Threshold, the University may review the solicitation responses to determine if a second call for a competitive solicitation is in the best interest of the University. If it is determined that a second call would not serve a useful purpose, the University may proceed with the acquisition.

(b) The purchase of commodities and contractual services shall not be divided to avoid the requirement of competitive solicitation.

(3) Preferences for Florida-Based Vendors.

(a) Preferences for Personal Property. When a University awards a contract to purchase personal property, other than printing, by competitive solicitation pursuant to paragraph (2) of this regulation, a preference shall be provided to vendors with a principal place of business in Florida (such vendors hereinafter referred to as "Resident Vendors") as follows:

1. If the responsible and responsive vendor that submits the lowest bid, the most advantageous proposal, or the best value reply is one whose principal place of business is outside of Florida and is in a state or political subdivision thereof that grants a preference for the same purchase to a vendor in such state or political subdivision, as applicable, then the University shall grant the same preference to the responsible and responsive Resident Vendor with the lowest bid received pursuant to an Invitation to Bid, the most advantageous proposal received pursuant to a Request for Proposals, or the best value reply received pursuant to an Invitation to Negotiate.
2. With respect to Invitations to Bid, if the lowest responsible and responsive bid is from a vendor whose principal place of business is in a state that does not grant a preference for the purchase to a vendor in such state, then the University shall grant a preference in the amount of five percent (5%) to the lowest responsible and responsive Resident Vendor.
3. For vendors whose principal place of business is outside of Florida, such vendors must, at the time of submitting its bid, proposal or reply, provide a written opinion from a licensed attorney in its state specifying: (a) the preferences(s) granted by the state or political subdivision, as applicable, under the laws of that state to vendors whose principal place of business is in that state or political subdivision; and (b) how the preference is calculated. The

failure to submit the written opinion may be waived as non-material if all vendors responding to the solicitation have principal places of business outside of Florida.

4. The vendor's principal place of business, as represented by the vendor in its bid or reply, may be relied upon by the University without further inquiry. If the University determines that a vendor has misrepresented its principal place of business, the vendor's bid, proposal or reply shall be rejected.
 5. For the purpose of paragraph (3)(a), "personal property" shall be defined as goods and commodities, but not real estate, intellectual property or services.
- (b) Preferences for Printing. When a University purchases printed materials by competitive solicitation pursuant to paragraph (2) of this regulation, a preference shall be provided Resident Vendors as follows:
1. If the lowest responsible and responsive bid received pursuant to an Invitation to Bid is from a vendor whose principal place of business is outside of Florida, then the University shall grant a preference to the lowest responsible and responsive Resident Vendor in the amount of five percent (5%) if the University has determined that the printing can be performed by the Resident Vendors at a level of quality comparable to that obtainable from the vendor submitting the lowest bid whose principal place of business is outside of Florida.
 2. For purposes of subparagraph 3(b)(1), the level of quality shall be determined by whether a vendor satisfies the minimum specification requirements as set forth in the Invitation to Bid.
- (c) Method of Calculating Five Percent Preference.
1. If the competitive solicitation is an Invitation to Bid, then an amount equal to five percent (5%) of the total base bid and any alternates shall be deducted from the base bid and alternates, as applicable, of the lowest responsible and responsive Resident Vendor's bid.
- (d) Determining a Vendor's Principal Place of Business. A vendor's "principal place of business" is determined as follows:
1. If the vendor is an individual or a sole proprietorship, then its "principal place of business" is in the state where the vendor's primary residence is located.
 2. If the vendor is a business organization, then its "principal place of business" is in the state where the majority of the vendor's executive officers direct the management of the vendor's business affairs.
- (e) Federally Funded Projects. Purchases made to perform specific obligations under federally funded projects shall not be subject to this preference requirement to the extent the application of a preference is not allowed under applicable federal law or regulation.
- (4) Exceptional Purchases.
Each university is authorized to make exceptional purchases of commodities or contractual services as follows:

- (a) Purchase of Products with Recycled Content. Each University may establish a program to encourage the purchase and use of products and materials with recycled content and postconsumer recovered material.
 - (b) Purchase of Private Attorney Services. Written approval from the Attorney General is not required for private attorney services acquired by the University.
 - (c) Purchase of Insurance. Each University shall have the authority to purchase insurance as deemed necessary and appropriate for the operation and educational mission of the University.
 - (d) Purchase of Printing. However, if a University determines that it is in the best interests of the University to purchase printed materials through a competitive solicitation process, the preference provision in paragraph (3)(b) shall apply.
- (5) Purchases from Contractors Convicted of Public Entity Crimes.
A University shall not accept a competitive solicitation from or purchase commodities or contractual services from a person or affiliate who has been convicted of a public entity crime and has been placed on the State of Florida's convicted vendor list for a period of 36 months from the date of being added to the convicted vendor list.
- (6) Competitive Solicitation Exceptions.
The following types of purchasing actions, and commodities and contractual services purchases are not subject to the competitive solicitation process:
- (a) Emergency Purchases. When a university president or his/her designee determines, in writing, that the delay due to the competitive solicitation process is an immediate danger to the public health or safety or the welfare of the University, including University tangible and/or intangible assets; or would otherwise cause significant injury or harm not in the best interest of the University, the University may proceed with the procurement of commodities or contractual services without a competitive solicitation.
 - (b) Sole Source Purchases. Commodities or contractual services available from a single source may be exempted from the competitive solicitation process.
 - (c) Purchases from Contracts and Negotiated Annual Price Agreements established by the State of Florida, other governmental entities, other Universities in the State University System, or other independent colleges and universities are not subject to further competitive solicitation.
 - (d) The following listed commodities and services are not subject to competitive solicitation:
 - 1. Artistic services;
 - 2. Academic reviews;
 - 3. Lectures;
 - 4. Auditing services;
 - 5. Legal services, including attorney, paralegal, expert witness, appraisal, arbitrator or mediator services;

6. Health services involving examination, diagnosis, treatment, prevention, medical consultation or administration. Prescriptive assistive devices for medical, developmental or vocational rehabilitation including, but not limited to prosthetics, orthotics, wheelchairs and other related equipment and supplies, provided they are purchased on the basis of an established fee schedule or by a method that ensures the best price, taking into consideration the needs of the client;
7. Services provided to persons with mental or physical disabilities by not-for-profit corporations organized under the provisions of s. 501(c)(3) of the Internal Revenue Code or services governed by the provisions of the Office of Management and Budget Circular A-122;
8. Medicaid services delivered to an eligible Medicaid recipient by a health care provider who has not previously applied for and received a Medicaid provider number from the Department of Children and Family Services. This exception will be valid for a period not to exceed 90 days after the date of delivery to the Medicaid recipient and shall not be renewed;
9. Family placement services;
10. Training and education services;
11. Advertising, except for media placement services;
12. Services or commodities provided by governmental agencies, another University in the State University System, direct support organizations of the university, political subdivisions or other independent colleges and universities;
13. Programs, conferences, workshops, continuing education events or other university programs that are offered to the general public for which fees are collected to pay all expenses associated with the event or program;
14. Purchases from firms or individuals that are prescribed by state or federal law, or specified by a granting agency;
15. Regulated utilities and government franchised services;
16. Regulated public communications, except long distance telecommunication services or facilities;
17. Purchases from an Annual Certification List developed by each University;
18. Purchases for resale;
19. Accounting Services;
20. Contracts or services provided by not-for-profit support and affiliate organizations of the University, direct support organizations, health support organizations and faculty practice plans;
21. Implementation/programming/training services available from owner of copyrighted software or its contracted vendor; or
22. Purchases of materials, supplies, equipment, or services for instructional or sponsored research purposes when a director of sponsored research or designee certifies that, in a particular instance, it is necessary for the efficient

or expeditious prosecution of a research project in accordance with sponsored research procedures or to attain the instructional objective.

(7) Vendors Excluded from Competition.

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, Invitations to Bid, Request for Proposals and/or Invitations to Negotiate shall be excluded from competing for such procurements.

(8) Standard of Conduct.

It shall be a breach of ethical standards for any employee of a University to accept, solicit, or agree to accept a gratuity of any kind, form or type in connection with any contract for commodities or services. It shall also be a breach of ethical standards for any potential contractor to offer an employee of a University a gratuity of any kind, form or type to influence the development of a contract or potential contract for commodities or services.

Authority: Section 7(d) Art. IX, Fla. Const.; History: New 3-27-08, Amended 3-28-13, 11-3-16.

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UF Governance Enhancement Standards**I. Mission, Overview, Principles****A. University of Florida Governance Enhancement Mission Statement**

1. **Overarching Mission:** To advance the University of Florida's stature and associated contributions, as summarized below by the University of Florida Board of Trustees (BOT) at its December 2016 meeting, through governance standards that foster good and appropriate Board governance, while also enabling the University President and his administration to operate and manage the University efficiently and effectively and to successfully pursue UF's priority goals.

"As the highest priorities of the University, the University of Florida Board of Trustees enthusiastically affirms its Endorsement and Commitment (1) to the University's Top 10 Public Research University Goals, the UF Metrics That Matter to measure progress toward these goals, and the Plan for achieving these goals, as presented by President Fuchs and his team at the Board's November 3, 2016 Retreat; and (2) to the Board of Governors' Performance Funding Metrics; and (3) to the dashboards for tracking progress against the Metrics That Matter and the Performance Funding Metrics, as presented by Provost Glover and favorably reviewed by the Board; and (4) to working with dedication, and to supporting the President and Senior Administration in working with dedication, to achieve these priorities."

University of Florida Board of Trustees, December 2, 2016

B. University of Florida Governance Enhancement Principles

1. **Effectiveness/Feasibility:** The governance enhancement standards (standards) are not intended to interfere with efficient operations. There is an intent to promptly revisit any standard that causes issues in practice to see if a change is warranted. The standards would also be reviewed promptly if experience reveals any gaps in good governance practices, and will be reviewed every 5 years for good governance in any event.
2. **Catch-All:** If any additional transaction or other matter of UF, any Affiliate (Direct Support Organizations/DSOs and Practice Plans/PP) or any Shands Entity--beyond ordinary business matters and not covered by the specified standards--would be considered material to UF and/or an Affiliate or Shands Entity, including its resources or reputation, or would generate significant media attention, the UF President or designee is expected to confer with the BOT Chair and to notify the BOT Vice Chair; if determined significant, this will be followed by notice to the Trustees. Also if any matter is expected to generate significant media attention outside of the ordinary course, the UF President is expected to notify all Trustees. The BOT Chair and President shall collaborate over time to support their mutual understanding of this expectation, recognizing that there are judgments involved for both of them and that health, safety and operational exigencies may require priority responses before these communications.

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3. **Delegation:** The UF BOT Chair and Vice Chair may delegate their roles under the standards to other Trustees, in consultation with the UF President. The UF President may delegate his roles under the standards to appropriate senior executives/managers with expertise in the relevant area (e.g., finance, construction).

4. **Shands Entities:** Shands Entities are not treated as generic Affiliates, and UF and Shands Entities have formulated good governance practices tailored for Shands Entities. **The objective is to increase information, without fundamentally changing the character of the Shands Entities or the UF and Shands Entities relationship that have resulted in an almost 40-year record of rating agencies, creditors and courts treating Shands Entities' and UF's/the state's assets, debts and liabilities as separate.** Tailored practices are: (1) related to Debt, see Exhibit B (previously approved by the UF BOT and reviewed favorably by the BOG and Cabinet) to the Full Chart of Governance Enhancement Standards & Approval or Communication Types (Full Standards Chart or Chart) and (2) enhanced communications with the UF BOT Chair and Vice Chair in advance of other major undertakings by Shands Entities leadership (see, e.g., Chart #2, #5, #6--advance communications with UF Board Chair and Vice Chair regarding Shands Entities' construction projects, goods and services agreements, and real estate transactions; Chart #7 and Exhibit B--good governance practices on Shands Debt; see also, Chart #1 and Exhibits A and B--on UF BOT ratification of UF Pres./designee's appointments to Shands Entities' boards; Chart #14—UF BOT approval of creation of a new entity by Shands; and principle 2 above--catch all).

5. **Effect of UF or Affiliate Involvement:** Whenever UF and/or Affiliate(s) are parties to a transaction (e.g., goods and services or real estate) that triggers an approval threshold under the standards—and an outside, non-UF family member is also a party—the relevant approvals must be obtained and advance notice provided as a prerequisite to UF and/or the Affiliate(s) entering into a binding contract or taking a binding action. Where a Shands Entity is also a party to such a transaction (of UF and/or Affiliate(s) with a non-UF family member), UF and/or the Affiliate(s) still must satisfy the approval and notice prerequisites to their respective participation, even though the standards call for the Shands Entity to only provide information in connection with its participation. Intra-UF-family goods and services and real estate transactions over a threshold are not subject to approvals under the standards, but must satisfy other requirements specified (Chart #5 and #6). These requirements include, e.g., reporting real estate transactions to a central UF record in advance, and reporting to the UF BOT Finance and Facilities Committee at its regular meetings. (“Intra-UF-family” means any combination of UF, Affiliate(s), and Shands Entit(ies).)

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II. Full Chart of Enhanced Governance Standards & Approval or Communication Types* (Full Standards Chart or Chart) required before binding action

A: Full UF BOT approval

A/Gov.: UF BOT Governance Committee approval –or **A/FF:** UF Finance and Facilities Committee approval

B: UF Pres. approval (without BOT or Chair)

C: UF Pres. approval after UF BOT Chair concurs and UF BOT Vice Chair is notified

D: UF Pres. approval after conferring with UF BOT Chair and notifying UF BOT Vice Chair

E: UF Pres. and UF Trustee on Shands Entity Board/Member must vote in Shands Board majority for Shands Board action on debt to be effective

Information: To be given in advance to UF Pres., UF BOT Chair and Vice Chair

*When the UF Pres/BOT Chair must approve/concur in, confer on, or receive information about—or the UF BOT Vice Chair and Trustees are to receive notice respecting—an Affiliate matter, this is in their executive and service capacities in their role on behalf of the Affiliate to further its good governance. When the UF Pres. and/or UF BOT Chair and Vice Chair are to receive information from Shands Entities, this also is in their executive and service capacities for Shands Entities.

Advance concurrence of, conferring with, or information to the UF BOT Chair and advance notice to the Vice Chair are to be followed (but not necessarily before binding action) by notice to all Trustees (or presentation at a UF Board or committee meeting) even though not stated throughout. In receiving such notice, all Trustees act in their executive and service capacities. (These communications may be oral; that they occurred will be recorded.)

UF Pres./designee may provide approval by voting in favor as a member of an Affiliate Board, may approve in advance, or may ratify before an Affiliate Board vote becomes effective, as most convenient for the Affiliate.

UF Pres.’ vote in favor of an action on an Affiliate Board is UF Pres. approval.

See definitions and benchmarks at the end of the following Full Standards Chart:

Action	Type of Approval or Information	Additional requirements, exceptions
<p>1. (a) UF Pres. Appointments to UF Category 1 Affiliate Boards and the Shands Entities’ Boards</p> <p>(As of 3/17, UF Fnd, UF Research Fnd, UF Athletic Assoc., Boosters, UF Invest. Corp., UF Develop. Corp., Shands Entities)</p> <p>(b) Practice Plans will have a UF Pres. appointee.</p>	<p>A</p>	<p>Additional requirements, exceptions</p> <p><u>Additional Requirements:</u> Appointees under 1 (a) and (b) begin serving upon appointment by the Pres., subject to UF BOT ratification on the Consent Agenda, with Gov. Comm. recommendation.</p> <p><u>Exceptions:</u> (a) UF Pres. appointment of a designee (e.g., UF SVP/COO) to</p>

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		<p>serve on any Affiliate Board in lieu of UF Pres. where that is permitted in the Bylaws, or (b) UF Pres. appointment of 1 official from a list of officials (e.g., UF VP/CFO or SVP/COO) specified in Bylaws, or (c) UF Pres. appointments to Category 2 & 3 Affiliates --do not require BOT ratification (except that the UF Pres. appointee to each Practice Plan Board does require BOT ratification).</p>
<p>Newly Required Examples: (a) Ratification of UF Pres. appointments to Boards of UAA, Boosters, UF Fnd, UF Research Fnd, UF Investment Corp. UF Development Corp., Shands Teaching Hospital and Clinics, Shands Jacksonville Healthcare (parent of Jax hospital), Shands Jacksonville Medical Center, and UF Pres. appointment of a member of each Practice Plan Board require ratification. (See exceptions above.)</p>		
<p>Still Not Required Examples: (a) UF Pres. appointments to Category 2&3 Affiliate Boards, e.g., Alumni Assoc., Law Alumni Assoc., UF Historic St. Augustine, IFAS research DSOs, do not require UF BOT ratification.</p>		
<p>2. (a) Capital Facilities Projects >\$2M (unless the specific >\$2M project is listed in a capital budget or in a projects line item in an operating budget that has already been approved by A for UF or C for Affiliates) or (b) Any Capital Project Needing New State Appropriation Request or (c) Any Energy Savings Contract (ESCO) or (d) Facilities Project of >\$2M Scope Change Oder Increasing GMP >10% or Needing New State Appropriation Request</p>	<p><u>UF</u>— A (whether publicly or privately funded) A/FF for Change Order <u>Affiliate</u>— C (if privately funded) or A (if Energy Savings Contract or if bonded or if needing a state appropriation request) <u>Shands Entities</u>— Information (threshold TBD at or above UF's threshold)</p>	<p><u>Additional Requirements:</u> <u>UF:</u> (a) Quality discussion to occur -- including priority and funding options--at a regular or dedicated UF BOT/FF Comm. meeting before the BOT/FF Comm. meeting when approval is requested (and not just that meeting's prep. call). (b) UF Pres./designee approves UF contracts (i) for BOT-approved projects (UF procurement/ bidding, standard forms apply) and (ii) for projects ≤\$2M. (b) BOG approval of UF Leg. Budget Request is also required. (c) By statute/BOG Debt Mgt Guidelines, UF Energy Savings Contract of any amount requires</p>

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<p>--UF and Affiliate facilities projects over applicable thresholds are to be reported to the UF FF Comm. at its regular meetings.</p> <p>--Affiliates must notify UF SVP/COO, VP/Business Affairs, or UF Development Corp. in advance of all capital projects for a central UF record.</p>		<p>UF BOT approval; if >\$10M BOG approval is also required.</p> <p><u>Affiliates:</u></p> <p>(a) Affiliate Board must approve projects >\$2M (may do so in its budgeting process)</p> <p>(b) Affiliate CEO and UF VP/Bus. Affairs must approve contracts for approved projects.</p> <p>(c) UF procurement/bidding process must be followed and UF contract forms must be used.</p> <p>(d) However, for clinical facilities projects that are off campus (and not on UF BOT- or State of Florida- owned or leased property):</p> <p>Practice Plans may engage a Shands Entity and use its forms and procurement and project processes (rather than UF's) to leverage Shands' specialized clinical facilities development expertise, volume purchases, and administrative support infrastructure for quality, better pricing and lower cost for the Practice Plan.</p> <p>(e) All Affiliate Energy Savings Contracts require UF BOT and Affiliate Board approval as debt. (DSOs are already required by statute/BOG Debt Mgt Guidelines.)</p> <p>(d) DSO Energy Savings Contracts >\$10M also require BOG approval per statute and BOG Debt Mgt Guidelines.</p>
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		<p>(e) DSO P3 projects require UF BOT and BOG approval, when covered by BOG P3 regulations.</p> <p><u>Shands Entities:</u> (a) Shands budget processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve capital budget, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u> <u>UF and Affiliates:</u> (a) Capital projects ≤\$2M that do not require a state appropriation request are approved by UF Pres./designee or Affiliate CEO/ designee</p>
<p><u>Newly Required Examples:</u> (a) A applies to privately funded UF projects >\$2M —e.g., Heavener Hall, Med. Ed.—and those with state appropriations—e.g., Chemistry—which were BOT-approved previously, but BOT will now have the opportunity for a robust discussion at a separate meeting before acting. (b) UAA FB Practice Facility, proposed FB, Baseball, Softball facilities would require C even if private donor-funded; would continue to require A if bond-funded or if state appropriation request is needed. (c) Information is to be provided to the UF Pres., BOT Chair and Vice Chair by Shands Entities on their projects over a threshold (and if financed, Exhibit B debt requirements apply)—e.g., Cardiac/Neurology Hospital.</p> <p><u>Still Not Required Examples:</u> (a) Minor projects ≤\$2M do not require A (for UF) or C (for Affiliates) or Information (from Shands Entities)- e.g., replacement of an outdated HVAC system; minor projects to renovate/refresh office space (painting, flooring, lighting). (b) Studies/plans would not require A or C (if not providing project approval)—but under “catch all” a strategic plan material to UF or Affiliate, e.g., UAA \$100M facility plan, would require advance discussion between the UF Pres. and BOT Chair, with notice to the Vice Chair—Trustees would be notified or a presentation would be made at a BOT meeting.</p>		
<p>3. Capital Budget (stand-alone or as a category in operating budget)</p> <p>--Regardless of whether a capital budget approval threshold is triggered, an Affiliate Board may request and</p>	<p>UF—</p> <p style="text-align: center;">A</p> <p>Affiliate—</p> <p style="text-align: center;">C (if >\$10M capital budget-- or applies regardless of size of budget if Affiliate</p>	<p><u>Additional Requirements:</u> <u>UF:</u> (a) BOG must also approve.</p> <p><u>Affiliate:</u> (a) Affiliate Board must approve capital budget of any amount, and may approve a project line</p>

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<p>obtain C approval of its capital budget or a project line item in an operating budget that lists a project of >\$2M, in order to obtain approval of such listed >\$2M project as part of the Affiliate’s budgeting process in lieu of separately seeking project approval under #2.</p>	<p>seeks approval of listed individual project of >\$2M as part of the budgeting process, rather than project approval under #2)</p> <p style="text-align: center;"><u>B</u></p> <p>(if >\$2M - ≤\$10M capital budget)</p>	<p>item in an operating budget (#4) or capital budget for miscellaneous minor projects (where each project is ≤\$2M) that are approved as part of the budget.</p> <p>(b) The nature of the UF approval—C or B—will depend on the size of the budget and whether a >\$2M project approval is sought.</p> <p><u>Shands Entities:</u></p> <p>(a) Shands budget processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve capital budget, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u> N/A</p>
<p><u>Newly Required Examples:</u> (a) UAA FB training facility (\$60M), Baseball stadium extension/renovation (\$28.6M), Softball facility renovation (\$9.3M) would now require C for the project(s) (under #2) or C for a capital budget that is >\$10M or specifies any project >\$2M for approval (under #3) before binding action. (b) B is required for all Affiliate capital budgets of >\$2M to ≤\$10M (e.g., Gainesville COM Practice Plan’s FY17 capital budget of \$4.9M driven by Springhill; Jax COM Practice Plan FY17 budget of \$6M driven by North Jax Office Building); but if these projects are also listed in the budget for approval as part of the budget process, C would be required for the budget to approve any project of >\$2M (or the project must separately obtain C approval under #2).</p> <p><u>Still Not Required Examples:</u> (a) Florida Foundation Seed Producers \$574K FY17 capital budget for miscellaneous small projects ranging from \$2K for computers to \$50K for small grain cleaning equipment, to \$200K for land leveling, grading, and storage sheds would not require C (just Affiliate Board’s approval).</p>		
<p>4. Operating Budget</p> <p>--An Affiliate Board may request and obtain C approval of its facilities projects line item in its operating budget listing a >\$2M project, to obtain approval of such >\$2M project</p>	<p>UF—</p> <p style="text-align: center;"><u>A</u></p> <p>Affiliate—</p> <p style="text-align: center;"><u>B</u></p> <p>(generally)</p> <p style="text-align: center;"><u>C</u></p>	<p><u>Additional Requirements:</u></p> <p><u>UF:</u></p> <p>BOG approval is also required under BOG Reg. 9.007.</p> <p><u>Affiliate:</u></p> <p>(a) Affiliate Board must approve operating budget</p>

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<p>as part of the Affiliate’s budgeting process in lieu of seeking project approval under #2.</p> <p>--See Chart #2 and #3 regarding options for approval of a facilities project of >\$2M in the capital or operating budgeting process. See #3 regarding approval of miscellaneous minor projects (each <\$2M) in capital or operating budget line items.</p>	<p>(if the Affiliate seeks approval of a listed facilities project >\$2M as part of the budget process, rather than project approval under #2)</p>	<p>(b) UF Board will receive a table from UF Pres./designee (e.g., VP/CFO) with a standardized high level summary of all Affiliates’ operating budgets within 90 days after FY.</p> <p><u>Shands Entities:</u></p> <p>(a) Shands budget processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve operating budget, along with the Shands Jax Entity Board.</p>
<p>5. Goods and Services Transactions if Contract is (a) ≥\$10M total value & ≥\$2M/yr. av. (revenues in or payments due), or (b) >10 years & exclusive</p>	<p>UF—</p> <p style="text-align: center;"><u>A/Gov.</u></p> <p>Affiliate—</p> <p style="text-align: center;"><u>C</u></p> <p><u>Shands Entities—</u></p> <p style="text-align: center;"><u>Information</u></p> <p>(threshold TBD at or above UF’s threshold)</p>	<p><u>Additional Requirements:</u></p> <p><u>UF:</u></p> <p>(a) BOG Reg. 18.001 limits renewal and extension terms for UF contracts (≤1 yr. or longer extension to complete a new procurement process; longer of ≤5 yrs. or twice the original term for a renewal right in the contract)</p> <p><u>UF and Affiliates:</u></p> <p>(a) Renewal term requires A/Gov. (for UF) or C (for Affiliates) if—together with the initial term—the approval threshold is triggered.</p> <p>(b) However, if benchmarking per a to-be-BOT-approved IOM justifies renewal, the approval thresholds are applied to the renewal term on its own to determine if such approval is needed.</p> <p><u>Affiliates:</u></p> <p>(a) Affiliate Board or Affiliate Board Chair with advance notice</p>

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		<p>to Affiliate Board Vice Chair (or other senior Board officer) must approve transactions over the threshold.</p> <p>(b) UF procurement principles are generally followed by Affiliates, with flexibility to adapt implementation. (E.g., for clinical goods and services, the coordination of equipment, supplies and services purchases across the clinical continuum (UF college clinical practice, Practice Plans, Hospitals) is important to optimize clinical care. Clinical integration needs justify coordination and uniformity of purchasing with Shands Entities to ensure efficient clinical operations.)</p> <p><u>Shands Entities:</u></p> <p>(a) Shands budget and procurement processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve goods/personal property acquisition and disposition over a threshold, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u></p> <p><u>UF and Affiliates and Shands:</u></p> <p>(a) Intra-family (any combination of UF, Affiliate(s), Shands Entit(ies)) transactions do not require A or C approval (for UF or Affiliate) or Information (from Shands).</p> <p><u>UF and Affiliates:</u></p>
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		<p>(a) UF Pres./designee approves transactions below the threshold.</p> <p>(b) Medicaid and Medicare contracts do not require A (UF) or C (Affiliate) approval.</p> <p><u>Affiliates:</u></p> <p>(a) For clinical goods and services, Practice Plans also have opportunities to optimize cost and administrative efficiency across the clinical continuum (UF College/ Practice Plan/Hospitals). Practice Plans may engage a Shands Entity and use its forms and procurement and project processes (rather than UF’s) to leverage Shands specialized expertise, volume purchasing, and administrative support infrastructure for better pricing and lower cost for the Practice Plan.</p>
<p><u>Newly Required Examples:</u> (a) A/Gov. approval will now be required of transactions before UF enters binding contracts above threshold (e.g., Aramark/food service, Follet/bookstore, Pepsi, Sierra-Cedar/student academic support operating system, Pearson/On-line Ed, RTS Bus service). (b) When UF is a party to a transaction over the threshold with a 3rd party and/or an Affiliate (e.g., Pepsi contract), A/Gov (for UF) and C (for Affiliate) are required because such approval(s) are required for UF and/or Affiliate participation (whether or not Shands is also a party). (c) <u>If Shands is the sole UF family signatory of a contract over the TBD threshold with an outside 3rd party, Information is to be provided to the UF Pres., BOT Chair and Vice Chair.</u></p> <p><u>Still Not Required Examples:</u> (a) Routine goods and services transactions (software, consulting, office equipment, etc.) with contracts below the threshold do not require A/Gov (for UF) or C (for Affiliate) approval. (b) Intra-family (UF, Affiliate(s), Shands Entit(ies)) transactions do not require A/Gov approval (for UF) or C approval (for Affiliate) or <u>F information (from Shands)</u> (e.g., UF COM providing clinical/medical director services to Shands, Practice Plan services agreement to COM).</p>		
<p>6. (a) Real Estate Full Title, (b) Easements (grant) >25 yr. (except utilities, access near road), (c) Leases >10 yrs. or >50K sf or >\$10M NPV lease payments</p>	<p>UF— A Affiliate— C Shands Entities— Information</p>	<p><u>Additional Requirements:</u> <u>UF and Affiliates:</u> (a) The UF BOT for UF (or BOT Chair for Affiliates) may delegate some otherwise required A or C approval –and/or require some kinds of transactions to be</p>

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<p>--All UF and Affiliate, and all intra-family real estate transactions will be reported to UF SVP/COO in advance of binding action for central record-keeping. (Intra-family=among any combination of UF, Affiliate(s), Shands Entit(ies).)</p> <p>--Real estate transactions over applicable thresholds (A for UF or C for Affiliates)—and intra-family real estate transactions over the threshold (while not requiring approval)—will be included in a report to the UF FF Comm. at its regular meetings.</p>	<p>(threshold TBD at or above UF's threshold)</p>	<p>vetted—by the UFDC Board (UF DSO with specialized expertise).</p> <p><u>Affiliates:</u> (a) Affiliate Board must approve transactions over the threshold.</p> <p><u>Shands Entities:</u> (a) Shands budget and real estate processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve real estate transactions over a threshold, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u> <u>UF and Affiliates and Shands:</u> (a) Intra-family transactions do not require A approval (UF) or C approval (Affiliate) or <u>Information (from Shands)</u>. But advance notice of all intra-family real estate transactions to UF SVP/COO is required for central record; and intra-family transactions over threshold are included in UF FF Comm. report.</p> <p><u>UF and Affiliates:</u> (a) UF Pres./designee approves easement acquisitions, and leases and easement grants below the thresholds.</p>
<p><u>Newly Required Examples:</u> (a) UF BOT approved the 50-yr. Duke Energy Easement grant due to state (not BOT) ownership of the land; now any easement grant >25 yrs. (other than utility/access near roads) will require UF BOT approval, even if UF BOT holds title and the state Internal Improvement Trust Fund would not require this. (Any non-easement, full title transaction, e.g., acquisition or disposition of forest land by IFAS, required UF BOT approval in the past and will continue to require that approval.) (b) C approval will now be required for the UF Foundation's (and other Affiliates', including Practice Plans') real estate full title transactions (e.g., Foundation acquisition of Kangaroo</p>		

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<p>property, Leonardo’s property, and 3 nearby parcels) and for easement grants and lease transactions over the relevant threshold.</p> <p>Still Not Required Examples: (a) UF and Affiliate utility easement grants (e.g., along Archer Rd.), easement acquisitions, and leases ≤10 yrs and ≤50K sf and ≤\$10M NPV lease payments do not and will not require A approval (for UF) or C approval (for Affiliates) (e.g., Sunrise FL lease to UF for the Exec. MBA program/7K sf, 6 or 7 yrs., NPV Lease Payments below threshold; Foundation lease of Coral Gables Office property which is 5 yrs., 4K sf, and below the NPV Lease Payments threshold; Jacksonville Practice Plan lease from a private party to house College of Dentistry clinics—5K sf/~6 yrs., NPV Lease Payments below threshold). (b) Intra-family (any combination of UF, Affiliate(s), Shands Entit(ies)) transactions do not require A approval (for UF) or C approval (for Affiliates) or F Information (from Shands) (e.g., Shands making office space leases to UF Practice Plan for UF COM clinics) unless Florida Internal Improvement Trust Fund requires A approval for state- (not UF BOT-) owned land.</p>		
<p>7. Debt (including Energy Savings Contracts, P3 transactions)</p>	<p>UF— A</p> <p>Affiliate— A</p> <p>Shands Entities— E / Exhibit B</p>	<p><u>Additional Requirements:</u> <u>UF and DSOs:</u> (a) BOG approval is also required unless excepted by BOG Debt Mgt Guidelines.</p> <p><u>Shands Entities:</u> (a) Shands debt processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve long-term debt, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u> <u>UF and DSOs:</u> (a) BOG Debt Mgt Guidelines exceptions list some debt that requires A, but not BOG, approval.</p> <p><u>Shands:</u> (a) Exceptions to E are for fully collateralized temporary operating lines of credit for ordinary business, already approved budget line items, refinancing without extension of maturity date to realize debt</p>

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		service savings, intra-family non-recourse loans ≤\$20M/≤ 30 yrs.
<p>Newly Required Examples: (a) Practice Plan debt (including Energy Savings Contracts and P3) will require A. (DSO debt continues to require A.) (b) Exhibit B protocols now apply to Shands Entities Debt (e.g., for Cardiac and Neurology Hospitals).</p> <p>Still Not Required Examples: (a) Debt Mgt Guidelines exceptions to BOG approval for UF and DSO debt (e.g., for fully collateralized temporary operating lines of credit for ordinary business, already approved budget line items, refinancing without extension of maturity date to realize debt service savings, DSO non-recourse loans ≤\$20M/≤ 30 yrs.).</p>		
<p>8. Compensation of All UF VPs (whether direct report to the Pres. or not) & All UF Pres. Exec. Direct Reports (initial and when changed)</p>	<p>UF— C (C here means BOT Chair concurrence—also can't finalize hiring unless BOT Chair concurs in initial comp.)</p>	<p>Additional Requirements:</p> <p>(a) market support for comp. is required, including consideration of individual accomplishments and contributions</p> <p>(b) BOT Vice Chair and Gov. Comm. members informed at least annually</p> <p>(c) (not a comp. issue) General Counsel is hired and fired by the Pres. but has an appropriate reporting relationship and ultimate accountability to the BOT as the University (per BOG governance standards).</p> <p>(d) (not a comp. issue) Chief Audit Exec. and Chief Compliance Officer report administratively to the Pres. (and also to the SVP/COO) and report functionally to the BOT (per BOG Reg. 4.002(5) & 4.003(5)).</p> <p>Exceptions: N/A</p>
<p>Newly Required Examples: (a) Gov. Comm. members to be informed at least annually of all VPs' and all Pres. Exec. Direct Report (e.g., Exec. Chief of Staff) comp. (BOT Chair concurrence continues to be a prerequisite.)</p> <p>Still Not Required Examples: (a) Compensation decisions for personnel below the organizational level of VP or Exec. Direct Report to the Pres. are made by the UF Pres./designee (e.g., Deans, Directors of areas, all other).</p>		
<p>9. Firing Any UF VP (whether direct report to the Pres. or not) or Exec. Direct Report to UF Pres.</p>	<p>UF— D</p>	<p>Additional Requirements:</p> <p>UF:</p> <p>(a) UF regs. apply (BOT approves regs.)</p>

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		<u>Exceptions:</u> N/A
<p><u>Newly Required Examples:</u> (a) Before any VP or any Exec. Direct Report (e.g., Exec. Chief of Staff) to the Pres. is fired (or non-renewed), D will occur (and UF’s BOT-approved regs. also apply). This would be done anyway but is now a requirement.</p>		
<p><u>Still Not Required Examples:</u> (a) Firing or non-renewing personnel below the organizational level of VP or Exec. Direct Report to the Pres. are made by the UF Pres./designee (e.g., Deans, Directors of areas, all others) and UF BOT-approved regs. apply.</p>		
<p>10. Hiring, Firing, Initial and Changed Compensation of (a) UF Pres. and (b) Affiliate CEO/Pres.</p>	<p>UF— A</p> <p>Affiliate— D</p> <p>Shands Entities— N/A (but see additional requirements in next column)</p>	<p><u>Additional Requirements:</u> <u>UF:</u> (a) BOG ratification of initial hiring and extension of appointment of UF Pres. is also required.</p> <p>(b) Pres. employment contract may determine initial comp. and provide formula for changed comp. Gov. Comm. & BOT may approve next year’s goals; Gov. Comm. may determine satisfaction of year-just-ending goals, dictating comp. going forward under contract formula.</p> <p><u>Affiliates:</u> (a) UF Pres. conferring with UF BOT Chair and notifying Vice Chair on CEO comp. is to confirm appropriate process to determine reasonability in the relevant market (for initial comp.—arms-length negotiation/market data/individual; and for total comp. on change—IRS rules process/individual).</p> <p>(b) Affiliate Board approves hiring, firing, and gives final approval of initial comp. of CEO. Affiliate Board or comp. committee gives final approval of total comp. as reasonable in the market upon a change.</p>

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	<p>(c) The UF Pres. (since 2007 and with D now applying) is authorized to remove Affiliate CEO “for cause” or “unacceptable performance.”</p> <p><u>Shands Entities:</u> (a) Shands processes apply. Shands Board hires, fires, CEO and follows IRS process to ensure reasonability of comp. in the relevant market. UF Pres./designee is on comp. committee. (See #1 re: appointment and ratification of Shands Entities’ Boards. Also, Shands Entity Pres. (highest ranking administrator) and/or Shands Board Chair, is the same individual as UF SVPHA (designee of UF Pres.) or is the UF Pres.)</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve election and removal of CEO, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u> <u>Affiliates:</u> (a) UF Pres. conferring with UF BOT Chair before approving comp. is not to judge the specific amount of comp., but is to confirm that an appropriate process is being followed to determine that the amount is reasonable in the relevant market (for which the IRS has created good practice rules, including market assessment, that substantively make sense in any event).</p>
<p><u>Newly Required Examples:</u> (a) D required for hiring, firing, initial and changed compensation of Affiliate CEO (UAA CEO/AD, UFICO CEO, Gatorcare Pres.)</p>	

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<p>Still Not Required Examples: (a) D is not to determine specific compensation of an Affiliate CEO, provided it is within the relevant market reasonable range, as determined by the appropriate process.</p>		
<p>11. Hiring, Firing of Affiliate Other “Disqualified Person” (not CEO)</p> <p>(senior exec. with institution-wide effect/influence or compensated primarily by revenues from an area s/he controls--see notes at end for IRS definition)</p>	<p>Affiliate—</p> <p>Advance notice to UF Pres., BOT Chair and Vice Chair is required</p>	<p>Additional Requirements:</p> <p>Affiliate:</p> <p>(a) Purpose of notices is to provide heightened awareness/accountability (e.g., opportunity to ask questions)—not to second guess expert judgment of Affiliate CEO on qualifications/fit.</p> <p>(b) Affiliate CEO decides, but must give advance notices.</p> <p>Exceptions:</p> <p>Affiliate:</p> <p>(a) This standard doesn’t apply to hiring or firing of an Affiliate employee who is not a Disqualified Person. That is Affiliate CEO’s decision.</p>
<p>Newly Required Examples: (a) Advance notice to the UF Pres., UF BOT Chair and Vice Chair is required for the hiring/firing of Head FB and Men’s Basketball Coaches by UAA/AD. (Advance notice now is required for hiring/firing of other Disqualified Persons (not CEO) by all Affiliates’ CEOs, e.g., when the UFICO CEO hires/fires its COO and some investment leadership staff.)</p> <p>Still Not Required Examples: (a) The Affiliate CEO hires/fires other personnel (e.g., coaches other than Head FB and Men’s Basketball). (UAA has many subsidized sports; this is highly operational; accountability is through AD whose hiring/firing by the UF Pres. does require conferring with UF BOT Chair and notifying Vice Chair in advance—per #10.)</p>		
<p>12. Initial Total Compensation and Upon Change Total Compensation with Change of</p> <p>(a) Affiliate other Disqualified Persons (not CEO) (regardless of comp. amount) and</p> <p>(b) Any Other Affiliate Employee with \geq\$1M/yr. av. comp.</p>	<p>Affiliate—</p> <p><u>D</u></p>	<p>Additional Requirements:</p> <p>(a) For Disqualified Persons regardless of amount of comp.: Affiliate CEO decides initial comp., with D applying, based on arms-length recruitment, market data/individual for initial comp.; and total comp. is subject to Affiliate Board or Comp. Comm. final reasonability in the relevant market determination upon a change in comp. per IRS rules. (Conferring is to confirm appropriate process for reasonability in the market.)</p> <p>(b) For other employees who have \geq\$1M/yr. av. comp:</p>

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		<p>Affiliate CEO decides comp., with D applying, based on arms-length negotiation initially and relevant market data/individual initially and upon change</p> <p><u>Exceptions:</u> <u>Affiliate:</u> (a) UF Pres. conferring with UF BOT Chair before approving comp. is not to judge the specific amount of comp., but is to confirm that an appropriate process is being followed (as provided above) to determine that the amount is reasonable in the relevant market</p> <p>(b) This standard doesn't apply to compensation of an Affiliate employee who is not a Disqualified Person and who does not earn \geq\$1M/yr. on av.</p>
<p><u>Newly Required Examples:</u> (a) UF Pres. approval, after conferring with the UF BOT Chair and notifying the Vice Chair, is now required for comp. of (i) UAA/ Head FB and Men's Basketball Coaches, UFICO COO and some UFICO investment leadership staff (Disqualified Persons); and (ii) UAA Baseball Coach (employee with \geq\$1M/yr. av. comp.). For change in compensation, the final Affiliate Board or comp. comm. determination is required.</p> <p><u>Still Not Required Examples:</u> (a) Compensation of other personnel by Affiliate is Affiliate CEO decision.</p>		
<p>13. Research and IP Agreements</p>	<p>UF—</p> <p><u>B</u> (generally)</p> <p><u>A</u> (for any required outside debt or creation of a new entity or request for new appropriation)</p> <p><u>A</u> (for facilities construction or real estate transaction over applicable threshold)</p> <p><u>Affiliates—</u> Affiliate CEO approves</p>	<p><u>Additional Requirements:</u> <u>UF:</u> (a) Research conflict and IP regs. approved by UF Board (as has been the case).</p> <p>(b) As endorsed by BOG, UF Pres./designee approves most research and IP agreements, as well as temporary internal financing from a UF sponsored research fund to begin work under cost reimbursable research awards (common in research). These bring resources to UF, require specialized expertise, advance core mission.</p>

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	<p>(generally)</p> <p>But A (for any required Affiliate outside debt or new entity creation or request for new appropriation)</p> <p>But C (for any required Affiliate facility construction or real estate transaction above applicable threshold)</p>	<p>Special funds are intended for research (indirect cost recovery, private donations and clinical revenues available for research, appropriated funds authorized or budgeted for research, and interest on these).</p> <p><u>Affiliate:</u> (a) Affiliate CEO/designee approves research and IP agreements using Affiliate funds.</p> <p><u>Exceptions:</u> <u>UF & Affiliate:</u> (a) A is required for outside debt or creation of a new entity or request for new appropriation.</p> <p>(b) A (for UF) or C (for Affiliate) is required for facility construction or real estate transaction over threshold.</p>
<p><u>Newly Required Examples:</u> (a) A applies to outside debt or creation of new entity for UF, UFRF, IFAS research entities (as has long been the case), and A (for UF) or C (for UFRF or IFAS research entities) applies to facilities construction, if thresholds are triggered for these actions (e.g., A for Clinical and Translational Research facility).</p> <p><u>Still Not Required Examples:</u> (a) Sponsored research agreements not binding UF or Affiliate to debt, to UF or an Affiliate creating a new entity, or to construction or a real estate transaction over the threshold (most sponsored research agreements).</p>		
<p>14. (a) Creation of New Entity, Affiliate, Subsidiary, Merger (Involves control or ownership interest. N/A to collaboration-style affiliation agreements)</p> <p>(b) Amend Affiliate’s or Shands’ Entity’s Corp. Articles of Organization</p> <p>(c) Amend Affiliate’s Bylaws</p>	<p><u>UF—</u></p> <p>A Create New Entity, Affiliate, Subsidiary, or Merger</p> <p><u>Affiliate—</u></p> <p>A Create New Entity, Affiliate, Subsidiary, or Merger, or Amend Affiliate Articles</p> <p>C Amend Affiliate Bylaws</p> <p><u>Shands Entities—</u></p> <p>A</p>	<p><u>Additional Requirements:</u> <u>Shands Entities:</u> (a) Shands processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve merger and amendments of Articles and Bylaws, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u> <u>UF and Affiliates and Shands:</u></p>

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	<p>Create New Entity, Affiliate, Subsidiary, or Merger or Amend Shands Entity Articles</p>	<p>(a) Collaboration-style affiliation agreements do not require A.</p>
<p>Newly Required Examples: (a) Creation of Ocala/Villages LLC co-owned by UF COM Practice Plan and Shands requires A. (This has been the practice, but is now required, and was required by amended Shands statute.) (b) Amend Affiliate or Shands Articles requires A. (Shands statute requires this.)</p> <p>Still Not Required Examples: (a) Customary research, education, or clinical collaboration agreements among UF and other institutions for collaborative endeavors, with neither party assuming legal partner/owner liability.</p>		
<p>15. Investments</p> <p>(a) Investment decisions are made by UFICO experts under policies established by an expert UFICO Board on which the UF BOT Chair or Vice Chair (or more expert other Trustee) serves and (b) Transactions of entities in which UFICO or its affiliate invests (via stock/equity, limited partner or non-managing member interest, fund investment or equivalent investment manager investing an account, and the like)—are not UFICO transactions and are not subject to the standards in this Chart.</p>	<p>UF—</p> <p style="text-align: center;">A</p> <p>(for investment policy for operating funds in excess of those required to meet current expenses, IOM 06-15, implementing 1011.42 Florida statutes)</p> <p>UFICO—</p> <p><u>Reports to UF BOT Fin./Fac. Comm. required at all regular meetings.</u></p> <p>(Also see next column for approvals of non-investment UFICO actions.)</p>	<p><u>Additional Requirements:</u></p> <p><u>Affiliate:</u></p> <p>(a) UF Pres. appointments to UFICO Board are subject to A (#1), which ensures its Directors are (i) top investment experts, (ii) representatives of UF and key Affiliates, and (iii) the UF Board Chair or Vice Chair or more expert other UF Trustee. (See Exhibit A)</p> <p>(b) UFICO CEO/designee must report (and does) to UF Finance and Facilities Committee at each regular meeting.</p> <p>(c) Hiring, firing, compensation of UFICO CEO requires D (#10).</p> <p>(d) UF Pres. may discharge UFICO CEO for “cause” or for “unacceptable performance” after conferring with UFICO Board or Chair/Vice Chair (as is the case with other DSOs) and D applies too.</p> <p>(e) UFICO goods and services transactions [e.g., investment advisor contract if over the threshold] are subject to C (#5).</p> <p>(f) UFICO leases or purchase/sale of real property [e.g., of facilities for UFICO’s offices] are subject to C (#6).</p>

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		<p>(e) Any UFICO direct bonding or direct debt [e.g., for UFICO facilities/equipment] is subject to A (#7).</p> <p><u>Exceptions:</u> (a) UFICO CEO/designee makes investment decisions under UFICO Board policies and Information does not apply. (But reports are made to the UF BOT FF Comm.)</p>
<p><u>Newly Required Examples:</u> (a) If UFICO enters into an investment advisory contract over the goods and services threshold in #5 or enters an office lease over the threshold in #6, C is required. Hiring, firing and comp. of UFICO CEO is subject to D under #10.</p> <p><u>Still Not Required Examples:</u> (a) Investment decisions are made by UFICO CEO/designee under UFICO Board policies. Transactions of entities (e.g., REIT or fund) in which UFICO or its affiliate invests are not UFICO transactions under this Chart.</p>		
<p>16. Legal/Admin. Enforcement Claims Settlements</p>	<p>UF and Affiliate—</p> <p>B (Settlement of Claims ≤\$750K)</p> <p>D (Settlement of Claims >\$750K to ≤\$1M)</p> <p>C (Settlement of Claims >\$1M)</p>	<p><u>Additional Requirements:</u> <u>UF:</u> BOG governance principles included these thresholds</p> <p><u>Affiliate:</u> (a) Affiliate Board Chair also must confer on claim >\$750K and concur in settlement of claim >\$1M</p> <p><u>Exceptions:</u> N/A</p>
<p><u>Newly Required Examples:</u> (a) UF Pres. or GC confers with BOT leadership and informs all Trustees of the rare major settlements. Now specific dollar thresholds are established.</p> <p><u>Still Not Required Examples:</u> (a) Medical malpractice claims are handled by the Self Insurance Program which statutorily reports to the BOG and has UF senior health affairs and legal experts on its board.</p>		

Definitions:

6. **“Unacceptable performance”** (since 2007, allowing the UF President to remove the Affiliate CEO, since 2017, after conferring with the UF BOT Chair and notifying the Vice Chair) means a persistent failure to fulfill duties of the position to high standards and in a manner that serves

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the best interests of the Affiliate and the University, as determined by the University President after consulting with the Affiliate Board or its authorized designee acting as a senior executive of the Affiliate.

7. **“For cause”** (since 2007, allowing the UF President to remove an Affiliate Board member, since 2017, after conferring with the UF BOT Chair and notifying the Vice Chair) means actions or omissions that may adversely reflect on the interests or reputation of the Affiliate or the University, as determined by the University President after consulting with the Affiliate Board or its authorized designee acting as a senior executive of the Affiliate. Any such determination may be made by the University President at any time and need not depend on the conclusion of any external determination or process.

8. **“Disqualified Persons”** are those whose total compensation by a tax-exempt private entity must be approved by the Board or an authorized compensation committee, and shown not to be an “excess benefit” to the individual Disqualified Person under IRS rules. The compensation must be reasonable in the market in relation to the value received by the entity, as demonstrated by assessing its comparability to the compensation of similar positions in scope and character of responsibility at peer institutions, as well as the accomplishments and expected contributions of the individual. Disqualified Persons are--
 - a. CEO or COO function (position, regardless of title, with ultimate responsibility for implementing Board decisions or supervising management, administration, or operations of the entity),
 - b. CFO or Treasurer function (position, regardless of title, with ultimate responsibility for managing entity finances),
 - c. Board Chair (if compensated);
 - d. any title having substantial influence entity-wide (facts and circumstances test)—e.g.,
 - anyone in charge of an area or activity representing a substantial portion of the activities, assets, income, or expenses of the entity,
 - anyone who contributes >2% of total gifts/bequests to the entity in a year,
 - the entity founder,
 - anyone who receives compensation primarily based on revenues from activities within the individual’s control,
 - anyone who has authority to control or determine a substantial portion of the entity’s capital expenses, operating budget, or employee compensation, and
 - anyone who has a controlling vote.

(Coaches in sports that must be subsidized and do not generate significant net revenues or expenses--as compared with Football, Basketball, other activities that do generate significant net revenues or expenses--are not Disqualified Persons.)

2. Benchmarks:

a. Construction Project Benchmarks

3.14.17

- **Ohio State** Board approves any project of \geq \$4M total project and Pres., Sr. Admin. approves $<$ \$4M.
- **Penn State** Board approves any project of \geq \$5M total project and Sr. Admin. approves $<$ \$5M.
- **Michigan** Board approves construction projects of $>$ \$1M. and Sr. Admin. approves \leq \$1M.
- **Texas** Board approves a Capital Improvement Plan and Budget and projects not in the Plan/ Budget that are \geq \$10M, debt financed, or architectural significant.

b. Vendor/Service Agreement Benchmarks

- **Ohio State, Univ. of Michigan, and Penn State** do not impose caps on Pres./Sr. Admin. for purchasing goods and services, although Penn State has a \$1M limit on some sub-delegation (which is N/A to master agreements that do not require committing the university to purchasing a volume).
- **Texas** is subject to a \$2.5M limit, which is going to be increased to \$5M for university level approval, above which the Board approves.
- **UF** reviewed its and Affiliates' major contracts and confirmed the threshold in the Governance Enhancement Chart captures them.

c. Benchmarks for Real Estate Transactions

- **Ohio State** Board approves (1) Realty Purchase/Sale (except easements \leq 25 yrs or roadway); (2) Easements (grant) $>$ 25 yrs. (except roadway easements and renewals for like term); (3) Leases with NPV lease payments $>$ \$10M.
- **Michigan** Board approves (1) Realty Purchase/Sale (except easements) (but sale of donated realty outside of main campus locale is approved by Pres., Sr. Admin. with a report to the Board); (2) No Easements (all Easements are approved by Pres., Sr. Admin.); (3) Leases $>$ 50K sf and $>$ 10 yrs or leasehold improvements $>$ \$1M.
- **Penn State** Board approves (1) Realty Purchase/Sale \geq \$1M, except sale of realty of $<$ \$3M gifted for the purpose of sale is approved by Pres./Sr. Admin. with report to Board
- **Texas** Board approves (1) Realty Realty Purchase/Sale & Easements $>$ \$2.5M; (2) Leases NPV $>$ \$2.5M.

d. Benchmarks for Research Agreements and Creating New Entities

- **Ohio State, Michigan, Penn State, Texas** do not require Board approval of research and IP agreements but do require Board approval of IP policy

Ohio State, Michigan and Texas require Board approval to create a new company/joi

ITEM: INFO-2

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
April 17, 2019

Title: Direct Support Organizations' 2018-19 Second-Quarter Financial Reports

Background:

This item is provided to the trustees quarterly for information purposes only. The second-quarter financial statements for the university direct support organizations and the Central Florida Clinical Practice Organization are attached.

Issues to be Considered:

UCF Athletic Association and Stadium Corporation:

Operating expenses for UCFAA increased \$2.6 million over prior year due to higher sport operations expenses for the Fiesta Bowl versus similar Peach Bowl expenses for fiscal year 2018. Increased commitments for the Athletic Assistant Director and Head Coach employee compensation also increased from the prior year by 10.66 percent or \$946,000.

UCFAA capital project donations decreased from the prior year due to donors accelerating payments in fiscal year 2018 to fund capital projects.

UCF Convocation Corporation:

CFE Arena gross ticket revenues were less than the prior year which is attributed to two major Arena events that were cancelled, resulting in less revenues and lower 'event production expenses'. Arena operations "premium seating and sponsorship" revenue (CFE Naming Rights) variance presented is due to timing, as the funds were received in January 2019.

UCF Finance Corporation:

Interest expense for the period is within budget for the current year but is higher than the prior year. With the Corporation's debt refunding in fiscal year 2018, the Corporation will realize an increase in interest expense but a similar decrease in other financing fees due to the elimination of certain costs relating to the previous interest rate SWAP.

UCF Foundation:

The UCF Foundation was under budget in gift, fee, and investment earning revenues due to a decline in investment earnings of -4.4% during the second quarter of fiscal year 2019. Academic and University support expenses were over budget primarily due to additional support that was provided to UCF Athletics for the Peach Bowl. Development, alumni relations, and operating expenses were under budget for the quarter primarily due to timing.

UCF Limbitless Corporation:

Operating expenses are lower than expected because of regulatory delays for clinical trials. The new anticipated start date is Summer 2019.

UCF Research Foundation:

Total revenues trended slightly lower than the prior year due to a decline in Contract and Grant awards, which resulted in a reduction in management fee revenue assessed via overhead.

Central Florida Clinical Practice Organization:

Patient Care revenues as of December 2018 are higher than the budget due to an increased number of patient visits and improvements in revenue cycle operations. The CFCPO pays for operating expenses directly, with the exception of salaries, benefits, and some facilities expenses, which are paid by the College of Medicine directly. The transfers for these expenses from the CFCPO were lower than budgeted in 2017-18 and through December 2018. As of December 31, 2018, the CFCPO holds over \$5.6M in cash available to cover operations.

Alternatives to Decision:

N/A

Fiscal Impact and Source of Funding:

N/A

Recommended Action:

For information only

Authority for Board of Trustees Action:

Specific trustee request.

Committee Chair or Chairman of the Board approval:

Approved by Chair Alex Martins.

Submitted by:

Robert Caslen, Senior Counsel to the President

Supporting Documentation:

Attachment A: UCF Athletic Association and Stadium Corporation

Attachment B: UCF Convocation Corporation

Attachment C: UCF Finance Corporation

Attachment D: UCF Foundation

Attachment E: UCF Limitless Solutions

Attachment F: UCF Research Foundation

Attachment G: Central Florida Clinical Practice Organization

Facilitators/Presenters:

Robert Caslen, Senior Counsel to the President

Bert Francis, Assistant Controller

Finance and Facilities Committee Meeting - New Business

Attachment A

UCF Athletic Association and The UCF Stadium Corporation
Consolidated Statement of Operations
For the quarter ended December 31, 2018

	UCF Athletic Association			UCF Stadium Corporation			Variance to Budget		UCF Athletic Association			Variance to Prior Year	
	Actual	Actual	Combined	Budget	Budget	Combined	Favorable (Unfavorable)		Actual	Actual	Combined	Favorable (Unfavorable)	
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019			2017-2018	2017-2018	2017-2018		
Operating revenues													
Athletic events, including premium seating	\$ 5,400,369	\$ 2,233,942	\$ 7,634,311	\$ 5,427,438	\$ 2,305,231	\$ 7,732,669	(98,358)	(1.27)%	\$ 5,714,087	\$ 1,956,540	\$ 7,670,627	\$ (36,316)	(0.47)%
University allocations	21,542,977	-	21,542,977	21,632,363	-	21,632,363	(89,386)	(0.41)%	21,658,659	-	21,658,659	(115,682)	(0.53)%
Sponsorship	1,423,105	750,000	2,173,105	1,451,098	750,000	2,201,098	(27,993)	(1.27)%	1,313,393	750,000	2,063,393	109,712	5.32%
Contributions	1,549,010	5,973	1,554,983	1,546,773	45,000	1,591,773	(36,790)	(2.31)%	750,639	11,480	762,119	792,864	104.03%
Other	178,535	155,022	333,557	176,861	137,500	314,361	19,196	6.11%	325,892	62,269	388,161	(54,604)	(14.07)%
Total operating revenues	30,093,996	3,144,937	33,238,933	30,234,533	3,237,731	33,472,264	(233,331)	(0.70)%	29,762,670	2,780,289	32,542,958	695,974	2.14%
Operating expenses													
Scholarships	4,400,350	-	4,400,350	4,428,410	-	4,428,410	28,060	0.63%	4,105,535	-	4,105,535	(294,815)	(7.18)%
Employee compensation	9,824,819	-	9,824,819	9,921,086	-	9,921,086	96,267	0.97%	8,878,765	-	8,878,765	(946,054)	(10.66)%
Sport operations	5,922,114	-	5,922,114	5,912,196	-	5,912,196	(9,918)	(0.17)%	4,453,214	-	4,453,214	(1,468,900)	(32.99)%
Support operations	5,289,008	-	5,289,008	5,326,376	-	5,326,376	37,368	0.70%	4,691,495	-	4,691,495	(597,513)	(12.74)%
Other	1,399,220	23,963	1,423,183	1,144,683	25,000	1,169,683	(253,500)	(21.67)%	2,095,611	106,035	2,201,646	778,463	35.36%
Total operating expenses	26,835,511	23,963	26,859,474	26,732,751	25,000	26,757,751	(101,723)	(0.38)%	24,224,620	106,035	24,330,655	(2,528,819)	(10.39)%
Net operating income	3,258,485	3,120,974	6,379,459	3,501,782	3,212,731	6,714,513	(335,054)	(4.99)%	5,538,050	2,674,254	8,212,303	(1,832,845)	(22.32)%
Nonoperating revenues (expenses)													
Net transfers (to Stadium Corp) / from UCFAA	(462,828)	462,828	-	(462,147)	462,147	-	-	-	(668,061)	668,061	-	-	-
Interest income	-	41,924	41,924	-	25,000	25,000	16,924	67.69%	-	33,677	33,677	8,247	24.49%
Interest (expense)	(152,002)	(921,819)	(1,073,821)	(148,500)	(921,819)	(1,070,319)	(3,502)	(0.33)%	(106,310)	(956,856)	(1,063,166)	(10,655)	(1.00)%
Capital project donations - Athletics	726,770	-	726,770	723,276	-	723,276	3,494	0.48%	2,429,950	-	2,429,950	(1,703,180)	(70.09)%
Restricted accounts revenue	645,824	-	645,824	647,864	-	647,864	(2,040)	(0.31)%	405,740	-	405,740	240,084	59.17%
Restricted accounts outlay	(551,606)	-	(551,606)	(478,899)	-	(478,899)	(72,707)	(15.18)%	(133,915)	-	(133,915)	(417,691)	(311.91)%
Capital projects outlay	(658,640)	-	(658,640)	(653,044)	-	(653,044)	(5,596)	(0.86)%	(520,947)	-	(520,947)	(137,693)	(26.43)%
Total nonoperating revenues (expenses)	(452,482)	(417,068)	(869,549)	(371,450)	(434,672)	(806,122)	(63,427)	(7.87)%	1,406,456	(255,118)	1,151,339	(2,020,888)	(175.53)%
Net increase (decrease) from operations	\$ 2,806,003	\$ 2,703,906	\$ 5,509,909	\$ 3,130,332	\$ 2,778,059	\$ 5,908,391	\$ (398,482)		\$ 6,944,506	\$ 2,419,136	\$ 9,363,642	\$ (3,853,734)	
Debt service:													
Principal ¹	\$ -	\$ 245,000	\$ 245,000	\$ -	\$ -	\$ -	\$ (245,000)	(100.00)%	\$ 20,480	\$ -	\$ 20,480	\$ (224,520)	(100.00)%
Interest	152,002	921,819	1,073,821	148,500	921,819	1,070,319	(3,502)	(0.33)%	106,310	956,856	1,063,166	(10,655)	(1.00)%
Total Debt Service	\$ 152,002	\$ 1,166,819	\$ 1,318,821	\$ 148,500	\$ 921,819	\$ 1,070,319	\$ (248,502)	(100.33)%	\$ 126,791	\$ 956,856	\$ 1,083,646	\$ (235,175)	(101.00)%

[1] There was an optional prepayment of \$245k on the Series 2015C revenue bonds in September 2018. This was not a budgeted expenditure.

Attachment B

**UCF Convocation Corporation
Statement of Operations
For the quarter ended December 31, 2018**

	2018-2019				2017-2018			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Housing Operations								
Revenues								
Apartment rentals	\$ 8,672,512	\$ 8,825,000	\$ (152,488)	(1.7)%	\$ 8,762,686	\$ 8,825,000	\$ (62,314)	(0.7)%
Parking	518,194	518,194	-	0.0 %	518,194	518,194	-	0.0 %
Other	62,770	37,500	25,270	67.4 %	48,969	37,500	11,469	30.6 %
Total revenues	<u>9,253,476</u>	<u>9,380,694</u>	<u>(127,218)</u>	(1.4)%	<u>9,329,849</u>	<u>9,380,694</u>	<u>(50,845)</u>	(0.5)%
Total expenses	<u>3,890,890</u>	<u>3,759,834</u>	<u>(131,056)</u>	(3.5)%	<u>3,781,904</u>	<u>3,828,095</u>	<u>46,191</u>	1.2 %
Net increase from housing operations	<u>5,362,586</u>	<u>5,620,860</u>	<u>(258,274)</u>	(4.6)%	<u>5,547,945</u>	<u>5,552,599</u>	<u>(4,654)</u>	(0.1)%
Retail Operations								
Total revenues	944,586	963,625	(19,039)	(2.0)%	913,529	939,000	(25,471)	(2.7)%
Total expenses	266,144	296,821	30,677	10.3 %	266,133	339,777	73,644	21.7 %
Net increase from retail operations	<u>678,442</u>	<u>666,804</u>	<u>11,638</u>	1.7 %	<u>647,396</u>	<u>599,223</u>	<u>48,173</u>	8.0 %
Arena Operations								
Revenues								
Event related	2,992,265	3,360,571	(368,306)	(11.0)%	4,110,317	3,107,717	1,002,600	32.3 %
Premium seating and sponsorship ¹	405,982	1,035,781	(629,799)	(60.8)%	1,005,660	1,000,482	5,178	0.5 %
Rental Income	2,467,500	2,467,500	-	0.0 %	2,467,500	2,467,500	-	0.0 %
Other	83,510	71,966	11,544	16.0 %	56,602	94,335	(37,733)	(40.0)%
Total revenues	<u>5,949,257</u>	<u>6,935,818</u>	<u>(986,562)</u>	(14.2)%	<u>7,640,079</u>	<u>6,670,034</u>	<u>970,045</u>	14.5 %
Expenses								
Direct event	2,354,300	2,668,997	314,697	11.8 %	3,703,340	2,829,925	(873,415)	(30.9)%
Operating and indirect event	2,023,610	2,134,961	111,351	5.2 %	1,737,267	1,747,137	9,870	0.6 %
Direct premium seating	152,680	152,680	-	0.0 %	180,000	199,895	19,895	10.0 %
Total expenses	<u>4,530,590</u>	<u>4,956,638</u>	<u>426,048</u>	8.6 %	<u>5,620,607</u>	<u>4,776,957</u>	<u>(843,650)</u>	(17.7)%
Net increase (decrease) from arena operations	<u>1,418,666</u>	<u>1,979,180</u>	<u>(560,514)</u>	(28.3)%	<u>2,019,472</u>	<u>1,893,077</u>	<u>126,395</u>	6.7 %
Net increase from total operations	<u>\$ 7,459,694</u>	<u>\$ 8,266,844</u>	<u>\$ (807,150)</u>	(9.8)%	<u>\$ 8,214,813</u>	<u>\$ 8,044,899</u>	<u>\$ 169,914</u>	2.1 %
Debt Service								
Principal	\$ 7,471,000				\$ 7,245,000			
Interest	3,474,168				3,511,117			
Total Debt Service	<u>\$ 10,945,168</u>				<u>\$ 10,756,117</u>			

[1] Sponsorship funds (CFE Naming Rights) variance presented is due to timing as the funds were received in January 2019.

Attachment C

**UCF Finance Corporation
Statement of Operations
For the quarter ended December 31, 2018**

	2018-2019				2017-2018			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Revenues								
University transfers	\$ 755,023	\$ 759,793	\$ (4,770)	(0.6)%	\$ 1,039,530	\$ 1,636,193	\$ (596,663)	(36.5)%
Interest	22,100	17,500	4,600	26.3 %	18,721	3,250	15,471	100.0 %
Total revenues	<u>777,123</u>	<u>777,293</u>	<u>(170)</u>	<u>(0.0)%</u>	<u>1,058,251</u>	<u>1,639,443</u>	<u>(581,192)</u>	<u>(35.5)%</u>
Expenses								
Operating	16,815	16,985	170	1.0 %	18,388	20,615	2,227	10.8 %
Interest	760,308	760,308	-	0.0 %	588,926	1,145,458	556,532	48.6 %
Debt related ¹	-	-	-	0.0 %	<u>450,937</u>	<u>473,370</u>	<u>22,433</u>	4.7 %
Total expenses	<u>777,123</u>	<u>777,293</u>	<u>170</u>	<u>0.0 %</u>	<u>1,058,251</u>	<u>1,639,443</u>	<u>581,192</u>	<u>35.5 %</u>
Net change from operations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Debt Service								
Principal	\$ 2,498,000				\$ 1,490,000			
Interest	<u>760,308</u>				<u>588,926</u>			
Total Debt Service	<u>\$ 3,258,308</u>				<u>\$ 2,078,926</u>			

[1] Debt related fees previously consisted of letter of credit fees and remarketing fees associated with the old debt. After the debt refunding in September 2017, the Finance Corporation will no longer incur these expenses.

Finance and Facilities Committee Meeting - New Business

Attachment D

**UCF Foundation
Statement of Operations
For the period ended December 31, 2018**

	2018 - 19				2017 - 18			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Unrestricted revenues								
University and other related support	\$ 7,831,791	\$ 7,733,465	\$ 98,326	1.3 %	\$ 7,219,175	\$ 7,015,856	\$ 203,319	2.9%
Gifts, fees, and investment earnings	1,645,744	3,162,900	(1,517,156)	(48.0)%	2,852,756	2,728,500	124,256	4.6%
Real estate operations	984,678	984,678	-	0.0 %	1,472,500	1,472,500	-	0.0%
Total unrestricted revenue	<u>10,462,213</u>	<u>11,881,043</u>	<u>(1,418,830)</u>	<u>(11.9)%</u>	<u>11,544,431</u>	<u>11,216,856</u>	<u>327,575</u>	<u>2.9%</u>
Unrestricted expenses								
Academic and university support	1,481,842	580,497	(901,345)	(155.3)%	1,677,594	1,855,650	178,056	9.6%
Development, alumni relations, and operations	9,026,993	9,890,105	863,112	8.7 %	8,438,593	9,198,376	759,783	8.3%
Total unrestricted expenses	<u>10,508,835</u>	<u>10,470,602</u>	<u>(38,233)</u>	<u>(0.4)%</u>	<u>10,116,187</u>	<u>11,054,026</u>	<u>937,839</u>	<u>8.5%</u>
Net increase (decrease) from unrestricted operations	<u>\$ (46,622)</u>	<u>\$ 1,410,441</u>	<u>\$ (1,457,063)</u>	<u>103.3 %</u>	<u>\$ 1,428,244</u>	<u>\$ 162,830</u>	<u>\$ 1,265,414</u>	<u>(777.1)%</u>
Debt Service								
Principal	\$ 1,300,000				\$ 1,230,000			
Interest	360,092				404,338			
Total Debt Service	<u>\$ 1,660,092</u>				<u>\$ 1,634,338</u>			

[A] - The UCF Foundation experienced a decline in investment earning of -4.4% in the second quarter of fiscal year 2019, resulting in a reduction in revenue from investment earnings.

[B] - The UCF Foundation provided additional support to UCF Athletics for the away bowl game which was not initially budgeted and resulted in an increase in Academic and University support.

[C] - The decrease in expenses for development operations is a matter of timing and will be resolved in the third quarter.

The information provided above is a reflection of the foundation's unrestricted activity only and does not include income distribution from endowment or revenue for current operations with donor designations and restrictions.

For the period ending December 31, 2018, the foundation dispersed \$11.4 million on behalf of the university in support of programs, scholarships, and other university priorities. Resources for these expenditures comes in the form of spendable distributions from endowed funds as well as restricted and unrestricted gifts for current operations, provided as follows:

Endowment Disbursement Summary	
Unrestricted	1,481,842
Restricted (including endowment)	<u>9,925,927</u>
Total Dispersed	\$ 11,407,769

Attachment E

Limbitless Solutions Inc.
Statement of Operations
Through the quarter ended December 31, 2018

	2018-19				2017-18				
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)		
Revenues									
Donations	\$ 141,055	\$ 375,000	\$ (233,945)	(62.4)%	\$ 149,361	\$ 37,500	\$ 111,861	298.3 %	
Sponsorships	135,800	-	135,800	-	-	37,500	(37,500)	(100.0)%	
Other	11,470	13,400	(1,930)	(14.4)%	-	-	-	-	
Total revenues	<u>288,325</u>	<u>388,400</u>	<u>(100,075)</u>	<u>(25.8)%</u>	<u>149,361</u>	<u>75,000</u>	<u>74,361</u>	<u>99.1 %</u>	
Expenses									
Operating expenses	<u>46,100</u>	<u>150,837</u>	<u>104,737</u>	<u>69.4 %</u>	<u>41,773</u>	<u>48,400</u>	<u>6,627</u>	<u>13.7 %</u>	
Total expenses	<u>46,100</u>	<u>150,837</u>	<u>104,737</u>	<u>69.4 %</u>	<u>41,773</u>	<u>48,400</u>	<u>6,627</u>	<u>13.7 %</u>	
Net change from operations	<u>\$ 242,225</u>	<u>\$ 237,563</u>	<u>\$ 4,662</u>	<u>2.0 %</u>	<u>\$ 107,588</u>	<u>\$ 26,600</u>	<u>\$ 80,988</u>	<u>304.5 %</u>	

Operating expenses were lower than expected due to regulatory delays for clinical trials. The new anticipated start date is Summer 2019.

Attachment F

**UCF Research Foundation
Statement of Operations
For the quarter ended December 31, 2018**

	2018-19				2017-18			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Revenues								
Operating revenue ¹	\$ 4,855,395	\$ 5,075,000	\$ (219,605)	(4.5)%	\$ 5,329,882	\$ 4,735,000	\$ 594,882	11.2 %
Management fees and other	289,386	310,833	(21,447)	(7.4)%	373,215	311,250	61,965	16.6 %
Total revenues	<u>5,144,781</u>	<u>5,385,833</u>	<u>(241,052)</u>	<u>(4.7)%</u>	<u>5,703,097</u>	<u>5,046,250</u>	<u>656,847</u>	<u>11.5 %</u>
Expenses								
Total operating expenses	<u>5,026,218</u>	<u>5,246,750</u>	<u>220,532</u>	<u>4.4 %</u>	<u>5,361,390</u>	<u>4,805,250</u>	<u>(556,140)</u>	<u>(10.4)%</u>
Net increase from operations	<u>\$ 118,563</u>	<u>\$ 139,083</u>	<u>\$ (20,520)</u>	<u>(17.3)%</u>	<u>\$ 341,707</u>	<u>\$ 241,000</u>	<u>\$ 100,707</u>	<u>29.5 %</u>

¹ Operating revenue includes contracts, grants, royalties, contributions, rents, conferences, unit residuals, and consortiums.

**Central Florida Clinical Practice Organization
Statement of Operations
For the quarter ended December 31, 2018**

	2018-19				2017-18			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Revenues								
Patient Care ¹	\$ 3,080,233	\$ 2,636,286	\$ 443,947	16.8 %	\$ 2,178,103	\$ 2,560,777	\$ (382,674)	(14.9)%
Other	497,098	534,553	(37,455)	(7.0)%	516,701	953,739	(437,039)	(45.8)%
Total revenues	3,577,331	3,170,839	406,492	12.8 %	2,694,803	3,514,516	(819,713)	(23.3)%
Expenses								
Faculty Salaries and Benefits	984,947	1,091,109	106,162	9.7 %	257,579	273,000	15,421	5.6 %
Staff Salaries and Benefits	1,717,959	2,433,038	715,079	29.4 %	-	1,985,429	1,985,429	100.0 %
Medical Supplies	511,675	330,688	(180,987)	(54.7)%	391,003	440,012	49,010	11.1 %
Information Technology	408,079	279,327	(128,752)	(46.1)%	123,470	271,554	148,084	54.5 %
Professional Fees	282,072	237,540	(44,532)	(18.7)%	313,611	319,860	6,249	2.0 %
Facility	370,802	720,225	349,423	48.5 %	150,864	705,280	554,416	78.6 %
Supplies and Repairs	39,996	50,431	10,435	20.7 %	41,277	59,370	18,093	30.5 %
Marketing	42,443	81,000	38,557	47.6 %	55,677	95,610	39,933	41.8 %
Other	20,712	44,286	23,574	53.2 %	16,723	40,633	23,909	58.8 %
Total expenses	4,378,684	5,267,644	888,960	16.9 %	1,350,203	4,190,748	2,840,545	67.8 %
Net increase (decrease) from Operations	\$ (801,353)	\$ (2,096,805)	\$ 1,295,452	61.8 %	\$ 1,344,601	\$ (676,231)	\$ 2,020,832	298.8 %
Cash Balance ²								
Beginning Balance for Fiscal Year Reported	\$ 6,565,885				\$ 5,190,655			
Change in Cash YTD	(953,229)				1,322,369			
Ending Cash Balance for December 31, 2018	\$ 5,612,656				\$ 6,513,024			

¹ Net Patient Revenue for FY2019 is calculated on a 15 month revenue/gross charge ratio of 40% due to the second quarter transition to a new EHR and revenue cycle management.

² The CFPCO currently has \$5.6M of cash reserves available to cover operating deficits.

ITEM: INFO-3

**UCF BOARD OF TRUSTEES
Finance and Facilities Committee
April 17, 2019**

Title: University and Direct Support Organizations Debt Report

Background:

This Committee has requested a periodic report on the debt of the university and direct support organizations.

Issues to be considered:

Significant transactions since the last report submission (6/30/18):

- In July, the UCF Convocation Corporation refunded the housing and retail Certificates of Participation with revenue bonds to a bank with maturity dates extending through October 2035 at a fixed rate of 3.52 percent. As a result, the Corporation transferred \$78.3 million of capital assets to the university.
- The UCF Foundation purchased the Sanford Burnham Research Annex funded by a \$50 million interest-free mortgage from the seller (Orange County).

Alternatives to Decision:

None.

Fiscal Impact and Source of Funding:

No financial impact.

Recommended Action:

For information only.

Authority for Board of Trustees Action: Specific trustee request.

Committee Chair or Chairman of the Board approval:

Approved by Chair Alex Martins.

Submitted by:

Robert Caslen, Senior Counsel to the President

Supporting Documentation:

Attachment A: University and Direct Support Organization Debt Report

Facilitators/Presenters:

Bert Francis, Assistant Controller

Attachment A

**University and Direct Support Organization Debt
By Entity**

As of December 31, 2018

	Debt Outstanding			Debt Service 2019	Coverage Ratio		Sources of Payment
	Fixed	Variable	Total		Actual	Required	
University							
Health Center - revenue bonds	\$ 3,150,000	\$ -	\$ 3,150,000	\$ 616,828	28.40	1.20	Health fees
Parking - revenue bonds	23,760,000	-	23,760,000	3,917,546	4.11	1.20	Transportation access fees, decals, fines
Housing - revenue bonds	79,570,000	-	79,570,000	8,560,845	1.56	1.20	Room rents
Total University	<u>106,480,000</u>	<u>-</u>	<u>106,480,000</u>	<u>13,095,219</u>			
UCF Hospitality School Student Housing Foundation							
Housing - revenue bonds	9,685,000	-	9,685,000	1,440,912 ¹			Total project revenues
UCF Convocation Corporation							
Housing and retail revenue bonds	100,260,000	-	100,260,000	7,051,142	1.66	1.20	Total project revenues
Arena and retail revenue bonds	73,690,000	-	73,690,000	6,015,573	1.41	1.20	Total project revenues
Total UCF Convocation Corporation	<u>173,950,000</u>	<u>-</u>	<u>173,950,000</u>	<u>13,066,714</u>			
UCF Stadium Corporation							
Stadium revenue bonds	40,905,000	-	40,905,000	3,293,863			Stadium revenues, university resources
Student Leadership Center	2,758,000	-	2,758,000	577,725			Pledged donations
Total UCF Stadium Corporation	<u>43,663,000</u>	<u>-</u>	<u>43,663,000</u>	<u>3,871,587</u>	3.34	1.20	
UCF Finance Corporation							
Burnett Biomedical Research facility bonds	60,861,000	-	60,861,000	3,988,640	5.55	1.25	Sponsored programs
UCF Athletics Association							
Due to university (principal only)		4,935,360	4,935,360	500,000			UCFAA and stadium restricted surplus funds
Fifth Third lines of credit		8,095,000	8,095,000	280,000			UCFAA revenues, Title IX funds
Total UCF Athletics Association	<u>-</u>	<u>13,030,360</u>	<u>13,030,360</u>	<u>780,000</u>			
UCF Foundation							
Orange County	50,000,000	-	50,000,000	-			Lease payment from University
BB&T	24,155,000	-	24,155,000	2,839,891	3.62	1.50	Property rentals
Total UCF Foundation	<u>74,155,000</u>	<u>-</u>	<u>74,155,000</u>	<u>2,839,891</u>			
Total University and DSO Debt	<u>\$ 468,794,000</u>	<u>\$ 13,030,360</u>	<u>\$ 481,824,360</u>	<u>\$ 39,082,963</u>			

¹ The university housing auxiliary is responsible for the Rosen Foundation debt service. The debt has a fixed-rate interest swap.

Lines of Credit

	Maximum Amount	Outstanding	Available	Rate
UCF Athletics Association				
Fifth Third	10,655,000	8,095,000	2,560,000	2.93%
UCF Finance Corporation				
SunTrust	20,000,000	-	20,000,000	2.74%

ITEM: INFO-4

**UCF BOARD OF TRUSTEES
Finance and Facilities Committee
April 17, 2019**

Title: University Final Audited Financial Report 2017-18

Background:

The Auditor General releases an annual financial report on the university. The draft of this report was presented to the committee at the December 12, 2018 Finance and Facilities Committee meeting. The Auditor General has completed its review and released the final report.

Issues to be considered:

There were no material changes in the financial statements from the draft presented on December 12, 2018. The Auditor General issued an unqualified or “clean” audit opinion for the financial statements. The auditor’s supplemental report on internal controls over financial reporting and compliance includes a material weakness in internal controls related to the misuse of Education and General appropriation carryforward funds to construct Trevor Colbourn Hall and other capital projects as a result of their findings included in their operational audit report issued January 2019.

Alternatives to Decision:

N/A

Fiscal Impact and Source of Funding:

N/A

Recommended Action:

For information only.

Authority for Board of Trustees Action: Specific trustee request.

Committee Chair or Chairman of the Board approval:

Approved by Chair Alex Martins.

Submitted by:

Robert Caslen, Senior Counsel to the President

Supporting Documentation:

Attachment A: Final Audited Financial Report 2017-18

Facilitators/Presenters:

Brad Hodum, Interim Controller

Report No. 2019-168
March 2019

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

UNIVERSITY OF CENTRAL FLORIDA

For the Fiscal Year Ended
June 30, 2018



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2017-18 fiscal year, Dr. John C. Hitt served as President of the University of Central Florida and the following individuals served as Members of the Board of Trustees:

Marcos R. Marchena, Chair	Nicholas Larkins through 5-23-18 ^a
Robert A. Garvy, Vice Chair	John Lord
Joshua Boloña from 5-24-18 ^a	Alex Martins
Kenneth Bradley	Beverly J. Seay
Clarence H. Brown III, M.D. through 2-1-18	Dr. William Self ^b
Joseph D. Conte	John R. Sprouls
Danny Gaekwad from 2-2-18	David Walsh
	William E. Yeargin

^a Student Body President.

^b Faculty Senate Chair.

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was James H. Cole, CPA, and the audit was supervised by Brenda C. Racis, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

This report and other reports prepared by the Auditor General are available at:

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State of Florida Auditor General

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**UNIVERSITY OF CENTRAL FLORIDA
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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of the University of Central Florida (a component unit of the State of Florida) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

We noted a certain matter involving the University's internal control over financial reporting and its operation that we consider to be a material weakness as discussed in Finding No. 2018-001.

The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States, as discussed in Finding No. 2018-001.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to determine whether the University of Central Florida and its officers with administrative and stewardship responsibilities for University operations had:

- Presented the University's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the University's basic financial statements as of and for the fiscal year ended June 30, 2018. We obtained an understanding of the University's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

AUDIT METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Central Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the blended component units, which represent 0.5 percent, 7.3 percent, 0.5 percent and 0.02 percent, respectively, of the assets, liabilities, net position, and revenues reported for the University of Central Florida. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the discretely presented component units columns. The financial statements for the blended and aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of

the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Central Florida and of its aggregate discretely presented component units as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2. to the financial statements, the University implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is a change in accounting principle that addresses accounting and financial reporting for other postemployment benefits. This affects the comparability of amounts reported in the 2017-18 fiscal year with the amounts reported for the 2016-17 fiscal year. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of University Contributions – Florida Retirement System Pension Plan**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of University Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of

financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2019, on our consideration of the University of Central Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Central Florida's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 20, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2018, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2018, and June 30, 2017.

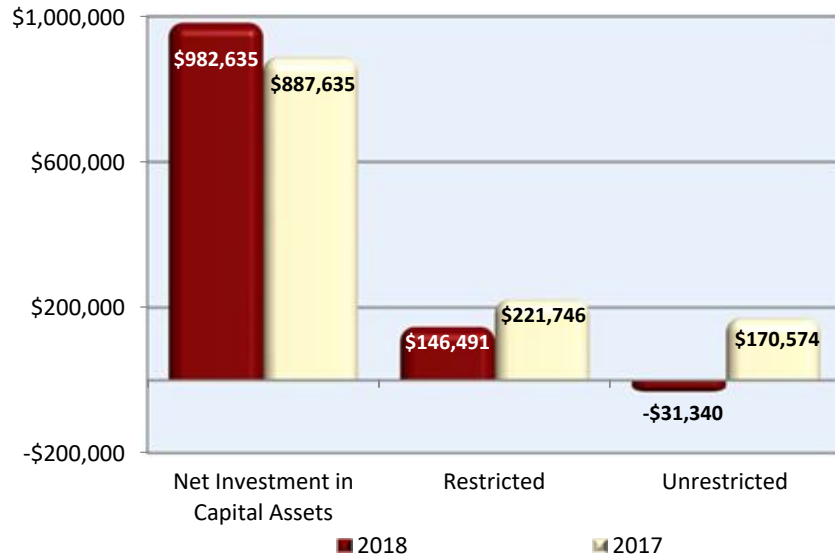
FINANCIAL HIGHLIGHTS

The University's assets and deferred outflows of resources totaled \$2 billion at June 30, 2018. This balance reflects a \$106.5 million, or 5.5 percent, increase as compared to June 30, 2017, primarily from higher construction activity. Liabilities and deferred inflows of resources increased by \$288.7 million, or 44.6 percent, totaling \$936.1 million at June 30, 2018. As a result, the University's net position decreased by \$182.2 million, resulting in a year-end balance of \$1.1 billion. The increases in liabilities and deferred inflows of resources, and decrease in net position were largely impacted by the adoption of Governmental Accounting Standards Board's (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This accounting standard requires the University, as a participating employer in the State Group Health Insurance Program, to recognize its proportionate share of the net other postemployment benefits liability of the State Group Health Insurance Program cost-sharing multiple employer defined benefit plans. Changes in liabilities are recognized through the Statement of Revenues, Expenses, and Changes in Net Position, or reported as deferred inflows or outflows of resources on the Statement of Net Position, depending on the nature of the change. The initial adoption also resulted in a decrease to beginning net position of \$220.5 million.

The University's operating revenues totaled \$550.3 million for the 2017-18 fiscal year, representing a 5.2 percent increase compared to the 2016-17 fiscal year due mainly to increases in grants and contracts and auxiliary revenues. Operating expenses totaled \$1.1 billion for the 2017-18 fiscal year, representing an increase of 8.5 percent as compared to the 2016-17 fiscal year due mainly to increases in compensation and employee benefits and scholarships, fellowships, and waivers.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2018, and June 30, 2017, is shown in the following graph:

**Net Position
(In Thousands)**



The deficit unrestricted net position for 2018 can be attributed primarily to the full recognition of certain long-term liabilities (i.e., compensated absences payable, other postemployment benefits payable and net pension liabilities) in the current unrestricted funds that are expected to be paid over time. Additional information about the University’s deficit net position in individual funds is presented in Note 4. in the accompanying notes to financial statements.

The following chart provides a graphical presentation of University revenues by category for the 2017-18 fiscal year:



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the University's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component units. These component units include:

- Blended Component Units:
 - UCF Finance Corporation
 - University of Central Florida College of Medicine Self-Insurance Program
- Discretely Presented Component Units:
 - University of Central Florida Foundation, Inc.
 - University of Central Florida Research Foundation, Inc.
 - UCF Athletics Association, Inc.
 - UCF Convocation Corporation
 - UCF Stadium Corporation
 - Central Florida Clinical Practice Organization, Inc.

Information regarding these component units, including summaries of the blended and discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component units. For those component units reporting under GASB standards, MD&A information is included in their separately issued audit reports.

The Statement of Net Position

The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University, using the accrual basis of accounting, and presents the financial position of the University at a specified time. Assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, which is one indicator of the University's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition.

The following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30:

Condensed Statement of Net Position at June 30
(In Thousands)

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets	\$ 628,594	\$ 602,302
Capital Assets, Net	1,147,334	1,058,909
Other Noncurrent Assets	106,460	144,896
Total Assets	<u>1,882,388</u>	<u>1,806,107</u>
Deferred Outflows of Resources	<u>151,467</u>	<u>121,206</u>
Liabilities		
Current Liabilities	123,159	111,498
Noncurrent Liabilities	760,062	534,411
Total Liabilities	<u>883,221</u>	<u>645,909</u>
Deferred Inflows of Resources	<u>52,848</u>	<u>1,449</u>
Net Position		
Net Investment in Capital Assets	982,635	887,635
Restricted	146,491	221,746
Unrestricted	(31,340)	170,574
Total Net Position	<u>\$ 1,097,786</u>	<u>\$ 1,279,955</u>

Total assets as of June 30, 2018, increased by \$76.3 million, or 4.2 percent. This increase is primarily due to higher capital related activity including building construction, acquisitions, and donations of capital assets. Major capital projects include research, academic and partnership facilities, the development of a downtown campus, and renovations and modernization of the library.

Total liabilities as of June 30, 2018, increased by \$237.3 million or 36.7 percent, deferred inflows and outflows of resources increased by \$51.4 million and \$30.3 million, respectively, and total net position decreased \$182.2 million. These changes were primarily related to annual changes in actuarial determined amounts for other postemployment benefits and pensions.

The Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the University's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the University's activity for the 2017-18 and 2016-17 fiscal years:

**Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years**

(In Thousands)

	<u>2017-18</u>	<u>2016-17</u>
Operating Revenues	\$ 550,334	\$ 523,006
Less, Operating Expenses	<u>1,100,003</u>	<u>1,013,825</u>
Operating Loss	(549,669)	(490,819)
Net Nonoperating Revenues	<u>568,965</u>	<u>485,568</u>
Income (Loss) Before Other Revenues	19,296	(5,251)
Other Revenues	<u>18,988</u>	<u>60,633</u>
Net Increase In Net Position	<u>38,284</u>	<u>55,382</u>
Net Position, Beginning of Year	1,279,955	1,224,573
Adjustment to Beginning Net Position (1)	<u>(220,453)</u>	<u>-</u>
Net Position, Beginning of Year, as Restated	<u>1,059,502</u>	<u>1,224,573</u>
Net Position, End of Year	<u>\$ 1,097,786</u>	<u>\$ 1,279,955</u>

(1) As discussed in Notes 2. and 3. of the financial statements, the University's beginning net position was decreased in conjunction with the implementation of GASB Statement No. 75.

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2017-18 and 2016-17 fiscal years:

**Operating Revenues
For the Fiscal Years**

(In Thousands)

	<u>2017-18</u>	<u>2016-17</u>
Student Tuition and Fees, Net	\$ 312,163	\$ 313,265
Grants and Contracts	135,350	118,826
Sales and Services of Auxiliary Enterprises, Net	91,435	81,415
Other	<u>11,386</u>	<u>9,500</u>
Total Operating Revenues	<u>\$ 550,334</u>	<u>\$ 523,006</u>

The following chart presents the University's operating revenues for the 2017-18 and 2016-17 fiscal years:

Operating Revenues
(In Thousands)



Total operating revenues increased by \$27.3 million, or 5.2 percent. Grants and contracts increased by \$16.5 million, or 13.9 percent, primarily related to increases in Federal and private grants. Net sales and services of auxiliary enterprises increased by \$10 million, or 12.3 percent, and was primarily due to higher revenues from the College of Medicine residency program.

Operating Expenses

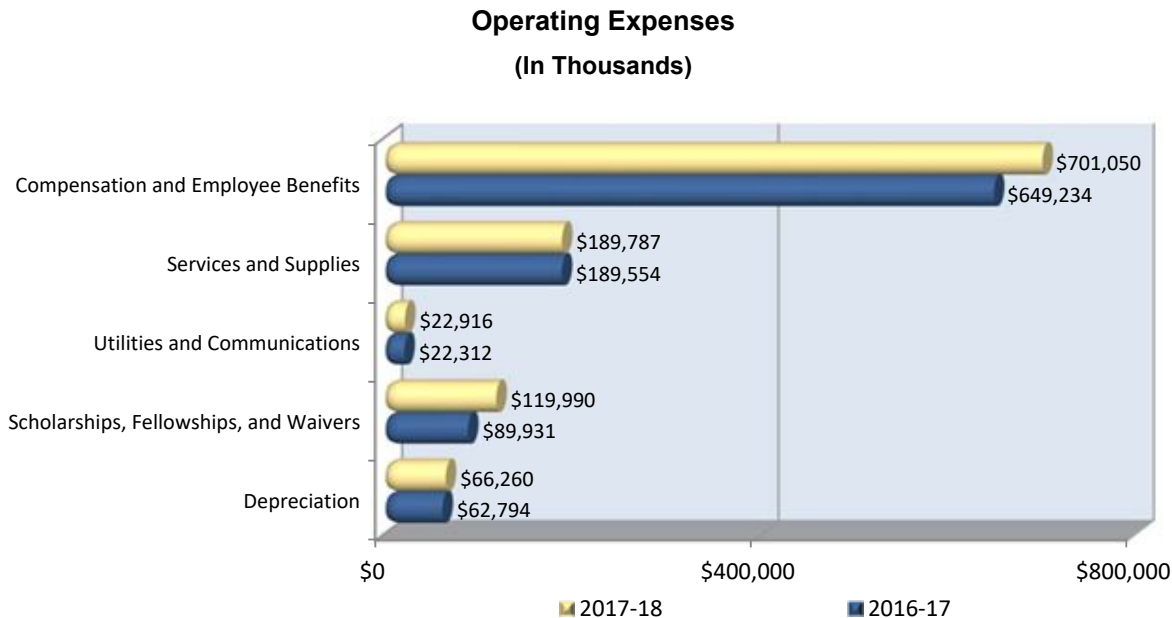
Expenses are categorized as operating or nonoperating. The majority of the University’s expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The University has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to financial statements.

The following summarizes operating expenses by natural classification for the 2017-18 and 2016-17 fiscal years:

Operating Expenses
For the Fiscal Years
(In Thousands)

	<u>2017-18</u>	<u>2016-17</u>
Compensation and Employee Benefits	\$ 701,050	\$ 649,234
Services and Supplies	189,787	189,554
Utilities and Communications	22,916	22,312
Scholarships, Fellowships, and Waivers	119,990	89,931
Depreciation	66,260	62,794
Total Operating Expenses	<u>\$ 1,100,003</u>	<u>\$ 1,013,825</u>

The following chart presents the University’s operating expenses for the 2017-18 and 2016-17 fiscal years:



Operating expenses increased \$86.2 million, or 8.5 percent, over the 2016-17 fiscal year. Compensation and employee benefits increased by \$51.8 million. Salaries increased \$35.8 million due to investments in the University faculty hiring plan including support personnel, growth in post-doctoral medical resident programs, and annual salary increases. Retirement expenses including actuarial determined pension expenses increased \$12.5 million. Scholarships, fellowships, and waivers increased by \$30.1 million, resulting from increased awards for the Florida Bright Futures Scholarship Program, Federal Pell Grants, and Florida Student Assistance Grants.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University’s nonoperating revenues and expenses for the 2017-18 and 2016-17 fiscal years:

**Nonoperating Revenues (Expenses)
For the Fiscal Years**

(In Thousands)

	2017-18	2016-17
State Noncapital Appropriations	\$ 375,458	\$ 360,532
Federal and State Student Financial Aid	192,728	140,560
Investment Income	15,592	12,998
Other Nonoperating Revenues	25,766	17,694
Loss on Disposal of Capital Assets	(79)	(502)
Interest on Capital Asset-Related Debt	(7,534)	(8,014)
Other Nonoperating Expenses	(32,966)	(37,700)
Net Nonoperating Revenues	\$ 568,965	\$ 485,568

Net nonoperating revenues increased by \$83.4 million, or 17.2 percent, primarily due to an increase in Federal and State student financial aid of \$52.2 million. The University received additional funds for the Florida Bright Futures Scholarship Program, Federal Pell Grants, and Florida Student Assistance Grants in the 2017-18 fiscal year. State noncapital appropriations increased by \$14.9 million due to additional emerging pre-eminence funding and other appropriations supporting new faculty, doctoral assistantships, and scholarships.

Other Revenues

This category is composed of State capital appropriations, capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2017-18 and 2016-17 fiscal years:

**Other Revenues
For the Fiscal Years**

(In Thousands)

	2017-18	2016-17
State Capital Appropriations	\$ 12,472	\$ 45,552
Capital Grants, Contracts, Donations, and Fees	6,516	15,081
Total	\$ 18,988	\$ 60,633

Other revenues decreased \$41.6 million, or 68.7 percent, primarily due to a decrease in State capital appropriations.

The Statement of Cash Flows

The statement of cash flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the University's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the University. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and

use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2017-18 and 2016-17 fiscal years:

**Condensed Statement of Cash Flows
For the Fiscal Years**

(In Thousands)

	<u>2017-18</u>	<u>2016-17</u>
Cash Provided (Used) by:		
Operating Activities	\$ (440,992)	\$ (389,998)
Noncapital Financing Activities	554,407	483,367
Capital and Related Financing Activities	(110,880)	(106,644)
Investing Activities	4,226	(16,020)
	<u>6,761</u>	<u>(29,295)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,761	(29,295)
Cash and Cash Equivalents, Beginning of Year	19,023	48,318
	<u>\$ 25,784</u>	<u>\$ 19,023</u>
Cash and Cash Equivalents, End of Year	\$ 25,784	\$ 19,023

Cash and cash equivalents increased \$6.8 million. Cash used by operating activities increased by \$51 million compared to the 2016-17 fiscal year primarily due to an increase in cash payments to and on behalf of employees for compensation and benefits. Cash inflows from noncapital financing activities increased by \$71 million primarily due to an increase in cash received from Federal and State student financial aid and State appropriations net of pass-through disbursements. Cash provided by investing activities increased by \$20.2 million primarily due to prior year purchases of long-term fixed income investments from proceeds received from liquidations of cash equivalent money-market investments.

Major sources of funds came from State noncapital appropriations (\$375.5 million), net student tuition and fees (\$310.2 million), Federal and State student financial aid (\$193 million), grants and contracts (\$135.2 million), and net sales and services of auxiliary enterprises (\$93.6 million). Major uses of funds were for payments made to and on behalf of employees (\$660.4 million), payments to suppliers (\$210.6 million), payments related to the purchase or construction of capital assets (\$144.9 million), and payments to students for scholarships and fellowships (\$120 million).

**CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS,
AND DEBT ADMINISTRATION**

Capital Assets

At June 30, 2018, the University had \$2 billion in capital assets, less accumulated depreciation of \$836.1 million, for net capital assets of \$1.1 billion. Depreciation charges for the current fiscal year totaled \$66.3 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30**(In Thousands)**

	<u>2018</u>	<u>2017</u>
Land	\$ 42,742	\$ 36,159
Construction in Progress	90,060	81,061
Buildings	902,373	838,249
Infrastructure and Other Improvements	37,358	31,994
Furniture and Equipment	40,909	40,482
Library Resources	26,082	24,155
Leasehold Improvements	7,163	6,088
Works of Art and Historical Treasures	647	721
Capital Assets, Net	<u>\$1,147,334</u>	<u>\$1,058,909</u>

Additional information about the University's capital assets is presented in the notes to financial statements.

Capital Expenses and Commitments

Major capital expenses through June 30, 2018, were incurred on projects completed: the UCF Interdisciplinary Research and Incubator Facility and Partnership IV Phase II, and projects currently in progress: the UCF Downtown Academic Building, John C. Hitt Library Renovations, and Trevor Colbourn Hall. The University's major construction commitments at June 30, 2018, are as follows:

	<u>Amount</u> <u>(In Thousands)</u>
Total Committed	\$ 173,872
Completed to Date	<u>(90,060)</u>
Balance Committed	<u>\$ 83,812</u>

Additional information about the University's construction commitments is presented in the notes to financial statements.

Debt Administration

As of June 30, 2018, the University had \$180.6 million in outstanding capital improvement debt payable, and loans and notes payable, representing an increase of \$3.6 million, or 2 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30**(In Thousands)**

	<u>2018</u>	<u>2017</u>
Capital Improvement Debt Payable	\$ 117,242	\$ 125,664
Bonds Payable	-	51,315
Loans and Notes Payable	<u>63,359</u>	<u>-</u>
Total	<u>\$ 180,601</u>	<u>\$ 176,979</u>

Additional information about the University's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2018-19 fiscal year. The University manages this through the continual efficient and strategic use of resources and entrepreneurial efforts by academic, administrative, and auxiliary departments. The budget that the Florida Legislature adopted for the 2018-19 fiscal year provided a 2 percent increase for State universities, including \$20 million in new recurring performance-based funding, plus \$30 million specifically aimed at meeting the State's performance goals. The University received a total of \$6 million of this new funding.

The Florida Legislature also provided \$20 million in new funding for institutions that meet emerging pre-eminence and pre-eminence metrics aimed to advance the State's national reputation for higher education. The University of Central Florida qualified for emerging pre-eminence status and received \$1.5 million of this new funding, which will be invested in initiatives to enhance the University's reputation as a global research institution and advance toward pre-eminence status.

In addition to State funding, the University relies on other revenue streams to maintain the open access to and high quality of its academic programs. Net tuition and fee revenue remained steady from the 2016-17 fiscal year to the 2017-18 fiscal year. Overall, enrollment increased 2.9 percent with a student count of approximately 66,180. The University continues to invest in recruitment, retention, and academic advising initiatives to manage enrollment and support students' success.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the University Controller, University of Central Florida, 12424 Research Parkway, Suite 300, Orlando, Florida 32826-3249.

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BASIC FINANCIAL STATEMENTS

UNIVERSITY OF CENTRAL FLORIDA
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2018

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 15,035,677	\$ 23,148,532
Restricted Cash and Cash Equivalents	3,259,264	14,409,735
Investments	482,654,905	-
Accounts Receivable, Net	63,673,249	18,718,120
Loans and Notes Receivable, Net	1,328,258	-
Due from State	54,725,914	-
Due from Component Units	1,128,037	416,904
Due from University	-	18,549,356
Inventories	2,518,321	34,783
Other Current Assets	4,270,526	1,777,311
Total Current Assets	628,594,151	77,054,741
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	7,489,055	2,989,201
Restricted Investments	86,045,062	212,992,971
Loans and Notes Receivable, Net	4,927,741	18,894,977
Depreciable Capital Assets, Net	1,014,313,741	116,844,051
Nondepreciable Capital Assets	133,019,996	60,003,940
Due from Component Units	5,800,498	-
Other Noncurrent Assets	2,198,226	3,008,507
Total Noncurrent Assets	1,253,794,319	414,733,647
Total Assets	1,882,388,470	491,788,388
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	7,544,000	-
Pensions	130,985,600	-
Deferred Amount on Debt Refundings	12,936,932	5,133,159
Total Deferred Outflows of Resources	151,466,532	5,133,159
LIABILITIES		
Current Liabilities:		
Accounts Payable	15,423,789	6,554,905
Construction Contracts Payable	15,029,921	-
Salary and Wages Payable	24,792,352	-
Deposits Payable	11,253,542	-
Due to Component Units	18,549,356	416,904
Due to University	-	1,128,037
Unearned Revenue	15,858,633	13,657,058
Other Current Liabilities	2,430,622	2,514,854
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	8,270,000	-
Bonds Payable	-	4,881,000
Loans and Notes Payable	2,498,000	2,737,000
Certificates of Participation Payable	-	4,355,000
Compensated Absences Payable	4,014,061	77,500
Other Postemployment Benefits Payable	3,446,000	-
Net Pension Liability	1,592,767	-
Total Current Liabilities	123,159,043	36,322,258

UNIVERSITY OF CENTRAL FLORIDA
A Component Unit of the State of Florida
Statement of Net Position (Continued)

June 30, 2018

	<u>University</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	108,972,210	-
Bonds Payable	-	118,823,072
Loans and Notes Payable	60,861,000	22,992,999
Certificates of Participation Payable	-	100,040,000
Compensated Absences Payable	53,329,664	691,558
Other Postemployment Benefits Payable	297,066,000	-
Net Pension Liability	231,550,093	-
Unearned Revenues	-	27,140
Due to University	-	5,800,498
Other Noncurrent Liabilities	8,283,443	373,968
Total Noncurrent Liabilities	<u>760,062,410</u>	<u>248,749,235</u>
Total Liabilities	<u>883,221,453</u>	<u>285,071,493</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	42,480,000	-
Pensions	10,367,486	-
Total Deferred Inflows of Resources	<u>52,847,486</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	982,635,149	(71,227,921)
Restricted for Nonexpendable:		
Endowment	-	136,083,134
Restricted for Expendable:		
Debt Service	1,418,562	-
Loans	3,224,757	-
Capital Projects	128,591,852	693,884
Other	13,255,701	118,996,395
Unrestricted	(31,339,958)	27,304,562
TOTAL NET POSITION	<u>\$ 1,097,786,063</u>	<u>\$ 211,850,054</u>

The accompanying notes to financial statements are an integral part of this statement.

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UNIVERSITY OF CENTRAL FLORIDA
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	<u>University</u>	<u>Component Units</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$169,884,143 (Pledged for Capital Improvement Debt: \$17,518,614 for Student Health and \$14,706,584 for Parking)	\$ 312,163,236	\$ -
Federal Grants and Contracts	100,966,565	-
State and Local Grants and Contracts	8,979,649	-
Nongovernmental Grants and Contracts	25,404,197	-
Sales and Services of Auxiliary Enterprises, Net (Pledged for Capital Improvement Debt: \$29,521,514 for Housing and \$6,280,813 for Parking)	91,434,807	-
Gifts and Donations	-	44,158,583
Interest on Loans and Notes Receivable	114,405	-
Other Operating Revenues: (Pledged for Capital Improvement Debt: \$399,474 for Housing and \$1,129,249 for Parking)	11,271,405	126,134,388
Total Operating Revenues	550,334,264	170,292,971
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	701,049,970	19,389,015
Services and Supplies	189,786,518	115,585,159
Utilities and Communications	22,916,333	-
Scholarships, Fellowships, and Waivers	119,990,341	-
Depreciation	66,259,952	5,674,815
Total Operating Expenses	1,100,003,114	140,648,989
Operating Income (Loss)	(549,668,850)	29,643,982
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	375,457,594	-
Federal and State Student Financial Aid	192,727,881	-
Investment Income	15,591,848	407,291
Other Nonoperating Revenues	25,766,297	14,033,750
Loss on Disposal of Capital Assets	(78,755)	-
Interest on Capital Asset-Related Debt	(7,534,030)	(9,368,779)
Other Nonoperating Expenses	(32,966,232)	(2,898,347)
Net Nonoperating Revenues	568,964,603	2,173,915
Income Before Other Revenues	19,295,753	31,817,897
State Capital Appropriations	12,472,073	-
Capital Grants, Contracts, Donations, and Fees	6,516,188	-
Additions to Permanent Endowments	-	5,693,092
Increase in Net Position	38,284,014	37,510,989
Net Position, Beginning of Year	1,279,955,049	169,386,134
Adjustment to Beginning Net Position	(220,453,000)	4,952,931
Net Position, Beginning of Year, as Restated	1,059,502,049	174,339,065
Net Position, End of Year	\$ 1,097,786,063	\$ 211,850,054

The accompanying notes to financial statements are an integral part of this statement.

UNIVERSITY OF CENTRAL FLORIDA
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2018

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 310,232,223
Grants and Contracts	135,189,532
Sales and Services of Auxiliary Enterprises, Net	93,628,755
Interest on Loans and Notes Receivable	107,116
Payments to Employees	(660,449,757)
Payments to Suppliers for Goods and Services	(210,561,501)
Payments to Students for Scholarships and Fellowships	(119,990,340)
Loans Issued to Students	(321,005)
Collection on Loans to Students	1,034,355
Other Operating Receipts	10,138,651
	(440,991,971)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	375,457,594
Federal and State Student Financial Aid	193,009,852
Federal Direct Loan Program Receipts	252,634,150
Federal Direct Loan Program Disbursements	(252,634,150)
Net Change in Funds Held for Others	(2,048,956)
Other Nonoperating Disbursements	(12,011,011)
	554,407,479
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	95,059,505
State Capital Appropriations	45,969,360
Other Receipts for Capital Projects	5,408,897
Purchase or Construction of Capital Assets	(144,900,911)
Principal Paid on Capital Debt and Leases	(91,960,493)
Interest Paid on Capital Debt and Leases	(20,456,632)
	(110,880,274)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	827,249,101
Purchases of Investments	(834,196,711)
Investment Income	11,173,837
	4,226,227
Net Increase in Cash and Cash Equivalents	6,761,461
Cash and Cash Equivalents, Beginning of Year	19,022,535
Cash and Cash Equivalents, End of Year	\$ 25,783,996

UNIVERSITY OF CENTRAL FLORIDA
A Component Unit of the State of Florida
Statement of Cash Flows (Continued)
For the Fiscal Year Ended June 30, 2018

	<u>University</u>
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (549,668,850)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	66,259,952
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(3,911,636)
Inventories	(197,195)
Other Assets	(523,345)
Accounts Payable	1,829,061
Salaries and Wages Payable	1,561,362
Deposits Payable	65,730
Compensated Absences Payable	2,639,883
Unearned Revenue	3,592,790
Other Liabilities	961,308
Other Postemployment Benefits Payable	(21,716,000)
Net Pension Liability	33,539,407
Deferred Outflows of Resources Related to Other Postemployment Benefits	(4,493,000)
Deferred Inflows of Resources Related to Other Postemployment Benefits	42,480,000
Deferred Outflows of Resources Related to Pensions	(22,330,064)
Deferred Inflows of Resources Related to Pensions	8,918,626
NET CASH USED BY OPERATING ACTIVITIES	\$ (440,991,971)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized gains on investments were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 4,185,671
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (78,755)
A donation of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 5,525,000

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity. The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of 5 years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors' Regulations, and selecting the University President. The University President serves as the Executive Officer and the Corporate Secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activities are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Blended Component Units. Based on the application of the criteria for determining component units, the UCF Finance Corporation (Corporation) and the University of Central Florida College of Medicine Self-Insurance Program (Program) are included within the University's reporting entity as blended component units, and are therefore reported as if they are part of the University. The Corporation's purpose is to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. The Program's purpose is to provide comprehensive general liability and professional liability coverage for the University's Trustees and students for claims and actions arising from clinical activities of the College of Medicine, College of Nursing, UCF Health Services, College of Health Professions and Sciences (previously included in the College of Health and Public Affairs), and the Central Florida Clinical Practice Organization, Inc., faculty, staff, and resident physicians. Condensed financial statements for the University's blended component units are shown in a subsequent note. The condensed financial statements are reported net of eliminations.

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) and the Central Florida Clinical Practice Organization, Inc. (an affiliated organization), are included within the University reporting entity as discretely presented component units. These legally separate, not-for-profit, corporations are organized and operated to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests, and valuable education support services and are governed by separate

boards. The Statutes authorize these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

- University of Central Florida Foundation, Inc. is a not-for-profit Florida corporation whose principal function is to provide charitable and educational aid to the University.
- University of Central Florida Research Foundation, Inc. was organized to promote and encourage as well as assist in, the research activities of the University's faculty, staff, and students.
- UCF Athletics Association, Inc. was organized to promote intercollegiate athletics to benefit the University and surrounding communities.
- UCF Convocation Corporation was created to finance and construct a convocation center, and to manage the Towers student housing and its related retail space on the north side of campus.
- UCF Stadium Corporation was created to finance, build, and administer an on-campus football stadium.
- Central Florida Clinical Practice Organization, Inc. is an affiliated organization component unit of the University and was formed for the purpose of supporting the medical educational program and clinical faculty within the College of Medicine.
- Limbitless Solutions, Inc. is a not-for-profit Florida corporation whose purpose is to develop affordable open source 3D printed bionic solutions for individuals with disabilities, increase accessibility with art infused bionics, and to promote access and engagement in STEM/STEAM education. Financial activities of this component unit are not included in the University's financial statements as the total assets related to this component unit represent less than one percent of the total aggregate component units' assets.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual reports are submitted to the Auditor General and the University Board of Trustees. Additional information on the University's discretely presented component units, including copies of audit reports, is available by contacting the University Controller. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements

- Other Required Supplementary Information

Measurement Focus and Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The University's discretely presented component units use the economic resources measurement focus and the accrual basis of accounting, and follow GASB standards of accounting and financial reporting.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of capital assets, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income (net of unrealized gains or losses on investments). Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third party making payment on behalf of the student. The University applied the "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts, money market funds, and investments with original maturities of 3 months or less. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. The University also holds \$11,956,951 in money market funds and short-term investments. The money market funds and investments are permissible under the current investment policy; the primary portion of these investments are held in Rule 2a-7 mutual funds and securities rated AAA (or its equivalent) by a nationally recognized statistical rating organization. The Corporation, a blended component unit, holds \$3,259,264 in money market funds. The money market funds are uninsured, but collateralized by securities held by the financial institutions, not in the name of the Corporation. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

Cash and Cash Equivalents – Discretely Presented Component Units. Cash and cash equivalents for the University's discretely presented component units are reported as follows:

<u>Component Unit</u>	<u>Cash in Bank</u>	<u>Money Market Funds</u>	<u>Total</u>
University of Central Florida Foundation, Inc.	\$ 15,142,906	\$ 1,510,127	\$ 16,653,033
University of Central Florida Research Foundation, Inc.	372,116	-	372,116
UCF Athletics Association, Inc.	469,491	-	469,491
UCF Convocation Corporation	598,134	15,285,558	15,883,692
UCF Stadium Corporation	-	603,251	603,251
Central Florida Clinical Practice Organization, Inc.	6,565,885	-	6,565,885
Total Component Units	\$ 23,148,532	\$ 17,398,936	\$ 40,547,468

The University holds certain cash balances for various discretely presented component units. Cash amounts held for University of Central Florida Research Foundation, Inc., UCF Convocation Corporation, and UCF Stadium Corporation were \$11,180,760, \$4,563,495, and \$2,125,986, respectively.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the component unit will not be able to recover deposits.

- **University of Central Florida Foundation, Inc.** – Cash deposits consist of non-interest-bearing demand deposits, money market accounts, and cash deposits. At June 30, 2018, approximately \$15,601,453 in cash deposits were not insured by Federal deposit insurance and were not collateralized.
- **UCF Athletics Association, Inc.** – The Association does not have a deposit policy for custodial credit risk, although all demand deposits with banks are insured up to the Federal Deposit Insurance Corporation (FDIC) limits. As of June 30, 2018, \$133,483 of the Association's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

- **UCF Convocation Corporation** – At June 30, 2018, the Convocation Corporation held \$15,285,558 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation’s name.
- **UCF Stadium Corporation** – At June 30, 2018, the Stadium Corporation held \$603,251 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation’s name.
- **Central Florida Clinical Practice Organization, Inc.** – At June 30, 2018, the Central Florida Clinical Practice Organization, Inc. had deposits in banking institutions. A portion of the deposits, totaling \$6,352,327, were in excess of the Federal deposit insurance limit as of June 30, 2018.

Capital Assets. University capital assets consist of land, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, leasehold improvements, works of art and historical treasures, and computer software and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$4 million for intangible assets, which includes computer software, \$5,000 for tangible personal property, and \$250 for library resources. New buildings and improvements have a \$100,000 capitalization threshold. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 5 to 10 years
- Library Resources – 10 years
- Leasehold Improvements – the lessor of the remaining lease term, or the estimated useful life of the improvement
- Works of Art and Historical Treasures – 5 to 15 years
- Computer Software – 5 to 10 years

Noncurrent Liabilities. Noncurrent liabilities include capital improvement debt payable, loans and notes payable, compensated absences payable, other postemployment benefits payable, net pension liabilities, and other noncurrent liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premium or discount. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.

Pensions. For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and HIS fiduciary net positions have been determined on the same basis as they are reported by the FRS and the HIS plans. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

2. Reporting Change

Governmental Accounting Standards Board Statement No. 75. The University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. This statement addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB) provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB they provide; and requires more extensive note disclosures and supplementary information about a government's OPEB liability.

3. Adjustments to Beginning Net Position

The beginning net position of the University was decreased by \$220,453,000 due to implementation of GASB Statement No. 75. The University's total OPEB liability reported at June 30, 2017, increased by \$223,504,000 to \$322,228,000 and the beginning balance for deferred outflows of resources was established at \$3,051,000 as of July 1, 2017, due to the transition in the valuation methods under GASB Statement No. 45 to GASB Statement No. 75.

The beginning net position of the discretely presented UCF Convocation Corporation and UCF Stadium Corporation were increased by \$4,304,506 and \$648,425, respectively, due to the implementation of GASB Statement No. 86, *Certain Debt Extinguishment Issues*. Each component unit removed the impact of previous write-offs of unamortized prepaid bond insurance costs associated with debt refundings and recalculated each deferred loss on refunding amount.

4. Deficit Net Position in Individual Funds

The University reported an unrestricted net position which included a deficit in the current funds – unrestricted as shown below:

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (155,532,914)
Auxiliary Funds	<u>124,192,956</u>
Total	<u>\$ (31,339,958)</u>

As shown in the following schedule, this deficit can be attributed primarily to the full recognition of certain long-term liabilities (i.e., compensated absences payable, OPEB payable, and net pension liabilities) in the current unrestricted funds that are expected to be paid over time:

	<u>Amount</u>
Total Unrestricted Net Position Before Recognition of Certain Long-Term Liabilities, Deferred Outflows and Deferred Inflows of Resources	<u>\$ 473,976,513</u>
Amount Expected to be Paid in Future Years:	
Compensated Absences Payable	57,343,725
Other Post Employment Benefits Payable and Related Deferred Outflows and Deferred Inflows of Resources	335,448,000
Net Pension Liability and Related Deferred Outflows and Deferred Inflows of Resources	<u>112,524,746</u>
Total Amount Expected to be Paid in Future Years	<u>505,316,471</u>
Total Unrestricted Net Position	<u>\$ (31,339,958)</u>

5. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open end or closed end management type investment companies; and other investments approved by the Board of Trustees as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

All of the University's recurring fair value measurements as of June 30, 2018, are valued using quoted market prices (Level 1 inputs), with the exception of corporate, municipal and other bonds, certain Federal agency obligations and certificates of deposit which are valued using matrix pricing models which may consider quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices that are observable (Level 2 inputs) and investments with the State Treasury which are valued based on the University's share of the pool (Level 3 inputs).

The University's investments at June 30, 2018, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 297,957,515	\$ -	\$ -	\$ 297,957,515
SBA Debt Service Accounts	1,323,706	1,323,706	-	-
Certificates of Deposit	1,461,927	-	1,461,927	-
United States Government and Federally-Guaranteed Obligations	38,823,044	38,823,044	-	-
Federal Agency Obligations	27,317,998	461,493	26,856,505	-
Bonds and Notes	96,177,016	-	96,177,016	-
Mutual Funds				
Equities	92,898,939	92,898,939	-	-
Bonds	12,739,822	12,739,822	-	-
Total investments by fair value level	\$ 568,699,967	\$ 146,247,004	\$ 124,495,448	\$ 297,957,515

Investments held by the University's component units at June 30, 2018, are reported as follows:

Investments by fair value level	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	Total	Fair Value Measurements Using		
				Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity - Domestic	\$ 5,220,769	\$ 399,220	\$ 5,619,989	\$ 5,551,591	\$ 68,398	\$ -
Equity - International	27,405,051	-	27,405,051	27,405,051	-	-
Domestic - Fixed Income	36,824,207	-	36,824,207	36,824,207	-	-
Global All Assets	14,575,447	-	14,575,447	14,575,447	-	-
Real Assets	4,073,225	-	4,073,225	473,225	-	3,600,000
Total investments by fair value level	88,098,699	399,220	88,497,919	\$ 84,829,521	\$ 68,398	\$ 3,600,000
Investments measured at the net asset value (NAV)						
Equity - Domestic	7,425,643	-	7,425,643			
Equity - International	45,655,944	-	45,655,944			
Domestic - Fixed Income	4,377,176	-	4,377,176			
International Fixed Income	21,325,906	-	21,325,906			
Global All Assets	8,549,709	-	8,549,709			
Private Equity Funds	7,208,893	-	7,208,893			
Private Debt Funds	1,662,464	-	1,662,464			
Hedge Funds:						
Credit	7,686,794	-	7,686,794			
Event Driven	6,563,227	-	6,563,227			
Global Macro	5,185,778	-	5,185,778			
Long Short	2,230,741	-	2,230,741			
Long Short Credit	2,211,562	-	2,211,562			
Equity Linked	4,116,965	-	4,116,965			
Real Assets	294,250	-	294,250			
Total investments measured at the NAV	124,495,052	-	124,495,052			
Total investments	\$ 212,593,751	\$ 399,220	\$ 212,992,971			

All of the University's component units' recurring fair value measurements as of June 30, 2018, are valued using quoted market prices (Level 1 inputs), with the exception of equity investments valued quarterly by respective fund managers (Level 2 inputs) and real assets valued based on an appraisal utilizing recent sale and property comparisons of like assets (Level 3 inputs).

For the University's component units, the valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

Investments measured at the net asset value (NAV)	University of Central Florida Foundation, Inc.	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity - Domestic	\$ 7,425,643	\$ -	Immediate	
Equity - International	45,655,944	-	Immediate	
Domestic - Fixed Income	4,377,176	-	Immediate	
International Fixed Income	21,325,906	-	Monthly/Immediate	30 Days
Global All Assets	8,549,709	-	Immediate	
Private Equity Funds	7,208,893	10,626,424		
Private Debt Funds	1,662,464	4,062,135		
Hedge Funds:				
Credit	7,686,794	-	Monthly/Quarterly	30-90 Days
Event Driven	6,563,227	-	Quarterly	60-90 Days
Global Macro	5,185,778	-	Monthly/Quarterly	30-62 Days
Long Short	2,230,741	-	Monthly	30 Days
Long Short Credit	2,211,562	-	Monthly	30 Days
Equity Linked	4,116,965	-	Monthly/Quarterly	30-60 Days
Real Assets	294,250	2,775,706		
Total investments measured at the NAV	\$ 124,495,052	\$ 17,464,265		

Net Asset Value.

GASB Statement No. 72, *Fair Value Measurement and Application*, permits the fair value of certain equity and debt investments that do not have readily determinable fair values to be based on their net asset value (NAV) per share. The investments held at net asset value reflect:

Domestic Equity and International Equity: These funds are operated by money managers and can be actively managed or passively managed to an index. These funds are privately placed and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair values of both funds are provided by the money managers which use a quoted price in active markets for the underlying assets.

Domestic Fixed Income: The fund is operated by a money manager and is passively managed to an index. The fund is privately placed, and its fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of the fund is provided by the money manager which uses a quoted price in the active markets for the underlying assets.

International Fixed Income: Two of the funds invest in fixed income bonds ranging in credit ratings focused on domestic and international investments. One fund utilizes a focus on credit driven strategies for the underlying investments and can contain both domestic and international investments in the portfolio. These funds are privately placed and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair values of the three funds are provided by the money managers which use a quoted price in active markets for the underlying assets.

Global All Assets: The fund invests in a global strategy including domestic, international, and global companies and is privately placed, and the fair value cannot be observed through observable inputs

through an exchange for the overall fund. The fair value of this fund is provided by the money manager which uses a quoted price in active markets for the underlying assets.

Private Equity and Private Debt Funds: Private equity and private debt includes distinct limited partnerships or limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets or notes of the fund. Private equity and private debt are not traded on a public, primary exchange. Private equity can include equity rights to private companies, capital lent to companies, or other privately held securities. Private equity commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. Private debt funds aim to take advantage of structural imbalances between demand and supply of credit for consumers, small and medium enterprises, and trade finance consisting of private notes and bonds with equity components. In this portfolio, private equity capital and private debt are invested with general partners of a legally formed limited partnership, whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

Credit and Long/Short Credit Hedge Funds: The credit linked class of hedge funds seeks to profit from the mispricing of related debt securities. Returns are not generally dependent on the general direction of market movements. This strategy utilizes quantitative and qualitative analysis to identify securities or spreads between securities that deviate from their fair value and/or historical norms. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Event Driven Hedge Funds: The event driven hedge funds class includes investments in hedge funds that invest across the capital structure in equity and debt securities. Managers invest in situations with the expectation that a near term event will act as a catalyst changing the market's perception of a company, thereby increasing or decreasing the value of its equity or debt. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Global Macro Hedge Funds: The global macro hedge fund class includes hedge funds that trade highly liquid instruments, long and short, including currencies, commodities, fixed income instruments and equity indices. Two types of strategies are employed in this portfolio: discretionary strategies that employ broad analysis of economic, financial and political data to identify themes, and systematic strategies that use algorithmic models to analyze historical data, both technical and fundamental. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Long/Short Hedge Funds: The equity long/short hedge fund class includes investments in hedge funds that invest both long and short stocks and equity indices. Management of the hedge funds has the ability to shift investments across a variety of stocks, equity indices, and to a lesser extent other securities from a net long position to a net short position. In this portfolio, the managers are focused primarily on the United States, Europe, and Asia. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Equity Linked Hedge Funds: The equity linked class of hedge funds includes investments in debt instruments and options on equities. The equities options provide investors with principle protection while

providing exposure to equities. Returns are dependent on performance of the equities options. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Real Assets: Real assets include one investment vehicle consisting of a distinct limited liability company. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets or notes of the fund. Real assets consist of capital not traded on a public, primary exchange. For purposes of this portfolio, real assets include private holdings in domestic and international real estate. Real asset commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. In this portfolio, real assets capital is invested with general partners of a legally formed limited partnership, whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

External Investment Pools.

The University reported investments at fair value totaling \$297,957,515 at June 30, 2018, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of A+f by Standard & Poor's, had an effective duration of 3 years, and fair value factor of 0.9872 at June 30, 2018. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

State Board of Administration Debt Service Accounts.

The University reported investments totaling \$1,323,706 at June 30, 2018, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

Other Investments.

The University and its discretely presented component units invested in various debt and equity securities, mutual funds, and certificates of deposit. The following risks apply to the University's and its discretely presented component units' investments other than external investment pools.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(16), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due. Investments of the University and its component units in debt securities, bond mutual funds, and debt related hedge funds, and their future maturities at June 30, 2018, are as follows:

University Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years)		
		Less Than 1	1 - 5	More Than 5
United States Government and Federally-Guaranteed Obligations	\$ 38,823,044	\$ 8,132,949	\$ 29,754,027	\$ 936,068
Federal Agency Obligations	27,317,998	161,358	11,598,556	15,558,084
Bonds and Notes	96,177,016	10,314,503	67,677,669	18,184,844
Mutual Funds - Bonds	12,739,822	512,849	5,625,716	6,601,257
Total	\$ 175,057,880	\$ 19,121,659	\$ 114,655,968	\$ 41,280,253

Component Units' Debt Investments Maturities

Investment Type	Fair Value	Less Than 1	Investments Maturities (In Years)			Investments Not Directly Subject To Interest Rate Risk (1)
			1 - 5	More Than 5		
Domestic Fixed Income	\$ 41,201,383	\$ -	\$ 31,707,453	\$ 5,116,754	\$ 4,377,176	
International Fixed Income	21,325,906	-	-	-	21,325,906	
Global All Assets	23,125,156	-	-	-	23,125,156	
Private Debt	1,662,464	-	-	-	1,662,464	
Hedge Funds	27,995,067	-	-	-	27,995,067	
Total	\$ 115,309,976	\$ -	\$ 31,707,453	\$ 5,116,754	\$ 78,485,769	

(1) Certain UCF Foundation alternative investments are held in funds and are not directly subject to credit risk. Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The investments listed above with quality ratings reflect the credit risk related to debt-type securities that are directly held by the Foundation.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States government or obligations explicitly guaranteed by the United States government are not considered to have credit risk and do not require disclosure of credit quality. The University's investment policy limits fixed income exposure to investment grade assets and provides credit quality guidelines applicable to the investment objective. The University's component

units' investment policies provide information on asset classes, target allocations, and ranges of acceptable investment categories. The following schedule represents the ratings at June 30, 2018, of the University's and its component units' debt instruments using Moody's and Standard & Poor's nationally recognized rating agencies:

University Debt Investments Quality Ratings

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Less Than A</u>
Federal Agency Obligations	\$ 27,317,998	\$ 27,317,998	\$ -	\$ -	\$ -
Bonds and Notes	96,177,016	33,327,844	17,612,842	43,203,950	2,032,380
Mutual Funds - Bonds	12,739,822	-	2,193,322	10,546,500	-
Total	\$ 136,234,836	\$ 60,645,842	\$ 19,806,164	\$ 53,750,450	\$ 2,032,380

Component Units' Debt Investments Quality Ratings

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Less Than A</u>	<u>Investments Not Directly Subject To Credit Risk (1)</u>
Domestic Fixed Income	\$ 41,201,383	\$ 4,936,250	\$ 22,706,796	\$ 4,312,601	\$ 4,868,560	\$ 4,377,176
International Fixed Income	21,325,906	-	-	-	-	21,325,906
Global All Assets	23,125,156	-	-	-	-	23,125,156
Private Debt	1,662,464	-	-	-	-	1,662,464
Hedge Funds	27,995,067	-	-	-	-	27,995,067
Total	\$ 115,309,976	\$ 4,936,250	\$ 22,706,796	\$ 4,312,601	\$ 4,868,560	\$ 78,485,769

(1) Certain UCF Foundation alternative investments are held in funds and are not directly subject to credit risk. Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The investments listed above with quality ratings reflect the credit risk related to debt-type securities that are directly held by the Foundation.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's or its component units' investments in a single issuer. The University's and its component units' investment policies require diversification sufficient to reduce the potential of a single security, single sector of securities, or single style of management having a disproportionate or significant impact on the portfolio. The University's investment policy states that not more than five percent of the investment portfolio's assets shall be invested in securities on any one issuing company, and no single corporate bond issuer shall exceed five percent of the portfolio. Guidelines for individual sectors of the portfolio further indicate percentage limitations.

6. Receivables

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2018, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 30,720,327
Contracts and Grants	25,843,270
Other	<u>7,109,652</u>
Total Accounts Receivable	<u>\$ 63,673,249</u>

Loans and Notes Receivable. Loans and notes receivable represent all amounts owed on promissory notes from debtors, including student loans made under the Federal Perkins Loan Program and other loan programs.

Allowance for Doubtful Receivables. Allowances for doubtful accounts, and loans and notes receivable, are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable and loans and notes receivable are reported net of allowances of \$2,243,573 and \$813,915, respectively, at June 30, 2018.

7. Due From State

The amount due from State consists of \$54,725,914 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations due from the State to the University for construction or purchase of University facilities.

8. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2018, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 36,158,790	\$ 6,582,763	\$ -	\$ 42,741,553
Works of Art and Historical Treasures	218,000	-	-	218,000
Construction in Progress	81,060,507	114,462,132	105,462,196	90,060,443
Total Nondepreciable Capital Assets	\$ 117,437,297	\$ 121,044,895	\$ 105,462,196	\$ 133,019,996
Depreciable Capital Assets:				
Buildings	\$ 1,280,736,374	\$ 105,242,054	\$ -	\$ 1,385,978,428
Infrastructure and Other Improvements	61,398,415	7,946,159	-	69,344,574
Furniture and Equipment	219,142,437	16,873,663	6,258,974	229,757,126
Library Resources	133,044,526	6,736,286	-	139,780,812
Leasehold Improvements	13,635,574	2,408,381	-	16,043,955
Works of Art and Historical Treasures	1,677,354	-	-	1,677,354
Computer Software and Other Capital Assets	7,850,435	-	-	7,850,435
Total Depreciable Capital Assets	1,717,485,115	139,206,543	6,258,974	1,850,432,684
Less, Accumulated Depreciation:				
Buildings	442,487,657	41,118,116	-	483,605,773
Infrastructure and Other Improvements	29,404,555	2,582,530	-	31,987,085
Furniture and Equipment	178,660,353	16,341,903	6,154,567	188,847,689
Library Resources	108,888,933	4,809,859	-	113,698,792
Leasehold Improvements	7,547,874	1,333,028	-	8,880,902
Works of Art and Historical Treasures	1,173,751	74,516	-	1,248,267
Computer Software and Other Capital Assets	7,850,435	-	-	7,850,435
Total Accumulated Depreciation	776,013,558	66,259,952	6,154,567	836,118,943
Total Depreciable Capital Assets, Net	\$ 941,471,557	\$ 72,946,591	\$ 104,407	\$ 1,014,313,741

9. Unearned Revenue

Unearned revenue at June 30, 2018, includes grant and contract prepayments, auxiliary prepayments, and student tuition and fees received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2018, the University reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Auxiliary Prepayments	\$ 9,377,959
Grant and Contracts	5,593,659
Student Tuition and Fees	887,015
Total Unearned Revenue	\$ 15,858,633

10. Deferred Outflow / Inflow of Resources

The deferred outflows and inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred outflows of resources related to pensions were \$130,985,600 and deferred inflows of

resources related to pensions were \$10,367,486 for the year ended June 30, 2018. Note 12. includes a complete discussion of defined benefit pension plans.

The deferred outflows and inflows related to Other Postemployment Benefits (OPEB) are an aggregate of items related to OPEB as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program. Total deferred outflows of resources related to OPEB were \$7,544,000 and deferred inflows of resources related to OPEB were \$42,480,000 for the year ended June 30, 2018. Note 11. includes a complete discussion of Other Postemployment Benefits.

The total deferred outflows of resources related to the deferred loss on debt refunding's were \$12,936,932 for the year ended June 30, 2018. The deferred loss was created as a result of the UCF Finance Corporation debt refinancing, which terminated the UCF Finance Corporation's interest rate swap liability at a cost of \$13,447,600. The deferred loss will be amortized as a component of interest expense over the remaining life of the UCF Finance Corporation's debt refinancing.

11. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2018, include capital improvement debt payable, loans and notes payable, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities. Long-term liabilities activity for the fiscal year ended June 30, 2018, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Capital Improvement Debt Payable	\$ 125,664,116	\$ 28,045,000	\$ 36,466,906	\$ 117,242,210	\$ 8,270,000
Bonds Payable	51,315,000	-	51,315,000	-	-
Loans and Notes Payable	-	63,420,513	61,513	63,359,000	2,498,000
Compensated Absences Payable	54,725,455	6,806,246	4,187,976	57,343,725	4,014,061
Other Postemployment Benefits Payable (1)	322,228,000	23,815,000	45,531,000	300,512,000	3,446,000
Net Pension Liability	199,603,453	152,562,429	119,023,022	233,142,860	1,592,767
Interest Rate Swap	12,550,585	781,216	13,331,801	-	-
Other Noncurrent Liabilities	7,464,053	1,740,792	921,402	8,283,443	-
Total Long-Term Liabilities	\$ 773,550,662	\$ 277,171,196	\$ 270,838,620	\$ 779,883,238	\$ 19,820,828

(1) OPEB Payable beginning balance adjusted for adoption of GASB Statement No. 75, as described in Note 3.

Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2018:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2002 - Housing	\$ 14,055,000	\$ 1,140,000	4.25	2019
2007A - Housing	38,780,000	1,830,000	5.25	2019
2012A - Housing	66,640,000	60,411,476	3 to 5	2042
2018A - Housing	23,255,000	25,844,412	4 to 5	2030
Total Student Housing Debt	142,730,000	89,225,888		
Student Health Center Debt:				
2004A	8,000,000	3,150,000	4.5 to 5	2024
Parking Garage Debt:				
2010B - Parking Garage VI	11,140,000	9,720,000	4.9 to 6.2	2029
2011A - Parking Garage	11,005,000	3,398,088	3 to 5	2022
2012A - Parking Garage	7,860,000	6,533,585	3 to 5	2032
2018A - Parking Garage	4,790,000	5,214,649	5	2024
Total Parking Garage Debt	34,795,000	24,866,322		
Total Capital Improvement Debt	\$ 185,525,000	\$ 117,242,210		

(1) Amount outstanding includes unamortized discounts and premiums.

The University extinguished long-term capital improvement debt obligations by the issuance of new long-term capital improvement debt instruments as follows:

- On March 15, 2018, the Florida Board of Governors issued \$23,255,000 of University of Central Florida Dormitory Revenue Refunding Bonds, Series 2018A, with a net premium of \$3,179,007, and interest rates ranging from 4 to 5 percent. The University's portion of the refunding bonds, \$26,434,007, was used to partially defease \$2,435,000 of the outstanding Capital Improvement Dormitory Revenue Bonds, Series 2002 and 23,630,000 of the outstanding Capital Improvement Dormitory Revenue Bonds, Series 2007A. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's statement of net position. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$3,977,202 over the next 12 years and obtained an economic gain of \$3,439,521. At June 30, 2018, the outstanding balance of the defeased debt was \$25,844,412.
- On June 21, 2018, the Florida Board of Governors issued \$4,790,000 of University of Central Florida Parking Facility Revenue Refunding Capital Improvement Bonds, Series 2018A, with a net premium of \$476,498, and an interest rate of 5 percent. The University's portion of the refunding bonds, \$5,266,498, was used to defease \$5,220,000 of the outstanding Capital Improvement Parking Facility Revenue Bonds, Series 2004A. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's statement of net position. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$323,112 over the next 6 years and obtained an economic gain of \$295,881. At June 30, 2018, the outstanding balance of the defeased debt was \$5,214,649.

The University has pledged a portion of future housing rental revenues, parking revenues, and health service facility fees based on credit hours to repay \$185,525,000 in capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student housing, student health facilities, and student parking garages. The bonds are payable solely from housing rental revenues, parking and transportation fees, and student health fees and are payable through 2042. The University has committed to appropriate each year amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$152,905,301, and principal and interest paid for the current year totaled \$13,950,116 excluding refunding defeasances. During the 2017-18 fiscal year, operating revenues generated from housing rentals, parking revenues, and student health fees totaled \$29,920,988, \$22,116,646, and \$17,518,614, respectively.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2018, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 8,270,000	\$ 4,825,193	\$ 13,095,193
2020	8,410,000	4,446,040	12,856,040
2021	8,225,000	4,034,658	12,259,658
2022	7,385,000	3,652,328	11,037,328
2023	7,195,000	3,286,563	10,481,563
2024-2028	33,195,000	11,578,154	44,773,154
2029-2033	19,390,000	5,608,804	24,998,804
2034-2038	9,885,000	3,118,969	13,003,969
2039-2042	9,565,000	834,592	10,399,592
Subtotal	111,520,000	41,385,301	152,905,301
Net Discounts and Premiums	5,722,210	-	5,722,210
Total	<u>\$ 117,242,210</u>	<u>\$ 41,385,301</u>	<u>\$ 158,627,511</u>

Loans and Notes Payable. During the 2007 fiscal year, one of the University's blended component units, the UCF Finance Corporation (Corporation), issued \$60 million in bonds to finance the construction of the Burnett Biomedical Sciences Building, part of the University's medical school. The Corporation entered into an interest rate swap agreement in connection with the bond issuance as a means to lower its borrowing costs when compared with fixed-rate bonds at the time of their issuance.

In September 2017, the Corporation entered into a \$63,359,000 Refunding Term Loan, Series 2017, with a bank. The loan will mature on July 1, 2037, and bear interest at a fixed rate of 2.4 percent per annum with a 15-year interest put option. The loan is secured by the University's indirect cost revenues received by the University from Federal, State, and private grants. Proceeds of \$63,359,000 from the term loan, plus an additional \$918,460 contributed from the Corporation were used to purchase \$50,627,660 in U.S. Treasury State and Local Government Securities, to pay \$13,447,600 to terminate the interest rate swap liability, and to fund \$202,200 of cost issuance expenses. The payment of the swap is included in Interest Paid on Capital Debt and Leases in the Statement of Cash Flows. The U.S. Treasury State and Local Government Securities were placed in an irrevocable trust with an escrow agent to provide for all future

debt service payments on the Series 2007 bonds, which defeased the bonds. The trust assets and the liability for the defeased bonds are not included in the statement of net position. The trust extinguished the defeased bonds on October 20, 2017. As a result of the refinancing, the Finance Corporation reduced its debt service requirement by \$5,804,859 over the next 20 years and obtained an economic gain of \$4,315,688.

The University agreed to use a ground sublease to lease to its blended component unit, the Corporation, a parcel of property located in Orange County, Florida, where approximately 198,000 square feet of classroom, laboratory, and administrative office space, together with related infrastructure was constructed. The facilities are used solely for education and research purposes and are operated and managed by the University. The University and the Corporation entered into an agreement whereby the Corporation leases the facilities to the University for the occupancy of the facilities. The University has agreed to pay a base rent equal to all amounts due and payable under the term loan.

Annual requirements to amortize the outstanding term loan as of June 30, 2018, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 2,498,000	\$ 1,490,640	\$ 3,988,640
2020	2,559,000	1,429,956	3,988,956
2021	2,621,000	1,367,796	3,988,796
2022	2,684,000	1,304,136	3,988,136
2023	2,750,000	1,238,928	3,988,928
2024-2028	14,783,000	5,159,700	19,942,700
2029-2033	16,670,000	3,274,680	19,944,680
2034-2037	18,794,000	1,149,264	19,943,264
Total	\$ 63,359,000	\$ 16,415,100	\$ 79,774,100

On March 8, 2018, the Corporation entered into a note with a bank for up to \$20,000,000 to secure the construction commitments for a new University Downtown campus education facility. The note bears a variable rate of interest equal to a per annum rate of 81 percent multiplied by the sum of the LIBOR plus 0.50 percent and is subject to adjustment to reflect changes in the LIBOR rate. The rate on June 30, 2018, was 2.74 percent. The balance of the note was \$0 as of June 30, 2018. Payments will be made on an annual basis on March 8 of each year beginning March 8, 2019.

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2018, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$57,343,725. The current portion of the compensated absences liability,

\$4,014,061, is the amount expected to be paid in the coming fiscal year and is based on actual payouts over the last 3 years calculated as a percentage of those years' total compensated absences liability.

Other Postemployment Benefits Payable. The University follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

General Information about the OPEB Plan

Plan Description. The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan administered by the State of Florida. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for funding the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of \$300,512,000 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. At June 30, 2018, the University's proportionate share, determined by its proportion of total benefit payments made, was 2.78 percent, which was an increase of 0.05 from its proportionate share measured as of June 30, 2017.

Actuarial Assumptions and Other Inputs. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60 percent
Payroll Growth	3.25 percent
Discount rate	3.58 percent
Healthcare cost trend rates	
PPO Plan	7.8 percent for 2018, decreasing to an ultimate rate of 3.8 percent for 2076 and later years
HMO Plan	5.2 percent for 2018, decreasing to an ultimate rate of 3.8 percent for 2076 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

While an experience study had not been completed for the OPEB Plan, the actuarial assumptions that determined the total OPEB liability for the OPEB Plan were based on certain results of the most recent experience study for the FRS Plan.

The following changes have been made since the prior valuation:

- The census data reflects changes in status for the 24-month period since July 1, 2015.
- The annual per capita claims costs have been updated to reflect current age-adjusted premiums.
- The premium rates have been updated to use the rates effective for 2017.
- Health care inflation rates have been updated to reflect recent healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries. Additionally, the updated trend rates reflect the information from the Report on the Financial Outlook for the Fiscal Years Ending June 30, 2017 through June 30, 2023, as adopted August 3, 2017 by the Self-Insurance Estimated Conference.
- The active mortality rates have been updated to use rates mandated by Chapter 2015-157, Laws of Florida for pension plans. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates are those outlined in Milliman's July 1, 2016 FRS actuarial valuation report.
- The discount rate as of the measurement date for GASB Statement No. 75 purposes is 3.58 percent. The prior GASB Statement No. 45 valuation used 4.00 percent. The GASB Statement No. 75 discount rate is based on the 20-year municipal bond rate as of June 29, 2017.

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
University's proportionate share of the total OPEB liability	\$374,009,000	\$300,512,000	\$244,398,000

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
University's proportionate share of the total OPEB liability	\$239,181,000	\$300,512,000	\$383,830,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the fiscal year ended June 30, 2018, the University recognized OPEB expense of \$19,854,000. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ -	\$ 42,480,000
Changes in proportionate share	3,961,000	-
Transactions subsequent to the measurement date	3,583,000	-
Total	<u>\$ 7,544,000</u>	<u>\$ 42,480,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$3,583,000 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ (5,503,000)
2020	(5,503,000)
2021	(5,503,000)
2022	(5,503,000)
2023	(5,503,000)
Thereafter	(11,004,000)
Total	<u><u>\$ (38,519,000)</u></u>

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2018, the University's proportionate share of the net pension liabilities totaled \$233,142,860. Note 12. includes a complete discussion of defined benefit pension plans.

Interest Rate Swap. As described previously in the Loans and Notes Payable section above, the Corporation's interest rate swap liability was terminated in September 2017.

Other Noncurrent Liabilities. Other noncurrent liabilities primarily consist of the liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan Program. Under the Perkins Loan program, the University receives Federal capital contributions that must be returned to the Federal Government if the program has excess cash or the University ceases to participate in the program. Federal capital contributions held by the University totaled \$6,413,545 as of June 30, 2018.

Certificate of Participation Payable and Bonds Payable – Component Units.

UCF Convocation Corporation

During the 2013-14 and 2014-15 fiscal years, the UCF Convocation Corporation issued two refunding certificates of participation, Series 2014A for \$58,645,000 and Series 2014B for \$58,930,000 related to the construction of four residential housing towers, two adjacent parking facilities, and certain surrounding commercial retail space during the 2004-05 and 2005-06 fiscal years. The refunding certificates will mature on October 1, 2034, and October 1, 2035, respectively, and bear interest at a fixed rate of 3.61 and 3.80 percent, respectively, per annum.

During the 2015-16 fiscal year, the UCF Convocation Corporation issued a \$48,385,000 Refunding Revenue Bond, Series 2015A and a \$34,775,000 Taxable Refunding Revenue Bond, Series 2015B, to a bank, related to the acquisition, construction, and installation of a new convocation center, renovation of the existing University Arena, and construction of related infrastructure during the 2005-06 fiscal year. The bonds will mature on October 1, 2035, and bear interest at fixed rates ranging from 2 to 5 percent per annum.

The outstanding balance of UCF Convocation Corporation certificates and revenue bonds at June 30, 2018, was \$104,395,000 and \$76,785,000, respectively, before an unamortized premium of \$976,067.

The University entered into an operating agreement with the UCF Convocation Corporation whereby the UCF Convocation Corporation will be solely responsible for management and operations of the

convocation center and related facilities. The University assigned its rights, title, and interest in revenues generated from use of the facilities to the UCF Convocation Corporation and granted it the right to pledge revenues to secure repayment of the refunding revenue bonds. The University retained the right for priority use of the facilities for a period of at least 100 days annually. In exchange, the University agreed to pay UCF Convocation Corporation \$2,200,000 per year for the term of the agreement. The term of the agreement ends in 2036 and cannot be terminated prior to the time that all related bonds have been paid in full. Amounts paid to UCF Convocation Corporation for the fiscal year ended June 30, 2018, totaled \$2,200,000.

The University entered into a support agreement with the UCF Convocation Corporation such that it will fund certain deficiencies that may arise in the event the corporation is unable to make the minimum payments on the certificates or bonds. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts. In the event of certain deficiencies for debt service coverage requirements or reserve account shortfalls, the University agrees to defer collecting certain expenditures to cover any such deficiencies.

In fiscal year 2018, the UCF Convocation Corporation met requirements necessary to release certain restricted funds held by the trustee. The Corporation's governing board made the decision to remit a portion of these funds back to the University. Transfers to the University totaled \$704,711 for fiscal year ended June 30, 2018.

UCF Stadium Corporation

During the 2015-16 fiscal year, the UCF Stadium Corporation issued Series 2015A tax-exempt refunding revenue bonds for \$33,995,000 with a net premium of \$2,332,576, Series 2015B taxable refunding revenue bonds for \$10,250,000, and a Series 2015C non-taxable refunding revenue bond for \$3,810,000, to a bank, related to the construction of a football stadium on the campus at the University. The bonds include both term and serial bonds and are secured by a pledge from the UCF Athletics Association, Inc. of gross ticket revenues, rent, away game guarantees, conference distributions, and sponsorship revenues. The bonds bear fixed interest rates that range from 2.75 percent to 5.15 percent, and maturity dates that range from March 2029 to March 2036.

The outstanding balance of all UCF Stadium Corporation revenue bonds at June 30, 2018, was \$43,908,000, before an unamortized premium of \$2,035,005.

The University entered into a support agreement with the UCF Stadium Corporation such that it will fund certain deficiencies that may arise in the event either corporation is unable to make the minimum payments on the bonds. In addition, if the Corporation has deficiencies for debt service coverage or reserve account shortfalls, the University agrees to transfer funds to cover any such deficiencies. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts.

Loans and Notes Payable – Component Units.

UCF Foundation, Inc.

During the 2004-05 fiscal year, the University of Central Florida Foundation, Inc. entered into a note with a bank for the purchase of land and buildings. The note is secured by the land, buildings, and lease revenues. In May 2017, the note was refinanced to a 3.34 percent fixed rate. The principal balance at

the time of the refinance was \$7,535,000 with the note still maturing on April 1, 2029. As of June 30, 2018, the remaining outstanding principal was \$7,015,000.

During the 2009-10 fiscal year, the University of Central Florida Foundation, Inc. entered into a note with a bank for \$19,925,000. The note is comprised of a tax-exempt portion with a fixed rate of 4.96 percent and a taxable portion with a fixed rate of 5.83 percent. The note is secured by buildings and lease revenue. As of June 30, 2018, the taxable note was fully repaid and the remaining outstanding principal for the tax-exempt note was \$12,440,000.

UCF Athletics Association, Inc.

During the 2014-15 fiscal year, the UCF Athletics Association, Inc. modified a construction line of credit with a local bank to a line of credit promissory note. The note matures June 2033, and the repayment schedule assumes the agreement is renewed annually. If the agreement is not renewed, the entire balance will be due in full at that time. On July 1, 2018, the UCF Athletics Association, Inc. renewed the agreement until July 2019, which carries interest at 67 percent of LIBOR plus 1.34 percent (2.76 percent at June 30, 2018). The note is secured by an amount not to exceed 5 percent of the prior year's collection of student athletic fees and conference payments from the American Athletic Conference. As of June 30, 2018, the amount outstanding on the note was \$5,654,999.

In June 2018, the UCF Athletics Association, Inc. also renewed an operating line of credit agreement with a local bank for \$5,000,000. The line carries an interest rate of LIBOR plus 2 percent (4.13 percent at June 30, 2018). The line is secured by all contract royalties under a multimedia agreement, as well as, all NCAA grant-in-aid and sports sponsorship distributions. As of June 30, 2018, there was \$620,000 outstanding on the operating line of credit.

Due to University – Component Units.

Three of its component units reported moneys due to the University totaling \$6,928,535. The UCF Athletics Association, Inc. received several loans from the University between 2004 and 2007. In 2009, those loans were consolidated into one loan. In July 2015, the Board of Trustees approved an amendment to the previous payment schedule. A payment of \$500,000 was made during the 2017-18 fiscal year with future years' payments ranging from \$500,000 to \$1,200,000. The loan matures in fiscal year 2025 and bears interest at a variable rate equal to the preceding fiscal year's average SPIA rate of return. As of June 30, 2018, the amount outstanding, including interest, totaled \$6,210,502.

12. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class employed by the State and faculty and specified employees in the State university system. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy

(HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the University are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The University's FRS and HIS pension expense totaled \$41,271,242 for the fiscal year ended June 30, 2018.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not

include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Senior Management Service Class	2.00
Special Risk Class	3.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.92
FRS, Senior Management Service	3.00	22.71
FRS, Special Risk	3.00	23.27
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	13.26
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The University's contributions to the Plan totaled \$18,255,686 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the University reported a liability of \$176,504,316 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The University's proportionate share of the net pension liability was based on the University's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the University's proportionate share was 0.596715076 percent, which was an increase of 0.03684922 from its proportionate share measured as of June 30, 2016.

For the year ended June 30, 2018, the University recognized pension expense of \$35,487,896. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,198,849	\$ 977,743
Change of assumptions	59,317,911	-
Net difference between projected and actual earnings on FRS Plan investments	-	4,374,218
Changes in proportion and differences between University contributions and proportionate share of contributions	19,109,928	-
University FRS contributions subsequent to the measurement date	18,255,686	-
Total	\$ 112,882,374	\$ 5,351,961

The deferred outflows of resources totaling \$18,255,686, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 15,248,290
2020	30,432,102
2021	20,739,594
2022	5,247,691
2023	12,845,328
Thereafter	4,761,722
Total	\$ 89,274,727

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Total	100%			
Assumed inflation - Mean			2.6%	1.9%

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 7.10 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension

liability is equal to the long-term expected rate of return. The discount rate used in the 2017 valuation was updated from 7.60 percent to 7.10 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.10 percent) or 1 percentage point higher (8.10 percent) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
University's proportionate share of the net pension liability	\$319,462,151	\$176,504,316	\$57,816,559

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled \$2,887,590 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the University reported a liability of \$56,638,544 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within 1 year, net of the

University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, and update procedures were used to determine liabilities as of July 1, 2017. The University's proportionate share of the net pension liability was based on the University's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the University's proportionate share was 0.529705387 percent, which was an increase of .030014652 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the University recognized pension expense of \$5,783,346. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 117,930
Change of assumptions	7,961,432	4,897,595
Net difference between projected and actual earnings on HIS Plan investments	31,410	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	7,222,794	-
University HIS contributions subsequent to the measurement date	2,887,590	-
Total	\$ 18,103,226	\$ 5,015,525

The deferred outflows of resources totaling \$2,887,590, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 2,403,494
2020	2,397,550
2021	2,394,697
2022	2,015,619
2023	1,171,322
Thereafter	(182,571)
Total	\$ 10,200,111

Actuarial Assumptions. The total pension liability at July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal bond rate	3.58 percent

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.58 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2017 valuation was updated from 2.85 percent to 3.58 percent.

Sensitivity of the University’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University’s proportionate share of the net pension liability calculated using the discount rate of 3.58 percent, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
University’s proportionate share of the net pension liability	\$64,632,079	\$56,638,544	\$49,980,371

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report.

13. Retirement Plans – Defined Contribution Pension Plans

FRS Investment Plan. The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State’s Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements,

are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2017-18 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The University's Investment Plan pension expense totaled \$4,145,785 for the fiscal year ended June 30, 2018.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for 8 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement

and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 3.3 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 8.45 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled \$20,369,919, and employee contributions totaled \$11,861,163 for the 2017-18 fiscal year.

14. Construction Commitments

The University's major construction commitments at June 30, 2018, were as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
UCF Downtown Academic Building	\$ 57,606,901	\$ 14,083,718	\$ 43,523,183
John C. Hitt Library Renovations	39,135,178	21,633,751	17,501,427
Trevor Colbourn Hall	35,093,018	30,008,522	5,084,496
CREOL Expansion Phase II	6,379,029	1,166,986	5,212,043
Student Union Expansion	5,356,088	3,232,891	2,123,197
Roth Athletic Center	2,507,815	377,140	2,130,675
Utilities Relocation Project	1,726,836	706,816	1,020,020
UCF Downtown Central Energy Plant	1,273,343	236,072	1,037,271
Subtotal	<u>149,078,208</u>	<u>71,445,896</u>	<u>77,632,312</u>
Other Projects (1)	<u>24,794,363</u>	<u>18,614,547</u>	<u>6,179,816</u>
Total	<u>\$ 173,872,571</u>	<u>\$ 90,060,443</u>	<u>\$ 83,812,128</u>

(1) Individual projects with a current balance committed of less than \$1 million at June 30, 2018.

15. Operating Lease Commitments

The University leased buildings under operating leases, which expire in fiscal year 2039-40. These leased assets and the related commitments are not reported on the University's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. Future minimum lease commitments for these noncancelable operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 11,456,189
2020	12,422,270
2021	7,053,820
2022	6,773,556
2023	6,017,826
2024-2028	11,107,703
2029-2033	4,560,493
2034-2038	4,046,079
2039-2040	876,673
Total Minimum Payments Required	\$ 64,314,609

The University of Central Florida Foundation, Inc. (Foundation) receives rents and reimbursement for certain operating expenses from the University for various buildings owned by the Foundation and occupied by the University. The Foundation and University are also parties to a long-term 99-year ground lease for use of the land at Lake Nona for the Health Sciences Campus. Rents and reimbursements paid by the University for the year ended June 30, 2018, were \$9,445,452.

The University has also entered into rental agreements with the UCF Convocation Corporation for use of parking garages and various retail spaces surrounding the arena. Rents paid to the UCF Convocation Corporation for the year ended June 30, 2018, totaled \$2,393,192.

The University has entered into a 40-year lease for the use of a research and development center, with base rent of \$1 per year, and is responsible for all operating and maintenance charges for the center. The University has entered into a 5-year management services agreement with another entity to manage and operate the center. The entity will be responsible for payment of all operating and maintenance costs with some allowable costs reimbursed by the University.

16.State Self-Insurance Programs

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2017-18 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$92.5 million for named windstorm and flood through February 14, 2018, and decreased to \$78 million starting February 15, 2018. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$225 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and

\$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

17. University Self-Insured Program

The University of Central Florida, College of Medicine Self-Insurance Program (Program) was established pursuant to Section 1004.24, Florida Statutes, on September 25, 2008. The Program's purpose is to provide comprehensive general liability and professional liability (malpractice) coverage for the University of Central Florida Board of Trustees and students for claims and actions arising from the clinical activities of the College of Medicine, College of Nursing, UCF Health Services, College of Health and Public Affairs, and the Central Florida Clinical Practice Organization, Inc., faculty, staff and resident physicians. The Program provides legislative claims bill protection. The Program is distinct from and entirely independent of the self-insurance programs administered by the State described in Note 16.

The University is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Program also provides \$1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; \$250,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; \$250,000 per claim protection for participants who engage in approved community service and act as Good Samaritans; and student protections of \$200,000 for claim arising from an occurrence for any one person, \$300,000 for all claims arising from an occurrence and professional liability required by a hospital or other healthcare facility for educational purposes not to exceed a per occurrence limit of \$1,000,000.

The Self-Insurance Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported. Changes in the balances of claims liability for the Self-Insurance Program during the 2016-17 and 2017-18 fiscal years are presented in the following table:

<u>Fiscal Year</u>	<u>Claims Liability Beginning of Year</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Claim Liabilities End of Year</u>
June 30, 2017	\$ 141,222	\$ 92,630	\$ (274)	\$ 233,578
June 30, 2018	233,578	368,940	(1,023)	601,495

18. Litigation

The University is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the University's legal counsel and management, should not materially affect the University's financial position.

19. Functional Distribution of Operating Expenses

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as research and public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net position are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 368,234,137
Research	143,653,460
Public Services	13,361,770
Academic Support	80,961,892
Student Services	55,325,718
Institutional Support	96,144,613
Operation and Maintenance of Plant	60,749,798
Scholarships, Fellowships, and Waivers	119,990,341
Depreciation	66,259,952
Auxiliary Enterprises	94,845,046
Loan Operations	476,387
Total Operating Expenses	<u><u>\$ 1,100,003,114</u></u>

20. Segment Information

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources are required to be accounted for separately. The following financial information for the University's Housing, Parking, and Health Services facilities represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Services Capital Improvement Debt
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current Assets	\$ 13,907,999	\$ 11,257,929	\$ 10,194,101
Capital Assets, Net	90,501,932	59,250,294	10,321,067
Other Noncurrent Assets	11,712,667	17,158,837	6,522,000
Total Assets	<u>116,122,598</u>	<u>87,667,060</u>	<u>27,037,168</u>
Liabilities			
Current Liabilities	9,395,919	3,812,868	1,240,738
Noncurrent Liabilities	84,185,888	24,555,374	2,685,000
Total Liabilities	<u>93,581,807</u>	<u>28,368,242</u>	<u>3,925,738</u>
Net Position			
Net Investment in Capital Assets	1,282,036	31,636,904	7,171,067
Restricted - Expendable	11,590,403	17,107,972	6,448,077
Unrestricted	9,668,352	10,553,942	9,492,286
Total Net Position	<u>\$ 22,540,791</u>	<u>\$ 59,298,818</u>	<u>\$ 23,111,430</u>

**Condensed Statement of Revenues, Expenses,
and Changes in Net Position**

	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Services Capital Improvement Debt
Operating Revenues	\$ 29,971,788	\$ 22,116,646	\$ 22,215,310
Depreciation Expense	(4,277,614)	(2,871,423)	(580,955)
Other Operating Expenses	(16,417,131)	(11,931,376)	(17,473,206)
Operating Income	9,277,043	7,313,847	4,161,149
Nonoperating Revenues (Expenses):			
Nonoperating Revenue	526,316	669,684	231,119
Interest Expense	(3,957,120)	(1,214,085)	(197,916)
Other Nonoperating Expense	(176,917)	(49,473)	-
Net Nonoperating Revenue (Expenses)	(3,607,721)	(593,874)	33,203
Other Revenues, Expenses, Gains and Losses	(6,516,032)	(2,926,786)	(3,065,664)
Increase in Net Position	5,669,322	6,719,973	4,194,352
Net Position, Beginning of Year	23,387,501	55,505,631	21,982,742
Net Position, End of Year	\$ 22,540,791	\$ 59,298,818	\$ 23,111,430

Condensed Statement of Cash Flows

	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Services Capital Improvement Debt
Net Cash Provided (Used) by:			
Operating Activities	\$ 13,296,893	\$ 9,567,175	\$ 3,820,687
Noncapital Financing Activities	(2,943,272)	(1,643,924)	(2,415,397)
Capital and Related Financing Activities	(13,131,665)	(6,241,387)	(1,085,516)
Investing Activities	3,322,094	(783,988)	111,933
Net Increase in Cash and Cash Equivalents	544,050	897,876	431,707
Cash and Cash Equivalents, Beginning of Year	1,374,835	1,285,429	783,081
Cash and Cash Equivalents, End of Year	\$ 1,918,885	\$ 2,183,305	\$ 1,214,788

21. Blended Component Units

The University has two blended component units as discussed in Note 1. The following financial information is presented net of eliminations for the University's blended component units:

Condensed Statement of Net Position

	Blended Component Units			University	Eliminations	Total Primary Government
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units			
Assets:						
Other Current Assets	\$ 3,259,264	\$ 5,681,660	\$ 8,940,924	\$ 619,653,227	\$ -	\$ 628,594,151
Capital Assets, Net	-	-	-	1,147,333,737	-	1,147,333,737
Due From University / Blended CU	48,064,711	-	48,064,711	-	(48,064,711)	-
Other Noncurrent Assets	-	-	-	106,460,582	-	106,460,582
Total Assets	51,323,975	5,681,660	57,005,635	1,873,447,546	(48,064,711)	1,882,388,470
Deferred Outflows of Resources	12,936,932	-	12,936,932	138,529,600	-	151,466,532
Liabilities:						
Other Current Liabilities	3,258,308	601,495	3,859,803	119,299,240	-	123,159,043
Due to University / Blended CU	-	-	-	48,064,711	(48,064,711)	-
Noncurrent Liabilities	60,861,000	-	60,861,000	699,201,410	-	760,062,410
Total Liabilities	64,119,308	601,495	64,720,803	866,565,361	(48,064,711)	883,221,453
Deferred Inflows of Resources	-	-	-	52,847,486	-	52,847,486
Net Position:						
Net Investment in Capital Assets	-	-	-	982,635,149	-	982,635,149
Restricted - Expendable	141,599	5,080,165	5,221,764	141,269,108	-	146,490,872
Unrestricted	-	-	-	(31,339,958)	-	(31,339,958)
Total Net Position	\$ 141,599	\$ 5,080,165	\$ 5,221,764	\$1,092,564,299	\$ -	\$1,097,786,063

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units	University	Eliminations	Total Primary Government
Operating Revenues	\$ -	\$ 1,432,659	\$ 1,432,659	\$ 550,334,264	\$ (1,432,659)	\$ 550,334,264
Depreciation Expense	-	-	-	(66,259,952)	-	(66,259,952)
Other Operating Expenses	(742,920)	(826,996)	(1,569,916)	(1,032,428,638)	255,392	(1,033,743,162)
Operating Income (Loss)	(742,920)	605,663	(137,257)	(548,354,326)	(1,177,267)	(549,668,850)
Nonoperating Revenues (Expenses):						
Nonoperating Revenue	3,672,465	109,847	3,782,312	609,329,653	(3,568,345)	609,543,620
Interest Expense	(2,129,545)	-	(2,129,545)	(5,404,485)	-	(7,534,030)
Other Nonoperating Expense	(800,000)	-	(800,000)	(36,990,599)	4,745,612	(33,044,987)
Net Nonoperating Revenues	742,920	109,847	852,767	566,934,569	1,177,267	568,964,603
Other Revenues	-	-	-	18,988,261	-	18,988,261
Increase in Net Position	-	715,510	715,510	37,568,504	-	38,284,014
Net Position, Beginning of Year	141,599	4,364,655	4,506,254	1,275,448,795	-	1,279,955,049
Adjustment to Beginning Net Position	-	-	-	(220,453,000)	-	(220,453,000)
Net Position, Beginning of Year, as Restated	141,599	4,364,655	4,506,254	1,054,995,795	-	1,059,502,049
Net Position, End of Year	\$ 141,599	\$ 5,080,165	\$ 5,221,764	\$ 1,092,564,299	\$ -	\$ 1,097,786,063

Condensed Statement of Cash Flows

	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units	University	Eliminations	Total Primary Government
Net Cash Provided (Used) by:						
Operating Activities	\$ (528,222)	\$ 1,053,557	\$ 525,335	\$ (440,338,410)	\$ (1,178,896)	\$ (440,991,971)
Noncapital Financing Activities	-	-	-	550,967,406	3,440,073	554,407,479
Capital and Related Financing Activities	(394,577)	-	(394,577)	(108,224,520)	(2,261,177)	(110,880,274)
Investing Activities	44,237	(827,544)	(783,307)	5,009,534	-	4,226,227
Net Increase (Decrease) in Cash and Cash Equivalents	(878,562)	226,013	(652,549)	7,414,010	-	6,761,461
Cash and Cash Equivalents, Beginning of Year	4,137,826	1,567,691	5,705,517	13,317,018	-	19,022,535
Cash and Cash Equivalents, End of Year	\$ 3,259,264	\$ 1,793,704	\$ 5,052,968	\$ 20,731,028	\$ -	\$ 25,783,996

22. Discretely Presented Component Units

The University has six discretely presented component units as discussed in Note 1. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

Condensed Statement of Net Position

	Direct-Support Organizations					Other		Total
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation	Total Direct-Support Organizations	Central Florida Clinical Practice Organization, Inc.	
Assets:								
Current Assets	\$ 28,453,930	\$ 15,006,687	\$ 4,224,510	\$ 18,923,437	\$ 3,063,841	\$ 69,672,405	\$ 7,382,336	\$ 77,054,741
Capital Assets, Net	75,481,744	-	22,650,504	78,580,471	-	176,712,719	135,272	176,847,991
Other Noncurrent Assets	234,177,642	399,220	-	2,989,201	-	237,566,063	319,593	237,885,656
Total Assets	338,113,316	15,405,907	26,875,014	100,493,109	3,063,841	483,951,187	7,837,201	491,788,388
Deferred Outflows of Resources	-	-	-	4,456,977	676,182	5,133,159	-	5,133,159
Liabilities:								
Current Liabilities	2,916,641	9,107,491	7,363,025	12,445,462	4,108,921	35,941,540	380,718	36,322,258
Noncurrent Liabilities	18,019,108	-	11,867,055	174,706,067	44,157,005	248,749,235	-	248,749,235
Total Liabilities	20,935,749	9,107,491	19,230,080	187,151,529	48,265,926	284,690,775	380,718	285,071,493
Net Position:								
Net Investment in Capital Assets	56,026,744	-	16,995,505	(99,118,619)	(45,266,823)	(71,363,193)	135,272	(71,227,921)
Restricted Nonexpendable	136,083,134	-	-	-	-	136,083,134	-	136,083,134
Restricted Expendable	104,621,697	914,274	693,762	13,459,836	710	119,690,279	-	119,690,279
Unrestricted	20,445,992	5,384,142	(10,044,333)	3,457,340	740,210	19,983,351	7,321,211	27,304,562
Total Net Position	\$ 317,177,567	\$ 6,298,416	\$ 7,644,934	\$ (82,201,443)	\$ (44,525,903)	\$ 204,393,571	\$ 7,456,483	\$ 211,850,054

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Direct-Support Organizations					Other		Total
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation	Total Direct-Support Organizations	Central Florida Clinical Practice Organization, Inc.	
Operating Revenues	\$ 56,987,606	\$ 11,770,482	\$ 59,157,030	\$ 32,641,933	\$ 3,644,882	\$ 164,201,933	\$ 6,091,038	\$ 170,292,971
Depreciation Expense	(1,733,080)	-	(924,514)	(2,980,672)	-	(5,638,266)	(36,549)	(5,674,815)
Operating Expenses	(49,586,383)	(11,161,075)	(54,992,976)	(16,636,510)	(438,710)	(132,815,654)	(2,158,520)	(134,974,174)
Operating Income	5,668,143	609,407	3,239,540	13,024,751	3,206,172	25,748,013	3,895,969	29,643,982
Net Nonoperating Revenues (Expenses):								
Nonoperating Revenues	12,575,647	370,625	1,298,964	137,635	58,170	14,441,041	-	14,441,041
Interest Expense	-	-	(248,788)	(7,306,551)	(1,813,440)	(9,368,779)	-	(9,368,779)
Other Nonoperating Expenses	(33,995)	-	-	(935,703)	(23,676)	(993,374)	(1,904,973)	(2,898,347)
Net Nonoperating Revenues (Expenses)	12,541,652	370,625	1,050,176	(8,104,619)	(1,778,946)	4,078,888	(1,904,973)	2,173,915
Other Revenues	5,693,092	-	-	-	-	5,693,092	-	5,693,092
Increase in Net Position	23,902,887	980,032	4,289,716	4,920,132	1,427,226	35,519,993	1,990,996	37,510,989
Net Position, Beginning of Year	293,274,680	5,318,384	3,355,218	(91,426,081)	(46,601,554)	163,920,647	5,465,487	169,386,134
Adjustment to Beginning Net Position	-	-	-	4,304,506	648,425	4,952,931	-	4,952,931
Net Position, Beginning of Year, as Restated	293,274,680	5,318,384	3,355,218	(87,121,575)	(45,953,129)	168,873,578	5,465,487	174,339,065
Net Position, End of Year	\$ 317,177,567	\$ 6,298,416	\$ 7,644,934	\$ (82,201,443)	\$ (44,525,903)	\$ 204,393,571	\$ 7,456,483	\$ 211,850,054

The UCF Convocation Corporation and the UCF Stadium Corporation have a deficit net position of \$82,201,443 and \$44,525,903, respectively, as of June 30, 2018. These deficits are attributed to the transfer of buildings and building improvements to the University as a result of the August 2015 and December 2015 debt refundings which terminated the ground leases between the UCF Convocation Corporation and the University, and the UCF Stadium Corporation and the University. The Corporations' debts related to the refundings were previously included as a component of the Net Investment in Capital Assets net position but are now included as a component of unrestricted net position on their stand-alone financial statements. The University has reclassified the amounts to Net Investment in Capital Assets in the Statement of Net Position. As the UCF Convocation Corporation and the UCF Stadium Corporation continue to reduce their outstanding long-term debt obligations, the deficit net position will decrease.

23. Subsequent Events

In July 2018, the UCF Convocation Corporation issued Refunding Revenue Bonds, Series 2018 of \$104,636,000 to a bank. The Series 2018 bonds were issued at par. This issuance includes term bonds with maturity dates extending through October 2035 and a fixed interest rate of 3.52 percent. Proceeds of \$104,636,000 from the Refunding Revenue Bonds plus an additional \$1,087,838 from the UCF Convocation Corporation were used to purchase \$105,482,838 of United States Treasury State and Local Government Series Securities. These securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the outstanding 2014A and 2014B certificates, which defeased the certificates. The UCF Convocation Corporation extinguished the debt on July 2, 2018.

The defeasance of the 2014A and 2014B certificates terminated the Housing ground lease agreement between the University and the UCF Convocation Corporation, resulting in the UCF Convocation Corporation transferring \$78,269,300 in net carrying value of all buildings and improvements to the University. Pursuant to the Operating Agreement between the University and the UCF Convocation Corporation, the UCF Convocation Corporation will continue to operate and maintain the facilities, and the University will relinquish its right to the future revenues earned by the facilities to the UCF Convocation Corporation. The revenues generated by and through such operation will secure repayment of the Series 2018 refunding revenue bonds.

On August 27, 2018, the UCF Foundation, Inc. closed on a 175,000 square foot building located in Lake Nona Medical City to be used by the University as a cancer research and treatment facility. The purchase price of the Sanford Burnham building and land is \$50,000,000, funded by a 30-year, interest free, mortgage.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

	<u>2017</u>
University's proportion of the total other postemployment benefits liability	2.78%
University's proportionate share of the total other postemployment benefits liability	\$ 300,512,000
University's covered-employee payroll	\$ 396,397,337
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	75.81%

Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan

	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
University's proportion of the FRS net pension liability	0.596715076%	0.559865856%	0.538161499%	0.48430390%	0.360374086%
University's proportionate share of the FRS net pension liability	\$ 176,504,316	\$ 141,366,568	\$ 69,510,775	\$ 29,549,660	\$ 62,036,419
University's covered payroll (2)	\$ 396,397,337	\$ 364,535,289	\$ 333,695,268	\$ 305,107,256	\$ 289,894,138
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	44.53%	38.78%	20.83%	9.69%	21.40%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.89%	84.88%	92.00%	96.09%	88.54%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of University Contributions – Florida Retirement System Pension Plan

	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Contractually required FRS contribution	\$ 18,255,686	\$ 15,533,963	\$ 13,653,222	\$ 13,120,834	\$ 10,608,311
FRS contributions in relation to the contractually required contribution	<u>(18,255,686)</u>	<u>(15,533,963)</u>	<u>(13,653,222)</u>	<u>(13,120,834)</u>	<u>(10,608,311)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 418,056,891	\$ 396,397,337	\$ 364,535,289	\$ 333,695,268	\$ 305,107,256
FRS contributions as a percentage of covered payroll	4.37%	3.92%	3.75%	3.93%	3.48%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

**Schedule of the University's Proportionate Share
of the Net Pension Liability –
Health Insurance Subsidy Pension Plan**

	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
University's proportion of the HIS net pension liability	0.529705387%	0.499690735%	0.469662225%	0.430757459%	0.415357381%
University's proportionate share of the HIS net pension liability	\$ 56,638,544	\$ 58,236,885	\$ 47,898,159	\$ 40,276,874	\$ 36,162,321
University's covered payroll (2)	\$ 166,665,368	\$ 153,090,572	\$ 140,702,712	\$ 127,489,508	\$ 122,964,996
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	33.98%	38.04%	34.04%	31.59%	29.41%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	1.64%	0.97%	0.50%	0.99%	1.78%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

**Schedule of University Contributions –
Health Insurance Subsidy Pension Plan**

	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Contractually required HIS contribution	\$ 2,887,590	\$ 2,803,354	\$ 2,561,234	\$ 1,795,341	\$ 1,475,630
HIS contributions in relation to the contractually required HIS contribution	<u>(2,887,590)</u>	<u>(2,803,354)</u>	<u>(2,561,234)</u>	<u>(1,795,341)</u>	<u>(1,475,630)</u>
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll (2)	\$ 167,400,707	\$ 166,665,368	\$ 153,090,572	\$ 140,702,712	\$ 127,489,508
HIS contributions as a percentage of covered payroll	1.72%	1.68%	1.67%	1.28%	1.16%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The University's June 30, 2018, proportionate share of the total OPEB liability decreased from the prior fiscal year as a result of changes to benefits and assumptions as discussed below:

Changes in Assumptions. In 2018, amounts reported as changes in assumptions resulted from adjustments to active mortality rates, updates to HMO and PPO healthcare claims costs, changes in retiree contributions, change in trend rates, and a change in the discount rate of return. (Refer to Note 11. to the financial statements for further detail.)

2. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of Assumptions. The long-term expected rate of return was decreased from 7.60 percent to 7.10 percent, and the active member mortality assumption was updated.

3. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of Assumptions. The municipal rate used to determine total pension liability increased from 2.85 percent to 3.58 percent.



Sherrill F. Norman, CPA
Auditor General

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Central Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 20, 2019, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the blended and aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on

a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying **SCHEDULE OF FINDING AND RESPONSE** as Finding No. 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying **SCHEDULE OF FINDING AND RESPONSE** as Finding No. 2018-001.

Management's Response to Finding

Management's response to the finding identified in our audit is described in the accompanying **SCHEDULE OF FINDING AND RESPONSE**. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 20, 2019

SCHEDULE OF FINDING AND RESPONSE

NONCOMPLIANCE AND MATERIAL WEAKNESS

FINANCIAL REPORTING

Finding Number	2018-001
Opinion Unit	University of Central Florida
Financial Statements Account Titles	Not Applicable
Adjustment Amounts	Not Applicable
Prior Year Finding	Not Applicable
Finding	<p>In our operational audit report No. 2019-095, dated January 2019, we disclosed that the University used \$29.1 million in Education and General appropriation carryforward funds to construct the Trevor Colbourn Hall after the Legislature directed that non-appropriated sources be used for the construction. In addition, the University misreported the funding source for the construction of the Trevor Colbourn Hall in the capital outlay budget for each of the 2015-16 through 2018-19 fiscal years, obscuring government transparency of the budget process and misinforming the public of how the construction was being funded. As such, University controls were ineffective to prevent, or timely detect and correct, the unallowable use of the legislatively appropriated carryforward funds for construction activities.</p> <p>As a result of our audit procedures, in September 2018 the University posted journal entries to replenish the E&G funds totaling \$38 million that had been used for the Trevor Colbourn Hall Project and \$46.5 million that had been accumulated for 11 other construction projects. While these journal entries were necessary to properly record this information in the University accounting records and report it on the financial statements, our procedures do not substitute for University management's responsibility for proper financial reporting.</p>
Management's Response	University management concurred with the finding. Management's response, in its entirety, is included in our operational audit report No. 2019-095.

ITEM: INFO-5

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
April 17, 2019

Title: 2018 Capital Projects Summary

Background:

At the November 15, 2018 FFC meeting, the trustees requested a summary of projects completed in 2018 including information on approved versus actual costs, projected time line versus actual completion timeline, the final square footage at completion, and any programmatic changes after board approval. The attached report contains the requested information.

Issues to be Considered:

N/A

Alternatives to Decision:

N/A

Fiscal Impact and Source of Funding:

N/A

Recommended Action:

For information only

Authority for Board of Trustees Action:

Specific trustee request

Committee Chair or Chairman of the Board approval:

Approved by Chair Alex Martins.

Submitted by:

Misty Shepherd, Interim Vice President for Administrative Affairs and Operations

Supporting Documentation:

Attachment A: 2018 Capital Projects Summary

Facilitators/Presenters:

Bill Martin, Director, Facilities Planning



CAPITAL PROJECT SUMMARY

This document has been prepared for the UCF Board of Trustees and provides budgets, timelines, square footage, and programming (including changes) of capital projects completed in 2018. Additionally, it provides a summary for UCF Global (2016).

Six capital projects were completed and began occupancy in 2018:

- Research I
- John C. Hitt Library, Phase 1
- District Energy Plant IV
- Trevor Colbourn Hall
- Student Union, Phase 2
- Baseball Stadium Expansion

A two-page summary is provided for each project, including pictures and additional information that may be of interest to the BOT.

For purposes of this document, the following definitions are used:

- **PLANNED COST** – the total project cost at the time of the Construction Manager's (CM's) Guaranteed Maximum Price (GMP) contract
- **ACTUAL COST** – the projected total project cost after all final payment applications and expenses are paid
- **PROJECTED TIMELINE** – the date of Substantial Completion in the CM's GMP contract
- **ACTUAL TIMELINE** – the actual date of occupancy
- **FINAL SQUARE FOOTAGE** – the total gross square footage of the building
- **PROGRAMMATIC CHANGES** – significant changes to the building that occurred after the CM's GMP

Facilities Planning and Construction (FP&C) is very proud to have delivered these projects and offers the Board of Trustees tours these projects!

Sincerely,

A handwritten signature in blue ink that reads "Bill Martin". The signature is written in a cursive, flowing style.

Bill Martin
Director, Facilities Planning and Construction
Facilities & Safety

RESEARCH I

PLANNED COST:	\$53,504,853.00 (funded amount after all GMPs)
ACTUAL COST:	\$53,238,774.91 (\$266,078.09 under budget)
PROJECTED TIMELINE:	Phase 1 - January 2016 to July 2017; Phase 2 - September 2016 to November 2017
ACTUAL TIMELINE:	Phase 1 and 2 combined due to program changes - schedule extended to January 2018
BOT SUBMISSION:	Capital Improvement Plans, approved by the BOT on June 29, 2015 and July 28, 2016

PROJECT DESCRIPTION:

Research I, originally titled the Interdisciplinary Research and Incubator Facility (IRIF), is a 105,775gsf building containing 79 labs with a NFPA 45 rating, 84 offices, conference rooms, break rooms, and support rooms. When the project was originally started in October 2014, the project had two phases due to budget constraints: Phase 1 (roughly 2/3 of the building with a total project cost of \$30M, and Phase 2 (roughly 1/3 of the building with a total project cost of \$15M. The Architect/Engineer (AE) team designed both phases simultaneously, but provided two separate drawing packages so that they could be bid separately.

Phase 1 of construction started in January 2016 within its \$30M budget. The university then decided to increase the project budget by \$15M to include Phase 2, which started in September 2016. The project phases were started nine months apart and were run as two separate projects with different completion dates, schedules, and finances. The below picture depicts Phase 1 and 2 construction:



It is important to note that the project was originally designed as generic, flexible lab space. The intent was to build as large of a facility as possible, and as researchers were assigned to the building, their startup funds would be used to build-out their labs. The only known tenant during the design phase was the Materials Characterization Facility (MCF), slated for the first floor. All labs on the second and third floors were designed with a very basic buildout. Mid-construction, the university began assigning labs to specific users, which required significant re-design and re-work in the middle of the construction phase. FP&C worked closely with the AE and CM to accommodate these required changes, requesting additional funding and time to complete. As part of this request, the actual timelines of the two phases were merged into a single date of January 2018, which greatly simplified the commissioning and substantial completion of the project. Users began occupying the building in January 2018.

Project management efforts for Research I earned FP&C the top award in 2018 from the Construction Owners Association of America (COAA). UCF and Michigan State were the only universities to be awarded the COAA Gold Project Leadership Award, recognizing UCF's excellence in project delivery.

RESEARCH I Photos



LIBRARY PHASE I

PLANNED COST:	\$21,619,733.82 (funded amount after all GMPs)
ACTUAL COST:	\$21,383,408.27 (\$236,365.55 under budget, w/o PM Services)
PROJECTED TIMELINE:	Phase 1, ARC - May 2016 to November 2017
ACTUAL TIMELINE:	Phase 1, ARC - May 2016 to May 2018 (explanation follows)
BOT SUBMISSION:	Capital Improvement Plans, approved each year by the BOT starting July 26, 2012 to present

PROJECT DESCRIPTION:

The Library Expansion project has been in the works for nearly 10 years. The primary goal of the project was to free up “stack” space in the existing library for conversion into study space, multipurpose space, office space, intake space, and specialty collection space. Phase 1 of the project consisted of the construction of an Automatic Retrieval Center (ARC) and was completed in 2018. The ARC consolidates book storage into a much smaller footprint and provides a mechanism for quick material retrieval. Phase 1A and 1B (known as the “Connector”), connects the stand-alone ARC building to the main library. Future phases 2A, 2B, 2C, etc. will renovate the interior of the library one floor at a time. Due to construction and renovation complexities, the requirement to keep the library open during construction, and limited Capital Improvement Trust Funds (CITF) funding, the project is being constructed in multiple phases over multiple years:

- Phase 1 – Automatic Retrieval Center (completed 2018)
- Phase 1A, 1B – Connector (started construction 2018, with a projected timeline of December 2019)
- Phase 2A, 2B, 2C, etc. - Interior renovation of the library. Phase 2A will likely consist of a renovation of floors 1 and 2, and strategic building systems upgrades. Phase 2A is starting design in early 2019.

In addition to construction of the 20,609gsf ARC, Phase 1 included:

- Sprinklers added to floors two, three, four, and five of the library, eliminating a State Fire Marshall violation;
- Replacement of exit stair flooring (previously carpet, now vinyl);
- Replacement of exit stair handrails and guard rails to meet building code;
- Upgrade of several restrooms for ADA compliance;
- Upgrade of the fifth floor conference room Audio/Visual equipment;
- Upgrade of the building’s primary electrical equipment and switchgear, which required a 2-week shut-down of the entire library (over the winter holiday break 2017-18);
- Renovation of half of the fifth floor, converting stack space into student study space

While the projected timeline was November 2017, Hurricane Irma and other unforeseen circumstances delayed the actual timeline (the official opening date). One substantial issue had a large schedule impact - when the main ARC electrical switchgear energized for the first time, a piece of all-thread steel hanger was found in the switchgear, causing serious damage to this new equipment. While it remains unclear if this was an accident or sabotage, UCF required and demanded a full equipment replacement in lieu of repair. The Construction Manager replaced the equipment at no cost to UCF. However, the custom fabrication of the switchgear added approximately 14 weeks to the project schedule, and this delay affected the scheduling of other building systems and commissioning. Fortunately for UCF, a hard opening date was not required for this facility, as the structure is independent of the main library.

The ARC currently stores approximately 300,000 volumes of library material for quick automated retrieval. The use of the ARC has freed up shelving floor space in preparation for Phase 1A (Connector), which is currently under construction.

LIBRARY PHASE I Photos



DISTRICT ENERGY PLANT IV

PLANNED COST:	\$15,830,000.00 (funded amount after all GMPs)
ACTUAL COST:	\$15,460,145.41 (\$369,854.59 under budget , w/o PM Services)
PROJECTED TIMELINE:	January 2017 to November 2017
ACTUAL TIMELINE:	February 2017 to June 2018 (explanation follows)
BOT SUBMISSION:	Capital Improvement Plan, approved by the BOT on June 29, 2015

PROJECT DESCRIPTION:

The fourth energy plant on campus (District Energy Plant IV – DEP IV) is located near the Arboretum. This 9,830gsf building increases the centralized cooling capacity from 17,900 refrigerated tons (RT) to 21,900 RT, with the capability to expand up to 26,000 RT. DEP IV is connected to the chilled water distribution infrastructure that consists of approximately 15 miles of mains, connecting 58 buildings with environmentally-sensitive and general comfort cooling to 4.9M GSF of research, academic, student housing, CFE Arena, and Athletic space. The overall plant efficiency is .69 kW/ton, which is roughly 17% more efficient than the OUC Lake Nona Chilled Water Plant.

DEP IV also provides a flexible platform to integrate multiple resources, including heat recovery to produce heating-hot-water (used in the dehumidification process for the HVAC system in Research I); the ability to contribute generation capacity to the existing thermal energy storage tank for electrical peak shifting strategies to reduce purchased electric costs; and the future ability to use reclaimed water as a source make-up for heat transfer, in lieu of using potable water, to reduce water consumption and remain within the limits of our consumptive use permit with the St. John’s River Water Management District.

In addition to increasing chilled water capacity, the plant provides greater operational flexibility and thermal resiliency by enabling the chilled water generation asset base to operate in a N+2 paradigm, where there is always redundancy and a backup, in case one chiller fails or needs to be decommissioned for service during peak cooling demand. The geographical location of the plant, with relation to the central campus core, was carefully considered during design, with the intent to accommodate future academic and research load growth. Furthermore, each of the campus chilled water generation facilities were separated onto one of the six primary Duke Energy feeders, in the event of a power outage or voltage anomaly, to reduce risk and negative impacts associated with environmentally-sensitive spaces during power interruptions.

As energy costs continue to rise, and the university continues to grow, reliably meeting the campus’s energy needs with district energy is more efficient than using in-building equipment or a decentralized approach. Because district energy cooling and heating networks aggregate the thermal energy needs of multiple academic and research buildings, the building clusters create economies of scale from an environmental, economic, and operational perspective, facilitating investments in energy technologies not otherwise feasible on a single-building basis.

This project experienced delays during construction from Hurricane Irma, unforeseen design and construction challenges, and UCF added scope. All of these changes were within the approved cost budget, and the project opened prior to summer 2018, when cooling demand on campus is at its peak.

DEP IV was also designed as a teaching tool, and includes color-coded pipes to clearly display the building’s functions to faculty and students, such as the evaporative cooling process. The project also demonstrates UCF’s strong commitment to LEED and sustainability, with attributes such as an overall building-energy use reduction of 34% over a baseline building; a 33% reduction in building water use; 30% of the plant’s building construction materials being composed of recycled content; 64% of the materials being regionally sourced, extracted, and manufactured within a 500-mile radius of campus; and overall plant efficiency of 8% greater than a baseline plant. The District Energy Plant IV is also the 1st industrial building at UCF to receive LEED Gold certification.

DISTRICT ENERGY PLANT IV Rendering and Photos



TREVOR COLBURN HALL

PLANNED COST:	\$39,064,950.13 (funded amount after all GMPs, including \$518K for Colbourn Hall demo)
ACTUAL COST:	\$38,783,675.31 (\$281,274.82 under budget)
PROJECTED TIMELINE:	Site – May 2017 to August 2017; Building - August 2017 to August 2018
ACTUAL TIMELINE:	Site – May 2017 to August 2017; Building - August 2017 to August 2018
BOT SUBMISSION:	Capital Improvement Plans, approved by the BOT on June 29, 2015 and July 28, 2016

PROJECT DESCRIPTION:

Trevor Colbourn Hall (TCH) is a new 136,786gsf classroom/office building on the west side of campus, replacing Colbourn Hall (CH), which was demolished. Original project concepts considered renovating and expanding CH, but these solutions proved to be more expensive than building a new facility, and renovations would have been logistically impossible to perform, as the building would need to remain occupied. Instead, the university opted to build a larger 136,786 gsf stand-alone facility, with multiple classroom and office spaces for more than 20 departments, supporting approximately 350 faculty and staff. The primary tenants of TCH are the College of Arts and Humanities, Student Development and Enrollment Services, Undergraduate Studies, Graduate Studies, and the Burnett Honors College. There is also a significant amount of “shell space” that can be fit-out as future space needs arise.

The building was designed with a main central circulation spine on all three floors that provides access to various departments and classrooms. Individual suites were designed using a Gained Light Officing (GLO) layout concept, which provides access to daylight to and from all offices. GLO provides a healthier environment for building occupants, most of whom moved from Colbourn Hall where there was little or no access to daylight in most offices. The building is constructed using “chilled beams”, an energy-efficient HVAC system that provides radiant cooling to spaces rather than forced air. This is the second UCF building to employ this technology, after UCF Global, and makes TCH one of the most energy-efficient buildings on campus. The project is also designed for a future roof-top solar array.

The construction schedule of this project was extremely fast and aggressive for a building of this size. The project required both a site GMP and a building GMP in order to accelerate the projected timeline. The construction duration from construction start to substantial completion was 15 months. One factor that drove the ability to meet this aggressive schedule, and save both time and money, was to design the project using tilt-up construction.

The projected timeline of August 1, 2018 was met. The contractor has stayed on-site to address punch list items and additional end-user requests, and to manage the demolition of CH. Debris is currently being removed from the site, and site restoration, irrigation, and sod installation will continue through March 2019.

TREVOR COLBOURN HALL Photos



STUDENT UNION RENOVATION PHASE 2

PLANNED COST:	\$17,977,891.00 (funded amount for Phases 2, 3, and 4 after all GMPs)
ACTUAL COST:	TBD (currently on budget)
PROJECTED TIMELINE:	Phase 2 - August 2017 to April 2018
ACTUAL TIMELINE:	Phase 2 - August 2017 to September/January 2019 (explanation follows)
BOT SUBMISSION:	Capital Improvement Plan, approved by the BOT on July 28, 2016

PROJECT DESCRIPTION:

The Student Union Renovation and Expansion is a complex 4-phase project with an overall goal of improving the student experience at the heart of campus. The project encompasses the renovation of the existing food court area (7,545gsf) to introduce five new foodservice brands, building expansion to add 700 new food court seats, and building expansion for Student Government Association (SGA) space, which includes offices and a Senate chamber.

The project phases are:

- Phase 1: Relocation of the dishwasher to make way for Phase 2 construction and ensure that the remaining Student Union foodservice venues were functional (complete)
- Phase 2: Renovation of the food court to include all foodservice systems, equipment, MEP/FP systems, and interiors (complete - certificates of occupancy were issued September 2018 and December 2018)
- Phase 3 & 4: Expansion of the building, to include 700 additional food court seats on the first and second floor expansions, and a third floor for SGA (starting construction January 2019, phases will run concurrently)

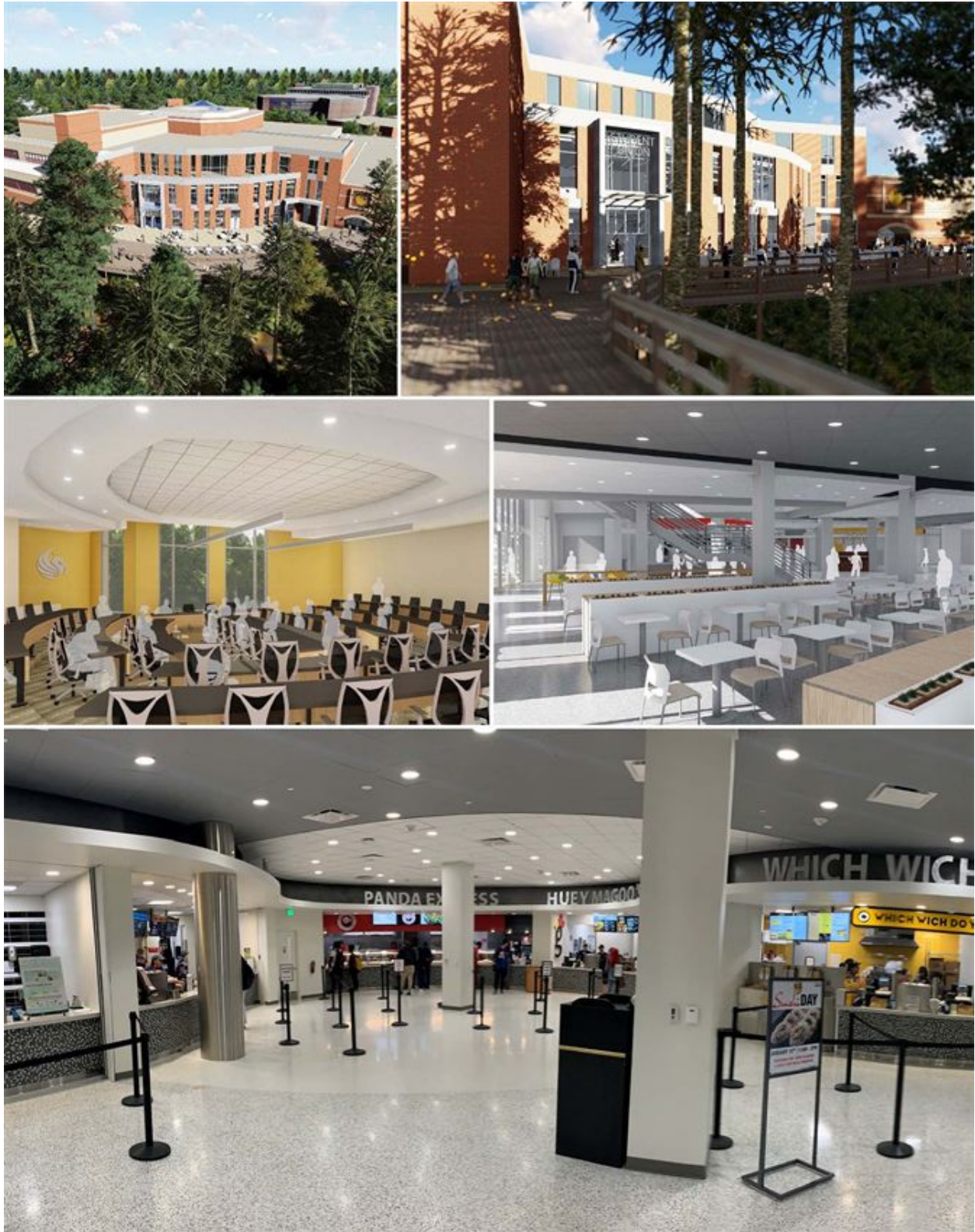
This project has been very logistically challenging, as this building is in the heart of campus and accommodates huge daily volumes of student, faculty, and staff traffic. The project also has several other related projects that are being executed as minor projects, including the Chili's renovation (completed), the relocation of the SGA Ticket Center (under construction), the renovation of the Express Print Shop into new restrooms (under construction, to displace the existing Pegasus restrooms which will be demolished in Phase 3 & 4 construction), and the relocation of ATMs and their support space (under construction).

Note that the project cost and schedule information above only includes information for Phases 2, 3, and 4. When Phase 1, the Chili's renovation, and Aramark equipment costs are included, the total project cost is approximately \$21.2M. The overall project budget is divided into multiple pieces, and as Phase 3 and 4 have just started construction, the final budget is not yet known and is listed as "TBD" above. As of January 2019, the project is on budget, though it is fair to say that the budget is extremely tight with little project contingency. FP&C is working with the entire project team to keep the project on budget and avoid the need for additional funding from Business Services.

The project has experienced delays during design and construction for various reasons, including navigating solutions to many unforeseen conditions discovered during the renovation, redesign of some building systems during construction, and additional time for enhanced commissioning activities. However, FP&C believes that the most difficult portion of the project—the renovation—is behind us.

The food court is now fully operational, in that three of the five brands opened in September 2018 and the remaining two opened in January 2019. Many minor punch list and commissioning items remain, and will be finished over the coming months as Phases 3 & 4 (the building expansion) starts. The new food court is a fantastic campus amenity, and FP&C is excited to start construction on Phases 3 and 4, which will expand square footage for use by students, faculty, and staff.

STUDENT UNION RENOVATION PHASE 2 Renderings and Photo



BASEBALL STADIUM EXPANSION

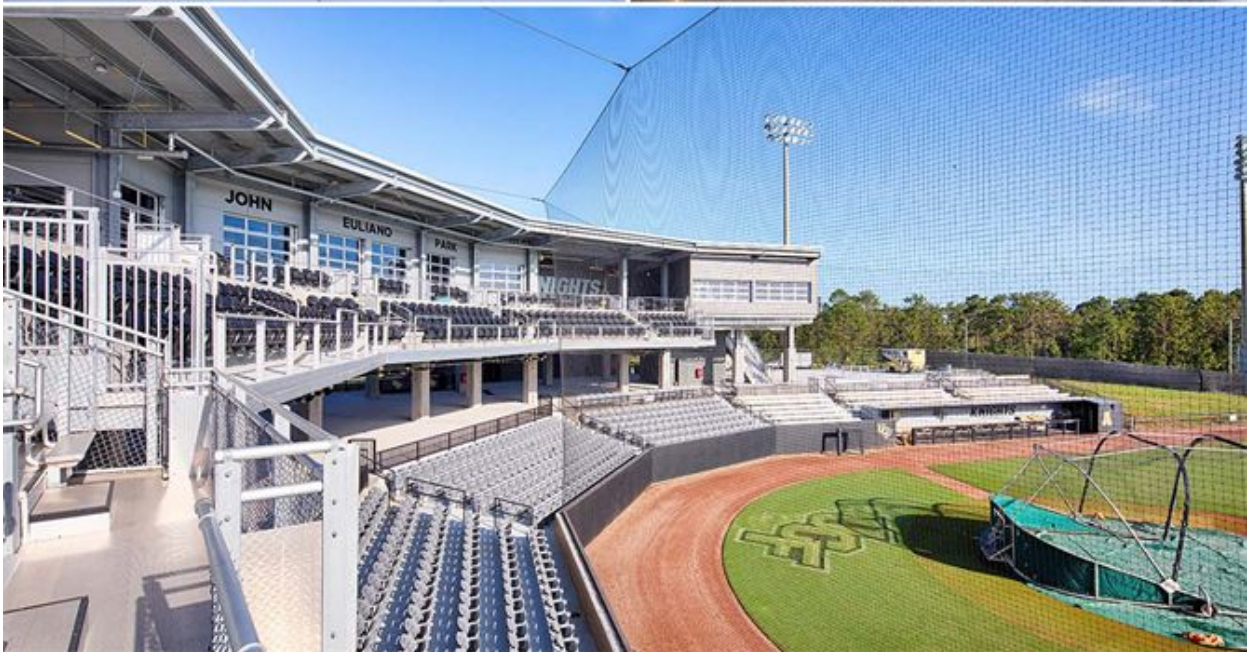
PLANNED COST:	\$3,588,355.56
ACTUAL COST:	\$3,562,804.15 (\$25,551.41 under budget)
PROJECTED TIMELINE:	November 2017 to March 2018
ACTUAL TIMELINE:	November 2017 to March 2018
BOT SUBMISSION:	Project specific approval request, approved by the BOT on October 26, 2017

PROJECT DESCRIPTION:

The Baseball Stadium Expansion was designed to greatly enhance the fan experience by adding a second story, which includes approximately 300 premium seats and an open-air reception space behind home plate. The project also relocated the press box to the new second floor, giving it a better view of the field and making room for additional ground floor seating.

The project began construction in November 2017, continued through the baseball season, and was completed in March 2018. The ability to continue to host baseball games throughout construction was critical, and required extra effort from all parties. As stakeholders, the Architect, Construction Manager, FP&C, and Athletics all recognized the importance of working together to overcome these challenging construction circumstances. For example, all parties worked closely with the Building Department to set criteria which would allow safe temporary occupancy of ground level seating, while construction took place on the second floor. This strategy allowed for stadium occupancy in February 2018, with construction completed in March 2018.

BASEBALL STADIUM EXPANSION Photos



UCF Global

PLANNED COST:	\$16,801,030.69
ACTUAL COST:	\$16,604,487.67 (\$196,543.02 under budget)
PROJECTED TIMELINE:	November 2014 to November 2015
ACTUAL TIMELINE:	November 2014 to April 2016 (explanation follows)
BOT SUBMISSION:	Project specific approval request, approved by the BOT on May 22, 2014

PROJECT DESCRIPTION:

UCF Global, a 54,780 gsf LEED Gold Certified project, serves as the primary campus hub for more than 2,000 international students, as well as faculty and staff. The building contains over 40 offices and over 20 classrooms. The building opened in 2016 and includes the English Language Institute, Travel Abroad programs, and Undergraduate and Graduate support programs.

The project's major milestones were:

- Schematic Design Documents, completed in July 2014
- Design Development Documents, completed in September 2014
- 50% Construction Documents, completed in October 2014
- 100% Construction Documents, completed in November 2014
- Early site GMP contract, approved in November 2014
- Full building GMP contract, approved in February 2015
- Certificate of Occupancy, issued in April 2016

UCF Global is the first project on campus to use a chilled beam HVAC system, circulating chilled water above the ceilings to individual chilled beams, which, in turn, function as radiators to heat or cool individual spaces. This system is more energy efficient than traditional Variable Air Volume (VAV) systems, which push hot or cold air into individual spaces. Due to the building's design and function, the use of chilled beams, and other sustainable features, UCF Global is 34.5% more energy efficient than a building designed and built to minimum code standards. These features provide significant long-term energy savings to the university.

The project experienced several design element changes during construction, including those to interior offices, common spaces, classrooms, a meditation room, and the addition of a catering kitchen. These design changes, along with contractor material delays and commissioning challenges, pushed the opening date to April 2016.

UCF Global earned several awards for its progressive and energy efficient design:

- Florida Educational Facilities Planners Association (FEFPA) First Place Design Award, 2017
- United States Green Building Council (USGBC) LEED New Construction Project of the Year (Florida Chapter), 2017
- Orange County Sustainable Project of the Year Award, 2017



UCF Global Photos



ITEM: INFO-6

UCF BOARD OF TRUSTEES
Finance and Facilities Committee
April 17, 2019

Title: L3 Building Lease Documents

Background:

At the March 21, 2019, Finance and Facilities Committee meeting, Trustee Walsh asked that the lease between the UCF Foundation and the University of Central Florida for the L3 Building in Research Park be brought to the committee for approval. This lease was approved by the committee and the full board at their respective November 15, 2018, meetings.

Issues to be Considered:

N/A

Alternatives to Decision:

N/A

Fiscal Impact and Source of Funding:

N/A

Recommended Action:

For information only

Authority for Board of Trustees Action:

Specific trustee request

Committee Chair or Chairman of the Board approval:

Approved by Chair Alex Martins.

Submitted by:

Misty Shepherd, Interim Vice President for Administrative Affairs and Operations

Supporting Documentation: Attachment A: FFC-4 L3 Building Lease November 15, 2018

Attachment B: November 15, 2018 FFC meeting minutes

Attachment C: FF-4 L3 Building Lease November 15, 2018

Attachment D: November 15, 2018 BOT meeting minutes

Facilitators/Presenters:

Misty Shepherd, Interim Vice President for Administrative Affairs and Operations

Attachment A

ITEM: FFC-4

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

SUBJECT: L3 Building Lease

DATE: November 15, 2018

PROPOSED COMMITTEE ACTION

Recommend approval of the lease between the University of Central Florida Foundation and the University of Central Florida Board of Trustees for the space commonly known as the "L3 Building," located at 12351 Research Parkway, Orlando, Florida 32826.

BACKGROUND INFORMATION

On August 21, 2018, the Board of Trustees approved the Purchase and Sale Agreement to allow the UCF Foundation or a related entity to purchase the property located at 12351 Research Parkway, also known as L3, for \$6 million. Funds for the purchase of the building come from a loan secured by the UCF Foundation. The purchase is to satisfy the growing need of the UCF Division of Digital Learning.

The proposed lease is for the approximately 30,000 square feet of space for a term of 66 months commencing on or around December 3, 2018. The lease may be renewed for two additional five-year terms. Base rent is set at \$15.84 per square foot for the first 66 months and will be adjusted to fair market rent for any subsequent term. Additional rent is set at \$8.75 per square foot for operating and maintenance costs, for a total per square foot cost of \$24.59. There is no requirement to pre-pay base rent.

Supporting documentation: Attachment A: Digital Learning Lease
Attachment B: Building Photographs

Prepared by: Jennifer Cerasa, Associate General Counsel

Submitted by: Misty Shepherd, Interim Vice President for Administration and Finance

Attachment A

LEASE

Digital Learning Center

November __, 2018

THIS INDENTURE OF LEASE ("Lease"), made and executed as of the ___ day of November, 2018, by and between **UNIVERSITY OF CENTRAL FLORIDA REAL ESTATE FOUNDATION, L.L.C**, a Florida not for profit corporation ("Landlord"), whose address is 12424 Research Parkway, Suite 140, Orlando, Florida 32826, and the **UNIVERSITY OF CENTRAL FLORIDA BOARD OF TRUSTEES** ("Tenant"), whose address is 4000 Central Florida Blvd, Orlando, Florida 32816.

WITNESSETH:

WHEREAS, Landlord intends to purchase a certain building as described on **Exhibit A** and known as Digital Learning Center 12351 Research Parkway, Orlando, in Orange County, Florida (the "Building");

WHEREAS, Landlord and Tenant, previously entered into multiple leases and other documents related to buildings in the Research Park:

WHEREAS, Landlord desires to lease to Tenant and Tenant desires to lease from Landlord certain space in the Building in accordance with the provisions set forth herein;

NOW, THEREFORE, for and in consideration of the sum of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, and in consideration of the mutual covenants, agreements and representations of the parties, as herein set forth, Landlord and Tenant agree as follows:

1. **Demise of Premises; Commencement Date.**

a. Landlord hereby leases to Tenant and Tenant leases from Landlord, for the period of time and in consideration of the payment of rental and in consideration of the other terms, conditions, covenants, representations and warranties set forth in this Lease, certain space in the Building consisting of a maximum aggregate area of net rentable space of approximately 46,185 square feet (the "Premises"). The Premises are shown on the attached **Exhibit B**. Tenant shall only pay rent for the space actually occupied up to 46,185 square feet pursuant to the rent roll attached hereto as **Exhibit C**. **Exhibit C** shall be updated and executed by the parties hereto at such time as there is a change to the rent roll. Tenant shall only have the right to lease space within the Building that has not previously been leased by the Landlord to another tenant. Tenant's use of the Premises shall be subject to all zoning ordinances, rules and regulations promulgated by any governmental agencies, boards or subdivisions now or hereafter in effect. To the extent that any additions, alterations, re-measurements, or improvements are made to the Premises, which increase the rentable square footage of the Premises from that set forth above, the maximum aggregate area of net rentable space that may be leased by Tenant shall be consistent with such increase and Landlord shall have a right to increase the Annual Base Rent consistent with the accurate rented square feet measurements.

b. For purposes of this Lease, the "Lease Commencement Date" shall be December 03, 2018.

c. For purposes of this Lease and the calculation of Base Rent, Additional Rent and other charges hereunder, the Landlord believes that the original Premises plus the Tenant's pro rata share of the Building is approximately 40,000 square feet of space. Square footage to be confirmed upon review and approval of final tenant building plans.

d. Landlord may re-measure the Building, including the Premises; however, it is understood

by the parties that there shall be no change in the Rent based upon the results of the measurement until such time that the lease is renewed.

e. Within fifteen (15) days of delivery of the Premises by Landlord to Tenant, the Tenant will deliver a tenant acceptance letter which shall be conclusive evidence that Tenant accepts the Premises "as is," including the zoning of the Building, and that the Premises were in good and satisfactory condition when possession was acquired by Tenant, except as provided in the tenant acceptance letter.

f. Within ten (10) days upon execution of this Lease and at any time requested in writing, Tenant will execute and deliver a Lease Commencement Certificate, as depicted in within **Exhibit D** to Landlord.

2. Tenant Improvements

Intentionally left blank.

3. Term and Extensions to Term.

a. The term of this Lease (the "Term") shall be sixty-seven (67) months, commencing on the Lease Commencement Date. This Lease shall automatically renew for two (2) additional five (5) year terms unless Landlord or Tenant gives written notice of termination within sixty (60) days of the renewal date.

b. Tenant acknowledges that: (i) no representations as to the condition of the Premises have been made by Landlord or Landlord's agents; (ii) no obligation to repair, add to, or improve the Premises has been assumed by Landlord except as this Lease otherwise expressly provides; (iii) no oral arrangements have been entered into in consideration of making this Lease; and (iv) the Lease contains a full statement of the obligations of both parties hereto.

4. Rental, Base Rent, Sales and Use Tax.

a. Rental. Throughout the Term of this Lease, Tenant shall pay to Landlord, at the times and in the manner herein set forth, Base Rent (as adjusted from time to time in accordance with the terms of this Agreement) and Additional Rental (as each of such terms is defined herein), and together with the applicable amount of sales and use taxes payable on any or all of the foregoing amounts in accordance with Section 4(d) hereof, and such amounts may be collectively be referred to herein as "Rent" or "Rental". Whenever used herein, unless the context shall otherwise clearly require, the term "Rent" or "Rental" shall include Base Rent, Additional Rental, and any applicable sales and use taxes payable on any such amounts.

b. Base Rent. Tenant shall pay to Landlord; at the address set forth in this Lease or at such other location as may be designated in writing by Landlord, the base rent ("Base Rent") as set forth in Exhibit C and in this paragraph, plus Additional Rent, increases in Base Rent and other charges, without demand, in accordance with the provisions set forth below.

Total base rent, per the current rent roll, attached hereto as "**Exhibit C**", shall be due and payable as follows:

<u>Base Term</u>	<u>Per Rentable Sq. Ft.*</u>
12/3/2018 - 6/30/2019	15.84
7/1/2019 - 6/30/2020	15.84
7/1/2020 - 6/30/2021	15.84

7/1/2021 - 6/30/2022	15.84
7/1/2022 - 6/30/2023	15.84
7/1/2023 - 6/30/2024	15.84

*Plus Tenant's proportionate share of Additional Rent.

The first sixty-seven months base rental rate shall be \$15.84 per square foot. In month sixty-eight (68), and every sixty (60) months thereafter throughout the term of the Lease (i.e. month 68, 128, 188), Base Rent will be adjusted to fair market rent as reasonably determined by Landlord, based on market conditions being offered to tenants of similar size and creditworthiness for renewal leases in Research Park of comparable type and class. Base Rent shall continue to escalate three percent (3%) per annum after each adjustment period.

Tenant may elect to negotiate and prepay any portion of the base rent up to (60) months. Otherwise, Base Rent shall be due and payable monthly in advance without notice, demand, deduction or set-off of any kind, commencing on the Rent Commencement Date (as herein defined) and continuing on the first (1st) day of each month thereafter. If the Rent Commencement Date occurs on a date other than the first (1st) day of the month or this Lease terminates on a date other than the last day of the month, the monthly Base Rental and other charges herein provided shall be prorated to the day of commencement or termination.

c. Rent Commencement Date. For purposes of this Lease, the "Rent Commencement Date" shall be the earlier of the date at which the Tenant substantially occupies the space, or the date of a certificate of occupancy being issued by the authority having jurisdiction as evidenced by substantial completion of construction, or as otherwise agreed upon in Exhibit "D".

d. Sales and Use Tax. During the Term of this Lease or any renewal thereof, Tenant will pay to Landlord concurrently with the payment of the monthly Rent installment an additional sum equal to the "sales" or "use" tax levied by the State of Florida or any other governmental body by reason of the occupancy of the Premises or due to the payment of Base Rental, Additional Rent or any other sums required to be paid hereunder by Tenant. Tenant's obligation to pay sales or use tax pursuant to this Agreement shall terminate as of the date upon which Tenant furnishes to Landlord a certificate of exemption from the State of Florida Department of Revenue, stating that Tenant is exempt from the obligation to pay such taxes, and the termination of such obligation shall continue for so long as such exemption remains in effect.

5. Additional Rent.

In addition to the Base Rent, Tenant shall pay its pro rata share (as specified in Paragraph 1(c) above of Landlord's additional rent ("Additional Rent"), in accordance with the following terms:

a. "Additional Rent" shall refer to all expenses, costs and disbursements of every kind and nature arising directly from operation and maintenance of the Building, including, but not limited to: those described in Paragraph 20 insurance, including Hazardous Substance insurance (as defined below); applicable real estate taxes and impositions by governmental authorities; wages, salaries, and benefits of those engaged in the operation and maintenance of the Building; all supplies and materials used for operation and/or maintenance of the Building and land upon which the Building is located, including utilities for common areas; cost of building management; janitorial, accounting; garbage and trash removal; maintenance of all Building systems and expenses for common area maintenance which Landlord shall pay or become obligated to pay because of or in connection with the maintenance and/or operation of the

Building and land upon which the Building is located.

b. Landlord shall notify Tenant, by June 1 of each year, of the amount which Landlord estimates (as evidenced by budgets prepared by or on behalf of Landlord) will be Tenant's proportionate share of Additional Rent for the following July 1 to June 30 fiscal year. Tenant shall pay such sum to Landlord in equal monthly installments during the following fiscal year, on or before the first day of each month in said fiscal year. Within forty-five (45) days following the end of each fiscal year, Landlord shall submit to Tenant a statement showing the actual amount which should have been paid by Tenant with respect to Additional Rent for the past fiscal year as evidenced by a year-end audit, the amount actually paid by Tenant during that year, and the amount of the resulting balance due thereon or overpayment thereof, as the case may be. Within thirty (30) days after receipt by Tenant of said statement, Tenant shall have the right to inspect Landlord's books and records, at Landlord's office during normal business hours after prior written notice, showing the Additional Rent for the Building for the calendar year covered by said statement. Any balance shown to be due pursuant to said statement, shall be paid by Tenant to Landlord within said thirty (30) day period. Any overpayment shall be credited against Tenant's obligation to pay Rentals next coming due or in connection with anticipated Additional Rent, or, if by any reason of any termination of the Lease no such future obligation exists, refunded to Tenant.

c. During the first twelve (12) months of the Lease, Tenant's liability for payment of Additional Rent is estimated to be and shall be paid at \$8.75 per rentable square foot. At Tenant's request, Landlord shall supply Tenant with all documentation used by Landlord to estimate Additional Rent.

d. The Tenant's proportionate share of Additional Rent for the purpose of this section shall be calculated by dividing the net rental space leased by the Tenant by the total space in the Building.

e. Landlord hereby agrees that for the purpose of determining Tenant's share of the operating and maintenance due to Landlord under this Lease, said operating and maintenance costs shall not increase by more than five percent (5%) per year during the term of this Lease, or any renewal term, as the case may be, after the base year of calendar year 2018; provided however, the 5% cap shall not include costs for real estate taxes, utilities or insurance related to the Building.

f. Tenant agrees that Landlord has the right to retain fifty percent (50%) of identified energy savings from annual operating expense to offset Landlord's Capital Expenditure for Energy Saving projects until such projects are paid in full.

6. Late Charges

Notwithstanding anything to the contrary contained herein, Tenant, at Landlord's sole option, shall pay a "late charge" of five percent (5%) of the total amount overdue when any installment of Rent or any other amount due for any reason is received at the Landlord's address listed herein more than fifteen (15) days after the due date thereof. This charge is intended to compensate Landlord for the extra expense and hardship suffered or incurred it due to the delinquency of such payments and is not intended to be and shall not be considered to be in the nature of interest or a penalty. If any installment of Rent or any other amount due hereunder is not received by Landlord on or before thirty (30) days after the date due, such sums shall begin accruing interest at the highest rate permitted by law.

7. Use.

a. Tenant shall use and occupy the Premises for any lawful activities permitted under zoning and other laws and restrictions. Tenant shall not permit the Premises or any part thereof to be used for any illegal or improper purpose or for any purpose that will violate any policies of insurance now or hereafter written on or covering the Building or that will increase the rate of premium therefore unless Tenant shall first obtain Landlord's written consent, which consent may be withheld in Landlord's sole discretion. In the event Landlord's insurance premiums are increased due to Tenant's particular use of the Premises or any part thereof, Tenant shall pay the full amount of any increase due to Tenant's particular use. Tenant shall take reasonable measures to prevent, nor shall Tenant allow its employees, agents, licensees, invitees,

guests, or any other person to create, any noise, disturbance, or nuisance whatsoever on or about the Premises that violates any applicable governing ordinance, regulation, rule or law detrimental to or annoying to other tenants in the Building or neighbors.

b. During the Term of the Lease, Tenant shall at all times fully comply, and shall cause the Premises to fully comply, with all federal, state and local laws, rules, regulations and ordinances now or hereafter in force or effect and relating to the Premises or Tenant's use thereof. Without limiting the generality of the foregoing sentence, Tenant shall comply at all times and shall cause the Premises and its use thereof to comply at all times, with any and all applicable health and zoning statutes or ordinances and with the Americans With Disabilities Act (42 U.S.C. Section 12101 et seq) and all regulations promulgated there under.

c. Notwithstanding anything herein to the contrary, to the extent that Tenant utilizes the Premises in any manner, which actions cause the Landlord, the Tenant or the Premises to be out of compliance with the laws of State of Florida or ordinances or codes of the City and/or County including fire safety standards of the State Fire Marshal, upon receipt of written notification from Landlord or from any other governmental office, Tenant shall within thirty (30) days cease such activity or make or cause to be made any and all improvements and/or repairs to bring the Premises and activities therein within compliance with all laws, ordinances and codes. Tenant shall be solely responsible for all costs and expenses associated therewith.

d. During the Term of the Lease, Tenant shall at all times fully comply, and shall cause the Premises to fully comply, with the terms of all recorded covenants encumbering the Premises. Landlord shall deliver to Tenant a copy of covenants and restrictions and amendments thereto relating to the Central Florida Research Park, within which the Premises are located. Tenant acknowledges it is aware that any such covenants are binding upon the Premises.

8. Personal Property Taxes.

Tenant shall pay, or cause to be paid, before delinquency any and all taxes levied or assessed, and which become payable during the Lease Term upon all of Tenant's leasehold improvements, equipment, furniture, fixtures, and any other personal property located in the Premises. In the event any or all of the Tenant's leasehold improvements, equipment, furniture, fixtures and other personal property shall be assessed and taxed with the real property, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

9. Assignment and Subletting.

a. Unless Landlord shall otherwise consent in writing, which consent shall be in Landlord's sole discretion, Tenant may not assign or sublet the Premises or any portion thereof, nor may any assignee or sub lessee of Tenant further assign or sublease the Premises or any portion thereof. Should Tenant sublease all or a portion of the Premises to a third party with Landlord's approval, Tenant shall require that its tenant carry personal property insurance in the amount of \$1,000,000 and general liability insurance at a minimum coverage of \$1,000,000 combined single limit, in a company satisfactory to Landlord and Tenant and naming Landlord and Tenant each as an additional insured. A partial assignment or subletting shall not release Tenant of its obligation upon the Lease; however, a full assignment of all of Tenant's leasehold interest shall release the Tenant of any obligations and liabilities under the Lease.

b. The parties specifically acknowledge and agree that Tenant may change or modify the department or component unit that occupies the Premises and shall provide Landlord with reasonable advance written notice of any such change. Such actions shall not be deemed a subletting or assignment or

a violation under this Lease.

c. Unless Landlord shall otherwise consent in writing, any sublease shall contain a provision requiring the subtenant to attorn to Landlord in the event of termination of this Lease, so that, in the event of any such termination, Landlord shall have the option (but not the obligation) to deem the sublease a direct lease between Landlord and the subtenant. Any sublease shall also contain an appropriate provision requiring, if Landlord so elects, any sub-subtenant of a subtenant to similarly attorn to Landlord in the event such sublease terminates.

d. If Tenant subleases the Premises for a rental that is greater than the total sum of rent and all other amounts due Landlord and paid by Tenant, at Landlord's option Landlord may either terminate this Lease, or require Tenant to pay Landlord the difference between Tenant's payments and the subtenant's rent. Such payment shall be made monthly, along with Tenant's monthly payment of rent.

e. Landlord may assign this Lease and all of Landlord's rights and obligations hereunder, to a purchaser of the Building, so long as such purchaser assumes and agrees to be bound by all terms and provisions of this Lease.

10. Maintenance Obligations of Landlord.

Landlord shall keep or have kept in good repair and order the structural elements and exterior of the Building, including exterior walls and roof, and the parking area, exterior lighting, walkways and landscaping contiguous to the Premises. The portion of the Building intended to be construed as the exterior shall exclude features specifically required to be maintained by Tenant under the terms hereof. Landlord shall maintain and repair the electrical wiring systems within the Building and within the Premises (other than those installed by Tenant), and the plumbing mains and features (except those within the specific Premises of the tenant. Example would be a commode or additional faucet and plumbing within the Tenant suite that are not for common use within Digital Learning Center. Landlord also shall maintain and repair the air conditioning system and ductwork for the Building. (except those units installed within a tenant space for specific purpose; i.e., server room units). Specific purpose features within a suite (i.e.; insta-hot or water fountain) are not considered standard building features.

11. Additional Obligations of Landlord and Tenant.

a. Condition of Premises and Building. Throughout the Term, Tenant, its employees, and agents shall use reasonable care in the use and occupancy of the Premises and shall refrain from damaging the Premises or the Building and Tenant will not suffer or permit any waste of the Premises. If the acts or operations of Tenant, its employees, or agents cause damage to the Building or Premises that is not routine or incidental damage, or results in obstruction of sanitary sewer lines or breakage of or damage to plate glass windows, Tenant shall immediately notify Landlord. Tenant shall be liable for all costs and expenses of repairing such damage. Landlord shall have the right to repair such damage and Tenant shall reimburse Landlord, on or within twenty (20) days after written demand, for all costs and expenses incurred in connection with the repair of such damage.

b. Services by Landlord. Landlord agrees to use its best efforts to furnish the Premises with the following services, and Tenant agrees to pay for those services as part of Additional Rent, as defined in Paragraph 5:

(i) Electricity, water and sewer at all times and on all days throughout the year.

(ii) Janitorial services, as further described on **Exhibit E**, normal and usual in a suburban first class office building in the Orlando, Florida area, on Monday through Friday except New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas (collectively "Holidays"), and except in any areas (for instance, specified laboratories) where Lessee may from time to time stipulate in writing to the Landlord that cleaning services are not desired nor should be permitted.

(iii) Common area maintenance, landscaping, recycling collection, trash collection, management fees.

(iv) The Landlord agrees to furnish to Tenant heating and air conditioning equipment and maintain same in satisfactory operating condition at all times for the Leased Premises during the term of the Lease. Heating, ventilating and air conditioning shall be available Monday through Friday from 7:00 a.m. to 7:00 p.m. Saturdays, Sundays and holidays are available upon request.

(v) Landlord shall not be liable for, and Tenant shall not be entitled to, any damages or abatement or reduction of rental by reason of Landlord's failure to furnish any of the foregoing when such failure is caused by strikes, lockouts, or other labor disputes of any character, or by any other cause, beyond the reasonable control of the Landlord. Nor shall any such failure relieve the Tenant from the duty to pay the full amount of rent and other sums of money herein provided to be paid by the Tenant. Notwithstanding the foregoing nothing herein is a waiver or release of Landlord's duty and obligation to maintain the Premises in a habitable condition at all times during the term of the Lease.

c. Parking. Tenant shall have the nonexclusive right to use parking spaces located in the parking lot(s) adjoining the Building. No parking spaces shall be assigned, but Landlord may designate areas for Tenant's parking spaces and such other designated spaces to accommodate visitors.

d. Utilities. Except where individually metered to Tenant, in which case Tenant will timely pay, Landlord will promptly pay all gas, water, power and electric light rates or charges which may become payable during the term of this Lease for the gas, water and electricity used by the Tenant on the premises, and will provide monthly energy use data, as requested by the Tenant.

12. Alterations and Additions by Tenant.

a. Tenant may not make or cause to be made any exterior or interior alteration, improvement or renovation without first obtaining written consent from Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed. If alterations, improvements or renovations are made, they shall be kept in a good state of repair by Tenant at its expense.

b. If Tenant makes any alterations, improvements or renovations during the Term, Tenant shall make such changes in accordance with all applicable laws, rules, regulations and ordinances, including but not limited to local building codes and health codes and the Americans With Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

13. Landlord's Right to Construct Additions.

Landlord shall have the right and privilege to make and build additions to the Building, and make such alterations and repairs to said Building as it may deem wise and advisable; provided, however, that same shall not limit any of Tenant's rights hereunder, and further provided, that if such work is to be done, the parties agree to work in good faith to resolve any issues, concerns, disputes or claims that may arise in connection with such work.

14. Condition of Premises at Lease Termination.

Except for additions, alterations, renovations, or improvements specifically allowed to remain in the Premises by Landlord, at the expiration of this Term as set forth in Section 3 hereof, Tenant shall quietly and peaceably deliver the Premises to Landlord in the same repair and condition in which they were received, ordinary wear and tear excepted. Without limiting the generality of the foregoing provision, at the expiration of the Term, Tenant shall remove any and all electrical wiring, conduits, plumbing and other tenant improvements installed by or at the direction of Tenant within the Premises or adjoining space. Tenant may leave in place carpeting, tile and other standard floor, wall and ceiling coverings. All trade

fixtures and equipment of Tenant may be removed at the expiration of the Term (except if Landlord has the right to enforce its Landlord lien rights as set forth in Section 29 herein), and all damage to the Premises or Building caused by such removal shall be repaired, at Tenant's expense.

15. Holding Over.

If Tenant retains possession of the Premises or any part thereof after the termination of the Term, such tenancy shall be a month to month and Tenant shall pay Landlord Rent at the highest rate permitted by law for the time that Tenant remains in possession. Acceptance of Rent by Landlord shall not be a waiver of its right of re-entry or any other right hereunder or at law.

16. Abandonment.

If Tenant abandons the Premises, any personal property left on the Premises shall be deemed to be abandoned, at Landlord's option, and Landlord may enter the Premises and may handle, remove, and store such personal property at the risk, cost and expense of Tenant. Tenant shall pay to Landlord, upon demand, any and all reasonable expenses incurred in such removal or in storage of such property. Landlord may, at its option, without notice, sell said property or any part of it at private sale and without legal process, for such price as Landlord may obtain. Landlord shall first apply the proceeds of the sale to the expenses of removal, storage, handling, and sale of such personal property; shall apply any balance to any amounts due under this Lease from Tenant to Landlord; and shall hold any additional balance, without interest, for Tenant.

17. Right of Peaceable Possession.

Subject to rights given Landlord herein, upon the performance by Tenant of all of its obligations hereunder, Tenant may quietly have, hold, occupy, and use the Premises without interruption or disturbance by Landlord.

18. Subordination and Attainment.

a. Upon request of Landlord, or any mortgagee or beneficiary of Landlord, Tenant will in writing subordinate its rights hereunder to the interest of any ground lessor of the land upon which the Premises are situated and to the lien of any mortgage or other interest of Landlord's lender, now or hereafter in force against the land and Building of which the Premises are a part (including any refinancing or replacements thereof), or upon any building hereafter placed upon the land upon which the Building is located, and to all advances hereafter made upon the security thereof; provided, however, that the ground lessor, or the mortgagee or trustee named in said mortgage or other financing instrument shall agree that Tenant's peaceable possession of the Premises will not be disturbed on account thereof so long as Tenant is not in default under this Lease.

b. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or other financing instrument made by Landlord covering the Premises, or in the event of a sale or conveyance of the Building by Landlord, Tenant shall attorn to the purchaser upon any such foreclosure or sale or conveyance and recognize such purchaser as the Landlord under this Lease, and Landlord shall be released from all obligations and liabilities hereunder as of the time of transfer of title to the Building.

19. Estoppel Statement.

From time to time, upon not less than ten (10) days prior request by Landlord, Tenant will deliver to Landlord a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or,

if there have been modifications, that the Lease as modified is in full force and effect and stating the modifications); (b) the dates to which the Rent and other charges have been paid; and (c) to the knowledge of Tenant that Landlord is not in default under any provisions of this Lease, or, if in default, the nature thereof in detail; (d) whether Tenant delivered to Landlord a security deposit, and the amount of any such deposit being held by Landlord.

20. Injury or Damage to Property on Premises: Insurance.

All property of any kind that may be on the Premises during the continuance of this Lease shall be at the sole risk of the Tenant, and except for any negligence of the Landlord, the Landlord shall not be liable to the Tenant or any other person for any injury, loss or damage to property or to any person on the premises. Tenant assumes any and all liability for personal injury and property damage attributable to the negligent acts or omissions of Tenant and its affiliates and the officers, employees, volunteers, and agents thereof while acting within the scope of their employment or agency. Tenant warrants and represents that it is self-funded for liability insurance, both public and property, with said protection being applicable to officers, employees, servants, and agents while acting within the scope of their employment. The parties agree that Tenant shall procure and carry additional public liability insurance to reach a minimum coverage of \$100,000 per person and \$200,000 each occurrence. To the extent permitted by law, Landlord shall be named as an additional insured under such policies and shall be required to receive notice of cancellation or reduction in the policy limits thirty (30) days before such changes are effective. The purpose of such insurance is to protect against any injuries or damages sustained by persons while upon the Premises and for which Landlord or Tenant may be liable. Tenant shall have a certificate of insurance delivered to Landlord prior to the beginning of the Term of this Lease. The insurance carried by Tenant pursuant to this Lease shall contain a clause whereby the insurer waives its right of subrogation against Landlord. The parties agree that nothing contained herein shall be construed or interpreted as a waiver of sovereign immunity of the State of Florida beyond the waiver provided in Section 768.28, Florida Statutes. In addition, Tenant will reimburse Landlord for the cost of obtaining insurance acquired by Landlord to cover the risk of Hazardous Substances as defined in Section 31; provided that if such insurance is generic to the property that Tenant's reimbursement is a proportionate cost as part of Additional Rent. In the event the insurance is a particularized to Tenant's actions (including employees, agents, and invitees), such insurance shall have a \$100,000 deductible and Tenant shall reimburse Landlord for the full cost of the insurance. Tenant shall have the right but not the obligation to obtain similar insurance at its expense; provided, such insurance is reasonably acceptable to Landlord and Landlord's approval of same shall not be unreasonably withheld, conditioned or delayed.

21. Assumption of Risk by Tenant.

Tenant assumes all risks of theft as well as any and all damage to Tenant's equipment, furnishings, supplies and other property that may occur by reason of fire, hurricane, or other force majeure event. Tenant shall carry insurance on all equipment, furnishings, supplies of Tenant kept on or about the Premises, and Landlord shall in no event be responsible or liable for damage, theft, or destruction of such equipment, furnishings, or supplies from any cause whatsoever other than negligent actions or omissions of Landlord or its agents.

22. Indemnification and Hold Harmless.

Neither Landlord nor any of its agents, employees, or officers (collectively, "Indemnitee") shall be liable to Tenant, or any of its employees, agents, licensees or invitees, for any injury or damage to any person or property in or about the Premises from any cause other than negligent actions or omissions of Landlord or its officers, employees, volunteers or agents. Tenant assumes any and all risks of personal injury and property damage attributable to the negligent acts or omissions of Tenant and its officers, employees, servants, and agents thereof while acting within the scope of their agency or employment by Tenant. Notwithstanding anything to the contrary that may be contained elsewhere in this Lease, Tenant does not (1) waive any remedy or defense available under the laws of the State of Florida; (2) consent to the State of

Florida or its agents and agencies to be sued; or (3) waive sovereign immunity of the State of Florida beyond the waiver provided in Section 768.28, Florida Statutes.

23. Liability of Landlord.

Landlord shall not be liable to Tenant for the theft or loss of any property of Tenant whether on the Premises or any part of the Building or property adjoining the Building. Landlord agrees to make reasonable efforts to protect tenant from interference or disturbance of third persons including other tenants.

24. Casualty.

If the Premises, or any part thereof, shall at any time be destroyed or so damaged by fire, casualty or other elements as to be unfit for occupancy or use by Tenant, then, and in that event, Landlord shall have the option: (1) to terminate this Lease, which termination shall be effective as of the later of the date specified in written notice from Landlord to Tenant or thirty (30) days after receipt of such notice by Tenant, or (2) to repair and rebuild the Premises, abating a fair and just proportion of Rent according to the damage sustained as determined by a third party appraiser until the Premises are restored and made fit for occupancy and use. If Landlord elects to repair and rebuild, the same shall be done and completed within a reasonable time; provided, however if the repairs are not completed within one-hundred eighty (180) days from the date of the occurrence of the damage, Tenant shall have the right to terminate the Lease, which termination shall become effective ten (10) days after Tenant gives Landlord written notice of Tenant's intent to terminate.

25. Eminent Domain.

If the Building or the area where parking for the Premises is located shall be wholly or partially taken by the power of eminent domain, the compensation awarded or agreed to be paid by the condemning authority shall be paid to Landlord, without any right of Tenant to any portion thereof, except for damages and/or relocation expenses as allowed by law that are specifically awarded to Tenant by reason or loss of business. If the taking of the Building is total or if the taking is partial and includes a portion of the Premises that is so great that the remaining Premises will be insufficient for the Tenant to carry on its business, or if a portion of the parking area for the Building is taken that will prevent Tenant from carrying on its business, Tenant shall have the right to terminate the Lease as of the time the court enters an order of taking or as of the time of delivery of a deed of conveyance by Landlord, as the case may be. If there occurs a partial taking of the Premises or parking area or both that does not permit Tenant to terminate this Lease, Tenant shall be entitled to a reduction in Rent based on the amount of the Premises or parking area or both remaining, as the case may be, and other pertinent circumstances bearing upon the equity of the situation. In the event Landlord and Tenant are unable to agree on the amount of reduction of Rent, the issue shall be presented for arbitration before, and pursuant to the rules and regulations of, the American Arbitration Association, and the decision of the arbitrator shall be final and binding on Landlord and Tenant.

26. Signs.

Tenant shall receive Building standard suite and directory signage. Tenant shall not attach, letter or paint any signs or other descriptive or communicative materials to, in or upon the Premises, or place any lettering on the windows, unless such signs, lettering or materials shall be a type, kind, character, text color, and description approved by Landlord in writing, which approval shall not be unreasonably withheld, conditioned or delayed by Landlord. At Landlord's request, Tenant shall remove all of Tenant's signs and lettering at the termination or expiration of this Lease, without expense to Landlord, and without injury or damage to the Premises. If Landlord rejects any proposed sign or other descriptive or communicative materials, Landlord's rejection shall be set forth in writing with the reasons for the Landlord's decision. All signage must comply with requirements imposed pursuant to the recorded covenants and restrictions for Central Florida Research Park.

27. Tenant Work.

Any charges against Tenant by Landlord for services or for work done on the Premises by order or request of Tenant, or otherwise accruing under this Lease, shall be considered Rent and shall be included in any lien for Rent. Any improvements that are the product of Tenant work and that become affixed to the Premises and that Tenant is not required to remove at the expiration of the Term shall become the property of Landlord.

28. Liens.

Tenant shall not permit to be created or allow to remain undischarged any lien, encumbrance or charge arising out of any work or claim of any contractor, mechanic, or laborer, or out of any material supplied or claimed to be supplied by any material man that might be or become a lien or encumbrance or charge upon the Premises or the income there from. Tenant shall notify any contractor making improvements to the Premises in writing that Tenant's interest in the Premises is as lessee only and that Landlord's interest in the Premises shall not be subject to any liens for materials or improvements. If Landlord shall so request, Tenant shall execute a memorandum of this Lease, and Landlord may, at its sole option and expense, record such memorandum among the public records. If any lien or notice of lien on account of an alleged debt of Tenant or any notice that a party has been engaged by Tenant or Tenant's contractor to work in the Premises shall be filed against the Premises, Tenant shall diligently protect its rights as allowed by Chapter 713 of the Florida Statutes including but not limited to causing the lien to be discharged, depositing or bonding in an amount equal to the amount of such claims, or by order of a court of competent jurisdiction. If Tenant fails to cause such lien or notice of lien to be discharged, then Landlord, in addition to any other rights or remedies available to it may at its sole option discharge the same in any manner selected by Landlord, in which event Landlord shall be entitled, if Landlord so elects, to defend any action for foreclosure of such lien or to compel the prosecution of an action to foreclose such lien and may pay the amount of the judgment in favor of the lienor together with interest and costs. Pursuant to Florida Statutes Section 713.10, Landlord shall not be liable for the payment of any lien asserted against the Premises from any obligations of Tenant to material men, laborers, contractors, or any other person furnishing labor, services, or materials to the Premises. Any person undertaking improvements to the Premises on behalf of Tenant shall look solely to Tenant for payment and shall have no claim against Landlord or the Premises for payment of any sums.

29. Landlord's Lien.

To the extent permitted by law, a first lien is expressly reserved by Landlord and granted by the Tenant to Landlord upon Tenant's property consisting of all personal property and equipment located in or upon the demised Premises and all improvements, light fixtures, store fixtures, air conditioning equipment, water fixtures and all other fixtures erected or put in place or that may be erected or put in place upon and within the demised Premises by or through the Tenant or other occupants ("Tenant's Property"), said lien being imposed for the payment of rent and also for the satisfaction of any causes of action which may accrue to the Landlord by the provisions of this Lease or under applicable law. Tenant will keep Tenant's Property in good condition and repair, reasonable wear and tear excepted. Tenant will permit Landlord and its agents to inspect Tenant's Property at any time with reasonable prior notice. Notwithstanding anything herein contained to the contrary, Landlord shall subordinate its lien on such equipment and fixtures to the lien of any financial institution or third-party lender which requests a lien on said equipment and fixtures for purposes of financing said equipment or fixtures, or for operating capital.

30. Environmental Provisions.

a. For purposes of this Paragraph, the following capitalized terms shall have meanings as follows:

(i) "Hazardous Substances" shall mean any hazardous or toxic substances, materials, wastes, pollutants or contaminants as defined, listed or regulated, now or in the future, by any federal, state or local law, rule, regulation or order or by common law decision, including, without limitation trichloroethylene, tetrachloroethylene, perchloroethylene and other chlorinated solvents; petroleum products or by-products, asbestos and polychlorinated biphenyls.

(ii) "Applicable Laws" shall include, but shall not be limited to, Comprehensive Environmental Response Compensation and Liability Act; the Resource Conservation and Recovery Act; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 ~ ~.; and the Clean Air Act, 42 U.S.C. § 7401 ~ .; all as may be amended from time to time, together with the rules and regulations promulgated there under, and together with any other federal, state or local laws, rules or regulations, whether currently in existence or hereafter enacted or promulgated, that govern or relate to: (i) the protection of the environment from spilled, deposited or otherwise emplaced contamination or the existence, cleanup or remedy of such contamination; (ii) Hazardous Substances or the storage, use, generation, discharge, treatment, removal, recovery, transportation or disposal of Hazardous Substances.

b. Tenant shall not cause or permit the presence, use, generation, release, discharge, storage, transportation or disposal of any Hazardous Substances on, under, in, about, to or from the Premises except as necessary to carry on Tenant's use as herein permitted, provided said activities have been approved in advance in writing by Landlord and are conducted in accordance with all Applicable Laws and provided further that Tenant has fully disclosed to Landlord in writing the existence, extent and nature of any such Hazardous Materials which Tenant is legally authorized and empowered to maintain on, in or under the Premises or to use in connection therewith, and provided further that Tenant has obtained and will maintain all licenses, permits and approvals required with respect thereto and is in full compliance with all the terms, conditions and requirements of such licenses, permits and approvals, and provide further that if used, such Hazardous Materials must be disposed of strictly in accordance with Applicable Laws, guidelines issued by any national or regional board of insurance underwriters, and prudent standards of practice.

c. Tenant shall promptly respond to and clean up any release or threatened release of any Hazardous Substance into the drainage systems, soil, surface water, groundwater, or air, safely and in strict accordance with Applicable Laws, and as authorized or required by federal, state, or local agencies having authority to regulate Hazardous Substances.

d. For any month during which any Hazardous Substances have been used, generated, treated, stored, transported on, in or about the Premises, Tenant shall provide Landlord with the following written information on or within ten (10) days after the end of such month: (i) a list of the Hazardous Substances that were present on the Premises; (ii) Material Data Safety Sheets relating to the Hazardous Substances that were present on the Premises; (iii) a description of all releases of Hazardous Substances that occurred or were discovered on the Premises; (iv) a list of all compliance activities related to such Hazardous Substances, including any contracts with governmental agencies or private parties concerning Hazardous Substances; (v) all manifests, business plans, consent agreements and other documents relating to Hazardous Substances executed or negotiated during the month; and (vi) copies of all documents related to the activities described in this paragraph and written reports of all oral contacts relating thereto.

e. Landlord and its agents and employees may enter upon the Premises, with reasonable prior notice to inspect the Premises and all activities thereon. Such right of entry and inspection shall not constitute managerial or operational control by Landlord over Tenant's activities or operations.

f. Tenant shall promptly and completely assess and clean up any release of Hazardous Substances caused by Tenant, its officers, employees, agents, contractors, invitees or third parties that may occur on the Premises during the Term or during Tenant's occupancy and shall surrender the Premises free of contamination or other damage caused by such occurrences.

g. Tenant shall perform any investigation, monitoring, cleanup, containment, restoration,

removal or other remedial work ("Remedial Work") that is required arising from Tenant's use of the Premises during the Term: (a) under any federal, state or local law or regulation or any judicial or administrative order; (b) pursuant to any agreements assumed or entered into by Tenant; or (c) to maintain the Premises in a condition that prevents the release of Hazardous Substances on the Premises or adjoining properties and presents no unreasonable risk to safety or health or the value of the Premises. All Remedial Work shall be diligently conducted (i) by licensed contractors under the supervision of a consulting environmental engineer, (ii) pursuant to a written plan approved by all public or private agencies or persons with legal or contractual rights to such approval, (iii) with all insurance coverage in place that is then customarily maintained with respect to such activities, and (iv) only following receipt of all required permits, licenses and approvals, all of which elements shall be subject to Landlord's prior written approval. All costs and expenses of such Remedial Work shall be paid by Tenant including, without limitation, the charges of contractors and the consulting environmental engineer, any taxes or penalties assessed in connection with the Remedial Work and Landlord's fees and costs incurred in monitoring or reviewing such Remedial Work. If Tenant fails to promptly and completely comply with its obligations with regard to Remedial Work, Landlord may, but shall not be required to, cause such Remedial Work to be performed, and all costs and expenses incurred in connection therewith shall be reimbursed by Tenant to Landlord within thirty (30) days after demand and shall be deemed a Cost as defined herein.

h. Tenant shall be responsible for the negligent acts or omissions of Tenant and its officers, employees, and agents thereof while acting within the scope of their agency or employment by Tenant that cause (a) the presence, suspected, presence, release or suspected or threatened release of any Hazardous Substance in or into the air, soil, groundwater, surface water or improvements at, on, about, under or within the Premises, or elsewhere in connection with the transportation of Hazardous Substances to or from the Premises, (b) Tenant's failure to perform its covenants in this Paragraph, or (c) the falsity of any representation or warranty made by Tenant in this Paragraph.

31. Events of Default.

The occurrence of anyone or more of the following incidents or events shall constitute an event of default under this Lease, each of which events may be referred to herein as an "Event of Default":

a. If Tenant shall fail to pay any Rent or other sum required to be paid by Tenant hereunder on or before fifteen (15) days after the date due;

b. If Tenant shall fail to fully, promptly and completely observe or perform any provision of this Lease (other than those requiring the payment of Rent or other sum required to be paid by Tenant hereunder) and such failure continues for thirty (30) days after notice to Tenant of such failure. (provided, however, in the event that any such default cannot be cured by the payment of money and cannot with diligence be cured within such 30-day period, if Tenant shall commence promptly to cure the same and prosecute its curative efforts with diligence to completion, the time within which such default may be cured shall be extended for such period as is reasonably necessary to complete the curing thereof with diligence).

c. If any representation or warranty of Tenant set forth in any notice, certificate, demand or request delivered pursuant hereto shall prove to be incorrect in any material and adverse respect as of the time when the same shall have been made and, in each case, the facts shall not be conformed to the representation or warranty within thirty (30) days after notice to Tenant of such inaccuracy;

32. Landlord's Remedies.

If an Event of Default shall occur, Landlord, or Landlord's assignee under financing documents related to the Building, may, at its option and in its sole discretion, and in addition to any other remedy or right given to Landlord from time to time hereunder or by virtue of any law, and without any further demand or notice, proceed according to one or more of the following courses of action:

a. Terminate this Lease, effective as of the date specified in a notice from Landlord, and retake possession of the Premises, in which event Tenant shall immediately surrender the Premises to the Landlord. If Tenant fails to surrender the Premises, Landlord only as permitted by Florida law may, without prejudice to any other remedy Landlord may have for possession or arrearages in Rent, enter upon the Premises and expel or remove Tenant and its effects without being liable for damages therefore and without said entry affecting Landlord's right to collect all sums due or to become due under this Lease. Declare the entire amount of the Rent that would become due and payable during the remainder of the Term to be due and payable immediately, in which event Tenant shall pay the same at once, together with all Rentals and other amounts theretofore due, Landlord may collect the same from Tenant by distress or otherwise. The acceptance of such payment by Landlord shall constitute a waiver of any of Landlord's rights.

b. To the extent permitted under law, do whatever Tenant is obligated to do and has failed to do. Tenant shall reimburse Landlord immediately upon demand for any expense that Landlord may incur in effecting compliance with this Lease on behalf of Tenant.

c. The remedies set forth in subparagraph (a) shall be cumulative. Pursuit by Landlord of any of the foregoing courses of action shall not constitute an election of remedies nor shall it preclude the pursuit of any other courses of action herein provided or any other remedies provided by law or equity. No termination of this Lease by lapse of time or otherwise shall affect Landlord's right to collect Rent for a period prior to the termination thereof. In all events, except as otherwise provided herein, Tenant shall remain liable for the payment of any Rent due under this Lease until paid in full, including without limitation, all Rent, all expenses for physical damage.

d. No agreement to accept a surrender of the Premises shall be valid unless the same shall be in writing and signed by Landlord.

e. Upon termination of this Lease, or re-entry and re-letting of the Premises, Landlord shall have the right to enter the Premises or any part thereof, without further demand or notice, in the name of the Landlord or otherwise, without being liable in any manner whatsoever in trespass, for damages or otherwise. Tenant shall pay promptly, upon demand, all damages, costs, fees, expenses, incurred by Landlord as a result of such termination or re-entry, as well as all costs incurred by Landlord in the nature of repairs required to place the Premises in a rentable condition, and all other costs incurred by the Landlord in order to perform the obligations and covenants of the Tenant hereunder.

f. In all events, except as otherwise provided herein, Tenant shall remain liable for the payment of any Rent due under this Lease until paid in full including all expenses for physical damage, incurred in enforcing any remedy set forth herein or provided by law or otherwise.

33. Rights Reserved by Landlord.

The Landlord reserves the following rights:

a. During the last one hundred twenty (120) days of the Term of this Lease, if during or prior to that time Tenant vacates the Premises, Landlord may decorate, remodel, repair, alter or otherwise prepare the Premises for re-occupancy; provided, that such actions do not interfere or disturb Tenant's possession hereunder.

b. Landlord may have access to the Premises and may enter the Premises at all reasonable hours to inspect or make repairs, alterations, additions or improvements to the Premises, or for any other purpose not inconsistent with the terms and spirit of this Lease; provided that such actions do not interfere or disturb Tenant's possession hereunder.

c. Landlord may show the Premises to prospective tenants, brokers or purchasers during the Term of this Lease at all reasonable times provided prior oral notice is given to Tenant in each such case and Tenant's use and occupancy of the Premises shall not materially be inconvenienced.

34. Waivers.

a. Landlord and Tenant shall and hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or any claim of injury or damage, and any emergency statutory or any other statutory remedy.

b. The failure of Landlord in one or more instances to insist upon strict performance or observation of one or more of the covenants or conditions hereof or to exercise any remedy, right, privilege or option herein conferred upon or reserved to Landlord, shall not operate or be construed as a relinquishment or waiver for the future of such covenants or conditions or of the right to enforce the same or to exercise such privilege, right, option or remedy, but the same shall continue in full force and effect. The receipt by Landlord of all or any portion of Rent or any other payment required to be made by Tenant shall not be a waiver of any other payment then or thereafter due, nor shall such receipt, though with knowledge of the breach of any covenant or condition hereof, operate as or be deemed to be a waiver of such breach. No waiver by Landlord of any of the provisions hereof or any of Landlord's rights, remedies, privileges or options hereunder shall be deemed to have been made unless made by Landlord in writing. Tenant covenants that no surrender or abandonment of the Premises or of the remainder of the Term herein shall be valid unless accepted by Landlord in writing.

35. Radon Gas and Indoor Air Quality Disclosure.

a. 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.

b. Landlord makes no warranties or representations and has no knowledge regarding: (i) air quality within the Premises or Building; or (ii) whether or not the Premises or Building are free from or contaminated or affected by mold, mildew, spores, allergens, irritants, fungus, bacteria, or other organisms or microorganisms, or by conditions relating to excess moisture or humidity. Tenant shall make its own inspections regarding the matters described in this Paragraph.

36. Time of Essence.

Time shall be of the essence as to all periods and times referred to in this Lease and all provisions pertaining hereto. When a date upon which a specified event shall occur or be performed falls upon a weekend or official holiday, the time allowed for the event or performance to *occur* shall be extended to 5:00 p.m. of the next succeeding business day.

37. Not Agent.

Notwithstanding any provisions herein contained, neither party shall be considered the agent of the other party.

38. Lease Interpretation.

In the event it is necessary to interpret the terms of this Lease in a court of law or equity, the laws of the State of Florida, statutory and case law, shall be applied. The headings used throughout this instrument are for convenience only and have no significance in the interpretation of the body of this instrument, and they

shall be disregarded in construing the provisions of this instrument.

39. Use of Singular, Plural and Genders.

The terms "Landlord" and "Tenant" as herein contained shall include the singular and the plural, and the use of one gender shall include both genders whenever the context so requires or admits.

40. Successors and Assigns.

The provisions hereof shall be binding upon the heirs, executors, administrators, personal representatives, successors and assigns of the respective parties hereto.

41. Attorneys' Fees.

Intentionally deleted.

42. Broker.

Tenant and Landlord represent and warrant that neither they nor any of their representatives, employees, or agents have dealt with, consulted with, retained or agreed to pay or compensate in any manner any real estate broker in connection with this Lease.

43. Sale or Mortgage by Landlord.

a. Tenant agrees that this Lease shall be inferior and subordinate to any mortgage and security agreement now or hereafter placed on the Building and to all advances already made, or which may be hereafter made, on account of the mortgage and security agreement to the full extent of all debts and charges secured thereby and to any renewals, enlargements or extensions of any part thereof and to any mortgage with the Landlord, any owner of or lessor of the Building may hereafter, at any time, elect to place on the Building. Tenant agrees upon request to execute any documents which the Landlord may deem necessary to accomplish that end.

b. Notwithstanding the foregoing, the Tenant's subordination shall be conditioned on Tenant's receipt of a non-disturbance agreement from the future lender which will state, in part, that, even in the event of foreclosure and taking possession of the Premises and Building by lender, Tenant shall be entitled to remain in the Premises to long as Tenant is performing the terms and conditions of this Lease. The remaining terms of the non-disturbance agreement shall be reasonably satisfactory to the lender, and will not require said lender, as the new landlord, to be responsible for prior acts or omissions of the Landlord.

c. The Tenant, at any time and from time to time at the request of the Landlord or of any mortgagee or purchaser or any prospective mortgagee or purchaser of the Premises or of the Building, will execute, acknowledge and deliver to the Landlord or such mortgagee or prospective mortgagee or purchaser requesting the same a certificate executed by the Tenant certifying that to Tenant's existing knowledge this Lease is in good standing, that it has not been modified, and that there are no defaults hereunder, or, if defaults exist, a description of same and any other information reasonably requested by Landlord.

44. Notices.

a. All notices required or permitted by law or by this Lease to be given to either Landlord or Tenant shall be in writing and may be given by either personal delivery or by registered or certified U.S. mail sent return receipt requested, or by a recognized overnight courier service. Notices shall be sent to the parties at the addresses set forth below or at such other addresses as the parties shall designate to each other from time to time in writing:

AS TO THE TENANT:

University of Central Florida
4000 Central Florida Blvd
Orlando, Florida 32816
Attention: Elizabeth Dooley, Provost

With a copy to:

University of Central Florida
Office of General Counsel
4000 Central Florida Blvd
Orlando, Florida 32816
Attention: W. Scott Cole, General Counsel

AS TO THE LANDLORD:

University of Central Florida Real Estate Foundation, L.L.C
12424 Research Parkway, Suite 140
Orlando, Florida 32826
Attention: Misty Shepherd, Secretary

With a copy to:

University of Central Florida Foundation, Inc,
12424 Research Parkway, Suite 140
Orlando, Florida 32826
Attention: Daniel Gross, Director of Real Estate

Notices sent by facsimile or telecopy shall not be deemed effective. All notices transmitted by registered or certified mail shall be effective as of a date two (2) days after the date of the deposit of same in the U.S. Post Office, properly addressed, with the required postage affixed to the transmittal envelope. Notices sent by overnight courier service shall be deemed effective on the first business day after deposited with such service, with the fee paid in advance. Notices that are personally delivered shall be deemed effective on the date of delivery.

45. Rules

Tenant shall comply with the following rules regarding the use of the Premises and shall require its employees, agents, licensees, invitees and guests to comply with such rules:

- (a) No goods, equipment, inventory, scrap, waste, containers, or other materials may be stored, held, or accumulated outside the Building.
- (b) No person may go upon the roof of the Premises without the written consent of Landlord.
- (c) Tenant shall obtain Landlord's prior consent to any curtain, blind, shade or screen attached to or hung in any window or door that is visible from the exterior of the Building.
- (d) Tenant shall not permit the Premises to be occupied or used in an unlawful manner or a manner reasonably considered offensive or objectionable to Landlord or other occupants of the Building.

(e) Tenant shall not waste electricity, water, or other utilities and shall cooperate with Landlord to assure effective operation of heating and air conditioning units.

(f) Tenant will refer all contractors and installation technicians rendering any service affecting the physical structure of the Premises to Landlord for Landlord's supervision and approval before such persons perform any work in the Premises.

(g) Tenant shall give prompt notice to Landlord of any accident to or defect in plumbing, electrical fixtures, heating apparatus or other systems, or of any damage to the Premises.

(h) No Tenant shall use or keep in its Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities necessary for the operation or maintenance of office equipment. In the event flammable or combustible fluids or materials are permitted by Landlord in the Premises, these materials must be maintained and secured *so* as to comply with all laws, rules and regulations governing such materials, including but not limited to, all fire codes.

(i) No Tenant shall install any radio or television antenna, loudspeaker or any other device on the exterior walls or the roof of the Building without the prior written consent of the Landlord. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

(j) Landlord shall have the right to prescribe the weight, size and position of heavy equipment brought into the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on wood strips of such thickness as determined by Landlord to be necessary to properly distribute the weight thereof. Landlord will not be responsible for loss of or damage to any such safe, equipment or property from any cause, and all damage done to the Building by moving or maintaining any such safe, equipment or other property shall be repaired at the expense of Tenant.

(k) Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by law.

(l) Without the prior written consent of Landlord, which will not be unreasonably withheld, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

(m) Tenant shall comply with all energy conservation, recycling and waste reduction, safety, fire protection and evacuation procedures and regulations established by any governmental agency.

(n) Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

(o) Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order therein, no amended, revised, new or restated rules or regulations shall be implemented with a retroactive effective date and further, provided, that same shall not materially increase Tenant's obligations hereunder or limit any of Tenant's rights hereunder. Tenant agrees to abide by all such Rules and Regulations hereinabove stated and any additional rules and regulations which are adopted.

(p) Tenant shall be responsible for the observance of all of the foregoing Rules and Regulations by Tenant's employees, agents, clients, customers, invitees and guests.

(q) These Rules and Regulations are in addition to and shall not be construed to in any way modify, alter or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease of Premises in the Building.

[Signature Page Follows]

Landlord Execution Page

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date first set forth above.

Witnesses (two are required):

Printed name: _____

Printed name: _____

LANDLORD:

UNIVERSITY OF CENTRAL FLORIDA REAL
ESTATE FOUNDATION, L.L.C., a Florida not for profit
corporation

By: _____

Print Name: _____

Its: _____

Date: _____

Tenant Execution Page

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date first set forth above.

Witnesses (two are required):

Printed name: _____

Printed name: _____

TENANT:

UNIVERSITY OF CENTRAL FLORIDA BOARD OF TRUSTEES

By: _____

Print Name: _____

Its: _____

Date: _____

**Learning Center
Legal Description**

EXHIBIT A

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.

Digital Learning Center
EXHIBIT B

Floor Plan

TO BE ATTACHED

Digital Learning Center
EXHIBIT C

RENT ROLL

TO BE ATTACHED

EXHIBIT "D"

DIGITAL LEARNING CENTER

COMMENCEMENT DATE CERTIFICATE

THIS CERTIFICATE, made this ____ day of _____, 2019, by and between and between University of Central Florida Real Estate Foundation, L.L.C., ("**Landlord**"), and the University of Central Florida, ("**Tenant**").

W I T N E S S E T H:

WHEREAS, Landlord and Tenant have entered into that certain Lease dated November 19, 2018, ("**Lease**") for space known as within the Digital Learning Center, Orlando, Florida; and the University of Central Florida, ("**Tenant**").

WHEREAS, Landlord and Tenant wish to set forth their agreement as to the Lease Commencement Date, and as to the Expiration Date of the Term of the Lease. Suites are those listed on Exhibit "C" attached.

NOW, THEREFORE, in consideration of the premises as described in the Lease and the covenants set forth therein, Landlord and Tenant agree as follows:

1. The Lease Commencement Date is December 03, 2018.
2. The Expiration Date of this Lease shall be June 30, 2024.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

Signed and acknowledge in presence of:

LANDLORD:

University of Central Florida Foundation Real Estate Foundation, L.L.C.

By: _____

Printed Name: _____

Date: _____

TENANT

University of Central Florida Board of Trustees

By: _____

Print Name: _____

Date: _____

**Digital Learning Center
EXHIBIT E**

Janitorial Specifications

Frequency

Lobby

- 260 spot clean all walls, lights switches, & doors
- 260 dust wipe all decorations & fixtures
- 260 wipe mop all hard surface floors w/treated dust mop
- 260 damp mop all stains & spills
- 260 vacuum walk-off mats
- 260 clean both sides of all glass doors
- 52 machine buff hard surface floor
- 52 dust all high-reach areas
- 12 wash or vacuum all sides of walls
- 12 clean all partitions glass
- 12 clean all ceiling vents
- 1 strip & refinish hard surface floors—VCT

Restrooms To include toilet paper, paper towels, liners and soap

- 260 remove all collected trash to designated area
- 260 clean & sanitize all restroom fixtures, clean mirrors
- 260 wipe all counters, refill dispensers, empty trash & damp mop floors with disinfectant
- 52 wash all restroom partitions & diffusers
- 12 dust & clean all return air vents
- 12 machine scrub floor

Common Areas

- 260 spot clean all walls, light switches, & doors
- 260 using approved spotter, spot clean carpeted areas
- 260 clean both sides of all glass doors
- 260 vacuum all carpets
- 260 clean & polish all drinking fountains
- 52 damp mop entire area using a high-speed machine
- 52 dust all low areas
- 52 dust all high-reach areas
- 52 using a high-speed floor machine, buff all hard surface floors /VCT
- 52 vacuum corners, edges, chairs, & traffic areas
- 12 clean all ceiling vents
- 2 shampoo carpet -
- 1 strip hard surface floors/VCT and re-coat with 3 coats of floor polish

Tenant-Carpeted Areas

- 260 empty all trash receptacles & replace liners
- 260 remove all collected trash to designated area
- 260 dust all horizontal surfaces
- 260 vacuum all carpets
- 260 using approved spotter, spot clean carpeted area
- 52 dust all low areas
- 52 spot clean all partition glass
- 52 dust wipe all phones, including ear & mouth piece
- 12 dust blinds
- 12 dust all high-reach areas
- 6 vacuum all fabric office furniture including chairs

Tenant -- Hard surface

- 260 Empty all trash receptacles & replace liners
- 260 remove all collected trash to designated area
- 260 dust all horizontal surfaces
- 260 spot clean all walls, light switches & doors
- 260 dust mop all hard surface floors w/ treated dust mop
- 260 clean sinks & counters
- 260 spot clean all stains & spills
- 52 dust all low areas
- 52 dust wipe all phones, including ear & mouth piece
- 52 using a high-speed floor machine, spray buff all hard surfaces/VCT
- 24 clean all partition glass
- 12 dust all high-reach areas
- 12 vacuum corners, edges & chairs, & traffic areas
- 4 clean all ceiling vents
- 1 strip hard surface floors & re-coat w/ 3 coats of floor polish/VCT

Tenant – Corridor

- 260 spot clean all walls, light switches, & doors
- 260 using approved spotter, spot clean carpeted areas
- 260 vacuum all carpets
- 52 spot clean all partition glass
- 52 dust all low areas
- 52 vacuum corners, edges, & chairs, then traffic areas
- 4 clean all ceiling vents

Stairs

- 260 Police stairs for litter
- 52 dust mop & clean

Elevators

- 260 completely clean & vacuum carpeted elevators
- 260 vacuum & or wipe walls & ceilings
- 52 clean & polish all metal work

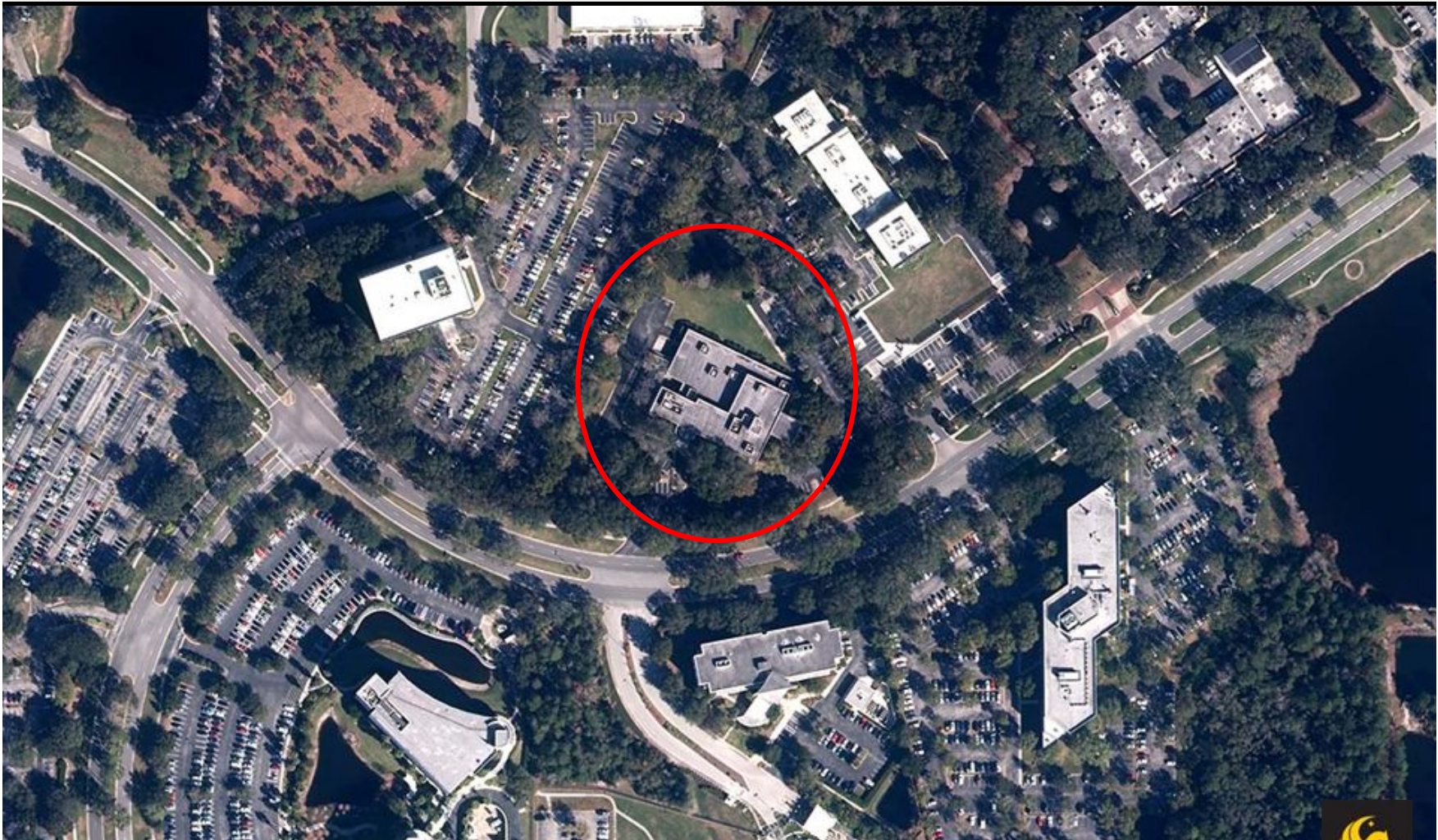
Frequency code:

260	daily or nightly
104	two times a week
52	one time a week
24	two times a month
12	one time a month
6	once every 2 months
4	once every 3 months
2	once every 6 months
1	once a year

Attachment B

University of Central Florida

October 2018 – L3



University of Central Florida

October 2018 – L3



Attachment B



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
FAIRWINDS Alumni Center
November 15, 2018

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 10:30 a.m. Committee members Joshua Bolona, Robert Garvy, John Lord, David Walsh, and Bill Yeargin were present. Committee member John Sprouls attended by teleconference. Chairman Marcos Marchena was present. Trustees Ken Bradley, Joseph Conte, and Bill Self were present.

MEETING MINUTES

The minutes of the October 5 and October 10, 2018, Finance and Facilities Committee meetings were approved as submitted. The September 27, 2018, Finance and Facilities Committee meeting minutes were revised to add Chairman Marchena to the attendance roster and change the use of the wording “might be futile for future contracts to lower the commission amount to receive lower prices and higher levels of customer service” in item FFC-4 Concessions Award on page three to “should be considered on future contracts to lower the commission amount to receive lower prices and higher levels of customer service.”

Vice Chair Garvy expressed concern about moving forward with the concessions award given the issues he and other trustees have with Spectra’s pricing. He asked if lower commissions could be negotiated for lower prices, which would improve overall customer service and satisfaction. Following a lengthy discussion, Chairman Marchena stated this should be a two-step process. The committee first needs to approve reconsidering their previous September 27 approval to award the concessions contract to Spectra. Then, the committee can request changes to the negotiation process.

Scott Cole, Vice President and General Counsel, recommended that these motions wait until the “New Business” portion of the meeting. He also suggested when making those motions to state the terms more broadly than discussed so far. They might be able to negotiate lower bottled water prices, for example, and keep the current commission.

NEW BUSINESS

UCF Downtown Campus Store Contract (FFC-1)

Greg Robinson, Assistant Vice President for Procurement Services, requested approval of the contract with Barnes and Noble Booksellers, LLC, for the design, build-out, operation, and

management of the UCF Downtown Campus Store. On September 27, 2018, the board approved the award to Barnes and Noble Booksellers, LLC.

This is a new agreement, stemming from a competitive procurement process (Invitation to Negotiate). The store will provide retail space and a full-service café. This contract represents significant capital dollars (provided by Barnes and Noble Booksellers, LLC) to build out and finish the space, revenue sharing through commissions, and flexibility for exploring, adopting, and delivering course materials.

The agreement is for 11 years—the first year for the design, construction, and build-out, and the remaining 10 years for the operation and management of the store, effective on or about July 1, 2019, through June 30, 2029. The university has the option to renew the agreement for two, 10-year mutually agreed renewal periods, not to exceed 20 years in total.

Vice Chair Garvy asked how the formulas are developed for commission and are we using best practices. Tom Bryne, a consultant with Campus Bookstore Consulting who assisted with the ITN process, confirmed this is a strong financial package for the university yet also has very affordable prices for students.

Vice Chair Garvy also asked if a student was on the committee. Robinson confirmed, but Vice Chair Garvy expressed concern that the student was not from the Student Government Association. Trustee Bolona said a priority of their administration has been prioritizing the student voice in university-wide decisions. His goal is for future student body presidents to understand that all agenda items that come before the board have been vetted in some form by fellow students.

Chair Martins asked if the commission-type structure is common for university bookstore contracts, and Bryne confirmed. Trustee Walsh asked if Barnes and Noble receives all of the concessions exclusively for the courses presented at the UCF Downtown campus or for the students coming into the store. Bryne confirmed the commissions through this contract are at the UCF Downtown store or its website only.

Trustee Walsh also asked if over time digital passkeys directly to the publishers can become more widely used to help lower textbook costs, and do we have the ability to move off the contract for that kind of procurement. Bryne confirmed we do and stated it is clear in the contract digital content and other free content are permitted.

Trustee Yeargin asked if the prices are the same at every store. Bryne said contracts control price, and textbook affordability is a priority in the UCF Downtown contract.

Trustee Self suggested the University Bookstore Advisory Committee be involved in future bookstore contract negotiations. Chair Martins asked for confirmation that if the university is not pleased with customer service or the level of technology, we can require the changes necessary. Robinson confirmed.

The committee unanimously approved the UCF Downtown Campus Store Contract with Barnes and Noble Booksellers, LLC.

Chilled Water Services Agreement for Sanford Burnham Prebys Building (FFC-2)

Misty Shepherd, Interim Vice President for Administration and Finance, requested approval of the Assignment and Assumption of the Chilled Water Service Agreement between Orlando Utilities Commission (OUC) and the Sanford Burnham Institute for Medical Research. UCF is set to take over the Sanford Burnham Prebys building on December 1, 2018. The existing agreement between OUC and Sanford Burnham commenced December 4, 2008, and has a 30-year term, of which 20 years are remaining. The annual average chilled water costs for the past three years under the agreement have been \$1,328,000. UCF can expect to incur an additional \$26,600,000 over the next 20 years for chilled water service to the building.

Article I (Exhibit B) in the OUC Chilled Water Service Agreement permits UCF a one-time reduction of contact capacity and opportunity to negotiate a better rate. Article 15 in the agreement gives UCF the option to buy out the contract after 10 years, or cancel the agreement and pay a penalty. The agreement for chilled water must be in place on or before December 1, 2018.

Trustee Walsh asked if the issue before them was for the necessary approval of the assumption of the agreement, and losing no right to exercise the renegotiations, or potentially do something else. Shepherd confirmed the current service will be in place for the immediate future so the university can take occupancy without a loss of service.

Chair Martins asked when does the period of time for renegotiation lapse. Shepherd confirmed there is no timing on the renegotiation period, but we do need to give a 120-day notice that we are requesting changes. Lee Kernek, Associate Vice President for Administration and Finance, stated they are starting meetings with OUC to negotiate a better rate. Chair Martins also asked if the \$1.328 million annual cost is included in the budget, and Kernek confirmed.

Trustee Walsh asked if the capacity utilization is at 100 percent. Kernek said no, additional capacity is available, and they are investigating options on how to proceed. He also asked for the percentage of capacity that is being used. Nate Boyd, Associate Director of Utilities and Energy Services, said with regards to the current build-out, approximately 3,950 tons is being used between the existing UCF contract and the Sanford Burnham contract. The install capacity is 5,300 tons. Thus, it is at 75 to 80 percent capacity. Trustee Walsh added another load user could be beneficial.

Shepherd added the agreement allows for only a one-time reduction in capacity, so we are being thoughtful about it and evaluating the capacity needs now and in the future.

The committee unanimously approved the Assignment and Assumption of the Chilled Water Service Agreement between OUC and the Sanford Burnham Institute for Medical Research, with Chairman Marchena recusing himself because of potential conflict of interest.

Temporary License and Construction Agreement for Rosen Campus (FFC-3)

Shepherd and Jennifer Cerasa, Associate General Counsel, presented for approval the Temporary License and Construction Agreement for a portion of the land located at 9907 Universal Boulevard, Orlando, in Orange County, Florida, which also is the location of the Rosen College of Hospitality Management, necessary to facilitate expansion of the college. The UCF Real Estate Foundation holds the land, and the university owns the building.

Due to enrollment growth within the college, the existing building is insufficient to fill the college's need for space. Thus, a capital improvement project has been proposed to expand the existing structure by up to 50,000 square feet. The UCF Foundation would give a temporary license to allow the Rosen Foundation to construct and build the expansion. UCF Facilities will be involved in the process.

Because of his significant experience with the construction industry in Central Florida and subsequent ability to control costs, Harris Rosen (or a related entity), who is a significant donor both with respect to the college, the original building, and the proposed expansion, has offered to oversee the construction of the expansion. Mr. Rosen is solely responsible for managing the construction and construction budget, including any budget overages.

The construction costs for the project are intended to be funded solely through philanthropy: \$5 million from unrestricted funds from the UCF Foundation and \$4 million from documented pledge agreements.

Cerasa requested that paragraph four of the agreement, which stated the university had agreed to commit \$2 million dollars toward the furniture, fixtures, and equipment to furnish the building expansion, be removed because of the current presidential moratorium on construction. This change also needs to be reflected on the Certification of Funds form. If and when it is needed, Cerasa will bring those funds back to the board for approval.

Cerasa explained the process by saying Mr. Rosen has committed additional in-kind money and has agreed to fund any overages in the budget, oversee the construction, and direct the construction company. This limits the risk to the university and is a win-win all around. The foundation will pay the contractor invoices directly, starting with the pledge money first, with Mr. Rosen filling in and paying when there are gaps. Mr. Rosen is assuming the contracts (not the university or foundation), which is also how he is assuming the budget overrun. The foundation has asked that he include risk mitigation procedures.

Cerasa added the university can step in if construction is not finished in 24 months and complete it even if there is litigation involved. However, no problems are anticipated with the project, and this was added only as an out clause if needed.

Upon completion of the construction, the license will terminate, and the University of Central Florida Board of Trustees will own the expanded building.

Chair Martins asked if provisions to meet quality standards are in place. Cerasa said the life cycle of materials must be considered and Plant Operating and Maintenance must be met. Chair Martins also asked if Mr. Rosen will receive interest if he does have to provide funds if pledge dollars are not available. Cerasa confirmed Mr. Rosen will be paid when the pledges are received and will not receive interest. He did not give a deadline or set a time period.

Chair Martins asked how will the contractor be paid if the pledges are not received and the university has stepped in to take over the construction. Cerasa said that has not been determined at the moment, but the ability of the university to step in was a worst-case scenario provision. Chair Martins asked if the foundation would be responsible for those shortages, or is that being left open-ended. Shepherd said should an event as drastic as that occur, the foundation and the university would meet and discuss. The building costs are estimated between \$16 and \$18

million to complete the construction, and they currently have \$14 million, leaving roughly a \$2 million to \$4 million shortfall. It would come back to the board for a discussion on how to move forward.

Chairman Marchena said he sees on the agreement the \$5 million from unrestricted funds from the UCF Foundation and \$4 million from documented pledge agreements and asked for the source of the additional funds. Shepherd said they have an additional \$5 million from Mr. Rosen. Cerasa said this is a gift in-kind, and he will be paying for the construction services. This is not mentioned in the agreement but is documented at the foundation.

Trustee Walsh asked who will own the building. Cerasa said the foundation will own the underlying land and the university will own the building. When the license terminates, everything reverts back to the foundation, who will turn over ownership.

Chair Martins also asked if the \$2 million for furniture, fixtures, and equipment from the university will be brought back to the committee if it is decided to use those funds. Cerasa confirmed.

President Whittaker added the \$2 million was from student equipment fees from Rosen students. Because those could be considered university funds, and with the moratorium on new capital projects, it was deemed best to not use that money at this time.

Trustee Bolona asked about the vision of the building. Cerasa said it will have additional office and kitchen space, and both students and faculty will benefit from the expansion. He also asked if it would be possible to receive a presentation on the project. President Whittaker reminded the group the January board meeting is being held at the Rosen campus.

Trustee Walsh added with the rise in distance learning, the need to thoroughly vet space utilization, including the use of offices for those who might not need them, is important. We need to take a hard look at how we use the spaces we build. Chairman Marchena said at the last Board of Governor's meeting, part of the discussion was on universities looking at their physical plant, their availability for building, and making sure they are maximizing the utilization of the building before undertaking additional construction. He expects staff to be doing as Trustee Walsh suggested.

The committee unanimously approved the temporary license and construction agreement for Rosen Campus with the removal of paragraph four in the agreement and the removal of the \$2 million from the university on the Certification of Funds form.

L3 Building Purchase Loan (FFC-10)

Shepherd and Cerasa requested approval of a resolution approving the issuance of fixed rate, tax-exempt debt by the UCF Foundation of \$6 million to finance the purchase of a building located at 12351 Research Parkway, Orlando, Florida, commonly referred to as the L3 Building. The property consists of approximately five acres and a 46,185 square feet building. The UCF Foundation intends to lease a majority of the building to the university to provide space to the UCF Division of Digital Learning.

The purchase was approved at the August 21, 2018, Board of Trustees meeting. As part of that discussion the board was informed that the foundation would be seeking a bank loan to finance the purchase.

At this time in accordance with the Board of Trustees' Delegation of Authority, the foundation is seeking approval to enter into a financing arrangement with Branch Bank and Trust Company. The tax-exempt promissory note will be for a 20-year term and carry a fixed rate of 3.92 percent and be secured solely by a 1st lien position on the property. Annual principal payments will be due each October 1, and semi-annual interest payments will be due each April and October with the source of repayment provided through annual lease revenue. The foundation anticipates closing on the purchase and financing on or around December 3, 2018.

Chair Martins asked if the loan is between BB&T and the foundation, and Shepherd confirmed. Chairman Marchena asked if the 3.92 percent interest rate will reset. Shepherd said the 3.92 percent rate will be locked in when they sign the commitment letter.

The committee unanimously approved the issuance of fixed rate, tax-exempt debt by the UCF Foundation of \$6 million from the Branch Bank and Trust Company to finance the purchase of the L3 Building.

L3 Building Lease (FFC-4)

Shepherd and Cerasa requested approval of the lease between the University of Central Florida Foundation and the University of Central Florida Board of Trustees for the space commonly known as the L3 Building, located at 12351 Research Parkway, Orlando, Florida 32826.

On August 21, 2018, the Board of Trustees approved the Purchase and Sale Agreement to allow the UCF Foundation or a related entity to purchase the property located at 12351 Research Parkway, also known as L3, for \$6 million. Funds for the purchase of the building come from a loan secured by the UCF Foundation. The purchase is to satisfy the growing need of the UCF Division of Digital Learning.

The proposed lease is for the approximately 30,000 square feet of space for a term of 66 months commencing on or around December 3, 2018. The lease may be renewed for two additional five-year terms. Base rent is set at \$15.84 per square foot for the first 66 months and will be adjusted to fair market rent for any subsequent term. Additional rent is set at \$8.75 per square foot for operating and maintenance costs, for a total per square foot cost of \$24.59. There is no requirement to pre-pay base rent, which had been discussed as a possibility at the August 15 Finance and Facilities Committee meeting and August 21 Board of Trustees meeting.

Chairman Marchena asked for the source of funding for the lease payments. Kathy Mitchell, Interim Chief Financial Officer, said it is from Distance Learning fees held by the university. Chairman Marchena also asked for these types of leases where the university is leasing space from the foundation or others if payments are identified from a specific source; for example, could E&G funds be used. Mitchell said yes, because it is an academic purpose, but this lease is being funded with Distance Learning fees.

Trustee Walsh asked who is paying to update the building and make it ready for occupancy. Cerasa said the foundation. Trustee Walsh added he appreciated that the pre-payment of rent had been removed. He noted the space will be used by 60 to 80 people under Tom Cavanagh

(director of Distance Learning) preparing distant learning content, giving them a centralized headquarters, compared to their current multiple locations across campus. Trustee Walsh has talked with Cavanagh and Provost Dooley about the large body of materials that already exist in the academic industry for level-one and two courses. We should take a look at buying that material rather than creating it, which could possibly lower costs.

Trustee Bolona asked if this was a new Distance Learning fee. Mitchell said no, this has been budgeted, and they have been holding and saving those funds with this in mind.

The committee unanimously approved the lease between University of Central Florida Foundation and the University of Central Florida Board of Trustees for the space commonly known as the L3 Building.

Sanford Burnham Prebys Building Name Designation (FFC-5)

Deborah German, Vice President for Health Affairs and Dean of the UCF College of Medicine, requested approval of the name “UCF Lake Nona Cancer Center” for the former Sanford Burnham Prebys building. The UCF Real Estate Foundation assumed ownership of the former Sanford Burnham Prebys building and premises at Lake Nona on August 27, 2018, and immediately leased the entire building and premises to Sanford Burnham Prebys. The UCF College of Medicine will take full possession on December 1, 2018 and will oversee development of a comprehensive cancer research and treatment center.

The committee unanimously approved the name “UCF Lake Nona Cancer Center” for the former Sanford Burnham Prebys building.

John C. Hitt Library Renovation and Expansion (FFC-6)

Mitchell requested approval of the use of \$85.8 million in Capital Improvement Trust Funds (CITF), \$1.6 million in Plant Operations and Maintenance (PO&M) funds, \$0.3 million in Auxiliary funds, and \$0.3 million in Critical Deferred Maintenance funds for expansion and renovation of the John C. Hitt library.

This project is in progress and had been previously brought to the committee as an information item, but now approval is requested for the funding sources. Out of an abundance of transparency, the university is requesting individual approval for capital projects exceeding \$2 million that began prior to October 26, 2017. In addition, written certification of the source and appropriateness of funds is being provided for each project.

Prior to October 26, 2017, capital improvement projects were submitted to the Board of Trustees annually through the Five-year Capital Improvement Plan and the Capital Outlay Budget. The then-Vice Provost for Information Technologies & Resources presented a report on the Library expansion to the board at the March 31, 2005, meeting.

According to the Delegation of Authority to the President, which was passed by the board on October 26, 2017, use of university funds for capital improvement projects exceeding two million dollars in construction costs and all changes to such projects that increase project costs by more than 10 percent of the original estimate require specific approval of the board.

Phase I (\$21.7 million), which has been completed, is the expansion toward the Student Union with construction of a three-story automated-retrieval-center (ARC), renovations to restrooms,

elevators and fire sprinklers on the top four floors, a redesign of the fifth-floor quiet reading room, and an increase in the number of power outlets for students to recharge phones and computers.

Phase IA (\$21.2 million), currently under construction, will add a connector building between the existing library and ARC. This phase is planned for completion in December 2019. Phase II (\$7.7 million per floor) will include a comprehensive renovation of one floor per year of the current library. Design will begin in Spring 2019, with construction starting in 2019-20 as the CITF funds are received.

Chairman Marchena asked if the hardscape costs would come back to the committee. Mitchell said those costs are part of the \$88 million.

Trustee Walsh expressed concern about saying “Prior to October 26, 2017, capital improvement projects were submitted to the Board of Trustees annually through the Five-year Capital Improvement Plan and the Capital Outlay Budget.” He asked for the sentence to be struck. Mitchell stated that “for approval” had previously been used after that statement but had been removed. Trustee Walsh said with that clarification he was now okay with the sentence.

Trustee Walsh also asked if this project needs to be added to the Five-year Capital Improvement Plan, but Mitchell confirmed it is already on it.

The committee unanimously approved the use of \$85.8 million in Capital Improvement Trust Funds (CITF), \$1.6 million in Plant Operations and Maintenance (PO&M) funds, \$0.3 million in Auxiliary funds, and \$0.3 million in Critical Deferred Maintenance funds for expansion and renovation of the John C. Hitt library. The Certification of Funds form was attached to the item.

Student Union Renovation and Expansion (FFC-7)

Mitchell requested approval for the funding sources for Phases II, III, and IV of the renovation and expansion of the Student Union at total project cost of \$17.98 million. Funding sources include \$14.35 million from Aramark (less \$3.9 million for equipment Aramark will purchase directly at a lower cost than is available to UCF), \$3 million in Auxiliary funds from Business Services, and \$4.5 million from Student Government Association and Student Development and Enrollment Services.

Out of an abundance of transparency, the university is requesting individual approval for capital projects exceeding \$2 million that began prior to October 26, 2017. In addition, written certification of the source and appropriateness of funds is being provided for each project.

Prior to October 26, 2017, capital improvement projects were submitted to the Board of Trustees annually through the Five-year Capital Improvement Plan and the Capital Outlay Budget.

According to the Delegation of Authority to the President, which was passed by the board on October 26, 2017, use of university funds for capital improvement projects exceeding two million dollars in construction costs and all changes to such projects that increase project costs by more than 10 percent of the original estimate require specific approval of the board.

The Board of Trustees approved a 10-year negotiated agreement with Aramark, the university’s food service provider, on November 19, 2015. Phase II of the project, the renovation of the

existing food court areas, is in progress. Phase III, the expansion of floors 1 and 2 in the food court, will begin in January 2019. Phase IV will be the expansion of the third floor for the Student Government Association meeting chambers and suite.

Trustee Bradley asked for the basis of the Aramark contribution and if that was part of their normal contract with the university. Mitchell confirmed this is what we negotiated with them for their 10-year lease extension.

The committee unanimously approved the funding sources of \$14.35 million from Aramark (less \$3.9 million for equipment Aramark will purchase directly at a lower cost than is available to UCF), \$3 million in Auxiliary funds from Business Services, and \$4.5 million from Student Government Association and Student Development and Enrollment Services, for the Student Union Renovation and Expansion. The Certification of Funds form was attached to the item.

CREOL Expansion (FFC-8)

Mitchell requested approval for the funding sources for the renovation and expansion of the Center for Research and Education in Optics and Lasers (CREOL) building. Funding sources include \$5.8 million in auxiliary funds, \$1 million in research overhead funds, \$.2 million in Utilities Infrastructure and Minor Projects (UIMP) funds, and \$17,000 in E&G funds, for a total project cost of \$7 million.

Out of an abundance of transparency, the university is requesting individual approval for capital projects exceeding \$2 million that began prior to October 26, 2017. In addition, written certification of the source and appropriateness of funds is being provided for each project.

Prior to October 26, 2017, capital improvement projects were submitted to the Board of Trustees annually through the Five-year Capital Improvement Plan and the Capital Outlay Budget.

According to the Delegation of Authority to the President, which was passed by the board on October 26, 2017, use of university funds for capital improvement projects exceeding two million dollars in construction costs and all changes to such projects that increase project costs by more than 10 percent of the original estimate require specific approval of the board.

CREOL is undergoing a three-story expansion on the east side of the existing building. The expansion involves building a first-floor auditorium and mechanical space; the upper two floors will have laboratories and offices for laser research and education.

Chairman Marchena stated although the project is more than \$2 million, based on Mitchell's discussion with the Board of Governors, the use of E&G funds is appropriate. Mitchell confirmed it was.

The committee unanimously approved the funding sources of \$5.8 million in auxiliary funds, \$1 million in research overhead funds, \$.2 million in Utilities Infrastructure and Minor Projects (UIMP) funds, and \$17,000 in E&G funds, for a total project cost of \$7 million. The Certification of Funds form was attached to the item.

Roth Athletics Center Shell Building Construction Costs (Phase I) (FFC-9)

Danny White, Vice President and Director of Athletics, and David Hansen, Executive Associate Athletics Director and Chief Operating Officer, requested approval for the construction costs for

the Roth Athletics Center shell building (phase I) to exceed the \$2 million minor projects threshold.

The Roth Athletics Center is being built in two phases to expedite its completion. Funds were not immediately available for the entire project, so the pre-engineered metal building was designed and purchased using available funds held in the UCF Foundation. During design of the interior build-out, it was determined that several modifications would be necessary to provide the most efficient layout of the two-story building. For example, some of the vertical support columns would need to be relocated to avoid being in the middle of rooms. Also, it was determined the exterior façade should be upgraded. Other changes were made, including the addition of exterior glass, additional required insulation, installation of a roof hatch, and increased foundations and steel to support load requirements of the second-floor. The project is being privately funded.

Hansen noted the new change order amount is \$218,146, which makes the total project cost \$2,174,497. The meeting materials contained the previous figures of \$262,868 for the change order and \$2,219,219.46 for the total projected construction costs of the building.

Phase I of this project is underway, and additional change orders are not anticipated.

Trustee Bradley asked if “privately funded” means philanthropy, and White confirmed. Trustee Bradley asked why the board is being asked to approve the change order, and Chairman Marchena said it is because the project is now over the \$2 million minor projects threshold. Mitchell added it also needs board approval because it is now more than 10 percent above the original approved amount.

Trustee Walsh asked if this project falls under the moratorium on capital projects. Chairman Marchena said no because it is being funded with private donations.

The committee unanimously approved the construction costs for the Roth Athletics Center shell building (phase I) to exceed the \$2 million minor projects threshold.

OTHER BUSINESS

Reconsideration of FFC-4 Concessions Award from September 27, 2018 Finance and Facilities Committee Meeting

At the request of Vice Chair Garvy, the motion from the September 27, 2018 Finance and Facilities Committee meeting to allow the award of the concessions food service contract to Spectra was asked to be reconsidered. He expressed concern about the high prices of menu items, in particular the \$4 bottled water charge that Trustee Gaekwad mentioned at that meeting, and wondered if a lower commission could be negotiated in exchange for lower prices. Chair Martins agreed.

The committee unanimously agreed to reconsider the motion, with Trustee Sprouls recusing himself because of potential conflict of interest.

Concessions Contract Changes

Chairman Marchena requested that staff go back and discuss the contract and ensure the level of customer service is considered. Customer service needs to be as much a consideration as the percentage return amount.

Vice Chair Garvy said it is not just a matter of maximizing the percentage of what we can get, but also considering the impact on the customers and the service being provided.

President Whittaker said he would recommend adding that the contract should appropriately advance the UCF brand identity.

Chair Martins said in addition to the emphasis on customer service, pricing levels do need to be included. Trustee Lord said he is uncomfortable with specific item pricing. While we should be price sensitive for our customers, he does not think specific pricing is the board's role.

Vice Chair Garvy made a motion to continue discussions and negotiations with a view toward pricing that takes into consideration customer experience and satisfaction.

Trustee Lord asked for and received confirmation that this will not require the contract be rebid. Trustee Yeargin asked for confirmation that this does not mean Spectra is being withdrawn, but rather the team is just continuing discussions. Chair Martins confirmed and clarified that new contract terms with Spectra are being requested.

Ronnie Lamkin, General Manager of the UCF Convocation Corporation, is on the negotiation team and said pricing was discussed at the last meeting as well as operation procedures for the Mercedes Benz Stadium in Atlanta (which hosted the Peach Bowl last year), but they operate under a management agreement. For the last 10 years, the CFE Arena and Venue have had commission-based agreements. The value to this type of agreement is the concessioner assumes all risk and expenses related to the operations of concessions, as well as hiring, payroll, and taxes. For the Mercedes Benz Stadium, the stadium itself takes all the risk in those areas and pays a management fee to a concessioner to run the operation.

Lamkin added in their economic consideration, concessions is a significant source of support for the UCF Convocation Corporation, providing between \$350,000 and \$400,000 annually. The UCFCC has a \$15 million mortgage. He wants the board to understand they can change commissions, but they need to be mindful that the UCFCC needs commission revenues to fund its budget.

He said it could be a matter of exploring another type of agreement to receive the same kind of revenue that they need. Chairman Marchena said we are not looking to change to a management agreement.

Vice Chair Garvy asked if the \$300,000 figure Lamkin mentioned was just for the arena, and Lamkin confirmed. He said last year commission was about \$363,000 for concessions.

Chair Martins added for the commission agreements at Amway Center, they sometimes have one-offs where they talk with the concessions provider to discuss specific pricing and special cases, and this has not affected their commission structure. The university is in a place now in the negotiations with Spectra where they can talk about pricing and should do so.

Lamkin said all of that is included in the agreement, and he cited student discounts on food purchases as an example of this.

Trustee Yeargin asked how integral the commission dollars are to the UCFCC budget, and Lamkin said it is very integral, and every penny helps.

Trustee Walsh said we are allowing the flexibility to reallocate pricing. We pointed out one thing, but that does not mean do only that one thing. Rather, it is to look at the whole.

The committee unanimously agreed to continue negotiations with Spectra but with a view toward pricing that takes into consideration customer experience and satisfaction, with Trustee Sprouls recusing himself because of potential conflict of interest.

Five-year Capital Improvement Plan

Trustee Walsh asked if the UCF Downtown items from the October 5 Finance and Facilities Committee meeting are on the Five-year Capital Improvement Plan, and do we have an okay from the Board of Governors to move ahead. Mitchell said the individual projects are on the Five-year Capital Improvement Plan, but the infrastructure item is not. However, the Board of Governors said infrastructure is included as part of the building and does not need to be a separate item. Trustee Bolona asked if the trustees approved the agenda item as a whole at the October 5 meeting, and Chair Martins confirmed.

Project Review

Shepherd said they have completed their project overview and determined four projects were completed in the last 12 months: Trevor Colbourn Hall, the District Energy Plant, the Research I building, and the UCF Global Building.

She will present a detailed overview at the February Finance and Facilities Committee meeting and provide information on approved versus actual costs, projected time line versus actual completion timeline, the final square footage at completion, and any programmatic changes after the board approval.


The committee also had requested a real-time audit process for projects that involves University Audit in the process of reviewing the bidding and contract selection process, the activities performed during the design and funding phase, the activities performed during the construction and management phase, and a post-project overview from Facilities that would follow the same form and function. Instituting this is a new way of communicating with the committee.

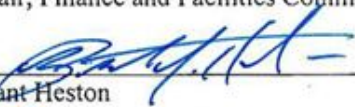
Mitchell added University Audit will be starting with the Roth Athletics Center.

10-Year Lookback Update

Mitchell said the certification of funds for capital projects for the last 10 years was sent to the Board of Governors on Friday. According to the rules agreed to by the State University System General Counsels and Chief Financial Officers, Trevor Colbourn Hall was the only capital project where inappropriate E&G funds were used. Chairman Marchena added it is possible only a portion of that was inappropriate. Mitchell agreed.

Chair Martins adjourned the Finance and Facilities Committee meeting at 12:11 p.m.

Reviewed by:  1.3.19
Alex Martins Date
Chair, Finance and Facilities Committee

Respectfully submitted:  1/4/19
Grant Heston Date
Associate Corporate Secretary

Attachment C

ITEM: FF-4

**University of Central Florida
Board of Trustees**

SUBJECT: L3 Building Lease

DATE: November 15, 2018

PROPOSED BOARD ACTION

Recommend approval of the lease between the University of Central Florida Foundation and the University of Central Florida Board of Trustees for the space commonly known as the “L3 Building,” located at 12351 Research Parkway, Orlando, Florida 32826.

BACKGROUND INFORMATION

On August 21, 2018, the Board of Trustees approved the Purchase and Sale Agreement to allow the UCF Foundation or a related entity to purchase the property located at 12351 Research Parkway, also known as L3, for \$6 million. Funds for the purchase of the building come from a loan secured by the UCF Foundation. The purchase is to satisfy the growing need of the UCF Division of Digital Learning.

The proposed lease is for the approximately 30,000 square feet of space for a term of 66 months commencing on or around December 3, 2018. The lease may be renewed for two additional five-year terms. Base rent is set at \$15.84 per square foot for the first 66 months and will be adjusted to fair market rent for any subsequent term. Additional rent is set at \$8.75 per square foot for operating and maintenance costs, for a total per square foot cost of \$24.59. There is no requirement to pre-pay base rent.

Supporting documentation: Attachment A: Digital Learning Lease
Attachment B: Building Photographs

Prepared by: Jennifer Cerasa, Associate General Counsel

Submitted by: Misty Shepherd, Interim Vice President for Administration and Finance

Attachment A

LEASE

Digital Learning Center

November __, 2018

THIS INDENTURE OF LEASE ("Lease"), made and executed as of the ___ day of November, 2018, by and between **UNIVERSITY OF CENTRAL FLORIDA REAL ESTATE FOUNDATION, L.L.C**, a Florida not for profit corporation ("Landlord"), whose address is 12424 Research Parkway, Suite 140, Orlando, Florida 32826, and the **UNIVERSITY OF CENTRAL FLORIDA BOARD OF TRUSTEES** ("Tenant"), whose address is 4000 Central Florida Blvd, Orlando, Florida 32816.

WITNESSETH:

WHEREAS, Landlord intends to purchase a certain building as described on **Exhibit A** and known as Digital Learning Center 12351 Research Parkway, Orlando, in Orange County, Florida (the "Building");

WHEREAS, Landlord and Tenant, previously entered into multiple leases and other documents related to buildings in the Research Park:

WHEREAS, Landlord desires to lease to Tenant and Tenant desires to lease from Landlord certain space in the Building in accordance with the provisions set forth herein;

NOW, THEREFORE, for and in consideration of the sum of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, and in consideration of the mutual covenants, agreements and representations of the parties, as herein set forth, Landlord and Tenant agree as follows:

1. **Demise of Premises; Commencement Date.**

a. Landlord hereby leases to Tenant and Tenant leases from Landlord, for the period of time and in consideration of the payment of rental and in consideration of the other terms, conditions, covenants, representations and warranties set forth in this Lease, certain space in the Building consisting of a maximum aggregate area of net rentable space of approximately 46,185 square feet (the "Premises"). The Premises are shown on the attached **Exhibit B**. Tenant shall only pay rent for the space actually occupied up to 46,185 square feet pursuant to the rent roll attached hereto as **Exhibit C**. **Exhibit C** shall be updated and executed by the parties hereto at such time as there is a change to the rent roll. Tenant shall only have the right to lease space within the Building that has not previously been leased by the Landlord to another tenant. Tenant's use of the Premises shall be subject to all zoning ordinances, rules and regulations promulgated by any governmental agencies, boards or subdivisions now or hereafter in effect. To the extent that any additions, alterations, re-measurements, or improvements are made to the Premises, which increase the rentable square footage of the Premises from that set forth above, the maximum aggregate area of net rentable space that may be leased by Tenant shall be consistent with such increase and Landlord shall have a right to increase the Annual Base Rent consistent with the accurate rented square feet measurements.

b. For purposes of this Lease, the "Lease Commencement Date" shall be December 03, 2018.

c. For purposes of this Lease and the calculation of Base Rent, Additional Rent and other charges hereunder, the Landlord believes that the original Premises plus the Tenant's pro rata share of the Building is approximately 40,000 square feet of space. Square footage to be confirmed upon review and approval of final tenant building plans.

d. Landlord may re-measure the Building, including the Premises; however, it is understood

by the parties that there shall be no change in the Rent based upon the results of the measurement until such time that the lease is renewed.

e. Within fifteen (15) days of delivery of the Premises by Landlord to Tenant, the Tenant will deliver a tenant acceptance letter which shall be conclusive evidence that Tenant accepts the Premises "as is," including the zoning of the Building, and that the Premises were in good and satisfactory condition when possession was acquired by Tenant, except as provided in the tenant acceptance letter.

f. Within ten (10) days upon execution of this Lease and at any time requested in writing, Tenant will execute and deliver a Lease Commencement Certificate, as depicted in within **Exhibit D** to Landlord.

2. Tenant Improvements

Intentionally left blank.

3. Term and Extensions to Term.

a. The term of this Lease (the "Term") shall be sixty-seven (67) months, commencing on the Lease Commencement Date. This Lease shall automatically renew for two (2) additional five (5) year terms unless Landlord or Tenant gives written notice of termination within sixty (60) days of the renewal date.

b. Tenant acknowledges that: (i) no representations as to the condition of the Premises have been made by Landlord or Landlord's agents; (ii) no obligation to repair, add to, or improve the Premises has been assumed by Landlord except as this Lease otherwise expressly provides; (iii) no oral arrangements have been entered into in consideration of making this Lease; and (iv) the Lease contains a full statement of the obligations of both parties hereto.

4. Rental, Base Rent, Sales and Use Tax.

a. Rental. Throughout the Term of this Lease, Tenant shall pay to Landlord, at the times and in the manner herein set forth, Base Rent (as adjusted from time to time in accordance with the terms of this Agreement) and Additional Rental (as each of such terms is defined herein), and together with the applicable amount of sales and use taxes payable on any or all of the foregoing amounts in accordance with Section 4(d) hereof, and such amounts may be collectively be referred to herein as "Rent" or "Rental". Whenever used herein, unless the context shall otherwise clearly require, the term "Rent" or "Rental" shall include Base Rent, Additional Rental, and any applicable sales and use taxes payable on any such amounts.

b. Base Rent. Tenant shall pay to Landlord; at the address set forth in this Lease or at such other location as may be designated in writing by Landlord, the base rent ("Base Rent") as set forth in Exhibit C and in this paragraph, plus Additional Rent, increases in Base Rent and other charges, without demand, in accordance with the provisions set forth below.

Total base rent, per the current rent roll, attached hereto as "**Exhibit C**", shall be due and payable as follows:

<u>Base Term</u>	<u>Per Rentable Sq. Ft.*</u>
12/3/2018 - 6/30/2019	15.84
7/1/2019 - 6/30/2020	15.84
7/1/2020 - 6/30/2021	15.84

7/1/2021 - 6/30/2022	15.84
7/1/2022 - 6/30/2023	15.84
7/1/2023 - 6/30/2024	15.84

*Plus Tenant's proportionate share of Additional Rent.

The first sixty-seven months base rental rate shall be \$15.84 per square foot. In month sixty-eight (68), and every sixty (60) months thereafter throughout the term of the Lease (i.e. month 68, 128, 188), Base Rent will be adjusted to fair market rent as reasonably determined by Landlord, based on market conditions being offered to tenants of similar size and creditworthiness for renewal leases in Research Park of comparable type and class. Base Rent shall continue to escalate three percent (3%) per annum after each adjustment period.

Tenant may elect to negotiate and prepay any portion of the base rent up to (60) months. Otherwise, Base Rent shall be due and payable monthly in advance without notice, demand, deduction or set-off of any kind, commencing on the Rent Commencement Date (as herein defined) and continuing on the first (1st) day of each month thereafter. If the Rent Commencement Date occurs on a date other than the first (1st) day of the month or this Lease terminates on a date other than the last day of the month, the monthly Base Rental and other charges herein provided shall be prorated to the day of commencement or termination.

c. Rent Commencement Date. For purposes of this Lease, the "Rent Commencement Date" shall be the earlier of the date at which the Tenant substantially occupies the space, or the date of a certificate of occupancy being issued by the authority having jurisdiction as evidenced by substantial completion of construction, or as otherwise agreed upon in Exhibit "D".

d. Sales and Use Tax. During the Term of this Lease or any renewal thereof, Tenant will pay to Landlord concurrently with the payment of the monthly Rent installment an additional sum equal to the "sales" or "use" tax levied by the State of Florida or any other governmental body by reason of the occupancy of the Premises or due to the payment of Base Rental, Additional Rent or any other sums required to be paid hereunder by Tenant. Tenant's obligation to pay sales or use tax pursuant to this Agreement shall terminate as of the date upon which Tenant furnishes to Landlord a certificate of exemption from the State of Florida Department of Revenue, stating that Tenant is exempt from the obligation to pay such taxes, and the termination of such obligation shall continue for so long as such exemption remains in effect.

5. Additional Rent.

In addition to the Base Rent, Tenant shall pay its pro rata share (as specified in Paragraph 1(c) above of Landlord's additional rent ("Additional Rent"), in accordance with the following terms:

a. "Additional Rent" shall refer to all expenses, costs and disbursements of every kind and nature arising directly from operation and maintenance of the Building, including, but not limited to: those described in Paragraph 20 insurance, including Hazardous Substance insurance (as defined below); applicable real estate taxes and impositions by governmental authorities; wages, salaries, and benefits of those engaged in the operation and maintenance of the Building; all supplies and materials used for operation and/or maintenance of the Building and land upon which the Building is located, including utilities for common areas; cost of building management; janitorial, accounting; garbage and trash removal; maintenance of all Building systems and expenses for common area maintenance which Landlord shall pay or become obligated to pay because of or in connection with the maintenance and/or operation of the

Building and land upon which the Building is located.

b. Landlord shall notify Tenant, by June 1 of each year, of the amount which Landlord estimates (as evidenced by budgets prepared by or on behalf of Landlord) will be Tenant's proportionate share of Additional Rent for the following July 1 to June 30 fiscal year. Tenant shall pay such sum to Landlord in equal monthly installments during the following fiscal year, on or before the first day of each month in said fiscal year. Within forty-five (45) days following the end of each fiscal year, Landlord shall submit to Tenant a statement showing the actual amount which should have been paid by Tenant with respect to Additional Rent for the past fiscal year as evidenced by a year-end audit, the amount actually paid by Tenant during that year, and the amount of the resulting balance due thereon or overpayment thereof, as the case may be. Within thirty (30) days after receipt by Tenant of said statement, Tenant shall have the right to inspect Landlord's books and records, at Landlord's office during normal business hours after prior written notice, showing the Additional Rent for the Building for the calendar year covered by said statement. Any balance shown to be due pursuant to said statement, shall be paid by Tenant to Landlord within said thirty (30) day period. Any overpayment shall be credited against Tenant's obligation to pay Rentals next coming due or in connection with anticipated Additional Rent, or, if by any reason of any termination of the Lease no such future obligation exists, refunded to Tenant.

c. During the first twelve (12) months of the Lease, Tenant's liability for payment of Additional Rent is estimated to be and shall be paid at \$8.75 per rentable square foot. At Tenant's request, Landlord shall supply Tenant with all documentation used by Landlord to estimate Additional Rent.

d. The Tenant's proportionate share of Additional Rent for the purpose of this section shall be calculated by dividing the net rental space leased by the Tenant by the total space in the Building.

e. Landlord hereby agrees that for the purpose of determining Tenant's share of the operating and maintenance due to Landlord under this Lease, said operating and maintenance costs shall not increase by more than five percent (5%) per year during the term of this Lease, or any renewal term, as the case may be, after the base year of calendar year 2018; provided however, the 5% cap shall not include costs for real estate taxes, utilities or insurance related to the Building.

f. Tenant agrees that Landlord has the right to retain fifty percent (50%) of identified energy savings from annual operating expense to offset Landlord's Capital Expenditure for Energy Saving projects until such projects are paid in full.

6. Late Charges

Notwithstanding anything to the contrary contained herein, Tenant, at Landlord's sole option, shall pay a "late charge" of five percent (5%) of the total amount overdue when any installment of Rent or any other amount due for any reason is received at the Landlord's address listed herein more than fifteen (15) days after the due date thereof. This charge is intended to compensate Landlord for the extra expense and hardship suffered or incurred it due to the delinquency of such payments and is not intended to be and shall not be considered to be in the nature of interest or a penalty. If any installment of Rent or any other amount due hereunder is not received by Landlord on or before thirty (30) days after the date due, such sums shall begin accruing interest at the highest rate permitted by law.

7. Use.

a. Tenant shall use and occupy the Premises for any lawful activities permitted under zoning and other laws and restrictions. Tenant shall not permit the Premises or any part thereof to be used for any illegal or improper purpose or for any purpose that will violate any policies of insurance now or hereafter written on or covering the Building or that will increase the rate of premium therefore unless Tenant shall first obtain Landlord's written consent, which consent may be withheld in Landlord's sole discretion. In the event Landlord's insurance premiums are increased due to Tenant's particular use of the Premises or any part thereof, Tenant shall pay the full amount of any increase due to Tenant's particular use. Tenant shall take reasonable measures to prevent, nor shall Tenant allow its employees, agents, licensees, invitees,

guests, or any other person to create, any noise, disturbance, or nuisance whatsoever on or about the Premises that violates any applicable governing ordinance, regulation, rule or law detrimental to or annoying to other tenants in the Building or neighbors.

b. During the Term of the Lease, Tenant shall at all times fully comply, and shall cause the Premises to fully comply, with all federal, state and local laws, rules, regulations and ordinances now or hereafter in force or effect and relating to the Premises or Tenant's use thereof. Without limiting the generality of the foregoing sentence, Tenant shall comply at all times and shall cause the Premises and its use thereof to comply at all times, with any and all applicable health and zoning statutes or ordinances and with the Americans With Disabilities Act (42 U.S.C. Section 12101 et seq) and all regulations promulgated there under.

c. Notwithstanding anything herein to the contrary, to the extent that Tenant utilizes the Premises in any manner, which actions cause the Landlord, the Tenant or the Premises to be out of compliance with the laws of State of Florida or ordinances or codes of the City and/or County including fire safety standards of the State Fire Marshal, upon receipt of written notification from Landlord or from any other governmental office, Tenant shall within thirty (30) days cease such activity or make or cause to be made any and all improvements and/or repairs to bring the Premises and activities therein within compliance with all laws, ordinances and codes. Tenant shall be solely responsible for all costs and expenses associated therewith.

d. During the Term of the Lease, Tenant shall at all times fully comply, and shall cause the Premises to fully comply, with the terms of all recorded covenants encumbering the Premises. Landlord shall deliver to Tenant a copy of covenants and restrictions and amendments thereto relating to the Central Florida Research Park, within which the Premises are located. Tenant acknowledges it is aware that any such covenants are binding upon the Premises.

8. Personal Property Taxes.

Tenant shall pay, or cause to be paid, before delinquency any and all taxes levied or assessed, and which become payable during the Lease Term upon all of Tenant's leasehold improvements, equipment, furniture, fixtures, and any other personal property located in the Premises. In the event any or all of the Tenant's leasehold improvements, equipment, furniture, fixtures and other personal property shall be assessed and taxed with the real property, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

9. Assignment and Subletting.

a. Unless Landlord shall otherwise consent in writing, which consent shall be in Landlord's sole discretion, Tenant may not assign or sublet the Premises or any portion thereof, nor may any assignee or sub lessee of Tenant further assign or sublease the Premises or any portion thereof. Should Tenant sublease all or a portion of the Premises to a third party with Landlord's approval, Tenant shall require that its tenant carry personal property insurance in the amount of \$1,000,000 and general liability insurance at a minimum coverage of \$1,000,000 combined single limit, in a company satisfactory to Landlord and Tenant and naming Landlord and Tenant each as an additional insured. A partial assignment or subletting shall not release Tenant of its obligation upon the Lease; however, a full assignment of all of Tenant's leasehold interest shall release the Tenant of any obligations and liabilities under the Lease.

b. The parties specifically acknowledge and agree that Tenant may change or modify the department or component unit that occupies the Premises and shall provide Landlord with reasonable advance written notice of any such change. Such actions shall not be deemed a subletting or assignment or

a violation under this Lease.

c. Unless Landlord shall otherwise consent in writing, any sublease shall contain a provision requiring the subtenant to attorn to Landlord in the event of termination of this Lease, so that, in the event of any such termination, Landlord shall have the option (but not the obligation) to deem the sublease a direct lease between Landlord and the subtenant. Any sublease shall also contain an appropriate provision requiring, if Landlord so elects, any sub-subtenant of a subtenant to similarly attorn to Landlord in the event such sublease terminates.

d. If Tenant subleases the Premises for a rental that is greater than the total sum of rent and all other amounts due Landlord and paid by Tenant, at Landlord's option Landlord may either terminate this Lease, or require Tenant to pay Landlord the difference between Tenant's payments and the subtenant's rent. Such payment shall be made monthly, along with Tenant's monthly payment of rent.

e. Landlord may assign this Lease and all of Landlord's rights and obligations hereunder, to a purchaser of the Building, so long as such purchaser assumes and agrees to be bound by all terms and provisions of this Lease.

10. Maintenance Obligations of Landlord.

Landlord shall keep or have kept in good repair and order the structural elements and exterior of the Building, including exterior walls and roof, and the parking area, exterior lighting, walkways and landscaping contiguous to the Premises. The portion of the Building intended to be construed as the exterior shall exclude features specifically required to be maintained by Tenant under the terms hereof. Landlord shall maintain and repair the electrical wiring systems within the Building and within the Premises (other than those installed by Tenant), and the plumbing mains and features (except those within the specific Premises of the tenant. Example would be a commode or additional faucet and plumbing within the Tenant suite that are not for common use within Digital Learning Center. Landlord also shall maintain and repair the air conditioning system and ductwork for the Building. (except those units installed within a tenant space for specific purpose; i.e., server room units). Specific purpose features within a suite (i.e.; insta-hot or water fountain) are not considered standard building features.

11. Additional Obligations of Landlord and Tenant.

a. Condition of Premises and Building. Throughout the Term, Tenant, its employees, and agents shall use reasonable care in the use and occupancy of the Premises and shall refrain from damaging the Premises or the Building and Tenant will not suffer or permit any waste of the Premises. If the acts or operations of Tenant, its employees, or agents cause damage to the Building or Premises that is not routine or incidental damage, or results in obstruction of sanitary sewer lines or breakage of or damage to plate glass windows, Tenant shall immediately notify Landlord. Tenant shall be liable for all costs and expenses of repairing such damage. Landlord shall have the right to repair such damage and Tenant shall reimburse Landlord, on or within twenty (20) days after written demand, for all costs and expenses incurred in connection with the repair of such damage.

b. Services by Landlord. Landlord agrees to use its best efforts to furnish the Premises with the following services, and Tenant agrees to pay for those services as part of Additional Rent, as defined in Paragraph 5:

(i) Electricity, water and sewer at all times and on all days throughout the year.

(ii) Janitorial services, as further described on **Exhibit E**, normal and usual in a suburban first class office building in the Orlando, Florida area, on Monday through Friday except New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas (collectively "Holidays"), and except in any areas (for instance, specified laboratories) where Lessee may from time to time stipulate in writing to the Landlord that cleaning services are not desired nor should be permitted.

(iii) Common area maintenance, landscaping, recycling collection, trash collection, management fees.

(iv) The Landlord agrees to furnish to Tenant heating and air conditioning equipment and maintain same in satisfactory operating condition at all times for the Leased Premises during the term of the Lease. Heating, ventilating and air conditioning shall be available Monday through Friday from 7:00 a.m. to 7:00 p.m. Saturdays, Sundays and holidays are available upon request.

(v) Landlord shall not be liable for, and Tenant shall not be entitled to, any damages or abatement or reduction of rental by reason of Landlord's failure to furnish any of the foregoing when such failure is caused by strikes, lockouts, or other labor disputes of any character, or by any other cause, beyond the reasonable control of the Landlord. Nor shall any such failure relieve the Tenant from the duty to pay the full amount of rent and other sums of money herein provided to be paid by the Tenant. Notwithstanding the foregoing nothing herein is a waiver or release of Landlord's duty and obligation to maintain the Premises in a habitable condition at all times during the term of the Lease.

c. Parking. Tenant shall have the nonexclusive right to use parking spaces located in the parking lot(s) adjoining the Building. No parking spaces shall be assigned, but Landlord may designate areas for Tenant's parking spaces and such other designated spaces to accommodate visitors.

d. Utilities. Except where individually metered to Tenant, in which case Tenant will timely pay, Landlord will promptly pay all gas, water, power and electric light rates or charges which may become payable during the term of this Lease for the gas, water and electricity used by the Tenant on the premises, and will provide monthly energy use data, as requested by the Tenant.

12. Alterations and Additions by Tenant.

a. Tenant may not make or cause to be made any exterior or interior alteration, improvement or renovation without first obtaining written consent from Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed. If alterations, improvements or renovations are made, they shall be kept in a good state of repair by Tenant at its expense.

b. If Tenant makes any alterations, improvements or renovations during the Term, Tenant shall make such changes in accordance with all applicable laws, rules, regulations and ordinances, including but not limited to local building codes and health codes and the Americans With Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

13. Landlord's Right to Construct Additions.

Landlord shall have the right and privilege to make and build additions to the Building, and make such alterations and repairs to said Building as it may deem wise and advisable; provided, however, that same shall not limit any of Tenant's rights hereunder, and further provided, that if such work is to be done, the parties agree to work in good faith to resolve any issues, concerns, disputes or claims that may arise in connection with such work.

14. Condition of Premises at Lease Termination.

Except for additions, alterations, renovations, or improvements specifically allowed to remain in the Premises by Landlord, at the expiration of this Term as set forth in Section 3 hereof, Tenant shall quietly and peaceably deliver the Premises to Landlord in the same repair and condition in which they were received, ordinary wear and tear excepted. Without limiting the generality of the foregoing provision, at the expiration of the Term, Tenant shall remove any and all electrical wiring, conduits, plumbing and other tenant improvements installed by or at the direction of Tenant within the Premises or adjoining space. Tenant may leave in place carpeting, tile and other standard floor, wall and ceiling coverings. All trade

fixtures and equipment of Tenant may be removed at the expiration of the Term (except if Landlord has the right to enforce its Landlord lien rights as set forth in Section 29 herein), and all damage to the Premises or Building caused by such removal shall be repaired, at Tenant's expense.

15. Holding Over.

If Tenant retains possession of the Premises or any part thereof after the termination of the Term, such tenancy shall be a month to month and Tenant shall pay Landlord Rent at the highest rate permitted by law for the time that Tenant remains in possession. Acceptance of Rent by Landlord shall not be a waiver of its right of re-entry or any other right hereunder or at law.

16. Abandonment.

If Tenant abandons the Premises, any personal property left on the Premises shall be deemed to be abandoned, at Landlord's option, and Landlord may enter the Premises and may handle, remove, and store such personal property at the risk, cost and expense of Tenant. Tenant shall pay to Landlord, upon demand, any and all reasonable expenses incurred in such removal or in storage of such property. Landlord may, at its option, without notice, sell said property or any part of it at private sale and without legal process, for such price as Landlord may obtain. Landlord shall first apply the proceeds of the sale to the expenses of removal, storage, handling, and sale of such personal property; shall apply any balance to any amounts due under this Lease from Tenant to Landlord; and shall hold any additional balance, without interest, for Tenant.

17. Right of Peaceable Possession.

Subject to rights given Landlord herein, upon the performance by Tenant of all of its obligations hereunder, Tenant may quietly have, hold, occupy, and use the Premises without interruption or disturbance by Landlord.

18. Subordination and Attainment.

a. Upon request of Landlord, or any mortgagee or beneficiary of Landlord, Tenant will in writing subordinate its rights hereunder to the interest of any ground lessor of the land upon which the Premises are situated and to the lien of any mortgage or other interest of Landlord's lender, now or hereafter in force against the land and Building of which the Premises are a part (including any refinancing or replacements thereof), or upon any building hereafter placed upon the land upon which the Building is located, and to all advances hereafter made upon the security thereof; provided, however, that the ground lessor, or the mortgagee or trustee named in said mortgage or other financing instrument shall agree that Tenant's peaceable possession of the Premises will not be disturbed on account thereof so long as Tenant is not in default under this Lease.

b. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or other financing instrument made by Landlord covering the Premises, or in the event of a sale or conveyance of the Building by Landlord, Tenant shall attorn to the purchaser upon any such foreclosure or sale or conveyance and recognize such purchaser as the Landlord under this Lease, and Landlord shall be released from all obligations and liabilities hereunder as of the time of transfer of title to the Building.

19. Estoppel Statement.

From time to time, upon not less than ten (10) days prior request by Landlord, Tenant will deliver to Landlord a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or,

if there have been modifications, that the Lease as modified is in full force and effect and stating the modifications); (b) the dates to which the Rent and other charges have been paid; and (c) to the knowledge of Tenant that Landlord is not in default under any provisions of this Lease, or, if in default, the nature thereof in detail; (d) whether Tenant delivered to Landlord a security deposit, and the amount of any such deposit being held by Landlord.

20. Injury or Damage to Property on Premises: Insurance.

All property of any kind that may be on the Premises during the continuance of this Lease shall be at the sole risk of the Tenant, and except for any negligence of the Landlord, the Landlord shall not be liable to the Tenant or any other person for any injury, loss or damage to property or to any person on the premises. Tenant assumes any and all liability for personal injury and property damage attributable to the negligent acts or omissions of Tenant and its affiliates and the officers, employees, volunteers, and agents thereof while acting within the scope of their employment or agency. Tenant warrants and represents that it is self-funded for liability insurance, both public and property, with said protection being applicable to officers, employees, servants, and agents while acting within the scope of their employment. The parties agree that Tenant shall procure and carry additional public liability insurance to reach a minimum coverage of \$100,000 per person and \$200,000 each occurrence. To the extent permitted by law, Landlord shall be named as an additional insured under such policies and shall be required to receive notice of cancellation or reduction in the policy limits thirty (30) days before such changes are effective. The purpose of such insurance is to protect against any injuries or damages sustained by persons while upon the Premises and for which Landlord or Tenant may be liable. Tenant shall have a certificate of insurance delivered to Landlord prior to the beginning of the Term of this Lease. The insurance carried by Tenant pursuant to this Lease shall contain a clause whereby the insurer waives its right of subrogation against Landlord. The parties agree that nothing contained herein shall be construed or interpreted as a waiver of sovereign immunity of the State of Florida beyond the waiver provided in Section 768.28, Florida Statutes. In addition, Tenant will reimburse Landlord for the cost of obtaining insurance acquired by Landlord to cover the risk of Hazardous Substances as defined in Section 31; provided that if such insurance is generic to the property that Tenant's reimbursement is a proportionate cost as part of Additional Rent. In the event the insurance is a particularized to Tenant's actions (including employees, agents, and invitees), such insurance shall have a \$100,000 deductible and Tenant shall reimburse Landlord for the full cost of the insurance. Tenant shall have the right but not the obligation to obtain similar insurance at its expense; provided, such insurance is reasonably acceptable to Landlord and Landlord's approval of same shall not be unreasonably withheld, conditioned or delayed.

21. Assumption of Risk by Tenant.

Tenant assumes all risks of theft as well as any and all damage to Tenant's equipment, furnishings, supplies and other property that may occur by reason of fire, hurricane, or other force majeure event. Tenant shall carry insurance on all equipment, furnishings, supplies of Tenant kept on or about the Premises, and Landlord shall in no event be responsible or liable for damage, theft, or destruction of such equipment, furnishings, or supplies from any cause whatsoever other than negligent actions or omissions of Landlord or its agents.

22. Indemnification and Hold Harmless.

Neither Landlord nor any of its agents, employees, or officers (collectively, "Indemnitee") shall be liable to Tenant, or any of its employees, agents, licensees or invitees, for any injury or damage to any person or property in or about the Premises from any cause other than negligent actions or omissions of Landlord or its officers, employees, volunteers or agents. Tenant assumes any and all risks of personal injury and property damage attributable to the negligent acts or omissions of Tenant and its officers, employees, servants, and agents thereof while acting within the scope of their agency or employment by Tenant. Notwithstanding anything to the contrary that may be contained elsewhere in this Lease, Tenant does not (1) waive any remedy or defense available under the laws of the State of Florida; (2) consent to the State of

Florida or its agents and agencies to be sued; or (3) waive sovereign immunity of the State of Florida beyond the waiver provided in Section 768.28, Florida Statutes.

23. Liability of Landlord.

Landlord shall not be liable to Tenant for the theft or loss of any property of Tenant whether on the Premises or any part of the Building or property adjoining the Building. Landlord agrees to make reasonable efforts to protect tenant from interference or disturbance of third persons including other tenants.

24. Casualty.

If the Premises, or any part thereof, shall at any time be destroyed or so damaged by fire, casualty or other elements as to be unfit for occupancy or use by Tenant, then, and in that event, Landlord shall have the option: (1) to terminate this Lease, which termination shall be effective as of the later of the date specified in written notice from Landlord to Tenant or thirty (30) days after receipt of such notice by Tenant, or (2) to repair and rebuild the Premises, abating a fair and just proportion of Rent according to the damage sustained as determined by a third party appraiser until the Premises are restored and made fit for occupancy and use. If Landlord elects to repair and rebuild, the same shall be done and completed within a reasonable time; provided, however if the repairs are not completed within one-hundred eighty (180) days from the date of the occurrence of the damage, Tenant shall have the right to terminate the Lease, which termination shall become effective ten (10) days after Tenant gives Landlord written notice of Tenant's intent to terminate.

25. Eminent Domain.

If the Building or the area where parking for the Premises is located shall be wholly or partially taken by the power of eminent domain, the compensation awarded or agreed to be paid by the condemning authority shall be paid to Landlord, without any right of Tenant to any portion thereof, except for damages and/or relocation expenses as allowed by law that are specifically awarded to Tenant by reason or loss of business. If the taking of the Building is total or if the taking is partial and includes a portion of the Premises that is so great that the remaining Premises will be insufficient for the Tenant to carry on its business, or if a portion of the parking area for the Building is taken that will prevent Tenant from carrying on its business, Tenant shall have the right to terminate the Lease as of the time the court enters an order of taking or as of the time of delivery of a deed of conveyance by Landlord, as the case may be. If there occurs a partial taking of the Premises or parking area or both that does not permit Tenant to terminate this Lease, Tenant shall be entitled to a reduction in Rent based on the amount of the Premises or parking area or both remaining, as the case may be, and other pertinent circumstances bearing upon the equity of the situation. In the event Landlord and Tenant are unable to agree on the amount of reduction of Rent, the issue shall be presented for arbitration before, and pursuant to the rules and regulations of, the American Arbitration Association, and the decision of the arbitrator shall be final and binding on Landlord and Tenant.

26. Signs.

Tenant shall receive Building standard suite and directory signage. Tenant shall not attach, letter or paint any signs or other descriptive or communicative materials to, in or upon the Premises, or place any lettering on the windows, unless such signs, lettering or materials shall be a type, kind, character, text color, and description approved by Landlord in writing, which approval shall not be unreasonably withheld, conditioned or delayed by Landlord. At Landlord's request, Tenant shall remove all of Tenant's signs and lettering at the termination or expiration of this Lease, without expense to Landlord, and without injury or damage to the Premises. If Landlord rejects any proposed sign or other descriptive or communicative materials, Landlord's rejection shall be set forth in writing with the reasons for the Landlord's decision. All signage must comply with requirements imposed pursuant to the recorded covenants and restrictions for Central Florida Research Park.

27. Tenant Work.

Any charges against Tenant by Landlord for services or for work done on the Premises by order or request of Tenant, or otherwise accruing under this Lease, shall be considered Rent and shall be included in any lien for Rent. Any improvements that are the product of Tenant work and that become affixed to the Premises and that Tenant is not required to remove at the expiration of the Term shall become the property of Landlord.

28. Liens.

Tenant shall not permit to be created or allow to remain undischarged any lien, encumbrance or charge arising out of any work or claim of any contractor, mechanic, or laborer, or out of any material supplied or claimed to be supplied by any material man that might be or become a lien or encumbrance or charge upon the Premises or the income there from. Tenant shall notify any contractor making improvements to the Premises in writing that Tenant's interest in the Premises is as lessee only and that Landlord's interest in the Premises shall not be subject to any liens for materials or improvements. If Landlord shall so request, Tenant shall execute a memorandum of this Lease, and Landlord may, at its sole option and expense, record such memorandum among the public records. If any lien or notice of lien on account of an alleged debt of Tenant or any notice that a party has been engaged by Tenant or Tenant's contractor to work in the Premises shall be filed against the Premises, Tenant shall diligently protect its rights as allowed by Chapter 713 of the Florida Statutes including but not limited to causing the lien to be discharged, depositing or bonding in an amount equal to the amount of such claims, or by order of a court of competent jurisdiction. If Tenant fails to cause such lien or notice of lien to be discharged, then Landlord, in addition to any other rights or remedies available to it may at its sole option discharge the same in any manner selected by Landlord, in which event Landlord shall be entitled, if Landlord so elects, to defend any action for foreclosure of such lien or to compel the prosecution of an action to foreclose such lien and may pay the amount of the judgment in favor of the lienor together with interest and costs. Pursuant to Florida Statutes Section 713.10, Landlord shall not be liable for the payment of any lien asserted against the Premises from any obligations of Tenant to material men, laborers, contractors, or any other person furnishing labor, services, or materials to the Premises. Any person undertaking improvements to the Premises on behalf of Tenant shall look solely to Tenant for payment and shall have no claim against Landlord or the Premises for payment of any sums.

29. Landlord's Lien.

To the extent permitted by law, a first lien is expressly reserved by Landlord and granted by the Tenant to Landlord upon Tenant's property consisting of all personal property and equipment located in or upon the demised Premises and all improvements, light fixtures, store fixtures, air conditioning equipment, water fixtures and all other fixtures erected or put in place or that may be erected or put in place upon and within the demised Premises by or through the Tenant or other occupants ("Tenant's Property"), said lien being imposed for the payment of rent and also for the satisfaction of any causes of action which may accrue to the Landlord by the provisions of this Lease or under applicable law. Tenant will keep Tenant's Property in good condition and repair, reasonable wear and tear excepted. Tenant will permit Landlord and its agents to inspect Tenant's Property at any time with reasonable prior notice. Notwithstanding anything herein contained to the contrary, Landlord shall subordinate its lien on such equipment and fixtures to the lien of any financial institution or third-party lender which requests a lien on said equipment and fixtures for purposes of financing said equipment or fixtures, or for operating capital.

30. Environmental Provisions.

a. For purposes of this Paragraph, the following capitalized terms shall have meanings as follows:

(i) "Hazardous Substances" shall mean any hazardous or toxic substances, materials, wastes, pollutants or contaminants as defined, listed or regulated, now or in the future, by any federal, state or local law, rule, regulation or order or by common law decision, including, without limitation trichloroethylene, tetrachloroethylene, perchloroethylene and other chlorinated solvents; petroleum products or by-products, asbestos and polychlorinated biphenyls.

(ii) "Applicable Laws" shall include, but shall not be limited to, Comprehensive Environmental Response Compensation and Liability Act; the Resource Conservation and Recovery Act; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 ~ ~.; and the Clean Air Act, 42 U.S.C. § 7401 ~ .; all as may be amended from time to time, together with the rules and regulations promulgated there under, and together with any other federal, state or local laws, rules or regulations, whether currently in existence or hereafter enacted or promulgated, that govern or relate to: (i) the protection of the environment from spilled, deposited or otherwise emplaced contamination or the existence, cleanup or remedy of such contamination; (ii) Hazardous Substances or the storage, use, generation, discharge, treatment, removal, recovery, transportation or disposal of Hazardous Substances.

b. Tenant shall not cause or permit the presence, use, generation, release, discharge, storage, transportation or disposal of any Hazardous Substances on, under, in, about, to or from the Premises except as necessary to carry on Tenant's use as herein permitted, provided said activities have been approved in advance in writing by Landlord and are conducted in accordance with all Applicable Laws and provided further that Tenant has fully disclosed to Landlord in writing the existence, extent and nature of any such Hazardous Materials which Tenant is legally authorized and empowered to maintain on, in or under the Premises or to use in connection therewith, and provided further that Tenant has obtained and will maintain all licenses, permits and approvals required with respect thereto and is in full compliance with all the terms, conditions and requirements of such licenses, permits and approvals, and provide further that if used, such Hazardous Materials must be disposed of strictly in accordance with Applicable Laws, guidelines issued by any national or regional board of insurance underwriters, and prudent standards of practice.

c. Tenant shall promptly respond to and clean up any release or threatened release of any Hazardous Substance into the drainage systems, soil, surface water, groundwater, or air, safely and in strict accordance with Applicable Laws, and as authorized or required by federal, state, or local agencies having authority to regulate Hazardous Substances.

d. For any month during which any Hazardous Substances have been used, generated, treated, stored, transported on, in or about the Premises, Tenant shall provide Landlord with the following written information on or within ten (10) days after the end of such month: (i) a list of the Hazardous Substances that were present on the Premises; (ii) Material Data Safety Sheets relating to the Hazardous Substances that were present on the Premises; (iii) a description of all releases of Hazardous Substances that occurred or were discovered on the Premises; (iv) a list of all compliance activities related to such Hazardous Substances, including any contracts with governmental agencies or private parties concerning Hazardous Substances; (v) all manifests, business plans, consent agreements and other documents relating to Hazardous Substances executed or negotiated during the month; and (vi) copies of all documents related to the activities described in this paragraph and written reports of all oral contacts relating thereto.

e. Landlord and its agents and employees may enter upon the Premises, with reasonable prior notice to inspect the Premises and all activities thereon. Such right of entry and inspection shall not constitute managerial or operational control by Landlord over Tenant's activities or operations.

f. Tenant shall promptly and completely assess and clean up any release of Hazardous Substances caused by Tenant, its officers, employees, agents, contractors, invitees or third parties that may occur on the Premises during the Term or during Tenant's occupancy and shall surrender the Premises free of contamination or other damage caused by such occurrences.

g. Tenant shall perform any investigation, monitoring, cleanup, containment, restoration,

removal or other remedial work ("Remedial Work") that is required arising from Tenant's use of the Premises during the Term: (a) under any federal, state or local law or regulation or any judicial or administrative order; (b) pursuant to any agreements assumed or entered into by Tenant; or (c) to maintain the Premises in a condition that prevents the release of Hazardous Substances on the Premises or adjoining properties and presents no unreasonable risk to safety or health or the value of the Premises. All Remedial Work shall be diligently conducted (i) by licensed contractors under the supervision of a consulting environmental engineer, (ii) pursuant to a written plan approved by all public or private agencies or persons with legal or contractual rights to such approval, (iii) with all insurance coverage in place that is then customarily maintained with respect to such activities, and (iv) only following receipt of all required permits, licenses and approvals, all of which elements shall be subject to Landlord's prior written approval. All costs and expenses of such Remedial Work shall be paid by Tenant including, without limitation, the charges of contractors and the consulting environmental engineer, any taxes or penalties assessed in connection with the Remedial Work and Landlord's fees and costs incurred in monitoring or reviewing such Remedial Work. If Tenant fails to promptly and completely comply with its obligations with regard to Remedial Work, Landlord may, but shall not be required to, cause such Remedial Work to be performed, and all costs and expenses incurred in connection therewith shall be reimbursed by Tenant to Landlord within thirty (30) days after demand and shall be deemed a Cost as defined herein.

h. Tenant shall be responsible for the negligent acts or omissions of Tenant and its officers, employees, and agents thereof while acting within the scope of their agency or employment by Tenant that cause (a) the presence, suspected, presence, release or suspected or threatened release of any Hazardous Substance in or into the air, soil, groundwater, surface water or improvements at, on, about, under or within the Premises, or elsewhere in connection with the transportation of Hazardous Substances to or from the Premises, (b) Tenant's failure to perform its covenants in this Paragraph, or (c) the falsity of any representation or warranty made by Tenant in this Paragraph.

31. Events of Default.

The occurrence of anyone or more of the following incidents or events shall constitute an event of default under this Lease, each of which events may be referred to herein as an "Event of Default":

a. If Tenant shall fail to pay any Rent or other sum required to be paid by Tenant hereunder on or before fifteen (15) days after the date due;

b. If Tenant shall fail to fully, promptly and completely observe or perform any provision of this Lease (other than those requiring the payment of Rent or other sum required to be paid by Tenant hereunder) and such failure continues for thirty (30) days after notice to Tenant of such failure. (provided, however, in the event that any such default cannot be cured by the payment of money and cannot with diligence be cured within such 30-day period, if Tenant shall commence promptly to cure the same and prosecute its curative efforts with diligence to completion, the time within which such default may be cured shall be extended for such period as is reasonably necessary to complete the curing thereof with diligence).

c. If any representation or warranty of Tenant set forth in any notice, certificate, demand or request delivered pursuant hereto shall prove to be incorrect in any material and adverse respect as of the time when the same shall have been made and, in each case, the facts shall not be conformed to the representation or warranty within thirty (30) days after notice to Tenant of such inaccuracy;

32. Landlord's Remedies.

If an Event of Default shall occur, Landlord, or Landlord's assignee under financing documents related to the Building, may, at its option and in its sole discretion, and in addition to any other remedy or right given to Landlord from time to time hereunder or by virtue of any law, and without any further demand or notice, proceed according to one or more of the following courses of action:

a. Terminate this Lease, effective as of the date specified in a notice from Landlord, and retake possession of the Premises, in which event Tenant shall immediately surrender the Premises to the Landlord. If Tenant fails to surrender the Premises, Landlord only as permitted by Florida law may, without prejudice to any other remedy Landlord may have for possession or arrearages in Rent, enter upon the Premises and expel or remove Tenant and its effects without being liable for damages therefore and without said entry affecting Landlord's right to collect all sums due or to become due under this Lease. Declare the entire amount of the Rent that would become due and payable during the remainder of the Term to be due and payable immediately, in which event Tenant shall pay the same at once, together with all Rentals and other amounts theretofore due, Landlord may collect the same from Tenant by distress or otherwise. The acceptance of such payment by Landlord shall constitute a waiver of any of Landlord's rights.

b. To the extent permitted under law, do whatever Tenant is obligated to do and has failed to do. Tenant shall reimburse Landlord immediately upon demand for any expense that Landlord may incur in effecting compliance with this Lease on behalf of Tenant.

c. The remedies set forth in subparagraph (a) shall be cumulative. Pursuit by Landlord of any of the foregoing courses of action shall not constitute an election of remedies nor shall it preclude the pursuit of any other courses of action herein provided or any other remedies provided by law or equity. No termination of this Lease by lapse of time or otherwise shall affect Landlord's right to collect Rent for a period prior to the termination thereof. In all events, except as otherwise provided herein, Tenant shall remain liable for the payment of any Rent due under this Lease until paid in full, including without limitation, all Rent, all expenses for physical damage.

d. No agreement to accept a surrender of the Premises shall be valid unless the same shall be in writing and signed by Landlord.

e. Upon termination of this Lease, or re-entry and re-letting of the Premises, Landlord shall have the right to enter the Premises or any part thereof, without further demand or notice, in the name of the Landlord or otherwise, without being liable in any manner whatsoever in trespass, for damages or otherwise. Tenant shall pay promptly, upon demand, all damages, costs, fees, expenses, incurred by Landlord as a result of such termination or re-entry, as well as all costs incurred by Landlord in the nature of repairs required to place the Premises in a rentable condition, and all other costs incurred by the Landlord in order to perform the obligations and covenants of the Tenant hereunder.

f. In all events, except as otherwise provided herein, Tenant shall remain liable for the payment of any Rent due under this Lease until paid in full including all expenses for physical damage, incurred in enforcing any remedy set forth herein or provided by law or otherwise.

33. Rights Reserved by Landlord.

The Landlord reserves the following rights:

a. During the last one hundred twenty (120) days of the Term of this Lease, if during or prior to that time Tenant vacates the Premises, Landlord may decorate, remodel, repair, alter or otherwise prepare the Premises for re-occupancy; provided, that such actions do not interfere or disturb Tenant's possession hereunder.

b. Landlord may have access to the Premises and may enter the Premises at all reasonable hours to inspect or make repairs, alterations, additions or improvements to the Premises, or for any other purpose not inconsistent with the terms and spirit of this Lease; provided that such actions do not interfere or disturb Tenant's possession hereunder.

c. Landlord may show the Premises to prospective tenants, brokers or purchasers during the Term of this Lease at all reasonable times provided prior oral notice is given to Tenant in each such case and Tenant's use and occupancy of the Premises shall not materially be inconvenienced.

34. Waivers.

a. Landlord and Tenant shall and hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or any claim of injury or damage, and any emergency statutory or any other statutory remedy.

b. The failure of Landlord in one or more instances to insist upon strict performance or observation of one or more of the covenants or conditions hereof or to exercise any remedy, right, privilege or option herein conferred upon or reserved to Landlord, shall not operate or be construed as a relinquishment or waiver for the future of such covenants or conditions or of the right to enforce the same or to exercise such privilege, right, option or remedy, but the same shall continue in full force and effect. The receipt by Landlord of all or any portion of Rent or any other payment required to be made by Tenant shall not be a waiver of any other payment then or thereafter due, nor shall such receipt, though with knowledge of the breach of any covenant or condition hereof, operate as or be deemed to be a waiver of such breach. No waiver by Landlord of any of the provisions hereof or any of Landlord's rights, remedies, privileges or options hereunder shall be deemed to have been made unless made by Landlord in writing. Tenant covenants that no surrender or abandonment of the Premises or of the remainder of the Term herein shall be valid unless accepted by Landlord in writing.

35. Radon Gas and Indoor Air Quality Disclosure.

a. 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.

b. Landlord makes no warranties or representations and has no knowledge regarding: (i) air quality within the Premises or Building; or (ii) whether or not the Premises or Building are free from or contaminated or affected by mold, mildew, spores, allergens, irritants, fungus, bacteria, or other organisms or microorganisms, or by conditions relating to excess moisture or humidity. Tenant shall make its own inspections regarding the matters described in this Paragraph.

36. Time of Essence.

Time shall be of the essence as to all periods and times referred to in this Lease and all provisions pertaining hereto. When a date upon which a specified event shall occur or be performed falls upon a weekend or official holiday, the time allowed for the event or performance to *occur* shall be extended to 5:00 p.m. of the next succeeding business day.

37. Not Agent.

Notwithstanding any provisions herein contained, neither party shall be considered the agent of the other party.

38. Lease Interpretation.

In the event it is necessary to interpret the terms of this Lease in a court of law or equity, the laws of the State of Florida, statutory and case law, shall be applied. The headings used throughout this instrument are for convenience only and have no significance in the interpretation of the body of this instrument, and they

shall be disregarded in construing the provisions of this instrument.

39. Use of Singular, Plural and Genders.

The terms "Landlord" and "Tenant" as herein contained shall include the singular and the plural, and the use of one gender shall include both genders whenever the context so requires or admits.

40. Successors and Assigns.

The provisions hereof shall be binding upon the heirs, executors, administrators, personal representatives, successors and assigns of the respective parties hereto.

41. Attorneys' Fees.

Intentionally deleted.

42. Broker.

Tenant and Landlord represent and warrant that neither they nor any of their representatives, employees, or agents have dealt with, consulted with, retained or agreed to pay or compensate in any manner any real estate broker in connection with this Lease.

43. Sale or Mortgage by Landlord.

a. Tenant agrees that this Lease shall be inferior and subordinate to any mortgage and security agreement now or hereafter placed on the Building and to all advances already made, or which may be hereafter made, on account of the mortgage and security agreement to the full extent of all debts and charges secured thereby and to any renewals, enlargements or extensions of any part thereof and to any mortgage with the Landlord, any owner of or lessor of the Building may hereafter, at any time, elect to place on the Building. Tenant agrees upon request to execute any documents which the Landlord may deem necessary to accomplish that end.

b. Notwithstanding the foregoing, the Tenant's subordination shall be conditioned on Tenant's receipt of a non-disturbance agreement from the future lender which will state, in part, that, even in the event of foreclosure and taking possession of the Premises and Building by lender, Tenant shall be entitled to remain in the Premises to long as Tenant is performing the terms and conditions of this Lease. The remaining terms of the non-disturbance agreement shall be reasonably satisfactory to the lender, and will not require said lender, as the new landlord, to be responsible for prior acts or omissions of the Landlord.

c. The Tenant, at any time and from time to time at the request of the Landlord or of any mortgagee or purchaser or any prospective mortgagee or purchaser of the Premises or of the Building, will execute, acknowledge and deliver to the Landlord or such mortgagee or prospective mortgagee or purchaser requesting the same a certificate executed by the Tenant certifying that to Tenant's existing knowledge this Lease is in good standing, that it has not been modified, and that there are no defaults hereunder, or, if defaults exist, a description of same and any other information reasonably requested by Landlord.

44. Notices.

a. All notices required or permitted by law or by this Lease to be given to either Landlord or Tenant shall be in writing and may be given by either personal delivery or by registered or certified U.S. mail sent return receipt requested, or by a recognized overnight courier service. Notices shall be sent to the parties at the addresses set forth below or at such other addresses as the parties shall designate to each other from time to time in writing:

AS TO THE TENANT:

University of Central Florida
4000 Central Florida Blvd
Orlando, Florida 32816
Attention: Elizabeth Dooley, Provost

With a copy to:

University of Central Florida
Office of General Counsel
4000 Central Florida Blvd
Orlando, Florida 32816
Attention: W. Scott Cole, General Counsel

AS TO THE LANDLORD:

University of Central Florida Real Estate Foundation, L.L.C
12424 Research Parkway, Suite 140
Orlando, Florida 32826
Attention: Misty Shepherd, Secretary

With a copy to:

University of Central Florida Foundation, Inc,
12424 Research Parkway, Suite 140
Orlando, Florida 32826
Attention: Daniel Gross, Director of Real Estate

Notices sent by facsimile or telecopy shall not be deemed effective. All notices transmitted by registered or certified mail shall be effective as of a date two (2) days after the date of the deposit of same in the U.S. Post Office, properly addressed, with the required postage affixed to the transmittal envelope. Notices sent by overnight courier service shall be deemed effective on the first business day after deposited with such service, with the fee paid in advance. Notices that are personally delivered shall be deemed effective on the date of delivery.

45. Rules

Tenant shall comply with the following rules regarding the use of the Premises and shall require its employees, agents, licensees, invitees and guests to comply with such rules:

- (a) No goods, equipment, inventory, scrap, waste, containers, or other materials may be stored, held, or accumulated outside the Building.
- (b) No person may go upon the roof of the Premises without the written consent of Landlord.
- (c) Tenant shall obtain Landlord's prior consent to any curtain, blind, shade or screen attached to or hung in any window or door that is visible from the exterior of the Building.
- (d) Tenant shall not permit the Premises to be occupied or used in an unlawful manner or a manner reasonably considered offensive or objectionable to Landlord or other occupants of the Building.

(e) Tenant shall not waste electricity, water, or other utilities and shall cooperate with Landlord to assure effective operation of heating and air conditioning units.

(f) Tenant will refer all contractors and installation technicians rendering any service affecting the physical structure of the Premises to Landlord for Landlord's supervision and approval before such persons perform any work in the Premises.

(g) Tenant shall give prompt notice to Landlord of any accident to or defect in plumbing, electrical fixtures, heating apparatus or other systems, or of any damage to the Premises.

(h) No Tenant shall use or keep in its Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities necessary for the operation or maintenance of office equipment. In the event flammable or combustible fluids or materials are permitted by Landlord in the Premises, these materials must be maintained and secured *so* as to comply with all laws, rules and regulations governing such materials, including but not limited to, all fire codes.

(i) No Tenant shall install any radio or television antenna, loudspeaker or any other device on the exterior walls or the roof of the Building without the prior written consent of the Landlord. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

(j) Landlord shall have the right to prescribe the weight, size and position of heavy equipment brought into the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on wood strips of such thickness as determined by Landlord to be necessary to properly distribute the weight thereof. Landlord will not be responsible for loss of or damage to any such safe, equipment or property from any cause, and all damage done to the Building by moving or maintaining any such safe, equipment or other property shall be repaired at the expense of Tenant.

(k) Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by law.

(l) Without the prior written consent of Landlord, which will not be unreasonably withheld, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

(m) Tenant shall comply with all energy conservation, recycling and waste reduction, safety, fire protection and evacuation procedures and regulations established by any governmental agency.

(n) Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

(o) Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order therein, no amended, revised, new or restated rules or regulations shall be implemented with a retroactive effective date and further, provided, that same shall not materially increase Tenant's obligations hereunder or limit any of Tenant's rights hereunder. Tenant agrees to abide by all such Rules and Regulations hereinabove stated and any additional rules and regulations which are adopted.

(p) Tenant shall be responsible for the observance of all of the foregoing Rules and Regulations by Tenant's employees, agents, clients, customers, invitees and guests.

(q) These Rules and Regulations are in addition to and shall not be construed to in any way modify, alter or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease of Premises in the Building.

[Signature Page Follows]

Landlord Execution Page

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date first set forth above.

Witnesses (two are required):

Printed name: _____

Printed name: _____

LANDLORD:

UNIVERSITY OF CENTRAL FLORIDA REAL
ESTATE FOUNDATION, L.L.C., a Florida not for profit
corporation

By: _____

Print Name: _____

Its: _____

Date: _____

Tenant Execution Page

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date first set forth above.

Witnesses (two are required):

Printed name: _____

Printed name: _____

TENANT:

UNIVERSITY OF CENTRAL FLORIDA BOARD OF TRUSTEES

By: _____

Print Name: _____

Its: _____

Date: _____

**Learning Center
Legal Description**

EXHIBIT A

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.

Digital Learning Center
EXHIBIT B

Floor Plan

TO BE ATTACHED

Digital Learning Center
EXHIBIT C

RENT ROLL

TO BE ATTACHED

EXHIBIT "D"

DIGITAL LEARNING CENTER

COMMENCEMENT DATE CERTIFICATE

THIS CERTIFICATE, made this ____ day of _____, 2019, by and between and between University of Central Florida Real Estate Foundation, L.L.C., ("**Landlord**"), and the University of Central Florida, ("**Tenant**").

W I T N E S S E T H:

WHEREAS, Landlord and Tenant have entered into that certain Lease dated November 19, 2018, ("**Lease**") for space known as within the Digital Learning Center, Orlando, Florida; and the University of Central Florida, ("**Tenant**").

WHEREAS, Landlord and Tenant wish to set forth their agreement as to the Lease Commencement Date, and as to the Expiration Date of the Term of the Lease. Suites are those listed on Exhibit "C" attached.

NOW, THEREFORE, in consideration of the premises as described in the Lease and the covenants set forth therein, Landlord and Tenant agree as follows:

1. The Lease Commencement Date is December 03, 2018.
2. The Expiration Date of this Lease shall be June 30, 2024.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

Signed and acknowledge in presence of:

LANDLORD:

University of Central Florida Foundation Real Estate Foundation, L.L.C.

By: _____

Printed Name: _____

Date: _____

TENANT

University of Central Florida Board of Trustees

By: _____

Print Name: _____

Date: _____

Digital Learning Center
EXHIBIT E

Janitorial Specifications

Frequency

Lobby

- 260 spot clean all walls, lights switches, & doors
- 260 dust wipe all decorations & fixtures
- 260 wipe mop all hard surface floors w/treated dust mop
- 260 damp mop all stains & spills
- 260 vacuum walk-off mats
- 260 clean both sides of all glass doors
- 52 machine buff hard surface floor
- 52 dust all high-reach areas
- 12 wash or vacuum all sides of walls
- 12 clean all partitions glass
- 12 clean all ceiling vents
- 1 strip & refinish hard surface floors—VCT

Restrooms To include toilet paper, paper towels, liners and soap

- 260 remove all collected trash to designated area
- 260 clean & sanitize all restroom fixtures, clean mirrors
- 260 wipe all counters, refill dispensers, empty trash & damp mop floors with disinfectant
- 52 wash all restroom partitions & diffusers
- 12 dust & clean all return air vents
- 12 machine scrub floor

Common Areas

- 260 spot clean all walls, light switches, & doors
- 260 using approved spotter, spot clean carpeted areas
- 260 clean both sides of all glass doors
- 260 vacuum all carpets
- 260 clean & polish all drinking fountains
- 52 damp mop entire area using a high-speed machine
- 52 dust all low areas
- 52 dust all high-reach areas
- 52 using a high-speed floor machine, buff all hard surface floors /VCT
- 52 vacuum corners, edges, chairs, & traffic areas
- 12 clean all ceiling vents
- 2 shampoo carpet -
- 1 strip hard surface floors/VCT and re-coat with 3 coats of floor polish

Tenant-Carpeted Areas

- 260 empty all trash receptacles & replace liners
- 260 remove all collected trash to designated area
- 260 dust all horizontal surfaces
- 260 vacuum all carpets
- 260 using approved spotter, spot clean carpeted area
- 52 dust all low areas
- 52 spot clean all partition glass
- 52 dust wipe all phones, including ear & mouth piece
- 12 dust blinds
- 12 dust all high-reach areas
- 6 vacuum all fabric office furniture including chairs

Tenant -- Hard surface

- 260 Empty all trash receptacles & replace liners
- 260 remove all collected trash to designated area
- 260 dust all horizontal surfaces
- 260 spot clean all walls, light switches & doors
- 260 dust mop all hard surface floors w/ treated dust mop
- 260 clean sinks & counters
- 260 spot clean all stains & spills
- 52 dust all low areas
- 52 dust wipe all phones, including ear & mouth piece
- 52 using a high-speed floor machine, spray buff all hard surfaces/VCT
- 24 clean all partition glass
- 12 dust all high-reach areas
- 12 vacuum corners, edges & chairs, & traffic areas
- 4 clean all ceiling vents
- 1 strip hard surface floors & re-coat w/ 3 coats of floor polish/VCT

Tenant – Corridor

- 260 spot clean all walls, light switches, & doors
- 260 using approved spotter, spot clean carpeted areas
- 260 vacuum all carpets
- 52 spot clean all partition glass
- 52 dust all low areas
- 52 vacuum corners, edges, & chairs, then traffic areas
- 4 clean all ceiling vents

Stairs

- 260 Police stairs for litter
- 52 dust mop & clean

Elevators

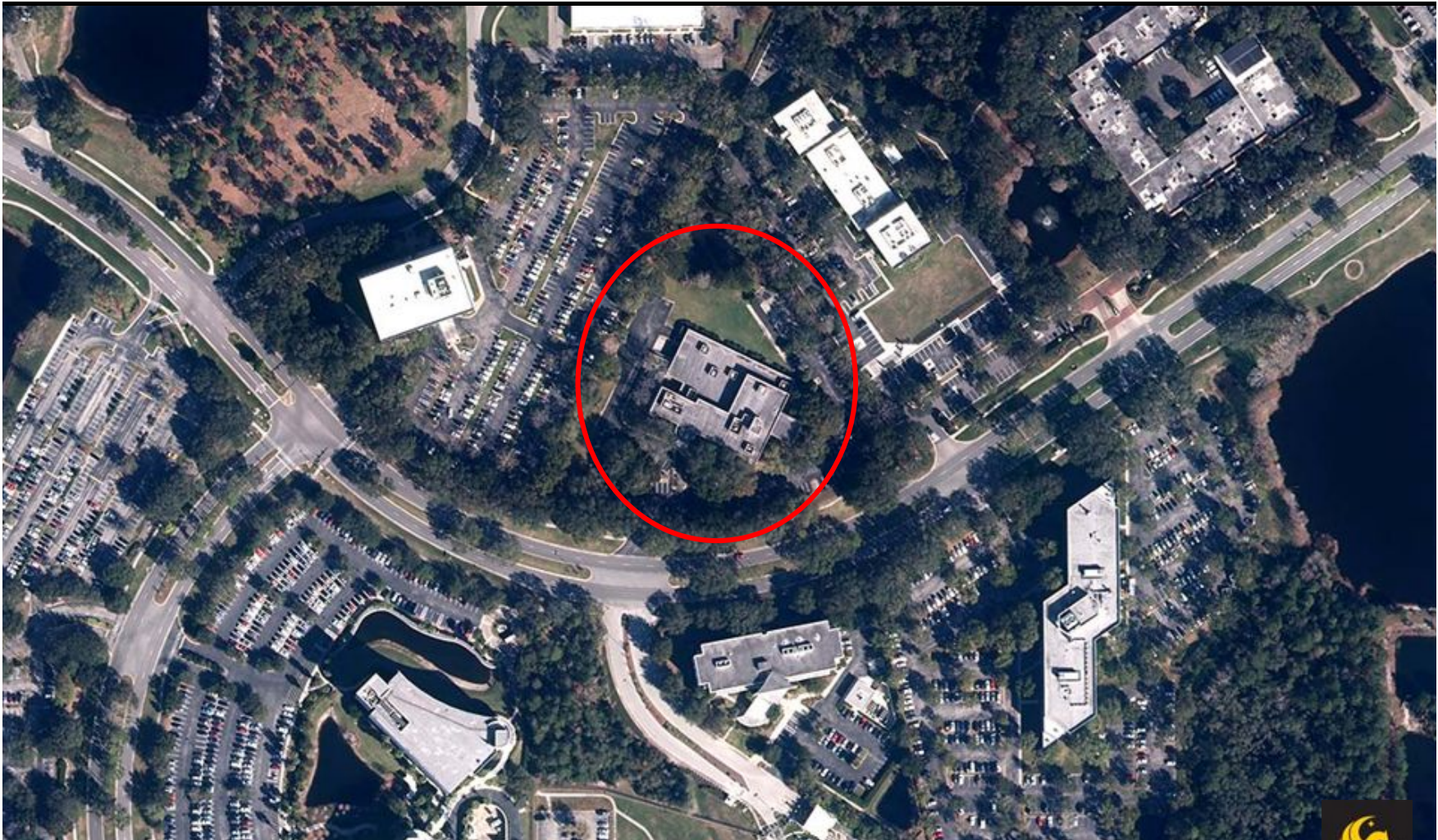
- 260 completely clean & vacuum carpeted elevators
- 260 vacuum & or wipe walls & ceilings
- 52 clean & polish all metal work

Frequency code:	
260	daily or nightly
104	two times a week
52	one time a week
24	two times a month
12	one time a month
6	once every 2 months
4	once every 3 months
2	once every 6 months
1	once a year

Attachment B

University of Central Florida

October 2018 – L3



University of Central Florida

October 2018 – L3



Attachment D

**Minutes
Board of Trustees Meeting
University of Central Florida
November 15, 2018**

Chairman Marcos Marchena called the meeting of the Board of Trustees to order at 1:12 p.m. in the *FAIRWINDS* Alumni Center on the UCF Orlando campus.

Marchena reminded the board that the meeting was covered by the Florida Sunshine Law and that the public and press were invited to attend.

WELCOME

Marchena welcomed the board members and called on Grant Heston, Associate Corporate Secretary, to call the roll. Heston determined that a quorum was present.

The following board members attended the meeting: Chairman Marcos Marchena, Vice Chair Robert Garvy, Josh Boloña, Ken Bradley, Joseph Conte, Danny Gaekwad, John Lord, Alex Martins, William Self, John Sprouls David Walsh, and William Yeargin.

Trustee Beverly Seay attended via teleconference.

PUBLIC COMMENT

Four members of the public signed up for public comment. One student comment was on the United Faculty of Florida (UFF) bargaining agreement and three comments were from students who shared the impact the new teaching method in the College of Business had on their lives and education.

MINUTES

Marchena called for approval of the September 6, 2018, September 20, 2018, September 27, 2018, and October 5, 2018 meeting minutes, which were approved unanimously.

Marchena called on President Dale Whittaker for remarks and introductions.

REMARKS

Whittaker thanked the students for their public comments and stated that he and Provost Dooley would review the concerns expressed by the College of Business students. Several trustees agreed that such a review would be welcome.

Whittaker shared several athletic updates. He noted that in a first for UCF, ESPN College Gameday will broadcast live to the nation from Memory Mall on Saturday. Then, later that evening at 8 p.m., the Knights will take on the Cincinnati Bearcats to defend their 22-game

winning streak. Whittaker stated this is an incredible opportunity to showcase UCF to the rest of the country. Whittaker highlighted a *New York Times* story from last month. In it, he said UCF's reputation is catching up to reality and we are becoming known as a national leader in 21st-century higher education. He noted that after the January 2018 Peach Bowl win, UCF has seen an 11 percent increase in applications. Whittaker shared some additional athletic highlights:

- The Volleyball team won the American Athletic Conference Title for the second time in five years.
- The Men's Soccer team was named regular season conference champions. UCF is home to the AAC's Offensive Player of the Year, Midfielder of the Year, and Goalkeeper of the Year and the Men's Soccer Coaches were named AAC Coaching Staff of the Year.
- The Men's Basketball team is picked to win the AAC.
- UCF athletes performed well off the field or court, too. For 21 straight semesters, they have had a department GPA of 3.0 or better.
- Whittaker participated in Spirit Splash due to a record student attendance of more than 55,000 during UCF's first five football home games.

Whittaker noted that UCF welcomed its most accomplished freshman class and a record number of National Merit Scholars. He stated our first-year retention rate is 90.4 %, which sets a university record and is one of the preeminence metrics. Whittaker reminded the board that he has committed to the Board of Governors that UCF will achieve preeminence within three years and will immediately return UCF to the top three in state performance-based funding. Whittaker stated he will also share benchmark measures and historical data with the trustees to provide context to the student success metrics referenced today.

Whittaker welcomed Elizabeth Dooley, who was chosen from a national search after serving as Interim Provost since April of this year, to share her vision as the new Provost and Vice President for Academic Affairs. Dooley expressed her commitment to lifting lives and livelihoods, to access and on becoming a preeminent institution. She concluded with naming teaching, research, service, student success, community engagement and partnerships as critical components in making UCF the preeminent university for the 21st century.

Whittaker announced a new Associate Vice President for DSO Board Governance, Margaret Jarrell-Cole. Margaret was selected after a national search and comes from the UCF Foundation, where she provided legal expertise representing DSOs and developing best practices for DSOs.

Whittaker stated that UCF entered into an agreement with Accenture, a global management consulting and professional services firm, to review the Administration and Finance division and provide recommendations for:

- Optimal structure and reporting relations
- Ways to increase and optimize efficiency and accountability

- Efforts to enhance and ensure compliance
- Improving customer service

Whittaker thanked Trustee Yeargin for his valuable insight on structuring this engagement.

Whittaker discussed that last month the Board of Governors directed all state universities to have their Boards of Trustees approve institutions' E&G carry-forward plans and submit them to the BOG by January 4, 2019. UCF plans to use the E&G carry-forward balances as of Nov. 30, 2018 to produce this plan. With the concurrence of the Chairman, he asked that staff present this plan to the Finance and Facilities Committee on December 12, followed by a special teleconference meeting with the full Board of Trustees.

Whittaker observed the recent Veterans' Day by thanking faculty, staff and students who have served in our nation's military. Whittaker acknowledged the Veterans Legacy Program. This program is a contract with the National Cemetery Administration and a collaboration between the UCF History Department and UCF's Center for Humanities and Digital Research. Whittaker recognized Amelia Lyons, an Associate Professor of History and one of the projects principal investigators and one of her graduates, Ken Holliday, who is a proud Army Veteran who served tours in Iraq and Afghanistan before he became a UCF history student.

Whittaker introduced Deborah Beidel, Pegasus Professor of Psychology and Medical Education and Director of UCF RESTORES, a UCF program treating veterans and first-responders with PTSD. Dr. Beidel discussed the expansion of the UCF RESTORES program to active military members. She introduced Pat Scanlon, a retired firefighter who has benefited from UCF RESTORES. He gave a heartfelt story of how the program helped him.

Whittaker concluded his remarks by noting that Trustees Garvy and Seay were recognized with the John C. and Martha Hitt Honorary Alumni Award for their incredible service and friendship to UCF.

Reports

Marchena introduced Trustee Beverly Seay, Chair, Audit and Compliance Committee who gave a report on the following item.

- INFO-1 Update on the Board's investigation with Bryan Cave
 - Seay indicated the investigation remains active and ongoing. She said the investigation team continues to review emails, reports, financial records and other relevant documents as well as conducting interviews of current and past employees. She expects Bryan Cave will give a report at the January board meeting.

ADVANCEMENT COMMITTEE REPORT

Joseph Conte, Chair of the Advancement Committee, reported the highlights from the committee meeting held earlier in the day.

- Mike Morsberger, vice president for Advancement and CEO of the UCF Foundation, provided an IGNITE Campaign update, highlighting progress-to-goal for colleges and units, funds by use, and funds by priority. Morsberger also noted that he is considering “going dark” with reporting on campaign attainment after December 31, with plans to offer a “grand reveal” of total support raised during Homecoming 2019. To-date, \$446.5M has been raised in the IGNITE Campaign.
- Grant Heston, chief of staff and vice president for Communications and Marketing, shared a presentation that included several videos from the first week of classes at UCF and featured the innovative ways UCF is engaging its students in social media and around campus. Grant also highlighted several of President Whittaker’s messages to students earlier this semester and shared examples of his approach to strengthening the relationship between the students and administration.
- Janet Owen, vice president for Government Relations provided an update on recent state revenue estimates, and the legislative priorities adopted by the Board of Governors for the State University System, as well as funding issues of significance to UCF. The Committee was also updated on the Board of Governor’s modifications to the performance funding model, approved at November 2018 meeting and the “Your Success is Our Success” campaign which will include messaging activities both in advance of and during the 2019 session.

COMPENSATION AND LABOR COMMITTEE REPORT

John Sprouls, Chair of the Compensation and Labor Committee, reported highlights from the committee meeting held earlier that day.

- President Whittaker presented his 2018-19 goals.

EDUCATIONAL PROGRAMS COMMITTEE REPORT

Robert Garvy, Chair of the Educational Programs Committee, reported highlights from the committee meeting held earlier that day.

Garvy reported that the following item was unanimously approved by the committee and placed on the board’s consent agenda:

- EPC-1 Conferral of Degrees

Garvy presented the following informational updates:

- Provost Update
 - Dooley provided an update on the following academic enterprise topics: Provost Forum, Student Success; including retention rate, predictive analytics, continuation grants, and mapping and tracking system for degree completion; 21st Century Learning Model and International Education Week.
- INFO-1 Civic Literacy – Graduation Requirement
 - Dr. Keisha Hoerrner presented the board with background and information on State Law: 1007.25 (4); which outlines adoption of the regulation to assess student competency in civic literacy beginning in the 2018-2019 school year. Students will have an option to demonstrate competency through a civic literacy course or achieving a passing score on an assessment.

FINANCE AND FACILITIES COMMITTEE REPORT

Alex Martins, Chair of the Finance and Facilities Committee, reported highlights from the committee meeting held on October 10, 2018 and earlier that day.

The following information items occurred at the October 10, 2018, meeting.

- At the request of Trustee Walsh, the committee considered recommending an expansion of the Bryan Cave investigation to include a three-year review for possible capital projects that did not receive necessary committee and board approvals. The majority of the committee felt that expanding the investigation at this time would delay the findings of the investigation. Trustee Walsh voted for approval with the rest of the committee opposed.
- Direct Support Organizations' 2017-18 Fourth-Quarter Financial Reports were presented
- University and Direct Support Organization Debt Report
- UCF Investments Quarterly Report Ended June 30, 2018.
- 2019 Finance and Facilities Committee Meeting Dates, which is also an information item on today's agenda

Martins reported highlights from the meeting held earlier that day and noted the following items were approved by the committee. With his motion, the board unanimously approved the items. Marchena recused himself from the vote on item FF – 2.

- FF-1 UCF Downtown Campus Store Contract
- FF-2 Chilled Water Services Agreement for Sanford Burnham Prebys Building

- FF-3 Temporary License and Construction Agreement for Rosen Campus
- FF-4 L3 Building Lease
- FF-5 John C. Hitt Library Renovation and Expansion
- FF-6 Student Union Renovation and Expansion
- FF-7 CREOL Expansion
- FF-8 Roth Athletics Center Shell Building Construction Costs
 - The total amount of the costs updated to \$2,174,497 through negotiations
 - This item came to the board for approval due to the costs increasing over \$2 million and the 10% change threshold.
- FF-9 L3 Building Purchase Loan

Martins reminded the board the following item was approved at the October 10, 2018 meeting and placed on the consent agenda.

- FF-10 Nicholson School of Communication Building Name Change

Martins reminded the board the following item was approved earlier that day and placed on the consent agenda.

- FF-11 Sanford Burnham Prebys Building Name Designation

NOMINATING AND GOVERNANCE COMMITTEE REPORT

William Yeargin, Chair of the Nominating and Governance Committee, reported highlights from the committee meeting held earlier that day.

The following actions were unanimously approved by the committee and placed on the board's consent agenda:

- NGC-1 Appointment of Board Members to UCF Foundation
- NGC-2 Appointment and Reappointment of Board Members to Limbitless Solutions, Inc.
- NGC-3 Appointment of Board Member to UCF Research Foundation
- NGC-4 Amendments to University Regulation UCF-3.038 Advance Notice of Separation for USPS Employees

CONSENT AGENDA

Trustee Kenneth Bradley made a motion to accept the consent agenda and it was unanimously approved.

- EP-1 Conferral of Degrees
- FF-10 Nicholson School of Communication Building Name Change
- FF-11 Sanford Burnham Prebys Building Name Designation
- NG-1 Appointment of Board Members to UCF Foundation
- NG-2 Appointment of Board Members to Limbitless Solutions, Inc.
- NG-3 Appointment of Board Member to UCF Research Foundation
- NG-4 Amendments to University Regulation UCF-4.010 Solicitation on Campus

NEW BUSINESS

Marchena asked for a motion to reconsider the action taken on the concession award at the September 27, 2018 board meeting (item FF – 4). Garvy made a motion which Gaekwad seconded and it was approved. Sprouls recused himself from the vote.

Based on a revised recommendation from the Finance and Facilities Committee, Marchena entertained a motion to re-approve the Concession Award, item FF – 4 from the September 27, 2018 meeting with the stipulation that during negotiations staff consider the customer experience as it relates to product pricing and customer satisfaction. Garvy made a motion with Gaekwad providing a second and it was approved. Sprouls recused himself from the vote.

At the trustees’ request and with the chairman’s approval, a list identifying the board committee assignments will be shared with the trustees.

Whittaker initiated a discussion to consider increasing the university’s reserve funds. After discussion, it was determined the Finance and Facilities Committee could consider this request before any further full board discussion.

ANNOUNCEMENTS AND ADJOURNMENT

Marchena announced the following upcoming meetings:

- | | |
|--------------|---|
| Commencement | December 14-15, 2018
(CFE Arena) |
| BOT meeting | January 24, 2019
(Rosen College of Hospitality Management) |

BOG meeting

January 30-31, 2019
(Florida International University, Miami)

Marchena adjourned the board meeting at 3:05 p.m.

Respectfully submitted: _____ Date: _____

Grant J. Heston
Associate Corporate Secretary

FORM 8A MEMORANDUM OF VOTING CONFLICT FOR STATE OFFICERS			
LAST NAME—FIRST NAME—MIDDLE NAME <i>Marchena—Marcos R.</i>		NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE <i>UCF Board of Trustees</i>	
MAILING ADDRESS <i>1619 Hanks Ave</i>		NAME OF STATE AGENCY <i>UCF</i>	
CITY <i>Orlando</i>	COUNTY <i>Orange</i>	MY POSITION IS: <input checked="" type="checkbox"/> ELECTIVE <input type="checkbox"/> APPOINTIVE	
DATE ON WHICH VOTE OCCURRED <i>11/15/18</i>			

WHO MUST FILE FORM 8A

This form is for use by any person serving at the State level of government on an appointed or elected board, council, commission, authority, committee, or as a member of the Legislature. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

ELECTED OFFICERS:

As a person holding elective state office, you may not vote on a matter that you know would inure to your special private gain or loss. However, you may vote on other matters, including measures that would inure to the special private gain or loss of a principal by whom you are retained (including the parent or subsidiary or sibling organization of a principal by which you are retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. If you vote on such a measure or if you abstain from voting on a measure that would affect you, you must make every reasonable effort to disclose the nature of your interest as a public record in a memorandum filed with the person responsible for recording the minutes of the meeting, who shall incorporate the memorandum in the minutes. If it is not possible for you to file a memorandum before the vote, the memorandum must be filed with the person responsible for recording the minutes of the meeting no later than 15 days after the vote.

For purposes of this law, a "relative" includes only your father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with you as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

A member of the Legislature may satisfy the disclosure requirements of this section by filing a disclosure form created pursuant to the rules of the member's respective house if the member discloses the information required by this subsection, or by use of Form 8A.

* * * * *

APPOINTED OFFICERS:

As a person holding appointive state office, you are subject to the abstention and disclosure requirements stated above for Elected Officers. You also must disclose the nature of the conflict before voting or before making any attempt to influence the decision by oral or written communication, whether made by you or at your direction.

For purposes of this law, a "relative" includes only your father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with you as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes.
- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION OR VOTE AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF STATE OFFICER'S INTEREST

I, Marcos R. Marchena, hereby disclose that on November 15, 20 18 :

(a) A measure came or will come before my agency which (check one or more)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, _____ ;
- inured to the special gain or loss of my relative, _____ ;
- inured to the special gain or loss of OKI OVC, by whom I am retained; or
- inured to the special gain or loss of _____, which is the parent, subsidiary, or sibling organization of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

11/15/18
Date Filed


Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.

FORM 8A MEMORANDUM OF VOTING CONFLICT FOR STATE OFFICERS	
LAST NAME—FIRST NAME—MIDDLE NAME SPROULL JOHN R.	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE UCF BOARD OF TRUSTEES
MAILING ADDRESS 6228 BLAKEFOLD DR	NAME OF STATE AGENCY UCF
CITY WINDERMERE	COUNTY ORANGE
DATE ON WHICH VOTE OCCURRED 11/15/18	MY POSITION IS: <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE

WHO MUST FILE FORM 8A

This form is for use by any person serving at the State level of government on an appointed or elected board, council, commission, authority, committee, or as a member of the Legislature. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

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For purposes of this law, a "relative" includes only your father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with you as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

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* * * * *

APPOINTED OFFICERS:

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DISCLOSURE OF STATE OFFICER'S INTEREST

I, JOHN R. SPADUS, hereby disclose that on NOVEMBER 15, 20 18:

(a) A measure came or will come before my agency which (check one or more)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, _____;
- inured to the special gain or loss of my relative, _____;
- inured to the special gain or loss of COMCAST NBCU, by whom I am retained; or
- inured to the special gain or loss of _____, which is the parent, subsidiary, or sibling organization of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

- RE-ORIGIN OF CONCESSION AGMT FOR UCF AREA - CONTRACT IS WITH AN AFFILIATE OF COMCAST NBCU, WITH WHOM I AM EMPLOYED.

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

11/15/18
Date Filed

[Signature]
Signature

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LAST NAME—FIRST NAME—MIDDLE NAME SPROLLS JOHN R.	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE UCE BOARD OF TRUSTEES
MAILING ADDRESS 6228 BLAKESDORF DR	NAME OF STATE AGENCY UCE
CITY COUNTY WINDERMERE 11/15/18 ORANGE	MY POSITION IS: <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE
DATE ON WHICH VOTE OCCURRED ↓	

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DISCLOSURE OF STATE OFFICER'S INTEREST

I, JOHN R. SPOLLS, hereby disclose that on NOVEMBER 15, 20 18:

(a) A measure came or will come before my agency which (check one or more)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, _____;
- inured to the special gain or loss of my relative, _____;
- inured to the special gain or loss of COMCAST NBCU, by whom I am retained; or
- inured to the special gain or loss of _____, which is the parent, subsidiary, or sibling organization of a principal which has retained me.

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- CONCESSION AGMT FOR UCF ARENA - CONTRACT IS WITH AN AFFILIATE OF COMCAST NBCU, WITH WHOM I AM EMPLOYED.

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11/15/18
Date Filed

[Signature]
Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.