

DRAFT Minutes

Finance, Facilities & Operations Committee Meeting

UWF Board of Trustees

August 17, 2017

Committee Chair, Suzanne Lewis called the meeting to order at 10:37 a.m. with the following committee members participating by phone: Lewis Bear, Jr. and Dave Cleveland.

Other trustees in attendance: Mort O'Sullivan, Dick Baker, Jay Patel, Kishane Patel and David Ramsey.

Others attending:

Dr. Martha Saunders, President; Dr. George Ellenberg, Interim Provost; Dr. Steve Cunningham, VP Administrative Services; Dr. Pam Northrup, VP, Innovation and Strategic Research; Dr. Joffery Gaymon, Vice President Enrollment & Student Affairs; Dr. Kim LeDuff, Vice President, Academic Engagement; Ms. Pam Langham, General Counsel; Ms. Janice Gilley, AVP External Affairs; Mr. Dave Scott, Athletic Director; Ms. Carol Britton, Assistant to the President for Communications; Dr. Michael Huggins, Dean CSEH; Dr. Tim O'Keefe, Dean COB; Dr. Ed Ranelli, Faculty Emeritus; Dr. Jay Clune, Graduate Studies; Dr. William Crawley, Dean CEPS; Dr. Steve Brown, Dean CASSH; Dr. Bob Dugan, Dean University Libraries; Dr. Brandon Frye, Dean of Students; Ms. Colleen Asmus, AVP Financial Services; Ms. Betsy Bowers, AVP Internal Auditing & Compliance; Ms. Megan Gonzalez, Executive Director, University Communications; Dr. Melinda Bowers, Director, Emerald Coast Campus; Ms. Jamie Sprague, Associate Director, Human Resources; Dr. Jim Hurd, SVP Student Affairs; Dr. Ruth Davison, Director Housing & Residence Life; Ms. Rachel Blakesley, Asst Director, Residence Life; Ms. Lauren Loeffler, Director, Career Services; Ms. Robin Zimmerman, Assoc. Dean of Students; Ms. Kelley Brundage, University Registrar; Dr. Rebecca Kennedy, Director, Health & Wellness Services; Mr. Matt Marshall, Director, University Commons; Mr. Keith King, ASPIRE; Mr. Bill Harrell, Director Recreation; Mr. James Felder, Asst General Counsel; Ms. Cindy Harigel, Business Manager, Enrollment & Student Affairs; Mr. Chris Middleton, Director of Strategic Innovation; Innovation Institute; Mr. Andrew Romer, Senior Executive Specialist, Governmental Relations; Ms. Cynthia Talbert, Internal Auditor III; Ms. Lauren Alidor, Administrative Specialist, Internal Auditing; Mr. Matt Packard, Compliance Officer, Internal Auditing; Mr. Dan Bevil, Internal Auditor II; Mr. Dan Lucas, CFO, UWF Foundation; Mr. John Warren, Chief of Police; Dr. Mark Roltsch, Asst. VP Research; Ms. Karen Rentz, Director, Title IX Programs; Mr. Chip Chism, Parking & Transportation Services Director; Dr. Jenae Burkart, Faculty Technology Support Specialist, ITS; Mr. Peter Robinson, Director, Environmental Health & Safety; Dr. Vannee Cao-Nguyen, Director, SDRC; Dr. Claudia Stanny, Director, CUTLA; Ms. Sandra Thompson, Director, ITS; Ms. Melanie Haveard, Exec Director and CTO, ITS; Mr. Ross Dahlstrom, Network Engineer; Ms. Ellen Till, Director Business Auxilliary Services; Ms. Angie Jones, Director, Procurement; Mr. William

Coleman, Lead Classroom Technology Engineer, ITS and Ms. Becky Luntsford, Recording Secretary.

CHAIR'S GREETING

Chair Lewis welcomed everyone in attendance and explained the Committee had three information items on the agenda.

INFORMATION ITEMS

Dr. Steve Cunningham, Vice President and CFO, presented all three information items.

1. Major Facilities Construction Update. This update provided the Committee with a brief project status update and planning related to the University Park and Lab Sciences Annex Facilities.

2. Energy Savings Performance Contract Update. In August 2015, the Finance and Facilities Committee was provided with a status report concerning an Energy Audit Agreement initiated in March 2015, between the University and Siemens Industry, Inc. The purpose of the Energy Audit and Report was, "to determine the feasibility of entering into an energy performance savings contract to finance the installation and implementation of not to exceed \$10,000,000 of energy conservation measures across campus."

The Energy Audit Agreement included a \$275,000 "Break-Up Fee," in the event that Siemens failed to deliver a timely and feasible Energy Audit Report ("EAR") involving verifiable Energy Conservation Measures ("ECMs") that Siemens would implement. A November/December 2015 time table was suggested as the time frame for final action by the Board of Trustees. Subject to University acceptance of the EAR prepared by Siemens, it was reported that the Board would be asked to approve a subsequent Energy Performance Contract with Siemens ("EPC"), involving the following aspects:

- Maximum project cost of \$10 Million;
- Energy cost savings are reasonably verifiable based on industry standards;
- Energy cost savings produce a positive cash flow to the University equal to a minimum of five (5) percent of the energy cost savings;
- Not-to-exceed fifteen (15) year payback period; and
- Construction period for installing energy conservation measures of two (2) years.

As of September 2015, Steven Cunningham was appointed Vice President and CFO. Siemens delivered a finalized Technical Energy Audit Report to the University on November 2, 2015. At that time, Dr. Cunningham elected to defer further Board consideration of the potential EPC, pending review and analysis of the EAR. Three consultants (Technical, Financial, and Legal) had been contracted to assist the University in analyzing the EAR and its feasibility for

implementation at UWF. Following several iterations, the final consultant recommendations were received at the end of March 2017. Additional review then undertaken by Dr. Cunningham and Facilities staff in coordination with the OGC. Siemens representatives were advised that the University was reluctant to proceed based on the EAR and Siemens was provided with a formal Termination Notice on May 23, 2017, stating various factors verified by the consultants, indicating that the EAR was not feasible for implementation at this time.

Siemens officials have indicated a willingness to continue to discuss and negotiate options (including the possibility of scaled-down ECM projects that do not require debt financing). Negotiations will therefore continue between the parties as to the status of any potential ECM projects and fees. Meanwhile, the University will continue to consider potential ECM projects that yield verifiable energy savings and core infrastructure improvements. Any proposed EPC will be brought before the FFOC for endorsement and Board approval as necessary.

3. UWF Business Enterprises Inc. Update. Business Enterprises, Inc. (BEI) was established in 2011. This update provided the Committee with an overview of recent activities, including the Scenic Hills property, Food Services and Argonaut Village.

OTHER COMMITTEE BUSINESS

None

ADJOURNMENT

With no further Finance, Facilities & Operations items to discuss, the meeting was adjourned at 10:57 a.m.

Respectfully submitted,
Becky Luntsford, Assistant Corporate Secretary