

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

Tuesday, December 13, 2022, 11:30 am

Board Meeting

REMOTE MEETING

PUBLIC LINK (Via Zoom)

<https://umassp.zoom.us/j/99754700244>

DIAL-IN INFORMATION

646-876-9923 or 301-715-8592

Webinar ID: 997 5470 0244

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: **Chairperson** Mary Burns, Jerry Colella, Angela Davis, Thomas Green, Robert Lewis, Frank Marchione, James McGaugh, Michael O'Brien, Kelly O'Neill, Norm Peters, and Charles Wu.

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

A roll call vote was taken as the meeting was being conducted remotely.

Chairperson Mary Burns convened the meeting at 11:32 a.m. Ms. Burns noted that the Governor has extended the ability to meet remotely until March 31, 2023. Ms. Burns asked Mr. Mullen to review the rules of the Technology Usage for remote meetings.

Mr. Mullen reviewed the Technology Usage for remote meetings 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 March 31, 2023.

Chairperson Burns asked Mr. Mullen to take a roll call of the members participating remotely.

Following the roll call, Chairperson Burns turned the meeting over to Executive Director, Barbara Kroncke for her remarks.

Report of the Executive Director:

Executive Director Kroncke thanked Chairperson Burns and wished all present a good morning. Executive Director Kroncke extended thanks to all of the Board members who have responded to Patti's request for their contact information and Conflict of Interest forms which

are due before January 1st. She also noted that this would be an annual requirement for Building Authority Board members.

Executive Director Kroncke stated that the Building Authority has held two informational sessions for new board members.

Executive Director Kroncke said that following the Board meeting Patti will be sharing the proposed 2023 Board Meeting dates. She asked that all board members review the dates and let Patti know of any conflicts. It was noted that according to the Building Authority By-laws, meetings are to be held prior to the University of Massachusetts' Committee on Administration and Finance.

Executive Director Kroncke mentioned that it is the Building Authority's intention to transition back to in person meetings. The Building Authority continues to engage with the President's office IT staff as they work to identify a hybrid attendance solution with more information to come after the first of the year.

Lastly, Executive Director Kroncke extended wishes to all for a great holiday season.

Executive Director Kroncke turned the meeting back over to Chairperson Burns.

Chairperson Burns stated that there were minutes to approve from the October 27, 2022 Board meeting and asked Mr. Mullen to review the process of approving these minutes.

After Mr. Mullen's review, Chairperson Burns said that she would accept a motion to approve the minutes of the October 27th board meeting. Chairperson Burns asked Mr. Mullen to take a roll call vote.

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

VOTED: To approve the minutes from the October 27, 2022.

Mr. Green abstained from the vote.

Chairperson Burns extended thanks to Jerry Colella for taking over as Secretary-Treasurer and Chairperson of the Audit Committee. Chairperson Burns asked Mr. Colella to give his update of the Audit Committee meeting that took place last week.

Committee Report:

Mr. Colella opened his remarks stating that on December 8, 2022 the Audit Committee met and received a report from KPMG regarding the Financial Audit of Fiscal Year 2022. Mr. Colella stated that a lot of work was done regarding the implementation of GASB 87 which deals with the Building Authority's leases.

Mr. Colella was happy to report that the Building Authority received an unmodified opinion on the financial statements from KPMG . Mr. Colella congratulated Executive Director Kroncke, Chief Financial Officer D'Elia and the entire finance team.

Mr. Colella turned the meeting back over to Chairperson Burns.

Chairperson Burns also thanked Executive Director Kroncke, Chief Financial Officer D'Elia and the entire finance team for all of their hard work. Chairperson Burns said that she would accept a motion to approve the audit report and results for Fiscal Year 2022.

Chairperson Burns asked Mr. Mullen to take a roll call vote.

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

VOTED: To approve the Audit report and results for Fiscal Year 2022.

Chairperson Burns turned the meeting over to Chief Financial Officer D'Elia for his finance remarks.

Mr. D'Elia wished everyone a good morning and opened his remarks by thanking Larissa Serebryanaya for all of her work with the audit and especially with GASB 87. Mr. D'Elia said that he would be giving a brief budget update on how the Building Authority closed out Fiscal Year 2022 and the first quarter actuals for Fiscal Year 2023.

Mr. D'Elia said that overall FY22 spending came in \$843,000 or 7% below the approved budget. This was primarily due to \$517,000 of rent deferment for the 32nd Floor of One Beacon Street. He noted that if the rent deferment was backed out from the calculation, the Building Authority would have ended the fiscal year under budget by 2.7% or \$326,000. Mr. D'Elia also noted that surplus funds were used for capital tenant improvements related to the 31st floor at One Beacon Street in lieu of charging the University for these expenses.

Mr. D'Elia said that the total operating expenses for the first quarter came in \$111,000 or 3.6% under the quarterly estimate.

- Compensation and Benefits came in \$137,000 below the quarterly estimate due to unfilled positions.
- Rent and Insurance came in \$98,000 above the quarterly estimate due to rent and related expenses for the new Mt. Ida office being finalized after the budget was approved by the Board last spring.
- Professional Services came in \$63,000 below the quarterly estimate primarily due to timing issues related to consulting services.
- Dues, Conferences, & Training, and Office and Other, in aggregate came in under the quarterly estimate by \$9,000.

Mr. D'Elia said that in conclusion, the Building Authority finished the first quarter below the quarterly estimate by approximately \$111,000 or 3.6%.

Mr. D'Elia turned the meeting back over to Chairperson Burns.

Chairperson Burns thanked Mr. D'Elia for his remarks and turned the meeting over to Maggie Drouineaud, Director of Compliance, for her compliance update.

Ms. Drouineaud opened her remarks by stating that back in September she was invited to give a presentation at the Women in Construction Summit held in Washington, DC. Ms. Drouineaud said that she shared the Building Authority's best practices in recruiting and retaining women with other organizations across the United States. Ms. Drouineaud's presentation was well received and many agencies have requested follow-up meetings to see how they may replicate the Building Authority's best practices on their construction projects.

Ms. Drouineaud noted that in October she participated in the Massachusetts Girls in Trades Conference that was attended by 400 high school girls from various vocational/technical schools. She also participated in the Massachusetts Girls in Trades Conference in western Massachusetts. This conference was attended by 300 girls.

Ms. Drouineaud also shared that in November the pre-apprenticeship program, Building Pathways, presented the Building Authority with an award for its efforts in setting the standard for contract compliance by example. Building Pathways is an organization dedicated to the advancement of under-represented groups in the union building trades, particularly women, people of color, and young adults.

Ms. Drouineaud stated that with projects starting on the UMass Amherst and Lowell campuses, she has been meeting with the minority community to attract more MBE and WBE firms to bid on the Building Authority projects in the hopes of diversifying the pool of applicants. Ms. Drouineaud turned the meeting back over to Chairperson Burns.

Chairperson Burns thanked Ms. Drouineaud for her compliance update and asked Patti Vantine for her update on Risk Management.

Ms. Vantine opened her remarks with some history stating that upon Executive Director, Barbara Kroncke's arrival in October of 2019, the Building Authority was notified by its risk advisor, KFDA, that FM Global (the Building Authority's property insurance provider) was not interested in offering a renewal quote on the upcoming year's property insurance. Executive Director Kroncke immediately created a Risk Management Committee consisting of David Mullen, Peter Gray-Mullen and Ms. Vantine.

This newly formed committee worked hand in hand with KFDA to understand why FM Global wanted to step away from the Building Authority's business. It was determined that some of the major reasons were:

- The Building Authority had not updated their property values in many years.
- The campuses had not addressed risk improvement recommendations – some dating back 10 years, and
- FM Global expressed concerns that risk management was “no one at the Building Authority's job”.

Ms. Vantine stated that the risk management team developed an action plan consisting of the following highlights:

- Quarterly meetings with the risk management team, KFDA and the leadership team of FM Global.

- Creation of an opening conference which included representation from the Building Authority (Peter Gray-Mullen and Patti Vantine), a KFDA representative before every campus site visit; Building Authority participation at each campus site visit (attended by Peter Gray-Mullen), and lastly a closing conference after the site visit (Peter Gray-Mullen and Patti Vantine).
- Follow up meetings with each of the campuses to address risk management recommendations and develop a multi-year schedule to address them.

In January 2020, FM Global agreed to offer the Building Authority a renewal quote based on the commitments made. Three years later, the Building Authority continues to follow this plan and its relationship with FM Global continues to improve.

Ms. Vantine stated that throughout this process it became evident that the marketplace changed and would limit the options the Building Authority's broker would have to place its coverages. The Building Authority's property insurance premiums increased by 44%. The total property value of the Authority increased from \$4.7 Billion to \$5.5 Billion (a 16.5% increase in value of its portfolio). The remaining resulting increase of 27.5% directly correlated to the rate increase. The other insurance policy that showed a large increase was the Directors & Officers liability insurance with premiums increasing 92%, as a result of the "Me Too" movement.

Ms. Vantine said that on April 1, 2022 the Building Authority's renewal premiums experienced a much smaller increase. Property insurance increased by 3% even though the Building Authority's real estate portfolio increased by 6%.

Also in 2022 the challenge that the Building Authority and other organizations faced was the cost of Cyber Insurance. The Building Authority's cyber insurance carrier left the market and the Building Authority was unable to identify a company that would insure them as a standalone entity. KFDA, the Building Authority's Risk Advisor worked with the UMass system's office cyber insurance carrier to add the Building Authority to UMass' cyber policy. However, there was a 25% increase in the Building Authority's premium as a result.

Ms. Vantine said that over the past few months the Building Authority had completed procurements for risk advisory and insurance services as well as appraisal services. Both contracts will continue with KFDA and HCA Asset Management.

Ms. Vantine noted that during the last quarterly management meeting with FM Global, the Building Authority was informed that FM Global looks forward to continuing its relationship into 2023. The Building Authority has a meeting scheduled with KFDA to prepare for the April 1, 2023 renewal date. She also noted that the Building Authority is optimistic that they will not experience a repeat of the 44% increase in 2021; however, they are realistic that in light of natural disasters such as Hurricane Ian, there will be some type of premium increase. Even though Massachusetts was not directly hit by Hurricane Ian, insurance companies spread the losses across their entire book of business.

Chairperson Burns stated that with no further business to discuss, she would accept a motion to adjourn the meeting.

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

VOTED: To unanimously adjourn the meeting at 12:02 p.m.