Committee and Board members present:
Thomas G. Kuntz (Committee Chair and Board Vice Chair), David L. Brandon, James W. Heavener, Daniel T. O’Keefe, Rahul Patel, Amanda J. Phalin, Marsha D. Powers, Fred S. Ridley, and Anita G. Zucker.

Others present:
W. Kent Fuchs, President; Chris Cowen, Senior Vice President and Chief Financial Officer; Joseph Glover, Provost and Senior Vice President for Academic Affairs; Amy Hass, Vice President and General Counsel; Charlie Lane, Senior Vice President and Chief Operating Officer; Curtis Reynolds, Vice President for Business Affairs; William Reeser, Chief Investment Officer for UFICO; Brian Mawdsley, Deputy Chief Investment Officer for UFICO; Olga Weider, Assistant Vice President and University Controller; Alan West, Assistant Vice President and University Treasurer; members of the University of Florida community, and the public.

1.0 Call to Order and Welcome
Committee Chair Thomas G. Kuntz welcomed everyone in attendance and called the meeting to order at 10:01 a.m.

2.0 Roll Call
Senior Vice President Chris Cowen called roll and verified a quorum with all members present except Trustee Christopher Corr.

3.0 Review Draft Agenda for December Meeting
The following items were addressed by the Committee:
3.1 Review Action Items
Committee Chair Kuntz began the discussion by explaining that Senior Vice President Chris Cowen will only provide a high-level overview of the agenda today but will go in-depth at the Board of Trustees meeting in December. Before reviewing the action items, SVP Cowen gave a quick introduction to the meeting agenda and indicated that the format of his CFO report had changed a bit. He also stated that the Central Energy Project action item will no longer be presented at
the December BOT meeting but is now scheduled to be on the agenda for the March 2023 BOT meeting.

- **FSPPM1 Research Bond - $50M in Renovations**
  SVP Cowen gave a brief overview of the action item indicating that it has changed a bit since it was last presented to the committee, and now only addressed current lab renovations in the amount of $50 million, with the new research building and animal care facility scheduled to be presented at a later date. He stated his office worked with SVP David Nelson’s and VP David Norton’s offices to identify immediate needs and discuss sources of repayment, including from Federal Indirect Cost Recovery funds. Committee Chair Kuntz questioned how the bond would impact the reimbursement rate, and whether it would be an eligible cost. SVP Cowen explained that the labs identified for renovation are primarily UF Health, which is currently being reimbursed at 52.5% indirect cost recovery negotiated with the Department of Health and Human Services and National Institutes of Health. There was a conversation around ensuring the labs are used in adherence to grant requirements to guarantee indirect cost recovery eligibility, and how that will be monitored. Trustee O’Keefe asked how we track and put appropriate faculty in the space. SVP Cowen explained that various offices will work together to track and utilize the space to maximize the University’s ability to attract and retain faculty receiving external research grants. Trustee Kuntz asked whether $50 million was enough, or if the committee should ask to approve more. SVP Cowen suggested they move forward with $50 million for now with a potential to request additional authorization at a later date, potentially in conjunction with approval for the research building. There were no additional questions.

- **FSPPM2 UFICO New Investment Option**
  SVP Cowen gave an overview of the action item stating that UFICO is suggesting a new investment option for $300 million in existing short-term funds in addition to single premium immediate annuity (SPIA). He stated that this option, called Florida Prime, better aligns with how the university manages their funds. Trustee Heavener asked what the current yield is on short-term investments. Chief Investment Officer of UFICO, Bill Reeser, indicated that total, long-term, return is around 2-3%. Committee Chair Kuntz questioned how the new investment option will impact risk and return. CIO Reeser stated there would be no change in risk and would result in a higher yield due to better liquidity. Committee Chair Kuntz also asked for the current yield in both SPIA and Florida Prime, to which Deputy Chief Investment Officer of UFICO, Brian Mawdsley, indicated that Florida Prime was at about 4% and SPIA at about 1-2%. There was then a conversation about whether the University should keep anything in SPIA, or if the amount initially invested in Florida Prime should be greater than the proposed $300 million. It was decided that the action item would be adjusted to reflect a larger amount be moved to Florida Prime, and CIO Reeser would provide scenarios of different amounts moved at the December meeting. Committee Chair Kuntz asked CIO Reeser to provide a list from the last five years to today showing how much money we are making investing in short term funds. CIO Reeser confirmed he would get the information to him.
Committee Chair Kuntz restated the committee will discuss each action item again in December. Additionally, the committee will review the following discussion items at length including UFICO’s update and the Florida Clinical Practice Association presentation.

3.2 Review Discussion Items

- **CFO Report**
  SVP Cowen stated again that the format of this report had changed a bit, and that he would share this report at the December meeting.

- **Quarterly Financials**
  SVP Cowen stated that he will provide a more detailed overview of the quarterly financials at the December meeting. He noted the continual need to adapt to inflation/higher costs as the University returns to normal post-COVID operations, especially regarding operational expenses and contract labor and associated costs at UF Health.

- **New Budget Process**
  SVP Cowen gave a high-level overview of the new budget process, explaining that the new process will provide better transparency and understanding of how money is being spent internally. Additionally, the University will have the ability to gather better data and eventually make pro-forma budget projections. Committee Chair Kuntz asked Trustee Phalin if she has heard any feedback from faculty on the new budget process. Trustee Phalin indicated that in the College of Business, where she is housed, it has all been positive, but that there needs to be more communication to others on campus, so they are aware of the changes and new process. SVP Cowen explained that he has presented a couple of times to the Deans Council and has a roundtable each month with college financial deans, but he is happy to do separate presentations if helpful. President Fuchs noted the importance of separating the budget model from the budget actions, as both are changing a bit. Committee Chair Kuntz agreed stating that the model is not affecting how the University spends money, it is just a tool to provide better data and more strategically and effectively allocate costs.

- **Housing Update**
  SVP Cowen stated that housing rates on campus will increase 4.5% this year, as previously approved by the BOT. He provided a market comparison showing housing costs are up ~10% in the surrounding area, proving the 4.5% increase reasonable. There was a discussion prompted by Trustee Brandon about providing a “discount” for on-campus housing, and whether rates should vary depending on whether the unit had recently been renovated. Committee Chair Kuntz asked who set the rates, and Trustee O’Keefe asked for additional information on the subject. It was noted that Vice President for Student Life Heather White, who oversees Housing, should provide an update on these questions at the December meeting. SVP Cowen suggested any increase needed to be evaluated comprehensively and Trustee Brandon stated that on-campus housing needed to be marketed to bring students in. Trustee Phalin asked if the 4.5% increase was inclusive of all dorms and explained that Graduate Students cannot afford the increase after only being given a 3% increase in salary. Committee
Chair Kuntz noted that the price of on-campus housing is significantly below market, and if we look at the past few years, living on campus remains a better deal. Trustee Phalin agreed but suggested the increase be presented in way that shows students that they are saving more by remaining on campus regardless of the difference in salary increase compared to housing rate increase. Committee Kuntz agreed. SVP Cowen also briefly discussed Varsity House, an off campus housing option, stating that he and his team is continually working with a third party to try and make it an affordable option despite inflation and rising interest rates.

- **Update on ERP Initiative**
  SVP Cowen spoke briefly on the ERP initiative, stating that a team is working to upgrade the current software and he and Vice President and Chief Information Officer Elias Eldayrie will provide more detail at the December meeting.

- **UFICO Update**
  Due to time constraints, the UFICO update was not discussed in length. Instead, SVP Cowen asked for any specific questions to be presented to CIO Reeser for future discussion. Committee Chair Kuntz asked the committee to look at various pages of UFICO’s presentation, noting the $2.7B operating pool and the geographic distribution of exposure for both the operating portfolio and endowment portfolio. Committee Chair Kuntz also asked Chief Investment Officer of UFICO, Bill Reeser, to provide a breakdown of non-US and emerging countries, showing a total of 25% exposure in the endowment portfolio, so the university knows where we are invested. CIO Reeser agreed to provide this information at the December meeting.

- **DSO & Affiliates Presentation – Florida Clinical Practice Association**
  This item was not discussed due to time constraints, but Committee Chair Kuntz indicated that Scott Sumner, Chief of Finance and Administration at the College of Medicine, will present on the UF Health Gainesville Faculty Practice Plan at the December meeting, continuing the presentation of DSO financials at each BOT meeting.

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 the meeting at 11:00 a.m.