



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

February 9, 2016

**Meeting/Telephone Conference Call Meeting
123 Tigert Hall, University of Florida
Gainesville, Florida**

Time Convened: 4:10 p.m. EST

Time Adjourned: 4:17 p.m. EST

1.0 Verification of Quorum

Committee Chair Jason J. Rosenberg asked Vice President, General Counsel University Secretary Jamie Lewis Keith to verify a quorum. Ms. Keith confirmed a quorum with all members present.

Members present were:

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

Others present were:

Charles Lane, Senior Vice President and Chief Operating Officer; Michael McKee, Vice President and Chief Financial Officer; Jamie Lewis Keith, Vice President, General Counsel and University Secretary; 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; Colt Little, Associate University Counsel; Janine Sikes, Assistant Vice President for Public Affairs; Melissa Orth, Senior Director for Government Relations, Becky Holt, Executive Assistant, Sandy Mitchell, Senior Administrative Assistant, and other members of the University of Florida community and the media.

2.0 Call to Order and Welcome

Committee Chair, Jason J. Rosenberg welcomes everyone and call the meeting to order at 4:10 p.m. EST.

3.0 Review and Approval of Minutes

The Committee Chair noted that there were no minutes at this time.

4.0 Action Items

The Committee Chair directed the Committee to the one Action Item, the sale of the Hilton Hotel and Conference Center and assignment of the current hotel owner's sublease to the purchaser. Committee Chair Rosenberg asked Senior Vice President and Chief Operating Officer Charlie Lane to present the Action Item FF1. Approval of Assignment of Hilton Hotel Sublease and Associated Estoppel Certificate/Agreement.

Dr. Lane provided an overview and noted the following:

- In support of the University of Florida's strategic objectives, the University needs to have a quality hotel and conference center in Gainesville that will serve UF's needs;
- The state owns the land, master leases it to UF, and UF subleases it to the owner of the hotel facilities;
- The hotel owner contracts for a hotel operator with the brand owner. The current hotel owner is an affiliate of a REIT, the Xenia group;
- The Xenia affiliate has been able to enter into an agreement to sell the hotel facilities and operations to an experience and reputable affiliate of a REIT out of Philadelphia, Arden group. Among others the Arden's owns Ritz Carlton in Philadelphia, Omni in Coral Gables, Florida, and Intercontinental in Tampa, Florida;
- The Arden's plan to invest approximately \$9-11 million in hotel improvements and continue the current Hilton and Conference Center brand;
- The closing is scheduled for February 11, 2016. Xenia will need to assign its sublease to the purchaser at the closing, which requires the UF Board's consent;
- The purchaser's lender will require an estoppel certificate from the state of Florida and UF's Board, stating, among other customary terms, that there are no defaults under the sublease, clarifying the customary foreclosure terms if there were a default in the future, and consenting to the sublease assignment and the hotel operator change;
- The Arden's affiliate satisfies the Sublease criteria for the UF Board's consent;
- The Arden's are not asking for any changes to the sublease at this time;
- The state which acts through the Internal Improvement Trust Fund and is the lessor under the Master Lease is processing the estoppel certificate; and there are no defaults under the Sublease.

Trustee David Thomas asked how we know improvements are needed. Dr. Lane replied that the Hilton will require improvements.

Trustee Rob Stern complimented Dr. Lane and his team for their hard work to foster the positive development of the Hilton Hotel and said he is looking forward to the upgrades. Other Trustees echoed this comment.

Then Vice President, General Counsel and University Secretary Jamie Lewis Keith said that the Committee and Board are being asked to approve FF1, which (1) consents to the sublease assignment; (2) approves the consent document and the estoppel certificate and agreement; and (3) authorizes the UF President or Senior Vice President and Chief Operating Officer, acting singly,

to execute the Estoppel and Agreement--subject to UF first receiving a copy of the state's executed estoppel certificate--and to approve and execute any other documents and to take any other actions that the UF President or Senior Vice President and Chief Operating Officer determines are appropriate in connection with giving UF's consent to the assignment and sale.

The Committee Chair asked for a motion to approve Action Item FF1 for recommendation to the Board and the Board of Governors which was made by Trustee Heavener and Seconded by Trustee Brandon. 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.

Committee Chair Rosenberg asked for any further questions from any Trustees. There were no further questions. The Committee Chair asked only from Finance and Facilities Committee members for a motion to approve FF1 for recommendation to the full Board for its approval on the Consent Agenda, which was made by Trustee David Thomas and seconded by Trustee Susan Cameron. The Committee 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 Information/Discussion Items

Committee Chair Rosenberg notes there were no discussion items.

6.0 New Business

Committee Chair Rosenberg asked if there was any new business. There being none, he asked all Trustees to stay on the line for the Board meeting.

7.0 Adjournment

Committee Chair Rosenberg asked for a motion to adjourn from a member of the Finance and Facilities Committee, which was made by Trustee Heavener and seconded by Trustee Thomas. With no further discussion, the motion was passed unanimously and the Finance and Facilities Committee meeting was adjourned at 4:17 p.m. EST.