



**SUBCOMMITTEE ON CAPITAL INVESTMENTS STRATEGY**

**MINUTES**

**August 24, 2021**

**Virtual Meeting**

**University of Florida, Gainesville, FL**

**Time Convened: 9:01 a.m.**

**Time Adjourned: 9:59 a.m.**

**Board members present:**

Mori Hosseini (Board Chair), David C. Bloom, David L. Brandon, Richard P. Cole, Christopher T. Corr, Thomas G. Kuntz (Board Vice Chair), Daniel T. O’Keefe, Rahul Patel, Fred S. Ridley, and Anita G. Zucker.

**Others present:**

Chris Cowen, Senior Vice President and Chief Financial Officer; Amy Hass, Vice President and General Counsel; Mark Kaplan, Vice President for Government and Community Relations and University Secretary; Charlie Lane, Senior Vice President and Chief Operating Officer; Curtis Reynolds, Vice President for Business Affairs; Mark Helm, Assistant Vice President Facilities Services; Colt Little, Senior Counsel, Office of General Counsel; members of the University of Florida community, and the public.

**Discussion Item: Central Energy Project Update**

Trustee David Brandon welcomed everyone. He stated that the campus has grown over the years and explained the need for a new Central Energy Plant (CEP).

Board Chair Hosseini indicated that this project has been in the works for years. He asked Vice President Reynolds to provide background information on the project to Trustee Corr. Trustee O’Keefe also asked for information about the background of the project.

Vice President for Business Affairs Curtis Reynolds explained the history of the Central Energy Plant Project (CEP).

Senior Counsel Colt Little introduced the guests on the call from Ballard Spahr Steve Parks and from Goldman Sachs Joey Natoli and Chris Elmore. They have been working with the CEP team on the Project Scope, financial model, regulatory matters, the anticipated transaction structure, and drafting the Request for Qualification (RFQ) and beginning the outline for the Request for Proposals (RFP).

Senior Counsel Colt Little stated that UF would like to use a Public Private Partnership (P3) for this project, and he explained the advantages of a P3.

Board Chair Hosseini said that P3s were created by the Board of Governors (BOG) and CEP will require BOG approval in 2022.

Senior Vice President and Chief Financial Officer Chris Cowen detailed the anticipated transaction structure based on UF's goals (lowest cost, minimize risk, minimize UF balance sheet usage) as well as Florida regulatory guidance on P3s and electric generation. UF to provide 100% design specifications to the bid teams and UF will retain operation and maintenance responsibilities. The P3 will design, build, finance, operate and maintain the CEP, and must do so to a predefined performance standard. UF will make regular (monthly or quarterly) payments to the P3. He indicated that the next phase of the process is RFQ. With the release of the RFQ the project will become public.

Joey Natoli of Goldman Sachs said that there has been significant industry interest in the project. He also explained that once they release the RFQ they will work to determine the best price and best qualified partners and begin to shortlist potential partners.

Steve Parks of Ballard Spahr explained the two phases, first the RFQ followed by the RFP. They will work to shortlist 3 or 4 potential partners to negotiate with for the project. They anticipate the RFQ will be a lengthy process, but they hope by the time they have prepared the RFP and bids are submitted they will be able to sign a partner quickly.

Trustee Brandon said that with the work done by the internal team with VP Reynolds they anticipate a potential cost range exceeding \$300M for the project.

Trustee Brandon reviewed the timeline with the new CEP being up and running by 2027. Senior Counsel Little added that they hope to close on the P3 by the end of 2023.

The CEP team will socialize the project with BOG to keep them informed of the process and progress of the project and get interim approvals as the project moves forward.

Trustee Corr asked who would own the assets. VP Reynolds explained that UF will own the plant.

Board Chair Hosseini said they will continue to update the Trustees on the progress of the project, so they are informed to vote about it at a future meeting.

Trustee Kuntz emphasized the importance of the project. Trustee Corr added that the project is very complicated involving financing, legal and facilities.

Trustee Brandon indicated he would call routine meetings to keep everyone updated on the project's progress.

Board Chair Hosseini added about the need for a marketing piece to explain to BOG. He added that this could become the model for the state for these type of transactions

Board Chair Hosseini asked SVP Cowen to work with VP Paton and her team on a marketing piece to use for the Request for Qualifications and then for the presentation to BOG. SVP Cowen mentioned Goldman Sachs was working on something. He added that this could become the model for the state for these types of transactions.

There being no further discussion, Board Chair Hosseini adjourned the meeting at 9:59 a.m.