



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON FINANCE AND FACILITIES
MINUTES
April 2, 2015
Emerson Alumni Hall, Gainesville, Florida
Time Convened: 12:34 p.m. EDT
Time Adjourned: 1:30 p.m. EDT**

1.0 Verification of Quorum

After a roll call, a quorum was confirmed, with all members present.

2.0 Call to Order and Welcome

Committee Chair, Jason J. Rosenberg called the meeting to order at 12:34 p.m. EDT, who welcomed the newest member, Trustee Anita Zucker, to the committee.

Members present were:

Jason J. Rosenberg (Chair) Susan M. Cameron, Steven M. Scott, David M. Thomas, David L. Brandon, Anita G. Zucker

Others present were:

W Kent Fuchs, President; Charles Lane, Sr. Vice President and Chief Operating Officer; Jamie Lewis Keith, Vice President and General Counsel; Curtis Reynolds, Vice President for Business Affairs; David Kratzer, Vice President for Student Affairs; William Reeser, Chief Executive Officer and Chief Investment Officer, UFICO; Ed Kelly, Chief Operating Officer, UFICO, and other UF Vice Presidents and Directors.

3.0 Review and Approval of Minutes

The Committee Chair asked for a motion to approve the minutes of the December 4, 2014 committee meeting which was made by Trustee Cameron and seconded by Trustee Thomas. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed and the motion was approved unanimously.

The Committee next addressed the following action items:

4.0 Action Items

FF1. Auxiliary Facilities with Outstanding Revenue Bonds

Certain Bond covenants require auxiliary facilities to report the anticipated amount to be deposited in the auxiliary maintenance and equipment reserve fund. A detailed fiscal year 2014/15 revenue and expense budget for the Transportation and Parking auxiliary, which includes anticipated amounts to be deposited to the maintenance and equipment reserve fund, was presented for approval.

The Committee Chair asked for a motion to approve Action Item FF1 for recommendation to the Board which was made by Trustee Brandon and seconded by Trustee Zucker. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

FF2. Naming: Lee Chira Family Heisman Plaza

Susan Goffman, Executive Director of Legal Services for the UF Foundation, presented the request to approve the renaming of the Heisman Plaza to the Lee Chira Family Heisman Plaza.

The Committee Chair asked for a motion to approve Action Item FF2 for recommendation to the Board on the Non-Consent Agenda which was made by Trustee Thomas and Seconded by Trustee Cameron. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

5.0 Discussion/Informational Items

5.1 Campus Master Plan/Strategic Development Plan

Vice President Reynolds updated the committee on progress towards completion of the next 10 year Master Plan for campus. Public meetings were held in December 2014 and the first public comment stage has ended. There was minimal public comment and those comments that were made are being addressed. Officials are currently working with the City and County on a new campus development plan and it is expected that the new Master Plan and request to execute a campus development plan, will be presented to the Board at the June meeting. Following that presentation, a second public meeting will be held.

Charles Lane, Sr. Vice President and Chief Operating Officer, updated the committee on plans for development of a long-term strategic plan for campus. This plan grew out of committee concerns that UF needed a long term plan to deal with future issues such as housing, transportation, etc. These plans have been developed at peer universities and a number of outside consultants have been contacted regarding development of a long term (20-30 year) plan to address housing, transportation, trouble spots, campus branding and the impact on the community outside campus.

A request for proposals to consultants to help with this process is expected to be issued in May or June with the project expected to last eight-nine months.

5.2 Construction and Maintenance Update

Vice President Reynolds updated the committee on the ongoing projects at UF and critical deferred maintenance. Ongoing projects include:

- Chemistry building – expected completion summer 2016
- Reitz Union expansion – on schedule and on budget for completion this fall
- Cypress Hall student housing – on schedule for fall occupancy
- Harrell Medical building – scheduled for completion July 2015
- Football indoor practice facility – this project is being fast-tracked for September completion.

Trustee Cameron complimented the UF construction and design team that worked on Heavener Hall, remarking on how impressive the new entrance into UF from that corner is now.

Trustee Scott raised a question regarding future technological capabilities of the football indoor practice facility. Vice President Reynolds noted the infrastructure and technological capacity is in place for future use of things like simulations, etc.

In terms of deferred maintenance, UF has been utilizing ESCO contracts whereby a third party provides maintenance updates to critical energy systems and the cost is repaid with the savings realized by the improved efficiencies. Two facilities were highlighted to show Trustees how the improvements save money:

- Building 981, constructed in 1995, saw peak expenses in 2006. Since then electrical consumption has fallen 3 percent (although costs did rise slightly), natural gas consumption has dropped 65 percent with costs falling 125 per cent and chilled water consumption has gone down 140 percent while costs dropped 135 percent
- Building 970, a 92,000 square foot lab building, saw peak expenses in 2009. Since upgrades, electrical consumption has fallen 27 percent and costs 18 percent, natural gas consumption has dropped 50 percent with costs falling 97 per cent and chilled water consumption has gone down 34 percent while costs dropped 18 percent

Vice President Reynolds noted that the ESCO contracts are not a “catch-all” to solve all of the energy problems on campus but a valuable tool to have. A question was raised about energy costs a student housing and Dave Kratzer, Vice President Student Affairs, said that for all upcoming renovations there is an intention to use the ESCO format.

5.3 Physical Property Insurance Update

Vice President Reynolds updated the committee on UF’s property insurance levels. All state owned buildings are insured through the Florida Risk Management Trust Fund. Buildings are insured at actual cash value and discounted over a 35 year period to a value 40 percent of the original.) In addition, there are other insurance requirements such as Builder’s risk insurance and Contractor insurance requirements. Mr. Reynolds notes that a “gap analysis” is being undertaken

to determine the difference between what the state trust fund would provide and the replacement value of UF buildings. That study should be complete by July.

5.4 Quarterly Financial Report

Brad Staats, Assistant Vice President and Interim University Controller, updated the committee on the UF Quarterly financial report. He noted that this statement reflects the cash consolidation of DSOs at the beginning of the fiscal year resulting in a large increase in investments, due to component units, and non-operating revenues. There were no questions from the committee.

5.5 UFICO Update

William Reeser, Chief Investment Officer and Edward Kelly, Chief Operating Officer, UFICO updated the committee on the status of UF Endowment investments.

- UFICO has \$2.62 billion in assets under management for UFF, UF, Shands, UAA and others
- Portfolio positioning favors equity risk over bonds, credit and cash. Currently the portfolio is overweight in Hedged strategies and underweight in Fixed income compared with its strategic target
- The UFF endowment portfolio is up two percent in this fiscal year to date which is much higher than that level achieved by its peer group
- Slow shift to hedged risk assets and short term preference for US equities
- In private equity sectors the portfolio is balanced by underweight in venture equity

5.6 Employee Recognition

Vice President Reynolds recognized two long term UF employees for their initiative in implementing a highly successful small business mentor-protégé program.

Faylene Welcome, Director of UF's Small Business and Vendor Diversity Program and Miles Albertson, Director of Major Projects and Special programs in Planning, Design and Construction, developed and promoted the program that pairs small business owners with owners and managers of large businesses with UF contracts. The program lasts one year and since its inception in 2009, where there were seven protégés and mentors, it has grown to approximately 40 mentors or protégé participants this year.

6.0 Adjournment

After asking for any further discussion and hearing none, Chair Rosenberg asked for a motion to adjourn, which was made by Trustee Brandon and a second which was made by Trustee Cameron. With no further discussion, the motion was passed unanimously and the Finance and Facilities Committee meeting was adjourned at 1:30 p.m. EDT.



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON FINANCE AND FACILITIES
COMMITTEE AGENDA**

April 2, 2015

12:30 p.m. EDT

**President’s Room 215C, Emerson Alumni Hall
University of Florida, Gainesville, Florida**

Committee Members:

Jason J. Rosenberg (Chair), David L. Brandon, Susan M. Cameron, James W. Heavener, Steven M. Scott, David M. Thomas, Anita G. Zucker

- 1.0 Call to Order and WelcomeCurtis Reynolds, Vice President, Business Affairs
- 2.0 Verification of Quorum Jason Rosenberg, Chair
- 3.0 Review and Approval of Minutes..... Jason Rosenberg, Chair
None
- 4.0 Action Items Jason Rosenberg, Chair
 - [FF1. Auxiliary Facilities with Outstanding Revenue Bonds](#)
 - [FF2. Naming: Lee Chira Family Heisman Plaza](#)
- 5.0 Discussion/Informational Items..... Jason Rosenberg, Chair
 - 5.1 Campus Master Plan/Strategic Development PlanCharlie Lane,
Sr. Vice President and Chief Operating Officer
 - 5.2 [Construction and Maintenance Update](#) Curtis Reynolds,
Vice President, Business Affairs
 - 5.3 [Physical Property Insurance Update](#)..... Curtis Reynolds,
Vice President, Business Affairs
 - 5.4 [Quarterly Financial Report](#)..... Brad Staats, Asst. Vice President
and Interim Controller
 - 5.5 [UFICO Update](#)William Reeser, Chief Investment Officer
and Edward Kelly, Chief Operating Officer, UFICO
 - 5.6 Employee Recognition
- 6.0 New Business Jason Rosenberg, Chair
- 7.0 Adjourn Jason Rosenberg, Chair



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON FINANCE AND FACILITIES
COMMITTEE ACTION ITEM FF1
April 2, 2015**

SUBJECT: Auxiliary Facilities with Outstanding Revenue Bonds

BACKGROUND INFORMATION

Certain outstanding state university system bond issues for auxiliary facilities have covenants which state the Board of Governors shall annually, or at any other time as requested by the State Board of Administration, prepare and adopt a detailed revenue and expense budget for bonded auxiliaries, which shall set for the amount to be deposited in facility maintenance and repair reserve accounts.

In order to satisfy bond covenants, the Board of Governors adopted Regulation 9.008, requiring University Boards of Trustees to approve and submit operating budget detail for auxiliary facilities with such bond covenants and to report the anticipated amount to be deposited in an auxiliary maintenance and equipment reserve fund. Such reserve amounts are determined by the Board of Trustees in accordance with institutional policy and/or bond covenant requirements.

The University of Florida's 1998 Parking Facility Revenue Bonds contain such covenants, although a funding level for the maintenance and equipment reserve is not specified. The University has a deferred maintenance funding plan based on engineering studies, which will provide sufficient funding to maintain and renew bonded parking facilities.

In order to comply with the Board of Governors' regulation, a detailed fiscal year 2015-16 revenue and expense budget for the Transportation and Parking auxiliary, which includes anticipated amounts to be deposited to the maintenance and equipment reserve fund, is presented for approval.

PROPOSED COMMITTEE ACTION

The Committee on Finance and Facilities is asked to approve the Transportation and Parking Auxiliary Budget for Fiscal Year 2015-16 for recommendation to the Board of Trustees for approval on the Consent Agenda.

SIGNIFICANT POLICY ISSUES FOR COMMITTEE TO CONSIDER

Board of Governors approval is required.

Supporting Documentation Included: [See Appendix](#).

Submitted by: Curtis A. Reynolds, Vice President for Business Affairs



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON FINANCE AND FACILITIES
COMMITTEE ACTION ITEM FF 2
April 2, 2015**

SUBJECT: Naming: Lee Chira Family Heisman Plaza

BACKGROUND INFORMATION

In recognition of the significant contributions to the University by the Leon Chira Family, as summarized in the attached materials, the University and University of Florida Foundation seek to rename the existing Heisman Plaza the “Lee Chira Family Heisman Plaza.”

PROPOSED COMMITTEE ACTION

The Committee on Finance and Facilities is asked to approve Resolution R15-149 to name the Heisman Plaza the “Lee Chira Family Heisman Plaza” for recommendation to the Board of Trustees for its approval on the Non-Consent Agenda.

SIGNIFICANT POLICY ISSUES FOR COMMITTEE TO CONSIDER

Board of Governors approval is not required, but Board of Governors regulations require all facility, road and landscape naming to be approved separately on the Non-Consent Agenda.

Supporting Documentation Included: See [attached materials](#) and [Resolution R15-149](#)

Submitted by: Thomas J. Mitchell, Vice President for Development and Alumni Affairs

EXHIBIT 1

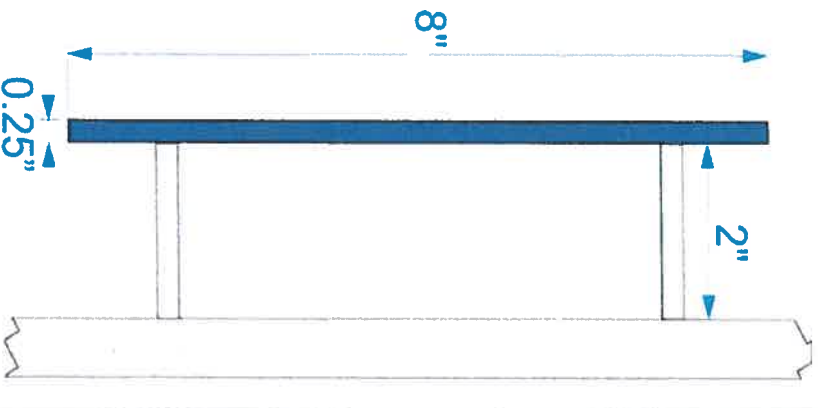
1/4" Dibond Letters
Painted Gator Blue

LEE CHIRA FAMILY
8" HEISMAN PLAZA



101"

Side View



This is an original design created for viewing by customer indicated on drawing only. Not to be displayed or distributed by any means without permission of Gainesville Neon & Signs.

Gainesville
Signs
1405 NW 53rd Ave, Gainesville, FL 32609
352-376-2750

JOB NAME
UAA_Chira Family

JOB LOCATION
Gainesville, FL

JOB NUMBER
10739 V3

DATE
1.12.2015

EXHIBIT 2

DRAFT PRESS RELEASE

Thanks to a generous gift, one of the most photographed spots in Gator Athletics will have a new name - the Lee Chira Family Heisman Plaza.

The life-size statues of Florida's three Heisman Trophy Winners - Steve Spurrier, Danny Wuerffel, and Tim Tebow - are located on the West side of Ben Hill Griffin Stadium and are a popular photo opportunity for visitors to campus.

Lee is a real estate developer and investor in Orlando. A native of Hollywood, Florida, he attended the University of Florida, receiving his Bachelor of Science degree in Business Administration in 1965. While attending UF, he was a member of the track team, lettering for three years, and was a member of the Pi Lambda Phi fraternity.

Lee has served in numerous civic roles, including Orange County Commissioner, Chair of the Florida High Speed Rail, Affordable Housing Committee, Greater Orlando Chamber of Arts and Science, Fannie Mae National Advisory Board, Central Florida Sports Commission, and the Director of Security National Bank, as well as being a Director on many other community and business boards.

Lee has two daughters and four grandchildren.



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
RESOLUTION**

Number: R15-149

Subject: Lee Chira Family Heisman Plaza

Date: April 3, 2015

WHEREAS, In grateful recognition of the significant contributions to the University of Florida made by the Leon Chira Family, the University seeks to name the existing Heisman Plaza in their name.

WHEREAS, The University of Florida Foundation would like to name the existing Heisman Plaza, one of the most photographed spots in Gator Athletics, the “Lee Chira Family Heisman Plaza.”

WHEREAS, The University of Florida Board of Trustees has naming authority conferred by the Florida Board of Governors under its Regulation 9.005;

NOW, THEREFORE, The University of Florida Board of Trustees hereby resolves that the existing Heisman Plaza is renamed the “Lee Chira Family Heisman Plaza.”

Adopted this 3rd day of April, 2015, by the University of Florida Board of Trustees.

Steven M. Scott, Chair

W. Kent Fuchs, President
and Corporate Secretary

APPENDIX

Note: For direct access to individual documents in the Appendix (without scrolling) go to the Agenda and click on the blue links, or go to the bookmarks (upper left hand corner on the iPad or upper right hand corner on the computer).



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON FINANCE AND FACILITIES
COMMITTEE MINUTES**

March 9, 2015

Campus Location: 123 Tigert Hall, University of Florida, Gainesville, Florida

Time Convened: 3:43 p.m. EDT

Time Adjourned: 3:56 p.m. EDT

1.0 Verification of Quorum

After a roll call, a quorum was confirmed, with all members present.

2.0 Call to Order and Welcome

Committee Chair, Jason J. Rosenberg called the meeting to order at 3:43 p.m. EDT, and welcomed the Committee members and everyone present. Chair Rosenberg gave a special welcome to new Trustees Patel and Stern and President Fuchs on the occasion of their first Board meeting.

University of Florida Board of Trustees’ Committee on Finance and Facilities Members present:

Jason J. Rosenberg (Chair), David L. Brandon, Susan M. Cameron, James W. Heavener, Carolyn K. Roberts, Steven M. Scott, David M. Thomas

Other Trustees present are:

Christopher T. Corr, Charles B. Edwards, Pradeep Kumar, Rahul Patel, Robert G. Stern, Cory M. Yeffet

Others Present:

Kent Fuchs, President; Win Phillips, Executive Chief of Staff; Joseph Glover, Provost and Senior Vice President for Academic Affairs; Charles Lane, Senior Vice President and Chief Operating Officer; Jamie Lewis Keith, Vice President, General Counsel and University Secretary; Curtis Reynolds, Vice President for Business Affairs; Michael McKee, then-Interim Vice President and Chief Financial Officer; Zina Evans, Vice President for Enrollment; Elias Eldayrie, Vice President

and Chief Information Officer; Jeremy Foley, Athletic Director; Chip Howard, Senior Associate Athletic Director; Melissa Stuckey, Associate Athletics Director – Business Manager; Brian Mikell, Chief Audit Executive; Joe Canella, Audit Director; Jane Adams, Vice President for University Relations; Paul Davenport, Faculty Senate Chair-Elect; Michael Ford, Senior University Counsel; Janine Sikes, Assistant Vice President for Media Relations and Public Affairs; Becky Holt, Executive Assistant, Jeff Schweers, Gainesville Sun and Ariana Figueroa, Independent Alligator.

3.0 Review and Approval of Minutes

With no Trustee desiring separate votes, the Committee Chair asked for a motion to approve the minutes of the November 25, 2014 committee meeting and December 4, 2014 committee meeting, which was made by Trustee Brandon and Seconded by Trustee Cameron. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

4.0 Action Items

Committee Chair Rosenberg asked Athletic Director Jeremy Foley, Vice President for Business Affairs Curtis Reynolds, and Vice President, General Counsel and University Secretary Jamie Lewis Keith to address Action Item FF1.

Referring to the plans in the Committee's materials, Mr. Foley explained that the University Athletic Association needs to bring its football practice facilities up to the prevailing standard for SEC and NCAA Bowl Division programs. The facility is important for safety and continuity of practice in inclement weather. During the 2014 season, approximately 30 practices were affected by weather. The program has had to patch together use of the O'Connell Center or Florida Gym, when available. The new facility will house a 120-yard, synthetic turf football field, drill and training areas, equipment storage area, and restrooms. The Sanders football practice fields will also include two natural grass fields. The facility will be available to other sports, as needed. The University of Florida is the only one in the league (other than Georgia, which also is planning an indoor facility) that doesn't have an indoor football practice facility.

Vice President Curtis Reynolds indicated that the estimated cost of the facility is \$15 million, although estimating and project design are still in progress and the final total cost could be somewhat higher. Vice President Reynolds said that landscaping will screen the facility, which is located on the campus across from the old President's House. The work needs to start without delay so the facility will be ready for the 2015-16 football season.

Athletic Director Foley indicated that the \$25 million renovation and expansion of the Student Advising Center adjacent to the existing Center near the Florida Gym will provide support for academic and life-skills advising, as well as community service projects of student athletes. He detailed the improvements as described in the materials. This reflects a commitment to the academic and personal success of student athletes.

The University Athletic Association has adequate funds available for the Project if necessary in any event, but low interest, tax-exempt bonds are preferred and will allow for the most beneficial allocation of the University Athletic Association resources. This bond would bring the UAA's total debt up to \$95 million, maintaining the unofficial cap of \$100 million that the University's Audit and Operations Review Committee had identified as a prudent guideline many years ago. Mr. Foley opined that the University Athletic Association can comfortably manage this level of debt. He also noted that some programs around the country have assumed much higher levels of debt, but the UAA has embraced the unofficial cap addressed with the University's Board.

President Fuchs provided his perspective on the project. He explained that the indoor practice facility is a unique building. It is big, but not expensive. President Fuchs stated that he is pleased with the work collaboratively undertaken by the University Athletic Association and the University's Department of Facilities to screen and site the building well so that it will be appropriate in its location on 2nd Avenue across from the old President's House. The timing is also unique, he said, in that the project was brought forward as the presidency of the University was transitioned and awaited the completion of that transfer in leadership before being fully vetted and completing the plans. President Fuchs stated that the reasons why he fully supports the project are that there is a real need, the funds are available, and the bonds provide flexibility to do more with funds and fundraising. He expressed his appreciation of the Trustees' support and thanked the Committee and Board.

General Counsel Keith explained that the University Athletic Association Board approved issuance of the bonds in February and, upon the UF Board's approval, the Board of Governors will be asked to approve the bonds. The Legislature will also need to approve the bonds, and this is a University legislative priority.

Board Chair Scott asked why artificial turf is used, rather than natural grass. Athletic Director Foley explained that, although the indoor facility has large doors that can be opened, artificial turf must be used because natural turf cannot be grown in the indoor facility. Chair Scott complimented Athletic Director Foley for his leadership and handling of the transition in Head Football Coaches. Committee Chair Rosenberg and other Trustees expressed their agreement.

General Counsel Keith summarized the Action Item and Resolution. The Committee and Board are asked to authorize bonds totaling \$15 million toward funding of the Project which can be flexibly allocated to the Practice Facility and the Student Advising Center, depending on fundraising results for each part of the project. The Action Item also asks the Board of Governors to approve issuance of the bonds. The Action Item and Resolution authorize the UF President, any officer of UAA, and other authorized officers of UF and UAA, to take actions to implement the bond financing, including the execution, sale and delivery of the bonds.

The Committee Chair asked for a motion to approve Action Item FF1 and R15-144 University Athletic Association, Inc. Bond, which was made by Trustee Brandon and Seconded by Trustee

Roberts. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

5.0 Discussion/Informational Items

There were no Discussion/Informational Items to discuss.

6.0 New Business

There was no New Business to discuss.

7.0 Adjourn

After asking for any further discussion and hearing none, Committee Chair Rosenberg asked for a motion to adjourn the meeting, after which he asked for all in favor and any opposed, and the Committee on Finance and Facilities was adjourned at 3:56 p.m. EDT.

**UNIVERSITY AUXILIARY FACILITIES
OUTSTANDING REVENUE BONDS
SUPPLEMENTAL NARRATIVE INFORMATION
FEBRUARY 2015 DATA REQUEST SUBMISSION**

University of Florida, Parking Revenue Bond Series 1998, 2007A

1. Do any of the pledged revenues reported on the Income and Expenditure Statement contain overhead assessments? If yes, please explain.

NO.

2. Do pledged revenues or expenditures change year-over-year by 10% or more? If yes, please explain.

NO.

3. Please explain amounts transferred out of replacement reserves.

Transfers From Replacement Reserves, 2013-14 Actual Amount: \$1,273,112. Transfers were made to replace all lighting fixtures in the Shands Teaching Hospital garage with more energy efficient and higher quality light fixtures - \$800,000. The surface parking lot at the Cultural Plaza was repaved - \$470,000.

Budgeted amount for Transfers From Replacement Reserves, 2014-15 Estimated and 2015-16 Projected are based on the future amounts necessary for maintenance and repair of parking facilities on campus based on an Asset Management and Capital Improvement Plan prepared for UF by Walker Restoration Consultants.

4. Please provide details for amounts categorized as "other".

Other Income- expected vending revenue received from vending machines in parking garages.

Other Expense and Transfers Out- includes expense incurred for the operation of shuttle buses to and from parking facilities as well as anticipated miscellaneous repair or maintenance expenses.

Other Transfers to Replacement Reserves, 2013-14- transferred to reserves to provide a funding source for unanticipated maintenance and repair needs. There are 15 garages with over 10,000 spaces on campus. The average age of a garage is 21.2 years old.

Other Transfers From Replacement Reserves- includes expenditures for minor equipment and tools, maintenance supplies costs of labor for parking maintenance projects.

5. Add lines as needed for additional comments.

INCOME AND EXPENDITURE STATEMENT

UNIVERSITY: University of Florida - Transportation and Parking Services

BOND TITLE: Parking Revenue Bonds Series 1998, 2007A

AUXILIARY FACILITY (IES): University of Florida Transportation and Parking Services

| | 2013-14 Actual | 2014-15 Estimated | 2015-16 Projected |
|---|-------------------|----------------------|----------------------|
| 1. REVENUE CARRIED FORWARD | | | |
| A. Operating Cash Carried Forward: | | | |
| Liquid | 5,914,355 | 4,856,208 | 5,826,297 |
| Investments | 0 | 0 | 0 |
| Sub-Total: | 5,914,355 | 4,856,208 | 5,826,297 |
| B. Replacement Reserve Forward: | | | |
| Bond Covenants (Facilities Maintenance and Equipment) | 1,915,509 | 3,945,664 | 3,003,664 |
| Other | 0 | 0 | 0 |
| Sub-Total: | 1,915,509 | 3,945,664 | 3,003,664 |
| TOTAL CARRIED FORWARD (A +B): | 7,829,864 | 8,801,872 | 8,829,961 |
| 2. CURRENT YEAR REVENUE: | | | |
| * Revenue | 11,801,929 | 11,539,110 | 12,262,491 |
| Interest Income | 83,158 | 150,000 | 18,000 |
| Other Income | 183,371 | 3,090 | 3,090 |
| TOTAL CURRENT YEAR REVENUE: | 12,068,458 | 11,692,200 | 12,283,581 |
| 3. SUMMARY OF AVAILABLE REVENUES (1 +2): | 19,898,322 | 20,494,072 | 21,113,542 |
| 4. EXPENDITURES | | | |
| Salaries and Matching | 2,123,277 | 2,320,470 | 2,605,000 |
| Other Personal Services | 315,663 | 245,160 | 247,200 |
| Operating Expense | 1,817,690 | 2,014,481 | 2,006,150 |
| Repairs and Maintenance | 238,235 | 822,500 | 833,000 |
| Debt Service | 2,660,441 | 2,700,000 | 2,700,000 |
| Repair and Replacement Expense | 0 | 0 | 0 |
| Operating Capital Outlay | 21,299 | 19,500 | 20,000 |
| Other Expense & Transfers Out | 1,900,000 | 1,600,000 | 2,150,000 |
| TOTAL EXPENDITURES: | 9,076,605 | 9,722,111 | 10,561,350 |
| 5. TRANSFERS TO REPLACEMENT RESERVES | | | |
| Bond Covenants (Facilities Maintenance and Equipment) | 1,500,000 | 1,000,000 | 1,000,000 |
| Other | 2,550,000 | 0 | 0 |
| Sub-Total: | 4,050,000 | 1,000,000 | 1,000,000 |
| 6. TRANSFERS FROM REPLACEMENT RESERVES | | | |
| Bond Covenants (Facilities Maintenance and Equipment) | 1,273,112 | 1,000,000 | 1,000,000 |
| Other | 761,869 | 942,000 | 700,000 |
| Sub-Total: | 2,034,981 | 1,942,000 | 1,700,000 |
| 7. ENDING REPLACEMENT RESERVES (1B +5 -6) | | | |
| Bond Covenants (Facilities Maintenance and Equipment) | 3,930,528 | 3,003,664 | 2,303,664 |
| Interest Income Earned on Reserve Balance | 15,136 | 0 | 0 |
| Sub-Total: | 3,945,664 | 3,003,664 | 2,303,664 |
| 8. ENDING OPERATING CASH (1A +2 -4 -5) | 4,856,208 | 5,826,297 | 6,548,528 |
| 9. SUMMARY OF ENDING REVENUES (7 +8) | 8,801,872 | 8,829,961 | 8,852,192 |

Date budget approved by University Board of Trustees (Required) : Pending April 2015 meeting

Prepared By : Robert Miller

Telephone : (352) 392-1336

UF Property Insurance Coverage

- ✓ Florida Risk Management Trust Fund
- ✓ Contractor & Design Professional Insurance Coverage

1. Florida Risk Management Trust Fund

Coverage

Florida Statute Chapter 284, Part I, requires the Division of Risk Management to self-insure all state owned buildings and contents through the State Risk Management Trust Fund (the "Fund"). All State of Florida entities insure their buildings and contents through the Fund. The Fund assesses state agencies an annual premium, provides coverage for reported locations, and pays claims for property losses due to covered perils and the named perils include:

1. Lightning
2. Explosion
3. Windstorm or Hail
4. Smoke
5. Aircraft or Vehicles
6. Riot or Civil Commotion
7. Sinkhole Collapse
8. Flood

All newly acquired buildings or contents must be reported on the Coverage Request Form (DFS-DO-850) and submitted to the State to obtain coverage. The form requests information, such as type of occupancy, exterior walls and roof support information, square footage, and building value.

UF's property schedule is currently divided into six groups: E&G, Health Affairs, Engineering, Housing, IFAS, and Auxiliary.

Our coverage pays actual cash value for a loss, which is cost of repairs or replacement less depreciation. There is a \$2,500 deductible per occurrence (except flood). The provisions of our coverage are contained in the Certificate of Property Coverage, Certificate of Rental Value Coverage, and the NFIP Standard Flood Insurance Policy.

Premium/Renewal

The premium assessment for the property coverage is established by the state at the beginning of each fiscal year.

Building Valuation

Management of Building Values in the Florida Trust Fund Using the Actual Cash Value System

State buildings are insured in the trust fund at the “actual cash value.” A new building is initially valued at its construction cost. The building value is then discounted over a 35 year period to a value that is 40% of the original. This depreciating value is called the Actual Cash Value. See Figure 1 and Table 1.

Over time the replacement value of a structure will usually increase in value due to inflation and possible renovations that add to its value. The value covered in the trust fund can be adjusted if information from recognized appraiser is obtained. Typically an appraisal will generate a figure for the replacement. The replacement values would be input into the depreciate formula to derive a new/adjusted actual cash value for the building.

In the case of a major renovation of an older building the insured values in the trust fund can be set to the initial zero depreciation value. Presently there is no exact definition of “major renovation” so it difficult to determine in advance if the building value can be reset to the zero time/new building value.

Figure 1 Depreciation Schedule for Building Value per Actual Cash Value by the Florida Property Trust Fund.

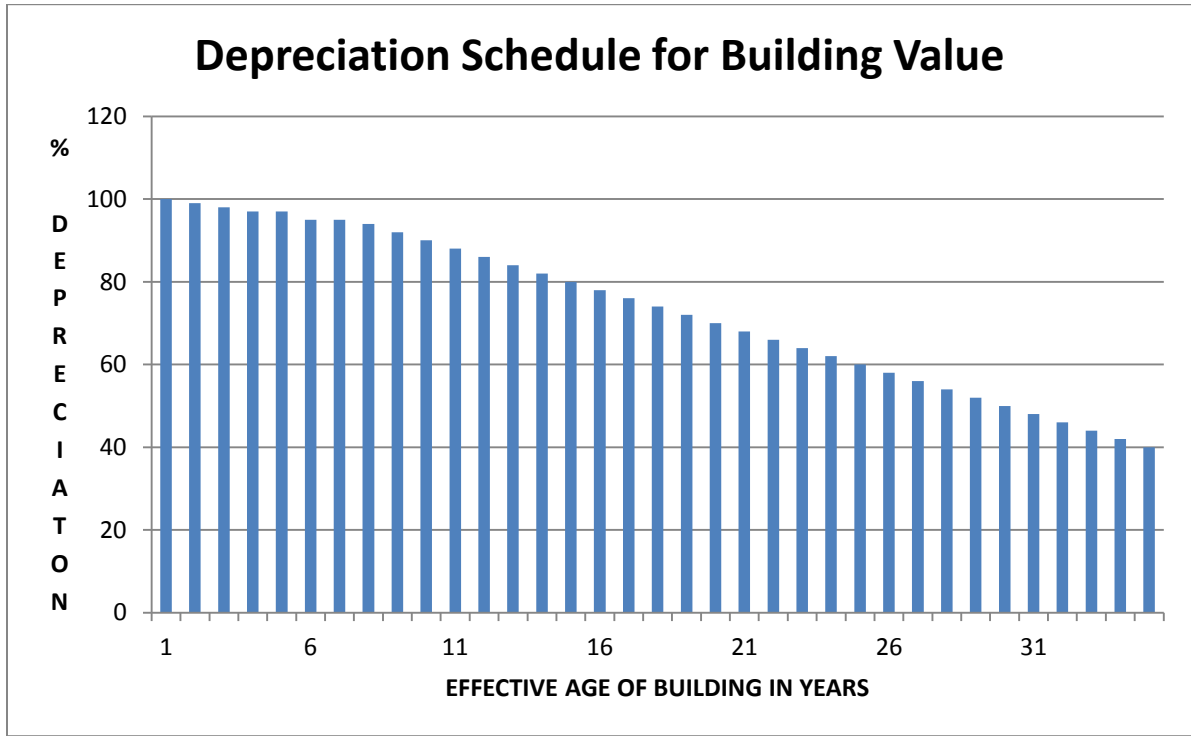


Table 1. Depreciation rate by year for Florida Property Trust Fund under Actual Cash Value system.

| Building Age (Years) | (%) Depreciation | Covered (%) |
|----------------------|------------------|-------------|
| 1 | 0 | 100 |
| 2 | 1 | 99 |
| 3 | 2 | 98 |
| 4 | 3 | 97 |
| 5 | 3 | 97 |
| 6 | 5 | 95 |
| 7 | 5 | 95 |
| 8 | 6 | 94 |
| 9 | 8 | 92 |
| 10 | 10 | 90 |
| 11 | 12 | 88 |
| 12 | 14 | 86 |
| 13 | 16 | 84 |
| 14 | 18 | 82 |
| 15 | 20 | 80 |
| 16 | 22 | 78 |
| 17 | 24 | 76 |
| 18 | 26 | 74 |
| 19 | 28 | 72 |
| 20 | 30 | 70 |
| 21 | 32 | 68 |
| 22 | 34 | 66 |
| 23 | 36 | 64 |
| 24 | 38 | 62 |
| 25 | 40 | 60 |
| 26 | 42 | 58 |
| 27 | 44 | 56 |
| 28 | 46 | 54 |
| 29 | 48 | 52 |
| 30 | 50 | 50 |
| 31 | 52 | 48 |
| 32 | 54 | 46 |
| 33 | 56 | 44 |
| 34 | 58 | 42 |
| 35 | 60 | 40 |

Adjustment of Building Coverage Value

Normal inflation as well as building renovations will likely increase the value of a structure over time. The coverage under the trust fund can be adjusted in a few ways.

- First, if a major renovation of the structure is conducted a new baseline value can be set. There are no written criteria defining a “major renovation,” but UF’s experience has been that a project that is budgeted at 50% or more of its original cost would likely be considered.
- The second process is to apply a recognized cost index that takes into account regional construction costs for the particular classification of structure. For a number of years the university used the Markel Index to make an annual adjustment of building value. The Markel Index was based on cost figures published by the US Department of Commerce. About 15 years ago the government stopped collecting and publishing this information and the Markel Index went out of existence.
- The final way to adjust the building coverage would be to retain an independent appraisal firm to determine current values. The University is currently conducting such an appraisal for all campus building through the firm AssetWorks LLC. The results of this study will be available for FY 2015-16 Trust Fund coverage.

Handling Adjusted Building Value

When an adjusted building value is entered into the trust fund for an existing building the initial value of the structure is reset and discounted using its original construction date. For example, if the building is over 35 years of age or older the coverage would be set at 40% of the new adjusted building value.

Building Values and Trust Fund Premium for FY 2014-15

| | Campus other than IFAS | IFAS |
|---------------------------|------------------------|---------------|
| <u>Values</u> | | |
| Building | 2,842,928,327 | 256,699,124 |
| Content | 818,027,766 | 122,150,120 |
| Rental Value | 48,820,271 | 0 |
| TOTAL..... | \$3,709,776,364 | \$378,849,244 |
| <u>Trust Fund Premium</u> | | |
| | \$1,108,692 | \$328,629 |

2. Contractor Insurance Coverage

Basic Insurance Requirements

- **Commercial General Liability Insurance**

The Builder shall provide a commercial general liability insurance policy which has liability limits of at least \$1,000,000.00 per occurrence for bodily injury, death and property damage. The University of Florida, Board of Trustees and the Board of Governors shall be named as additional insureds on such policy and the policy shall provide cross liability coverage.

- **Automobile Liability Insurance**

Builder shall carry an automobile liability insurance which has liability limits of at least \$500,000.00. The University of Florida Board of Trustees and Board of Governors shall be named as additional insureds on such policy and the policy shall provide cross liability coverage.

- **Worker's Compensation**

Builder shall maintain worker's compensation insurance which complies with the requirements of Chapter 440, Florida Statutes.

Builder's Risk Insurance

For Major Construction Projects, Builders Risk Insurance is provided by the Public Risk Insurance Agency (PRIA). This fully comprehensive coverage is provided under a Master Builders Risk Policy negotiated by Florida Atlantic University, and is made available for use to the entire State University System. In addition to complete and comprehensive coverage, the negotiated rates are typically cheaper than can be provided by the builder.

For Minor (under \$2 million) Construction Projects, the builder shall maintain builder's risk insurance, at replacement cost, covering the full value of the construction being performed, including where applicable, the existing structure. This insurance shall insure the interests of the builder, subcontractors, and sub-subcontractors in the work under the contract. Property covered by the insurance shall include temporary building(s) or structure(s) at the Project site, other than any of builder's office trailer(s). In addition, such insurance shall cover portions of the work stored off the site, after written approval of the Owner, at the value established in the approval, and portions of the work in transit. The University of Florida Board of Trustees and Florida Board of Governors shall be named as additional insureds on such policy.

General Bond Requirements

Recognizing the Project is a public project with a Construction Price which exceeds \$200,000, and as such is required to be bonded pursuant to 255.05, Florida Statutes, the builder shall

furnish Payment and Performance bonds on Owner's standard form covering the full and faithful performance of the Contract for Construction and the payment of obligations arising hereunder.

3. Design Professional Insurance Coverage

Basic Insurance Requirements

- **Commercial General Liability Insurance**

The Design Professional shall provide a commercial general liability insurance policy which has liability limits of at least \$1,000,000.00 per occurrence for bodily injury, death and property damage. The University of Florida, Board of Trustees and the Board of Governors shall be named as additional insureds on such policy and the policy shall provide cross liability coverage.

- **Automobile Liability Insurance**

Design Professional shall carry an automobile liability insurance which has liability limits of at least \$500,000.00. The University of Florida Board of Trustees and Board of Governors shall be named as additional insureds on such policy and the policy shall provide cross liability coverage.

- **Worker's Compensation**

Design Professional shall maintain worker's compensation insurance which complies with the requirements of Chapter 440, Florida Statutes.

Professional Liability Insurance

Design Professional and the other members of each Project Design Team shall each carry a policy or policies covering their liability under their Contract Agreement for any and all errors or omissions committed by them. The coverage shall be maintained during the term of the Agreement and for at least three years following completion of all operations to be performed. The policy or policies shall have a limit of liability not less than the amount set forth in Exhibit A of each individual Project.

**UNIVERSITY OF FLORIDA
STATEMENT OF NET POSITION
As of December 31, 2014**

PREPARED ON THE ACCRUAL BASIS OF ACCOUNTING
(Amounts are in thousands)

| | UNAUDITED As of December 31, 2014 | UNAUDITED As of December 31, 2013 | AUDITED As of June 30, 2014 |
|---|---|---|-----------------------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 125 | \$ 155 | \$ 152 |
| Investments (Note 1) | 1,525,087 | 1,191,581 | 1,161,021 |
| Accounts Receivable, Net | 70,832 | 75,028 | 96,630 |
| Loans and Notes Receivable, Net | 2,787 | 2,821 | 2,787 |
| Due From State (Note 2) | 86,977 | 51,265 | 45,977 |
| Due From Component Units | 21,956 | 24,455 | 25,138 |
| Inventories | 4,693 | 4,570 | 4,690 |
| Other Current Assets | 4,680 | 1,743 | 2,130 |
| Total Current Assets | 1,717,137 | 1,351,618 | 1,338,525 |
| Noncurrent Assets: | | | |
| Restricted Cash and Cash Equivalents | 14 | 22 | 14 |
| Restricted Investments (Note 3) | 137,692 | 168,437 | 152,510 |
| Loans and Notes Receivable, Net | 36,185 | 36,242 | 36,975 |
| Depreciable Capital Assets, Net | 1,562,796 | 1,601,690 | 1,568,905 |
| Nondepreciable Capital Assets (Note 4) | 187,865 | 84,910 | 145,860 |
| Other Noncurrent Assets | 63 | 62 | 63 |
| Total Noncurrent Assets | 1,924,615 | 1,891,363 | 1,904,327 |
| TOTAL ASSETS | \$ 3,641,752 | \$ 3,242,981 | \$ 3,242,852 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ 76,141 | \$ 52,601 | \$ 64,133 |
| Salaries and Wages Payable | 33,369 | 51,084 | 24,304 |
| Due To Component Units (Note 5) | 197,717 | 86,384 | 46,547 |
| Unearned Revenue | 32,968 | 26,437 | 29,536 |
| Deposits Held in Custody (Note 6) | 14,128 | 18,612 | 19,055 |
| Other Current Liabilities | 1,733 | 4,461 | 201 |
| Long-Term Liabilities - Current Portion: | | | |
| Capital Improvement Debt Payable | 8,605 | 7,307 | 8,605 |
| Loans and Notes Payable | 281 | - | 281 |
| Installment Purchase Agreements Payable | 1,263 | 846 | 1,263 |
| Capital Leases Payable | 137 | 129 | 137 |
| Compensated Absences Payable | 11,658 | 9,143 | 11,658 |
| Liability for Self-Insured Claims | 9,196 | 11,596 | 9,196 |
| Total Current Liabilities | 387,196 | 268,600 | 214,916 |
| Noncurrent Liabilities: | | | |
| Capital Improvement Debt Payable | 172,499 | 176,499 | 172,974 |
| Loans and Notes Payable | 11,070 | 11,473 | 11,192 |
| Installment Purchase Agreements Payable | 1,183 | 415 | 2,097 |
| Capital Leases Payable | 2,756 | 2,897 | 2,810 |
| Compensated Absences Payable | 117,609 | 116,989 | 114,293 |
| Other Postemployment Benefits Payable (Note 7) | 180,690 | 139,775 | 180,690 |
| Liability for Self-Insured Claims | 34,425 | 39,934 | 36,606 |
| Other Noncurrent Liabilities | 18,482 | 18,768 | 18,482 |
| Total Noncurrent Liabilities | 538,714 | 506,750 | 539,144 |
| TOTAL LIABILITIES | \$ 925,910 | \$ 775,350 | \$ 754,060 |
| NET POSITION | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 1,624,953 | \$ 1,552,933 | \$ 1,565,313 |
| Restricted: | | | |
| Expendable: | | | |
| Loans | 35,430 | 34,756 | 36,317 |
| Capital Projects | 69,187 | 95,976 | 79,294 |
| Debt Service | 11,889 | 6,302 | 4,433 |
| Other (Note 8) | 866,198 | 655,582 | 654,866 |
| Unrestricted | 108,185 | 122,082 | 148,569 |
| Total Net Position | 2,715,842 | 2,467,631 | 2,488,792 |
| TOTAL LIABILITIES AND NET POSITION | \$ 3,641,752 | \$ 3,242,981 | \$ 3,242,852 |

UNIVERSITY OF FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Period Ended December 31, 2014

PREPARED ON THE ACCRUAL BASIS OF ACCOUNTING
(Amounts are in thousands)

| | UNAUDITED | | | UNAUDITED | | | AUDITED | | |
|---|----------------------|------|--|----------------------|------|--|----------------------|--|--|
| | For the Period Ended | | | For the Period Ended | | | For the Period Ended | | |
| | December 31, 2014 | * | | December 31, 2013 | * | | June 30, 2014 | | |
| OPERATING REVENUES | | | | | | | | | |
| Student Tuition and Fees | \$ 252,729 | 50% | | \$ 245,989 | 48% | | \$ 508,448 | | |
| Scholarship Allowances | (74,459) | 50% | | (72,763) | 49% | | (149,793) | | |
| Student Tuition and Fees, Net of Scholarship Allowances | 178,270 | 50% | | 173,226 | 48% | | 358,655 | | |
| Federal Grants and Contracts | 181,449 | 50% | | 178,134 | 49% | | 366,315 | | |
| State and Local Grants and Contracts | 24,033 | 54% | | 21,630 | 48% | | 44,638 | | |
| Nongovernmental Grants and Contracts | 353,804 | 50% | | 348,768 | 49% | | 704,749 | | |
| Sales and Services of Auxiliary Enterprises | 80,421 | 62% | | 75,935 | 58% | | 129,942 | | |
| Sales and Services of Educational Departments | 26,085 | 50% | | 24,378 | 47% | | 52,012 | | |
| Interest on Loans and Notes Receivable | 449 | 38% | | 534 | 45% | | 1,178 | | |
| Other Operating Revenues | 155 | 7% | | 185 | 8% | | 2,381 | | |
| Total Operating Revenues | 844,666 | 51% | | 822,790 | 50% | | 1,659,870 | | |
| OPERATING EXPENSES | | | | | | | | | |
| Employee Compensation and Benefits | 902,477 | 52% | | 843,524 | 49% | | 1,724,914 | | |
| Services and Supplies | 240,606 | 51% | | 237,120 | 50% | | 472,507 | | |
| Utilities and Communications | 35,075 | 56% | | 31,553 | 50% | | 62,761 | | |
| Scholarships, Fellowships and Waivers, Net | 37,499 | 48% | | 41,578 | 53% | | 78,418 | | |
| Depreciation | 65,898 | 54% | | 60,595 | 49% | | 123,114 | | |
| Self-Insured Claims and Expenses (Note 9) | 2,731 | -47% | | 97 | -2% | | (5,784) | | |
| Total Operating Expenses | 1,284,286 | 52% | | 1,214,467 | 49% | | 2,455,930 | | |
| Operating Income Loss | (439,620) | 55% | | (391,677) | 49% | | (796,060) | | |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | | |
| Noncapital State Appropriations | 292,213 | 48% | | 283,511 | 47% | | 605,890 | | |
| Federal and State Student Financial Aid | 88,548 | 76% | | 90,688 | 78% | | 116,994 | | |
| Noncapital Grants, Contracts, and Gifts (Note 10) | 203,569 | 248% | | 48,417 | 59% | | 82,041 | | |
| Investment Income (Note 11) | 19,991 | 53% | | 8,038 | 21% | | 37,474 | | |
| Net Increase in the Fair Value of Investments (Note 12) | 827 | 3% | | 18,211 | 56% | | 32,524 | | |
| Investment Expenses | (2,219) | 62% | | (517) | 14% | | (3,598) | | |
| Other Nonoperating Revenues | 341 | 81% | | 323 | 77% | | 422 | | |
| Loss on Disposal of Capital Assets | (1,158) | 43% | | (1,282) | 47% | | (2,699) | | |
| Interest on Capital Asset-Related Debt | (3,988) | 50% | | (3,360) | 42% | | (8,048) | | |
| Other Nonoperating Expenses | (4,202) | 65% | | (4,611) | 71% | | (6,483) | | |
| Net Nonoperating Revenues | 593,922 | 70% | | 439,418 | 51% | | 854,517 | | |
| Income Before Other Revenues, Expenses, Gains, or Losses | 154,302 | 264% | | 47,741 | 82% | | 58,457 | | |
| Capital State Appropriations (Note 13) | 54,222 | 124% | | 43,666 | 100% | | 43,667 | | |
| Capital Grants, Contracts, and Donations | 18,526 | 105% | | 7,263 | 41% | | 17,707 | | |
| Total Other Revenues, Expenses, Gains, or Losses | 72,748 | 119% | | 50,929 | 83% | | 61,374 | | |
| Increase in Net Position | 227,050 | 189% | | 98,670 | 82% | | 119,831 | | |
| Net Position, Beginning of Year | 2,488,792 | 105% | | 2,368,961 | 100% | | 2,368,961 | | |
| Adjustment to Beginning Net Position | - | | | - | | | - | | |
| Adjusted Net Position, Beginning of Year, as Restated | 2,488,792 | 105% | | 2,368,961 | 100% | | 2,368,961 | | |
| Net Position, End of Quarter | \$ 2,715,842 | 109% | | \$ 2,467,631 | 99% | | \$ 2,488,792 | | |

* Percentages are of the 2014 audited amounts

UNIVERSITY OF FLORIDA
STATEMENT OF NET POSITION - NOTES
As of December 31, 2014

| <u>Note #</u> | <u>Line Description</u> | <u>Review</u> | <u>Response</u> |
|---------------|--|---|--|
| 1 | Investments - Current | What caused the increase between 12/31/2013 and 12/31/2014? | The increase in investments is primarily due to the cash consolidation policy which provides funding for the University Strategic Fund. The corresponding increase is also reflected as a liability in Due To Component Units and as an increase in Net Position Restricted Expendable - Other, as a result of revenue recorded in Noncapital Grants, Contracts, and Gifts. Also see Notes 5, 8, and 10. |
| 2 | Due From State | What caused the increase between 12/31/2013 and 12/31/2014? | Two construction projects, the new Chemistry building and the Newell Hall renovation, have large amounts due from the State Department of Education. |
| 3 | Restricted Investments | What caused the decrease between 12/31/2013 and 12/31/2014? | Restricted Investments have decreased as construction payments have been made on bonded projects for Cypress Hall (ADA Dormitory) and the J.W. Reitz Union. |
| 4 | Nondepreciable Capital Assets | What caused the increase between 12/31/2013 and 12/31/2014? | This amount primarily includes Construction Work in Progress (CWIP). This increase in CWIP reflects progress on several large projects including the Harrell Medical Education Building, the Chemistry Building, and the Reitz Union Renovation and Expansion. |
| 5 | Due To Component Units | What caused the increase between 12/31/2013 and 12/31/2014? | The increase is primarily due to the cash consolidation policy which provides funding for the University Strategic Fund. Also see Note 1. |
| 6 | Deposits Held in Custody | What caused the decrease between 12/31/2013 and 12/31/2014? | The decline is due to the transfer by the State of Florida of the Florida Virtual Campus (FLVC) to the University of West Florida (UWF). Effective September 2014, all FLVC State Appropriations were remitted directly to UWF. |
| 7 | Other Postemployment Benefits Payable (OPEB) | What caused the increase between 12/31/2013 and 12/31/2014? | The rise in OPEB obligation reflects the increase in projected healthcare costs due to the aging of UF retirees and the annual amortization of the total OPEB liability. |
| 8 | Net Position, Restricted Expendable - Other | What caused the increase between 12/31/2013 and 12/31/2014? | The increase is primarily due to the cash consolidation policy which provides funding for the University Strategic Fund. Also see Note 1. |

UNIVERSITY OF FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - NOTES
For the Period Ended December 31, 2014

| <u>Note #</u> | <u>Line Description</u> | <u>Review</u> | <u>Response</u> |
|---------------|---|---|--|
| 9 | Self-Insured Claims and Expenses | What caused the increase between 12/31/2013 and 12/31/2014? | The Self-Insured Claims and Expenses is an actuarial estimate. These amounts have been fluctuating in recent years due to funding reductions recommended by the actuary as a result of UF Health being granted sovereign immunity on July 1, 2011 and a reduced reserve for older cases in the prior year. |
| 10 | Noncapital Grants, Contracts, and Gifts | What caused the increase between 12/31/2013 and 12/31/2014? | The increase is primarily due to the cash consolidation policy which provides funding for the University Strategic Fund. Also see Note 1. |
| 11 | Investment Income | What caused the increase between 12/31/2013 and 12/31/2014? | The increase is primarily due to the cash consolidation policy resulting in a larger investment pool and an increase in realized investment income. |
| 12 | Net Increase in the Fair Value of Investments | What caused the decrease between 12/31/2013 and 12/31/2014? | The decrease reflects market conditions at calendar year end December 31, 2014 versus calendar year end December 31, 2013. |
| 13 | Capital State Appropriations | What caused the increase between 12/31/2013 and 12/31/2014? | The University received increased funding for the new Chemistry building and other construction projects. |



UF | UNIVERSITY *of* FLORIDA
INVESTMENT CORPORATION

Quarterly Performance Report

UF Foundation - Endowment

December 31, 2014

December 31, 2014

Endowment Pool

Since the founding of the University of Florida (UF) in 1853, generous alumni, corporations, foundations, parents and friends have contributed financial resources to assist UF in achieving its long-term mission of providing a superb education for undergraduates while maintaining excellent graduate programs and professional schools. As a result, UF's total endowment market value is among the largest public university endowments in the United States.

The UF endowment assets reside with the University of Florida Foundation (UFF). UFF is a private, not-for-profit, 501(c)(3) direct support organization of UF that raises and manages all gift money for the benefit of UF. UFF's management of the Endowment Pool is designed to accomplish two goals:

1. Provide a total return from assets invested that will preserve or increase the purchasing power of the endowment capital, and;
2. Generate the maximum current spendable income stream to support activities of funds held for colleges and units of UF.

Since the inception of the University of Florida Investment Corporation (UFICO) in June 2004, the investment of the Endowment Pool has been managed by UFICO and overseen by the Finance Committee of the UFF Board of Directors, which establishes the goals and performance benchmarks for the pool.

Investment Objective

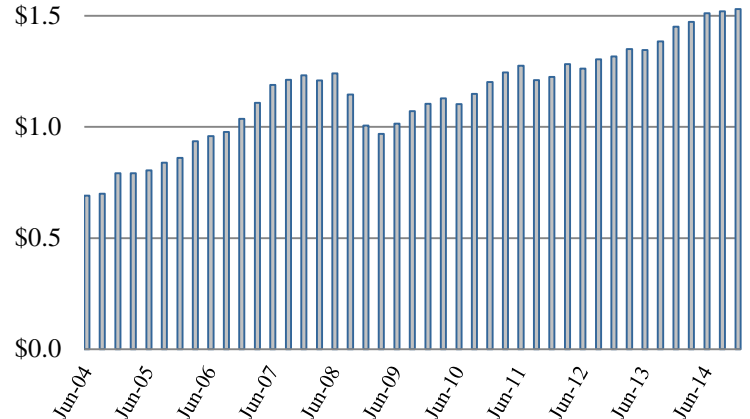
Through UFICO's management of the Endowment Pool, UFF seeks to achieve an annualized real rate of return of at least 4.7% net of fees to preserve and enhance the purchasing power of the endowment. To measure performance results, returns are compared against the following benchmarks:

- CPI + 4.7% Benchmark – The consumer price index plus the average gross spending rate for the endowment. This is a measure of the purchasing power of the endowment over time considering the effects of inflation.
- UFICO Policy Benchmark – This is an asset-weighted composite index which represents a passive implementation of the Pool's strategic asset allocation.

Returns are measured over the long-term as the Endowment Pool is able to tolerate variability in the short and intermediate-term given its long investment horizon.

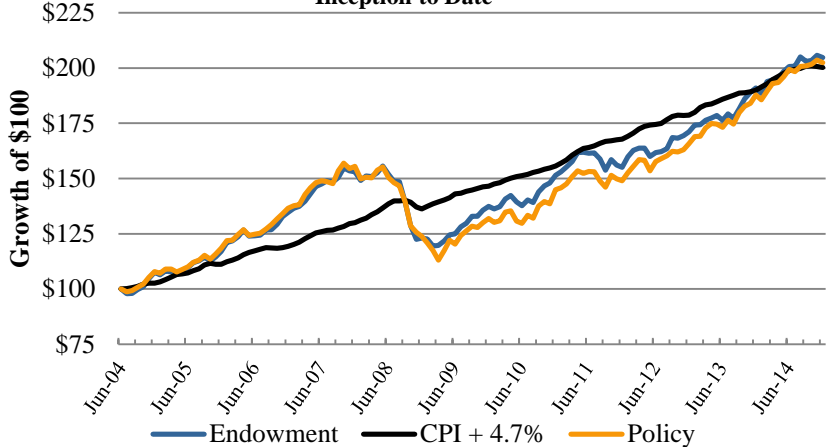
Endowment Assets

(in billions)



Purchasing Power

Inception to Date¹



¹ UFICO inception of June 2004.

December 31, 2014

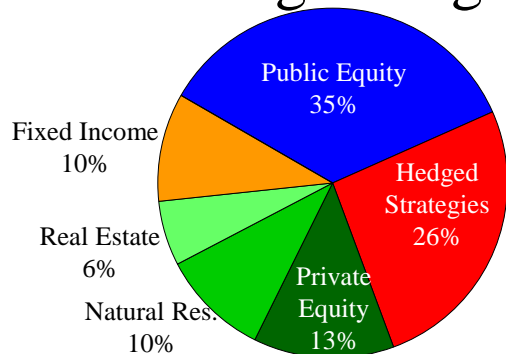
Financial Recap

| Fiscal Year Period | Beginning NAV | New Endowments | Endowment Spending | UFF Overhead Fees | UFICO Fees | Investment Income | Ending NAV | Investment Return |
|--------------------|---------------|----------------|--------------------|-------------------|------------|-------------------|--------------|-------------------|
| Q2- 15 | \$ 1,520,575 | \$ 13,723 | \$ (12,723) | \$ (3,840) | \$ (578) | \$ 13,103 | \$ 1,530,260 | 0.9% |
| Q1- 15 | \$ 1,511,974 | \$ 7,334 | \$ (12,458) | \$ (3,746) | \$ (564) | \$ 18,035 | \$ 1,520,575 | 1.2% |
| FY- 14 | \$ 1,345,840 | \$ 42,431 | \$ (47,131) | \$ (14,110) | \$ (2,157) | \$ 187,101 | \$ 1,511,974 | 13.8% |
| FY- 13 | \$ 1,262,971 | \$ 28,263 | \$ (44,609) | \$ (13,694) | \$ (1,756) | \$ 114,665 | \$ 1,345,840 | 9.1% |
| FY- 12 | \$ 1,276,322 | \$ 42,312 | \$ (43,162) | \$ (14,100) | \$ (1,959) | \$ 3,558 | \$ 1,262,971 | 0.1% |
| FY-11 | \$ 1,103,464 | \$ 34,830 | \$ (37,588) | \$ (12,719) | \$ (1,601) | \$ 189,936 | \$ 1,276,322 | 17.3% |
| FY-10 | \$ 1,014,335 | \$ 34,521 | \$ (36,547) | \$ (11,414) | \$ (1,831) | \$ 104,401 | \$ 1,103,464 | 10.2% |
| FY- 09 | \$ 1,241,570 | \$ 48,478 | \$ (43,907) | \$ (11,011) | \$ (1,983) | \$ (218,812) | \$ 1,014,335 | -17.7% |
| FY-08 | \$ 1,189,657 | \$ 68,324 | \$ (41,713) | \$ (10,256) | \$ (1,866) | \$ 37,424 | \$ 1,241,570 | 3.0% |
| FY-07 | \$ 958,861 | \$ 88,977 | \$ (33,659) | \$ (8,448) | \$ (1,435) | \$ 185,361 | \$ 1,189,657 | 18.8% |
| FY-06 | \$ 804,240 | \$ 79,233 | \$ (27,090) | \$ (6,702) | \$ (1,107) | \$ 110,287 | \$ 958,861 | 13.3% |
| FY-05 | \$ 691,172 | \$ 72,316 | \$ (24,062) | \$ (5,904) | \$ (933) | \$ 71,651 | \$ 804,240 | 9.5% |

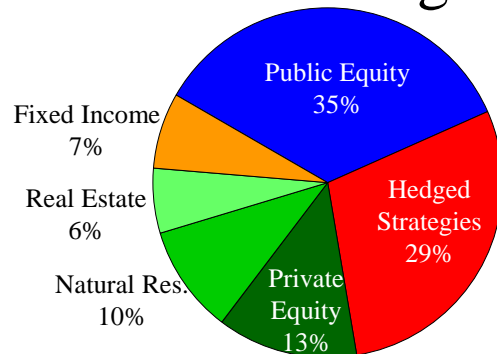
Note: All values in \$ 000's

December 31, 2014

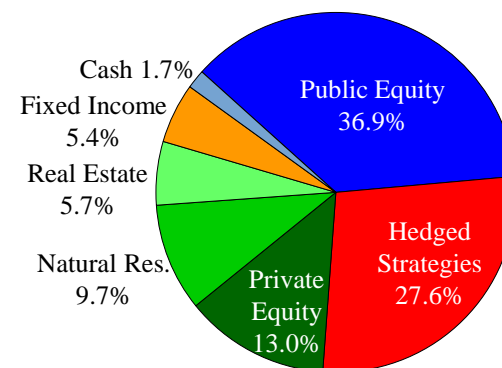
Strategic Target



Active Target



Actual



| <u>Asset Allocation</u> | Strategic Target | Active Target | Actual 12/31/14 |
|-------------------------|-------------------------|----------------------|------------------------|
| Public Equity | 35.0% | 35.0% | 36.9% |
| Hedged Strategies | 26.0% | 29.0% | 27.6% |
| Private Equity | 13.0% | 13.0% | 13.0% |
| Natural Resources | 10.0% | 10.0% | 9.7% |
| Real Estate | 6.0% | 6.0% | 5.7% |
| Fixed Income | 10.0% | 7.0% | 5.4% |
| Cash | 0.0% | 0.0% | 1.7% |
| Total | 100.0% | 100.0% | 100.0% |

Performance Commentary

December 31, 2014

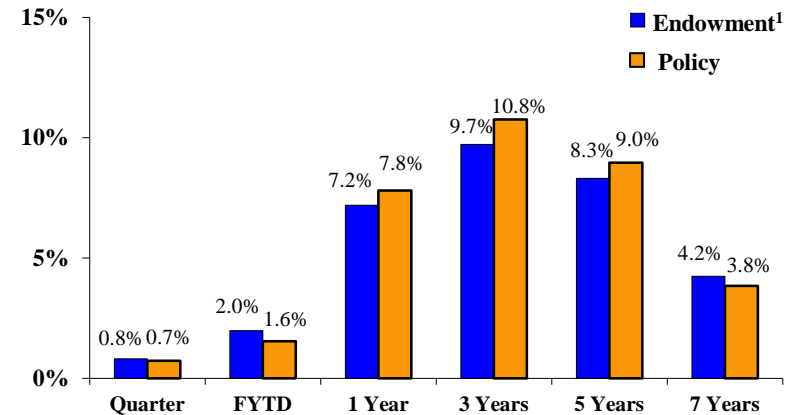
The quarter ended December 31st saw strong gains for US equities, but markets were volatile after a period of stable gains. After enduring its biggest daily decline in over two years, the S&P 500 Index managed to reach new highs and finish up 4.9% for the quarter. Developed international markets did not fare as well. The MSCI EAFE Index was down -3.6% for the quarter with a strengthening dollar and growth concerns pressuring valuations. Emerging markets experienced another difficult quarter with oil accelerating its decline and continued currency weaknesses. The MSCI Emerging Markets Index was down -4.5% for the quarter bringing it into negative territory for the year. The fixed income markets saw a flattening of the yield curve as yields on the 10-year Treasuries dropped to 2.17% and 30-year Treasuries dropped to 2.75%, their lowest in over 12 months. The Barclays Aggregate Bond Index was up 1.8% for the quarter.

The UFF Endowment Pool gained 0.8% for the quarter, just ahead of its Policy Benchmark return of 0.7%. While both the Public and Private Equity portfolios added value through manager selection, the benefit was offset by the underperformance in the Hedged Strategies, Real Estate and Fixed Income portfolios. The Public Equity portfolio returned 1.0% for the quarter, ahead of its respective benchmark return of 0.4%. The Hedged Strategies portfolio returned 0.9% for the quarter, trailing its benchmark return of 1.1% for the quarter. Global macro and event driven strategies struggled in the quarter. The Fixed Income portfolio returned -1.1% for the quarter versus +1.1% for its respective benchmark due to the portfolio's shorter duration stance and the poor relative performance from a global bonds allocation.

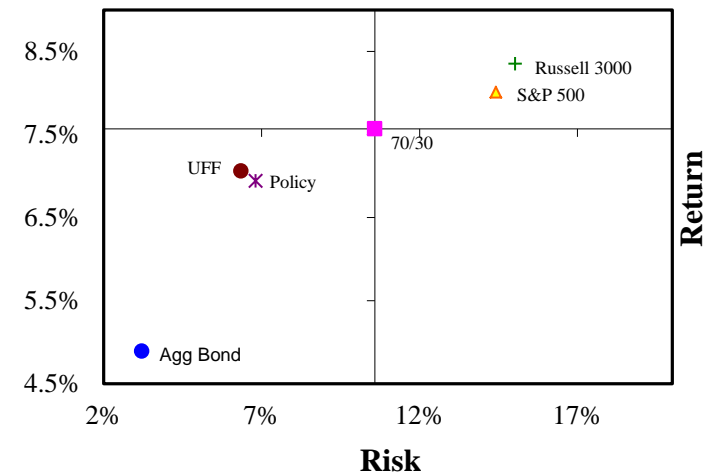
The Private Equity and Natural Resource portfolios, with returns of 1.9% and 0.6%, respectively, for the quarter, both outperformed their respective benchmark returns of -0.6% and 0.4%. The Real Estate portfolio returned 0.6% during the quarter but trailed its respective benchmark which returned 3.7% for the quarter.

For the fiscal year-to-date period ended December 31st, the UFF Endowment Pool is up 2.0%, which is 40 basis points ahead of its Policy Benchmark for the period. For the 12 month period ended December 31st, the UFF Endowment Pool returned 7.2%, trailing the portfolio's Policy Benchmark return of 7.8% for the same period. During the trailing three-, five-, and seven-year periods, the UFF Endowment Pool was up 9.7%, 8.3%, and 4.2%, respectively, versus the Policy Benchmark returns of 10.8%, 9.0%, and 3.8% over the same periods.

Endowment Pool Returns



Risk / Return Inception to Date²



¹ Actual returns are net of all investment management fees, but gross of UFF annual management fees.
² UFICO inception of June 2004.

December 31, 2014

| | (000's) NAV | Allocation | | Fiscal Year ² | | | Annualized | | | | |
|--|--------------------|---------------|---------------------|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | Actual | Target ¹ | Q1 | Q2 | YTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year |
| UFF Endowment | \$1,530,260 | 100.0% | 100.0% | 1.16% | 0.82% | 1.98% | 7.19% | 9.72% | 8.31% | 4.24% | 6.65% |
| <i>UFF Endowment Policy Benchmark</i> | | | | <i>0.81%</i> | <i>0.74%</i> | <i>1.55%</i> | <i>7.81%</i> | <i>10.76%</i> | <i>8.96%</i> | <i>3.84%</i> | <i>6.49%</i> |
| Public Equity | \$566,400 | 36.9% | 35.0% | -1.79% | 0.99% | -0.82% | 3.26% | 13.43% | 9.69% | 4.06% | 6.96% |
| <i>MSCI ACWI Free</i> | | | | <i>-2.30%</i> | <i>0.41%</i> | <i>-1.90%</i> | <i>4.16%</i> | <i>14.10%</i> | <i>9.17%</i> | <i>2.72%</i> | <i>6.09%</i> |
| Hedged Strategies | \$422,968 | 27.6% | 29.0% | 0.25% | 0.93% | 1.18% | 7.57% | 6.41% | 4.25% | 1.93% | 4.73% |
| <i>HFRI FoF Strategic Index +1%</i> | | | | <i>0.01%</i> | <i>1.13%</i> | <i>1.14%</i> | <i>4.05%</i> | <i>6.64%</i> | <i>4.39%</i> | <i>1.58%</i> | <i>4.09%</i> |
| Fixed Income | \$81,953 | 5.4% | 7.0% | -1.32% | -1.07% | -2.38% | 0.82% | 1.16% | 4.27% | 3.69% | 4.09% |
| <i>Fixed Income Benchmark</i> | | | | <i>-0.86%</i> | <i>1.05%</i> | <i>0.18%</i> | <i>4.69%</i> | <i>0.99%</i> | <i>4.02%</i> | <i>4.43%</i> | <i>4.52%</i> |
| Private Equity | \$198,590 | 13.0% | 13.0% | 5.13% | 1.85% | 7.07% | 15.84% | 12.10% | 14.04% | 8.41% | 12.34% |
| <i>Cambridge Private Equity Index</i> | | | | <i>4.08%</i> | <i>-0.56%</i> | <i>3.50%</i> | <i>15.07%</i> | <i>14.52%</i> | <i>14.86%</i> | <i>7.59%</i> | <i>13.41%</i> |
| Natural Resources | \$148,352 | 9.7% | 10.0% | 8.75% | 0.57% | 9.36% | 13.76% | 14.09% | 13.26% | 10.88% | 9.64% |
| <i>Cambridge Natural Resources Index</i> | | | | <i>9.15%</i> | <i>0.39%</i> | <i>9.58%</i> | <i>16.34%</i> | <i>13.04%</i> | <i>14.13%</i> | <i>11.47%</i> | <i>12.25%</i> |
| Real Estate | \$87,814 | 5.7% | 6.0% | 3.77% | 0.55% | 4.34% | 13.82% | 8.51% | 7.10% | 1.12% | 4.71% |
| <i>Real Estate Benchmark</i> | | | | <i>3.01%</i> | <i>3.67%</i> | <i>6.79%</i> | <i>15.35%</i> | <i>11.89%</i> | <i>8.14%</i> | <i>-3.07%</i> | <i>2.32%</i> |
| Cash | \$24,183 | 1.7% | 0.0% | 0.06% | 0.04% | 0.10% | 0.14% | 0.23% | 0.25% | 0.70% | 1.75% |
| <i>Citi 3 Month Treasury Bill</i> | | | | <i>0.01%</i> | <i>0.00%</i> | <i>0.01%</i> | <i>0.03%</i> | <i>0.05%</i> | <i>0.07%</i> | <i>0.33%</i> | <i>1.46%</i> |

Benchmark Composites

UFF Endowment: 35% MSCI ACWI, 26% HFRI FoF Strategic + 1%, 13% Cambridge Private Equity, 10% Cambridge Natural Resources, 5.1% Cambridge Real Estate, 0.9% Wilshire US RESI, 5% Barclays Government Index, 5% Barclays US Inflation-Linked Bond Index

Fixed Income Benchmark: 7/1/04-6/30/11 - 100% Barclays Universal; As of 7/1/11 - 50% Barclays Gov't Index / 50% Barclays US Inflation Protected

Real Estate Benchmark: 7/1/04-12/31/13 - 100% Cambridge Real Estate Index; As of 1/1/14 - 85% Cambridge Real Estate Index / 15% Wilshire US Real Estate Securities Index

Note: Investor Pool returns are net of all UFICO and investment management fees. Asset class returns are gross of UFICO fees and net of investment management fees.

¹ Active Target

² Fiscal year-end is June 30.

UF | UNIVERSITY *of*
FLORIDA

The Foundation for The Gator Nation

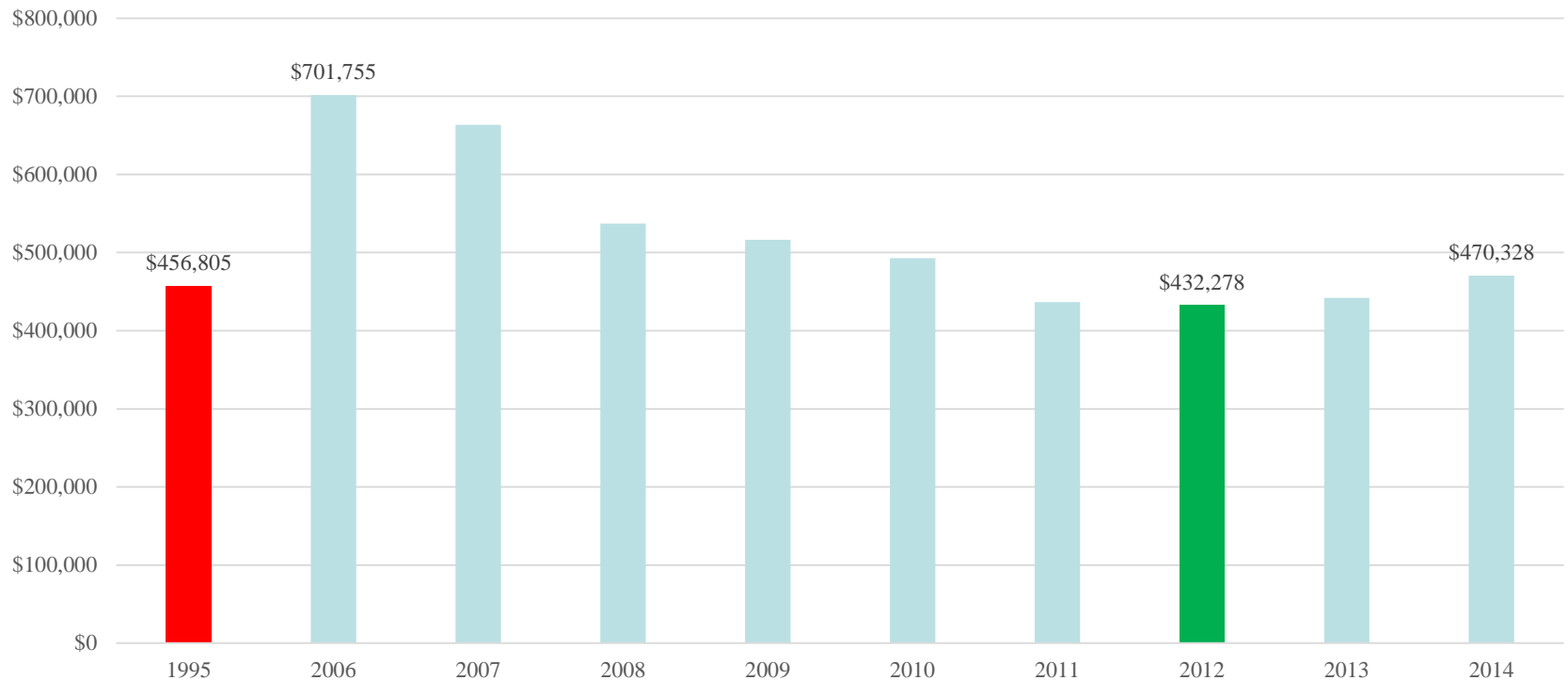
IFAS Deferred Maintenance vs. ESCO Funded Projects



Building 981 Utility Costs



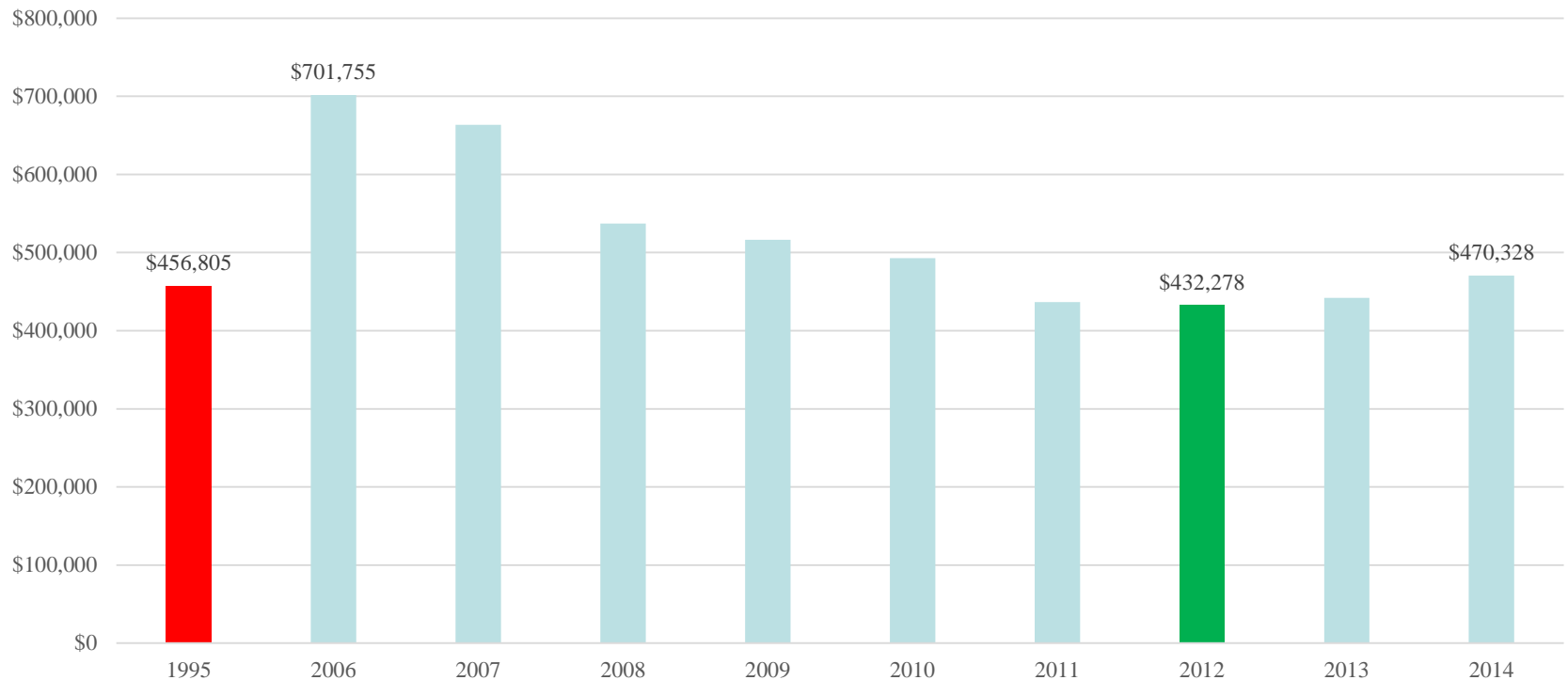
Building 981 Utility Costs



Compared to 2006 Peak

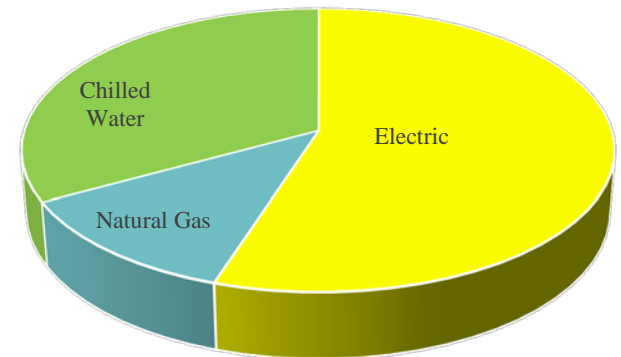
- Electrical: Consumption **-3%** - Cost **+ 6.5%**
- Natural Gas: Consumption **-65%** - Cost **-125%**
- Chilled Water: Consumption **-140%** - Cost **-135%**

Building 981 Utility Costs

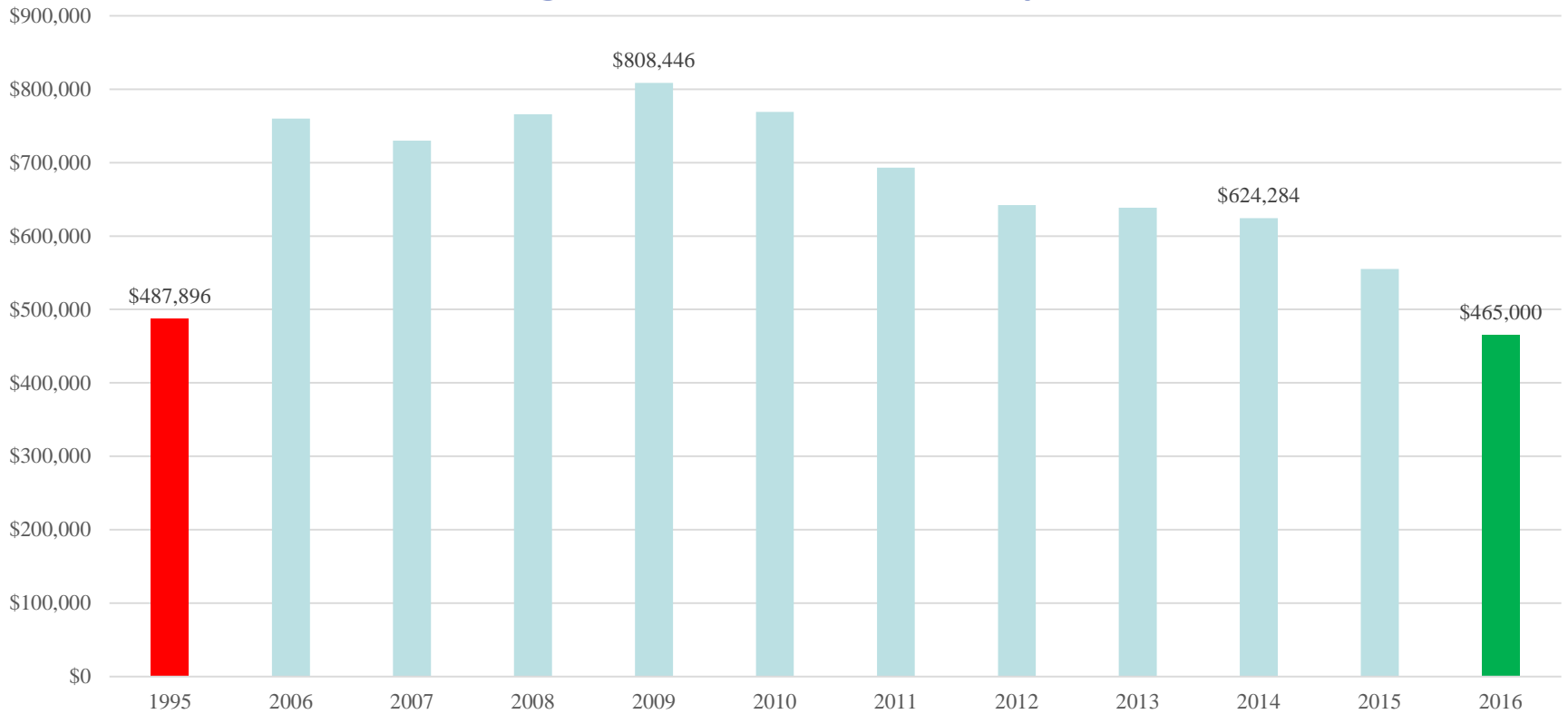


Compared to 2006 Peak

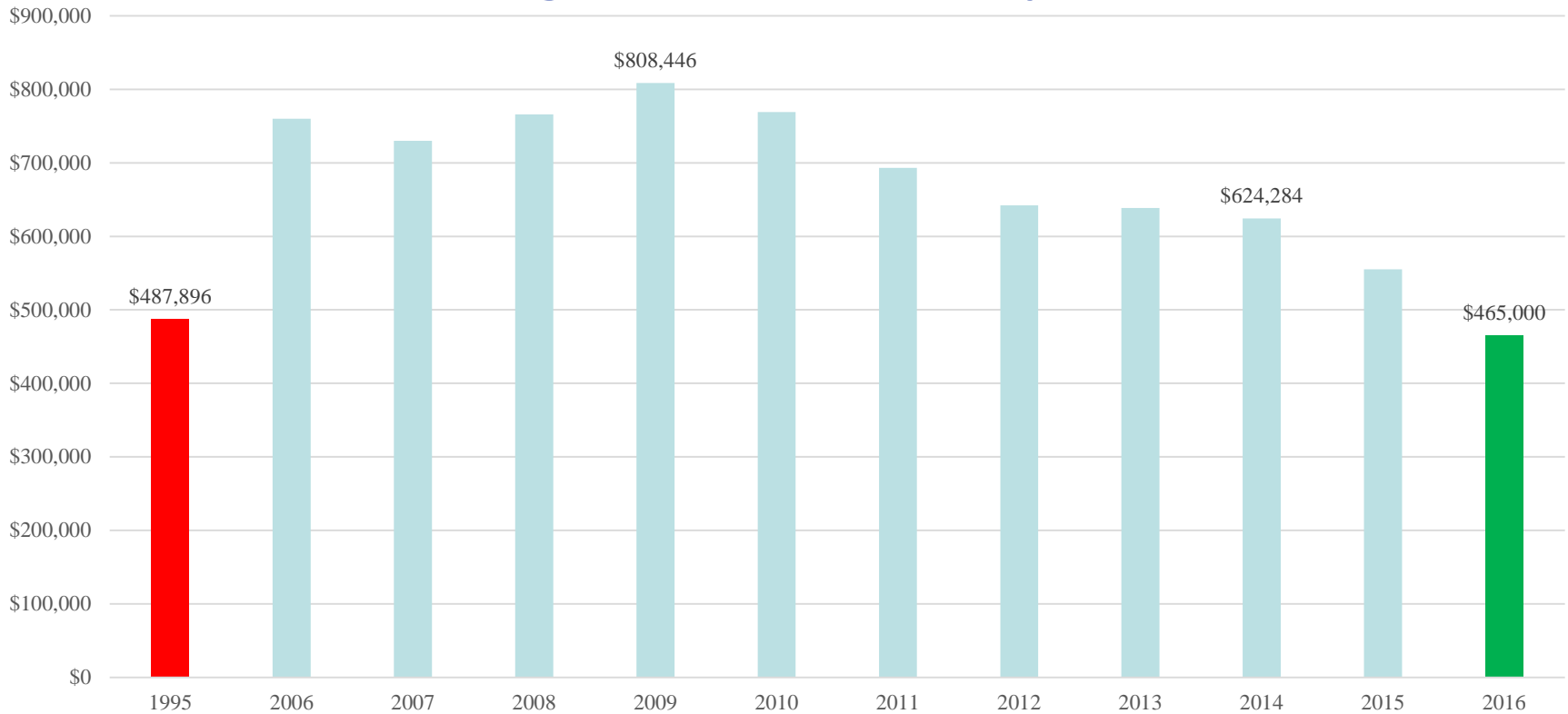
- Electrical: Consumption **-3%** - Cost **+ 6.5%**
- Natural Gas: Consumption **-65%** - Cost **-125%**
- Chilled Water: Consumption **-140%** - Cost **-135%**



Building 970 Utility Costs



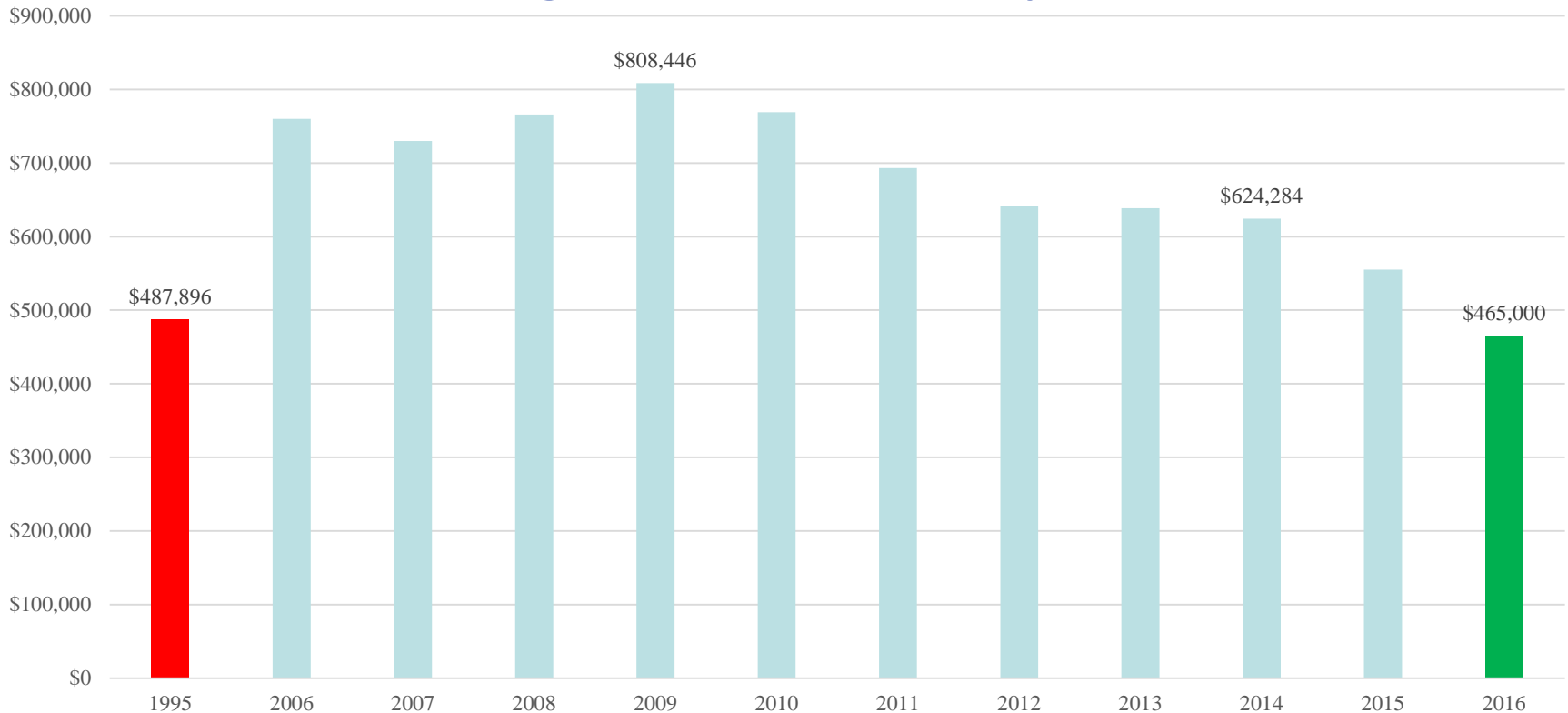
Building 970 Utility Costs



Compared to 2009 Peak

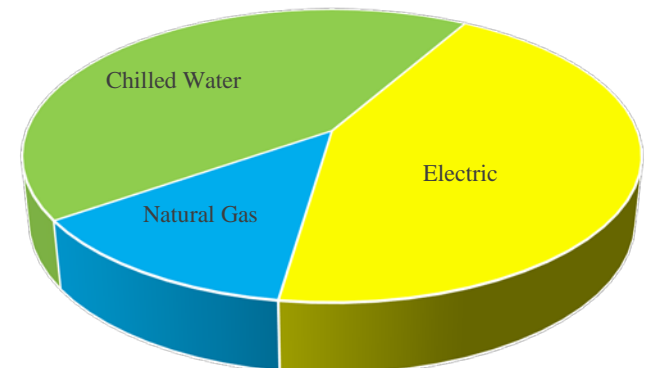
- Electrical: Consumption **-27%** - Cost **-18%**
- Natural Gas: Consumption **-50%** - Cost **-97%**
- Chilled Water: Consumption **-34%** - Cost **-18%**

Building 970 Utility Costs



Compared to 2009 Peak

- Electrical: Consumption **-27%** - Cost **-18%**
- Natural Gas: Consumption **-50%** - Cost **-97%**
- Chilled Water: Consumption **-34%** - Cost **-18%**





UF | UNIVERSITY *of* FLORIDA
INVESTMENT CORPORATION

Presentation
for the
Finance & Facilities Committee
of the
University of Florida
Board of Trustees

April 2, 2014



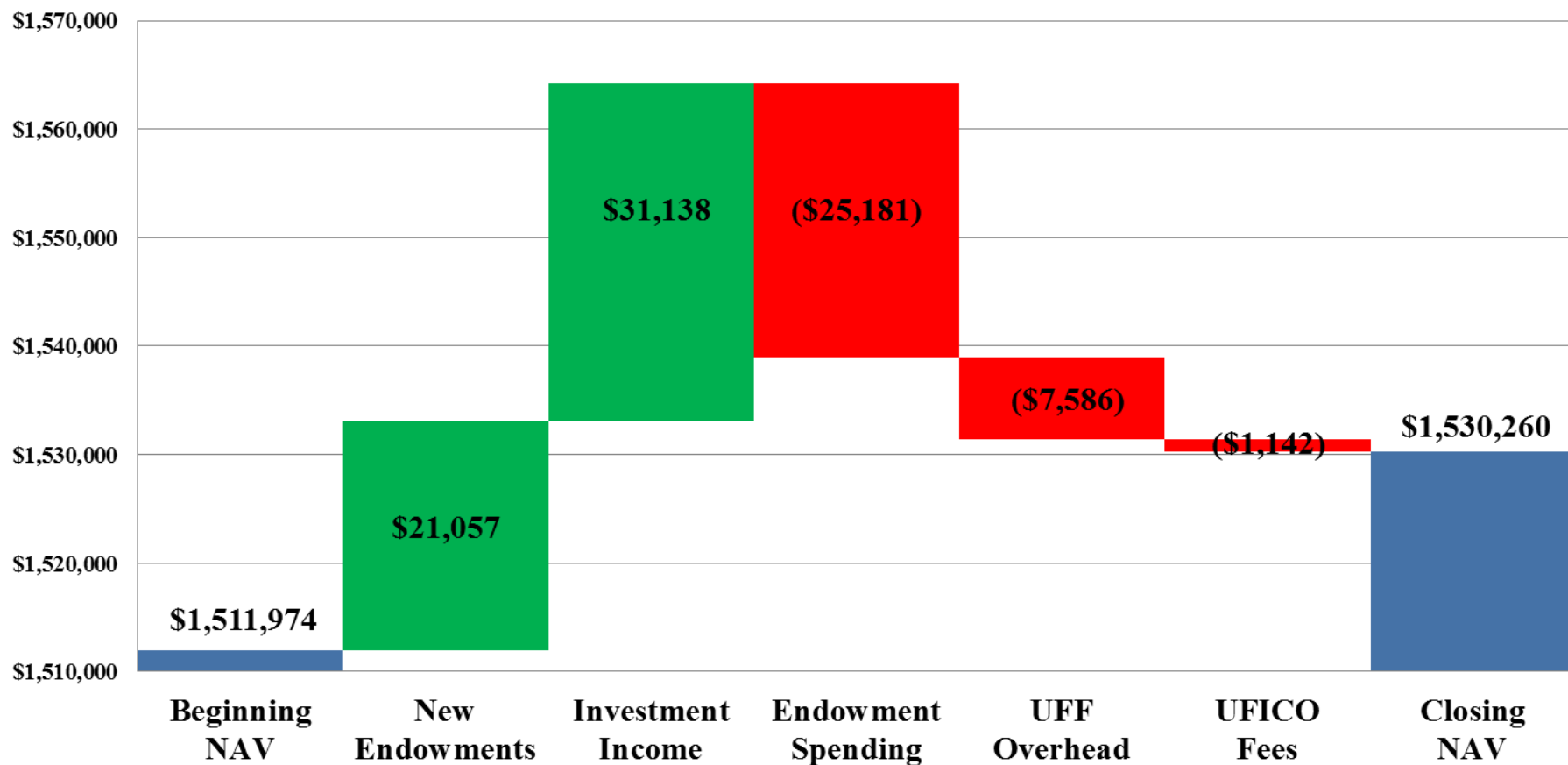
UFICO Assets Under Management

| UFICO Investors | 12/31/2014 |
|----------------------|-----------------|
| UFF – Endowment pool | \$1,530m |
| UFF - Other pools | \$60m |
| UF | \$694m |
| Shands | \$295m |
| UAA | \$11m |
| Others | \$36m |
| TOTAL AUM | \$2,626m |



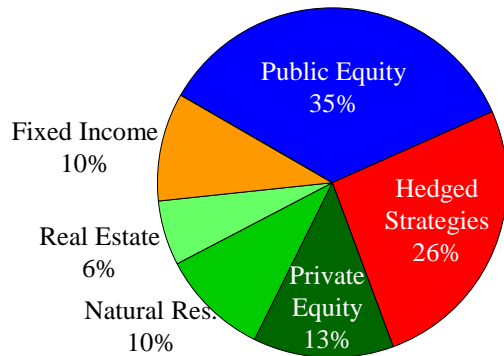
UFF Endowment Portfolio Financial Recap

Financial Recap - UFF Endowment Portfolio
Fiscal YTD - 12/31/2014
 (\$000's)

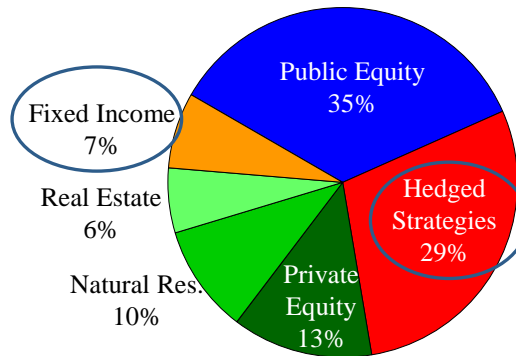


UFF Endowment Portfolio Asset Allocation

Strategic Target

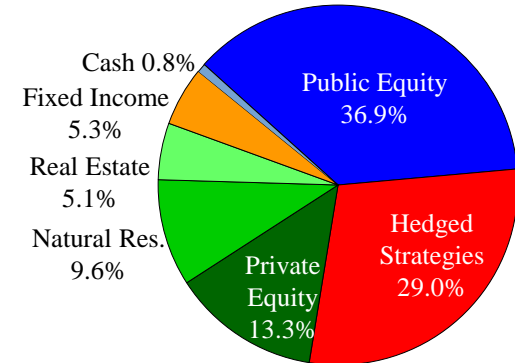


Active Target



Actual

Proforma 3/31/2015



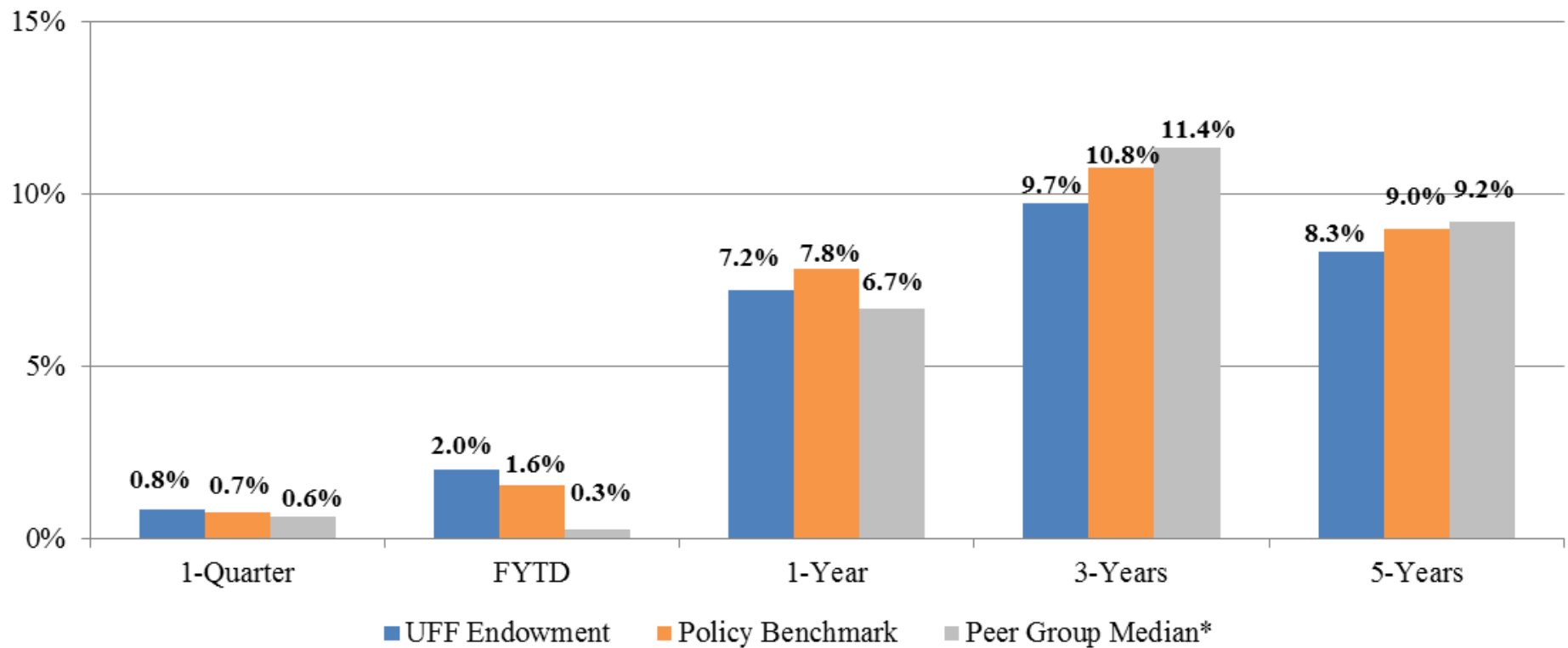
Portfolio Positioning

- Preference for equity risk over bonds, credit and cash
- Slow shift from beta (directional risks) toward hedged risk assets
- Short-term preference for US equities over non-US
- Underweight fixed income; overweight hedged strategies



UFF Endowment Portfolio Performance

**Periods Ending
December 31, 2014**

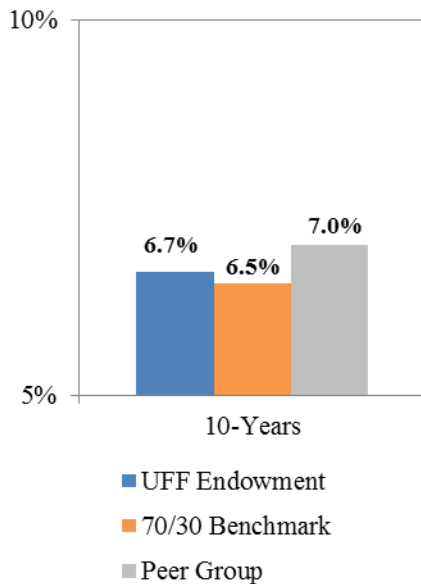


* Cambridge custom peer group

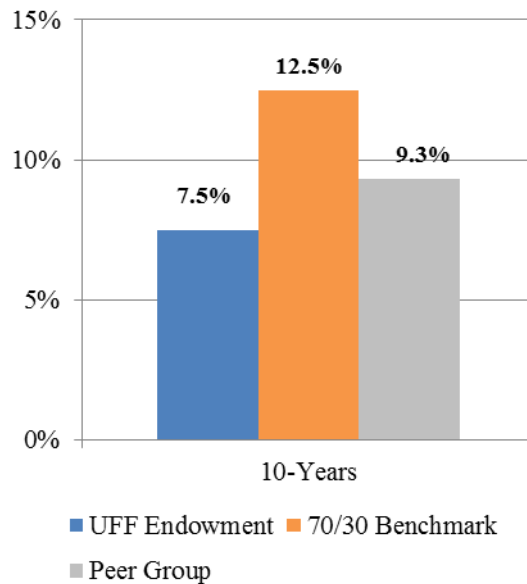


UFF Endowment Portfolio Performance – Risk Adjusted

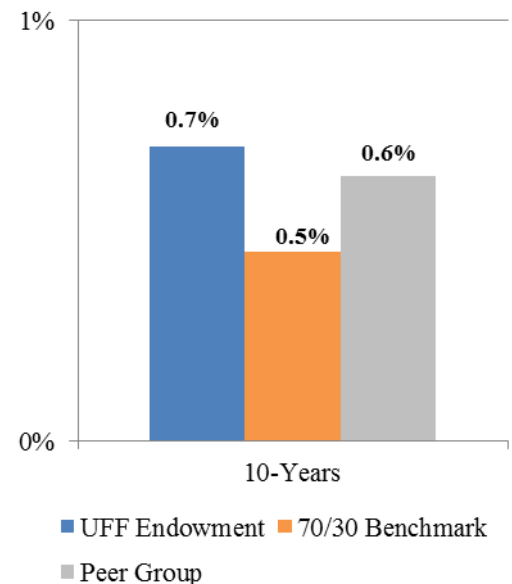
Returns
December 31, 2014



Standard Deviations
December 31, 2014



Sharpe Ratios
December 31, 2014



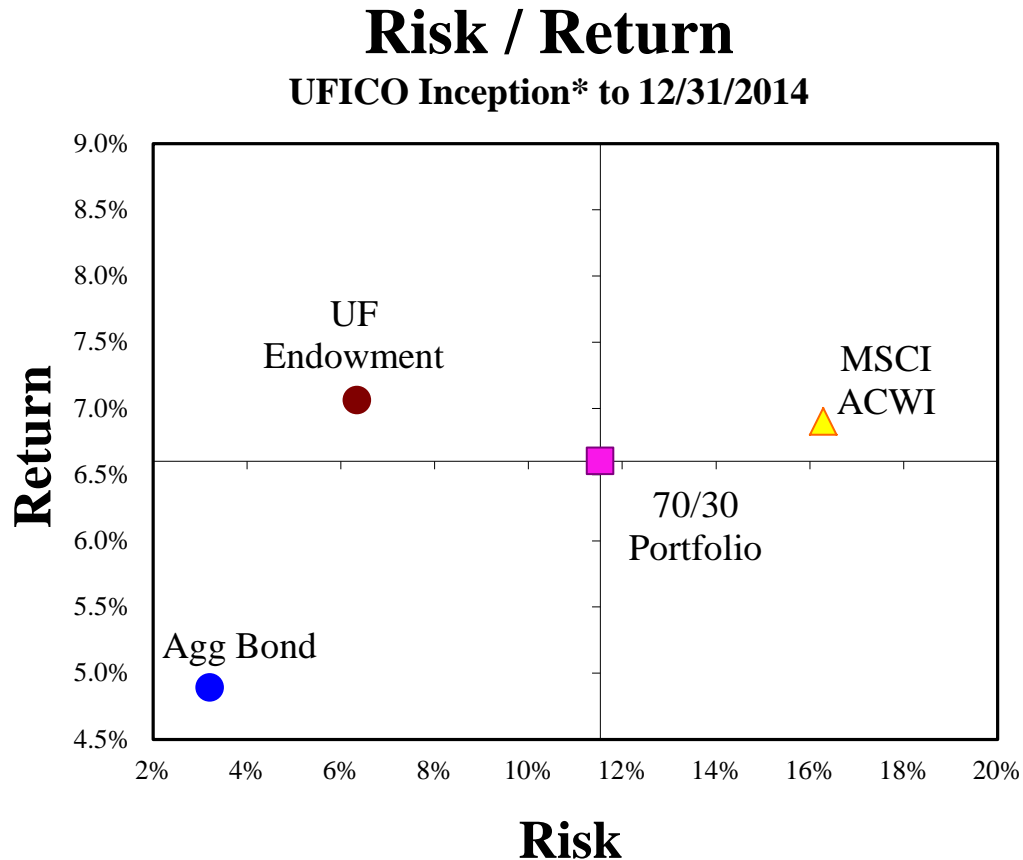
Notes: - 70/30 Benchmark is MCSI ACWI & Barclays Gvt-Credit
 - Peer Group is median of a Cambridge custom peer group of C&U's with \$1-3.5b in endowment assets



Endowment Asset Allocation



UFF Endowment Portfolio Risk / Return

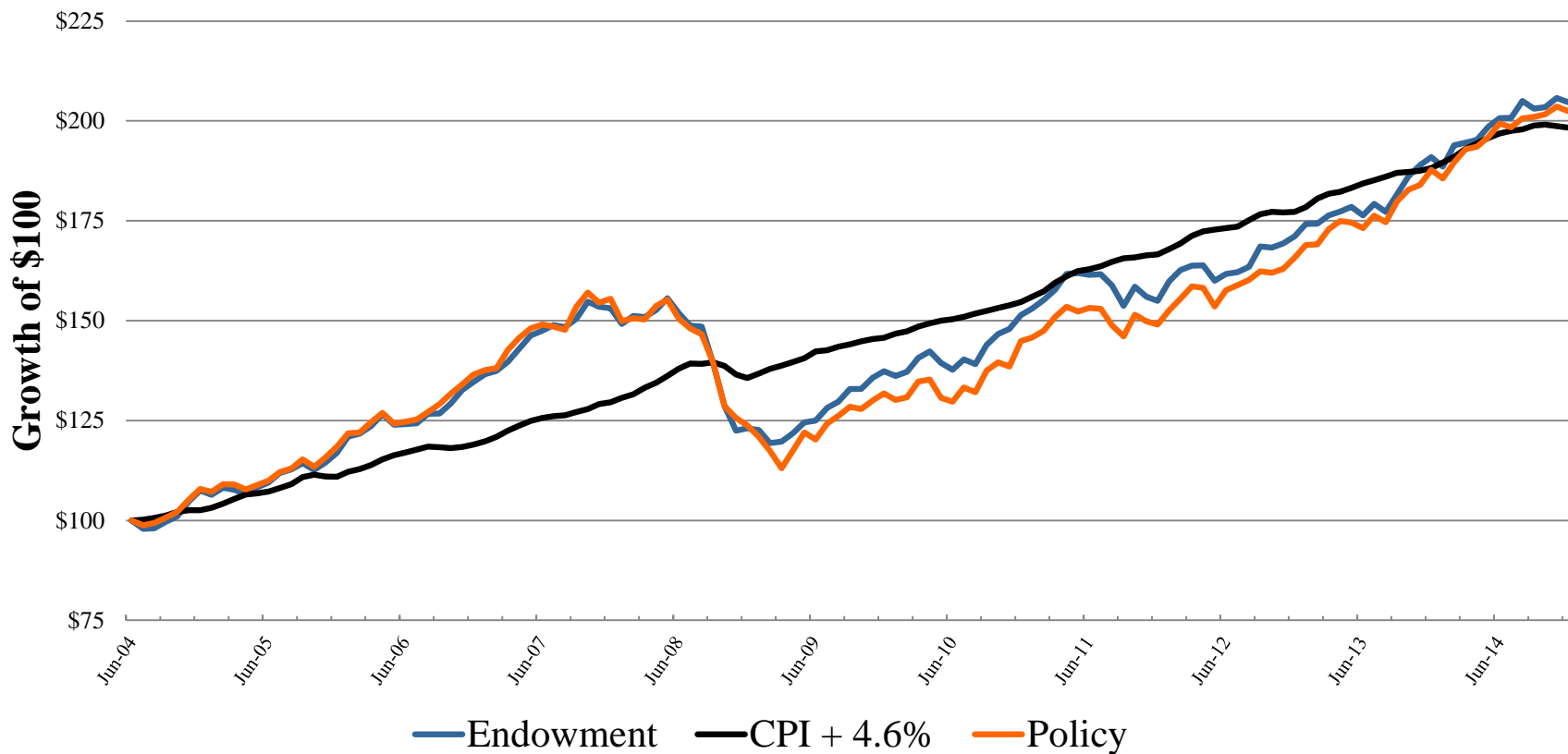


* UFICO Inception date is 7/1/2004



UFF Endowment Performance

Purchasing Power UFICO Inception* to 12/31/2014



*UFICO Inception Date = 7/1/2004



Endowment Objectives

Prioritization of University requirements for endowment determines asset allocation

- **Growth** - increase the endowment's ability to support the University's budget
- **Positive Real (inflation adjusted) Returns** - intergenerational equity, maintain the real purchasing power of the assets
- **Liquidity** - ability to meet endowment liabilities for duration of a stressed market environment
- **Good Stewardship** - not being an outlier in bear markets, maximize ***risk adjusted*** returns



Endowment Asset Allocation

Growth Allocation

80.0%

- Public Equities
- Hedged Strategies
- Private Equity

Inflation Allocation

12.5%

- Private Real Estate
- Private Natural Resources

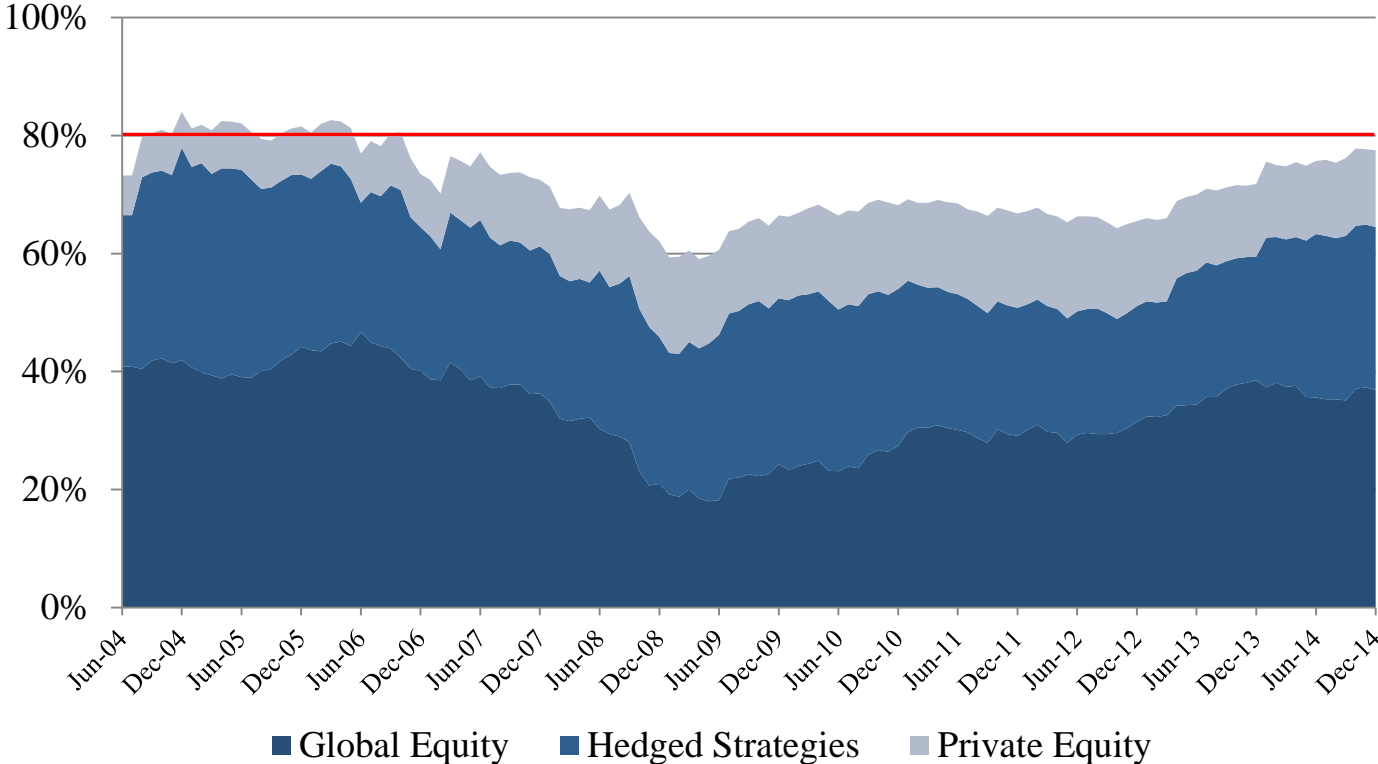
Liquidity Allocation

7.5%

- Fixed Income
- Cash

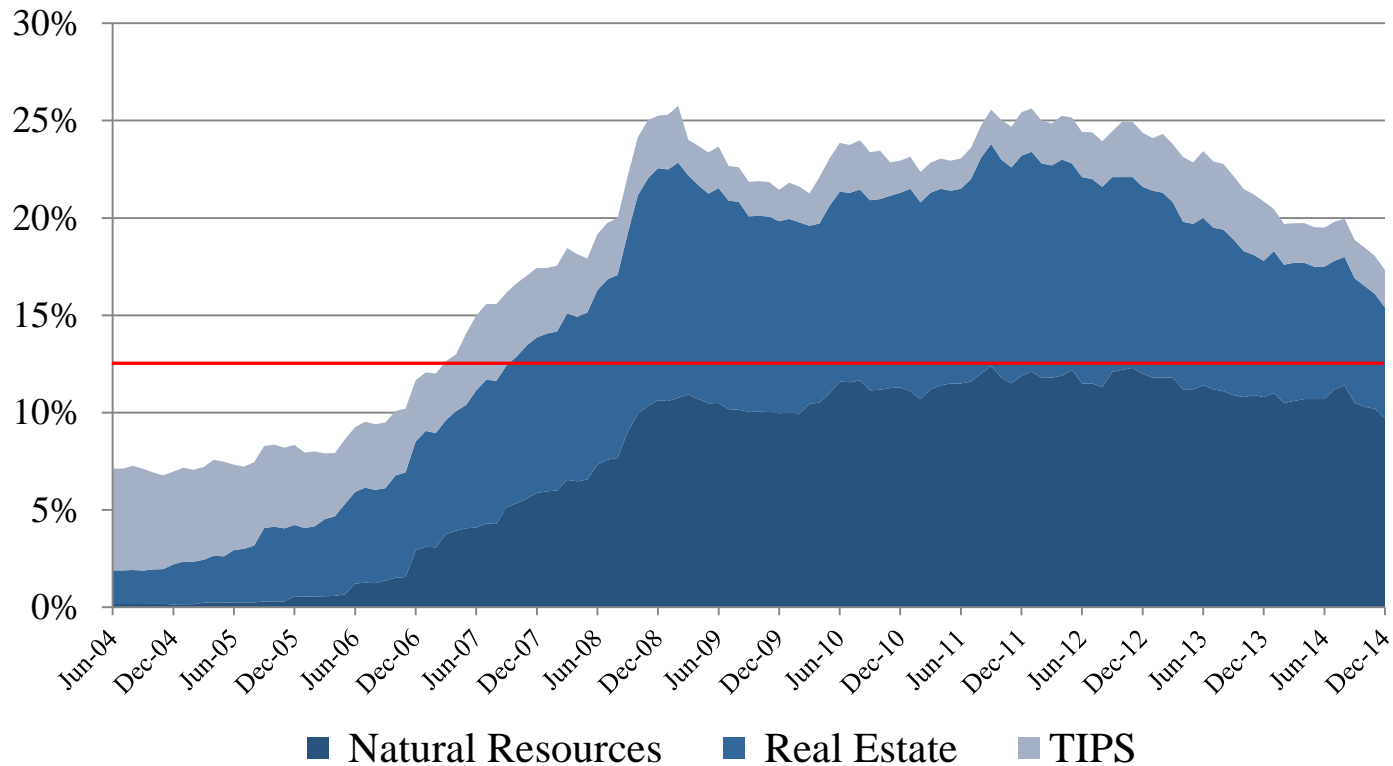
Growth Allocation

➤ Historically the endowment's growth allocation has been below the proposed 80% target



Inflation Allocation

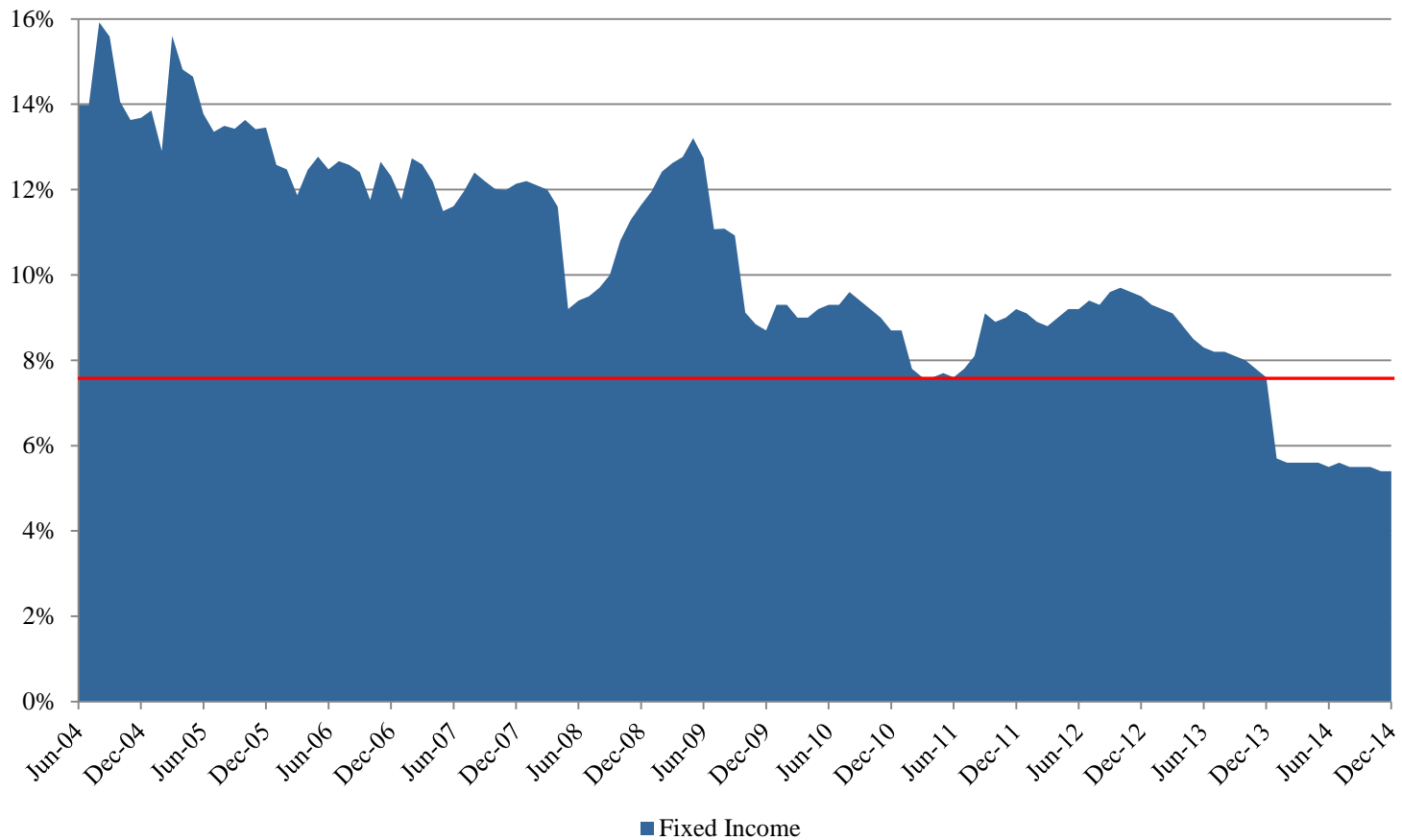
Endowment Historical Real Assets Allocation





Liquidity

- The fixed income allocation has come down over time





Endowment Asset Allocation (%)

| | <u>Peer Group</u> | <u>Endowment Current</u> | <u>Endowment Future</u> |
|--------------------------|-------------------|--------------------------|-------------------------|
| Global Equity | 36.5 | 36.6 | 30 |
| Hedge Funds | 24.9 | 28.8 | 30 |
| Private Equity | <u>15.3</u> | <u>13.0</u> | <u>20</u> |
| Sub Total: | 76.7 | 78.4 | 80 |
| Growth Allocation | | | |
| Real Assets | 13.7 | 17.3 | 12.5 |
| Liquidity | 9.6 | 4.3 | 7.5 |



UF | UNIVERSITY *of* FLORIDA
INVESTMENT CORPORATION



Appendix

Endowment Asset Allocation

| | Current Objective |
|---------------------------------|-------------------|
| Average Endowment Spending Rate | 4.6% |
| Inflation* | 2.4% |
| Return Objective | 7.0% |

| | Long-Term Return Assumptions* | Current Strategic | Proposed Strategic |
|------------------------------|-------------------------------|-------------------|--------------------|
| Public Equity | 7.7% | 35.0% | 30.0% |
| Hedged Strategies | 6.3% | 26.0% | 30.0% |
| Private Equity | 9.8% | 13.0% | 20.0% |
| Real Assets | 7.2% | 16.0% | 12.5% |
| Fixed Income | 2.7% | 10.0% | 6.5% |
| Cash | 0.0% | 0.0% | 1.0% |
| Pro-Forma Return Est. | | | |
| | | 7.0% | 7.2% |

*Source: Horizon Actuarial Services, LLC Survey of Capital Market Assumptions 2014 Edition (A survey of 23 institutional investment advisors.)

UFF Endowment Portfolio

Asset Class Performance

As of December 31, 2014

| UFF Endowment | 1-Quarter | FYTD | 1-Year | 3-Years | 5-Years | 7-Years | 10-Years |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Public Equity | 1.0% | -0.8% | 3.3% | 13.4% | 9.7% | 4.1% | 7.0% |
| <i>MSCI ACWI</i> | <i>0.4%</i> | <i>-1.9%</i> | <i>4.2%</i> | <i>14.1%</i> | <i>9.2%</i> | <i>2.7%</i> | <i>6.1%</i> |
| Hedged Strategies | 0.9% | 1.2% | 7.6% | 6.4% | 4.3% | 1.9% | 4.7% |
| <i>Hedged Strategies Benchmark¹</i> | <i>1.1%</i> | <i>1.1%</i> | <i>4.1%</i> | <i>6.6%</i> | <i>4.4%</i> | <i>1.6%</i> | <i>4.1%</i> |
| Fixed Income | -1.1% | -2.4% | 0.8% | 1.2% | 4.3% | 3.7% | 4.1% |
| <i>Fixed Income Benchmark²</i> | <i>1.1%</i> | <i>0.2%</i> | <i>4.7%</i> | <i>1.0%</i> | <i>4.0%</i> | <i>4.4%</i> | <i>4.5%</i> |
| Private Equity | 1.9% | 7.1% | 15.8% | 12.1% | 14.0% | 8.4% | 12.3% |
| <i>Cambridge Private Equity</i> | <i>-0.6%</i> | <i>3.5%</i> | <i>15.1%</i> | <i>14.5%</i> | <i>14.9%</i> | <i>7.6%</i> | <i>13.4%</i> |
| Natural Resources | 0.6% | 9.4% | 13.8% | 14.1% | 13.3% | 10.9% | 9.6% |
| <i>Cambridge Nat. Resources</i> | <i>0.4%</i> | <i>9.6%</i> | <i>16.3%</i> | <i>13.0%</i> | <i>14.1%</i> | <i>11.5%</i> | <i>12.3%</i> |
| Real Estate | 0.6% | 4.3% | 13.8% | 8.5% | 7.1% | 1.1% | 4.7% |
| <i>Real Estate Benchmark³</i> | <i>3.7%</i> | <i>6.8%</i> | <i>15.4%</i> | <i>11.9%</i> | <i>8.1%</i> | <i>-3.1%</i> | <i>2.3%</i> |
| Cash | 0.0% | 0.1% | 0.1% | 0.2% | 0.3% | 0.7% | 1.8% |
| <i>Citi 90 Day T-bills</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.1%</i> | <i>0.1%</i> | <i>0.3%</i> | <i>1.5%</i> |
| Total Endowment Fund | 0.8% | 2.0% | 7.2% | 9.7% | 8.3% | 4.2% | 6.7% |
| <i>Policy Benchmark</i> | <i>0.7%</i> | <i>1.6%</i> | <i>7.8%</i> | <i>10.8%</i> | <i>9.0%</i> | <i>3.8%</i> | <i>6.5%</i> |
| Endowment Fund ex Privates | 0.8% | -0.2% | 4.4% | 9.2% | 6.7% | 3.2% | 5.6% |
| <i>Policy Benchmark ex Privates</i> | <i>0.8%</i> | <i>-0.5%</i> | <i>4.3%</i> | <i>9.4%</i> | <i>6.9%</i> | <i>2.8%</i> | <i>5.1%</i> |

Notes:

- Returns are annualized for periods over 1 year

- Highlighted areas represent periods of outperformance

¹ Hedged Strategies Benchmark: 7/1/04-12/31/2013 - 100% HFRI FoF Diversified +1%; As of 1/1/14 - 100% HFRI FoF Strategic +1%

² Fixed Income Benchmark: 7/1/04-6/30/11 - 100% Barclays Universal; As of 7/1/11 - 50% Barclays Gov't Index / 50% Barclays US Inflation Protected

³ Real Estate Benchmark: 7/1/04-12/31/13 - 100% Cambridge Real Estate Index; As of 1/1/14 - 85% Cambridge Real Estate Index / 15% Wilshire US RESI

⁴ UFICO's inception date of July 1, 2004



UFF Endowment Portfolio Performance Attribution

Endowment Attribution Fiscal YTD - 12/31/2014

