



UCF Board of Trustees

Facilities and Infrastructure Committee

September 27, 2024

Agenda Item

FACC-3: 12703 Research Parkway Lease

Proposed Action

The Facilities and Infrastructure Committee is asked to recommend to the Board of Trustees, on its consent agenda, approval of the lease for the building located at 12703 Research Parkway in the Central Florida Research Park.

Authority for Board of Trustees Action

UCF Regulation 7.203 Real Property Leasing

Supporting Documentation Included

Attachment A: 12703 Research Parkway Building Lease Presentation

Facilitators/Presenters

Jon Varnell, Vice President for Administrative Operations

Winston V. Schoenfeld, Vice President for Research and Innovation

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

Summary of Key Observations/Recommendations

The following items will be reinforced through access to the 12703 Research Parkway building and space:

- The property is strategically located immediately adjacent to the UCF main campus within the UCF Research Park with convenient access via the UCF shuttle line for students.
- The facility continues to host partnerships with Orlando Health's Arnold Palmer Children's Hospital through clinical collaboration with Limbitless Solutions. Additional industry and medical partners have included Microsoft, Adobe, Autodesk, Stratasys, the Mayo Clinic, Walt Disney World, Ubisoft, and more.
- This effort is in line with two strategic focal areas that UCF has identified in its Strategic Plan: *Health and Human Performance*. It will also positively impact the metrics in UCF's Priority areas such as *Discovery and Exploration* (e.g., total R&D expenditures), *Community and Culture* (e.g., partnerships), and *Innovation and Sustainability*.
- Limbitless Solutions student scholar program supports an average of 50+ student researchers, which have included participants from across all UCF colleges engaging in research, development, and clinical activity.
- The facility supports manufacturing equipment at Limbitless Solutions, with efforts to achieve International Organization for Standardization (ISO) certifications for biomedical device manufacturing.

The terms of the lease for the 12703 Research Parkway building are summarized as follows:

- **Leased Premises:** 18,560 rentable square feet
- **Lease Term:** Ten (10) years
 - If UCF fails to exercise the Purchase Option than the Lease Term becomes fifteen (15) years.
- **Lease Commencement:** May 1, 2026
- **Rental Obligations:**
 - **Annual Base Rent:**
 - \$19.00 per rentable sq. ft. with 3% annual escalations
 - Reduction from current rate of \$20.61 per rentable sq. ft.
 - **Additional Rent (CAM Charges):** Estimated at \$8.28 per rentable sq. ft.
 - **Total Anticipated Rental Obligations:**
 - Average Annual Cost: \$602k
 - Total Lease Term Commitment: \$6M
 - **Purchase Option:** UCF shall have the right to purchase the property at any time between Lease Commencement and the end of the 5th lease term year. The parties mutually agree upon a Purchase Price based on 95% of an appraised value.
 - Purchase price estimated between \$4.2M - \$6.3M based on lease year of purchase and market conditions.

Additional Background

This facility continues to allow the University to collaborate with a federal agency for hydrologic research and monitoring while also enabling Limbitless Solutions' bionics work and student scholar program.

Implementation Plan

N/A

Resource Considerations

Funding to support the identified lease obligations will come from auxiliary funds within the Office of Research. Additionally, the occupancy of the federal agency USGS provides the funding source for their allocation of the space. Accordingly, the average annual lease obligation would be split as follows:

- \$160,376 from auxiliary funds within the Office of Research
- \$459,624 from USGS