



COMMITTEE ON FINANCE, STRATEGIC PLANNING AND PERFORMANCE METRICS PRE-MEETING AGENDA Monday, February 5, 2024 10:30 a.m. or at the conclusion of the GGRIA Pre-Meeting beginning at 10:00 a.m. Virtual Meeting: (646) 558-8656, ID#: 956 9452 9804

Committee Members:

Marsha D. Powers (Committee Chair), David L. Brandon, Christopher T. Corr, Morteza "Mori" Hosseini (Board Chair), Daniel T. O'Keefe, Rahul Patel (Board Vice Chair), Fred S. Ridley, Patrick O. Zalupski

- 1.0 Call to Order and Welcome ...Marsha D. Powers, Chair
2.0 Roll Call ... Board Staff
3.0 Review Draft Agenda for March Meeting ...Marsha D. Powers, Chair
3.1 Review Draft Minutes
- December 7, 2023
3.2 Review Action Items
- FSPPM1 Enterprise Resources Planning Implementation Partner Selection ...Elias Eldayrie, Chief Information Officer
- FSPPM2 Baby Gator Fee Update ... Taylor Jantz, Interim Chief Financial Officer
3.3 Review Discussion Items
- CFO Update...Taylor Jantz
- UFICO Update... William Reeser, Chief Investment Officer, UFICO
- UF Health Update ... Jim Staten, Senior Advisor to the President
4.0 New Business...Marsha D. Powers, Chair
5.0 Adjourn...Marsha D. Powers, Chair



**COMMITTEE ON FINANCE, STRATEGIC PLANNING
AND PERFORMANCE METRICS**

Meeting Minutes

December 7, 2023

President's Room 215B, Emerson Alumni Hall

University of Florida, Gainesville, Florida

Time Convened: 2:45 p.m.

Time Adjourned: 3:29 p.m.

Committee and Board members present:

Marsha D. Powers (Committee Chair), David L. Brandon, Richard P. Cole, Olivia E. Green, Morteza "Mori" Hosseini (Board Chair), Daniel T. O'Keefe, Rahul Patel (Board Vice Chair), Marsha D. Powers, Fred S. Ridley, Danaya C. Wright, Patrick O. Zalupski, and Anita G. Zucker.

Others present:

Ben Sasse, President; Scott Angle, Interim Provost and Senior Vice President for Academic Affairs; Melissa Curry, Vice President for Human Resources; Kurt Dudas, Vice President/Jacksonville Lead; Elias Eldayrie, Vice President and Chief Information Officer; Robert Gilbert, Interim Senior Vice President for Agriculture and Natural Resources; Amy Hass, Vice President and General Counsel; Taylor Jantz, Office of the Chief Financial Officer; Mark Kaplan, Vice President for Government and Community Relations and University Secretary; Jim Kelly, Interim Chief Executive Officer for UF Health Shands; Maria Gutierrez Martin, Interim Vice President for Advancement; Marsha McGriff, Chief Diversity Officer and Senior Advisor to the President; David Nelson, Senior Vice President for Health Affairs and President of UF Health; David Norton, Vice President for Research; Mary Parker, Vice President and Chief Enrollment Strategist; Curtis Reynolds, Vice President for Business Affairs; Raymond Sass, Vice President for Innovation and Partnerships; Jim Staten, Senior Advisor to the President; Scott Stricklin, Director of Athletics; James Wegmann, Vice President for Communications; Heather White, Vice President for Student Life; Brian Mawdsley, Deputy Chief Investment Officer for UFICO; William Reeser, Chief Executive Officer and Chief Investment Officer for UFICO; members of the University of Florida community, and the public.

1.0 Call to Order and Welcome

Committee Chair Marsha D. Powers welcomed everyone in attendance and called the meeting to order at 2:45 p.m.

2.0 Verification of Quorum

Office of the Chief Financial Officer Interim Lead Taylor Jantz verified a quorum with all members present, except for Trustee Corr who had an excused absence.

3.0 Review and Approval of Minutes

Committee Chair Powers asked for a motion to approve the minutes of the June 8, 2023 committee meeting and November 13, 2023 committee pre-meeting, which was made by Trustee O'Keefe, and a second, which was made by Trustee Brandon. The Committee Chair asked for further discussion, and then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

4.0 Action Items

FSPPM1 FY25 Housing Rate Increase

Interim Lead Jantz provided a brief overview of the action item. The committee is proposing to maintain the previously approved 4.5% annual increase to on-campus housing rates through FY30 and requesting an additional 2% for FY25-FY30, for an overall annual increase of 6.5%. The increase will allow the university to maintain base housing operations, account for unforeseen inflation, and continue to improve on-campus experience for students.

Board Chair Hosseini commented with a 57% increase in Honors Village applications, improving and expanding on-campus housing is imperative. He added that the increase in rates could allow greater availability for financing new housing options. He noted the possibility to increase the rates again in the future, assuming we remain competitive to the local market. We will review our bond financing availability. The goal is to issue an additional bond by the end of next year when the interest rates come down. This is for our students on campus and the value it brings to parents and us is priceless. The more students stay on campus, the more successful they are. Committee Chair Powers commented how far below market university housing is priced and stated the need to ensure that on-campus housing options are up to date, safe, and have competitive rates to accomplish President Sasse's goal of increasing housing and improving the overall wellbeing of students. Trustee Brandon shared that a market study was completed, and we are now aware of our \$500M in deferred maintenance needs. He suggested the Board have a strategic discussion to address how many rooms we want to grow, what needs to be addressed to improve our current buildings, and how do we fund these needs. The model is a 2-year trailing revenue that has been impacted negatively by COVID. He agreed with Board Chair Hosseini the bond market will likely improve later next year. A strategic plan will get us from our current state to where we want to be. President Sasse expressed his aspiration to have housing for all freshman, sophomores, and some upper classmen. This would be an approximate total of 20,000 beds. We have 40,000 undergraduate students and currently we only have 8,600 beds. The additional 11,400 beds need be added over the course of the next decade. The data shows a student's overall wellbeing is substantially improved by living on campus. He noted UVA has an initiative to provide on campus housing for all their freshman, sophomore, and senior students. UF needs to at minimum aspire to provide mandatory on campus housing for first year students and sufficient housing to all of our fall freshmen, sophomore, and some upperclassmen students. Board Chair Hosseini asked for clarification on the total increase. Interim Lead Jantz stated the increase will be an extension to the previously approved 4.5% that expires next year, plus an additional 2%

on top of that, for a total of 6.5%. He noted the increase will create the opportunity to shore up the university's current housing model and prepare for President's Sasse's aspirations of expansion.

The Committee Chair asked for a motion to approve Action Item FSPPM1 which was made by Trustee Patel, and a second, which was made by Trustee O'Keefe for recommendation to the Board for its approval on the Consent Agenda. The Committee Chair asked for further discussion, and then asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

FSPPM2 FY25 Housing Tier Addition for Honors Village

Interim Lead Jantz provided a high-level overview of the item stating that when originally built, the Honors Village only had traditional single and double rooms. After the bond documents were approved, additional private and suite rooms with baths were added. As a result, an additional pricing tier needs to be added to university's rate card.

The Committee Chair asked for a motion to approve Action Item FSPPM2 which was made by Trustee Brandon, and a second, which was made by Trustee O'Keefe for recommendation to the Board for its approval on the Consent Agenda. The Committee Chair asked for further discussion, and then asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

5.0 Discussion Items

5.1 CFO Report

Interim Lead Jantz began the discussion by thanking his team along with the President and the Board for their support. He provided a high-level overview of the quarterly financials explaining that overall, the university remains on track. He also provided a brief credit rating update and mentioned that the university ratings presentation will occur in the spring.

Quarterly Financials Summary (Q1 FY24): He provided an update on the strategic funding process, the continuation of the budget model, and financial transparency initiative. Our financials are looking good, better than last year. He thanked Board Chair Hosseini for his efforts to obtain an unprecedented amount of state funding for this fiscal year. He explained that campus was recently introduced to a more formalized strategic funding process that has provided seed funding to key initiatives across campus. We received \$130M new recurring funds from the state. These strategic funds will allow us to solicit proposals and annually fund projects for internal innovation. He stated that over 250 proposals were submitted and those selected are being awarded in multiple rounds. Notably, three major initiatives have been funded are: Innovation Hub for Urban Pest Management, Ubiquitous Campus Wi-Fi, and Florida's Digital Twin.

Budget Modernization Initiative FY25 Update: The FY25 Budget Modernization Initiative will highlight three historical concerns and solutions. Concern #1: how do I compare my budget to other campus units' budgets? Solution #1: we created a standard, all-funds template that every unit's budget must conform to, and we are implementing an industry leading planning and budget software called Adaptive. Concern #2: I don't understand how state funds are allocated

to my college. Solution #2: FY25 will begin the process of allocating a portion of state funds on two outcome-based metrics: Instruction and Research Expenditures. Concern #3: How do I know how much central services are costing me? Solution #3: we have implemented an activity-based costing model that charges academic units for services based on consumption proxies. He introduced the concept of “radical practicality”, a pyramid foundation for budget and financial transparency. The pyramid consists of three steps: What are our resources?, How do we spend our resources?, and Why do we invest resources the way we do? Once we answer the bottom two steps, the What and the How, it will allow the Board and the President to get to the Why at the top of the pyramid. He emphasized the university needs to double down on efforts around data to make practical and transparent financial decisions. Committee Chair Powers reminded the Board of when the university did not have a budget model and reiterated the need to understand what is being spent and why. We have been very fortunate to have Board Chair Hosseini continue to improve our funding from the state. The new budget model will allow him to continue to go to Tallahassee and provide a clear data of what state funding was provided to us, why we requested the funds, and what we spend the funds on. Moving to a zero-based budgeting system is more important over time to for us understand how we allocate resources and what we do. Interim Lead Jantz agreed and added that transparency is what we are striving for. He noted the “What” step has been completed. He outlined the four steps in the “How” step: 1. Understand resources available, 2. Affirm vision and set strategic goals, 3. Evaluate resource portfolio alignment with our vision and goals, and 4. Affirm, re-prioritize, or re-allocate funds to invest in our vision and goals. This process will be our new reality. He concluded by outlining our timeline for the introduction of the “radical practicality” budget process. In Spring 2024, a pilot program will begin with select units across the university. In Summer 2024, the committee will return to the Board with a report to gather feedback and answer questions. In Fall 2024, the program will go live campus wide. In Winter 2024/2025, the committee will return to the Board to share a comprehensive report in the hopes this initiative will provide a next layer of transparency and reduce financial decentralization across campus.

Board Chair Hosseini thanked Committee Chair Powers for her leadership and reiterated the need for financial transparency. He thanked Interim Lead Jantz for his hard work over the past few months and noted he is always responsive. UF will benefit from this financial transparency. President Sasse shared his thanks to Interim Lead Jantz and his team as well. They have kept the process moving forward, which has been essential.

5.2 UFICO Update

Deputy Chief Investment Officer of UFICO Brian Mawdsley provided high level updates of the Endowment and Operating portfolios. The portfolios are outperforming benchmarks for trailing 3, 5, and 10-year periods. He briefly reviewed the endowment portfolio asset allocation and discussed strategy enhancements to the operating portfolio. Trustee Zalupski asked how we compare to our peer institutions. Mr. Mawdsley stated that the data will be available for the March Board meeting. He anticipates a median return of 4-6%, depending on the peer group side used. He concluded by providing an update on the operating portfolios asset allocation, investment performance, and yield.

6.0 New Business

There was no new business to come before the committee.

7.0 Adjourn

There being no further discussion, Committee Chair Powers adjourned the meeting at 3:29 p.m.

DRAFT



**COMMITTEE ON FINANCE, STRATEGIC PLANNING
AND PERFORMANCE METRICS
ACTION ITEM FSPPM1
March 7, 2024**

SUBJECT: Enterprise Resources Planning Implementation Partner Selection

BACKGROUND INFORMATION

The University of Florida (UF) is undertaking a university-wide initiative to modernize and replace the 20-year-old enterprise resource planning (ERP) system with Workday's cloud-based solution. The core ERP system in scope for the Workday cloud solution includes human capital management, financials, grants management, payroll, reporting, and analytics.

UF issued a Request for Response (FY23-RFR-011) on June 30, 2023, to solicit proposals from qualified vendors with strong consulting and implementation capabilities and experience in deploying Workday. The UF ERP Steering Committee recommends Deloitte to serve as the Workday Implementation Partner.

PROPOSED COMMITTEE ACTION

The Committee on Finance, Strategic Planning and Performance Metrics is asked to approve the revised UF ERP project budget (\$146M), which includes \$67.5M for executing the UF and Deloitte contract for recommendation to the Board of Trustees for approval on the Consent Agenda.

ADDITIONAL COMMITTEE CONSIDERATIONS

None.

Supporting Documentation Included: ERP Project Update

Submitted by: Taylor Jantz, Interim Chief Financial Officer and Elias Eldayrie, Vice President & Chief Information Officer

Approved by the University of Florida Board of Trustees, March 8, 2024

Morteza "Mori" Hosseini, Chair

Ben Sasse, President and Corporate Secretary



FSPPM – ERP Project Budget Update



UF ERP Project Costs by UF Fiscal Year

Labor Costs	Jul 2024 - Jun 2025	Jul 2025 - Jun 2026	Jul 2026 - Jun 2027	Jul 2027 - Jun 2028	Total
UF Labor (backfill/new hire)	\$7,400,000	\$12,650,000	\$11,650,000	\$5,400,000	\$37,100,000
Vendor labor (Deloitte)	\$8,672,521	\$17,928,116	\$21,924,889	\$18,916,573	*\$67,442,099
Data and reporting labor (EDW)	\$3,950,000	\$2,700,000	\$2,700,000	\$1,350,000	\$10,700,000
Quality assurance	\$300,000	\$400,000	\$200,000	\$0	\$900,000
Remediation funds for distributed units	\$1,200,000	\$800,000	\$800,000	\$400,000	\$3,200,000
Reconfigure/replacement	\$400,000	\$400,000	\$450,000	\$250,000	\$1,500,000
Labor Sub Total	\$21,922,521	\$34,878,116	\$37,724,889	\$26,316,573	\$120,842,099
Non Labor Costs	Jul 2024 - Jun 2025	Jul 2025 - Jun 2026	Jul 2026 - Jun 2027	Jul 2027 - Jun 2028	Total
Training, Facilities, Equipment	\$1,585,000	\$526,494	\$126,494	\$126,494	\$2,364,482
Technology subscription costs - Other	\$519,214	\$621,370	\$354,742	\$174,038	\$1,669,363
Workday subscription (*\$66,975,000 paid over 15 years)	\$100,000	\$500,000	\$3,000,000	\$5,281,250	\$8,881,250
Project contingency (~9-10% of total labor)	\$2,700,000	\$4,200,000	\$3,800,000	\$1,600,000	\$12,300,000
Non Labor Sub Total	\$4,904,214	\$5,847,864	\$7,281,236	\$7,181,782	\$25,215,095
Total Costs	\$26,826,735	\$40,725,980	\$45,006,125	\$33,498,355	**\$146,057,194

***Legend:** Deloitte and Workday contracts are negotiated and final

****Legend:** Updated TCO is \$17 million less than the original estimate of \$163,300,000

An additional \$3 million is estimated for work related to the UF data strategy to support the new ERP.



FSPPM – ERP System Implementation Partner: Deloitte

The UF Board of Trustees Technical Review Committee approved the Deloitte recommendation on December 8, 2023.

Contract Overview

- High Level Project Scope
 - 246 business and technical requirements
 - 193 data integrations
 - 53 Bolt-On or third-party applications
- Contract Fixed Fee (paid over three years)
 - Total UF hours: 570,264
 - Total Deloitte hours: 242,038
 - Fixed Fee + De Minimis Change Orders (10%): \$67,442,100

Business and Technical Requirements

include the functional and technical processes required to operate HR, Payroll, Finance, Grant Administration, Reporting, and Analytics.

Data Integrations support data flows between the Workday ERP system and Bolt-On or other third-party systems that enable process workflow, reporting, and analytics.

Bolt-On Applications are companion systems designed to augment business processes that are managed outside of the Workday ERP system.



FSPPM – Deloitte Contract Highlights

- Payment schedule synced to critical milestones & includes a holdback % until critical milestones are met
- Delay credits are imposed if the vendor causes an issue that delays the delivery of critical milestones
 - \$10K per day / \$1M for go-live
- UF reserves the right to remove vendor personnel as needed and interview client-facing personnel
- Non-compete clause in place during the project implementation
- Several warranties are in place for six months after project closeout:
 - Solution Functionality – all UF business and technical requirements function as designed
 - Performance warranty – manage support cases with Workday for system performance
 - Completeness warranty – all UF business and technical requirements documented to avoid scope change
- Six months of system optimization post go-live
- If UF terminates the contract in full or in part, the vendor is required to assist UF with transition up to 12 months.



**COMMITTEE ON FINANCE, STRATEGIC PLANNING
AND PERFORMANCE METRICS
ACTION ITEM FSPPM2
March 7, 2024**

SUBJECT: Baby Gator Fee Update

BACKGROUND INFORMATION

Baby Gator Child Development Centers offer high quality childcare to children ages six weeks to five years. Baby Gator’s mission is to provide quality care and early education, foster a life-long love of learning, advance research across disciplines, support professional development in all fields related to children and families, and promote UF’s preeminent stature.

Baby Gator tuition rates are currently 22% below the average market rate for similar childcare centers in the Gainesville area. Inflationary pressures of recent years have challenged Baby Gator’s ability to provide the highest quality childcare for a rapidly growing UF community. The Baby Gator leadership team recommends increasing tuition rates to align more closely with the market.

PROPOSED COMMITTEE ACTION

The Committee on Finance, Strategic Planning and Performance Metrics is asked to approve a 12% increase in Baby Gator tuition rates bringing rates equal to 90% of the average market rate in Gainesville.

ADDITIONAL COMMITTEE CONSIDERATIONS

None.

Supporting Documentation Included: Baby Gator Tuition Rate Scenarios and Recommendation

Submitted by: Taylor Jantz, Interim Chief Financial Officer

Approved by the University of Florida Board of Trustees, March 8, 2024

Morteza “Mori” Hosseini, Chair

Ben Sasse, President and Corporate Secretary

Baby Gator Tuition Rate Scenarios			
	78% of Market Rate (Current State)	Scenario 1: 90% of Market Rate	Scenario 2: Equal to Market Rate
<i>Market Rate</i>	\$281/week	\$281/week	\$281/week
Baby Gator Rate	\$221/week	\$253/week	\$281/week
Unit Subsidy Rate	\$3,500/child	\$3,500/child	\$3,500/child
Annual Revenues	\$4.31M	\$4.59M	\$5.01M
Annual Expenses	\$4.84M	\$4.84M	\$4.84M
Operating Margin	(\$0.53M)	(\$0.25M)	\$0.17M

Recommendation