MANAGEMENT & GOVERNANCE
ANNUAL INFORMATION REQUEST FORM

University/College Name: University of Connecticut
Completed by:
Name: John Sullivan, MBA, CFA
Title: Manager of Treasury Services
Date: 3.14.2019

MANAGEMENT ASSESSMENT

Strategic Planning

1. Does your organization’s strategic plan have specific financial and operational goals with clear measures of achievement?

   The University's Comprehensive Plan was adopted by the Board of Trustees on February 25, 2015. Incorporating the key elements of the Academic Plan, the Campus Master Plan, the Capital Plan, recommendations from the Battelle report and input from key industry leaders who served on the NextGenCT advisory board, the University developed the NextGenCT Comprehensive Plan to guide the implementation of NextGenCT investments. This comprehensive plan meets the following four objectives as set forth in the Next Generation Connecticut Legislation:
   1. Develop preeminence in the University of Connecticut's research and innovation programs;
   2. Hire and support outstanding faculty;
   3. Train and educate graduates to meet the future workforce needs of Connecticut; and
   4. Initiate collaborative partnerships that lead to scientific and technological breakthroughs.

   The Comprehensive Plan has been guided by our efforts to enroll increasing numbers of outstanding students, recruit and retain the highest caliber of research and teaching faculty, meet regional campus needs, continue to make campus improvements, complete a campus master plan for our physical infrastructure, and leverage the UConn Tech Park as an economic development driver for the region. The Comprehensive Plan establishes a strategic roadmap for the University's investments over the next decade for the Next Generation Connecticut Initiative.

   --The Act provides that the University shall develop a comprehensive plan to guide Next Generation Connecticut investments. Progress reports regarding the University's achievement of goals set out in the comprehensive plan are required by the Act to be submitted annually to the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, commerce and higher education. The first such report was submitted by the University on January 13, 2016. The comprehensive plan was adopted by the Board of Trustees on February 25, 2015.

   Campus Master Plan and Capital Program:

   The University's Master Plan provides a template for the development of the University's physical plant and infrastructure. The 1998 Storrs Campus Master Plan was updated in 2006 to reflect the extensive physical changes on all the campuses resulting from the UCONN 2000 and 21st Century UConn initiatives. It should be noted that the Master Plan was modified throughout the project planning, design and construction process of UCONN 2000. As part of the Technology Park initiative, an update to the North Campus Master Plan was prepared to delineate various building sites, vehicular and pedestrian pathways, utility corridors, and landscape improvements to facilitate the future development of that part of campus. This work is incorporated in the comprehensive 2015 Master Plan for the campus.

   The 2015 Master Plan reflects the impacts of the projects included in the Next Generation Connecticut program and guides the development of the Storrs campus for the twenty (20) year period between 2015 and 2035. The 2015 Master Plan documents the state of existing conditions on campus, and issues related to land use; space needs for academic, research, student life and administrative uses; recommended deferred maintenance and capital investments in the physical plant; environmental issues and sustainable design principles for future development; parking, circulation and transportation issues; and specific strategies to improve landscape quality and open spaces. The Master Plan references the programmatic ties to the Regional campuses, but does not include separate master plans for those locations.
Campus Master Plan Overview

The 2015 Campus Master Plan is a comprehensive summary of the current conditions of the campus as of 2015 and a guideline for the proposed development of the Storrs campus over the next 20 years. The first ten years of development (2015-2024) is driven by the recently adopted Academic Vision Plan and fueled by the Next Generation Connecticut funding program. The plan also forecasts development that may occur beyond the Next Generation Connecticut projects (2025-2035). This potential future development will require new funding sources and builds on the success of the first decade of growth. The total amount of development portrayed in the plan includes facilities that would be needed to grow the undergraduate student population, accommodate a substantially larger research enterprise, repair or replace obsolete facilities and meet the commitments of the Climate Action Plan for a sustainable campus. [http://masterplan.uconn.edu/](http://masterplan.uconn.edu/)

In 2013, Board of Trustees (BOT) approved Academic Plan entitled “Creating our Future; UConn’s Path to Excellence,” which emphasizes creativity, innovation and entrepreneurship for faculty, undergraduates, and graduate students. [http://academicvision.uconn.edu/](http://academicvision.uconn.edu/)

In 2015-2016, a STEM Space Needs Assessment was commissioned as an outgrowth to the master planning effort to provide a focused analysis of the STEM academic and research facilities on the Storrs campus. The study concentrated on current space needs while identifying the highest and best use of current facilities and the renovations and/or new construction needed to address high-priority needs. The scale of the STEM planning effort was vast including 44 buildings, totaling over 948,000 net assignable square feet and encompassing 50 departments. The resulting analysis provided direction to the University in formulating the projects included in the Next Generation Connecticut capital program.

2. How often is the strategic plan updated? The University’s Comprehensive Plan is a living document and updated periodically. The University tracks changes to the Campus Master Plan and reports on them annually, with the issuance of a Supplement to the Campus Master Plan scheduled for 2020.

Do you employ rigorous stress testing of your assumptions and/or scenario analysis? None at this time. If so, please describe at a high level.

3. Does management currently have tools to monitor the organization’s strategy and its implementation? Yes. If so, what are they? Several metric measurement and reporting functions. Various committee meetings, Board of Trustees actions, web site postings, approval processes in place that eventually go to the Board of Trustees, Town Hall meetings by senior management for entire UConn community. How is strategy communicated throughout the organization, including the Board and middle/lower management? Various committee meetings, Board of Trustees actions, web site postings, approval processes in place that eventually go to the Board of Trustees, Town Hall meetings by senior management for entire UConn community.

Risk and Financial Management

1. Is there an organization-wide risk structure in place with defined risk tolerances? There is no specific risk tolerance particularly addressed however there is a system of checks and balances including internal audit function, general counsel office, public auditors, athletics reporting oversite and Title IV and other reports. If so, what are they? Does the Board review the risk program and hold management accountable? The Board of Trustees holds management responsible. There is a management risk committee.

Operational Effectiveness

1. Do unexpected events or performance issues frequently or infrequently impact operational performance? Please elaborate why or why not

2. RESPONSE: From time to time unexpected events or performance issues may occur, nevertheless none have materially impacted operational performance. However, UConn receives annual appropriations through the legislative process, and we are subject to state performance and legislative influences which can impact our budget and operational performance. From time to time unexpected events or performance issues may occur, nevertheless none have materially impacted operational performance. However, UConn receives annual appropriations through the legislative process, and we are subject to state fiscal performance and legislative influences which can impact our budget and operational performance. State appropriations decreased by $31.1 million due to State budget cuts implemented in fiscal year 2018. UConn has continued to manage its budget closely to account for these reductions in State Support as well as rising fringe benefit costs. To address the shortfalls, UConn has implemented strategic cuts to units across campuses,
made judicious hiring decisions, created operational efficiencies including reorganization of various administrative areas, raised tuition as part of our four-year tuition plan and implemented a new three-year rate plan on housing and dining. This additional revenue is necessary for UConn to balance our budget, but the increase in tuition, room and board rates affects our students and their families.

The University’s Board of Trustees annually approves separate Spending Plans for the University and UConn Health. The Fiscal Year 2019 Spending Plan was approved by the Board of Trustees on June 27, 2018. It is anticipated that the Fiscal Year 2020 Spending Plan will be presented to the Board of Trustees for approval on June 26, 2019.

The University Budget (Storrs and Regional Campuses) for Fiscal Year 2019 forecast includes $1,367.5 million in expenditures and $1,367.5 million of revenue, yielding a balanced budget.

UConn plans to continue to focus on protecting academic excellence, providing strong student support, and supporting the research mission of the University. To support our students, UConn continues, despite financial challenges, to increase our financial aid budget, with need-based aid at 18.0% of tuition and overall student financial aid of $183.9 million, or 15% of our operating budget.

UConn has made significant gains and improved academic quality as measurable by metrics, and expects to continue to push this momentum forward.

3. Has management demonstrated the willingness to make difficult decisions? Provide a recent example.

   **RESPONSE:** Yes. UConn has mitigated past possible spending plan deficits and balanced the budget for the last 5 years by taking the following actions:
   - Increased enrollment
   - Increased online programs, certificate programs and fee based programs
   - Deferred, delayed and/or cancelled some capital projects and deferred maintenance
   - Elimination of positions vacated due to resignation, retirement, etc.
   - Careful hiring - any new position must be approved by President
   - Selective layoffs
   - Reductions in faculty start-up
   - Selected budget rescissions to administrative and academic department and programs
   - Reduction in Merit Scholarships for specific programs

   The FY19 spending plan/budget, demonstrates UConn’s continued willingness and ability to make difficult decisions to balance the budget while focusing on carrying out the Academic Plan and funding key academic priorities. Over the past several years, UConn has improved its educational quality. Students SAT scores and other indicators continue to rise while attracting new faculty and leading scholars to UConn. Despite years of varying State support, the FY19 spending plan/budget builds on these past successes by continuing to provide the required funds for improving the student experience, strengthening research and teaching, supporting economic development, increasing philanthropy and communicating the University’s commitment to excellence. From time to time the University has expanded revenues, including increasing tuition and fees and could do so again in the future.

**GOVERNANCE ASSESSMENT**

1. Describe your historical relationship with regulatory / accreditation authorities. The University has a historically strong and productive relationship with regulatory and accreditation authorities.

2. Has your organization had any recurring infractions that resulted in material losses or a material adverse effect on the enterprise’s reputation? No.

3. Have there been any material deficiencies in the internal control system? Have they been remedied or rendered immaterial? None that we are aware of.

4. Has your organization had restatements or delayed filings resulting from inadequate controls that impacted the validity/accuracy of data in the past five years? No.
FINANCIAL POLICIES

Please indicate if your organization has each of the following policies and provide copies of each policy (including the date of the most recent revision) with this completed form.

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<th>Financial Policies</th>
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<td>Yes</td>
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<tr>
<td>Reserves and Liquidity</td>
<td>X (see BOT policy)</td>
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<td>Investment management</td>
<td>X (see handbook)</td>
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<tr>
<td>Debt management</td>
<td>X (see policy &amp; handbook)</td>
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1. Transparency and disclosure: how frequently are full accrual financial reports published (annually, quarterly, and more frequently)? What limits the frequency of reports? *UConn Health – Annually, Limited by time and personnel resources. UConn – Full accrual, audited financial reports are published annually. No external or state requirement exists for more frequent publication.*

2. Reserves and Liquidity: is there a policy on maintaining a particular level of reserves? If so, what is the target level? Are reserve requirements linked to cash flow needs or is it less formal? *The University endeavor to maintain unrestricted available funds in an amount equal to 25% or 3 months of its annual unrestricted current fund expenditure budget. The target level for the contingency (undesignated) reserve component of this fund balance will be 2 months that may vary as designated reserves increase or decrease in amount.*

3. Reserves and Liquidity: has there been a deviation from the policy in the past five years? *The University’s management policy has been to build up reserves when feasible. However, the GO-DSC bonds are paid for by the State and do not require University reserves to pay debt service. The SO-SFR coverage table shows healthy reserves. FY19 is projected to be over 5x coverage. In addition, during 2018 the University reserved $10m for Renewal & Replacement Fund at the trustee bank pursuant to the Indentures.*

4. Reserves and Liquidity: are cash and debt management functions centralized? Please describe. *Yes, for debt and cash management such as debt issuance, bond proceed cash investment, spending and forecasted cash needs, and compliance such as indenture, state law, and IRS and SEC disclosure compliance, etc. these functions are centralized in the EVPA/CFO Office of Treasury Services. At closing Treasury Services directs the bond proceeds to be held at the Trustee Bank pursuant to the Indentures of Trust and policies in dedicated investment and Trustee accounts. For other cash purposes, such as State appropriations, the State Treasurer holds the cash on behalf of UConn. In regards to managing and paying debt service for the Student Fee Revenue Special Obligation bonds the University directly funds the debt service at the Trustee Bank pursuant to that Indenture. Other forms of UCONN2000 debt are paid directly by UCONN to the debt holders pursuant to the particular financing documents and amortization schedules. The State Treasurer funds the debt service from State resources for the UCONN2000 General Obligation Debt Service Commitment Bonds pursuant to the Indentures with the Trustee Bank and the paying agent bank.*

5. Long-term Planning: how often, and under what circumstances are multi-year financial and capital plans created? What is the basis of the assumptions that support the plans? *The University is charged with making several long-term financial and capital plans. For example, the University has produced a master plan for its infrastructure. The University also submits its capital plan in the form of Supplement Indentures to the BOT and Governor every fiscal year for approval. The University presents a comprehensive capital and financial plan in its budget that is submitted to the BOT and shared with the legislature. The University of Connecticut developed a comprehensive plan to guide Next Generation Connecticut investments pursuant to the Act. On the operating side, the State of Connecticut passes a 2 year budget and UConn submits a financial plan to accomplish this goal. While State Support is an important component of our operating budget, approximately 75% of the budget is from other sources providing a solid, stable base for the University.*

7. Debt Management: How is the policy monitored and implemented and have there been deviations from the policy during the past five years? **The debt management policy is monitored by the EVPA/CFO, BOT, Governor’s Office, Office of State Treasurer, State Auditors, Office of Policy & Management and others all monitor the results. The policy is implemented by the University’s Office of Treasury Services working in conjunction with the Office of State Treasurer. There have been no deviations from the policy during the past 5 years. The University prepares biannual UConn 2000 reports to the General Assembly and the Governor as required by law.**

8. Debt Management: if derivatives are allowed, are there policies to limit their use? Have there been deviations from the policy in the past five years? **For UConn no derivative securities have been authorized or issued. There are certain State law & Indenture requirements that govern their use additionally the university would work with the Office of State Treasurer should derivatives be deemed efficient.**