



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

June 1, 2016

Meeting/Telephone Conference Call

226 Tigert Hall, University of Florida, Gainesville, FL

Time Convened: 3:00 p.m. EDT

Time Adjourned: 3:50 p.m. EDT

1.0 Verification of Quorum

After a roll call, all members were present except Trustee Rosenberg.

Members present were:

Steven M. Scott (Acting Chair), David L. Brandon, James W. Heavener, Rahul Patel, David M. Thomas, Anita G. Zucker. Trustee Rosenberg was unable to attend.

Others present were:

Charlie Lane, Sr. Vice President and COO; Curtis Reynolds; Vice President for Business Affairs; Michael McKee, Vice President and Chief Financial Officer; Winfred Phillips, Executive Chief of Staff; Jamie Lewis Keith, Vice President, General Counsel and University Secretary; Craig Hill, Associate Vice President, Business Affairs; Colt Little, Associate University Counsel; Mike Ford, Senior University Counsel; Eugene Herring, Associate Director Facilities Planning; Lee Nelson, Director of Real Estate; Carlos Dognac, Assistant Vice President, Planning, Design and Construction; Jeanna Mastrodicasa, Associate Vice President for Agriculture and Natural Resources; Alan West, Assistant Vice President and University Controller; and George Kolb, Director, University Budgets.

2.0 Call to Order and Welcome

Acting Committee Chair Steven Scott called the meeting to order at 3:02 pm. EDT.

3.0 Review and Approval of Minutes

Acting Committee Chair Scott noted that minutes for the March 31, 2016 Committee on Finance and Facilities meeting will be addressed at the regular June 9, 2016 committee meeting because this call/meeting is only for preparation, not action.

4.0 Action Items

The Committee discussed action items to be addressed at the regular committee and Board of Trustees meetings on June 9th.

FF1. FY2015-16 Operating Budget of Revenues and Expenses and FY 2016-17 Preliminary Operating Budget of Revenues and Expenses

George Kolb, Director of University Budgets, outlined some highlights of this year's final budget submission and the 2017 preliminary budget. These include:

- An increase in the 2015-16 operating budget revenues from \$4.5 million to \$5.2 million, primarily due to an increase in miscellaneous grants and contracts and grant revenues
- The 2017 preliminary operating budget begins with a baseline figure of the 2016 level
- New and recurring performance and preeminence funding, pending final approval of the 2017 preliminary operating budget by the Board of Governors later this month

Questions from the committee members were answered.

FF2 and FF3. 2017-2018 Fixed Capital Outlay Legislative Budget Request and Facilities Spending Plan for State Appropriated Funds FY2016-2017

The Fixed Capital Outlay Budget Request, also known as the PECO list, outlines funding being requested for the coming year for projects on campus. These include:

- A request for continued funding for the Norman Hall renovations in the amount of \$10 million
- A request for continued funding for the Nuclear Science building in the amount of \$8.6 million
- Initial funding of \$25 million for a multidisciplinary data science building
- Funding for the career resource center and construction of the Institute of Black Culture and Institute of Hispanic/Latino culture
- \$30 million for utilities and infrastructure improvements

As outlined in the Spending Plan for State Appropriated Funds FY 2016-2107, last year UF received:

- \$13.7 for the Nuclear Science building
- \$14 million for Newell Hall renovations
- \$24.4 million for deferred maintenance
- \$5.8 million in CITF funds

Questions from the committee members were answered.

FF4. University Transportation and Parking Services Bond Issuance

Parking and Transportation services is requesting authorization for bonding authority to fund a new five story, six level parking garage on the site of the current McCarty Hall lot. The garage would add 610 new parking spaces to the area. Impact studies show that some improvements will need to be made to Newell Drive and Museum Road. The total cost is estimated to be \$18.9 million and architectural and other design costs will be paid from reserves. Parking revenues (minus the student fee, which pays for RTS service) are required to be pledged for the project and the cost of parking decals for staff and faculty will need to be increased. Costs are projected to go up for four years, increasing seven percent in each of the first two years, and 5.5 percent each year in years three and four. The committee will be asked to adopt the bond resolution and recommend adoption by the Board of Trustees. In response to questions, Mr. Reynolds noted that preparation of the proposal and related documents is being coordinated closely with the Board of Governors' and Division of Bond Finance staff and UF does not expect problems as feedback has been positive.

5.0 Discussion/Informational Items

The following information items were discussed.

5.1 Quarterly Financial Update

Alan West, Assistant Vice President and University Controller, outlined the third quarter university financial statement. This statement reflects changes over last year's level due to new reporting requirements for unfunded pension liabilities (GASB 68) and the reporting of non-depreciable capital assets and construction. Total liabilities were up \$429 million due to health care cost increases and the GASB 68 requirement. Operating revenues were up \$66 million due to increases in tuition collected, performance funding, pre-eminence funding and research funding.

5.2 Construction and Maintenance Update

Curtis Reynolds, Vice President for Business Affairs, noted that some schedules may be affected by high demand-tight markets in construction and labor impacts but indicated that he will review the full list at the committee's regular meeting on June 9th.

5.3 UF Building Valuation and Property Insurance Update

Vice President for Business Affairs Reynolds reported that UF conducted a study to determine the insurance gap between what the Florida Division of Risk Management will fund and projected actual replacement costs and building values. He noted that there is a \$1.9 billion gap between what the Division of Risk Management will fund and the replacement costs. Of 900 buildings on campus, 142 have a gap larger than \$1 million. There are three options to cover this gap: insurance that does not cover named storms, insurance that does cover damage from named storms (which is significantly more expense), or a self-funded program.

5.4 JWRU Performance Contract update

Vice President Reynolds reported that there will be an update on the success of the Reitz Union energy efficiency performance contract at the June 9, 2016 committee meeting.

5.5 UFICO update

It was noted that an update on UF's investments will be provided by the University of Florida Investment Company at the June 9, 2016 committee meeting.

5.6 Employee Recognition

It was reported that a group of employees from the Business Affairs division will be formally recognized at the June 9, 2016 committee meeting.

6.0 Adjournment

It was noted that other actions and additional discussion will be brought forward at the June 9th meeting; this meeting is for preparation respecting agenda items that are ready. There being no further discussion requested, Acting Committee Chair Scott adjourned the meeting at 3:50 p.m. EDT.