



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
November 19, 2020
Virtual Meeting

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 1:00 p.m. Committee members Caryl McAlpin, Harold Mills, David Walsh, and William Yeargin attended virtually. Board of Trustees Chair Beverly Seay and Trustees Kenneth Bradley, Joseph Conte, Joseph Harrington, and Michael Okaty attended virtually.

MINUTES

Trustee Yeargin made a motion to approve the minutes of the October 14, 2020, Finance and Facilities Committee meeting. Trustee Mills seconded the motion.

The committee unanimously approved the minutes of the October 14, 2020, Finance and Facilities Committee Meeting as submitted.

REPORTS

Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer, provided the committee with a brief COO update.

UCF Police Department (UCFPD):

- UCF hosted its first COVID-era football games on campus. Both games were managed safely and no positive COVID tests have been associated with either game.
- Downtown UCFPD officers developed an “Essentials Kit” for the homeless and transient population.
- UCFPD was recognized for the professional and compassionate way in which officers handled a dangerous arrest made earlier this month. Shepherd emphasized the training and practice that the UCFPD has on not only being law enforcement but also being supportive members of a campus community.
- A UCFPD detective has been asked to join the advisory committee for the National Center Forensic Science Institute to teach state and local law enforcement throughout the country in digital forensics.

Human Resources:

- Staff developed the Knight Vision Staffing Process Guidelines document that streamlines and expedites the hiring and on-boarding process for individuals who will be responsible for UCF's ERP implementation project.
- HR worked with UCF Facilities on the transition plan for UCF Convocation employees and expects to complete the conversion of those individuals to UCF staff by the end of the month.

Parking Services:

- Annual permits were extended and will be valid through the end of the calendar year. In January, new permits will be issued for the remainder of the academic year at a prorated cost.

Facilities and Construction & Planning:

- The large renovation project for the Transgenic Animal Research Facility was completed, along with the HVAC renovation project in collaboration with UCF's Utilities and Energy Services team.
- Staff collaborated with Orange County on several pedestrian safety projects along Alafaya Trail.
- The architecture and design firm selection process has been completed for the Biology Building renovation project.
- The Chemistry Building renovation project is currently out to bid.
- Staff developed a project schedule report that provides a high-level status overview and the current phase of all projects in progress. This report will be used to provide the committee with updates on open projects.

Shepherd asked the chair to recognize Dr. Elizabeth Klonoff, Vice President for Research and Dean of the College of Graduate Studies, to provide the committee with a quickly developing matter involving the Arecibo Observatory.

Klonoff informed committee members that the U.S. National Science Foundation (NSF) announced it will begin planning the decommissioning of the telescope at the Arecibo Observatory, citing a cable break that has damaged the structural integrity of the telescope. Klonoff expressed disappointment in the outcome but noted that safety is the top priority.

Because UCF manages the observatory on behalf of NSF, the committee wanted to ensure that proper insurance is maintained at the facility. Staff confirmed that there are three insurance policies covering the facility.

Joseph Trubacz, Interim Vice President for Finance and Chief Financial Officer, provided the committee with a brief update, noting there has been little change since the last committee meeting.

The ERP project has formally been named Knight Vision and the contracts with Workday and Accenture have been executed. The initial meetings with Workday and Accenture have been held to finalize the project plan, timeline, and staffing requirements. The kick-off meeting and presentation was held on November 3, with the president and provost speaking to a campus audience of over 500 employees. There was tremendous interest from the campus community in

participating in the Knight Vision. Trubacz informed the committee that an ERP update will be a formal information item at all FFC meetings beginning in January.

Trubacz updated the committee on the Budget Model Redesign project and the Adaptive Planning budget software implementation. The budget model has shifted towards a more strategic, data-informed resource allocation process. Trubacz stated that Finance is currently in the parallel year of the model's final stage of development, where effort is being placed on reconciling data, identifying training needs, continuing campus communication and outreach, and forming the model's governance structure. As part of the model's governance structure, the Central Support Unit Allocation Committee, co-chaired by Interim Provost Michael Johnson and Associate Vice President Kristie Harris, was established to identify key performance indicators (KPIs) for central administrative support units. The establishment of KPIs will clarify support unit service expectations, increase the transparency of service performance, and ensure the campus community receives high quality, timely, and consistent support. Trubacz explained that Adaptive Planning, a cloud-based budgeting software tool, is launching simultaneously and will be fully implemented by March 2021.

Trubacz informed the committee that Housing has seen a significant increase in completed housing agreements for Spring 2021, with 607 new agreements completed and reserved with a student deposit, Prepaid Housing Plan payment, or deferral. Spring Housing occupancy is currently at 88.6 percent of full capacity on the main campus.

Trubacz updated the committee regarding the budget reallocation process. All units have had three percent of their recurring E&G allocations withheld. The University Budget Committee heard plans from the administrative units on how they would handle an additional three percent cut and whether there would be any impacts to the services offered by the units. The committee will be bringing recommendations to the president about the additional three percent cut. The budget reallocations will generate up to \$25.4 million that may be strategically reallocated or, if necessary, used to offset cuts from the Florida Legislature.

NEW BUSINESS

FFC-1 2015 Educational Plant Survey Revisions

Shepherd provided the committee with background information regarding the 2015 Educational Plant Survey (EPS). Shepherd stated that the university's Educational Plant Survey is one of the planning documents necessary for construction or capital renewal projects and must be renewed every five years. The last survey completed by UCF was in 2015 and, since that time, several projects have been added to the Campus Master Plan and the Capital Improvement Plan.

Shepherd informed the committee that staff are requesting the approval of the following projects as amendments to the 2015 EPS:

- Downtown Parking Garage,
- Howard Phillips Hall Renovation,
- Florida Solar Energy Center Renovation,
- Biological Sciences Renovation, and
- Theatre Renovation.

Shepherd noted that the EPS is simply an acknowledgment of need for the university based on several criteria, including alignment with the university's strategic plan, that are approved by the Board of Trustees and validated by the Board of Governors and state university system peers. Approval of the EPS does not constitute approval of funds.

Trustee McAlpin made a motion to approve the revisions to the 2015 EPS to facilitate the addition of the Learning Laboratory, Downtown Parking Garage, Howard Phillips Hall Renovation, Florida Solar Energy Center Renovation, Biological Sciences Renovation, and Theatre Renovation. Trustee Yeargin seconded the motion. The motion was approved unanimously.

FFC-2 Approval of the 2020 Campus Development Agreement

Shepherd reminded the committee that it has been one year since the approval of the 10-year Campus Master Plan (CMP). The CMP is a high-level comprehensive planning tool for capital projects and a statutory requirement with the purpose of reaching agreement between universities and their local host government regarding impacts to population, traffic, and other county resources. Shepherd noted that the fiscal obligations set forth in the agreement pertain to potential plans for enhanced pedestrian safety along McCulloch Road.

Shepherd asked the chair to recognize Fred Kittinger, Senior Associate Vice President for Government and Community Relations, for any questions.

Trustee Yeargin made a motion to approve the 2020 Campus Development Agreement. Trustee Walsh seconded the motion. The motion was approved unanimously.

INFO-1 Overview of UCFAA COVID-19 Financial Impact

Brad Stricklin, Executive Associate Athletics Director and Chief Financial Officer, provided the committee with a summary of the current UCF Athletics Association (UCFAA) budget impact due to the COVID-19 pandemic.

Stricklin stated that UCFAA has been greatly impacted financially by the pandemic. Facility capacities for athletics events have been significantly diminished and expenses for testing, additional sanitization of facilities, and travel protocols have all increased. In some cases, games are being cancelled due to high numbers of positive COVID-19 tests.

UCFAA will have a projected \$12.7 million revenue loss due to reduced number of home football games and limited stadium capacity. The sources of revenue impacted are ticket sales, per-seat premiums, concessions and catering, and corporate partnerships. UCFAA also will have a projected increase of \$1 million-\$2 million in expenses due to increased COVID-19 protocols. The net negative impact being \$14 million-\$15 million in projected losses and new expenses.

Stricklin reassured the committee that UCFAA is taking steps to help minimize the losses. These measures to include a hiring freeze and pausing new construction.

Stricklin provided a breakdown of the cash flow within UCFAA, explaining the \$6.8 million cash shortfall, and emphasized the importance of the university's support in the success of UCFAA.

FFC-3 UCFAA Request to Defer 2020-21 and 2021-22 Loan Payments to UCF

Stricklin provided the committee with background information regarding the university loan to UCFAA. UCFAA is currently in year seven of an 11-year payback plan of loans received from the university between 2004 and 2008. The total amount of loans taken by UCFAA to fund operating expenses during that time was \$10,873,000, and \$1,400,000 was repaid in 2007. Unpaid interest accrued over that period was \$1,943,632, for a total amount of \$12,816,632 owed to the university. Total principal payments in the amount of \$7,617,743 have been made since 2007 and the current amount of \$5,198,889 is due by June 30, 2025. The interest rate is determined on an annual basis and equals the average Special Purpose Investment Account (SPIA) rate of return as of the preceding fiscal year. For 2020-21, the interest rate will be 3.1631 percent.

Stricklin stated that UCFAA no longer receives loans from the university due to the Auditor General's 2008 operational audit of UCF which found that, absent specific statutory authority, the university is prohibited from making loans to its direct support organizations. A repayment schedule was approved by the Board of Trustees in August 2009 and amended in June 2015.

Stricklin requested to defer UCFAA's loan payments to the university for a period of two years. The repayment schedule would be extended by two years per the schedule provided to the committee members.

Trustee McAlpin made a motion to defer 2020-21 and 2021-22 loan payments to UCF. Trustee Yeargin seconded the motion. The motion was approved unanimously.

FFC-4 Temporary Support for UCF Athletics

Stricklin stated that the UCF Foundation (UCFF) was asked by UCFAA and the university for assistance in resolving UCFAA's cashflow issue.

Glen Dawes, Associate Vice President and Chief Financial Officer, UCF Advancement, explained that UCFF maintains financial reserves for both facilities and operations, and historically has excess reserves that can be utilized for short term emergency needs. UCFF has offered to provide UCFAA an 18-month revolving line of credit not to exceed \$3 million with an annual interest rate of three percent, which may be renewed for up to two additional 12-month periods at the end of the current period maturity date. Dawes noted that if UCFAA defaults on a payment, UCFF may invoice the university for repayment from collateral.

Trustee McAlpin made a motion to approve UCF Foundation's issuance of a letter of credit up to \$3 million to UCFAA. Trustee Yeargin seconded the motion. The motion was approved unanimously.

FFC-5 Increase to Operating Line of Credit for UCFAA

Stricklin informed the committee that UCFAA currently has a line of credit with Fifth Third Bank in the amount of \$5 million to assist with seasonal cash needs. UCFAA is requesting additional cash availability in the spring to assist with revenue shortfalls due to the COVID-19 pandemic.

Stricklin noted that UCFAA opened a \$1.2 million line of credit in 2009-10. The line was increased to \$2 million in 2012-13 and increased again to \$5 million in 2016-17. Stricklin said the increases have been appropriate for the growth of UCFAA's annual budget.

Stricklin stated Fifth Third Bank has agreed to an increase of \$3 million, bringing the total line of credit to \$8 million. The interest rate on the line is the 30-day LIBOR plus 2.75 percent with a LIBOR floor of .75 percent. As of November 12th, the LIBOR is .14 percent. If the entire \$8 million is used over the course of the year, UCFAA would pay interest in the amount of \$260,000. The impact to the \$3 million increase could be as high as \$97,500.

Trustee McAlpin made a motion to approve the renewal of the UCFAA's line of credit through July 2022 and increase the line from \$5 million to \$8 million. Trustee Walsh seconded the motion. The motion was approved unanimously.

FFC-6 Rent Concessions for Convocation Corporation Independent Retail Vendors

Shepherd reminded the committee of previous discussions regarding financial strain placed on on-campus vendors due to COVID restrictions and the campus depopulation in response to the pandemic. Shepherd stated that after exploring several options, she recommended forgiving the rents for these tenants for the months of March through August, with a total of \$222,000 in lost revenue for the UCF Convocation Corporation (UCFCC). Shepherd assured the committee that UCFCC is secure in meeting its debt obligation for this year without the funds that would be forgiven. Shepherd stated the alternative would be to enforce the rents, which could result in the tenants defaulting and vacating the space, which creates a longer-term revenue shortfall due to the length of time required to find a suitable replacement tenant. This would also result in the loss of food options for students and employees in that area of campus.

Trustee McAlpin made a motion to approve the rent concessions for Convocation Corporation independent retail vendors. Trustee Yeargin seconded the motion.

Committee members expressed concerns regarding rent forgiveness and asked staff to explore alternative options.

Trustee McAlpin amended her motion to table the item and Trustee Yeargin seconded.

Chair Martins asked Shepherd to come up with alternative plans to present to the committee at a future meeting.

FFC-7 Rent Concessions for Student Union, Recreation and Wellness Center, and John T. Washington Center Independent Retail Vendors

Based on the committee's discussion of the previous rent concessions item, Chair Martins tabled the proposed rent concessions for Student Union, Recreation and Wellness Center, and John T. Washington Center independent retail vendors to a future committee meeting.

INFO-2 University and Direct Support Organizations Debt Report

Due to time constraints, Chair Martins asked Albert Francis, Assistant Vice President for Debt Management, to present the University and Direct Support Organizations Debt Report at the January committee meeting.

INFO-3 DSOs' Financial Report, Ended June 30, 2020 – Fourth Quarter

Christina Tant, Assistant Vice President for DSO Accounting and Reporting, had no additional information for committee members.

INFO-4 FY20 University Draft Audited Financial Report

Danta White, Assistant Vice President and University Controller, informed committee members the FY20 University Draft Audited Financial Report was still in draft format and subject to change. White stated that any changes will come back to the committee once it has been finalized.

INFO-5 University Operating Budget, Ended September 30, 2020 – First Quarter

Kristie Harris, Associate Vice President for Financial Affairs, advised the committee that the University Operating Budget, Ended September 30, 2020 – First Quarter will be presented in full at the Board of Trustees retreat in December. Harris stated that committee members will be presented with a deep dive into the new format provided.

ADJOURNMENT

Martins adjourned the Finance and Facilities Committee meeting at 3:30 p.m.

Reviewed by:

Alex Martins
Chair, Finance and Facilities Committee

Date

Respectfully submitted:

Janet Owen
Associate Corporate Secretary

Date