

# Advancement | UCF Foundation, Inc.

*"The UCF Foundation encourages, stewards and celebrates charitable contributions from alumni and friends to support the University of Central Florida."*

**BOARD OF DIRECTORS  
Executive Committee Meeting Minutes  
Wednesday, July 29, 2020  
10:00 am - 11:00 am**

<b>LOCATION:</b>	Zoom Meeting
<b>ATTENDEES:</b>	John Euliano, <i>Chair</i> , Carrie Callahan, <i>Vice Chair</i> , Tony Moreno, <i>Vice Chair</i> , Sara Bernard, <i>Secretary</i> , Alan Florez (left at 10:48 a.m.), <i>Treasurer</i> , Matt Assenmacher, <i>Alumni Board Chair</i> , Brian Butler, Beverly Seay, <i>BOT Chair</i> , Eva Tukdarian, Joyce Virga, Kevin Wydra
<b>ABSENT:</b>	Alexander Cartwright, <i>UCF President</i>
<b>UCF STAFF:</b>	Hina Behal, Jennifer Cerasa, Jeff Coates, Karen Cochran, Patrick Crowley, Glen Dawes, Bill Dean, Lauren Ferguson, Chris Meister, Rachel Schaefer, Mark Wright

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Chair John Euliano called the meeting to order at 10:02 a.m. and stated that the meeting was covered by the Florida Sunshine Law and the public and press were invited to attend. Roll call was performed, and a quorum was confirmed. Chair Euliano asked the Committee members if there were any conflicts of interest to declare regarding the items of business listed on the agenda. No conflicts of interest were declared by the Committee members.

## **Gift of Real Estate**

Jennifer Cerasa, Legal Counsel, provided background information on the gift of real estate, located in Taylor County, that was on the agenda for the Committee's consideration. Cerasa noted that in 2019, a partnership was established between Florida Park Service (FPS) and UCF to provide a facility at Econfina River State Park for coastal research. UCF Coastal, led by Dr. Graham Worthy, are the primary researchers at this location.

It was shared that the goal of UCF Coastal is to integrate education, basic research, economics, and policy development associated with the coastal environment, ocean/coastal industry clusters, and related technology development opportunities.

The University of Central Florida Foundation (UCFF) entered into a gift agreement with an individual who agreed to convey a townhouse to UCFF or the University of Central Florida Real Estate Foundation, LLC, at no cost. In addition, the donor paid for the cost of the appraisal, title search and terminate remediation. UCF Coastal agreed to pay the remaining due diligence costs. Cerasa noted the solicited gift of property is a townhouse with an appraised amount of \$92,000.00. The townhouse was a solicited gift, with the intent to provide housing to UCF faculty and researchers in a relatively remote area. A property inspection was completed, and the results were acceptable. A full termite inspection revealed a central termite issue, which was remediated and bonded at the expense of the donor. Cerasa shared that the anticipated closing date is July 31, 2020.

Chair Euliano inquired to what party would be responsible for paying property taxes, repairs, and other related expenses. Cerasa noted that UCF Coastal would be responsible for such expenses, per a formal lease agreement between UCF Coastal and UCFF.

**A motion was made by Brian Butler and seconded by Matt Assenmacher to accept the gift of real estate as proposed. The motion passed unanimously.**

## **CaPFA Bond Refinancing**

Glen Dawes, CFO, presented the following information regarding a proposed change to an agreement with the Capital Projects Finance Authority (CaPFA). Dawes stated that in 2000 the University of Central Florida Foundation (UCFF) entered into an agreement with CaPFA to finance and construct student housing projects, Knights Circle with approximately 744 units and The Pointe at Central with approximately 432 units, on property owned by UCFF.

Under the original indenture agreement signed in 2000, surplus revenues, after payment of debt service and operating expenses, were to flow to the Foundation in the form of ground rent payments. Payments were received until 2011 when the cost of rehabilitation of all the buildings at Knights Circle required the infusion of approximately \$62M by the municipal bond insurance company. The rehabilitation was required to remediate water damage due to construction defects in all buildings comprising Knights Circle, which were funded by advances from the insurance company. The repayment of the \$62M has absorbed all surplus revenues since 2011 and will continue to absorb all surplus revenues until the additional capital has been repaid, which is estimated to be in late 2029.

To restore the surplus revenue flow, UCFF is partnering with CaPFA to support the refinancing of the 2000 Bonds. The refinancing will allow surplus revenues to flow to UCFF starting in March 2022. The estimated annual surplus is ~\$2M - ~\$4M. The release test is subject to meeting the debt coverage ratios that have been established per the agreement.

Chair Euliano asked Dawes to expand on who CaPFA is as an organization. Dawes shared the CaPFA is a public body, located in the City of Moore Haven, Florida, that exists for the purpose of making loans to qualified Public Agencies in the State of Florida or in the United States.

Chair Euliano inquired how COVID-19 might impact the occupancy of Knights Circle and the Pointe at Central and if a potential downturn in occupancy may negatively affect a rating by Moody's? Dawes noted that UCF, in response to COVID-19, would be making changes to housing practices – many of which could affect the number of tenants housed in each unit. Cerasa noted that Moody's would likely wait until the Fall 2020 semester begins to assess occupancy rates and determine a rating. CaPFA would decide the rating favorability and has the option to delay the refinancing for six months.

Director Kevin Wydra inquired if the Knights Circle and Pointe at Central properties restricted tenancy to UCF students only. Cerasa replied that these properties are limited to students attending an accredited college/university, but not UCF students exclusively. Cerasa shared that UCF students make up for 92-94% of the occupancy.

**A motion was made by Alan Florez and seconded by Kevin Wydra to approve the resolution for CaPFA Bond Refinancing as presented. The motion passed unanimously.**

## **First Amendment to Ground Lease for Knight's Circle and Pointe at Central**

Cerasa informed the Committee that the First Amendment to Ground Lease Agreement, noted on the agenda, was directly related to the prior business item, CaPFA bond refinancing. She explained that Knight's Crossing Student Housing, LLC (lessor) has been requested to amend their ground lease agreement with CaPFA Capital Corporation (lessee) dated December 1, 2000, which ground leases the land under two student housing properties known as Knight's Circle and Pointe at Central.

Cerasa shared that the First Amendment to Ground Lease Agreement accommodates CaPFA refunding the existing bonds secured, in part, by a mortgage on its leasehold interest in the land under the Existing Ground Lease and its interest in the improvements thereon; which refunding will be accomplished by the issuance of new refunding bonds which will likewise be so secured..

Cerasa shared that the proposed First Amendment to Ground Lease will:

- Adjust the definitions and other provisions in the existing ground lease to take into account the refinancing.
- Deletes references and provisions as to the Bond Insurer as there will be none in the refinancing.

- Adjust the term of the existing ground lease to have the 40-year term commence on the December 1, 2000 date of the refunded bonds not from the date of the refunding bonds.
- Modernize the definition of “Eligible Subtenants” consistent with current practices at both properties.
- Conform the provisions as to CaPFA maintenance of its existence and transfer of substantially all of its assets to the Refinancing provisions while maintaining Knight’s Crossing Student Housing, LLC’s right to acquire the leased land and improvements as originally provided.

**A motion was made by Alan Florez and seconded by Brian Butler to approve the First Amendment to Ground Lease as proposed or under substantially similar terms, contingent upon the successful completion of CaPFA Bond refinancing at desirable rates. The motion passed unanimously.**

## **UCF Foundation Debt Refinancing**

Dawes shared that with interest rates at historical lows, the UCF Foundation has identified two opportunities for possible debt savings, the refinancing of Series 2009 Promissory Note and Series 2018 Promissory Note. Dawes shared the following background on each promissory note:

### **Series 2009 Promissory Note**

The Series 2009 Note were originally issued for the purpose of refinancing the Research Pavilion, Institute of Simulation and Training, and Orlando Tech Center Buildings. The Notes consisted of a \$12,640,000 tax exempt Note and a \$7,385,000 Taxable Note. The Taxable Note was paid off October 1, 2017 and currently only the Tax-Exempt Note is outstanding. The Tax-exempt Note is currently outstanding in the aggregate principal amount of \$9,775,000 and matures annually through 2025 at an interest rate of 4.96% and is callable at any time without a call premium. The 2009 Note is secured solely by a Mortgage on the properties. Truist proposed a taxable rate of 2.39% which would result in \$120,000 - \$130,000 in annual savings. Over the remaining 6-year life of the note, the present value savings are estimated net \$650,000.

Dawes stated that as part of the analysis the Foundation looked at two alternatives: (1) refunding using tax exempt debt and (2) refunding using taxable debt. The Foundation would save approximately \$150,000 annually and \$770,000 over the life of the financing assuming a tax-exempt refinancing and \$130,000 annually and \$650,000 over the life of the financing under taxable refunding. However, by refinancing the loan with taxable debt, the Foundation would increase its ability to lease the property to both tax-exempt entities and for-profit entities, while still providing significant debt service savings to the Foundation. Dawes noted that given the uncertainty in the post COVID environment, the Foundation could benefit from having this flexibility.

### **Series 2018 Promissory Note**

The Series 2018 Note was for the purpose of the acquisition of the L3 Building (now Digital Learning) located in Central Florida Research Park. The Series 2018 Note has an outstanding balance of \$5,792,000 and a final maturity of October 1, 2038. The Note has an interest rate of 3.93% but is subject to a “Put” on any date on or after December 11, 2029. The Series 2018 Note has a call premium of 2% prior to January 1, 2024. Like the Series 2009 Note, the Series 2018 Note is secured solely by a Mortgage on the property.

Based on initial discussion with Truist, the Foundation may be able to save approximately \$40,000 annually, a total of \$360,000 through July 1, 2029 (12/11/2029 Put Date). The debt would be issued under the same provisions on the existing bonds. Truist verbally agreed to waive the 2% prepayment penalty on the Notes.

Dawes stated that as part of the analysis the Foundation looked at two alternatives: (1) refunding using tax exempt debt and (2) refunding using taxable debt. Considering this building has been highly customized to suit the needs of the UCF Digital Learning Division and the Continuing Education Division, the Foundation does not anticipate a change in tenant mix. Dawes recommended the continuation of the tax-exempt debt to maximize available debt service savings.

Director Wydra asked if other financial companies were looked at for refinancing. Hina Behal, Senior Director of Accounting, responded that no other companies were consider since this debt was not eligible for renegotiation at this time; the current refinancing opportunity only existed due to the Foundation’s long-term relationship with Truist.

Chair Euliano asked if there were other debts that could benefit from being refinanced at lower rates. Behal noted there were no other debts eligible that would benefit from such a refinancing. Director Florez requested a debt schedule be provided in conjunction with any future discussions related to UCF Foundation debt.

**A motion was made by Director Alan Florez to approve refinancing the Series 2009 and Series 2018 Promissory Notes, as presented or with terms substantially similar. Additionally, the motion included a condition that if the savings were less than 10% of the presented terms the Executive Committee would be notified.**

**Director Eva Tukdarian seconded the motion.**

**The motion passed unanimously.**

### **New Board Platform Training**


Jenni Washington, a representative from Passageways, provided the Committee with AGB OnBoard training.

Director Sara Bernard raised concern regarding the annotation functionality and if the Board Members private notes would be available for public record requests under the Florida Sunshine Law. Cerasa and Ferguson noted they would seek a legal opinion for UCF's general counsel and report back to the Board.

Chair Euliano encouraged the Committee to use the board platform and noted that any questions about access or navigating AGB OnBoard can be directed to Lauren Ferguson, Board Liaison or Chris Meister, Executive Coordinator.

As there were no additional comments from the public, staff, or Committee, Chair Euliano adjourned the meeting at 11:02 a.m.

Respectfully submitted,



Sara Bernard 01/05/2021 11:34 EST

Sara Bernard '00

*Secretary*

UCF Foundation, Inc., Board of Directors

Prepared by Lauren Ferguson, Board Liaison

Approved by the Committee on September 9, 2020.