UCF Finance Corporation

Invitation to Negotiate (ITN) #1714JP
Drawdown Line of Credit for the UCF Downtown Campus
Facility Revenue Note
(UCF Downtown Campus Project), Series 2018

ITN Issue Date: January 26, 2018
ITN Due Date: February 13, 2018 @ 3:00 pm EST
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UCF Financial Statements;
A. REQUEST FOR LOAN

The UCF Finance Corporation, (the “Corporation”) is a component unit of the University of Central Florida (the “University or UCF”) is seeking proposals from qualified financial institutions to provide a 5 year non-revolving line of credit to finance a portion an academic building located on UCF’s Downtown Orlando Campus (the “Line” or the “Loan”).

The Corporation shall accept and review proposals from qualified Financial Institutions who meet the conditions set forth in this ITN. Loan Proposal should be submitted based upon the financing structure proposed below. The Corporation will select the Financial Institution proposal that provides the best value and meets the financing requirements of the Corporation. Hilltop Securities Inc. (“Hilltop”), Orlando, Florida, as the UCF’s financial advisor, will be assisting the Corporation with respect to the Loan.

B. UCF FINANCING CORPORATION

The Corporation is a Florida not-for-profit corporation organized and operated exclusively to receive, hold, invest and administer property and to make expenditures to or for the benefit of the University. The Corporation has been certified as a Direct Support Organization of the University as defined in Section 1004.28, Florida Statutes by the Board of Trustees of the University of Central Florida. Pursuant to Florida statutory authority, the Corporation is authorized to enter into agreements to finance, design and construct, lease, lease purchase, purchase, or operate facilities necessary or desirable to serve the needs and purposes of the University. The Corporation is managed and its properties controlled, and its affairs governed under the direction of its Board of Directors.

C. UNIVERSITY OF CENTRAL FLORIDA – UCF

The University of Central Florida (the “University”), a member of the State University System of Florida, was authorized by the Florida Legislature in 1963 and began operations in 1968 as Florida Technological University. The name was subsequently changed by action of the Legislature on December 6, 1978. The University has become one of the fastest growing schools in the Nation. The University is the largest University in the State of Florida and 2nd largest University in the County with an enrollment over 66,000. The University is a comprehensive, metropolitan university offering more than one hundred majors and bachelor and advanced degree programs through the College of Arts and Humanities, College of Sciences, Burnett Honors College, College of Business Administration, College of Education, College of Engineering & Computer Science, College of Health & Public Affairs, College of Nursing, Rosen College of Hospitality Management, and College of Optics & Photonics. The institution serves central Florida and other regions within the State from its main Orlando campus and area campuses in Cocoa, Daytona Beach, South Orlando, and Clermont. The University’s College of Medicine is located at the UCF Heath Sciences Campus at Lake Nona. The University also operates an academic center located in downtown.

The University offers education and research programs in diverse fields including engineering, business, education, humanities and natural and social sciences, health and tourism. The University programs in communications and the fine arts help to meet the cultural and entertainment needs of a growing metropolitan area.

The University is accredited by the Commission on Colleges of the Southern Association of Colleges and
Schools to award bachelor’s masters and doctoral degrees in various academic disciplines.

D. THE UCF DOWNTOWN ORLANDO CAMPUS

The UCF Downtown Campus is a joint agreement between the City of Orlando, UCF and Valencia State College. The Downtown Campus, to be located on 68 acres in the Orlando Creative Village area next to the UCF Center for Emerging Media. The 15 acres Campus is located on the west side of Interstate 4 adjacent to the FAMU College of Law. The UCF Downtown Campus academic programs will align three emerging industry clusters in digital entertainment and communication, health care technology and administration, and public service. The Master Plan calls for the construction of an Education Building along with the construction of student housing and parking to accommodate approximate 5,400 UCF students and 2,300 Valencia students. The UCF Downtown Campus has received approvals from both the State of Florida and the Board of Governors.

E. THE PROJECT

The Education Building is the initial academic building for the UCF Downtown Campus and will be funded, in part, with proceeds of the Line. The 148,000 square foot Education Building is estimated to cost approximately $60 million and will provide classrooms, and office space for UCF’s administration and faculty. Funding for the Education Building consist of $20 million in approved State Appropriations, $20 million from UCF “Capital Fund” and $20 million in donations pledged to the Project. The University has stated it will fund any cost over runs associated with the Education Building. To date the University of Central Florida Foundation, Incorporated (the “UCF Foundation”), on behalf of the University, has received over $20 million in pledges of which $4.5 million have been convert to cash as of December 31, 2017. The Education Building is expected to be completed by Fall Semester of 2019.

F. REQUEST FOR LOAN

The Corporation is seeking 5 year non-revolving drawdown line of credit proposals from qualified financial institutions. The estimated issue size of the Line will be approximately $13.65 million with initial drawdown at closing in an amount of $50,000 with the remaining draws expected over approximately 8 months beginning December 2018. The Line will be secured solely by the pledge payments received by the UCF Foundation. No other funds will be pledged to the financing. The Line will not be a general obligation of the Corporation, the University, the UCF Foundation, the State of Florida, or any political subdivision thereof, nor a pledge of the faith and credit or taxing power of the State or any political subdivision thereof. The Corporation, the UCF Foundation and the University have no taxing power. The Line will not have a lien on the Education Building or any additional revenues of the University, the Corporation or the UCF Foundation. The University expects to receive additional pledges and would like the ability to increase the Line secured as additional pledges are received.

During construction, pledge payments will be used to finance costs of construction and pay interest on amounts drawn on the Line. Following substantial completion, pledge payments will be used first to pay all accrued interest and then to pay outstanding principal on the Line. There will be no set amortization schedule of principal payment; provided all unpaid principal will be due and payable on the maturity date. It is anticipated that the UCF will grant a lien on pledge payments received from donors to the Corporation and the Corporation will grant a lien on the pledge payments to the lender. The Foundation will provide quarterly reports on pledge payments received during the previous quarter and pledge payments expected
to be received under the pledge agreements.

The Corporation will accept and review proposals from qualified Financial Institutions who meet the conditions set forth in this ITN.

G. STRUCTURE OF FINANCING

Loan Proposals should be submitted based upon the financing structure proposed below.

- **Loan Amount:** Approximately $13,650,000*
- **Closing Date:** Expected March 1, 2018
- **Interest Rate:** Variable: The University requests that the financial institution provide the index and spread and be willing to hold the spread for 30 days.
- **Final Maturity:** March 1, 2023* (5 years from 1st draw)
- **Prepayment:** The Corporation must have the ability to prepay the Line in part at any time without a penalty from pledge receipts.
- **Interest Payments Dates:** Interest will accrue and will be paid as from pledge payments are received. (See Pledges estimated Donation schedule Appendix B).
- **Interest Compounding:** None
- **Interest Day Count Method:** Please specify in proposal
- **Principal Payment Dates:** Principal will be paid following substantial completion of the Education Building as pledge payments are received and at final maturity. (See Pledges estimated Donation schedule below.).

* Preliminary; subject to change

H. SECURITY FOR THE LOAN

The Line will be secured solely by the pledge payments received by the UCF Foundation and transferred to the Corporation for the payment of the Line (the Pledged Revenues). After the construction period, on the first of each month the Corporation will transfer pledge payments received to the bank to pay the interest on the Line with the balance being used to pay any outstanding principal outstanding. The Line is not a general or moral obligation of the Corporation or the UCF Foundation and do not either constitute a general or special obligation of the University, the UCF Foundation, the Corporation, the State or any other political subdivision thereof, but are limited obligations payable from the Pledged Revenues. The Corporation is legally authorized to secure the Line with the revenues to be pledged pursuant to section, 1010.62,
Florida Statutes. A summary of donations and their projected payments are in Appendix A of this ITN.

I. NO DEBT SERVICE RESERVE

The Line will not have a debt service reserve account.

J. ACCELERATION

Acceleration of the Line will not be a remedy upon an event of default.

K. TAX-EXEMPT OBLIGATION

The unqualified opinion as to tax exemption will be provided by Bryant Miller Olive (“BMO”), Bond Counsel to the Corporation. In addition all legal documentation and closing documents will be prepared by Bond Counsel. The Line will be a NON-BANK QUALIFIED tax-exempt obligation.

L. FEDERAL CORPORATE TAX/ YIELD MAINTAINCE/ CAPITAL ADEQUACY GROSS UP PROVISIONS

The Corporation will not accept gross-up requirements such as changes in Federal corporate tax rates or for capital adequacy or yield maintenance.

M. DOCUMENTATION

Bond Counsel shall prepare the documents. The selected Financial Institution will be furnished, without charge to the Financial Institution, the opinion of BMO, approving the legality of the Note together with the closing certificates and documents related to the transaction. Hilltop is serving as financial advisor for the University and the Corporation.

At the closing of the Line, the Financial Institution will be required to make certain certifications, including, but not limited to, signing a closing certificate that:

a. It is making the Loan for its own account, does not currently intend to syndicate the Loan, will take no action to cause the Loan to be characterized as a security, and will not treat the Loan as a municipal security for purposes of the securities law;

b. It is not acting as a broker or other intermediary, and is funding the Loan from its own capital for its own account and not with a present view to a resale or other distribution to the public;

c. The Loan will not be used in the future on a securitized transaction or being treated as a municipal security;

d. It understands that the Loan is evidenced by a note, the note is issued in a single denomination equal to the aggregate principal amount of the Loan, may not be transferred except in whole, will not be transferred to any kind of trust under any circumstances;
e. The Loan will only be sold to a Permitted Lender, with the Corporation’s consent. The “Permitted Lender” means any bank, trust company, savings institution or insurance company that is engaged as a regular part of its business in making loans authorized to do business in the State of Florida;

f. The Lender is a bank, trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes;

g. It is not funding the Loan for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes;

h. Understands that the Loan is not to be treated as a municipal security and that no filing will be made with respect to the Loan or the Note with EMMA, the Municipal Securities Rulemaking Boards continuing disclosure site;

i. It has in its possession or has had access to all material information concerning the security and sources of payment of the Note, and, as a result thereof, is thoroughly familiar with the nature and risks of an investment in the Note. It has been afforded access to all material information and has had sufficient opportunity to discuss the business of the Corporation and the projects financed with the proceeds of the Note, with its officers, employees and others, and has been permitted to make an investigation of the City and its operations. It does not require any further information or data concerning the City.

j. In purchasing the Notes, it has relied solely upon its own investigation, examination, and evaluation of the Corporation and other relevant matters, and has not relied upon any statement or materials which have not been supported by its own investigation and examination.

k. It has knowledge and experience in financial and business matters, particularly in tax-exempt obligations, and is capable of evaluating the merits and risks of its investment in the Note and has determined that it can bear the economic risk of its investment in the Note.

l. It acknowledges that the Corporation, its counsel and its advisor bear no responsibility for the accuracy or completeness of any information with respect to the Corporation and the proposed project financed with the proceeds of the Note contained in any document related to the purchase of the Note.

m. It acknowledges the understanding that the Note is not being registered under the Securities Act of 1933, as amended (the "1933 Act") or Chapter 517, Florida Statutes, and that the Corporation shall have no obligations to effect any such registration or qualification. It also acknowledges that it is an "accredited investor" within the meaning of Chapter 517, Florida Statutes, and Regulation D of the 1933 Act.

n. There will be no CUSIPs obtained on the Loan; and

o. There will be no credit rating obtained on the Loan.

The financial institution shall also be required to execute such additional certifications or acknowledgments as are customary on similarly structured municipal finance transactions in Florida, as reasonably determined by Bond Counsel and counsel to the financial institution.
N. PROPOSAL FORMAT – SELECTION CRITERIA

Proposals will be evaluated on the basis of cost, structure, covenants and flexibility to the Corporation. Further, the loan must have the ability to prepay the Loan in part at any time without penalty.

In order to assist the University and Hilltop Securities in reviewing the responses, each proposal should include the following information.

1. The legal name of the Financial Institution and the primary Financial Institution contact person(s) (include address, telephone number, facsimile number, and e-mail address).

2. 5 year tax-exempt loan with a variable rate; provide the index and spread and be willing to hold the interest rate through March --..

3. Describe in detail all fees and expenses which the Corporation will be responsible to pay to the Financial Institution including its legal counsel. The Corporation’s Bond Counsel will prepare the tax opinion and loan agreement. The amounts stated in the proposal shall represent the approximate amounts payable to the Financial Institution by the Corporation. All fees and expenses, with the exception of those of bond counsel and First Southwest, in excess of those stated in the proposal shall be the sole responsibility of the Financial Institution and will not be paid or reimbursed by the Corporation.

4. A listing of all conditions, covenants, terms or restrictions, other than those this ITN, which would be included in your commitment to provide the Loan.

O. MISCELLANEOUS

1. The Corporation will not accept proposals with reserve requirements or other restrictions to revenues or requirements to maintain minimum balances in any financial institution account as a condition for the Loan.

2. The Corporation reserves the right, in its sole discretion, to accept or reject any and all proposals, to waive any irregularities or informalities in any proposal or in the proposal process, and to accept or reject any items or combination of items. If the Corporation determines to move forward with the Loan and selects a Financial Institution’s financing proposal, the award will be to the institution whose proposal best complies with the requirements set forth in this ITN and whose proposal, in the opinion of the Corporation and Financial Advisor is best, taking into consideration all aspects of the offeror’s response.

3. Changes to this ITN may be made by and at the sole discretion of the Corporation. Changes will be accomplished via an addendum that will be publicly posted on the Procurement Services website at https://procurement.ucf.edu/solicitations/ and may be forwarded directly to prospective proposers who have provided contact information to the individual listed in paragraph 5 of this section. Perspective proposers must acknowledge any addendum by signing and returning the addendum with their proposal.

4. The Corporation will not be liable for any expenses incurred in connection with the preparation of a response to this ITN.
(5) Additional financial information may be provided upon request by the proposer, and is NOT in any way intended to relieve the proposer of its responsibility to investigate all relevant or material facts in reaching a credit decision with respect to the Loan. Any communications, questions and/or inquiries from the Respondent concerning this ITN in any way must be submitted in writing / or by email to the individual identified on our before **February 1, 2018 at 4:00 p.m.** Written inquiries must be legible and concise and must clearly identify the Respondent who is submitting the inquiry. All responses to questions will be by posted addendum(s). **All requests for clarification or additional information should be sent via email to:**

Mr. John C. Pittman  
Associate VP for Debt Management  
University of Central Florida  
4365 Andromeda Loop N. Millican Hall, Suite 384  
Orlando, FL 32816-0020  
(407) 823-3865 Ph  
john.pittman@ucf.edu

(6) Federal, State, and local laws, ordinances, rules and regulations that in any manner affect the items covered herein apply. Lack of knowledge by the Financial Institution will in no way be a cause for relief from responsibility.

(7) The Corporation will not accept proposals that require the Financial Institution’s approval before additional debt secured by the pledged revenues may be issued other than what is provided in the bond documents additional debt covenants.

(8) No successful proposer may assign any portion of the contractual agreement between the parties without prior written authorization by the University and the Corporation.

(9) Warranties – The proposer, in submission of its proposal, warrants to the University and the Corporation that it will comply with all applicable federal, state and local laws, regulations and orders in providing the services under the proposed documents.

**P. TENTATIVE SCHEDULE***

The Corporation will attempt to adhere to the following schedule:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>January 26, 2018</td>
<td>Issue Invitation to Negotiate (ITN)</td>
</tr>
<tr>
<td>February 1, 2018</td>
<td>Final deadline for written requests for additional information</td>
</tr>
<tr>
<td>February 13, 2018</td>
<td>Financial Institution Proposals Due Prior to 3:00 P.M. (EDT)</td>
</tr>
<tr>
<td>February 16, 2018</td>
<td>Selection of best proposal by the Corporation</td>
</tr>
<tr>
<td>February 27, 2018</td>
<td>Approval by financing documents by the UCF Finance Corp</td>
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<tr>
<td>March 1, 2018</td>
<td>Closing and Transfer of Funds</td>
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* Preliminary/subject to change.
Q. ITN INSTRUCTIONS

All proposals **must be submitted by mail** in one (1) hard copy and 2 electronic copies (disc, jump drive, etc.) to the UCF Financing Corporation’s mailing address below for receipt no later than 3:00 PM Eastern Daylight Time on February 13, 2018:

**UCF Financing Corporation**
Mr. John C. Pittman
Associate VP for Debt Management
University of Central Florida
4365 Andromeda Loop N. Millican Hall, Suite 384
Orlando, FL 32816-0020
(407) 823-3865 Ph
john.pittman@ucf.edu

An additional copy of the response should be sent by email to

**Hilltop Securities Inc.**
Mr. Mark Galvin
Director
450 S. Orange Ave., Suite 460
Orlando, Florida 32801
(407) 426-9611 Ph
mark.galvin@hilltopsecurities.com
APPENDIX A –
The Donations List can be downloaded from https://procurement.ucf.edu/solicitations/
APPENDIX B-
The Projected Construction and Draw Down Schedule can be downloaded from
https://procurement.ucf.edu/solicitations/