



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

Pre-Meeting Minutes

Telephone Conference Call

August 19, 2019

123E Tigert Hall, University of Florida, Gainesville, FL

Time Convened: 11:00am

Time Adjourned: 12:01pm

Committee and Board members present:

Thomas G. Kuntz (Chair), James W. Heavener, Morteza Hosseini, Daniel T. O’Keefe, Rahul Patel, Marsha D. Powers

Others present were:

W. Kent Fuchs, President; Joseph Glover, Provost and Senior Vice President for Academic Affairs; Amy Hass, Vice President and General Counsel; Jodi Gentry, Vice President for Human Resources; Mark Kaplan, Vice President for Government and Community Relations and University Secretary; Michael McKee, Vice President and Chief Financial Officer; Curtis Reynolds, Vice President for Business Affairs; and other members of the University of Florida Community.

1.0 Roll Call

Board Staff conducted a roll call of all Committee and Board members present.

2.0 Call to Order and Welcome

Committee Chair Thomas G. Kuntz welcomed everyone in attendance and called the meeting to order at 11:00am. He briefly discussed changes to the proposed agenda and indicated that fiscal year-end financial reports will be provided to the Board at the Retreat but not discussed during the meeting.

3.0 Discussion Items

The following Discussion Items were addressed by the Committee:

Action Items

FSPPM1 Carryforward Spending Plan

Vice President Michael McKee began the discussion by providing an overview of the Carryforward Spending Plan. He explained that it is a BOG requirement for 2019 and will become a state law in 2020, and mentioned that he, President Fuchs, and the BOT Chair are required to sign and submit a 2019-2020 Carryforward Budget Certification to the BOG by September 23. There was brief

discussion of the format, which was developed by BOG, and the limitation of being unable to show encumbrances between June 30 and September 1. Vice President McKee went through the report highlighting the changed Statutory Reserve Requirement from 5% to 7%, estimated carryforward balance as of September 1, and estimated budget amounts for capital projects based on expected spend for fiscal year 2019-2020. Following was a discussion about start-up packages. Committee Chair Kuntz questioned whether allocating funds for start-up packages was appropriate, and asked if salary money was included in these numbers. He referenced the Restricted/Contractual Obligations section of the plan, asking whether any commitments would be considered inappropriate by BOG. Vice President McKee confirmed that commitments were appropriate and that he is comfortable signing the BOG certification to that effect. He also indicated that there was some salary money within the start-up package commitment but it is not recurring. Finally, Trustee Brandon asked whether there were time restrictions on completion and spend of money on capital projects included in these commitments. Vice President McKee indicated that most are expected to be done by 2021 and that he is not aware of any restrictions.

FSPPM2 DSO and Affiliate Budgets

Committee Chair Kuntz began the discussion by asking if the amounts budgeted were appropriate and how that was determined. Vice President McKee noted that the budgets have been reviewed by each DSO/Affiliate's Board of Directors and that there is a Trustee that sits on most boards that have reviewed the figures as well. He suggested that the budgets can be compared to prior years to determine if they are within the norm. Committee Chair Kuntz asked if the budget required approval, and stated that some additional information (fiscal year changes or a comparison to prior year) would be helpful. Several Trustees agreed that some context would be useful so that the Board knew exactly what they were approving. Vice President McKee stated that staff will revise the document to include context and fiscal year comparisons.

FSPPM3 Approval of Waiver of Investment Policy Portfolio Percentage

Committee Chair Kuntz began the discussion by briefly reviewing the action item and noting that additional information/specificity is needed before being presented to the full Board. Vice President McKee explained that the request is to waive the current Central Bank Loan policy limit of 10% of Reserves to help cover raises, the UF minimum wage increase, and faculty promotions. He stated that the University needs \$22 million to cover these expenses for 9 months, with a plan to repay over the next 4-5 years from the Provost strategic funds comprised of out of state tuition. Committee Chair Kuntz expressed concern, questioning where the money would come from year after year, and asked if there were other funding sources aside from out of state tuition. President Fuchs agreed that the proposed plan would only cover this year, and would require recurring funds. He mentioned that there is a new legislative restriction on the use of carryforward, which was the expected source, so our current strategy is to commit with the understanding that the University would have to find recurring funds. Other Trustees expressed their concern and also questioned whether there was another funding source but noted that it was a worthy expenditure. Board Chair Hosseini agreed that to support UF's strive to Top 5, raises etc. needed to happen. Committee Chair Kuntz confirmed with Provost Glover that he was okay with making the commitment, and suggested that if the Board approved the waiver, the University would need to provide a detailed analysis of potential recurring revenue sources to

fund past this year along with detailed specifics of the loan approval, total dollar amount, loan terms, and repayment sources.

Discussion Items

5.1 Faculty Hiring Update

Vice President Jodi Gentry began the discussion by giving an overview of progress since the last meeting. She noted that UF recently held their largest new faculty orientation at the O'Connell center and stated that 600 new faculty were invited. The event was also trending on social media giving UF great exposure. She gave a preliminary update on progress towards meeting the Faculty 500 goal; 472 of target 500 have been offered or hired and another 28 are currently being recruited. Board Chair Hosseini stated that the University is making great progress, and stressed the need to obtain a 16:1 student faculty ratio. Vice President Gentry said that official numbers will not be available until October. There was a discussion on what the plan would be after reaching the goal of 500. Trustee Patel, Committee Chair Kuntz, and Board Chair Hosseini all agreed that this needs to be a discussion item brought before the full Board.

Year-end Financial Reports

Committee Chair Kuntz stated that year-end financial reports will be provided in Board packets, but not discussed at the meeting due to time restraints. He encouraged everyone look through the information provided and reach out to Vice President McKee and team with any questions. He also stated that year-end financials along with first quarter financials will be presented to the Board in December as discussion items.

4.0 New Business

There was no new business to come before the committee.

5.0 Adjourn

There being no further discussion, Committee Chair Kuntz adjourned at the meeting at 12:01pm.