



Board of Trustees

**Minutes
Board of Trustees Budget Workshop
University of Central Florida
April 26, 2022**

Chair Alex Martins called the Board of Trustees Workshop to order at 2:59 p.m.

He reminded the board that the meeting was covered by the Florida Sunshine Law and that the public and press were invited to attend.

Karen Monteleone, Assistant Vice President for Board Relations, called the roll and determined a quorum was present.

The following board members attended the meeting virtually: Chair Alex Martins, Vice Chair Harold Mills and Trustees Tiffany Altizer, Bill Christy, Jeff Condello, Joseph Conte, Meg Hall, Stephen King, John Miklos, Michael Okaty and Beverly Seay.

Trustee Danny Gaekwad attended via teleconference.

Trustees Caryl McAlpin was not in attendance.

REMARKS

Martins said the purpose of this workshop is to prepare the Board for upcoming approvals associated with the University Operating Budget, strategic use of Carry Forward Funds, and Capital Improvement Planning. He said the presentations and discussion will focus on how the university will change the way it manages its operating budget so that funding can be appropriately allocated across the colleges and units to carry out the mission of the university.

Martins recognized President Cartwright to address the Board.

Cartwright acknowledged Provost Johnson and Gerald Hector, Senior Vice President for Administration and Finance, for their leadership to better align resources with the university's strategic direction. He also acknowledged all of the leaders and staff that have been working hard to launch new systems, noting that budget reporting will continue to improve as new systems are rolled out.

Cartwright asked Janet Owen, Vice President for Government & Community Relations, to provide a brief overview of the FY23 state budget. Owen noted that the Governor does not yet have the budget bill from the Legislature and once received, he will have 15 days within which to consider vetoes and sign the bill.

The trustees had the following comments:

- Mills asked Owen to provide the dollar amounts associated with each of the 'Back of the Bill' projects at an upcoming Facilities and Infrastructure Committee meeting.
- Altizer asked what methodology was used to allocate the deferred maintenance funding. Owen said the methodology was 'sum of the digits' distribution. which is the traditional way maintenance funding was allocated from the Public Education Capital Outlay (PECO) Trust Fund revenue annually in years past when universities were included in funding for maintenance.

Martins recognized Hector for the Budget Workshop presentation.

DISC- 1 Budget Workshop

Hector gave a high-level update on the Administration and Finance Division and provided an overview of the University Operating Budget.

Misty Shepherd, Senior Associate Vice President for Financial Affairs, and Hector presented on the current budget and processes.

The trustees had the following comments:

- Mills asked for clarification on what is considered restricted contractual versus what is committed, which Shepherd clarified.
- Mills asked if the 2021-22 Carry Forward Plan included in the presentation was reflective of the most up-to-date numbers in terms of spending. Shepherd said the materials provided were presented to the Board last year for spending this year and is not reflective of what has been spent down to this point. Shephard clarified the point of the slide was to show how carry forward funds are being monitored. She then explained the process for bringing the updated Carry Forward Plan to the Board in September, prior to BOG submission in October.

Hector presented on the redesigned Budget Model, its process milestones and implementation timeline.

The trustees had the following comments:

- Mills asked for an estimate on the overhead percentage when allocating the Central Funding Pool and other funds. Hector said he will provide a general percentage to the Board, highlighting that it would not be equitable across the colleges since types of expenditures vary from college to college.
- King asked if the new budget process would allow funding mechanisms to be reassessed in the current year, rather than waiting for the next budget year. Johnson qualified that although circumstances can change for a college in a given year, funds would have a limited capacity. Shepherd said that is also the premise in allowing the colleges 5% of their operating budget as a resource to manage through the unexpected.
- Christy asked if Direct Support Organizations and colleges could be penalized for missing their budget. Hector said the CFO Council's dotted line reporting to him will make him aware of issues in real time and additionally, the goal of closing books monthly will assist with this accountability. Johnson qualified that historically the university had good spending controls and this oversight will continue to improve.
- Condello asked for clarification of how Carry Forward funds are managed to ensure they are being used properly and if these funds can be reallocated. Hector said the use of Carry Forward is limited and new measures will hold staff accountable to plan the use of these funds, as the submission made in September to the Board of Governors has to have an accompanying plan when submitted. Hector said Carry Forward funds can be reallocated but are capped at \$5 million for remodeling and \$10 million for renovations. Martins asked Hector to confirm that Carry Forward funds are also limited to E&G funds, and Hector confirmed it is limited to use for academic buildings.

Jon Varnell, Vice President for Facilities and Business Operations, presented on the Capital



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Planning Process.

The trustees had the following comments:

- Martins asked in the Capital Planning process, if fundraising would be categorized under auxiliary in the funding category, which Varnell confirmed.
- Martins asked Varnell to provide an overview on the 'Back of the Bill' process as it relates to athletics facilities. Varnell said 'Back of the Bill' are submitted with the Capital Improvement Plan and are projects anticipated to have bond-related support, and if listed on the 'Back of the Bill,' it stays on the list.
- Mills asked for clarification on how this process is running parallel to the facilities optimization process, specifically for underutilized facilities. Varnell said Jonathan Bates, recently hired as the Assistant Vice President for Real Estate, will assist with a framework of overlaying facility condition with space planning.
- Christy asked about how in the recent legislative session, a SUS university was able to add special language to the 'Back of the Bill.' Owen said FSU received special language to spend Carry Forward on projects in the Donald Tucker Civic Center. Martins said to utilize the Board in assisting with the process of advancing UCF in this area.

Martins thanked the presenters and said the Board looks forward to more detail as the Board considers approval of budget-related items in May.

Cartwright concluded the Workshop with his thanks to the team for providing the Board with the level of data presented today.

ADJOURNMENT

Martins adjourned the board workshop at 4:49 p.m.

Reviewed by: _____ Date: _____

Alex Martins, Chair UCF Board of Trustees

Respectfully submitted: _____ Date: _____

Mike Kilbride, Associate Corporate Secretary