

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

Tuesday, April 5, 2022, 1:00 pm

REMOTE MEETING

PUBLIC LINK (Via Zoom)

DIAL-IN INFORMATION

<https://umassp.zoom.us/j/91960041502> 646-876-9923 or 312-626-6799

Webinar ID: 919 6004 1502

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; Members, Mary Burns, James McGaugh, Michael O'Brien, Kelly O'Neill, Christopher Philbin and John Smolak.

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

Systems Office Personnel: Matthew Gorzkowicz, Associate Vice President

Chairman Woolridge convened the meeting at 1:00 p.m.

Chairman Woolridge wished everyone a good afternoon and stated that the Governor has extended the ability to meet remotely until July 15, 2022. 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 July 15, 2022.

Report of the Chairman:

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

Chairman Woolridge said that Executive Director, Barbara Kroncke, will be giving an update on general matters at the Building Authority. Deputy Director/General Counsel, David Mullen, will be giving an update on this year's insurance renewal, and Director of Compliance , Maggie Drouineaud, will be presenting on UMBA's MBE/WBE activities and results. Lastly, Chief Financial Officer, Aaron D'Elia, will be giving an update on the recent bond sale, a six-month update on the financials and will present the proposed budget for the next fiscal year.

Chairman Woolridge asked for a motion to approve the minutes of the December 10, 2021 meeting.

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

VOTED: To approve the minutes from the December 10, 2021 Board Meeting.

Chairman Woolridge asked for a motion to approve the minutes of the January 24, 2022 meeting.

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

VOTED: To approve the minutes from the January 24, 2022 Board Meeting.

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

Report of the Executive Director:

Executive Director Kroncke opened her remarks on Building Authority business since the last meeting.

Executive Director Kroncke noted that WGBH had written an article that mentioned that the Building Authority was one of two organizations that has exceeded the Commonwealth's 15.3% workforce requirement for minorities. Maggie Drouineaud would share more information on this topic.

Executive Director Kroncke highlighted that the ATC Building project on the Mt. Ida campus has a MBE/WBE workforce that includes City Enterprises (General Contractor) and TERVA (Owners Project Manager). The Building Authority also hired a women owned business, American Moving and Installation, Inc., for their moving needs.

Executive Director Kroncke said that David Mullen and the Risk Management Team worked hard on the Building Authority's insurance renewal which Mr. Mullen will be speaking on in his presentation.

Executive Director Kroncke said that Aaron D'Elia would be speaking on the recent bond sale. Executive Director Kroncke also stated that the Capital Team has been busy with the new projects on the Lowell and Amherst campuses.

Executive Director Kroncke turned the meeting back to Chairman Woolridge.

Chairman Woolridge thanked Executive Director Kroncke for her remarks and turned the meeting over to Deputy Director/General Counsel Mullen.

Deputy Director/General Counsel Mullen reported that the Building Authority has renewed its insurance coverage for the 2022-2023 year. Mr. Mullen opened his remarks with some history of how the campuses were not addressing FM Global's insurance recommendations in an efficient and timely manner. Executive Director Kroncke had directed Mr. Mullen to develop a plan along with the Capital Team to oversee and manage these recommendations through the Building Authority.

Mr. Mullen stated that standard operation procedures were immediately instituted and quarterly meetings between upper management at FM Global, KFDA (which is the Building Authority's Risk Advisor) and the newly created Risk Management Team (Pattie Vantine and Peter Gray-Mullen) were scheduled. Mr. Mullen stated that because of the Building Authority's diligence and positive progress, FM Global would be providing a quote for the 2021-2022 renewal.

Mr. Mullen stated that with the direction of Trustee/Member Charles Wu, the Building Authority began the 2022 renewal process with an Insurance Summit, which including the Building Authority, KFDA and members of the UMass President's Office. Work continued throughout the year on parallel lines with Campus site visits, meetings and quarterly check-ins with FM Global Management. Mr. Mullen stated that the Building Authority requested that KFDA expand its marketing efforts by engaging two brokers: Cross (regional broker) and Arthur J. Gallaher (global broker). After discussions with 13 separate insurance companies, the Building Authority received responses from three companies with offers of coverage. FM Global provided the most favorable renewal quote along with a membership credit.

Mr. Mullen also spoke of Cyber and D&O (Director's & Officers) Insurance. He stated that Cyber insurance has been an extreme challenge and that the Building Authority's current carrier, HDI, has withdrawn for the market. Mr. Mullen noted that working with KFDA and the UMass Systems Office, the Building Authority was able to reach an agreement with Beazley (UMass' cyber carrier) for 2021-2022. Mr. Mullen also noted that the D&O insurance which covers all of the board members has had a 25% increase in premium. KFDA marketed this coverage to 23 insurance companies. The Building Authority remained with the incumbent carrier due to its comprehensive coverage terms.

In closing, Mr. Mullen thanked the Building Authority's Risk Advisors (KFDA) and the Risk Management team for all their hard work.

Chairman Woolridge thanked Mr. Mullen for his remarks and asked Maggie Drouineaud for her MBE/WBE remarks.

Ms. Drouineaud opened her remarks by stating that Massachusetts has been awarded 12 billion dollars by the Federal Government for public construction work. Ms. Drouineaud has been contacted by the US Department of Transportation in Washington, DC where they asked about the Building Authority's best practices and to see if they can be applied to new bridge and road projects. She noted that they were also interested in knowing what organizations, such as the Building Authority, are doing to increase the number minorities and women on projects.

Ms. Drouineaud had also been asked by an UMass Amherst professor, who is teaching a gender equity class, to speak to her students. Ms. Drouineaud shared the Building Authority's best practices regarding workforce diversity. Ms. Drouineaud said the students were impressed with the number of women working on construction projects at UMass Amherst campus. She noted that it was a good experience for the students to interact with the tradeswomen on site as well.

Ms. Drouineaud mentioned that a lot of focus has been put on the North Village/Lincoln Apartments P3 project that has started on the UMass Amherst campus. She has been working with the Suffolk Construction team to insure that they have the right core crew from day one.

Lastly, Ms. Drouineaud spoke about collaborating with DCAMM, the Supplier Diversity Office (SDO), the Association of General Contractors (AGC) and the Associated Subcontractors of Mass (ASM) to create a survey to help Minority and Women Business Enterprises become state certified vendors so that they may bid on state and city projects. Through this collaboration, nearly 100 construction firms have responded to the survey. Ms. Drouineaud also noted that more sessions are scheduled to help MBE/WBE firms apply for their state certifications.

Chairman Woolridge thanked Ms. Drouineaud for her remarks and asked Chief Financial Officer, Aaron D'Elia for his remarks.

Mr. D'Elia opened his remarks by giving a brief summary of the results of the 2022-1 and 2022-2 bond issuance that was finalized at the end of March. Mr. D'Elia stated that in a very turbulent marketplace, the Building Authority was able to successfully market and sell \$400 million of bonds to fund UMass capital projects, including \$350 million for the New Educational and Research Building project at the Chan Medical School in Worcester.

Mr. D'Elia noted that the True Interest Cost for the entire sale was 3.99%. He said that the transaction was supported by a significant amount of retail demand from Massachusetts and national individual and professionally managed accounts. The taxable bonds even saw demand from an international investor, Ikea, a testament to UMass' global brand. Ikea ultimately placed orders for \$14 million of the Authority's bonds.

Next, Mr. D'Elia gave a brief overview of how The Building Authority is trending in FY22 and a preliminary budget recommendation for FY23. Mr. D'Elia referred to an Executive Summary of the budget presentation. He noted that overall, FY22 spending is projected to come in \$677K or 5.7% below the approved budget. Mr. D'Elia said that the projected savings are primarily due to \$448K of rent deferral for the 32nd Floor of One Beacon Street.

Mr. D'Elia said that compensation and benefits are projected to be underspent by \$126K below budget which is primarily due to staff vacancies. Also noted by Mr. D'Elia was that professional services are projected to be fully spent, with some small potential bank fee savings. Dues, conferences, and training are also projected to be underspent by \$14K with Office & other expenses projected to be underspent by \$60K which is directly related to decreased utility usage at One Beacon Street.

Mr. D'Elia said that the Building Authority is also projecting a decrease of \$17M in debt service vs. the approved FY22 budget. He stated that approximately \$9M of these savings is due to the Finance Team working with Bond Counsel to identify excess trustee funds that could be freed up and used by campuses to pay debt service. These funds were ultimately credited back to the individual campuses for their benefit.

Mr. D'Elia transitioned to the FY23 proposed budget recommendation which assumes an increase of \$794K or 6.7%. He noted that \$204K of the increase is due to repaying FY21's rent deferral at One Beacon Street and \$162K of this increase is due to insurance. Mr. D'Elia

mentioned that Compensation & Benefits are projected to go up \$428K due to an increase in fringe benefits costs, a potential cost of living adjustment, and two additional staff positions.

Mr. D'Elia turned the meeting back to Chairman Woolridge.

Chairman Woolridge stated that there were no further items for discussion in open session and asked for a motion to move into Executive Session, not to return to open session.

Chairman Woolridge adjourned the meeting at 1:34 pm.

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

VOTED: To unanimously end the meeting.