



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON FINANCE AND FACILITIES
COMMITTEE MINUTES**

December 5, 2013

Emerson Alumni Hall, University of Florida, Gainesville, Florida

Time Convened: 12:35 p.m. EST

Time Adjourned: 1:55 p.m. EST

1.0 Call to Order and Welcome

Committee Chair, Steven M. Scott called the meeting to order at 12:35 p.m. EST.

Members present were:

Acting Chair Steven M. Scott, C. David Brown, II, James W. Heavener, Carolyn K. Roberts, Steven M. Scott, and David M. Thomas. Trustee Cameron, Chair of the Committee, was unable to attend.

Others present were:

Matthew Fajack, Vice President and CFO, Curtis Reynolds, Vice President, Business Affairs, Sheri Austin, Asst. Vice President and Director, University Budgets, Ed Kelley, Chief Operating Officer and Interim CIO, UFICO, Jamal Sowell, Special Assistant to the President, Thomas Mitchell, Vice President Development and Alumni Affairs, Carol Walker, Asst. Vice President, Facilities Planning and Construction, Jane Adams, Vice President, University Relations, Jamie Lewis Keith, Vice President and General Counsel, members of the University of Florida Community, and other members of the public and the media.

2.0 Verification of Quorum

After a roll call, a quorum was confirmed, with all members present except for Trustee Cameron.

3.0 Review and Approval of Minutes

The Committee Acting Chair asked for a motion to approve the minutes of the September 20, 2013 committee meeting, which was made by Trustee Roberts and Seconded by Trustee Thomas. The motion was approved unanimously.

The Committee considered the following Action Items:

4.0 Action Items

FF1. Approval of Amendments to the Fixed Capital Outlay Legislative Budget Request for Fiscal Year 2014-2015

The committee was asked to approve amendments to the 2014-2015 Fixed Capital Outlay Legislative Budget Request which was submitted to the Board of Governors. The amendments include \$6,685,000 for the SUS Joint Use Library storage facility, as well as legislative authority to use funds for projects requiring state Project Operations and Maintenance (PO&M) funds. This includes \$130,832 for annual PO&M for the conference center addition at the existing Presidents' house and new Dasburg President's house, and \$130,000 for the IFAS Shade House. There was discussion regarding the higher cost of the Joint Use facility and whether there was a misjudgment in planning. Mr. Reynolds explained that the cost increased as more was learned about the amenities needed for this facility, including special floors and humidity controls, as well as a need to make the facility bigger than expected due to an expected increase in the volume of materials to be stored.

The Committee Acting Chair asked for a motion to approve Action Item FF1 which was made by Trustee Heavener and Seconded by Trustee Brown for recommendation to the Board for its approval on the Consent Agenda. The Chair then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

FF2. Resolution R13-125 - Amendment to R04-21, as amended by R10-69, as amended by R11-91, as amended by R12-103 – University of Florida Depositories

The change is required to reflect a change in personnel and is not a change in policies or controls. The Committee Chair asked for a motion to approve Action Item FF2 which was made by Trustee Brown and Seconded by Trustee Roberts for recommendation to the Board for its approval on the Consent Agenda. The Chair then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

FF3. Amendments to 2013-14 Budgets of Revenues and Expenses

Assistant Vice President and Director of University Budgets, Sheri Austin, walked the Committee through the highlights in the final 2013-14 budget including an additional \$9.9 million in General Revenues, made possible by an increase in funds for Risk Management insurance, raises to employees given by the State, funds for FRS retirement HIS subsidy increase, and an SUS Performance Funding increase. In addition, the budget reflects an additional \$7.8 million from tuition increases which had not previously been projected. Trustee Heavener inquired as to the University's cash position, which stands at around \$900 million.

The Committee Chair asked for a motion to approve Action Item FF3 which was made by Trustee Thomas and Seconded by Trustee Roberts for recommendation to the Board for its approval on the Consent Agenda. The Chair then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

The following Discussion/Informational Items were addressed by the Committee:

5.0 Discussion/Informational Items

5.1 Update on State of Florida Financial Outlook

Vice President and Chief Financial Officer Matt Fajack gave a brief update on the State budget outlook. Revenues this fiscal year are projected to increase by around \$850 million but Mr. Fajack said he doesn't expect much of it to come to higher education, given the Governor's desire for \$500 million in tax cuts, and increases in Medicare costs. However, he added that while higher education will probably not get much of those funds this year, he doesn't expect budget cuts.

5.2 Construction/Maintenance Report/Information Item

Vice President for Business Affairs, Curtis Reynolds, outlined four major projects now underway including the Reitz Union renovation, Heavener Hall, Student Housing and the Harrell Medical Education Building. He noted that there has been strong donor support for three of these facilities. The issue of PECO funding was raised and Vice President and Chief Financial Officer Matt Fajack said it is unlikely there will be any PECO money for at least the next 2-3 years. Once again this year UF will try to win support for changes in bond financing rules for construction, and Jane Adams, Vice President for University Relations, is confident there will be more support this year from the Florida Senate. The Committee stressed that this change in bond financing has to be a priority so needed projects can move ahead.

5.3 Parking Plan Update

This item was deferred.

5.4 UFICO Update

Interim President and Chief Operating Officer, UFICO, Ed Kelly presented a PowerPoint presentation to the committee, outlining progress in the 10 years that the organization has been in place, and plans now underway to improve performance.

Since its inception, UFICO has shown a better return on its \$2.4 billion in investments with less risk, but recent performance has been challenging. He said return has recently lagged behind its policy benchmarks and in comparison to peer group schools. As a result, four major initiatives are underway including:

- Revising benchmarks to give better guidance to the investing team and in manager selection
- Changes to the composition of the Board, shifting from a majority internal UF representation to majority representation by outside investment representatives
- Changes to the portfolio including eliminating 40 percent of active managers in the public equities area, 36 percent of managers in Hedged strategies and in private equities, evaluating sales of real estate investments and more selective commitments.
- A search for a new Chief Investment Officer

Mr. Kelly noted that in this last quarter there has been an improvement in performance.

6.0 New Business

Vice President Curtis Reynolds presented a PowerPoint of projected floor plans and amenities for the conference center at the existing President's house and the new Dasburg President's house. Construction on the conference center is expected to start in mid-February for a September completion, and construction on the Dasburg house is expected to begin in March for completion by December 2014.

After the presentation, Trustee Roberts raised a concern about the lack of adequate bedroom space on the top floor, noting that it would be impractical for a family. She said this could hamper the presidential search if it does not meet the needs of a candidate or lead to renovations much earlier than expected. Other Trustees agreed that the floor plan and bedroom space issue needs to be reviewed, and asked Mr. Reynolds to provide an update at the next meeting.

7,0 Adjourn

After asking for any further discussion and hearing none, Chair Scott asked for a motion to adjourn, and with no further discussion desired, the motion was passed unanimously and the University of Florida Committee on Finance and Facilities meeting was adjourned at 1:55 p.m. EST.