



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
March 24, 2020
President's Boardroom, Millican Hall

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 Harold Mills, Kyler Gray, Caryl McAlpin, and David Walsh attended by teleconference. Committee members Danny Gaekwad and Bill Yeargin did not attend. Board of Trustees Chair Beverly Seay attended by teleconference. Trustees Ken Bradley, Joseph Conte, and Bill Self attended by teleconference.

NEW BUSINESS

UCF Academic Health, Inc. and Florida Cancer Specialists & Research Institute, LLC Sub-Sublease (FFC-1)

Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer, Deborah German, Vice President for Medical Affairs and Dean of the College of Medicine, and Jeanette Schreiber, Senior Associate Vice President for Medical Affairs and Deputy General Counsel for Health Affairs, presented for approval the sub-sublease between UCF Academic Health, Inc. (UCFAH) and the Florida Cancer Specialists & Research Institute, LLC (FCS).

FCS is sub-subleasing from UCFAH approximately 6,974 rentable square feet of clinical and /or research space at the UCF Lake Nona Cancer Center. The sub-subleased space will be utilized as an oncology medical office, which will include PET-CT imaging.

The initial term is 10 years with potential for extension of two additional terms of five lease years each. The base rent is \$34 per rentable square foot for the first year and is subject to a 3 percent escalation each year. The base rent for the initial lease year equals \$237,116 before reductions for tenant improvement allowance, payable in equal monthly installments of \$19,759.67. FCS also pays additional rent, consisting of their proportionate share of operating expenses, sales tax, and taxes.

The sub-sublease arrangement will enable FCS to complete its tenant improvements on the agreed upon timetable with rent payments estimated to commence December 1, 2020.

As background, on August 27, 2018, the University of Central Florida Real Estate Foundation, L.L.C. (UCFREF) purchased from Orange County the former Sanford Burnham Prebys property in Lake Nona. UCFREF immediately leased the property to the University of Central Florida (UCF) for the development of a comprehensive cancer research and treatment center, which will

include wet lab space for UCF College of Medicine (COM) cancer research and clinical oncology services to be provided by private partners. On December 1, 2018, UCF sublet approximately 80,000 square feet of the building to UCFAH so that UCFAH could develop partnerships and sub-subleases with private sub-tenants. The rent from those sub-subleases will be used to fund UCFREF's \$2 million annual mortgage commitment to Orange County.

Under the terms of the sublease between UCF and UCFAH, rental revenue collected by UCFAH from its tenants will be used beginning December 1, 2020 to support UCFREF's mortgage commitment, payable in quarterly installments. Operating and maintenance payments collected by UCFAH from its tenants will be used to assist with costs related to operating and maintaining the property.

McAlpin made a motion to approve and Mills seconded.

The committee unanimously approved the sub-sublease with FCS for approximately 6,974 square feet in the UCF Lake Nona Cancer Center including the joinder to the sub-sublease by UCF and UCFREF, and including any minor modifications approved by the chair of UCFAH; and authorized UCFAH to take such actions as are necessary regarding implementing the lease arrangement.

UCF Academic Health, Inc. and Clinical Education Shared Services, LLC Sub-Sublease (FFC-2)
Shepherd, German, and Schreiber presented for approval the sub-sublease between UCF Academic Health, Inc. (UCFAH) and Clinical Education Shared Services, LLC (CESS).

CESS, an affiliate of Hospital Corporation of America (HCA), is leasing approximately 16,953 rentable square feet of space at the UCF Lake Nona Cancer Center. The sub-subleased space will be utilized as a simulation training and general training facility for nurses and other clinical staff providing services in HCA-affiliated facilities.

The initial term is 10 years with potential for extension of two additional terms of five lease years each. The base rent is \$31 per rentable square foot for the first lease year and is subject to a 3 percent adjustment each year. Rent collected from the CESS lease arrangement will initially generate approximately \$525,543 in annual revenue that will be applied toward the mortgage obligation to Orange County. CESS will pay a share of operating and maintenance expenses totaling \$10.50 per rentable square foot, which will initially generate approximately \$178,007 in annual additional rent that will be used to support the costs of operating and maintaining the property. Each year, the operating and maintenance expenses will increase by 3 percent.

The proposed sub-sublease arrangement will enable CESS to complete its tenant improvements on the agreed upon timetable with rent payments commencing the earlier of occupancy or 154 days after UCFAH delivers exclusive possession of the space to CESS after completion of demolition. The CESS rent commencement date is currently estimated to be October 15, 2020.

McAlpin made a motion to approve and Walsh seconded.

The committee unanimously approved UCFAH's sub-sublease with CESS for approximately 16,953 rentable square feet in the UCF Lake Nona Cancer Center, including the joinder to the sub-sublease by UCF and UCFREF, and including any minor modifications approved by the

chair of UCFAH; and authorized UCFAH to take such actions as are necessary regarding implementing the lease arrangement.

UCF Academic Health, Inc. and Sarah Cannon Research Institute, LLC Sub-Sublease (FFC-3)
Shepherd, German, and Schreiber presented for approval the sub-sublease between UCF Academic Health, Inc. (UCFAH) and Sarah Cannon Research Institute, LLC (Sarah Cannon).

Sarah Cannon, an affiliate of HCA, is leasing approximately 19,562 rentable square feet of clinical space and the location designated for tenant's generator at the UCF Lake Nona Cancer Center. The sub-subleased space will be utilized as a medical oncology office and drug discovery facility.

The initial term is 10 years with potential for extension of two additional terms of five lease years each. The base rent is \$31 per rentable square foot for the first lease year and is subject to a 3 percent adjustment each year. Rent collected from the Sarah Cannon lease arrangement will initially generate approximately \$606,422 in annual revenue that will be applied toward the mortgage obligation to Orange County. Sarah Cannon will pay a proportionate share of operating and maintenance expenses to be used to support the costs of operating and maintaining the property.

The proposed sub-sublease arrangement will enable Sarah Cannon to complete its tenant improvements on the agreed upon timetable with rent payments commencing the earlier of occupancy or 170 days after UCFAH delivers exclusive possession of the space to Sarah Cannon after completion of demolition. It is currently estimated that the rent commencement date will be in early November 2020.

McAlpin made a motion to approve and Walsh seconded.

The committee unanimously approved UCFAH's sub-sublease with Sarah Cannon for approximately 19,562 rentable square feet in the UCF Lake Nona Cancer Center, including the joinder to the sub-sublease by UCF and UCFREF, and including any minor modifications approved by the chair of UCFAH; and authorized UCFAH to take such actions as are necessary regarding implementing the lease arrangement.

UCF Academic Health, Inc. and Central Florida Health Services, LLC Sub-Sublease (FFC-4)
Shepherd, German, and Schreiber presented for approval the sub-sublease between UCF Academic Health, Inc. (UCFAH) and Central Florida Health Services, LLC (CFHS).

CFHS is the joint venture partnership between UCFAH and an HCA subsidiary that is building the UCF Lake Nona Medical Center adjacent to the UCF Lake Nona Cancer Center. CFHS is leasing approximately 14,263 rentable square feet of clinical space at the UCF Lake Nona Cancer Center, which consists of approximately 11,806 rentable square feet on the first floor of the building, approximately 2,457 rentable square feet in additional space to be constructed by CFHS to house its linear accelerator, a new patient entrance area to be constructed by CFHS, and the location designated for the CFHS generator. The sub-subleased space will be utilized to provide radiation oncology services to patients.


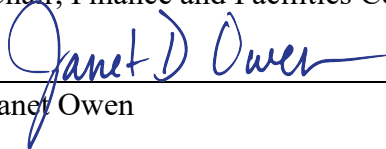
Base rent is \$31 per rentable square foot for the first lease year and is subject to a 3 percent increase each year. Rent collected from the CFHS lease arrangement will initially generate approximately \$365,986 in annual revenue that will be applied toward the mortgage obligation to Orange County. CFHS will pay a proportionate share of operating and maintenance expenses to be used to support the costs of operating and maintaining the property.

The proposed sub-sublease arrangement will enable CFHS to complete its tenant improvements on the agreed upon timetable with rent payments commencing the earlier of occupancy or 263 days after UCFAH delivers exclusive possession of the space to CFHS after completion of demolition. It is currently estimated that the rent commencement date will be February 1, 2021.

McAlpin made a motion to approve and Mills seconded.

The committee unanimously approved UCFAH's sub-sublease with CFHS for approximately 14,263 rentable square feet in the UCF Lake Nona Cancer Center, including the joinder to the sub-sublease by UCF and UCFREF, and including any minor modifications approved by the chair of UCFAH; and authorized UCFAH to take such actions as are necessary regarding implementing the lease arrangement.

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

Reviewed by:		5/6/2020
	_____ Alex Martins Chair, Finance and Facilities Committee	Date
Respectfully submitted :		5/12/2020
	_____ Janet Owen	Date