

**MINUTES OF THE MEETING OF THE
UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY**

Thursday, April 16, 2020; 12:00 p.m.

REMOTE MEETING

PUBLIC LINK (Via Zoom)

<https://umassp.zoom.us/j/471369166>

DIAL-IN INFORMATION

646-876-9923 or 312-626-6799

Webinar ID: 471 369 166

This meeting was being conducted remotely pursuant to the Governor's Order Suspending Certain Provisions of the Open Meeting Law, G.L. c.30A, §20 dated March 12, 2020.

Members Present: Chairman, Victor Woolridge; Vice Chair, Gerry-Lynn Darcy, Members, Mary Burns, James McGaugh, Michael O'Brien, Kelly O'Neill, Vice-Chair Henry Thomas and Charles Wu.

Building Authority Personnel: Barbara Kroncke, Executive Director; David P. Mullen, Deputy Director/General Counsel; Aaron D'Elia, Chief Financial Officer, Joseph Naughton, Director of Capital Projects; and Patti Vantine, Manager of Administrative Affairs.

In total, including all individuals mentioned above, there were 49 participants logged into this meeting.

Chairman Woolridge convened the meeting at 12:06 p.m.

Report of the Chairman:

Chairman Woolridge opened his remarks by wishing everyone a good afternoon and thanking everyone for joining remotely. Chairman Woolridge stated that in following Governor Baker's Executive Order dated March 12, 2020, the Building Authority is suspending the requirement of a physically present quorum for this meeting. He also stated that holding a Board meeting with remote participation will allow the Building Authority to continue its necessary business.

Chairman Woolridge stated that he would start the meeting by having a roll call of members participating remotely. Chairman Woolridge added that if a member were to leave the meeting the time of their departure will be recorded in the minutes. Members were also reminded that if they have difficulty hearing another member or a presentation they are to inform the Chairman.

Chairman Woolridge informed those participating that all votes taken during the meeting would be done by a roll call vote.

Chairman Woolridge noted that the public would also be joining the meeting through remote participation, but would not be able to speak. However, copies of all documents that were being discussed could be requested from the Building Authority.

Chairman Woolridge asked Deputy Director/General Counsel David Mullen to review technology usage guidelines.

Mr. Mullen reviewed a few basic guidelines that the UMass IT Department developed for the meeting:

- Invited guests should mute their microphones unless they are addressing the Chair or presenting as part of the agenda.
- The Chair will moderate the meeting and call on people to speak,
- If you have a comment or question please use the “Raise Hand” feature in Zoom.
- Once the Chair declares that the open portion of the meeting is adjourned the Zoom meeting will be closed by the host.

Mr. Mullen turned the meeting back to Chairman Woolridge.

Chairman Woolridge thanked Barbara Kroncke for her leadership and organization during these unprecedented and difficult times. Chairman Woolridge said how much he personally appreciates the time that Executive Director Kroncke takes to keep the Board updated in between meetings. He also noted that Executive Director Kroncke would be giving the Board a COVID-19 impact report and review the Building Authority’s business continuity plan.

Chairman Woolridge stated that Deputy Director/General Counsel Mullen would provide a brief report on legal compliance as it pertains to the COVID-19 emergency, the state auditor’s report and a brief Bayside update.

Chairman Woolridge stated that since the last meeting of the Building Authority Board the Building Authority has hired a new Chief Financial Officer, Aaron D’Elia. He said that Mr. D’Elia would be giving a six-month financial update as well as presenting the FY21 Budget. It was noted that the FY21 Budget would be presented today and would be brought to a vote at the next Board meeting scheduled for June.

Chairman Woolridge stated that the Building Authority Board would hear updates on various P3 projects. He also stated that Joe Naughton, Director of Capital Projects will give an update on the Worcester Medical Research Building.

Chairman Woolridge turned the meeting over to Executive Director Kroncke for her remarks.

Report of the Executive Director:

Executive Director Kroncke opened her remarks by thanking Chairman Woolridge. Executive Director Kroncke reiterated that the Building Authority hired Aaron D’Elia as the new

Chief Financial Officer. Executive Director Kroncke also stated that Mr. D'Elia has brought on Brendan Coyne to round out the finance team as Director of Financial Planning and Analysis. She also stated that Mr. D'Elia has realigned other positions on the finance team to better utilize the staff's skills. Executive Director Kroncke stated that the Building Authority has also hired Peter Gray-Mullen as a new member to the capital team as the Director of Construction.

Executive Director Kroncke noted that the Audit Committee will hold their annual meeting scheduled for May 6, 2020.

Executive Director Kroncke turned the meeting back over to Chairman Woolridge.

Approval of the Minutes:

Chairman Woolridge asked for a roll-call vote to approve the minutes of the December 5, 2019 Board Meeting.

At 12:17 Member Kelly O'Neill joined the meeting.

Chairman Woolridge took a roll-call vote. Member Charles Wu abstained from the vote because he did not attend the December 5, 2019 meeting. All other board members voted in the affirmative..

VOTED: To approve the minutes from the December 5, 2019 Board Meeting.

COVID-19 Discussion

Executive Director Kroncke gave a brief update on COVID-19. She stated that the Building Authority staff has been working remotely and that things are going extremely well. Executive Director gave thanks to the University's IT Department. She specifically thanked Julie Kenney and Dillion St. Leger for their hard work. Special thanks were also given to Patti Vantine for all of her efforts in communicating with the Building Authority staff and organizing weekly Zoom staff meetings.

Executive Director Kroncke gave thanks to the many Construction Managers for all their efforts and in keeping the construction projects moving forward. She also noted that the Finance team has been operating at a very high level.

General Counsel Report

General Counsel Mullen spoke briefly on legal compliance. He stated that the Building Authority Staff's last day of work at One Beacon Street was March 13, 2020. He also noted that on March 16, 2020 the Building Authority was completely working remotely in keeping with the University of Massachusetts President's office and Governor Baker's directive for social distancing. General Counsel Mullen spoke of Governor Baker's issuance of emergency safety orders and guidelines decreeing that construction is an essential government function during the emergency. The Building Authority has directed that all of its construction projects must adhere to the Governor's safety guidelines. General Counsel Mullen also noted that along with Joe

Naughton and members of the Capital Projects Group, he has been participating in daily Zoom meetings and/or calls with the Building Authority's OPMs and CMs to verify that the Governor's safety guidelines are being strictly followed.

General Counsel Mullen said that the Building Authority has registered with the FEMA "Grants Portal" as a sub recipient of MEMA for disaster relief regarding safety equipment, measures taken and PPEs.

General Counsel Mullen said that the State Auditor's Office has completed its audit of the Building Authority and that the Building Authority has reviewed and commented on the draft audit report and is now waiting for the final report to be issued. This audit was conducted last year with the auditors working for over one year on their audit. The report is expected to make one finding related to the Owner Project Managers ("OPM") procedures for monitoring prevailing wages in connection with the Building Authority's construction projects. General Counsel Mullen noted that the Building Authority has taken steps to enhance the OPM procedures in connection with their obligations to monitor prevailing wages.

General Counsel Mullen gave a brief update on the Bayside property sale. He noted that the COVID-19 emergency has certainly slowed the developer's progress, but all indications are that the project is still positively received by the City of Boston. He also said that he has been in communication with the developer's counsel throughout. General Counsel stated that the plan was to file the PNF a few months ago, but the COVID-19 emergency has delayed it until such time as conditions allow.

Chairman Woolridge turned the meeting over to Barbara Kroncke and Aaron D'Elia, to give an update on the Financial Report.

Financial Report

Executive Director Barbara Kroncke gave an update on the Building Authority's Debt Portfolio. She noted that the January Refinancing was completed and realized savings for the campuses. As the financial markets continued to move downward she had begun working with our Financial Advisors to move forward on a second refunding opportunity at the beginning of March but when COVID 19 began the decision was made not to move forward. Executive Director Kroncke stated that she will continue to watch the market and when a 3% savings can be realized she will notify the Board.

Aaron Delia opened his remarks with a brief overview of his background. He noted that through December 2019 (Q2) the total revenue collected by the Building Authority was \$153.6 million which is consistent with the FY20 budget revenue amount. The Building Authority primarily generates this revenue through semi-annual billings of the UMass campuses. This revenue is used to pay for the Authority's operating expenses and debt service. Debt service is paid

semi-annually on November 1st and May 1st except for Mount Ida's 2018-1 bonds which are paid monthly.

Executive Director Kroncke addressed the Board and stated that she is working closely with CFO D'Elia on the FY21 Budget. Originally the proposed budget had reflected an increase of 13% and supported additional staff that would allow her to move the Authority forward as she was directed by the Chairman back in October when she started at the Authority. A revised proposed budget is now being developed due to COVID19.

Mr. D'Elia stated that the operating expenses through December 2019 were 12% under budget. He stated that compensation and benefits are projected to be higher than budgeted by 5% (or \$138,756) by year-end. The increase in the FY20 spending projection is primarily driven by the hiring of three new employees: a new Executive Director, while transferring the former Executive Director to a new role within the organization (before she left the organization on April 3rd.), a Director of Construction, and a Director of Financial Planning and Analysis. Employees were also granted a cost of living increase in FY20.

Mr. D'Elia said that rent and insurance, which includes depreciation, is projected to be higher than budgeted by 1% by year-end. The FY20 insurance spending projection increase of 5% is due to an expected rate increase of April 1, 2020 (anticipated 7.5% property premium rate increase) and the addition of new properties to the portfolio. Mr. D'Elia noted that professional services, which include legal, accounting, project management, bond trustees' fees and other consulting service is projected to be less than budgeted by 35%. The nature of these services can vary based on the timing and level of support for projects planned by the campuses, and additional expenditures closer to budget may be incurred before year end. Mr. D'Elia also noted that dues, conferences and training expenses are also projected to be less than budget by 13%. Office and other, which include minor equipment, office supplies, utilities, telephone and other miscellaneous expenses, is projected to exceed budget by 52%). This budget variance is primarily due to a projected increase in utility spending). It was also noted that the Building Authority purchased computers and supplies for new staff.

Mr. D'Elia gave his remarks regarding the FY2021 proposed operating budget, this budget is a Maintenance Budget, and provides the same level of service as FY20. He noted that revenue and expense are \$239.7 million which is an increase of 6% or \$12.9 million. He also noted that Debt service, which accounts for 96% of the budget, is \$229.4 million for FY2021. This increase of 6% is based on actual cash basis principal and interest payments due to bondholders. Mr. D'Elia said that operating expenses are \$10.27 million, a net increase of 5%; compensation and benefits are projected to increase by 7% (or \$199,681); rent, insurance and depreciation are projected to increase by 5% (or \$258,855; professional services are projected to decrease by 3% (or \$38,200); and, office and other expenses which account for 3% of the budget are projected to increase by 37% (or \$69,070).

Mr. D'Elia noted that the attached FY2021 proposed operating budget is preliminary for review and comment. The request for approval of the budget would be presented to the Board at the June 10th meeting.

Executive Director Kroncke gave a brief update on the P3s. Executive Director Kroncke stated that the Boston Calf Pasture is in the RFI stage. The UMass Amherst Residence Hall is in the shortlist response stage and she will continue to keep the Building Authority board updated. The Ice Rink in Lowell project has extended the date for early June for its RFP responses.

Chairman Woolridge asked Joe Naughton, Director of Capital Planning, to give an update on the UMass Medical School project.

Mr. Naughton provided a brief update on the New Education & Research Building (NERB) at the Medical School. Last December, the University Board of Trustees gave approval to a \$300 million investment to create a 300,000 sq. ft. lab building. This project came out of the campus' Master Planning process and the initial concept is that the facility will be a nine-story building situated on the main campus quad between the Lazare Research Building and the Sherman Center. Mr. Naughton noted that this building will primarily contain labs as well as imaging areas, classrooms and seminar spaces.

Mr. Naughton stated that staffing wise, the Building Authority has recruited Peter Gray-Mullen from the Amherst Campus. He noted that Mr. Gray-Mullen has led the campus' life sciences and STEM capital projects for close to the last decade and will play an integral role for UMBA on this project working collaboratively with the capital leadership at the Medical School.

Mr. Naughton stated that procurement wise, the Owners Project Management firm that has been selected is a design team led by a joint venture between ARC and ZGF. He noted that ARC is the firm that designed the Sherman Center and ZGF is a national firm with extensive experience in lab design. Also on the team will be Jacobs Engineering which has worked with the Medical School on many of their lab planning efforts.

Mr. Naughton said that the Building Authority has also commenced the Construction Manager Selection process. The Request for Qualifications have been published and the Building Authority will be receiving the responses to the initial round at the end of this month.

Lastly, Mr. Naughton noted that as far as timing is concerned, the Building Authority is concentrating its efforts on analyzing the base concept and cost assumptions. The goal for this project is to finish construction in the summer of 2023.

With no further business to discuss in open session, Chairman Woolridge adjourned the meeting at 1:12 p.m.

At 1:12 p.m. there was a roll call vote to enter into Executive Session. It was also announced that the meeting would not return to open session.

Deputy Director/General Counsel Mullen took a roll-call vote. It was unanimously

VOTED: To end the meeting and enter into Executive Session.