



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON FINANCE
COMMITTEE MINUTES
Pre-BOT Conference call
November 22, 2016**

**1 Tigert Hall, University of Florida and Conference Call
Time Convened: 9:00 a.m. EST
Time Adjourned: 9:45 a.m. EST**

1.0 Verification of Quorum

Vice President, General Counsel and University Secretary Jamie Lewis Keith confirmed a quorum by roll call with all Committee members present, other than Trustee Steven Scott who was unable to attend.

Members present were:

Rahul Patel, Chair, David T. Brandon, Mori Hosseini, Leonard H. Johnson, Jason J. Rosenberg, Anita G. Zucker. Trustee Steven Scott was unable to attend.

Others present were:

Michael McKee, Vice President and Chief Financial Officer; Curtis Reynolds, Vice President for Business Affairs; Jamie Lewis Keith, Vice President, General Counsel and University Secretary; Alan West, Assist. Vice President and University Controller; Carlos Dougnac, Asst. Vice President, Planning, Design and Construction; Eugene Herring, Director of Capital Programs; Kevin Heinicka, Director, Facilities Planning; Craig Hill, Asst. Vice President, Business Affairs; Colt Little, Sr. University Counsel; Christine Gaynor, Executive Assistant; and Brigit Dermott, Executive Assistant.

2.0 Call to Order and Welcome

Committee Chair Rahul Patel called the meeting to order at 9:00 a.m. EST.

Committee Chair Patel welcomed the group to the pre-Board of Trustees meeting and conference call to review action items for the upcoming December 1 meeting. He advised the members that no decisions would be made at this meeting, which was for information purposes to review agenda items and answer questions.

3.0 Action Items

FF1 and R16-183. Amendment to Depository Payment Signatory Authority

Vice President and Chief Financial Officer (CFO) Michael McKee explained that this amendment adds Bank of America to the list of banks designated for deposit of funds for the University, deletes Citibank, updates the list of employees authorized to make deposits on behalf of UF, and provides clarification of the actions that various positions are authorized to take.

With regard to the institutions serving UF, Chair Patel asked how those banking relationships are agreed upon and whether the University receives sponsorships, internships and other benefits in association with establishment of those relationships. CFO Michael McKee explained that banks are selected through a competitive process, which last took place five years ago when Wells Fargo was selected. Vice Chair Mori Hosseini noted that the banking industry, particularly the second tier institutions, have changed over the last five years and some may provide higher interest rates and more services. CFO McKee further noted that the University regularly reviews rates and services with banking institutions and other Florida state university system institutions to determine whether UF is obtaining competitive banking services, and is satisfied with the operational support and rates the University receives. Mr. McKee clarified that the University only carries a small cash balance with the banks, and the majority of cash is held in state SPIA account. The Committee members concurred that this factor diminishes concern about small differences in interest rates offered. Before closing the discussion, Committee Chair Patel noted that it might be worth exploring extra support that banks could provide, such as advertising and internships, as part of the competitive process.

FF2. Revised Debt Management Guidelines.

Vice President and Chief Financial Officer Michael McKee noted that the Board of Governors has updated its Debt Management Guidelines and universities are required to adopt those revisions. The main amendment is the requirement that a representative of the BOG and Division of Bond Finance be provided an opportunity to be included in all university communications with rating agencies and that exceptions to the Debt Guidelines be highlighted in the transmittal to the BOG for approval. Other changes are shown in the lined copy of the Guidelines and are summarized in the Committee Action Item.

FF3. Allocation of License Plate Revenues.

State law and a Board of Governors regulation allow university license plate revenues to be used for scholarships and fundraising operations. The University is proposing to reallocate the revenues generated by the sale of University of Florida license plates. Currently the allocation is 60% of the first \$2,000,000 to general scholarships; 40% of the first \$2,000,000 to fundraising operations; and 100% of the amount over \$2,000,000 to Machen Florida Opportunity Scholars (MFOS) Fund. Vice President and Chief Financial Officer Michael McKee told Trustees that the proposed new plan would allocate 40% of the total received to the MFOS fund and the remaining 60% to fundraising operations to fund campaign initiatives that are expected to raise more scholarship funds and to increase UF's endowment to advance the University toward top 10 public institution stature. In answer to a question from Trustee Jason Rosenberg, Mr. McKee

confirmed that the general scholarship funds have a sufficient balance to continue supporting existing scholarships at their present levels.

FF4. University Transportation and Parking Services Bond Issuance—Updated

Vice President for Business Affairs Curtis Reynolds explained to the Trustees that after a review of a previous plan to construct a parking garage adjacent to McCarty Hall, a change has been made to locate the parking garage to an existing surface parking lot at the corner of Museum and Center Drives and double the size to 1,520 spaces. This locale, near the new 150,000 square foot Data Science Building, maximizes use of the site. UF has been working closely with the Division of Bond Finance and Board of Governors' staff in preparing the bond financing package and expects favorable final action from them. Mr. Reynolds will be requesting that the committee approve a proposal to finance the project through a bond in a principal amount not to exceed \$37.2 million, with the debt service supported by parking revenues.

Trustee Mori Hosseini asked if the University has considered the impact of ride sharing services such as Uber on the future need to park on campus. Vice President Reynolds reported that UF supported two successful Uber pilot programs through which 50 percent of students' rides were subsidized and the University is now exploring a student ride share program with Uber. He confirmed that demand for parking is still increasing on campus.

After Trustees Hosseini and Brandon questioned Vice President Reynolds about the per space cost of the project, Trustee Hosseini asked Trustee Brandon to review the current proposal and anticipated construction costs with Vice President Reynolds and report back to the Committee.

FF5. Veterinary Medicine Energy Plant - Energy Efficiency Investment Grade Audit Agreement

The university is requesting permission to begin planning for an Investment Grade Audit for the Veterinary Medicine complex. Vice President Curtis Reynolds briefed the Trustees on the status of the current energy plant, informing them that the plant is past its useful life and cannot meet the needs of planned facility expansions. The university proposes to have Siemens, under a master state contract, prepare an Investment Grade Audit to provide improvement recommendations and basic designs for a new energy plant including project scope, project costs, and anticipated efficiency savings. This will provide the basis for the separate, subsequent Energy Performance Contract, which will be brought to the Trustees for a separate approval.

The anticipated cost of the new energy plant and energy improvements is \$10-25 million depending on the scope, and Vice President Reynolds expects Siemens'-guaranteed energy savings could reach \$1-1.5 million per year or 25-35 percent of current energy costs. While Trustee approval to explore the audit is not required, Vice President Reynolds says UF is requesting approval to proceed with planning due to the significant investment involved in the pre-design phase.

Before adjourning the meeting, Committee Chair Patel noted that there will be a special session of the full Board from 10:30 a.m. to noon on December 1st on the Strategic Development Plan. Senior Vice President and Chief Operating Officer, Charlie Lane, and consultants David Manfredi of Elkus Manfredi and Gregory Janks, will present the completed Plan and highlight its development and the stakeholder feedback since the Plan was last presented to the Board at a special session in June 2016.

General Counsel Jamie Keith added that Senior Vice President Lane is hoping the Board will generally endorse the Plan's main themes that should be considered as UF makes major investments of people and physical assets for advancement of UF toward its top 10 goals.

4.0 Adjourn

Committee Chair Patel noted that in addition to the action items there will be two discussion items--the construction update and UFICO Investment update—at the December 1st meeting.

The meeting was adjourned at 9:45 a.m.