Committee and Board members present:
Thomas G. Kuntz (Committee Chair), Christopher T. Corr, James W. Heavener, Daniel T. O’Keefe, Amanda J. Phalin, and Marsha D. Powers.

Others present were:
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; Melissa Orth, Senior Director for Government Relations and Assistant Secretary; and Joseph Beare, The Yuba Group LLC.

1.0 Call to Order and Welcome
Committee Chair Thomas G. Kuntz welcomed everyone in attendance and called the workshop to order at 10:00am. He noted that Trustees David Brandon and Rahul Patel had unavoidable conflicts.

2.0 Discussion Items
Senior Vice President Chris Cowen and Joseph Beare, with The Yuba Group LLC reviewed a summary of all university debt outstanding and the debt structure. They provided an overview of the higher education industry including debt issuance trends. They discussed the market view of the sector and credit issues affecting higher education including a variety of metrics for UF and peer institutions. They discussed ratios and the way they are measured and why they are measured. They touched on the recent market activity.

Chair Kuntz asked Vice President and General Counsel Amy Hass to confirm that the Provost Strategic Fund was being reviewed bi-annually. VP Hass confirmed it was and Trustee Rahul Patel was assigned to do this review with the Provost. VP Hass indicated she would confirm the last review date and let him know. SVP Cowen added that once a year he and Bill Reeser, with UFICO, meet to review accounts and advise if any changes should be recommended to the Board.
Mr. Beare highlighted trends in bond security among university peers. He noted over the last 30 years most public flagship universities have migrated from issuing debt based on narrow/limited revenue streams, like housing and parking, to a more flexible and cost-effective general revenue structure. UF has several named debt pledges, like housing. He strongly encouraged UF to consider a general revenue structure. SVP Cowen agreed, and this would follow the One UF approach. He also reminded the group the debt structure is based on current legislation and Board of Governors guidelines. Approval and changes would need to be made at that level, not the university level. Chair Kuntz asked who holds the bonds until they are requisitioned by the university. SVP Cowen noted the State Treasury does. UF gets reimbursed by the State not when the bonds close.

Mr. Beare then highlighted that UF’s debt ratings, based on the narrow revenue pledges, are among the strongest nationally. UF Health’s debt ratings are strong for a health care enterprise. He then touched on credit ratings. It was noted that a challenge UF faces related to ratings is the narrow revenue streams. Rating agencies like Moody's are developing methodologies and scoring frameworks for each factor to provide transparency on how to evaluate ESG (environmental, social and governance) factors and how they relate to credit ratings. Moody's has assigned scores to sovereigns, along with the 50 largest cities and states with more than $1 billion in debt outstanding. Moody's plans to continue rolling out its scoring to all issuers it rates, and it is expected that the University will have its scores assigned in the next 12-24 months. Although the University is a public institution, Moody's will evaluate it under the Enterprise (private) sector due to its similarities with private institutions. We should expect to receive this at the end of the year or early next year. SVP Cowen added there will be an opportunity to provide feedback to them to show the things UF is doing in these areas that may not be taken into consideration.

Mr. Beare discussed how UF financial ratios compare to select peers. He noted areas of financial performance and key metrics that should be considered.

SVP Cowen noted, and Mr. Beare agreed, UF does receive strong state support from the legislature that many other universities do not. He mentioned that UF and MIT were invited to host a CFO event with other top ranked universities. Our peers are interested in what UF is doing and how it has been successful with its limited resources.

3.0 Adjourn
Committee Chair Kuntz thanked all for attending. He asked the group if the workshop was worthwhile and if they should meet again. All agreed and decided to meet again in August and November (dates pending). It was noted to consider asking representatives from facilities to attend and review all projects not just bond projects. The workshop adjourned at 1:00 p.m.