



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

Meeting Minutes

December 6, 2018

President's Room 215B, Emerson Alumni Hall

University of Florida, Gainesville, FL

Time Convened: 3:45 p.m.

Time Adjourned: 4:42 p.m.

Committee and Board members present:

Thomas G. Kuntz (Committee Chair), David L. Brandon, Ian M. Green, James W. Heavener, Morteza Hosseini (Board Chair), Leonard H. Johnson, Daniel T. O'Keefe, Rahul Patel, Marsha D. Powers, Jason J. Rosenberg, Robert G. Stern, Katie Vogel Anderson, Anita G. Zucker

Others present:

W. Kent Fuchs, President; Winfred Phillips, Executive Chief of Staff; Joseph Glover, Provost and Senior Vice President for Academic Affairs; Charlie Lane, Senior Vice President and Chief Operating Officer; Amy Hass, Vice President and General Counsel; Elias Eldayrie, Vice President and Chief Information Officer; Zina Evans, Vice President for Enrollment Management and Associate Provost; Antonio Farias, Chief Diversity Officer and Senior Advisor to the President; Jodi Gentry, Vice President for Human Resources; Edward Jimenez, Chief Executive Officer for UF Health Shands; Mark Kaplan, Vice President for Government and Community Relations; Michael McKee, Vice President and Chief Financial Officer; Thomas Mitchell, Vice President for Advancement; David Nelson, Interim Senior Vice President for Health Affairs and President of UF Health; David Norton, Vice President for Research; David Parrott, Vice President for Student Affairs; Nancy Paton, Vice President for Strategic Communications and Marketing; Jack Payne, Senior Vice President for Agriculture and Natural Resources; Curtis Reynolds, Vice President for Business Affairs and other members of the University community.

1.0 Verification of Quorum

Vice President and General Counsel Amy Hass confirmed a quorum with all Committee members present.

2.0 Call to Order and Welcome

Committee Chair Kuntz called the meeting to order at 3:45 p.m. and welcomed all trustees and everyone in attendance at the meeting.

3.0 Review and Approval of Minutes

Committee Chair Kuntz asked for a motion to approve the minutes of the November 21, 2018 Committee meeting, which was made by Trustee Hosseini, and a second, which was made by

Trustee Patel. The Committee Chair asked for further discussion, and then all in favor of the motion and any opposed, and the motion was approved unanimously.

4.0 Action Items

FF1 Carryforward Spending Plan

Vice President and Chief Financial Officer McKee gave a presentation on the 2018-2019 Operating Budget – Beginning Carryforward Fund Balance Composition. He noted that we have not received funds for the last three years for Plant Operations and Maintenance. He also discussed why carryforward funds are significant and an important tool in higher education management. Committee Chair Kuntz stated that he understood the 5% statutory reserve requirement and that each institution reserves an amount equal to 5% of its operating budget in the education and general fund. He also stated that there should be some type of consistency across the University in completing forms. Board Chair Hosseini asked if we had any more carryforward dollars after the 5% statutory reserve and our restricted/contractual obligations. Vice President McKee said yes, these would be the commitments in Section F. Board Chair Hosseini noted that those funds need to be contractual.

Committee Chair Kuntz asked for any questions or further discussion. He then asked for a motion to approve Committee Action Item FF1 for recommendation to the Board for its approval on the Consent Agenda with the approval subject to changes with the approval of the Chairman. The motion was made by Trustee Heavener, and a second, by Trustee Powers. Committee Chair Kuntz then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

5.0 Discussion

5.1 New Financial Reports

Vice President McKee provided a highlight of the new financial reports. Committee Chair Kuntz indicated that a summary report for the UF Enterprise Notable Non-GAAP report will be provided each meeting. Vice President McKee said he would bring information related to the UF operating funds investment portfolio to the Board in March.

Trustee Heavener noted to color code money available for the Committee. Trustee Patel commented on the investment committee and how does it work. Vice President McKee noted that he can do budget vs. actual for every component unit. Trustee Heavener commented that he has watched Vice President Mitchell and their team with the Foundation DSO and how much time they put in. It is the first time there is a clear picture of the organizations' financial picture.

5.2 UF Certification of Funding Sources

Vice President and Chief Financial Officer McKee presented that the university has constructed 49 new capital projects adding more than 10,000 gross square feet of space or exceeding \$2 million in cost. Based upon review, it was certified to the UF Board of Trustees and the Board of Governors that each project was constructed with funds from

legally available and authorized sources. Vice President McKee provided an analysis worksheet of the certification of funding sources.

5.3 Capital Projects Expenditures FY19-Q1

Vice President and Chief Financial Officer McKee presented on the Capital Projects Expenditures FY19-Q1. Trustee Stern requested that the quarterly report be printed out. Assistant Vice President and University Controller West stated that they will print the quarterly report out.

5.4 Faculty Hiring Report

Vice President Gentry presented the Faculty Hiring Report. She stated that there was much time spent on researching “what attracted faculty to UF” and highlighted the following in a handout.

Vice President Gentry provided the Instructional faculty report for the student faculty ratio which excludes faculty in stand-alone graduate and professional programs (e.g., Medicine, Dentistry, Veterinary Medicine, and Law). The student faculty ratio is 1% based on the U.S. News ranking formula. She reported that that approximately 400 faculty are actively being recruited. Committee Chair Kuntz asked if there was a good methodology to track the 500 hires and outreach to those who resign to find out and learn more as it would be helpful to know that information. Board Chair Hosseini asked if exit interviews are being done. Vice President Gentry replied not consistently but she can standardize the process and report back in March. Board Chair Hosseini stated that he would like to have a standardized exit interview completed.

Trustee Rosenberg requested to add net-new to see the goal of the 500 faculty members. Trustee Patel added it would be good to reflect the goal and the current net number on the report. Vice President Gentry stated that she will bring back to the Committee a consistent exit interview and to add in the net-new hires and faculty. Trustee Zucker indicated that on the College of Medicine resignations, it would be helpful to have a percent and not numbers for clinician turnover along with context around percentages. Trustee Rosenberg noted it is helpful to see the hiring goal by college. Trustee Stern asked if all 500 had been allocated. Vice President Gentry indicated that they have, and she will prepare a recruitment report.

5.5 UFICO Update

Chief Investment Officer for UFICO William Reeser updated the Committee on the status of UF Endowment portfolio financial recap and highlighted the following:

- Fiscal Year ending June 30, 2018 and one, five and ten year periods
- Performance vs. Primary Benchmarks and noting that the 1st half kept pace with strong market run; and 2nd half outperform given defensive positioning & relative performance; added ~\$40 million, net of all expenses, relative to Investable Alternative
- Relative return drivers vs 60-40 Benchmark
- 10-year Risk and Return (June 30, 2008 to June 30, 2018)

- 2018 CYTD Performance
- 2018 LTP Performance Update
- Endowment Allocations

Trustee Patel asked how you solve the 40% target macro potential in the next four or five years. Chief Investment Officer Reeser replied they call it draw down. The long-term investor's 10-15% market pull back are opportunities for us.

6.0 New Business

None.

7.0 Adjournment

There being no further discussion, the meeting was adjourned at 4:42 p.m.

APPROVED AT THE BOARD OF TRUSTEES MEETING ON MARCH 29, 2019.