

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

Wednesday, March 19, 2025, 10:30 am

REMOTE MEETING

PUBLIC LINK (Via Zoom)
<https://umassp.zoom.us/j/98601405985>

DIAL-IN INFORMATION
646-876-9923 or 312-626-6799
Webinar ID: 98601405985

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, Members Jerry Colella, Angela Davis, Thomas Green, Frank Marchione, James McGaugh, Michael O'Brien, Norm Peters, and Charles Wu.

Building Authority Personnel: Barbara Kroncke, Executive Director; David P. Mullen, Deputy Director/General Counsel/Director of Capital Projects; Brendan Coyne, Financial Planning and Analysis; Larissa Serebryanaya, Controller; Maggie Drouineaud, Chief Diversity Officer for Compliance, Capital Projects; and Julie Kenny, Manager of IT and Administration.

University of Massachusetts System Office: Lisa Calise, Senior Vice President PO Management & Fiscal Affairs.

In total, including all individuals mentioned above, there were 25 participants in this meeting.

Chairperson Mary Burns convened the meeting at 10:30 a.m.

Ms. Burns asked Mr. Mullen to review the rules of the Technology Usage for remote meetings.

Mr. Mullen reviewed the Governor's Executive Order that allows for remote participation which has been extended through March 31, 2025, and explained the requirements of the Open Meeting Law. Mr. Mullen also stated that there was an upcoming vote to extend remote participation until June 30, 2027. Mr. Mullen then turned the meeting over to Chairperson Burns.

Chairperson Burns opened her remarks by welcoming everyone. Chairperson Burns extended her thanks to President Marty Meehan and Chancellor Julie Chen for hosting the President's Office staff and their families at the UMass Lowell vs UMass Amherst hockey game on March 1st. She noted that there was a logo created for the event that really set the theme of

the night, “Two Teams – One UMass Family.” Chairperson Burns said it was truly a great night to cheer for UMass hockey and to greet staff and their families in a social atmosphere outside of the office.

Chairperson Burns welcomed to the Building Authority Board Danny O’Brien. Mr. O’Brien is a former UMass Lowell Riverhawk.

Chairperson Burns also wished everyone a belated Happy Saint Patrick’s Day! She hopes that everyone feels the luck of the Irish for the rest of the year!

Chairperson Burns asked Dave Mullen to take a roll-call vote of all Board members participating remotely. Roll call was taken.

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

Report of the Executive Director:

Executive Director Kroncke opened her remarks by thanking everyone for attending the meeting.

Executive Director Kroncke expressed her gratitude to Kelly O’Neill for her time and service to UMass. Executive Director Kroncke stated that Ms. O’Neill had made significant contributions to the UMass Building Authority and her efforts have greatly benefited both current and future UMass students.

Executive Director Kroncke noted that on February 18th, the Building Authority, UMass Lowell, Wexford Science Technology, and GMH Communities held a workshop at the UMass Club regarding the LINC project. The Building Authority hosted 40 stakeholders for a presentation on early-stage design concepts and potential parcel uses. The workshop provided attendees with the opportunity to ask questions and offer feedback, which will help shape future iterations of the designs. The Building Authority and UMass Lowell are excited about the potential for further collaboration and the positive impact this project will have on the faculty, campus, students, and our corporate partners.

Executive Director Kroncke had the opportunity to attend the 106th Annual Convention of the Massachusetts Building Trades Union in Springfield. She participated in a panel on Public Construction alongside Frank Callahan from the Massachusetts Building Trades Union, Adam Baacke from the Division of Capital Asset Management and Maintenance, and Mary Pichetti from the Massachusetts School Building Authority. Executive Director Kroncke said it was a pleasure to hear from our partners in the trades and share a glimpse of the exciting work the Building Authority is currently involved in.

Executive Director Kroncke proudly announced that Chief Diversity Officer for Compliance and Capital Projects, Maggie Drouineaud, has been invited to participate in the Diverse and Equitable Construction Participation Committee. This Committee was established by Governor Healey under an Executive Order as an advisory group to promote the equitable participation of women and underrepresented groups in construction, including maximizing

interagency collaboration. Executive Director Kroncke said that Ms. Drouineaud will be presenting how the Building Authority continues to exceed its goals on this front.

Executive Director Kroncke noted that Deputy Director/General Counsel and Director of Capital Projects, Dave Mullen, will be addressing the tariffs and how they will potentially affect the Building Authority's projects moving forward. She also noted that Mr. Mullen will also be providing an insurance renewal update.

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

Chairperson Burns stated that there are minutes to approve from the December 11, 2024, meeting and the Special Board meeting held on February 12, 2024.

A roll-call vote was taken, and it was

VOTED: To approve the minutes from the December 11, 2024, meeting and the Special Board meeting held on February 12, 2024.

Chairperson Burns asked Executive Director Barbara Kroncke to provide a report on the FY26 Projected spending and the proposed Refunding of certain Building Authority Bonds.

Executive Director Kroncke briefly spoke about the FY26 Proposed Budget and FY25 Projected Spending. Executive Director Kroncke asked Brendan Coyne, Financial Planning and Analysis person to provide slides that were given to the Board members in their board package for their review.

Executive Director Kroncke gave a report on the refunding of Build America Bonds (BABs). She stated that between April 2009 and December 31, 2010, state and local governments borrowed more than \$181 billion of Build America Bonds. These bonds were authorized by the Federal Government under the American Recovery Reinvestment Act of 2009 ("ARRA"). BABs were issued on a taxable basis to the investor as opposed to a tax-exempt bases, meaning the investor earns interest at a taxable rate as opposed to the lower tax-exempt rate. Under ARRA, the U.S. Treasury was supposed to provide cash subsidy payments equal to 35 percent of interest payable on outstanding BABs for the life of the bonds. The Building Authority issued and has outstanding BABs in the principal amount of approximately \$343 million.

Executive Director Kroncke noted that the promise of BABs subsidy payments in full was short-lived because of a debt ceiling fight which resulted in the Budget Control Act of 2011 (the "BCA") and the implementation of automatic spending reductions ("sequestration") beginning in March 2013.

Executive Director Kroncke said that since sequestration took effect on March 1, 2013, BABs subsidy payments have been reduced year over year, with reductions ranging from a high of 8.7 percent in 2013 to a low of 5.7 percent for federal fiscal years 2021 through 2030. Under current law, BABs subsidy payments are subject to sequestration through federal fiscal year 2030 unless Congress takes action to modify or eliminate the sequester.

Executive Director Kroncke stated that in addition to this partial sequestration imposed by the Budget Control act of 2011, the Statutory Pay-As-You-Go Act of 2010 (“PAYGO”) can impose mandatory spending cuts based on legislation that increases the federal budget deficit.

Executive Director Kroncke also stated that the prospect of a total elimination of BABs subsidy payments is 100% on the table. In fact, from the leaked House Ways and Means memo on tax changes, the BABs subsidy is included as a total elimination. This memo also includes other eliminations, such as a total elimination of the ability to issue any tax-exempt debt.

Executive Director Kroncke mentioned that in working with financial advisors, other consultants and industry leaders, the Building Authority has been advised that currently, the elimination of the BABs subsidy is a real threat and more likely than not to be eliminated. She noted that the Building Authority has also been advised that it is believed that tax-exempt bond issuance will not be eliminated in its entirety.

Executive Director Kroncke said in working with the UMass President’s office A&F team lead by Lisa Calise and our financial advisors, the Building Authority has been running numbers to understand the impact of refunding the BABs or leaving them o/s for now. The aggregate impact of a refunding under current market conditions is near a break even with overall present value savings of just of 1%. The savings or dissavings can change based on market conditions. However, if the subsidy is eliminated the aggregate impact to the University can be as high as \$50 million. Executive Director Kroncke also noted that if the subsidy is eliminated, the Building Authority would not leave the BABs outstanding; however, we will find ourselves in a chaotic market.

Executive Director Kroncke mentioned that since COVID, the subsidy paid to the Building Authority has been quite late. It is supposed to be paid two times per year prior to our debt service payments due on November 1st and May 1st. Due to the lateness, the Building Authority has had to find the funds to make up for the late subsidy. The Building Authority has always been reimbursed, (many times 2-3 months late); however, the Building Authority has still not received the funds that were due in the fall of 2024. The Building Authority has another subsidy due next month, which has left the Authority quite worried. The Building Authority has professionals and staff on the phone with the IRS constantly; but this continued lack of receipt of the subsidy leaves us vulnerable.

Executive Director Kroncke said for these reasons, the Building Authority is asking the Board for the authority to refund the BABs whether at a savings or a dissavings to eliminate the risk.

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

Chairperson Burns asked for a motion to accept the proposal to refund the Build America Bonds. A motion was made by Norm Peters and seconded by Angela Davis.

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

VOTED: To accept the Refunding of the Build America Bonds.

Chairperson Burns asked Dave Mullen, General Counsel and Deputy Director of Capital Projects, to provide information on tariffs and the renewal of insurance on Building Authority properties.

Mr. Mullen stated that the President has implemented a 25% tariff on all imports from Canada and Mexico. Also implemented is an additional 10% tariff on goods coming from China (a total of 20%). Mr. Mullen said of most concern for the Building Authority and the University are the products, steel and aluminum. Lumber and copper have not been included yet.

Mr. Mullen noted that the Building Authority has been working with its OPM's and contractors to identify materials that are impacted. The Building Authority has proactively directed some contractors to pre-deliver steel (hot-rolled coil) and Compressed Laminated Timber (CLT) before tariffs took effect.

Mr. Mullen said that through contractors and various trade organizations, the Building Authority has looked at the tariffs imposed in 2018 as a playbook. In 2018, a 25% tariff increased the cost of a \$100,000,000.00 project by 2.7% or \$2,736,000.00. This was based on the increase in costs to the substructure, building envelope, mechanical systems electrical, general construction and overhead.

Mr. Mullen has noted that this dollar amount bears watching as the Building Authority has four projects at approximately \$100 million to \$125 million. Fortunately, the CSL project in Amherst totaling \$125 million, comprised of timber from Canada is well along in construction. The other three projects are not. However, due to the fact that bidding has been so competitive, and through the efforts of our pre-construction team led by Charlie Paradie, and Massachusetts contractors, project costs are under the Total Project Costs (TPC) for each project. Mr. Mullen also noted that due to direct and indirect tariffs, the Building Authority's partners expect project costs to increase by 3-5%.

Mr. Mullen spoke of the domestic impact on tariffs imposed. In 2018 tariffs on steel had an immediate impact on U.S. Steel pricing. The costs per ton went from \$600 to \$900. As of March 17, 2025 steel was \$940/ton. When imports are tariffed, then domestic suppliers often raise prices as well. Approximately 70% of materials and equipment are domestically purchased, all ripe for increases on future projects going out to bid.

Mr. Mullen gave a brief update on the Building Authority's insurance renewal. He noted that the FM Global premium for 2025-2026 quote came in at \$3,712,084.00. The insurable value for 2025-2026 is \$7,482,468,668.00. The Building Authority's total insured value for 2024-2025 was \$6,981,237,847.00. The total increase in insured value this year is \$501,230,821.00. The net rate (after membership and resiliency credits) decreased from 5.155 cents to 0.0461 cents (per \$100 of insured value) or 3.77% less than 2024. The net premium was increased \$113,054.00.

Mr. Mullen mentioned that Peter Gray-Mullen and Julie Kenny efforts have contributed to the good working relationship with FM Global.

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

Chairperson Burns asked Maggie Drouineaud, Chief Diversity Officer for Compliance and Capital Projects to give an update on compliance.

Ms. Drouineaud opened her remarks by stating that in late December of last year, Governor Healy signed an Executive Order to promote the equitable participation of women and underrepresented groups in construction in Massachusetts. The Governor then named Secretary Lauren Jones as the Chair of the newly established Diverse and Equitable Construction Participation Committee for Women. The Building Authority was pleased to receive an invite from Secretary Jones to be part of the committee as they were aware of the compliance work that the Building Authority has been doing on its construction projects on the University of Massachusetts campuses.

Ms. Drouineaud said that the Committee had its first in-person meeting on March 13. At the meeting, Chairperson Jones reviewed the Executive Order and Committee mandate. The objective for the Committee is to advise the Governor on promoting equitable participation of women and underrepresented groups in construction, including maximizing interagency collaboration.

Ms. Drouineaud stated that using the framework to open access into high-wage, high-skill construction careers, an integrated supply and demand strategy is needed. The Building Authority is proud to continue its work on both the supply and demand side. As an end user, the Building Authority plays a key role on the demand side by increasing demand for historically excluded workers on jobsites. Ms. Drouineaud noted that the Building Authority is meeting or exceeding its compliance goals on most of its projects.

Ms. Drouineaud also stated that on the supply side, the Building Authority is working to increase the numbers of underrepresented workers entering the construction industry. To assist the subcontractors with the construction projects on the UMass Lowell and UMass Dartmouth campuses, Ms. Drouineaud has been meeting with pre-apprenticeship programs and vocational/technical schools and community organizations in Lowell and Dartmouth to help with meeting the state goals for women and minorities for the workforce. Ms. Drouineaud has also met with the Building Trades in Lowell and Fall River to generate participation among the trades on both projects.

Ms. Drouineaud noted that the Building Authority is also working with the MA Girls in Trades Advisory Committee, the vocational schools and the local union to organize next year's conference. The Building Authority is also working with the project team on the Olney project in Lowell to conduct pre-construction meetings with all subcontractors coming on site. The Building Authority continues to do site visits and conduct corrective action meetings with subcontractors who are not meeting the compliance requirements.

Ms. Drouineaud turned the meeting back over to Chairperson Burns.

With no further business in open session, Chairperson Burns asked Mr. Mullen to take a roll-call vote to adjourn the meeting and move to Executive Session. She also stated that the Board will not be returning to open session.

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

VOTED: To unanimously adjourn the meeting at 11:13 a.m.