



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
UCF Rosen College of Hospitality Management
January 24, 2019

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 11:00 a.m. Committee members Joshua Boloña, Robert Garvy, John Lord, John Sprouls, and William Yeargin were present. Chairman Marcos Marchena was present. Trustees Ken Bradley, Joseph Conte, Beverly Seay, and William Self were present.

Chair Martins stated that he had previously requested that he be provided with a draft agenda, as committee chair, for approval before the committee's materials were posted. A draft agenda was not provided to him prior to the January 24, 2019 committee meeting. After conversations with President Whittaker and staff, the chair's approval is now required before the committee's materials can be posted. For this reason, there were several revisions to the original posted materials.

Martins alerted trustees that the Parking, Housing, and Health Auxiliary Facilities Operating Budgets item was changed to an information item, so the committee would have ample time to review the materials. The Subway contract also was removed from the agenda due to discussions with staff and his concern that the amendment did not sufficiently cover all aspects of the agreement. The contract will be brought to the committee at a later date.

MEETING MINUTES

The minutes of the December 12, 2018 Finance and Facilities Committee meeting were approved as submitted.

NEW BUSINESS

Concessions Services for UCF Convocation Corporation (FFC-1)

Kathy Mitchell, Interim Chief Financial Officer, and Greg Robinson, Assistant Vice President for Procurement Services, requested approval of the agreement with Spectra Food Services and Hospitality for concessions food services for the general admissions seating and areas at the CFE Arena and Venue facilities. The initial agreement will be for five years, four months: February 1, 2019 through June 30, 2024. The parties have the option to renew the agreement for one five-year term.

This agreement includes capital dollars (provided by the awarded contractor) to improve concession spaces at the CFE Arena and Venue while also offering substantial revenue sharing through commission. No UCF funds will be used for the facility improvements. This agreement does not include servicing the premium seating areas, nor does it include catering services.

The Board of Trustees approved awarding this agreement to Spectra Food Services and Hospitality at the September 27, 2018, Board meeting. However, at the November 15, 2018 Finance and Facilities Committee meeting, the trustees requested further information on performance metrics and enhancing the fan experience with lower prices for food and beverages.

Robinson and the Procurement Services staff conducted further negotiations with Spectra and researched other stadiums and venues to compare Spectra's pricing. They found that the prices in the contract were already the same or lower than the peer facilities reviewed. Robinson also mentioned that Spectra already offers special pricing for students--\$2 hot dogs and \$2 bottled water, half of the regular price.

Spectra will now also offer a minimum of two new combo deals (where the price for the three items is \$2 less than if each item were purchased individually), and that number might increase to four total combo deals. Spectra also will offer a \$5 kids' meal. These items were added to the contract with no change to the commission structure. UCF can, at any time, discuss changing the price of items to enhance the fan experience with Spectra. However, Robinson noted that this would affect commissions. For example, if the price for an item were lowered by 25 percent, the commission received for that item would be lowered by 25 percent as well. If the price of bottled water were reduced to \$3 from its current \$4 price, the commission would be reduced from \$32,891 to \$24,668, an almost \$8,000 loss for the UCF Convocation Corporation.

Vice Chair Garvy said his concerns about pricing were alleviated because of the market research completed by Procurement Services, and that there is no need to be below market value. Spectra and Procurement Services made the requested changes and Spectra is allowing for flexibility.

Trustee Yeargin asked if the ability to renegotiate prices with Spectra had been added to the contract after the November 15, 2018 FFC meeting. Robinson answered yes. It had been in the contract previously but was vague. Now it is stipulated as a term of the contract.

Chair Martins asked for clarification about the five-year term with one five-year renewal, and if that five-year renewal had to be mutually agreed upon. Robinson said yes. Chair Martins thanked the staff for addressing the requests of the committee.

The committee unanimously approved the agreement with Spectra Food Services and Hospitality, with Trustee Sprouls recusing himself because of a potential conflict of interest.

Parking, Housing, and Health Auxiliary Facilities Operating Budgets (INFO-1)

Mitchell informed the trustees that the 2019-20 operating budgets for the university auxiliary facilities with outstanding revenue bonds were being provided for their review, and that their approval would be required prior to the Board of Governors' February 21, 2019 due date for these budgets.

Trustee Bradley asked why Parking's operating expenses from 2018-19 to 2019-20 had increased, and Mitchell answered that it was due to increased shuttle services for the UCF Downtown campus and two new apartment complexes around the main campus.

Trustee Bradley also asked why there was an increase in the salaries/benefits line for Health Services. Albert Francis, Assistant Controller, responded that this is because of market changes for the professional staff at the Student Health Center and the need to hire more employees.

Chair Martins asked for confirmation that next year's budget will cover the new garage at the UCF Downtown campus. Mitchell confirmed that it would.

Chair Martins also asked whether adding a new garage would increase revenue by more than \$52,000. Francis said that the Parking revenue increase is not based on student credit hour enrollment growth or increases in decal sales, as those have been held flat for the next fiscal year. Next year's costs related to construction transfers for new garages at the Rosen campus and the Lake Nona facility (which are included in the construction transfer budget for 2020) are for design fees only. The garages will not be operational by the end of fiscal year 2020.

Chairman Marchena clarified that the students attending UCF Downtown will have relocated from the main campus, so there will be no new revenue. The only change will be where students are using the facilities.

Chair Martins also asked for information on construction transfers. Francis said that since these budgets represent the operating funds for each of the auxiliaries, the projected transfers will be from the operating fund to the construction fund. The use of those construction funds could occur in later years, but the auxiliaries must budget for their use from the operating fund in the fiscal year in which they will be transferred.

Parking's current operating year for construction transfers includes the remaining \$3.6 million for the UCF Downtown garage and a payoff of an internal loan between Business Services and Parking for the expansion of Garage C. Next year's transfers include the transfer of interest earnings (which is routine for each auxiliary) to the central reserve of the university, a buildout in the UCF Downtown garage for a Parking Services office, \$750,000 in design fees for the Rosen garage, and \$834,000 in design fees for the garage at Lake Nona.

For Housing, the current year's estimated transfers include the transfer of interest earnings of \$400,000, a UCF Downtown student support space located in the new partnership housing facility at a cost of \$2.7 million, and \$1.2 million for additional infrastructure for the Res-Net internet systems project for Housing. Next year's transfers include an additional \$400,000 in interest transfers and an additional \$1.2 million for the Res-Net internet systems project.

Health's transfers for the current year and next year include interest earnings projections of \$137,000.

Mitchell added that part of the reason for the delay in providing the materials is that they wanted to present the information accurately. They received written confirmation from the Board of Governors that these construction transfers were allowed and are being shown properly.

Chair Martins asked whether, in light of having these questions answered, the committee wanted to move forward with a motion to approve. Vice Chair Garvy made the motion, and Trustee Yeargin seconded. The committee unanimously approved the 2019-20 Parking, Housing, and Health Auxiliary Facilities Operating Budgets as presented.

Chair Martins adjourned the Finance and Facilities Committee meeting at 11:25 a.m.

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