



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

Pre-Meeting Minutes

Telephone Conference Call

Thursday, March 26, 2020

123 Tigert Hall, University of Florida, Gainesville, FL

Time Convened: 1:00 p.m.

Time Adjourned: 1:54 p.m.

Committee and Board members present:

Thomas G. Kuntz (Committee Chair), David L. Brandon, James W. Heavener, Marsha D. Powers, Ray G. Thomas, Anita G. Zucker

Others present were:

W. Kent Fuchs, President; Amy Hass, Vice President and General Counsel; Elias Eldayrie, Vice President and Chief Information Officer; Jodi Gentry, Vice President for Human Resources; Michael McKee, Vice President and Chief Financial Officer; Lisa Deal Assistant Vice President and Chief Procurement Officer; William Reeser, Chief Executive Officer and Chief Investment Officer, UFICO; Brian Mawdsley Managing Director UFICO; George Kolb, Assistant Vice President, Financial Analysis and Budget; Alan West, Assistant Vice President and University Controller; Melissa Curry, Assistant Vice President, Human Resources, members of the University of Florida Community, and other members of the public and the media.

1.0 Call to Order and Welcome

Committee Chair Thomas G. Kuntz welcomed everyone in attendance and called the meeting to order at 1:00pm.

2.0 Roll Call

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

3.0 Discussion Items

Committee Chair Kuntz began by discussing that the purpose of today's meeting was to review the agenda for the upcoming meeting. He then started the review with the with the review and approval of minutes. He asked if anyone had any questions or concerns with the minutes. Hearing none Committee Chair Kuntz moved on to the following discussion items:

UFICO Update

UFICO Chief Investment Officer William Reeser discussed his presentation at the March Board meeting will include an operating portfolio update, financial strategy, endowment portfolio update and peer review. As it relates to our investment performance, Committee Chair Kuntz asked that he include a comparison of our performance versus our peers. Mr. Reeser discussed a new forward strategy to maximize liquidity and not sacrifice return. Committee Chair Kuntz asked that Mr. Reeser spend adequate time on this topic at the board meeting because its important for all to understand. Committee Chair Kuntz also asked Trustee Heavener for his input. Trustee Heavener agreed that it appears to be very well done. After Mr. Reeser briefed the committee on Endowment portfolio, Committee Chair Kuntz questioned who controls the spend policy. Mr. Reeser pointed out the the UF Foundation controls the spend policy. Committee Chair Kuntz asked if the UF Foundation could share their process on how to handle down or volatile markets at the March meeting. Mr. Reeser summarized the peer review pointing out that endowment growth is based on the return, spend, and fundraising. Committee Chair Kuntz summarized that in order to grow the endowment we must receive above average return, lower spend, and grow our fundraising efforts. Trustee Zucker added that though the Foundation is making progress, it is a challenge to raise endowment fund through fundraising, since it is the donor's choice if funds should be allocated to the endowment.

Faculty Hiring Update

Committee Chair Kuntz introduced Vice President Gentry and questioned the progress on reaching a new goal of 600 new faculty members. Vice President Gentry began the discussion by giving an update of progress since the last meeting to include 451 net new faculty and over 500 Faculty 500 hires, with engineering exceeding their target. She stated that they expect a surge of new hires in the fall, we currently have 200 faculty vacancies we expect to fill which should result in us hitting the 500 net new goal. Committee Chair Kuntz questioned whether a new goal of 600 as previously mentioned would be attainable, which Vice President Gentry indicated will take further review. Committee Chair Kuntz asked Vice President Gentry to include information about the reasons for turnover and exit interview findings at the March meeting.

Quarterly Financials

Vice President Mike McKee indicated that in addition all the financials that will be reviewed at the March meeting, Assistant Vice President Alan West and team prepared a financial snapshot in coordination with the executive summary. The snapshot highlights the quarterly report and provides visuals, referencing the executive summary. Committee Chair Kuntz like the addition but stressed the importance of including the detailed reports. Vice President McKee also introduced a budget to actual report prepared by Assistant Vice President George Kolb and team that provides a visual representation of the budget variance, net revenue vs. operating expenses. Committee Chair Kuntz said it was an excellent document and asked if this was cumulative or quarterly snapshot. Vice President McKee said it will be prepared by quarter and year going forward. Kuntz also called the Committee's attention to the last quarter spending as the information was very informative.

Annual Financial Report

Vice President Mike McKee presented the Annual Financial Report prepared by Assistant Vice President Alan West and team. After some discussion, Committee Chair Kuntz asked for Senior Vice President Charlie Lane to prepare a financial impact of the Corona virus. President Fuchs shared that Senior Vice President Charlie Lane is working on a financial impact of the Corona virus with Vice President McKee. Vice President McKee agreed that they will have information to share at the March meeting.

Carryforward Update

Vice President Michael McKee gave a brief overview of the Carryforward Spending Plan. Since the report shows three years, which may look misleading, Committee Chair Kuntz asked for year by year information be included with the report. Vice President McKee agreed. Trustee Brandon questioned whether the construction projects are reflected on the major construction projects report. Vice President McKee indicated that not all construction projects are represented because we are not able to spend carryforward funds on those projects.

PCard Audit Results

Committee Chair Kuntz informed the committee of a finding on the recent operational audit involving the universities need to continue efforts to ensure purchasing cards are timely cancelled upon cardholders' separation from employment. Vice President Michael McKee indicated this is a very decentralized business process, but stated a Terminated Cardholder review process is now being performed on a weekly basis. As a result, we are identifying terminated cardholders sooner. In addition we continue to find additional ways to eliminate the problem, including creating a report from IT when employees separate from UF. Vice President McKee also noted that there have been no inappropriate charges made nor misuse of Pcards held by employees who separated from the university. Trustee Powers added that auditors seem to be pleased with the new system and the Audit Committee will monitor new processes. She will go over the audit in the Audit and Compliance Committee meeting in March. Committee Chair Kuntz stressed the importance of reviewing and continuing to eliminate PCards.

4.0 New Business

Assistant Vice President West indicated that there will be an action item added to the March meeting agenda requiring we designate a new account signature with Vice President McKee's upcoming retirement. General Counsel Hass agreed that per statute this needs to be included as an action item to be voted on by the board. After some discussion of potential signers, President Fuchs agreed it would be best to assign Executive Chief of Staff Winfred Phillips. With March being Vice President McKee's last meeting before he retires, President Fuchs closed the meeting by thanking Vice President McKee for his service and contributions to the university.

5.0 Adjourn

There being no further discussion, Committee Chair Kuntz adjourned the meeting at 1:54pm.