

Council Auditor's Office
Bill 2023-114 – University of Florida Education Center

Auditor Concerns and Recommended Amendments:

1. The term sheet allows City funding to be provided in advance of project completion.
 - a. We recommend that City funding be provided at the completion of the project. (Note: if approved, items 2, 3, 7, 8a, 9 and 12 are not needed)
2. The term sheet states that the City funding will be disbursed annually to UF after receiving a Sources and Use of Funds statement documenting the planned expenditures.
 - a. We recommend that City funding be provided to UF on either a reimbursement basis or a work performed and invoiced basis, but limited to 50% of the disbursement request. (Note: if approved, items 2b and 3 are not needed) - OR -
 - b. We recommend that each annual tranche of City funding be provided only after the previous tranche has been spent.
3. The term sheet does not provide for a "true up" or reconciliation at project completion whereby City funding would be returned if determined to be in excess of the City's pro-rata share.
 - a. We recommend a requirement for a reconciliation at project completion to confirm that the City did not contribute more than its pro-rata share.
4. The term sheet does not include project deliverables, such as size of campus, enrollment capacity, and graduate programs offered.
 - a. We recommend that any required deliverables be added to the term sheet.
5. The UF Board of Trustees has not voted to approve construction of the Education Center in Duval County.
 - a. We recommend that an affirmative vote of the UF Board of Trustees be required prior to execution of the funding agreement.
6. The term sheet does not include a timeline for construction of the Education Center.
 - a. We recommend that the term sheet identify the performance schedule, including a commencement and completion date for the project, and require Council approval for any extensions of the performance schedule.
7. The term sheet only requires that the audit to be provided by UF include detail on the expenditure of funds related to the project.
 - a. We recommend that the audited financial statements include detail on revenue received for the project in order to confirm that the City funding has been provided on a 50/50 basis.
8. The term sheet does not include a clawback of City funds if the project is not completed or a minimum capital investment is not met.
 - a. We recommend that the City funding be returned if the project is not completed in accordance with the performance schedule.
 - b. We recommend that a minimum capital expenditure requirement be established and City funding is returned if the minimum is not met.
9. The Sources and Uses of Funds statement will not provide confirmation that UF has secured the other \$50 million match for the City funding.
 - a. We recommend that UF be required to demonstrate that \$50 million has been obtained prior to disbursing City funds.

Additional Recommended Amendments:

10. We recommend that the term sheet include the City's standard 20% JSEB participation goal in accordance with Code Section 126.608.
11. We recommend that a sliding scale repayment of City funds be required if UF doesn't meet the defined deliverables and the Education Center is not open for operations for a period of five years.
12. We recommend that the City retain a percentage of the City funds until the project is complete, a certificate of occupancy has been issued, and all liens have been cleared.

FUNDING AGREEMENT TERMS SHEET

Proposed Terms and Conditions for a Funding Agreement
between
the City of Jacksonville (City) and The University of Florida Board of Trustees (UF)
for
FY '23, '24, and '25 City Funding of \$50 million for Establishment and
Operation of a Health and Financial Technology Graduate Education Center ("Center") Operated by
UF

Any substantial change to these Proposed Terms and Conditions will require Council approval

- There shall be an executed Funding Agreement (the "Agreement") between the City and UF incorporating the following specific terms and conditions, in addition to any applicable City grantor terms and conditions and any other contractual provisions, as required by either party or their respective Offices of General Counsel.
- The Agreement shall have a term of 10 years. The City anticipates a 3-year cumulative funding amount under this Agreement of \$50,000,000 (the "City Grant Funds") for authorized expenses (collectively, the "Expenses"). The city is appropriating \$20 million in FY '23 and anticipates appropriations of \$15 million each in fiscal years '24 and '25, subject to appropriations by City Council, to fulfill the ultimate commitment of \$50 million by the City.
- City Grant Funds shall be specifically expended for capital expenses (including, but not limited to, due diligence costs, studies, planning, design, and other soft cost expenses related to such capital expenses) incurred by UF in the establishment of the Center within Duval County (the "Project"), which shall be completed no later than 10 years from the date of execution of the Agreement. UF shall document to the City a minimum of an additional \$100,000,000 of non-City funding for the design and construction of the Project.
- Disbursements of City Grant Funds shall be made on a reimbursement basis no more frequently than quarterly, pursuant to a written disbursement request from UF, inclusive of documentation of eligible expenses actually incurred and paid. Such request shall also identify non-City sources of Project funding to evidence all other governmental and private contribution amounts committed to the Project both in aggregate as of the date of the disbursement request and as used for the non-City pro rata match of each disbursement request. The City shall, within 15 days of receipt of a disbursement request, review and notify UF of any costs the City wishes to disallow. The Agreement shall provide for a procedure to resolve any disagreement between the parties over the City's proposed disallowance of costs. The Agreement shall also provide that the City shall withhold the final \$2,500,000 of City Grant Funds, which shall be disbursed to UF upon reaching \$100 million in Project expenditures. UF will also submit an audited annual report detailing actual expenditures made of both City Grant Funds and all other funds expended on the Project. City Grant Funds shall be disbursed to UF on a pro rata basis with all non-city other funding in for the Project, and in no event greater than fifty percent (50%) of any disbursement request.
- UF shall be responsible for ensuring all federal, state or local permits, as may be necessary, are obtained prior to conducting any work.

•The City shall be granted access to the Center at all reasonable times to inspect the work in progress and/or the final work product.

•The City's administrative staff, and the City Council Auditors office, shall have the right to audit payment records and supporting documentation for expenditures reimbursed under this Agreement.

SALEM AMENDMENT

Council Member Salem offers the following amendment to File No. 2023-114:

- (1) On page 1, line 23, strike "TERM SHEET" and insert "REVISED TERM SHEET";
- (2) On page 1, line 32 through page 2, line 1, strike "up to 50%" and insert "a portion";
- (3) On page 2, line 4, strike "Exhibit 1" and insert "Revised Exhibit 1, labeled as "Revised Exhibit 1, Rev Term Sheet, March 6, 2023 - NCSPHS"";
- (4) On page 2, lines 8-9, strike "an aggregate cost of \$100,000,000" and insert "a minimum aggregate cost of \$150,000,000";
- (5) On page 2, lines 10-16, strike all lines in their entirety and insert a new WHEREAS provision to read as follows:

"WHEREAS, the agreement will provide that the City funds will be disbursed quarterly, on a reimbursement basis, subject to City review and approval of a reimbursement request provided by the University detailing the use of funds and demonstrating use of other University-identified (non-City) funding for the Project equal to or exceeding the amount requested for reimbursement by the City as outlined in Revised Exhibit 1; and";
- (6) On page 5, line 11, strike "Exhibit 1" and insert "Revised Exhibit 1";
- (7) On page 5, line 13, after "sources." insert "The City's disbursement of City funds for the Project is conditioned

upon approval of the Project and the terms and conditions outlined in **Revised Exhibit 1** by the University's Board of Trustees as evidenced by the University's execution of the Agreement prior to City execution.";

- (8) Remove **Exhibit 1** and replace with **Revised Exhibit 1** attached hereto, which attaches the revised Funding Agreement Terms Sheet;
- (9) On **page 1, line 1**, amend the introductory sentence to add that the bill was amended as reflected herein.

Form Approved:

Office of General Counsel

Legislation Prepared By: Mary E. Staffopoulos

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• City Grant Funds shall be specifically expended for capital expenses (including, but not limited to, due diligence costs, studies, planning, design, and other soft cost expenses related to such capital expenses) incurred by UF in the establishment of the Center within Duval County (the "Project"). ~~Documentation-~~ which shall be provided prior completed no later than 10 years from the date of execution of the Agreement. UF shall document to the City disbursing each annual appropriation which demonstrates the plan of expenditure a minimum of an additional \$100,000,000 of non-City funding for each annually appropriated amount the design and construction of the Project.

• Disbursements of City Grant Funds in addition shall be made on a reimbursement basis no more frequently than quarterly, pursuant to a written disbursement request from UF, inclusive of documentation of eligible expenses actually incurred and paid. Such request shall also identify non-City sources of Project funding to evidence all other planned expenditures governmental and private contribution amounts committed to the Project both in aggregate as of the date of the disbursement request and as used for the non-City pro rata match of each disbursement request. The City shall, within 15 days of receipt of a disbursement request, review and notify UF of any costs the City wishes to disallow. The Agreement shall provide for a procedure to resolve any disagreement between the parties over the City's proposed disallowance of costs. Project (the "Sources and Use of Funds"). The Agreement shall also provide that the City shall withhold the final \$2,500,000 of City Grant Funds, which shall be disbursed to UF upon reaching \$100 million in Project expenditures. UF will also submit an audited annual report ~~post-expenditure of City Grant Funds~~ detailing actual expenditures made of both City Grant Funds and all other funds expended on the Project. City Grant Funds shall be ~~expended by~~ disbursed to UF on a pro rata basis with all other non-city funding ~~in the capital stack~~ for the Project, and in no event greater than fifty percent (50%) of any ~~invoiced amount related to the Project.~~ disbursement request.

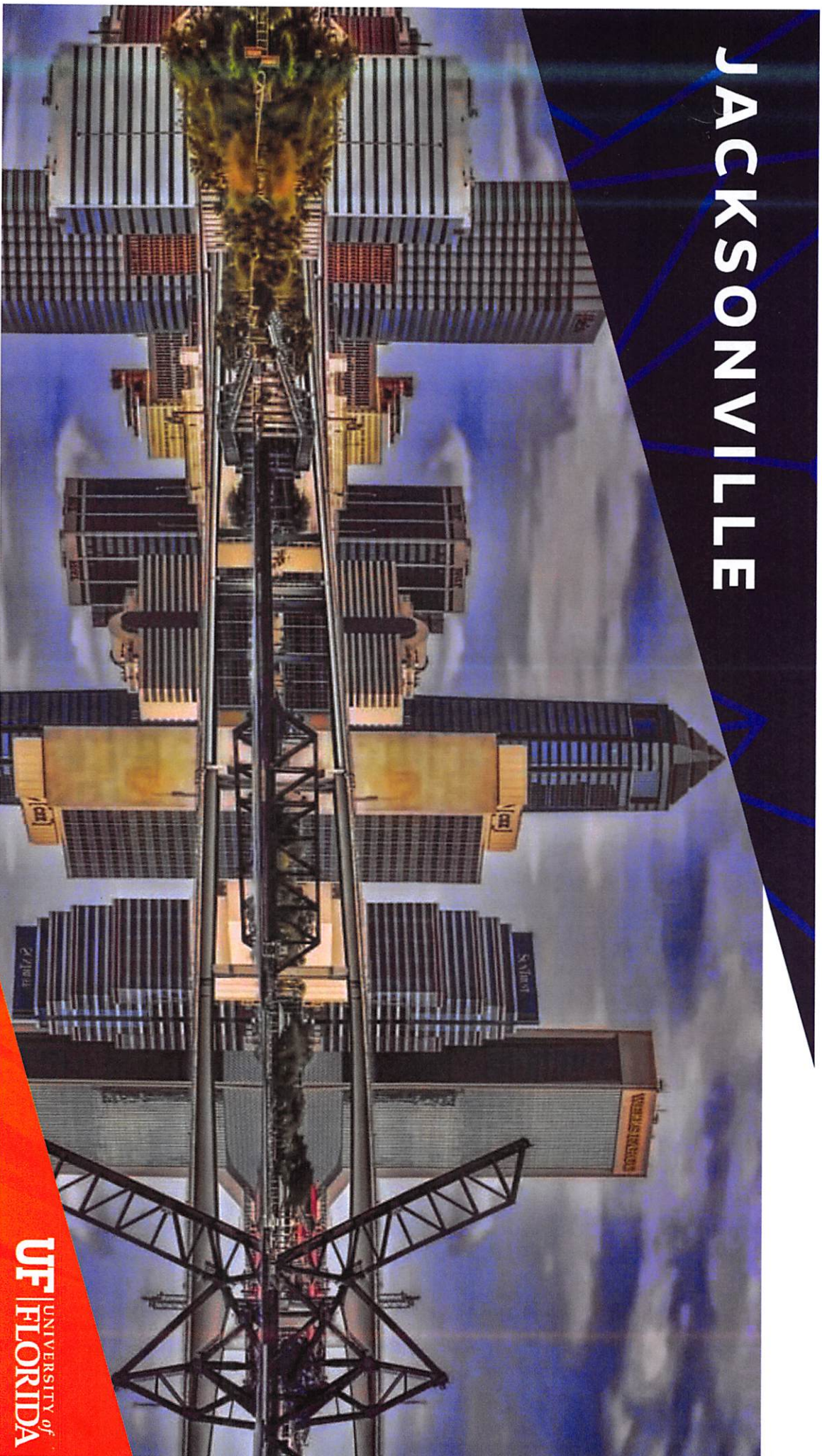
- UF shall be responsible for ensuring all federal, state or local permits, as may be necessary, are obtained prior to conducting any work.

- ~~•The City shall only provide funding annually after receiving from UF, and thereafter reviewing and approving, the Sources and Use of Funds, with such approval limited to the use of the City Grant Funds. Upon completion of spending each year by UF of City Grant Funds, and upon submitting the audited report detailing such, the City shall, within 60 days of receipt of the report, review and notify UF of any costs the City wishes to disallow. The Agreement shall provide for a procedure to resolve any disagreement between the parties over the City's proposed disallowance of costs.~~

- The City shall be granted access to the Center at all reasonable times to inspect the work in progress and/or the final work product.

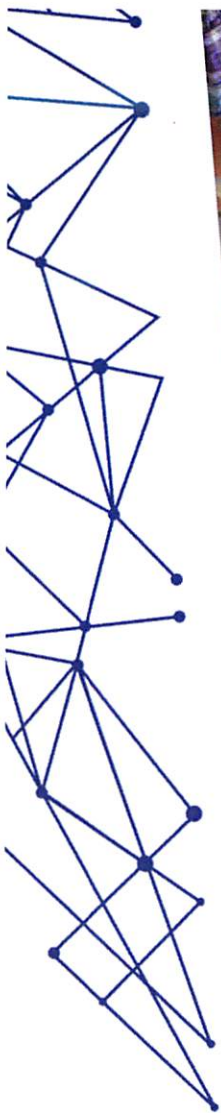
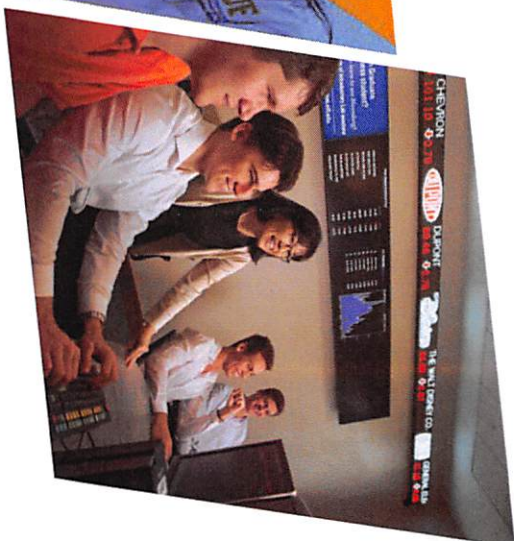
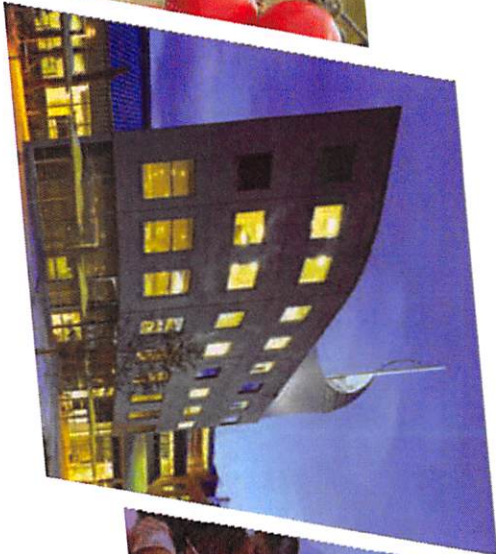
- The City's administrative staff, and the City Council Auditors office, shall have the right to audit payment records and supporting documentation for expenditures reimbursed under this Agreement.

JACKSONVILLE



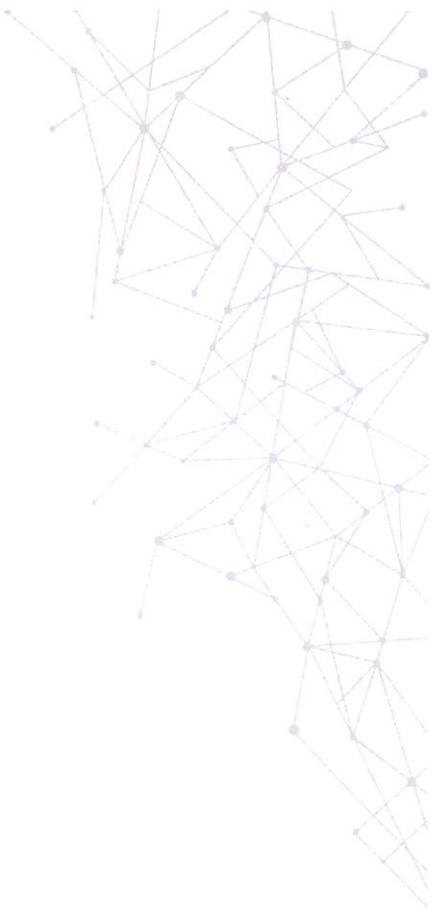
UF UNIVERSITY of FLORIDA

UF



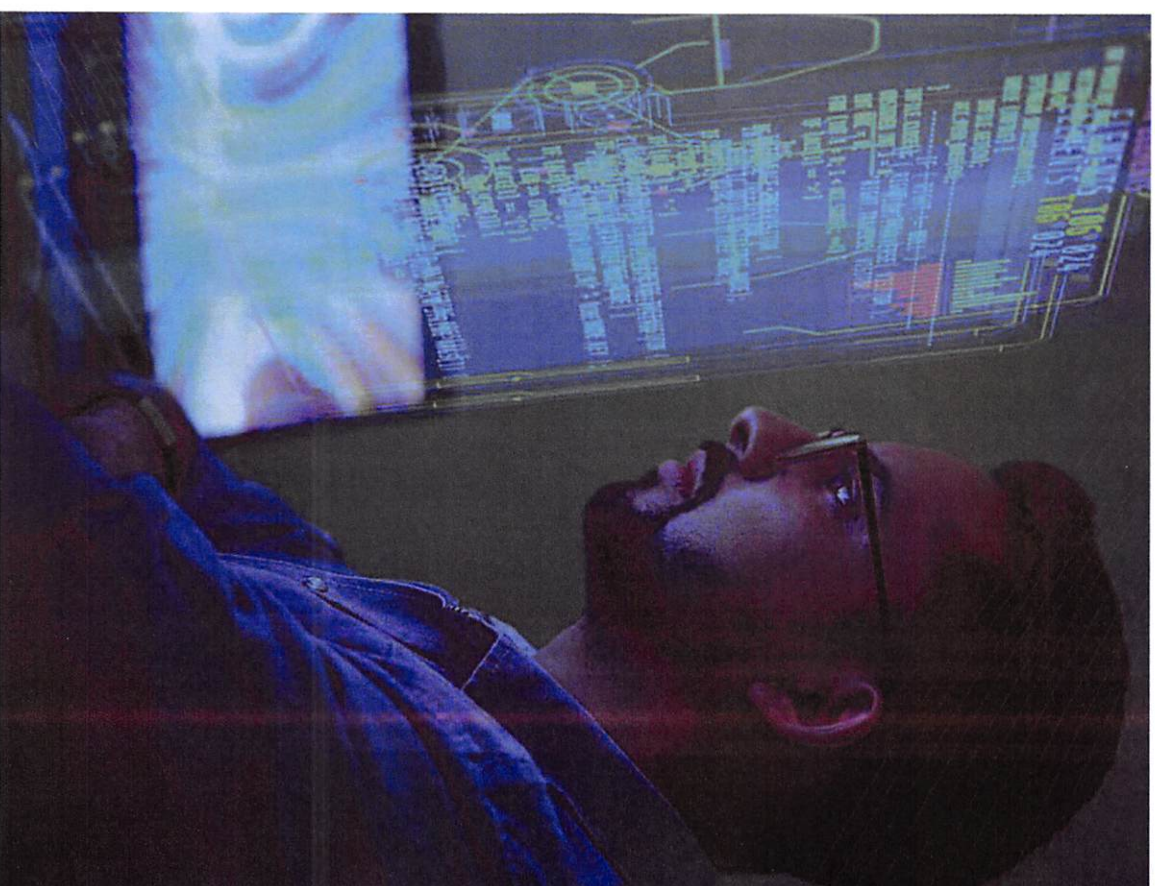
Scope & Scale

UNIQUE



Building an AI UNIVERSITY

UF NEXT





Top 5

Collaboration Opportunity

- High-growth urban area
- Long UF presence
- Influx of high-tech companies with high-skill workforce needs
- Existing higher education ecosystem
- Accelerate & strengthen regional talent growth



POTENTIAL ACADEMIC PROGRAMMING

UF Health

College of Business

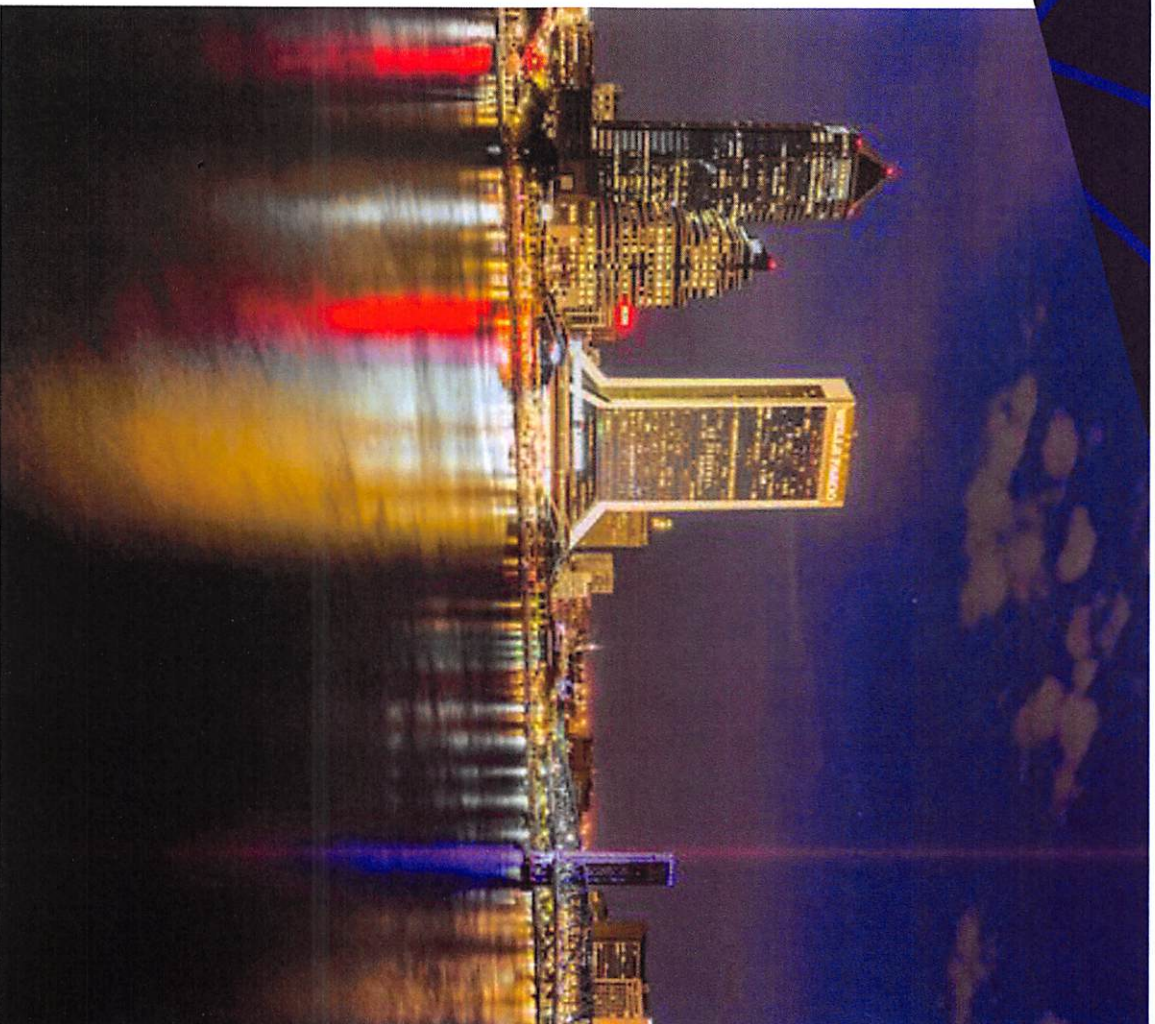
College of Engineering

Research and Innovation across all sectors

The proposed academic portfolio will evolve over time as the vision for UF@JAX takes shape and the market is further assessed.

Next Steps

- Commitment from City of Jacksonville
- Local philanthropy
- Funds from the Legislature
- Formal Agreement – COJ funds protected





UF @ JAX