

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

Thursday, September 12, 2019; 11:30 a.m.

University of Massachusetts Club

One Beacon Street, 32nd Floor

Boston Room

Boston, MA

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

Building Authority Personnel: Patricia Filippone, Executive Director; David P. Mullen, Deputy Director/General Counsel; Maggie Drouineaud, Compliance Analyst; Joseph Naughton, Director of Capital Projects; Ed Nolan, Interim Chief Financial Officer; Patti Vantine, Capital Projects Coordinator; Sean Regan, Director of Operations; and Barbarann Finocchiaro, Office Manager.

University Personnel: Barbara Cevallos, Assistant Vice President and University Controller; Kathleen Kirleis, Vice-Chancellor for Administration and Finance UMass Boston; Andy Mangels, Vice Chancellor of Administration & Finance UMass Amherst; Shane Conklin, Interim Associate Vice Chancellor of Fac. & Campus Services.

Chairman Woolridge convened the meeting at 11:39 a.m.

Report of the Chairman:

Chairman Woolridge expressed his gratitude towards all for the support and condolences that were extended to him and his family following the passing of his wife.

Chairman Woolridge opened his remarks stating that there were a few votes to be taken at today's meeting concerning the refinancing and restructuring of existing debt as well as new borrowing. Chairman Woolridge said that Executive Director Filippone would be providing more detail and that she would also be discussing votes that were approved at the recent Board of Trustees meeting.

Chairman Woolridge gave a brief update on the Bayside lease transaction. He noted that the Agreement to Lease was executed on June 28th with a fully negotiated 99-year ground lease as an attachment. Also noted by Chairman Woolridge was that the ground lease will be executed when the developer receives its approvals to proceed with the project. Chairman Woolridge said that a \$7 million deposit is being held in escrow with a trustee and that \$3.5 million became non-refundable on August 27th, which was the close of the due diligence period under the Agreement.

Chairman Woolridge noted that the developer has started its process of Community and key stakeholder input. He said that he would keep everyone updated as the project progresses.

Chairman Woolridge stated that Executive Director Filippone would be handling the majority of the agenda today and Deputy Director/General Counsel Mullen would speak on our MBE/WBE policy at the end of the agenda.

Chairman Woolridge noted that there were a few items to take care of in Executive Session.

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

Report of the Executive Director:

Executive Director Filippone opened her remarks by thanking Chairman Woolridge. She stated that her report would focus on the Board of Trustee's Capital votes that occurred last week and an update on the Building Authority's audit progress. Executive Director Filippone also stated that the Building Authority would request approval to establish a working group and proceed with the necessary approvals to move forward with the next Building Authority financing. Executive Director Filippone noted that interest rates have hit an all-time low in August and she is hopeful to have all the legal documents and ratings updated as soon as possible to allow the Building Authority to go to market and to take advantage of these low rates. She also stated that in a low interest rate environment, it is prudent for the Building Authority and the University to take advantage of refinancing opportunities and for the Building Authority to potentially look at restructuring opportunities at the request of the University. Executive Director Filippone mentioned that the debt and investment policies are required to be reviewed and voted on by the Board every two years. These policies were presented to the Board at the June Board meeting enabling the Board to have time to review and have any questions answered prior to a vote. Executive Director Filippone said that the Board annually needs to approve the room rates for Lowell and Dartmouth to be in compliance with debt indentures. It was also said that the room rates were approved by the President and the Board of Trustees in August, after the State Budget was finalized. The room rates have already been incorporated in the student bills for the fall semester which were sent out to the students in August.

Executive Director Filippone said that the capital and financial results for FY2018 were included in the Board materials for review. It was also noted that in addition to the standard capital reports the MBE/WBE policy was included as well.

Executive Director Filippone stated that KPMG had started their audit in early September. Based on concerns from Grant Thornton last year, the Building Authority has hired additional staff and has put together a formal closing schedule. Executive Director Filippone said that in addition to hiring a new controller, the Building Authority has hired a new accounting manager and an interim CEO who has replaced the former CEO who had resigned. Both new hires have extensive accounting backgrounds. Executive Director Filippone mentioned that the trial balance was shared with the President's office and all campuses in mid-August. Questions have been answered and a final trial balance was given to the auditors on August 21st. Executive Director Filippone said that a lot of hard work went into this process with a learning curve of three

new staff members to meet the deadline. She also said that draft audited financial statements were given to the auditors on September 5th, well in advance of the October 15th deadline to the Commonwealth.

Executive Director Filippone spoke of the capital votes that were approved by the University Board of Trustees on September 5th. The votes were as follows:

- The Amherst campus received a Vote One on Renovations to Goodell. This building was originally built in 1934 with an addition added in 1960. It is located in the core of the campus adjacent to the recently revitalized Old Chapel and South College. This will accommodate the consolidation of student success related service departments and address approximately \$20 million of deferred maintenance.
- The Amherst campus also received a Vote Two on the Undergraduate and Graduate housing projects. The Vote Two will allow the campus to move forward with this P3 development process.
- The Lowell campus received a Vote One on a proposed ice rink.
- The Boston campus received a Vote One on the Calf Pasture Pump House.

Executive Director Filippone noted that a first vote authorizes the Building Authority to engage professionals in an independent analysis of the projects in order to move the projects forward.

Executive Director Filippone turned the meeting back to Chairman Woolridge.

Approval of the Minutes:

Chairman Woolridge asked for a motion to approve the minutes of the June 5, 2019 Board Meeting.

It was moved, seconded and unanimously

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

Financial Report

Executive Director Filippone briefly spoke of the Building Authority's debt policy. It was noted that there was no change to the debt policy which was most recently approved by the Board on April 12, 2017.

Chairman Woolridge asked for a motion to approve the Building Authority's Debt Policy.

It was moved, seconded and unanimously

VOTED: To approve the Building Authority's Debt Policy.

Chairman Woolridge asked Executive Director Filippone to give an update on the 2020 Borrowing.

Executive Director Filippone stated that the Building Authority is requesting authorization to borrow up to \$950 million, \$325 million of new money to finance current projects authorized in the University's five-year capital investment plan, and to authorize the Building Authority to refinance up to \$625 million of Revenue Refunding Bonds that will create a minimum of 3% or more present value savings. Ms. Filippone announced that Hilltop Securities has been selected as the financial advisor and CitiGroup has been selected as the banker for the financing.

Chairman Woolridge asked for a motion to approve the 2020 Borrowing.

It was moved, seconded and unanimously

VOTED: To approve the Building Authority's 2020 Borrowing.

Chairman Woolridge asked Executive Director Filippone to give an update on the Investment Management Policy.

Executive Director Filippone stated that this policy was shared with Lisa Calise and the President's Office as well as the Vice Chancellors. It was noted that there has been no change to the Building Authority's Investment Management Policy which was adopted by the board on June 10, 2014.

Chairman Woolridge asked for a motion to approve the Building Authority's Investment Management Policy.

It was moved, seconded and unanimously

VOTED: To approve the Building Authority's Investment Management Policy.

Chairman Woolridge asked Ed Nolan, Interim CEO to give an update on the Dartmouth/Lowell Room Rates.

Mr. Nolan provided a brief update stating that a requirement for certain projects that were financed under the "Facilities Trust Agreement" is that the Building Authority Board must vote that room rates are set annually so that there are sufficient resources to pay debt service on those projects. Mr. Nolan stated that these room rates were approved by President Meehan on August 2, 2019 for the 2019-2020 academic year. The approved rates were developed by the respective campuses to provide sufficient resources to support program and facility operations.

Mr. Nolan noted that included in the Board package was the vote as well as two exhibits which detail the new room rates.

Chairman Woolridge asked for a motion to approve the Dartmouth and Lowell Room Rates.

It was moved, seconded and unanimously

VOTED: To approve the Dartmouth and Lowell Room Rates.

Chairman Woolridge asked Deputy Director/General Counsel Mullen to give an update on the MBE/WBE policy.

Deputy Director/General Counsel Mullen gave a brief overview of the Building Authority's MBE/WBE Policy. Mr. Mullen stated that this policy was developed in 2010. Mr. Mullen also stated that a working group had been established in 2009/2010 to formulate the current Policy. It was suggested that another working group be established to renew the Commonwealth's 2017 Disparity Study with UMBA's current Policy. Mr. Mullen was directed to coordinate the working group and report back to the Board.

With no further business to discuss in open session, Chairman Woolridge adjourned the meeting at 12:23 p.m.

At 12:24 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.

It was moved, seconded and unanimously

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