

MINUTES
MEETING OF THE FINANCIAL AFFAIRS COMMITTEE
January 27, 2016

TRUSTEES PRESENT: Andy Bessette (*via telephone*), Charles Bunnell, Shari Cantor, Richard Carbray, Marilda Gandara (*via telephone*), Jeremy Jelliffe, Thomas Kruger, Andrea Dennis-LaVigne, Rebecca Lobo, Larry McHugh, David Rifkin and Thomas Ritter

STAFF PRESENT: Mun Choi, Laura Cruickshank, Amy Donahue, Michael Gilbert, Susan Herbst, Scott Jordan, Tysen Kendig, Michael Kirk, Matt Larson, Wayne Locust, Warde Manuel, Michael Mundrane, Richard Orr, Sally Reis, Rachel Rubin, Jeffrey Seeman, and Katrina Spencer

UNIVERSITY SENATE MEMBERS PRESENT:
Cheryl Beck, Doug Hamilton, Amy Howell, Elizabeth Jockusch, Shayla Nunnally, and Zeki Simsek

Committee Chairman Thomas Kruger convened the meeting of the Financial Affairs Committee at 9:00 a.m. in the Lewis B. Rome Commons Ballroom on the University of Connecticut campus in Storrs, Connecticut.

On a motion by Trustee Bessette and seconded by Trustee Carbray the minutes of the meeting of December 16, 2015 were approved as circulated.

Matthew Larson, Director of Procurement, presented an overview of agenda ***Item #2, Contracts and Agreements for Approval***. On a motion by Trustee Cantor and seconded by Trustee Carbray the item was recommended to the full Board for approval.

Richard Orr, Vice President and General Counsel, introduced agenda ***Item #3, Revisions to the Policy on the Selection of Outside Legal Counsel***. He informed the committee that through UCONN 2000 the University has the right to select outside counsel without going through the Attorney General. The University has the capacity to hire outside counsel without going through the Attorney General in certain other circumstances, most notably in the area of Labor Relations/Collective Bargaining. This resolution will allow the University to select outside legal counsel in all circumstances where allowable. In addition, the resolution rectifies an inconsistency between the original policy and procurement statute by including language that when hiring outside legal counsel the University will follow procurement statutes. On a motion by Trustee Cantor and seconded by Trustee Carbray the item was recommended to the full Board for approval.

Attorney Orr next introduced agenda ***Item #4, Exercise of the University's Ownership Rights***. He stated that the University owns stocks; has ownership in businesses through commercializing faculty inventions; owns the intellectual property and sometimes the commercialization includes the University taking an equity interest in a company. Stock is

owned because sometimes the University receives gifts directly to the University rather than the Foundation. It is clear through Statutes and the By-Laws that the University President has the executive authority on behalf of the Board of Trustees. The resolution expressly states that the President may delegate authority one level down to one of her direct reports. That person cannot sub delegate the authority below their authority. On a motion by Trustee Carbray and seconded by Trustee Bessette the item was recommended to the full Board for approval.

Trustee Kruger directed the committee to agenda ***Item #5, Recommendation for Approval of Collective Bargaining Agreement with UCPEA***. He stated that given the importance and wide general interest he asked for a motion and a second to defer the item for discussion and approval at the full Board meeting. On a motion by Trustee Cantor and seconded by Trustee Carbray the item was deferred to the full Board for consideration.

Trustee Kruger introduced agenda ***Item #6, Funding for Strategy for Athletic Facilities Improvements***. The item was distributed to the Trustees as a handout. Mr. Kruger stated there was a resolution before the committee regarding a funding strategy for capital improvements for athletic facilities. He added, *“For many years renovations have been needed to improve, expand and modernize important athletic facilities on the Storrs campus of baseball, soccer and softball complexes. UConn is very proud of each of these sports and the thousands of student athletes who have been a part of them over the decades. Once completed, this work will benefit not only these programs, the student athletes and coaches but the many students and fans who attend the games and support these teams. However, for many years these projects have gone unfunded as other capital spending priorities have taken precedence. Because the situation is unlikely to change, the University and UConn Foundation have been raising private philanthropic dollars from donors to support the much needed capital improvements. It is estimated that all three projects will cost proximately \$46 million. UConn Foundation is confident that it can raise the majority of this funding from private donors interested in supporting UConn Athletics and these programs specifically. The goal is to raise approximately \$25 million for the projects, and they have already raised or secured pledges totaling \$12.5 million. But a shortfall remains between the amount that can be raised privately and the total cost of the projects and the University has proposed an approach that will get the projects off the ground and to completion by utilizing the private donations and relying on fan support going forward. The proposal does not call for the use of University operating funds or money generated either by students through tuition and fees or tax payers; but relies on donors and fans. It is a solution, not only for these three projects, but the issue of capital improvements for other athletic facilities going forward.”*

Trustee Ritter, Chair of the Buildings, Grounds and Environment Committee, stated that the BGE Committee have been discussing the issue for several months noting the frustration experienced when, in spite of a generous donation, funds could not be obtained for the rest of the facilities. Discussions occurred in many areas including options similar to the bond funding utilized for the basketball practice facility; and determining that infrastructure be reviewed to accommodate the new facilities including optimizing current projects such as the Rec Center to look at these areas. The current proposal is to complete these four projects and donors who were reluctant to donate in the past due to the uncertainty of project completion will now be able to donate. He also stressed that the funds would go to repay the bond debt and over that would go

specifically to Athletic facilities. He thanked all those involved in bringing the problem of funding the facilities to a positive finish.

Scott Jordan, Executive Vice President for Administration and Chief Financial Officer, detailed the agenda item as a request for the Board to endorse a funding strategy to improve athletic facilities. The goal is for the University to use no tuition, fees or state funding toward the improvement of the athletic facilities. The University operating budget has been experiencing financial stress and State funding has been unable to keep up with the University's goals through the Next Generation Connecticut program. The proposed strategy is not to add additional strain on the operating budget but to use private philanthropy coupled with a modest ticket surcharge on ticketed athletic events to fund a capital program for these facilities. The strategy is in its early stages and the purpose of bringing it before the Board is to determine if the Board endorses this direction before engaging with bond lawyers and financial advisors. If endorsed, any bond packaging and facility plans will be brought back to the Board for review and approval over the next year or more. Total capital costs for all three facilities is anticipated to be approximately \$46 million. Mr. Jordan provided details on his expectations for bonding abilities and rates as well as construction costs and anticipated donor contributions. The strategy recommended is similar to those used at other institutions and can be very successful. This is a long term strategy that helps to maintain the athletic facilities without adding stress to the operating budget. As ticket prices have not increased in approximately 10 years the added facility fee is not expected to effect sales.

Chairman McHugh thanked Messrs. Kruger, Ritter, and Jordan and others for their hard work on establishing a workable strategy to bring the University's athletic facilities to the level needed. Trustee Bessette asked if an audit of all the athletic facilities had been done to determine strategies for the next decade in order to bring all of the athletic facilities up to speed. Mr. Kruger asked Mr. Jordan to add this request to his charge. Warde Manuel, Athletic Director, added that the Athletics Division has reviewed long term needs although outside consultants have not been utilized. On a motion by Trustee Cantor and seconded by Trustee Carbray the item was recommended to the full Board for approval.

Laura Cruickshank, University Master Planner and Chief Architect detailed agenda ***Item #7, Project Budget for Residential Life Facilities West Campus Shower Renovations***. On a motion by Trustee Carbray and seconded by Trustee Cantor the project budget was recommended to the full Board for approval. Ms. Cruickshank also provided an update on the timeline of the Hartford Public Library lease.

There being no additional agenda items the meeting was adjourned at 9:27 a.m. on a motion by Trustee Cantor and seconded by Trustee Carbray.

Respectfully submitted,

Debbie L. Carone

Debbie L. Carone,
Secretary to the Committee