

## Minutes

Finance, Facilities & Operations Committee Meeting

UWF Board of Trustees

August 17, 2016

Chair Mort O'Sullivan called the meeting to order at 9:53 a.m. with the following committee member present: Mort O'Sullivan.

Suzanne Lewis joined the meeting by telephone. Trustee Dave Cleveland was unable to attend.

Other trustees in attendance: Greg Britton, Bob Jones, Lewis Bear, Jr., Jay Patel, Bentina Terry, Ted Fox, Bob Sires and LuTimothy May.

Others in attendance: Dr. Judy Bense, President; Dr. Martha Saunders, Provost; Dr. Kevin Bailey, VP Student Affairs; Dr. Steven Cunningham, VP Finance & Administrative Services; Dr. Brendan Kelly, VP Advancement; Pat Lott, General Counsel, Ms. Betsy Bowers, AVP Internal Auditing; Dr. George Ellenberg, Vice Provost; Ms. Cynthia Talbert, Internal Auditing; Mr. Dan Bevil, Internal Auditing; Mr. Matt Packard, Compliance; Ms. Ellen Till, Director, Business Affairs & Auxiliary Services; Dr. Michael Huggins, Dean, CASSH; Dr. Ed Ranelli, College of Business; Dr. Steve Brown, Dean, CEPS; Dr. Steve Crawley, Dean, COPS; Dr. Rick Harper, AVP, OEDE; Dr. Ermalynn Kiehl, Dean, COH; Dr. Jay Clune, Dean, Graduate School; Dr. Kim LeDuff, AVP, Dean, University College ; Dr. Joffery Gaymon, AVP Enrollment Affairs; Dr. Jim Arruda, Associate Dean, College of Health; Chief John Warren, University Policy; Dr. Tim O'Keefe, Dean, College of Business; Dr. Vanee Cao-Nguyen, Director SDRC; Dr. Bob Dugan, Dean, Library Studies; Dr. Brandon Frye, AVP, Dean of Students; Ms. Megan Gonzalez, University Communications; Ms. Colleen Asmus, Controller; Dr. Vanee Cao Nguyen, Executive Director, Office for Equal Opportunity and Advancement; Ms. Kelley Brundage, University Registrar; Dr. Brice Harris, AVP, Haas Center; Dr. Rebecca Kennedy, Director, Health and Wellness Center; Mr. Billy Pollard, Senior Associate Controller; Mr. Chip Chism, Director, Parking & Transportation Services; Ms. Karen Rentz, Director, Office of EOC; Ms. Robin Zimmern, Assistant Dean of Students; Ms. Sandra Thompson, Director, ITS; Ms. Melanie Haveard, Director, ITS; Dr. Jenae Burkart, ITS; Mr. William Coleman, ITS; Mr. Pat Crawford, WUWF Public Media; Mr. David Scott, Athletic Director; Mr. Tony Nguyen, Associate Athletic Director; Ms. Lisa Berneau, Assistant General Counsel; Ms. Lauren Loeffler, Director Career Center; Ms. Jamie Sprague, Assoc Director Human Resources; Ms. Angela Jones, Director, Procurement and Contracts; Dr. Claudia Stanny, Director, CUTLA: Mr. Daniel Lucas, Chief Financial Officer, UWF Foundation; Mr. Kishane Patel, SGA; Eric Ingerman, Sound Specialist; and Becky Luntsford, Assistant Corporate Secretary to the Board of Trustees.

## **CHAIR'S GREETING**

Chair O'Sullivan welcomed everyone and thanked all for being here today. He recognized all the trustees in attendance.

## **ACTION ITEMS**

**1. Approval of Issuance of Debt by UWF Foundation to Refund Student Housing Bonds** was presented by Pat Lott, General Counsel and Dan Lucas, Foundation CFO.

The University of West Florida Foundation, Inc. is the borrower for the debt used to finance the University's student housing system. Presently, outstanding debt includes the following:

1. \$15,265,000 Dormitory Revenue Bond (University of West Florida Foundation, Inc. Project, Series 2011) (the "2011 Bonds"). These bonds were publicly offered, insured, rated, final maturity June 1, 2040. Issued to provide funds to build President's Hall.
2. \$8,635,000 Dormitory Refunding Revenue Bond (University of West Florida Foundation, Inc. Project, Series 2010) (the "2010 Bonds"). BB&T bank placement, uninsured, unrated, final maturity June 1, 2028. Modifications lowering interest rate accomplished in July, 2015. 2010 Bonds were issued to refund the 1998 Bonds, which were issued to provide funds to build Villages East and refunded bonds issued to finance Villages West and Southsides.
3. \$11,680,000 Dormitory Revenue Bond (University of West Florida Foundation, Inc. Project, Series 2009) (the "2009 Bonds"). BB&T bank placement, uninsured, unrated, final maturity June 1, 2029. Issued to provide funds to build Heritage Hall.
4. \$13,683,344 Dormitory Revenue Bond (University of West Florida Foundation, Inc. Project, Series 2015) (the "2015 Bonds"). Compass bank placement, uninsured, unrated, final maturity June 1, 2031. 2015 Bonds were issued to refund the 2005 Bonds, which refunded bonds issued for Martin, Pace, and Argo.

Foundation staff monitors interest rates for possible market savings through refunding outstanding debt. The Foundation has been advised that assuming present market rates, the 2011 Bonds can be advance refunded for an approximate 14% present value savings and the 2009 Bonds can be advance refunded for an approximate 6% present value savings.

The Foundation historically has used the Escambia County Housing Finance Authority (the "Authority") as its conduit issuer. The Foundation is the obligor/borrower on all issues, but the Authority is the issuer. The Authority has been an excellent partner over the years, but due to the increasing fiscal sophistication of Foundation staff and for cost savings, we have proposed that the Foundation issue its debt directly. Accordingly, for the 2015 Bonds and the 2010 Bonds, we included a provision in the bond documents that the Foundation could be substituted for the Authority as the issuer of the debt obligations without a prepayment penalty. This will avoid

costs of issue of the Authority for the 2009 and 2011 refundings and will also avoid ongoing monitoring fees of the Authority for all four issues.

Accordingly, the Foundation plans to issue publicly offered bonds of the Foundation to accomplish the advance refunding of the 2011 Bonds and the 2009 Bonds with maturities carefully matching the existing principal payment schedules of the 2011 and 2009 Bonds. Simultaneously, the bond documents for the 2015 Bonds and the 2010 Bonds would be modified to provide that those Bonds would be debt of the Foundation and not the Housing Finance Authority and to make any necessary modifications relating to direct issue status of the debt.

Documents were provided to the Committee showing the savings that would be accomplished if the 2011 and 2009 refundings were accomplished at current market rates. Spreadsheets show the scheduled debt service for all issues and the resulting debt service if the refundings of the 2011 and 2009 Bonds are accomplished.

Although refundings for savings do not require formal approval of the Board of Governors, staff has provided this information to the staff of the Board of Governors and Division of Bond Finance and has been advised that they approve the proposed structure.

Assuming current rates, it is expected that the planned refinancing of the 2011 Bonds will result in a net present value savings of approximately \$2,190,215 over the remaining term of the 2011 Bonds, or an approximately 14.34% of the principal amount of the refunded 2011 Bonds and that the planned refinancing of the 2009 Bonds will result in a net present value savings of approximately \$670,785 over the remaining term of the 2011 Bonds, or approximately 5.7% of the principal amount of the refunded 2009 Bonds.

It is expected that the planned substitution of the Foundation for the Authority as issuer of the debt will result in an approximately \$50,000 per year savings, together with additional savings due to lesser costs of issue.

Chair O'Sullivan asked for a motion to Recommend, at the September 30<sup>th</sup> meeting, the full Board adopt the proposed resolution approving the issuance of debt by the UWF Foundation to refund debt issued to finance construction of student housing facilities on the UWF main campus.

Motion by: Trustee Suzanne Lewis  
Seconded by: Trustee Mort O'Sullivan  
Motion passed unanimously.

## **INFORMATION ITEMS**

### **1. Parking Permit Rates** was presented by Dr. Steven Cunningham.

On June 15, 2016, the UWF Board of Trustees approved a recommendation to eliminate the fifth and final year of annual 20% parking permit rate increases keeping the rates for 2016/17 and beyond at the 2015/16 rate. Although the recommendation was approved, discussion continued about whether the fees should be rolled back to the 2014/15 rates. The Board directed staff to prepare information on the potential impact of this revenue reduction.

Documents were provided to the Committee providing an overview of the financial structure of parking and transportation services. Documents identified revenue at the current rate, at the 2014/15 rate, and at the current rate less 5%. Additionally, fund balances for the pertinent Parking and Transportation accounts were summarized along with the short-term, mid-term, and long-term uses for the Parking Reserves across the UWF 1600-acre campus. Dr. Cunningham added that the university master plan will be updated soon and emerging projects and priorities may be added that do not appear on the documentation provided to the Committee.

Dr. Cunningham reported that rolling back parking permit prices to 2014/15 rates or decreasing current rates by 5% will result in a savings to the University community on prices for permits but will also result in a decrease in revenue in the Parking Services account.

Trustee Jones reminded the Committee of the motion he had made at a previous meeting to roll back parking fees and was advised by General Counsel that since the item had not been advertised as a possible policy change and the item was not on the agenda as an action item, this item would need to come back to the Committee. He went on to state that he appreciated Dr. Cunningham's remarks and the work that has been done by the staff, and he would like for the Board to have the opportunity to vote on this issue.

General Counsel Pat Lott stated that the Board Chair decides what goes on the full Board agenda. She stated that she sees no prohibition for an item to move from the Committee to the full Board as a recommendation.

Chair O'Sullivan directed Dr. Cunningham to place this item on the next Committee meeting agenda for consideration and further discussion by the Finance, Facilities & Operations Committee. He requested that the report include the implications of the revenues, expenses and identifying how, if rolling back fees as proposed will affect university plans and budgets.

Dr. Cunningham stated that the BEI Board has asked for additional information on this item at their next board meeting. He added that their feedback will prove helpful to the Finance, Facilities and Operations Committee.

Trustee Patel stated his agreement of reducing student parking fees. He explained the BEI Board is discussing the master plan and the effects parking fees have on those plans. He went on to explain that the timing is perfect for both Boards' consideration of these fees and a possible roll back.

**2. Business Enterprises, Inc. Update** was presented by Dr. Steven Cunningham. Dr. Cunningham informed the Committee that there are negotiation meetings with Stonebrook to execute the lease agreement of Scenic Hills Golf Course. He added that Stonebrook has an interest in purchasing the golf course as well at a later date.

Chair O'Sullivan asked if the Lease Agreement with Stonebrook will come back to the BOT for approval. Dr. Cunningham agreed that this item should appear on the BOT agenda next quarter.

**3. University Park Facility Update** was presented by Dr. Steven Cunningham. The University Park mixed use building project is an approximate 32,700 GSF building located adjacent to the new football field. The building is to incorporate Intercollegiate Athletics and College of Health facilities along with the regional FSU Medical School. The estimated project budget is \$6,846,142. Contracts were finalized and issued in August 2016 to Caldwell Associates Architects for Design Services and to Childers Construction Company for Construction Manager at Risk, Pre-construction Services. Programming for 2<sup>nd</sup> floor (College of Health, FSU-College of Medicine) is complete. The project is anticipated to be substantially complete in December 18, 2017 with final completion on January 22, 2018.

**4. Laboratory Sciences Annex Update** given by Dr. Steve Cunningham. The Laboratory Sciences Annex project is an approximate 50,800 GSF building adjacent to the existing Building 58. It is being designed to serve the Chemistry, Biology and Center for Environmental Diagnostics and Bioremediation (CEDB) programs with additional research space. The total estimated project budget for the three phases is \$27,000,000. Contracts were finalized and issued in August 2016 to Caldwell Associates Architects for Design Services and to Greenhut Construction Company for Construction Manager at Risk, Pre-construction Services. Programming has commenced. The project will include three packages of design and construction – Site Utilities package, Central Utility Plant package and B58 Annex package. The project schedule is still being finalized based on the contract execution date, however, the project is anticipated to be substantially complete in July 2018 with final completion in August 2018.

**5. Textbook and Instructional Material Affordability Reporting** Powerpoint presentation was given by Dr. George Ellenberg. A highlight of the report included that UWF met the BOG's July 8<sup>th</sup> deadline with a successful 98% compliance rate of textbook orders completed for the Fall 2016 term.

On April 14, 2016, Governor Rick Scott signed into law House Bill 7019:

- Requiring university boards of trustees to examine cost of textbooks and instructional materials;
- Authorizing university boards of trustees to adopt policies which allow for use of innovative pricing techniques and payment options for textbooks and instructional materials; and
- Requiring each university board of trustees to report to the chancellor by September 30 of each year, starting in Fall 2016, on matters related to textbooks and instructional materials.

A draft of the Textbook and Instructional Material Affordability Report was presented to the Trustees. A final version will be ready for the Board of Trustees to approve at their September 30, 2016, meeting.

#### **OTHER COMMITTEE BUSINESS**

None

#### **ADJOURNMENT**

With no further Finance, Facilities & Operations items to discuss, the meeting was adjourned at 10:46 a.m.

Respectfully submitted,  
Becky Luntsford, recording secretary