



MINUTES

Trustees Present: Greg Anton (chair), Dick Monfort, Maia Babbs, Patricia Barela Rivera, Prateek Dutta, Steve Jordan, Annette Martinez, Jazmin Martinez, Angela Vaughan

University Staff Present: Andy Feinstein, Jennifer Almquist, Darren Dunn, Kirsty Fleming, Tobias Guzmán, Cedric Howard, Leila McCamey, Dale Pratt, Lori Riley, Dan Satriana, Dawit Senbet, Allie Steg Haskett

Invited Guests: Matthew Marino (RubinBrown), Kelly Witte (RubinBrown)

I. Call to Order / Approval of Agenda

Finance and Audit Committee Chair Greg Anton called the meeting to order at 1:30 p.m.

A motion to approve the agenda was made by Vice Chair Steve Jordan and seconded by Trustee Maia Babbs. The agenda was approved by all board members in attendance.

II. Welcome and Update

President Feinstein provided opening remarks and outlined agenda items beginning with UNC's current financial health, budget outlook, and actions taken to reduce the projected budget shortfall, noting Vice President Dale Pratt would provide an update to the FY24 forecast based on results through the second fiscal quarter. Feinstein also noted that Pratt would provide an update on the university-wide risk assessment process that was undertaken in the fall. He noted that the committee would also hear a proposed easement agreement with the city for improvements along 16th Street, which connects with work done on the facilities comprehensive plan and would be voted on at the Board of Trustees meeting on Friday, February 23, 2024. He noted there would be discussion on proposed tuition and fee increases for FY25, citing the shortfalls in proposed state funding for higher education necessitating the increases. Feinstein also noted the strategy continues to be collectively

advocating with our fellow institutions of higher education for adequate funding from the state.

III. Discussion Items

A. FY23 Audit, Annual Report, and Athletics Financial Report

Vice President Pratt introduced and welcomed Matt Marino and Kelly Witte, auditors from RubinBrown.

Marino summarized internal audit findings, noting an unmodified, clean report, and commended UNC's preparation for the audit. Witte reviewed the required communications and key items available in the report. Marino noted that the firm was also engaged to perform the independent accountant's report on application of agreed upon NCAA procedures, citing no observations of note.

Pratt noted that due to state rules for audit terms, it was the last audit that would be performed by RubinBrown, and he thanked them for their partnership.

In response to a question, Assistant Vice President McCamey confirmed that the Athletics Financial Report is reported as an auxiliary document.

B. Series 2021A Bond Conversion

Assistant Vice President McCamey delivered the report, noting that the Series 2021A Bond recently converted from taxable to tax exempt, which requires no action by the Board. McCamey also noted the rate change from 2.29% to 1.77%, a maturity date of June 1, 2035, and that the bond information has been rolled into the FY25 forecast. Discussion included bond payments, contractual maturity of the obligation, amortization, and investor base.

C. FY24 Q2 Financial Report and Forecast

Vice President Pratt provided updates since the Q1 forecast, noting that the outlook has improved with a significant amount of work to reduce travel and other expenditure areas. He noted that the projected shortfall has improved to approximately a \$3M shortfall and spoke about measures to continue to manage expenditures, stating cash is stable despite the projected operating shortfall. Pratt also outlined changes in the university financial aid awarding structure and the state's contribution to financial aid, noting that we still delivered the aid we had committed to, but it was not fully backfilled by state funding. Additionally,

Pratt reviewed fee revenue and enrollment persistence from fall to spring as contributing factors, noting the effect of enrollment and retention metrics as enrollment shifted to a greater need-based aid amount. Pratt also noted that more students are receiving merit-based awards this year as the average GPA increased in the fall. Discussion included state scholarship passthrough income, the effect of discounting on revenue and expenses, and what adjustments may be needed.

D. Internal Audit Risk Assessment Update

Vice President Pratt began by stating the university has moved from having an internal auditor to hiring an outside firm, Eide Bailly, who engaged with the campus community this fall to collect information and then analyze data to make recommendations about where more in-depth audits would be beneficial to identify and mitigate risks.

He discussed preliminary findings about areas of risk and discussed plans to make the needed adjustments in the identified areas. Eide Bailly will continue to work with university leadership to develop a roadmap of approximately 2-3 prioritized internal audits per year. Each internal audit will be scoped with pre-determined audit objectives. Discussion included the importance of ongoing risk assessment and the planned review process.

E. Lease-Purchase Financing Agreement

Vice President Pratt outlined the Arlington Park roof replacement financing request including the rationale for financing versus using institutional funds, lease term options, and the scope and timing of the project. Pratt noted that completion is planned by August 2024 and recommended a 7-year financing term with the ability to prepay if possible. The lease-purchase financing recommendation was scheduled as an action item at the Board of Trustees meeting on February 23, 2024.

Discussion included inquiries about the need for repairs to other buildings on campus, inspection schedules, the current deferred maintenance plan, and the ability to request state funds for state buildings. Trustee Anton asked Pratt to provide a model of the deferred maintenance schedule and associated costs at a future Finance & Audit Committee meeting. Trustee Annette Martinez also requested an update on occupancy rates and the capital improvement report.

F. Easement Agreement

Vice President Pratt provided an overview of the proposed enhancements to 16th Street that would grant a permanent easement, noting the project would be funded by the Colorado Department of Transportation with no money coming from the university. The easement agreement was scheduled as an action item at the Board of Trustees meeting February 23, 2024.

G. FY25 Tuition and Fee Rates

Vice President Pratt presented a preliminary outline of the FY25 tuition and fee rates, noting that the final recommendation would be presented at the May 3, 2024, Finance & Audit Committee meeting, with a final vote at the June 14, 2024, Board of Trustees meeting.

He presented two scenarios for undergraduate, resident, and full-time tuition for FY25, noting the university plans to keep any tuition increases below the cap instituted by the Joint Budget Committee, adding that higher education institutions committed to not exceeding a 4% increase to non-resident tuition. Discussion included the university's position relative to other public institutions of higher education in Colorado, Western Undergraduate Exchange (WUE) rates, UNC's discount rate in comparison to other institutions, the university's new tuition promise program, residence hall room and board rates, meal plan rates, local rental rate comparison to residence halls, the importance of student support services, and the impact of time to degree on overall cost.

IV. Adjourn

With no other discussion or business Chair Anton adjourned the meeting at 3:53 p.m.