

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

Tuesday, May 31, 2022, 11:30 am

REMOTE MEETING

PUBLIC LINK (Via Zoom)

DIAL-IN INFORMATION

<https://umassp.zoom.us/j/98141693465> 646-876-9923 or 312-626-6799

Webinar ID: 981 4169 3465

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, Gerry-Lynn Darcy, James McGaugh, Michael O'Brien, Kelly O'Neill, and John Smolak.

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

Chairman Woolridge convened the meeting at 11:30 a.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.

In total, including all individuals mentioned above, there were 36 participants logged into this meeting.

Report of the Chairman:

Chairman Woolridge said that Executive Director, Barbara Kroncke, would give an update on general matters at the Building Authority. Chief Financial Officer, Aaron D'Elia, would give an update on the current fiscal year's spending and a vote would be taken on the proposed budget for the next fiscal year. Mr. D'Elia would also present a vote regarding the Building Authority's liquidity facility. Chairman Woolridge stated that Peter Gray-Mullen, Director of Construction, would give an update on the SENG project in Dartmouth. Lastly, Committee Chair Burns would give her report on the recent Audit Committee 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 welcomed all to the Building Authority's annual meeting.

Executive Director Kroncke shared that the Building Authority staff has moved into its new offices at the Mt. Ida Campus of UMass Amherst. She is looking forward to having everyone visit the new space.

Executive Director Kroncke noted that the Building Authority's current goal is to improve its data analytical capabilities related to tracking capital spending and debt management. Towards that end, the Building Authority has hired Public Consulting Group to assist in this endeavor. The project is in Phase 1, with Public Consulting Group evaluating the business needs of the Building Authority and recommending the appropriate resources to manage the new systems. The expectation is that Phase 1 will be completed by late July. Executive Director Kroncke mentioned that Phase 2 of this project will include assisting the Building Authority with the implementation and transition to the new software, including data migration.

Executive Director Kroncke discussed how the University has often talked about "giving back" to the community and was happy to report that the Building Authority has been working to incorporate interns into its staff. This summer, the Building Authority has a Capital Projects intern, Charlie Barton. Charlie is a senior at UMass Amherst working towards his Bachelor of Science degree in Building Construction Technology.

Executive Director Kroncke mentioned that the Building Authority is also working with Building Pathways to provide a gateway for low-income area high schoolers to give them hands on training to access family-sustaining careers.

Executive Director Kroncke turned the meeting back to Chairman Woolridge.

Chairman Woolridge asked for a motion to approve the minutes of the April 5, 2022 meeting.

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

VOTED: To approve the minutes from the April 5, 2022 Board Meeting.

Chairman Woolridge asked Chief Financial Officer, Aaron D'Elia for his remarks.

Mr. D'Elia opened his remarks by stating that he would be giving a brief overview of how the Building Authority is trending in FY22 and a preliminary budget recommendation for FY23.

Mr. D'Elia noted that overall FY22 spending is projected to come in \$713K or 6% below the approved budget. The projected savings are primarily due to \$441K of rent deferment for the 32nd Floor of One Beacon Street. Mr. D'Elia noted that compensation and benefits are projected to be underspent by \$126K below budget due to a staff vacancy. Professional services are projected to be fully spent with some small potential bank fee savings. He also noted that dues, conferences and training are projected to be underspent by \$26K as well as office and other projected to be underspent by \$91K which is directly related to decreased utility usage at One Beacon Street. Mr. D'Elia also said that a projected decrease of \$20M in debt service charged to campuses vs. the

approved FY22 budget. It was also mentioned that \$9M of the savings was due to the Finance Team working with Bond Counsel to identify excess trustee funds that could be freed up and used by the campuses to pay debt service. These funds were ultimately credited back to the individual campuses for their benefit.

Mr. D'Elia transitioned to FY23 stating that the proposed budget recommendation assumes an increase of \$757K or approximately 6%.

Mr. D'Elia noted that \$301K of this increase is due to additional rent and the partial repayment of the FY22 rent deferment at One Beacon Street. Compensation and benefits are projected to increase by \$416K due to an increase in fringe benefits costs, a potential cost of living adjustment and two additional staff positions.

Chairman Woolridge asked for a motion to approve the FY23 Budget.

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

VOTED: To approve the FY23 Budget.

Chairman Woolridge asked Mr. D'Elia to give his report on the replacement of Liquidity Facility for Commercial Paper.

Mr. D'Elia opened his remarks stating that the Building Authority recently went through a process for the substitution of credit facility related to our commercial paper programs. He noted that the Building Authority's commercial paper credit facilities with State Street Bank and US Bank expire on August 12, 2022. The Building Authority's financial advisor, Omnicap, conducted a procurement for a new credit facility provider for its \$125M and \$75M commercial paper lines.

Omnicap reached out to 12 banking institutions and received 8 responses with quotes ranging from 19 to 40 basis points in annual fees over a three year term. The Building Authority has selected TD Bank which offered the lowest rate for both commercial paper programs at 19 basis points each. Currently, the Building Authority pays 31 basis points for the \$125M and 31.5 basis points for the \$75M commercial paper lines.

Mr. D'Elia stated that as a result of lower fees, the Building Authority will achieve substantial savings of approximately \$250K to \$300K per year. This savings will be passed along to the campuses.

Mr. D'Elia asked the Board to vote today to authorize the Executive Director, on behalf of the Authority, to renew or replace either one or both of the Liquidity Facilities as the Executive Director shall determine.

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

Chairman Woolridge asked for a motion to approve the Substitution of Liquidity Facility.

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

VOTED: To approve the Substitution of Liquidity Facility.

Chairman Woolridge asked Peter Gray-Mullen, Director of Construction, to give his project update.

Mr. Gray-Mullen opened his remarks by stating that he would be giving an update on the UMass Dartmouth campus, the Science and Engineering Building (SENG).

Mr. Gray-Mullen said that the SENG Building was built in 1969 to the design of Paul Rudolph, and is an iconic example of mid-twentieth century Brutalist architecture and is eligible for historic designation. He noted that in the intervening half century there has been significant infrastructure deterioration and increasing non-conformance with evolving accessibility, energy, life safety and laboratory codes and standards. Despite piecemeal repairs and upgrades, the building was facing systematic failures that may have prevented its continued use as Dartmouth's primary Science, Technology, Engineering and Math (STEM) teaching and research facility.

Mr. Gray-Mullen noted that the SENG facility houses the College of Arts & Sciences (Biology & Chemistry) and the College of Engineering, and contains the majority of the University's teaching laboratories (961 seats). All first year STEM field students must progress through these laboratories. In addition, the building houses 12 general academic classrooms (417 seats). The SENG facility, at 185,000 SF, is the University's largest academic facility.

Mr. Gray-Mullen stated that after six years of study, the project was advanced within the available budget, and targeted key infrastructure to extend the life of the building. Construction on this infrastructure is costly and disruptive but necessary to allow the campus to progress on cost effective programmatic modernization construction within those laboratories, classrooms, offices, support and common spaces.

Mr. Gray-Mullen said that the project's primary goal was to invest in critical repairs or replacement of the infrastructure instead of new construction. The SENG building envelope exhibited signs of failure, resulting in accelerated interior and exterior deterioration, therefore a major effort was done to provide a weather-tight enclosure, including window replacement, concrete and masonry wall repairs and roof replacement. In addition, the SENG Building's HVAC system was mostly original and nearing the end of its useful life. Necessary upgrades included replacing failed or failing heating and cooling infrastructure. The building had no sprinkler system, and this and other life safety upgrades were completed to meet current standards, including replacing fire detection and alarm systems.

Mr. Gray-Mullen said that the SENG building's poor accessibility was not in compliance with state and federal accessibility regulations. To meet full compliance, improvements addressed accessible building entries, bathrooms, classrooms, laboratories, stairs and elevators. He also stated that with new mechanical, electrical and plumbing infrastructure work and a tighter building envelope, lower operating costs are one result but building occupants benefit with improved heating and cooling control. The Building Authority's continued commitment to sustainable projects is evident since SENG will help address energy resiliency and has advanced features that alleviate energy strains, maximize energy efficiency and update building systems to meet energy and water reduction goals.

Mr. Gray-Mullen noted that this project will be substantially complete early this summer and ready for the students, faculty and researchers use in the fall.

Mr. Gray-Mullen turned the meeting back to Chairman Woolridge.

Chairman Woolridge asked Mary Burns, Audit Committee Chairperson, to give her remarks on the recent Audit Committee meeting.

Ms. Burns opened her remarks by stating that the Audit Committee met on Monday, May 23rd via Zoom.

Ms. Burns said that the committee welcomed Brock Romano from KPMG back to perform the Building Authority's annual audit for the fourth year.

Ms. Burns said that Mr. Romano presented the 2022 Audit plan and introduced a new Lead Audit Manager, Zachary Penfold. She noted that planning and inquiries will begin soon and the fieldwork will run from August 29th through October 7th.

Ms. Burns also said that Mr. Romano also reviewed newly effective accounting standards for 2022 and 2023. The two that will affect the Building Authority are GASB No. 87, Leases and GASB No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements.

Ms. Burns said that the next meeting of the Audit Committee is scheduled for December 14, 2022.

Chairman Woolridge said that there was not a quorum for the Nominating Committee and therefore, there was nothing to report at this time.

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 11:55 am.

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

VOTED: To unanimously end the meeting.