



COMMITTEE ON FINANCE, STRATEGIC PLANNING AND PERFORMANCE METRICS PRE-MEETING AGENDA Monday, November 13, 2023 10:30 a.m. or at the conclusion of the GGRIA Pre-Meeting beginning at 10:00 a.m. Virtual Meeting: (646) 558-8656, ID#: 999 7606 5184

Committee Members:

Marsha D. Powers (Committee Chair), David L. Brandon, Christopher T. Corr, Morteza "Mori" Hosseini (Board Chair), Daniel T. O'Keefe, Rahul Patel (Board Vice Chair), Fred S. Ridley, Patrick O. Zalupski

- 1.0 Call to Order and Welcome.....Marsha D. Powers, Chair
2.0 Roll Call ..... Board Staff
3.0 Review Draft Agenda for December Meeting.....Marsha D. Powers, Chair
3.1 Review Draft Minutes
• June 8, 2023
3.2 Review Action Items
• FSPPM1 FY25 Housing Rate Increase.....Taylor Jantz, Office of the Chief Financial Officer
• FSPPM2 FY25 Housing Tier Addition for Honors Village.....Taylor Jantz
3.3 Review Discussion Items
• CFO Report ..... Taylor Jantz
• Quarterly Financials ..... Taylor Jantz
• UFICO Update..... William Reeser, Chief Investment Officer UFICO
• UF Health Update.....David Nelson, Senior Vice President of Health Affairs and President of UF Health
4.0 New Business.....Marsha D. Powers, Chair
5.0 Adjourn.....Marsha D. Powers, Chair



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

**Meeting Minutes**

**June 8, 2023**

**President's Room 215B, Emerson Alumni Hall**

**University of Florida, Gainesville, FL**

**Time Convened: 11:43 a.m.**

**Time Adjourned: 2:00 p.m.**

**Committee and Board members present:**

Marsha D. Powers (Committee Chair), David L. Brandon, Richard P. Cole, Christopher T. Corr, Olivia E. Green, James W. Heavener, Morteza "Mori" Hosseini (Board Chair), Daniel T. O'Keefe, Rahul Patel (Board Vice Chair), Fred S. Ridley, Danaya C. Wright, Patrick O. Zalupski, and Anita G. Zucker.

**Others present:**

Ben Sasse, President; Joseph Glover, Provost and Senior Vice President for Academic Affairs; J. Scott Angle, Vice President for Agriculture and Natural Resources; Chris Cowen, Senior Vice President and Chief Financial Officer; Melissa Curry, Interim Vice President for Human Resources; Amy Hass, Vice President and General Counsel; Mark Kaplan, Vice President for Government and Community Relations and University Secretary; Maria Gutierrez Martin, Interim Vice President for Advancement; Marsha McGriff, Chief Diversity Officer and Senior Advisor to the President; David Nelson, Senior Vice President for Health Affairs and President of UF Health; David Norton, Vice President for Research; Steve Orlando, Interim, Vice President for Strategic Communications and Marketing; Mary Parker, Vice President for Enrollment Management and Associate Provost; Curtis Reynolds, Vice President for Business Affairs; Heather White, Vice President for Student Life; William Reeser, Chief Investment Officer of UFICO; members of the University of Florida community, and the public.

**1.0 Call to Order and Welcome**

Committee Chair Marsha D. Powers welcomed everyone in attendance and called the meeting to order at 11:43 a.m.

**2.0 Verification of Quorum**

Senior Vice President and Chief Financial Officer Chris Cowen verified a quorum with all members present.

### **3.0 Review and Approval of Minutes**

Committee Chair Powers asked for a motion to approve the minutes of the March 16, 2023 Committee Meeting and May 9, 2023 Committee Pre-meeting, which was made by Trustee Ridley, and a second, which was made by Trustee Corr. Committee Chair Powers asked for further discussion, and then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

### **4.0 Action Items**

#### **FSPPM1 Preliminary Operating Budget FY24**

Senior Vice President Cowen began the discussion by reminding the Board that this is his final meeting. He then provided a high-level overview of the preliminary operating budget explaining that FY24 preliminary budget is underway and will be presented to the Board of Governors in June for approval. He noted that the numbers being presented are preliminary and will be updated as more specifics become available. He provided an update of the budget comparison to previous years and highlighted notable changes from last year's budget, including a bottom-line surplus of \$57M.

SVP Cowen provided a breakdown of supplemental appropriations, noting the state increased its operating appropriations to UF by approximately 10%, which included an incremental \$130 million in operating support. He expressed the need to allocate the money to important priorities. He indicated that ~\$7M will be allocated to prior commitments, a portion will be retained for institutional priorities, and the remainder will be provided to colleges as block grants to pay expenses and provide additional funds. Additionally, SVP Cowen noted that a percentage will be retained for competitive requests with periodic updates regarding progress required.

SVP Cowen shared updates on the Direct Support Organizations (DSOs) and Affiliates budgets and highlighted significant changes. Board Chair Hosseini noted UF Health Shands Gainesville net margin of 3.5% and questioned the \$30M shortfall from Florida Clinical Practice Association (FCPA), asking where the money will come from to cover the deficit. Senior Vice President for Health Affairs David Nelson provided a brief organizational breakdown and stated that the deficit could be paid out of the hospitals cash on hand. There was a discussion about the hospitals costs and services and the need to look at the operational aspect of business to gain a greater understanding of cashflow and financial performance. SVP Nelson indicated they have a consultant helping to do a review. Board Chair Hosseini added UF Health will present at the September Board Retreat regarding this information. He also congratulated SVP Nelson on UF Health's National Cancer Institute (NCI) designation. President Sasse noted distinctions to be made: 1. health care delivery vs. safety net/cross subsidiaries, 2. inpatient, ambulatory, geography, and 3. Shands Gainesville is healthy, all others are subsidized by it.

SVP Cowen briefly discussed the Budget Enhancement Enactment Committee and the efforts being made towards navigating the current fiscal environment.

Committee Chair Powers asked for a motion to approve Action Item FSPPM1 which was made by Trustee Brandon, and a second, which was made by Trustee Patel for recommendation to the Board for its approval on the Consent Agenda. Committee Chair Powers asked for further

discussion, and then asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

Committee Chair Powers expressed the need to be diligent in how the increased appropriations are spent and thanked Board Chair Hosseini for his work with the state to obtain more funding. President Sasse agreed and reiterated the need to be good stewards of the money and show how it was spent.

### **FSPPM2 Estimated Direct Support Organization Use of University Resources for FY24**

Senior Vice President Cowen provided an overview of changes to the estimated Direct Support Organization (DSO) use for University resources for FY24. Each June the Board is asked to approve estimated use of University resources for 13 active DSOs the following year. He noted that it is similar to what was approved last year. Of the 13 reviewed, the vast majority of University Resources are being used by the University of Florida Foundation (UFF) and the University Athletic Association (UAA). President Sasse noted that Director of Athletics Scott Strickin was not at the meeting, but is open to any questions regarding the UAA.

Committee Chair Powers asked for a motion to approve Action Item FSPPM2 which was made by Trustee Brandon, and a second, which was made by Trustee Patel for recommendation to the Board for its approval on the Consent Agenda. Committee Chair Powers asked for further discussion, and then asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

### **FSPPM3 Enterprise Resource Planning Vendor Software Selection**

Board Chair Hosseini thanked SVP Cowen and Vice President and Chief Information Officer Elias Eldayrie for their work on the Enterprise Resource Planning (ERP) project. He noted that the requested approval for \$67M for Workday went through the technical committee and they were selected. This will be a game changer for the University and will set up the University for the long term. Trustee Ridley asked to recuse himself from the vote, as he has a conflict since - he sits on the Workday CEO Advisory Board.

SVP Cowen expressed his gratitude for VP Eldayrie's work on the project. He then provided a breakdown of cost and noted the final contract price was negotiated down by ~\$15.6M since the initial pricing proposal. He indicated that it is the lowest publicly known negotiated price in higher education (UCF, Arizona State, among others). He added that this contract is only for finance and human capital management modules, but embedded in the contract is the possibility to include an implementation for modules for student services and hospitals in the future with price holds. SVP Cowen provided next steps and the implementation target date of July 2024.

Board Chair Hosseini asked SVP Cowen to provide the Board with a breakdown of the total cost. SVP Cowen explained that the Workday portion is \$67M, but there will be additional costs for implementation and University personnel costs, totaling \$167M for two modules over 15 years.

Committee Chair Powers asked for a motion to approve Action Item FSPPM3 which was made by Board Chair Hosseini, and a second, which was made by Trustee Patel for recommendation to

the Board for its approval on the Consent Agenda. Committee Chair Powers asked for further discussion, and then asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

### **FSPPM4 Proposal for Bridge Funding**

Senior Vice President Cowen stated that there is a constant need to fund capital projects, but most major capital gifts are paid over multiple years with a pledge schedule and no cash on hand to complete the project. He explained that under state law, the University lacks the ability to acquire a line of credit, but JP Morgan provided a proposal to establish bridge financing that complies with current Florida statutes and Board of Governors guidelines. SVP Cowen presented the draft term sheet and provided a breakdown of terms and guidelines. He noted this will help us be accountable.

Trustee Zalupski asked for clarification on individual notes, to which SVP Cowen explained each will be a University of Florida obligation with no connection to the donor. Trustee Corr asked for clarification on the accordion feature. SVP Cowen explained that we can ask for an initial \$30M then go back and ask for up to an additional \$70M, totaling \$100M. President Sasse expressed his gratitude for SVP Cowen's and others work on this. Trustee Ridley added this is a very creative funding solution. Trustee Brandon expressed thanks to SVP Cowen, Associate Vice President for Enterprise Projects and Senior Counsel Colt Little, and retired Board Vice Chair and FSPPM Committee Chair Tom Kuntz for their work on this project. Board Chair Hosseini expressed his thanks to SVP Cowen.

Committee Chair Powers asked for a motion to approve Action Item FSPPM4 which was made by Board Chair Hosseini, and a second, which was made by Trustee Ridley for recommendation to the Board as a Non-Consent Agenda action. The Committee Chair asked for further discussion, and then asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

## **5.0 Discussion Items**

### **5.1 CFO Report**

Senior Vice President Cowen provided a brief overview of the CFO Report.

### **5.2 Quarterly Financials**

Senior Vice President Cowen provided an update on the University's financials for the third quarter. He noted that the Gainesville Practice Plan is projected to end the fiscal year at -\$35M, with work being done to decrease the deficit down to -\$18M. He indicated that due to the deficit, FCPA will violate its TD Bank bond covenant for FY23, but they are requesting a waiver.

Committee Chair Powers suggested a one-hour break for lunch and the Committee reconvened at 1:45pm.

Upon return from lunch, Senior Vice President Cowen continued the discussion by briefly revisiting the quarterly financials. He provided an update on bond ratings and indicated that the University's ratings are Aa1/AA/AA+. He noted that two bonds were issued recently including

Student Activity Refunding and Dormitory Revenue Refunding. SVP Cowen highlighted credit rating comments, specifically the challenges recognized.

### **5.3 UFICO Update**

Chief Investment Officer of UFICO Bill Reeser provided an update of the UF Operating portfolio. He reviewed changes to the payout structure and noted the changes have increased return and improved liquidity. CIO Reeser provided an overview of the asset allocation and working capital yield for the Operating and Endowment portfolios. He noted from a performance perspective, the university is underperforming for a trailing 1-year period, but still ahead of benchmarks for 3, 5, and 10 years. He noted changes to the UF Investment Policy statement made to align with state guidelines. He finished his presentation by providing a financial recap of the Endowment portfolio.

### **6.0 New Business**

There was no new business to come before the committee.

### **7.0 Adjourn**

There being no further discussion, Committee Chair Powers adjourned the meeting at 2:00 p.m.

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**COMMITTEE ON FINANCE, STRATEGIC PLANNING  
AND PERFORMANCE METRICS  
ACTION ITEM FSPPM2**

**SUBJECT:** FY25 Housing Tier Addition for Honors Village

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**BACKGROUND INFORMATION**

The University of Florida opened the new Honors Village in the fall of 2023. When the project was proposed, the University planned on only two room types and rates: a traditional double room and a traditional single room. However, the completed building includes the prior two room types with the addition of both a suite-style single and double room type. To incorporate the new room types and to preserve overall affordability, remain competitive, and promote financial solvency we recommend incorporating two new pricing levels for the suite-style room types.

**PROPOSED COMMITTEE ACTION**

The Committee on Finance, Strategic Planning and Performance Metrics is asked to approve a rate increase of 10% for suite-style units in the honors village for FY25 for recommendation to the Board of Trustees for approval on the Consent Agenda.

**ADDITIONAL COMMITTEE CONSIDERATIONS**

None

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Supporting Documentation Included: Current and Proposed Honors Village Rates

Submitted by: Taylor Jantz, Office of the Chief Financial Officer

**Approved by the University of Florida Board of Trustees, December 7, 2023**

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Morteza "Mori" Hosseini, Chair

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Ben Sasse, President and Corporate Secretary

Current Honors Village Rates:

Honors Village	Suite Single	\$4,317
Honors Village	Suite Double	\$4,079
Honors Village	Traditional Single	\$4,317
Honors Village	Traditional Double	\$4,079

Proposed Honors Village Rates:

Honors Village	Suite Single	\$4,749
Honors Village	Suite Double	\$4,487
Honors Village	Traditional Single	\$4,317
Honors Village	Traditional Double	\$4,079