



UCF Board of Trustees

September 27, 2024

Agenda Item

FACC-4: UnionWest Lease Modification

Proposed Action

The Board of Trustees is asked to approve, on its consent agenda, delegation to the President the authority to approve and execute the modifications to the lease for space in the UnionWest building located at 601 West Livingston Street on the Downtown Campus.

Authority for Board of Trustees Action

UCF Regulation 7.203 Real Property Leasing

Supporting Documentation Included

Attachment A: UnionWest Building Lease Modification Presentation

Facilitators/Presenters

Jon Varnell, Vice President for Administrative Operations

Rich Welsh, Senior Associate General Counsel

Jon Bates, Assistant Vice President for Real Estate and Space Administration

Summary of Key Observations/Recommendations

The following items will be created through the contemplated sale of the UnionWest building to a new 501(c)3 owner, Provident Resources Group (the “Buyer”):

- The Buyer will donate the land component of the property to the UCF Real Estate Foundation, LLC (RE Foundation).
 - The land represents a gift of \$12.5 million dollars based on a recent appraisal.
- The RE Foundation will lease the land back to the back to the Buyer through a Ground Lease and the Buyer will retain title to the building.
 - The Ground Lease Term shall match the amortization schedule of the bonds utilized by the Buyer to fund the acquisition of the property (currently contemplated to be 35 years).
- At the end of the Ground Lease Term, title to the building will revert to the RE Foundation, or its designee, free and clear of any debt.
- The Ground Lease will include provisions to ensure that a capital replacement reserve fund is adequately funded by the Buyer to ensure that deferred maintenance is mitigated.
 - The Buyer will be required to complete prior to closing a Facility Condition Assessment (FCA), either through UCF or through a 3rd party. This FCA will then be required to be updated every three (3) years of the Ground Lease Term.

The terms of the facility lease to UCF are projected to include the following:

- **Leased Premises:** will be reduced from the current 46,310 rentable square feet by excluding the common building lobby on the 1st floor
- **Lease Term:** shall be extended so that a new primary term of thirty-five (35) years will commence upon closing.
- **Annual Base Rent:** shall be fixed for the entire Lease Term at \$809,197.50/year

Additional Background

The UnionWest building continues to be an important component of the Downtown Campus not only by providing student housing opportunities, but also through its mixed-use nature by providing instructional and student service focused spaces, as well as retail opportunities for the Campus. Through the contemplated modifications to UCF’s facility lease, the university’s long-term commitment to the Downtown Campus will be further strengthened.

Implementation Plan

N/A

Resource Considerations

Funding to support the identified lease obligations will continue to come from current sources. The annual lease obligation is remaining at the current commitment of \$809,197.50 of which roughly 67% is from E&G funds with the remainder covered by Activity and Service Fees associated with the Rec and Wellness Center and the Office of Student Involvement.