



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Third Floor, Millican Hall
October 16, 2019

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 8:30 a.m. Committee members Kyler Gray and David Walsh were present. Committee members Danny Gaekwad and Robert Garvy attended by teleconference. Committee member Bill Yeargin did not attend. BOT Chair Beverly Seay attended by teleconference. Trustees Ken Bradley, Joseph Conte, and John Lord attended by teleconference. Trustee Bill Self was in attendance.

MEETING MINUTES

The minutes of the September 18, 2019, Finance and Facilities Committee meeting were approved as submitted.

NEW BUSINESS

Specialized Tuition for Master of Science in Financial Technology (FFC-1)

Elizabeth Dooley, Provost and Vice President for Academic Affairs, and Tim Letzring, Senior Associate Provost for Academic Affairs, presented for approval a self-supporting tuition model for the Master of Science in Financial Technology program. The program has received academic approval, but its requested self-supporting tuition model requires Board of Trustees approval.

Self-supporting tuition programs are those in which tuition and fees charged for college-credit continuing education courses offset the full instructional cost of serving the student and do not exceed the existing approved tuition and out-of-state fees for similar level courses.

Self-supporting tuition programs are Auxiliary enterprises, and all expenses must be covered by tuition revenue. Self-supporting tuition levels exist between in-state and out-of-state graduate tuition (equivalent per credit hour charges between \$369.65 and \$1,194.05). The requested tuition rate for the Master of Science in Financial Technology is \$1,150 per credit hour, or \$34,500 for the entire 30-credit program.

The Master of Science in Financial Technology is a 30-credit, self-sustaining, lock-step/cohort program offered jointly by the Department of Finance (College of Business) and Department of Computer Science (College of Engineering and Computer Science). The curriculum includes five courses in Finance and five courses in Computer Science. The face-to-face program will be offered at the main UCF campus.

Chair Martins asked why the tuition rate for the program was a high \$1,150 per credit hour. Letzring said that they cannot use E&G funds, and Finance department and Computer Science department faculty are expensive in terms of their salaries. The program also will provide fellowship assistance and requires new computer equipment.

Martins also asked what happens if the minimum number of students does not enroll in the cohort. Letzring said that the program could delay its start for a year.

Vice Chair Garvy asked why this program is being funded by a self-supporting model and not subsidized like other UCF graduate programs.

College of Business Administration Associate Dean Sevil Sonmez explained what makes the Master of Science in Financial Technology program different from other UCF graduate programs and programs at other institutions. UCF Interim President Thad Seymour added that a high demand for this program exists in central Florida, and it is being priced in a way that is affordable.

Garvy requested that an analysis be completed on all UCF graduate programs to see how funds are spent, and that analysis be brought to the Educational Programs Committee or the full Board of Trustees.

Vice President for Research and Dean of the College of Graduate Studies Elizabeth Klonoff said that in the next year they will be assessing all UCF master's degree and doctoral programs.

Chair Seay asked to emphasize that E&G funds cannot be used for the Master of Science in Financial Technology program. Letzring confirmed and added that if they start the program using E&G funds and discover it is not sustainable, they cannot request self-supporting tuition later.

The committee unanimously approved the self-supporting tuition model for the Master of Science in Financial Technology program as submitted.

Sublease Agreement with Florida Parks Service (FFC-2)

Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer, and Jennifer Cerasa, Senior Associate General Counsel, presented for approval a sublease between the University of Central Florida and the Florida Parks Service for a research facility at Econfina State Park for coastal research.

The property is generally located at 4741 Econfina River Road, Lamont, Florida in Taylor County. It is owned by the State of Florida. The facility is a former restaurant that has been vacant for several years, but was recently completely renovated to include a new roof, new A/C system, new floors, and new walls.

The sublease is for 20 years. UCF pays for all charges related to utility fees, maintenance of the property (including the cost of keeping the public restrooms open during park hours of operation), and taxes and assessments.

The agreement will give UCF Coastal a facility that will facilitate basic research activities as well as provide an opportunity for multiple departments (Biology, Anthropology, Civil, Environmental & Construction Engineering) to develop one- and two-week field courses for UCF students. UCF will help maintain the image of the park, provide the park with daily facility maintenance and a presence and security, allow Park Service staff to focus on other projects, and efficiently and effectively utilize empty building space.

Charitable contributions will be used to support associated operating fees. Costs in excess of the charitable contributions will be paid by the department using appropriate funds.

The committee unanimously approved the sublease agreement with the Florida Parks Service for the research facility at Econfina State Park as presented.

Post Investigation Action Plan for Items with Finance and Facilities Committee Oversight (FFC-3)

Shepherd and Dennis Crudele, Interim Vice President for Financial Affairs and Chief Financial Officer, updated the committee on the implementation of recommendations with Finance and Facilities Committee oversight following the inappropriate transfer of E&G funds to construction.

Four items were recommended as being considered complete.

Item 6 on the post-investigation action plan states the “university will not move forward with any capital projects until the UCF BOT has completed the implementation of the procedures discussed at the UCF BOT meeting held on 9/6/18 and verified to the Board of Governors that all procedures are in place.” At the September 6, 2018, BOT meeting, the Funding Certification Form was mandated for all capital projects over \$2 million, and the plan to replenish the \$38 million in E&G funds spent on Trever Colbourn Hall was approved. The Funding Certification Form has been in use since, and the \$38 million was replenished. Both have been documented to the Board of Governors. Also, the Board of Governors has lifted the moratorium on capital projects.

Item 15 states, “Budget and finance decision makers should receive regular notifications of changes in applicable laws and regulations including new Board of Governance guidance.” The Division of Finance routes proposed BOG regulation amendments internally for comments and provides feedback to the BOG. Upon publication of new regulations and university policies, they inform the campus community via the budget directors’ meetings and financial focus group meetings.

Item 17 states, “Boards of Trustees should approve E&G carryforward commitments reported to the BOG’s each August and approve University changes to the approved commitments on a quarterly basis.” The UCF BOT approved the 2019-20 Carryforward Spending Plan at the September 19, 2019, BOT meeting. An updated plan is being provided at this FFC meeting and subsequent November 14, 2019, BOT meeting.

Item 33 states, “Document the BOT approval of any auxiliary fund deficit fund balances that were caused by restoration of the E&G funds and provide such documentation to the BOG.” In response to the Auditor General’s operational audit finding, UCF responded: “In terms of auxiliary balances addressed in this finding, as permitted by BOG Regulation 9.013, Auxiliary

Operations, UCF has determined that its auxiliary services will be self-supporting in the aggregate, and not on an individual basis. Accordingly, an auxiliary operation had a temporarily deficit fund balance due to the timing of when the correcting journal entries were posted; however, at no time was there a deficit in the collective fund balance for all auxiliary operations.”

The committee unanimously approved marking items 6, 15, 17, and 33 on the post-investigation action plan as complete.

Roth Athletics Center Phase II Building Program (FFC-4)

Shepherd presented for approval the Roth Athletics Center Interior-Buildout Program. This project (Phase II) was included in the university’s Fixed Capital Outlay budget that was approved by the Finance and Facilities Committee and the Board of Trustees at the September 18, 2019, and September 19, 2019, meetings, respectively, and approved by the Board of Governors on October 3, 2019.

The signed Funding Certification Form also was provided.

As background, the Roth Athletics Center project was initially planned as an expansion of the existing Wayne Densch Sports Center but eventually evolved into a standalone project. The project has been in development for several years and was first presented to the committee in 2012. The project was approached in phases, with Phase I consisting of the building “shell” that included foundation, walls, and roof, along with essential elements required by building code. Phase II involved the interior buildout of the shell. In September 2018, a moratorium was placed on all new projects at the university, which halted the start of Phase II.

The committee unanimously approved the Roth Athletics Center Interior-Buildout Program as presented.

College of Medicine Presentation (INFO-1)

Deborah German, Vice President for Health Affairs and Dean of the College of Medicine, Marcia Katz, Associate Dean for Clinical Affairs and Chief Medical Officer for UCF Health, and Danny Cavallo, Associate Vice President for Administration and Finance and CFO for the College of Medicine, presented an update on UCF Health operational and financial improvements.

UCF Health is the College of Medicine’s faculty practice, and an integral component of the College’s education, research, and clinical missions that provides clinical services to the community. In 2018, the College of Medicine and UCF Health began working with national consultants on a plan for operational and financial improvements, with the goal of becoming financially stable and sustainable.

The presentation covered an overview of UCF Health and the faculty practice, priorities and recommendations, operational improvement initiatives, the estimated annual financial impact of key initiatives, financial projections, and challenges.

A lengthy discussion followed with questions from all trustees focusing on the financial history of the practice, the assurance of their financial projections, medical coding and billing and its impact on UCF Health, and ensuring past errors in financial planning will not reoccur.

Facilities Process Improvements Recommendations Update (INFO-2)

Because of time constraints, this item was tabled until the December 11, 2019, Finance and Facilities Committee meeting.

Campus Master Plan Process Update (INFO-3)

Shepherd presented an update on the new Campus Master Plan development and approval process and discussed changes and additions to the CMP.

After development by a large interdisciplinary team of UCF Element leaders, the 2020-30 Campus Master Plan (CMP) has completed several statutory requirements per [Florida Statute 1013.30](#). All statutory events (underlined) were advertised in the newspaper. Presentations from these meetings are on the CMP website, www.fp.ucf.edu/mp2020/. Completed milestones:

- Statutory public meetings (presentations from these meetings are on the CMP website):
 - Informal Information Session May 15, 2019
 - First Public Hearing July 17, 2019 (transcript of this meeting is on the CMP website)
- Publication in draft form July 22, 2019 for review:
 - Electronic copy on the FPC webpage: <http://fp.ucf.edu/mp2020/>
 - Hard copy placed in the John C. Hitt Library
 - Notification was sent electronically to a statutory list of review agencies, including the host and affected local government (see list on CMP website)
 - Comments from 90-Day review are due October 22, 2019

Once the 90-Day review period ends, individual responses will be emailed to all reviewers who submit comments.

A list of comments and UCF responses and a list of internal edits will be provided to the BOT, along with the final version of the 2020-30 Campus Master Plan.

The remaining statutory requirements per [Florida Statute 1013.30](#) are:

- Following receipt and consideration of all comments, UCF will hold a Second Public Hearing at the November 14, 2019, meeting of the UCF Board of Trustees.
- Board of Trustees will be asked to Adopt the final 2020-30 Campus Master Plan after the Second Public Hearing.

Martins asked that all trustees review the draft Campus Master Plan and provide any comments prior to October 22, 2019, so that they may be addressed prior to the final adoption of the CMP at the November 14, 2019 Board of Trustees meeting.

Direct Support Organizations' 2018-19 Fourth-Quarter Financial Reports (INFO-4)

Crudele and Bert Francis, Assistant Vice President for Debt Management, presented as an information item the 2018-19 Fourth-Quarter Financial Reports for the Central Florida Clinical Practice Organization and the university DSOs: UCF Athletics Association and Stadium Corporation, UCF Convocation Corporation, UCF Finance Corporation, UCF Foundation, UCF Limitless Solutions, and the UCF Research Foundation.

Martins asked if any abnormalities were present. Francis said no, and all variances were explained on the cover sheet.

Trustee Gaekwad expressed concern about the Florida state statutes that mandate DSOs. Vice President and General Counsel Scott Cole will distribute a memo to all trustees explaining the statutes and what the UCF Board of Trustees policy on the request for and release of DSO records allows.

University and Direct Support Organization Debt Report (INFO-5)

Crudele and Francis presented as an information item the University and Direct Support Organization Debt Report. Martins asked if any abnormalities were present. Francis said no and stated one significant transaction since the last report submission on May 16, 2019, has occurred: The university is in the process of calling and defeasing the remaining Health Center revenue bonds. As a result, the projected debt service for 2019-20 includes the total principal outstanding plus accrued interest.

Investments Quarterly Report Ended June 30, 2019, Including Annual Review (INFO-6)

As an information item, Crudele presented the investments quarterly report for the quarter that ended June 30, 2019, and provided an annual review of the university's investment portfolio.

On June 30, 2019, the university had the following cash and investment balances:

Bank of America operating account	\$ 13,745,560
State of Florida Special Purpose Investment Account (SPIA)	\$ 281,219,072
Bank of New York Structured Investment Portfolio	\$ 295,839,286
Total Cash and Investments	\$ 590,803,918

The structured investment portfolio earned quarterly net gains totaling \$7,355,316.

Carryforward Spending Plan for 2019-20 and 2019-20 Fixed Capital Outlay Budget Update (INFO-7)

Crudele updated the committee on the Carryforward Spending Plan for 2019-20 and the 2019-20 Fixed Capital Outlay Budget that were approved by the Finance and Facilities Committee and the Board of Trustees on September 18, 2019 and September 19, 2019, respectively.

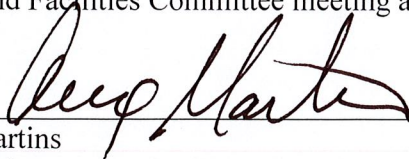
The Board of Governors subsequently recommended that the requests for PECO funding for the Howard Phillips Hall renovation (\$12.4 million) and Biological Sciences Building renovation (\$21.7 million) be removed from the Legislative Budget Request and be added to the UCF Fixed Capital Outlay Budget and Carryforward Spending Plan in phases beginning in 2019-20 through 2022-23. \$3.5 million also was added to provide operational support for BRIDG while a consultant reviews its operations.

Because the HVAC portions of the Biological Sciences Building and Howard Phillips Hall renovations were already included in the originally approved Carryforward Spending plan, this resulted in a net \$29.9 million removed from units' Carryforward Spending plans.

The BOG approved the UCF Carryforward Spending Plan for 2019-20 and the 2019-20 Fixed Capital Outlay Budget at its October 3, 2019, meeting.

Martins adjourned the Finance and Facilities Committee meeting at 11:20 a.m.

Reviewed by:



Alex Martins
Chair, Finance and Facilities Committee

12.11.19

Date

Respectfully submitted :



Janet Owen
Associate Corporate Secretary

12/13/2019

Date