

MINUTES
MEETING OF THE FINANCIAL AFFAIRS COMMITTEE
December 10, 2014

TRUSTEES PRESENT: Louise Bailey, Andy Bessette, Shari Cantor, Richard Carbray, Michael Daniels, Andrea Dennis-LaVigne, Marilda Gandara, Jeremy Jelliffe, Thomas Kruger, Rebecca Lobo, Larry McHugh, Denis Nayden (*via Telephone*), and Thomas Ritter

STAFF PRESENT: Andrew Agwanobi, Carolle Andrews, John Biancamano, Thomas Callahan, Debbie Carone, Cheryl Chiaputti, Mun Choi, Elizabeth Conklin, Robert Corbett, Laura Cruickshank, Amy Donahue, Eleanor Donahue, Joanne Fazio, Kim Fearney, Nathan Fuerst, Kristy Gafford, David Galloway, Nicole Gelston, Jeff Geoghegan. Michael Gilbert, Brian Gore, Susan Herbst, Michael Jednak, Tysen Kendig, Mike Kirk, Matthew Larson, Bruce Liang, Susan Locke, Wayne Locust, Michael Mundrane, Brandon Murray, Richard Orr, Bhupen Patel, Dennis Pearce, Sally Reis, Rachel Rubin, Jeff Seeman, Larry Silbart, Robert Sitkowski, Katrina Spencer, Eli Strassfeld, Jack Sullivan, Michael Sullivan, Tom Trutter, William Wendt, Scott Wetstone, Dana Wilder, Beverly Wood and Reka Wrynn

UNIVERSITY SENATE MEMBERS PRESENT:
Rajeev Bansal, Elizabeth Jockusch, Angela Rola, William Stwalley, Zeki Simsek and Shayla Nunnally

Committee Chairman Thomas Kruger convened the meeting of the Financial Affairs Committee at 9:16 a.m. in the Lewis B. Rome Commons Ballroom on the University of Connecticut campus in Storrs, Connecticut.

Mr. Kruger directed the committee to a revised agenda which was revised to add two janitorial contracts (one for Storrs and one for the regional campuses) and two on-call General Contractor contracts to increase their value, both added to agenda Item #2, Contracts and Agreements for Approval. On a motion by Trustee Cantor and seconded by Trustee Bessette the revised agenda was accepted as circulated.

Mr. Kruger directed the committee to agenda *Item #1, Approval of the Minutes of the Financial Affairs Committee Meeting of October 29, 2014*. On a motion by Trustee Cantor and seconded by Trustee Bessette the minutes were approved as circulated.

Matthew Larson, Director of Procurement, presented a thorough overview of agenda *Item #2, Contracts and Agreements for Approval – Revised*.

John Biancamano, Interim Executive Vice President for Administration and Chief Financial Officer, introduced and reviewed ***agenda Item #3, Residential Life Facilities Project Definition*** in light of *agenda Item #4*.

Richard Orr, General Counsel, introduced ***agenda Item #4, Acquisition of Nathan Hale Inn***; providing a detailed overview of the acquisition framework. The recommendation was for the Board of Trustees to authorize the University administration to enter into a purchase and sale agreement to acquire the Nathan Hale Inn for use as student residence space. The land under the Nathan Hale Inn is owned by the University and leased to a private group of investors to construct a hotel. The hotel currently consists of approximately 100 rooms; of which the University rents half for use as student housing. This rental includes the right to rent the space as student housing for the next two academic years; with no rights after that time. The private investors put the hotel on the market and received an offer to purchase for \$8.3 million.

Under the University's pre-existing ground lease for the property, the University has a right of first refusal. This allows the University to step into the offer and pay the amount of that offer. The University has exercised its right of first refusal. Exercising the right of first refusal does not irrevocably commit the University to purchase the hotel. The purchase and sale agreement will be on the same fundamental terms as that of the private buyer; however, the University has the ability to make adjustments because it is a public entity. The approval to enter into a purchase and sale agreement does not mean that the sale is irrevocable as there will be contingencies that must be satisfied and financing secured.

If the University acquires the hotel it would continue to be managed as it is currently; by a hotel management company. The building would continue to be a mixed use of hotel and student housing for the foreseeable future as the University continues to need a hotel for University visitors. The current ground lease prohibits the University from promoting a competing hotel. Engaging in the conversation of a new hotel in the vicinity cannot occur until after the acquisition is complete. There is a market for a hotel in the area and the private market will support it. When a private hotel is built in a close proximity to campus the University may then convert the entire building to student housing.

John Biancamano provided detail on the financing, tax liability, abatement, as well as costs for replacement of furniture, fixtures and equipment for the hotel property acquisition. Chairman McHugh stated he was happy with the plan and his earlier concerns had been addressed. He stated his belief that the acquisition would be an advantage to the University.

Agenda Item #5, Proposed School of Medicine and School of Dental Medicine Tuition and Fees Rates for Fiscal Years 2016 and 2017 was presented by Dr. Bruce Liang, Interim Dean for the School of Medicine. The proposal reflected a 4% increase for the next two academic years.

On a motion by Trustee Cantor and seconded by Trustee Bessette agenda **Items #1-4** were recommended to the full Board for approval with Trustee Carbray abstaining from agenda Items #3 and #4. Subject to the abstention the motion passed.

Laura Cruickshank, University Master Planner and Chief Architect, explained the project budgets for Storrs based programs presented for approval which included: **Putnam Refectory (Design: \$23,000,000); McMahon Kitchen Alterations (Final: \$885,935); Residential Life Facilities – Husky Village Housing Complex Heating Upgrades (Final: \$600,000); Residential Life Facilities – Whitney Hall Renovations (Final: \$685,000); Technology Quadrant Phase III – Innovation Partnership Building (Final: \$162,300,000); and Whetten Renovations and Code Remediation (Final: \$710,000)**. President Herbst inquired about the status of shades for the Fine Arts Complex and was assured the project would be completed over the holiday break. On a motion by Trustee Bessette and seconded by Trustee Cantor the project budgets were recommended to the full Board for approval.

Thomas Trutter, UConn Health Associate Vice President of Campus Planning, Design and Construction, detailed project budgets for the UConn Health programs presented for approval which included: **New 3T MRI Renovations (Planning: \$3,400,000) and Demolition of Dowling North and Dowling South Buildings (Final: \$1,295,000)**. On a motion by Trustee Cantor and seconded by Trustee Bessette the project budgets were recommended to the full Board for approval.

Mr. Biancamano informed the committee that based on an audit recommendation, all projects valued at \$500,000 or more will be brought to the Trustees for approval. Therefore, although IT project budgets historically have not been presented for Board approval, the Board is requested to approve two IT projects as agenda **Item #14, Fiscal Year 2015, 2016 and 2017 HR/Payroll Implementation into Core-CT** and agenda **Item #15, Kualii Financial Systems Upgrade**. Michael Mundrane, Chief Information Officer, explained the projects presented. On a motion by Trustee Bessette and seconded by Trustee Cantor these items were recommended to the full Board for approval.

Mr. Biancamano directed the committee to the information items on the agenda. There being no additional agenda items the meeting was adjourned at 10:03 a.m. on a motion by Trustee Cantor and seconded by Trustee Bessette.

Respectfully submitted,

Debbie L. Carone

Debbie L. Carone,
Secretary to the Committee