

An abstract sculpture in a dark, metallic material, possibly bronze or steel, with a large, stylized 'S' logo carved into its surface. The sculpture is set against a warm, golden-yellow background. The 'S' logo is a stylized, flowing shape with a small star at its top. The sculpture's form is complex and angular, with various facets and curves. The lighting is dramatic, highlighting the texture of the metal and the contours of the sculpture.

UCF Public-Private Hospital Project

Presented to Board of Governors, March 29-30, 2017

Today's Discussion

- Approval of a public-private partnership
- Partnership will develop and operate UCF Lake Nona Medical Center



COM

Proposed
Hospital

Key Points on HCA Partnership

- UCFAH receives 20 percent equity in partnership
- UCFAH equally shares hospital governance (4 of 8 voting board members)
- HCA brings \$175 million in cash to build and operate hospital
- UCFAH contributes brand and land
- No debt for either partner



Q1: Why is lease perpetual? Why must UCF pay Fair Market Value when lease is over?

- We expect partnership to be ongoing to build successful academic center
- Lease is not perpetual – specific term of 50 years with 49-year option
- At end of 99 years, we can enter new lease with Joint Venture, purchase HCA's interest and find a new partner, or require HCA to purchase our interest and continue to lease land from UCF
- Payment must be FMV to abide by federal and state anti-kickback laws, incentivize continued investment

Q2: Do deed restrictions permit UCF to build a community hospital on 25 acres?

- Yes
- Deed restricts property to educational, research or patient care uses that are in line with College of Medicine's mission
- Lease agreement meets all deed restrictions
- UCF is not required to own the hospital

Q3: When will UCF have to return for further approvals?

- BOG approval would allow construction of up to a 500-bed hospital, inpatient and outpatient facilities, a physician practice building and a parking structure
- UCFAH must seek BOG approval for construction of facilities beyond those listed above
- UCFAH must seek BOG approval if it or UCF seek to incur debt
- UCFAH will provide annual updates to BOG

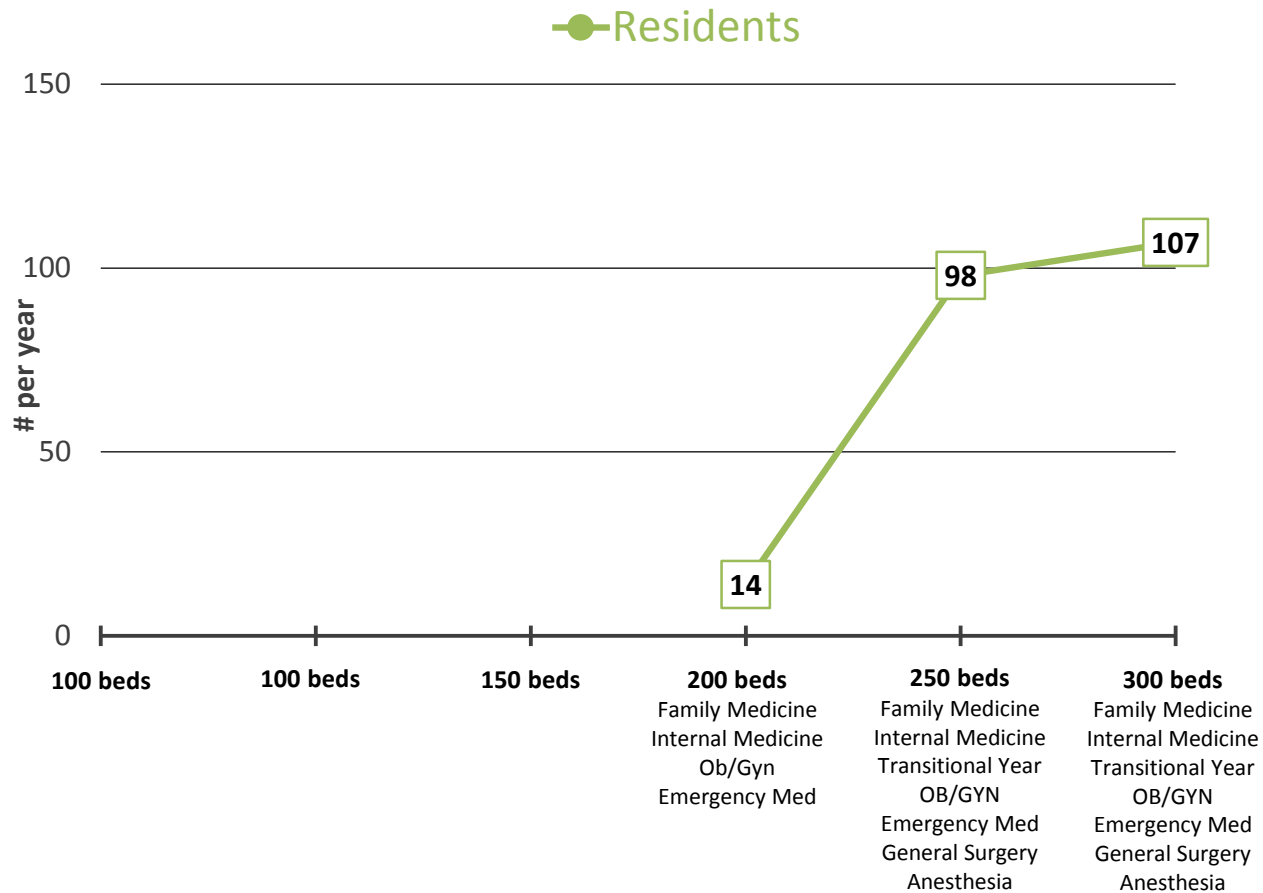
Q4: Pro forma looks like a community hospital. What is HCA's commitment to build a teaching hospital?

Residencies

- At this hospital, HCA will be investing \$4 million in unreimbursed expenses to build over 100 UCF residencies by the time hospital reaches 300 beds
- In addition, HCA's investment will help increase its UCF-based residencies at other HCA hospitals from 100 to 600 slots in Florida

Q4: Is this really a teaching hospital?

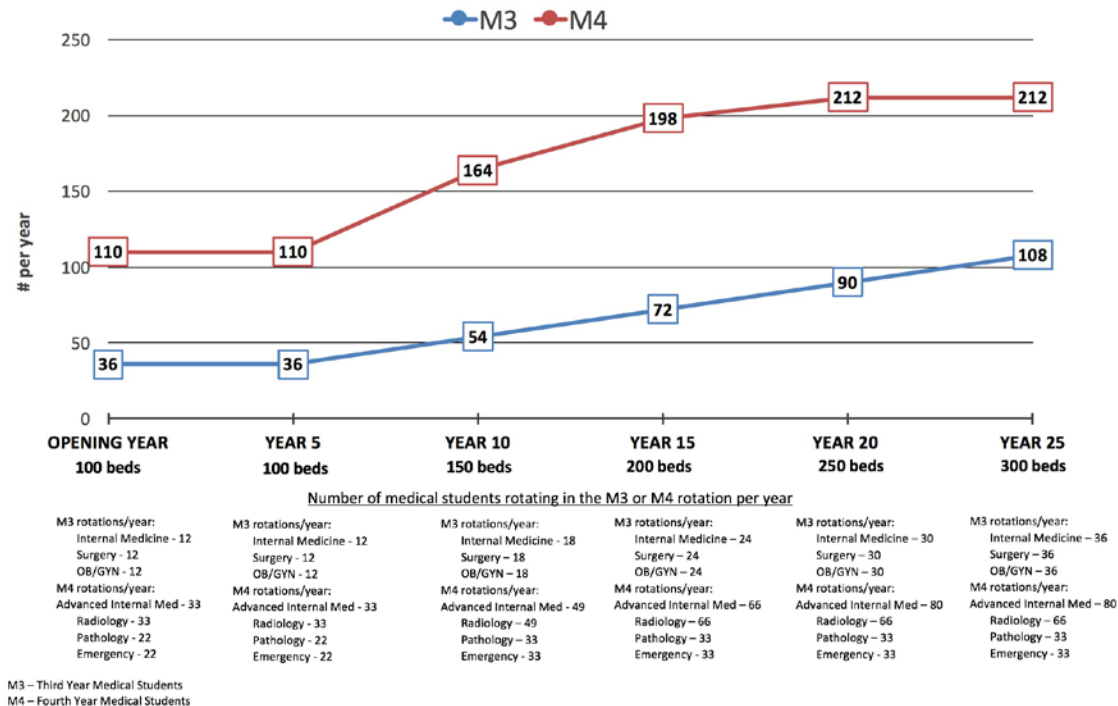
UCF Academic Health – HCA Lake Nona Hospital
Number of Residents where cap-building begins at 200 beds



We expect the hospital will grow to have over 100 residents in 7 disciplines

Q4: Is this really a teaching hospital?

UCF Academic Health – HCA Lake Nona Hospital
M3 Student Rotations and M4 Student Rotations



Hospital will:

- Open with 36 clerkship rotations for third-year students, 110 for fourth-years
- Advance medical school goal to double research in five years
- Open with 44 physicians including 11 UCF clinical faculty

Q5: Will HCA provide clerkships for all UCF students at no cost if needed?

- HCA agreed to amend operating agreement with commitment to provide clerkship rotation placements for students displaced from Florida Hospital or Orlando Health
- HCA has agreed to pay costs of student housing for distant location clerkships -- up to \$160,000 per year for five years
- HCA already has four hospitals within a 45-minute drive from the medical school

Q6: Healthcare is changing, with incentives to keep people out of hospital. Will that be a barrier to growth?

- It is hard to predict the future but starting with 100 beds enables us to avoid excess capacity
- With a mix of inpatient and outpatient services, we can leverage HCA's data base and pilot programs to successfully navigate future healthcare changes
- Beginning as a small hospital allows us to be structured as a lab for healthcare reform

Q7: Will HCA disadvantage this hospital by moving higher paying patients and services into its other facilities?

- Decisions on services offered at the new hospital will be made by Joint Venture, not HCA alone
- HCA has shown their commitment to UCF by investing \$175 million in this hospital and will get 80% return on that investment
- Patients generally are directed to the hospital by their physician and patients prefer care in their own community

Q8: Does hospital pro forma include funds to support physician recruitment?

- Yes – Pro forma includes \$2.1 million for physician recruiting and increases 3% each year for first five years

Q9: GME Agreement lacks exclusivity. Should HCA limit residencies in its local hospitals to UCF?

- HCA sought an exclusive agreement
- UCF requested non-exclusivity so we had flexibility to develop additional residencies with other hospital partners
- HCA would agree to mutual exclusivity

Q10: What services are included in HCA's 1% management fee? What are rates for other services?

Management fee includes:

- Corporate and division leadership, services
- Financial services – accounting, treasury, internal audit, tax, reporting, planning and reimbursement
- Capital management, real estate development
- Ethics, compliance, training and quality management
- HR, physician recruiting, compensation and benefits
- Legal, insurance and risk management
- Communications, PR, government and investor relations
- Payor Contracting

To our benefit, additional services are provided at same cost as to 100% HCA-owned hospitals

Q11: Does “academic hospital” mislead the public about range of services available?

- UCF and HCA have selected a name that is consistent with all of HCA’s community hospitals
- **UCF Lake Nona Medical Center**

Q12, 13: Is issuing an equity distribution a Major Decision? What about consolidation of financial statements?

- Operating agreement with HCA was amended to include two new Major Decisions governing equity distributions
- The operating agreement has been changed to clarify that any changes needed to address consolidation of financials would be limited to changes in accounting rules

Q14: What amount has been assigned in the valuation to UCF's name?

- Health Capital Consultants, an independent national healthcare valuation company, has valued UCF's brand at \$16.2 million
- Presently the net value of 50-year lease is \$25.3 million

Q15: What national payor contracts will the hospital be covered under as of Day 1?

Commercial

- Aetna
- AvMed
- Cigna
- Florida Blue
- Humana
- United

Managed Medicare

- Freedom Health/Optimum
- Humana
- Molina
- United
- Wellcare

Managed Medicaid

- Amerigroup
- Freedom Health/Optimum
- Humana
- Molina
- Prestige
- United
- Wellcare

Further questions?

A golden statue of a knight on a horse, holding a shield with 'UCF' on it, set against a yellow background. The statue is highly detailed, showing the knight's armor and the horse's features. The shield is prominently displayed with the letters 'UCF' in a bold, serif font. The background is a solid, bright yellow, and there are some palm fronds visible in the lower left corner.

Thank you