THE BANK OF NEW YORK MELLON

CUSTODY AGREEMENT

(U.S. Securities)

AGREEMENT, date as of January , 8 2010 between ("Customer") University of Central Florida and The Bank of New York Mellon Trust Company, National Association ("Custodian").

ARTICLE I
DEFINITIONS

Whenever used in this Agreement, the following words shall have the meanings set forth below:

1. **"Authorized Person"** shall be any person, whether or not an officer or employee of Customer, duly authorized by Customer to give Oral and/or Written Instructions on behalf of Customer, such persons to be designated in a Certificate of Authorized Persons which contains a specimen signature of such person.

2. **"BNY Affiliate"** shall mean any office, branch or subsidiary of The Bank of New York Mellon Company, Inc.

3. **"Book Entry System"** shall mean the Federal Reserve/Treasury book entry system for receiving and delivering securities, its successors and nominees.

4. **"Business Day"** shall mean any day on which Custodian, Book Entry System and relevant Depositories are open for business.

5. **Depository"** shall include the Depository Trust Company, the Participants Trust Company and any other securities depository or clearing agency (and their respective successors and nominees) registered with the Securities and Exchange Commission or otherwise authorized to act as a securities depository or clearing agency.

6. **"Oral Instructions"** shall mean instructions received verbally by Custodian.

7. **"U.S. Securities"** shall include, without limitation, common stock and other equity securities, bonds, debentures and other debt securities, notes, mortgages or other obligations, and any instruments representing rights to receive, purchase, or subscribe for the same, or representing any other rights or interests therein (whether represented by a certificate or held in the Book-Entry System, a Depository or on the books of the issuer).

8. **"Written Instructions"** shall mean written communications actually received by Custodian by S.W.I.F.T., tested telex, letter, email, facsimile transmission, or other method or system specified by Custodian as available for use in connection with the services hereunder.

ARTICLE II
APPOINTMENT OF CUSTODIAN; ACCOUNTS; REPRESENTATION AND WARRANTIES

1. Customer hereby appoints Custodian as custodian of all U.S. Securities and cash at any time delivered to Custodian during the term of this Agreement, and authorizes Custodian to hold U.S. Securities in registered form in its name or the name of its nominees. Custodian hereby accepts such appointment and agrees to establish and maintain one or more securities accounts and cash accounts in the name of Customer (collectively, the "Account") in which it will hold U.S. Securities and cash as provided herein.

2. Customer hereby represents and warrants, which representations and warranties shall be continuing and shall be deemed to be reaffirmed upon each Oral or Written Instruction given by Customer, that:

(a) Customer is duly organized and existing under the laws of the jurisdiction of its organization, with full power to carry on its business as now conducted, to enter into this Agreement and to perform its obligations hereunder;

(b) This Agreement has been duly authorized, executed and delivered by Customer, constitutes a valid and legally binding obligation of Customer, enforceable in accordance with its terms, and no statute, regulation, rule, order, judgment or contract binding on Customer prohibits Customer's execution or performance of this Agreement; and

(c) Either Customer owns the U.S. Securities in the Account free and clear of all liens, claims, security interests and encumbrances (except those granted herein) or, if the U.S. Securities are owned beneficially by others, Customer has the right to pledge such U.S. Securities to the extent necessary to secure Customer's obligations hereunder, free of any right of redemption or prior claim by the beneficial owner. Custodian's security interest pursuant to Article V hereof shall be a first lien and security interest subject to no setoffs, counterclaims or other liens prior to or on a parity with it in favor of any other party (other than specific liens granted preferred status by statute), and Customer shall take any and all additional steps which are required to assure Custodian of such priority and status, including notifying third parties or obtaining their consent to, Custodian's security interest.

ARTICLE III

CUSTODY AND RELATED SERVICES

1. Subject to the terms hereof, Customer hereby authorizes Custodian to hold any Securities received by it from time to time for Customer's account. Custodian shall be entitled to utilize the Book Entry System and Depositories to the extent possible in connection with its performance hereunder. Securities and cash deposited by Custodian in the Book-Entry System or a Depository will be held subject to the rules, terms and conditions of the Book-Entry System or such Depository. Custodian shall identify on its books and records the U.S. Securities and cash belonging to Customer, whether held directly or indirectly through the Book-Entry System or a Depository. U.S. Securities and cash of Customer deposited in the Book Entry System or a Depository will be represented in accounts which include only assets held by Custodian for its customers.

2. Custodian shall furnish Customer with a monthly summary of all account transfers and activity; unless client has given other direction. Customer hereby waives the right to receive hard copy written transaction advices. The forgoing waiver may be rescinded at any time in writing to the custodian. Customer may elect to receive advices, confirmations, reports or statements electronically through the Internet. By electing to use the Internet for this purpose, Customer acknowledges that such transmissions are not encrypted and therefore are insecure. Customer further acknowledges that there are other risks inherent in communicating through the Internet such as the possibility of virus contamination and disruptions in service, and agrees that Custodian shall not be responsible for any loss, damage or expense suffered or incurred by Customer or any person claiming by or through Customer as a result of the use of such methods.

3. With respect to all U.S. Securities held in the Account, Custodian shall, unless otherwise instructed to the contrary:

(a) Receive all income and other payments and advise Customer as promptly as practicable of any such amounts due but not paid;

(b) Present for payment and receive the amount paid upon all U.S. Securities which may mature and advise Customer as promptly as practicable of any such amounts due but not paid;

(c) Forward to Customer all information or documents that it may receive from an issuer of U.S. Securities which, in the opinion of Custodian, are intended for the beneficial owner of U.S. Securities;

(d) Execute, as custodian, any certificates of ownership, affidavits, declarations or other certificates under any tax laws now or hereafter in effect in connection with the collection of bond and note coupons;

(e) Hold directly, or through the Book Entry System or a Depository, all rights and similar U.S. Securities issued with respect to any U.S. Securities credited to the Account hereunder; and

(f) Endorse for collection checks, drafts or other negotiable instruments.

4. (a) Custodian shall notify Customer of such rights or discretionary actions or of the date or dates by when such rights must be exercised or such action must be taken provided that Custodian has received, from the issuer or the relevant Depository, timely notice of such rights or discretionary corporate action or of the date or dates such rights must be exercised or such action must be taken. Communication shall be delivered by Inform, S.W.I.F.T., tested telex, letter, email, facsimile transmission, or other method or system specified by Custodian as available for use in connection in this agreement. Absent actual receipt of such notice, Custodian shall have no liability for failing to so notify Customer and Custodian shall follow timely directions received in writing through one of the Communication processes so specified by the Custodian.

(b) Whenever U.S. Securities (including, but not limited to, warrants, options, tenders, options to tender or non mandatory puts or calls) confer optional rights on Customer or provide for discretionary action or alternative courses of action by Customer, Customer shall be responsible for making any decisions relating thereto and for directing Custodian to act. In order for Custodian to act, it must receive Customer's Written Instructions at Custodian's offices, addressed as Custodian may from time to time request, not later than noon (Florida time) at least two (2) Business Days prior to the last scheduled date to act with respect to such U.S. Securities (or such earlier date or time as Custodian may notify Customer). Absent Custodian's timely receipt of such Written Instructions, Custodian shall not be liable for failure to take any action relating to or to exercise any rights conferred by such U.S. Securities.

5. Custodian will make available to Customer proxy voting services upon the request of, Customer in accordance with terms and conditions to be mutually agreed upon by Custodian and Customer.

6. Custodian shall promptly advise Customer upon its notification of the partial redemption, partial payment or other action affecting less than all U.S. Securities of the relevant class. If Custodian or Depository holds any such U.S. Securities in which Customer has an interest as part of a fungible mass, Custodian or Depository may select the U.S. Securities to participate in such partial redemption, partial payment or other action in any non-discriminatory manner that it customarily uses to make such selection.

7. Custodian shall not under any circumstances accept bearer interest coupons which have been stripped from United States federal, state or local government or agency securities unless explicitly agreed to by Custodian in writing.

8. Any foreign exchange transaction effected by Custodian in connection with this Agreement may be entered with Custodian or a BNY Affiliate acting as principal or otherwise through customary banking channels. Customer may issue standing Written Instructions with respect to foreign exchange transactions but Custodian may establish rules or limitations concerning any foreign exchange facility made available to Customer. Customer shall bear all risks of holding cash denominated in a foreign currency. Without limiting the foregoing, Customer shall bear the risks that rules or procedures imposed by Depositories, exchange controls, asset freezes or other laws, rules, regulations or orders shall prohibit or impose burdens or costs on the transfer to, by or for the account of Customer of property held outside Customer's jurisdiction or denominated in a currency other than its home jurisdiction or the conversion of cash from one currency into another currency. Custodian shall not be obligated to substitute another currency for a currency whose transferability, convertibility or availability has been affected by such law, regulation, rule or procedure. Custodian shall not be liable to Customer for any loss resulting from any of the foregoing events.

9. To the extent that Custodian has agreed to provide pricing or other information services in connection with this Agreement, Custodian is authorized to utilize any vendor (including brokers and dealers of Securities) reasonably believed by Custodian to be reliable to provide such information. Customer understands that certain pricing information with respect to complex financial instruments (e.g., derivatives) may be based on calculated amounts rather than actual market transactions and may not reflect actual market values, and that the variance between such calculated amounts and actual market values may or may not be material. Where vendors do not provide information for particular Securities or other property, an Authorized Person may advise Custodian regarding the fair market value of, or provide other information with respect to, such Securities or property as determined by it in good

faith. Custodian shall not be liable for any loss, damage or expense incurred as a result of errors or omissions with respect to any pricing or other information utilized by Custodian hereunder.

10. As an accommodation to Customer, Custodian may provide consolidated recordkeeping services pursuant to which Custodian reflects on Account statements Securities not held in Custodian's vault or for which Custodian or its nominee is not the registered owner ("Non-Custody Securities"). Non-Custody Securities shall be designated on Custodian's books as "shares not held" or by other similar characterization. Customer acknowledges and agrees that it shall have no security entitlement against Custodian with respect to Non-Custody Securities, that Custodian shall rely, without independent verification, on information provided by Customer regarding Non-Custody Securities (including but not limited to positions and market valuations) and that Custodian shall have no responsibility whatsoever with respect to Non-Custody Securities or the accuracy of any information maintained on Custodian's books or set forth on account statements concerning Non-Custody Securities.

11. From time to time Custodian may make available to Customer or its agent(s) certain services, computer programs or other products or services (collectively, "Tools") that allow Customer or its agent(s) to perform certain analytic, accounting, compliance, reconciliation and other functions with respect to the Securities and other assets in the Account. By way of example, Tools may assist Customer or its agent(s) in analyzing the performance of investment managers appointed by Customer, determining on a post-trade basis whether transactions for the Account comply with Customer's investment guidelines, evaluating assets at risk, and account reconciliation. Such Tools, whether or not modified to meet specific needs of Customer, are provided "AS IS" and CUSTODIAN DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE TOOLS, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, TITLE, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE. ANYTHING IN THIS AGREEMENT TO THE CONTRARY NOTWITHSTANDING, CUSTODIAN SHALL NOT BE LIABLE FOR ANY LOSS, EXPENSE, DAMAGE, LIABILITY OR CLAIM SUFFERED OR INCURRED BY CUSTOMER, ITS AGENT(S) OR ANY OTHER PERSON AS A RESULT OF USE OF, OR RELIANCE UPON, ANY TOOLS BY CUSTOMER, ITS AGENT(S) OR ANY OTHER PERSON.

ARTICLE IV

PURCHASE AND SALE OF U.S. SECURITIES; CREDITS TO ACCOUNT

1. Promptly after each purchase or sale of U.S. Securities by Customer, an Authorized Person shall deliver to Custodian Written Instructions specifying all information necessary for Custodian to settle such purchase or sale. Custodian shall account for all purchases and sales of U.S. Securities on the actual settlement date unless otherwise agreed by Custodian.

2. Customer understands that when Custodian is instructed to deliver U.S. Securities against payment, delivery of such U.S. Securities and receipt of payment therefor may not be completed simultaneously. Customer assumes full responsibility for all credit risks involved in connection with Custodian's delivery of U.S. Securities pursuant to instructions of Customer.

3. Custodian may, as a matter of bookkeeping convenience or by separate agreement with Customer, credit the Account with the proceeds from the sale, redemption or other disposition of U.S. Securities or interest, dividends or other distributions payable on U.S. Securities prior to its actual receipt of final payment therefor. All such credits shall be conditional until Custodian's actual receipt of final payment and may be reversed by Custodian to the extent that final payment is not received. Payment with respect to a transaction will not be "final" until Custodian shall have received immediately available funds which under applicable law or rule are irreversible and not subject to any security interest, levy or other encumbrance, and which are specifically applicable to such transaction.

ARTICLE V

OVERDRAFTS OR INDEBTEDNESS

If Custodian in its sole discretion advances funds to Customer or there shall arise for whatever reason an overdraft in the Account (including, without limitation, overdrafts incurred in connection with the settlement of securities transactions or funds transfers) or if Customer is for any other reason indebted to Custodian, Customer agrees to repay Custodian on demand the amount of the advance, overdraft or indebtedness plus accrued interest at a rate ordinarily charged by Custodian to its institutional custody customers. In order to secure repayment of Customer's obligations to Custodian hereunder, Customer hereby agrees that Custodian shall have a continuing lien and security interest in, and right of set-off against, all U.S. Securities, money and other property now or hereafter held in the Account (including proceeds thereof), and any other property at any time held by it for the account of Customer. In this regard, Custodian shall be entitled to all the rights and remedies of a pledgee under common law and a secured party under the New York Mellon Uniform Commercial Code and any other applicable laws, rules or regulations as then in effect.

ARTICLE VI

CONCERNING CUSTODIAN

1. (a) Except as otherwise expressly provided herein, Custodian shall not be liable for any costs, expenses, damages, liabilities or claims including attorneys' and accountants' fees (collectively, "Losses") incurred by or asserted against Customer, except those Losses arising out of the negligence or willful misconduct of Custodian. Custodian shall have no obligation hereunder for Losses which are sustained or incurred by reason of any action or inaction by the Book-Entry System or any Depository or issuer of Securities. In no event shall Custodian be liable to Customer or any third party for special, indirect or consequential damages, or lost profits or loss of business, arising in connection with this Agreement.

(b) To the extent permitted under Florida law, Customer agrees to indemnify, save and hold Custodian harmless from and against any and all Losses sustained or incurred by or asserted against Custodian by reason of or as a result of any action or inaction, or arising out of Custodian's performance hereunder, including reasonable fees and expenses of counsel incurred by Custodian in a successful defense of claims by Customer; provided, that Customer shall not indemnify Custodian for those Losses arising out of Custodian's negligence or willful misconduct. This indemnity shall be a continuing obligation of Customer, its successors and assigns, notwithstanding the termination of this Agreement.

2. Without limiting the generality of the foregoing, Custodian shall be under no obligation to inquire into, and shall not be liable for, any losses incurred by Customer or any other person as a result of the receipt or acceptance of fraudulent, forged or invalid U.S. Securities, or U.S. Securities which are otherwise not freely transferable or deliverable without encumbrance.

3. Custodian may, with respect to questions of law specifically regarding the Account, obtain the advice of counsel and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice.

4. Custodian shall be under no obligation to take action to collect any amount payable on U.S. Securities in default, or if payment is refused after due demand and presentment.

5. Custodian shall have no duty or responsibility to inquire into, make recommendations, supervise, or determine the suitability of any transactions affecting any Account.

6. Customer shall pay to Custodian the fees and charges as may be specifically agreed upon from time to time and such other fees and charges at Custodian's standard rates for such services as may be applicable. Customer shall reimburse Custodian for all costs associated with the conversion of Customer's U.S. Securities hereunder and the transfer of U.S. Securities and records kept in connection with this Agreement. Customer shall also reimburse Custodian for out of pocket expenses which are a normal incident of the services provided hereunder. Custodian may debit the Account for amounts payable hereunder which remain in arrears for over 60 days.

7. In addition to the rights of Custodian under applicable law and other agreements, at any time when Customer shall not have honored any and all of its obligations to Custodian, whether or not relating to or arising under this Agreement, Custodian shall have the right without notice to Customer to retain or set-off, against such obligations of Customer, any U.S. Securities or cash Custodian or a BNY Affiliate may directly or indirectly hold for the account of Customer, and any obligations (whether matured or unmatured) that Custodian or a BNY Affiliate may have to Customer. Any such asset of, or obligation to, Customer may be transferred to Custodian and any BNY Affiliate in order to effect the above rights.

8. (a) Subject to the terms below, Custodian shall be entitled to rely upon any Written or Oral Instructions actually received by Custodian and reasonably believed by Custodian to be duly authorized and delivered. Customer agrees that an Authorized Person shall forward to Custodian Written Instructions confirming Oral Instructions by the close of business of the same day that such Oral Instructions are given to Custodian. Customer agrees that the fact that such confirming Written Instructions are not received or that contrary Written Instructions are received by Custodian shall in no way affect the validity or enforceability of transactions authorized by such Oral Instructions and effected by Custodian.

(b) If Custodian receives Written Instructions which appear on their face to have been transmitted by an Authorized Person via (i) computer facsimile, email, the Internet or other insecure electronic method, or (ii) secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, Customer understands and agrees that Custodian cannot determine the identity of the actual sender of such Written Instructions and that Custodian shall conclusively presume that such Written Instructions have been sent by an Authorized Person. Customer shall be responsible for ensuring that only Authorized Persons transmit such Written Instructions to Custodian and that all Authorized Persons treat applicable user and authorization codes, passwords and/or authentication keys with extreme care.

(c) Customer acknowledges and agrees that it is fully informed of the protections and risks associated with the various methods of transmitting Written Instructions to Custodian and that there may be more secure methods of transmitting Written Instructions than the method(s) selected by Customer. Customer agrees that the security procedures (if any) to be followed in connection with its transmission of Written Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

(d) If Customer elects to transmit Written Instructions through an on-line communication system offered by Custodian, Customer's use thereof shall be subject to the Terms and Conditions attached hereto as Appendix I. If Customer elects (with Custodian's prior consent) to transmit Written Instructions through an on-line communications service owned or operated by a third party, Customer agrees that Custodian shall not be responsible or liable for the reliability or availability of any such service.

9. Upon reasonable request and provided Custodian shall suffer no significant disruption of its normal activities, Customer shall have access to Custodian's books and records relating to the Account during Custodian's normal business hours. Upon reasonable request, copies of any such books and records shall be provided to Customer at Customer's expense.

10. It is understood that Custodian is authorized to supply any information regarding the Account which is required by any law, regulation or rule now or hereafter in effect.

11. Custodian shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that Custodian shall use its best efforts to resume performance as soon as practicable under the circumstances.

12. Custodian is hereby authorized to assign its rights and delegate its duties hereunder to any BNY Affiliate, whenever and on such terms and conditions as it deems necessary or appropriate to perform its services hereunder, without any further notice to Customer. Customer agrees to be bound by all actions taken by a BNY Affiliate pursuant to the preceding sentence to the same extent as if they were taken by Custodian, it being understood and agreed that no such assignment or delegation shall discharge Custodian

from its obligations hereunder. Customer each further agrees that any BNY Affiliate providing services pursuant to the foregoing authorization shall be entitled to all of the protections afforded to Custodian under this Agreement (including, without limitation, pursuant to Articles V and VI). If so advised by Custodian, Customer shall provide Oral or Written Instructions or other information to a BNY Affiliate rather than to Custodian.

13. Custodian shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement, and no covenant or obligation shall be implied against Custodian in connection with this Agreement.

ARTICLE VII

TERMINATION

Either party may terminate this Agreement by giving to the other party a notice in writing specifying the date of such termination, which shall be not less than ninety (90) days after the date of such notice. Upon termination hereof, Customer shall pay to Custodian such compensation as may be due to Custodian, and shall likewise reimburse Custodian for other amounts payable or reimbursable to Custodian hereunder. Custodian shall follow such reasonable Oral or Written Instructions concerning the transfer of custody of records, U.S. Securities and other items as Customer shall give; provided, that (a) Custodian shall have no liability for shipping and insurance costs associated therewith, and (b) full payment shall have been made to Custodian of its compensation, costs, expenses and other amounts to which it is entitled hereunder. If any U.S. Securities or cash remain in the Account, Custodian may deliver to Customer such U.S. Securities and cash. Upon termination of this Agreement, except as otherwise provided herein, all obligations of the parties to each other hereunder shall cease.

ARTICLE VIII

MISCELLANEOUS

1. Customer agrees to furnish to Custodian a new Certificate of Authorized Persons in the event of any change in the then present Authorized Persons. Until such new Certificate is received, Custodian shall be fully protected in acting upon Oral Instructions and Written Instructions of such present Authorized Persons.

2. Any notice or other instrument in writing, authorized or required by this Agreement to be given to Custodian, shall be sufficiently given if addressed to Custodian and received by it at its offices at 10161 Centurion Parkway, Jacksonville, Florida 32256 or at such other place as Custodian may from time to time designate in writing.

3. Any notice or other instrument in writing, authorized or required by this Agreement to be given to Customer shall be sufficiently given if addressed to Customer and received by it at its offices at 4000 Central Florida Boulevard, Millican Hall, Room 384, Orlando, Florida, 32816, Attn: Office of Administration and Finance or at such other place as Customer may from time to time designate in writing.

4. Each and every right granted to either party hereunder or under any other document delivered hereunder or in connection herewith, or allowed it by law or equity, shall be cumulative and may be exercised from time to time. No failure on the part of either party to exercise, and no delay in exercising, any right will operate as a waiver thereof, nor will any single or partial exercise by either party of any right preclude any other or future exercise thereof or the exercise of any other right.

5. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations shall not in any way be affected thereby. This Agreement may not be amended or modified in any manner except by a written agreement executed by both parties. This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided however, that this Agreement shall not be assignable by either party without the written consent of the other.

6. (a) This Agreement shall be construed in accordance with the substantive laws of the State of Florida, without regard to conflicts of laws principles thereof. Customer and Custodian hereby consent to the jurisdiction of a state court situated in Orange County, Florida in connection with any dispute arising hereunder. To the extent that in any jurisdiction Customer may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, Customer irrevocably agrees not to claim, and it hereby waives, such immunity. Customer and Custodian each hereby irrevocably waives any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement.

(b) The parties hereto agree that the establishment and maintenance of the Account, and all interests, duties and obligations with respect thereto, shall be governed by the laws of the State of Florida.

(c) **For Governmental Entities**: If permissible by law; to the extent that in any jurisdiction Customer may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, Customer irrevocably agrees not to claim, and it hereby waives, such immunity

7. The parties hereto agree that in performing hereunder, Custodian is acting solely on behalf of Customer and no contractual or service relationship shall be deemed to be established hereby between Custodian and any other person.

8. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

9. Customer hereby acknowledges that Custodian is subject to federal laws, including the Customer Identification Program (CIP) requirements under the USA PATRIOT Act and its implementing regulations, pursuant to which Custodian must obtain, verify and record information that allows Custodian to identify Customer. Accordingly, prior to opening an Account hereunder Custodian will ask Customer to provide certain information including, but not limited to, Customer's name, physical address, tax identification number and other information that will help Custodian to identify and verify Customer's identity such as organizational documents, certificate of good standing, license to do business, or other pertinent identifying information. Customer agrees that Custodian cannot open an Account hereunder unless and until the Custodian verifies the Customer's identity in accordance with its CIP.

IN WITNESS WHEREOF, Customer and Custodian have caused this Agreement to be executed by their respective officers, thereunto duly authorized, as of the day and year first above written.

UNIVERSITY OF CENTRAL FLORIDA

John C. Hitt

Authorized Signature

President | 01/08/2010

Title | Date

59-2924021

Tax Identification No

THE BANK OF NEW YORK MELLON TRUST CO. N.A.

Authorized Signature

SENIOR ASSOCIATE | 2-26-10

Title | Date

Legal Content Approved

J. Clark, 1/5/10

APPENDIX I

THE BANK OF NEW YORK MELLON

ON-LINE COMMUNICATIONS SYSTEM (THE "SYSTEM")

TERMS AND CONDITIONS

1. License; Use. (a) This Appendix I shall govern Customer's use of the System and any computer software provided by BNY to Customer in connection herewith (collectively, the "**Software**"). In the event of any conflict between the terms of this Appendix I and the main body of this Agreement with respect to Customer's use of the System, the terms of this Appendix I shall control.

(b) Upon delivery to Customer of Software and/or System access codes, Custodian grants to Customer a personal, nontransferable and nonexclusive license to use the Software and the System solely for the purpose of transmitting Written Instructions, receiving reports, making inquiries or otherwise communicating with Custodian in connection with the Account(s). Customer shall use the Software and the System solely for its own internal and proper business purposes and not in the operation of a service bureau. Except as set forth herein, no license or right of any kind is granted to Customer with respect to the Software or the System. Customer acknowledges that Custodian and its suppliers retain and have title and exclusive proprietary rights to the Software and the System, including any trade secrets or other ideas, concepts, know-how, methodologies, or information incorporated therein and the exclusive rights to any copyrights, trademarks and patents (including registrations and applications for registration of either), or other statutory or legal protections available in respect thereof. Customer further acknowledges that all or a part of the Software or the System may be copyrighted or trademarked (or a registration or claim made therefor) by Custodian or its suppliers. Customer shall not take any action with respect to the Software or the System inconsistent with the foregoing acknowledgments, nor shall Customer attempt to decompile, reverse engineer or modify the Software. Customer may not copy, sell, lease or provide, directly or indirectly, any of the Software or any portion thereof to any other person or entity without Custodian's prior written consent. Customer may not remove any statutory copyright notice or other notice included in the Software or on any media containing the Software. Customer shall reproduce any such notice on any reproduction of the Software and shall add any statutory copyright notice or other notice to the Software or media upon Custodian's request.

(c) If Customer subscribes to any database service provided by Custodian in connection with its use of the System, delivery of such database to Customer shall constitute the granting by Custodian to Customer of a non-exclusive, non-transferable license to use such database for so long as this Appendix I is in effect. It is understood and agreed that any database supplied by Custodian is derived from sources which Custodian believes to be reliable but Custodian does not, and cannot for the fees charged, guarantee or warrant that the data is correct, complete or current. All such databases are provided as an accommodation by Custodian to its customers and are compiled without any independent investigation by Custodian. However, Custodian will endeavor to update and revise each database on a periodic basis as Custodian, in its discretion, deems necessary and appropriate. Customer also agrees that Customer will promptly install all updates and revisions to each database which Custodian provides and that Custodian cannot bear any responsibility whatsoever for Customer's failure to do so. CUSTODIAN IS NOT RESPONSIBLE FOR ANY RESULTS OBTAINED BY CUSTOMER FROM USE OF DATABASE SERVICES PROVIDED BY CUSTODIAN.

2. Equipment. Customer shall obtain and maintain at its own cost and expense all equipment and services, including but not limited to communications services, necessary for it to utilize the Software and obtain access to the System, and Custodian shall not be responsible for the reliability or availability of any such equipment or services.

3. Proprietary Information. The Software, any data base and any proprietary data, processes, information and documentation made available to Customer (other than which are or become part of the public domain or are legally required to be made available to the public) (collectively, the "Information"), are the exclusive and confidential property of Custodian or its suppliers. However, for the avoidance of doubt, reports generated by Customer containing information relating to the Account(s) are not deemed to be within the meaning of the term "Information". Customer shall keep the Information confidential by using the same care and discretion that Customer uses with respect to its own confidential property and trade secrets, but not less than reasonable care. Upon termination of the Agreement or the licenses granted herein for any reason, Customer shall return to Custodian any and all copies of the Information which are in its possession or under its control. The provisions of this Section 3 shall not affect the copyright status of any of the Information which may be copyrighted and shall apply to all information whether or not copyrighted.

4. Modifications. Custodian reserves the right to modify the Software from time to time and Customer shall install new releases of the Software as Custodian may direct. Customer agrees not to modify or attempt to modify the Software without Custodian's prior written consent. Customer acknowledges that any modifications to the Software, whether by Customer or Custodian and whether with or without Custodian's consent, shall become the property of Custodian.

5. NO REPRESENTATIONS OR WARRANTIES. CUSTODIAN AND ITS MANUFACTURERS AND SUPPLIERS MAKE NO WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE SOFTWARE, THE SYSTEM, ANY SERVICES OR ANY DATABASE, EXPRESS OR IMPLIED, IN FACT OR IN LAW, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. CUSTOMER ACKNOWLEDGES THAT THE SOFTWARE, THE SYSTEM, ANY SERVICES AND ANY DATABASE ARE PROVIDED "AS IS." TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL CUSTODIAN OR ANY SUPPLIER BE LIABLE FOR ANY DAMAGES, WHETHER DIRECT, INDIRECT SPECIAL, OR CONSEQUENTIAL, WHICH CUSTOMER MAY INCUR IN CONNECTION WITH THE SOFTWARE, SERVICES OR ANY DATABASE, EVEN IF CUSTODIAN OR SUCH SUPPLIER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL CUSTODIAN OR ANY SUPPLIER BE LIABLE FOR ACTS OF GOD, MACHINE OR COMPUTER BREAKDOWN OR MALFUNCTION, INTERRUPTION OR MALFUNCTION OF COMMUNICATION FACILITIES, LABOR DIFFICULTIES OR ANY OTHER SIMILAR OR DISSIMILAR CAUSE BEYOND THEIR REASONABLE CONTROL.

6. Security; Reliance; Unauthorized Use. Custodian will establish security procedures to be followed in connection with the System. Customer understands and agrees that the security procedures are intended to determine whether instructions received by Custodian through the System are authorized but are not (unless otherwise specified in writing) intended to detect any errors contained in such instructions. Customer will cause all persons utilizing the Software and the System to treat all applicable user and authorization codes, passwords and authentication keys with the highest degree of care and confidentiality. Custodian is hereby irrevocably authorized to comply with and rely upon on Written Instructions, whether or not authorized, received by it through the System in accordance with the security procedures. Customer acknowledges that it is its sole responsibility to assure that only Authorized Persons use the System and that to the fullest extent permitted by applicable law Custodian shall not be responsible nor liable for any unauthorized use thereof or for any losses sustained by Customer arising from or in connection with the use of the System or Custodian's reliance upon and compliance with Written Instructions received through the System.

7. System Acknowledgments. Custodian shall acknowledge through the System its receipt of each transmission communicated through the System, and in the absence of such acknowledgment Custodian shall not be liable for any failure to act in accordance with such transmission and Customer may not claim that such transmission was received by Custodian.

8. EXPORT RESTRICTIONS. EXPORT OF THE SOFTWARE IS PROHIBITED BY UNITED STATES LAW. CUSTOMER MAY NOT UNDER ANY CIRCUMSTANCES RESELL, DIVERT, TRANSFER, TRANSSHIP OR OTHERWISE DISPOSE OF THE SOFTWARE (IN ANY FORM) IN OR TO ANY OTHER COUNTRY. IF CUSTODIAN DELIVERED THE SOFTWARE TO CUSTOMER OUTSIDE OF THE UNITED STATES, THE SOFTWARE WAS EXPORTED FROM THE UNITED STATES IN ACCORDANCE WITH THE EXPORT ADMINISTRATION REGULATIONS. DIVERSION CONTRARY TO U.S. LAW IS PROHIBITED. Customer hereby authorizes Custodian to report its name and address to government agencies to which Custodian is required to provide such information by law.

9. Encryption. Customer acknowledges and agrees that encryption may not be available for every communication through the System, or for all data. Customer agrees that Custodian may deactivate any encryption features at any time, without notice or liability to Customer, for the purpose of maintaining, repairing or troubleshooting the System or the Software.

10. On-Line Inquiry and Modification of Records. In connection with Customer's use of the System, Custodian may, at Customer's request, permit Customer to enter data directly into a Custodian database for the purpose of modifying certain information maintained by Custodian's systems, including, but not limited to, change of address information. To the extent that Customer is granted such access and to the extent permitted under Florida law, Customer agrees to indemnify and hold Custodian harmless from all loss, liability, cost, damage and expense (including attorney's fees and expenses) to which Custodian may be subjected or which may be incurred in connection with any claim which may arise out of or as a result of changes to Custodian database records initiated by Customer.

COPY

CERTIFICATE OF AUTHORIZED PERSONS
(Customer - Oral and Written Instructions)

The undersigned hereby certifies that John C. Hitt is the duly elected and acting President of University of Central Florida (the"Customer/Corporation"), and further certifies that the following officers or employees of the Customer/Corporation have been duly authorized in conformity with the Articles of Incorporation and By-Laws to deliver Oral and Written Instructions to The Bank of New York Mellon Trust Company, N.A. ("BNY") pursuant to the Custody Agreement between the Customer/Corporation and BNY and that the signatures appearing opposite their names are true and correct:

Name	Title	Signature
William F. Merck, II	VP Admin & Finance and CFO	William F. Merck II
Vanessa Fortier	Assoc VP Admin & Finance	Vanessa L. Fortier
Tracy Clark	Controller	Tracy Clark
Wilson Rosario	Assoc Controller	W Rosario
Randy Foster	Assoc Budget Director	R G Foster
Joyce Larson	Coordinator of Accounting	Joyce Larson

This certificate and above authorized person(s) will be recognized as authorized individuals you may currently have on file.

John C. Hitt

Title: President

Date: January 8, 2010

Disclosure

Upon appointment of The Bank of New York Mellon Trust Company, N.A. as Domestic Custodian,

University of Central Florida

Shall be responsible for the payment of the fees, expenses and charges as set forth in this Fee Schedule.

ANNUAL ADMINISTRATIVE FEE:
An annual fee covering the duties and responsibilities related to account administration, which may include maintenance of accounts on various systems, collection and payment of principal and interest on assets held in the account. Fees are calculated based on the total market value of assets in arrears on a quarterly billing cycle.

Total Market Value: ....**2.5 basis points**

INVESTMENT and SECURITY TRANSACTION COMPENSATION

Bank Money Market Sweep/Maintenance Fee*:	**Waived**
Book Entry Purchases, Sales and Wire/Check Trans*	**$10.00**

*First 6 months waive 10 transaction charges per month
*After 6 months 5 free transaction charges per month(15 per qtr)
*Waive for transitional transactions when ConvergEX used for Service

ON LINE INTERNET ACCESS FEES

INFORM BASIC:	**Waived**

OUT-OF-POCKET EXPENSES
These are charges outside of normal duties and usually requested by the client. An example would be the Client or Client Money Manager request prior 3 year period of statements to be sent overnight by courier. Additional out-of-pocket expenses may include, but are not limited to, telephone; facsimile; courier; copying; postage; supplies, termination fees and expenses of The Bank of New York Trust Company, N.A. or The Bank of New York representative(s) and Counsel for attending special meetings and related cost.

MISCELLANEOUS
Charges for performing extraordinary, global transactions or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be determined by appraisal in amounts commensurate with the services to be provided. Additional information will be provided at such time. Miscellaneous fees may include, but are not necessarily limited to the following, if applicable: Not in Bank assets, auditor confirmation fees, transaction fees to settle unusual transactions or create customized statements/reports.

MONEY MARKET FUNDS - With respect to investments in money market mutual funds or other type of money market alternative products, BNY (or its affiliates) may also receive and retain additional fees not reflected in this agreement from these products for shareholder services or other similar fees described in the Prospectus and set fourth in the Authorization and Direction to BNY to Invest Cash Balances in Money Market Mutual Funds or other products.

FEE CYCLE
Administrative, Transaction and other Non Money Market related fees will be billed quarterly in arrears.

TERMS OF PROPOSAL
Final acceptance of the appointment as account agreement is subject to approval of authorized officers of BNY and full review and execution of all documentation related hereto. If applicable please note that if this transaction does not close, you will be responsible for paying any expenses incurred, including Counsel Fees. We reserve the right to terminate this offer if we do not enter into final written documents within three months from the date this document is first transmitted to you. These fees are good from the date of client acceptance based on services expressed and contemplated at the time of the proposal.

CUSTOMER NOTICE REQUIRED BY THE USA PATRIOT ACT
To help the US government fight the funding of terrorism and money laundering activities, US Federal law requires all financial institutions to obtain, verify, and record information that identifies each person (whether an individual or organization) for which a relationship is established.

What this means to you: When you establish a relationship with BNY, we will ask you to provide certain information (and documents) that will help us to identify you. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us to identify you. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

CLASS ACTION
( ) Send all class action notices and forms to the Client/Customer.
( ) Send all class action notices and forms to the appointed Money Managers.
(X) Custodian submits all class action forms and information to the Class Action Claims Administrator

<u>SEC 14b-2:</u>
We are required by the Security and Exchange Commission Regulations to solicit your authorization with respect to Rule 14b-2. As you may be aware, the Securities and Exchange Commission adopted this rule to facilitate direct communications between companies that issue securities and the holders who own securities.

Securities and Exchange Commission ("SEC") shareholder communications rules and the Shareholders Communications Act of 1985 (the "Act") require the Bank of New York ("BNY") to disclose to issuers of U.S. securities, upon the issuers' request, the name, address and securities position of our customers who are the "beneficial owners" (as defined in the Act) of the issuer's securities held by BNY, if the beneficial owner does not object to such disclosure. (For these purposes, securities include debt and equity securities, including bonds, money market funds and mutual funds.) The Act also requires BNY to disclose to issuers of U.S. securities, upon the issuers' request, the name and address of our customers who are acting as a "respondent bank" (as defined in the Act) with respect to the securities held by BNY. Under the Act, "respondent banks" do not have the option of objecting to such disclosure upon the issuers' request.

The Act defines a "beneficial owner" as any person who has, or shares, the power to vote a security (pursuant to an agreement or otherwise), or who directs the voting of a security. The Act defines a "respondent bank" as any bank, association or other entity that exercises fiduciary powers which holds securities on behalf of beneficial owners and deposits such securities for safekeeping with a bank, such as BNY. Under the Act, you are either the "beneficial owner" or a "respondent bank."

In accordance with these requirements, please check the appropriate boxes below, *sign this form,* and return it to me. Please do not hesitate to contact me if you have any questions.

By signing this form, you agree that: (i) your selections below apply to all of your current BNY accounts and to all BNY accounts you may open in the future; and (ii) your selections below amend any contrary selections or directions in any prior agreement or other prior writing from you as to your status as a beneficial owner or respondent bank, and, for beneficial owners, as to your objection or non-objection to the disclosure of your information to requesting issuers.

For "beneficial owners" <u>and</u> "respondent banks," please complete the following:

(X) I am the beneficial owner of the securities held by BNY.
( ) I am not the beneficial owner of the securities held by BNY, but I am acting as a "respondent bank" with respect to the securities held by BNY.

"Respondent banks" will receive an omnibus proxy and will need to make their own proxy voting arrangements for their clients to vote as part of the omnibus proxy.
If we do not receive a response within 10 business days, we will assume that you are the beneficial owner, and we will follow the procedure below for beneficial owners.

For "beneficial owners" only, please complete the following:

( ) I object to the disclosure of my name, address, and securities position to requesting issuers.
(X) I do not object to the disclosure of my name, address, and securities position to requesting issuers.

For your protection, SEC regulations prohibit any Issuer from using this information for any purpose other than communicating with its shareholders. Please note, however, that should we not receive your response within 10 business days, *we will assume you have no objection to the disclosure of this information and we will make this information available to any issuer of securities that we hold for you, upon the issuer's request.*

Mutual Fund Transaction Processing

Pursuant to the Custody Agreement (the "Agreement") between ("Customer") and The Bank of New York ("BNY"), Customer may, from time to time, authorize and direct BNY (or its nominee), as agent for Customer, to process purchases, redemptions or exchange orders ("Transactions") for registered investment company ("Fund") shares, as well as submit all documents and information required by such Fund and provided by Customer to BNY, as well as to make or receive payment, in accordance with the terms of such Fund Transactions.

In connection with the foregoing, each direction and authorization from Customer relating to a Transaction shall constitute a representation and warranty from Customer that Customer (a) has reviewed, understands and accepts the terms of the relevant prospectus for such Fund, including the fees and expenses borne by the Fund, and is in compliance with the prospectus for such Fund, including the eligibility requirements of each Fund; (b) will comply with the requirements of the prospectus for such Fund, including the restrictions on frequent trading and redemption fee provisions of such prospectus; and (c) is the beneficial owner of the Fund shares or has the authority to sign as agent for and to act on behalf of the beneficial owner. Customer acknowledges and agrees that BNY has not exercised investment discretion in connection with the beneficial owner's decision to purchase, redeem or exchange the Fund shares that are the subject of the Transaction. Customer hereby agrees to be bound by any such other terms and conditions of ownership whether they be required by a Fund or BNY.

Customer acknowledges and agrees that BNY may use the services of an unaffiliated sub-custodian or broker (the "Service Provider") to effect the purchase, redemption or exchange of Fund shares, to clear and settle Fund Transactions and to sub-custody Fund shares. Customer also acknowledges and agrees that each Fund and its investment adviser(s), distributor(s) and/or administrator(s) (each an "Agent") may make payments to the Service Provider in connection with certain services provided to the Fund by the Service Provider (such as "shareholder servicing" fees), all or a portion of which may be paid by the Service Provider to BNY. The Fund or its Agents may also make payments to the Service Provider for facilitating the purchase, sale or exchange of Fund shares (Rule 12b-1 distribution fees). Customer further acknowledges and agrees that a Fund may (a) purchase securities from or through BNY or its affiliates; (b) engage in repurchase transactions in which BNY or its affiliates may act as clearing bank or custodian; (c) place funds on deposit in accounts with BNY or its affiliates and receive interest income thereon; or (d) obtain other services from BNY or its affiliates that may result in fees for BNY or its affiliates. Customer hereby consents to the receipt of fees by the Service Provider or BNY and the transactions described in this paragraph.

University of Central Florida:		**BNY Mellon Trust Co. N.A.:**
Signature:	John C. Hitt	Christy Sheppard
Date:	January 8, 2010	2.16.10
Name:	John C. Hitt	CHRISTY SHEPPARD
Title:	President	SENIOR ASSOCIATE

Legal Content Approved
J. Clark 1/6/10

Board of Trustees
Finance Committee Meeting Minutes
October 21, 2008

Trustee Conrad Santiago, chair of the Finance Committee, called the meeting to order in the President's Boardroom at 8:30 a.m. In addition to Chair Santiago, committee member Manoj Chopra was present. Committee members Rick Walsh, Tom Yochum, and Pat Christiansen attended via teleconference.

APPROVAL OF MINUTES
The minutes of the August 26, 2008, meeting were approved.

OLD BUSINESS
Fraternity houses purchase update
Maribeth Ehasz, Vice President for Student Development and Enrollment Services, briefly reported that an agreement had been reached on prices for both houses: $1.5 million for the SAE House and $1.46 million for the SPE House. The UCF Housing and Residence Life cash reserves will be used to purchase these houses. The closings should occur in two months, after which renovations on the houses will begin and decisions will be made about the Greek organizations that will occupy each house. The houses should be occupied by fall of 2009 and the rental income will go to UCF Housing and Residence Life.

CDARS investments update
William Merck, Vice President for Administration and Finance, gave a brief update on the investment of a portion of the university's cash balances into the Certificate of Deposit Registry System (CDARS) program. Within the past year, the Board of Trustees adopted an investment policy to allow diversification of university cash balances beyond the limited options allowed in state statutes absent a board policy. Subsequently, within the parameters of the new policy, the board directed staff member to review the CDARS with an objective of moving $50 million into this program. After a thorough review and a bid process, the committee chose CNL Bank to work within the CDARS program and invested $50 million in two tranches. The first $30 million was divided into thirds, laddered with a 9-month maturity at 3.85%, a 12-month maturity at 4.05%, and a 15-month maturity at 4.25%. One week later, the second tranche invested with half at 6 month's maturity at 3.45% and 15 months at 4.05%.

NEW BUSINESS
2009 Finance Committee meeting dates
Chair Santiago reviewed a list of future meeting dates with the committee and it was approved.

Public funds banking resolution
W. Scott Cole, Vice President and General Counsel, reported that the CDARS transactions with CNL Bank required that a board resolution be adopted giving signatory authority to specific UCF staff members William Merck, Vanessa Fortier, and Tracy Clark, to conduct business with CNL. Scott reported that two signatures would be needed for transactions. The resolution was approved.

Operating budget status
Vanessa Fortier, Associate Vice President for Administration and Finance, reported on the status of the operating budget, reviewing the budget presentation contained in the agenda materials.

Review of UCF's draft financial statements

In past years, the UCF annual financial statements have been presented to the Board of Trustees after they have been audited and printed in a final document. In a change in procedure, the controller presented draft financial statements to the Finance Committee for review and comment well in advance of the preparation of final documents. This presentation led to a number of constructive comments from the committee that will make the final documents much clearer to the reader. The normal process results in the June 30 year-end financial statements being seen by the Board after the state releases its final audited report in the following spring. By that time it is a good historical document, but not timely in the sense of providing a management tool to the Finance Committee. This new procedure allows for constructive comment, as well as a timely look at the statements.

Letters of credit for t he UCF Convocation Corporation and the UCF Finance Corporation

William Merck, Vice President for Administration and Finance, reported that the three-year evergreen letter of credit with the Bank of America that replaced approximately $7.5 million taken from the convocation center housing reserves to build the event garage was renewed for an additional year for 85 basis points. The annual fee for the outstanding letter of credit will remain at 25 basis points for the remaining two years of the original agreement. The UCF Finance Corporation also has a letter of credit with Fifth Third Bank. This letter of credit was in lieu of bond insurance supporting $60 million in bonds issued for the Burnett Bio Medical Building at Lake Nona. The original letter of credit was issued for ten years at an annual cost of 24 basis points. This letter of credit is not being renewed by Fifth Third; but since only nine years remain on the balance, this situation does not pose an immediate problem for UCF.

Support Agreement Fund Balances Report

William Merck reviewed the support agreement fund balances report that shows coverage of 8.5 times the required maximum annual debt service on the convocation center and stadium projects. The support agreement requires a minimum coverage of 2 times.

Revised stadium projections and taxable debt payment schedule

Brad Stricklin, Associate Athletic Director of Business and Finance, UCFAA, Inc., reviewed the subject documents that reflected the changes requested by the committee in the last meeting. Chair Santiago commented on the likely changes that will occur in the amounts shown for ticket sales and donor contributions. He requested that these numbers be updated for the next meeting and further updates provided every six months.

New Regulation

Scott Cole brought to the committee's attention that a new regulation will soon be presented to the committee by the College of Medicine requesting a waiver of out-of-state tuition for medical students since the tuition charges for all students, in- or out-of state have been set at $20,000. Following the committee's action, the regulation will go to the full board. This material will be prepared for the committee in the next few weeks.

CLOSING COMMENTS

With no further items for discussion, Chair Santiago adjourned the meeting at 10:07 a.m.

Respectfully Submitted: ___________________________________ Date: ____________

William F. Merck II
Vice President, Administration and Finance
and Chief Financial Officer

BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
December 6, 2007

SUBJECT: Regulation 9.007 – State University Operating Budgets

PROPOSED BOARD ACTION

Approve Regulation 9.007 – State University Operating Budgets

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Section 7(d), Art. IX, Florida Constitution

BACKGROUND INFORMATION

Regulation 9.007 – State University Operating Budgets - was approved for public notice at the September 2007 meeting.

The Board of Governors, Budgeting and Fiscal Policy Office, coordinates the annual operating budget submission process for the State University System. Operating budgets shall be prepared by each university president, for approval by the University's Board of Trustees, in accordance with instructions, guidelines, and standard formats provided by the Board of Governors. Operating budgets approved by the Board of Trustees are presented to the Board of Governors for approval on an annual basis.

No public comments or amendments were made to this regulation.

Supporting Documentation Included:	Regulation 9.007
Facilitators/Presenters:	Tim Jones, Executive Director

New

Regulation BOG-9.007 State University Operating Budgets

(1) Each university president shall prepare an operating budget for approval by the University Board of Trustees, in accordance with instructions, guidelines, and standard formats provided by the Board of Governors.

(2) Each University Board of Trustees shall adopt an operating budget for the general operation of the university as prescribed by the regulations of the Board of Governors. The University Board of Trustees-ratified operating budget is presented to the Board of Governors for approval. Each university president shall implement the operating budget of the university as prescribed by regulations of the Board of Governors, policies of the University Board of Trustees, provisions of the General Appropriations Act, and data reflected within the Allocation Summary.

(3) The operating budgets of each state university shall represent the following budget entities:

(a) Educational and General (E&G)– reports actual and estimated year operating revenues and expenditures (actual year expenditures should include year-end encumbrances) for all E&G funds, including: General Revenue, Student and Other Fees, Educational Enhancement Trust Fund (Lottery), Phosphate Research Trust Fund – and including the following previously-appropriated trust funds: Experiment Station Federal Grant, Experiment Station Incidental, Extension Service Federal Grant, Extension Service Incidental, UF-HSC Incidental, and UF-Health Science Center Operations and Maintenance.

1. The E&G budget funds the general instruction, research, public service, plant operations and maintenance, student services, libraries, administrative support, and other enrollment-related and stand-alone operations of the universities. Universities shall accumulate ending fund balances for activities such as, but not limited to, a contingency for unfunded enrollment growth, potential budget reductions, anticipated increases in university operations, and prior year encumbrances. At any time the unencumbered available balance in the E&G fund of the University Board of Trustees approved operating budget falls below five (5) percent of the approved total, the president shall provide a written notification and explanation to the Board of Governors.

2. Expenditures from any source of funds by any university shall not exceed the funds available. No expenditure of funds, contract, or agreement of

any nature shall be made that requires additional appropriation of state funds by the Legislature unless specifically authorized in advance by law or the General Appropriations Act.

3. The following units are required to report under this budget entity:

State Universities
UF-Institute of Food and Agricultural Science
UF Health Science Center
USF Medical Center
FSU Medical School
UCF Medical School
FIU Medical School

(b) Contracts and Grants – reports actual and estimated year revenues, expenditures, and positions for university functions which are supported by foundations, various state and federal agencies, local units of governments, businesses, and industries.

(c) Auxiliary Enterprises – reports actual and estimated year revenues, expenditures, and positions for self-supporting functions such as, but not limited to, parking services, housing, bookstore operations, and food services.

(d) Local Funds – reports actual and estimated year revenues, expenditures, and positions for the following specific areas:

1. Student Activities – revenues generated primarily from the activity and service fee each university is authorized to charge its students as a component of the mandatory fee schedule. Activities commonly supported by these revenues include student government, cultural events, student organizations, and intramural/club events.

2. Intercollegiate Athletics – revenues generated from the student athletic fee that each university is authorized to collect as a component of the mandatory fee schedule, and from other sources including ticket sales, radio/TV, bowl games, and tournament revenues.

3. Concession Fund – revenues generated from various vending activities located around the campuses. The University's budget must reflect the various departments/activities on each campus which benefit from receipt of these funds.

4. Student Financial Aid – revenues received by the university for loans, grants, scholarships, and other student financial aid. Expenditures of these funds must be reported by activities such as externally-funded loans, student scholarships, need-based financial aid, academic-based financial aid, and athletic grants/scholarships.

5. Self-Insurance Programs – revenues received by the university from entities and individuals protected by the self-insurance programs. This budget must reflect expenditures related to the administration of the self insurance programs and the judgments or claims arising out of activities for which the self- insurance program was created.

(e) Faculty Practice Plan – related to the activities for the state universities' medical schools and health centers. This budget must be designed to report the monetary level of clinical activity regarding the training of students, post-graduate health professionals, and medical faculty.

(4) The operating budgets of each university shall represent the following:

(a) The university's plan for utilizing the resources available through direct or continuing appropriations by the Legislature, allocation amendments, or from local sources including tuition. The provisions of the General Appropriations Act and the Allocation Summary will be taken into consideration in the development and preparation of the E&G data.

(b) Actual prior-year revenues, expenditures (including prior-year encumbrances), and positions (excluding E&G carry forward amounts expended, except on Schedule I reports) and current-year estimated revenues, expenditures, and positions.

(c) Assurance that the universities are in compliance with general legislative intent for expenditure of the appropriated state funds and with the BOG guidelines and priorities.

(5) Interest earnings resulting from the investment of current-year educational and general appropriations are considered to be of the same nature as the original appropriations, and are subject to the same expenditure regulations as the original appropriations. E&G interest earnings are not to be utilized for fixed capital outlay expenditures. Interest earnings resulting from invested carry forward funds are considered to be additions to the university's carry forward balance, and are not reported in the annual operating budget with the exception of the manually-prepared

estimated year E&G Schedule I reports.

Anticipated interest earnings for the estimated year from invested E&G funds should not be included when building the detailed operating budget schedules. Estimated year E&G interest earnings and planned expenditures of these funds should only be reported on the manually-prepared E&G Schedule I and Summary Schedule I reports.

(6) Any unexpended E&G appropriation carried forward to the fund balance in a new fiscal year shall be utilized in support of E&G operating activities only.

Specific Authority: Article IX, Section 7(d), Florida Constitution; Section 216.023, Florida Statutes; New _________.

FLORIDA BOARD OF GOVERNORS
NOTICE OF PROPOSED REGULATION AMENDMENT

DATE: September 17, 2013

REGULATION NUMBER AND TITLE: 9.007 State University Operating Budgets

SUMMARY:

This regulation is being amended to include the following changes:

- Adds clarifying language that university carry forward funds shall be included in annual expenditure data.
- Adds clarifying language that Education & General funds are to be used for operating activities, unless specifically authorized by law.
- Adds language requiring universities to comply with all applicable federal, state, and local laws when implementing grants, contracts and sponsored research programs.
- Adds language regarding the inclusion of technology fee revenues/expenditures and Board approved fees in the annual operating budget submissions.
- Adds clarifying language that Education & General interest earnings should be used for Education & General operating purposes, unless specifically authorized by law.

FULL TEXT OF THE REGULATION IS INCLUDED WITH THIS NOTICE.

AUTHORITY TO PROPOSE REGULATION(S): Section 7(d), Art. IX, Fla. Const.; BOG Regulation Development Procedure dated March 23, 2006.

THE BOARD OF GOVERNORS' OFFICIAL INITIATING THE PROPOSED REGULATION: Tim Jones, Chief Financial Officer

COMMENTS REGARDING THE PROPOSED REGULATION SHOULD BE SUBMITTED WITHIN 14 DAYS OF THE DATE OF THIS NOTICE TO THE CONTACT PERSON IDENTIFIED BELOW. The comments must identify the regulation on which you are commenting:

General Counsel, Board of Governors, State University System, 325 W. Gaines Street, Suite 1614, Tallahassee, Florida 32399, (850) 245-0466 (phone), (850) 245-9685 (fax), or generalcounsel@flbog.edu.

9.007 State University Operating Budgets

(1) Each university president shall prepare an operating budget for approval by the u~~U~~niversity b~~B~~oard of t~~T~~rustees, in accordance with instructions, guidelines, and standard formats provided by the Board of Governors.

(2) Each u~~U~~niversity b~~B~~oard of t~~T~~rustees shall adopt an operating budget for the general operation of the university as prescribed by the regulations of the Board of Governors. The u~~U~~niversity b~~B~~oard of t~~T~~rustees-ratified operating budget is presented to the Board of Governors for approval. Each university president shall implement the operating budget of the university as prescribed by regulations of the Board of Governors, policies of the u~~U~~niversity b~~B~~oard of t~~T~~rustees, provisions of the General Appropriations Act, and data reflected within the State University System Allocation Summary and Workpapers publication.

(3) The operating budgets of each state university shall represent the following budget entities:

(a) Education and General (E&G)– reports actual and estimated year operating revenues and expenditures ~~(actual year expenditures should include year end encumbrances)~~ for all E&G funds, including: General Revenue, Student and Other Fees, Educational Enhancement Trust Fund (Lottery), Phosphate Research Trust Fund, – and including the following previously-appropriated trust funds: Experiment Station Federal Grant, Experiment Station Incidental, Extension Service Federal Grant, Extension Service Incidental, UF-HSC Incidental, and UF-Health Science Center Operations and Maintenance. In addition, expenditures from university carryforward funds (unexpended E&G balances from all prior-period appropriations) shall be included in the actual history year reporting. University carryforward funds shall not be included in any estimated-year (budgeted) amounts.

1. Unless otherwise expressed by law, E&G funds are to be used for E&G operating activities only, such as, but not limited to, general instruction, research, public service, plant operations and maintenance, student services, libraries, administrative support, and other enrollment-related and stand-alone operations of the universities.

~~1.~~2. Universities shall accumulate ending fund balances for activities such as, but not limited to, a contingency for unfunded enrollment growth, potential budget reductions, anticipated increases in university operations, and prior year encumbrances. At any time the unencumbered available balance in the E&G fund of the u~~U~~niversity b~~B~~oard of t~~T~~rustees approved operating budget falls below five (5) percent of the approved total, the president shall provide a written notification and explanation to the Board of Governors.

3. Expenditures from any source of funds by any university shall not exceed the funds available. No expenditure of funds, contract, or agreement of any nature shall be made that requires additional appropriation of state funds by the Legislature unless specifically authorized in advance by law or the General Appropriations Act.

4. The following units are required to report under this budget entity:

   State Universities
   UF - Institute of Food and Agricultural Science
   UF Health Science Center
   USF Medical Center
   FSU Medical School
   UCF Medical School
   FIU Medical School
   FAU Medical School

(b) Contracts and Grants – reports actual and estimated year revenues, expenditures, and positions for university functions which are supported by foundations, various state and federal agencies, local units of governments, businesses, and industries. Universities shall comply with all applicable federal, state, local, and university regulations and guidelines as they relate to grants, contracts, and sponsored research programs.

(c) Auxiliary Enterprises – reports actual and estimated year revenues, expenditures, and positions for self-supporting functions such as, but not limited to, parking services, housing, bookstore operations, and food services.

(d) Local Funds – reports actual and estimated year revenues, expenditures, and positions for the following specific areas:

   1. Student Activities – revenues generated primarily from the activity and service fee each university is authorized to charge its students as a component of the mandatory fee schedule.

Activities commonly supported by these revenues include student government, cultural events, student organizations, and intramural/club events.

2. Intercollegiate Athletics – revenues generated from the student athletic fee that each university is authorized to collect as a component of the mandatory fee schedule, and from other sources including ticket sales, radio/TV, bowl games, and tournament revenues.

3. Concession Fund – revenues generated from various vending activities located around the campuses. The u~~U~~niversity's budget must reflect the various departments/activities on each campus which benefit from receipt of these funds.

4. Student Financial Aid – revenues received by the university for loans, grants, scholarships, and other student financial aid. Expenditures of these funds must be reported by activities such as externally-funded loans, student scholarships, need-based financial aid, academic-based financial aid, and athletic grants/scholarships.

5. Technology Fee – revenues generated from the technology fee that a university is authorized to charge its students as a component of the mandatory fee schedule. Proceeds from this fee shall be used to enhance instructional technology resources for students and faculty.

6. Board-Approved Fees – student fees presented to the Board of Governors for approval by a university board of trustees that is intended to address a student need not currently being met through existing university services, operations, or another fee.

~~5.~~7. Self-Insurance Programs – revenues received by the university from entities and individuals protected by the self-insurance programs. This budget must reflect expenditures related to the administration of the self insurance programs and the judgments or claims arising out of activities for which the self-insurance program was created.

(e) Faculty Practice Plan – related to the activities for the state universities' medical schools and health centers. This budget must be designed to report the monetary level of clinical activity regarding the training of students, post-graduate health professionals, and medical faculty.

(4) The operating budgets of each university shall represent the following:

(a) The university's plan for utilizing the resources available through direct or continuing appropriations by the Legislature, allocation amendments, or from local sources including tuition. The provisions of the General Appropriations Act and the SUS Allocation Summary and Workpapers publication will be taken into consideration in the development and preparation of the E&G data.

(b) Actual prior-year revenues, expenditures ~~(including prior year encumbrances)~~ (including E&G carryforward amounts expended), and positions, as well as current-year estimated revenues, expenditures, and positions. University carryforward funds shall not be included in any estimated-year (budgeted) amounts.

(c) Assurance that the universities are in compliance with general legislative intent for expenditure of the appropriated state funds and with the Board of Governors' guidelines and priorities.

(5) Interest earnings resulting from the investment of current-year E&G appropriations are considered to be of the same nature as the original appropriations, and are subject to the same expenditure regulations as the original appropriations. E&G interest earnings are not to be utilized for non-E&G related activities or for fixed capital outlay activities except where expressly allowed by law. Interest earnings resulting from invested carryforward funds are considered to be additions to the university's carryforward balance.

Anticipated interest earnings for the estimated year from invested E&G funds should not be included when building the detailed operating budget schedules. Estimated-year E&G interest earnings and planned expenditures of these funds should only be reported on the manually-prepared E&G Schedule I and Summary Schedule I reports.

(6) Any unexpended E&G appropriation carried forward to the fund balance in a new fiscal year shall be utilized in support of E&G operating activities only except where expressly allowed by law..

Authority: Section 7(d), Art. IX, Fla. Const., History–New 12-6-07, ___________

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2020-005
July 2019

FLORIDA INTERNATIONAL UNIVERSITY

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period January 2017 through December 2017, Dr. Mark B. Rosenberg served as President of Florida International University and the following individuals served as Members of the Board of Trustees:

The team leader was Elias I. Jaime, CPA, and the audit was supervised by Hector J. Quevedo, 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.

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FLORIDA INTERNATIONAL UNIVERSITY

SUMMARY

This operational audit of Florida International University (University) focused on selected University processes and administrative activities and included a follow-up on findings noted in our report No. 2016-187. Our operational audit disclosed the following:

Finding 1: University textbook affordability procedures continue to need improvement.

Finding 2: The University over allocated $8.2 million net investment income to the Auxiliary Enterprises Fund and under allocated that same amount to other funds, which increased the risk that income from restricted resources will not be used consistent with the restrictions governing those resources.

Finding 3: University procedures need improvement to ensure that investment information required by State law is presented to the Board and investment account reconciliations are performed timely.

Finding 4: The University made severance payments that exceeded the limits established in State law. A similar finding was noted in our report No. 2016-187.

Finding 5: University rules and records supporting University property, facilities, and personal services used by the University direct-support organizations (DSOs) could be improved. In addition, absent legal authority, the University should discontinue the transfer of royalty and licensing fees to DSOs.

Finding 6: The University intercollegiate athletic programs were not self-supporting and continued to experience fund deficits.

Finding 7: The University did not always timely cancel purchasing card privileges when a cardholder separated from University employment.

Finding 8: Certain University information technology (IT) access controls over finance applications need improvement.

Finding 9: Some unnecessary IT user access privileges existed that increase the risk that unauthorized disclosure of sensitive personal information of students may occur.

BACKGROUND

The Florida International University (University) is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors (BOG). The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the BOG appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered 5-year terms. The Faculty Senate Chair and Student Body President also are members.

The BOG establishes the powers and duties of the Trustees. The Trustees are responsible for setting University policies, which provide governance in accordance with State law and BOG Regulations. The University President is selected by the Trustees and confirmed by the BOG. 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 for the University.

FINDINGS AND RECOMMENDATIONS

Finding 1: Textbook Affordability

State law[1] requires each university to post prominently in the course registration system and on its Web site, as early as feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the university during the upcoming term. In addition, State law[2] requires universities to report to the Chancellor of the State University System (SUS) no later than September 30, 2017, the number of courses and course sections that were not able to meet the textbook and instructional materials posting deadline for the previous fiscal year.

According to University personnel, course instructors submit a list of required and recommended textbooks and instructional materials to the Bookstore Vendor to determine whether the items are available for purchase. If immediately available, the textbooks and instructional materials are posted on the University Web site and in the student registration system. University guidelines[3] also require course instructors to confirm to the Bookstore Vendor the courses and course sections that will require no textbooks or instructional materials.

Our examination of University records supporting textbooks and instructional materials for the Spring, Summer, and Fall 2017 Semesters and discussions with University personnel disclosed that:

- The University contracted with the Bookstore Vendor to manage and operate the bookstore, as well as compile and post adopted textbooks and instructional materials in the course registration system and on the University Bookstore Web site. Table 1 shows, for the Spring, Summer, and Fall 2017 Semesters, the posted status of course sections and the percentage of course sections timely posted.

Table 1
Textbook and Instructional Materials Postings

Posted Status	Spring 2017 Course Sections	Summer 2017 Course Sections	Fall 2017 Course Sections
Timely	6,996	3,355	7,619
Late	499	196	738
Not Posted	281	145	317
Totals	**7,776**	**3,696**	**8,674**
Percent Timely	**90%**	**91%**	**88%**

Source: University records.

[1] Section 1004.085(6), Florida Statutes.

[2] Section 1004.085(8), Florida Statutes.

[3] University Textbook Adoption Process.

As the University only timely posted the textbooks and instructional materials for 90, 91, and 88 percent of the course sections during the Spring, Summer, and Fall 2017 Semesters, respectively, the University did not comply with State law requiring such information be timely posted for at least 95 percent of the course sections. In response to our inquiries, University personnel indicated that delays occurred because, for several course sections, the instructors revised the textbook and instructional material information that would be used in their respective courses after the 45-day deadlines. The timely posting of required and recommended textbook and instructional material information in the course registration system and on the University Bookstore Web site is necessary for students to understand course textbook requirements, have sufficient time to consider textbook purchase options, and limit their textbook costs.

- The University Report to the Chancellor of the SUS for the Spring and Fall 2017 Semesters indicated that textbook and instructional materials information for 5 percent of the course sections did not meet the posting deadline and, therefore, the University represented that 95 percent of course sections met the posting deadline for each semester. In response to our inquiries regarding the differences for the 95 percent represented for both semesters and the 90 and 88 percent of textbooks and instructional materials timely posted for those semesters, respectively, University personnel indicated that the University report was based on the course section information available at the posting deadlines and, therefore, did not include changes to course sections after the posting deadline. Accurate information reported to the SUS Chancellor is required by State law and helps the Chancellor summarize and report the information by institution to the Board of Governors.

A similar finding was noted in our report No. 2016-187.

Recommendation: To promote compliance with State law and help ensure that University textbooks and instructional materials of acceptable quality are available to students at the lowest prices, the University should:

- **At least 45 days before the first day of classes, prominently post in the course registration system and on its Web site, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the University during the upcoming term.**
- **Include changes to course sections made after the posting deadlines when reporting to the SUS Chancellor.**

Finding 2: Net Investment Income Allocations

Board of Governor (BOG) regulations[4] require that interest earnings resulting from the investment of current-year education and general (E&G) State appropriations be considered of the same nature and subject to the same expenditure regulations as the original appropriations. Similarly, BOG regulations provide that interest earnings resulting from invested carry forward funds be considered additions to the University's carry forward balance. As a good business practice, when restricted funds are commingled with other funds for investment purposes, it is important for records to demonstrate the equitable allocation of the generated investment income to the respective funding source to ensure that restricted income is used for purposes consistent with applicable funding restrictions.

Our examination of University records and discussions with University personnel disclosed that, for the 2017-18 fiscal year, the University maintained an average monthly investment balance of $371.9 million

[4] BOG Regulation 9.007(5), *State University Operating Budgets*.

for all University funds, including $364.6 million or 98 percent that represented various resources accounted for in the Auxiliary Enterprises[5] Fund. Table 2 details the sources of the $364.6 million that were maintained in the Auxiliary Enterprises Fund for that period, including auxiliary enterprises resources, E&G Funds resources,[6] and other resources.[7] According to University records, investment income was allocated to the respective contributing funds based on each fund's cash balance and contribution to the Auxiliary Enterprises Fund investments, and either the State of Florida Special Purpose Investment Account (SPIA) interest rate or the 30-day United States Treasury Bill (US T-Bill) interest rate, depending on the restrictive nature of each fund's resources.

Table 2
Auxiliary Enterprises Fund
Monthly Average Investment Balances

2017-18 Fiscal Year
(Amounts in Millions)

Source of Investments	Amount	Percentage
Auxiliary Enterprises Fund	$152.7	42%
E&G Funds	103.5	28%
Other Funds	108.4	30%
Total Investment Balance	**$364.6**	**100%**

Source: University records.

Table 3 details the $16.1 million in University net investment income generated by investments maintained in the Auxiliary Enterprises Fund during the 2017-18 fiscal year, including $14.9 million retained in the Auxiliary Enterprises Fund, $0.5 million allocated to E&G Funds, and $0.7 million allocated to other funds.

[5] Section 1011.47(1), Florida Statutes, defines auxiliary enterprises as activities that directly or indirectly provide a product or service, or both, to a university or its students, faculty, or staff and for which a charge is made. These auxiliary enterprises are business activities of a university which require no support from the General Revenue Fund, and include activities such as food services, bookstores, and intercollegiate athletic programs.

[6] E&G State appropriations, such as the General Revenue Fund, Educational Enhancement Fund, and College of Medicine (COM) Fund, are designated for specified operational purposes and, therefore, may not be used for major capital acquisitions.

[7] Other resources were from funds that supported housing, parking, and Federal and State grant activities.

Table 3
Investment Income and Expenses
For Investments in the Auxiliary Enterprises Fund

2017-18 Fiscal Year
(Amounts in Millions)

	All Funds		Auxiliary Enterprises Fund		E&G Funds		Other Funds	
Investment Income/Expense	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Interest and Dividend Income	**$6.1**	**100%**	$4.9	80%	$0.5	8%	$0.7	12%
Realized Gains on Sale of Investments	**25.2**	**100%**	25.2	100%	-	-	-	-
Unrealized Losses on Investments	**(14.1)**	**100%**	(14.1)	100%	-	-	-	-
Investment Expenses	**(1.1)**	**100%**	(1.1)	100%	-	-	-	-
Total Net Investment Income	**$16.1**	**100%**	**$14.9**	**93%**	**$0.5**	**3%**	**$0.7**	**4%**

Source: University records.

Based on the information compiled in Tables 2 and 3, we estimated that, as shown in Table 4, the University over allocated net investment income to the Auxiliary Enterprises Fund by $8.2 million and under allocated net investment income to other funding sources by that same amount.

Table 4
Estimated Net Investment Income Over (Under) Allocated

2017-18 Fiscal Year
(Amounts in Millions)

	Total Net Investment Income of $16.1 Million Multiplied By	**Estimated Net Investment Income Over (Under) Allocated**
Auxiliary Enterprises Fund	51% [a]	$ 8.2
E&G Funds	(25)% [b]	$(4.0)
Other Funds	(26)% [c]	$(4.2)

[a] Table 3: 93% minus Table 2: 42%.
[b] Table 3: 3% minus Table 2: 28%.
[c] Table 3: 4% minus Table 2: 30%.

The University over and under allocated these amounts because net investment income was commingled and not equitably allocated to the respective funding sources based on the investment balances attributable to each funding source. In response to our inquiries regarding the University's investment income allocation process, University personnel responded that:

- The allocation method allowed for those resources accumulated in the Auxiliary Enterprises Fund to be used to subsidize student scholarships. For example, during the 2017-18 fiscal year, the University used $5.9 million of the investment income retained in the Auxiliary Enterprises Fund to subsidize student scholarships provided through the Current Unrestricted Scholarship Fund.

- Participating funds with net negative cash balances were not allocated any investment earnings and funds with positive cash balances were allocated investment income based on the SPIA interest rate or the 30-day US T-Bill interest rate.
- The allocation process was implemented to guarantee investment income to participating funds, regardless of the actual performance of the underlying investments, and to protect participating funds, including E&G Funds, from proportionally sharing significant investment losses during periods when investments experience losses.

Notwithstanding these responses, while unrestricted investment income accumulated in the Auxiliary Enterprises Fund may be used to subsidize student scholarships, because the resources accumulated in that Fund also include earnings on restricted investment balances, the University's investment income allocation process increases the risk that income earned on restricted funds will be used to fund scholarships which is not consistent with the restrictions governing those funds. In addition, as disclosed in Table 4, certain restricted funds with positive cash balances, such as E&G Funds, were not equitably allocated investment income and, as the University investments were mainly in mutual funds (i.e., not invested exclusively in SPIA and US T-Bills), the rates used by the University to allocate investment income to funds with positive cash balances were not the actual rates of return generated by the investments.

Recommendation: The University should establish and adhere to an appropriate methodology for equitably allocating and recording investment income to the respective resources that generated the income. In addition, the University should maintain, by fund, records that adequately and accurately account for the restricted resource investments and related income. The University should also restore the appropriate amount (e.g., $8.2 million) from the Auxiliary Enterprises Fund to the respective funds that generated the investment income or document the reasonableness and equity of the investment income allocations for the 2017-18 fiscal year.

Finding 3: Investment Reporting and Reconciliations

State law[8] requires University investment policy to provide for appropriate annual or more frequent reporting of investment activities and, to that end, University officials are to prepare for the University Trustees periodic reports that include securities in the portfolio by class or type, book value, income earned, and market value as of the report date. University policies[9] established the Investment Committee, which is to meet quarterly to review the performance of University investment portfolios, determine whether investment objectives are being met and University guidelines are being followed, and provide the Trustees with regular performance reports on the investment portfolios. In addition, good business practices require that investment accounts be periodically reconciled to accounting records and that the University establish procedures to periodically reconcile investment accounts (e.g., 30 to 45 days after the end of each quarter).

During the 2017 calendar year, the Investment Committee presented to the Trustees quarterly reports consisting of a general overview of the University's liquidity position, the composition of investments (including asset allocation), performance benchmarks by asset class, and outstanding debt. While the reports presented to the Trustees had many positive features, the reports did not include, as prescribed

[8] Section 218.415(15), Florida Statutes.

[9] University Policy 1160.010 - *Investment Policy*.

by State law, securities in the portfolio by book value and income earned. In response to our inquiries, University personnel indicated that the investment reports lacked this information because State law only suggested, instead of required, that this information be presented to the Trustees. University personnel also indicated that, in December 2018, the University began including the book value and income earned for the securities in the investment portfolios presented to the Trustees.

As part of our audit, we reviewed the four quarterly investment reconciliations performed by the University during the 2017 calendar year. Our examination disclosed that the University did not always timely reconcile the investment accounts as the accounts were reconciled 87 to 309 days, or an average of 202 days, after the end of each quarter. In response to our inquiries, University personnel indicated that the untimeliness of the reconciliations was due to the untimely receipt of documentation from the investment managers, malware, and changes in the shared drive used by University personnel.

Without complete investment report presentations to the Board and timely investment account reconciliations, there is an increased risk that the Board may not be informed and understand the performance of University investments, increasing the risk that errors or fraud could occur without prompt detection and resolution.

Recommendation: The University should ensure that the investment information presented to the Board includes all the information required by State law and that investment reconciliations are timely performed.

Finding 4: Severance Pay

State law[10] provides that a unit of government that enters into a contract or employment agreement, or renewal or renegotiation of an existing contract or employment agreement, that contains a provision for severance pay must also include a provision in the contract or employment agreement that precludes severance pay from exceeding 20 weeks of compensation and prohibits the pay in instances of misconduct. State law defines severance pay as salary, benefits, or perquisites for employment services yet to be rendered that are provided to an employee who has recently been or is about to be terminated.

Contrary to State law, University policies and procedures[11] provide that upon termination without cause, non-bargaining unit employees with 10 years of consecutive service as of June 30, 2005, are to be paid 6 months of severance pay. According to University records, 56 employees received severance payments totaling $1.3 million during the period December 2016 through December 2017. As part of our audit, we examined University records supporting payments totaling $1.2 million made to 22 selected employees and noted that 4 employees received amounts in excess of those established in State law. Specifically:

- As noted in our report No. 2016-187, the University entered into a multi-year agreement with an athletic coach on January 4, 2013, and the University subsequently amended the agreement on September 5, 2014, to provide for a salary increase. The amended agreement provided that, upon termination without cause, the coach would be paid the lesser of 2 contract years' annual base salary or the base salary payable during the remaining term of the agreement. The athletic coach was terminated without cause by the University in September 2016 and, subsequently, the

[10] Section 215.425(4), Florida Statutes.

[11] University Policy 1710.280 – *Separations of Employment* and *Separation of Employment Payout* Chart.

University made severance payments totaling $646,193 to the former athletic coach. The severance payments were equivalent to 60 weeks of the former athletic coach's weekly salary and resulted in severance payments that exceeded the amount allowed by State law by a total of $431,698. In response to our inquiries, University personnel indicated that the payments made to the coach represented liquidated damages and that the University was contractually obligated to make the payments.

- The University made 3 severance payments totaling $110,787 to 3 employees for 26 weeks of severance pay, which resulted in severance payments that exceeded the amount allowed by State law by a total of $26,262. In response to our inquiries, University personnel indicated that the payments were made pursuant to University policies and procedures that provide, in part, that certain University employees may receive up to 26 weeks of severance pay.

These payment amounts represented compensation for employment services not yet rendered and were provided to employees whose employment had recently been terminated. Therefore, as the payments exceeded the statutory severance pay limits, the payments appear contrary to State law. A similar finding was noted in our report No. 2016-187.

Recommendation: The University should ensure that the severance pay provisions in University employment agreements are consistent with State law and that severance payments do not exceed the amounts established in State law.

Finding 5: Direct-Support Organizations

To promote accountability over University property, facility, and personal services use, it is important that public records prescribe the conditions for such use, document appropriate approval before the use occurs, and demonstrate appropriate use. Such records help document authorization for the use, demonstrate the reasonableness of the value associated with that use, and enhance government transparency.

State law[12] provides that a direct-support organization (DSO) is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of the University. Additionally, State law[13] authorizes the Trustees to permit the use of University property, facilities, and personal services by a DSO, and requires the Trustees to prescribe by regulation any condition with which a DSO must comply for such use.

The Trustees approved the Florida International University Foundation, Inc. (Foundation), the FIU Athletics Finance Corporation (AFC), the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (HCN), and the Florida International Research Foundation, Inc. (Research Foundation) as DSOs that routinely receive and use charitable contributions for the benefit of the University. University regulations[14] require that, upon approval by the Trustees, a DSO shall be certified and authorized to use University property, facilities, and personal services to the extent permissible by applicable law and the conditions prescribed by University regulations.

[12] Section 1004.28(1)(a)2., Florida Statutes.

[13] Section 1004.28(2)(b), Florida Statutes.

[14] FIU Regulation 1502 – *Direct Support Organizations*.

DSO-Use of University Property or Facilities and Personal Services

According to University personnel, during the 2017 calendar year, the Foundation received personal services and used University property and facilities. The Foundation received University personal services totaling $11.4 million provided by 127 University employees and reimbursed the University $3.2 million related to these costs. The 127 employees included 125 who were compensated $8.1 million and devoted 100 percent of their time and effort to the Foundation and 2 who were compensated $100,000 and provided a portion of their time and effort to the Foundation.

While the University-approved employee job descriptions and position summaries included the percentages of allocated time expected to be provided to the Foundation for personal services, University records did not document the 2 employees' actual time and effort spent on services for the University and on services for the Foundation. In response to our request for University records to support the basis for the reimbursement of $3.2 million, University personnel provided a March 2010 memorandum of understanding between the Foundation and the University that was approved by the University President. However, the Trustees did not approve the memorandum and the memorandum did not specify the amount the Foundation would reimburse to the University for personal services. In addition, in response to our request, the University provided a list of the University facilities used by the Foundation during the 2017 calendar year. However, although we requested, University records were not provided to document the value of such use.

In response to our request for records supporting the approval of the personal services and the Foundation's use of University property and facilities, University personnel indicated that the 2016-17 and 2017-18 fiscal year budgets, which included the expected personnel cost contribution and allowed for Foundation use of University property and facilities, were presented to the Trustees and subsequently approved. According to University personnel, the budget approval represented an acknowledgment and approval of the Foundation-related costs by the Trustees. Notwithstanding, without Trustees-approved agreements, there is an increased risk of misunderstanding between the University Trustees and a DSO and for over and under reimbursements to occur.

Although University regulations establish procedures with conditions for DSO use of University property, facilities, and personal services, University records associated with such use could be improved by obtaining:

- The Trustees' approval of anticipated DSO use and the estimated value of the associated University resources before the use occurs.
- Confirmations and other documentation from DSO management affirming that University resources were used only for purposes approved by the Trustees.

Approvals by the Board of Trustees and documentation affirming the actual use of University resources would provide additional assurance that DSO use of University resources is consistent with the Trustees' intent and enhance transparency for such use. Subsequent to our review, in June 2018 the University separately itemized and submitted to the Trustees for approval the expected personnel costs and use of University property and facilities by the Foundation for the 2018-19 fiscal year.

Cash Transfers to DSOs

Our review of University records disclosed that during the 2017 calendar year, the University transferred $43,775 received for technology and merchandise licensing and royalty fees to its DSOs. In response to our inquiry, University personnel indicated that, by approving the DSO budgets, which disclosed that projected revenues would be generated from royalty income, the Trustees had approved the payments of the royalty fees to the DSOs. However, University records did not document the Trustees' authority for transferring University royalty fees to the DSOs.

Recommendation: We recommend that:

- **The University document University employee actual time and effort provided to DSOs to support the purpose for and value of such services and the distribution of applicable personal services costs among specific University and DSO activities.**
- **The Trustees enter into agreements with DSOs to establish the basis for DSO reimbursements.**
- **The University document the Trustees' consideration and approval of DSO anticipated use of University resources, at least on an annual basis, before the use occurs. To enhance government transparency, Trustee approval documentation should identify the positions of the employees who will provide the personal services, the square footage of the office space and related buildings that will be used by the respective DSOs, and the value of such use.**
- **The University obtain confirmations and other documentation from DSO management affirming that University resources were used only for purposes approved by the Trustees.**
- **In the absence of specific authority, the University discontinue the transfer of royalty and licensing fees to its DSOs.**

Finding 6: Intercollegiate Athletic Programs – Deficit Fund Balances

Auxiliary enterprises are operated by the University or contracted to vendors to provide goods and services to faculty, staff, students, and others. State law[15] provides that auxiliary enterprises include, for example, bookstore, food service, housing, and intercollegiate athletic activities. BOG regulations[16] provide that each university may determine whether its auxiliary services will be self-supporting on an individual or collective basis, except for intercollegiate athletics, which must be a self-supporting entity.

The University elected to account for its intercollegiate athletic programs in a separate auxiliary enterprise fund. Our examination of University records supporting the financial results of University auxiliary enterprises for the past 9 fiscal years disclosed that the intercollegiate athletic programs did not produce sufficient resources to be self-supporting. Specifically, for each of the past 9 fiscal years, the auxiliary enterprise fund intercollegiate athletic programs had a deficit fund balance. Table 5 shows the deficit fund balances reported for the intercollegiate athletic programs for the fiscal years ended June 30, 2010, through June 30, 2018.

[15] Section 1011.47(1), Florida Statutes.

[16] BOG Regulation 9.013 – *Auxiliary Operations*.

Table 5
Auxiliary Enterprise Fund
Intercollegiate Athletic Programs

Fiscal Year Ended June 30	Deficit Fund Balances
2010	$ (1,170,953)
2011	(1,887,676)
2012	(4,654,342)
2013	(1,688,004)
2014	(1,502,367)
2015	(3,932,824)
2016	(3,172,191)
2017	(5,616,165)
2018	(11,761,454)

Source: University records.

While the deficit fund balances do not represent University bank account cash deficits, the balances require the use of cash resources from other auxiliary enterprises to finance expenses of intercollegiate athletic programs. On May 3, 2010, an interdepartmental loan agreement was entered into between the intercollegiate athletic programs and other auxiliary enterprises funds to loan over the next 4 fiscal years $5 million to fund budget deficits for the intercollegiate athletic programs and on June 4, 2010, the Trustees approved the agreement. The loan agreement provided for the repayment of principal plus 2 percent interest beginning June 15, 2019, and ending June 15, 2035. The accrued interest was to be capitalized and added to the principal amount. On June 26, 2015, a one-time principal pre-payment of $631,000 was made, which reduced the principal amount.

On January 18, 2018, another interdepartmental loan agreement for $4.4 million to fund the construction of athletic practice fields was entered into between the intercollegiate athletic programs and other auxiliary enterprises funds (e.g., food service and bookstore concessions). The construction of the athletic practice fields and the funding of the project with an interdepartmental loan were approved by the Trustees on December 9, 2015. The agreement for this loan also provided for the repayment of principal plus 2 percent interest beginning June 15, 2020, and ending June 15, 2043. The accrued interest for this loan was also to be capitalized and added to the principal amount. From June 15, 2019, through June 15, 2043, principal and interest payments of the loaned amounts will range from $125,000 to $600,000. After consideration of the loans, at June 30, 2018, the intercollegiate athletic programs reported total deficit fund balances of $11,761,454 and a due to (loan from) other auxiliary enterprises of $9,444,455.

In response to our inquiries, University personnel indicated that the fund deficits were the result of planned expansion projects supporting various athletic programs beginning in 2011 and the interdepartmental loan was issued to provide needed working capital to the intercollegiate athletics program fund. Additionally, University personnel indicated that the deficit fund balances resulted from non-recurring capital expenditures and that if those capital expenditures had not occurred, the fund balances would not be negative. A similar finding was noted by the University's Office of Internal Audit in report No. 17/18-01.

Although the intercollegiate athletic programs are part of the approved budget for auxiliary enterprises, the intercollegiate athletic programs' continued use of financial resources generated by other auxiliary enterprises decreases the resources available for the other auxiliary enterprises.

Recommendation: The Trustees should continue to monitor the financial condition of the intercollegiate athletic programs and take appropriate actions to ensure that intercollegiate athletic programs are self-supporting pursuant to BOG regulations.

Finding 7: Purchasing Cards

The University administers a purchasing card (P-card) program, which gives employees the convenience of purchasing items without using the standard purchase order process. P-cards are designed to provide a cost-effective, convenient, and decentralized method for individuals to make certain purchases on behalf of the University. The bank that administers the P-card program requires charge disputes to be made within 5 days of the billing close date.

The University has adopted P-Card guidelines and procedures and established a P-card administrative team that had responsibilities for issuing P-cards, monitoring P-card transactions, providing P-card training, and canceling P-cards. The departments of cardholders are required to e-mail the administrative team to cancel P-cards, including those assigned to employees who separated from University employment, immediately prior to submitting the card cancellation form, which includes the cardholder name, identification number, copy of the card cut in half, and cardholder and supervisor signatures. Additionally, department supervisors are to conduct exit interviews; collect all university property, including the P-card cut in half and affixed to a card cancellation form; and providing the card cancellation form to the P-card administrative team.

The University had 825 active P-cards as of December 31, 2017, and, during the 2017 calendar year, 77 cardholders separated from University employment or transferred to another department. We examined University records supporting 23 of the cardholders who separated from University employment and found that the University did not cancel the P-cards assigned to 4 of the 23 cardholders until 9 to 108 days, or an average of 41 days, after the cardholders' employment separation dates. According to University personnel, the untimely cancellations of the P-cards were primarily caused by departments not following established policies and procedures.

Our examination of University records supporting P-card activity of the 4 former employees did not disclose any inappropriate charges; however, our procedures cannot substitute for the University's responsibility to implement adequate internal controls over P-card cancellations. The untimely cancellation of P-card privileges increases the risk that such privileges could be misused by former employees or others and may limit the University's ability to satisfactorily resolve disputed charges.

Recommendation: The University should continue efforts to ensure that P-card privileges are timely canceled upon a cardholder's separation from University employment.

Finding 8: Information Technology User Access Privileges – Enterprise Resource Planning System

Access controls are intended to protect University data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls provide employees access to IT resources based on a demonstrated need to view, change, or delete data and restrict employees from performing incompatible functions or functions inconsistent with their assigned responsibilities. Periodic evaluations of assigned IT access privileges are necessary to ensure that employee access remains necessary and appropriate.

Our examination of University records and discussions with University personnel disclosed that 8,654 employees had access privileges to critical transactions within the finance and human resource (HR) applications. The privileges were for 8,558 employees with update access to the finance application, 86 employees with update access to the HR application, and 10 employees (including 3 student account clerks) who were financial superusers (SF Superusers). The SF Superusers had full access to the Student Financial module in the University finance application, which allowed update access to student charges, payments, loans, and other information. According to University personnel, the University performed annual documented evaluations of assigned IT access privileges for most employees. However, the University did not have procedures to periodically document evaluations of assigned IT access privileges to the University Enterprise Resource Planning (ERP) system applications to ensure that the SF Superusers could access only those IT resources that were necessary to perform their assigned job responsibilities and that assigned access privileges enforced an appropriate separation of incompatible responsibilities.

As part of our audit procedures, we examined University records supporting the access privileges of 35 selected employees to the ERP system finance and HR applications and identified 5 employees with access privileges to the finance application that appeared unnecessary for their assigned job duties and a former employee who retained unnecessary access privileges. Specifically:

- 3 student account clerks required access to one specific function in the University finance application to perform their job duties. However, the clerks were given the SF Superuser roles that granted full access to the Student Financial module and allowed the clerks to make changes to student charges, payments, loans, and other information. Since such access requires extreme care, SF Superuser roles are usually granted only to University personnel in high level supervisory positions. In response to our inquiries, University personnel indicated that the 3 clerks were provided the SF Superuser roles because the specific function in the University finance application needed by the clerks to perform their job duties was only available through the SF Superuser role.
- 2 custodial workers had inquiry and update access to various functions in the finance application such as update access to procurement and view access to financial transactions, which was unnecessary for their respective job positions and responsibilities. In response to our inquiries, University personnel indicated that the employees had access to basic functions and that additional roles and security levels were needed for the employees to make procurement transactions. In addition, University personnel also indicated that any transactions created by these workers using their access would be subject to multiple levels of approval. University personnel also confirmed that one of the custodial workers did not create any financial transactions and was unable to confirm whether the other custodial worker used the access.

- A former Controller retained SF Superuser access to the finance application after employment separation from the University in February 2017. Subsequent to our requests in April 2018, University personnel removed the SF Superuser access for the former Controller. University personnel indicated that the former Controller access was not removed timely due to oversight.

While our examination of University records supporting selected transactions did not disclose any fraud or errors as a result of the unnecessary access privileges, our procedures do not substitute for management's responsibility to implement adequate controls. Unnecessary or inappropriate access privileges and the lack of a review of IT user access privileges assigned to the ERP system applications increase the risk that unauthorized disclosure, modification, or destruction of University data or IT resources may occur.

Recommendation: The University should continue efforts to perform documented periodic evaluations of IT user access privileges to the ERP system applications based on a demonstrated need for such access and remove any inappropriate or unnecessary access privileges detected.

Finding 9: Information Technology User Access Privileges – Student Information

The Legislature has recognized in State law[17] that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict employees from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic evaluations of access privileges to help prevent individuals from accessing sensitive personal information inconsistent with their responsibilities.

The University collects and uses SSNs for various purposes, such as to register newly enrolled students, comply with Federal tax reporting requirements and other Federal and State requirements related to financial and academic assistance, and perform other University responsibilities. According to University personnel and records, the University established a unique identifier, other than the student's SSN, to identify each student and maintained student information, including SSNs, in the University's ERP system.

As of June 2018, the University ERP system contained the sensitive personal information of 985,940 students, including 78,631 current, 384,958 former, and 522,351 prospective students, and 397 employees had access to that information. To protect the sensitive personal information from unauthorized disclosure, modification, or destruction, the University requires employee supervisors and department administrators to approve IT user access privileges based on a demonstrated need for such access. According to University personnel, the University documented monthly evaluations of IT user access privileges in the ERP system to monitor certain access privileges, including evaluations of access privileges to the sensitive personal information of students.

As part of our audit, we examined the access privileges in the ERP system for 137 selected employees. We found that 96 employees in positions such as program assistant, lead ERP technician analyst, and student clerk positions, did not require access to the sensitive personal information of students to perform

[17] Section 119.071(5)(a), Florida Statutes.

their job assignments. In response to our inquiries, University personnel agreed with our conclusions and, in September 2018, removed the access privileges for 28 of the 96 employees.

University personnel indicated that the other 68 employees only needed access to the last four digits of the student SSNs to perform their job assignments and, in October 2018, University personnel were awaiting updated justifications from the respective employee supervisors before modifying the access privileges for these 68 employees. Subsequent to our inquiries, as of December 2018 University personnel had reduced the number of employees with access to the sensitive personal information of students in the ERP system to 245 employees.

We also noted that, since the University ERP system did not differentiate employee access privileges to the sensitive personal information of current students from access privileges to former and prospective students, the remaining 245 employees retained continuous access to the information of all 985,940 students. According to University personnel, the 245 employees needed access to former student SSNs in the ERP system, for example, to assist former students who may return to the University for additional classes or may request administrative action on their records. Although we requested, University records were not provided to demonstrate the public purpose served by maintaining the sensitive personal information of individuals who applied but had not enrolled in the University.

The existence of unnecessary access privileges increases the risk of unauthorized disclosure of sensitive personal information of students and the possibility that the information may be used to commit a fraud against University students or others.

Recommendation: To ensure access to the sensitive personal information of students is properly safeguarded, the University should:

- **Document the public purpose served for maintaining that information for individuals who do not enroll in the University. Absent such, the University should discontinue the practice of indefinitely maintaining the sensitive personal information of prospective students who do not enroll.**
- **Upgrade the University IT system to differentiate IT user access privileges to current student information from access privileges to former and prospective student information.**
- **Continue efforts to ensure that only those employees who have a demonstrated need to access the sensitive student information have such access. If an employee only requires occasional access, access privileges should be granted only for the time needed.**

PRIOR AUDIT FOLLOW-UP

The University had taken corrective actions for findings included in our report No. 2016-187, except as noted in Findings 1 and 4.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational 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.

We conducted this operational audit from March 2018 to April 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2016-187.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the audit period of January 2017 through December 2017, and selected University actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors and, as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed University information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, and disaster recovery.
- Evaluated University procedures for maintaining and reviewing employee access to IT data and resources. We examined access privileges to the database and finance and human resources applications during the audit period for 35 of the 8,654 employees to determine the appropriateness and necessity of the access based on the selected employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrator accounts for the network, operating system, database, and application to determine whether these accounts had been appropriately assigned, managed, and monitored.
- Evaluated University procedures for protecting the sensitive personal information of students, including student social security numbers. From the population of 397 employees who had access to the sensitive personal information of students during the audit period, we examined University records supporting the access privileges granted to 137 employees to determine the appropriateness of and necessity for the access privileges based on the employees' assigned job responsibilities.
- Evaluated Trustees security policies and University procedures for the audit period governing the classification, management, and protection of sensitive and confidential information.
- Evaluated the appropriateness of the University's comprehensive IT disaster recovery plan effective during the audit period and determined whether it had been recently tested.
- Reviewed operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Examined Trustees, committee, and advisory board meeting minutes to determine whether Trustee approval was obtained for the University policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Examined University records for the audit period to determine whether the University informed students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement sexual predator and sexual offender registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information as required by Section 1006.695, Florida Statutes.
- Reviewed the internal audit function to determine whether the University followed professional requirements and provided for peer review of reports issued. For internal audits, we determined whether audit reports were properly completed and submitted to the Trustees.
- Examined University records to determine whether the University had developed an anti-fraud policy for the audit period to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined University records to determine whether the University had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.

- Evaluated University investment policies and procedures during the audit period to determine whether the policies and procedures complied with Section 218.415, Florida Statutes, adhered to good business practices, and whether University investments were in accordance with those policies and procedures.
- Examined University records to determine if investment accounts maintained during the audit period were timely reconciled to financial institution records and if statutorily required investment information was presented timely to the Trustees.
- From the population of payments and transfers totaling $12 million made during the audit period from the University to its direct-support organizations (DSOs), examined University records supporting payments and transfers totaling $6.4 million to determine whether the transactions were as described by Section 1004.28(1)(a)2. and (2), Florida Statutes.
- Examined University records to determine whether the Trustees had prescribed by rule, pursuant to Section 1004.28(2)(b), Florida Statutes, the conditions with which the DSOs must comply in order to use University property, facilities, and personal services and whether the Trustees documented consideration and approval of anticipated property, facilities, and personal services provided to the DSOs and the related costs.
- Examined University records to determine whether student receivables were properly authorized, adequately documented and properly recorded. Specifically, from the population of 13,947 student accounts receivable totaling $33.9 million as of December 31, 2017, we examined documentation relating to 31 selected student accounts receivable totaling $638,156 to determine the adequacy of University collection efforts and whether restrictions on student records and holds on transcripts and diplomas were appropriate and enforced for students with delinquent accounts in accordance with Trustees regulations established pursuant to Section 1010.03(4), Florida Statutes.
- Examined University records to determine whether uncollectible accounts totaling $1.3 million written off during the audit period were properly approved.
- Examined tangible personal property records to determine whether the records contained information necessary to account for and identify property items. We also examined University records supporting 60 selected property items to determine whether University property records accurately described the property items.
- Examined University records to determine if acquired facilities were in accordance with contractual obligations and the mission of the University.
- Analyzed payments from tuition differential fees collected during the audit period to determine whether the University assessed and used tuition differential fees in compliance with Section 1009.24(16)(a), Florida Statutes.
- From the population of 62,512 students enrolled as Florida residents during the Spring 2017, Summer 2017, and Fall 2017 Semesters, examined University records for 30 selected students to determine whether the University documented Florida residency and whether student status and residency determinations complied with Section 1009.21, Florida Statutes, and Board of Governor (BOG) Regulation 7.007.
- Reviewed University procedures to determine whether distance learning fees totaling $7.6 million for the audit period were assessed, collected, and separately accounted for in accordance with Section 1009.24(17), Florida Statutes.
- From the population of 30 decentralized locations with collections totaling $39.1 million, selected 6 locations with collections totaling $8.6 million during the audit period, and examined University records supporting collections totaling $2.4 million from the 6 locations to determine the effectiveness of University collection procedures.

- From the population of 40 contracts for auxiliary operations, which generated revenue totaling $6.6 million for the audit period, examined University records supporting 17 selected contracts, which generated revenues totaling $4.8 million, to determine whether the University properly monitored compliance with the contract terms for fees, insurance, and other provisions. Also, we performed analytical procedures to determine whether University auxiliary services were self-supporting.
- Examined University records supporting textbook adoptions for 20,146 course sections offered during the audit period to determine whether the University textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- From the population of compensation payments totaling $484.1 million made to 14,119 employees during the audit period, selected 30 payments totaling $263,141 and examined related payroll and personnel records to determine the accuracy of the rate of pay, whether supervisory personnel reviewed and approved employee reports of time worked, the validity of employment contracts, whether the employees met the required qualifications, whether performance evaluations were completed, and the accuracy of leave records.
- Evaluated University policies and procedures for payments of accumulated annual and sick leave (terminal leave pay) to determine whether the policies and procedures promoted compliance with State law and University policies. Specifically, from the population of 331 employees who separated from University employment during the audit period and were paid $1.8 million for terminal leave, we selected 15 employees with terminal payments totaling $451,101 and examined the supporting records to determine compliance with Section 110.122, Florida Statutes, and Trustees Regulation No. 320.045.
- Examined severance pay provisions in 4 employee contracts to determine whether the provisions complied with Section 215.425(4)(a), Florida Statutes. From the population of 56 employees who received severance pay totaling $1.3 million during the period December 2016 through December 2017, we examined University records for 22 selected employees paid severance pay totaling $1.2 million to determine whether the severance payments complied with State laws and University policies.
- Examined University records for 29 administrative employees, including the President, who received compensation totaling $11.5 million during the audit period to determine whether the amounts paid did not exceed the limits established in Sections 1012.975(3) and 1012.976(2), Florida Statutes.
- Evaluated University policies and procedures to ensure health and life insurance was provided only to eligible employees and dependents and that such insurance was timely canceled upon employee termination. Also, we determined whether the University has procedures for reconciling health insurance costs to employee and Trustees-approved contributions.
- Examined University records to determine whether selected expenses were reasonable, correctly recorded, adequately documented, for a valid University purpose, properly authorized and approved, and in compliance with applicable laws, rules, contract terms, and Trustees policies. Specifically, from the population of expenses totaling $983.2 million for the audit period, we examined University records supporting:
  - 33 selected payments for general expenses totaling $111.8 million.
  - 30 selected payments for contractual services totaling $432,338.
- From the population of 1,934 vendors paid $42.5 million for the audit period, examined University records for 30 vendors paid $432,338 to determine whether the vendors were properly selected, as applicable; carried adequate insurance; and were paid in accordance with contract terms. In

addition, we determined whether the payments were for a valid purpose, properly authorized and approved, and in compliance with applicable laws, rules, contract terms, and Trustee policies.

- From the population of 91,466 purchasing card (P-card) transactions totaling $30 million during the audit period, examined University records supporting 30 selected P-card transactions totaling $414,670 to determine whether the P-card program was administered in accordance with Trustee policies and University procedures and transactions were not of a personal nature.
- From the population of P-Card transactions to 39 vendors, with cumulative transactions over $75,000 during the audit period, totaling $11.2 million, examined solicitation documentation for 20 vendors totaling $5.2 million to determine whether the P-cards were administered in accordance with University policy and procedures and BOG regulations for competitive solicitation.
- Examined P-card records for 23 cardholders who separated from University employment selected from the 77 cardholders who separated from University employment or transferred to other departments during the audit period to determine whether the University timely canceled the cardholders' P-cards.
- From the population of President and Trustees travel expenses totaling $41,267 during the audit period, examined 26 selected travel reimbursements totaling $30,834 to determine whether the travel expenses were reasonable, adequately supported, for valid University purposes, and limited to amounts allowed by Section 112.061, Florida Statutes.
- From the population of 78 payments totaling $75,370 during the audit period to employees for other than travel and compensation, examined 24 selected payments totaling $56,615 to determine whether such payments were reasonable, adequately supported, for valid University purposes, and whether such payments were related to employees doing business with the University, contrary to Section 112.313(3), Florida Statutes.
- Reviewed Trustees policies and University procedures related to identifying potential conflicts of interest. We also reviewed Department of State, Division of Corporations, records; statements of financial interest; and University records for 22 selected University officials to identify any potential relationships that represented a conflict of interest with vendors used by the University.
- From the population of 6 major construction projects in progress during the audit period with expenditures totaling $49.3 million, selected 30 payments totaling $3.4 million related to 3 major construction projects with expenditures totaling $8.2 million and examined University records to determine whether the payments were made in accordance with contract terms and conditions, University policies and procedures, and provisions of applicable State laws and rules.
- Reviewed documentation related to 4 major construction projects with total construction costs of $13.6 million during the audit period to determine whether the University process for selecting design professionals and construction managers was in accordance with State law; the selection process of subcontractors was adequately monitored; the Trustees had adopted a policy establishing minimum insurance coverage requirements for design professionals; and design professionals provided evidence of required insurance.
- From the population of University minor projects in progress with cumulative expenditures totaling $165.5 million as of December 31, 2017, examined supporting documentation for 34 projects totaling $26.3 million to determine if the projects were in accordance with Trustees policies and procedures, provisions of State laws and rules, and BOG regulations.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.

- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading ***MANAGEMENT'S RESPONSE***.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each University on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

Sherrill F. Norman, CPA
Auditor General

FLORIDA INTERNATIONAL UNIVERSITY

OFFICE OF FINANCE & ADMINISTRATION

July 18, 2019

Sherrill F. Norman, CPA
Auditor General
State of Florida
Claude Denson Pepper Building G74
111 West Madison Street
Tallahassee, Fl 32399-1450

Dear Ms. Norman,

Enclosed are Florida International University's responses to the preliminary and tentative findings and recommendations for the Operational Audit of Florida International University for the calendar year ended December 31, 2017. The University will implement the recommendations identified during the audit in accordance with the enclosed schedule of responses.

We appreciate the thoroughness and professionalism of your staff in completing the operational audit. The resulting recommendations will assist FIU in improving our operations and safeguarding our resources.

If you have any questions or need additional information, please do not hesitate to contact me at kjessell@fiu.edu or 305-348-2101 at your convenience.

Sincerely,

Kenneth A. Jessell, Ph.D.
Chief Financial Officer and Senior Vice President for Finance and Administration

cc: Mark B. Rosenberg, Ph.D., President
Kenneth G. Furton, Ph.D., University Provost and Executive Vice President

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Responses to Preliminary and Tentative Findings
Operational Audit – Calendar Year 2017

Finding 1: University textbook affordability procedures continue to need improvement.

***Recommendation:** To promote compliance with State law and help ensure that University textbooks and instructional materials of acceptable quality are available to students at the lowest prices, the University should:*

- ***At least 45 days before the first day of classes, prominently post in the course registration system and on its Web site, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the University during the upcoming term.***

- ***Include changes to course sections made after the posting deadlines when reporting to the SUS Chancellor.***

The University concurs with this recommendation. In response to the prior operational audit recommendation included in report No. 2016-187, Florida International University (FIU) has been consistently enhancing textbook adoption practices and monitoring procedures for timely textbook adoptions in accordance with State law as follows:

- Revised and expanded the Textbook and Instructional Materials Affordability Step-by-Step Guide and FAQ and regularly distributed this along with adoption deadline reminders to all instructors and chairs for process guidance throughout the adoption cycles.
- Appointed textbook affordability liaisons throughout all colleges to support instructors with timely adoptions beginning 2017.
- Instituted a standard procedure for Textbook Adoptions for Other Course Types than Lectures and Labs effective 2017.
- Created an internal methodology to synchronize the Barnes & Noble (B&N) FacultyEnlight adoption data with FIU class schedule/assignment data and standardize the monitoring process as of 2018-2019.
- Initiated discussions with B&N corporate officials for enhancements of FacultyEnlight, FIU's platform for textbook and course material adoptions, to standardize the process of timely adoptions and monitoring thereof in accordance with BOG requirements, with pilot phase anticipated to commence in Fall 2019.

FIU had met the 95 percent threshold of timely posted required and recommended textbooks and instructional materials in each semester as of the 45-day pre-semester deadline. Our reported compliance rates of 95.1%, 96.2% and 95.3% for Spring, Summer, and Fall 2017, respectively, present a point in time snapshot based on the course section information available at the posting deadline. The methodology of assessing compliance at the forty-five (45) day deadline was based on Board of Governors Regulation 8.003, section 1 (h), which states: "The designated university official shall determine compliance with this requirement no later than forty-five (45) days prior to the first day of classes for each term." For example, for the Fall 2017 semester, at the forty-five (45) day deadline, there were a total of 8,674 courses of which 430 were not compliant and 8,244 were compliant as of the cut-off date, leading to a 95% compliance rate. Due to changes in textbooks and instructional materials for some courses after the 45 days prior to the first day of class, the 95 percent threshold was reduced, as reflected in the finding. The University will adjust the methodology when reporting to the Chancellor course sections that were able to meet the textbook and instructional materials posting deadline for the academic year, which will now capture changes after the 45 days prior to the first day of class.

FIU will adjust the reporting methodology to include changes to adoption data made after the posting deadline for the academic year. To date, FIU consistently reported adoption rates based on the forty-five (45) day pre-semester deadline. Moving forward, FIU will review all adoptions following the forty-five (45) day semester deadline each semester to ensure accurate and complete reporting for the academic year. Additionally, B&N is developing a second generation of their FacultyEnlight textbook adoption platform. FIU is scheduled to be a part of their first pilot, anticipated to commence in Fall 2019. FIU has worked with B&N Information Technology staff and the system is expected to address the necessary enhancements to make reporting to the SUS Chancellor more automated.

Finding 2: The University over allocated $8.2 million net investment income to the Auxiliary Enterprises Fund and under allocated that same amount to other funds, which increased the risk that income from restricted resources will not be used consistent with the restrictions governing those resources.

***Recommendation:** The University should establish and adhere to an appropriate methodology for equitably allocating and recording investment income to the respective resources that generated the income. In addition, the University should maintain, by fund, records that adequately account for the restricted resource investments and related income. The University should also restore the appropriate amount (e.g., $8.2 million) from the Auxiliary Enterprises Fund to the respective funds that generated the investment*

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income or document the reasonableness and equity of the investment income allocations for the 2017-18 fiscal year.

The University recognizes the importance of equitably allocating and recording investment income to the respective funding sources and to ensure that restricted income is used for purposes consistent with applicable funding restrictions. The University also recognizes that funding sources have different levels of risk tolerance and that restricted funding sources should not incur investment losses. The University's Investment Program is designed to ensure that restricted funding sources do not bear the risk of loss.

FIU's Investment Program pools university funds and invests them at an overall risk level that is comparable to the State of Florida's Special Purpose Investment Account (SPIA) fund. The University places funds from the funding sources into one of two risk classifications: Low Risk tolerance and Zero Risk tolerance. As the finding correctly states, the Investment Program pays a guaranteed rate of return to each of the funding sources equivalent to SPIA or United States Treasury Bill (T-Bill) rates. No investment losses are allocated to the restricted funding sources. The Low Risk funds receives a rate of return equal to the State's Net SPIA rate less investment (Treasury) expenses. The No Risk funds receive a rate of return equal to the 1-Month T-Bill Rate. Both the SPIA and T-Bill rates are market oriented and reflect a risk-adjusted return that the funding sources would have achieved if they were invested independent of the University's Investment Program. In other words, the process is designed to ensure that these funds receive the same return as if they were invested in SPIA or T-Bills. The University Investment Program pools funds from the funding sources, invests the funds, and pays a guaranteed rate of return. This approach provides the funding sources a secured source of risk-adjusted investment income independent of the actual return (gain or loss) of the Investment Program.

The Information in Table 3 of the finding assumes that the distribution of funds is based on the overall returns of the Investment Program, in this case approximately 4.4 percent (Total Net Investment Income of $16.1 million/Total Investment Balance of $364.6 million). The Investment Program distributes funds based on the net SPIA rate (1.7 percent) less Investment (Treasury) expenses and the 1-month T-Bill rate (1.4 percent). These guaranteed rates prevent investment losses from being allocated to the restricted funding sources.

To illustrate the reasonableness and equity of FIU's investment income allocation process, as an example, if the overall returns of the Investment Program would have been negative 4.4 percent, the Educational and General funds would have been <u>over</u> allocated by approximately $5 million and the Other Funds would have been <u>over</u> allocated by approximately $5.5 million based on the methodology in the finding since the distribution policy would have provided the identical distribution of $500,000 and $700,000 to E&G funds and Other Funds, respectively, instead of proportional losses of $4.5 million and $4.8 million, respectively. Additionally, utilizing actual Fiscal Year 2019

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Year-to-Date December Investment Program returns of negative 0.1 percent, the University would have had to reverse all of the Fiscal Year-to-Date distributions and re-allocate losses to the restricted funding sources. Instead, as the distribution is based on guaranteed rates, the restricted funding sources received approximately $2.0 Million in earnings distribution in spite of the Investment Program loss. Also, it is important to note that Table 3 excludes the fourth quarter 2018 distribution of $0.7M that was recorded in FY 2019.

As noted in the finding, the Investment Program distributed an additional $5.9 Million to fund scholarships that would otherwise be funded from E&G funds, resulting in a total equivalent distribution of $6.5 million ($5.9 million + $0.6 million). This total distribution represents a net return of 7.7 percent for the E&G funding source. This rate of distribution was significantly higher than the overall 4.4 percent return of the investment portfolio in Fiscal Year 2018.

The University believes that the investment income allocation process is reasonable and equitable and has provided sufficient documentation to support this position. It is a fair, defensible, and objective way to efficiently allocate earnings to the funding sources while protecting these funds from investment losses. Nevertheless, the university recognizes the importance of the investment income allocations and will carefully review and, as appropriate, update the allocation methodology. The university will review the restricted investments to ensure that the use of earnings is not inconsistent with the restrictions governing those funds. The university will also maintain, by fund, records that adequately and accurately account for the restricted resource investments and related income. As part of the review of the allocation methodology, FIU will make the necessary adjustments to restore the appropriate amount of allocations to the E&G and other funds.

Finding 3: University procedures need improvement to ensure that investment information required by State law is presented to the Board and investment account reconciliations are performed timely.

Recommendation: The University should ensure that the investment information presented to the Board includes all the information required by State law and the investment reconciliations are timely performed.

The University concurs with this recommendation. As reflected in the finding, the University already began, proactively, reporting securities by asset class in the portfolio by market value, book value and income earned as of the December 5, 2018 Board of Trustees Meeting.

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The University has procedures in place to ensure the accuracy and completeness of investment transactions. In addition, FIU has always maintained segregation of duties between the Controller's and Treasury Offices as an internal control to prevent fraud.

As noted in the finding, there were several factors which occurred within a couple of months of each other that caused the unusual and unexpected delays in the investment reconciliation process in the period audited. These factors include:

- The investment custodian changed their reporting platform, causing errors on the statements which required additional time to receive corrected statements.

- The University was closed for Hurricane Irma for one week. Hurricane related matters required priority attention which affected and contributed to delays in normal reconciliation processes.

- Immediately after Hurricane Irma our computer system was infected with Malware which required restoration of files to a new shared drive. The restoration process took approximately two months to complete.

While inevitably unforeseen circumstances may cause unusual delays, the University has implemented additional procedures to periodically reconcile investment accounts, including the development of a basis schedule to identify errors on investment manager statements and to assist with review of the entries to increase accuracy. This basis schedule is linked to trial balances and provides an informal reconciliation to ensure the investment balances are correct. There are some timing issues relative to the obtainability and accuracy of investment statements. Some investment statements are typically not received until the third week of the following month and at times require correction, one investment statement is received the last week of the month and there are two equity investment statements that are not received for three or more months after a month end. Nevertheless, the university believes 30-45 days is a reasonable time frame for quarterly reconciliations with up to 90 days for year-end reconciliations to enable recording of complete investment activity that includes the two equity investments with prolonged delays in providing investment statements.

Finding 4: The University made severance payments that exceeded the limits established in State law. A similar finding was noted in our report No. 2016-187.

Recommendation: The University should ensure that the severance pay provisions in University employment agreements are consistent with State law and that severance payments do not exceed the amounts established in State law.

The University concurs with this recommendation. FIU will ensure that contracts or employment agreements containing a provision for severance pay are in compliance with State law.

The audit identified three employees who were paid 26 weeks of pay upon separating from the University. These payments are "wages in lieu of notice" and not severance as defined in Florida Statute (F.S.) 215.425(4)(d). These payments are also not in violation of the extra compensation rule set forth in F.S. 215.425(1), as they are being paid pursuant to a University policy. Wages in lieu of notice and severance pay are two distinct concepts under the law. See, for example, F.S. 443.101(3)(a) and (b).

In addition, the 26 weeks of wages in lieu of notice policy reflects an arrangement determined approximately 13 years ago that is not subject to change by subsequent statutory changes. Under the University's Separation from Employment Policy, FIU Policy No. 1710.280, the majority of at-will employees are entitled to receive a maximum of 12 weeks of wages in lieu of notice upon separating from the University. A very small number of individuals, who were employed by FIU when the State universities became the employers of University employees (until this time the Board of Regents was the employer of all State University employees), are entitled, pursuant to the policy, to 26 weeks of wages in lieu of notice. At the time FIU became the employer, approximately 13 years ago, these employees (now a small number) were in a classification of employment called Administrative and Professional (A&P) and were entitled, pursuant to Rule 6C8-4.018, to receive up to 26 weeks of wages prior to terminating the employment relationship. Because of this pre-existing right, when these A&P employees transitioned from their A&P status to full at-will employment status they were eligible to receive 26 weeks of wages in lieu of notice.

The audit also identified provisions in the employment contract for one head coach that provide for termination payments which could exceed 20 weeks in pay. A very limited number of non-bargaining unit employees at the University are employed pursuant to an employment contract; almost all others receive offer letters. Coaches, head coaches in particular, are one of the key exceptions. This is because it is the custom and "market" to enter into these contracts. These contracts are beneficial to both parties and very specifically layout the rights and responsibilities of each party. The University's coaches' contracts carefully delineate grounds for termination with cause; grounds for termination for cause in this context are much more robust and easily met than in a typical at-will employment context.

Actions that would not entitle termination for cause in a typical at-will employment context may often result in grounds for termination for cause in coaches' contracts. Additionally, the custom and "market" for some coach positions is to provide for each party to pay liquidated damages on account of the contract termination. In order to be competitive in the hiring and retention of head coaches, the University is able to meet the market by agreeing to a liquidated damages clause that provides both the University and the coach a remedy in the event either party terminates without cause. This is not a severance payment.

Unlike typical at-will employees, coaches may have stronger interests in their reputations, in goodwill and the like, and they are frequently relocating from different areas of the country to take coaching positions at the University. To mitigate the risk to each party on account of termination without cause, the contract provides each party a liquidated damages payment amount agreed upon at contract signing. In light of the legal doctrine of mutuality of remedies, the ability of the University to enforce the coaches' liquidated damages payment obligation is strengthened by the University having a similar obligation. The University has in fact collected liquidated damages under some coaches' contracts. The University believes the payments contemplated by the coaches' contracts do not constitute severance pay. Additionally, no liquidated damages have been paid under the identified contract.

Finding 5: University rules and records supporting University property, facilities, and personal services used by the University direct-support organizations (DSOs) could be improved. In addition, the University should discontinue the transfer of royalty and licensing fees to DSOs.

Recommendation: We recommend that:

- ***The University document University employee actual time and effort provided to DSOs to support the purpose for and value of such services and the distribution of applicable personal services costs among specific University and DSO activities.***

- ***The Trustees enter into agreements with DSO's to establish the basis for DSO reimbursements.***

- ***The University document the Trustees' consideration and approval of DSO anticipated use of University resources, at least on an annual basis, before the use occurs. To enhance government transparency, Trustee approval documentation should identify the positions of the employees who will provide the personal services, the square footage of the office space and related buildings that will be used by the respective DSO's, and the value of such use.***

- ***The University obtain confirmations and other documentation from DSO management affirming that University resources were only used for purposes approved by the Trustees.***

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- ***In the absence of specific authority, the University discontinue the transfer of royalty and licensing fees to its DSOs.***

The University concurs with this recommendation. As accurately noted in the audit report, the University already prepares and itemizes the expected personnel costs and use of University property and facilities by the FIU Foundation for Board of Trustees approval during the annual budget process and will continue to do so.

In order to promote accountability and transparency over the use of University property, facility, and personal services resources by DSOs, the University will amend existing or execute new Memorandums of Understanding between the University Board of Trustees and DSO Board of Directors which will establish the basis for DSO reimbursements, approval for services and space utilization, and the associated processes.

The University will implement and communicate to the university community a procedure whereby the time and effort for University personnel who concurrently provide services to both the University and FIU Foundation is reflected in the personnel distribution costs among University and DSO activities. The personnel distribution cost must also be approved by the employee's supervisor in recognition of the employee's time and effort across various activities.

Additionally, the University will annually provide a list of employees along with their job code descriptions, FTE (representation of time and effort while in the position and based on personnel distributions contained in Human Resources records) and associated cost for the preceding year to FIU Foundation management for their affirmation that University resources were used only for purposes approved by the Board of Trustees.

The University and Research Foundation will enter into an agreement whereby the Research Foundation will be granted exclusive rights of certain assignments held by the University and to the income derived from the commercialization of associated intellectual property. In the event this income is insufficient to cover the services provided in support of the University's research mission and management of its intellectual property, the Research Foundation will invoice the University, which will use unrestricted funds to reimburse the Research Foundation. Beginning with the 2019-2020 fiscal year, the university's operating budget reflects BOT authorization to assign and transfer royalties revenue from the university to the Research Foundation.

The University receives royalty and licensing fee revenues associated with FIU Athletics that FIU believes are legally pledged revenues in support of the FIU Athletics Finance Corp. (AFC), a special purpose vehicle established for the financing and construction of the football stadium, and therefore the transfer is allowable under Florida Statute 1004.28. As per language reflected in the AFC Trust Indenture agreement and Assignment of

Leases, Rents, Profits and Contracts agreement, pledged revenues include concession revenue, which includes novelty concession revenue. The projected AFC operating revenues in the budget the Board of Governors approved on January 25, 2007, included net novelties revenues. By definition, a novelty is an item sold for its uniqueness, therefore without a distinctive feature, like a unique design, brand or logo, an item would not be considered a novelty. For articles such as T-shirts, Jerseys, tote bags, hats and other similar items that are sold, what makes them unique and thereby considered a novelty are the FIU logo and other brand markings which in turn generate licensing fees and royalty revenue. Consequently, we believe that licensing fees and royalty revenue are synonymous with novelty sales revenue and therefore considered part of the pledged revenues as defined in the AFC agreements. It is important to note that only one-third of the total licensing and royalty revenue received by the university is transferred to the AFC based upon sales of athletics related merchandise; the remaining two-thirds of the revenue remains with the university. Although the BOT approved budget for the AFC has included royalty and licensing fee revenues associated with FIU Athletics, FIU will also request specific BOT authorization to assign and transfer these royalty revenues from the University to the AFC and will request guidance from the BOG and the FIU Office of General Counsel.

Finding 6: The University intercollegiate athletic programs were not self-supporting and continued to experience deficit fund balances.

Recommendation: The Trustees should continue to monitor the financial condition of the intercollegiate athletic programs and take appropriate actions to ensure that intercollegiate athletic programs are self-supporting pursuant to BOG regulations.

The University concurs with this recommendation. As reflected in the finding, the deficit fund balance is the result of non-recurring capital expenditures and an approved loan repayment schedule has been established. The University, building upon Recommendation 1.1 of the Office of Internal Audit Report No. 17/18-01, "Audit of Athletics Department Operations," will continue to monitor the financial condition of the intercollegiate athletics program and develop long-range budget plans that will result in the elimination of the fund balance deficit currently being offset by intercompany loans approved by the Board of Trustees.

The Athletics Department completes, on a quarterly basis, an updated financial projection that is presented to the Chief Financial Officer and Athletics Director for review. In addition to financial projections, the Athletics Department prepares a quarterly variance report for the current fiscal year which is shared with the Board of Trustees. These measures result in a systematic review of financial operations and ensure Board of Trustee's approved loan repayment schedules are adhered to.

Lastly, as part of the long-term financial planning for the Athletics Department, appropriate actions are being taken to review and reduce operating costs for the intercollegiate athletics programs, where appropriate, and to expand opportunities to generate incremental revenue from both new and existing sources.

Finding 7: The University did not always timely cancel purchasing card privileges when a cardholder separated from University employment.

Recommendation: The University should continue efforts to ensure that P-card privileges are timely cancelled upon a cardholder's separation from University employment.

The University concurs with this recommendation. FIU will continue its efforts to ensure that PCard privileges are timely cancelled upon a cardholder's separation from University employment.

Effective immediately, the Credit Card Solutions Team (CCST) has further strengthened internal procedures to ensure the timely cancellation of university issued credit cards and reduce gaps in our internal protocols specifically adding additional logic for internal transfers.

The CCST has implemented measures to improve procedure awareness for timely card cancellation to the university community. We will ensure that a biannual reminder is published in the Panther Post Newsletter alerting units to the correct card cancellation procedure. Additionally, an annual reminder will be sent via the dedicated program listserv to alert cardholders and approvers as well.

Finding 8: Certain University information technology (IT) access controls over finance applications need improvement.

Recommendation: The University should continue efforts to perform documented periodic evaluations of IT user access privileges to the ERP system applications based on a demonstrated need for such access and remove any inappropriate or unnecessary access privileges detected.

The University concurs with this recommendation. FIU will ensure that there is a process to review the ERP system access privileges on an annual basis. FIU understands the risk of employees having unnecessary access to any of the ERP modules (Finance, HR, and

Student Financials) and the University will create a process to ensure that a review of all individuals with access will be conducted annually.

Finding 9: Some unnecessary IT user access privileges existed that increase the risk that unauthorized disclosure of sensitive personal information of students may occur.

***Recommendation:** To ensure access to the sensitive personnel information of students is property safeguarded, the University should:*

- ***Document the public purpose served for maintaining that information for individuals who do not enroll in the University. Absent such, the University should discontinue the practice of indefinitely maintaining the sensitive personal information of prospective students who do not enroll.***
- ***Upgrade the University IT system to differentiate IT user access privileges to current student information from access privileges to former and prospective student information.***
- ***Continue efforts to ensure that only those employees who have a demonstrated need to access the sensitive student information have such access. If an employee only requires occasional access, access privileges should be granted only for the time needed.***

The University concurs with this recommendation. FIU has an automated process that deletes sensitive personal information of prospective students who do not enroll after one year of being imported into the system. In addition, FIU is enhancing this automated process to ensure that any sensitive information that is no longer needed or serves a public purpose is removed from the student system. FIU has also documented the purpose for storing such information for operational requirements.

The information of current, former and prospective students is stored in the same database tables and is accessible through the same system pages. Currently, our vendor, Oracle, does not provide a mechanism to differentiate this information based on current, former and prospective statuses. FIU has implemented a mechanism that masks all sensitive information by default, allowing it to be viewed partially or fully by individuals, as appropriate, based upon demonstrated and justifiable need to see such information.

Access to systems and data is automatically reviewed and removed when employees are terminated or transfer departments within the university. While FIU does not currently have a way to expire access at a predetermined date, a project is underway to provide this functionality. This project is expected to be completed before the end of 2019.

From: Vanessa Fortier <Vanessa.Fortier@ucf.edu>

Sent: Monday, April 05, 2010 4:51 PM

To: Tracy Clark

Subject: Re: BOA, SBA, SPIA, CNL, BNY weekly balances 03/30/10

Thanks, Tracy.

Has your group discussed how the interest allocations should be calculated beginning with April? We'll have quite a bit invested in funds that don't earn interest like SPIA and Bank of America. This may be a good time to evaluate the whole interest allocation process. Bill has mentioned the idea of taking a portion of the interest off the top to hold for particular purposes. That could be incorporated into a change. One area where we would need to be careful (and there are potentially others) is E&G, since the BOG requires us to allocate interest earned on E&G funds to E&G.

Maybe we can talk about this one day soon. Let me know what you think.

Vanessa

>>> Tracy Clark 4/2/2010 6:10 PM >>>
Bert has updated the BNY Market Value Local balances for 03/30/10 and added the face values of $565,000 for accounts 740057 & 740058. The total cost is $210 million and the Market Value Local and face values is $209,873,735, a decrease of ($126,265) as of 03/30/10.

An email has been sent to Christy to find out why the market value local is not provided for some of the investments. She is going to research and provide an answer.

Tracy Clark, CPA
University Controller
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12424 Research Parkway, Ste 300
Orlando, Florida 32826
(407) 882-1006

From: Tracy Clark <Tracy.Clark@ucf.edu>
Sent: Monday, April 05, 2010 5:34 PM
To: Glen Carlson; Ann Boutros; Murdock, Denise
Subject: Fwd: Re: BOA, SBA, SPIA, CNL, BNY weekly balances 03/30/10
Attachments: Re: BOA, SBA, SPIA, CNL, BNY weekly balances 03/30/10

Can you send me a summarization of how the net interest income gets allocated for March so that I can start to think how we may want to change things. It doesn't have to be fancy.

Then we'll all look at it and talk.

Thanks.

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From: Christina Tant <Christy.Tant@ucf.edu>
Sent: Friday, March 23, 2012 5:45 PM
To: Lynn Gonzalez
Subject: FW: Funding Needs and Sources
Attachments: 2012-13_EG_Budget_031312.xlsx

Lynn – I want to make sure I have the latest version of this document... it doesn't look like all of the totals were fixed on this one. Do you have a later version?

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Ph. (407) 882-1029
Fax (407) 882-1102

From: Lynn Gonzalez
Sent: Tuesday, March 13, 2012 12:19 PM
To: Christina Tant; Tracy Clark
Subject: RE: Funding Needs and Sources

Thx Christy. I don't know as much about these other sources, but based on what you stated, the changes make sense and I've updated accordingly. Bill has asked me to go down to his office now to show him the changes, so I'll run these past him as well. …Lynn

---

From: Christina Tant
Sent: Tuesday, March 13, 2012 10:46 AM
To: Lynn Gonzalez; Tracy Clark
Subject: RE: Funding Needs and Sources

This looks good to me. Just a couple of thoughts on the blue box items…

During the meeting with Mr. Merck and the Provost we moved some of the items in the blue box (labeled 19, 20, 22, 23) from recurring to non recurring. I believe that was because the Provost wanted to see how it would look if we treated some recurring sources as non recurring sources. However, we do present incremental increases in some of these rows as recurring sources in subsequent years. These aren't big amounts, but today I find myself needing to confirm our assumptions in order to think through this presentation. Here are some thoughts, but my logic may be flawed if my understanding of the assumptions is wrong (or they have changed).

This is what my notes regarding assumptions say:

- Item 19 - Mr. Merck said to assume an increase in the auxiliary overhead rate by 1% per year for a maximum of 2 years. Should the 2013-14 recurring be $1.2m to effectively move the $600k presented as non recurring in 2012-13 into the recurring column the next year?
- Item 20 - Dr. Waldrop said to assume a 3% tax on the C&G overhead in 2012-13 and increase it to 5% in 2013-14. The $950k presented as recurring in 2013-14 effectively moves the $550k presented as non recurring in 2012-13 into recurring the next year.

- Item 22 – this $1m is a one time change from a recurring source… since we moved it to the non recurring column in 2012-13, should the $1m be presented as recurring in 2013-14?
- Item 23 – Dr. Waldrop said to assume a 0.5% tax in 2012-13, and an additional 1% increase in 2013-14 and every year thereafter. Should the $200k presented as non recurring in 2012-13 be added to the $400k in the recurring column of 2013-14?

Also, I believe the description on row 36 should say “0.5% per year starting in 2012-13.”

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From: Lynn Gonzalez
Sent: Tuesday, March 13, 2012 8:49 AM
To: Christina Tant; Tracy Clark
Subject: Funding Needs and Sources

Hi Christy,

Attached is version 127 of the document we worked on last week. Note that Tracy and I were going over it very briefly yesterday and she noticed a few formulas that were not carrying over to the total columns, so I have updated accordingly (I explained to her that we were struck blind after looking at it so long!). Please review and let me know if you spot anything else, otherwise I will print clean copies for Tony’s standing meeting with the president this afternoon.

Thanks☺ …Lynn

2012-13 E&G Budget Allocation

DRAFT

Funding Needs and Possible Sources

Version 1: $21M of $54M reduction offset with recurring funds.

15% increase in differential tuition per year

		2012-13			2013-14			2014-15			2015-16		
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
	Funding Needs:												
1	Budget Reduction ($52 million moved into recurring as recurring funds are available)	$ 19,368,000	$ 33,245,000	$ 52,613,000	$ 20,000,000	$ 13,245,000	$ 33,245,000	$ 13,245,000		$ 13,245,000	$ -	$ -	$ -
2	Budget Reduction - Decrease in allowable excess hours	1,832,000		1,832,000			-			-			-
3	Additional Budget Needs:												
4	Planned University commitments - Phase in of recurring items funded from NR funds	5,000,000	-	5,000,000	5,000,000	-	5,000,000	4,000,000	-	4,000,000	4,000,000	-	4,000,000
5	Planned University commitments - Other*	-	18,300,000	18,300,000	-	11,500,000	11,500,000	-	5,700,000	5,700,000	-	-	-
6	New University commitments	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000			2,000,000		
7	Targeted distributions (distribution method to be determined)	-	-	-	5,850,000	-	5,850,000	3,155,000	-	3,155,000	16,400,000	-	16,400,000
	Total Funding Needs	$ 28,200,000	$ 51,545,000	$ 79,745,000	$ 32,850,000	$ 24,745,000	$ 57,595,000	$ 22,400,000	$ 5,700,000	$ 28,100,000	$ 22,400,000	$ -	$ 22,400,000
	Possible Sources:												
8	3% 2010-11 budget hold back	$ 7,100,000	$ 7,100,000	$ 14,200,000	$ 7,100,000	$ 7,100,000	$ 14,200,000	$ -	$ -	$ -	$ -	$ -	$ -
9	Use of 2010-11 budget holdback to fund budget reduction in 2013-14	(7,100,000)		(7,100,000)			-						
10	Previous FY Tuition increase - enrollment growth **	3,500,000	3,500,000	7,000,000			-			-			-
11	New FY tuition rate increase estimate- flat enrollment	14,000,000		14,000,000	14,000,000	-	14,000,000	14,000,000	-	14,000,000	14,000,000	-	14,000,000
12	New tuition rate increase estimate- 3% enrollment growth	8,000,000		8,000,000	8,000,000		8,000,000	8,000,000		8,000,000	8,000,000		8,000,000
13	Use of tuition rate increase to fund budget reduction for 2012-13		-	-	-		-			-			-
14	Targeted restructuring	TBD		-	TBD		-	TBD		-			-
15	Institutional investments	2,700,000	2,700,000	5,400,000	-	-	-	-	-	-	-	-	-
16	Recurring prior year reserve funds carried forward ***	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000
17	University level carry forward from prior year	-	38,000,000	38,000,000	-	22,605,000	22,605,000	-	23,460,000	23,460,000	-	31,260,000	31,260,000
18	Division level carryforward from prior year	-	5,000,000	5,000,000	-	5,000,000	5,000,000	-	TBD	-	-	-	-
19	Increase auxiliary overhead rate 1% per year		600,000	600,000	1,200,000	-	1,200,000	-	-	-	-	-	-
20	Charge C&G indirect overhead revenue 3%		550,000	550,000	950,000	-	950,000	-	-	-	-	-	-
21	Unrealized gains on investments		2,000,000	2,000,000	-	-	-	-	-	-	-	-	-
22	Change administrative percent for financial aid fee funds ****		1,000,000	1,000,000	1,000,000	-	1,000,000	-	-	-	-	-	-
23	Tax unspent cash in Research accounts 0.5% per year starting in 2012-13		200,000	200,000	600,000	-	600,000	400,000	-	400,000	400,000	-	400,000
24	Move realized investment earnings from non-E&G areas to E&G	-	-	-	-	-	-	-	-	-	-	-	-
25	Furloughs ($1m per day)			-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
	Total Sources	$ 28,200,000	$ 74,150,000	$ 102,350,000	$ 32,850,000	$ 48,205,000	$ 81,055,000	$ 22,400,000	$ 36,960,000	$ 59,360,000	$ 22,400,000	$ 44,760,000	$ 67,160,000
	Available (Shortage)	$ -	$ 22,605,000	$ 22,605,000	$ -	$ 23,460,000	$ 23,460,000	$ -	$ 31,260,000	$ 31,260,000	$ -	$ 44,760,000	$ 44,760,000

* Includes recurring and non-recurring committments; Includes nothing through 2015-16 for building on Lake Nona land

** Distribution method to be determined; assumes steady growth through 2015-16

*** Possible sources does not include 2011-12 recurring reserve of $13.5 million

**** With 15% tuition increase all being Tuition Differential, the 30% allocated to Financial aid is $2.2 million more than if 8% of the tuition increase had been allocated to undergraduate tuition.

2012-13 E&G Budget Allocation **DRAFT**

Funding Needs and Possible Sources

Version 2: $7M of $54M reduction offset with recurring funds.

0% increase in differential tuition in 2012-13, 15% each year thereafter

	2012-13			2013-14			2014-15			2014-15		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Funding Needs:												
1 Budget Reduction ($52 million moved into recurring as recurring funds are available)	$ 5,368,000	$ 47,245,000	$ 52,613,000	$ 20,000,000	$ 27,245,000	$ 47,245,000	$ 13,622,500	$ 13,622,500	$ 27,245,000	$ 13,622,500	$ -	$ 13,622,500
2 Budget Reduction - Decrease in allowable excess hours	1,832,000		1,832,000			-			-			-
3 Additional Budget Needs:												
4 Planned University commitments - Phase in of recurring items funded from NR funds	5,000,000	-	5,000,000	5,000,000	-	5,000,000	4,000,000	-	4,000,000	4,000,000	-	4,000,000
5 Planned University commitments - Other*	-	18,300,000	18,300,000	-	11,500,000	11,500,000	-	5,700,000	5,700,000	-	-	-
6 New University commitments	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000		2,000,000
7 Targeted distributions (distribution method to be determined)	-	-	-	5,850,000	-	5,850,000	2,777,500	-	2,777,500	2,777,500	-	2,777,500
Total Funding Needs	$ 14,200,000	$ 65,545,000	$ 79,745,000	$ 32,850,000	$ 38,745,000	$ 71,595,000	$ 22,400,000	$ 19,322,500	$ 41,722,500	$ 22,400,000	$ -	$ 22,400,000
Possible Sources:												
8 3% budget held back	$ 7,100,000	$ 7,100,000	$ 14,200,000	$ 7,100,000	$ 7,100,000	$ 14,200,000	$ -	$ -	$ -	$ -	$ -	$ -
9 Use of 2010-11 budget holdback to fund budget reduction in 2013-14	(7,100,000)		(7,100,000)			-			-			-
10 Previous FY Tuition increase - enrollment growth **	3,500,000	3,500,000	7,000,000			-			-			-
11 New FY tuition rate increase estimate- flat enrollment			-	14,000,000	-	14,000,000	14,000,000	-	14,000,000	14,000,000	-	14,000,000
12 New tuition rate increase estimate- 3% enrollment growth	8,000,000		8,000,000	8,000,000		8,000,000	8,000,000		8,000,000	8,000,000		8,000,000
13 Use of Tuition rate increase to fund budget reduction for 2012-13		-	-	-		-			-			-
14 Targeted restructuring	TBD		-	TBD		-	TBD		-	TBD		-
15 Institutional investments	2,700,000	2,700,000	5,400,000	-	-	-	-	-	-	-	-	-
16 Recurring prior year reserve funds carried forward ***	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000
17 University level carry forward from prior year	-	38,000,000	38,000,000	-	13,605,000	13,605,000	-	5,460,000	5,460,000	-	4,637,500	4,637,500
18 Division level carryforward from prior year	-	10,000,000	10,000,000	-	10,000,000	10,000,000	-	5,000,000	5,000,000	-	TBD	-
19 Increase auxiliary overhead rate 1% per year		600,000	600,000	1,200,000	-	1,200,000	-	-	-	-	-	-
20 Charge C&G indirect overhead revenue 3%		550,000	550,000	950,000	-	950,000	-	-	-	-	-	-
21 Unrealized gains on investments		2,000,000	2,000,000	-	-	-	-	-	-	-	-	-
22 Change administrative percent for financial aid fee funds ****		1,000,000	1,000,000	1,000,000	-	1,000,000	-	-	-	-	-	-
23 Tax unspent cash in Research accounts 0.5% per year starting in 2012-13		200,000	200,000	600,000	-	600,000	400,000	-	400,000	400,000	-	400,000
24 Move realized investment earnings from non-E&G areas to E&G	-	-	-	-	-	-	-	-	-	-	-	-
25 Furloughs ($1m per day)			-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total Sources	$ 14,200,000	$ 79,150,000	$ 93,350,000	$ 32,850,000	$ 44,205,000	$ 77,055,000	$ 22,400,000	$ 23,960,000	$ 46,360,000	$ 22,400,000	$ 18,137,500	$ 40,537,500
Available (Shortage)	$ -	$ 13,605,000	$ 13,605,000	$ -	$ 5,460,000	$ 5,460,000	$ -	$ 4,637,500	$ 4,637,500	$ -	$ 18,137,500	$ 18,137,500

* Includes recurring and non-recurring committments; Includes nothing through 2015-16 for building on Lake Nona land

** Distribution method to be determined; assumes steady growth through 2015-16

*** Possible sources does not include 2011-12 recurring reserve of $13.5 million

**** With 15% tuition increase all being Tuition Differential, the 30% allocated to Financial aid is $2.2 million more than if 8% of the tuition increase had been allocated to undergraduate tuition.

2012-13 E&G Budget Allocation **DRAFT**

Funding Needs and Possible Sources

Version 3: $54M reduction offset with non-recurring funds.

15% increase in differential tuition per year

		2012-13			2013-14			2014-15			2015-16		
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
	Funding Needs:												
1	Budget Reduction ($52 million moved into recurring as recurring funds are available)	$ -	$ 52,613,000	$ 52,613,000	$ 26,306,500	$ 26,306,500	$ 52,613,000	$ 13,153,250	$ 13,153,250	$ 26,306,500	$ 13,153,250	$ -	$ 13,153,250
2	Budget Reduction - Decrease in allowable excess hours		1,832,000	1,832,000	1,832,000		1,832,000			-			-
3	Additional Budget Needs:												
4	Planned University commitments - Phase in of recurring items funded from NR funds	5,000,000	-	5,000,000	5,000,000	-	5,000,000	4,000,000	-	4,000,000	4,000,000	-	4,000,000
5	Planned University commitments - Other*	-	18,300,000	18,300,000	-	11,500,000	11,500,000	-	5,700,000	5,700,000	-	-	-
6	New University commitments	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000		2,000,000
7	Targeted distributions (distribution method to be determined)	-	-	-	18,911,500	-	18,911,500	3,246,750	-	3,246,750	3,246,750	-	3,246,750
	Total Funding Needs	$ 7,000,000	$ 72,745,000	$ 79,745,000	$ 54,050,000	$ 37,806,500	$ 91,856,500	$ 22,400,000	$ 18,853,250	$ 41,253,250	$ 22,400,000	$ -	$ 22,400,000
	Possible Sources:												
8	3% 2010-11 budget hold back	$ 7,100,000	$ 7,100,000	$ 14,200,000	$ 7,100,000	$ 7,100,000	$ 14,200,000	$ -	$ -	$ -	$ -	$ -	$ -
9	Use of 2010-11 budget holdback to fund budget reduction in 2013-14	(7,100,000)		(7,100,000)			-			-			-
10	Previous FY Tuition increase - enrollment growth **	3,500,000	3,500,000	7,000,000			-			-			-
11	New FY tuition rate increase estimate- flat enrollment	14,000,000		14,000,000	14,000,000	-	14,000,000	14,000,000	-	14,000,000	14,000,000	-	14,000,000
12	New tuition rate increase estimate- 3% enrollment growth	8,000,000		8,000,000	8,000,000		8,000,000	8,000,000		8,000,000	8,000,000		
13	Use of tuition rate increase to fund budget reduction for 2012-13	(21,200,000)	21,200,000	-	21,200,000		21,200,000			-			
14	Targeted restructuring	-		-	TBD		-	TBD		-			
15	Institutional investments	2,700,000	2,700,000	5,400,000	-	-	-	-	-	-	-	-	-
16	Recurring prior year reserve funds carried forward ***	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000
17	University level carry forward from prior year	-	38,000,000	38,000,000	-	22,605,000	22,605,000	-	10,398,500	10,398,500	-	10,045,250	10,045,250
18	Division level carryforward from prior year	-	5,000,000	5,000,000	-	5,000,000	5,000,000	-	5,000,000	5,000,000	-	-	-
19	Increase auxiliary overhead rate 1% per year		600,000	600,000	1,200,000	-	1,200,000	-	-	-	-	-	-
20	Charge C&G indirect overhead revenue 3%		550,000	550,000	950,000	-	950,000	-	-	-	-	-	-
21	Unrealized gains on investments		2,000,000	2,000,000	-	-	-	-	-	-	-	-	-
22	Change administrative percent for financial aid fee funds ****		1,000,000	1,000,000	1,000,000	-	1,000,000	-	-	-	-	-	-
23	Tax unspent cash in Research accounts 0.5% per year starting in 2012-13		200,000	200,000	600,000	-	600,000	400,000	-	400,000	400,000	-	400,000
24	Move realized investment earnings from non-E&G areas to E&G	-	-	-	-	-	-	-	-	-	-	-	-
25	Furloughs ($1m per day)			-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
	Total Sources	$ 7,000,000	$ 95,350,000	$ 102,350,000	$ 54,050,000	$ 48,205,000	$ 102,255,000	$ 22,400,000	$ 28,898,500	$ 51,298,500	$ 22,400,000	$ 23,545,250	$ 37,945,250
	Available (Shortage)	$ -	$ 22,605,000	$ 22,605,000	$ -	$ 10,398,500	$ 10,398,500	$ -	$ 10,045,250	$ 10,045,250	$ -	$ 23,545,250	$ 15,545,250

* Includes recurring and non-recurring committments; Includes nothing through 2015-16 for building on Lake Nona land

** Distribution method to be determined; assumes steady growth through 2015-16

*** Possible sources does not include 2011-12 recurring reserve of $13.5 million

**** With 15% tuition increase all being Tuition Differential, the 30% allocated to Financial aid is $2.2 million more than if 8% of the tuition increase had been allocated to undergraduate tuition.

2012-13 E&G Budget Allocation **DRAFT**

Funding Needs and Possible Sources

Version 4: $54M reduction offset with non-recurring funds (no tuition rate increase).

0% increase in differential tuition in 2012-13, 15% each year thereafter

		2012-13			2013-14			2014-15			2014-15		
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
	Funding Needs:												
1	Budget Reduction ($52 million moved into recurring as recurring funds are available)	$ -	$ 52,613,000	$ 52,613,000	$ 26,306,500	$ 26,306,500	$ 52,613,000	$ 13,153,250	$ 13,153,250	$ 26,306,500	$ 13,153,250	$ -	$ 13,153,250
2	Budget Reduction - Decrease in allowable excess hours		1,832,000	1,832,000	1,832,000		1,832,000			-			-
3	Additional Budget Needs:												
4	Planned University commitments - Phase in of recurring items funded from NR funds	5,000,000	-	5,000,000	5,000,000	-	5,000,000	4,000,000	-	4,000,000	4,000,000	-	4,000,000
5	Planned University commitments - Other*	-	18,300,000	18,300,000	-	11,500,000	11,500,000	-	5,700,000	5,700,000	-	-	-
6	New University commitments	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000		2,000,000
7	Targeted distributions (distribution method to be determined)	-	-	-	4,911,500	-	4,911,500	3,246,750	-	3,246,750	3,246,750	-	3,246,750
	Total Funding Needs	$ 7,000,000	$ 72,745,000	$ 79,745,000	$ 40,050,000	$ 37,806,500	$ 77,856,500	$ 22,400,000	$ 18,853,250	$ 41,253,250	$ 22,400,000	$ -	$ 22,400,000
	Possible Sources:												
8	3% budget held back	$ 7,100,000	$ 7,100,000	$ 14,200,000	$ 7,100,000	$ 7,100,000	$ 14,200,000	$ -	$ -	$ -	$ -	$ -	$ -
9	Use of 2010-11 budget holdback to fund budget reduction in 2013-14	(7,100,000)		(7,100,000)			-			-			-
10	Previous FY Tuition increase - enrollment growth **	3,500,000	3,500,000	7,000,000			-			-			-
11	New FY tuition rate increase estimate- flat enrollment			-	14,000,000	-	14,000,000	14,000,000	-	14,000,000	14,000,000	-	14,000,000
12	New tuition rate increase estimate- 3% enrollment growth	8,000,000		8,000,000	8,000,000		8,000,000	8,000,000		8,000,000	8,000,000		8,000,000
13	Use of Tuition rate increase to fund budget reduction for 2012-13	(7,200,000)	7,200,000	-	7,200,000		7,200,000			-			-
14	Targeted restructuring	-		-	TBD		-	TBD		-	TBD		-
15	Institutional investments	2,700,000	2,700,000	5,400,000	-	-	-	-	-	-	-	-	-
16	Recurring prior year reserve funds carried forward ***	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000
17	University level carry forward from prior year	-	38,000,000	38,000,000	-	13,605,000	13,605,000	-	6,398,500	6,398,500	-	6,045,250	6,045,250
18	Division level carryforward from prior year	-	10,000,000	10,000,000	-	10,000,000	10,000,000	-	5,000,000	5,000,000	-	TBD	-
19	Increase auxiliary overhead rate 1% per year		600,000	600,000	1,200,000	-	1,200,000	-	-	-	-	-	-
20	Charge C&G indirect overhead revenue 3%		550,000	550,000	950,000	-	950,000	-	-	-	-	-	-
21	Unrealized gains on investments		2,000,000	2,000,000	-	-	-	-	-	-	-	-	-
22	Change administrative percent for financial aid fee funds ****		1,000,000	1,000,000	1,000,000	-	1,000,000	-	-	-	-	-	-
23	Tax unspent cash in Research accounts 0.5% per year starting in 2012-13		200,000	200,000	600,000	-	600,000	400,000	-	400,000	400,000	-	400,000
24	Move realized investment earnings from non-E&G areas to E&G	-	-	-	-	-	-	-	-	-	-	-	-
25	Furloughs ($1m per day)			-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
	Total Sources	$ 7,000,000	$ 86,350,000	$ 93,350,000	$ 40,050,000	$ 44,205,000	$ 84,255,000	$ 22,400,000	$ 24,898,500	$ 47,298,500	$ 22,400,000	$ 19,545,250	$ 41,945,250
	Available (Shortage)	$ -	$ 13,605,000	$ 13,605,000	$ -	$ 6,398,500	$ 6,398,500	$ -	$ 6,045,250	$ 6,045,250	$ -	$ 19,545,250	$ 19,545,250

* Distribution method to be determined; assumes steady growth through 2015-16

** Distribution method to be determined; assumes steady growth through 2014-15

*** Possible sources does not include 2011-12 recurring reserve of $13.5 million

**** With 15% tuition increase all being Tuition Differential, the 30% allocated to Financial aid is $2.2 million more than if 8% of the tuition increase had been allocated to undergraduate tuition.

2012-13 E&G Budget

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Funding Needs and Possible Sources
Assumes 15% increase in differential tuition per year

	2012-13 Recurring	2012-13 Non-recurring	2012-13 Total	2013-14 Recurring	2013-14 Non-recurring	2013-14 Total	2014-15 Recurring	2014-15 Non-recurring	2014-15 Total
Funding Needs:									
Budget Reduction ($52 million moved into recurring as recurring funds are available)	$ 20,000,000	$ 32,000,000	$ 52,000,000	$ 16,000,000	$ 16,000,000	$ 32,000,000	$ 16,000,000	$ -	$ 16,000,000
Additional Budget Needs:									
Planned University commitments - Phase in of recurring items funded from NR funds	5,000,000	-	5,000,000	5,000,000	-	5,000,000	4,000,000	-	4,000,000
Planned University commitments - Other*	-	18,300,000	18,300,000	-	11,500,000	11,500,000	-	5,700,000	5,700,000
New University commitments	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000		
Investments	12,850,000	-	12,850,000	8,950,000	-	8,950,000	8,400,000	-	8,400,000
Total Funding Needs	$ 39,850,000	$ 50,300,000	$ 90,150,000	$ 31,950,000	$ 27,500,000	$ 59,450,000	$ 30,400,000	$ 5,700,000	$ 36,100,000
Possible Sources:									
3% budget held back	$ 7,100,000	$ 7,100,000	$ 14,200,000	$ -	$ -	$ -	$ -	$ -	$ -
2011-12 Tuition increase - enrollment growth **	3,500,000	3,500,000	7,000,000	8,000,000	8,000,000	16,000,000	8,000,000	8,000,000	16,000,000
2012-13 Estimated Tuition rate increase - differential tuition (flat enrollment)	14,000,000	-	14,000,000	14,000,000	-	14,000,000	14,000,000	-	14,000,000
2012-13 Estimated Tuition rate increase - differential tuition (3% enrollment growth)	8,000,000		8,000,000	8,000,000		8,000,000	8,000,000		8,000,000
Targeted restructuring	TBD		-	TBD		-	TBD		-
Institutional investments	2,700,000	2,700,000	5,400,000	-	-	-	-	-	-
Recurring prior year reserve funds carried forward ***	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000
University level carry forward from prior year	-	38,000,000	38,000,000	-	19,500,000	19,500,000	-	18,500,000	18,500,000
Division level carryforward from prior year	-	5,000,000	5,000,000	-	5,000,000	5,000,000	-	TBD	-
Increase auxiliary overhead rate 1% per year	600,000	-	600,000	600,000	-	600,000	-	-	-
Charge C&G indirect overhead revenue 5%	950,000	-	950,000	950,000	-	950,000	-	-	-
Unrealized gains on investments	2,000,000	-	2,000,000	-	-	-	-	-	-
Change administrative percent for financial aid fee funds ****	1,000,000	-	1,000,000	-	-	-	-	-	-
Tax unspent cash in Research accounts 1% per year starting in 2013-14	-	-	-	400,000	-	400,000	400,000	-	400,000
Move realized investment earnings from non-E&G areas to E&G	-	-	-	-	-	-	-	-	-
Furloughs ($1m per day)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Sources	$ 39,850,000	$ 69,800,000	$ 109,650,000	$ 31,950,000	$ 46,000,000	$ 77,950,000	$ 30,400,000	$ 40,000,000	$ 70,400,000
Available (Shortage)	$ -	$ 19,500,000	$ 19,500,000	$ -	$ 18,500,000	$ 18,500,000	$ -	$ 34,300,000	$ 34,300,000

* Includes recurring and non-recurring committments; Includes nothing through 2014-15 for building on Lake Nona land
** Distribution method to be determined; assumes steady growth through 2014-15
** Possible sources does not include 2011-12 recurring reserve of $13.5 million
** With 15% tuition increase all being Tuition Differential, the 30% allocated to Financial aid is $2.2 million more than if 8% of the tuition increase had been allocated to undergraduate tuition.

Represents non-E&G funding sources

2012-13 E&G Budget

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Funding Needs and Possible Sources
Assumes 15% increase in differential tuition per year

	2012-13			2013-14			2014-15		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Funding Needs:									
Budget Reduction ($52 million moved into recurring as recurring funds are available)	$ 32,850,000	$ 19,150,000	$ 52,000,000	$ 19,150,000	$ -	$ 19,150,000	$ -	$ -	$ -
Additional Budget Needs:									
Phase in of recurring items funded from non-recurring funds	5,000,000	-	5,000,000	5,000,000	-	5,000,000	4,000,000	-	4,000,000
Planned University commitments*	-	18,300,000	18,300,000	-	11,500,000	11,500,000	-	5,700,000	5,700,000
New University commitments	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000		
Investments	-	-	-	-	-	-	-	-	-
Total Funding Needs	$ 39,850,000	$ 37,450,000	$ 77,300,000	$ 26,150,000	$ 11,500,000	$ 37,650,000	$ 6,000,000	$ 5,700,000	$ 11,700,000
Possible Sources:									
3% budget held back	$ 7,100,000	$ 7,100,000	$ 14,200,000	$ -	$ -	$ -	$ -	$ -	$ -
2011-12 Tuition increase - enrollment growth **	3,500,000	3,500,000	7,000,000	8,000,000	8,000,000	16,000,000	8,000,000	8,000,000	16,000,000
2012-13 Estimated Tuition rate increase - differential tuition (flat enrollment)	14,000,000	-	14,000,000	14,000,000	-	14,000,000	14,000,000	-	14,000,000
2012-13 Estimated Tuition rate increase - differential tuition (3% enrollment growth)	8,000,000		8,000,000	8,000,000		8,000,000	8,000,000		8,000,000
Targeted restructuring	TBD		-	TBD		-	TBD		-
Institutional investments	2,700,000	2,700,000	5,400,000	-	-	-	-	-	-
Recurring prior year reserve funds carried forward ***	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000
University level carry forward from prior year	-	38,000,000	38,000,000	-	27,350,000	27,350,000	-	43,150,000	43,150,000
Division level carryforward from prior year	-	TBD	-	-	TBD	-	-	TBD	-
Increase auxiliary overhead rate 1% per year	600,000	-	600,000	600,000	-	600,000	-	-	-
Charge C&G indirect overhead revenue 5%	950,000	-	950,000	950,000	-	950,000	-	-	-
Unrealized gains on investments	2,000,000	-	2,000,000	-	-	-	-	-	-
Change administrative percent for financial aid fee funds ****	1,000,000	-	1,000,000	-	-	-	-	-	-
Tax unspent cash in Research accounts 1% per year starting in 2013-14	-	-	-	400,000	-	400,000	400,000	-	400,000
Move realized investment earnings from non-E&G areas to E&G	-	-	-	-	-	-	-	-	-
Furloughs ($1m per day)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Sources	$ 39,850,000	$ 64,800,000	$ 104,650,000	$ 31,950,000	$ 48,850,000	$ 80,800,000	$ 30,400,000	$ 64,650,000	$ 95,050,000
Available (Shortage)	$ -	$ 27,350,000	$ 27,350,000 CF Balance Forward	$ 5,800,000	$ 37,350,000	$ 43,150,000 CF Balance Forward	$ 24,400,000	$ 58,950,000	$ 83,350,000 CF Balance Forward

* Includes recurring and non-recurring committments; Includes nothing through 2014-15 for building on Lake Nona land
** Distribution method to be determined; assumes steady growth through 2014-15
*** Possible sources does not include 2011-12 recurring reserve of $13.5 million
**** With 15% tuition increase all being Tuition Differential, the 30% allocated to Financial aid is $2.2 million more than if 8% of the tuition increase had been allocated to undergraduate tuition.

Represents non-E&G funding sources

2012-13 E&G Budget

DRAFT

Funding Needs and Possible Sources

Assumes 0% increase in differential tuition in 2012-13, 15% each year thereafter

	2012-13			2013-14			2014-15			2015-16		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Funding Needs:												
Budget Reduction ($50 million moved into recurring as recurring funds are available)	$ 9,850,000	$ 40,150,000	$ 50,000,000	$ 16,950,000	$ 23,200,000	$ 40,150,000	$ 16,400,000	$ 6,800,000	$ 23,200,000	$ 6,800,000	$ -	$ 6,800,000
Additional Budget Needs:												
Phase in of recurring items funded from non-recurring funds	5,000,000	-	5,000,000	5,000,000	-	5,000,000	4,000,000	-	4,000,000	4,000,000	-	4,000,000
New University commitments	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000					
Planned University commitments*	-	18,300,000	18,300,000	-	11,500,000	11,500,000	-	5,700,000	5,700,000	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding Needs	$ 16,850,000	$ 58,450,000	$ 75,300,000	$ 23,950,000	$ 34,700,000	$ 58,650,000	$ 22,400,000	$ 12,500,000	$ 34,900,000	$ 10,800,000	$ -	$ 10,800,000
Possible Sources:												
3% budget held back	$ 7,100,000	$ 7,100,000	$ 14,200,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Current Year Tuition rate increase - differential tuition (flat enrollment)	-	-	-	14,000,000	-	14,000,000	14,000,000	-	14,000,000	14,000,000	-	14,000,000
Prior Year Tuition increase - enrollment growth **	3,500,000	3,500,000	7,000,000	8,000,000	8,000,000	16,000,000	8,000,000	8,000,000	16,000,000	8,000,000	8,000,000	16,000,000
Institutional investments	2,700,000	2,700,000	5,400,000	-	-	-	-	-	-	-	-	-
Recurring prior year reserve funds carried forward ***	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000	-	13,500,000	13,500,000
University level carry forward from prior year	-	38,000,000	38,000,000	-	7,350,000	7,350,000	-	(5,850,000)	(5,850,000)	-	3,150,000	3,150,000
Division level carryforward from prior year	-	-	-	-	-	-	-	-	-	-	-	-
Increase auxiliary overhead rate 1% per year	600,000	-	600,000	600,000	-	600,000	-	-	-	-	-	-
Charge C&G indirect overhead revenue 5%	950,000	-	950,000	950,000	-	950,000	-	-	-	-	-	-
Unrealized gains on investments	1,000,000	-	1,000,000	-	-	-	-	-	-	-	-	-
Change administrative percent for financial aid fee funds	1,000,000	-	1,000,000	-	-	-	-	-	-	-	-	-
Tax unspent cash in Research accounts 1% per year starting in 2013-14	-	-	-	400,000	-	400,000	400,000	-	400,000	400,000	-	400,000
Move realized investment earnings from non-E&G areas to E&G	-	-	-	-	-	-	-	-	-	-	-	-
Furloughs (1 day)	-	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total Sources	$ 16,850,000	$ 65,800,000	$ 82,650,000	$ 23,950,000	$ 28,850,000	$ 52,800,000	$ 22,400,000	$ 15,650,000	$ 38,050,000	$ 22,400,000	$ 24,650,000	$ 47,050,000
Available (Shortage)	$ -	$ 7,350,000	$ 7,350,000 CF Balance Forward	$ -	$ (5,850,000)	$ (5,850,000) CF Balance Forward	$ -	$ 3,150,000	$ 3,150,000 CF Balance Forward	$ 11,600,000	$ 24,650,000	$ 36,250,000 CF Balance Forward

* Includes recurring and non-recurring committments; Includes nothing through 2015-16 for building on Lake Nona land

** Distribution method to be determined; assumes steady growth through 2015-16

*** Possible sources does not include 2011-12 recurring reserve of $13.5 million

Represents non-E&G funding sources

2012-13 E&G Budget - House and Senate Offers

(Excluding College of Medicine)

DRAFT
3/5/2012

		House Offer #1	Senate Offer #1	Conference
Enrollment growth Tuition authority	Student Fees	$ 11,746,797	$ 11,746,797	$ 11,746,797
Decrease in allowable excess hours	General Revenue	(1,831,672)	(1,831,672)	(1,831,672)
PO&M for new space	General Revenue	981,209	981,209	981,209
Reduce investment plan allocation	General Revenue	(3,247,691)	(447,336)	(447,336)
Rebalance contribution rates for ORP	General Revenue	-	(4,055,764)	(4,055,764)
FRS normal cost	General Revenue	8,074,607	8,074,607	853,667
Align with revenue estimates ($300M non-recurring reduction)	General Revenue	?	?	(52,613,031)
Restore non-recurring funds	General Revenue	6,981	6,981	6,981
Restore non-recurring funds	Lottery	2,786,804	2,786,804	2,786,804
Restore Lou Frey	General Revenue	400,000	400,000	400,000
Base tuition increase	Student Fees	-	-	-
Differential tuition increase	Student Fees	26,858,216	26,858,216	22,513,975
FL Prepaid tuition exemption reduction	Student Fees	(7,101,195)	(7,101,195)	
Grad, Prof, OOS increase - 8%?	Student Fees	4,293,807	4,293,807	4,293,807
Outcome based performance allocation	General Revenue	-	?	?
High Tech Corridor	General Revenue			2,000,000
Fund shift	Lottery	?	?	?
Fund shift	General Revenue	?	?	?
		$ 42,967,863	$ 41,712,454	$ (13,364,563)
	General Revenue	4,383,434	3,128,025	(54,705,946)
	Lottery	2,786,804	2,786,804	2,786,804
	Student Fees	35,797,625	35,797,625	38,554,579
		$ 42,967,863	$ 41,712,454	$ (13,364,563)
	Base budget adjs	962,113	962,113	962,113
	Align with rev est	?	?	(52,613,031)

Budget Summary

Conference Agreement as of 3/5/2012

DRAFT - To be updated upon release of conference university spread

University

	GR	Lottery	Tuition	Total
2011-12 Recurring Budget	$ 188,102,761	$ 29,021,906	$ 224,614,548	$ 441,739,215
Restoration of non-recurring funds	6,981	2,786,804		2,793,785
Lottery adjustment *	(12,084,577)	12,084,577		-
Align with revenue estimates	(52,613,031)			(52,613,031)
Fund shift	(8,441,946)	8,441,946		-
Retirement system normal costs	853,667			853,667
Reduce investment plan allocation rates	(447,336)			(447,336)
Rebalance contribution rates for ORP	(4,055,764)			(4,055,764)
PO&M for new space	981,209			981,209
Enrollment alignments			11,746,797	11,746,797
UG tuition increase - 8%				-
Differential - 15%			22,513,975	22,513,975
Graduate/professional tuition increase			4,293,807	4,293,807
Decrease in allowable excess hours	(1,831,672)			(1,831,672)
Restore Lou Frey Institute	400,000			400,000
High Tech Corridor	2,000,000			2,000,000
2012-13 Beginning Budget	$ 112,870,292	$ 52,335,233	$ 263,169,127	$ 428,374,652
Increase/ (decrease)	(75,232,469)	23,313,327	38,554,579	(13,364,563)

* About 70% of the Lottery funds provided in this shift are non-recurring.

COM

	GR	Lottery	Tuition	Total
2011-12 Recurring Budget	$ 22,184,003	$ -	$ 4,729,709	$ 26,913,712
Retirement system normal costs	39,339			39,339
Reduce investment plan allocation rates	(20,614)			(20,614)
Rebalance contribution rates for ORP	(186,899)			
Enrollment alignments			277,079	277,079
Medical School phase in	1,000,000			1,000,000
Medical School phase in - tuition			2,655,430	2,655,430
Graduate/professional tuition increase			517,973	517,973
2012-13 Beginning Budget	$ 23,015,829	$ -	$ 8,180,191	$ 31,196,020

University of Central Florida

2011-12 E&G Budget, Summary of Allocations and Reserve

Proposed Allocations	Recurring	Institutional Investments	Non-Recurring	Total	Allocation Across Divisions and Medical School: Academic Affairs	Admin & Finance	President's Division	SMCA	University Relations	Medical School	Total
Allocation of state funding, effective July 1, 2011											
Health insurance funding for five months	$ 920,133	$ -	$ -	$ 920,133	$ 663,612	$ 152,734	$ 24,746	$ 35,578	$ 3,423	$ 40,040	$ 920,133
Life insurance funding for five months	(81,901)	-	-	(81,901)	(68,310)	(2,164)	(3,751)	(1,577)	(633)	(5,466)	(81,901)
Plant operation and maintenance for current space	403,140	-	-	403,140	-	403,140	-	-	-	-	403,140
Florida Retirement System adjustment	(6,508,007)	-	-	(6,508,007)	(5,076,737)	(678,931)	(178,017)	(206,972)	(28,649)	(338,701)	(6,508,007)
Base budget adjustment (student financial aid)	(302,967)	-	-	(302,967)	-	-	-	(302,967)	-	-	(302,967)
Transfer to Florida Student Assistance Grant	(858,406)	-	-	(858,406)	-	-	-	(858,406)	-	-	(858,406)
Plant operation and maintenance for new space	7,078,420	-	-	7,078,420	-	7,078,420	-	-	-	-	7,078,420
IHMC and State University Partnership Initiative	90,000	-	-	90,000	90,000	-	-	-	-	-	90,000
Administration employees salary reduction	(159,232)	-	-	(159,232)	(3,709)	(40,000)	(105,523)	(10,000)	-	-	(159,232)
Additional lottery funding	-	-	2,786,804	2,786,804	2,265,664	312,707	71,724	122,297	14,412	-	2,786,804
Medical school - Year 4 phase in funds	2,393,891	-	-	2,393,891	-	-	-	-	-	2,393,891	2,393,891
Lou Frey Institute of Politics and Government	-	-	400,000	400,000	400,000	-	-	-	-	-	400,000
	2,975,071	-	3,186,804	6,161,875	(1,729,480)	7,225,906	(190,821)	(1,222,047)	(11,447)	2,089,764	6,161,875
University designated allocations effective July 1, 2011											
2011-12 planned university commitments:											
Faculty promotional increases	$ 2,066	$ -	$ -	$ 2,066	$ 2,066	$ -	$ -	$ -	$ -	$ -	$ 2,066
2010-11 Merit increase (2 or 3% 8/8/2010) - annualized	277,614	-	-	277,614	174,051	52,816	13,157	15,338	2,059	20,193	277,614
Market adjustment for lower paid employees - annualized	12,915	-	-	12,915	6,833	5,521	115	330	-	116	12,915
Microsoft Exchange support (licenses and other)	288,435	-	-	288,435	288,435	-	-	-	-	-	288,435
Writing and Rhetoric	861,000	-	-	861,000	861,000	-	-	-	-	-	861,000
Auxiliary learning aids	600,000	-	-	600,000	600,000	-	-	-	-	-	600,000
University Compliance and Ethics Officer	361,058	-	-	361,058	-	-	361,058	-	-	-	361,058
Executive Speech Writer	62,193	-	-	62,193	-	-	62,193	-	-	-	62,193
Ombuds Officer	22,584	-	-	22,584	-	-	22,584	-	-	-	22,584
Graduate education support (2009-10)	1,000,000	-	-	1,000,000	1,000,000	-	-	-	-	-	1,000,000
Soldiers to Scholars	20,000	-	-	20,000	-	-	-	-	20,000	-	20,000
Soldiers to Scholars - funding reclass	80,000	(80,000)	-	-	-	-	-	-	-	-	-
Veteran's one-stop shop - funding reclass	60,000	(60,000)	-	-	-	-	-	-	-	-	-
English and math class size initiative (AA carry fwd in 2011)	-	312,800	-	312,800	312,800	-	-	-	-	-	312,800
2011-12 new university commitments:											-
Commencement funding	34,000	-	-	34,000	34,000	-	-	-	-	-	34,000
Data warehouse and Business Intelligence Applications	18,730	-	-	18,730	-	-	-	18,730	-	-	18,730
Office of Emerg. Mgmt - Annual fees, contracts, maint.	110,708	-	-	110,708	-	110,708	-	-	-	-	110,708
EHS - Lab safety coordinator	73,150	-	-	73,150	-	73,150	-	-	-	-	73,150
EHS - Bio safety coordinator	73,150	-	-	73,150	-	73,150	-	-	-	-	73,150
E-verify implementation - (I-9 administrator)	58,000	-	-	58,000	-	58,000	-	-	-	-	58,000
Depart. Of Writing & Rhetoric Faculty Salary	60,000	-	-	60,000	-	-	60,000	-	-	-	60,000
High performance computing	250,000	-	-	250,000	250,000	-	-	-	-	-	250,000
Cover increased critical IT infrastructure maint. Costs	1,103,309	-	-	1,103,309	1,103,309	-	-	-	-	-	1,103,309
Centrally funded maint. Of Emerg. Blue light telephones	108,921	-	-	108,921	108,921	-	-	-	-	-	108,921
FL. Hosp. endowed chair in nursing simul. faculty salary	200,000	-	-	200,000	200,000	-	-	-	-	-	200,000
Additional emergency blue light phone	-	-	40,000	40,000	-	40,000	-	-	-	-	40,000
PBS partnership	-	-	1,000,000	1,000,000	-	-	-	1,000,000	-	-	1,000,000
Reverse 10/11 transfer	-	-	-	-	25,991	-	-	-	-	(25,991)	-
Tuition and fees increase - University	10,579,267	(816,386)	-	9,762,881	6,355,741	465,641	176,283	2,739,740	25,475	-	9,762,880
Tuition and fees increase - College of Medicine	2,412,524	-	-	2,412,524	-	-	-	-	-	2,412,524	2,412,524
	18,729,624	(643,586)	1,040,000	19,126,038	11,323,147	878,986	695,390	3,774,138	47,534	2,406,842	19,126,037
Allocations to be recorded during the year											
National Merit (Provost's Scholars Program)	$ 500,000	$ -	$ -	$ 500,000	$ -	$ -	$ -	$ 500,000	$ -		$ 500,000
National Merit (tuition held constant)	60,000	-	-	60,000	-	-	-	60,000	-		60,000
Lease costs increase	7,000	-	-	7,000	7,000	-	-	-	-		7,000
Faculty promotions	500,000	-	-	500,000	500,000	-	-	-	-		500,000
TIP, RIA, SoTL	500,000	-	-	500,000	500,000	-	-	-	-		500,000
Graduate health insurance	500,000	-	-	500,000	500,000	-	-	-	-		500,000
Annual E&G interest allocation	3,300,000	-	-	3,300,000	-	3,300,000	-	-	-		3,300,000
	5,367,000	-	-	5,367,000	1,507,000	3,300,000	-	560,000	-	-	5,367,000
Total allocations excluding allocations from carryforward	$ 27,071,695	$ (643,586)	$ 4,226,804	$ 30,654,913	$ 11,100,667	$ 11,404,892	$ 504,569	$ 3,112,091	$ 36,087	$ 4,496,606	$ 30,654,912

Proposed Allocations

Composition of Remaining Reserve

	Recurring	Institutional Investments	Non-Recurring	Total
		$ -	$ -	$ -
Application fees increase to be allocated as collected	250,000	-	-	250,000
Earmarked to address faculty ratio	3,728,433	-	-	3,728,433
3% Hold back	7,100,000	-	-	7,100,000
Available recurring reserve[1]	19,603,765	2,753,764	(1,033,019)	21,324,510
	$ 30,682,198	$ 2,753,764	$ (1,033,019)	$ 32,402,943

[1] Includes projected 2011-12 enrollment growth.

Recurring reserve carried forward to 2012-13	
2011-12 projected enrollment growth	(6,100,000)
Available recurring reserve	19,603,765
Balance	$ 13,503,765

Planned Allocations to be recorded after funds carried forward from 2010-11 are finalized

	Recurring	Institutional Investments	Non-Recurring	Total	Transferred	Remainder	Academic Affairs	Admin & Finance	President's Division	SMCA	University Relations	Medical School	Total
Recurring allocations from non-recurring funds:													
Graduate tuition waiver return to Research	$ -	$ -	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000	$ -	$ -	$ -	$ -	$ -	$ 1,000,000
Undergraduate education pilot projects	-	-	839,000	839,000	839,000	-	839,000	-	-	-	-	-	839,000
Matching funds for C&G proposals	-	-	1,000,000	1,000,000	1,000,000	-	1,000,000	-	-	-	-	-	1,000,000
National merit 2011-12 Class (60 scholars)	-	-	1,340,000	1,340,000	-	1,340,000	-	-	-	1,340,000	-	-	1,340,000
PO&M - FSEC, NTSC	-	-	596,800	596,800	-	596,800	-	596,800	-	-	-	-	596,800
Health Sciences Campus chilled water fees	-	-	2,500,000	2,500,000	-	2,500,000	-	2,500,000	-	-	-	-	2,500,000
Health Sciences Campus Boggy Creek assessment	-	-	37,380	37,380	-	37,380	-	37,380	-	-	-	-	37,380
Health Sciences Campus property taxes	-	-	3,000	3,000	3,000	-	-	3,000	-	-	-	-	3,000
Health Sciences Campus PO&M	-	-	252,836	252,836	-	252,836	-	252,836	-	-	-	-	252,836
Convocation Center rent	-	-	1,000,000	1,000,000	1,000,000	-	-	1,000,000	-	-	-	-	1,000,000
Development	-	-	400,000	400,000	400,000	-	-	-	400,000	-	-	-	400,000
Conference fees	-	-	300,000	300,000	300,000	-	-	300,000	-	-	-	-	300,000
Legal fees - Development	-	-	200,000	200,000	-	200,000	-	-	200,000	-	-	-	200,000
Performance plan payments	-	-	489,000	489,000	489,000	-	154,500	49,500	162,000	82,500	40,500	-	489,000
Subtotal - recurring items	-	-	9,958,016	9,958,016	5,031,000	4,927,016	2,993,500	4,739,516	762,000	1,422,500	40,500	-	9,958,016
Non-recurring items:													
Provost (former) incentive plan	-	-	49,000	49,000	-	49,000	49,000	-	-	-	-	-	49,000
Microsoft Exchange support (license and other)	-	-	298,394	298,394	298,394	-	298,394	-	-	-	-	-	298,394
Executive Speech Writer	-	-	12,000	12,000	12,000	-	-	-	12,000	-	-	-	12,000
COM scholarships	-	-	197,000	197,000	-	197,000	197,000	-	-	-	-	-	197,000
Unemployment claims due to layoffs	-	-	240,000	240,000	-	240,000	-	240,000	-	-	-	-	240,000
Health Sciences Campus gift agreement	-	-	610,000	610,000	610,000	-	-	610,000	-	-	-	-	610,000
Gift fees - Health Sciences buildings, scholarships	-	-	300,000	300,000	-	300,000	-	-	300,000	-	-	-	300,000
2010-11 Graduate education support	-	-	1,000,000	1,000,000	-	-	1,000,000	-	-	-	-	-	1,000,000
Supplemental course incentive	-	-	700,000	700,000	-	-	700,000	-	-	-	-	-	700,000
Regional campuses	-	-	1,500,000	1,500,000	1,500,000	-	1,500,000	-	-	-	-	-	1,500,000
SEMATECH	-	-	500,000	500,000	-	500,000	500,000	-	-	-	-	-	500,000
Development	-	-	2,600,000	2,600,000	2,600,000	-	-	-	2,600,000	-	-	-	2,600,000
Anniversary events (50th)	-	-	200,000	200,000	-	200,000	-	-	200,000	-	-	-	200,000
Self insurance funding for claims (CON, COHPA)	-	-	50,009	50,009	50,009	-	50,009	-	-	-	-	-	50,009
	-	-			-	-		-	-	-	-	-	-
Subtotal- non-recurring items	-	-	8,256,403	8,256,403	5,070,403	1,486,000	- 4,294,403	850,000	3,112,000	-	-	-	8,256,403
Total to be allocated from funds carried forward	$ -	$ -	$ 18,214,419	$ 18,214,419	$ 10,101,403	$ 6,413,016	$ 7,287,903	$ 5,589,516	$ 3,874,000	$ 1,422,500	$ 40,500	$ -	$ 18,214,419

University level carry forward funds	
Carry forward as of February 29, 2012	$ 60,352,560
Remaining 2011-12 allocations	(6,413,016)
Nor-recurring alloc's booked to recurring reser	(3,800,433)
Nor-recurring PBS uses	$ (1,033,019)
Carryforward allocation to divisions	(3,600,000)
ORC	(7,500,000)
Balance	$ 38,006,092

Recommended for Approval:

Tony Waldrop, Provost and Executive Vice President — Date

Approval:

John C. Hitt, President — Date

Planned E&G Budget Allocations

10/25/2011 Update

Note: The Morgridge International Reading Center, Mitsubishi CHP Plant and Quadrangle building are currently being funded through auxiliary loans

	2011-12	Distributed as of 3/2/12	2012-13	2013-14	2014-15	2015-16
A. Recurring allocations from recurring funds						
Planned Off-the-top						
2009-10 merit increases (estimate)	-		-	-	-	-
Merit increases	?		?	?	?	?
National Merit (Provost's Scholars Program)	500,000		?	?	?	?
National Merit (Tuition held constant)	60,000	19,237				
Increase in lease costs	7,000	7,000	400,000	400,000	400,000	400,000
Faculty promotions	500,000		500,000	500,000	500,000	500,000
TIP, RIA, SoTL	500,000		500,000	500,000	500,000	500,000
Graduate health insurance	?		?	?	?	?
Market increases for lower paid employees						
Moved from non-recurring to recurring funds						
MicroSoft Exchange support (licenses and other)	288,435	288,435				
Writing and Rhetoric	861,000	861,000				
Auxiliary Learning Aids	600,000	600,000				
University Compliance and Ethics Office	361,058	361,058				
Executive Speech Writer	62,193	62,193				
Ombuds Officer	22,584	22,584				
2009-10 graduate education support	1,000,000	1,000,000				
Soldiers to Scholars	100,000	100,000				
Veterans One-stop-shop	60,000	60,000				
New allocations *(Pending President's approval)*						
University Commencement Funding	34,000	34,000				
University Data Warehouse and Business Intelligence Applications	18,730	18,730				
Office of Emergency Management-Annual Fees, Contracts, Maint.	110,708	110,708				
Additional Emergency Blue Light Phone (non-recurring)						
EHS - Lab Safety Coordinator	73,150	73,150				
EHS - Bio Safety Coordinator	73,150	73,150				
E-Verify Implementation (I-9 administrator)	58,000	58,000				
Writing and Rhetoric Support	60,000	60,000				
High Performance Computing	250,000	250,000				
Cover Increased Critical IT Infrastructure Maintenance Costs	1,103,309	1,103,309				
Centrally Fund Maintenance of Emergency Blue Light Telephones	108,921	108,921				
Florida Hospital Endowed Chair in Nursing Simulation Faculty Salary	200,000	200,000				
Total recurring allocations from recurring funds	***7,012,238***		***1,400,000***	***1,400,000***	***1,400,000***	***1,400,000***
B. Recurring allocations from recurring 10% institutional investment funds						
Planned						
English and Math Class Size Initiative (carry forward in 2011)	312,800	312,800				
Soldiers to Scholars						
Veterans One-stop-shop						
Total recurring allocations from recurring funds	***312,800***		-	-	-	-
C. Recurring allocations from nonrecurring funds - some items could be funded from institutional investments held in reserve						
MicroSoft Exchange support (licenses and other)	-		-	-	-	-
Soldiers to Scholars	-		20,000	20,000		
Veterans One-stop-shop						
Writing and Rhetoric	-		534,000	634,000	634,000	634,000
University Compliance and Ethics Office	-		108,300	108,300	108,300	108,300
Executive Speech Writer	-		-	-	-	-
Ombuds Officer	-		-	-	-	-
Graduate tuition waiver return to Research	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
2009-10 graduate education support	-		-	-	-	-
Undergraduate education pilot projects	839,000	839,000	827,000	1,000,000	1,000,000	1,000,000
Matching funds for C&G proposals	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
National Merit 2011-12 Class (60 scholars)	1,340,000		1,340,000	1,340,000	1,340,000	1,340,000
PO&M - FSEC, NTSC	596,800		596,800	596,800	596,800	596,800
Increase in utility costs	-		-	-	-	-
Additional increases in utility costs	?		?	?	?	?
Health Sciences Campus chilled water expenses	2,500,000		2,500,000	2,500,000	2,500,000	2,500,000

	Health Sciences Campus Boggy Creek assessment	37,380		37,380	37,380	37,380	37,380
	Health Sciences Campus property taxes	3,000	3,030	3,000	3,000	3,000	3,000
	Health Sciences Campus PO&M	252,836		252,836	252,836	252,836	252,836
	Convocation Center rent	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	Development	400,000	400,000	800,000	1,200,000	1,600,000	2,000,000
	Auxiliary learning aids						
	Conference fees	300,000	309,045	300,000	300,000	300,000	300,000
	Legal fees - Development	200,000		200,000	200,000	200,000	200,000
	Performance plan payments	489,000	120,773	458,000	500,000	500,000	500,000
	Total recurring allocations from nonrecurring funds	***9,958,016***		***10,977,316***	***11,692,316***	***12,072,316***	***12,472,316***
D.	Proposed budget plan to move **recurring** allocations from **nonrecurring** to **recurirng funds**						
	Non-recurirng Funds:	9,958,016		7,377,316	4,492,316	2,272,316	-
	Recurirng Funds:			3,600,000	7,200,000	9,800,000	12,472,316
	Total	9,958,016		10,977,316	11,692,316	12,072,316	12,472,316
	Incremental recurring funds needed per fiscal year:	-		***3,600,000***	***3,600,000***	***2,600,000***	***2,672,316***
E.	Planned **nonrecurring allocations**						
	MicroSoft Exchange support (licenses and other)	298,394	298,394	-	-	-	-
	University Compliance and Ethics Office	-		-	-	-	-
	Executive Speech Writer	12,000	12,000	-	-	-	-
	Ombuds Officer	-		-	-	-	-
	Cashier's Office move to Research Park						
	Additional Emergency Blue Light Phone	40,000	40,000				
	COM scholarships	197,000		199,000	-	-	-
	Unemployment claims due to layoffs	240,000	57,922	?	?	?	?
	Health Sciences Campus security	-		-	-	-	-
	Health Sciences Campus gift agreement	610,000	610,000	-	-	-	-
	Gift fees - Health Sciences buildings, scholarships	300,000		?	?	?	?
	2010-11 graduate education support	1,000,000		?	?	?	?
	Supplemental course incentive	700,000		?	?	?	?
	Regional campuses	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	-
	SEMATECH	500,000		500,000	500,000	500,000	-
	Development	2,600,000	2,600,000	2,200,000	1,800,000	1,400,000	-
	2009-10 merit increases (estimate of portion retroactive to 08/2009)	-		-	-	-	-
	One-time, lump-sum salary paid in July 2010	?		?	?	?	?
	Health Sciences Campus - Boggy Creek Bond Prepayment	-		-	-	-	-
	Health Sciences Campus support (pending but not approved)	6,400,000	1,134,045				
*	PBS Partnership (from auxiliary)		1,000,000	700,000	350,000		
*	Anniversary events (50th)	200,000					
*	Self insurance funding for claims (CHP and CON)	50,009	50,009				
*	Performance plan payments (former provost)	49,000					
	Allocation to divisions - carry forward match	3,613,992	2,897,090	5,820,000	2,900,000	?	?
	Total nonrecurring allocations	***18,310,395***		***10,919,000***	***7,050,000***	***3,400,000***	-
F.	Total Recurring and Non-recurirng Allocations:						
	Recurring allocations	7,012,238		5,000,000	5,000,000	4,000,000	4,072,316
	Recurring allocations from intituitonal investment funds	312,800		-	-	-	-
	Non-recurirng allocations:	28,268,411		18,296,316	11,542,316	5,672,316	-
	Total allocations	35,593,449		23,296,316	16,542,316	9,672,316	15,872,316
		32,540,448		25,476,316	19,192,316	18,672,316	15,872,316

Glen Carlson

From: Vanessa Fortier
Sent: Thursday, March 15, 2012 4:21 PM
To: Tracy Clark
Cc: Troy Brown (troyb@bogdahngroup.com); Dave West (davew@bogdahngroup.com); William Merck; Glen Carlson
Subject: FW: UCF February Flash

Tracy:

We just talked to Troy and are going to move forward with taking in $2 million of the realized gains. He is going to put together the amounts that need to come from each fund along with the letters Bill will need to sign to initiate the changes. We told him we thought the amount should be transferred from BNY to BOA so we can invest the funds in SPIA. He is planning on having the funds transferred from three of the existing funds to the BNY money market account and then the funds can be wired from BNY to BOA. Can you send him wire instructions for the move from BNY to BOA? Let me know if you have any questions.

Troy, please correct me if I have misstated anything above.

Thanks.

Vanessa

From: Troy Brown [mailto:troyb@bogdahngroup.com]
Sent: Wednesday, March 14, 2012 8:07 PM
To: William Merck
Cc: Vanessa Fortier
Subject: RE: UCF February Flash

Bill-

Alternatively, if you intend to draw the $2 million of capital out of the portfolio for transfer to another account, just let us know and we will recommend a manager draw schedule based on current balances and draft the corresponding LOD's.

Thanks

Troy

From: Troy Brown
Sent: Wednesday, March 14, 2012 6:03 PM
To: 'William Merck'
Cc: Vanessa Fortier; Albert Sauerland; Lauren Cappello
Subject: RE: UCF February Flash

Bill-

Yes I believe Dave is off to Europe to try and boost their economy.

First a question…Do you simply want to "harvest" the unrealized gains in the portfolios into realized gains, or do you intend to realize the gains and then withdraw the capital from the portfolio?

We are going to assume that you simply want to "harvest" the gains, but not withdraw the capital.

In this case, we would typically recommend taking the gains across the entire equity structure. Given the "pooled" nature of the UCF portfolio, we would recommend starting with the domestic equity managers in Pool IV if you can achieve your $2 million goal before moving down to Pool III. We would recommend avoiding the "harvesting" of gains from the international mutual funds, unless it's necessary, since this would not be managed transaction (sold at 4:00PM once day and bought back at 4:00PM the next day).

I have attached a draft of a letter that we have used to facilitate this process with another client that also uses MD Sass. While this draft letter instructs the manager to harvest all unrealized gains in the portfolio, we have also used a more "targeted" LOD that provided the manager with a detailed custodial list of the specific securities to sell.

We would be happy to draft more specific letters for your portfolio if you can provide a current estimate of unrealized gains on the various portfolios (we don't differentiate between realized and unrealized gains on our system).

Just let us know how you would like to proceed.

Thanks

Troy

Troy Brown, CFA

Main: 866.240.7932
Direct: 863.904.0847
Mobile: 863.221.4930
Facsimile: 863.292.8717
4901 Vineland Road, Suite 600
Orlando, FL 32811

THE BOGDAHN GROUP

From: William Merck [mailto:William.Merck@ucf.edu]
Sent: Wednesday, March 14, 2012 5:28 PM
To: Troy Brown
Cc: Vanessa Fortier
Subject: FW: UCF February Flash

Troy: I sent this to Dave and got a response that he is out until March 27. Will you answer the question for me? Bill

From: William Merck
Sent: Wednesday, March 14, 2012 5:25 PM
To: 'Dave West'
Cc: 'Vanessa Fortier'
Subject: RE: UCF February Flash

Dave: If we want to realize $2 million of our equity gains to help us offset our legislative budget cuts, from what accounts would you suggest we take these gains? Bill

From: Dave West [mailto:davew@bogdahngroup.com]
Sent: Wednesday, March 14, 2012 4:06 PM
To: William Merck; Vanessa Fortier; Tracy Clark; Glen Carlson; Sheree Morgan
Cc: Troy Brown; Lauren Cappello
Subject: FW: UCF February Flash
Importance: High

Hello Everyone-

Please find the Flash Report attached. Happily, February was another very strong month for investment performance. The Fund returned 1.33% with Pool IV contributing to the total return results significantly.

A little quantitative easing goes a long way. While assessment of market behavior cause and effect is never absolute, certainly the impact of the ECB and its financial intermediary (EFSF) implementing a massive quantitative easing program has gone a long way to alleviate investor fears, arguably laying a foundation from which the likes of Greek Debt can be brought to orderly resolution. Domestically speaking, U.S. economic growth continues to show steady, albeit slow, improvement to the upside, the most significant improvement coming in payroll growth. All in February news was generally positive, market sentiment has been very positive with "risk assets" performing well.

Troy and I are available for any questions or required discussion.

Glen Carlson

From: Troy Brown <troyb@bogdahngroup.com>
Sent: Friday, March 16, 2012 7:05 AM
To: Vanessa Fortier; Tracy Clark; William Merck; Glen Carlson
Cc: Dave West; David Ray; Lauren Cappello; Albert Sauerland
Subject: UCF - 3-16-12 Pool IV $2mm Policy Allocation Worksheet
Attachments: UCF - 3-16-12 Pool IV Policy Allocation Worksheet.pdf; UCF - 3-16-12 Investment Manager Capital Request.docx; UCF - 3-16-12 BNY Letter of Intruction.doc

Importance: High

Hello Everyone-

I have a family issue today so I wanted to get this information out to you all this morning in case I am not able to access my e-mails later today.

We have attached 3 items to accomplish the $2 million equity withdrawal from Pool IV.

1. **Policy Allocation Worksheet:** This worksheet is for your files and illustrates our recommended $2 million withdrawal allocation from Pool IV as well as the impact on the target allocation. The recommended allocation also serves to reset the balance between growth (Winslow) and value (DGHM & MD Sass) in the domestic equity portfolio.

2. **Manager Letter of Instruction:** This draft letter should be placed on your letterhead and sent to the various investment managers to instruct them to raise the requested cash. We use the memo format for this type of distribution so that you can provide instructions to multiple managers with a single document. We will also be sending a subsequent e-mail to the managers with a PDF of this draft letter to give them advanced notification that an executed version of the letter will be coming from UCF. This will also give you an e-mail distribution list that you can use for distributing the executed letter.

Done 3/16/12 emailed Sheree 3/16/12

3. **Custodian Letter of Instruction:** This draft letter should be placed on your letterhead and sent to the Bank of New York (BNY) to facilitate the various cash transfers from the managed accounts to the mutual fund account as well as the subsequent wire to Bank of America. I had to leave the wire instructions to Bank of America blank in the draft letter since we did not have them on file. However, you can simply drop them into the letter before execution. We will also be sending a subsequent e-mail to BNY with a PDF of this draft letter to give them advanced notification that an executed version of the letter will be coming from UCF. This will also give you an e-mail distribution list that you can use for distributing the executed letter. ✓

Please let us know if you have any questions.

Thanks

Troy

Troy Brown, CFA
Main: 866.240.7932
Direct: 863.904.0847
Mobile: 863.221.4930
Facsimile: 863.292.8717
4901 Vineland Road, Suite 600

Orlando, FL 32811

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Glen Carlson

From:	Glen Carlson
Sent:	Friday, March 16, 2012 9:44 AM
To:	Vanessa Fortier; Sheree Morgan
Cc:	William Merck; Tracy Clark
Subject:	RE: UCF - 3-16-12 Pool IV $2mm Policy Allocation Worksheet
Attachments:	UCF - 3-16-12 BNY Letter of Intruction.doc

Sherre,

I have attached the BNY Letter of Instruction that has the updated banking information. Please follow the instructions as provided from Vanessa and shown in the email below.

Thanks!

Glen Carlson
Associate Controller
UCF Finance & Accounting
12424 Research Parkway, Suite 300
Orlando, FL 32826
Phone (407) 882-1064
Fax (407) 882-1057

From: Vanessa Fortier
Sent: Friday, March 16, 2012 8:30 AM
To: Sheree Morgan
Cc: William Merck; Tracy Clark; Glen Carlson
Subject: FW: UCF - 3-16-12 Pool IV $2mm Policy Allocation Worksheet
Importance: High

Sheree:

As Troy indicates in his email below, we'll need to print the two Word documents on our letterhead, get Bill's signature and then email a pdf copy of the signed letters to the individuals in the two attached emails. I've asked Tracy and Glen to update the information in the second letter and then both letters should be ready for printing.

Vanessa

From: Troy Brown [mailto:troyb@bogdahngroup.com]
Sent: Friday, March 16, 2012 7:05 AM
To: Vanessa Fortier; Tracy Clark; William Merck; Glen Carlson
Cc: Dave West; David Ray; Lauren Cappello; Albert Sauerland
Subject: UCF - 3-16-12 Pool IV $2mm Policy Allocation Worksheet
Importance: High

Hello Everyone-

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I have a family issue today so I wanted to get this information out to you all this morning in case I am not able to access my e-mails later today.

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2. **Manager Letter of Instruction:** This draft letter should be placed on your letterhead and sent to the various investment managers to instruct them to raise the requested cash. We use the memo format for this type of distribution so that you can provide instructions to multiple managers with a single document. We will also be sending a subsequent e-mail to the managers with a PDF of this draft letter to give them advanced notification that an executed version of the letter will be coming from UCF. This will also give you an e-mail distribution list that you can use for distributing the executed letter.

3. **Custodian Letter of Instruction:** This draft letter should be placed on your letterhead and sent to the Bank of New York (BNY) to facilitate the various cash transfers from the managed accounts to the mutual fund account as well as the subsequent wire to Bank of America. I had to leave the wire instructions to Bank of America blank in the draft letter since we did not have them on file. However, you can simply drop them into the letter before execution. We will also be sending a subsequent e-mail to BNY with a PDF of this draft letter to give them advanced notification that an executed version of the letter will be coming from UCF. This will also give you an e-mail distribution list that you can use for distributing the executed letter.

Please let us know if you have any questions.

Thanks

Troy

Troy Brown, CFA

Main: 866.240.7932
Direct: 863.904.0847
Mobile: 863.221.4930
Facsimile: 863.292.8717
4901 Vineland Road, Suite 600
Orlando, FL 32811

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Glen Carlson

From: Vanessa Fortier
Sent: Friday, March 16, 2012 8:27 AM
To: Tracy Clark; Glen Carlson
Cc: William Merck; Sheree Morgan; Troy Brown (troyb@bogdahngroup.com)
Subject: FW: UCF - 3-16-12 Pool IV $2mm Policy Allocation Worksheet
Attachments: UCF - 3-16-12 Pool IV Policy Allocation Worksheet.pdf; UCF - 3-16-12 Investment Manager Capital Request.docx; UCF - 3-16-12 BNY Letter of Intruction.doc

Importance: High

Tracy, Glen:

Can you update the BNY letter with the wiring information and send a revised version to Sheree?

Thanks.

Vanessa

From: Troy Brown [mailto:troyb@bogdahngroup.com]
Sent: Friday, March 16, 2012 7:05 AM
To: Vanessa Fortier; Tracy Clark; William Merck; Glen Carlson
Cc: Dave West; David Ray; Lauren Cappello; Albert Sauerland
Subject: UCF - 3-16-12 Pool IV $2mm Policy Allocation Worksheet
Importance: High

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3. **Custodian Letter of Instruction:** This draft letter should be placed on your letterhead and sent to the Bank of New York (BNY) to facilitate the various cash transfers from the managed accounts to the mutual fund account as well as the subsequent wire to Bank of America. I had to leave the wire instructions to Bank of America blank in the draft letter since we did not have them on file. However, you can simply drop them into the letter before execution. We will also be sending a subsequent e-mail to BNY with a PDF of this draft letter to give them advanced notification that an executed version of the

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letter will be coming from UCF. This will also give you an e-mail distribution list that you can use for distributing the executed letter.

Please let us know if you have any questions.

Thanks

Troy

Troy Brown, CFA

Main: 866.240.7932
Direct: 863.904.0847
Mobile: 863.221.4930
Facsimile: 863.292.8717
4901 Vineland Road, Suite 600
Orlando, FL 32811

THE BOGDAHN GROUP

Glen Carlson

From: Troy Brown <troyb@bogdahngroup.com>
Sent: Friday, March 16, 2012 7:29 AM
To: rdeen@bankofny.com; Christy Sheppard (christy.sheppard@bnymellon.com)
Cc: Dave West; David Ray; Lauren Cappello; Albert Sauerland; Vanessa Fortier; Tracy Clark; William Merck; Glen Carlson
Subject: UCF - 3-16-12 Pool IV $2mm BNY Asset & Wire Transfers - Advanced Notification
Attachments: UCF - 3-16-12 DRAFT BNY Letter of Intruction.pdf

Importance: High

Randy & Christy-

This is an advanced notification that the University of Central Florida (UCF) will be instructing BNY to facilitate the transfer of a total of $2 million from the domestic equity managers in Pool IV to the Pool IV miscellaneous investment account. Once the cash is long in the miscellaneous investment account, UCF will be instructing BNY to wire transfer the $2 million to their Bank of America account. You will be receiving an executed version of the letter from UCF in the near future.

Please let us know if you have any questions.

Thanks

Troy

Troy Brown, CFA
Main: 866.240.7932
Direct: 863.904.0847
Mobile: 863.221.4930
Facsimile: 863.292.8717
4901 Vineland Road, Suite 600
Orlando, FL 32811

THE BOGDAHN GROUP

Glen Carlson

From: Troy Brown <troyb@bogdahngroup.com>
Sent: Friday, March 16, 2012 7:23 AM
To: Jeff Baker (jbaker@dghm.com); DGHM Operations <DOperations@dghm.com> (DOperations@dghm.com); edonalds@dghm.com; asass@mdsass.com; fpfeffer@mdsass.com; sengstrom@mdsass.com; jbaillon@winscap.com; cwinslow@winscap.com; jmaschoff@winscap.com; rdeen@bankofny.com; Christy Sheppard (christy.sheppard@bnymellon.com)
Cc: Dave West; David Ray; Lauren Cappello; Albert Sauerland; Vanessa Fortier; Tracy Clark; William Merck; Glen Carlson
Subject: UCF - 3-16-12 Pool IV $2mm Equity Withdrawal - Advanced Notification
Attachments: UCF - 3-16-12 DRAFT Investment Manager Capital Request.pdf

Importance: High

Hello Everyone-

This is an advanced notification that the University of Central Florida (UCF) will be withdrawing a total of $2 million from the domestic equity managers in Pool IV. The managers and amounts are detailed in the attached memo. You will be receiving an executed version of the memo from UCF in the near future.

Please let us know if you have any questions.

Thanks

Troy

Troy Brown, CFA

Main: 866.240.7932
Direct: 863.904.0847
Mobile: 863.221.4930
Facsimile: 863.292.8717
4901 Vineland Road, Suite 600
Orlando, FL 32811

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University of Central Florida
Pool IV - Policy Allocation Worksheet
Based on 2/29/12 Flash Report Market Values

Pool IV	2/29/12 Market Value	Current Allocation	Cash Flow	Adjusted Market Value	Adjusted Allocation	Target Allocation	Target Range
Galliard Broad	$11,417,403			$11,417,403			
PIMCO Total Return	$5,686,147			$5,686,147			
Galliard TIPS	$3,047,223			$3,047,223			
Pool IV - Fixed	**$20,150,773**	**34.7%**	**$0**	**$20,150,773**	**35.9%**	**35.0%**	**30% - 40%**
Winslow	$15,745,357		($1,750,000)	$13,995,357			
DGHM	$7,160,488		($125,000)	$7,035,488			
MD Sass	$7,019,547		($125,000)	$6,894,547			
Pool IV - Domestic Equity	**$29,925,392**	**51.5%**	**($2,000,000)**	**$27,925,392**	**49.8%**	**50.0%**	**45% - 55%**
Europacific Growth	$4,039,140			$4,039,140			
Manning & Napier	$3,994,616			$3,994,616			
Pool IV - International Equity	**$8,033,756**	**13.8%**	**$0**	**$8,033,756**	**14.3%**	**15.0%**	**10% - 20%**
Mutual Fund Cash	$1,247		*$0	$1,247			
Total Fund	$58,111,168	100.0%		$56,111,168	100.0%	100.0%	100.0%

* The $2,000,000 cash flow will be transferred to the miscellaneous (mutual fund) account before being wired out of Pool IV.

THE BOGDAHN GROUP

Glen Carlson

From: Sheree Morgan
Sent: Friday, March 16, 2012 1:02 PM
To: Troy Brown; rdeen@bankofny.com; Christy Sheppard (christy.sheppard@bnymellon.com)
Cc: Dave West; David Ray; Lauren Cappello; Albert Sauerland; Vanessa Fortier; Tracy Clark; William Merck; Glen Carlson
Subject: RE: UCF - 3-16-12 Pool IV $2mm BNY Asset & Wire Transfers - Advanced Notification
Attachments: Ltr of Instruction.pdf

Attached is the signed letter of Instruction from VP Merck.
Thank you.
Sheree

From: Troy Brown [mailto:troyb@bogdahngroup.com]
Sent: Friday, March 16, 2012 7:29 AM
To: rdeen@bankofny.com; Christy Sheppard (christy.sheppard@bnymellon.com)
Cc: Dave West; David Ray; Lauren Cappello; Albert Sauerland; Vanessa Fortier; Tracy Clark; William Merck; Glen Carlson
Subject: UCF - 3-16-12 Pool IV $2mm BNY Asset & Wire Transfers - Advanced Notification
Importance: High

Randy & Christy-

This is an advanced notification that the University of Central Florida (UCF) will be instructing BNY to facilitate the transfer of a total of $2 million from the domestic equity managers in Pool IV to the Pool IV miscellaneous investment account. Once the cash is long in the miscellaneous investment account, UCF will be instructing BNY to wire transfer the $2 million to their Bank of America account. You will be receiving an executed version of the letter from UCF in the near future.

Please let us know if you have any questions.

Thanks

Troy

Troy Brown, CFA

Main: 866.240.7932
Direct: 863.904.0847
Mobile: 863.221.4930
Facsimile: 863.292.8717
4901 Vineland Road, Suite 600
Orlando, FL 32811

THE BOGDAHN GROUP

error, delete it from your system without copying or forwarding it; and please notify me of the error, or contact The Bogdahn Group at 866-240-7932 so that our address record can be corrected.

University of Central Florida

Office of the Vice President

UNIVERSITY OF CENTAL FLORIDA
CUSTODIAN LETTER OF INSTRUCTION

March 16, 2012

Mr. Randall Deen, CRP, CPPS
Vice President/Group Manager
BNY Mellon Trust Company
10161 Centurion Parkway
Jacksonville, FL 32256

Dear Randy:

The University of Central Florida Operating Fund (UCF) has directed the following managers to raise cash in their respective portfolios for subsequent transfer to the UCF miscellaneous investment account. Once the cash is available in each manager's account, UCF directs Bank of New York (BNY) to effectuate the following asset transfers in the UCF accounts.

000740077	DGHM	**($125,000)**	Transfer to 000740062
000740079	MD Sass	**($125,000)**	Transfer to 000740062
000740075	Winslow Capital	**($1,750,000)**	Transfer to 000740062
000740062	Miscellaneous Account	**$2,000,000**	Transfer from Multiple Accounts

Once the **$2,000,000** is available in the miscellaneous investment account, UCF directs BNY to wire transfer the **$2,000,000** to UCF's Bank of America account using the wire instructions below.

Bank of America
ABA: 026009593
Account: 9634
Acct Name: University of Central Florida Board of Trustees General Operating Account
Attn: Tracy Clark

Should you need any further information or have any questions or concerns, please do not hesitate to contact UCF our consultant, Troy Brown at 863-904-0847.

Sincerely,

William F. Merck II

William F. Merck II
Vice President for Administration and Finance
Chief Financial Officer

c: Christy Sheppard, BNY
Jeff Baker, Dalton, Greiner, Hartman, Maher & Co.
Ari Sass, MD Sass
Jean A. Baillon, Winslow Capital
Troy Brown, The Bogdahn Group

Administration and Finance
P.O. Box 160020 • Orlando, FL 32816-0020 • 407-823-2351 • FAX: 407-823-5533 • admfin@mail.ucf.edu

UNIVERSITY OF CENTAL FLORIDA
CUSTODIAN LETTER OF INSTRUCTION

March 16, 2012

Mr. Randall Deen, CRP, CPPS
Vice President/Group Manager
BNY Mellon Trust Company
10161 Centurion Parkway
Jacksonville, FL 32256

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Bank of America
ABA: 026009593
OK TAE Account: 9634
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Attn:

Should you need any further information or have any questions or concerns, please do not hesitate to contact UCF our consultant, Troy Brown at 863-904-0847.

Sincerely,

William F. Merck II
Vice President for Administration and Finance
Chief Financial Officer

CC: Christy Sheppard, BNY
Jeff Baker, Dalton, Greiner, Hartman, Maher & Co.
Ari Sass, MD Sass
Jean A. Baillon, Winslow Capital
Troy Brown, The Bogdahn Group

Glen Carlson

From: Sheree Morgan
Sent: Friday, March 16, 2012 1:04 PM
To: Troy Brown; Jeff Baker (jbaker@dghm.com); DGHM Operations <DOperations@dghm.com> (DOperations@dghm.com); edonalds@dghm.com; asass@mdsass.com; fpfeffer@mdsass.com; sengstrom@mdsass.com; jbaillon@winscap.com; cwinslow@winscap.com; jmaschoff@winscap.com; rdeen@bankofny.com; Christy Sheppard (christy.sheppard@bnymellon.com)
Cc: Dave West; David Ray; Lauren Cappello; Albert Sauerland; Vanessa Fortier; Tracy Clark; William Merck; Glen Carlson
Subject: RE: UCF - 3-16-12 Pool IV $2mm Equity Withdrawal - Advanced Notification
Attachments: Capital Request for Transfer.pdf

Attached is the signed Capital Request for Transfer from VP Merck.
Thank you.
Sheree

From: Troy Brown [mailto:troyb@bogdahngroup.com]
Sent: Friday, March 16, 2012 7:23 AM
To: Jeff Baker (jbaker@dghm.com); DGHM Operations <DOperations@dghm.com> (DOperations@dghm.com); edonalds@dghm.com; asass@mdsass.com; fpfeffer@mdsass.com; sengstrom@mdsass.com; jbaillon@winscap.com; cwinslow@winscap.com; jmaschoff@winscap.com; rdeen@bankofny.com; Christy Sheppard (christy.sheppard@bnymellon.com)
Cc: Dave West; David Ray; Lauren Cappello; Albert Sauerland; Vanessa Fortier; Tracy Clark; William Merck; Glen Carlson
Subject: UCF - 3-16-12 Pool IV $2mm Equity Withdrawal - Advanced Notification
Importance: High

Hello Everyone-

This is an advanced notification that the University of Central Florida (UCF) will be withdrawing a total of $2 million from the domestic equity managers in Pool IV. The managers and amounts are detailed in the attached memo. You will be receiving an executed version of the memo from UCF in the near future.

Please let us know if you have any questions.

Thanks

Troy

Troy Brown, CFA

Main: 866.240.7932
Direct: 863.904.0847
Mobile: 863.221.4930
Facsimile: 863.292.8717
4901 Vineland Road, Suite 600
Orlando, FL 32811

THE BOGDAHN GROUP

University of Central Florida

Office of the Vice President

UNIVERSITY OF CENTAL FLORIDA
INVESTMENT MANAGER LETTER OF INSTRUCTION

FROM: William F. Merck II
TO: Investment Managers
DATE: March 16, 2012
RE: **Capital Request for Transfer to Miscellaneous Investment Account**

The University of Central Florida Operating Fund (UCF) directs the following investment managers to immediately raise cash in their respective portfolios in the amounts detailed below for subsequent transfer to UCF's miscellaneous investment account by Bank of New York (BNY).

000740077	DGHM – Pool IV	($125,000)	Transfer to 000740062
000740079	MD Sass – Pool IV	($125,000)	Transfer to 000740062
000740075	Winslow Capital – Pool IV	($1,750,000)	Transfer to 000740062
000740062	Miscellaneous Account – Pool IV	$2,000,000	Transfer from Multiple Accounts

Investment Managers
Please communicate with BNY regarding the availability of the requested cash in your respective portfolio so they can facilitate the cash transfer to the UCF miscellaneous investment account.

Should you need any further information or have any questions or concerns, please do not hesitate to contact our UCF consultant, Troy Brown, at 863-904-0847.

Sincerely,

William F. Merck II

William F. Merck II
Vice President for Administration and Finance
Chief Financial Officer

c: Randall Deen & Christy Sheppard, BNY
Jeff Baker, Dalton, Greiner, Hartman, Maher & Co.
Ari Sass, MD Sass
Jean A. Baillon, Winslow Capital
Troy Brown, The Bogdahn Group

University of Central Florida

Office of the Vice President

UNIVERSITY OF CENTAL FLORIDA
CUSTODIAN LETTER OF INSTRUCTION

March 16, 2012

Mr. Randall Deen, CRP, CPPS
Vice President/Group Manager
BNY Mellon Trust Company
10161 Centurion Parkway
Jacksonville, FL 32256

Dear Randy:

The University of Central Florida Operating Fund (UCF) has directed the following managers to raise cash in their respective portfolios for subsequent transfer to the UCF miscellaneous investment account. Once the cash is available in each manager's account, UCF directs Bank of New York (BNY) to effectuate the following asset transfers in the UCF accounts.

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000740062	Miscellaneous Account	**$2,000,000**	Transfer from Multiple Accounts

Once the **$2,000,000** is available in the miscellaneous investment account, UCF directs BNY to wire transfer the **$2,000,000** to UCF's Bank of America account using the wire instructions below.

Bank of America
ABA: 026009593
Account: 005562579634
Acct Name: University of Central Florida Board of Trustees General Operating Account
Attn: Tracy Clark

Should you need any further information or have any questions or concerns, please do not hesitate to contact UCF our consultant, Troy Brown at 863-904-0847.

Sincerely,

William F. Merck II

William F. Merck II
Vice President for Administration and Finance
Chief Financial Officer

c: Christy Sheppard, BNY
Jeff Baker, Dalton, Greiner, Hartman, Maher & Co.
Ari Sass, MD Sass
Jean A. Baillon, Winslow Capital
Troy Brown, The Bogdahn Group

Administration and Finance
P.O. Box 160020 • Orlando, FL 32816-0020 • 407-823-2351 • FAX: 407-823-5533 • admfin@mail.ucf.edu

University of Central Florida

Office of the Vice President

LETTER OF INSTRUCTION

March 28, 2012

Ms. Jean A. Baillon
CAO, CFO, Senior Managing Director
Winslow Capital Management, Inc.
4720 IDS Tower
80 South Eighth Street
Minneapolis, MN 55402

Dear Jean:

Due to organizational needs outside of the UCF-Pool IV Winslow investment portfolio; we are requesting Winslow to "realize" **$1,600,000** of currently "unrealized" gains in our investment portfolio. While we do not want this requirement to adversely affect your ongoing portfolio strategy or management of our funds, we do need to recognize these gains for organizational reasons.

As such, we are instructing Winslow to immediately **SELL** sufficient securities in the UCF-Pool IV investment portfolio to realize **$1,600,000** of currently unrealized gains and then **REPURCHASE** these same securities at your discretion. We will not be drawing any capital from the account.

We would also like to minimize the transaction costs associated with the realization of these gains in the portfolio so please take advantage of our existing recapture account with BNY/ConvergEx or an "execution only" brokerage channel, if possible.

We appreciate your assistance with our request. Please let us know if you have any questions.

Sincerely,

William F. Merck II

William F. Merck II
Vice President for Administration and Finance
Chief Financial Officer

c: Randall Deen & Christy Sheppard, BNY
Troy Brown, The Bogdahn Group

Administration and Finance
P.O. Box 160020 • Orlando, FL 32816-0020 • 407-823-2351 • FAX: 407-823-5533 • admfin@mail.ucf.edu

From: Tracy Clark <Tracy.Clark@ucf.edu>
Sent: Monday, June 18, 2012 11:33 AM
To: Glen Carlson; Ann Boutros
Cc: Rebeca Richards; Donna DuBuc; Denise Murdock; Wilson Rosario; Christina Tant
Subject: RE: Set-up department 02010350 - AV VP-OH University Resources

Once this is set up please let Vanessa, Bill, Tony and Lynn G. know about it.

Thanks.

Tracy Clark, CPA
Assistant Vice President for Finance, Controller
UCF Finance and Accounting
12424 Research Parkway, Ste 300
Orlando, Fl 32826
Phone: 407-882-1006
Tracy.clark@ucf.edu

From: Glen Carlson
Sent: Monday, June 18, 2012 10:27 AM
To: Ann Boutros
Cc: Rebeca Richards; Donna DuBuc; Denise Murdock; Wilson Rosario; Christina Tant; Tracy Clark
Subject: Set-up department 02010350 - AV VP-OH University Resources

Ann,

I need you to set-up the following department as follows:

02010350 -AV VP-OH University Resources with program code 91:

DDC-0105262 Merck, William F
RFO-0112316 Monroe, Judith E
PCT-1063071 Rogers, Tiffanie Lynn

I have left a message with Rebeca Richards as this department is going to exempt from auxiliary overhead. I believe the AUXOVD_CD will be 0256 and I want to confirm this with Rebeca.

Please let me know when you have set this up so I can review.

Thanks!

Glen Carlson
Senior Associate Controller
UCF Finance & Accounting
12424 Research Parkway, Suite 300
Orlando, FL 32826
Phone (407) 882-1064
Fax (407) 882-1057

ITEM: FF-1

University of Central Florida
Board of Trustees

SUBJECT: WMFE-TV

DATE: June 18, 2012

PROPOSED BOARD ACTION

Approval of UCF's purchase of WMFE TV's public broadcasting license and broadcast equipment.

BACKGROUND INFORMATION

WUCF TV debuted July 1, 2011, as Central Florida's new and only PBS channel. WUCF TV has been operating as a cooperative venture with Brevard Community College, the holder of the broadcast license.

This arrangement was a temporary arrangement designed to keep PBS in Central Florida until the parties could negotiate a more permanent arrangement. UCF and BCC entered into negotiations for UCF to purchase the broadcast license from BCC but those negotiations were not successful, creating the possibility that WUCF TV would end operations.

UCF was subsequently presented with the opportunity to purchase WMFE's non-commercial educational broadcast license and equipment, thereby allowing UCF to continue providing public television to Central Florida and offer UCF students a unique opportunity for hands-on experience with television broadcasting.

Acquiring the license and equipment will allow UCF to:

- create a permanent Central Florida home for award-winning PBS programs, including "PBS Kids" and shows that focus on STEM and literacy skills for children

- expand educational opportunities for UCF students in broadcast engineering, digital film and media, communications, and other fields

- tell stories about UCF directly to our community, including student and faculty member success and stories that support the university's ongoing campaigns

- broadcast to a larger audience thanks to WMFE's stronger TV signal.

If approved by this board, the university will pay a total of $3.3 million to WMFE over three years (schedule attached) to acquire WMFE TV's license and broadcast equipment. Auxiliary funds will be used for the license and equipment purchase; E&G and tuition dollars will not be used.

Community involvement during WUCF TV's first year has been excellent, and the acquisition will allow the channel to expand local fundraising to support the channel.

Should the Board of Trustees approve the acquisition, WMFE TV will submit the purchase to the Federal Communications Commission for approval, a process that can take several months. BCC supports this acquisition and has pledged a smooth broadcast transition should it be approved by this Board and the FCC.

Supporting documentation: WMFE-TV Purchase and Financial Projections

Prepared by: Grant J. Heston, Associate Vice President for Communications and Public Affairs

Submitted by: Alfred G. Harms, Vice President for Strategy, Marketing, Communications, and Admissions

WMFE-TV

Purchase and Financial Projections

	2013	2014	2015	2016	2017	Total
Purchase cost	$1,400,000	$950,000	$950,000	$0	$0	$3,300,000

	2013	2014	2015	2016	2017
Operations					
Current Funding	$1,664,280	$1,770,458	$1,886,122	$2,012,186	$2,149,654
Operating Costs	-4,409,680	-4,130,994	-3,921,215	-3,901,258	-3,966,077
Funding Need	-$2,745,400	-$2,360,536	-$2,035,093	-$1,889,072	-$1,816,423
Fundraising	$1,183,000	$1,549,000	$1,940,000	$2,936,000	$3,306,000
New Funding	1,562,400	811,536	95,093	0	0

MEMORANDUM OF UNDERSTANDING
USE OF FUNDS

The following memorandum ("MOU") sets forth the understanding between the Provost at the University of Central Florida ("Provost") and the Vice President Administration and Finance and Chief Financial Officer at the University of Central Florida ("Administration") regarding the use of funds to be made in support of the University of Central Florida's construction of the Morgridge International Reading Center.

1. **Use of Funds:** The Administration hereby makes available for supplementing the construction budget for the construction of the Morgridge International Reading Center, the amount of ($2,069,612.00).

2. **Repayment:** Repayment is to occur upon receipt of Courtelis funds from the State of Florida in the amount of Two million Sixty-nine thousand Six-hundred twelve ($2,069,612.00) plus accrual of interest, which shall commence the date funds are transferred to the project, at a rate of two percent (2.0%) per annum. If the State of Florida declares the Courtelis funds for this project will not be forth coming, an alternate repayment source and time line for repayment will be identified by the Vice President for Administration and Finance and the Provost. A revised MOU will be executed at that time.

3. **Purpose:** The use of funds will assist with the construction of the Morgridge International Reading Center.

4. **Applicable Law:** This MOU will be construed in accordance with, and the administration of the contribution received herein shall be pursuant to the laws of the State of Florida.

IN WITNESS WHEREOF, each of the undersigned as duly authorized and validly existing representatives of the University of Central Florida have executed this MOU on the date as indicated below.

PROVOST ADMINISTRATION

By: [signature]
Name: Tony G. Waldrop
Title: Provost and Vice President for Academic Affairs

Date: 1-21-11

By: [signature]
Name: William F. Merck II
Title: Vice President Administration and Finance and Chief Financial Officer

Date: 1-19-11

Auxiliary Loan – Memo to File
8/01/12

Per discussion with Tracy Clark on 8/1/12, Mr. Merck and Dr. Waldrop have decided to change the terms of the MOU dated January 2011 pertaining to the Morgridge International Reading Center loan.

Effective 7/01/2012, interest accruals will cease and the balance outstanding at 6/30/12 ($2,118,658.96) will be paid off from distributions of University cash and investment interest earnings on a straight-line basis over two years as follows:

Balance O/S @ 6/30/12	$ 2,118,658.96
Number of months to payoff	24
Amount of investment interest to be applied to the loan monthly	$ 88,277.46

DM
8/1/2012

From: Tracy Clark <Tracy.Clark@ucf.edu>
Sent: Tuesday, July 23, 2013 6:26 PM
To: Brad Hodum; William Merck
Cc: Sheree Morgan
Subject: RE: 1213 Investment Earnings - June
Attachments: 1213 Investment Earnings - June for distribution.xlsx; Investment Distribution Analysis.xlsx

Bill – with the sale of all of our equity funds we have now recognized all available revenues on our BNY portfolio, to date. You can see from the attached first schedule that the sale (plus other June activity) generated $10.9 million in realized gains. We distributed to departments $.9 million of those gains through our normal process. All other realized gains on the portfolio over the past three years have been recognized and distributed as we went along.

Our plan is to keep in a central department $10 million of June's gain. Going forward, new gains in BNY will be unrealized since we're in a mutual fund type index fund. That means they will not be available for distribution to the dept's. We need to decide what we want to do to make up for the loss the departments will experience from the gains being pent up as unrealized. (Plus the loss of SPIA earnings - notice the SPIA rate for June was .61% - lowest in years). The second attachment shows we distributed an average of $720k per month July-Apr – an average yield of 1.7%. SPIA earnings in June were only $111K.

I can go over this with you when we get a chance.

Tracy Clark, CPA
Assistant Vice President for Finance and Controller
UCF Finance and Accounting
12424 Research Parkway, Ste 300
Orlando, Florida 32826
Phone: 407-882-1006
Fax: 407-882-1102
Tracy.Clark@ucf.edu

From: Brad Hodum
Sent: Tuesday, July 23, 2013 4:31 PM
To: Tracy Clark; William Merck
Cc: Glen Carlson; Christina Tant
Subject: 1213 Investment Earnings - June

Attached is a summary of our interest and investment earnings at June 30, 2013. Please note that the Bank of New York June earnings of $10.9M includes $10.4M of realized gain associated with the Vanguard transaction.

Please let me know if you have any questions or need additional details.

Thanks.

Brad

Brad Hodum
Associate Controller
Finance and Accounting
407-882-1005
Brad.Hodum@ucf.edu

Total Investment Earnings for CNL-Bank Money Market, Bank of New York, Bank of America General Operating Account and SPIA
For period ending 06/30/13

Prepared By: Michael Garmon
Reviewed By: Brad Hodum

Month	Month End Balance	Money Market Interest - CNL Bank	Annual % Yield	Month End Balance	Bank of America - Interest	Annual % Yield	Month End Balance	SPIA Interest	Annual % Yield	SPIA Research Foundation Month End Balance	SPIA Interest	Annual % Yield
Beginning	5,012			41,080,928			180,473,639			2,009,189		
07/31/12	5,012	0.21	0.05%	1,910,147	625	0.25%	205,246,672	375,108	2.21%	2,009,189	3,672	2.21%
08/31/12	5,013	0.21	0.05%	47,632,292	1,270	0.25%	257,601,545	470,415	2.62%	2,012,861	3,676	2.62%
09/30/12	5,013	0.21	0.05%	1,044,282	1,210	0.25%	297,215,837	529,871	2.24%	2,016,536	3,595	2.24%
10/31/12	5,013	0.21	0.05%	1,692,468	342	0.25%	266,925,447	408,589	1.73%	2,020,132	3,092	1.73%
11/30/12	5,013	0.21	0.05%	1,176,016	643	0.25%	231,365,774	432,401	2.14%	2,023,224	3,781	2.14%
12/31/12	5,014	0.21	0.05%	22,992,241	2,776	0.25%	201,736,547	399,662	2.17%	2,631,372	5,252	2.17%
01/31/13	5,014	0.21	0.05%	1,409,061	1,275	0.18%	307,299,553	368,578	1.65%	2,636,585	3,162	1.65%
02/29/13	5,014	0.19	0.05%	1,395,346	295	0.20%	292,593,466	347,190	1.52%	2,639,748	3,132	1.52%
03/31/13	5,014	0.22	0.05%	1,689,867	218	0.20%	265,391,496	262,337	1.10%	2,642,880	2,612	1.10%
04/30/13	5,014	0.20	0.05%	1,521,637	220	0.20%	239,233,674	325,818	1.61%	2,645,492	3,603	1.61%
05/31/13	5,015	0.22	0.05%	2,106,370	307	0.20%	234,082,136	243,541	1.24%	2,649,095	2,756	1.24%
06/30/13	5,015	0.20	0.05%	9,684,453	415	0.20%	204,431,122	111,555	0.61%	2,651,851	1,447	0.61%
Interest Total:		**2.50**			**$9,596**			**$4,275,065**			**$39,781**	
Check Total:		**0.00**			**0**			**0**			0	

Month	SPIA PRKG 2010 A & 2010 B Bonds Month End Balance	SPIA PRKG Bonds Interest	Annual % Yield	SPIA PRKG 2012A Bonds Month End Balance	SPIA PRKG Bonds Interest	Annual % Yield	SPIA Housing 2012 A Month End Balance	SPIA Housing 2012 A Bond Interest	Annual % Yield	BNY Cost Month End Balance	BNY Market Value Month End Balance	Earned Income	Total Cash & Investments Month End Balance	Total Investment Earnings
Beginning	2,036,624			-			41,508,195			209,785,961	214,784,420		476,899,548	
07/31/12	2,040,251	3,817	2.21%	-	-		41,794,650	78,178	2.21%	210,155,529	215,865,181	369,568	463,161,450	830,968
08/31/12	2,044,067	4,539	2.62%	-	-		41,016,435	91,599	2.62%	210,468,353	217,801,811	312,824	560,780,566	884,324
09/30/12	1,955,238	3,663	2.24%	-	-		39,903,302	74,235	2.24%	210,838,354	219,407,828	370,001	552,978,563	982,575
10/31/12	1,958,901	2,866	1.73%	8,227,807	5,437	1.73%	37,551,943	57,099	1.73%	211,247,045	218,369,096	408,690	529,628,755	886,116
11/30/12	1,961,767	3,436	2.14%	8,233,244	14,420	2.14%	36,014,578	64,780	2.14%	211,620,259	219,621,907	373,214	492,399,876	892,676
12/31/12	1,965,203	3,623	2.17%	8,247,664	15,204	2.17%	33,302,927	64,578	2.17%	212,081,019	220,226,892	460,759	482,961,987	951,854
01/31/13	1,968,826	2,769	1.65%	8,262,869	11,623	1.65%	32,912,601	46,802	1.65%	212,505,115	222,844,610	424,096	566,999,623	858,305
02/29/13	77,896	2,193	1.52%	8,274,491	9,567	1.52%	31,356,505	37,113	1.52%	212,840,065	223,289,422	334,950	549,182,531	734,440
03/31/13	80,089	75	1.10%	8,284,058	7,783	1.10%	28,613,800	28,290	1.10%	213,391,406	225,245,305	551,341	520,098,610	852,657
04/30/13	80,164	106	1.61%	8,291,841	10,945	1.61%	24,989,385	35,731	1.61%	214,035,749	226,323,621	644,343	490,802,957	1,020,766
05/31/13	-	-	0.00%	8,302,786	8,774	1.24%	23,532,622	25,734	1.24%	214,684,318	226,585,752	648,568	485,362,343	929,681
06/30/13	-	-	0.00%	8,311,560	4,154	0.61%	17,413,485	10,297	0.61%	225,633,690	224,331,356	10,949,372	468,131,176	11,077,240
Interest Total:		**$27,087**			**$87,907**			**$614,434**				**$15,847,727**		**$20,901,600**
Check Total:		0			0			**0**				**0**		**0**

	07/12			08/12			09/12			10/12			11/12			12/12		
	BNY Investments Summary			**BNY Investments Summary**			**BNY Investments Summary**			**BNY Investments Summary**			**BNY Investments Summary**			**BNY Investments Summary**		
Pool	**Cost**	**Market Value**	**Earned Income**	**Cost**	**Market Value**	**Earned Income**	**Cost**	**Market Value**	**Earned Income**	**Cost**	**Market Value**	**Earned Income**	**Cost**	**Market Value**	**Earned Income**	**Cost**	**Market Value**	**Earned Income**
I	53,259,125	53,259,125	497	53,256,062	53,256,062	(3,062)	53,256,330	53,256,330	268	53,256,927	53,256,927	597	53,253,866	53,253,866	(3,061)	53,254,151	53,254,151	285
II	20,110,100	20,094,479	2,551	20,115,126	20,100,503	5,026	20,121,386	20,105,349	6,260	20,127,049	20,106,581	5,663	20,130,896	20,110,858	3,847	20,132,323	20,115,143	1,427
III	84,680,744	87,311,643	168,202	84,879,015	88,006,738	198,271	85,094,073	88,523,261	215,058	85,305,502	88,137,359	211,428	85,505,814	88,562,523	200,312	85,590,625	88,689,870	84,811
IV	52,105,560	55,199,934	198,319	52,218,150	56,438,507	112,590	52,366,565	57,522,888	148,415	52,557,567	56,868,228	191,001	52,729,683	57,694,660	172,116	53,103,919	58,167,728	374,237
Total:	**210,155,529**	**215,865,181**	**369,568**	**210,468,353**	**217,801,811**	**312,824**	**210,838,354**	**219,407,828**	**370,001**	**211,247,045**	**218,369,096**	**408,690**	**211,620,259**	**219,621,907**	**373,214**	**212,081,019**	**220,226,892**	**460,759**
Check Total:	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

	01/13			02/13			03/13			04/13			05/13			06/13		
	BNY Investments Summary			**BNY Investments Summary**			**BNY Investments Summary**			**BNY Investments Summary**			**BNY Investments Summary**			**BNY Investments Summary**		
Pool	**Cost**	**Market Value**	**Earned Income**	**Cost**	**Market Value**	**Earned Income**	**Cost**	**Market Value**	**Earned Income**	**Cost**	**Market Value**	**Earned Income**	**Cost**	**Market Value**	**Earned Income**	**Cost**	**Market Value**	**Earned Income**
I	53,254,940	53,254,940	789	53,251,870	53,251,870	(3,071)	53,252,146	53,252,146	276	53,252,964	53,252,964	818	29,999,908	29,999,908	(3,057)	30,000,154	30,000,154	246
II	20,138,321	20,114,653	5,997	20,137,885	20,115,496	(435)	20,148,517	20,121,641	10,632	20,154,025	20,122,199	5,508	20,156,845	20,122,534	2,819	20,161,161	20,122,214	4,316
III	85,789,540	89,431,856	198,915	85,945,673	89,720,577	156,133	86,213,714	90,389,365	268,041	86,533,720	90,735,556	320,007	110,031,218	113,917,675	247,497	113,973,949	113,041,485	3,942,731
IV	53,322,314	60,043,160	218,394	53,504,637	60,201,480	182,323	53,777,029	61,482,152	272,392	54,095,039	62,212,902	318,010	54,496,348	62,545,636	401,308	61,498,426	61,167,503	7,002,079
Total:	**212,505,115**	**222,844,610**	**424,096**	**212,840,065**	**223,289,422**	**334,950**	**213,391,406**	**225,245,305**	**551,341**	**214,035,749**	**226,323,621**	**644,343**	**214,684,318**	**226,585,752**	**648,568**	**225,633,690**	**224,331,356**	**10,949,372**
Check Total:	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Interest posted for the following investments as follows:

Bank of An Interest is posted by Bank of America in the same month as earned
SPIA Interest is posted by SPIA in the following month
BNY Interest is posted by Bank of New York in the same month as earned

Investment Distribution Analysis
4/30/2013

Note: Below represents the amount c
average daily cash balance as of 4/30,
Interest Distribution files located on t

Conclusion: The average annual perce
of the average cash balance through A

	Average	July	August	September
Average Cash Balance	497,707,902.04	449,090,689.59	459,845,665.92	526,097,495.60
Amount Distributed	717,926.83	656,390.70	667,453.49	811,586.92
Monthly Percentage	0.14%	0.15%	0.15%	0.15%
Annualized Percentage	**1.74%**	**1.75%**	**1.74%**	**1.85%**

of net interest income distributed as a percentage of
/13. The balances were pulled from the monthly ADB
he T drive.

entage of net investment income distributed is 1.74%
April 30, 2013.

October	November	December	January	February
524,883,390.18	497,829,281.51	469,248,746.44	490,641,263.71	546,556,653.10
701,503.26	717,338.21	744,680.54	704,396.23	596,134.71
0.13%	0.14%	0.16%	0.14%	0.11%
1.60%	**1.73%**	**1.90%**	**1.72%**	**1.31%**

March	April
523,760,403.05	489,125,431.31
697,900.37	881,883.84
0.13%	0.18%
1.60%	**2.16%**

From: Tracy Clark <Tracy.Clark@ucf.edu>
Sent: Wednesday, August 14, 2013 7:28 PM
To: William Merck
Subject: Investments
Attachments: ForNick edits accepted.docx; ForNick.docx

Bill,

Attached are my changes – the first attachment does not show the "track changes" because it's easier to read, but the second attachment shows all of my edits.

Let me know your thoughts.

Tracy Clark, CPA
Assistant Vice President for Finance and Controller
UCF Finance and Accounting
12424 Research Parkway, Ste 300
Orlando, Florida 32826
Phone: 407-882-1006
Fax: 407-882-1102
Tracy.Clark@ucf.edu

This year, we conducted a planned review of the investments made three years ago for our operating cash balances. Our investments have performed well – they have earned approximately 1.2 percent more in our structured portfolio than they would have earned had we left all funds in the state treasurer's Special Purpose Investment Account (SPIA) for those three years.

Our investments for operating cash balances include approximately 50 percent in SPIA, 40 percent in money market and fixed income funds and 10 percent in equities. Following our review, we left the 50 percent in SPIA, 40 percent in money market and fixed income funds and moved our 10 percent equities from actively managed funds to a passive index fund.

Our 10 percent is now in the Vanguard S&P 500 Index Fund. Previously, it had been divided among investments with Winslow Capital Management, MD Sass and DGHM. We expect to achieve at least the same investment performance while paying less in fees.

This year, we conducted a planned review of the ~~updated~~ investments ~~we~~ made three years ago for our operating cash balances. Our investments have performed well – they~~we~~ have earned approximately ~~3~~1.~~5~~2 percent ~~in interest, compared with the 2.4 percent that~~more in our structured portfolio -than they~~we~~ would have earned had we left all funds~~stayed~~ in the state treasurer's Special Purpose Investment Account (SPIA) for those three years.

Our investments for operating cash balances include approximately ~~9~~50 percent in SPIA, 40 percent in money market and fixed income ~~accounts~~funds ~~(money market)~~ and 10 percent in equities~~ and stocks~~. Following our review, we left the 50 percent in SPIA, ~~90~~40 percent ~~intact~~in money market and fixed income funds and moved our 10 percent equities from ~~an~~ actively managed funds to a passive index fund.

Our 10 percent is now in the Vanguard S&P 500 Index Fund. Previously, it had been divided among investments with Winslow Capital Management, MD Sass and DGHM.

_We expect to achieve at least the same investment performance while paying less in fees.

~~Our 10 percent is now in the Vanguard S&P 500 Index Fund. Previously, it had been divided among investments with Winslow Capital Management, MD Sass and DGHM.~~

From: Tracy Clark <Tracy.Clark@ucf.edu>
Sent: Wednesday, September 04, 2013 12:48 PM
To: Brad Hodum
Cc: Michael Garmon
Subject: RE: Investments Distribution - BNY

Correct – Mr. Merck doesn't want to supplement the actual earnings at this time.

Thanks for asking!

Tracy Clark, CPA
Assistant Vice President for Finance and Controller
UCF Finance and Accounting
12424 Research Parkway, Ste 300
Orlando, Florida 32826
Phone: 407-882-1006
Fax: 407-882-1102
Tracy.Clark@ucf.edu

From: Brad Hodum
Sent: Wednesday, September 04, 2013 12:05 PM
To: Tracy Clark
Cc: Michael Garmon
Subject: FW: Investments Distribution - BNY

Hey Tracy,

I thought that you had mentioned that when you last spoke with Mr. Merck, we were thinking about just keeping the $10M in the investment dept for a while. Is my recollection correct?

From: Michael Garmon
Sent: Wednesday, September 04, 2013 11:46 AM
To: Brad Hodum
Subject: Investments Distribution - BNY

Hi Brad,

In June we set aside $10M of investment realized gains to distribute for any months that were lower than our average from the prior year. This month for BNY we have $115,042.32 of earned income to distribute where in the prior year we averaged about $400K of earned income. Do you think we should supplement the amount distributed? I suggest $200K making total BNY disbursement of $315,042.32K.

Month	Earned Income

Beginning Bal.	
07/11	216,811
08/11	217,337
09/11	130,464
10/11	384,551
11/11	250,670
12/11	593,038
01/12	29,901
02/12	654,972
03/12	1,946,111
04/12	401,680
05/12	(49,741)
06/12	75,896.36

Thanks,

Michael Garmon
Accounting Coordinator
Office: 407-882-1039

Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Millican Hall, 3rd floor
February 12, 2014

MINUTES

CALL TO ORDER

Trustee Marcos Marchena, chair of the Finance and Facilities Committee, called the meeting to order at 8:34 a.m. Committee members Reid Oetjen and Melissa Westbrook were present. Committee members John Sprouls and Robert Garvy attended via teleconference. Trustee Olga Calvet was present and Trustee Richard Crotty attended via teleconference.

MINUTES APPROVAL

The minutes of the December 4, 2013, Finance and Facilities Committee meeting were approved as submitted.

NEW BUSINESS

Finance and Facilities Committee Charter Review (FFC-1)
Regulations implemented by the Board of Trustees in January 2011 direct the Finance and Facilities Committee to review its charter every three years. Chair Marchena instructed the committee members to study the charter and bring suggestions for revisions to the next FFC meeting.

2014-15 Medical Student Tuition and Fees (FFC-2)
Deborah German, Vice President for Medical Affairs and Dean of the College of Medicine, discussed the proposed increase in 2014-15 medical student tuition and fees. The committee unanimously approved the proposed increase.

2014-15 Student Activity and Service, Health, and Athletic Fees (FFC-3)
William F. Merck, II, Vice President for Administration and Finance and Chief Financial Officer, discussed the proposed increase in the 2014-15 Student Activity and Service Fee and Athletic Fee and the proposed decrease in the 2014-15 Health Fee. The committee unanimously approved the proposed increases and the proposed decrease.

Capital Improvement Trust Fund Fee (FFC-4)
Merck discussed the proposed increase in the Capital Improvement Trust Fund Fee to support the design and development of the John C. Hitt Library. The committee unanimously approved the proposed increase.

Minor Amendment to the 2010 Campus Master Plan – Global International Student Center and Parking Garage (FFC-5)
Merck and Lee Kernek, Associate Vice President for Administration and Finance, requested approval for a minor amendment to the University of Central Florida Campus Master Plan to construct a 51,920 gross-square-foot Global Academy academic building and a parking garage. The committee unanimously approved the amendment.

Technology Fee Report (INFO-1)
Joel Hartman, Vice President for Information Technologies and Resources and Chief Information Officer, presented a summary of the technology fees as an information item.

Equipment Fees for 2014-15 (INFO-2)
Max Poole, Senior Associate Dean for the College of Graduate Studies, and Elliott M. Vittes, Interim Vice Provost and Dean of Undergraduate Studies, presented a summary of the equipment fees as an information item.

UCF Housing Update (INFO-3)
Jeff Novak, Director of Housing, gave an update on Spring 2014 occupancy for UCF and affiliated housing.

UCF Investments Quarterly Report Ended December 31, 2013 (INFO-4)
Tracy Clark, Associate Vice President for Administration and Finance and Controller, reviewed the investments quarterly update as of December 31, 2013.

Key Financial Ratios – UCF Compared to State University System (INFO-5)
Clark reviewed the key financial ratios as of June 30, 2012.

University Operating Budget Report ended December 31, 2013 (INFO-6)
Clark reported that the University Operating Budget Report ended December 31, 2013, was provided as an information item.

UCF Research Foundation 2013-14 First-Quarter Financial Report Presentation (INFO-7)
Edward Jacobs, Chief Financial Officer and Treasurer for the UCF Research Foundation, gave a presentation on the foundation's operating results.

Chair Marchena adjourned the Finance and Facilities Committee meeting at 10:06 a.m.

Respectfully submitted:____________________________________ ____________

William F. Merck II — Date
Vice President for Administration and Finance
and Chief Financial Officer

From: Tracy Clark <Tracy.Clark@ucf.edu>
Sent: Friday, March 07, 2014 11:11 AM
To: William Merck
Cc: Sheree Morgan; John Pittman
Subject: Aux Cash 030614.xlsm
Attachments: Aux Cash 030614.xlsm

Bill – here is a current picture of Auxiliary Cash Balances. Let me know if you want more detail or want to discuss. One area to consider from a loan perspective would be the $10M we were holding back in realized gains from the investments. Its sitting in an A&F department. I know we wanted to hang onto that in case the market dipped below our initial investments, but if we were setting the GAA Building up to be repaid, it may be a source that sounds the best.

Auxiliary Cash Balances
6-Mar-14

Fund	Fund Code Descr	2012	2013
10004	CONTINUING EDUCATION	4,018,876.12	1,964,745.70
10013	OFFICE SUPPLY-ESPOT	764,922.19	715,751.44
10014	UNIVERSITY BOOKSTORE	3,510,653.72	2,792,862.48
10015	PRINTING SERVICES	3,890,251.97	3,082,870.61
10016	PARKING SERVICES	8,248,999.60	9,357,993.34
10017	FOOD SERVICE	385,889.38	426,074.50
10018	ROSEN HOSPITALITY	1,204,912.54	2,684,842.05
10019	UTILITIES AND COMMODITIES		106,701.17
10021	PEGASUS HEALTH	170,460.59	40,668.98
10022	HEALTH CENTER	4,398,857.59	5,263,092.97
10023	COMPUTER SVCS AND TELECOMM	16,588,478.19	22,137,805.31
10024	CREATIVE SCH FOR CHILDREN	652,535.77	758,754.07
10049	BUSINESS SERVICES	357,750.94	579,644.57
10050	AUXILIARY OVERHEAD	(21,064,090.58)	(6,955,022.31)
10060	POSTAL SERVICES	113,523.94	190,785.60
10062	EXECUTIVE DEVELOPMENT CTR	(2,447,083.83)	(3,392,730.72)
10067	ADV MATERIALS PROCESS AMPAC	110,341.08	86,062.18
10071	ACADEMIC SUPPORT	41,107,582.47	45,416,192.64
10073	ADMINISTRATION & FINANCE	9,730,106.27	20,842,308.10
10074	INSTITUTE OF GOVERNMENT	399,084.85	320,891.36
10075	STUDENT SERVICES	1,772,227.84	1,838,075.90
10079	STUDENT HOUSING	9,432,831.29	8,690,283.28
10091	CAMPUS CARD	1,564,570.17	1,745,271.38
11004	CONTINUING EDUCATION	2,836,140.43	3,162,714.21
11062	EXECUTIVE DEVELOPMENT CTR	3,688,873.62	5,595,548.86
Grand Total		91,436,696.15	127,452,187.67

2014	
937,554.92	
796,752.18	
3,705,064.92	
3,381,436.77	
17,838,457.37	
619,538.61	
2,803,875.02	
1,307,562.18	
(373,184.97)	
10,161,074.04	
21,154,259.44	
901,669.09	
(157,823.80)	
(10,933,972.32)	Cash dropped because we paid Fiesta Bowl tickets; Negative because of outstanding loans from Athletics and Pegasus Health
144,285.82	
(4,094,396.46)	
53,431.72	
51,892,369.28	$8M M&S/Equip fees, IT $10M, AA $15M, CMMS $5M
23,234,851.80	$10M - realized gains held for market fluctuations
297,520.83	
1,531,241.09	
16,154,600.92	
2,027,776.70	
3,835,425.76	
6,952,419.38	
154,171,790.29	

University of Central Florida

Office of the President

University of Central Florida
Board of Trustees Meeting
March 27, 2014
Live Oak Center
Agenda
9:30 a.m. – 4:00 p.m.
Lunch 12:00 p.m.
800-442-5794, passcode, 463796

COMMITTEE MEETINGS

9:30 – 10:30 a.m.	Advancement, Richard Crotty, Chair
10:30 – 11:30 a.m.	Educational Programs, Robert Garvy, Chair
11:30 a.m. – 12:00 p.m.	Finance and Facilities, Marcos Marchena, Chair

BOARD MEETING 1:00 – 4:00 p.m.

1.	Welcome and call to order	Olga Calvet, Chair
2.	Roll call	Rick Schell, Associate Corporate Secretary
3.	Minutes of January 23, 2014, meeting	Chair Calvet
4.	Public comment	Rick Schell, Associate Corporate Secretary
5.	Remarks and introductions	John C. Hitt, President
6.	Reports	
	TeachLivE™	Dr. Lisa Dieker, Dr. Charles Hughes, and Dr. Michael Hynes
7.	Information	

INFO-1 Information 2014 Finance and Facilities Committee Meeting Dates (Merck)

8. Consent Agenda

EP-1	Concurrence	Conferral of Degrees (Hitt)
EP-2	Approval	2016-17 Proposed Academic Calendar (Waldrop)
EP-3	Approval	New Degree Programs (Waldrop) a. Nanotechnology, P.S.M. b. Writing and Rhetoric, B.A.

9. Advancement Committee report — Rich Crotty, Chair

10. Educational Programs Committee report — Robert Garvy, Chair

11. Finance and Facilities Committee report — Marcos Marchena, Chair

FF-1	Approval	2014-15 Medical Student Tuition and Fees (Merck)
FF-2	Approval	2014-15 Student Activity and Service, Health, and Athletics Fees (Merck)
FF-3	Approval	Capital Improvement Trust Fund Fee (Merck)
FF-4	Approval	Minor Amendment to the 2010 Campus Master Plan – Global International Student Center and Parking Garage (Merck)
FF-5	Approval	Use of Bright House Networks Stadium for 2014 Mid-Eastern Athletic Conference and Southwestern Athletic Conference Challenge (Merck)

12. New business — Chair Calvet

13. Announcements and adjournment — Chair Calvet

Upcoming meetings:

AGB National Conference on Trusteeship	April 12-14, 2014 (Hyatt Regency Orlando, former Peabody Orlando)
Board of Trustees meeting	May 22, 2014 (Live Oak Center)

ITEM: FF-4

University of Central Florida
Board of Trustees

SUBJECT: Minor Amendment to the 2010 Campus Master Plan – Global International Student Center and Parking Garage

DATE: March 27, 2014

PROPOSED BOARD ACTION

Request approval for a minor amendment to the University of Central Florida Campus Master Plan to construct a 51,920 gross-square-foot Global International Student Center and parking garage of a size yet to be determined.

BACKGROUND INFORMATION

The purpose of the proposed amendment is to include these facilities in the Capital Improvements, Urban Design, Future Land Use, and Recreation and Open Space Elements of the 2010 Campus Master Plan. The Global UCF building comprises classrooms, offices, and support spaces. It will be used for international students during the day and for continuing education students during the evenings. The proposed parking garage will replace surface parking that will be taken up by the future Interdisciplinary Research Building, the Global International Student Center, and the parking garage footprint; provide parking for additional planned facilities; support activities and events; and contain offices and support spaces for Parking Services. These two facilities may or may not be linked, depending on the final design. Prior to construction, the university will obtain approval from Orange County.

Supporting documentation: Memorandum from Maria Yebra-Teimouri (Attachment A)
Project Location (Attachment B)
Capital Improvements List (Attachment C)
Urban Design Map (Attachment D)
Future Land Use (Attachment E)
Recreation and Open Space (Attachment F)

Prepared by: W. Scott Cole, UCF General Counsel

Submitted by: William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer

Attachment A

MEMORANDUM

TO: Scott Cole, Vice President and General Counsel

FROM: Maria Yebra-Teimouri, Coordinator, Facilities Planning

SUBJECT: Minor Amendment to 2010 Campus Master Plan

DATE: January 16, 2014

The University of Central Florida requests a minor amendment to the 2010 Campus Master Plan to amend the Capital Improvements, Urban Design, Future Land Use, and Recreation and Open Space Elements by adding a 51,920 gross square foot academic facility and a parking garage of a size yet to be determined. The academic facility will contain classrooms, offices, and support spaces; the parking garage will replace surface parking that will be taken up by the future Interdisciplinary Research Building, the Global International Student Center, and the parking garage footprint; provide parking for additional planned facilities; support activities and events; and contain offices and support spaces for Parking Services. The proposed location for these facilities is in the northeast quadrant of the Academic Core and will be specifically determined during the design phase.

An analysis of the statutory thresholds and university responses that reflect the nature of the amendment request as a minor amendment may be found below. The thresholds are referenced under section 1013.30(9), F.S.

An amendment to a campus master plan must be reviewed and adopted under subsections (6)-(8) if such amendment, alone or in conjunction with other amendments, would:

(a) Increase density or intensity of use of land on the campus by more than 10 percent;

University Response: Adding a 51,920 gross square foot building does not exceed the ten percent threshold for land use since the existing land use is already academic. The proposed parking garage will not increase the density or intensity of land use set aside for parking by more than 10 percent.

(b) Decrease the amount of natural areas, open space, or buffers on the campus by more than 10 percent:

University Response: The proposed facilities will have negligible impact on open space or buffers.

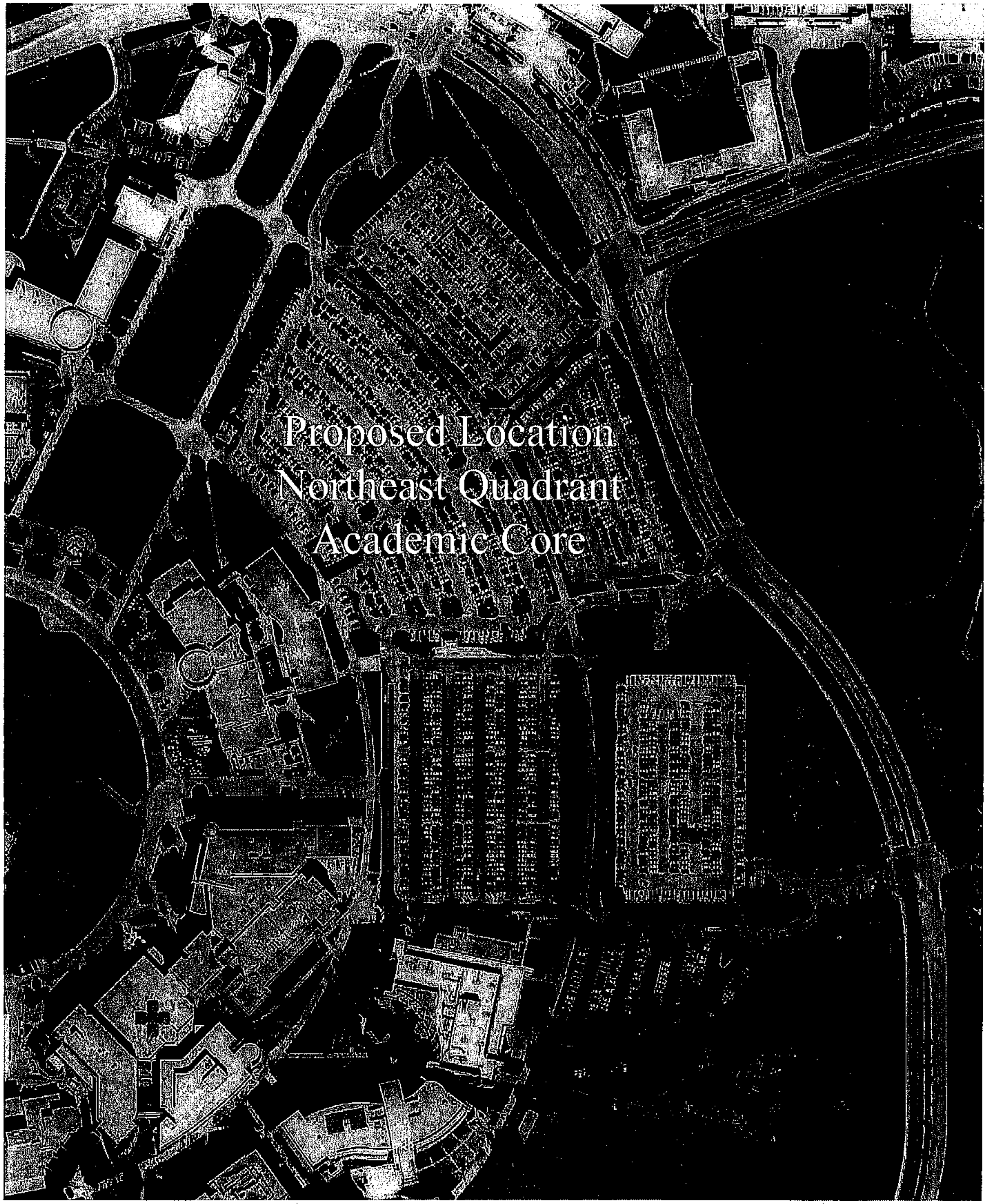
(c) Rearrange land uses in a manner that will increase the impact of any proposed campus development by more than 10 percent on a road or on another public facility or service provided or maintained by the state, the county, the host local government, or any affected local government.

University Response: The proposed facilities will have a minimal impact and will not generate an increase in capacity on any proposed campus development, road, or public facility by greater than 10 percent. They will support existing programs in continuing education and a new international program for resident students. Depending on the final location of the parking garage, a minimal amount of Recreation and Open Space may be affected, but will not exceed the 10 percent threshold.

In summary, the proposed changes do not exceed the amendment threshold criteria in 1013.30 (9), F.S. and may therefore be treated as a minor amendment.

Thank you for your time and attention to this matter. If you require additional information, please contact me at (407) 823-3893.

Attachment B



Attachment C

#	PROJECT LIST Revised 9/11/2013 (July 1, 2010 - June 30, 2020)	2010-2011 YR 01	2011-12 YR 02	2012-13 YR 03	2013-14 YR 04	2014-15 YR 05	2015-16 YR 06	2016-17 YR 07	2017-18 YR 08	2018-19 YR 09	2019-20 YR 10	Net	Gross	Total Estimated Cost ($M)
	MAIN CAMPUS FTE	42,570	42,498	42,710	42,963	43,153	43,329	43,735	44,042	44,450	44,762			
	PECO													
1	UTILITIES, INFRASTRUCTURE	$8,231,102	$11,685,748	$9,003,372	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	N/A	N/A	$123,920,222
2	PHYSICAL SCIENCES II COMPLETION	$1,077,500	$637,000									30,000	45,000	$1,714,500
3	PARTNERSHIP III BUILDING COMPLETION	$546,750	$1,332,355									78,294	117,442	$1,879,105
4	CLASSROOM BUILDING II		$8,038,088	$15,436,513								63,643	91,464	$23,475,601
5	MATH & PHYSICS BLDG. REMODELING AND RENOVATION			$1,544,527	$6,211,263							100,259	106,533	$7,755,790
6	MAIN UTILITY PLANT RENOVATION			$879,756								14,220	14,420	$879,756
7	ENGINEERING BLDG. I RENOVATION			$753,110	$6,488,335							118,186	150,855	$7,241,445
8	INTERDISC. RESEARCH & INCUBATOR FAC.				$5,924,183	$33,852,470						78,676	115,613	$39,776,653
9	MULTI-PURPOSE RESEARCH AND EDUCATION BUILDING				$2,288,726	$23,294,438	$2,835,907					47,310	75,384	$28,359,071
10	BUSINESS ADMINISTRATION RENOVATION				$7,118,804							118,624	121,074	$7,118,804
11	LIBRARY RENOVATION				$14,212,564							212,387	226,506	$14,212,564
12	CHEMISTRY RENOVATION				$2,864,067							43,265	49,073	$2,864,067
13	ARTS COMPLEX PHASE II (PERFORMANCE)					$6,750,000	$62,150,000	$6,000,000				100,396	150,594	$75,000,000
14	FACILITIES AND SAFETY COMPLEX RENOVATION					$4,556,233						96,763	103,236	$4,556,233
15	VISUAL ARTS RENOVATION					$4,724,007						79,373	85,000	$4,724,007
16	HOWARD PHILLIPS HALL RENOVATION					$3,551,427						56,903	64,819	$3,551,427
17	COLLEGE OF NURSING						$3,476,712	$27,813,693	$3,476,712			119,206	170,684	$34,767,117
18	COLBOURN HALL RENOVATION						$4,963,246					75,511	83,937	$4,963,246
19	FERRELL COMMONS (E AND G SPACE) RENOVATION						$5,418,554					66,149	93,560	$5,418,554
20	COMPUTER CENTER I RENOVATION						$489,218					9,372	10,779	$489,218
21	LIBRARY EXPANSION							$44,114,399	$40,471,926	40471926		319,302	465,842	$125,058,251
22	MILLICAN HALL RENOVATION							$502,291	$6,418,326	$502,290		87,743	88,680	$8,022,907
23	COMPUTER CENTER II RENOVATION							$123,161	$965,286	$123,160		25,783	33,370	$1,231,607
24	COLLEGE OF SCIENCES BUILDING RENOVATION							$317,437	$2,539,494	$317,436		49,580	54,644	$3,174,367
25	LIBRA ROAD WIDENING											N/A	N/A	$0
26	REHEARSAL HALL RENOVATION							$48,007	$354,053	$48,006		9,932	10,743	$450,065
27	THEATER BLDG. RENOVATION							$142,801	$1,142,404	$142,800		22,064	29,469	$1,428,005
28	FACILITIES BUILDING AT LAKE NONA								$600,000	$4,800,000	$600,000	26,666	40,000	$6,000,000
29	SOUTH CAMPUS RENOVATION								$531,285			10,581	11,557	$531,285
30	RECYCLING CENTER								$2,300,000	$18,400,000	$2,300,000	26,666	40,000	$23,000,000
31	HUMANITIES & FINE ARTS II								$2,772,532	$17,060,631	$2,772,533	58,262	87,843	$22,605,337
32	FILM - ARTS & HUMANITIES II BLDG.								$1,107,260	$8,600,076	$1,107,260	27,344	41,045	$10,814,596
33	SIMULATION AND TRAINING BUILDING								$2,370,206	$18,410,374	$2,370,336	39,950	59,924	$23,151,046
34	BUSINESS ADMIN. III BLDG.								$1,584,527	$12,307,012	$1,584,527	41,118	61,677	$15,476,066
35	EMERGENCY OPERATIONS CENTER (EOC) RENOVATION								$43,629	$349,074	$43,629	19,883	29,613	$436,292
36	MORGRIDGE INTERNATIONAL READING CENTER PHASE II (EDUCATION)								$2,062,348	$15,594,083	$2,062,348	51,479	77,219	$19,718,779
37	BAND BUILDING								$455,045	$2,800,279	$455,045	10,024	13,529	$3,710,369
38	ARTS COMPLEX PHASE III								$1,310,857	$7,427,447	$1,310,857	25,447	38,171	$10,049,161
39	INTERDISC. RESEARCH BLDG. II								$2,370,206	$17,330,596	$2,370,206	40,543	60,815	$22,071,268
40	JOINT USE FACILITY								$1,000,000	$9,000,000	$1,000,000	26,904	40,356	$11,000,000
41	PARTNERSHIP CAMPUS											N/A	N/A	$0
42	SUSTAINABILITY CENTER								$5,000,000			5,000	7,500	$5,000,000
43	CENTER FOR EMERGING MEDIA BUILD OUT								$6,360,339			16,544	24,816	$6,360,339
44	CAPITAL IMPROVEMENT RESERVE											N/A	N/A	$0
	COURTELIS													
45	LABORATORY INSTRUCTION BUILDING PHASE I	$3,483,350	$9,407,634									11,670	16,335	$12,890,984
46	BURNETT BIO-MEDICAL SCIENCE CTR	$2,524,605										132,000	198,000	$2,524,605
47	ARTS COMPLEX II ENHANCEMENT	$500,000										N/A	N/A	$500,000
48	MEDICAL SCHOOL LIBRARY	$4,000,000										10,572	15,760	$4,000,000
49	MORGRIDGE INTERNATIONAL READING CENTER	$2,064,149										50,000	75,000	$2,064,149
50	PSYCHOLOGY BUILDING	$50,540										N/A	N/A	$50,540
51	ENGINEERING III ENHANCEMENT	$1,284,970	$1,099,493									12,391	17,783	$2,384,463
52	ALUMNI CENTER/JOHN & MARTHA HITT LIBRARY	$7,049										N/A	N/A	$7,049
53	OPTICS AND PHOTONICS ENHANCEMENT	$69,085										1,537	2,305	$69,085
54	RESEARCH LAB. LAKE NONA	$6,412,845	$97,268,758	$9,180,000								11,099	16,648	$112,861,603
55	CARACOL in BELIZE		$350,000									49,570	72,555	$350,000
56	COLLEGE OF NURSING		$3,871									1,750	2,625	$3,871
57	BURNETT BIO-MEDICAL SCIENCE CTR INFRASTRUCTURE		$7,500,000									6,271	9,407	$7,500,000
58	CIVIL AND ENVIRONMENTAL ENGINEERING		$1,160,667	$14,508,333	$1,741,000							50,000	75,000	$17,410,000
59	ORLANDO REPERTORY THEATRE III RENOVATIONS		$75,000	$75,000	$75,000							8,000	12,000	$225,000
60	ATHLETIC ACADEMIC PERFORMANCE CENTER		$12,000,000									45,418	68,127	$12,000,000
61	SUSTAINABILITY CENTER			$250,000	$2,000,000	$250,000						5,000	7,500	$2,500,000
	PRIVATE													
62	PHOTO-VOLTAIC ARRAY AND SUPPORT BUILDING		$2,300,000									3,300	5,000	2,300,000
63	MECHANICAL, MATERIALS AND AEROSPACE ENGINEERING (MMAE)	$1,600,000												$1,600,000
64	RETAIL SUPPORT SPACE			$2,000,000								2,000	3,000	$2,000,000
65	CENTER FOR MULTILINGUAL MULTICULTURAL EXPANSION			$1,250,000								3,684	5,526	$1,250,000
66	SCIENCE ANNEX ENHANCEMENT	$5,000,000										N/A	N/A	$5,000,000
67	SPECIAL PURPOSE HOUSING AND PARKING GARAGE I	$25,000,000										106,667	160,000	$25,000,000
68	SPECIAL PURPOSE HOUSING II	$8,000,000										21,333	32,000	$8,000,000
69	PARKING DECK (ATHLETIC COMPLEX)	$5,000,000										112,000	168,000	$5,000,000
70	LIBRARY EXPANSION	$113,472,000										109,703	164,554	$113,472,000
71	STRATEGIC LAND AND PROPERTY	$100,000,000										N/A	N/A	$100,000,000
72	GRADUATE HOUSING	$50,000,000										100,000	150,000	$50,000,000
73	ATHLETIC ACADEMIC PERFORMANCE CENTER	$12,000,000										45,418	68,127	$12,000,000
74	REFINANCE UCF FOUNDATION PROPERTIES	$37,410,000										288,167	432,250	$37,410,000
75	NORTHEAST CAMPUS MIXED USE DEVELOPMENT	$50,000,000										133,333	200,000	$50,000,000
76	STUDENT HOUSING	$150,000,000										149,333	224,000	$150,000,000
77	BRIGHTHOUSE NETWORKS STADIUM TOWER EXPANSION	$5,000,000										14,225	21,337	$5,000,000
78	TRACK/SOCCER STADIUM	$1,000,000										N/A	N/A	$1,000,000
79	EXPANSION OF JAY BERGMAN FIELD PHASE I	$500,000										3,800	5,700	$500,000
80	TENNIS COMPLEX	$500,000										4,930	7,470	$500,000
81	TRACK/SOCCER CLUB HOUSE	$850,000										2,800	4,200	$850,000
82	EXPANSION OF JAY BERGMAN FIELD PHASE II	$4,500,000										3,800	5,700	$4,500,000
83	WAYNE DENSCH SPORTS CENTER EXPANSION	$4,000,000										12,000	18,000	$4,000,000
84	SOFTBALL PRACTICE FIELD	$250,000										N/A	N/A	$250,000
85	ATHLETICS PRACTICE FIELD	$500,000										N/A	N/A	$500,000
86	WOMENS COMPETITION/PRACTICE FIELD	$2,000,000										N/A	N/A	$2,000,000
87	BASEBALL PRACTICE FIELD	$400,000										N/A	N/A	$400,000
88	BASKETBALL PRACTICE FACILITY	$12,000,000										32,000	48,000	$12,000,000
89	AQUATICS CENTER	$20,000,000										5,200	7,800	$20,000,000
90	EAST ATHLETICS CENTER	$15,000,000										11,706	17,559	$15,000,000
91	RESEARCH LAB, LAKE NONA	$112,561,603										132,018	198,027	$112,561,603
92	CLASSROOM/LAB BUILDING, LAKE NONA	$23,475,601										60,976	91,464	$23,475,601
93	LIFE SCIENCES INCUBATOR, LAKE NONA	$30,000,000										36,667	55,000	$30,000,000
94	EXPO CENTER HOUSING	$16,000,000										68,667	103,000	$16,000,000
95	HOTEL/CONFERENCE CENTER	$60,000,000										190,000	250,000	$60,000,000
	BOND													
96	ORGANIC GROCERY													
97	SPECIAL PURPOSE HOUSING AND PARKING GARAGE I	$25,000,000										106,667	160,000	$25,000,000
98	SPECIAL PURPOSE HOUSING II	$8,000,000										21,333	32,000	$8,000,000
99	PARKING GARAGE VII	$20,000,000										242,667	364,000	$20,000,000
100	PARKING DECKS	$17,000,000										112,000	168,000	$17,000,000
101	LIBRARY EXPANSION	$113,472,000										109,703	164,554	$113,472,000
102	STRATEGIC LAND AND PROPERTY	$100,000,000										N/A	N/A	$100,000,000
103	GRADUATE HOUSING	$50,000,000										100,000	150,000	$50,000,000
104	REFINANCE UCF FOUNDATION PROPERTIES	$37,410,000										288,167	432,250	$37,410,000
105	VISITOR INFORMATION CENTER	$900,000										2,200	3,300	$900,000
106	BOOKSTORE EXPANSION	$8,000,000										20,000	30,000	$8,000,000
107	ATHLETIC ACADEMIC PERFORMANCE CENTER	$12,000,000										45,418	68,127	$12,000,000
108	STUDENT HOUSING	$150,000,000										149,333	224,000	$150,000,000
109	BRIGHTHOUSE NETWORKS STADIUM TOWER EXPANSION	$5,000,000										14,225	21,337	$5,000,000
110	TRACK/SOCCER STADIUM	$1,000,000										N/A	N/A	$1,000,000
111	EXPANSION OF BASEBALL STADIUM PHASE I	$500,000										3,800	5,700	$500,000
112	TENNIS COMPLEX	$500,000										4,980	7,470	$500,000
113	TRACK/SOCCER CLUB HOUSE	$850,000										2,800	4,200	$850,000
114	EXPANSION OF BASEBALL STADIUM PHASE II	$4,500,000										3,800	5,700	$4,500,000
115	WAYNE DENSCH SPORTS CENTER EXPANSION	$4,000,000										12,000	18,000	$4,000,000
116	SOFTBALL PRACTICE FIELD	$250,000										N/A	N/A	$250,000
117	ATHLETICS PRACTICE FIELD	$500,000										N/A	N/A	$500,000
118	WOMENS COMPETITION/PRACTICE FIELD	$2,000,000										N/A	N/A	$2,000,000
119	BASEBALL PRACTICE FIELD	$400,000										N/A	N/A	$400,000
120	BASKETBALL PRACTICE FACILITY	$12,000,000										32,000	48,000	$12,000,000
121	AQUATICS CENTER	$20,000,000										5,200	7,800	$20,000,000
122	EAST ATHLETICS CENTER	$15,000,000										11,706	17,559	$15,000,000
123	GARAGE EXPANSION	$5,000,000										33,891	50,837	$5,000,000
124	RESEARCH LAB. LAKE NONA	$112,861,603										132,018	198,027	$112,861,603
125	CLASSROOM/LAB BUILDING, LAKE NONA	$23,475,601										60,976	91,464	$23,475,601
126	LIFE SCIENCES INCUBATOR, LAKE NONA	$30,000,000										36,667	55,000	$30,000,000
127	FACILITIES BUILDING AT LAKE NONA	$6,000,000										13,866	20,799	$6,000,000
128	EXPO CENTER HOUSING	$16,000,000										68,667	103,000	$16,000,000
129	REGIONAL CAMPUSES MULTI-PURPOSE BUILDINGS	$100,000,000										40,000	60,000	$100,000,000
130	BRIGHTHOUSE NETWORKS STADIUM EXPANSION - SEATING	$14,000,000										N/A	N/A	$14,000,000
####	GLOBAL UCF INTERNATIONAL STUDENT CENTER/PARKING GARAGE	TBD										34,613	51,920	TBD
	CITF													
132	LAKE CLAIRE RENOVATION	$3,000,000										100,000	150,000	$3,000,000
133	STUDENT UNION II	$14,000,000										37,800	56,700	$14,000,000
134	RECREATION AND WELLNESS FIELDS	$2,000,000										N/A	N/A	$2,000,000
135	STUDENT UNION II PHASE II	$6,000,000										17,000	25,500	$6,000,000
136	STUDENT UNION II PHASE III	$21,000,000										60,000	90,000	$21,000,000
137	RWC EXPANSION	$15,000,000										60,000	90,000	$15,000,000
138	RWC II, NORTH END	$3,000,000										N/A	N/A	$3,000,000
139	RWC PLAYING FIELDS	$2,000,000										N/A	N/A	$2,000,000
140	SOFTBALL COMPLEX	$5,000,000										32,000	32,000	$5,000,000
	OTHER													
141	CREOL OPTICS LAB			$1,500,000								4,500	6,750	$1,500,000
142	COMBINED HEAT AND POWER FACILITY	$8,300,000										5,000	5,000	$8,300,000
143	ARBORETUM GREENHOUSE				$340,000							1,000	1,000	$340,000
TOTAL										New Campus Sq. Ft.		2,841,531	5,330,084	
										Off Campus Sq. Ft.		2,425,700	2,491,470	

Funding sources denote probable building completion year
Projects in green denote projects planned off-campus.
Projects in blue denote renovation and or remodeling projects

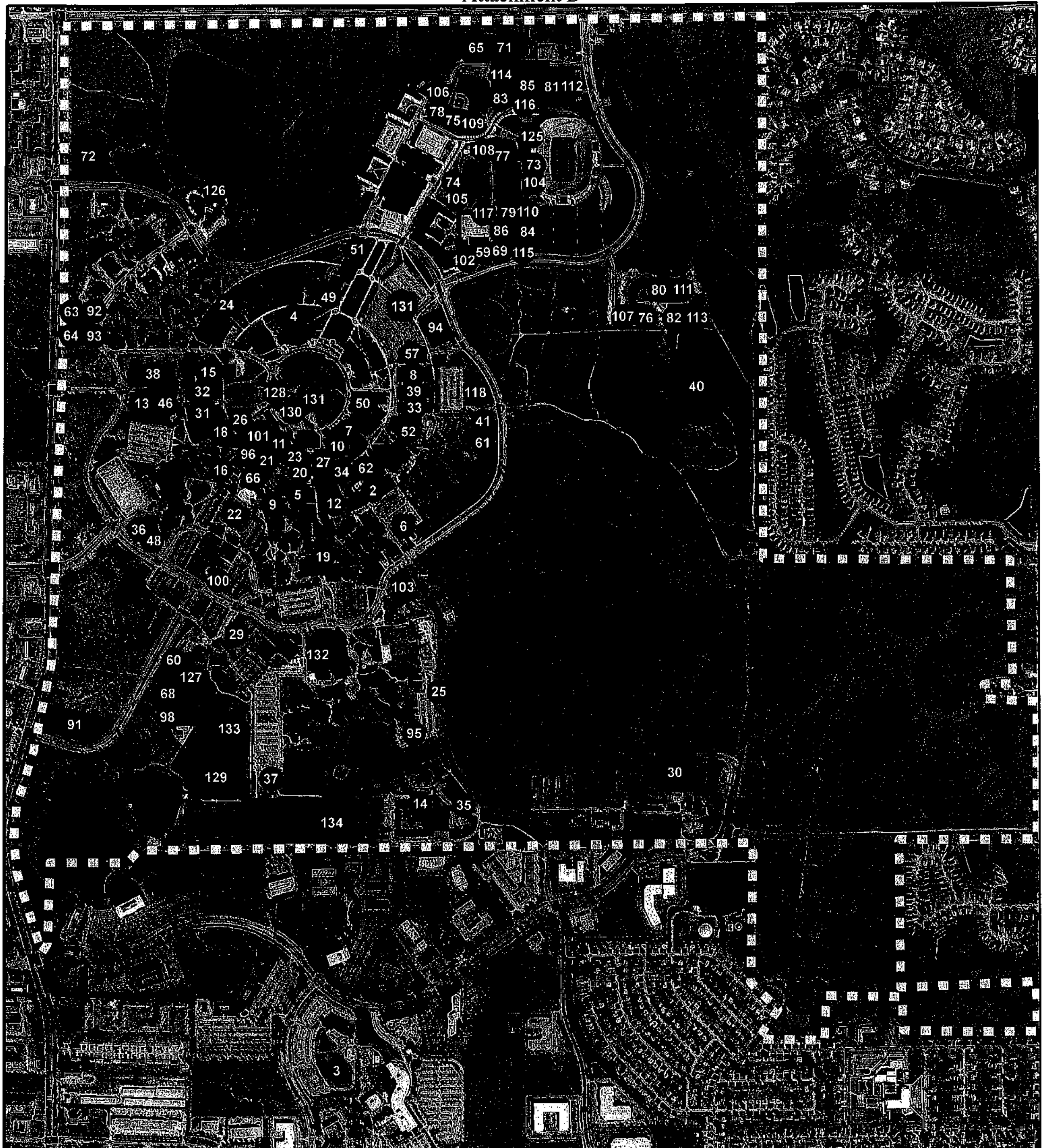


Figure 3-1

Urban Design / Capital Improvements

Comprehensive Master Plan Update
University of Central Florida
Orlando, Florida
2010-2020

N

All maps are diagrammatic and conceptual. The various areas shown are approximate and not to survey accuracy. The intent of these maps is to illustrate general areas of existing or potential use.

Rev. 20090630

Proposed Locations

Legend

Capital Improvements List
Boundary
Proposed Buildings
Proposed Road Widening
Existing Buildings

0 1,000 2,000 4,000 Feet

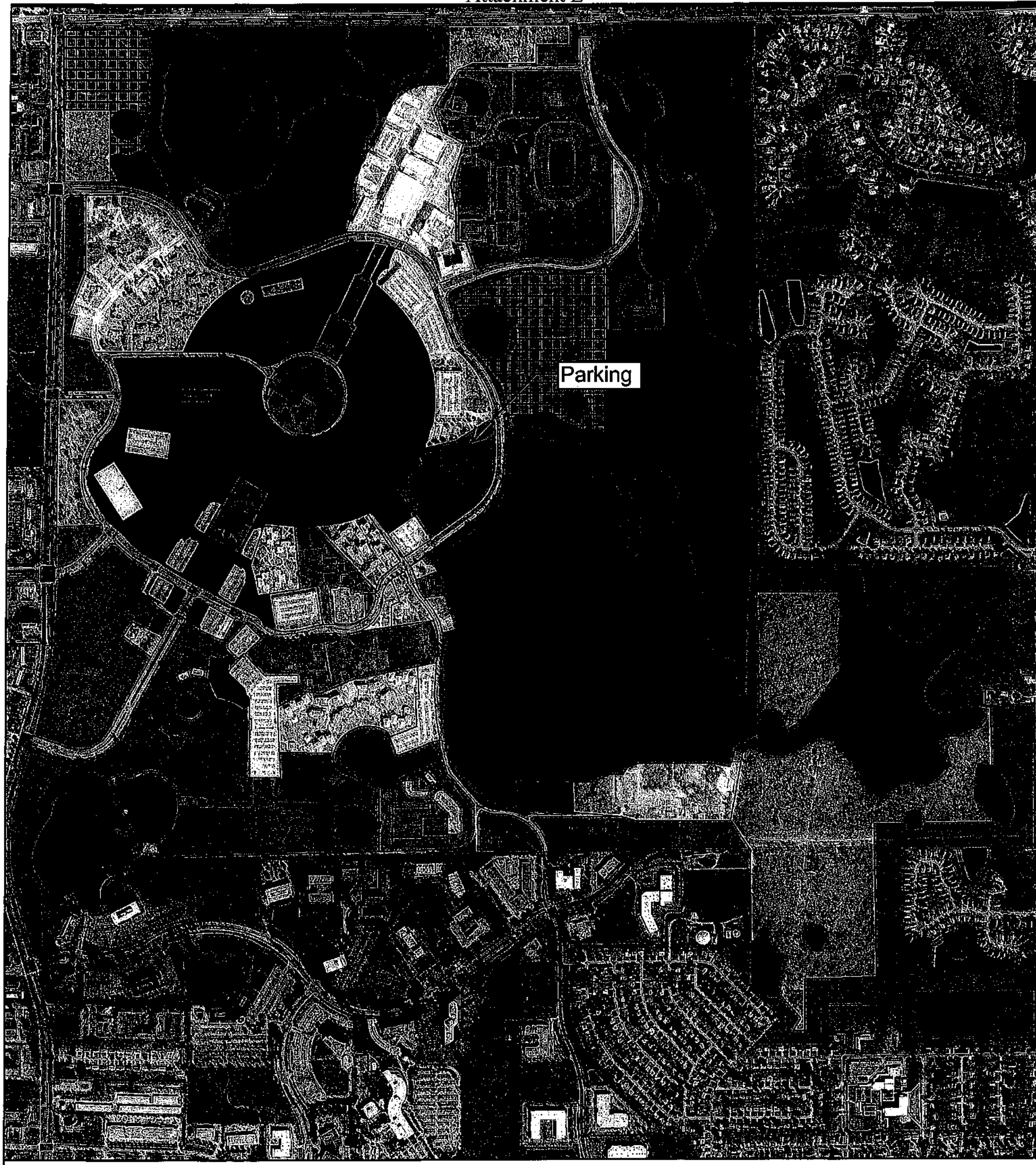


Figure 4-1

Future Land Use

Comprehensive Master Plan Update
University of Central Florida
Orlando, Florida
2010-2020

Legend

Parking
Academic/Research
Lakes
Utility
Support
Conservation (upland)
Conservation (wetland)
Conservation Easements
Residential
Recreation/Open Space
Mixed Use

0 1,000 2,000 4,000 Feet

N

All maps are diagrammatic and conceptual. The various areas shown are approximate and not to survey accuracy. The intent of these maps is to illustrate general areas of existing or potential use.

Rev 20090403

Attachment F

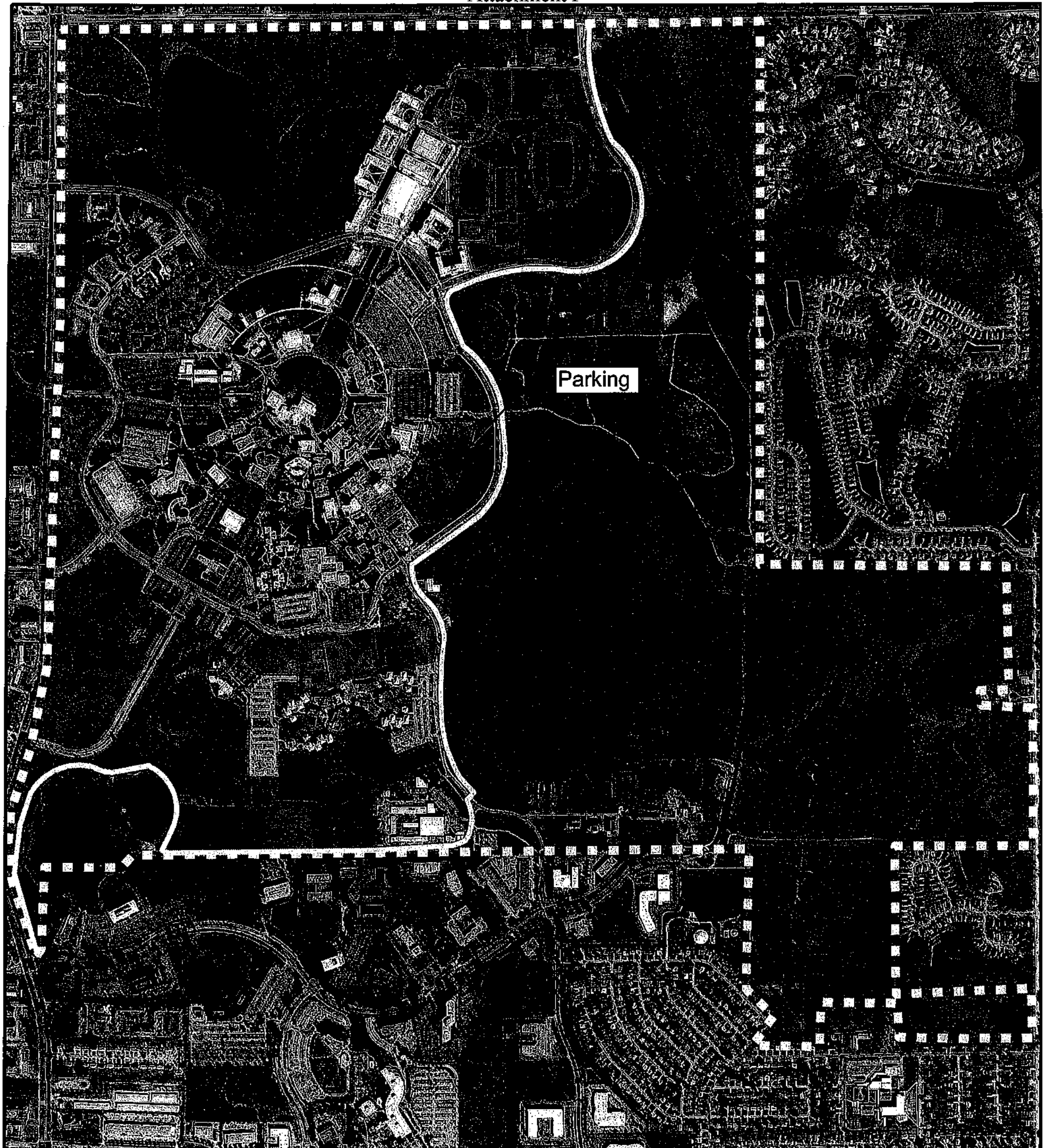


Figure 8-1
Recreation and Open Space

Comprehensive Master Plan Update
University of Central Florida
Orlando, Florida
2010-2020

Legend
Recreation/Open Space
Lakes
Proposed Little Econ Greenway Trail
Boundary

0 1,000 2,000 4,000 Feet

N

All maps are diagrammatic and conceptual. The various areas shown are approximate and not to survey accuracy. The intent of these maps is to illustrate general areas of existing or potential use.

Rev 20090622

Minutes
Board of Trustees Meeting
University of Central Florida
March 27, 2014

Chair Olga Calvet called the meeting of the Board of Trustees to order at 1:00 p.m. in the Live Oak Center on the UCF Orlando campus.

The following board members attended the meeting: **Trustees Clarence Brown, Richard Crotty, Alan Florez, Robert Garvy, Ray Gilley, Marcos Marchena, Alex Martins, Reid Oetjen, Beverly Seay, John Sprouls,** and **Melissa Westbrook**.

WELCOME

Calvet reminded the board that the meeting was covered by the Florida Sunshine Law and that the public and press were invited to attend.

She welcomed the board members and called on **Dr. Rick Schell**, Associate Corporate Secretary, to call the roll. Schell noted that a quorum was present.

Calvet called for approval of the January 23, 2014, board meeting minutes, which were approved as written.

Calvet called on **President John C. Hitt** for remarks and introductions.

REMARKS

Hitt announced that trustee **Melissa Westbrook** was leaving the board after her year of service representing the Student Government Association. Hitt thanked her for her service to the university.

INTRODUCTIONS

Hitt recognized the following students, faculty members, and staff members for their accomplishments.

A. Order of Pegasus-Class of 2014

The **Order of Pegasus** is the highest recognition the university gives to outstanding graduating seniors and graduate students who have demonstrated exemplary involvement, leadership, academic achievement, and community service. The following recipients were in attendance.

Doctoral Degree

Tracy Becker, College of Sciences
Avianne Bunnell, College of Medicine

Master's Degree

Courtney Buzan, College of Education and Human Performance

Bachelor's Degree

Shekinah Fashaw, Undergraduate Studies, The Burnett Honors College
Cynthia Florentino, College of Sciences
Jessica Gottsleben, College of Sciences, The Burnett Honors College
Kaye-Alese Green, College of Sciences, The Burnett Honors College
LaShaunda Hayes, College of Sciences, The Burnett Honors College
Amelia Klug, College of Health and Public Affairs, The Burnett Honors College
Charlene Kormondy, Undergraduate Studies, The Burnett Honors College
Amelia Mackarey, College of Medicine, College of Arts and Humanities, The Burnett Honors College
Julien Meyer, Rosen College of Hospitality Management
Rana Riad, College of Engineering and Computer Science, The Burnett Honors College
Nicholas Simons, College of Business Administration, College of Sciences, The Burnett Honors College
Vu Tran, College of Sciences
Alexis Wansac, College of Sciences, College of Arts and Humanities, The Burnett Honors College

B. Faculty

Pegasus Professor Shin-Tson Wu is the recipient of the Optical Society's 2014 Beller Medal. The Esther Hoffman Beller Medal is presented for outstanding contributions to optical science and engineering education. Dr. Wu is the third professor from the College of Optics and Photonics to win this prestigious award.

C. Employee of the Month

The Employee of the Month for February was **Joe Bizon**, a supervisor for the Serials Unit in the Acquisitions and Collection Services Department in the UCF Libraries.

The Employee of the Month for March was **Chris Dan,** a computer specialist for Regional Campuses.

Hitt referred the board members to their FYI folders for a copy of his remarks at the Board of Governors meeting held on March 20, 2014.

REPORTS

- **TeachLivE™** Drs. Lisa Dieckerer, Charles Hughes, and Michael Hynes demonstrated a simulated classroom environment using student avatars, which is a new form of teacher preparation and professional development currently adopted by 40 U.S. universities and four school districts.

INFORMATION

Calvet noted the following informational item.

- **INFO-1 2014 Finance and Facilities Committee Meeting Dates**

CONSENT AGENDA

A motion was made to accept the consent agenda, and members of the board unanimously approved the following actions.

- **EP-1 Conferral of Degrees** – Concurrence with the conferral of degrees at the Spring 2014 commencement ceremonies.

- **EP-2 2016-17 Proposed Academic Calendar** – Approval of the 2016-17 UCF academic calendar.

- **EP-3 New Degree Programs**
  a. Nanotechnology, P.S.M. – Approval of a professional science master's degree in nanotechnology.
  b. Writing and Rhetoric, B.A. – Approval of a bachelor of arts degree in writing and rhetoric.

ADVANCEMENT COMMITTEE REPORT

Rich Crotty, Chair of the Advancement Committee, reported the following highlights from the committee meeting earlier in the day.

- **Dr. Dan Holsenbeck,** Vice President for University Relations, reported that WUCF TV Fundraising efforts are going well, stating that in comparison to the $226,000 raised in March 2013 from community on-air pledges, this year WUCF TV raised $401,000.
- Holsenbeck reported that the Orlando Advertising Federation recognized UCF with 12 best-of-show awards, including five gold and five silver awards.
- Holsenbeck stated that UCF won four Grand Awards in the CASE District 3 Conference. In addition, UCF won three Awards of Excellence and three Special Merit Awards.
- Holsenbeck reported that **Grant Heston** was recognized as 2014 Most Outstanding Professional by the Public Relations Association for Central Florida.
- Holsenbeck gave a legislature update.
- **Robert Holmes**, Vice President for Alumni Relations and Development and Foundation CEO, gave an update on the Faculty and Staff Campaign, noting that 1,350 contributed to the campaign.
- Holmes reported on two recent donor gift agreements.
- **Annemarie Wess**, president of the inaugural year of the UCF Philanthropy Council, which was created to develop student support for philanthropy, reported that student officers were strategizing expansion of the council.

EDUCATIONAL PROGRAMS COMMITTEE REPORT

Robert Garvy, Chair of the Educational Programs Committee, noted the Educational Programs Committee items approved in the consent agenda and presented the highlights from the committee meeting earlier in the day.

- **Dr. Diane Chase**, Interim Provost and Vice President for Academic Affairs, reported on the Conferral of Degrees at the Spring 2014 commencement ceremonies:

6,716	baccalaureate degrees
1,186	master's degrees
158	doctoral and specialist degrees
8,060	**Total**

- **Dr. Maribeth Ehasz**, Vice President for Student Development and Enrollment Services, and **DeLaine Priest**, Associate Vice President for Student Development and Enrollment Services, presented the 2016-17 Academic Calendar.
- **Dr. C. Ross Hinkle,** Vice Provost and Dean of the College of Graduate Studies, presented an overview of a new degree program, Nanotechnology, P.S.M.
- **Dr. Elliot Vittes**, Interim Vice Provost and Dean of the Office of Undergraduate Studies, presented an overview of a new degree program, Writing and Rhetoric, B.S.
- Chase reported on the 2013 review results of UCF centers and institutes.
- Chase presented an overview of an Accelerated Law Program, indicating that UCF has developed a 3+3 accelerated law program with Florida State University College of Law. This partnership will allow selected UCF students to earn both a bachelor's degree from UCF and a *juris doctor* degree from Florida State Law in an accelerated fashion. UCF's Department of Legal Studies recently established 3+3 law programs with Barry University Dwayne O. Andreas School of Law and Touro College Jacob D. Fuchsberg Law Center.
- Chase reported on a textbook affordability bill that is before the legislature.
- Ehasz reported that Fall enrollment is going well. She also noted that as many as 70 national merit scholars may be accepted to UCF in the fall.

FINANCE AND FACILITIES COMMITTEE REPORT

Marcos Marchena, Chair of the Finance and Facilities Committee, reported highlights from the committee meeting held February 12, 2014, and earlier in the day. He presented the following items for board approval.

- **FF-1 2014-15 Medical Student Tuition and Fees** – A motion was made and unanimously passed by the board approving the 2014-15 in-state and out-of-state fees for the College of Medicine Medical Education Program.

- **FF-2 2014-15 Student Activity and Service, Health, and Athletics Fees** – A motion was made and unanimously passed by the board approving an increase in the Athletic Fee and the Activity and Service Fee effective Fall 2014, and the approval of a decrease in the Health Fee effective Fall 2014.

- **FF-3 Capital Improvement Trust Fund Fee** – A motion was made and unanimously passed by the board approving an increase in the Capital Improvement Trust Fund Fee. The fee will be presented to the Florida Board of Governors for approval.

- **FF-4 Minor Amendment to the 2010 Campus Master Plan – Global International Student Center and Parking Garage** – A motion was made and unanimously passed by the board approving a minor amendment to the UCF 2010 Campus Master Plan to construct a 51,920 square-foot Global International Student Center. A parking garage of a size yet to be determined was also approved.

- **FF-5 Use of the Bright House Networks Stadium for 2014 Mid-Eastern Athletic Conference and Southwestern Athletic Conference Challenge** – A motion was made and unanimously passed by the board approving the use of the Bright House Networks Stadium for the 2014 Mid-Eastern Athletic Conference and Southwestern Athletic Conference Challenge on August 31, 2014.

Calvet asked if there were any further reports from any of the committees. None was stated.

ANNOUNCEMENTS AND ADJOURNMENT

Calvet announced the following upcoming meetings:

AGB 2014 National Conference on Trusteeship	April 12-14, 2014 (Hyatt Regency Orlando, former Peabody Orlando)
Board of Governors meeting	May 8, 2014 (Florida Gulf Coast University)
Board of Trustees meeting	May 22, 2014 (Live Oak Center)

Calvet adjourned the board meeting at 2:32 p.m.

Respectfully submitted: ______________________________ Date: ________________________

John C. Hitt
Corporate Secretary

Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Millican Hall, 3rd floor
April 3, 2014

MINUTES

CALL TO ORDER

Trustee Marcos Marchena, chair of the Finance and Facilities Committee, called the meeting to order at 8:34 a.m. Committee members Alex Martins, Reid Oetjen, and Melissa Westbrook were present. Committee members John Sprouls and Robert Garvy attended via teleconference.

MINUTES APPROVAL

The minutes of the January 23, 2014, and February 12, 2014, Finance and Facilities Committee meeting were approved as submitted.

NEW BUSINESS

Universal Health Insurance for New Students (FFC-1)

Maribeth Ehasz, Vice President for Student Development and Enrollment Services, and Michael Deichen, Director of Health Services, led a discussion regarding the concept of universal health insurance as a condition of enrollment for new students beginning Fall 2015. Ehasz and Deichen received questions from the committee members and will return to a future meeting with additional information.

Finance and Facilities Committee Charter Review (FFC-2)

Chair Marchena explained that regulations implemented by the Board of Trustees in January 2011 direct the Finance and Facilities Committee to review its charter every three years. No changes to the charter were proposed, and the committee unanimously approved to keep the charter with its current format and content.

Amend UCFAA Bylaws (FFC-3)

Jordan Clark, Associate General Counsel, discussed a proposal to amend the UCF Athletics Association bylaws to combine the standing Audit Committee and Finance Committee to create a new single Audit and Finance Committee. The purpose of the amendment is a house-keeping measure and allows for more flexibility and administrative ease when scheduling committee meetings and obtaining a quorum. The committee unanimously approved the proposed amendment.

Direct Support Organizations' 2013-14 Second-Quarter Financial Reports (INFO-1)
William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, and John C. Pittman, Associate Vice President for Administration and Finance, Debt Management, reported that the DSOs' 2013-14 second-quarter financial reports ended December 31, 2013, were provided as information items.

Golden Knights Corporation and UCF Athletic Association 2013-14 Second-Quarter Financial Report Presentation (INFO-2)
Todd Stansbury, Director of Athletics, Brad Stricklin, Senior Associate Athletics Director and Chief Financial Officer, and David Hansen, Senior Associate Athletics Director of Internal Operations, gave a presentation on the Golden Knights Corporation and UCF Athletic Association's operating results and budget.

University and DSO Debt Report (INFO-3)
Merck reported that the University and DSO Debt Report was provided as an information item.

2013 Audited University Financial Statements (INFO-4)
Tracy Clark, Associate Vice President for Administration and Finance and Controller, reported that the 2013 Audited University Financial Statements were provided as an information item.

Bloomberg Terminal Fee Discussion (INFO-5)
Paul Jarley, Dean of the College of Business Administration, explained the purpose of the Bloomberg terminals for finance and real estate majors and the need for the associated revised equipment fee for those students beginning 2014-15.

UCF Convocation Corporation Series 2004A Certificates of Participation Refinancing (INFO-6)
Pittman explained that the UCFCC has the opportunity to refinance debt issued in 2004, resulting in possible savings in excess of 5 percent. Various financing alternatives are currently being explored to determine which option will yield the best overall savings. The committee unanimously recommended the UCFCC refinance this debt.

Colbourn Hall Renovations (INFO-7)
Merck and Lee Kernek, Associate Vice President for Administration and Finance, explained the preferred renovation option for Colbourn Hall is to build a new 75,000 square-foot building adjacent to the current building. Upon completion, the employees and departments housed in Colbourn Hall would move into the new building. Possibilities for the existing Colbourn Hall are contingent upon funding and will be considered at a future date. The committee unanimously recommended moving forward with the preferred renovation option.

Invitation to Negotiate for a Hotel and Conference Center (INFO-8)
Merck discussed the Invitation to Negotiate being developed for a hotel and conference center that potentially would be constructed on campus. The results and recommendation will be brought back to the committee before a decision is made.

Global Academy Facilities Update (INFO-9)
Merck, Clark, and Paul Lartonoix, Interim Assistant Vice Provost, provided an update on the financing and construction of the Global UCF classroom building and parking garage. The committee unanimously recommended an internal loan to finance the classroom building. The parking garage is proposed to be funded through the revenue bond process. Lartonoix also provided an update on the Global UCF program itself.

Chair Marchena adjourned the Finance and Facilities Committee meeting at 10:30 a.m.

Respectfully submitted:______________________________________ ____________

William F. Merck II — Date

Vice President for Administration and Finance
and Chief Financial Officer

From: Christina Tant <Christy.Tant@ucf.edu>
Sent: Friday, July 18, 2014 10:38 AM
To: Wilson Rosario
Cc: Donna DuBuc; Tera Alcala; Tracy Clark
Subject: RE: global contract

Wilson – Tracy, Donna and I discussed this project during the development of the FY15 auxiliary budget and ultimately decided not to increase the reserve. You are authorized to do budget overrides for the transfer of this $10 million.

From: Wilson Rosario
Sent: Thursday, July 17, 2014 3:17 PM
To: Christina Tant
Cc: Donna DuBuc; Tera Alcala
Subject: RE: global contract

Christy,
Lashanda is requesting to increase the budget of the Global construction project by $380K (# 92010020) to pay for architects and engineering pre-construction expenses. When will the budget for $10M is going to be added in dept. # 02500308?

Thanks,
Wilson

From: Christina Tant
Sent: Tuesday, May 13, 2014 11:11 AM
To: Wilson Rosario
Cc: Donna DuBuc; Tera Alcala
Subject: RE: global contract

Wilson/ Donna – It has just been decided that there is going to be a third funding source for the GAA building. Approximately $1.5 million of this $15 million estimate represents furniture and fixtures for the building. Those purchases will be funded from the central E&G carryforward. This will reduce the amount to be funded from the university resources department. Of course, this is all assuming the plan to move forward with construction is approved at the upcoming FFC meeting.

Summary of plan for funding sources:

Up to $10 million from undistributed investment earnings (expected to occur in FY15) - 02500308
$3.5 million from university resources (expected to occur in FY16) - 02010350
$1.5 million from E&G carryforward (expected to occur in FY16) – added to list of planned commitments

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From: Wilson Rosario
Sent: Friday, May 09, 2014 12:12 PM
To: Christina Tant
Subject: FW: global contract

Christy,
I think that $10M budget for FY 2015 in auxiliary funds would do it for this project.

Let me
Wilson

From: Lashanda Brown-Neal
Sent: Friday, May 09, 2014 12:06 PM
To: Wilson Rosario
Cc: Gina Seabrook; Tammy Hintermeister
Subject: RE: global contract

Wilson,

Please find attached the breakdown of budget and expenses by fiscal year. All numbers are preliminary and are subject to change once contracts have been finalized.

Overview	Budget	Expenses
FY 13/14	$ 328,628	$ 302,015
FY 14/15	$ 14,225,173	$ 9,091,560
FY 15/16	$ 453,912	$ 5,614,138
	$ 15,007,713	$ 15,007,713
Potential project savings from design contract	$ 7,713	
	$ 15,000,000	

At this time there are no figures available for the parking garage until further notice.

Let me know if you need any additional info.

Thanks,
LaShanda

From: Wilson Rosario
Sent: Friday, May 09, 2014 8:55 AM
To: Lashanda Brown-Neal
Subject: FW: global contract

Lashanda,
Please call me when you have a chance to discuss. I have to give Christy an estimated budget needed for FY 2015.

Thanks,
Wilson

From: Bill Martin
Sent: Thursday, May 08, 2014 1:11 PM
To: Lashanda Brown-Neal; Gary Ameral
Cc: Tammy Hintermeister; Wilson Rosario
Subject: RE: global contract

Team,

Our design team needs to get started right away, so we need the below requested funds immediately in order to execute their contract. It is my understanding that Mr Merck has authorized the design team only to proceed through schematic design so that a final/accurate project cost number can be presented to the BOT for full project approval in June (whatever is required over the $10,000,000). The current schedule has the following milestones which are critical to hit if we are to open the building in December 2015:

Project Start: ASAP
Conceptual Schematics: ASAP - June 1, 2014
Advanced Schematics: June 2 - July 1, 2014
Traffic Study and Masterplan work – concurrent with Schematic Design – progress deliverable June 1, 2014, final deliverable July 1, 2014
Design Development: July 2 – September 1, 2014
50% Construction Documents and GMP – September 2 – November 1, 2014
100% Construction Documents – November 2, 2014 – December 1, 2014
Construction – December 1, 2014 – November 1, 2014

Note that the drawings will be submitted for permit and funding approval off the 50% CD set, which will be November 1, 2014. This will save time on the schedule to allow permitting and final funding approval to be done while the details of the CDs are finalized. So money needs to be in place for the start of construction by December 1, 2014.

There is also planned some utility work for power, UCF telecom, and chilled water to take place this summer in the month of June, so some funding (TBD the amount) will need to be in place for that construction work which is separate from the above.

Please advise when the funding for the first design phase is in place, as we need that to be able to execute their contract. I'm hoping this can be finalized next week.

Thanks,
Bill

Bill Martin, AIA, LEED AP
Associate Director of Facilities Planning & Construction
University of Central Florida
3528 North Perseus Loop, Building 16
Orlando, FL 32816-3020
O: 407-823-3196
C: 407-516-9288

UCF FACILITIES PLANNING AND CONSTRUCTION

From: Lashanda Brown-Neal
Sent: Thursday, May 08, 2014 12:07 PM
To: Bill Martin; Gary Ameral
Cc: Tammy Hintermeister; Wilson Rosario
Subject: RE: global contract

Bill/Gary,

Can you please provide a project schedule for UCF Global?

Thanks,
LaShanda

From: Wilson Rosario
Sent: Wednesday, May 07, 2014 12:26 PM
To: Tammy Hintermeister
Cc: Lashanda Brown-Neal
Subject: RE: global contract

Lashanda,
Christy want to know what the timing is for this project so they can plan to budget accordingly.

Thanks,
Wilson

From: Tammy Hintermeister
Sent: Wednesday, May 07, 2014 11:25 AM
To: Wilson Rosario
Cc: Lashanda Brown-Neal
Subject: RE: global contract

Hi Wilson,

Here is the breakdown of the budget for the Global Bldg:

- Architect Engr - $180,328.00
- Commissioning - $26,613.00

As for the traffic study, please set up Infrastructure activity for Project #02900925.

Thanks!
Tammy

From: Wilson Rosario
Sent: Wednesday, May 07, 2014 11:02 AM
To: Lashanda Brown-Neal
Cc: Tammy Hintermeister
Subject: FW: global contract

Tammy,
Can you give me the breakdown of the budget for the global bldg. project?

Thanks,
Wilson

Lashanda,
Can you please call me to discuss this project.

Thanks,
Wilson

From: Christina Tant
Sent: Tuesday, May 06, 2014 10:55 AM
To: Wilson Rosario
Cc: John Pittman; Lee Kernek; Tracy Clark
Subject: FW: global contract

Wilson – We need to set up a project for construction of the Global Achievement Academy building. Mr. Merck approved a transfer of funding for the initial design phase (see below). This one has two funding sources as noted in the summary below. According to Mr. Merck, anything related to traffic and the parking garage component of the project will be funded by Parking. As for the rest, up to $10,000,000 will be funded by undistributed investment earnings and any excess over that amount will likely be funded by the auxiliary university resources department (02010350).

Schematic Design	$	148,728	
Master Plan		31,600	
Commissioning		26,613	
		206,941	From undistributed investment earnings - 02500308
Traffic Study		34,800	From Parking
Total Request	$	241,741	To new project

Please work with the folks in Facilities and Parking to get this going. Let me know if you have any questions.

Thank you,

Christy Tant, CPA
Senior Associate Controller, Finance & Accounting
UCF
University of Central Florida
Finance and Accounting
12424 Research Pkwy, Suite 300
Orlando, FL 32826-3249
christy.tant@ucf.edu
Phone 407.882.1029
Fax 407.882.1102

From: William Merck
Sent: Monday, May 05, 2014 5:22 PM
To: Lee Kernek
Cc: William Merck; John Pittman; Christina Tant
Subject: Re: global contract

Approved. Christy Tant will work with Wilson on the funding source.

Sent from my iPhone

On May 5, 2014, at 5:18 PM, "Lee Kernek" <Lee.Kernek@ucf.edu> wrote:

> Bill, please authorize. Thanks!
>
> Begin forwarded message:
>
> > **From:** Bill Martin <Bill.Martin@ucf.edu>
> > **Date:** May 5, 2014 at 4:24:57 PM EDT

To: Lee Kernek <Lee.Kernek@ucf.edu>
Cc: Gina Seabrook <Gina.Seabrook@ucf.edu>, Bob Mason <Robert.Mason@ucf.edu>
Subject: RE: global contract

Lee,

We are almost complete with the contract adjustments, Shelley has sent it to GC for their review and approval. I'm hoping to have that by Wednesday's meeting.

On the design fees, we need funding to be able to get the design process started. The funding that we need is $148,728 for SD + $31,600 for masterplan + $34,800 for traffic study + $26,613 for Commissioning = **$241,741 total through Schematic Design**. Note that this does not include CM fees, but those shouldn't be due until design is complete. Per Tammy in our accounting department, we need Wilson Rosario from F&A to set up this account for us, and he will need authorization from Mr Merck to do this, along with this funding source. Can you request Mr Merck to provide these funds?

Thanks,
Bill