 

**MEETING MINUTES**

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**Date: 10.11.2021**

**Topic: Special Public Meeting**

**Present:**

* **Voting Members**: Erin Boas, Najee Rodriguez, Noah Robertson, Claire Kelling, Megan Minnich, Jake Snyder, Nora Van Horn, Warren Sipe, Xiaoru (Tony) Shi, Latisha Franklin
* **Non-voting Members:** Alexa Clayton, Jolinda Wilson, Barry Bram, Sarah Thorndike, Bill Sitzabee, Joe Doncsecz
* **Absent:** Yidi Wang, Schönn Franklin, Sean Terrey (all excused)

**Agenda:**

1. **Call to Order and Opening Roll Call**

*Meeting called to order at 6:01 PM*

1. **Adoption of the Agenda**

*Motioned, seconded, no objections.*

1. **Adoption of the Minutes (October 8, 2021)**

*Motioned, seconded, no objections.*

1. **Public Comment**

*No public comment.*

1. **Old Business**

*No old business.*

1. **New Business**

*No new business.*

1. **Topics of Discussion**
   1. **Facility Proposal Approval Process Presentation**

*S. Thorndike: We’ll overview the process and financing. The current capital plan was approved by the Board of Trustees. University’s 5-year capital plan is approved by the Board of Trustees. In tandem, the Board approves borrowing authority limits. Capital projects financed with borrowed funds must be approved by the Board after being authorized by University leadership. Current capital plan ends in June 2023. Leadership currently in process of developing the next capital plan. This is a tentative timeline: Early 2022 UPSFB identifies capital projects and approves its funding for debt service. Spring 2022: Selected capital projects submitted for University leadership review and concurrence. Fall 2022: Capital plan priorities presented to the Board. There’s a committee that reviews capital project plans, regarding staged processes. Total amount of time is 42-58 months for the duration of typical capital projects. Projects less than $5 million. Considerations for the UPSFB: initial equity (down payment), annual debt service (typically over 30 years), programming expenses (both when project initially goes online and over life cycle of facility), and the potential annual operating costs. Regarding financing, loans will be assessed interest at the time the funds are budgeted to the capital project. Discontinuing interest-free construction and interest-free 5-year cash-flow period. All past and future loans will carry a market-based interest rate, resulting in lower annual debt service payments on existing debt. Through 2038, cumulative net savings of $1.7 million will accrue to the UPSFB.*

*C. Kelling: What information do you need from us at the end of our cycle?*

*S. Thorndike: Some projects have cost-matching. Some are UPSFB-funded entirely. Think of enrollment as flat. These are considerations for the UPSFB as a budget-perspective.*

*B. Sitzabee: We do a feasibility study before the Architect Selection in the timeline. My office will guide you through the feasibility study, but they can cost a few hundred thousand dollars. My office can help shape the project for you, and can help with building connections to benefit many stakeholders. The Natatorium is going through a feasibility study, funded by the Provost. These give you information to make a good investment decision.*

*E. Boas: Do University priorities come from strategic planning or from assessments of current operations?*

*S. Thorndike: The Natatorium is high-priority for the University. It’s a combination of both, but renovations are included in strategic plans.*

*B. Sitzabee: The Natatorium carries about $19 million of needed-work.*

*C. Kelling: Cost-matching has not been very straightforward. For example, Fisher Hall has many potential contributors. Do you know more information about cost-sharing for some of the projects?*

*B. Sitzabee: This could come during feasibility assessments.*

*W. Sipe: We should decide what we’re willing to spend, and then this number gets reduced during the feasibility study, is this correct?*

*S. Thorndike: You should ask that during the presentations.*

*C. Kelling: Can we be provided an approximate cost-sharing amount and breakdown for the projects? We asked those questions during the presentations, but it was unknown. Also, even if the cost of projects is marginally over $5 million, would they be approved through the Board or the PDRB?*

*S. Thorndike: Projects under $5 million are approved internally. $5-10 million are approved by the PDRB. Board likes to review the student projects, and this can sometimes take a few meetings.*

*C. Kelling: We might forecast the need for a gradual fee increase, so the fee does not increase something like $100 in a year. Can we grow contribution over time?*

*S. Thorndike: No, this has to be decided up-front.*

*B. Sitzabee: Costs are assumed at the mid-point of construction.*

*W. Sipe: Can we have an industry perspective for costs? Or solicit some of this information to make a decision?*

*J. Doncsecz: We can do that modelling for you. The enrollment projections might be different, but it should stay fairly flat.*

*C. Kelling: For projects with multiple phases, and some phases cost less than $5 million, could these phases be approved? Could UPSFB commit to some phases but not others (like those phases in Stone Valley)?*

*B. Sitzabee: Have to consider what the Board would be presented. You could fund different phases, but you should consider maintenance costs.*

*C. Kelling: How sophisticated should the recommendations be?*

*J. Doncsecz: Should consult with Bill Sitzabee for the cost forecasts and for creating priorities.*

*B. Sitzabee: One reasonable to decision to make up-front, is what portion of the fee do you want to dedicate to debt service?*

*C. Kelling: Are interest rates stable, or 3-4% changing?*

*J. Doncsecz: Think about inflation rates, probably won’t go over 4%. Should be somewhere between 3-4%.*

*B. Bram: Three projects likely to get cost-sharing is the Natatorium, Fisher Hall, and the Affinity Space.*

*E. Boas: Having seen projects go through the Project Decision Review Board, sometimes they cut the cost of the projects.*

*W. Sipe: What happens to the Facilities reserve? About $30 million is in there.*

*C. Kelling: I’ll follow up on if interest is accruing.*

*N. Rodriguez: Talking about raising the student fee, how do you (Claire) expect the fee to change?*

*C. Kelling: Depends on the priorities for projects. Multiple projects would require a fee increase. Inflation also affects this.*

1. **Chair Report**

*C. Kelling: Interviewing applicants for the communications intern position this week. Please be on-time for meetings.*

1. **UPAC Chair Report**

*No report.*

**Communications Intern Report**

*No report.*

1. **Comments for Good of the Order**

*No comments.*

1. **Closing Roll Call**

*Meeting adjourned at 7:09 PM.*