Committee and Board members present:
David L. Brandon, James W. Heavener, Morteza Hosseini (Board Chair), Leonard H. Johnson, Thomas G. Kuntz (Board Vice Chair), Daniel T. O’Keefe, Rahul Patel, Trevor J. Pope, Marsha D. Powers, Ray G. Thomas, Anita G. Zucker

Others present were:
W. Kent Fuchs, President; Joseph Glover, Provost and Senior Vice President for Academic Affairs; Jodi Gentry, Vice President for Human Resources; Mark Kaplan, Vice President for Government and Community Relations and University Secretary; Thomas Mitchell, Vice President for Advancement; George Kolb, Assistant Vice President, University Budgets, Alan West, Assistant Vice President and University Controller, and other members of the University of Florida Community.

1.0 Call to Order and Welcome
Committee Chair Thomas G. Kuntz welcomed everyone in attendance and called the meeting to order at 10:00 am.

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

3.0 Action Items
The following Action Items were addressed by the Committee:

FSPPM1 Preliminary Operating Budget FY21
Committee Chair Kuntz began the discussion by noting that this is the first time he and other Board members had seen the preliminary budget. He then asked Assistant Vice President George Kolb to provide an overview of the FY21 Preliminary Operating Budget. AVP Kolb gave a brief overview and explained that the numbers presented are preliminary due to using an estimate of fourth quarter financials. There was a discussion about what all was included in the budget. AVP Kolb explained that it did not include any DSO’s due to BOG not requiring submission of DSO
budgets. UF, UAA, and Faculty Practice were all included. Chair Kuntz suggested that for the June Board meeting, titles be clarified and footnotes be added to show assumptions and identify areas of stability. He also wants it to be clear to the Board that what is being asked to approve is a projection and may change. Provost Joseph Glover indicated that Tuition and Fees, Contracts and Grants, and Federal and State Financial Aid were stable areas that should have little change. He also suggested that at the June Board meeting, AVP Kolb go line by line and identify stable numbers. Committee Chair Kuntz agreed. AVP Kolb indicated some areas of fluidity including Sales of Goods and Services – which include auxiliaries such as Transportation and Parking and Housing, among others. There was a brief discussion about the projected decrease along with some talk about the Cares Act. AVP Kolb estimated a 25%-30% decrease and Provost Glover stated that the University has received $30 million from the Cares Act; $15M was a direct pass through to students and the other $15M had yet to be allocated. Committee Chair Kuntz reiterated the need to walk-thru the budget line by line at the June meeting. AVP Kolb agreed.

**FSPPM2 Estimated DSO Use of University Resources for FY21**
Committee Chair Kuntz introduced Vice President Alan West and asked that he provide an overview of this action item. AVP West gave a high-level overview. There was a discussion about next steps after the Board approves and whether this item was required by BOG. AVP West explained that it is presented annually to the BOT based on audit recommendations. It is not a requirement of BOG but may be at some point. Trustee Marsha Powers indicated that this report was created based on an external audit comment and to ensure better accounting of DSO use of university resources. Vice President Mark Kaplan stated that this was a topic during 2018 Legislative Session and that it is good to have/know this information. AVP West then discussed UFF given their large use of University resources. He noted that the majority of employees working at/for UFF are actually paid and work for UF rather than the DSO. Committee Chair Kuntz asked whether the report/process was reviewed with auditors and what sources of funds were being used to fund UFF. AVP West indicated that the process was reviewed with and okayed by the Auditor General but that no deep dive into sources of funds had been done. Committee Chair Kuntz suggested the need to know where money was coming from in order to ensure that no state restrictions were being violated. He also stated that this information was important to present to the Board. Vice President Kaplan agreed that this information is good info for the Board to know. Trustee Daniel O’Keefe asked how UF’s numbers compared to other universities, and whether this information was available to get. AVP West stated that he would gather this information for the June meeting. Vice President Thomas Mitchell stated that UFF has all data for the state, SEC, and top universities.

**4.0 Discussion Items**
The following Discussion Items were addressed by the Committee:

**UFICO Update**
Chief Investment Officer for UFICO, William Reeser, began the discussion by indicting much volatility in the market. He stated that despite the market, as of April 30 UF’s endowment is in approximately the same place as it was 12 months ago; the balance is however less that what the Enterprise started the year with. He discussed investment performance stating that it is down for the quarter but shows increases over 3 and 10 years. Board Chair Morteza Hosseini
questioned fiscal year-to-date cash outflows of $61,683. Mr. Reeser indicated that this number is quarterly spend of UF and UFF combines. Committee Chair Kuntz stated that the next discussion topic was UFF’s Spend Policy. Chair Hosseini stated that outflow needs to be looked at to determine what is needed, whether it’s automatic, and that money going into the university needs to be given some consideration. Committee Chair Kuntz agreed that the spend policy needed to be looked at and indicated the need for the endowment to grow. Chair Hosseini suggested that the spend policy be examined along with university needs and what should stay in the foundation. Mr. Reeser continued his presentation by discussing asset allocation. He stated that there was a partial rebalance at the end of March making allocations close to where they need to be. He also briefly discussed the operating portfolio stated that it was down for the quarter but still up over 3 and 10 years. There was no further discussion.

**UFF Spend Distribution**

Committee Chair Kuntz began this discussion by stating that for the June meeting, UFF, UFICO, a representative of UF need to work together to discuss how they determine what the distribution is from the Foundation to the University, what the appropriate amount is. Additionally, the current formula/policy needs to be reviewed. Vice President Tom Mitchell stated that UFF worked with UFICO and has some data to present in regards to the endowment. He agreed with Committee Chair Kuntz’ suggestion to work together and stated that they would create a draft for review prior to the June meeting. He also indicated that the same topic was on the Advancement Committee’s agenda. Provost Glover indicated the need to balance growth of the endowment and flow into UF. He suggested that reducing flow into UF could be detrimental. Committee Chair Kuntz agreed and stated that this is simply a conversation that the BOT needs to have. He also stressed the importance of full Board participation and questioned whether this item should remain on the FSPPM agenda. Chair Hosseini indicated that it should stay but that a conversation discussing the big picture was needed prior to the June meeting. Trustee Anita Zucker stated the importance of looking at donor restrictions, the overall market, and needs before making any changes. Committee Chair Kuntz suggested this be a joint conversation between FSPPM and Advancement and asked that Vice President Mitchell, Bill Reeser from UFICO, and Provost Glover prepare a presentation for the June meeting. Chair Hosseini asked that they consult with President Fuchs prior to giving presentation. President Fuchs stated that Vice President Mitchell gave him a presentation last week during which he was pleased to see that the endowment was up and that the payout policy is conservative and balanced but he agreed that the discussion is needed. Committee Chair Kuntz ended the conversation by reiterating the need to have the discussion.

**Faculty Hiring Report**

Vice President Jodi Gentry began the discussion by reviewing the faculty hiring report. She indicated that for Fall 2019, the student to faculty ratio ended at 17:1. She also stated that overall there are 445 net new hires and that though there has been a slowdown in hiring, the university is in a better place than it was at this time last year. She also briefly discussed departures and indicated that turnover is normal for this time of year. Committee Chair Kuntz reminded the committee that the university is in year 3 of the 2 year Faculty 500 plan and that the goal had not yet been reached. Provost Glover suggested that the goal had been met if both hires and acceptances were counted. Vice President Gentry stated that the university has added 509 new
faculty in total. Committee Chair Kuntz indicated that acceptances do not count, and suggested that highlights of page 2 of the hiring report be discussed in detail at the June meeting.

**Quarterly Financials**
Assistant Vice President Alan West gave a high level overview of the Financial Snapshot. Committee Chair Kuntz questioned whether the snapshot included the entire enterprise. AVP West indicated that it did include the entire enterprise and pointed out that COVID-19 impacts wouldn’t be reflected until April. He stated that the snapshot provides information as of March 31st. There was a conversation about a graph included in the snapshot along with the need for some clarification. AVP West stated that he would correct and clarify for the June meeting. Trustee Daniel O’Keefe expressed interest in seeing the impact of COVID-19 across the entire enterprise. He suggested a summary snapshot that included how much the COVID is costing the university along with how it will recover from any loss. Committee Chair Kuntz agreed that a COVID summary would be beneficial. AVP West stated that he would create one and include in at the June meeting. Trustee O’Keefe also questioned how the ability to spend research dollars has been impacted. Provost Glover stated that research has slowed considerably due to social distancing but that lab research will begin again soon. There was additional conversation around research dollars in which Chair Hosseini stated that though precautionary measures need to be taken, the university still needed to excel and use tough times as an opportunity. He encouraged research continue and Committee Chair Kuntz agreed. There was no further discussion.

5.0 **New Business**

There was no new business to come before the committee.

6.0 **Adjourn**

There being no further discussion, Committee Chair Kuntz adjourned at the meeting at 11:02 a.m.