



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees Meeting
Budget and Finance Committee
May 19, 2022
Virtual Meeting

MINUTES

CALL TO ORDER

Trustee Harold Mills, chair of the Budget and Finance Committee, called the meeting to order at 11:00 a.m. Committee members Tiffany Altizer, Joseph Conte, and Michael Okaty were present.

Other trustees attending included Danny Gaekwad, Stephen King, John Miklos, and Beverly Seay.

MINUTES

The minutes of the February 15, 2022, Budget and Finance Committee meeting were unanimously approved as submitted.

REPORTS

DISC – 1 SVP Update

Gerald Hector, Senior Vice President for Administration and Finance, provided the committee with an update on major accomplishments since the last meeting.

- Launched “Dollars & \$ense” forums and a monthly blog entitled “From the CFO.”
- A new carryforward policy was adopted for July 1, 2022, which traces the sources of annual carryforward as a way of understanding year over year carryforward spending plans and their execution.
- A comprehensive deferred maintenance compendium was established.
- Jonathan Bates was hired as AVP for Real Estate.
- Kathleen Winningham was hired as Senior Director for the kNEXT Administrative Service Center.
- The Sources and Uses budgeting process has been completed.
- A vendor has been selected for the first phase of work toward “What does it cost to educate a Knight?”

- Sources of opportunity costs within the budget have been identified. Further discussions with deans, vice presidents, and the campus are needed. Future budgets will continue to be data driven.
- Conversations to address the student to faculty ratio have begun. Further discussions will be a part of how implement the new strategic plan.
- Searches have been launched to hire the Senior Assistant Vice President for Budget, Planning, and Analysis as well as University Budget Analyst III.
- Facilities is working to fill two key roles: Assistant Vice President for Planning, Design and Construction and Senior Director for Utilities and Energy Services.
- A full review of the Facilities and IT charge back methodology and the proper funding for these two major areas is currently underway.
- EBS license sales project is still in the due diligence phase with the assistance of a subject matter expert.

Hector reviewed the educational and general seven-year allocation data and the educational and general expenditures data.

Hector then gave an update on KnightVision. “Go Live” is scheduled for July 1, 2022. The KnightVision team and implementation partners have high confidence that the project is on schedule and within budget. Unexpected expenses are on the horizon as more resources from our implementation partners are brought in because of key-personnel turn-over.

Hector next shared an update on HEERF (Higher Education Emergency Relief Fund.) An extension was granted through June 2023 by the Department of Education . All dollars have been allocated but not spent, but there are still challenges with supply chain and project completion matters. Approximately \$74 million will need to be spent by December 2022. If funds cannot be spent on the allocated projects by December 2022, the funding will be utilized as a part of the support for student financial aid efforts for the spring semester of 2023.

Trustees had the following comments:

- Mills noted that custom applications for KnightVision will continue through June 2023. He stated that the university should be mindful to lead with out-of-box applications and only exploring the possibility of custom applications if necessary. Hector said that Cherie Herrin, Interim Associate Vice President and Deputy Chief Information Officer, oversees and monitors this and the plan is to minimize customization. There are systems on the academic side that management would like to maintain and, as such, conversations are on-going. Mills requested a list of these systems.

DISC - 2 University Operating Budget Report – 3rd Quarter, Ended March 31, 2022

Hector provided an overview of the university’s third quarter operating budget report. The university is trending well to end the fiscal year with a balanced budget. Hector praised Danta White, Assistant Vice President and University Controller, and his team as these reports are close to automation on a quarterly basis. White noted that due to questions

surrounding carryforward at the last meeting, carryforward data has been included. He and his team are exploring ways to incorporate this information into future reports.

Trustees had the following comments:

- Mills requested a plan written by the deans, to help the board understand their current process and more importantly, what their new process will be to ensure E&G funds are spent first. He would also like to see a dashboard to monitor this.
- Conte asked what the target was for the availability of these reports after the end of a quarter. Hector stated that the goal is to have the finished product the last week of the succeeding month after quarter-end. Conte asked about the possibility of getting the reports a month after. Hector stated that he can answer this more definitively once Workday has been implemented. It is a utopian goal to some extent given where the university is in its ERP implementation, but it is a best practice for organizations to manage their finances effectively.

ACTION

No conflict-of-interest disclosures were received for this meeting.

BUDC – 1 Proposed 2022-23 University Operating Budget

Hector presented for approval the Proposed 2022-23 University Operating Budget. He stated this is a preliminary budget and shows the economics of the university for the budget model. He also noted that the Board of Governors (BOG) only requires board approval for the proposed spending authority, presented to the committee as BUDC-2. Misty Shepherd, Senior Associate Vice President for Financial Affairs, stated that the spending authority document will be sent to the BOG in June, in accordance with state regulation.

Trustees had the following comments:

- Mills requested a comparison of the proposed operating budget to fiscal year 2021-22. Hector stated that when the final budget is presented in September the line by line comparison will be presented.

Trustee Okaty made a motion to approve the Proposed 2022-23 University Operating Budget. Trustee Altizer seconded the motion. The motion was unanimously approved.

BUDC – 2 Proposed 2022-23 University Spending Authority

Hector presented for approval the Proposed 2022-23 University Spending Authority.

Trustees had no questions or comments.

Trustee Conte made a motion to approve the Proposed 2022-23 University Spending Authority. Trustee Altizer seconded the motion. The motion was unanimously approved.

BUDC – 3 Proposed 2022-23 Direct Support Organization/Related Entity Operating Budgets

Hector presented for approval the Proposed 2022-23 Direct Support Organization/Related Entity Operating Budgets. The proposed budgets have been approved by the respective DSO boards.

Christina Tant, Assistant Vice President for DSO Accounting and Reporting, provided an overview of the budget reports. She noted that DSOs are budgeting at break even or at surplus, except for the Central Florida Clinical Practice Organization (CFCPO), which is budgeting at a \$1.9M deficit primarily due to one-time investments in the Lake Nona Cancer Center. Those investments will be funded by their cash reserves. All debt service requirements are expected to be met.

Terry Donovan, Executive Senior Associate Athletics Director and Chief Financial Officer for UCFAA, stated that the athletics budget is balanced and has a \$2.5M reserve.

Trustees had the following questions:

- Mills requested a report forecasting the expected increase in support operations and overhead as the athletics department moves to the Big 12 Conference. Donovan stated that he will provide this to the committee at the next meeting.
- Okaty expressed his appreciation regarding the uniform process and consistency between the DSOs operating budget reports.

Trustee Altizer made a motion to approve the Proposed 2022-23 Direct Support Organization/Related Entity Operating Budgets. Trustee Okaty seconded the motion. The motion was unanimously approved.

BUDC – 4 Renewal of Reducing Revolving Line of Credit – Fifth Third Bank

Hector and Donovan presented the Renewal of Reducing Revolving Line of Credit – Fifth Third Bank for approval.

Trustees had no questions or comments.

Trustee Conte made a motion to approve the Renewal of Reducing Revolving Line of Credit – Fifth Third Bank. Trustee Altizer seconded the motion. The motion was unanimously approved.

BUDC – 5 UCF Stadium Corporation Release of Unrestricted Surplus for Fiscal Year Ending June 30, 2023

Hector provided an overview of the UCF Stadium Corporation Release of Unrestricted Surplus for Fiscal Year Ending June 30, 2023, and requested approval for the release of funds to UCF Athletics.

Trustees had no questions or comments.

Trustee Altizer made a motion to approve the UCF Stadium Corporation Release of Unrestricted Surplus for Fiscal Year Ending June 30, 2023. Trustee Okaty seconded the motion. The motion was unanimously approved.

BUDC – 6 UCF Convocation Corporation and Spectra Management Agreement Renewal

Hector presented for approval the UCF Convocation Corporation and Spectra Management Agreement Renewal. This agreement provides a favorable fee structure, an additional scope of responsibilities for Spectra to book additional revenue generating events, capital investment from Spectra to UCF, and an enhanced revenue share model. Terry Mohajir, Vice President and Athletics Director, and Chris McFarlane, Deputy Athletics Director for External Relations and Business Development, highlighted various points of the contract.

Trustees had the following comments:

- Mills questioned a 12-year extension to the contract and if any other options have been explored. Mohajir replied that he and his team had conversations with Spectra, who agreed to a 10-year term with 2 optional years, at the same terms, if the board felt that was more appropriate. McFarlane went on to state that there are additional safeguards in the contract to mitigate the risk.
- Okaty said that he had the same observations during the UCF Convocation Corporation meeting but ultimately got comfortable with the renewal at a 12-year term.

Trustee Altizer made a motion to approve the UCF Convocation Corporation and Spectra Management Agreement Renewal. Trustee Conte seconded the motion. The motion was unanimously approved.

BUDC – 7 UCF Convocation Series 2018A Bond Interest Rate Reduction

Hector and Bert Francis, Assistant Vice President for Debt Management and University Treasurer, presented UCF Convocation Series 2018A Bond Interest Rate Reduction for approval.

Trustees had no comments or questions.

Trustee Okaty made a motion to approve the UCF Convocation Corporation and Spectra Management Agreement Renewal. Trustee Altizer seconded the motion. The motion was unanimously approved.

INFORMATION

INFO – 1 University and Direct Support Organizations Debt Report

Francis presented the University and Direct Support Organizations Debt Report. The debt series that was used to pay for the construction costs for the UCF Downtown campus has been paid off. The university is now going through its annual rating surveillance. Last week, Fitch affirmed UCF's rating with no changes. Meetings with Moody and S&P are scheduled for next week and the same outcome is expected.

Trustees had no comments or questions.

INFO – 2 University Investment Report – 3rd Quarter, Ended March 31, 2022

Hector provided the committee with an update on this informational item. Francis shared information regarding the current stock market issues. Francis also stated that the ITN decisions regarding new investment advisors are being finalized.

Trustees had the following comments:

- Mills asked when the decision on the new investment advisors will be brought before the committee. Hector stated that the Working Capital Advisory Board will present their recommendation to him, and the board will be informed of the decision in a subsequent meeting.

NEW BUSINESS

There was no new business to come before the committee.

Trustee Altizer thanked and congratulated Hector, Shepherd, White, Francis and their teams for their hard work. Mills also thanked Hector and his team.

ADJOURNMENT

Chair Mills adjourned the Budget and Finance Committee meeting at 12:15 p.m.

Reviewed by:

Harold Mills
Chair, Budget and Finance Committee

Date

Respectfully submitted:

Mike Kilbride
Associate Corporate Secretary

Date