



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
April 14, 2021
Virtual Meeting

MINUTES

CALL TO ORDER

Trustee Harold Mills, chair of the Finance and Facilities Committee, called the meeting to order at 2:35 p.m. Committee members Tiffany Altizer, Bill Christy, Jeff Condello, Caryl McAlpin, and Chair Beverly Seay (ex-officio) attended virtually.

Other Trustees attending the meeting virtually included Trustees Joseph Harrington, Alex Martins, and Michael Okaty.

MINUTES

Trustee Altizer made a motion to approve the minutes from the February 10, 2021, Finance and Facilities Committee meeting. Trustee Condello seconded the motion.

The committee unanimously approved the minutes of the February 10, 2021, Finance and Facilities Committee Meeting as submitted.

REPORTS

Gerald Hector, Senior Vice President for Administration and Finance, provided an update to the committee on UCF Facilities. He advocated for applying a holistic approach to the management of UCF's physical plant that aligns with the strategic goals of the university. He explained Facilities' maintenance operations and capital renewal functions, as well as how they are funded. He then delineated which buildings UCF Facilities maintains on campus, and which they do not. He juxtaposed the buildings being maintained by Facilities, but over which they do not have any authority, with the capital renewal needs of those buildings. He highlighted that there is no central management of the university's portfolio of building and real estate assets and that a unified strategy needs to be applied to address funding for capital renewal and other facilities needs. Hector concluded that the path forward requires a holistic building management strategy and five-year capital plan, as well as the development of a funding strategy that addresses all of UCF's physical assets.

Hector then gave a financial update to the committee. He has increased the division's focus on treasury functions. He also discussed UCF's strategy to address its internal loans. He shared that

an assessment of the loans has been made and was presented to the senior leaders of the university. The next phase is to meet with campus constituents who will be impacted by the proposed change to address these loans. The solution cannot be accomplished in a single year because of cash flow constraints, but a three- to five-year view is attainable instead of the current eleven-year payback period that is currently in place.

The committee then heard information about CARES Act funding. He shared that the Department of Education relaxed some of the prior rules and that lost revenues may now be calculated from March of 2020 and UCF is looking at how to capitalize on the change. The second tranche of funds are also on hand and uses are being contemplated at this time. There is a possible third tranche of funds that has not yet been finalized but will be assessed once more information is known.

Hector then discussed the creation of a carryforward policy as part of a multi-pronged approach to budgeting. He noted that UCF is looking into strategies to address the annual return of Education and General (E&G) funds to carryforward at the end of each year. Strategies under consideration are the spending of E&G appropriations first in a budget year, and the more focused allocation of resources at the start of each fiscal year.

To close, Hector showed the committee draft financial dashboards that will be developed further and shared with the cabinet and trustees on a monthly basis. He noted that the dashboards are management tools to assist with overseeing the finances of the university in a more holistic way each year.

Misty Shepherd, Interim Vice President for Administrative Affairs and Chief Operating Officer, updated trustees on UCF's negotiations with small independent retailers that were impacted by the pandemic.

Trustees had the following comments:

- Trustee Condello asked for more information on external assessments of UCF's deferred maintenance needs. Hector responded that there are reports from a vendor Sightlines that does the assessments of the deferred maintenance needs of a campus, and he would forward to him the latest report that agreed with the approximate \$265 million total.
- Chair Mills asked about Facilities service agreements; that staff provide a timeline for presenting the space utilization study at the April 22, 2021, Board of Trustees meeting; and that the carryforward spending plan be presented to the committee twice, first as an information item and then as an approval item at consecutive meetings.
- Trustee Harrington asked whether the number of buildings coming up for major renovation would impede UCF's ability to build new or specialized space. Hector responded that at the current time it is difficult to answer that question until a full needs assessment is done and matched up with available resources, as Public Education Capital Outlay (PECO) and Plant Operations and Maintenance (PO&M) funds are not coming to UCF at this time. Shepherd indicated that such knowledge will be gained as UCF pursues the holistic approach to managing the campus' physical assets on a prospective basis.
- Trustee Christy asked how E&G carryforward funds would be managed in the future. He also asked for a timeline and evaluation of current space utilization on campus. Mr. Hector explained that the E&G funds are managed in line with BOG rules. They are invested in SPIA accounts and monitored throughout the course of the year. That process will continue to comply with the BOG

rules. Non-E&G funds do not have that restriction, and reviews are being done to see how UCF can maximize returns on those funds to assist with its cash flow needs.

NEW BUSINESS

FFC-1 John C. Hitt Library Renovation and Expansion Phase 2A.1 and 2A.2

Shepherd presented Phase 2A.1 and 2A.2 of the John C. Hitt Library renovation and expansion for approval.

Trustees Christy and Condello were appreciative of staff's detailed explanation of the project.

Trustee Christy made a motion to approve John C. Hitt Library Renovation and Expansion Phase 2A.1 and 2A.2. Trustee Condello seconded the motion. The motion was approved unanimously.

FFC-2 2021-26 Educational Plant Survey

Shepherd presented the 2021-26 Educational Plant Survey for approval and explained UCF's overall capital planning process.

Trustee Christy asked for a master schedule of all capital renewal needs in a tick and tie format. Shepherd indicated that the holistic approach UCF is undertaking will provide a reconciliation between documents requested by the Board of Governors and the strategy around the physical plant needs of the university. That plan is being worked on currently.

Trustee Christy made a motion to approve the 2021-26 Educational Plant Survey. Trustee Altizer seconded the motion. The motion was approved unanimously.

FFC-3 Proposed Second and Third Amendments to Sublease Agreement between UCF and Pegasus Hotel LLC

Shepherd presented the proposed second and third amendments to the sublease agreement between UCF and Pegasus Hotel LLC for approval. After providing background on the public-private partnership, she explained that the second amendment changes the commencement date of the sublease due to delays caused by the pandemic, and the third amendment modifies language regarding easements.

Trustee Christy made a motion to approve the amendments to the sublease. Trustee Altizer seconded the motion. The motion was approved unanimously.

FFC-4 Amendment to the 2017 Elsevier Subscription Agreement

Hector provided the committee with information regarding UCF's Elsevier subscription extension for approval. The contract and amendment were negotiated University of Florida Board of Trustees for the benefit of the State University System of Florida.

Chair Mills asked for usage statistics by college for the Elsevier subscription. Hector indicated that there are statistics that are on hand and he would forward those to him.

Trustee Christy made a motion to approve the amendment to the Elsevier Subscription Agreement. Trustee Altizer seconded the motion. The motion was approved unanimously.

INFO-1 Knight Vision Enterprise Resource Planning (ERP) Status Update

Michael Sink, Associate Vice President and Chief Operating Officer for UCF IT, provided a brief update on the progress of the Knight Vision Enterprise Resource Planning (ERP) project. He described activities that are occurring in parallel with the Workday ERP implementation to provide a full scope of activities, and presented a timeline, costs estimate, and budget update.

Trustees had the following comments:

- Board Chair Seay asked that UCF continue its not to exceed approach to negotiations in subsequent project phases and to include the entire scope in the management of the project. Sink indicated that all agreements going forward will have this measure noted within them.
- Chair Mills asked whether all of the current custom applications and integrations were necessary and to what extent they could be eliminated. Matthew Hall, Vice President for Information Technology and Chief Information Officer, provided greater detail and made the distinction between the applications and what needs to be completed. The assessment of custom applications and integrations is ongoing.
- Trustee Altizer asked how often UCF was updated on the vendor's progress and costs incurred to date. Sink indicated that discussions with the vendor are taking place on a regular basis, including bi-weekly calls and check-ins as on progress and costs.

INFO-2 University Quarterly Investments, Ended December 31, 2020 – Second Quarter

Danta White, Assistant Vice President and University Controller, provided an update on the university's investment portfolio for the quarter ended December 31, 2020. The report is provided to the trustees quarterly for information purposes only. White noted that equity investments are starting to outpace fixed asset investments and that the university is thinking strategically about its investment policy going forward. He also mentioned that comparison benchmarks were added to the report.

Chair Mills commented that UCF is performing exactly to the benchmarks. Dave West, from AndCo Consulting, confirmed that the total pool is outperforming the total pool benchmark.

INFO-3 DSOs' Financial Report, Ended December 3, 2020 – Second Quarter

Christina Tant, Assistant Vice President for DSO Accounting and Reporting presented the second quarter financial statements for the university's direct support organizations and the Central Florida Clinical Practice Organization. These reports are provided to the committee on a quarterly basis for information purposes only. Tant stated that these reports were reviewed by each respective DSO board prior to this meeting and that all DSOs all remain in compliance with their scheduled debt payments.

Trustee Christy and Hector discussed changes to UCF Athletics Association's lines of credit.

Chair Mills asked for a cash flow forecast for the UCF Athletics Association that shows profit and loss relative to budget as well as projected profit and loss expectations.

INFO-4 Auxiliary Financial Report, Ended December 3, 2020 – Second Quarter

Albert Francis, Assistant Vice President for Finance, presented the second quarter auxiliary financial reports. He noted that because the auxiliaries' budgets were set before the pandemic, there are variances, which are explained in the materials.

Chair Mills asked how expenses were reduced in the Research Foundation and whether anything critical to UCF's strategic vision was sacrificed, as well as why Business Services' expenses remained high.

INFO-5 Refinancing of UCF Dormitory Revenue Bonds, Series 2012A

Hector provided the committee with background information regarding refinancing the outstanding UCF Dormitory Revenue Bonds, Series 2012A through the Florida Division of Bond Finance and the Florida State Board of Administration. The sole purpose of the refinancing is to receive interest rate savings. The refinancing is expected to be completed and closed by the end of the fiscal year.

INFO-6 Campus Master Plan Neighborhood Meeting Public Comments

Shepherd presented as an information item the minutes from the January 20, 2021, Campus Master Plan Public Comment meeting.

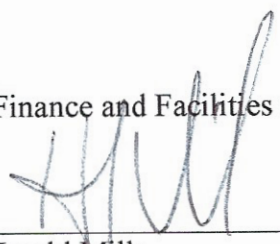
OTHER BUSINESS

Chair Mills asked for a timeline regarding the CARES Act funding plan. Hector stated that they would provide a plan after the governor's veto period.

ADJOURNMENT

Chair Mills adjourned the Finance and Facilities Committee meeting at 4:29 p.m.

Reviewed by:



Harold Mills
Chair, Finance and Facilities Committee



Date

Respectfully submitted:



Janet Owen
Associate Corporate Secretary

06/21/20201

Date