

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

Tuesday, December 8, 2020; 1:00 p.m.

REMOTE MEETING

PUBLIC LINK (Via Zoom)

DIAL-IN INFORMATION

<https://umassp.zoom.us/j/92288116571>

312-626-6799 646-876 9923

Webinar ID: 922 8811 6571

This meeting is 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, Christopher Philbin, and Charles Wu.

Building Authority Personnel: Barbara Kroncke, Executive Director; David P. Mullen, Deputy Director/General Counsel; Aaron D'Elia, Chief Financial Officer; Charlie Paradie, Director of Pre-Construction Project Planning; Maggie Drouineaud, Compliance Analyst; and Patti Vantine, Manager of Administrative Affairs.

In total, including all individuals mentioned above, there were 39 participants logged into this meeting.

Chairman Woolridge convened the meeting at 1:03 p.m.

Chairman Woolridge wished every a good afternoon. He announced that they would hold for a minute to allow time for the public to enter the meeting.

Chairman Woolridge asked Mr. Mullen to review the Technology Usage for remote meetings.

Mr. Mullen, reviewed the Technology Usage stating that the meeting was being conducted through the suspension of certain provisions of Massachusetts General Law c.30A, Sec 20. (The Commonwealth's Open Meeting law), through an executive order by Governor Baker, which shall remain in effect until it is rescinded. Mr. Mullen said that all votes taken during this meeting would done by a roll call. It was also stated that once Chairman Woolridge declared the open meeting is adjourned the Zoom Webinar will be closed by the Host.

Mr. Mullen turned the meeting back over to Chairman Woolridge.

Report of the Chairman:

Chairman Woolridge started the meeting with a roll call of members participating remotely. Vote was called and unanimously recorded.

Chairman Woolridge said that all votes taken during the meeting would be handled by a roll call vote.

Chairman Woolridge stated that Mary Burns would be giving a report from the Audit Committee, which met on November 23rd and Aaron D'Elia, UMBA's Chief Financial Officer would be reporting on the first quarter financials.

Chairman Woolridge stated that Barbara Kroncke, would share the results of the Bond Refinancing that took place at the end of October and Aaron D'Elia would give an update on LIBOR. Chairman Woolridge also noted that Charlie Paradie would be giving an update on the New Education and Research Building in Worcester and lastly the meeting would finish with a compliance update from Maggie Drouineaud on the MBE/WBE.

Chairman Woolridge noted that after the open session meeting, the Board would be having an Executive Session and would not reconvene the open session after the Executive Session.

Chairman Woolridge turned the meeting over to Executive Director Kroncke and asked her to provide her remarks.

Report of the Executive Director:

Executive Director Kroncke thanked Chairman Woolridge. Executive Director Kroncke stated that she hoped all present had a nice Thanksgiving.

Executive Director Kroncke noted that there are a few members of the team that have been coming into the office one or two days a week and that most of the UMBA employees continue to work remotely.

Executive Director Kroncke stated that while Audit Committee Chair Burns and Chief Financial Officer D'Elia would share more details on the audit later in the meeting, she wished to report that the Building Authority had received a clean audit. Executive Director Kroncke wanted to express her thanks to everyone who worked so hard to make that happen.

Executive Director Kroncke noted that there was a full agenda and that she would keep her remarks short. Executive Director Kroncke took a moment to wish all a safe holiday season for them and their families. She also said that she looks forward to the time when everyone can meet in person again.

Approval of the Minutes:

Chairman Woolridge asked for a roll-call vote to approve the minutes of the September 23, 2020 Board Meeting.

A roll-call vote was taken and it was moved, seconded and unanimously

VOTED: To approve

VOTED: To approve the minutes from the September 23, 2020 Board Meeting.

Report of Committees

Chairman Woolridge invited Audit Committee Chair Burns to present her report from the Audit Committee meeting.

Audit Committee Chair Burns opened her remarks by stating that on November 23rd the Audit Committee met and received a report from UMBA's audit partner KPMG on the FY20 Financial Audit. Committee Chair Burns noted that all Board members received a copy of the draft financial statement package. Committee Chair Burns also noted that she was happy to report that the Building Authority received an unmodified opinion or clean audit on the financial statements from KPMG. She expressed her congratulation to Executive Director Kroncke, Chief Financial Officer D'Elia and the entire finance team for all the progress that was made during this year.

Audit Committee Chair Burns stated that the Board also received a report from Executive Director Kroncke on Construction Audits at the Authority. Executive Director Kroncke and her team worked with BlumShapiro to develop a best practices document that will be used as an internal guideline moving forward.

Audit Committee Chair Burns mentioned that work has begun on two pre-GMP audits for the UMass Boston SDQD project and the UMass Medical NERB project. It was also mentioned that the Board would hear more at future meetings on these audits. Audit Committee Chair Burns thanked Executive Director Kroncke for her leadership in raising the bar on these audits.

Audit Committee Chair Burns turned the meeting over to Chief Financial Officer D'Elia to give a few more details on the FY20 Financial Statements before a vote is taken to accept the results of the FY20 financial audit.

Financial Report

Chief Financial Officer D'Elia thanked Audit Committee Chair Burns. Chief Financial Officer D'Elia thanked the finance team, KPMG and the Building Authority Audit Committee for all of their hard work during the FY20 audit process.

Mr. D'Elia introduced Katelyn Gregor, an Audit Manager at Blum Shapiro, who is the Building Authority's acting Controller, while Controller Katrina McKee is out on leave.

Mr. D'Elia echoed Audit Committee Chair Burns in stating that the Audit Committee met on November 23rd with KPMG to discuss the audited FY20 financial statements. Mr. D'Elia noted that the Building Authority's net position did not materially change in FY20.

Mr. D'Elia stated that the most significant event included in the financial statements is the \$330 million bond transaction for 2020-1 and 2020-2 which were issued in January, 2020. Mr. D'Elia also stated that \$319M of UMBA bonds were also refunded at the same time, for bond series 2020-3. This transaction produced approximately \$36M of cash flow savings.

Chairman Woolridge thanked both Audit Committee Chair Burns and Mr. D'Elia for their updates.

Chairman Woolridge asked for a motion to approve the FY20 Audited Financial Statements.

A roll-call vote was taken and it was moved, seconded and unanimously

VOTED: To approve the FY20 Audited Financial Statements.

Chairman Woolridge turned the meeting back over to Mr. D'Elia to continue with the financial report.

Mr. D'Elia provided a summary of the Building Authority's first quarter budget results. The Building Authority is currently \$197K below budget due primarily to some timing issues on both revenue and spending, making it difficult to project out a trend for the rest of the year.

Mr. D'Elia also stated that revenues were a little ahead due to an early payment by EMKI of \$50,000.00. This payment represents their semi-annual payment to the Building Authority. Mr. D'Elia noted that spending is tracking a little below budget for Compensation & Benefits by approximately \$48,000.00 or 8.9% below budget. This is primarily due to a former UMBA employee taking another position at one of the campuses.

Mr. D'Elia noted that the Building Authority is a little short staffed in the finance and capital construction teams. He also noted that he would report back to the Board on how the Building Authority plans on addressing this issue.

Mr. D'Elia stated that the rest of the budget was approximately \$150,000.00 under. He concluded his remarks by stating that the Building Authority is on track to come in within its FY21 approved annual budget.

Chairman Woolridge asked Jeff Smith of Omnicap to provide an update on London Inter-bank Offered Rate (LIBOR).

Mr. Smith provided an explanation on the Building Authority's SWAP's.

Mr. Smith also stated that the floating rate on each of the swaps is based on the London Inter-bank Offered Rate (LIBOR). LIBOR will be phased out in the near future and replaced by a new floating rate index based on the Secured Overnight Financing Rate (SOFR).

Mr. Smith noted that LIBOR is the most widely used interest rate benchmark in the United States. It is often found in derivatives, floating rate notes, loans, and securitizations. LIBOR is

used as a reference rate for more than \$200 trillion of financial contracts. Mr. Smith stated that the UK Financial Conduct Authority (FCA) announced in 2017 that it would not guarantee that LIBOR would be available after 2021. At that time the Alternative Reference Rates Committee (ARRC) recommended the Secured Overnight Financing Rate (SOFR) as its alternative to USD LIBOR.

Mr. Smith also noted that on October 23, 2020, the International Swaps and Derivatives Association, Inc. (ISDA) published the Fallbacks Protocol effective on January 25, 2021 which applies to LIBOR.

Mr. D'Elia said that the Building Authority has been conducting due diligence with its advisors, legal counsel and auditors about adhering to the ISDA Fallbacks Protocol. The alternative is negotiating a replacement floating rate index on each individual contract. LIBOR and the SOFR fallback reference rates have a high correlation.

Executive Director Kroncke stated that the Building Authority will monitor the market and continue to analyze any tax and accounting issues.

Chairman Woolridge stated that these are global issues using different indices.

Chairman Woolridge asked the Director of Pre-Project Planning (?) Charlie Paradie to give an update on the Capital Projects. Mr. Paradie highlighted his remarks with an update of the New Education and Research Building (NERB) project located at the UMass Medical School in Worcester. The NERB is the construction of a biomedical research and education building. This building will include imaging space, wet labs, procedure space, laboratory equipment rooms and offices to support the research enterprise. Academic support space will include learning communities and office space to support the planned class size expansion.

Mr. Paradie stated that the current status of the project is in the design development stage. He also noted that the Construction Manager is Shawmut Design and Construction. Mr. Paradie proceeded to provide the Board members with a very informative video of the project and what it is expected to look like. The completion of this project is expected to be in December of 2023.

Chairman Woolridge thanked Mr. Paradie for his update and asked Compliance Analyst, Maggie Drouineaud, to provide her MBE/WBE Compliance Update.

Ms. Drouineaud opened her remarks by stating that as of August 2011, the Building Authority has adopted the Commonwealth's compliance goals for minority (MBE) and women (WBE) businesses and workforce on all design and construction projects. She noted that at that time, the compliance goals were at 17.9% MBE/WBE combined goal for design and 10.4% MBE/WBE combined goal for construction. These goals were to create more opportunities for minority-owned and women-owned firms.

Ms. Drouineaud then stated in July 2020, the Governor of the Commonwealth announced new MBE and WBE compliance goals on design and construction projects. These new compliance goals were created to create more opportunities for minority-owned and women-owned firms and are as follows:

Design

MBE – 6.6%

WBE – 15.0%

Construction

MBE – 4.2%

WBE – 8.8%

Ms. Drouineaud noted that the Building Authority is working diligently with all General Contractors and Design firms to reach out to the minority communities early and exercise maximum efforts to meet or exceed the MBE and WBE stated goals. Ms. Drouineaud also added that these new goals will create more opportunities for smaller minority firms and create “joint venture” opportunities to help them enter the industry and succeed.

Ms. Drouineaud said that while the Building Authority is working to create more opportunities for the MBE and WBE construction firms, it is also important to work with the design community to take on the responsibility of inclusion as there is a great need for more minority participation.

Mr. Drouineaud has been working with the Shawmut Design and Construction team, on the Science and Engineering Building (SENG) project in Dartmouth and the NERB project in Worcester, reviewing its compliance plans and resources to make sure Shawmut reaches out to the minority communities early enough in order to ensure MBE and WBE participation for businesses and workforce..

Chairman Woolridge thanked Ms. Drouineaud and told her to keep up the good work.

With no further business to discuss in open session, Chairman Woolridge adjourned the meeting at 1:51 p.m.

At 1:51 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.

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