



UNIVERSITY OF CENTRAL FLORIDA

Office of the President
P.O. Box 160002
Orlando, FL 32816-0002

August 9, 2018

Marshall Criser, III
Chancellor, State University System of Florida
325 West Gaines Street, Suite 1614
Tallahassee, Florida 32399

Chancellor Criser:

Thank you for the time you and your staff have given us to work through our plans to expand the capacity of UCF's College of Nursing to address the critical nursing shortage in Central Florida and the state. We appreciate your guidance; recommendations on a path forward; and your initial concurrence that our plans are permitted by s. 1010.62, Florida Statutes and in conformance with the mortgage provision of the Board of Governors' Debt Management Guidelines.

Further, as the university will be leasing space from the Foundation, UCF will not be seeking PO&M funding from the state.

We welcome the opportunity to make a brief update presentation to the Board's Facilities Committee — or to the full Board as you deem appropriate — at the September 2018 meeting. The presentation could include a brief update on developments at Lake Nona, including the newly established Academic Health Sciences Center.

Attached, please find the first letter of commitment we have received from a banking partner about the College of Nursing project. We expect at least one more in the next few days.

Also attached is information previously presented to our Board of Trustees Facilities Committee. While the committee approved the project conceptually, as a result of conversations with your staff, the proposed structure was slightly modified to more clearly conform to the mortgage provision of the BOG Debt Management Guidelines. Therefore, I have also attached a brief summary of the transaction as currently proposed.



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Our trustees asked us to ensure your office and the Board of Governors were aware of the project and to provide any information you needed. They are prepared to take formal action following the September meeting.

Finally, we appreciate the assistance you and your staff have provided. Chris Kinsley and Vikki Shirley have been enormously helpful in communicating what will be needed to make our update thorough and productive for the Board of Governors.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale Whittaker", is positioned below the word "Sincerely,".

Dale Whittaker
President

cc: Vikki Shirley, General Counsel & Corporate Secretary
Tim Jones, Vice Chancellor, Finance/Administration and CFO
Chris Kinsley, Assistant Vice Chancellor, Finance & Facilities



August 3, 2018

255 South Orange Avenue
10th Floor
Orlando, FL 32801

Mr. John Pittman
Associate Vice President for Debt Management
University of Central Florida
Division of Administration and Finance
Office of the Vice President
PO Box 160020
Orlando, FL 32816-0020

Mrs. Misty Shepard
Chief Financial Officer
UCF Foundation
12424 Research Parkway
Suite 250
Orlando, FL 32826

RE: UCF Foundation/Nursing School

Dear John and Misty:

After review and consultation within Branch Banking & Trust ("BB&T"), we are glad to inform you that BB&T has confidence in its ability to provide financing for the proposed UCF Nursing School at Lake Nona, under the mortgage exemption clause. Our financing would include construction and permanent fixed rate financing, over a 25 year time frame.

All of the necessary groups within BB&T have initially signed off on the project, and we stand ready to continue to our discussion to provide the financing terms when you are ready.

We greatly enjoy the Partnership with UCF and the UCF Foundation and look forward to meeting your needs.

Sincerely,

A handwritten signature in blue ink, appearing to read "William Tsukalas".

William Tsukalas
Senior Vice President
(407) 241-0317

cc: Mark Galvin

Summary of UCF College of Nursing Building Transaction

- UCF Real Estate Foundation will borrow funds from a local bank and execute a non-recourse promissory note to fund design and construction of a 150,000 sq. ft. building on land owned by the Foundation adjacent to UCF College of Medicine.
- The note will be secured exclusively by a mortgage on the building.
- UCF Real Estate Foundation will hire a firm to construct building for guaranteed maximum price with payment and performance bond to remove construction risk.
- Upon completion, UCF Real Estate Foundation will lease the entire building to UCF.
- 90,000 sq. ft. of the building will be occupied by the College of Nursing.
- The additional 60,000 sq. ft. of space will be reserved for other UCF Health Sciences departments, such as Social Work, Kinesiology and Physical Therapy, Communication Sciences and Disorders, and Health Sciences.
- Title to the building will never transfer to the university; i.e. operating lease.
- Transaction conforms with Debt Management Guidelines Provision for *Debts that may be issued without Board of Governors Approval*. Specifically:

DSOs may issue promissory notes and grant conventional mortgages for the acquisition of real property, excluding student housing or any other facility that will compete with a university's existing auxiliary enterprise. However, no mortgage or note shall exceed 30 years.

- Transaction conforms with Section 1010.62(3)(c)2, Florida Statutes. Specifically:

State universities and direct-support organizations may engage in the following activities without the approval of the Board of Governors:

2. Direct-support organizations may issue promissory notes and grant conventional mortgages for the acquisition of real property