

MINUTES
MEETING OF THE FINANCIAL AFFAIRS COMMITTEE

University of Connecticut
Wilbur Cross Building
North Reading Room (Room 109)
233 Glenbrook Road
Storrs, Connecticut
September 26, 2018

TRUSTEES PRESENT: Andy Bessette, Mark Boxer (*via Telephone*), Chuck Bunnell, Shari Cantor (*via Telephone*), Richard Carbray, Sanford Cloud, Liz Donohue (*via Telephone*), Marilda Gandara, Jeanine Gouin, Thomas Kruger, Andrea Dennis-LaVigne, Rebecca Lobo, Thomas Ritter, Philip Rubin, Christine Savino, Catherine Smith (*via Telephone*), and Sam Surowitz

STAFF PRESENT: Andy Agwunobi, David Benedict, Robert Corbett, Laura Cruickshank, Nicole Gelston, Susan Herbst, Scott Jordan, Craig Kennedy, Michael Kirk, and Rachel Rubin

UNIVERSITY SENATE MEMBERS PRESENT:
Sulin Ba, Rajeev Bansal, Sandra Chafouleas, and Jaci VanHeest

Committee Chairman Andy Bessette convened the meeting of the Financial Affairs Committee at 9:16 a.m. in the North Reading Room of the Wilbur Cross Building on the University of Connecticut campus in Storrs, Connecticut.

The minutes of the meeting of August 1, 2018 were approved as circulated on a motion by Trustee Carbray and seconded by Trustee Boxer.

On a motion by Trustee Rubin and seconded by Trustee Carbray the order of the meeting was changed to allow the Trustees to enter Executive Session.

On a motion by Trustee Rubin and seconded by Trustee Carbray the committee voted to go into Executive Session to discuss one or more of the following: 1. Preliminary drafts and notes that the University has determined that the public interest in withholding such documents clearly outweighs the public interest in disclosure, pursuant to Section 1-210 (b) (1)]; 2. Commercial or financial information given in confidence, pursuant to Section 1-210 (b) (5) (B); 3. The contents of real estate appraisals, engineering or feasibility estimates and evaluations made for or by an agency relative to the acquisition of property, pursuant to Section 1-210 (b) (7); 4. Discussion of the selection of a site or the lease, sale or purchase of real estate by the state, pursuant to Section 1-200 (6) (D)]; 5. Responses to any request for proposals or bid solicitation issued by a public agency, pursuant to Section 1-210(b)(24)]. The following individuals were asked to join the Trustees for the session: President Herbst, Scott Jordan, Craig

Kennedy, Andy Agwunobi, Rachel Rubin, Nicole Gelston, Michael Kirk, Laura Cruickshank, Robert Corbett, David Benedict and Debbie Carone.

The committee moved into open session at 9:42 a.m.

Scott Jordan, Executive Vice President for Administration and Chief Financial Officer, presented agenda ***Item #2, Contracts and Agreements for Approval revised to include a standard game competition agreement with the University of Tennessee.*** David Benedict, Athletic Director, provided background on the competition agreement. On a motion by Trustee Carbray and seconded by Trustee Rubin the item as revised and presented was recommended to the full Board for approval.

Mr. Jordan detailed agenda ***Item # 3. Annual Report of the Endowed Chair Program Entitled, “Aetna English Chair of Writing”.*** On a motion by Trustee Rubin and seconded by Trustee Cantor the item was recommended to the full Board for approval.

On a motion by Trustee Carbray and seconded by Trustee Rubin agenda ***Item #4, Gampel Pavilion Audio System Replacement*** was recommended to the full Board for approval.

On a motion by Trustee Carbray and seconded by Trustee Rubin agenda ***Item #5, FY18 Deferred Maintenance and Equipment Expenditures*** was acknowledged and recommended to the full Board.

Mr. Jordan briefed the Trustees on each of the Storrs based project budgets and Dr. Agwunobi briefed the Trustees on the UConn Health project budget presented for approval. On a motion by Trustee Carbray and seconded by Trustee Rubin agenda ***Items 6-11, Bishop Center 1st Floor SFA Digital Media Renovation (Final: \$523,000); Law School Library Cooling Tower Replacement (Final: \$600,000); Hawley Armory VAMP Renovation (Revised Final: \$925,000); Werth Family Basketball Champions Center Hall of Fame – Revised (Final: \$3,465,000); Horsebarn Hill Pedestrian Safety Improvements (Design: \$800,000); and UConn Health New Construction and Renovation – Clinic (C) Building Renovation (Revised Final: \$95,514,604),*** were recommended to the full Board for approval.

On a motion by Trustee Rubin and seconded by Trustee Carbray a resolution for the ***“Development of a new Ice Hockey Arena on the Storrs Campus”*** and a resolution for the ***“Nathan Hale Inn Ground Lease and Purchase and Sale Agreement”*** were added to the agenda.

Mr. Jordan informed the committee that the two additional resolutions could be found within the Financial Affairs Supplemental documents package. He detailed the need for a new hockey arena and the University’s obligation to Hockey East for the construction of a 4,000 seat arena on campus. Freitas Arena is not up to capacity at 1,600 seats and studies show that the facility cannot be expanded to meet the Hockey East requirements or NCAA Division I standards for training and locker facilities. The University has worked diligently to address the problem by negotiating with Hockey East, as the University’s attendance at the off-site Hartford venue is one of the best in the division, to reduce the commitment and to do it in a timeframe the University

can afford. Hockey East has agreed to a 2,500 seat arena. Improved locker rooms and training facilities have been added to a renovation project for the Freitas Arena; which is an \$11 million project approved by the Board of Trustees as part of the larger stadium project.

The intent of the Ice Hockey Arena resolution is to allow the administration to engage public/private partners to secure potentially non-traditional design construction and/or financing in an approach similar to the downtown Hartford campus project. The University has run an RFEI (Requests for Expressions of Interest) process to ask the market for ideas on the project and have received proposals. It is anticipated that the project can be accomplished at an annual cost of \$3-\$5 million and may be accomplished with tax-exempt financing. The BOT request involves permission to engage with potential partners to determine final numbers and to bring a Finance Plan for the project to the October 31 Board meeting for approval following the same process utilized for approval of the Stadium projects. On a motion by Trustee Carbray and seconded by Trustee Rubin the resolution for the ***“Development of a new Ice Hockey Arena on the Storrs Campus”*** was recommended to the full Board for approval.

Mr. Jordan provided a brief PowerPoint presentation on the history of the Nathan Hale Inn and thanked both Laura Cruickshank and Robert Corbett of the University Planning, Design and Construction office for their assistance in the proposed plan. UConn purchased the hotel in April 2015 for \$8.3 million and it is currently utilized 50% for guests and 50% for student housing. The plan at purchase was to utilize the hotel entirely for student housing and seek private development for an off-site hotel. The University was unable to find a private developer willing to build a new hotel in Storrs without the University providing either a fixed room block guarantee or making an equity investment. The need for student housing has been receding as University enrollment has plateaued, resulting in housing vacancies. The University solicited proposals to redevelop and operate the Nathan Hale Inn; and received three viable responses. After review and interviews with each proposing party, Graduate Hotels was chosen. Graduate Hotels is a new chain that develop unique boutique hotels reflecting the university campus they are on in America’s best college towns.

Mr. Jordan summarized the key terms of the agreement. The tentative schedule for the transaction is Board of Trustees’ review and approval of the resolution for the sale and ground lease of the Nathan Hale Inn in September; in October the University executes a purchase and sale agreement with Graduate Hotels; the completion of the conditions report and due diligence period occurs in December; in January 2019 there is a review of model room and design plans; April see the completion of the CEPA for the addition of a ballroom; in May the closing for the sale and receipt of \$8.3 million is received (as adjusted if necessary) and immediately following commencement the construction and improvements begin; and in October or November 2019 the Graduate Hotel re-opens.

On a motion by Trustee Carbray and seconded by Trustee Boxer a resolution for the ***Nathan Hale Inn Ground Lease and Purchase & Sale Agreement*** was recommended to the full Board for approval.

Trustee Bessette directed the committee to the information items for their review. There being no additional agenda items the meeting was adjourned at 10:23 a.m. on a motion by Trustee Carbray and seconded by Trustee Rubin.

Respectfully submitted,

Debbie L. Carone

Debbie L. Carone,
Secretary to the Committee