



BOARD *of* GOVERNORS

State University System of Florida

UCF ACADEMIC HOSPITAL PRESENTATION

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www.flbog.edu



Financial: 10-year cost benefit for 100 bed hospital

HCA brings \$175M in cash including \$150M for development & construction, and \$25M for operating capital

UCF contributes land (\$15 million) and the UCF Name.

Year	1	5	10	10 year total
<u>HCA builds Hospital</u>				
Revenue	\$ 71,242,000	\$ 88,723,000	\$ 102,856,000	\$ 883,776,000
Operating Expense	\$ 48,540,000	\$ 59,484,000	\$ 68,957,000	\$ 594,220,000
Salaries & Benefits	\$ 20,499,000	\$ 24,874,000	\$ 28,836,000	\$ 249,188,000
Supplies	\$ 5,480,000	\$ 6,728,000	\$ 7,800,000	\$ 67,026,000
Services & Other	\$ 22,561,000	\$ 27,882,000	\$ 32,321,000	\$ 278,006,000
Federal & state taxes	\$ 6,429,000	\$ 8,822,000	\$ 10,228,000	\$ 85,481,000
Free Cash Flow	\$ 16,273,000	\$ 20,417,000	\$ 23,671,000	\$ 204,075,000



UCF Proposed Academic Hospital

Academic Hospital Project Overview

- **Project site is adjacent to UCF medical school on 25 acres**
- **Initially 100 beds, to grow up to 500 beds; Timeline will be determined by utilization (ex. As a rule, at consistent 80% occupancy, an additional 100 beds will be initiated).**
- **Leased to joint venture for 99 years with renewals**
- **Constructed with approximately \$175 million (\$150 m for development and construction, \$25 m for working capital) of funds from UCF partner: Hospital Corporation of America**



Key Issues for P3 Approval

UCF land

- **Purchased by UCF in 2012 for \$15 million**
- **Purchased with 30-year restricted use covenant: academic medical center facilities related to the goals of UCF.**



UCF Medical Complex

Medical Complex

- **Project will begin as 100-bed hospital with emergency room**
- **Expand up to 500-beds**
- **Other medical facilities constructed in support of hospital**
- **Expansion timing dependent upon business conditions**
- **No additional Board approval will be sought unless UCF or its DSO will incur debts as part of expansion**



Ground Lease

UCF sublease to HCA

- **99-year lease (50 year lease with a 49 year renewal at the option of HCA)**
- **Section 1013.171, F.S., limits leases to 99 year or life of buildings, whichever is shorter**
- **The buildings do not revert to UCF upon expiration of lease, but must be purchased at full market value**
- **Expectation is that this will be a joint venture in perpetuity.**



Hospital Operations

Operations and Specialties

- **Proposed emergency room will accept all patients**
- **Services will be as identified by the joint venture with HCA**



Agreement Provisions for Default

UCF Default Remedies

- **UCF has flexibility to negotiate**
- **In the event of Project failure, UCF will need replacement partner**
- **In the alternative, the Project may be left vacant or bought out**



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